



# eudaimonia

*a shared purpose*

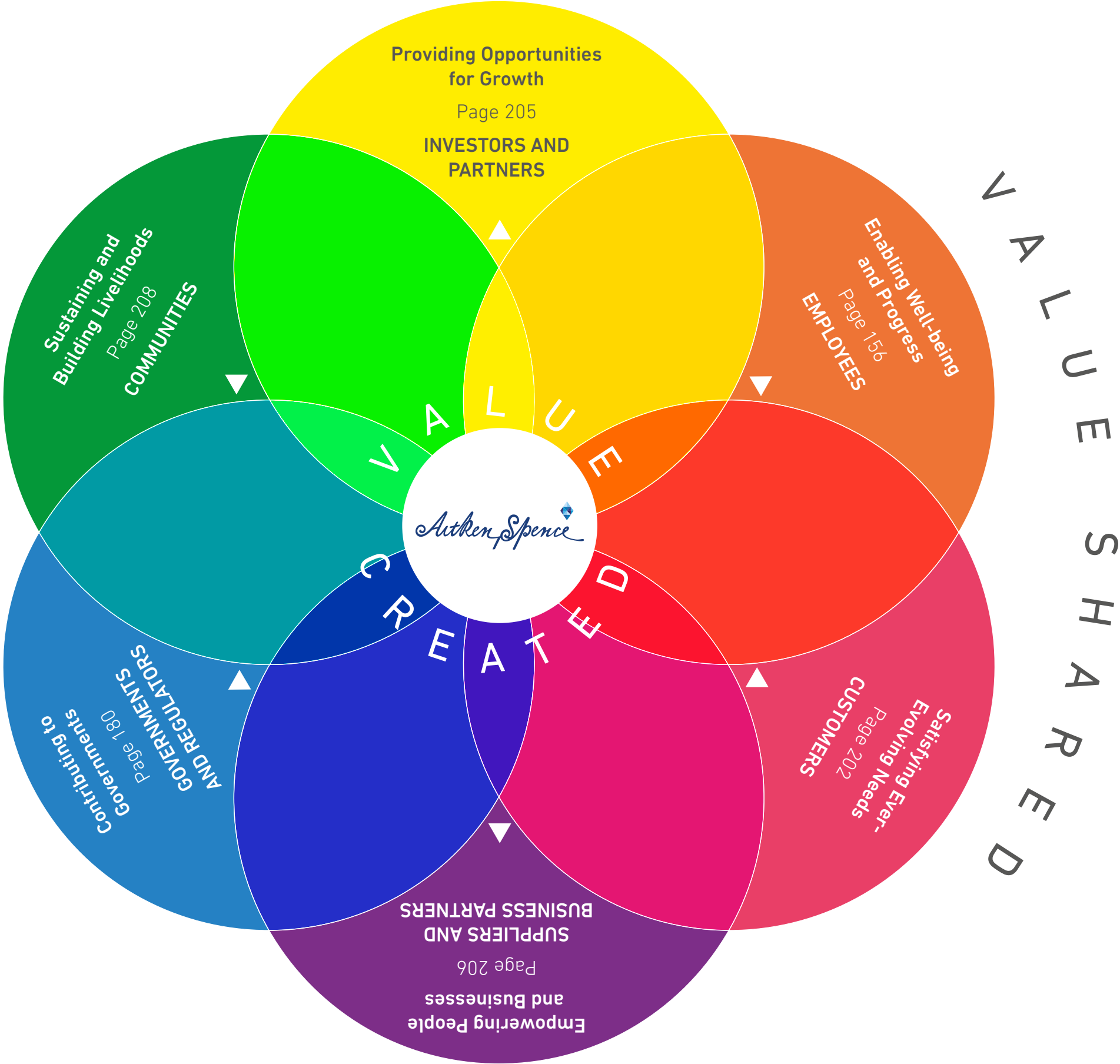
*Aitken Spence*

AITKEN SPENCE PLC | ANNUAL REPORT 2021 - 2022



# A SHARED PURPOSE

Our interconnected resources and partnerships ensure the value we create continues to grow; expanding across every corner of society, and distributing happiness and well-being across all stakeholder groups.



# eudaimonia

*a shared purpose*

## Eudaimonia

*Greek: eû (good, or well) + daíomai (to divide or dispense)*

At Aitken Spence PLC, we believe in the power of a purposeful existence. Since inception, our core purpose has remained unchanged: we strive to distribute value in every nation we operate, by helping our stakeholders attain happiness and well-being through the fulfilment of their goals.

Over the years, this mission has kept us steadfast and unwavering amid seemingly insurmountable odds; enabling us to dispense wholesome, holistic growth in an equitable manner, via a vast, interconnected, system of shared resources and partnerships that transforms and evolves in line with the changing times.

Inspired by a spirit of people-centricity and innovation, we are structured to endure and deliver longstanding value – for it is in sharing our achievements, and in helping others to flourish that we realise our true joy and success.

Eudaimonia. A Shared Purpose.

*The concept of 'eudaimonia' in Aristotelian ethics, is the condition of human flourishing or of living well – commonly translated to mean happiness and well-being achieved through a purposeful, meaningful state. The cover visual represents the 'seed of life', symbolising the interconnected nature of our existence.*



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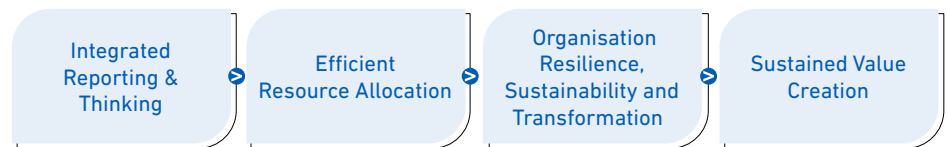
# About the Report

The 11<sup>th</sup> Integrated Annual Report of Aitken Spence PLC presents the performance of the Group for the financial year from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022. We provide a balanced review of our performance, communicating relevant material information in a concise but comprehensive manner in line with best practices in corporate reporting.



## Embedding Integrated Thinking

As a diversified conglomerate with a history spanning 150+ years, we understand that sustained value creation is dependent on a clear understanding of how we create value, our impact on people and the planet and understanding the inherent trade-offs. Monitoring the pulse of our stakeholders and changes in the external environment is critical to identify opportunities and potential threats, driving organisational resilience and transformation through objective and informed decision making. The financial and non-financial metrics presented within this report are the product of organisation-wide management information systems that support our teams and leadership across the Group to take a holistic view in making such decisions, embedding integrated thinking into our key decision making processes. Our objective is summarised below:



## Basis of Preparation






The following frameworks have guided the preparation of this report::

Statutory Frameworks	Voluntary Frameworks	Assurance
<ul style="list-style-type: none"> <li>» Companies Act No.7 of 2007</li> <li>» Securities &amp; Exchange Commission of Sri Lanka, Act No. 19 of 2021</li> <li>» Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka</li> <li>» Listing Rules of the Colombo Stock Exchange</li> </ul>	<ul style="list-style-type: none"> <li>» IR Framework issued by the International Integrated Reporting Council</li> <li>» GRI Universal Standards 2021</li> <li>» UN Global Compact</li> <li>» Women's Empowerment Principles</li> <li>» Communicating Sustainability issued by the Colombo Stock Exchange</li> <li>» Code of Best Practice on Corporate Governance 2017</li> </ul>	<ul style="list-style-type: none"> <li>» Assurance has been provided by KPMG on the Financial Statements including the Notes to the Accounts.</li> <li>» Assurance on Integrated Reporting and our disclosures on the Global Reporting Initiative's sustainability reporting framework has been provided by KPMG in accordance with the Sri Lanka Standard on Assurance Engagements 3000 (SLSAE 3000) which is set on pages 387 to 391</li> </ul>

While we continue our efforts to make the report concise, the industry and geographical diversity of our operations pose some challenges as readers need to understand the activity drivers, other financial, economic, environmental, social and governance metrics across our business sectors.

## Scope & Boundaries

Our integrated reporting boundary covers the impacts, risks opportunities and outcomes arising from our operations.

 Operating Environment	 Stakeholder Engagement and Material Topics	 Business Model	 Sector reports	 Our Capitals
Pages 66-69	Pages 42-53	Pages 58-61	Pages 76-153	Pages 156-220

### Financial Reporting Boundary

Aligns with our financial statements reporting boundary and includes:

Subsidiaries	Associates	Joint Ventures
--------------	------------	----------------

### Non financial information boundary includes the operations of

				
Sri Lanka	Maldives	Oman	India	Port Operations in Fiji

The management of sustainability performance disclosures has been implemented fully only in the above operational boundaries

Our port operations in Mozambique, tourism and cargo operation in Myanmar and printing & packaging operation in Fiji are excluded from non-financial information except where explicitly stated in the report. Their collective impact on material topics is less than 0.16%, 0.02% and 0.60% of revenue, total assets and head count respectively.

## Forward Looking Statements

The operational goals stated in this Annual report reflect development priorities of the Group and those stemming from local and global perspectives of Sustainable Development Goals that we align with. We have included forward looking statements in this report based on opinions, forecasts and judgements with varying degrees of uncertainty as they relate to future events, outcomes and impacts which are beyond the Group's control. Information contained in these statements are prepared and disseminated on the basis of publicly available information, internally developed models, and other sources believed to be reliable which are indicated where relevant. Whilst all reasonable care has been taken to ensure that the facts stated are accurate and the opinions expressed are fair and reasonable, neither the Board of Directors nor any employee shall in anyway be responsible for the contents herein. This information has been provided as we believe they are valuable to assess the future potential of the Group and its intended future strategic direction. Prior to acting on any information in this Annual Report the reader should consider whether it is appropriate for their particular circumstance and if necessary seek professional advice.

## Navigating Our Annual Report



Disclosures applicable to the Tourism sector



Disclosures applicable to the Maritime & Freight Logistics sector



Disclosures applicable to the Strategic Investments sector



Disclosures applicable to the Services sector



Customers



Investors



Business Partners



Employees



Suppliers



Government



The Public & Community



Intellectual Capital



Financial Capital



Human Capital



Social & Relationship Capital



Manufactured Capital



Natural Capital



Financial



Environmental



Social



Governance

# About the Report

## Changes in the presentation of the information in the Annual report

- » Report is structured as a capitals report, retaining the stakeholder focus to enhance accountability
- » Early adoption of GRI Universal Standards for reporting
- » Material matters themed according to Economic, Environment, Social and Governance (EESG) matters
- » Icons for navigating our report
- » We continue to experiment with new ways to present information to make the report more user friendly for readers

## Acknowledgement

The Management of Aitken Spence PLC has prepared, reviewed and approved the contents of the Annual Report for the year ended 31st March 2022.

The Board acknowledges its responsibility to ensure the integrity of the Annual Report and to ensure that it provides a balanced view of its performance addressing all material issues that may have an impact on the Group's capacity to create value over the short term. The acknowledgment of the Boards' responsibility for the Annual Report and its content are given in the Annual Report of the Board of Directors on page 252.

The report was approved by the Board of Directors on 31st May 2022.

## Feedback & Inquiries

A feedback form is provided on page 420. We would appreciate your feedback on the Annual Report using this form which can be mailed to the Company Secretaries with "Annual Report 2022 Feedback" marked on the top left-hand corner of the envelope or emailed to the address given below. The form is also available online and these responses will be perused by the Management of the Company. We value your feedback and will use the same in improving the Annual Report.

Please contact the following person for inquiries regarding the Annual Report:

### Contact details

Ms. Heshani Fernando  
Email : heshani@aitkenspence.lk  
Facsimile : +94 11 244 5406  
Mail : No 315, Vauxhall Street,  
Colombo 2, Sri Lanka



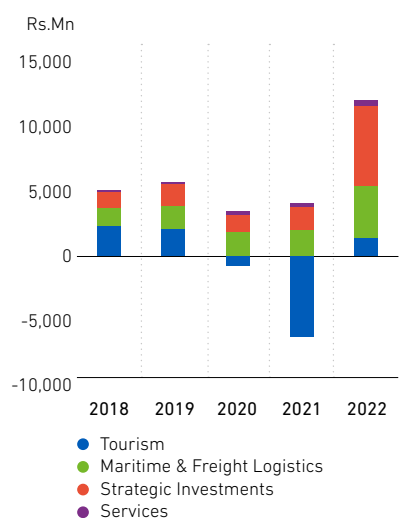
The Annual Report 2020/2021 of Aitken Spence PLC won the Bronze award under the Diversified category and was recognised in the Top Ten Companies by the Institute of Chartered Accountants of Sri Lanka and was also selected among the Ten Best Integrated Reports at the CMA Excellence in Integrated Reporting Awards 2021.

# Performance Highlights

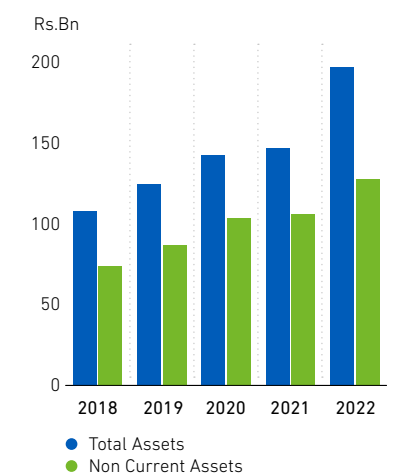
## Financial Highlights

	2021/2022	2020/2021	YoY %
<b>Income Statement</b>			
Group revenue (including associates) (Rs. Mn)	61,780	35,193	76
Group revenue (Rs. Mn)	54,696	31,598	73
Profit / (loss) from operations (Rs. Mn)	16,387	(861)	>100
Share of profit from equity accounted investees (Rs. Mn)	682	376	81
Profit / (loss) before tax (Rs. Mn)	14,224	(2,844)	>100
Profit / (loss) after tax (Rs. Mn)	12,156	(3,314)	>100
Profit / (loss) attributable to equity holders of the company (Rs. Mn)	10,540	(1,626)	>100
<b>Statement of Financial Position</b>			
Non-current assets (Rs. Mn)	127,930	105,731	21
Current assets (Rs. Mn)	67,664	40,006	69
Total assets (Rs. Mn)	197,346	146,980	34
Total equity (Rs. Mn)	77,446	59,192	31
Non-current liabilities (Rs. Mn)	69,870	54,848	27
Current liabilities (Rs. Mn)	50,030	32,940	52
Total liabilities (Rs. Mn)	119,900	87,788	37
<b>Key Ratios</b>			
ROE (%)	18.26	(3.24)	>100
Interest cover (times covered)	6.04	(0.43)	>100
Dividend cover (times covered)	6.49	(4.00)	>100
Dividend payout ratio (%)	15.41	(24.97)	>100
Current ratio (times covered)	1.35	1.21	12
Debt equity ratio	0.64	0.66	(3)
<b>Share Information</b>			
Market capitalisation as at 31st March (Rs. Bn)	29.92	22.53	33
Market price as at 31st March (Rs)	73.70	55.50	33
Earnings per share (Rs.)	25.96	(4.00)	>100
Dividends per share (Rs.)	4.00	1.00	300
Net asset value per share (Rs.)	162.44	121.90	33
<b>Manufactured Capital</b>			
Property Plant & Equipment as at 31st March (Rs.Mn)	95,810	79,826	20
Investments during the year (Rs Mn)	2,361	2,415	(2)
Depreciation and amortisation (Rs Mn)	4,852	4,605	5

### Profit After Tax



### Total Assets & Total Non Current Assets



#### REVENUE GROWTH OF

# 73%

----- TO Rs. 54.7 Bn

#### PROFIT AFTER TAX GROWTH

# OVER 100%

----- TO Rs. 12.2 Bn


#### TOTAL ASSETS GROWTH

# 34%


----- TO Rs. 197.3 Bn

# Performance Highlights

## Economic, Environment, Social and Governance Highlights

		2021/2022	2020/2021	YoY %	
Economic					
	Value Added by the Group	Rs. Mn	33,259	11,724	184
	Foreign Exchange facilitated to the country	Rs. Mn	40,796	47,953	(15)
	Taxes paid to Government	Rs. Mn	4,346	1,585	174
	Direct employment generated		12,606	12,500	1
Tourism Sector					
	Pax handled by destination management in Sri Lanka		60,974	18,147	236
	Guest nights in owned or managed hotels		754,500	311,818	142
	Room inventory owned and managed		2,826	2,840	(0)
Maritime & Freight Logistics					
	Total TEUs handled	TEU	941,108	910,567	3
	Total warehouse space	Sq. Ft	400,833	404,302	(1)
	Youth capacity building at CINEC campus	No. of students	15,893	14,801	7
Strategic Investments					
	Power generated	MWh	130,399	491,488	(73)
	Apparel and PPE produced	Pieces' 000	3,886	7,399	(47)
	Tea produced	Kgs '000	4,504	4,451	1
	Import substitution with palm oil production	Kgs '000	21,485	16,554	30
Services					
	Number of Inward remittance transactions		474,116	598,890	(21)
	Number of elevators maintained		1,747	1,731	1
	Commercial office space	Sq. Ft	195,784	195,784	-

## Governance

	<b>No. of Companies</b>	No.	112	112	-
	Sri Lanka	No.	91	91	-
	Maldives	No.	8	8	-
	Other	No.	13	13	-
	No. of Subsidiaries	No.	89	91	(2)
	No. of Associates	No.	23	21	10
	% of shares held by Twenty Largest Shareholders	%	86.6	85.9	1

PROPERTY PLANT  
& EQUIPMENT GROWTH OF

20%

----- TO Rs. 95.8 Bn

GROWTH IN MARKET  
CAPITALISATION OF

33%

----- TO Rs. 29.9 Bn


GROWTH IN VALUE  
ADDED BY THE GROUP

184%

----- TO Rs. 33.3 Bn

		2021/2022	2020/2021	YoY %	
Social					
	Total Employees	No.	12,606	12,500	1
	Female Representation	%	40	41	(1)
	Total employee benefits	Rs. Mn	9,761	6,766	44
	Training & Development	Rs. Mn	20	6	233
	Training & Development	Hours	140,287	62,192	126
	Workplace Injuries	No.	187	54	246
	Lost Working Days	No.	135	342	(60.5)
	Attrition Rate	%	20	21	(1)
	Percentage of female managers in the managerial workforce	%	18	16	2
	Number of joint venture partnerships	No	26	25	4
	Brand stewardship	No	21	19	11
	Funds channelled for community development initiatives	Rs. Mn	127.5	135.6	(6)
	Entities certified for health and safety		24	22	9
	Average tenure of service	Years	9	9	-

Environmental



Certified management systems for environmental impact control		47	47	-
Energy Consumption				
Direct	GJ	804,008	403,979	99
Indirect	GJ	114,165	99,410	15
Energy produced				
From non-renewable sources	GJ	493,593	214,923	130
From renewable sources	GJ	625,586	236,577	164
Total Volume of Water withdrawn		796,024	651,752	22
Water sources affected by withdrawal	m <sup>3</sup>	None	None	
Water treated for reuse or safe disposal	m <sup>3</sup>	553,109	339,482	63
Greenhouse gas emissions				
Direct (Scope 1)	tCO <sub>2e</sub>	64,798	328,331	(80)
Indirect (Scope 2)	tCO <sub>2e</sub>	22,808	20,392	12
Greenhouse gases reduced/offset	tCO <sub>2e</sub>	90,673	37,338	143
Investments in sustainability processes	Rs. Mn	79	55	44

# 68%

OF OUR TOTAL ENERGY  
CONSUMPTION MATCHED  
WITH RENEWABLE ENERGY  
GENERATED

# 25%

OF OUR TOTAL ENERGY  
CONSUMPTION SOURCED  
FROM CLEAN ENERGY SOURCES

# Rs. 128 Mn

FUNDS CHanneled  
TOWARDS COMMUNITY  
DEVELOPMENT

# About Us



## Over 150 +

Years of operation

## 4

4 Sectors

## 16

Segments

Scope of operations

## 12,606

Employees

### ● Our Vision:

To achieve excellence in all our activities, establish high growth businesses in Sri Lanka and across new frontiers and become a globally competitive market leader in the region.

### ● Our Purpose:

"Inspire to Create Great Futures for All"

### ● Our Values:

- » Reliable
- » Honest & Transparent
- » Warm & Friendly
- » Genuine
- » Inspire Confidence

## What We Do:

### Tourism



#### Hotels

#### Destination Management

#### Airline GSA

- » 21 hotel properties in Sri Lanka, Maldives, India and Oman
- » Managing 2,826 keys
- » Largest inbound tour operator in the country
- » Longest standing General Sales Agency of Singapore Airlines



### Maritime & Freight Logistics



#### Maritime & Port services

#### Freight Forwarding & Courier

#### Integrated Container Services

#### Airline GSA (Cargo)

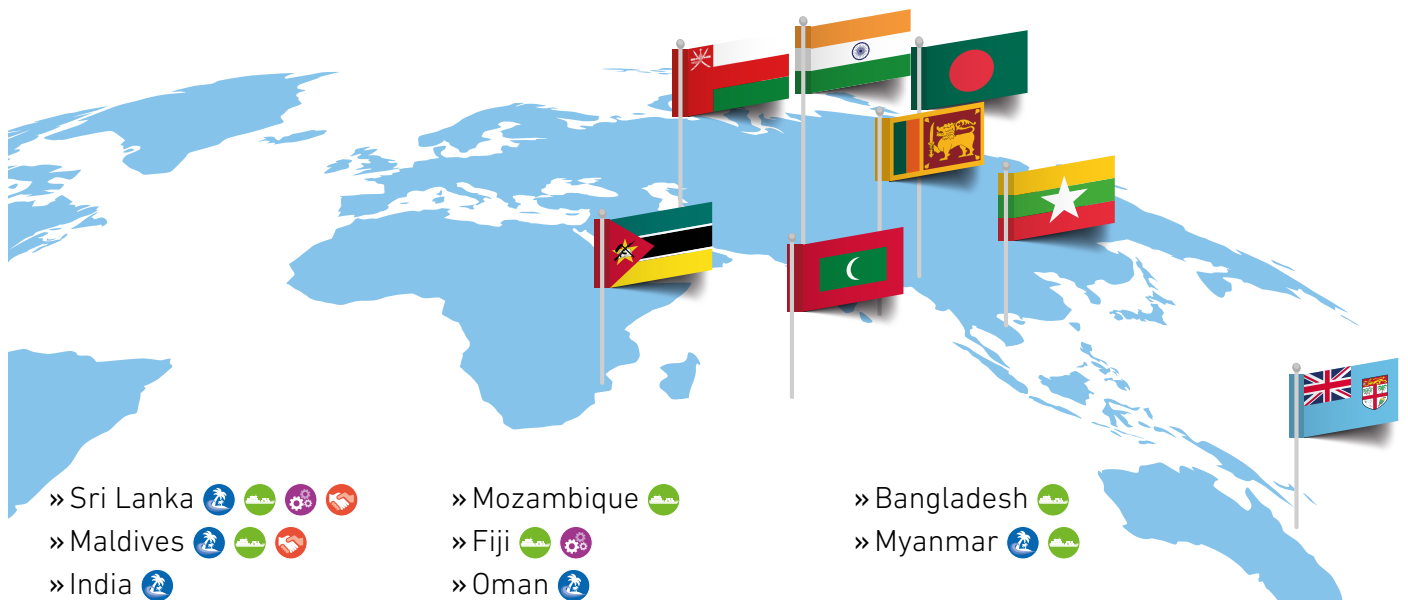
#### Education

- » Logistics facilities exceeding 45 acres
- » Air and sea freight operations in Sri Lanka, Maldives and Bangladesh
- » First Sri Lankan company to enter into a Public Private Partnership overseas with port management operations in Fiji
- » CINEC Campus, most diversified private higher education institution in Sri Lanka





## Our Global presence



### Strategic Investments

**Power Generation**  
**Apparel Manufacture**  
**Printing & Packaging**  
**Plantations**

- » Proposed adventure park to be constructed at the Deviturai estate
- » Diversified energy sector portfolio supplying power to the national grid
- » Digital and offset printing facilities
- » Three companies engaged in the manufacture of apparel



### Services

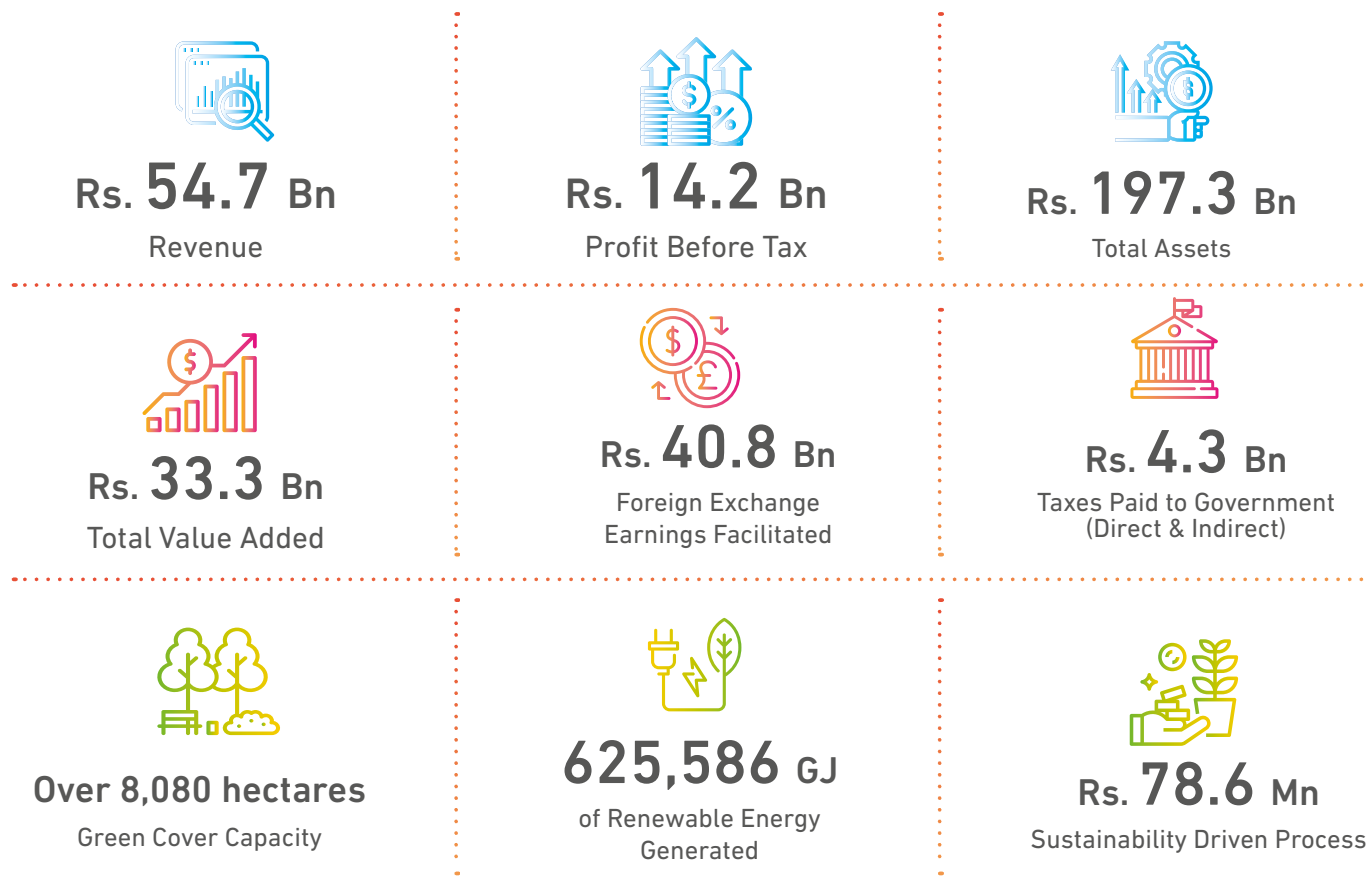
**Insurance**  
**Money Transfer**  
**Property Management**  
**Elevators**

- » Largest representative of Western Union in Sri Lanka with over 50% of the market share
- » Sole distributor for OTIS elevators in Sri Lanka and Maldives
- » Agents to Lloyd's of London since 1876
- » Owns and manages Aitken Spence Towers located in Vauxhall Street, Colombo

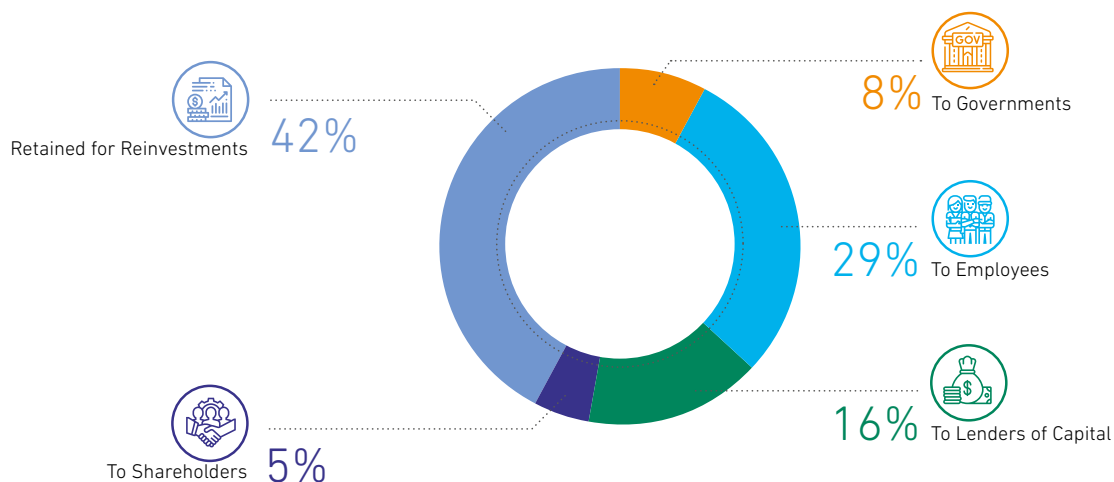


# About Us

## Our Contribution to the Stakeholders:



## Distribution of Total Value Added by the Group 2021/2022



## Tourism



**Rs. 29.7 Bn**

Revenue

**Rs. 2.5 Bn**

Profit before tax

**Rs. 106.6 Bn**

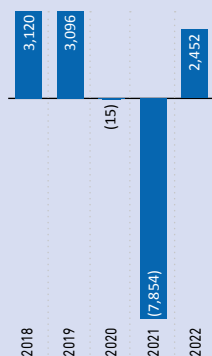
Total Assets

**3,290**

Employees

### Profit Before Tax

Rs. Mn



## Maritime & Freight Logistics



**Rs. 19.8 Bn**

Revenue

**Rs. 4.9 Bn**

Profit before tax

**Rs. 30.0 Bn**

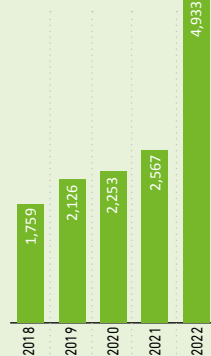
Total Assets

**1,641**

Employees

### Profit Before Tax

Rs. Mn



## Strategic Investments



**Rs. 10.9 Bn**

Revenue

**Rs. 6.1 Bn**

Profit before tax

**Rs. 57.9 Bn**

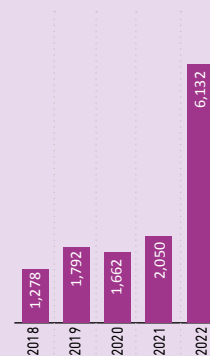
Total Assets

**7,410**

Employees

### Profit Before Tax

Rs. Mn



## Services



**Rs. 2.3 Bn**

Revenue

**Rs. 0.7 Bn**

Profit before tax

**Rs. 4.8 Bn**

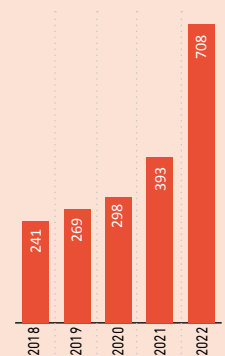
Total Assets

**265**

Employees

### Profit Before Tax

Rs. Mn



# Chairman's Statement



**Deshamanya D.H.S. Jayawardena**  
Chairman



**Rs. 10.5 Bn**

Profit attributable to equity  
holders of the Company

"Aitken Spence PLC was recognised in the global ranking of **Top 100 Companies in Sustainability 2022**, in an independent assessment carried out by 'Sustainability' magazine, an international publication."

At present, our island nation is experiencing one of its most difficult periods since post-independence. The lack of foreign reserves in Sri Lanka has caused the country to declare a pre-emptive negotiated default on its sovereign debt. This has created heightened pressure on the Sri Lankan Rupee which has depreciated by 76% during the first four months of 2022, resulting in high inflation in essential goods and services causing significant hardship to people.

As a measure to curb inflation the policy rates were increased substantially by the Central Bank which would have a long term impact on future investments.

As a nation, we need to reflect on why we have failed, to have a “Sri Lankan moment” of progress in the world, despite the high social development status in Sri Lanka. Every facet of the country has been politicised in the past. Essential pre-requisites and competencies required for the key decision-making positions in the country, have not been given due importance when appointing public officials. This has resulted in uninformed decisions being made to the detriment of the socio-economic progress of the country. Despite being a country strategically located with many opportunities for growth, we have failed to realise our potential over the past 70+ years while other countries with

similar prospects, such as Vietnam and Bangladesh have multiplied their GDP.

### Governance, accountability & transparency

The country’s private sector has established corporate structures and cultures that require leaders to own their successes and failures with transparency and accountability to all stakeholders. As a nation, we need to focus on governance structures that integrate accountability into everyday decisions, making it the norm instead of the exception. Public governance must be strengthened with frameworks for accountability which is similar to the private sector. Adherence to these frameworks is essential if we are to deliver performance, progress and resilience of institutions as we are now paying the price of failure to do so. Government authorities and organisations must recognise that they are accountable to the people. There must be greater accountability and understanding of the responsibility that comes with power and the need to use it for the benefit of the country.

Transparency in awarding of large projects and related procedures at all Sri Lankan government institutions are a prerequisite to attract investments and boost investor confidence to bring the best outcome for Sri Lanka.

### Policy matters

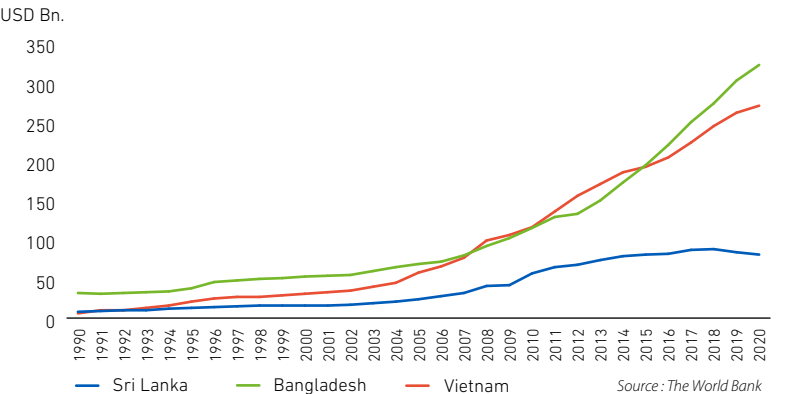
Once political stability is established, appropriate and consistent policies are essential for the progress of the country, and to encourage businesses to invest for the long term while attracting foreign direct investments to improve depleted reserves. Ease of doing business and access to finance must be addressed to create an enabling environment for entrepreneurs to thrive. Implementation of policies should follow systematic analysis with relevant experts and engagement with all stakeholders to achieve sustainable growth and prosperity.

The foreign exchange crisis requires immediate resolution if we are to revive the ailing economy. Other monetary policies such as import controls and foreign exchange restrictions that affect domestic companies should be alleviated with necessary checks and balances to curtail growth of deficits. The energy requirement of the nation needs to be addressed with more immediate investments in renewable energy. As a country endowed with abundant access to solar energy the necessary incentives and frameworks must be implemented to encourage an accelerated shift towards renewable energy.

Fiscal policy needs to be fair to all stakeholders of society. Low-income earners must be provided relief by increasing the weightage of progressive taxes rather than the regressive consumption-based taxes that increase inequalities. The government must also build credibility and curtail unproductive expenses with the same rigour as they implement tax collections.

Building foreign investor confidence requires the establishment of the rule of law, an equal playing field, and discipline in all quarters. Basic infrastructure and utilities such as energy and fuel must be made available to facilitate uninterrupted business operations. Additionally, there must be one consistent policy for foreign

### GDP



# Chairman's Statement

and local investments which does not change every four to five years.

The digital infrastructure of the country is key to realising the vision for a digital Sri Lanka. While the country has made progress on coverage, there is an urgent need for improved speeds and reliable connections to drive growth of the burgeoning tech industry which has seen promising growth. The industry is key for our integration into an increasingly digital global economy, connecting Sri Lankans to opportunities, creating jobs and as a growing and stable source of foreign exchange inflows.

It is necessary for the country to develop and tap into the potential of the informal sector which is responsible for the creation of employment for nearly 5 million people out of a labour force of over 8 million. This highlights the urgent need for micro small and medium enterprise (MSME) friendly policies in the country which will support growth and reduce vulnerabilities in this key employment segment.

## Aitken Spence performance

Aitken Spence PLC recorded consolidated pre-tax earnings of Rs.14.2 billion for the financial year as we steered a broad-based recovery from the pre-tax loss of

Rs.2.8 billion the previous year, to record the highest profit in the history of the Group. All sectors and key segments of the Group's diversified portfolio contributed positively to the bottom line reflecting the Spensonians' indomitable will to succeed in the tasks undertaken. The Maritime & Freight Logistics sector recorded its highest pre-tax earnings of Rs.4.9 billion supported by the Group's broad presence across the entire value chain which resulted in significant Group synergies. The Tourism sector also recovered from the lockdowns and uncertainties of the first three quarters to deliver a strong fourth quarter which enabled this geographically diverse sector to record Rs.2.5 billion pre-tax earnings.

Our strategy has been to invest in areas identified as priority sectors which generate foreign exchange to the country, resulting in inclusive and sustainable growth. Our investments in the waste to energy power plant, Heritance Aarah and the acquisition of Waltrim Hydropower are recent examples of investments made in priority sectors. The delayed settlement of dues by the Ceylon Electricity Board poses a problem to the power generation segment as it exerts pressure on the Group's cashflow and leads to high cost of short-term funding.

Exemplifying our commitment to inclusive and sustainable growth, Aitken Spence PLC was recognised in the global ranking of Top 100 Companies in Sustainability 2022, in an independent assessment carried out by 'Sustainability' magazine, an international publication. Aitken Spence is the only Sri Lankan company to have been included in this ranking of global industry leaders.

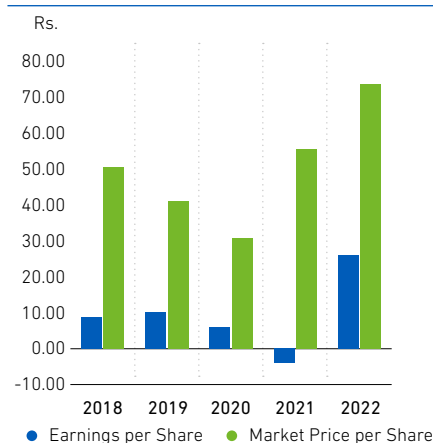
## Unswerving commitment to ESG

Our voluntary endorsement of the UN Global Compact marks 20 years in May 2022. We remain committed with our teams actively engaged to internalise its Ten Principles on the key priorities of human rights, labour standards, environment, and anti-corruption within our operations. We continue to contribute positively towards the achievement of the Sustainable Development Goals through our operations. The Group's commitment to environmental, social governance (ESG) has matured over the years as affirmed by a plethora of management systems and certifications on multiple aspects across the Group. At its core are the Spensonian values and ethics which are articulated in the Employee Code of Ethics & Professional Conduct which also covers its stance on anti-bribery and corruption. These are further reinforced by the framework of policies on ESG and IT matters creating a solid foundation for building the future of the Group.

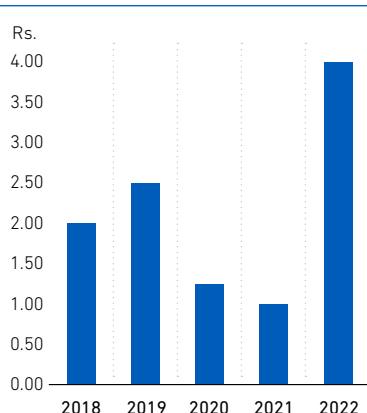
## Resilient and poised for growth

The Group's balance sheet strengthened significantly as equity increased by 30.8% to Rs.77.4 billion boosted by retained earnings. Total assets growth of 34.3% to Rs.197.3 billion, was driven by capital expenditure increasing the earnings capacity and increased working capital. The Group's debt to equity position improved from 0.66 to 0.64 as we maintained a conservative approach to debt financing for expansion anticipating

Earnings per Share vs Market Price per Share



Dividends Per Share





a rise in interest rates. A strong balance sheet with headroom for debt infusion puts Aitken Spence in a sound position for growth.

### Value to stakeholders

The strong recovery saw earnings per share improve from a negative Rs. 4.00 in 2020/2021 to a positive Rs. 25.96 in 2021/2022 increasing the attractiveness of the Group. The stellar performance and a buoyant share market saw the share price improve from Rs.55.50 at the beginning of the year to a high of Rs.109.00 by February 2022, maintaining its resilience despite the sharp decline of the share market in February and March 2022. The interim dividends declared amount to Rs. 4.00 per share giving shareholders a total return of 40.0% including capital gains.

Importantly, the Group safeguarded the livelihoods of employees and ensured they were cared for through the pandemic with a holistic care package. We also supported our business partners who were adversely affected by the pandemic with each sector adopting suitable mechanisms. Throughout, we were focused on enhancing the value proposition to the customer through product and service innovations and transformation of our processes.

### Outlook for 2022/2023

It is heartening to note that Sri Lankans have taken the first steps toward unity to find sustainable solutions for the problems that have persisted for many decades. The path ahead will be challenging as austerity is never palatable but necessary to establish the financial and fiscal discipline that paves the way for a sustained recovery. It is paramount that the country obtains the necessary support from the international community to avert an escalation of the current socio-economic crisis. Supporting the MSME sector is vital to ensure that the social stability

is restored by protecting livelihoods and creating growth in the respective industries and markets. Moreover higher value exports, tourism, clean energy and increased productivity are key to economic recovery. It is imperative that we retain the bright minds and skilled hands the country has invested in developing over the last several years. This means that we need to give hope and enable our youth to envision a productive future in their country, curtailing the brain drain that is underway. We need to strengthen ongoing collaborations with training institutes for diverse technical and soft skills, to ensure that we create talent pools with the right skills to build a more resilient economy. We must also build an enabling environment where their talents can be utilised to their full potential and worth.

Globally, the economic damage from the Russia-Ukraine conflict is expected to slowdown global growth and increase prices of food and fuel. This will impact low-income economies. Multilateral efforts are essential to manage the situation and ensure that this conflict does not spread to neighbouring countries.

### Future outlook

Aitken Spence has the infrastructure, talent and competencies in place to drive growth through improved capacity utilisation in the industries we operate in. Growth in these industries can strengthen the country's foreign exchange earnings as we have seen in the past. We are also aggressively looking out for further investment opportunities through acquisition and expansion both locally and overseas. Further expanding the global footprint of the Group will facilitate greater foreign exchange inflows to the country. We will also invest aggressively in technological developments and digitisation of processes to take the company into the fifth industrial revolution.

### Acknowledgements

The Group's stellar results would not have been possible without the efficiency and exceptional ability of our Sponsonians across the globe. I commend and thank the wise counsel and direction of our Board of Directors and each and every Sponsonian for their hard work and commitment that has delivered the outstanding performance this financial year. I make a special note of appreciation of the transformational leadership of the Deputy Chairman, members of the Group Supervisory Board, members of the Management Council and the Senior Management Team. I thank you and commend you for your focus, dedication, and ability to adapt and remain agile whilst successfully staying on course. I would like to also express my gratitude to our customers, investors, joint venture partners, principals, and other business partners for their understanding, unwavering collaboration, and support throughout the financial year.

I look forward to your continued trust and cooperation as we stay focused on driving solid sustainable growth in our journey ahead as we steer into what may be yet another tough year across the globe. I remain optimistic in the ability of Sponsonians and Sri Lankans alike to unite as one to overcome crisis situations and future obstacles as we forge a new path ahead.



**Deshamanya D.H.S. Jayawardena**  
Chairman

31st May 2022

## Deputy Chairman and Managing Director's Message



### Dr. Parakrama Dissanayake

Deputy Chairman and Managing Director



**Rs. 14.2 Bn**

Profit Before Tax

“We shall not perish as a people even if we get our money supply wrong; but if we get our human relationships wrong, we shall destroy ourselves”

Most Reverend Robert Runcie,  
Archbishop of Canterbury (1980-1991)



Sri Lanka is facing a dark period in its history with multiple crises converging to create a perfect storm. Rapidly escalating from an economic crisis to an energy crisis in March 2022, the country has since then experienced a sharp increase in interest rates, devaluation of the rupee by 76% from 1st March to 30th April 2022 and defaulted on its debts, as foreign reserves plunged to low levels. The country's sovereign rating is at the lowest level across rating agencies. Further, 14 banks including the country's domestically significant banks have been placed on a ratings watch highlighting the financial instability. Total debt of state-owned enterprises is equivalent to 9% of the country's Gross Domestic Product and measures to minimise losses of the state-owned enterprises will exert upward pressure on inflation as fuel prices and other services provided by state enterprises are re-priced to reflect the actual costs. Any default by the large state-owned enterprises will add further pressure on the country's banking system. The impact of inflation and the devaluation of the rupee will be keenly felt by people as price shocks erode disposable incomes and savings resulting in increased vulnerabilities. We would need to navigate the unprecedented challenges prudently and boldly, keeping in mind that in Sri Lanka the socio-economic and cultural landscape is rapidly changing as evinced by the ongoing people's movement which continues to gather momentum uniting people to achieve a common goal.

### Strong recovery

Aitken Spence PLC delivered an excellent performance recording Rs.14.2 billion, as profit before tax which is the highest in its entire history as we crafted a recovery from the Rs. 2.8 billion loss before tax in the previous year. Profit after tax increased to Rs. 12.2 billion, with profit attributable to equity holders increasing to Rs. 10.5 billion from a loss of Rs. 1.6 billion the prior year.

The earnings per share for the year was Rs. 25.96. The share price of the Company

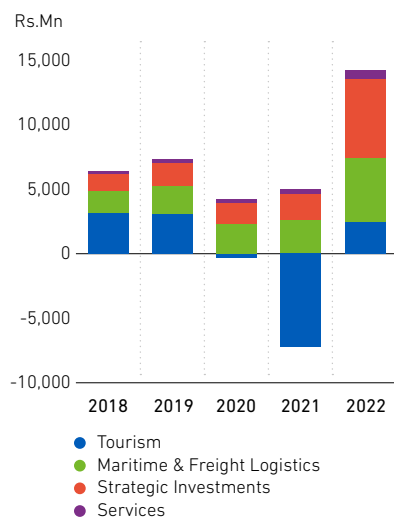
as at 31st March 2022 was Rs.73.70 which is trading at a discount of 54.6% to the net assets value per share of Rs.162.44, clearly indicating that the present share price is not reflective of the true value of the Company. The total assets of the Group stood at Rs.197.3 billion with non-current assets being Rs.127.9 billion reflecting the asset richness of the Group's investment portfolio.

The sectoral and geographic diversity of the Group was key to delivering the results as divergent paths to economic recovery resulted in pockets of opportunity as challenges were both global and local. The Group's presence across 8 countries provided valuable insights enabling us to identify opportunities, optimise resource allocation and leverage group synergies to navigate the uncertainty that characterised the reporting year. The insights arising from the diversity of our operations also strengthened the Group's risk management, enabling us to focus on sector and country specific challenges and opportunities. Our approach has always been "if we do not risk anything, we risk even more" and this ethos was our guide in making the bold decisions to move early to seize available opportunities. As a pioneer in many sectors, we will strive

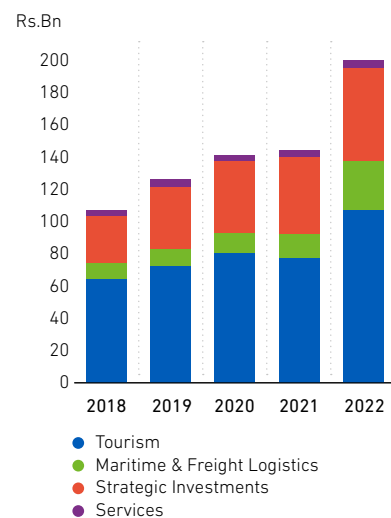
towards maintaining our first mover advantage in the industries we operate in.

The Tourism sector of the Group performed exceptionally well recording pre-tax earnings of Rs. 2.5 billion for the year with the sector recording Rs.3.2 billion in the fourth quarter as travel restrictions were eased across more than 70% of countries reflecting the sector's ability to recover quickly by wiping out losses of the past three quarters. The Maritime & Freight Logistics sector was the anchor for the Group contributing Rs.4.9 billion to pre-tax earnings through strong growth across all segments as the sector transformed to provide a more holistic value proposition to customers. The Strategic Investments sector also did well as its diverse portfolio of businesses reported improved profitability except the power generation segment which recorded a decline in profits. The sector recorded pre-tax earnings of Rs.6.1 billion which was also assisted by the foreign exchange gain at holding company. The Services sector also maintained profitability, with pre-tax earnings increasing to Rs.708.0 million owing to the improved performance in the elevators and money transfer segments. These results were achieved amidst many lockdowns due to the pandemic, social unrest, high inflation

#### Profit before Taxation



#### Total Assets



# Deputy Chairman and Managing Director's Message

and interest rates in Sri Lanka as well as the geopolitical unrest stemming from the Russia-Ukraine conflict during the last quarter of the year which had an impact on the cost of power and energy in Sri Lanka.

## Spensonians

### - A unique value proposition

Our employees continue to be the most valued asset of the Company as they are the essence to the uniqueness of our value proposition. The pandemic demonstrated their agility, adaptability and professionalism as they delivered a performance worthy of a standing ovation with the same coordination and precision of an orchestra during an extremely volatile time. It is worth reflecting on the shared values and the team spirit of the Spensonians that has nurtured this team to this level of skill, discipline and professionalism.

The Group is as good as its people, and this was clearly understood by our predecessors who laid the foundations and nurtured a culture of people centric growth at Aitken Spence. We have set in place finely tuned processes to attract people with the skills and attributes aligned to our business needs, values and culture to retain and develop them. Our sustained focus on developing the Spensonians has underpinned our ability to grow as an organisation and create increasing value for all stakeholders. Many have long and fruitful careers with us, progressing through the rungs to fill an ever-increasing number of leadership positions as we diversify and grow as an organisation. We continue to focus on the development of our Spensonians by investing in training, skills development and succession planning to equip them to create a future forward organisation.

Principles of equality, diversity and inclusion and women empowerment have been integrated into every aspect of our businesses, formally through the policy framework as well as in spirit. More

recently we have focused on initiatives for women empowerment at all levels, inspiring women to undertake new and diverse roles. We are committed to putting in place the structures, benefits, policies and mindsets required to minimise leakage of our talent pipeline due to gender and other diversity issues.

It is also time to question our traditional organisation structures and leadership roles to ensure they are aligned to the future of work which will be more digital, collaborative and flexible. A reset of the industrial age mindset is urgently required as the concept of a hierarchical leadership becomes a vestige in a digital era. The pandemic was a catalyst, opening minds to the possibilities of remote working and the hybrid workspace that gained acceptance. The Group's SVM initiative paves the way for Aitken Spence to transit seamlessly into the digital era, creating a workforce that is tech savvy, collaborative and accountable for their performance. This will enable Aitken Spence to strengthen its culture of meritocracy and transparency while facilitating the right skills for the right job. The organisational structure set in place enables it to be truly eudaimonic to all stakeholders.


## Group strategy

The long-term vision of our Group is simple - sustainable growth through diversification of products and services with a high market share. Aitken Spence recognises the importance of

transformative leadership in its next phase of expansion. The Group's leadership evolution strategy focuses on building leaders who can effectively bring about the transformational reforms to achieve this objective. The short-term strategies keep evolving to meet our vision and remain flexible given the rapidly changing business landscape. These will focus on growing our businesses, improving efficiencies and effectiveness of existing business segments, cost management and building competitive advantages through technology. Further they are aligned to sustaining earnings, liquidity, capital and growth.

The quest to enhance the customer value proposition across all business segments continues as it is necessary to create a strong competitive edge, increasing the Group's market share. This is evident in the market leadership position held by many of our businesses and the development of businesses across the respective value chains. We will also continue to invest in renewable energy given both the Group's commitment to sustainability and the country's urgent need for greater energy security.

Due to the prudent investment decisions made by the Group in the past, a substantial portion of the Group revenue is derived directly or pegged to foreign currency. The Group intends to continue its strategic drive to invest in projects that directly result in foreign currency revenue



**"Our employees continue to be the most valued asset of the Company as they are the essence to the uniqueness of our value proposition."**

streams thereby positively contributing towards the reserves of the country.

### Transformation through digitalisation

The Group continued with its drive on business transformation through digitisation and automation which saw many segments reaping the benefits during the year through efficiency improvements. We completed the first phase of Robotic Process Automation (RPA) and created a pool of skilled employees. Although at an early stage, we plan to move forward with automation and digitisation which underpins our key stakeholder value propositions.

### Committed to integrating ESG

An early champion of ESG, Aitken Spence has been successful in integrating ESG principles into its key processes through a comprehensive and sustained programme which serves to enhance awareness of the same. The awards and accolades over the years have served to renew our commitment and inspired us to set new benchmarks for ourselves in full understanding of the need for urgent action. The needs of our stakeholders within a framework of inclusive development are the pivot for all our strategies and we have stayed true to this covenant even during the pandemic years. Multiple stakeholder engagement mechanisms are in place to engage with our stakeholders including members of our communities, regulators, suppliers, and customers to identify their key economic, environment, social, and governance concerns.

The Group is credited with pioneering a movement for sustainability in Sri Lanka, with our performance showcasing our continued commitment to protect and enrich the environments we operate in. Keeping with the Group's commitment towards ensuring diversity, equity, and inclusion, Aitken Spence has joined UNGC's Target Gender Equality programme as well as the working group for Gender Equality.

Our communications on progress for the UN Global Compact and disclosures in accordance with the GRI standards presented in this report reflect the Group's unswerving commitment to driving change towards a more sustainable future for all.

Aitken Spence leads the working group for Human Rights at the Workplace in the UN Global Compact Sri Lanka Network, in sharing our experiences with the wider corporate network of Sri Lanka. We are also committed towards achieving net zero emissions by 2030 at our operations by investing in renewable energy, reducing energy consumption from nonrenewable sources, and increasing carbon sinks through our conservation efforts.

We continued our efforts to build and support local communities through systemic initiatives by creating employment opportunities, enforcing local purchasing policies and supporting local businesses and brands despite several challenges faced during the year. Group companies actively collaborate with external partners to educate employees and core teams on disaster risk reduction and to evaluate our vulnerabilities against manmade and natural disasters, strengthening our resilience.

The governance pillar is built on our commitment to uphold business ethics, compliance with applicable laws and regulations, zero tolerance to bribery, corruption, and unethical behaviour by upholding the Group's Code of Ethics & Professional Conduct. We are now communicating with our supply chain partners to strengthen their commitment to ESG while also continuing to increase the scope and levels of commitment in our own strategic business units.

### Sector performance

#### Tourism

The Tourism sector was buoyed by a strong recovery across all markets recording pre-tax earnings of Rs.2.5 billion compared to a loss of Rs.7.9 billion

in the previous year. Tourist arrivals gained momentum from November 2021 recording a strong performance in the fourth quarter. All properties in Sri Lanka recorded positive contributions with the exception of RIU Hotel and Turyaa Kalutara reflecting the untiring efforts of our teams. The Maldivian tourism sector also recorded a strong recovery with both tourist arrivals recovering to 77% of pre-pandemic arrivals and room rates recording strong growth as well, supported by innovative marketing and pricing. Heritage Aarah recorded the best operational performance from the hotel portfolio in the reporting year which was the first year that the resort had a full year's operation after its opening. All other Maldivian resorts also performed well affirming Aitken Spence's decision in investing in overseas resort operations. Turyaa Chennai and Al Falaj hotel in Oman had better operational performances than the previous year even though they are still reporting losses.

Destination management operations also recorded a profit, as the number of clients handled increased from 18,147 in 2020/21 to 60,974 in 2021/22 as we explored the potential of both traditional and non-traditional markets to drive growth. Our strong relationships continue to be the key strength although the country situation needs to improve to leverage its full potential to drive recovery of this stressed sector.

The Singapore Airlines GSA operation also recorded an encouraging performance recording growth in cargo tonnage over the previous year. A recovery of passenger sales was seen towards the latter part of the year as the frequency of flights increased.

The Group's tourism sector pioneered the movement for sustainable tourism in the region, benchmarking to global best practice with certifications such as Travelife affirming our commitment to manage our social and environmental

# Deputy Chairman and Managing Director's Message

impacts and shaping sustainable tourism in the country. We have maintained our commitments to achieve social and environmental sustainability through systemic efforts even in the middle of a global pandemic. The sector benefited from the extension of loan moratoriums implemented to ease the cashflow crisis in the tourism industry and will look to regularise these facilities as performance improves. The sector continued efforts to support local communities through local purchasing and employment policies, including partnering with key stakeholders to strengthen local supply chains in the industry.

## Maritime & Freight Logistics

The Maritime & Freight Logistics sector set a new benchmark as it delivered the highest pre-tax earnings of Rs. 4.9 billion, contributing 34.7% to the Group's profit before tax. The import restrictions as well as the economic downturn of the country impacted the volume of EXIM cargo which had a direct impact on the performance of the sector although this was cushioned by rate increases and effective marketing strategies employed.

The freight operations of the sector saw a growth over the last year due to strategic re-engineering of its operations and revamping of its marketing drive to provide customers a more value added and customised service offering. The cargo GSAs represented by the Group also performed exceptionally well with freight rates holding ground this year as well. The industry faces challenges in the repatriation of principal payments due to the non-availability of foreign currency in the country which needs to be resolved to sustain the continued operations of this vital sector.

The recovery of economic activity supported the improved performance of port services segment during the year, with Fiji operations recovering at a steady pace.

CINEC Campus recorded a good performance during the year with potential for growth in the future as the demand for high quality tertiary education in Sri Lanka continues to grow with a mere 22% of those eligible for university admission being admitted to state universities. The significant depreciation of the LKR against the USD and the ongoing conflict between Russia and Ukraine is expected to increase the demand for higher education programmes affiliated with foreign universities which can be followed in Sri Lanka.

This sector continued to work towards strengthening systems, procedures and employee engagement initiatives for occupational health and safety and environmental impact control. The team is also taking on an ambitious goal to increase female representation in the sector's workforce as part of the Group's diversity and inclusion initiatives.

## Strategic Investments

The Strategic Investments sector recorded a profit before tax of Rs. 6.1 billion for the year. The power generation segment had the first full year of operations of its waste to energy power plant which recorded healthy profits for the segment and saw the conversion of over 200,000 metric tonnes of municipal solid waste to electricity. The acquisition of Waltrim Energy in April 2021 added 6.6 MW of hydro power to the sector's portfolio while a further 748 KW were added through roof top solar installations. These power plants recorded an exceptional performance during the year due to favourable weather patterns and priority access to the grid. Ace Power Embilipitiya was non-operational for the greater part of the year due to expiry of the power purchasing agreement.

The plantations segment recorded its third consecutive year of exceptional performance which is attributable to the impeccable execution of the diversification strategy followed by the segment. The

fertiliser and chemical ban implemented sans stakeholder consultations had a negative impact on the development of this key sector and had a more disastrous impact on the country's food security, necessitating imports of essential food items which added further pressure to the foreign exchange crisis. The plantation sector continues its programmes to uplift the quality of life of our employees through housing, water and sanitation, nutrition, maternal and childcare and self-development initiatives.

The apparel segment recovered in the second half of the year to record strong earnings growth, underpinned by a focused strategy which delivered higher volumes, improved efficiencies and lower absenteeism after a difficult start which was largely due to the impact of COVID. The strategic partnership with its key customer played a key role in the recovery while the devaluation of the rupee also helped in the improvement of the revenue of the segment.

The printing and packaging segment had a challenging year with the sharp increase in paper, board and ink prices due to world market conditions. This was further exacerbated by the rupee devaluation. However, the concentrated marketing efforts undertaken to broaden the segment's customer base and the strategic repositioning of its product mix to improve margins served to turnaround the segment to record profit growth.

The printing operations in Fiji were unable to carry out the targeted enhancements to its technical capacity due to travel restrictions that were in place during the year which made it difficult for the required technical experts from Sri Lanka and Australia / New Zealand to visit the premises.

The Strategic Investments sector plays a crucial role in achieving the development goals of the country. The workforce of 7,410 with a female representation of 58.3% are provided a safe and conducive

working environment with opportunities for personal and professional growth. The sector also invests in sustainable industrial growth through renewable energy generation, emission control, resource management and ecosystem conservation.

### Services

The Services sector recorded a profit before tax of Rs. 708.0 million which was a growth of 80.4% compared to last year and a 5.0% contribution to the Group's profitability. This was a result of the growth in performance recorded by the money transfer, elevators and insurance segments as the property management segment witnessed a decline in performance due to lower demand in the market for commercial office spaces due to the drive towards "working from home" trends. The sector supports the Group's efforts to uphold social and environmental sustainability by maintaining systems, procedures and best practices for impact control and by encouraging employee engagement. The elevators segment was the first elevator company to get their environmental management system ISO 14001:2015 certified and recently obtained the ISO 45001:2018 system certification for their occupational health and safety system. The property development segment maintains a state-of-the-art building management system that enables better resource management and utilisation at Aitken Spence Towers.

### Future Outlook

Global geo-political and economic uncertainties will shadow most of the coming year with inevitable increases in inflation driven by increased energy costs as well as food prices. The Russia-Ukraine conflict is also expected to have a negative impact on supply chains as trade routes are disrupted. It is also forecasted to impact the tourism industry at least to some extent given that the Russian market is a major generator to the countries we operate in the tourism sector.

Sri Lanka's challenges are grave and need urgent action to navigate a path to sustain economic activity and to recovery. The negative sovereign ratings, the pre-emptive default in government debt and the tightening of the monetary policy are expected to further drive the cost of funds which will impede future investments to a great extent. However, we remain positive in the gradual recovery process of the country with the assistance of the IMF and implementation of prudent fiscal policies. We remain committed and hopeful to achieve sustainable growth and market share through, inclusive and sustainable business models, strategic investment in resilient infrastructure and sustainable industrialisation, ensuring a safe and conducive workplace, and facilitating economic growth for all stakeholders. As a Group we will continue to focus on enhancing our value creation and supporting the country in its economic revival.

Our own plans are focused on sectoral and geographic diversification, steering within a tight monetary and fiscal policy environment as Sri Lanka attempts to regain growth momentum. Timing and the extent of plans needs careful consideration in the light of recent developments, considering the impact of our actions on a vulnerable nation to ensure that our impact is positive and aids sustainable recovery. However, a significant proportion of our businesses are located overseas, and we are optimistic about steering these operations to improved profitability in the year ahead, enhancing foreign exchange returns to Sri Lanka. Our risk management functions are strengthened to provide the insights and forecasts required to navigate what may be a crucial year ahead.

### Acknowledgements

I am honoured to have had the privilege of leading an exceptional team who quickly mastered new approaches to adapt to a turbulent operating environment. I thank each and every one for their contribution

which enabled the Group to record the highest profit in its history and request their cooperation as we gear up for what maybe our toughest game yet.

I wish to thank Deshamanya D.H.S Jayawardena the Chairman for his astute leadership, policy direction and the strategic guidance afforded to the Group during these extremely challenging times. These results would not have been possible if not for his visionary leadership. A special note of appreciation to my fellow members of the Board and the Group Supervisory Board for their immense contribution towards the achievement of this remarkable performance.

I extend my appreciation to the significant role played by our principals and business partners in strengthening the Group's performance and look to forge stronger bonds in the year ahead. I thank our investors for their continued trust and confidence. I conclude by reiterating that all Sri Lankans must unite to overcome the current crisis embracing the diversity of ideas, gender, race and religion to find a new path forward.

Dr. Parakrama Dissanayake  
Deputy Chairman and Managing Director

31st May 2022



# Key Events

## Women Empowerment



The Group Supervisory Board held a panel discussion with employees from across the Group that virtually connected on International Women's Day 2022 to discuss crucial topics on breaking the bias in the workplace followed by an interactive Q&A session.

## Heritage Aarah celebrates local culture with a curated Maldivian Village experience



The all-inclusive luxury resort Heritage Aarah, launched a unique village experience to celebrate the illustrious culture and heritage of the island nation, right in the heart of the breathtaking Raa Atoll. A first of its kind in the Maldives.

## Aitken Spence expands its renewable energy portfolio



Aitken Spence invested Rs. 900 million to expand its hydropower generating capacity by acquiring Waltrim Energy Limited which has a total capacity of 6.6 MW. This is in keeping with our Group's sustainability strategy and in meeting rising energy demands, access to clean energy and lowering its national carbon footprint.

## Aitken Spence Elevators endorses its commitment towards sustainable value creation



Aitken Spence Elevators became the first and only Elevator company in Sri Lanka to establish a certified integrated management system for quality (ISO 9001:2015), environmental impact control (ISO 14001:2015), and occupational health & safety (ISO 45001:2018).

## COVID-19 booster vaccination drive



The COVID-19 booster vaccination drive was held within office premises for our Spenzonians who still needed to get the booster vaccine and was also extended to members of other companies operating within our premises.

#### Aitken Spence Travels welcomed its first familiarisation group from France



Aitken Spence Travels, in collaboration with SriLankan Airlines and TUI France, hosted a group of top travel agents on a familiarisation visit to Sri Lanka with the commencement of direct flights to Paris, France.

#### Launch of Berry Much brand



Elpitiya Plantations PLC managed by Aitken Spence Plantations launched the Berry Much brand. For the first time in Sri Lanka four berry types - strawberries, raspberries, blackberries and blueberries are locally harvested.

#### Aitken Spence Travels facilitates the first charter flight from Uzbekistan – A new source market



Aitken Spence Travels, together with their Uzbekistan agent Asia Luxe welcomed the country's first charter flight from Uzbekistan. The charter airline operation partnered with the leading tour operator of Uzbekistan.

#### Spensonian Convention



The Spensonian Convention was held in December 2021 in a hybrid form – both digitally and in person – to ensure the optimum combination of employee engagement, and health and safety during the COVID-19 pandemic. Overall, 450+ executive employees participated in this event, with the attendance of the Deputy Chairman, Main Board Executive Directors, members of the Group Supervisory Board, and the Management Council.

#### Partnership with the Delegation of German Industry and Commerce in Sri Lanka (AHK Sri Lanka)



Aitken Spence PLC partnered with the Delegation of German Industry and Commerce in Sri Lanka (AHK Sri Lanka). The premium platinum partnership is aimed at promoting key industries in Sri Lanka to draw German investments.

#### World Maritime Day



On World Maritime Day 30th September 2021, the Group's Maritime & Freight Logistics sector pledged its commitment to SDG 14 – to conserve oceans, seas and marine resources for sustainable development and has embarked on a progressive journey to 'save our oceans'.

# Our Board of Directors



- |                                  |                                     |
|----------------------------------|-------------------------------------|
| 1. Deshamanya D.H.S. Jayawardena | Chairman                            |
| 2. Dr. M.P. Dissanayake          | Deputy Chairman & Managing Director |
| 3. Dr. R.M. Fernando             | Executive Director                  |
| 4. Ms. D.S.T. Jayawardena        | Executive Director                  |
| 5. Mr. J.M.S. Brito              | Non-Executive Director              |
| 6. Mr. G.C. Wickremasinghe       | Independent Non-Executive Director  |
| 7. Mr. C.H. Gomez                | Independent Non-Executive Director  |
| 8. Mr. N.J. de Silva Deva Aditya | Non-Executive Director              |
| 9. Mr. R.N. Asirwatham           | Independent Non-Executive Director  |





# Our Board of Directors

## **Deshamanya D.H.S. Jayawardena**

### *Chairman*

Appointed in April 2000

Deshamanya D.H.S. Jayawardena, recognised as an outstanding citizen for the service to the motherland, was appointed to the Board of Aitken Spence PLC, as of 1st April 2000. Mr. Jayawardena has been the Chairman of the Company since 25th April 2003.

As visionary entrepreneur, he is leading many enterprises in very diverse fields to achieve great success. He is the Founder Director and current Chairman/ Managing Director of the Stassen Group of Companies, the Chairman of Aitken Spence Hotel Holdings PLC, Lanka Milk Foods (CWE) PLC, Browns Beach Hotels PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Melstacorp PLC, Ambewela Livestock Company Ltd, Lanka Bell Ltd and the Chairman of the Distilleries Company of Sri Lanka PLC. He is also a Director of several other listed and privately held companies in Sri Lanka and is a former Director of Hatton National Bank PLC, the largest listed bank in Sri Lanka.

Mr. Jayawardena has been appointed to lead large public sector institutions and is a former Chairman of Ceylon Petroleum Corporation and Sri Lankan Airlines (two stints).

He is presently the Honorary Consul for Denmark and on 9th February 2010, was knighted by Her Majesty the Queen of Denmark with the prestigious honour of "Knight Cross of Dannebrog".

In 2005 Mr. Jayawardena was awarded the prestigious title, "Deshamanya" in recognition of his services to the Motherland.

## **Dr. M.P. Dissanayake**

### *Deputy Chairman & Managing Director*

Appointed in March 2019

Dr. Parakrama Dissanayake is the Deputy Chairman and Managing Director of Aitken Spence PLC, with effect from 15th March 2019.

Prior to this appointment he was Secretary to the Cabinet Ministry of Ports, Shipping and Southern Development.

He was appointed as the first non-British International President of the Institute of Chartered Shipbrokers U.K. founded in 1911 and Royal Charter conferred in 1920.

Dr. Dissanayake has also held positions in the past that include, Chairman – Sri Lanka Ports Authority (two stints), Chairman – Chartered Institute of Logistics and Transport (Sri Lanka), Board Director Urban Development Authority and Board Director of Ceylon Shipping Corporation.

During the period June 2004 to May 2017 he served as a Director of Aitken Spence PLC and the Chairman & CEO of its Maritime & Freight Logistics sectors.

Dr. Dissanayake is an Alumni of the University of Sri Jayewardenepura, NORAD, JICA, Business Alumni of the University of Oxford (UK) and a Fellow of Harvard Business School (EEP).

He is also Chairman of Elpitiya Plantations PLC, Aitken Spence Plantation Managements PLC, Co-Chairman/ Professor CINEC Campus, Hon. Consul of Fiji Islands and serves as a Professor in Maritime Studies (visiting) at Shanghai Maritime University, Dalian Maritime University.

## **Dr. R.M. Fernando**

### *Executive Director*

Appointed in April 2005

Dr. Rohan Fernando joined Aitken Spence Plantation Management in May 1994 and has been the Managing Director of Aitken Spence Plantation Managements PLC and Elpitiya Plantations PLC since August 1997. He has extensive experience in the plantation industry; both in the public and private sectors; corporate management, corporate strategy and has played a key role in the plantation privatisation programme. He was the Chairman of United Nations Global Compact Network, Sri Lanka, a former President of the Chartered Institute of Marketing Sri Lanka Chapter, a past Chairman of the Planters Association of Ceylon and is currently the President of the Palm Oil Industry Association which comprises growers, processors and refiners in the palm oil industry.

Dr. Fernando was appointed to the Main Board of Aitken Spence PLC on the 1st of April 2005 and is currently responsible for the plantations segment and business development of the Group covering sustainability and branding.

He holds a PhD and an MBA from the University of Colombo and is also a Chartered Marketer and a Fellow of the Chartered Institute of Marketing, (CIM UK).

## **Ms. D.S.T. Jayawardena**

### ***Executive Director***

Appointed in December 2013

Ms. Stasshani Jayawardena marks several milestones for Aitken Spence PLC, as the youngest Board Member, and the first female member on the Board of Aitken Spence PLC. Ms. Jayawardena heads the Tourism sector of Aitken Spence PLC inclusive of hotels, destination management and overseas travel.

With a career spanning over 10 years at Aitken Spence, she wields a fresh perspective in management and leads strategic business units across the Group.

She leads several key strategic teams as the Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd., and Splendor Media Ltd., as a member on the Board of Directors of Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Stassen Group, Lanka Milk Foods (CWE) PLC, Aitken Spence Aviation (Pvt) Ltd. She was appointed to the Board of Directors of Western Power Company (Pvt) Ltd., in 2020.

A graduate of St. James' & Lucie Clayton College and Keele University in the United Kingdom, Ms. Jayawardena made waves from a young age. Ms. Jayawardena was the youngest intern to work under US Senator Hilary Rodham Clinton and the Former US President Bill Clinton in 2003; and was appointed as the Sri Lankan Ambassador for EY NextGen Club from 2017 to 2019.

Ms. Stasshani Jayawardena was appointed to the Executive Board of The Hotel Association of Sri Lanka (THASL) and represents THASL at the Ceylon Chamber of Commerce Committee since 2019. She is an Executive Committee Member at the International Chamber of Commerce in Sri Lanka since 2020 and a Steering Committee Member of the Ceylon Chamber of Commerce Tourism. She was appointed as Chairperson of the Employers'

Federation of Ceylon (EFC) Hotels and Tourism Employers Group for the financial year 2020/21. Ms. Jayawardena is also a member of the PWC NextGen Advisory Board.

Ms. Jayawardena represents the Company as the Ambassador from Aitken Spence PLC at the Target Gender Equality initiative of the UN Global Compact since 2020. She is also a member of the Austrian Business Circle in Sri Lanka.

In recognition of her work and commitment to inspire, she was recognised at Top 50 Professional & Career Women Awards in Sri Lanka with a Gold award in the Hotel & Hospitality Sector in 2017, and in 2020 by Sri Lankan business magazine, Echelon, listing her among the most innovative and influential young leaders who have succeeded in business and shaping the future of Sri Lanka.

At present she leads a team of international professionals in strengthening the service foundations and formulating the strategic road map for the Tourism sector of the Group. Her passion remains in designing the next generation of business with the core values of integrity, sustainability, empowerment, and equal opportunities with the use of data driven technology.

## **Mr. J.M.S. Brito**

### ***Non-Executive Director***

Appointed in April 2000

Mr. Rajan Brito joined the Board of Aitken Spence PLC in April 2000, with a multi-discipline academic background and a wealth of experience from a career counting over 40 years that includes experience working with several international organisations. He was then appointed as the Managing Director of Aitken Spence PLC, in December 2001 and Deputy Chairman in April 2003 which position he held until his retirement on 15th March 2019. After retirement, Mr Brito continues to be a Non-Executive Director of Aitken Spence PLC and Aitken Spence Hotel Holdings PLC.

Mr. Brito is an acclaimed senior professional in both the private and the public sector industries in Sri Lanka. He is a former Chairman of DFCC Bank, Employers' Federation of Ceylon, Sri Lankan Airlines, and has also served on the Board of Sri Lanka Insurance Corporation. He holds a LLB degree from University of London, MBA degree from London City Business School and is a Fellow of the Institute of Chartered Accountants of both Sri Lanka and England and Wales.

# Our Board of Directors

## Mr. G.C. Wickremasinghe

### *Independent Non-Executive Director*

Appointed in April 1972

After completing his education at Royal College Colombo, Mr. Wickremasinghe joined Aitken Spence Plantations in 1954 and remained for 11 years as a professional planter. Whilst there, he was awarded the Colombo Plan Scholarship to study Management and Industrial Relations at the then British Ministry of Labour and National Service in the UK.

He was transferred to the head office in 1965 and having successfully managed the estates department, his responsibilities were expanded to include the management of the Insurance department and Lloyd's Agency. In 1972 he established the GSA operations for Singapore Airlines.

He also spearheaded the construction of the Triton Hotel, now Heritage Ahungalla, working closely with the renowned architect, Geoffrey Bawa. He conceived and implemented the conversion of the iconic Tea Factory Hotel, one of the most successful hotels in the Group.

His career at Aitken Spence spans over 60 years including serving as a Main Board Director of Aitken Spence PLC., since 1972 and as its Chairman in 1996/97.

At present, he is an Independent Non-Executive Main Board Director, Chairman of the Remuneration Committee, Nomination Committee and is also a member of the Audit Committee and Related Party Transactions Review Committee.

## Mr. C.H. Gomez

### *Independent Non-Executive Director*

Appointed in May 2002

Mr. Charles Gomez is a former Banker with over 40 years of experience in the finance industry. He has worked for major financial institutions including Barclays Bank PLC., Lloyds TSB Bank PLC., and SG Hambros. He brings to the Company a wealth of experience in regard to international financial markets, financial services regulations, compliance and controls and it was through his intervention that major investors were brought into Aitken Spence PLC., and to other business sectors in Sri Lanka. Mr. Gomez is a Director as well as a part owner of regulated financial services companies based in Gibraltar. He also serves on the Boards of foreign companies which have investments worldwide.

Mr. Gomez was appointed to the Board of Aitken Spence PLC., in 2002 and to the Board of Aitken Spence Hotel Holdings PLC., in 2010. His role in the companies is that of an Independent Non-Executive Director. He also serves in the Audit Committee, Related Party Transactions Review Committee and the Remuneration Committee.

## Mr. N.J. de Silva Deva Aditya

### *Non-Executive Director*

Appointed in September 2006

Mr. N.J. de Silva Deva Aditya (Nirj Deva) DL FRSA, former MP and MEP joined the Board of Directors in 2006/07. He was the first Post War Asian born conservative Member of the British House of Commons and served in Government as the Parliamentary Private Secretary to the Scottish Office after which he was elected as the first Asian born British Member of the European Parliament representing over 8 million, British people in Berkshire, Hampshire, Buckinghamshire, Oxfordshire, Surrey, Sussex and Kent for 20 years.

He was the Vice President of the International Development Committee for 15 years, overseeing the Euro 25 billion European Budget. He was the Chairman of the EU Korean Peninsula Delegation working towards a lasting peace with North Korea, Chairman of the EU China, EU Bangladesh, EU Indonesia, EU Myanmar and EU India Friendship Groups in the EU Parliament and was nominated by his political group ECR to be the president of the European Parliament and was the Chairman of the EU Delegation to the UN General Assembly.

For his Tsunami Relief work he was made a Chevalier of the Catholic Church and Vishwa Keerthi Sri Lanka Abhimani by the Buddhist Clergy of Sri Lanka. He is the Publisher of the <http://www.commonwealthunion.com> the global media platform, the first Commonwealth wide news and TV media reaching out to 2.4 billion people and seen regularly by 12 million.

## **Mr. R.N. Asirwatham**

### ***Independent Non-Executive Director***

Appointed in September 2009

Mr. Asirwatham was appointed to the Board of Aitken Spence PLC., in September 2009. At present, he is the Chairman of the Audit Committee, Related Party Transactions Review Committee, a member of the Remuneration Committee and the Nomination Committee.

He was the Senior Partner and Country Head of KPMG from 2001 to 2008. Further, he was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism and was also a member of the Presidential Commission on Taxation, appointed by His Excellency the President of Sri Lanka. He is a member of the Board of Trustees of the S.W.R.D. Bandaranaike National Memorial Foundation, Lakshman Kadirgamar Institute of Strategic Studies, Board of Post Graduate Institute of Medicine and Council of the University of Wayamba.

Mr. Asirwatham is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chairman of the Audit Committee. He also serves on the Boards of Dilmah Tea Services PLC., Royal Ceramics PLC., Mercantile Merchant Bank, Browns Beach Hotels PLC., and several other companies.

# Group Supervisory Board



1. Dr. M.P. Dissanayake
2. Dr. R.M. Fernando
3. Ms. D.S.T. Jayawardena
4. Ms. N. Sivapragasam

**Dr. M.P. Dissanayake**

*See Board of Directors Profile*

**Dr. R.M. Fernando**

*See Board of Directors Profile*

**Ms. D.S.T. Jayawardena**

*See Board of Directors Profile*

**Ms. N. Sivapragasam**

Ms. Nilanthi Sivapragasam joined the Aitken Spence Group as an Accountant after completing her articles at Ernst & Young, Colombo.

She now holds the position of Chief Financial Officer of the Group. She is also the Managing Director of Aitken Spence Corporate Finance (Private) Limited, the Joint Managing Director of CINEC Campus (Private) Limited, and a Director of several subsidiaries and joint venture companies in the Group both local and overseas.

She is a Fellow Member of both CA Sri Lanka and the Chartered Institute of Management Accountants of UK.

She is currently a Board Member of the UNGC Network Sri Lanka and serves on the Financial Reporting Standards Implementation and Interpretation Committee of CA Sri Lanka. She is also a Member of the Taxation Steering Committee and the Accounting Standards and Regulatory Reporting Steering Committee of the Ceylon Chamber of Commerce.

She was formerly on the Board of CIMA Sri Lanka Division, the Statutory Accounting & Auditing Standards Committees of CA Sri Lanka and a Council Member of the Sri Lanka Institute of Directors. She also served as a Board Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board until 2019.

She was until recently a Director of Women and Media Collective, a non-governmental organisation involved in the empowerment of women.



# Management Council



- 1 Mr. C.M.S. Jayawickrama
- 2 Mr. D.S. Mendis
- 3 Mr. L. Wickremarachchi
- 4 Mr. N.A.N. Jayasundera
- 5 Mr. I.S. Cuttilan
- 6 Mr. A.J. Gunawardena





- 7 Mr. J.E. Brohier
- 8 Mr. V.P. Kudaliyanage
- 9 Mr. D.R.C. Hindurangala
- 10 Mr. B. Bulumulla
- 11 Mr. L.N.D. Silva
- 12 Mr. S.N. Muttiah

# Management Council

## Mr. C.M.S. Jayawickrama

Mr. Susith Jayawickrama has had a career spanning over three decades with Aitken Spence and is the Joint Managing Director of Aitken Spence Hotel Managements (Private) Limited, which manages all hotels of the Group.

Mr. Jayawickrama serves on the Aitken Spence Group Management Council and on the Boards of most hotel companies in the Group including that of Aitken Spence Hotel Holdings PLC. He is a Fellow Member of the Chartered Institute of Management Accountants UK. He has more than three decades of experience in senior management positions in the Group's hotel sector and the tourism industry in Sri Lanka and overseas.

Mr. Jayawickrama is a past Vice President of the Tourist Hotels Association of Sri Lanka (THASL).

## Mr. D.S. Mendis

Mr. Dinesh Mendis joined the Aitken Spence Group in 1994 as Marketing Manager of Ace Distriparks (Private) Limited. He has spent 11 years with the logistics segment of the Group including five years as a Subsidiary Director. He then progressed to become the Managing Director of MMBL Money Transfer (Private) Limited, and was subsequently appointed to the Aitken Spence Group Limited Board. Additionally, Mr. Mendis is the Joint Managing Director of Aitken Spence Elevators (Private) Limited and is also the Sector Head/ Director of the integrated logistics segment of the Group.

Mr. Mendis has a wealth of experience ranging from logistics, ICT, real estate, several services industries to working for Circuit City Inc in the US. He has also been an Executive Committee Member of the Sri Lanka Freight Forwarders Association, a Director of the SLFFA Cargo Services Ltd and the American Chamber of Commerce.

Mr. Mendis has graduated Magna cum Laude in Business Administration specialising in Marketing and Economics

from Slippery Rock University of Pennsylvania USA. In his senior year, he was adjudged the outstanding student in both streams. He has obtained his MBA from the University of Texas, USA.

## Mr. L. Wickremaratchchi

Mr. Leel Wickremaratchchi joined Aitken Spence in February 2013 as the Deputy Chairman/Managing Director of its power segment. He also functions as CEO/ Managing Director of Western Power Company (Pvt) Ltd., a subsidiary of Aitken Spence PLC, which owns and operates the country's first waste to energy power plant with an installed capacity of 10 MW.

Mr. Wickremaratchchi has held senior positions in both public and private sector organisations. Immediately before joining Aitken Spence PLC., Mr. Wickremaratchchi worked as a consultant to the Government of Liberia, in West Africa, under a USAID funded project, in the renewable energy sector. He was Director General of the Public Enterprises Reform Commission (PERC) from 2004 to 2006. He also did a consultancy assignment in 2004 for the Ministry of Privatisation of the Government of Pakistan, funded by Asian Development Bank, in establishing a Public-Private Infrastructure Financing Facility for Pakistan. He had also worked at USAID/ Sri Lanka, from 1992 to 1998, managing its project on establishing a market for private sector infrastructure in Sri Lanka, which resulted in the Government of Sri Lanka approving the private sector to invest in thermal power projects, as Independent Power Producers (IPPs). Later he functioned as CEO of Private Sector Infrastructure Development Company (PSIDC), subordinated debt financing company for private sector financed infrastructure, owned by the Government of Sri Lanka, and funded by the World Bank and KfW of Germany.

Mr. Wickremaratchchi holds an MSc in Engineering from the People's Friendship University of Moscow, Russia and has obtained his MBA from the Post Graduate

Institute of Management of the University of Sri Jayewardenepura. He has attended many Executive Development Programmes including the programmes conducted by the JFK School of Government of Harvard University, USA, on "Infrastructure in a Market Economy", and the National University of Singapore on "General Management".

## Mr. N.A.N. Jayasundera

Mr. Nalin Jayasundera has had a career spanning over 3 decades with Aitken Spence, joining initially in 1983 and then re-joining the company in 1990. Having successfully played different roles within the Tourism Sector he took over the leadership of Aitken Spence Travels (Private) Limited (ASTL) as the Managing Director in 2013. ASTL, a joint venture with TUI Travel PLC, is the leading destination management company in Sri Lanka.

With over 35 years of experience in the Tourism Sector he possesses a wide knowledge of the travel industry. Mr. Jayasundera has played an important role in developing the Tourism Sector by venturing into many new markets, developing new products and seeking new opportunities that have come up with new global trends. His best accolade in the recent years is leading his team to grow the Aitken Spence Travels business by 100% over the last six years.

Mr. Jayasundera is currently the Vice President of the Sri Lanka Association of Inbound Tour Operators (SLAITO) and he has held the positions of Secretary in the past. He was a member of the Sri Lanka Tourism Advisory Council, a Board Member of the Sri Lanka Conventions Bureau and currently serves as a Board Member of the Sri Lanka Tourism Promotion Bureau.

## Mr. I.S. Cuttilan

Mr. Iqram Cuttilan joined Aitken Spence Shipping Limited in 1983. He was appointed as a Director of the company in 2000 and as the Managing Director/CEO of the maritime segment in 2017.

He overlooks the shipping agency, port management, and education which comes under the maritime segment as well as the freight and insurance segments of the Group.

He was involved in setting up the port management activities in Africa and Fiji and serves as a Director of Fiji Ports Terminal Limited and Fiji Ports Corporation Limited. He is a Director of the CINEC Campus (Private) Limited.

Mr. Cuttilan is the Immediate Past Chairman of the Ceylon Association of Shipping Agents (CASA). He serves as a member of the Advisory Committee on Logistics of the Export Development Board. He also serves as a member of the Maritime & Logistics Committee of the Ceylon Chamber of Commerce, European Chamber of Commerce of Sri Lanka and the German Chamber (AHK). He is a Past President of the Sri Lanka-Malaysia Business Council of the Ceylon Chamber of Commerce and a Past President of the Sri Lanka Indonesia Friendship Association (SLIFA). He serves as a Vice Patron of the Mercantile Hockey Association.

He holds a Diploma in Marketing from CIM (UK), Diploma in Business Management (SLBDC), and is a Chartered Member of CILT (UK). He is also a member of the Alumni of the National University of Singapore and the Open University of Sri Lanka.

#### **Mr. A.J. Gunawardena**

Mr. Janaka Gunawardena joined the Aitken Spence Group in 2016, bringing with him over 33 years of diverse management experience across multiple industry verticals including integrated logistics, supply chain management, FMCG & real estate.

Having commenced his professional career with Unilever Sri Lanka, he possesses extensive cross-cultural exposure and experience in leadership positions spanning international geographies. He has also served as a

Director of Mack International Freight (Pvt) Ltd (previously local agents for D B Schenker) and as General Manager Trans-Ware Logistics, both subsidiaries of the John Keells Group. He has also served as Country Manager - DHL Nepal, General Manager - AICT, GAC Pakistan (the largest dry port in Pakistan) and as Head of Logistics - GAC Abu Dhabi/Kuwait, prior to joining Aitken Spence. In his current role, Mr. Gunawardena leads and directs the integrated logistics sector of the Group.

Mr. Gunawardena has obtained his MBA from the Western Sydney University Australia and he is also a Chartered Member of The Institute of Logistics & Transport UK.

#### **Mr. J.E. Brohier**

Mr. Jerome Brohier heads the courier and cargo aviation segment in the Maritime & Freight Logistics Sector. He joined Aitken Spence Cargo in the year 2000 as the Manager of the express division which represented TNT International Express, Spring Global Mail and operated the domestic brand, Ace Xpress. He has over 30 years of experience in the express/logistics industry, majority of them at Aitken Spence Cargo. He was promoted as a Director of the express division in 2006 and also functioned as the Country Manager of TNT International Express in Sri Lanka and the Maldives from 2008. In 2011 he took over as the Vice President of the freight and courier segment. Today, he heads this segment with responsibility for freight, express and cargo aviation in Sri Lanka, Bangladesh, Myanmar and Maldives. The segment represents leading global brands such as Qatar Airways Cargo, DB Schenker, DPD Group, DTDC, Asendia and Sri Lankan Airlines Cargo.

Mr. Brohier holds an MBA from the Australian Institute of Business (AIB), Adelaide, is an alumni of NUS- Stanford Graduate School of Business, Singapore and a member of the Association of Business Executives (ABE), UK. He is a committee member of the Sri Lanka

- Singapore Business Council, a past president of the Sri Lanka Association of Air Express Companies and a former committee member of the Ceylon Chamber of Commerce.

#### **Mr. V.P. Kudaliyanage**

Mr. Vasantha Kudaliyanage, an accomplished multifaceted leader in the aviation industry with comprehensive in-depth experience & knowledge of the aviation business, is the Managing Director of the General Sales Agency for Singapore Airlines.

Mr. Kudaliyanage's professionalism and systematic approach continues to ensure excellent service delivery for project completion. His outstanding services has been recognised by SIA, our longest GSA of 50 years and he was awarded, 2010 - CEO Award and many regional awards.

Joining Aitken Spence, he counts 36 years of service, marked by exemplary loyalty, dedication and reliability. His flexibility and adaptability in managing diverse services and delivering results while professionalism and systematic approach continues to ensure excellent service delivery. With the current position, a rapid overall growth was shown with increased productivity at Aitken Spence Aviation.

#### **Mr. D.R.C. Hindurangala**

Mr. Chaminda Hindurangala has been with Aitken Spence Group for over 21 years, joining initially in 1996 and then re-joining in 2018. Having successfully played significant roles within the power generation segment and the maritime segment, he took over the leadership of the elevators segment in 2018. Aitken Spence Elevators (Private) Limited is a joint venture with OTIS Company (Singapore), and the agents for OTIS in Sri Lanka and Maldives. OTIS is the leading elevator brand in the world.

In the maritime segment, he was head of operations of the port management business in Africa. He is well experienced

# Management Council

in business development and business process re-engineering to improve processes and increase efficiency. He is also a Director of Aitken Spence Ports International Limited, Aitken Spence International (South Africa) and CINEC Campus.

He is a Fellow of the Institute of Chartered Accountants (CA) Sri Lanka, member of CPA Australia, completed a Diploma in Marketing from CIM (UK), holds an MBA from the University of Wales (UK) and a Certified Lean Six Sigma Black Belt.

## Mr. B. Bulumulla

Mr. Bhathiya Bulumulla joined Elpitiya Plantations PLC in February 1999 and was appointed as the Chief Executive Officer of the Company in 2013. He was appointed as the Director of Aitken Spence Plantation Managements PLC and of Elpitiya Plantations PLC during the years 2017 and 2018.

He was involved in the expansion of palm oil cultivation and other diversified projects of the company such as solar power generation, berry cultivation and setting up of the ESCAPE adventure theme park jointly with a Malaysian company. He was instrumental in the digitisation of all activities of Elpitiya Plantations PLC.

Mr. Bulumulla is the current Chairman of the Planters Association of Ceylon and serves on the Board of Plantation Human Development Trust and the Rubber Research Institute of Sri Lanka. He is also a member of the Board of Study of the Wayamba University of Sri Lanka and National Institute of Plantation Management.

Mr. Bulumulla holds a Diploma in Plantation Management from the National Institute of Plantation Management (NIPM), a B.Sc. (Hons) Degree in Plantation Management, from the Wayamba University of Sri Lanka and an M.Sc. in Environment Science from the Open University of Colombo.

Mr. Bulumulla is also a Fellow Member of the National Institute of Plantation Management (NIPM).

## Mr. L.N.D. Silva

Mr. Deshantha Silva joined the Aitken Spence Group on 1st July 2021, bringing with him over 24 years of diverse management experience across multiple industries in manufacturing and service sectors. He serves Aitken Spence Group Management Council by heading the Printing & Packaging segment as Director/ Chief Executive Officer. His manufacturing industry exposure includes apparel, furniture, and printing & packaging industries.

He formally held Chief Executive Officer positions at Finco Trading (Private) Limited, The Lanka Hospitals Corporation PLC and at ACME Printing & Packaging PLC. He also held the position of Director / Chief Operating Officer at Alpha Industries (Private) whilst serving Finco Group of Companies for 15 years.

Mr. Silva is a qualified engineer graduated from University of Moratuwa and holds a Master of Business Administration with an Overall Merit Pass from University of Colombo. He completed his qualifications in accountancy in 1995 and got his membership from CIMA in 2001. With the completion of the Diploma in Marketing at CIM in 1999, he got his membership at CIM in 2002. Currently, Mr. Silva is an Associate Member of Chartered Institute of Management Accountants (CIMA) in UK, an Associate Member of Chartered Institute of Marketing (CIM) in UK and also an Associate of Institution of Engineering & Technology (IET) in UK. He is also a Fellow Member of Institute of Certified Management Accountants (CMA) in Sri Lanka, Institute of Chartered Professional Managers in Sri Lanka (CPM), Institute of Public Accountants (IPA) in Australia and a Chartered Global Management Accountant.

He was a director of Association of Laminated Flexible Packaging

Manufacturers (ALFPM) for many years and currently a member of the Governing Body of Sri Lanka Institute of Packaging (SLIP).

## Mr. S.N. Muttiah

Mr. Suresh Muttiah prior to joining Aitken Spence PLC was attached to John Keells Group for a period of 10 years where he held positions of General Manager – Human Resources at Union Assurance PLC and Vice President Human Resources of the Group's Retail Sector where he played a key leadership role in implementing many business transformation HR strategies.

Suresh also worked at Dialog Axiata PLC for a period 5 years and Carsons Cumberbatch Group for 7 years holding key HR leadership positions. Overall, Suresh counts 22 years in the field of Human Resources of which 18 years in leadership positions.

In recognition of his significant contributions in the field of HR, Suresh was recognised with the 'Outstanding HR Leadership of The Year Award' in 2016, 'Most Influential HR Leaders' in 2019 and '501 Fabulous Global HR Leaders of the World' by World HRD Congress. Suresh was also recognised as the prestigious Alumnus of Year award by University of Southern Queensland – Australia in 2017. As the Chairperson of the HR sub-committee of Insurance Association of Sri Lanka (IASL) and the President of the University of Southern Queensland Alumni – Sri Lankan Chapter, Suresh was instrumental in executing many pioneering initiatives.

Suresh holds an MBA and Post Graduate Diploma in Business Administration from the University of Southern Queensland – Australia and Professional Qualification in HRM (PQHRM) from Institute of Personnel Management SL. Suresh is a member of SHRM – USA, IPMA HR (USA) and AHRP, Sri Lanka.

# a shared strength



Our success is built on the strong partnerships we have forged throughout 154 years of operations, that enable us to brave uncertainty and overcome any eventuality.

*The valknot is a Germanic symbol often said to represent strength and powerful bonds. Its root word, 'valr' serves as the origin for the word 'valour' or bravery.*



# Our History



**1868**

In the southern port city of Galle, Thomas Clark and Patrick Gordon Spence ventured into a partnership as merchants and commission agents under the name of "Clark & Spence".

**1873**

Name of the partnership in Colombo was changed as Aitken Spence & Company, after the two brothers Edward and S.R. Aitken joins Thomas Clark and Patrick Gordon Spence.

**1876**

Lloyds of London appointed Aitken Spence & Co., as the agents for Ceylon - a position which the Company holds to this date.

**LLOYD'S**

**1952**



The last Chairman of the founding families, P.W.G Spence Retires in 1952. The company is further strengthened and registered as a Private Limited Liability Company.



The first resort hotel of Aitken Spence, Neptune Hotel was constructed in Beruwala designed by the renowned architect Geoffrey Bawa. Neptune now is re-branded as Heritage Ayurveda.

**1974**

**2007**



Aitken Spence obtained the management of four hotel properties in Oman, becoming the first Sri Lankan hospitality company to enter the Middle East. During that same year the Group becomes the first Sri Lankan company to venture into 'Port Efficiency Management' outside Sri Lanka.

**2005**

The 100 MW thermal power plant at Embilipitiya was completed and commenced its commercial operations.



**2002**



Welcoming the Government's decision to invite the private sector for generation of power, the first 20 MW thermal power plant is completed in Matara.

**2008**

The Group opened 'Adaaran Prestige Vadoo' the fifth luxury villa in close proximity to the Male atoll.



Aitken Spence Corporate office is relocated to Aitken Spence Tower II with the completion of the construction of a luxurious office complex.

Aitken Spence Printing relocated to a state of the art printing facility which is the first LEED's certified printing facility in Sri Lanka.

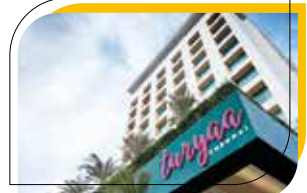
**2012**



Aitken Spence Maritime sector expanded its global presence by venturing in to port management business in the Fiji Islands. Becomes the first international port management company to operate in the Fiji Islands.

**2013**

**2015**



Launched the 140 room Turyaa Chennai as the first property owned in India by the Aitken Spence Group.



1977



The Company which is an IATA agent moved into inbound and outbound travel, and Aitken Spence Travels Ltd was incorporated.

1981



Commenced operations of Triton Hotel, the first five star beach resort in Ahungalla, later to be re-branded as 'Heritage Ahungalla'.

1983



The Company shares were quoted for the first time in the Colombo Stock exchange with an issued share capital of Rs. 51 million.

1985



Printing business which was successfully carried out as a division of Aitken Spence & Co. was separated and Aitken Spence Printing (Pvt) Ltd was incorporated.

Ace Containers (Pvt) Ltd, was incorporated, taking over the inland container terminal at Mattakkuliya.

1996



The first theme hotel in Sri Lanka 'The Tea Factory' commences operations. The hotel is awarded the Building Conservation award by the Royal Institute of Chartered Surveyors London.



1994

Commenced commercial operations of Heritage Kandalama, one of the world's defining ecologically conscious hotels and becomes the first Asian hotel to receive the prestigious Green Globe 21 certification.

1993

Entrance into the Maldivian tourism sector with the acquisition of Bathala Island resort in Maldives establishes Aitken Spence as the pioneers in this field.



2018

Commenced construction of Heritage Aarah, the first Heritage property in the Maldives. Commenced construction of the first ever waste to energy power project in the country which is expected to contribute 10 MW of energy to the national grid upon completion.



2019

Heritage brand is launched outside Sri Lanka for the first time as the group embarks on a journey to Realign, Reinvent and Relaunch.



2020 witnessed one of the worst pandemics of modern history, COVID-19. The group overcame unprecedented challenges to start operations of the first Waste to Power energy plant in the country. Tourism sector kept afloat while the other sector performance stood as a testimony to the Groups' diversification strategy.

2020

2021

Staying committed to the Group's sustainability strategy, Group acquired Waltrim Energy Limited with an investment of LKR 900 Mn making it a major transaction in the financial year and the Strategic investment sectors' journey to the future.



# Shared Growth through Stakeholder Engagement

## OUR COMMITMENT TO OUR EMPLOYEES:



Provide a safe and inspiring working environment supporting personal and professional growth through fair remuneration and talent development.

### Material topics:



### Methods of engagement:

- » Open door policy
- » Network of Human Resource Partners
- » Staff conventions, competitions and other activities
- » Grievance handling procedures and whistle blowing
- » Internal newsletters, intranet and social media

### Stakeholder expectations:

- » Job security and career growth
- » Competitive salary, benefits, rewards and recognition
- » A safe and healthy work environment
- » Work life balance

12,606 employees across 8 countries in over 16 diverse industry sectors.

## Employees

## OUR COMMITMENT TO OUR CUSTOMERS:



Work towards innovating our processes to provide best in class products and services to customers.

### Material topics:



### Methods of engagement:

- » Direct communication with designated points of contact
- » Buyer inspections audits
- » Social media, website and print media
- » SpenceWay- Customer satisfaction surveys

### Stakeholder expectations:

- » Product quality and reliability
- » Product responsibility
- » New experiences, innovative products and services keeping with global market trends and unique local flavour
- » Value for money
- » Data security and privacy of customer information
- » Customer focused interaction and inclusion

As a diversified Group, we have a diverse profile of customers whose influence helps us grow and serve them better.

## Customers

## OUR COMMITMENT TO OUR INVESTORS, SHAREHOLDERS, BANKS & FINANCIAL INSTITUTIONS



To deliver returns commensurate with the risks undertaken and keep them apprised of our progress and challenges in a timely and transparent manner.

### Material topics:



### Methods of engagement:

- » AGM and other regular meetings
- » Financial reporting
- » Print media, digital and voice
- » Investor forums and discussions
- » On site investor reviews for specific projects

### Stakeholder expectations:

- » ROI and opportunities for growth
- » Business continuity
- » Ethical conduct and sustainable profitability
- » Innovative and competitive business strategies

Globally recognised investors and partners who have entered Sri Lanka through Aitken Spence

Investors, shareholders, banks and financial institutions

## OUR COMMITMENT TO OUR SUPPLIERS AND SERVICE PROVIDERS:



Support mutual growth with reliable and sustainable supply chains.

### Material topics:



### Methods of engagement:

- » Direct and ongoing communication
- » Supplier appraisals
- » Industry events

### Stakeholder expectations:

- » Opportunities for economic development
- » Sustainable and profitable business relationships
- » Ethical conduct
- » Professionalism in service conduct
- » Competitive advantage

As a diversified holding company, we operate with a network of more than 10,000 suppliers and service providers in diverse industries.

## Suppliers and service providers

## OUR COMMITMENT TO GOVERNMENTS AND REGULATORS:



Continue to establish and maintain governance structures that comply with legal and other regulatory requirements necessary in the industries we operate in.

### Material topics:



### Methods of engagement:

- » Direct dialogues
- » Publications and reports
- » Participation in industry/ national level events, consultation platforms
- » Industry affiliations
- » Compliance reviews
- » Media and annual reports

### Stakeholder expectations:

- » Attract foreign investors
- » Compliance
- » Generation of employment
- » Foreign income generation
- » Payment of taxes/fees/levies/ government dues

As responsible corporate citizens, we are committed to be compliant with laws and regulations and to support sustainable development in every location where we operate.

## Governments and regulators

## OUR COMMITMENT TO OUR COMMUNITIES:



Engage in industry collaborations to strengthen economic development, enhance social sustainability and ensure environmental protection.

### Material topics:



### Methods of engagement:

- » Direct communication
- » Local supplier relationships
- » Dialogues with community groups through ongoing initiatives for engagement
- » Print and social media

### Stakeholder expectations:

- » Local economic development and employment
- » Improve and develop infrastructure
- » Leadership in environmental and social governance
- » Ensure safety, health and welfare of the communities
- » Build sustainable social relationships

We define 'local community' as the immediate community within 35-45km radius of our operations outside Colombo District; and the local communities of the countries we work in, for operations outside Sri Lanka.

## Community

# The Aitken Spence Strategy for Sustainability

Sustainability is an integral component of Aitken Spence's corporate strategy. Our continual and consistent effort is to ensure that our businesses are economically, socially, and environmentally sustainable. Towards that objective, we take proactive, precautionary, systemic efforts to enhance our positive impacts while controlling any negative impacts. We believe that a company cannot survive unless it protects the environment in which it operates and safeguards the interests of all of its stakeholders. Therefore, we are committed to continue our heritage of exemplary corporate citizenship by aligning our strategies with global benchmarks, best practices, and standards on sustainable development.

## Our Materiality Process – Defining what matters most

### The clauses of our Integrated Sustainability Policy:

A summary of the priorities included in this policy are shown below;

- |  |  |
|--|--|
| A. Compliance  | L. Quality management                      |
| B. Endorsing local and global development priorities     | M. Partnerships for Community development  |
| C. Ethical conduct                                       | N. Policies for local economic development |
| D. Environmental sustainability                          | O. Occupational health & safety (OHS)      |
| E. Climate change risk and disaster risk reduction (DRR) | P. HR Management                           |
| F. Stakeholder engagement                                | Q. Human Rights                            |
| G. Supply chain management                               | R. Public disclosure of performance        |
| H. ESG in strategic decisions                            | S. Information security                    |
| J. Sustainable processes for risk management             | T. Policies for communication              |
| K. Innovation  | U. Animal welfare                          |
|  | V. Performance review and planning         |

Please refer to [aitkenspence.com/sustainability](http://aitkenspence.com/sustainability) to peruse the full policy document in Sinhala, Tamil, or English.

## 1 Plan



We identify our sustainability priorities (material topics) by considering the following 'filters';

- » Desk assessment of potential impacts based on the nature and scale of the operations
- » Potential frequency of the occurrence of those impacts
- » Compliance requirements
- » Potential risk to the organisation and our stakeholders
- » Stakeholder needs, requirements and perspectives obtained from different channels of engagement

The integrated sustainability policy of the Group was formulated as per the identified priorities.

In addition to the Group's integrated policy, each SBU also has their own policies for priorities identified at SBU level.



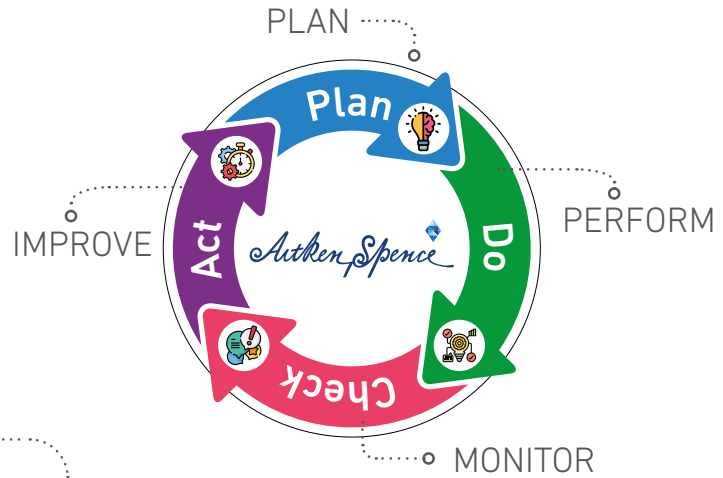
## 4 Act



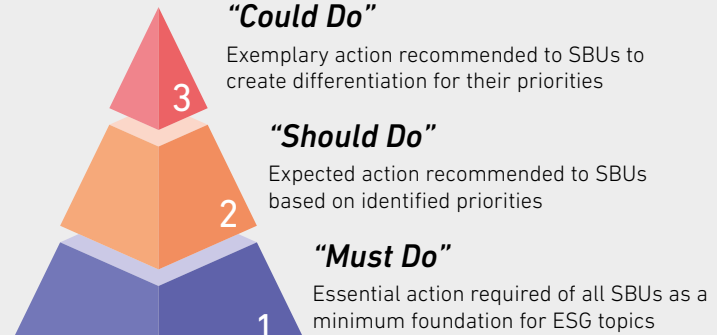
Findings of these reviews are discussed with the management, and we review our policies and strategies for improvements.



The overall process we follow to achieve this objective can be explained in a PDCA cycle;



Our implementation framework in a nutshell;



## 2 Do



Based on the identified priorities, SBUs are guided on how to implement action through the implementation framework shown.

We categorise required action into 3 levels which gives flexibility for policy adoption at any of our companies.

Through this framework, we implement action for all priorities across the Group to strengthen our positive influence on social, environmental, and economic growth. We also work to control our actions to reduce/mitigate the impacts where we may have the potential to damage social or environmental systems.



## 3 Check



Implemented action is routinely reviewed through internal assessments. SBUs may also seek external reviews of their management systems to check implemented action for effectiveness and alignment with the objectives.



# Our Material Topics

The Company determines material topics for the Group using the approach outlined in the 'Plan' phase of the Group's sustainability strategy. Accordingly, the integrated sustainability policy of Aitken Spence contains 21 clauses which describe the Company's operational priorities. The strategy and its implementation framework guide Aitken Spence companies on how to create sustainable value for its stakeholders.

The clauses in our integrated sustainability policy can be combined into these four key areas;



Financial sustainability, sustainable economic growth, and stakeholder value creation;



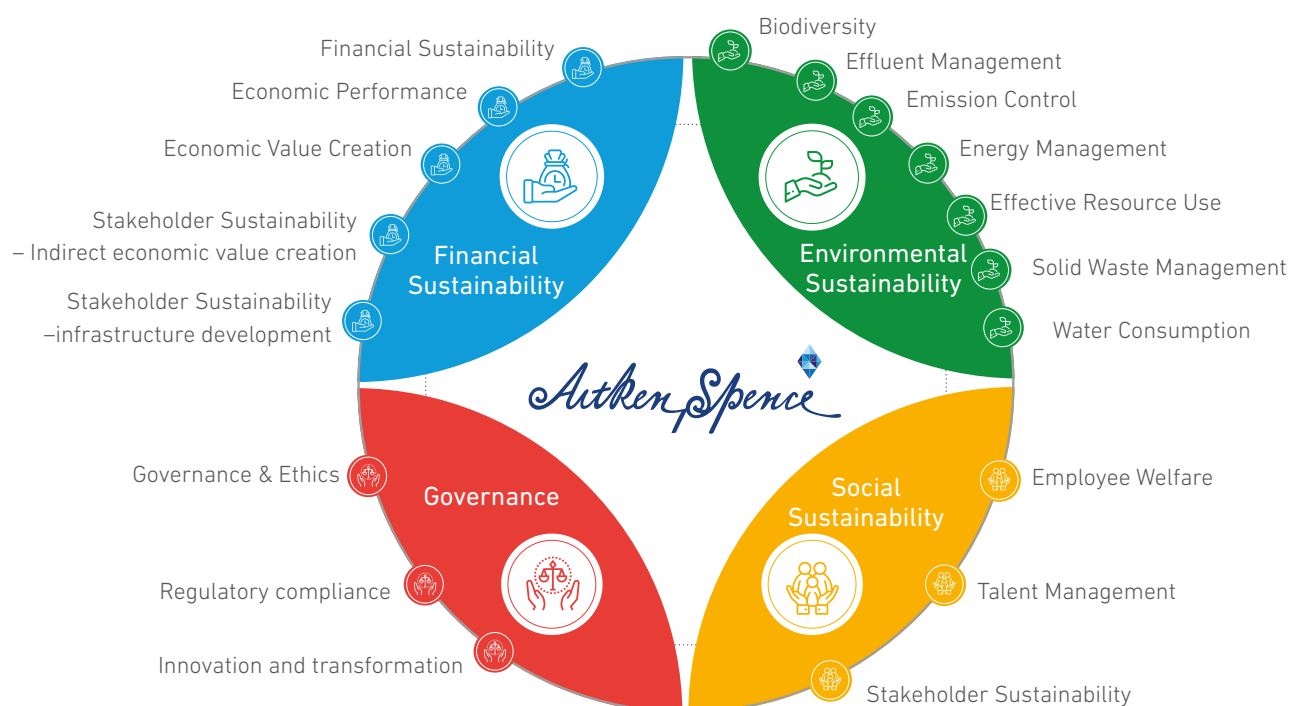
Environmental sustainability



Social sustainability



Governance



We believe in striking a balance between social, environmental and economic progress and governance to achieve sustainability in business and eudemonic well-being.



## Applicable clauses in our policy

Governance

- » Compliance
- » Endorsing local and global development priorities
- » Ethical conduct
- » Risk management
- » Innovation
- » Human rights
- » Public disclosure of performance
- » Policies for communication
- » Performance review and planning

Social Sustainability

- » Stakeholder engagement
- » Partnerships for community development
- » Occupational Health & Safety
- » Talent management

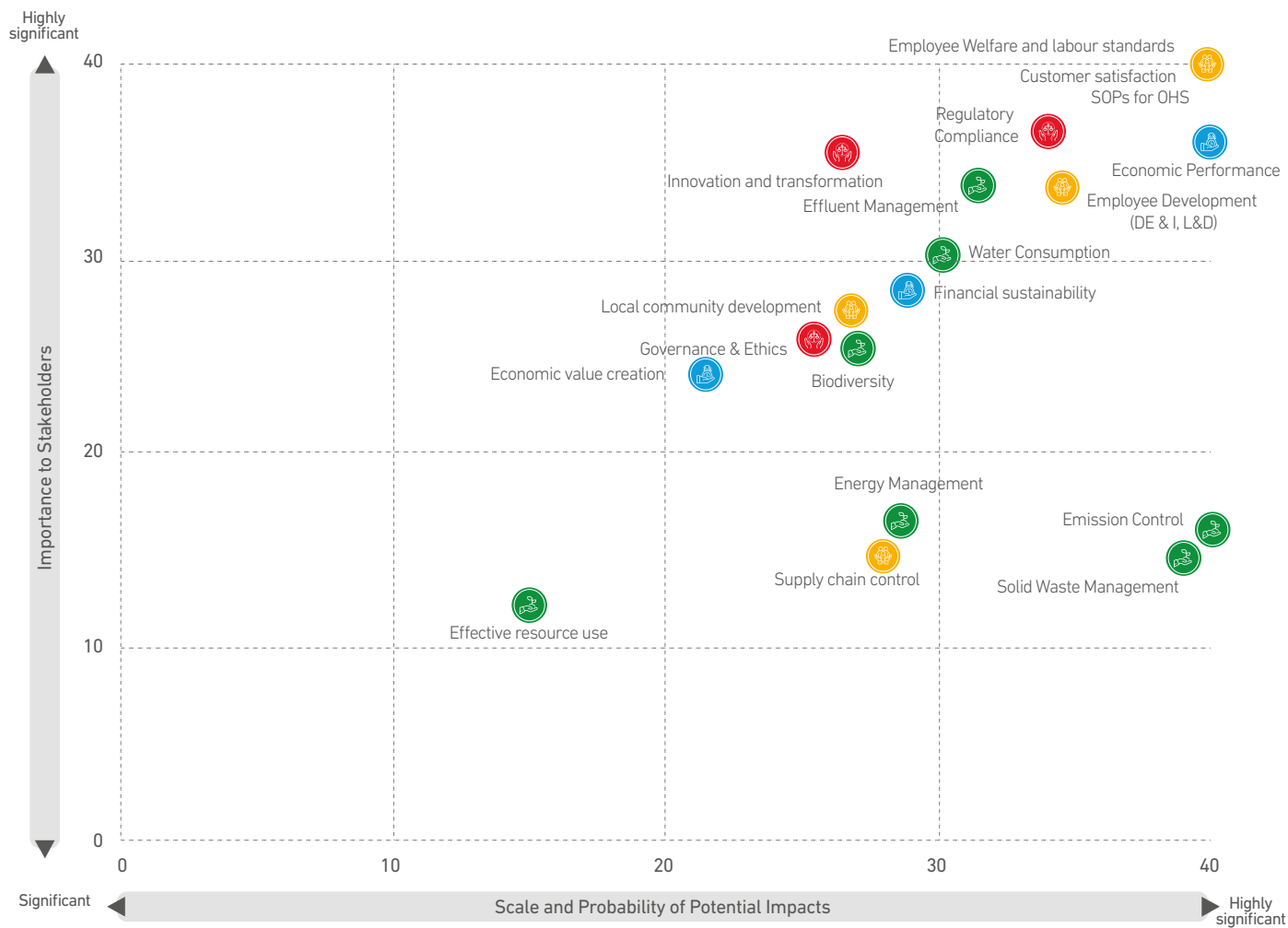
Environmental Sustainability

- » Environmental sustainability
- » Climate change risk and DRR
- » Animal welfare

Financial sustainability, sustainable economic growth, and stakeholder value creation

- » ESG in strategic decision-making processes
- » Supply chain management
- » Quality management
- » Policies for local economic development

## Material Topic Group by Significance



# Benchmarked to Global Standards

The sustainability strategy of Aitken Spence PLC is influenced by the Ten Principles of the UN Global Compact. On 28 May 2022, Aitken Spence commemorates 20 years of engagement with the UN Global Compact, as one of the first corporate signatories in Sri Lanka. The Company was also among the first companies in the world to become signatory to the Women's empowerment principles.

The Group's sustainability strategy is one important mechanism to internalise the Ten principles of UN Global Compact as well as the seven Women's Empowerment Principles.

The UN Global Compact was formed to engage the private sector in the efforts to achieve local and global development needs. Accordingly, Aitken Spence, as a Group, has identified seven Sustainable Development Goals and twenty-four specific targets that have been incorporated within our own ESG objectives. Correspondingly, our efforts contribute towards local and global development needs. It should be noted that our segments also align towards other SDGs as material to their operations..

## The 7 Sustainable Development Goals Aitken Spence PLC has aligned to as a group



**Goal 4** – Quality education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. *Targets 4.3, 4.4, 4.6, and 4.7*



**Goal 5** – Gender equality: Achieve gender equality and empower all women and girls. *Targets 5.1, 5.5 and 5B*



**Goal 6** – Clean water & sanitation: Ensure availability and sustainable management of water and sanitation for all. *Targets 6.3, and 6.4*



**Goal 8** – Decent work and economic growth: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. *Targets: 8.4, 8.5, 8.6, 8.8, 8.9, and 8.10*



**Goal 9** – Industry, innovation, and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. *Targets 9.1 and 9.4*






**Goal 12** – Responsible consumption and production: Ensure sustainable consumption and production patterns. *Targets 12.2, 12.5, 12.6, 12.8 and 12B*






**Goal 15** – Life on Land: Working towards contributing positively towards protecting our biodiversity and all ecosystems. *Targets 15.2 and 15.5*






The table overleaf shows the correlation between our ESG objectives, material topics, strategies, targets and key results;

# Our ESG Objectives, Material Topics, Strategies, Targets and Key Results

Our goals and objectives	Integration into policies and strategies and relevant to material topics	Our targets and key results
<p>Achieve inclusive, sustainable growth and market share through strategic investment in resilient infrastructure and sustainable business models, ensuring a safe and conducive workplace, for all stakeholders</p> <p><b>Alignment to the SDGs</b></p>  <p>Targets 9.1 and 9.4</p>  <p>Targets 8.4, 8.5, 8.6, 8.8, 8.9 and 8.10</p>	<p><b>Policies &amp; strategies:</b></p> <ul style="list-style-type: none"> <li>» Financial decision-making procedures of the Group</li> <li>» Group-wide policies and procedures for innovation and transformation</li> <li>» Group's integrated sustainability policy</li> <li>» Group's HR strategies</li> <li>» Group-wide policies and procedures to maintain OHS and labour standards</li> <li>» Group-wide policies, procedures and management systems for ESG</li> </ul> <p><b>Relevant material topics:</b></p>    	<p>» <b>Lead the transformation towards sustainable business in the industries we operate in, and create sustainable value for all stakeholders while preserving local culture, heritage, and ecosystems</b></p> <ul style="list-style-type: none"> <li>✓ Only Sri Lankan company to be recognised in the global ranking of Top 100 Companies in Sustainability 2022, among global business leaders, in an independent assessment carried out by 'Sustainability' magazine, an international publication.</li> <li>✓ Our printing and packaging facility continues to be carbon neutral for the 8th consecutive year</li> <li>✓ Increased investments in renewable energy with the acquisition of 3 new mini-hydropower projects</li> <li>✓ Heritage Aarah launched an immersive lifestyle experience built on preserving the traditions, culture, heritage, and locality that is unique to the Maldives in a unique village experience for the guests</li> </ul> <p>» <b>Ensure all Aitken Spence operations have frameworks to identify and mitigate disaster risk and strengthen business resilience</b></p> <ul style="list-style-type: none"> <li>✓ Segments educated on disaster risk reduction (DRR)/ business continuity planning (BCP) frameworks with guidance from the Asia Pacific Alliance for Disaster Management Sri Lanka (APAD-SL) and the Disaster Management Centre – Sri Lanka</li> <li>✓ Assessments conducted across the Group to evaluate our vulnerability to natural and manmade disasters</li> </ul> <p>» <b>Ensure 100% Aitken Spence companies have BCPs strengthened with DRR mechanisms</b></p> <ul style="list-style-type: none"> <li>✓ Segments educated on DRR with assistance from the APAD-SL</li> <li>✓ BCPs being revised to strengthen resilience against natural and manmade disasters</li> </ul> <p>» <b>Invest in infrastructure that are resilient, inclusive of development priorities for the countries of operation and support sustainable industrialisation</b></p> <ul style="list-style-type: none"> <li>✓ We launched Sri Lanka's first 10MW waste to energy power plant which was fully operational through the energy crisis</li> <li>✓ The company increased our renewable energy generation capacity by 16.6MW from 2020/2021</li> </ul> <p>» <b>Provide a safe working environment for all employees and stakeholders of our companies</b></p> <ul style="list-style-type: none"> <li>✓ Procedures maintained through the Group to uphold compliance, and globally benchmarked best practices in OHS, labour standards and human rights at the workplace</li> <li>✓ OHS management systems certified at 24 operations</li> <li>✓ 82 management systems for social and environmental governance certified at our operations</li> </ul> <p>» <b>Uphold policies and procedures to decouple environmental degradation from business operations</b></p> <ul style="list-style-type: none"> <li>✓ Effective environmental management systems established at all operations with over 100 team members trained over the years as environmental management representatives and internal auditors</li> </ul>

# Our ESG Objectives, Material Topics, Strategies, Targets and Key Results



Our goals and objectives	Integration into policies and strategies and relevant to material topics	Our targets and key results
		<p>» <b>Utilise our strengths and resources to empower local communities through access to essential infrastructure such as access to finances, required life skills such as financial literacy and by prioritising local communities and youth in opportunities for employment, purchasing and entrepreneurship</b></p> <ul style="list-style-type: none"> <li>Rs. 128 Mn invested towards community development</li> <li>Aitken Spence partnered with APAD-SL to educate micro, small and medium enterprises (MSMEs) in the tourism sector in the Southern on how to strengthen business resilience and be better prepared to capitalise opportunities in the post COVID operating environment in Sri Lanka</li> </ul>
<p>Strengthen and promote gender equality in the workforce</p> <p><b>Alignment to the SDGs</b></p>  <p>Targets 5.1, 5.5 and 5B</p>	<p><b>Policies &amp; strategies:</b></p> <ul style="list-style-type: none"> <li>» HR policies and procedures</li> <li>» Group's SOPs on labour standards</li> <li>» Commitment to the Women's Empowerment Principles</li> <li>» Group's integrated sustainability policy</li> </ul> <p><b>Relevant material topics:</b></p>  	<p>» <b>Ensure 100% awareness among all Aitken Spence employees about the Group's policies and stand on gender equality, discrimination, sexual harassment and human rights at the workplace</b></p> <ul style="list-style-type: none"> <li>Ongoing; training modules on sexual harassment, our Code of Ethics and Professional Conduct on our online training platform have registered over 9,000 views to date</li> <li>Topics are also covered at foundation level for all new recruits of the Group in the 'Roots to Excellence' orientation programme</li> <li>The Group Supervisory Board held a virtual panel and interactive discussion with all employees to debate crucial topics on breaking the bias in the workplace.</li> <li>Aitken Spence participated in the Target Gender Equality accelerator programme of the UN Global Compact where two senior management representative of the Company received special training on how to drive gender equality at the workplace. As an Executive Director of Aitken Spence PLC, Ms. Stasshani Jayawardena also received specific training for C-suite representatives who participated in this programme.</li> </ul> <p>» <b>Increase female representation in senior management (AM and above) to 50% by 2035</b></p> <ul style="list-style-type: none"> <li>Currently, our female representation is at 40%</li> </ul> <p>» <b>Enable access to improve skills and knowledge on technology</b></p> <ul style="list-style-type: none"> <li>Skills development programmes conducted with access enabled to all staff, especially through the online learning platform giving flexibility to learn at their own pace</li> <li>PACE programme maintained at the garments segment; diverse programmes conducted at the plantations segment</li> <li>33% female students in total registrations at CINEC</li> </ul> <p>» <b>Ensure all executive staff have equal access and skills to remote working facilities and technologies</b></p> <ul style="list-style-type: none"> <li>Already achieved</li> </ul> <p>» <b>Achieve minimum 30% female representation in technological positions across the Group by 2030</b></p>

Our goals and objectives	Integration into policies and strategies and relevant to material topics	Our targets and key results
<p>Make Aitken Spence operations a platform to increase opportunities for inclusive development through education and skill development</p> <p><b>Alignment to the SDGs</b></p>  <p>Targets 4.3, 4.4, 4.6, and 4.7</p>	<p><b>Policies &amp; strategies:</b></p> <ul style="list-style-type: none"> <li>» HR procedures for learning and development</li> <li>» Local development initiatives of the Group and the SBUs</li> <li>» Group's integrated sustainability policy</li> </ul> <p><b>Relevant material topics:</b></p> 	<ul style="list-style-type: none"> <li>» <b>Educate 100% Aitken Spence employees on knowledge and skills required promote sustainable development</b> <ul style="list-style-type: none"> <li>✓ Ongoing; the Group conducted programmes online and in person specifically on sustainability related topics</li> <li>✓ Webinars conducted on ecosystem conservation included eminent panelists such as Prof. Kotagama</li> </ul> </li> <li>» <b>Promote female participation in STEM subjects through our operations</b> <ul style="list-style-type: none"> <li>✓ 33% female students in total registrations at CINEC</li> </ul> </li> <li>» <b>Provide opportunities for local youth and other key stakeholders to acquire relevant skills for employment, including financial literacy</b> <ul style="list-style-type: none"> <li>✓ Plantations segment provided access to computers and digital devices so that students in estate communities can continue with their education during lockdowns</li> <li>✓ Aitken Spence partnered with APAD-SL to educate tourism sector MSMEs in the Southern province on how to develop resilience and be better equipped to capitalise on opportunities in Sri Lanka's post COVID operating environment.</li> </ul> </li> </ul>
<p>Ensure sustainable consumption and management of resources</p> <p><b>Alignment to the SDGs</b></p>  <p>Targets 6.3 and 6.4</p>  <p>Targets 12.2, 12.5, 12.6, 12.8 and 12.b</p>	<p><b>Policies &amp; strategies:</b></p> <ul style="list-style-type: none"> <li>» The Group's integrated sustainability policy</li> <li>» Management systems and benchmarks maintained by the SBUs</li> </ul> <p><b>Relevant material topics:</b></p> 	<ul style="list-style-type: none"> <li>» <b>Ensure all Aitken Spence operations have frameworks to monitor, manage and ensure sustainable and efficient use of natural resources</b> <ul style="list-style-type: none"> <li>✓ The Group maintains over 140 management systems for ESG with more than 600 team members trained on their allocated tasks</li> </ul> </li> <li>» <b>Employ, maintain and promote the 7R principle to ensure sustainable and efficient use of all resources and to reduce waste</b> <ul style="list-style-type: none"> <li>✓ Ongoing; we conducted a series of educational sessions during the year for employees and their families in English and Sinhala with Mr. Ravi de Silva, the founder of this concept, conducting the sessions online</li> </ul> </li> <li>» <b>Zero single use plastics at Aitken Spence operations by 2030</b> <ul style="list-style-type: none"> <li>✓ Ongoing; plastic straws, butter sachets discontinued at all hotel properties; plastic bottles replaced with glass bottles at Heritance properties with other properties to follow suit in due course; all waste is segregated and responsibly disposed in the meantime at all operations</li> </ul> </li> <li>» <b>Zero waste dumping to landfills by 2030</b> <ul style="list-style-type: none"> <li>✓ We are repurposing municipal solid waste to generate energy for the national grid while also keeping waste away from landfills and specifically from sensitive wetland ecosystems through the waste to energy power plant</li> <li>✓ At operational level, we continue to segregate and responsibly dispose all waste</li> </ul> </li> </ul>

# Our ESG Objectives, Material Topics, Strategies, Targets and Key Results

Our goals and objectives	Integration into policies and strategies and relevant to material topics	Our targets and key results
		<ul style="list-style-type: none"> <li>» <b>Promote education and awareness about sustainable development, consumption, and production through all operations</b> <ul style="list-style-type: none"> <li>☑ Ongoing; the Group conducted programmes online and in person through the years specifically on sustainability related topics; webinars conducted on ecosystem conservation included eminent panelists such as Prof. Kotagama</li> </ul> </li> <li>» <b>Promote and encourage commitment within our supply chains for sustainable consumption and production</b> <ul style="list-style-type: none"> <li>☑ Ongoing; over 3,500 suppliers across the Group have been screened and/ or educated on ESG priorities of the Group to date</li> </ul> </li> <li>» <b>Ensure 100% wastewater generated at Aitken Spence operations is safe for reuse or disposal</b> <ul style="list-style-type: none"> <li>☑ Achieved and maintained</li> </ul> </li> <li>» <b>Replace solvents, and other products used that mix with water with biodegradable options</b> <ul style="list-style-type: none"> <li>☑ Achieved and maintained</li> </ul> </li> <li>» <b>Increase efficiency of water use</b> <ul style="list-style-type: none"> <li>☑ Ongoing</li> </ul> </li> <li>» <b>Reduce withdrawal of fresh water</b> <ul style="list-style-type: none"> <li>☑ Ongoing; Aitken Spence hotels and the printing &amp; packaging segment reused treated wastewater</li> <li>☑ The plantations and printing &amp; packaging segments harvest rainwater to reduce freshwater consumption</li> </ul> </li> <li>» <b>Engage with 100% employees of Aitken Spence to increase awareness about water and other resource conservation and efficiency of use</b> <ul style="list-style-type: none"> <li>☑ Ongoing; several programmes conducted over the last year which were available to all staff members through our online learning platforms</li> <li>☑ Art competition conducted for children of employees to engage at a wider scope to increase awareness on environmental sustainability with special educational sessions conducted with Mr. Ravi de Silva, environmentalist and ESG consultant, to educate participating children and their parents on the importance of environmental sustainability</li> <li>☑ Art competition conducted to mark World Wetlands Day</li> <li>☑ Educational sessions conducted over the month of March to educate employees as well as to mark the importance of wetland conservation with support from the Green Building Council of Sri Lanka</li> </ul> </li> </ul>



Our goals and objectives	Integration into policies and strategies and relevant to material topics	Our targets and key results
<p>Protect, restore, and promote sustainable use of natural ecosystems including forests, wetlands and marine ecosystems</p> <p><b>Alignment to the SDGs</b></p>  <p>Targets 15.2 and 15.5</p>	<p>The Group's integrated sustainability policy</p> <p>Management systems and benchmarks maintained by the SBUs</p> <p><b>Relevant material topics:</b></p> 	<p>» <b>Protect and increase the green cover of Sri Lanka</b></p> <ul style="list-style-type: none"> <li>☑ The plantations segment has maintains over 8,000ha of green cover through targeted reforestation programmes</li> <li>☑ The power segment maintains a tree belt with more than 20,000 trees including many trees of endemic and medicinal value with a plant nursery providing trees to a wider community outside our operations as well</li> <li>☑ The elevators segment contributed to increase the urban green cover by planting a tree belt along the Southern Expressway. The tree belt includes plants such as Kumbuk -760, Mee – 200, Karanda – 20, and Neem – 20 adding up to 1,000 trees which covers the entire length of the expressway, a section of approximately 3KM from Palatuwa to Mattala via Andarawewa. The program was implemented in collaboration with the Road Development Authority (RDA) and Geo Explore Foundation.</li> </ul> <p>» <b>Protect and restore forests, wetlands, mangroves, and coastal ecosystems</b></p> <ul style="list-style-type: none"> <li>☑ Aitken Spence hotels maintains 198 acres of forest cover adjacent to Heritance Kandalama and 52 acres of forest cover within the premises of the hotel in its pristine condition</li> <li>☑ Our hotel properties in the Maldives carry out coral restoration projects;</li> </ul> <p>» <b>Use our operations to create and increase education and knowledge about the protection and restoration of natural ecosystems</b></p> <ul style="list-style-type: none"> <li>☑ Ongoing; Aitken Spence hotels partnered with the Maritime &amp; Freight Logistics sector to set up waste bins along our coastal properties to support the 5th R in the 7R Principle which is to enable the process of 'Reclaiming' materials to achieve zero waste dumping to landfills or the environment</li> </ul>

# Our Strategy



## Vision

To achieve excellence in all our activities, establish high growth businesses in Sri Lanka and across new frontiers and become a globally competitive market leader in the region.

## Purpose

“Inspire to Create Great Futures for All”

## Our Values

- » Reliable
- » Honest & Transparent
- » Warm & Friendly
- » Genuine
- » Inspire Confidence



## Transformational Leadership

In order to strive towards greater competitive market leadership, Aitken Spence recognises the importance of transformative leadership in its next phase of expansion. As a result, the Group's leadership evolution strategy focuses on building leaders who can effectively bring about the transformational reforms to achieve this objective. To drive development in a volatile, unpredictable, complex, and ambiguous (VUCA) world, we must enable our leaders to work effectively in the new norm by adopting digitalisation in every aspect of operations. Building the next generation of leaders who can successfully support the growth cycle and step into the forefront to address future problems is also critical. The Group has recognised this need and has included it in our year-ahead strategy, with major resources devoted to its fulfilment.



## Integrating ESG

As a part of our Group strategy, we have integrated environmental and social governance (ESG) into all functional strategies. We strongly believe sustainable growth is not possible without socioeconomic and environmental sustainability. ESG criteria and priorities are integrated into the Group's processes and centrally coordinated by a dedicated team. Based on the material topics identified for the Group, we measure and monitor our performance on ESG targets. The quantified outcomes are measured against the objectives set for the material topics. This guides us to facilitate efficient resource allocation and compliance with defined ESG goals creating an environmentally and socially conscientious workforce and sustainable operations.



# Our Strategy

Functional Strategy	Objective
 <b>Growth through investments, mergers &amp; acquisitions</b>	<ul style="list-style-type: none"> <li>» Strengthen existing businesses with customer value creation.</li> <li>» Diversify into new geographies and new business segments as a catalyst for transformation.</li> </ul>
 <b>Organisational effectiveness</b>	<ul style="list-style-type: none"> <li>» Focus on customer centric offerings</li> <li>» Optimise asset utilisation</li> <li>» Strengthen and nurture our capitals</li> <li>» Process re-engineering for process improvement</li> </ul>
 <b>Empowering our people</b>	<ul style="list-style-type: none"> <li>» Fostering an innovative learning organisation</li> <li>» Leadership development and building bench strength for critical positions</li> <li>» Inculcating a performance-driven work culture</li> <li>» Ensure diversity, equity and inclusion</li> <li>» Effective employee engagement to ensure wellness and well-being</li> <li>» Optimise Semi-Virtual Mobility (SVM) work model in the new normal</li> </ul>
 <b>Digital strategy</b>	<ul style="list-style-type: none"> <li>» Enable new innovative experiences for our customers</li> <li>» Digitise and digitalise business operations</li> <li>» Develop a digital centric and efficient workforce</li> <li>» Build a technologically resilient organisation/culture</li> <li>» Inculcate a cyber-safe workplace</li> <li>» Digital learning organisation</li> </ul>
 <b>Demand creation &amp; management</b>	<ul style="list-style-type: none"> <li>» Increase visibility</li> <li>» Creation/ differentiation of the unique selling proposition (USP) of our products and services</li> <li>» Retention and expansion of customer portfolio</li> </ul>
 <b>Financing &amp; investment</b>	<ul style="list-style-type: none"> <li>» Concentration of investments in priority sectors of the economy such as renewable energy</li> <li>» Diversification of investment portfolio</li> <li>» Ensure investments meet the identified hurdle rate of the Group</li> <li>» Effective use and trade-off of resources</li> <li>» Management of cost structures</li> <li>» Sustained growth of the value of the company</li> <li>» Availability and access to finances</li> </ul>
 <b>Managing supply chains</b>	<ul style="list-style-type: none"> <li>» Continuous and secure business networks</li> <li>» Responsible procurement</li> <li>» Diversification of the sourcing network</li> <li>» Opportunities for local suppliers</li> <li>» Maintaining lead times and contingency reserves</li> </ul>

## Key Results

- ✓ Revenue Rs. 54.7 Bn
- ✓ Total assets Rs. 197.3 Bn
- ✓ Net assets Rs. 66.0 Bn
- ✓ Profit attributable to equity shareholders Rs. 10.5 Bn

***Detail discussion in Chairman's statement, Deputy Chairman & Managing Director statement, Financial Capital and in Sector reviews***

- ✓ EBITDA margin of 30%
- ✓ Profit from operations Rs.16.4 Bn
- ✓ Brand equity and loyalty
- ✓ Market share and positioning

***Detail discussion in Chairman's statement, Deputy Chairman & Managing Director statement, Financial Capital and in Sector reviews***

- ✓ Value distributed to employees Rs. 9.8 Bn
- ✓ Transition to semi-virtual mobility
- ✓ Learning coverage – 11 learning hours per employee
- ✓ Employees over 10 years of services 29%
- ✓ 40% female representation in the workforce
- ✓ 50% female representation in the Group Supervisory Board

***Detail discussion in Human Capital report and Gender parity report***

- ✓ Omni-channel and connected customer experiences
- ✓ Digital transformation and Robotic Process Automation
- ✓ Technologically certified cross-functional teams that are driven by innovation
- ✓ Autonomous change management and learning built into the culture

***Read more in the Digital Transformation report, Human Capital report and Sector Reviews***

- ✓ Revised brand strategy to engage with target markets through more accessible channels
- ✓ Developing strategic relationships with customers through value addition
- ✓ Efforts taken to strengthen the communications teams to serve our customers better

***Read more in the Social Relationship Capital and Intellectual Capital***

- ✓ Sustainable financial returns and cash flows to stakeholders
- ✓ Strong balance sheet
- ✓ Sustainable improvement of ROCE
- ✓ Market capitalisation of Rs. 29.9Bn
- ✓ Healthy debt to equity and liquidity ratios

***Detail discussion in Deputy Chairman's statement, Financial Capital and in the Sector reviews.***

- ✓ Maintenance of resilient supply chains
- ✓ Timely and quality delivery of goods and services
- ✓ Uninterrupted business operations
- ✓ ESG procedures rolled out through the supply chain

***Read more in the Social Relationship Capital and Intellectual Capital.***

# Our Value Creation Model

## Relevant SDGs



## OUR INPUTS

### MANUFACTURED CAPITAL



Buildings

**Rs. 52.2 Bn**



Plant & Equipment

**Rs. 21.5 Bn**



Assets under construction

**Rs. 287.4 Mn**

### FINANCIAL CAPITAL



Equity  
**Rs. 65.9 Bn**

Interest Bearing Loans & Borrowings

**Rs. 57.9 Bn**



Market Capitalisation

**Rs. 29.2 Bn**

### HUMAN CAPITAL



Employees  
**12,606**

**40.1%**  
FEMALE Employees

**PROFESSIONAL SKILLS & INDUSTRY ACUMEN**

### INTELLECTUAL CAPITAL

Over **140** Management systems out of which over 80 are certified



**INNOVATION & DIGITISATION**

Over **20** registered trademarks



Strong **BRAND** presence

### NATURAL CAPITAL

Land base  
**Rs. 18.9 Bn**



Total Water used  
**790,024 m<sup>3</sup>**

Over **8,080** Hectares of green coverage

Total energy consumption  
**918,173 GJ**

### SOCIAL & RELATIONSHIP CAPITAL



**SUPPLIERS CUSTOMERS COMMUNITIES GOVERNMENTS**

## PROCESSES

### Factors within our control

Strategy

Relationships with our stakeholders

Effective resource allocation

Effective governance and compliance



### TOURISM

- ▶ Destination Management
- ▶ Hotels
- ▶ Airline GSA

### MARITIME & FREIGHT LOGISTICS



- ▶ Maritime & Port services
- ▶ Freight Forwarding & Courier
- ▶ Integrated Container Services
- ▶ Airline GSA (Cargo)
- ▶ Education

### STRATEGIC INVESTMENTS

- ▶ Printing
- ▶ Power
- ▶ Plantations
- ▶ Apparel



### SERVICES

- ▶ Insurance
- ▶ Elevators
- ▶ Money Transfer
- ▶ Real Estate



### Factors beyond our control

Impact of COVID 19

Depreciation of Sri Lankan Rupee

Foreign exchange reserve

Political instability of the country

Russia & Ukraine conflict

Commodity prices



## KEY ACTIONS TAKEN DURING THE YEAR

### MANUFACTURED CAPITAL

Acquisition of **WALTRIM HYDROPOWER PLANTS**



Investing in roof top solar panels in our manufacturing plants



Commenced construction of the **NEW WAREHOUSE FACILITY**

### FINANCIAL CAPITAL

Stringent control of **OVERHEADS**

Increase in **INVESTMENTS**

Maintaining an EBIT margin of **30.0%**

### HUMAN CAPITAL

**VACCINATION PROGRAMME** conducted for employees

**REIMBURSEMENT** of COVID 19 related and general **MEDICAL EXPENSES** of the employees



Improved **GENDER** diversity

Semi-virtual mobility extended to **35%** of staff

### INTELLECTUAL CAPITAL

**DIGITAL TRANSFORMATION** of the Group

Continuously **REVIEWED & UPDATED** strategies

Investment in digitisation through **RPA INITIATIVE**

### NATURAL CAPITAL

Contribution to the country's **RENEWABLE ENERGY** portfolio

**RAINWATER HARVESTED** for consumption

Commitment to invest in sustainable industrialisation, resilient infrastructure, and concerted efforts to protect ecosystems

Reduction in **ENERGY CONSUMPTION**

### SOCIAL & RELATIONSHIP CAPITAL

Acquired new **PRINCIPALS & RETAINED** all previous ones

**VALUE** added to the community

**TAX PAID** to Governments

Long standing and **TRUSTED PARTNERSHIPS** with suppliers

Support local communities through **CSR PROJECTS**

Facilitated **FOREIGN EXCHANGE REMITTANCES** to Sri Lanka

## OUR OUTPUTS

### TO OUR INVESTORS, SHAREHOLDERS, BANKS & FINANCIAL INSTITUTIONS

**Rs.3.8 Bn**  
Finance Expense

**Rs. 10.5 Bn**  
Profit attributable to equity holders

**Rs. 1.6 Bn**  
Interim dividend proposed to be paid to equity holders

**Rs. 1.5 Bn**  
Dividends paid to Joint venture partners

### TO OUR EMPLOYEES

**Rs. 9.8 Bn**  
Remuneration & benefits

**Rs. 19.9 Mn**  
Investment in training

**140,287**  
Training hours

### TO GOVERNMENTS AND REGULATORS

**Rs. 4.3 Bn**  
Total Taxes paid to Governments

**Rs. 40.8 Bn**  
Foreign exchange facilitated to the country

**456,818 GJ**  
Contribution to the national power grid

### TO OUR COMMUNITIES

**Rs. 48.9 Bn**  
Paid to suppliers

**Over 30%**  
of the management teams at our hotels are from local communities

**Rs.127.5 Mn**  
CSR investment

### TO OUR CUSTOMERS

**754,500**  
Guest Nights

**4.5 Mn Kg**  
Tea produced

**60,974**  
Tourist pax handled

**3,600 MT**  
Printed materials

**941,108**  
TEU's handled

**3.9 Mn**  
Pieces of Apparel Manufacture



# Our Value Creation Model

## CREATION, CONSUMPTION AND PRESERVATION OF VALUE

### INVESTORS, SHAREHOLDERS, BANKS FINANCIAL INSTITUTIONS

In an extremely difficult operating environment, the Group delivered positive results to our investors in the form of capital appreciation and dividend growth. We met our debt obligations to our capital lenders by repaying capital and interest when it became due.

- » Financial stability and access to financial capital
- » Continuous engagement with funders and investors
- » Preserving liquidity
- » Sound risk management and strong governance practices.
- » Equal treatment to all shareholders in terms of access to information, management, and feedback
- » Focused on Improving robustness of business and strength of balance sheet

#### Capital Trade Offs



#### Material Topics



#### Link to Strategy

- » Growth through investments, mergers & acquisitions
- » Financing & investment

### EMPLOYEES

In a resource-constrained climate, retaining jobs and guaranteeing continued professional development are vital to our human capital, which is critical to our operational efficiency and social and relationship capital.

- » Promote employees' health and safety
- » Increase engagement
- » Continuous learning and development
- » Vaccination programs conducted & keen concern on employee vaccination
- » Reskilled workforce to face the changing dynamics of the working environment
- » Focus on inclusion and embedding diversity into our culture

#### Capital Trade Offs



#### Material Topics



#### Link to Strategy

- » Organisational effectiveness
- » Empowering our people

### CUSTOMERS

As a diversified Group our products and services are used by government institutions and businesses. Consistent and superior product quality and reliability is the hallmark of our customer value proposition. We therefore invest in enhancing our product offering and service capabilities across sectors through investments in our people, tangible and intangible assets to deliver sustainable value to this diverse group of stakeholders. We meet customer needs in a timely and cost-effective manner.

- » Differentiated products and services to satisfy customer solutions
- » Constructive and transparent engagement to foster win-win relationships
- » Consistent and predictable delivery of high-quality products that meet specifications

#### Capital Trade Offs



#### Material Topics



#### Link to Strategy

- » Demand creation & management
- » Growth through investments, mergers & acquisitions
- » Organisational effectiveness

## SUPPLIERS & SERVICE PROVIDERS

We strive to strengthen our social and relationship capital by interacting with suppliers in a collaborative manner. We have trustworthy suppliers and business partners, which was key in achieving the sustainable growth.

- » Empowerment through skill development
- » Work with suppliers to grow their businesses, particularly in enterprise and supplier development
- » Engage with suppliers regarding our ESG goals

### Capital Trade Offs



### Material Topics



### Link to Strategy

- » Organisational effectiveness
- » Financing and investment
- » Managing supply chains

## GOVERNMENT & REGULATORS

Indirect and direct taxes form a vital part of the revenue generation to a country, which in turn paves the way for facilitating the Government's development policies to achieve macroeconomic growth and stability. The Aitken Spence Group as a conscientious corporate citizen stringently complies with all statutory provisions and payments.

- » Sustainable sources of funding for social programs and public investments. Programs providing health, education, infrastructure and other services are important to achieve the common goal of a prosperous, functional and orderly society.

### Capital Trade Offs



### Material Topics



### Link to Strategy

- » Growth through investments, mergers & acquisitions
- » Financing & investment

## COMMUNITIES

We continue building social and relationship capital as sound community relationships are key to our social license to operate. We recognise the significant impact we can have on our communities due to our strong presence in economically and socially important sectors across geographies. Our environmental priorities are integrated into our business strategies, with the objective of lowering our negative environmental impact.

- » Create business opportunities for local enterprises
- » Jobs for unemployed youth and other community members
- » Invest in CSR initiatives
- » Attempts to increase local skill capacity
- » Solid & sustainable social relationship
- » Minimise environmental impact

### Capital Trade Offs



### Material Topics



### Link to Strategy

- » Organisational effectiveness
- » Empowering our people
- » Financing & investment
- » Managing supply chains

● Deduction of capital ● Enhancement of capital

# Our Achievements

Aitken Spence, the only Sri Lankan company in the Top 100 Global Companies for Sustainability 2022



the only Sri Lankan company to be ranked among the



Aitken Spence PLC has been recognised in the global ranking of Top 100 Companies in Sustainability 2022, in an independent assessment carried out by the Sustainability Magazine, an established international publication.

Aitken Spence ranks No. 1 amongst Diversified - Most Awarded by LMD



Aitken Spence PLC emerged as the sector winner in the Diversified category and among the Top 10 Most Awarded by LMD.

Aitken Spence in the Top 15 Most Respected Entities



Aitken Spence PLC was ranked amongst the Top 15 Most Respected Corporates for 2021. The annual ranking by LMD is through an exclusive survey conducted by NielsenIQ.



**Aitken Spence, most awarded at the Best Corporate Citizen Sustainability Award 2021**



Aitken Spence PLC was on a winning streak yet again at the Best Corporate Citizen Sustainability Award 2021. Winning the highest number of awards, the company demonstrated their leadership, continuous commitment and drive to pioneer the corporate sustainability movement in Sri Lanka.

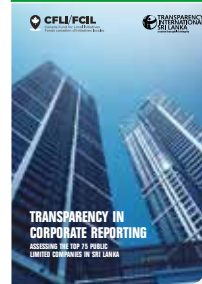
**Outstanding performance from Aitken Spence Maritime Freight and Logistics at the National Logistics Awards (NLA)**



Aitken Spence Maritime & Freight Logistics sector secured multiple awards at the Inaugural National Logistics Awards Ceremony organised by Sri Lanka Logistics & Freight Forwarders Association (SLFFA).

Dr. Parakrama Dissanayake, Deputy Chairman and Managing Director of Aitken Spence PLC was recognised as a 'Legend' for his integral contribution as a visionary leader. Dr. Dissanayake was instrumental in elevating Sri Lanka on the global map when he became the first non-Britisher to hold the position of International President of the Institute of Chartered Shipbrokers. His wealth of knowledge, gamut of experience and expertise in Maritime Logistics and Freight has transcended Sri Lanka beyond its shores and the region.

**Aitken Spence among Sri Lanka's best for Transparency in Corporate Reporting**



Aitken Spence PLC was once again in the limelight among the top companies in Sri Lanka for responsible corporate conduct. The company was recognised for transparency in corporate

reporting, as per the reviews conducted by Transparency International Sri Lanka (TISL). The company received a high score in the 'Significantly Transparent' category.

**Heritage Hotels & Resorts – No. 1 in Customer Excellence**



The premier hospitality brand of Aitken Spence Hotels, Heritage Hotels and Resorts, topped LMD's survey on Customer Excellence in the category of Nationwide Hotels 2021, reiterating its commitment to excellence in service.

**Aitken Spence Apparel segment wins two awards at CNCI Achiever Awards 2021**



The apparel manufacturing segment of Aitken Spence was awarded the Bronze Award for Industrial Excellence in the Manufacturing sector – Extra Large category Provincial level and a Merit Award in the Manufacturing sector – Extra Large category National level at the Ceylon National Chamber of Industries (CNCI) Awards 2021.

# Operating Environment

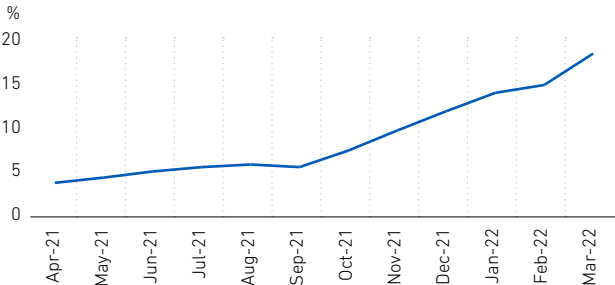
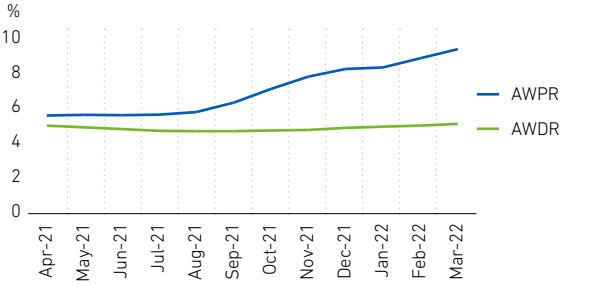
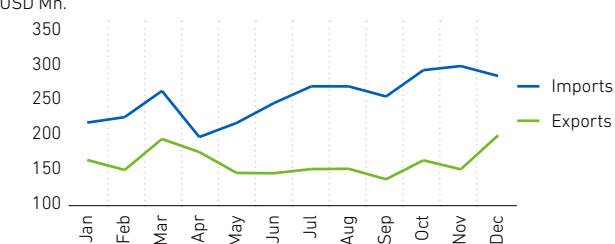
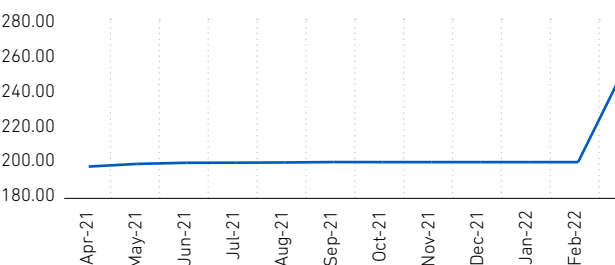
The operating environment remained challenging during the year, amidst the lingering impact of the COVID-19 pandemic, rising economic and social pressures due to the country's ongoing economic crisis and a volatile global environment.

Context	Annual Summary
<b>Economic Growth</b> <p>Real Economic Growth Rate</p> <ul style="list-style-type: none"> <li>Global</li> <li>Emerging Market and Developing Economies</li> <li>Sri Lanka</li> </ul>	<p>The global economy witnessed a strong rebound in 2021 with a GDP growth of 6.1% in 2021 compared to contraction of 3.1% in 2020.</p> <p>The Sri Lankan economy meanwhile recovered from a contraction of 3.6% in 2020 and reported a growth of 3.7% in 2021. The industrial sector recorded a growth of 5.3% while the agriculture sector witnessed a growth of 2.0%. The services sector meanwhile grew by 8.1% during the year, as per the Central Bank Annual report.</p>
<b>Global Pandemic</b> <p>Total Covid Vaccinations</p> <ul style="list-style-type: none"> <li>Africa</li> <li>Asia</li> <li>Europe</li> <li>Americas</li> <li>Oceania</li> </ul>	<p>Vaccination rates continued to increase globally, although progress remained highly unequal across the world. Meanwhile recurring waves and emerging variants of COVID-19 continued to pose a threat throughout much of 2021.</p> <p>A second wave of the COVID-19 (Apr to Oct 21) caused by the Delta variant in Sri Lanka resulted in a significant increase in new cases prompting tighter mobility restrictions across the country. A strong vaccination drive however resulted in 64% of the population being fully vaccinated by the end of 2021.</p>
<b>World trade</b> <p>Volume growth rates of merchandise exports and imports</p>	<p>Global merchandise trade grew by 10.8% in 2021, following the 5.3% contraction in 2020. The growth was driven by strong commodity prices, subsiding pandemic restrictions and a strong recovery in demand due to economic stimulus packages.</p> <p>The strong recovery in demand along with supply chain disruptions particularly along the east to west shipping routes, port congestion, COVID lockdowns, longer dwell times in ports, ship berthing delays especially in ports of the west and container equipment shortages meanwhile led to a sharp increase in freight rates.</p>
<b>Tourist Arrivals</b> <p>Change in Arrival of International Tourist vs 2019</p>	<p>Global tourism experienced a 4% upturn in 2021, compared to 2020. However, international tourist arrivals (overnight visitors) were still 72% below the pre-pandemic year of 2019.</p>



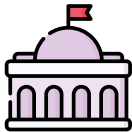
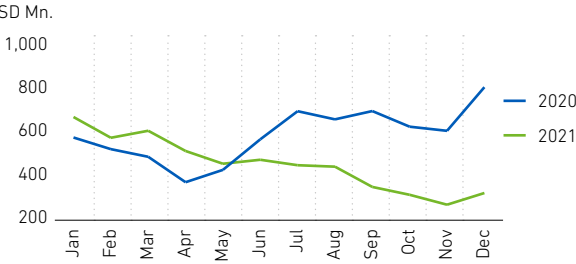
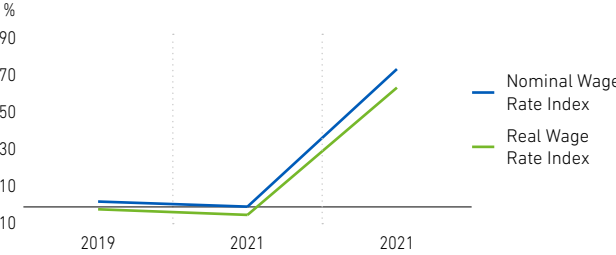


Impact on the Group	Outlook for 2022-2023
<p>Sporadic border closures and a lockdown continued to impact the local tourism sector, although all hotels performed exceptionally well during the winter season with the easing of restrictions.</p> <p>The Maritime &amp; Freight Logistics sector benefited from growth in export volumes and a general pick up in global cargo. Although demand conditions for the production segments (i.e., printing and apparel) were positive. Supply dynamics such as rising raw material prices and supply chain disruptions continued to challenge growth prospects.</p>	<p>Following a strong rebound in 2021, the global economy is forecasting a pronounced slowdown in 2022 amid fresh threats from COVID-19 variants, rise in inflation, debt, income inequality and geopolitical instability due to the war in Ukraine. Global growth in 2022 is projected to slow down to 3.6% from 6.1% in 2021 with growth in emerging and developing economies expected to slow down to 3.8% in 2022 compared to a growth of 6.8% in 2021.</p> <p>IMF projects Sri Lanka's economic growth to slow down to 2.6% in 2022 amidst the ongoing economic crisis. The Government of Sri Lanka is currently in talks with the IMF to reach an agreement on a programme for recovery.</p>
<p>The Group continued with the SVM model to reduce the risk of infection.</p> <p>Digitisation efforts were stepped up across sectors in response to evolving needs of customers.</p> <p>Tourism sector continued to be impacted by border closures although the gradual re-opening of borders across markets supported a cautious recovery.</p>	<p>Although many parts of the world appear to be moving past the acute phase of COVID-19 as indicative from a decline in reported COVID-19 cases and deaths globally, vaccine inequality remains a key concern. As per the "World Economic Outlook" publication by the IMF over 100 countries are not on track to reach the IMF pandemic proposal's mid-2022 vaccination target of 70 percent, and a similar inequality persists in access to tests and treatments.</p>
<p>Higher freight rates contributed to the higher profitability of the liner shipping agency and airline cargo GSA operations.</p>	<p>WTO forecasts world merchandise trade volume to grow 3.0% in 2022 (down from 4.7% previously forecasted ) and 3.4% in 2023. The downward revision to original forecasts is on account of the ongoing war in Ukraine, lockdowns in China to prevent the spread of COVID-19 and the resultant disruptions to global supply chains.</p>
<p>The overall all improvement in tourist arrivals globally supported an improved performance in the sector across markets.</p>	<p>Easing of international travel restrictions on the back of a rapid global vaccine and booster roll out is expected to support the gradual recovery of the global tourism industry in 2022, although rising geo-political tensions, emerging variants of the pandemic and a slowdown of global growth are likely to negatively impact this recovery trajectory. Our Sri Lankan hotels are also expected to be impacted by domestic vulnerabilities including political and economic uncertainties.</p>

# Operating Environment

Context	Annual Summary																																							
<h3>Inflation</h3>  <table><caption>Inflation (%)</caption><thead><tr><th>Month</th><th>Inflation (%)</th></tr></thead><tbody><tr><td>Apr-21</td><td>4.1</td></tr><tr><td>May-21</td><td>4.5</td></tr><tr><td>Jun-21</td><td>4.8</td></tr><tr><td>Jul-21</td><td>5.0</td></tr><tr><td>Aug-21</td><td>5.2</td></tr><tr><td>Sep-21</td><td>5.0</td></tr><tr><td>Oct-21</td><td>6.5</td></tr><tr><td>Nov-21</td><td>8.5</td></tr><tr><td>Dec-21</td><td>10.5</td></tr><tr><td>Jan-22</td><td>12.5</td></tr><tr><td>Feb-22</td><td>14.5</td></tr><tr><td>Mar-22</td><td>18.7</td></tr></tbody></table>	Month	Inflation (%)	Apr-21	4.1	May-21	4.5	Jun-21	4.8	Jul-21	5.0	Aug-21	5.2	Sep-21	5.0	Oct-21	6.5	Nov-21	8.5	Dec-21	10.5	Jan-22	12.5	Feb-22	14.5	Mar-22	18.7	<p>Inflation has steadily risen since early 2021, on account of exchange rate depreciation, supply shortages and increases in administered fuel and food prices owing to global price increases. Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index increased to 18.7% in March 2022 as compared to a 4.1% Y-o-Y change in March 2021.</p>													
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<h3>External sector</h3>  <table><caption>External sector (USD Mn.)</caption><thead><tr><th>Month</th><th>Imports (USD Mn.)</th><th>Exports (USD Mn.)</th></tr></thead><tbody><tr><td>Jan</td><td>220</td><td>160</td></tr><tr><td>Feb</td><td>230</td><td>150</td></tr><tr><td>Mar</td><td>260</td><td>190</td></tr><tr><td>Apr</td><td>200</td><td>170</td></tr><tr><td>May</td><td>220</td><td>150</td></tr><tr><td>Jun</td><td>250</td><td>150</td></tr><tr><td>Jul</td><td>270</td><td>150</td></tr><tr><td>Aug</td><td>270</td><td>150</td></tr><tr><td>Sep</td><td>250</td><td>140</td></tr><tr><td>Oct</td><td>290</td><td>160</td></tr><tr><td>Nov</td><td>300</td><td>150</td></tr><tr><td>Dec</td><td>280</td><td>200</td></tr></tbody></table>	Month	Imports (USD Mn.)	Exports (USD Mn.)	Jan	220	160	Feb	230	150	Mar	260	190	Apr	200	170	May	220	150	Jun	250	150	Jul	270	150	Aug	270	150	Sep	250	140	Oct	290	160	Nov	300	150	Dec	280	200	<p>The export volume indices for all three main categories of exports improved, supported by incentives provided to export-oriented industries, recovery of domestic production due to the rapid vaccination rollout, and the gradual revival of both global demand and supply market chains. The import volume indices for intermediate and investment goods increased during the year. However, the import volume index for consumer goods marginally decreased in 2021 due to the continuation of certain import restrictions. Consequently, Colombo Port saw a volume increase of 5.8% in 2021 compared to 2020.</p>
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Impact on the Group	Outlook for 2022-2023
<p>Inflationary pressures continued to have an impact on cost of production although efficient cost management strategies followed across the Group served to mitigate the adverse impact on performance.</p>	<p>A build-up of aggregate demand, domestic supply disruptions, exchange rate depreciation and the elevated prices of commodities globally is expected to contribute to inflationary pressures in 2022 although the significant hike in interest rates by CBSL in April 2022 is expected put some downward pressure on inflation rates.</p>
<p>While interest costs of the Group remained low due to the relatively low interest environment, interest income of LKR financial investments were negatively impacted.</p>	<p>With the tightening of monetary policy from August 2021, the CBSL raised policy rates in January 2022 and March 2022 before significantly raising its policy interest rates by 700 basis points, the highest single day adjustment in recent history, along with the decision to remove almost all caps imposed on lending products. Supported by these measures, market interest rates are expected to continue to increase in 2022.</p>
<p>Growth in trade volumes positively impacted the marine and logistics segment.</p>	<p>The ongoing forex crisis in the country and resultant import restrictions are likely to negatively impact import volumes in 2022. The continued focus on the export sector, however, is expected to drive export volumes although rising production costs could put a dampener on export performance.</p>
<p>As a net foreign currency earner, the impact of the rupee devaluation during 2021 had a largely positive impact on the Group although manufacturing segments such as the printing sector witnessed an increase in raw material prices. Meanwhile forex restrictions imposed by CBSL also had a negative impact on the marine and logistics sector due to the reduced import volumes and constraints in settling principals in dollars.</p>	<p>The current mismatches in demand and supply are unlikely to be rectified in the short-term resulting in continued pressure on the Rupee. However, in the event an IMF program becomes effective during the financial year, the LKR is likely to make a gradual recovery reflecting the real value of the currency.</p>

# Operating Environment

Context	Annual Summary
<p><b>Government policy</b></p> 	<p>Most relief measures and large-scale policy stimuli provided by the Government to support businesses impacted by the COVID-19 pandemic had concluded by the end of the financial year.</p> <p>The Central Bank moved towards a tighter monetary policy stance.</p> <p>Import restrictions continued to be in effect with some revisions being introduced in 2022.</p> <p>Intention of entering into an IMF programme was communicated by the authorities by March 2022</p>
<p><b>Worker remittances</b></p> 	<p>Workers' remittances recorded a decline from June 2021 onwards resulting in a 22.7% decline in 2021 compared to the 5.8% growth recorded in 2020. The decline could primarily be attributed to the reduction in remittances received through official channels due to the notable difference in the exchange rate which prevailed in the grey market compared to the official rate.</p>
<p><b>Wages</b></p> 	<p>Nominal and real wages of the formal private sector increased significantly in 2021 compared to 2020. Several wage revisions including the increase in the daily wage of tea and rubber plantation workers to Rs. 1,000 with effect from 05 March 2021, the increase in the minimum monthly salary of the private sector from Rs. 10,000 to Rs. 12,500 and the increase in the minimum daily wage from Rs. 400 to Rs. 500, due to the amendment made to the National Minimum Wage of Workers Act, No. 03 of 2016 with effect from 16 August 2021 contributed to this increase. Meanwhile, the tripartite agreement on paying 50% of the last paid basic salary or Rs. 14,500 per month, whichever was more favourable to the employee, in situations where employees were required to stay at home due to the COVID-19 pandemic, was extended until December 2021 for the tourism sector.</p>
<p><b>Geopolitical developments</b></p>  <p><b>Developments in the local arena</b></p> 	<p>The war in Ukraine and sanctions on Russia are impacting economies around the globe, with emerging market and developing countries in the Europe and Central Asia region expected to bear the brunt due to supply chain disruptions.</p> <p>The ongoing economic and political crisis in Sri Lanka has led to widespread social unrest across the country.</p>

Impact on the Group	Outlook for 2022-2023
<p>The tourism sector continues to be negatively impacted although relief measures provided to the sector have expired.</p> <p>Import restrictions continue to have a negative impact on the freight forwarding volumes.</p> <p>Policy uncertainty is a key deterrent for strategic investments.</p>	<p>Import controls and FOREX controls are likely to continue to manage the balance of payments crisis until the IMF program is finalised.</p> <p>Austerity measures and changes in the tax policy are likely to materialise to overcome the current economic crisis.</p>
<p>Although the Money transfer business of the Group was negatively impacted by the decline in remittances volumes, the depreciation of the Rupee towards the end of the year, positively impacted the operation.</p>	<p>Remittances are expected to pick up in 2022 with the depreciation in the exchange rate since March 2022, together with the increasing number of migrant workers leaving for foreign employment. Meanwhile several incentive schemes for workers remitting money through formal channels were also introduced by CBSL aimed at encouraging inward remittances.</p>
<p>The wage revision in the plantation sector had a significant impact on the wage bill of the sector.</p>	<p>Inflationary pressures are expected to continue to impact wages in 2022. Meanwhile the outcome of a recent joint trade union action demanding a rise of Rs. 10,000 in the monthly minimum wage of private sector employees in line with the allowance of Rs. 5000 granted to public sector employees is yet to be seen.</p>
<p>Despite Ukraine being a significant source market for Sri Lanka, the tourism sector was only marginally affected by the war in Ukraine during the year under review.</p>	<p>A prolonged war could not only impact tourism from the affected region but also disrupt supply chains. Meanwhile spillover effects on the global economy could potentially impact key export markets while disrupting global supply chains.</p>
<p>Widespread protests, imposition of curfews to maintain order and other disruptions continue to have a significant impact on labour productivity. The Group continues to make an extra effort to ensure the physical and mental well-being of staff during these volatile times.</p>	<p>Political stability is a critical precursor for economic recovery, and we remain hopeful that all relevant parties would come together for a collective approach to address the challenges ahead.</p>

# Senior Management Committee - Tourism Sector

*In alphabetical order*



- |   |                          |   |
|---|--------------------------|---|
| 1 | Ms. D.R. Alexander       | Assistant Vice President - Hotels segment                 |
| 2 | Mr. D.J. De Cruz         | Vice President - Hotels segment                           |
| 3 | Mr. S.N. De Silva        | Chief Executive Officer - Oman Hotels segment             |
| 4 | Mr. M.C.C.S. Dissanayake | Assistant Vice President - Maldivian Hotels segment       |
| 5 | Mr. M.D.B.J. Gunatilake  | Chief Operating Officer - Maldivian Hotels segment        |
| 6 | Mr. M.T. Hapuarachchi    | Assistant Vice President - Destination Management segment |
| 7 | Mr. A.S. Hapugoda        | Vice President - Destination Management segment           |





8



9



10



11



12



13



14

- |    |                           |   |
|----|---------------------------|---|
| 8  | Mr. K.D.D.P. Kumarasinghe | Assistant Vice President - Hotels segment                 |
| 9  | Mr. M. Mahdy              | Assistant Vice President - Maldivian Hotels segment       |
| 10 | Mr. R.S. Ratnayake        | Vice President - Destination Management segment           |
| 11 | Ms. L.A. Raymond          | Vice President - Hotels segment                           |
| 12 | Mr. L.B. Sumanasinghe     | Assistant Vice President - Destination Management segment |
| 13 | Mr. D.L. Warawita         | Vice President - Destination Management segment           |
| 14 | Mr. J.C. Weerakone        | Chief Operating Officer - Sri Lankan Hotels segment       |

# Senior Management Committee

## - Maritime & Freight Logistics Sector

*In alphabetical order*



- |   |                          |   |
|---|--------------------------|---|
| 1 | Mr. C.A.S. Anthony       | Vice President - Integrated Container segment           |
| 2 | Mr. M. Balasooriya       | Assistant Vice President - Freight segment              |
| 3 | Mr. H. Dela Bandara      | Vice President - Maritime segment                       |
| 4 | Mr. M.A.M. Isfahan       | Vice President - Maritime & Freight Logistics           |
| 5 | Mr. C.J. Jirasinha       | Assistant Vice President - Freight segment              |
| 6 | Ms. D.D.T.S. Karunaratne | Assistant Vice President - Maritime & Freight Logistics |
| 7 | Mr. B.C. Mack            | Assistant Vice President - Maritime segment             |
| 8 | Mr. L.I. Witanachchi     | Assistant Vice President - Maritime segment             |

# Senior Management Committee

## - Strategic Investments Sector

*In alphabetical order*



- |   |                            |  |
|---|----------------------------|--|
| 1 | Mr. P.S. Dissanayake       | Assistant Vice President - Plantations segment |
| 2 | Mr. T.M.S. Fonseka         | Assistant Vice President - Corporate Services  |
| 3 | Mr. A.G. Geethkumara       | Assistant Vice President - Plantations segment |
| 4 | Ms. W.K.D.M. Jayalath      | Assistant Vice President - Corporate Services  |
| 5 | Ms. R.I.D. Katippearachchi | Vice President - Corporate Services            |
| 6 | Ms. R.D. Nicholas          | Assistant Vice President - Corporate Services  |
| 7 | Mr. J.A.R. Nissanka        | Assistant Vice President - Plantations segment |
| 8 | Mr. N.L.T. Perera          | Assistant Vice President - Corporate Services  |
| 9 | Mr. B.Y. Poopalapillai     | Assistant Vice President - Corporate Services  |

# Senior Management Committee

## - Strategic Investments Sector

*In alphabetical order*



- 10 Mr. V.S. Premawardhana Assistant Vice President - Corporate Services
- 11 Ms. W.A.D.L. Silva Assistant Vice President - Corporate Services
- 12 Mr. A.S.L.R. Wickremesooriya Assistant Vice President - Corporate Services

# Senior Management Committee

## - Service Sector



- 1 Mr. S.D. De Silva Assistant Vice President - MMBL Money Transfer



# a shared *happiness*



Our shared synergies integrate value into our business model, even as we rely on our collective nature to deliver positive results across our entire scope of operations.

*The gankyil is also known as the 'wheel of joy', representing joy and a sense of positivity achieved through the inseparability of core principles.*

# Tourism

The reach of the Tourism sector of Aitken Spence Group, which is regarded as the undisputed market leader of the tourism industry in Sri Lanka, spans five countries. Partnerships with the world's leading tour operator and major global airlines facilitate a broad presence across the value chain with an unparalleled ability to create unique experiences for our guests. Years of experience and global relationships provide connectivity and insights into both traditional and new source markets, which enabled us to play a catalytic role in the revival of the sector post pandemic in Sri Lanka and Maldives. The geographical diversity of the sector has been the key to its resilience.



**3,290**

Total Employees



**Rs. 2.9 Bn**

Taxes paid



**Rs. 5.7 Bn**

Facilitation of foreign currency  
generation to the country







# Rs.29.7 Bn

Revenue



# Rs.2.5 Bn

Profit Before Tax



# Rs.106.6 Bn

Total Assets

## Hotel Operations

Operates a portfolio of 21 hotel properties in Sri Lanka, Maldives, India and Oman with 2,826 keys. Brand stewardship to Heritance, Adaaran and Turyaa.

## Destination Management

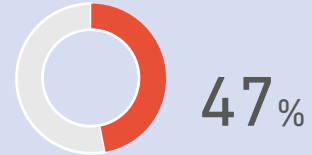
As the largest destination management company in the country, Aitken Spence Travels seeks to reinvigorate tourism in Sri Lanka with unique value propositions for its customers

## Airline GSA

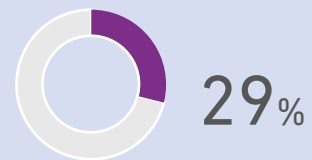
The General Sales Agent for Singapore Airlines (SIA) in Sri Lanka, with it being the longest standing GSA in the SIA network. Also handles the GSA operations of Jazeera and Go First Airlines in Sri Lanka and the GSA for Sri Lankan Airlines in the Maldives

## Relevance to Group

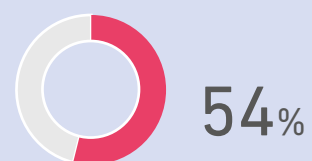
### Revenue



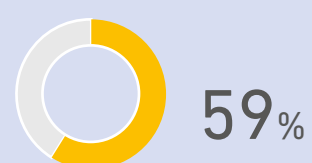
### Operating Profit



### Group Assets



### Group Liabilities



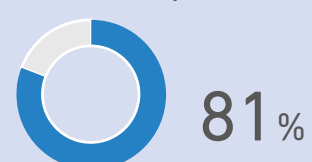
### Employees



### Emissions, Scope 1&2



### Water Consumption



# Tourism

## Operating Environment



### Sri Lanka

Hotels, Destination  
Management and  
Airlines GSA

Tourist arrivals were at a low ebb for most of 2021 but gathered momentum towards the 4th quarter with March 2022 witnessing a steep growth although pre-pandemic numbers were not reached. Unfortunately the foreign exchange crisis which led to the energy crisis, and the resulting political turmoil resulted in some of the key source countries issuing unfavourable travel advisories leading to a number of cancellations in April and May. The ongoing uncertainty has been a serious blow to an industry already under stress having weathered severe shocks from 2019 onwards. As one of the key foreign exchange earner industries, the revival of this sector is a national priority that needs to be addressed urgently by all stakeholders.



### Maldives

Hotels, Destination  
Management and  
Airlines GSA

The resurgence of the tourism industry in Maldives has been encouraging as both tourist arrivals and average room rates increased significantly. Opening its border in July 2020, Maldives utilised its unique advantage of self contained island resorts to good effect to attract tourists by ensuring their safety from the pandemic. It was also able to serve as a transit point for tourists going from South Asia to Europe due to the international acceptance of its COVID safety protocols and having facilities to perform tests in the resort itself. Flexible cancellation policies also eased concerns of customers together with improved connectivity resulting from increased flight frequencies. The hotels had also taken the opportunity of the lull in arrivals during the pandemic to upgrade the offering which supported the increase in room rates.



### Oman

Hotels

Oman was slow to reopen borders post pandemic, opening rather late in November 2021. Although tourist arrivals have picked up, the pace has been slow. The upward trend in oil prices is expected to support growth and we will benefit from our location in the city of Muscat. Arrivals are expected to grow in the year ahead, driving a revival of tourism.



### India

Hotels







Positioned as a business hotel, Turyaa Chennai benefits from both international tourism as well as domestic tourism. 2021 proved challenging due to the pandemic but recovered by March to record the best month in its history, mainly due to the resurgence in domestic tourism. We expect this trend to gain traction in the year ahead, supporting a turnaround.

## Strategy

The strategy for the Tourism sector is to support the revival of the sector in the respective countries while ensuring that the links in the value chain keep pace with the growth and recovery of the sector.

	Growth	Employees	Profitability	People and Planet
Material Matters	<ul style="list-style-type: none"> <li>Financial Sustainability</li> <li>Economic Performance</li> <li>Economic Value Creation</li> <li>Stakeholder Sustainability - Indirect economic value creation and infrastructure development</li> </ul>	<ul style="list-style-type: none"> <li>Talent Management</li> <li>Employee Welfare</li> <li>Stakeholder Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Innovation and transformation</li> <li>Compliance and ethical conduct</li> <li>Process control</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity</li> <li>Effluent management</li> <li>Emission control</li> <li>Energy management</li> <li>Effective resource use</li> <li>Solid waste management</li> <li>Water consumption</li> </ul>
Capitals Employed	<ul style="list-style-type: none"> <li>Financial</li> <li>Human</li> <li>Manufactured</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> <li>Human</li> <li>Intellectual</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> <li>Human</li> <li>Intellectual</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> <li>Social &amp; Relationship</li> <li>Natural</li> </ul>
Progress in 2021/2022	<ul style="list-style-type: none"> <li>» Seek and develop non-traditional source markets</li> <li>» Revive traditional source markets</li> <li>» Increase frequency of flights and capacity utilisation</li> </ul>	<ul style="list-style-type: none"> <li>» Train and develop talent</li> <li>» Support transition to digitalisation</li> <li>» Minimise risk of retrenchment</li> </ul>	<ul style="list-style-type: none"> <li>» Digitalisation of processes</li> <li>» Streamlined costs across all business processes and locations</li> </ul>	<ul style="list-style-type: none"> <li>» Sustainable tourism is embedded in the Group as a strategy to drive competitive advantage</li> <li>» Focused energy management to reduce carbon footprint</li> <li>» 100% wastewater treated at our hotels</li> <li>» Zero plastic in Maldives</li> <li>» Education of tourists on sustainable tourism</li> </ul>
Priorities for 2022/2023	<ul style="list-style-type: none"> <li>» Grow our business through targeted promotions to increase tourist arrivals in both traditional and non-traditional source markets</li> <li>» Optimise capacity utilisation on flights and grow market share</li> <li>» Develop outbound tourism</li> <li>» Acquire new agencies for GSA operations</li> </ul>	<ul style="list-style-type: none"> <li>» Retain skilled talent as demand for trained employees increases overseas</li> <li>» Develop talent to meet our needs</li> <li>» Minimise risks of retrenchment for Sri Lanka as country moves through crisis</li> </ul>	<ul style="list-style-type: none"> <li>» Increase occupancy rates at properties</li> <li>» Manage supplies levels and price shocks</li> <li>» Manage working capital cycles, liquidity and funding</li> </ul>	<ul style="list-style-type: none"> <li>» Leverage sustainability as a strategy in growing our business</li> <li>» Focused energy management for emission control</li> <li>» Expand progress in the policy on zero single use plastic at other locations</li> <li>» Continue to engage tourists in sustainable tourism</li> </ul>

# Tourism

		2021/2022	2020/2021	YoY (%)
	Revenue (Rs.Mn)	29,711	6,723	342%
	EBITDA (Rs.Mn)	8,495	(2,088)	>100%
	Profit before tax (Rs.Mn)	2,452	(7,854)	>100%
	Profit after tax (Rs.Mn)	1,436	(7,467)	>100%
	Total Assets (Rs.Mn)	106,554	77,305	38%
	Total Liabilities (Rs.Mn)	79,079	55,919	41%
	Number of employees	3,290	2,904	13%
	Employee female representation	13%	13%	0%
	Employee benefits paid (Rs.Mn)	5,311	3,129	70%
	Training hours per employee	24	14	71%
	Investment in training (Rs.'000)	9,835	116	>100%
	Brand stewardship	6	6	0%
	Number of certifications	34	32	6%
	Number of airline GSA relationships	5	5	0%
	Number of joint venture/equity partnerships	7	7	0%
	Number of suppliers screened on ESG within the year	84	1,200	-96%
	Total energy consumption (GJ)	566,652	194,977	191%
	Total energy consumed from renewable sources (GJ)	6,880	4,697	46%
	Scope 1 emissions (tCO2e)	36,473	9,803	272%
	Scope 2 emissions (tCO2e)	14,099	11,767	20%
	Emissions reduced or offset (tCO2e)	792	426	86%
	Total water withdrawn (m3)	646,692	374,710	73%
	Total volume of water treated for reuse or safe disposal (m3)	520,547	302,297	72%
	Total amount of solid waste kept away from landfills			
	(Tonnes)	1,427	446	>100%
	(Units)	5,942	1,781	>100%
	(Litres, waste oil)	3,285	1,019	>100%
	Total investment in sustainability driven processes (Rs.Mn)	36	28	28%
	Property Plant and Equipment (Rs.Mn)	67,652	53,099	27%
	Investment in manufactured capital (Rs.Mn)	771	782	-1%
	Number of keys owned and managed	2,826	2,840	-

## Value to Stakeholders

### Investors



**Rs. 29.7 Bn** Revenue

**Rs. 2.5 Bn** Profits before tax

### Employees



**Rs. 5.3 Bn** in employee benefits

**78,446 Hours** of training in diverse topics

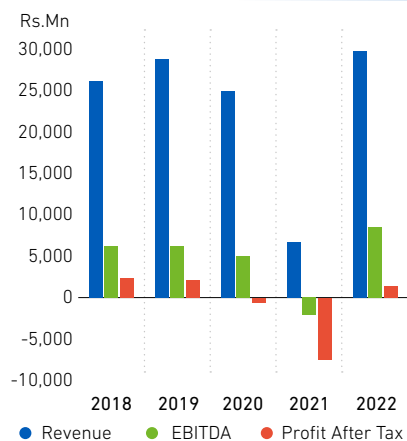
### Customers



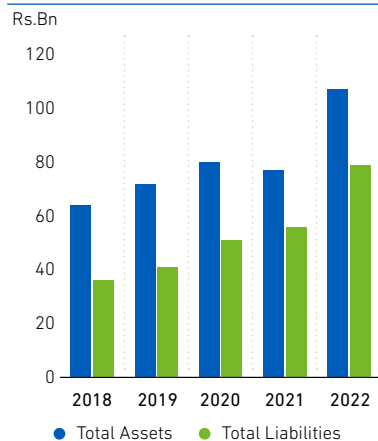
**60,974 Pax** handled

**754,500 Guest nights** in owned or managed hotels

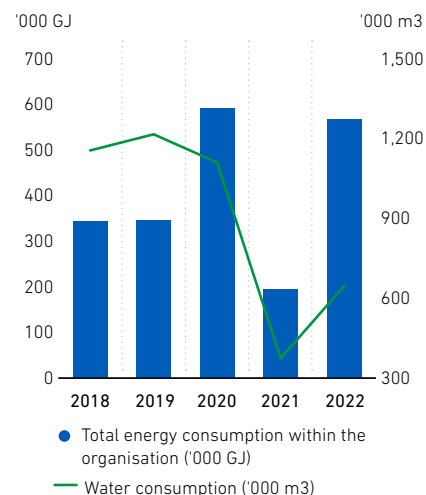
## Profitability



## Stability



## Environmental Impacts



## Performance

The Tourism sector made a strong recovery in the 4th quarter recording pre-tax earnings of Rs.3.2 billion with all segments making an improved contribution as travel restrictions gradually eased with over 70% of the countries opening borders for vaccinated tourists. It is noteworthy that the performance in the fourth quarter was sufficient to recover the losses of the previous three quarters, reflecting the resilience of this sector to make a strong and rapid recovery given the right operating environment.

Majority of the properties reported profits during the year as a result of improved

performance in the fourth quarter. Heritance Aarah completed a full year's operations for the first time since opening while achieving the status of Tripadvisor's Travellers' Choice Best of the Best with 5-star reviews across all criteria.

The five countries where the sector operates showed strong recovery in the fourth quarter as most markets were open by November 2021 and this trend is expected to gather momentum in the future. Lean cost profiles of properties and well-defined standards of service excellence supported the recovery together with the increased occupancy across all locations. Sustainability is well integrated into strategy and processes,

aligning with luxury and elegance through innovative guest experiences offered to the more discerning and socially responsible traveller. The sector continues to maintain management systems for environmental impact control, food safety, quality, occupational health & safety and sustainable tourism to uphold their commitments to globally benchmarked standards of environmental and social governance (ESG).

## Suppliers



**Rs. 20.4 Bn**

Paid to our suppliers and business partners

## Government



Facilitation of foreign exchange earnings **Rs. 5.7 Bn**  
**Rs. 2.9 Bn** Taxes paid (direct & indirect)

## Community



Making progress in the zero single use plastic policy, the Heritance properties replaced plastic bottles with glass bottles



## Alignment to SDGs



### Quality Education

**Targets 4.3, 4.4, 4.6, and 4.7**

- » Investment in training Rs. 9.8 Mn
- » 78,446 Training hours
- » 18 students at the Hotel School
- » 181 persons in the extended supply chain educated on ESG.



### Gender Equality

**Targets 5.1, 5.5 and 5B**

- » Dedicated efforts maintained to increase female representation in the workforce such as dedicated accommodation facilities provided for female employees



### Clean Water and Sanitation

**Targets 6.3, and 6.4**

- » 100% wastewater treated at all properties with this treated wastewater reused to reduce freshwater withdrawal in Sri Lanka and the Maldives.



### Decent Work and Economic Growth

**Targets: 8.4, 8.5, 8.6, 8.8, 8.9, and 8.10**

- » Occupational health and safety maintained as a high priority
- » 11 certified management systems



### Industry, Innovation and Infrastructure

**Targets 9.1 and 9.4**

- » Safari drivers in national parks, tour guides and chauffeur guides trained on ESG
- » Travelife certified tourism operations and hotel properties



### Responsible Consumption and Production

**Targets 12.2, 12.5, 12.6, 12.8 and 12B**

- » Birthplace of the 7R principle, the sector separately managed over 20 different types of waste to ensure safe reuse, recycling or safe disposal



### Climate Action

**(Additional SDG prioritised at Sector level)**

- » 6,879.5 GJ energy consumed from renewable energy
- » 792 tonnes CO2e emissions reduced/ offset



### Life Below Water

**(Additional SDG prioritised at Sector level)**

- » Coral reef restoration projects maintained by the teams in the Maldives
- » Beach cleaning programmes conducted by the coastal hotels in Sri Lanka



### Life on Land

**Targets 15.2 and 15.5**

- » Over 80 ha of green cover maintained in its pristine condition



Destination management was a key driver of growth in the Tourism sector, accounting for significant portion of formal tourist arrivals in Sri Lanka as the segment pursued growth opportunities in both traditional and non-traditional markets. The key strength of this segment has been the global relationships forged over the years which provided access to new markets that became some of the strongest for the country in a short span of time. The foray into domestic tourism has gained traction and supported growth. Aitken Spence Travels became the only travel company to make a profit reflecting the commitment, perseverance, and effectiveness of the team.

Airline GSA operations in Sri Lanka recorded healthy growth supported by increased tonnage and market share in the Singapore Airlines operations as this agency covers both cargo and passenger services. The cargo flight frequency was increased from three in April 2021 to five in May 2021, and to seven by November 2021. Passenger services were also recommenced in November 2021 and the frequency of flights increased to 9 per week by March 2022 reflecting the demand created in the market. The GSA and passenger sales operations in Maldives also had a good year, exceeding expectations as the number of passengers handled increased despite the increased costs of airline tickets. Our services expanded with the commencement of GSA operations of Jazeera and Go First Airlines which will support growth in the year ahead.

## Outlook



As many countries reopen borders post-pandemic and commence welcoming visitors the tourism industry is expected to gather growth momentum in the coming year. Sri Lanka too was poised for growth this year prior to the beginning of the economic and political crisis which has dampened the industry outlook.

However, we are hopeful that the challenges will be resolved shortly, enabling Sri Lanka, a major tourist destination, to recover in the second half of the year. Resolution of the foreign exchange crisis is also vital for the growth of the Airlines GSA business as the settlement delays are posing challenges for this business with

airlines reducing the number of tickets that can be sold from the Colombo station. Moreover, the availability of aviation fuel in Sri Lanka is vital as we need to increase our principals' confidence.

Geopolitics will be a key determinant of the pace of growth, while supply linkages and travel costs also will affect every source market. Additionally, Russia and Ukraine are key source markets for Sri Lanka and Maldives, and the continuing war will have a significant impact on these markets.

Although South Asia's recovery of tourism has been strong at 72%, the Asia Pacific region overall lags all other regions in the recovery and there is significant traction to be gained from tourism within this region itself. China's affluence and the opening of borders in Australia and New Zealand present significant opportunities for tourism as well. We can be cautiously optimistic that the ongoing financial year would see a robust recovery of tourism and leisure in the region.

# Tourism

## Hotels

The segment's operations spans 21 properties in four countries which are owned/operated by Aitken Spence Hotel Holdings PLC, the leading hotel operator with the largest overseas presence based in Sri Lanka. Managing 2,826 keys, this sector offers a myriad of experiences for tourists at some of the most stunning locations in Sri Lanka, Maldives, India and Oman. Famed for its authentic and heartwarming brand of hospitality and excellence in cuisine, the Heritance, Adaaran and Turyaa brands are trend setters in the leisure sector with a passion for excellence in sustainable tourism.

### Our Purpose

To inspire moments of happiness, to create value and make a difference.

#### Sri Lanka

Owns and manages one of the largest room inventories in the country spread across eleven properties with a total room inventory of 1,536

- » Heritance Ahungalla
- » Heritance Ayurveda
- » Heritance Kandalama
- » Heritance Negombo
- » Heritance Tea Factory
- » Turyaa Kalutara
- » Amethyst Resort Passikudah
- » Earl's Regency
- » Earl's Regent
- » Bandarawela Hotel
- » RIU Hotel

#### Maldives

One of the largest operators in the country with five properties with a room inventory of 734

- » Heritance Aarah
- » Adaaran Club Rannalhi
- » Adaaran Select Hudhuranfushi
- » Adaaran Select Meedhupparu
- » Adaaran Prestige Vadoo

#### Oman

Own and operate the Al Falaj Hotel in Muscat, as well as manage three other resorts, with a total room inventory of 416.

- » Al Falaj Hotel
- » Al Wadi Hotel
- » Desert Nights Camp
- » Sur Plaza

#### India

Owns and operates Turyaa Chennai a business hotel located close to the IT hub in Chennai with a total room inventory of 140

- » Turyaa Chennai

## Operating Environment

The operating environment proved to be a challenge for the third consecutive year as the pandemic continued with border restrictions making air travel a cumbersome process. While tourist arrivals and occupancy rates improved, they were well below pre-pandemic levels.

### Sri Lanka

Travel restrictions were in place for most of the year and recovery was slow with tourist arrivals gathering momentum only around November 2021. Tourist arrivals doubled from November

to March, moving up from 44,294 to 106,500 reflecting the rapid growth that is possible. However, the economic and political crisis that unfolded in March 2022 saw travel advisories being issued in key source markets, resulting in cancellations in April, May and June. The resolution of the crisis is a key priority for the tourism sector to recover as debt moratoria given with the Easter Sunday attacks and the onset of the pandemic comes to an end in June 2022. In the absence of strong cash flows resulting from a high level of occupancies, the industry would find debt servicing to be an extremely challenging task.

### Maldives

The Government was a proactive partner in reopening the country for tourism, by easing restrictions to facilitate overseas arrivals to Maldives. Despite the challenges in airline connectivity, tourist arrivals climbed to over 150,000 in March 2022 recording the highest number of visitors to the country in a month since the re-opening of the country in 2020. As one of the most lucrative tourism destinations, Maldives was able to attract high spending visitors even during the pandemic years displaying its resilience to the vagaries of the tourism industry. Competition is expected

to intensify in 2022 as more hotels become operational although an increase in airline seat capacity is likely to make the destination more accessible to visitors. Average occupancy rate improved by 14.4% by the end of the financial year to 69.5% with 54,316 beds in operation out of a total 60,159 registered beds. Maldives also benefits from a longer average duration of stay although it declined marginally from 8.9 days in March 2021 to 8.5 days in March 2022.

### Oman

Oman's vision 2040 supports the diversification of the economy with the tourism sector expected to grow from US\$ 3 billion in 2019 to a US\$ 22.5 billion industry by 2040. Income from tourism is expected to increase to an estimated 10% of the GDP by 2040 from the 2.5% in 2019.

### Key Initiatives Implemented

Growth	Our People	Productivity	People & Planet
» The traditional consumer segment served by the properties declined, forcing the properties to become more innovative in their customer offerings.	» Enhancing employee morale, retention and productivity through performance incentives and enhanced benefits » Cultivating a green workforce of environmentally conscientious Sponsonians.	» Honing on our strength and building strategic partnerships supports our growth and market positioning as the leading hospitality Company.	» Habitats maintained for 19 species of reptiles and amphibians, 64 species of butterflies and dragonflies, 128 species of native flora and 183 species of birds.

The market has seen a surge in competition with international chains entering the country although demand was erratic due to border closures. Opening of borders in September 2021 has seen a gradual increase in tourist arrivals which is an encouraging factor.

### India

Tourism generated USD 194 billion or 6.8% of India's GDP in 2019. The sector is predicted to grow at an annual rate of 6.9% to reach USD 500 billion by 2028 which would amount to an estimated 9.9% of GDP. During the year under review the tourism industry was adversely affected due to the pandemic and produced only marginal numbers which resulted in price competition among the hotels.



# Tourism

## Performance

	2021/2022	2020/2021	YoY (%)
Total assets (Rs. Mn)	99,505.1	73,399.1	35.6%
Total liabilities (Rs. Mn)	74,224.3	53,419.3	38.9%
Emissions, scope 1&2 (tonnesCO2e)	49,990.5	20,137.9	148.2%
Water consumption (m3)	642,838.3	370,296.8	73.6%
Total employees	2,944	2,563	14.9%

The Hotels segment benefited from increased tourist arrivals as border restrictions were gradually removed with the successful roll out of the third dose of the COVID vaccine during the last six month of 2021. The segment performed exceptionally well in the last two quarters of the year, recording a profit compared to the losses recorded in the previous year. The Group's hotels were fully operational, with the overseas properties contributing positively and the Sri Lankan properties showing encouraging signs of recovery. Maldives was a key contributor as the market remained resilient throughout the year supported by increasing demand, airline connectivity and easing of travel restrictions. Al Falaj and Turyaa Chennai operations recorded reductions in operational losses during the year which augurs well for the future potential of

these properties. While Maldives, Oman and India are forecasted to grow in 2022, Sri Lanka's forecasts are uncertain due to the current political and economic situation.

### Sri Lanka

The Sri Lankan hotels segment experienced strong growth from November to March, helping to offset the losses in the first half of the year. All properties except Turyaa Kalutara and RIU hotel reported profits during the year. Refurbishment of our Sri Lankan properties at regular intervals are required to maintain the high quality of service standards set by our brands which have constantly been in line with international standards. However, price escalation in construction materials owing to the devaluation of the Sri Lankan Rupee as

well as import restriction prevailing at present would be a challenge for the segment. Cashflow is also a concern for this capital and labour intensive sector having weathered three consecutive years of repressive market conditions.

### Maldives

Maldives delivered a strong performance with healthy occupancy levels being maintained by all our resorts throughout the year. The occupancy levels achieved during the winter of 2021/22 were a very encouraging sign of the destination reverting to pre-pandemic levels. The Groups' premier offering and the first 'Heritage' branded hotel in the Maldives, Heritage Aarah, was able to record the first full year of operations only this financial year, although it commenced commercial operations in October 2020. This was due to Maldives being closed for international tourists for four months in the previous financial year. This property returned an excellent performance with rave reviews provided by customers on the superior service offering of the property. However, due to the high interest cost on project loans taken for construction, the operational gains achieved by the property are not reflected in the same proportion in the bottom line.

## Value to Stakeholders

### Customers



**Rs. 34.7 Mn**

invested towards maintaining management systems to provide a safe, sustainable guest experience.

### Investors



**17.5%**

appreciation of the Aitken Spence Hotel Holdings PLC share price to end the year at **Rs. 35.50**

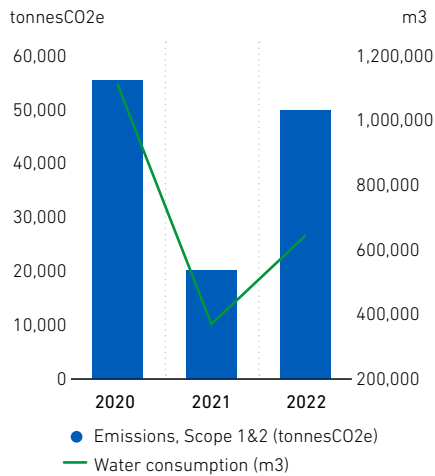
### Suppliers



Partnering with **over 9,500** suppliers.

ESG priorities incorporated into agreements/ contracts of **896** suppliers.

## Environmental Impacts



The Maldivian Village at Heritance Aarah provided guests with insights into the illustrious Maldivian culture and heritage through the unique, immersive experience of the 'Maldives Village'. Additionally, all four properties operate with Travelife- Gold certification affirming our commitment to world class sustainability standards covering social, environmental, and economic aspects.

## Oman

Al Falaj Oman opened the Lords Pub in December 2021 to provide an elite experience to a discerning clientele and were also the caterers for international cricket teams which took part in the T20 World Cup in 2021. In addition, Al Falaj also catered for the Legends cricket event held in Oman. A Holi festival attracted a crowd of over 1000 guests reflecting the appetite for celebrations with the waning of the pandemic. The hotel though recording a much-improved performance compared to the previous year was not yet able to reach the target operational levels for the year due to the delayed opening of borders. Focused refurbishment of the property is also envisaged for the coming year in order for the offering to be more attractive for the discerning international traveller.

## India

Turyaa Chennai recorded encouraging operational performance for the year by achieving higher than expected occupancy levels at a healthy selling price. This bodes well for the future potential of the hotel. The hotel was able to achieve an occupancy of 82% for March 2022 with increased business activity and has earned positive reviews from guests who

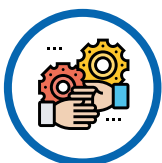
are mainly business travelers. Turyaa Chennai hopes to further capitalise on its location in the IT hub as the major portion of its clientele are business travelers and domestic tourists. The hotel is also targeting greater variety in its food and beverage offering to attract more local patrons to its restaurants.

## ESG in Hotels

Developing talent remains a key priority across all countries, particularly as there was significant volatility in team sizes during the past two years due to the dip in performance of the sector. Use of digital platforms for talent management has been implemented in Maldives and Sri Lanka, learning and development skill matrices, competency frameworks, career development frameworks, individual development plans and management development plans have been put in place for these two key markets and will be rolled out to other markets as well.

Sustainable tourism is at the core of our hotel operations where we have integrated social and environmental aspects with segment's decision making processes and activities for a period of over a decade. This is further affirmed by the awards

## Business Partners



Strategic partnerships that have stood the test of time

## Employees



Employee empowerment programmes.  
Ongoing opportunities for skill development.

## Government



**Rs. 1.9 Bn** Foreign exchange generated to the Country.

# Tourism

received by the segment as we were able to win the top award for the hotel sector in all three annual report competitions held in Sri Lanka reflecting the commitment to ESG reporting and sustainability even during lean years. This is the third year in which we achieved the distinction of winning all three annual report competitions.

Coral replanting, preserving biodiversity of their surroundings, beach cleaning campaigns and educating tourists on sustainable tourism are key areas of interest for this sector with several activities conducted during the year.

## Opportunities



The geographical diversity of the portfolio provided the resilience which enabled the segment to reduce losses in the year. Positive developments in the tourism sector in Maldives has been a key opportunity that we were able to capitalise on by utilising the strength of our resorts portfolio which has a strong brand presence in the atoll. Other opportunities include the plans for developing the tourism sector in Oman which will also increase arrivals in the country supporting growth although the entry of global chains into the market may exert pressure on room rates. Overall, the upside potential is strong for the South Asia and Middle East operations of the Hotels segment. Sri Lanka has significant growth potential but will need to achieve economic and political stability to ensure that the local environment is conducive for tourism.

## Risks



The current economic, energy and political crises in Sri Lanka merge to increase the risk of the destination which deter tourist arrivals. Recent developments have led to cancellations and reduced advanced bookings for the peak Winter season and an early resolution of the matter is critical to restoring market stability. It is essential that suitable steps are taken to ensure the withdrawal of travel advisories to commence promotional activities necessary to woo back the tourists. Supply chain linkages such as airline seat capacity and frequency of flights are also in a state of flux due to the current situation. We are closely monitoring the developments in this regard and ready to shift to a higher gear as soon as they are resolved.



- » The hotels segregate and manage over 20 different types of waste for safe reuse or disposal
- » The coastal properties in Sri Lanka organise weekly beach cleanups to remove dry waste from coastal ecosystems.



- » Over 80 ha of forest cover maintained in its pristine condition, providing habitats for over 200 different types of fauna and flora
- » Teams in Maldives actively work towards marine ecosystem conservation through coral restoration projects



- » Making progress in the zero single use plastic policy, the Heritage properties replaced plastic bottles with glass bottles



- » The segment has appointed a team to implement the Group's action plans towards disaster risk reduction and conducted vulnerability assessments at all properties

## Nurturing Our Capitals

### Financial Capital



Total assets growth 35.6%  
Total liabilities growth 38.9%

### Human Capital



2,944 Employees  
10% Female representation  
69,319 hours invested in training

### Social & Relationship Capital



Partnership with APAD-SL to educate MSMEs in the southern province on opportunities in the post COVID tourism industry  
Rs. 3.8 Mn funds channelled towards community development initiatives





## Certifications

- » 09 Travelife Gold certified hotels
- » 09 ISO22000/ HACCP: 2005 certified hotels for food safety
- » 04 ISO 14001:2015 certified properties
- » 03 LEED certified hotel properties



## Awards

### Oman

- » International Dining Award - 2022 - Japanese Restaurant Booking.com Traveller Review Award 2022

### Sri Lanka

- » Gold Award in Hotel Sector – CA Sri Lanka Annual Report Awards
- » Winner, Hotel Sector - ACCA Sustainability Reporting Awards
- » Winner, Hotel Sector – CMA Integrated Reporting Awards
- » Second among the overall ranking of Most Awarded companies in Sri Lanka and winner in the Hospitality Sector - LMD magazine 2021

- » Heritage Hotels and Resorts ranked No. 1 in Customer Excellence - LMD magazine's list of Customer Excellence Survey in the category of Nationwide Hotels 2021

- » 19 of its 22 hotel properties received the TripAdvisor Travelers' Choice Awards 2021

### Maldives

- » Heritage Aarah
- » Global Winner for 'Best For All Inclusive' - TripAdvisor Travelers' Choice Awards 2021
- » The Best Luxury All-Inclusive Resort, Asia - Luxury Lifestyle Award 2021
- » Top 12 Best All- Inclusive Resorts in The Maldives - Condé Nast Traveller, Middle East 2021

## Outlook

The outlook for the tourism sector globally is positive as border restrictions are being lifted and many governments are focusing attention on rebuilding the sector. Growth in airline seat capacities and an improvement in the travel sentiment are also positive signs that the industry is poised for future growth. Higher inflation will be a concern as it reduces the disposable income of tourists. Our own plans have kicked into high gear in the Maldives with encouraging results and we are also working on driving growth in Oman and India. We are optimistic that the second half of the year will be relatively favourable to enable promotional and marketing activities to revive the tourism sector in the country.

## Natural Capital



100% wastewater treated  
Rs. 34.7 Mn invested on sustainability management processes

## Manufactured Capital



21 properties in four countries  
Room inventory of 2,826

## Intellectual Capital



9 Travelife certified hotel properties  
Over 60 management systems maintained for environmental impact control, food safety, quality, occupational health & safety, and sustainable tourism

# Tourism

## Travels

Aitken Spence Travels is the leading destination management company in the country accounting for over 25% of tourist arrivals of the formal sector. Our partnership with TUI, the world's largest tour operator, has yet again provided greater access to new and traditional source markets through their global networks which proved a catalyst to kickstart the revival of tourism in Sri Lanka. Reputed for the professionalism and attention to detail, this segment maintains its leadership by understanding customer requirements to deliver unique experiences that reflects a deep understanding of the country's offering and potential.

### Operating environment

This was the third consecutive year of negative market sentiments in the tourism industry in Sri Lanka due to the Easter attack in 2019 and the COVID pandemic. Thus, international travel remained stressful for most parts highlighting the requirement to garner new source markets which are less risk averse while adopting safer and hassle-free methods of conducting business operations. Consequently, this task was made more complex as the supply chain linkages needed to be restored. Our relationships with global tour operators including TUI were critical to recovery as they provided insights into concerns had by the source markets and were able to reassure tourists. Local tourism provided another revenue stream, supplementing the low volumes of inbound tourists.

Airline capacity is a critical factor and that needs to be addressed simultaneously with the exploration of new markets. The segment has been a pioneer in introducing new source markets to the country. During the financial year pursuant to the segment's discussions and negotiations with the leading tour operator in Kazakhstan (KZ) Air Astana commenced operations to Sri Lanka and consequently Kazakhstan became one of the top ten source markets for the country. In addition, charter operations from Uzbekistan to Sri Lanka commenced in February 2022 which continued during the winter season 2021-2022.

The political instability and the social unrest seen following the end of the financial year has dampened the international tourist sentiments of Sri Lanka as a destination. Though the significant devaluation of the rupee has made Sri Lanka a more affordable and attractive destination.

## Our Purpose

To provide creative, reliable and flexible customer-oriented travel solutions.



### SDG Commitments



## Value to Stakeholders

### Customers



**60,974** clients handled during the year  
Introduction of new source markets to Sri Lanka

### Business Partners



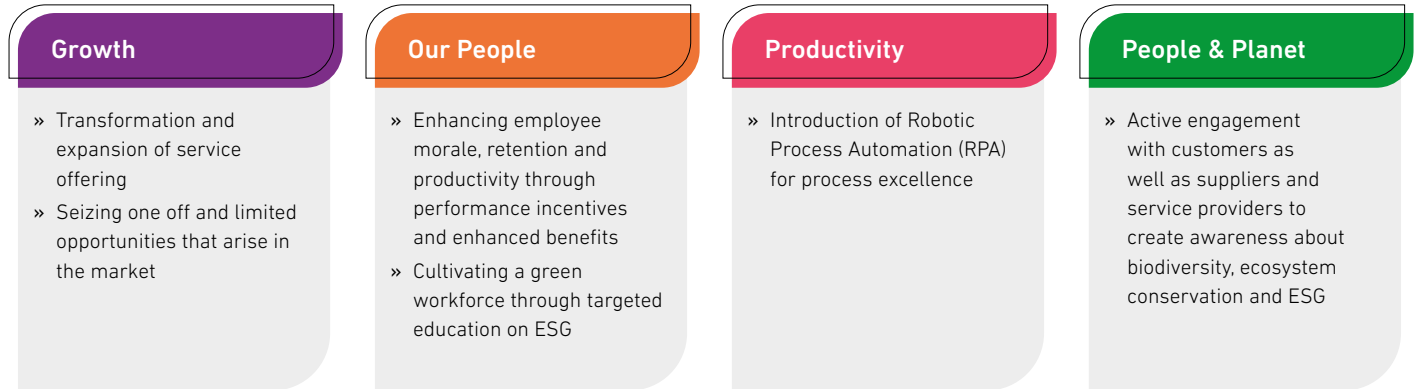
Business development in assigned markets  
Upholding high standards of service

### Employees



**8,801** hours of training

## Key Initiatives Implemented

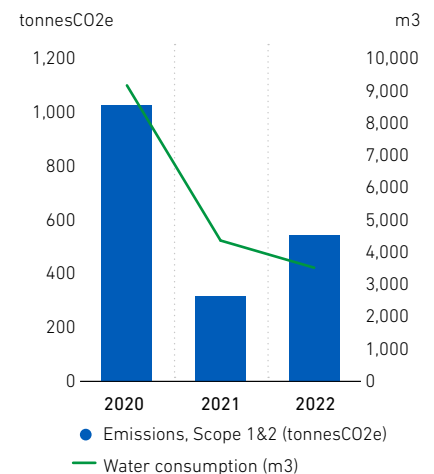


## Performance

	2021/2022	2020/2021	YoY (%)
Total assets (Rs. Mn)	5,058.3	3,489.9	44.9
Total liabilities (Rs. Mn)	3,197.8	1,953.3	63.7
Emissions, scope 1&2 (tonnes CO2e)	544.6	317.2	71.7
Water consumption (m3)	3,520.7	4,362.8	(19.3)
Total employees	272	281	(3.2)

The industry challenges faced by Aitken Spence Travels throughout the previous three years, has enabled the company to greatly enhance the resilience of its operations. While building on the skills set possessed by its experienced and professional employee base who greatly contributed towards the maintenance of its leadership position throughout the difficult period. They successfully introduced Sri Lanka to many untapped source countries. The company has also been mindful of the importance of ensuring high employee morale and has been continuously striving for the holistic well-being of its personnel by introducing many initiatives to preserve job security and work life balance throughout this challenging period. Employee training was continued unhindered,

## Environmental Impacts



### Suppliers



38 Safari drivers in our national parks educated on ESG, bringing the total safari drivers trained over the years to more than 120.

### Government



Facilitated foreign exchange generation of **Rs. 3.8 Bn.**

### The Public & Community



Connectivity to global markets  
**Rs. 1.0 Mn** funds channelled towards community development initiatives

# Tourism

maintaining the high levels of service that our clients have come to expect from us. The use of technology to facilitate remote learning methods greatly assisted this process. Aitken Spence Travels reported a profit before tax compared to a loss reported the previous year. Indicating that the marketing strategies adopted had a positive impact on the profitability reflecting transformational leadership and an agile mindset of the employees, with a determination to excel in the face of adversity.

As a result of health and safety protocols adopted by most countries during the pandemic, only a limited number of source markets operated during the year. However, capitalising on the operations of these limited source markets Aitken Spence Travels worked together with

TUI Kazakhstan and Asia Luxe to operate charters during winter 2021/ 2022. The support of Russian tour operators was also obtained to work together with Sri Lankan Airlines as the airline commence direct flights from Russian destinations. Further, in an initiative to enhance the market penetration of Sri Lanka in Russia, we completed 20 webinars for Russia, CIS & Eastern Europe markets together with Sri Lankan Airlines.

Other initiatives implemented included the following:

- » Promoted quarantine packages for Sri Lankan dual citizens & resident visa holders under the Tourism Travel Bio Bubble concept
- » Promoted transit packages (Quarantine) in Maldives targeting Indian & Pakistani nationals flying to Saudi Arabia

- » Won the bid from ICC to be the Official Travel Agent (OTA) for the T20 cricket world cup held in Dubai and sold over 100 match ticket inclusive packages
- » Established a new source market in Uzbekistan to generate packs from February to April 2022 and make use of the Mattala Airport

Our commitment to sustainability continued with the education of tourists on sustainable tourism and working with guides to ease congestion in popular nature hotspots. Our team implemented Spence Haritha Mithuru, a series of monthly webinars to enthuse school children on biodiversity conservation with digital certificates awarded to those participating.



## Nurturing Our Capitals

### Financial Capital



Total assets growth 44.9%  
Total liabilities growth 63.7%

### Human Capital



Number of Employees 272  
Training programmes conducted virtually throughout the year

### Social & Relationship Capital



Longstanding partnership with one of the world's largest destination management companies.  
Connectivity to new source markets.

## Opportunities



Due to the pandemic, our team required to be digitally enabled to maintain relationships with tour operators and to provide remote customer service. The digital platforms already in place and the investments made over the years to enhance the company's digital presence has provided a significant competitive advantage, while the company will continue to focus on the development of its digitalisation capabilities.

Sri Lanka has become a more attractive destination with the depreciation of the rupee, which the company hopes to capitalise on. Sri Lanka's natural and cultural heritage had historically placed the country at the top of influential travel books, and it must be revived with decisive action to increase tourist arrivals to the country.

## Risks



A number of high generating source markets have issued travel advisories as a result of the country's economic and political crisis, discouraging travelers in visiting Sri Lanka at a vital stage in the industry's recovery. As a labour-intensive industry that creates jobs and earns foreign exchange, addressing the impediments to recovery is a national priority. It is vital to do so to ensure that supply chain linkages are restored with all possible speed to ease the barriers to travel.

## Outlook

Globally, we see the opening of borders and hope that the pandemic has reached endemicity, with travel sentiments gaining positive momentum. However, the cost of air travel has increased considerably together with inflation making international travel expensive for many. There are trends observed for regional travel. In view of this, Sri Lanka's strategic location would be a plus as there are large markets with affluent young tourists within the region. However, the outlook at present is uncertain with internal matters deterring tourists from coming due to the travel advisories issued. Resolution of these is fundamental for the growth of this stressed industry which is vital for the inflow of foreign exchange to the country.

Aitken Spence Travels has continued to remain profitable and managed liquidity since 2019 adopting a cautious but a practical approach to overcome the challenge. We are prepared to seize the opportunities that arise in the present circumstances and ready to shift focus to medium to long term plans on resolution of the current crisis.

### Natural Capital



Total emissions 544.6 (tonnesCO2e)  
Water consumption 3,520.7 (m3)

### Manufactured Capital



Motor Cars, coaches and buses utilised for passenger transport is Rs. 411.9 Mn

### Intellectual Capital



Obtained ISO 45001 becoming the only DMC to obtain this in the country

# Tourism

## Airline GSA

The airline GSA operations now cover the Singapore Airlines, Jazeera Airlines and Go First GSAs in Sri Lanka and the Sri Lankan Airlines GSA in Maldives. As Singapore Airline's oldest GSA, we have maintained the highest standards expected from an agent of one of the most prestigious airlines in the world for five decades. Our reputation has enabled the expansion of the portfolio as we added Jazeera and Go First Airlines. This segment is poised for growth as the airline industry ramps up its operations as borders open up and the demand for travel increases.

### Operating environment

2021 continued to be a challenging year due to the prolonged duration of the pandemic. However, the first quarter of 2022 has seen positive signs supporting a recovery in global tourism. This is evidenced by the number of countries with no restrictions increasing from 8 as at 14th March 2022 to 24 by 29th April 2022. Further, airline seat capacity has improved albeit remaining below 2019 levels. The airline reservations too still remain below 2019 levels, indicating the difficult journey yet ahead to recovery to pre-pandemic levels.

Air fares increased as airlines struggled with increasing operational costs and losses as capacity utilisation remained mostly below breakeven levels. Passenger flights of Singapore airlines out of Colombo, commenced in November 2021 and have increased as pandemic concerns waned. Unprecedented volatility in foreign exchange rates remain a key concern with GSAs issuing tickets immediately due to inability to hold prices in contrast to previous practice of issuing tickets at a later date.

Load factors and yields have been high as a number of airlines are yet to resume passenger flights to Sri Lanka while others that have commenced are yet to move to higher frequencies of flights.

## Our Purpose

To enhance our customers' experiences through service excellence in partnership with the airlines that we represent.



### SDG Commitments



## Meeting Stakeholder Expectations

### Customers



Over **400** flights handled in Sri Lanka during the year

Over **800** flights handled in the Maldives during the year

### Business Partners



Facilitation and maintenance of uninterrupted business operations and lifestyles

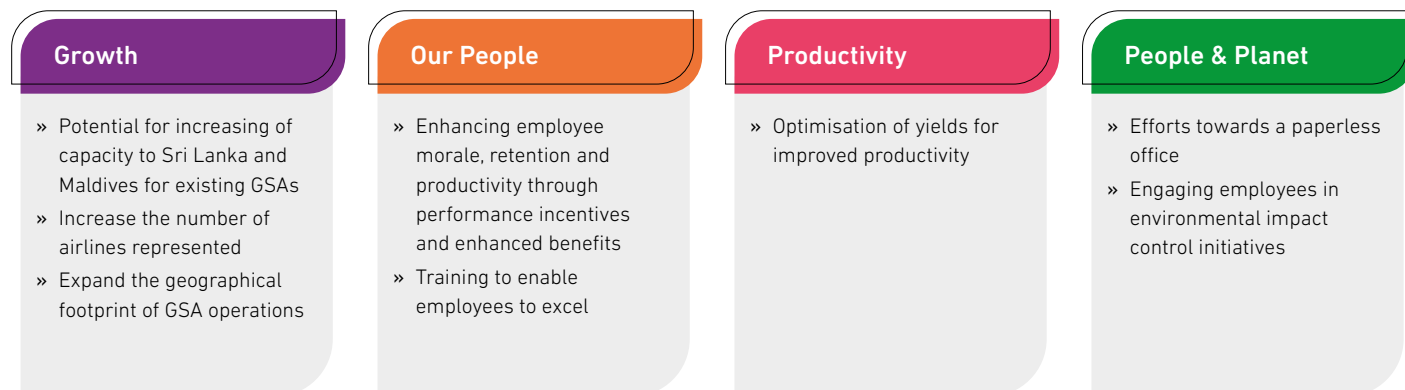
### Employees



**11** new jobs created  
Employee empowerment programmes



## Key Initiatives Implemented

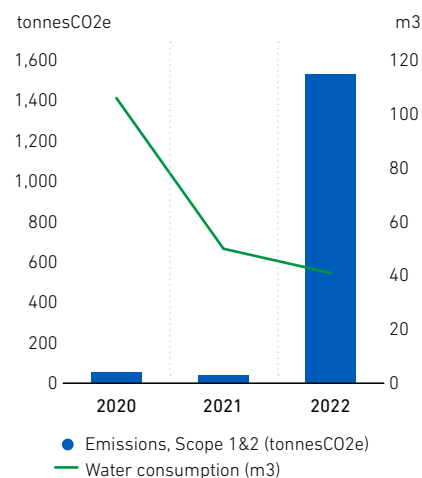


## Performance

	2021/2022	2020/2021	YoY (%)
Total assets (Rs. Mn)	1,990.8	416.1	378.4
Total liabilities (Rs. Mn)	1,656.4	546.4	203.1
Emissions, scope 1&2 (tonnes CO2e)	1,529.8	39.3	3,791.7
Water consumption (m3)	40.6	50.3	(19.3)
Total employees	74	60	23

The Airline GSA segment capitalised on the current trending markets supported by rigorous market surveillance to maintain its competitive edge. In cargo, we strived to maintain a well-balanced mix between perishables and non-perishables as well as a favourable destination mix, capturing new areas of business. Competitive rates were critical to enlarge our client base and maintain the necessary variety of customers to facilitate the optimum product mix. We sold aggressively to our strongholds in East Asia, North Asia and Southwest Pacific, capitalising on the connectivity of Singapore Airlines. SIA Cargo achieved a historic milestone recording the highest monthly and annual cargo revenue in 50 years of operations driven by a triple digit growth in tonnage over the previous year coupled with a corresponding annual growth in revenue. The achievement

## Environmental Impacts



### Government



Facilitating tourism to Sri Lanka and the Maldives

### The Public & Community



Environmental impact control benchmarks maintained

# Tourism

is commendable as flights were operated only 5 times a week for the first 8 months and daily flights for the remaining 4 months which have now been increased to 9 times a week.

The Sri Lanka SIA station has done well despite the continuing challenges associated with international travel due to health and safety precautions necessitated by the pandemic. The business is bouncing back effectively with increased revenues and passenger numbers which have supported the increased frequency of flights which now stands at almost 97% of pre COVID operations. Commencing 29th March 2022 SIA has introduced 2 daytime flights to their weekly schedule.

In the Maldives, the Sri Lankan Airlines GSA had a healthy performance, buoyed by the recovery of tourism in the Maldives. At the Maldives station we were able to capture a greater market share by offering a greater choice to customers through innovative product strategies. Additionally, the repatriation of expat employees during the pandemic period which also involved chartering of flights, supported earnings growth.



Increased  
Singapore Airline flights from  
**7 per week in November 2021**  
to **9 per week in March 2022**



## Nurturing Our Capitals

### Financial Capital



Total Assets Growth 378.4%  
Total Liabilities Growth 203.1%

### Human Capital



Number of Employees 74  
Female representation 55%

### Social & Relationship Capital



50 years relationship with  
Singapore Airlines  
New relationships with Jazeera, Go First

## Opportunities



Global air cargo capacity was limited which presented an opportunity for growth and we were able to fill the lacuna in the market. SIA as a carrier was active in the market and Singapore as a hub remained active and operational even during the critical times, supporting growth. There were also new and emerging market opportunities including the transport of personal protective equipment and e-commerce. Overall, the delays experienced in the production runs due to problems faced from the pandemic, also increased demand for airline cargo with the clearing backlogs creating opportunities for operation of charter and PACC (passenger aircraft carrying cargo only) flights.

## Risks



The downside threats include the adverse effects of the foreign exchange liquidity crisis in Sri Lanka which delays principal payments. The gradual increase in capacity and network expansion as the world moves towards normalcy will also change the market dynamics with airlines having to innovate to capture or maintain market share. The current local economic outlook and the devaluation of the rupee is also likely to deter overseas travel due to affordability issues.

## Outlook

The experience of the team and the mature processes in place support the effective operations of the GSA business. The disruption in the travel trade resulting from the pandemic has also paved the way to capture accounts with potential for growth, expanding our GSA relationships. Capacity is expected to increase with improved frequency of flights which will support volume growth although load factors will need to be managed carefully to ensure profitability. While repatriation of fees to principals is a concern, we believe that these issues will be resolved during the year, supporting a return to economic growth. While we expect challenges ahead, we believe that we can steer through this crisis as well with the support of our key stakeholders.

### Natural Capital



Total emissions 1,529.8 t CO<sub>2</sub>e  
Water consumption 40.6 m<sup>3</sup>

### Intellectual Capital



Tacit knowledge of a skilled team  
Total of training hours of 326

# Maritime & Freight Logistics

The Maritime & Freight Logistics sector which provides an extensive range of maritime and logistics services across the value chain, continued to serve customers with supply chain resilience amidst volatility, by offering agile and reliable integrated solutions in a cost-effective and efficient manner. The sector recorded exceptional results during the year recording a profit before tax growth of 92.1% and contributing to 34.7% of Group's profits.



**1,641**

Total Employed



**Rs. 1.2 Bn**

Taxes paid



**Rs. 4.0 Bn**

Facilitated Foreign currency generation to the country





**Rs. 19.8 Bn**

Revenue



**Rs. 4.9 Bn**

Profit Before Tax



**Rs. 30.0 Bn**

Total Assets

### Port and Liner Services

Shipping agents to leading container carriers, passenger cruise vessels, car carriers, petroleum tankers and casual callers. Equity investment and management of international port operations in Fiji and Mozambique.

### Freight Forwarding, Courier & Airline GSA

Air and sea freight operations in Sri Lanka, Maldives, Bangladesh, and Representatives for international delivery networks and general sales agents for air cargo services for international airlines.

### Integrated Container Services

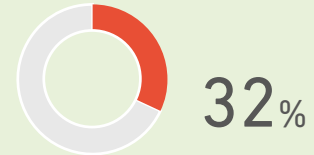
A pioneer in the field, the segment is one of the leading integrated container service providers in Sri Lanka maintaining global standards in transporting, warehousing and value-added services.

### Education

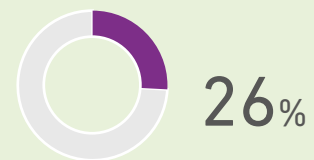
CINEC Campus is the most diversified private higher education institution in Sri Lanka, offering courses in many disciplines ranging from vocational training to postgraduate degree programmes

### Relevance to Group

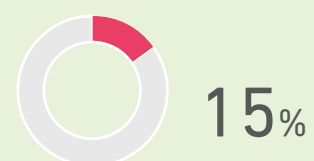
#### Revenue



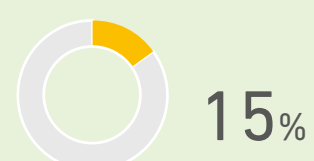
#### Operating Profit



#### Group Assets



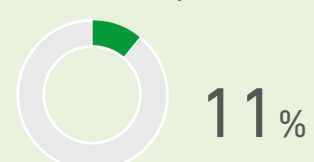
#### Group Liabilities



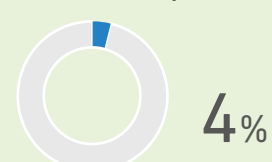
#### Employees



#### Emissions, Scope 1&2



#### Water Consumption





# Maritime & Freight Logistics



## Port and Liner Services

Aitken Spence is the first Sri Lankan company to undertake port efficiency enhancement management services overseas with its entry to the African continent and subsequently to the South Pacific. The company handles all areas of maritime services – from shipping and cargo handling services to liner agency, cruise vessels, port management and development and chartering services.



## Freight Forwarding Courier & Airline GSA

Aitken Spence Freight is a pioneer in the freight forwarding industry in Sri Lanka. In addition to carrying out our air and sea freight operations, we also represent key international networks and are the general sales agents for air cargo services for international airlines in the regions in which we operate.



## Integrated Container Services

Aitken Spence Logistics is a leading integrated container services provider in Sri Lanka. Having introduced Distripark concept to Sri Lanka, is today the market leader for container freight station (CFS) and mobile storage solutions while our depot operations, transport, warehousing and special operations are ranked amongst the top in the industry.



## Education

CINEC Campus is a leading higher educational institution in Sri Lanka offering undergraduate, vocational training to postgraduate degree programs in a range of disciplines. It is also the leading maritime academy in Sri Lanka.

## Value to Stakeholders

### Investors



**92.1%**

Increase in sector profits  
Rs. 1.6 Bn in dividends paid

### Employees



**Rs. 1.8 Bn**

in employee benefits  
**8,039** training hours

### Suppliers



**Rs. 19.8 Bn**

Payments to suppliers  
Introduction of innovative logistics  
and supply chain solutions



## Strengths

- » Well established player in all segments within the sector
- » Reputed as an ethical business partner
- » Strong global presence through diversified investment portfolio and global branch network
- » Strong partnerships with global networks, leading global shipping and airlines and freight forwarding brands
- » Early mover advantage in overseas locations
- » Cost leadership

## Weaknesses

- » Sensitivity to global cost escalations
- » Skilled labour shortages
- » Challenges in the retention of skilled employees
- » Need to enhance the value chain through better optimisation of the resources

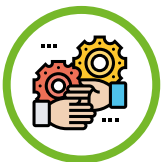
## Opportunities

- » Growth opportunities in regional markets due to growing population and increase in trade volumes
- » Growth due to gradual recovery of economies in the post-Covid environment
- » Disruptions caused by the pandemic have created new opportunities for supply chain logistics

## Threats

- » Slowdown in global growth and trade
- » Macro-economic challenges and political uncertainty in the domestic market
- » Network changes in shipping and airline industries
- » Policy inconsistency
- » Low ease of doing business; Logistics Performance index
- » High levels of labour migration

## Business Partners



**Rs. 16.7 Bn**

Total direct value added services to our business partners  
Empowering youth through education

## Government



Foreign exchange earnings facilitated

**Rs. 4.0 Bn**

Total taxes paid **Rs. 1.2 Bn**

## Community



Partnership with the hotels segment to contribute towards keeping our beaches clean

Rooftop solar energy is generated to help the company achieve net zero energy.

# Maritime & Freight Logistics

## Operating Environment

### Global Trade 2021

Global merchandise trade is estimated to have grown by 10.8% in 2021, following the 5.6% contraction in 2020. The growth was driven by strong commodity prices, subsiding pandemic restrictions and a strong recovery in demand due to economic stimulus packages. The strong recovery in demand along with supply chain disruptions particularly along the east to west shipping routes, port congestion, COVID lockdowns, longer dwell times in ports, ship berthing delays especially in ports of western countries and container equipment shortages led to a sharp increase in freight rates.



**6.5% (YoY)**

Increase in container throughput at the top 30 international ports



**10.8%**

Estimated growth in global merchandise trade



**18.7% (YoY)**

11.4% Increase in April in demand for air cargo



Passenger traffic worldwide has recovered although 49% below pre-pandemic (2019) levels

### Sri Lanka



The Colombo Port saw a volume increase of 5.8% in 2021 compared to 2020 with transshipment volumes growing by 4.9% to 6.05 million TEUs during the year. Meanwhile disruptions due to COVID-19, several maritime catastrophes and an increase in blank sailings resulted in continued delays and surges in demand for periphery businesses such as inland Container terminals and transport services.



### Bangladesh

The Bangladesh freight and logistics market is highly competitive with a strong presence of major international players and local operators. Exports and imports continued to grow in spite of increased freight rates, COVID impact and congestions in the port sector. Manufacturing in Bangladesh continued unabated and thus, the freight and logistics industry witnessed an increase in volumes over the past few years.



### Maldives

Operations picked up steadily as the country opened up for tourists as early as July 2020 and have remained buoyant throughout 2021.

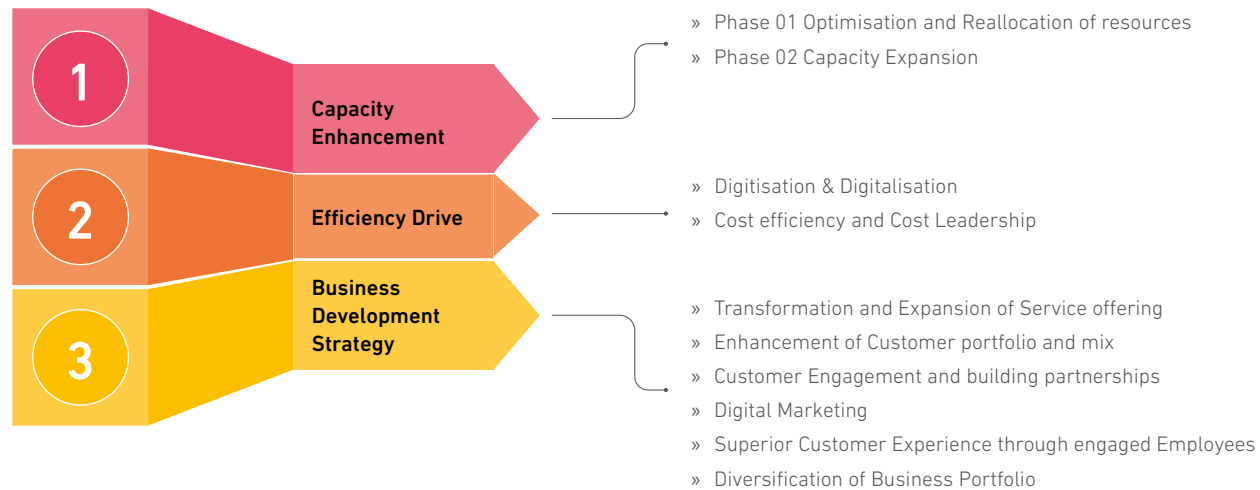


### Fiji

Cargo volumes which were significantly impacted by the COVID-19 pandemic witnessed a gradual pick up in 2021 with the resumption of economic activity and an impressive GDP growth of 5% in 2021. The ports operated without any stoppages during the pandemic which ensured the movement of cargo into and out of Fiji without any interruptions.

## Strategy

As global supply chains continued to be impacted by the global pandemic, we carried out an in-depth assessment of our customer needs to gain insights on a rapidly evolving operating environment. Based on the findings, a three-pronged strategy was developed to address sporadic surges in demand, shifting market dynamics, changing customer requirements and manpower challenges arising due to the impact of COVID-19 on global supply chains.



## Strategy

	Growth	Employees	Profitability	People and Planet
Material Matters	<ul style="list-style-type: none"> <li>Financial Sustainability</li> <li>Economic Performance</li> <li>Economic Value Creation</li> <li>Stakeholder Sustainability - Indirect economic value creation</li> </ul>	<ul style="list-style-type: none"> <li>Talent Management</li> <li>Employee Welfare</li> <li>Stakeholder Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Financial Sustainability</li> <li>Economic Performance</li> </ul>	<ul style="list-style-type: none"> <li>Solid Waste Management</li> <li>Water Consumption</li> <li>Energy Management</li> <li>Effective Resource Use</li> <li>Emission Control</li> </ul>
Capitals Employed	<ul style="list-style-type: none"> <li>» Capacity Enhancement –</li> <li>» Phase 1 Resource Optimisation and reallocation</li> <li>» Phase 2 Capacity Expansion</li> <li>» Business Development</li> </ul>	<ul style="list-style-type: none"> <li>» Employee Engagement</li> <li>» Training and Development</li> </ul>	<ul style="list-style-type: none"> <li>» Efficiency Drive for cost leadership</li> <li>» Digitisation Drive</li> </ul>	<ul style="list-style-type: none"> <li>» Increase female representation in the workforce</li> <li>» Reduce the environmental footprint of the Sector</li> </ul>

# Maritime & Freight Logistics

## Strategy

	Growth	Employees	Profitability	People and Planet
Progress in 2021/2022	<p><b>Resource Optimisation and reallocation</b></p> <ul style="list-style-type: none"> <li>» Implementing smart employee shift systems</li> <li>» Expanding warehouse capacities through added racking systems</li> <li>» Optimisation of round-trip transportation between Port of Colombo and inland container terminals.</li> </ul> <p><b>Capacity expansion</b></p> <ul style="list-style-type: none"> <li>» Commencement of the expansion plan for a fully-fledged container freight station of 100,000 sqft</li> <li>» Expansion of inland container terminal capacity with the construction of Depot 3 in Welisara</li> <li>» Expansion of reefer and general-purpose container fleet</li> <li>» Creation of a cross sector business development team to drive 360-degree market activation program. The programme aims to consolidate supply chain solutions provided by each segment and drive an aggressive Through- the- Line marketing campaign for our integrated supply chain solutions</li> <li>» Unveiling of our tagline "ACE IT TODAY WITH AITKEN SPENCE" and providing supply chain resilience to our customers</li> <li>» Enhancement of customer portfolio and entry into new markets</li> <li>» Commencement of bunkering operations with a successful entry to an oligopoly market; in line with the diversification strategy</li> <li>» Obtained approval for multi country consolidation (MCC) operations within and outside the Port</li> </ul>	<p><b>Engagement</b></p> <ul style="list-style-type: none"> <li>» Enhancing a culture of integrated service offering across the Sector</li> <li>» Building a performance conducive cohesive team</li> <li>» Implementation of Semi Virtual Mobility programme</li> <li>» Recognition of employee contribution through Sponsonian Heroes program</li> <li>» Ongoing employee engagement programmes such as "Sponsonian Splendour" "BreakTheBias" "Sponsonian New Bee Induction Program"</li> </ul> <p><b>Training and Development</b></p> <ul style="list-style-type: none"> <li>» Soft skills and technical skills enhancement programmes</li> </ul>	<p><b>Efficiency drive</b></p> <ul style="list-style-type: none"> <li>» Restructuring and rightsizing of freight segment</li> <li>» Review of cash conversion cycle, Credit policy and credit management to address working capital challenges</li> <li>» Establishment of cross-functional teams to drive process re-engineering and digitisation initiatives</li> <li>» Adoption of plug and play workstations and workstation hub concepts under the new HR architecture.</li> <li>» Customer rationalisation to manage yield</li> </ul> <p><b>Digitisation initiatives</b></p> <ul style="list-style-type: none"> <li>» Introduction of RPA (Robotic Process Automation) technology in multiple segments for process excellence</li> <li>» Implementation "E-pouch" "E- Delivery Order", Real-time tracking and tracing, Digital Document flow and fund transfer</li> <li>» •Automation of data capturing and real time updates of stakeholder systems</li> </ul>	<ul style="list-style-type: none"> <li>» The sector maintains occupational health and safety systems aligned to global best practices with two operations seeking the ISO45001:2018 certification as well</li> <li>» The sector also maintained management systems to ensure environmental impact control. Six operations within the sector are ISO 14001:2015 certified</li> <li>» Gender diversity initiatives to drive greater inclusivity in the workplace</li> <li>» Launch of 'Corporate Ocean Responsibility' initiative aimed at protecting life below water (UN SDG 14) as part of which the sector partnered with Aitken Spence Hotels to set up plastic reclaim bins at our beaches.</li> </ul>



## Alignment to SDGs



### Decent Work and Economic Growth<sup>1</sup>

Targets 8.4, 8.5, 8.6, 8.8, 8.9 and 8.10

- » Segments within the sector educated on disaster risk reduction (DRR and business continuity planning (BCP) frameworks.



### Industry, Innovation and Infrastructure

Targets 9.1 and 9.4

- » Operations in Sri Lanka assessed on vulnerability to natural and manmade disasters
- » 21 management systems maintained for social and environmental impact control aligned to global benchmarks out of which 14 are certified.



### Quality Education

Targets 4.3, 4.4, 4.6, and 4.7

- » 15,893 students registered during the year at CINEC



### Gender Equality

Targets 5.1, 5.5 and 5B

- » 33% female students in total registrations at CINEC



### Responsible Consumption and Production

Targets 12.2, 12.5, 12.6, 12.8 and 12.b

- » At operational level, follows the 7R principle to responsibly dispose all waste.
- » Total solid waste responsibly disposed include 2,162.3 tonnes and 1,238.0 units of waste
- » The integrated container services segment generated 664 GJ of energy during the year from solar energy



### Life Below Water

(Additional SDG Prioritised at sector level)

- » Partnering with Aitken Spence Hotels, the Sector set up waste bins along our coastal properties to support the 5th R in the 7R Principle which is to enable the process of 'Reclaiming' materials to achieve zero waste dumping to landfills or the environment

# Maritime & Freight Logistics



## Performance

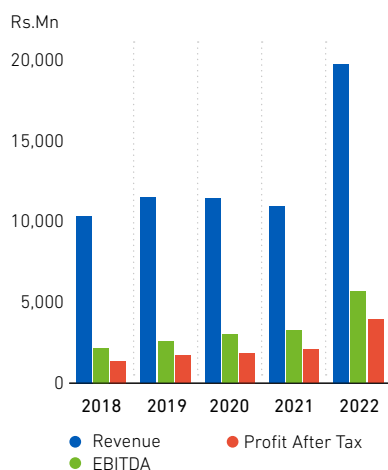
The sector performed exceptionally well during the year, recording the best ever results amidst challenging times. Revenue growth of 80.4% and profit growth of 92.1% with all strategic business units showing exceptional performance during the year and consistently contributing to the Group results.

The liner segment recorded superlative results in spite of the supply chain volatility in both upstream and downstream movements. Further restrictions on imports and the foreign exchange crisis in the country exacerbated the challenges, as shipping lines were

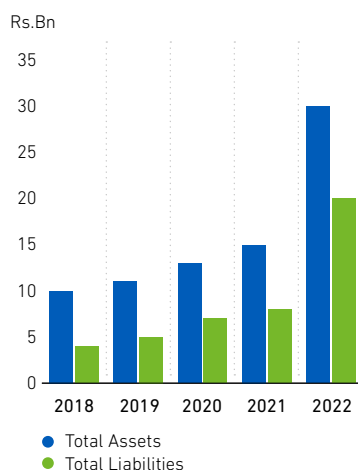
unable to convert the freight collected in the local currency to USD for the purpose of remitting to principals. Meanwhile space restrictions on shipping lines, delays in transshipment connections and longer transit times continued to challenge the segment. Our overseas port operations in Fiji recorded good profits due to increase in the volume throughput and increased number of sailings calling at Fiji resulting in better service opportunities to customers which yielded a higher profitability. The increase in container volumes was brought about by the gradual recovery and growth of the Fijian economy.

The freight forwarding and courier operation in Sri Lanka recorded a complete turnaround and achieved a substantial revenue growth of over 100%. Despite export cargo volumes being impacted by space restrictions imposed by shipping lines and airlines and import volumes being impacted by the ongoing foreign exchange crisis, the freight segment grew exponentially. This growth was fuelled by an increase in the volume share and high freight rates that prevailed in the market. The global networks represented by the segment continued with outstanding contribution in Sri Lanka and the regional offices in Bangladesh and Maldives which performed exceptionally

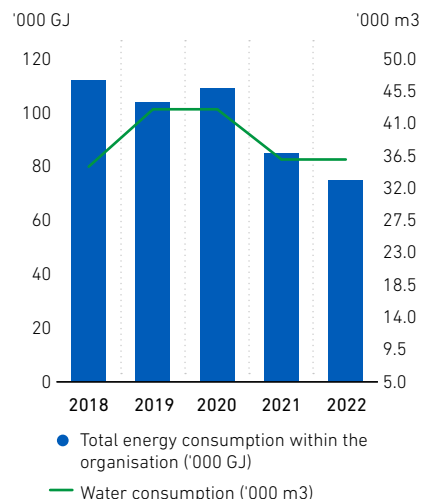
## Profitability








## Stability



## Environmental Impacts





		2021/2022	2020/2021	YoY (%)
	Revenue (Rs.Mn)	19,771	10,957	80%
	EBITDA (Rs.Mn)	5,688	3,274	74%
	Profit before tax (Rs.Mn)	4,933	2,567	92%
	Profit after tax (Rs.Mn)	3,954	2,083	90%
	Total Assets (Rs.Mn)	29,977	15,480	94%
	Total Liabilities (Rs.Mn)	19,739	8,086	144%
	Number of employees	1,641	1,658	-1%
	Employee female representation	17%	17%	0%
	Employee benefits paid (Rs.Mn)	1,829	1,565	17%
	Training hours per employee	5	3	7%
	Investment in Training (Rs '000)	1,020	4,599	-78%
	Number of student registrations at CINEC	15,893	14,801	7%
	Brand stewardship	4	4	0%
	Number of certifications	14	14	0%
	Number of joint venture/equity partnerships	10	9	11%
	Number of suppliers screened on ESG within the year	402	300	34%
	Total energy consumption (GJ)	74,848	84,813	-12%
	Renewable energy generated (GJ)	664	522	27%
	Scope 1 emissions (tCO2e) <i>Note - part of the increase in emissions is attributed to the inclusion of fugitive emissions from 2021/22</i>	7,070	4,867	45%
	Scope 2 emissions (tCO2e)	2,996	3,076	-3%
	Emissions reduced or offset (tCO2e)	131	108	21%
	Total water withdrawn (m3)	35,798	36,232	-1%
	Total volume of water treated for reuse or safe disposal (m3)	6,336	6,336	0%
	Total amount of solid waste kept away from landfills (Tonnes)	2,162	2,166	0%
	(Units)	1,238	2,391	-48%
	Total amount of effluents safely disposed (Litres)	6,019	30	
	Total investment in sustainability driven processes (Rs.Mn)	2	1	100%
	Property Plant and Equipment (Rs.Mn)	6,205	5,829	6%
	Investment in manufactured capital (Rs.Mn)	278	67	315%
	Total warehouse space (sqft)	400,833	406,250	-1%

## Maritime & Freight Logistics

well due to focused drive and efforts towards new business.

Qatar Cargo GSA also had a good year, maintaining a solid market share and performing exceptionally well. The express and courier services segment representing DPD/DTDC and Asendia in Sri Lanka witnessed an improved performance in 2021, with a promising revenue growth.

The integrated container segment maintained its market leadership position during the year. All business

lines including Container Freight Station (CFS), Mobile Storage Solutions, depot operations, transport, warehousing and special operations contributed positively to segment results. With the expansion of the reefer and container fleet, the segment enhanced its business proposition by catering to an expanded customer portfolio. The inland container operations grew its customer base with a focused marketing effort and by enhancing the product offering.

The education segment contributed positively to sector performance during the year. A rapid transition to virtual mediums enabled educational activities at CINEC Campus to continue uninterrupted despite disruptions during the year. During the year the CINEC Campus acquired the majority stake at Mercantile Seamen Training Institute further strengthening its offering in the maritime training sector.



## Outlook



The gradual recovery in global growth, trade and passenger traffic is expected to bode well for the sector's prospects in FY 2022/23, although supply chain disruptions and domestic economic and political developments remain key concerns going forward. Freight rates are expected to remain high globally with demand for space outweighing supply on all trade lanes. Space constraints, void vessel calls and cargo roll-overs due to supply chain disruptions however are expected to challenge the segment. Meanwhile, domestic conditions such as the foreign exchange crisis, import controls and rising fuel costs are also likely to negatively impact the segment in the short term. Given the constraints on ocean freight, we see significant growth potential for airfreight and hope that airlines would take necessary steps to increase flight frequencies. We will also continue to explore opportunities in niche market segments of export commodities to drive growth while focusing on better credit management to maintain profitability. Overseas freight

operations in Bangladesh and Maldives, meanwhile are poised for growth with the anticipated volume growth, although margins may reduce with the anticipated stabilisation of freight rates. Port operations in Fiji too are expected to perform well during the year with the expected growth in cargo volumes and the resumption of cruise vessels calling to port and the influx of tourists with the lifting of travel restrictions.

As supply chains continue to be disrupted both locally and globally, we will strive to offer customers innovative logistics solutions and have in place a well-planned strategy to expand the capacity of our logistics operations. The segment will see the addition of a new 100,000 sqft. container freight station and an expansion of the prime mover fleet. We will also recommence our multi-country consolidation operations while expanding the capacity of our special projects division. Meanwhile, we will extend robotic process automation to our depot operations to drive greater efficiencies.

The recent acquisition of Mercantile Seamen Training Institute by CINEC Campus has further strengthened our offering in the maritime education field and we are confident that this segment will continue to perform well due to an increased demand for globally recognised higher education qualifications.



# Strategic Investments

Comprising the Group's Strategic Investments in vital sectors of the economy, this sector represents Group operations in the power generation, plantations, printing and packaging and apparel manufacture segments. These respective segments are acknowledged leaders in their field of operation with consistent investments and agile strategy underpinning growth. These segments provide vital inputs for the export industry of Sri Lanka contributing immensely towards economic growth as well as sustaining the foreign exchange reserve base of the country.



**7,410**

Total Employed



**Rs. 120.7 Mn**

Taxes paid



**Rs. 4.5 Bn**

Facilitated Foreign currency  
generation to the country





**Rs. 10.9 Bn**

Revenue



**Rs. 6.1 Bn**

Profit Before Tax



**Rs. 57.9 Bn**

Total Assets

### Printing

A leading player in the value-added printing and packaging sector of the country.

### Plantations

A leading regional plantation company pursuing a diversification strategy with sustainability at its core.

### Apparel

Specialising in kids wear woven products, apparel segment pursues a focused strategy with world renowned partners for growth.

### Power

A leading player in the country's power generation sector with a diversified portfolio of investments pursuing growth through investments in renewable energy.

### Relevance to Group

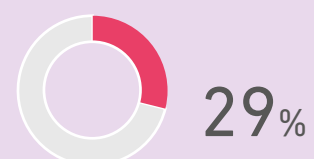
#### Revenue



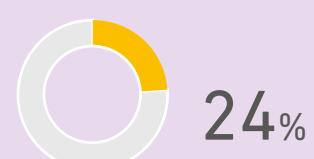
#### Operating Profit



#### Group Assets



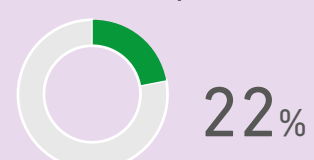
#### Group Liabilities



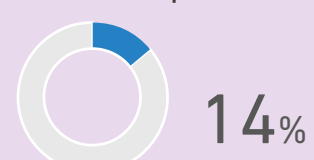
#### Employees



#### Emissions, Scope 1&2



#### Water Consumption



# Strategic Investments



## Printing and Packaging

One Factory

Technology: Offset and Digital

### Market Overview:

The manufacture of paper products, printing and reproduction of media products sector recorded growth of 11.6% in 2021 after a contraction of 3.8% in 2020 reflecting the resurgence of economic activity. It is noteworthy that growth was achieved despite the exponential increase in raw material prices which was exacerbated by foreign exchange volatility and increased freight rates. Supply chain issues, import restrictions and foreign exchange liquidity posed further challenges during the year. These remain concerns as we move into the next financial year.



## Plantations

Estates: 13 and 17 Factories

Strategic Crops: Tea, Rubber, Oil Palm, Contemporary crops introduced: Strawberries, Raspberries, Black berries

Non-Agri Business: Hydro power

### Market Overview:

Favourable weather patterns supported increased harvest for the above crops despite the ban on fertiliser, weedicides and fungicides as well as the planting of oil palm. Politicisation of wages in this labour intensive industry was a significant challenge as the arbitrary increase awarded by the government is disputed by the regional plantation companies (RPC). However, the RPCs have maintained cordial relations with the trade unions during the pandemic years demonstrating the ability to earn higher wages through performance linked incentives. The lifting of the fertiliser ban in March 2022 is welcome although it coincided with a sharp devaluation of the rupee which resulted in an exponential increase in costs of raw materials. Rising inflation and fuel prices are exerting pressure on costs of production and will also exert pressure on wages.

## Value to Stakeholders

### Investors



**Rs. 6.1 Bn** Profits for the year

**Rs. 2.3 Bn** Paid in dividends

### Employees



**Rs. 8.2 Mn** Training Cost

**49,076 hours** of training

**58.3%** Female representation

### Customers



**117 Mn KWh** of renewable power generated

**3.9 Mn** pieces of apparel produced

**4.5 Mn** Kgs of Tea





## Apparel

**Factories:** 02

**Specialisation:** Kidswear, woven

### Market Overview:

Demand for apparels picked up with the economic recovery in advanced economies. Accordingly, apparel exports reached pre-pandemic levels, increasing five-fold driven by strong demand from both US and the EU. While the industry experienced significant supply chain issues, the Sri Lankan apparel sector remained resilient, overcoming challenges with foresight and sound risk management.

Sri Lanka is pursuing aspirations to become a one stop shop as the industry continues to focus on backward integration. Socially and environmentally conscious players have rallied around the theme garments without guilt for many years, ensuring that they adhere to global standards on ESG which are verified through certification.



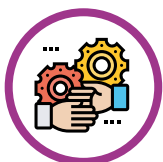
## Power Generation

**Power Plants** 7

### Market Overview:

Demand for power increased significantly with the recovery in economic activity following easing of COVID restrictions. Installed capacity declined marginally by 1.8% to 4,187 MW although generation increased by 6.4% to 16,716 GWh. Hydro accounted for 43.1% of power generated while non-conventional renewable energy accounted for 8.1% with coal and furnace oil accounting for the balance 48.8%. Power generation using hydro and NCRE power generation increased by 45.4% and 65.3% respectively as weather conditions were favourable. Conversely, generation from coal and fuel oil declined 4.1% and 63%. The first quarter of 2022 witnessed the onset of dry weather conditions which increased the dependency on thermal power generation resulting in nationwide power cuts due to the foreign exchange liquidity crisis.

## Business Partners



**Over 3,000** suppliers screened on ESG

**Rs 8.6 Bn** paid to **2,197** Suppliers

## Government



**Rs 120.7 Mn** paid in taxes

Facilitation of foreign exchange to the country through production of direct and indirect exports.

## Community



The social well-being of employees and their families has been addressed through improving their quality of life and living standards.

# Strategic Investments

## Strategy

The Strategic Investments sector needs to be flexible about strategy implementation due to the diversity within the sector and the volatility of the business environment.

	Growth	Employees	Profitability	People and Planet
Material Matters	<ul style="list-style-type: none"> <li>Financial Sustainability</li> <li>Economic Performance</li> <li>Economic Value Creation</li> <li>Stakeholder Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Talent Management</li> <li>Employee Welfare</li> <li>Stakeholder Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Economic Value Creation</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity</li> <li>Sustainable resource consumption</li> <li>Management of solid waste, emissions, and effluents</li> </ul>
Capitals Employed	<ul style="list-style-type: none"> <li>Financial</li> <li>Human</li> <li>Manufactured</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> <li>Human</li> <li>Intellectual</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> <li>Human</li> <li>Intellectual</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> <li>Social &amp; Relationship</li> <li>Natural</li> </ul>
Progress in 2021/2022	<ul style="list-style-type: none"> <li>» Acquisition of Waltrim adding 6.6 Mw to non-renewable energy portfolio</li> <li>» Adding over 700 Kw of roof top solar</li> <li>» Focused transition to higher value-added products</li> <li>» Crop diversification</li> <li>» Non-agribusiness diversification</li> </ul>	<ul style="list-style-type: none"> <li>» 49,076 hours of training provided to 3,625 employees in the sector</li> <li>» Semi-virtual mobility for 102 employees</li> <li>» 59 women graduated from the PACE (Personal Advancement &amp; Career Enhancement) programme</li> <li>» Programmes to supplement livelihoods</li> </ul>	<ul style="list-style-type: none"> <li>» Improved production capacity utilisation across all segments</li> <li>» Digitalisation of processes and commencement of automation across all business segments</li> <li>» Semi virtual mobility</li> </ul>	<ul style="list-style-type: none"> <li>» Generated 110,492,946 kwh of clean energy</li> <li>» 35,378m3 rainwater harvested</li> <li>» Over 8,000ha of green cover maintained</li> <li>» Beehives maintained in the tree-belt at Embilipitiya</li> </ul>
Priorities for 2022/2023	<ul style="list-style-type: none"> <li>» Extend presence along the value chain through backward integration and value addition</li> <li>» Further diversification of revenue streams within portfolios</li> <li>» Investments to increase capacity and efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>» Continuous training and development of people</li> <li>» Fair remuneration and benefits</li> <li>» Digital enablement of people</li> <li>» Women empowerment</li> </ul>	<ul style="list-style-type: none"> <li>» Continue digitalisation of processes</li> <li>» Focus on cost rationalisation and efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>» Invest in generating clean energy</li> <li>» Enhance biodiversity in areas of operation</li> <li>» Reduce emissions</li> <li>» Increase efficiency in resource consumption</li> </ul>



## Alignment to SDGs



### Quality Education

#### Targets 4.3, 4.4, 4.6, and 4.7

- » 52 Child Development Centres at the plantations
- » 37 differently abled children and 25 orphaned children supported for their education and welfare



### Gender Equality

#### Targets 5.1, 5.5 and 5B

- » 35 females in management and supervisory positions in apparel manufacture
- » 59 employees graduating from the P.A.C.E. programme
- » 21% rate of retention 1 year after returning from maternity leave



### Clean Water and Sanitation

#### Targets 6.3, and 6.4

- » Over 35,000m<sup>3</sup> rainwater harvested in the sector
- » Over 26,000m<sup>3</sup> wastewater treated for reuse or safe disposal



### Decent Work and Economic Growth

#### Targets 8.4, 8.5, 8.6, 8.8, 8.9 and 8.10

- » Over 30 globally benchmarked management systems maintained for occupational health and safety



### Industry, Innovation and Infrastructure

#### Targets 9.1 and 9.4

- » South Asia's first green printing facility
- » Sri Lanka's first waste to energy power plant
- » Plantations with 100% roof-space utilised for solar PV energy generation



### Responsible Consumption and Production

#### Targets 12.2, 12.5, 12.6, 12.8 and 12.b

- » Over 200,000 tonnes of municipal solid waste kept away from landfills and wetland ecosystems by converting it to energy
- » 83% of the direct energy consumed sourced from renewable energy








### Life on Land

#### Targets 15.2 and 15.5

- » Over 20,000 trees maintained in a tree-belt at Embilipitiya which houses thriving bee populations
- » Preservation of animal corridors through buffer zones developed at the estates
- » Over 8,000ha of green cover maintained and surveyed for biodiversity

# Strategic Investments

		2021/2022	2020/2021	YoY (%)
	Revenue (Rs.Mn)	10,888	17,044	-36%
	EBITDA (Rs.Mn)	8,080	3,231	150%
	Profit before tax (Rs.Mn)	6,132	2,050	199%
	Profit after tax (Rs.Mn)	6,227	1,776	251%
	Total Assets (Rs.Mn)	57,880	48,014	21%
	Total Liabilities (Rs.Mn)	32,548	29,662	10%
	Number of employees	7,410	7,675	-3%
	Employee female representation	58%	58%	0%
	Employee benefits paid	2,218	1,731	28%
	Training hours per employee	7	2	250%
	Investment in training (Rs. '000)	8,151	667	1020%
	Brand stewardship	7	5	40%
	Number of management systems	60	60	0%
	Number of certified management systems	31	31	0%
	Number of joint venture/equity partnerships	6	6	0%
	Number of Suppliers	3,103	2,580	20%
	Number of suppliers screened on ESG within the year	662	778	-15%
	Total funds channelled for community development	112	131	-15%
	Total energy consumption (GJ)	270,825	218,009	24%
	Total energy consumed from non-renewable sources and indirect energy (GJ)	44,713	42,562	5%
	Total energy consumed from renewable sources (GJ)	226,112	175,447	29%
	Total energy generated from renewable sources (GJ)	618,042	231,358	44%
	Scope 1 emissions (tCO2e) <i>Note - the drop in emissions is due to the drop in our consumption of furnace oil during the year</i>	14,438	313,592	-95%
	Scope 2 emissions (tCO2e)	4,922	4,602	7%
	Emissions reduced or offset (tCO2e)	89,744	36,798	151%
	Total water withdrawn (m3)	107,742	234,194	-54%
	Total volume of water treated for reuse or safe disposal (m3)	26,104	30,728	-15%
	Total amount of solid waste kept away from landfills			
	(Tonnes)	38,945	1,997	
	(Units)	763	-	
	(Litres, waste oil)	51,961	442,200	-88%
	Total investment in sustainability driven processes (Rs. Mn)	38	22	74%
	Property Plant and Equipment (Rs. Mn)	19,122	17,998	6%
	Investment in manufactured capital (Rs. Mn)	313	1,452	-78%

## Performance

The sector recorded a strong performance supported by the plantations segment which recorded top line growth of 24.3% and earnings growth of 113.0%. The Apparels segment delivered a commendable performance recovering from losses in the first half to post a modest profit with paradigm shift in strategy with a strategic partner which improved efficiencies and margins. The Printing and packaging segment delivered top line earnings growth of 9.7% with a strategy of focused value addition, partnering key customers to find solutions that address their concerns with the teams specialised knowledge. In the power generation segment, the healthy performance was largely attributable to a strong contribution from the renewable energy portfolio buoyed by the substantial rainfall in catchment areas and a full year of operation of the waste to energy power plant.

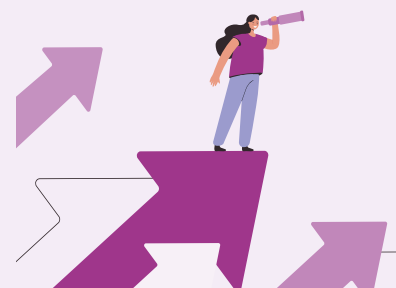
The sector overcame significant challenges during the year which ranged from policy decisions to increases in costs of raw materials. The bans on fertiliser, agrochemicals and planting of oil palms impacted the plantations segment which were offset with use of organic fertiliser produced on the estates. Expansion

plans of the power generation segment were deferred as the CEB held off from requests for proposals for the pipeline of renewable energy projects while the potential for expansion of rooftop solar was also curtailed due to grid saturation in certain areas. Apparel and printing and packaging segments continue to grapple with supply chain delays and increased costs of inputs which are managed proactively with increased stocks and building in allowances for the increased lead times. All segments focused on safeguarding margins by minimising wastage and improving efficiencies through digitalisation of processes and training.

Asset growth in the sector was 20.5% driven by expansion of the renewable energy portfolio with the acquisition of Waltrim Energy and installation of 750 kw of roof top solar at Aitken Spence Group companies.

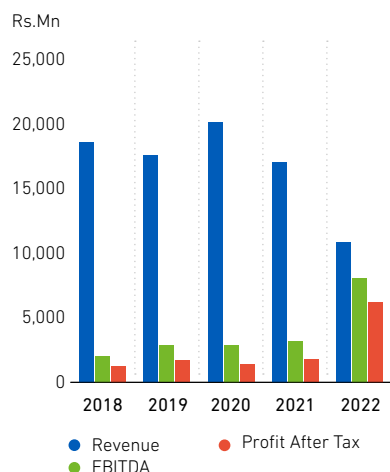
The commitment to social and environmental governance as well as inclusive and sustainable development is evident in the priorities for investments in the sector. Aitken Spence Printing is a carbon neutral operation for the 9th consecutive year.

## Outlook

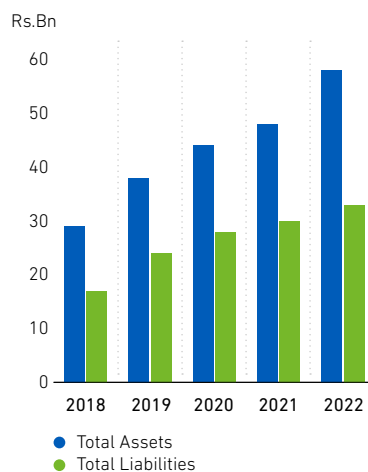


The success of the year under review has inspired the sector to set higher benchmarks for delivering performance in the year ahead despite the current uncertain business landscape in the firm belief that crises present opportunities. While there are no illusions about the economic challenges ahead, the past three years have tested the mettle of the teams, nurturing an agile and positive mindset that focuses on solutions the issues that arise. The year also saw all teams move to new growth trajectories that enhanced value created to stakeholders which in turn enhanced margins and earnings. Uplifting the skills of our people to work in an increasingly digitalised era, embracing the potential for better work life balance as well as increased accuracy and accountability it promises. Integration of people and planet into our decision-making processes continues to deepen and this work will continue to be at the heart of what we do.

## Profitability



## Stability



# Strategic Investments

## Power Generation

Power segment has a track record of being a catalyst for new technologies and as a progressive investor in the sector, diversifying its portfolio through investments in renewable energy. The segment commissioned the first-ever waste to energy power plant in Sri Lanka last financial year. Investing in the renewable energy portfolio during the year, the segment expanded its hydropower capacity by 6.6 MW by acquiring Waltrim Energy Ltd and in addition to investing in rooftop solar project.

Thermal Power 100 MW » Waste to Energy 10 MW » Hydro Power 9.1 MW capacity » Wind Power 3 MW » Solar Power 748 KW

## Operating Environment

Globally there is a significant trend for countries to grow diversified renewable energy portfolios with the goal of achieving energy security and reducing the pace of global warming. The long-term strategy of the country is aligned to these goals with planned expansion of wind and solar energy power plants to feed the national grid. However, implementation was slow due to the straitened financial position of the Ceylon Electricity Board. The country's power generation is weighted towards coal and furnace oil which account for over 48% of power generation with hydro accounting for around 43% with non-conventional renewable energy accounting for around 8%.

The year under review was favourable for renewable energy generation with fair rainfall and wind patterns. However, the country's economic and foreign exchange liquidity crisis gave rise to an energy crisis due to the shortages of fossil fuels for both CEB owned and privately owned thermal plants.

## Value to Stakeholders

### Customers



Generated **117,653 MWH** of renewable energy

### Investors



Invested **Rs. 991 Mn** in renewable energy projects

### Business Partners



Over **10 + years** of partnerships with KFW DEG Germany

## Our Purpose

To ensure that all the Aitken Spence Power Plants are maintained at an optimum operating condition to generate maximum electricity to the national grid.



## SDG Commitments



**130 Mn kwh** of power generated and supplied to the national grid



## Key Initiatives Implemented

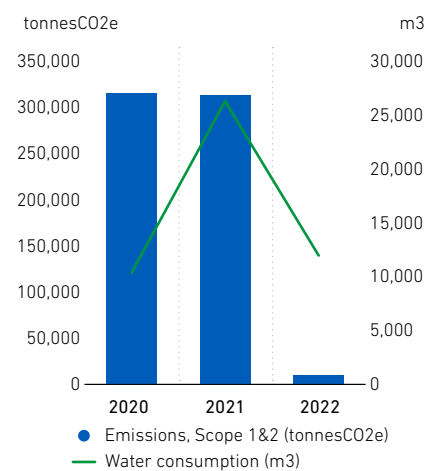
Growth	Our People	Productivity	People & Planet
» Diversify renewable energy portfolio by further investing in three hydro power projects and investing further in solar power generation in roof tops.	» Training and grooming our people for careers in the power sector.	» Operate renewable energy plants at optimum capacity and timely maintenance and overhauling of the power plants.	» Focus on renewable energy generation with due regard for preservation of biodiversity and natural resources

## Performance

	2021/2022	2020/2021	YoY (%)
Total Assets	22,251.5	21,085.9	5.5
Total Liabilities	10,860.3	10,339.6	5.0
Emissions, Scope 1&2 (tCO <sub>2</sub> e)	9,663.7	313,465.6	(96.6)
Water Consumption (m3)	11,976.8	26,314.3	(54.5)
Total Employees	121	102	18.6

The power segment delivered a strong performance due to the favourable weather patterns and the full year's operation of Western Power, the waste to energy plant. The year commenced with the addition of 6.6 MW of hydropower capacity to the Aitken Spence Power segment portfolio with the acquisition of Waltrim Power. Further expanding the portfolio, the segment executed a rooftop solar energy installation with a capacity of 748 kWp at the Aitken Spence Printing production site. The thermal power plant at Embilipitiya remained idle for almost the entire year due to the expiry of the power purchase agreement(PPA) with the Ceylon Electricity Board (CEB) but recommenced operations on 28th March 2022 to supply power to the CEB, as CEB extended the PPA in view of the energy crisis. While we recorded strong balance sheet growth, it is noteworthy to mention

## Environmental Impacts



### Employees



**473 Employees**  
trained in diverse topics  
**887 hours** of training

### Suppliers



Partnering with **374 suppliers**  
Timely payment of dues

### Government

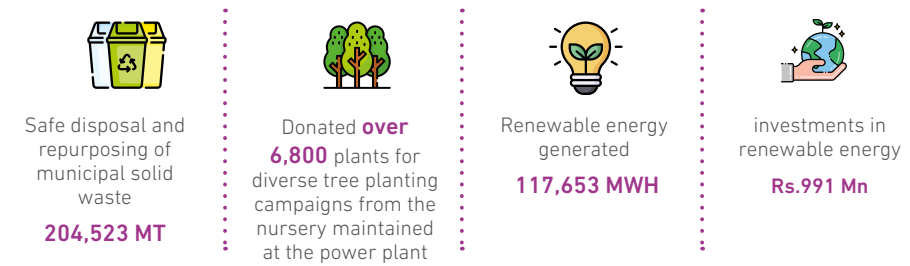


Contributed **130 Mn kwh** to the country's main grid  
**204,523 tonnes** of municipal waste converted to renewable energy.

# Strategic Investments

that the receivables from CEB who is the sole customer of the segment is outstanding for many months. However, the recoverability of the outstanding amount is not in doubt as it is a receivable from a government owned utility board.

The focus on supplying non-conventional renewable energy to the national grid saves significant foreign exchange and supports self sufficiency in meeting the energy requirements. Additionally, the waste to energy power plant has reduced the quantum of municipal solid waste being dumped at landfills thus limiting the environmental degradation. The decrease in emissions is largely attributable to the idling of the thermal power plant for almost the year. Highlights for 2021/2022 are given below:



## Awards

- » Western Power Company was adjudged the winner of Best Sustainability Project by the Ceylon Chamber of Commerce in recognition of its dual solution for managing disposal of solid waste as well as generating energy.

## Outlook

The power sector will continue to focus on expansion of the renewable energy portfolio in line with the country’s strategy which is aligned primarily towards generation of wind and solar energy. In doing so the segment will also take cognizant of the financial position of its sole customer. In addition, with the Rupee devaluation the required investment in any future project would substantially increase resulting in higher tariffs to CEB.

## Risks

- » The main risk is the dependency on a single customer as distribution of power in the country is vested only with the Ceylon Electricity Board. The significant losses incurred by this state-owned entity and the long outstanding balances are a key risk that is monitored regularly although there is no provision as it is considered a sovereign debt.
- » Access to opportunities in the industry is hindered due to the current economic conditions in the country.

## Opportunities

- » There is significant potential for growing the Group’s renewable energy portfolio as the country’s long-term plans are mainly aligned towards generating wind and solar power.

## Apparel

Reputed as one of the top 10 manufacturers of kids wear woven products, Aitken Spence Apparels is a niche player in a highly specialised and resilient market segment. With factories located in Mathugama and Koggala, the company works with a leading global brand and a number of trading houses to export apparel to over seven countries.

### Operating Environment

Sri Lanka's apparel exports increased by 23% to US\$ 5.43 billion in 2021 compared to US\$ 4.4 billion in 2020 as demand increased in key markets. Business disruptions, health and safety of employees and supply chain issues were significant concerns during the year as we adopted mitigating measures to manage these challenges. Foreign exchange liquidity shortages and the resultant energy crisis in the fourth quarter posed significant challenges for all manufacturers across the country, threatening to hamper production and increase operating costs. Rising inflation is also a concern as it exerts pressure on wages.

Despite these significant obstacles, the country's apparel export sector remained relatively resilient. The country is also looking at backward integration to reduce the length and time of supply chains with the establishment of a fabric park. Customer interest has been retained with high levels of social and environmental compliance which has strengthened the positioning of Sri Lanka as an ethical sourcing destination.

### Our Purpose

Create an inspiring organisation for all stakeholders and give a return on investment above industry standards to the shareholders.



### SDG Commitments



### Key Initiatives Implemented

#### Growth

- » Streamlined operations to improve the efficiency of the production line.
- » Appropriate marketing strategies to take advantage of our unique abilities.

#### Our People

- » Enhancing employee morale, retention and productivity through performance incentives and enhanced benefits
- » PACE, our strategic programme to empower our female workforce jointly with Gap Inc.

#### Productivity

- » Longer production runs improved production efficiencies by focusing on our capabilities and forming key collaborations.

#### People & Planet

- » Meeting housing needs of employees and communities
- » The company also launched a 'Green Workforce' initiative to encourage employees to cultivate agricultural crops.

# Strategic Investments

## Performance

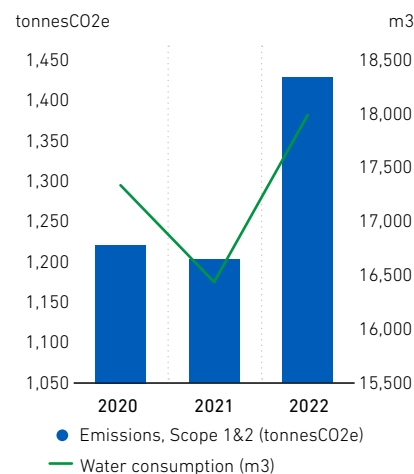
	2021/2022	2020/2021	YoY (%)
Total Assets	2,572.2	1,640.5	56.8
Total Liabilities	1,689.9	1,031.7	63.8
Emissions, Scope 1&2 (tCO <sub>2</sub> e)	1,428.8	1,203.4	18.7
Water Consumption (m <sup>3</sup> )	17,992.0	16,439.0	9.4
Total Employees	2,041	2,203	(7.4)

Performance in the first half of the year was below expectations due to high product variation at low prices. This was turned around in the second half of the year with the right marketing strategies and leveraging our specialised capabilities and growing our business with main customers. As a result, revenue and profit before tax increased in the last 3 months of the year as we worked with our strategic customer Gap Inc, which now accounts for 80% of our revenue. Our focus on shirts and dungarees in the kids' wear range supported specialisation in a resilient segment of the apparel sector as demand for kids' wear remains stable throughout economic cycles. The non-current asset growth of the segment was minimal as we adopted a cautious approach to expansion considering the economic challenges in the country.

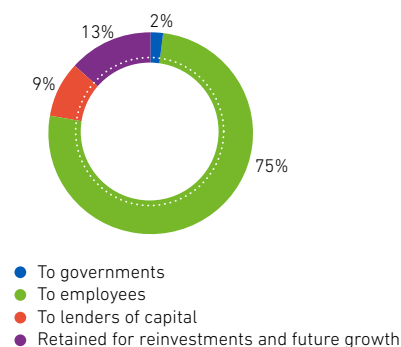
A vital sector for the country, this segment contributed foreign exchange inflows of US\$ 16.7 Mn and accounted for over 2,000 jobs. Retention of skilled employees was a key priority to pursue our quality and customer focused strategy. A holistic care package during the pandemic period supported retention during the year. Certifications maintained reflected our environmental and social compliance, and we commend the team at Matugama who received a 100% score on the Worldwide Responsible Accredited Production (WRAP) certification.

The Personal Advancement & Career Enhancement (PACE) programme implemented in partnership with Gap Inc., to empower women was rolled out during the year, supporting them to unlock their potential and use their voices to uplift their quality of life. Comprising 12 modules, the course focuses on empowering women through skills

## Environmental Impacts



## Distribution of Value Created



## Meeting Stakeholder Expectations

### Employees



**59 employees** graduated from the P.A.C.E. programme.

### Customers



**3.9 Mn** Apparels produced (pieces)

### Business Partners



Over **100%** Growth in profits.

development. 59 employees graduated through this programme during the year becoming part of the 1 million women around the world to have gone through this programme worldwide.

The Green Workforce programme was implemented during the year, to support employees to generate additional household income by growing vegetables in partnership with the Agriculture Department. The first phase was growing vegetables in the factory and the harvest is sold to employees at nominal prices. The second phase is to assist employees to develop their own gardening plots at home, typically with the aid of their parents or other family members. The Agriculture Department determines the vegetables to be grown and provides the necessary support. Surplus harvest is to be sold at a market place in the factory enabling employees access a variety of produce at prices well below market, supporting generation of household income for their parents and/or other dependents.

These companies also create indirect jobs as it works with businesses within the community for canteen, transport and janitorial services with around 3-5% of revenue being spent directly in the communities in which they operate.



### Certifications

- » Compliance+ Certification awarded by the Employers' Federation of Ceylon to Aitken Spence Garments Ltd.
- » ISO 9001: 2015 Certified Quality Management Systems – Aitken Spence Garments Ltd.
- » SEDEX Registered Supplier
- » Gold Certificate of Compliance – Worldwide Responsible Accredited Production (WRAP)
- » Global Organic Textile Standard (GOTS) - Version 5.0 - Aitken Spence Garments Ltd.



### Awards

- » Bronze Award under the 'Extra Large' category in the Provincial Level Manufacturing Sector
- » Merit Award under the 'Extra Large' category in the National Level Manufacturing Sector at the Ceylon National Chamber of Industries,
- » Achiever Awards 2021 for Industrial Excellence.

### Suppliers



Responsible business aligned to global benchmarks

### Government



Zero non-compliances

### The Public & Community



Perfect score on WRAP recertification

# Strategic Investments

## Risks



» The country's foreign exchange and energy crises threatens stable production and might have a broad impact across the industry. High inflation is also likely to exert pressure on wages and operational costs. Global supply chain disruptions are a key concern for customers, and this is largely mitigated through the logistics expertise within the Aitken Spence Group. Additionally, increased levels of raw material inventory mitigate the delays to a large extent.

## Opportunities



» There was a window of opportunity for Sri Lanka to emerge as a reliable partner when global brands experienced stock out situations due to pandemic and other business disruption. The segment also had an opportunity to enhance productivity through focused marketing to find the right products at the right price which proved to be lucrative.

## Outlook

The pandemic years saw a significant shift in consumer trends, particularly for adult clothing with the leisure category being a key growth area. However, kids' wear remained a resilient sector throughout this period. Demand in key markets is expected to increase in 2022 although normalcy may take a longer time. High costs of freight and supply chain disruptions remain key concerns and the establishment of a fabric park in Eravur will support the attractiveness of Sri Lanka as a broad-based sourcing destination.

The successful turnaround of the segment has enabled us to look forward with optimism. Growth is a must, and we are considering alternative options to strengthen our presence along the value chain.

## Nurturing Our Capitals

### Financial Capital



24.4% revenue growth  
56.8% asset growth

### Human Capital



2,041 employees  
82.1% of female employees

### Social & Relationship Capital



Partnering with 1,474 suppliers  
Eight Customers from seven countries are served.

### Natural Capital



Water consumption 17,992.0 (m3)  
Effluent management 93.0 (Litres)  
Solid waste management 999.7 (tonnes)

### Manufactured Capital



02 manufacturing plants with over 80,000 sq ft.  
Manufacturing capacity for over 2,000 employees

### Intellectual Capital



Payment process digitised for improved efficiencies and timely payments  
WRAP certified operations  
Sedex certified supplier



## Plantations

Elpitiya Plantations ranks among the top three regional plantation companies in the country with 13 estates in the Central and Southern provinces and is one of the best performing plantations in profit per hectare. It pursues a crop diversification strategy while strengthening its output of its core crops, tea, rubber and coconut. Accounting for 2% of tea production and 1% of rubber in total country's production., The plantation ranks among the top 3 oil palm producers and the second largest producer of strawberries and only producer of other three berries (blueberries, blackberries, and raspberries) in the market.

### Operating Environment

The policy environment was unfavourable for the agriculture sector in the recent past with a multitude of turns and twists, preventing steady progress on business plans and deterring investments. As it is a long term business by nature, the effects of these decisions are likely to be felt beyond the current financial year, dampening the potential of this segment which needs foresight and planning to deliver sustainable growth.

Oil palm cultivation which is a key import substitution initiative, undertaken by the RPCs in the country came to a sudden halt with the ban of oil palm cultivation. The segment stopped the planned replanting of palm trees incurring a loss of capital expenditure as well the loss of future projected crop levels.

The fertiliser and chemical ban during the year resulted in the depletion of fertiliser stocks which in turn resulted in a decrease in yield. The lifting of the ban in March 2022 coincided with the sharp devaluation of the rupee and the foreign exchange liquidity crisis leading to an unprecedented increase in fertiliser prices as well as a shortage in supply. The ensuing energy crisis and the sudden shift to a market based approach to energy costs has been a shock to the system, coming at the tail end of the financial year which has wide ranging impacts on transportation, production and other direct and indirect costs.

## Our Purpose

Represent the entire value chain in tea, rubber, oil palm, cinnamon, coffee & other plantations crops and excel in strategic diversification and sustainability.



### SDG Commitments



# Strategic Investments

The segment also had a mixed impact during the pandemic. While it was one of the first segments to recommence work mere days into the first lockdown, there were additional resources deployed to the care of its employees and their families as the majority are residents on the estates. Extensive vaccination programmes were carried out during the year and we now have above 90% vaccinated with at least 2 doses.

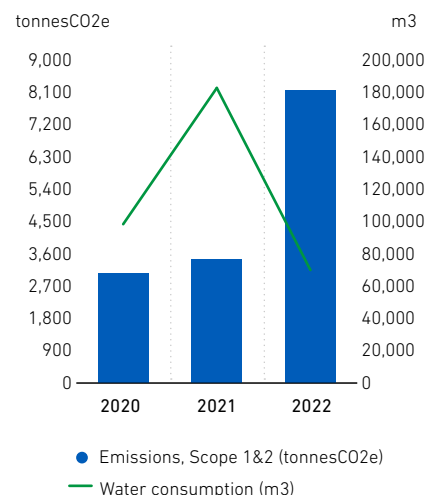
## Performance

	2021/2022	2020/2021	YoY (%)
Total Assets	9,426.9	7,710.5	22.3
Total Liabilities	2,485.8	2,212.2	12.4
Emissions, Scope 1&2 (tCO2e)	8,150.9	3,455.1	135.9
Water Consumption (m3)	70,024.5	182,812.7	(61.7)
Total Employees	4,849	4,965	(2.3)

Despite the monumental challenges faced by the plantation sector in the country, favourable weather and focused implementation of strategy enabled the segment to deliver a 113.0% increase in profitability although the increase in turnover was only 24.3%. Tea remains the largest contributor to revenue accounting for 57.3% in the reporting year. Oil Palm accounted for 35.2% of revenue which increased by 88.8% and was the main contributor to profitability accounting for 71.6% due to higher yields. Coconut and cinnamon delivered triple digit growth in profitability. These highlights contributed to a tripling of the estate operating profit. Profitability was also boosted by non-agriculture based revenue.

The financial position of the company is resilient with sufficient headroom for investment for growth.

## Environmental Impacts



## Value to Stakeholders

### Customers

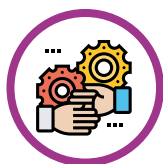


**4.5 Mn** Kg of single origin garden fresh teas

**21.5 Mn** Kg in oil palm

**30,032 kg** mixed berries including strawberry and raspberry

### Business Partners



Strategic partnerships for delivering sustainable value

### Employees



**Rs. 111.4 Mn** directs funds channelled towards improving their quality of life

**52%** Female participation

Key Initiatives Implemented

Growth	Our People	Productivity	People & Planet
<ul style="list-style-type: none"><li>» Introduction of locally produced berries to the market.</li><li>» Investments in renewable energy</li><li>» 82.0% Increase the non-plantation business revenue</li></ul>	<ul style="list-style-type: none"><li>» Vegetable cultivation in the estates to provide food security to employees.</li><li>» Improved quality of life for employees.</li><li>» Training and awareness program conducted for over 1000 employees on household cash management and prevention of domestic violence</li></ul>	<ul style="list-style-type: none"><li>» Upgraded food safety management systems to the HACCP/ ISO 22000:2018 standard</li><li>» Increased yield per hectare of crops</li><li>» Enrich the soil by enhancing the soil carbon level which result in efficient usage of fertiliser and increase in crops</li><li>» Increased yield per hectare of crops</li></ul>	<ul style="list-style-type: none"><li>» Generating renewable energy</li><li>» Improving quality of life of estate communities through<ul style="list-style-type: none"><li>- Investment in infrastructure</li><li>- Supporting access to education</li></ul></li></ul>



Suppliers



Rs. 1.0 Bn of payment made to supplier  
Timely payment of dues

Government



Facilitated over Rs. 3.2 Bn foreign exchange generated to Sri Lanka as an indirect exporter.

The Public & Community



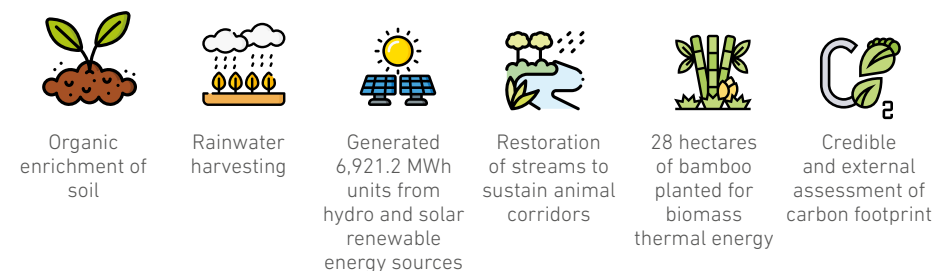
Employees' and their families' social well-being has been addressed through enhancing their quality of life and higher standards of living

# Strategic Investments

As Elpitiya Plantations has over 4,800 employees resident on their estates together with their families, their well-being is a critical aspect of the HR strategy. EPP has in place a continuing holistic programme to improve the quality of life of their employees and residents on the estates encompassing sanitation, water, housing, maternal and child care, and health for all including addressing malnutrition, caring for elders and education. Highlights for 2021/22 are given below:



The segment also has a strong commitment to minimising the negative impacts on the environment and to good agricultural practices. Our award winning project "Go Green and Beyond" adopts a holistic approach toward environment including rainwater harvesting, renewable energy generation, and improvement of soil by incorporating organic matter. Additionally, continuous investments in renewable energy has enabled us to generate over 152% of our electricity consumption through renewable energy. We continue our initiatives to conserve and restore stream reservations to connect animal corridors to support biodiversity protection. We planted 28 hectares of bamboo for sustainable biomass thermal energy fuel supply requirements. Our carbon footprint has been assessed by the Sri Lanka Climate fund in our journey towards Carbon neutral company.



## Nurturing Our Capitals

### Financial Capital



Total assets growth 22.3%  
Total liabilities growth 12.4%

### Human Capital



Training and awareness program conducted for over 1,000 employees on household cash management and domestic violence.

### Social & Relationship Capital



Rs.111.4 Mn used for ongoing social investment programmes



### Certifications

- » Rainforest Alliance certification for 6 estates in the upcountry cluster
- » HACCP/ ISO 22000:2018 Certification for Tea
- » Good Manufacturing practices certification South Meddecombra Factory
- » Organic Cinnamon certification at EU877827



### Awards

- » Winner in the 'Plantations Sector' category and ranked as one of Sri Lanka's 10 Best Integrated Annual Reports - CMA Excellence in Integrated Reporting Awards 2021
- » Silver award under the plantation companies' sector category - 56th Annual Report Awards, organised by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- » Winner of a 'Best Sustainability Project' award for their 'Go Green and Beyond' initiative - Best Corporate Citizen Sustainability Award 2021 organised by the Ceylon Chamber of Commerce.

## Risks



» Maintaining continuity of key foreign exchange earning sectors such as tea is critical to economic sustainability, and we are focused on ensuring that production is maintained at optimum levels. Inflation and food shortages are a critical concern as our employees will be severely impacted by this, with negative impacts on their health and well-being and exerting pressure on wages. The work done to uplift their living standards mitigate the pressure to some extent but will require additional resources to maintain.

## Opportunities



» The main opportunity that Elpitiya Plantations has is the land mass which can be utilised in a responsible manner to find solutions which create value for society and investors which are commercially viable. Accordingly, we continue to seek diversification of revenue streams in both agribusiness as well as non-agribusiness. The location of our estates in a salubrious climate abundant with natural resources provide opportunities for eco-tourism, renewable energy and to find solutions for food security thereby creating a sustainable ecosystem. We are pursuing this broad vision and continue to diversify our revenue streams to deliver sustainable value to stakeholders.

## Outlook

The segment recorded an excellent performance and is committed to maintaining this trajectory in future years. We will continue to adopt integrated thinking in shaping the future of the segment as we diversify the revenue streams for this company to create an environmentally and socially sustainable business model that delivers sustained value to its stakeholders. The positive trend in tea, Rubber and Palm Oil prices augurs well for the sector and we expect the revenues from other sources to increase as well. We are confident that the berry cultivation and the new "Harrow House" outlet will contribute to the revenue streams of the segment. The commencement of the construction for the largest tourism adventure park in the country is expected to take place in the current financial year. We will continue to adopt a conservative approach to manage our finances, ensuring that the segment remains resilient to foreseeable shocks.

### Manufactured Capital



Rs. 299.7 Mn worth roof-top solar panels installed at the manufacturing plants

### Intellectual Capital



Plantation's data management for field operations has been fully digitised

### Natural Capital



Energy consumption 155,716.7 (GJ)  
Renewable power generation 6,921.2 (MWH)

# Strategic Investments

## Printing & Packaging

Positioned as a leader in the value added printing and packaging solutions segment within the highly competitive printing and packaging market in Sri Lanka, Aitken Spence Printing accounts for a significant market share of this segment. Leveraging its ability to provide high-end solutions, the sector produces high quality packaging for global brands as well as mastery over the art of producing high-end coffee table books which are at the top end of the value spectrum, reflecting its capabilities.

### Operating Environment

The prolonged duration of the pandemic resulted in reduced capacity due to the gap introduced between the two work shifts to minimise the risk of infection. Additionally, operating costs also increased significantly due to provision of transport, working on holidays with increased overtime rates and logistical delays. As the intensity of the pandemic waned towards the latter part of the year, we were able to restore capacity to normal levels with proper handover processes which has significantly reduced negative impacts. We were also able to reduce a significant portion of the additional costs incurred while adopting progressive concepts such as semi-virtual mobility for specific roles.

Paper prices increased by nearly 100% during the year due to scarcity of pulp which was exacerbated by the escalation of freight costs. The weakening economic outlook of the country also led to volatility and reduced liquidity in the foreign exchange market, the impact of which was compounded due to import restrictions. It also led to stricter terms of trade by suppliers necessitating upfront payments exerting pressure on cash flows as well. The sector also experienced unprecedented delays in shipments due to supply chain constraints affecting raw material sourcing countries. These resulted in significant price volatility for our customers as the business landscape remained extremely fluid, particularly towards the latter part of the year.

### Value to Stakeholders

#### Customers



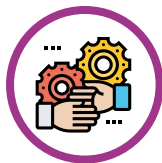
Aitken Spence Printing has been recognised as one of the most reliable printing partners

#### Investors



Positive return on capital employed

#### Business Partners



Partnering to invest in solar energy by leasing out the roof of the printing facility.

#### Government



Contribution to Government revenue through direct and indirect taxes and levies

### Our Purpose

Elevate brands and ideas by being the service driven, value oriented, innovative, and sustainable printing and packaging solutions partner.



Carbon neutral for the 9th consecutive year



## Risks



» Current economic challenges are significant threat to operations as it has wide-ranging implications for the printing industry which relies significantly on imported raw materials. This is exacerbated by the increased cost of paper, ink and freight in dollar terms. The energy shortage stemming from the foreign exchange crisis threatens the business profitability.

## Opportunities



» The main opportunity is to move into the high-end value-added printing as it facilitates effective utilisation of our capabilities. The segment is well positioned to move into these discerning customer categories due to its certified levels of environmental and social compliance as well as the finely honed skills of an experienced and stable team.



## SDG Commitments



## Certifications

- » LEED Gold certified printing facility
- » An operation with an integrated management system certified for occupational health and safety (ISO 45001:2018), environmental impact control (ISO 14001:2015) and quality (ISO 9001:2015)
- » Forest Stewardship Council Chain of Custody certification
- » ISO 14064-1:2018 GHG Inventory Verification.
- » Compliant with SEDEX Member Ethical Trade Audit (SMETA)

## Employees



**1,396 Hours** of training

A healthy and safe work environment for employees

## Suppliers



**303** suppliers

**25%** of purchases from local suppliers.

## Community



Rainwater harvested and used to reduce freshwater consumption

**100%** solid waste and effluents responsibly handled

# Strategic Investments

## Key Initiatives Implemented

Growth	Our People	Productivity	People & Planet
<ul style="list-style-type: none"> <li>» Focus on higher value-added products</li> <li>» Attract new customers</li> <li>» Increased number of SKUs with customers</li> <li>» Maximise seasonal opportunities</li> <li>» Regain lost customers</li> </ul>	<ul style="list-style-type: none"> <li>» Deploy people according to their competencies</li> <li>» Invest in introducing new technologies and training the team</li> <li>» Encourage innovation and intrapreneurship</li> </ul>	<ul style="list-style-type: none"> <li>» Maximise capacity utilisation with the removal of the gap between shifts</li> <li>» Focus on reducing rejects and re-work rates</li> <li>» Outsource identified non-critical activities</li> </ul>	<ul style="list-style-type: none"> <li>» Upgrading effluent treatment plant to enable re-use of all treated water</li> <li>» Roofs rented to Aitken Spence Power to generate 724kw of solar power which is now operational</li> <li>» Carbon neutral printer</li> </ul>

## Performance

	2021/2022	2020/2021	YoY (%)
Total Assets (Rs. Mn)	1,871.6	1,910.6	(2.0)
Total Liabilities (Rs. Mn)	1,288.9	1,347.6	(4.4)
Emissions, Scope 1&2 (tCO2e)	115.7	69.1	67.4
Water Consumption (m3)	7,748.9	8,628.0	(10.2)
Total Employees	238	247	(3.6)

The financial year commenced amidst the adversely affected economy caused by the pandemic which resulted in lower demand for our products during the first five months of the year. Despite the multiple lockdowns and many other economic challenges, the segment continued to provide uninterrupted services to our valued customers including essential segments such as pharmaceuticals, fast moving consumer goods (FMCG), tea, and apparel. This assisted the segment to minimise the losses incurred during the first five months of the financial year. The administration of the second vaccination dose in Sri Lanka by July 2021, enabled the segment to move towards restoring normalcy in business operations. The segment contributed to the Group profits from September 2021 and achieved the forecasted profits for the year. The new strategic approaches of attracting new customers and regaining lost customers as well as increasing the number

of SKUs with existing customers enabled the segment to contribute positively to the Group. The segment recorded a substantial profit growth for the year under review.

We continue to engage with our customers with surveys done on a bi-annual basis and have strengthened our processes accordingly. Our relationships have strengthened through provision of technical inputs to product design and development which has supported the shift to higher value-added products. We were able to deepen relationships with customers and also regain business from lost customers.

Health and safety of our people was a key issue during the year and several precautionary measures implemented

## Nurturing Our Capitals

### Financial Capital



Total Assets Growth (2.0%)  
Total Liabilities Growth (4.4%)

### Human Capital



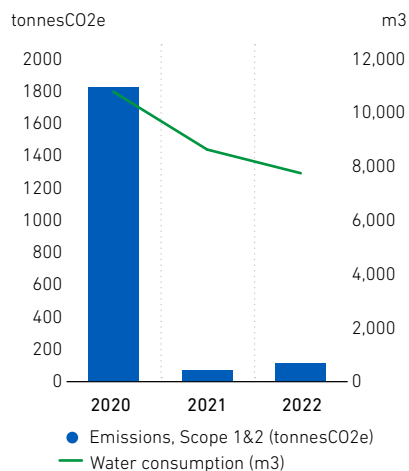
Number of Employees 238  
Female Representation 17.2%

### Social & Relationship Capital



Customer acquisition 151  
Value of work outsourced Rs. 48.2 Mn  
Customer retention rate 84%

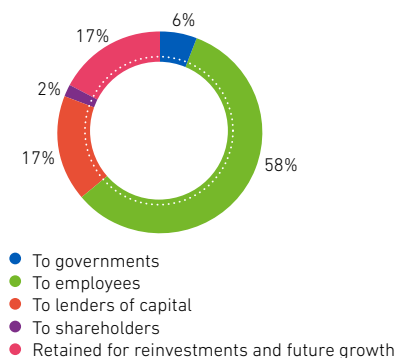
## Environmental Impacts



with the onset of the pandemic remained in force for the first half of the year. Transport was provided to all staff during this period but now it is confined to the main routes as the employees have received their booster as well.

Aitken Spence Printing is the first printer to receive the prestigious LEED Gold certification in South Asia affirming our commitment to minimise our impact on the environment. The operation is run from an environmentally friendly facility and the company has also ensured sustainability within their supply chains through monitoring their management systems and mechanisms. All waste is recycled responsibly, and all wastewater is treated and reused as well. The segment also harvests rainwater for reducing

## Distribution of Value Created



the consumption of freshwater. This sustainable business model makes the segment one of the most environmentally conscious printers in the country. The roof space of the manufacturing facility was rented out to Aitken Spence Power for installation of solar panels with a capacity of 724 kW which was completed in May 2021 and connected to the national grid.

We remain connected to the community by engaging in social welfare activities with the village temple, schools, MOH office, hospital etc. Our readiness in fire drills was put to good use when a neighbouring building caught on fire and our in-house firefighting team was able to douse the fire in a timely manner without it damaging the surrounding buildings.

## Outlook

As the pandemic nears endemicity, we are encouraged by the resumption of near normal activity which has albeit been hampered by the economic and energy crises in the country. Strong relationships with export customers will be key to growth during the year as demand picks up in advanced economies.

We are gearing up to drive growth with new investments in value added products while our long-term plan is to increase overall capacity and move to other forms of packaging businesses.

### Manufactured Capital



LEED Gold certified printing facility.

### Intellectual Capital



Payment process of the segment digitised for improved efficiencies.

### Natural Capital



Water consumption (m<sup>3</sup>) 7,748.9  
Energy consumption(GJ) 1,544.1

# Services

The services sector of Aitken Spence contributes to several key industries in the country including construction, financial services, insurance, and real estate. We represent international partners in money transfer services, elevator agency and insurance across Sri Lanka and Maldives. We also play an important role in bringing foreign exchange into the country through our money transfer operations. Meanwhile, as the leading high-rise elevator supplier in Sri Lanka, we have supported several landmark projects in the country.



**265**

Total employed



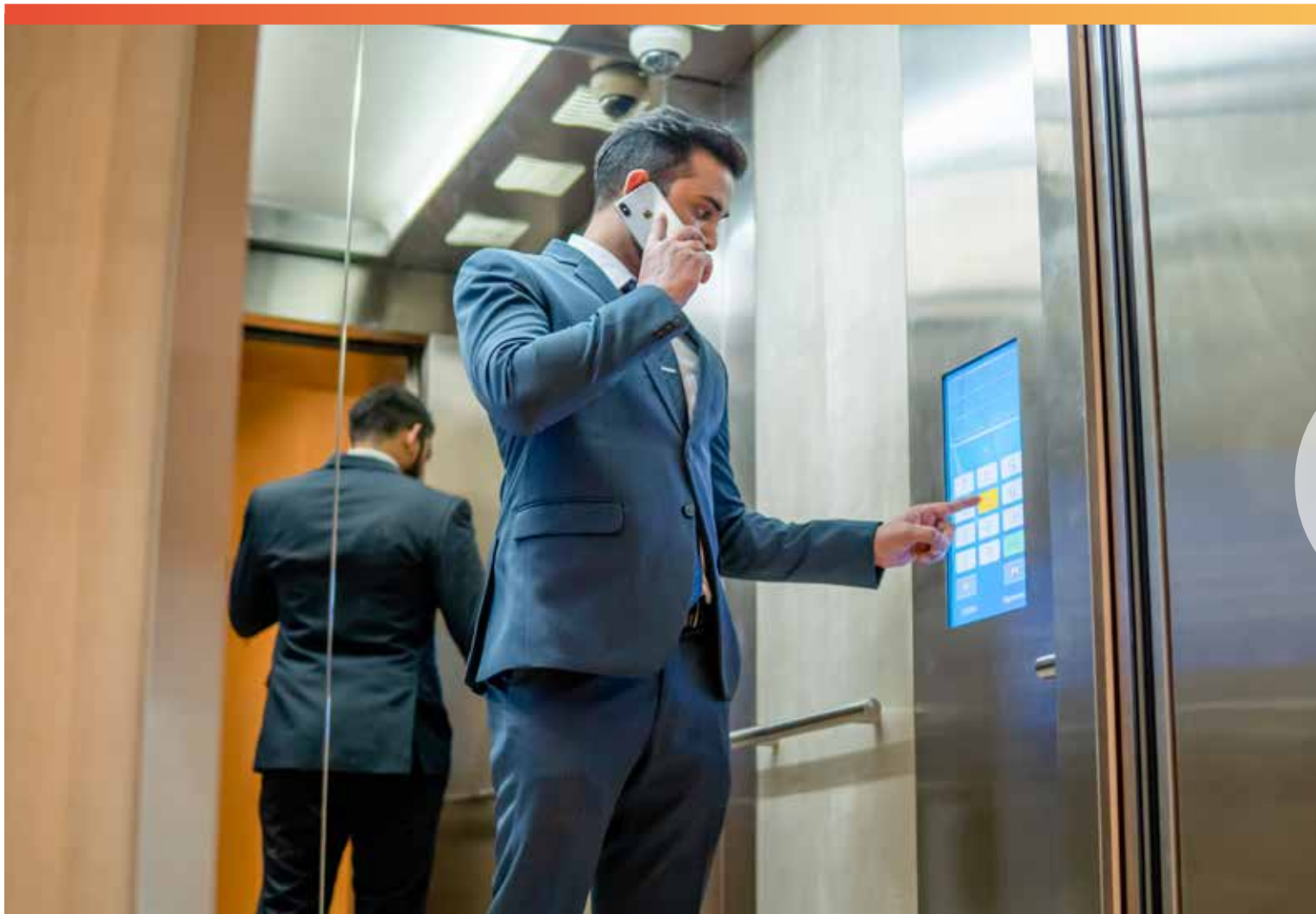
**Rs. 167.1 Mn**

Taxes paid



**Rs. 26.6 Bn**

Facilitated foreign currency  
generated to the country





**Rs. 2.3 Bn**

Revenue



**Rs. 708.0 Mn**

Profit Before Tax



**Rs. 4.8 Bn**

Total Assets

#### Elevators

We enjoy a dominant position in the vertical transportation market with shares of 19% and 12% respectively in Sri Lanka and the Maldives.

#### Property Management

We manage Aitken Spence Towers in Vauxhall Street, one of the most sought out commercial properties in Colombo.

#### Money Transfer

Representing Western Union, Moneygram, and Ria in Sri Lanka, we are a key player in inward remittances to the country.

#### Insurance

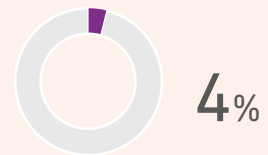
We have a strong presence in the marine cargo survey market with a market share of almost 65%.

#### Relevance to Group

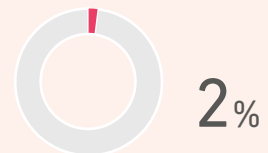
##### Revenue



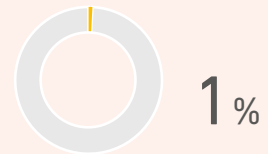
##### Operating Profit



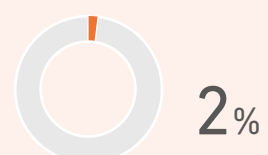
##### Group Assets



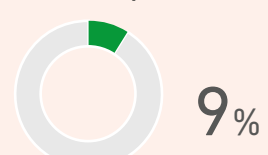
##### Group Liabilities



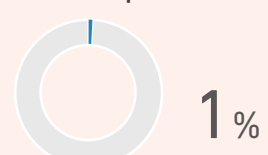
##### Employees



##### Emissions, Scope 1&2



##### Water Consumption





## Services



### Money Transfer Services

In addition to being the oldest and largest representative for Western Union, MMBL Money Master also represents world-renowned remittance services MoneyGram and Ria in Sri Lanka.



### Insurance

Our insurance operation offers insurance brokering services for general insurance products as well as marine survey and claim processing services for prestigious principals such as Lloyds, W K Websters and other global/regional leaders in the insurance industry.



### Elevator Agency

We are the sole distributor for OTIS elevators, escalators, and moving walkways in Sri Lanka and Maldives.



### Property Management

We own and manage over 195,000 square feet of office space at Aitken Spence Towers in Vauxhall Street, Colombo.

## Value to Stakeholders

### Investors



**80.4 %**

Increase in sector profits

### Employees



**Rs. 403.2 Mn**

in payments to employees

### Suppliers



**Rs. 257.4 Mn**

in payments to suppliers



## Strategy

	Growth	Employees	Profitability	People and Planet
Material Matters	<ul style="list-style-type: none"> <li>Financial Sustainability</li> <li>Economic Performance</li> <li>Economic Value Creation</li> <li>Stakeholder Sustainability- Indirect economic value creation</li> </ul>	<ul style="list-style-type: none"> <li>Talent Management</li> <li>Employee Welfare</li> <li>Stakeholder Sustainability</li> <li>Governance and Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Financial Sustainability</li> <li>Economic Performance</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Solid Waste Management</li> <li>Water Consumption</li> <li>Energy Management</li> <li>Effective Resource Use</li> <li>Emission Control</li> </ul>
Capitals Employed	<ul style="list-style-type: none"> <li>Financial</li> <li>Human</li> <li>Manufactured</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> <li>Human</li> <li>Intellectual</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> <li>Human</li> <li>Intellectual</li> </ul>	<ul style="list-style-type: none"> <li>Financial</li> <li>Social &amp; Relationship</li> <li>Natural</li> </ul>
Progress in 2021/2022	<ul style="list-style-type: none"> <li>» Rs. 8.4 Mn invested in marketing and brand visibility</li> <li>» Growth in customer touch points</li> <li>» Ventured into new business areas such as insurance for renewable projects and vertical transportation consultancy services</li> </ul>	<ul style="list-style-type: none"> <li>» 4,727 hours invested in training and development</li> <li>» Future ready team through targeted training interventions</li> <li>» Provide a safe working environment for all our employees.</li> </ul>	<ul style="list-style-type: none"> <li>» Rs. 1.5 Mn invested in digitisation efforts</li> <li>» Efficiency improved from digitisation of processes</li> </ul>	<ul style="list-style-type: none"> <li>» Rs. 0.7 Mn invested in sustainability driven initiatives</li> <li>» Contributed to increase the green cover of Sri Lanka</li> <li>» Management systems, and procedures are maintained by sectoral companies to ensure environmental impact control.</li> </ul>
Priorities for 2022/2023	Strengthen relationships with customers and principles through greater engagement	Explore partnerships with leading industry and academic bodies to provide existing and potential employees meaningful training	Digitisation of channels and processes to drive greater efficiencies	Ongoing focus on responsible consumption of resources within and outside the group

### Government



**Rs. 167.1 Mn**  
in tax payments

### The Public & Community



**Over 1,000 plants**  
added to the urban green cover by  
planting a tree belt along the Southern  
Expressway.

### Customers



**3,300**  
Customers served  
during the year

# Services



## Alignment to SDGs



### Decent Work and Economic Growth

Targets 8.4, 8.5, 8.6, 8.8, 8.9 and 8.10

- » Seven management systems maintained for social and environmental impact control aligned to global benchmarks out of which three are certified.



### Industry, Innovation and Infrastructure

Targets 9.1 and 9.4

- » MMBL Money Transfer continuously expands its network to facilitate greater ease and flexibility of access to finances for recipients of funds from migrant workers



### Quality Education

Targets 4.3, 4.4, 4.6, and 4.7

- » The Elevators segment collaborated with the CINEC campus to commence the first -ever elevator training centre in Sri Lanka, enabling access to vocational training for the youth of Sri Lanka



### Gender Equality

Targets 5.1, 5.5 and 5B

- » 12% female representation in the workforce



### Responsible Consumption and Production

Targets 12.2, 12.5, 12.6, 12.8 and 12.b

- » Responsible repurposing and disposal of solid waste



### Life on Land

Targets 15.2 and 15.5







- » Over 1,000 trees planted along the Southern expressway to contribute towards the urban green cover of Sri Lanka

## Performance

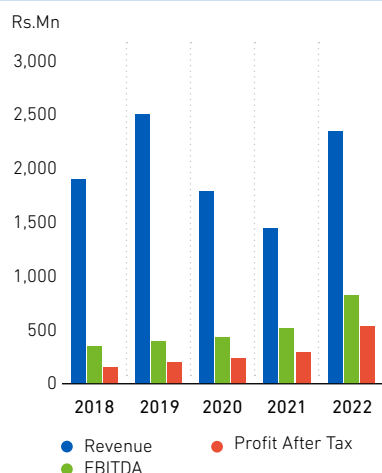
Sector revenue witnessed a 62.3% growth to Rs. 2.3 billion during the year while profit before tax recorded an impressive 80.4% growth to Rs. 708.0 million due to concerted efforts to drive greater operational and cost efficiencies. Despite business volumes being impacted by the overall decline in remittances to the country and intermittent disruptions to operations due to mobility restrictions, the money transfer services segment

recorded an impressive growth in profits due to a focused effort on process improvements and cost efficiencies. The insurance segment too recorded a revenue growth of 10.5% and profit growth of 15.7% during the year due to targeted efforts to up-sell and cross-sell insurance products. The elevator agency segment also witnessed revenue growth due to volume growth in both installations and maintenance services while profitability

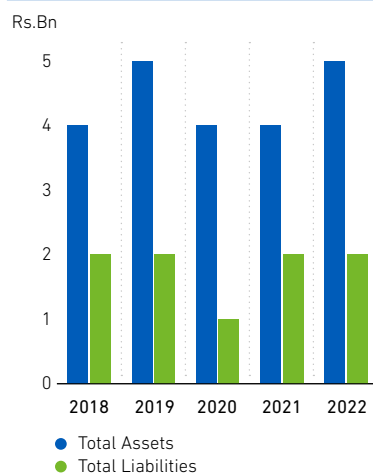
of the segment improved by 77.5% due to concerted efforts to manage costs and effectively negotiate key contracts. Oversupply in the premium commercial real estate market and intense competition among players continued to impact the property management segment resulting in revenue and profits declining by 18.0% and 43.1% respectively during the year.

		2021/2022	2020/2021	YoY (%)
	Revenue (Rs.Mn)	2,347	1,446	62%
	EBITDA (Rs.Mn)	820	516	59%
	Profit before tax (Rs.Mn)	708	393	80%
	Profit after tax (Rs.Mn)	539	294	83%
	Total assets (Rs.Mn)	4,752	4,369	9%
	Total liabilities (Rs.Mn)	1,879	1,600	17%
	Number of employees	265	263	1%
	Employee female representation	12%	13%	-6%
	Employee benefits paid	403	341	18%
	Training hours per employee	18	9	100%
	Investment in Training (Rs '000)	919	285	222%
	Brand stewardship	4	4	0%
	Number of certifications	3	3	0%
	Number of joint venture/equity partnerships	3	3	0%
	Number of suppliers screened on ESG within the year	55	69	-20%
	Total energy consumption (GJ)	5,848	5,590	5%
	Scope 1 emissions (tCO <sub>2</sub> e)	6,817	70	
	<i>Note - part of the increase in emissions is attributed to the inclusion of fugitive emissions from 2021/22</i>			
	Scope 2 emissions (tCO <sub>2</sub> e)	792	947	-16%
	Emissions reduced or offset (tCO <sub>2</sub> e)	6	6	5%
	Total water withdrawn (m3)	5,792	6,616	-12%
	Total amount of solid waste kept away from landfills (tonnes)	17	7	149%
	(Units)	84	84	0%
	Total investment in sustainability driven processes (Rs.Mn)	1	2	-50%
	Property Plant and Equipment (Rs. Mn)	2,831	2,900	-2%
	Investment in manufactured capital (Rs. Mn)	13	12	6%

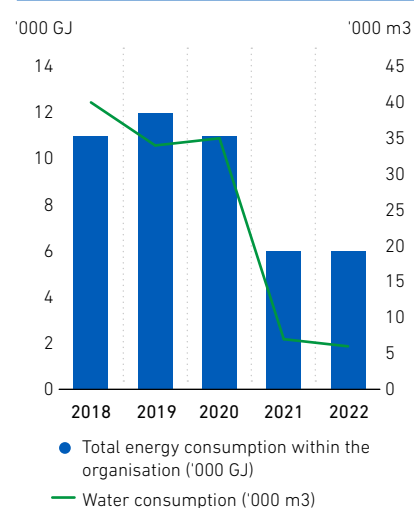
#### Profitability



#### Stability



#### Environmental Impacts



# Services

## Outlook



We will continue to leverage our relationships with our principals, partners, and customers while driving innovation across segments to consolidate our market position in an increasingly challenging operating environment. In the money transfer services segment, we will focus on strategically expanding our reach by widening the sub-representative network and expanding the corporate distribution channel to grow the direct to bank product. Closer client engagement to drive more profitable sales from maintenance services will be a focus in the elevator segment amidst subdued prospects for the construction industry in 2022/23. Meanwhile, we will also continue to explore new business opportunities overseas in the vertical transport consultancy space. Existing customer relationships will play a key role as we seek to cross sell and up-sell insurance to our existing clientele to drive growth while digital transformation will be a critical success factor in the rapidly evolving insurance segment with oversupply and rental pressure expected to persist in the commercial real estate market, we will continue to explore innovative models for space utilisation while investing in technology-enabled facilities and safe and secure spaces that will attract tenants in the post COVID-19 new normal.



# Insurance

Our insurance operation offers insurance brokering services for general insurance products as well as marine survey and claim processing services for prestigious principals such as Lloyds, W K Websters and other global and regional leaders in the insurance industry. We have a strong presence in the marine cargo survey market with a market share of almost 65%. Our Maldivian operation meanwhile focuses primarily on cargo, hull and machinery surveys.

## Operating Environment

The performance of the Insurance industry depends primarily on the volume and value of the country's trade. Despite restrictions imposed by the Government on imports of non-essential goods, both imports and exports witnessed a value growth in 2021 compared to 2020 resulting in a corresponding increase in asset value. Lower disposable income levels, however, continued to negatively impact new demand for general insurance products, although the overall increase in asset prices resulted in an upward trend for re-insurance premiums.

## Value to Stakeholders

### Investors



**15.7%** increase  
in profits before tax

### Employees



**7**  
employees on SVM

### The Public & Community



Compliance with international  
norms on cargo salvage  
disposal.



## Our Purpose

To provide risk management solutions to our corporate and retail customers, and assist importers and exporters process insurance cargo claims.

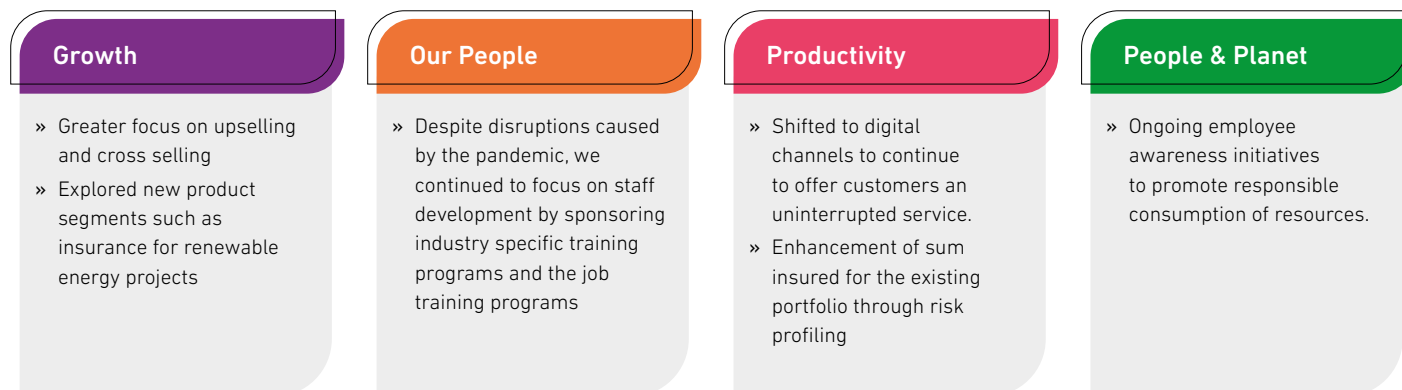


## SDG Commitments

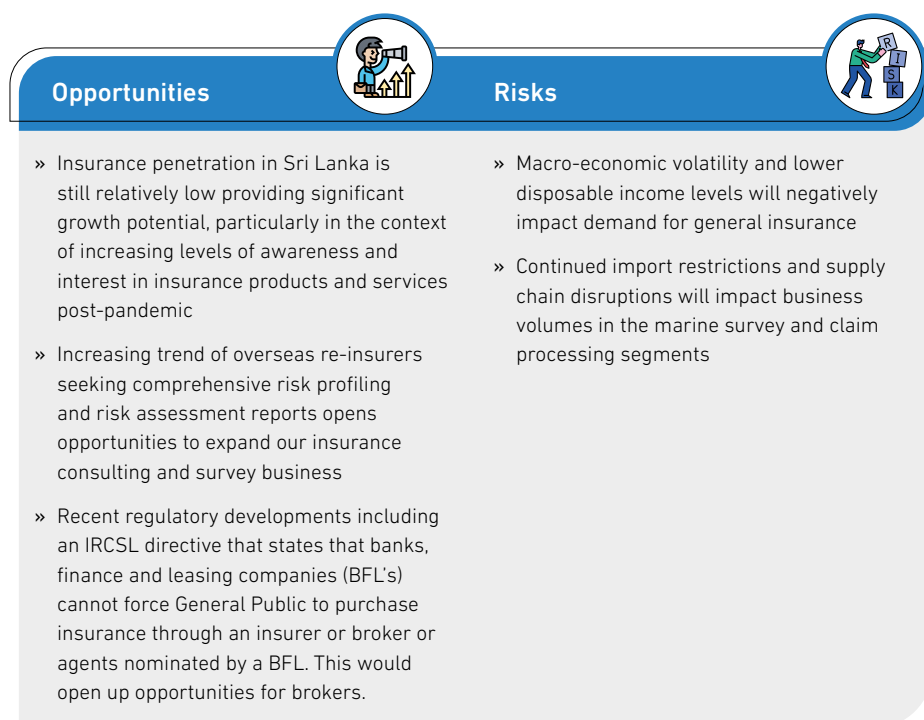
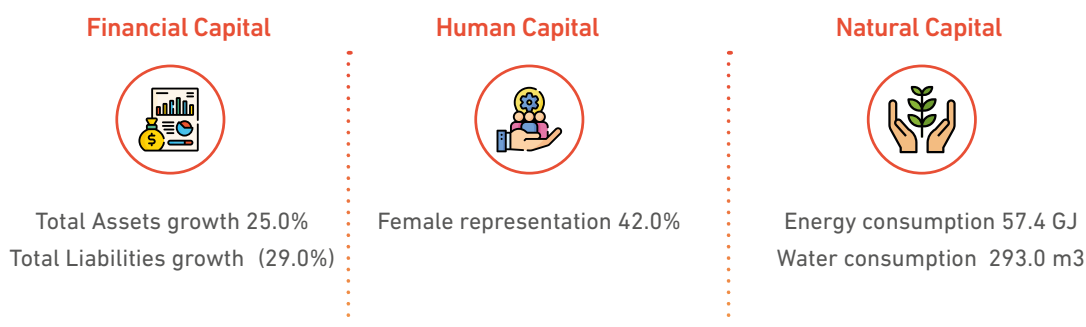


# Services

## Key Initiatives Implemented



## Nurturing Our Capitals





## Performance

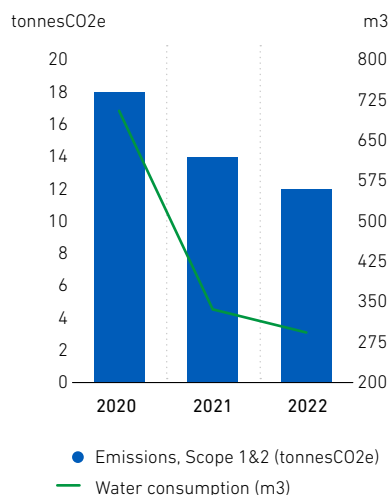
	2021/2022	2020/2021	YoY (%)
Total Assets (Rs. Mn)	179.5	143.6	25.0
Total Liabilities (Rs. Mn)	23.5	33.1	(29.0)
Emissions, Scope 1&2 (tCO2e)	11.3	14.1	(16.3)
Water Consumption (m3)	293.0	335.6	(12.7)
Total Employees	12	14	(14.3)

The insurance segment recorded a revenue growth of 10.5% and profit growth of 15.7% during the year. A significant increase in freight and asset values which drove re-insurance premiums up and targeted efforts to up-sell and cross-sell insurance products through leads obtained from the existing customers and agency connections supported this growth. Close engagement with existing customers and principals to ensure repeat businesses also contributed to sustained growth levels. Profit margins however declined during the year due to higher administration costs including higher transportation expenses.

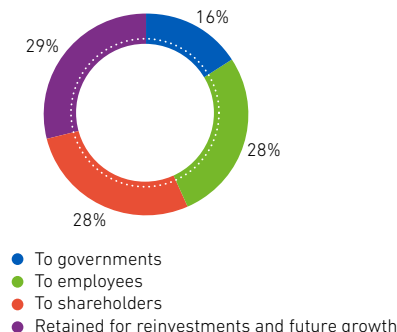
## Outlook

As the insurance landscape continues to evolve in response to changing customer expectations, we will continue to invest in digital technology that will enhance our customer value proposition. We will also continue to expand our insurance broker services internationally by forming strategic partnerships with companies based in these countries whilst extending our insurance broker services locally and increasing our market share by offering insurance risk management services to large corporates, SME's and personal line clients. It is also aimed to increase our survey activities on behalf of International Principals by capitalising on our in-house expertise and extending our cargo survey and claims handling services for local insurance companies as well as international insurers. We will continue seeking representation from international reinsurers on the strength of the brand reputation we have built up over a century.

## Environmental Impacts



## Distribution of Value Created



# Services

## Elevator Agency

We are the sole distributor for OTIS elevators, escalators, and moving walkways in Sri Lanka and Maldives and enjoy a dominant position in both these markets with market shares of 19% and 12% respectively. As a leading high-rise elevator supplier in Sri Lanka, we have supported several landmark projects in the country.

### Operating Environment

The operating environment remained challenging during the year amidst foreign currency pressures, import restrictions and increasing freight charges. Exchange rate volatility and higher freight costs impacted profitability while the shortage of spare parts due to import restrictions led to delays in the maintenance and repairs operations. Meanwhile a sluggish construction industry and a slowing down of mega projects resulted in an overall drop in demand within the segment.

### Value to Stakeholders

#### Customers



Superior product quality and customer service including after-sales service

#### Investors



**77.5%** Increase in profits before tax

#### Employees



Ongoing opportunities for skill development

#### The Public & Community



Stringent environmental and social criteria in supplier selection

### Our Purpose

We are committed to providing an outstanding service by adhering to our core values of safety, integrity, accountability, service excellence and customer orientation.



### SDG Commitments



## Key Initiatives Implemented

### Growth

- » Ongoing customer engagement to strengthen maintenance and repairs operations segment
- » Continued to explore overseas opportunities, particularly in the consultancy space
- » Setting up a call centre to handle customer queries and complaints in real-time, offering 24/7 customer care service

### Our People

- » Completed construction of the Elevator Training Centre in collaboration with CINEC Campus and introduced an NVQ Level 3 Elevator technician training course.
- » Covid-19 support for employees included distribution of dry rations, transport allowance, and other concessions.
- » Continued to focus on employee engagement through team-building activities.

### Productivity

- » Implemented an e-Signature process via Panda Doc to speed up the document approval process
- » Implementation of a cloud-based Document Management System
- » Implemented a Realtime Service and Maintenance ERP System.

### People & Planet

- » Promoting energy-efficient equipment within target markets
- » 1000 endemic saplings were planted along 3 km of the Southern Expressway. The campaign was initiated to create carbon sinks, improve soil and water quality, as well as to preserve endemic plants
- » Supported an underprivileged primary school in the development of infrastructures and donated grade 05 scholarship questionnaire books to the students.



# Services

## Nurturing Our Capitals

### Human Capital



Number of new recruits 45  
Female representation 8.0%  
Number of accidents nil  
Number of fatalities nil

### Social & Relationship Capital



Number of new customers during the year 103  
Payments to local suppliers Rs. 18.7 Mn  
4.8% of revenue paid to outsource suppliers

### Natural Capital



Investments in sustainability related initiatives Rs. 0.7 Mn  
"I refuse plastic" Beach Cleaning Carnival at Hendala beach, Wattala

### Intellectual Capital



Investment in an elevator training centre  
Automation of maintenance monitoring operation of service technicians  
12 NVQ certified technicians

## Performance

	2021/2022	2020/2021	YoY (%)
Total Assets (Rs. Mn)	1,152.4	707.9	62.8
Total Liabilities (Rs. Mn)	802.3	460.0	74.4
Emissions, Scope 1&2 (tCO2e)	90.3	79.1	14.1
Water Consumption (m3)	1,465.2	1,678.0	(12.7)
Total Employees	195	186	4.8

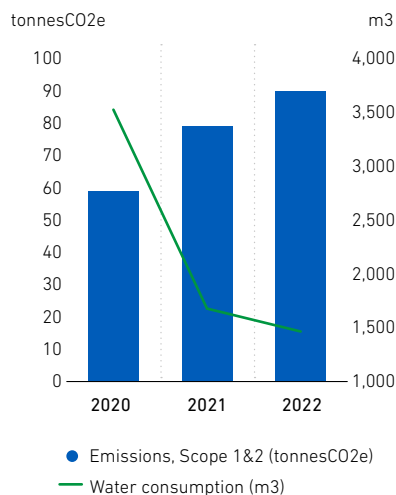
Although operating conditions remained challenging, revenue witnessed a growth of 127.6% during the year supported by volume growth in both installations and maintenance services. Despite cost escalations and margin pressure due to rising freight costs and exchange rate volatility, profitability of the segment improved by 77.5% due to concerted efforts in better management of working capital and reduction in costs, owing to effectively negotiating key contracts with subcontractors and suppliers.



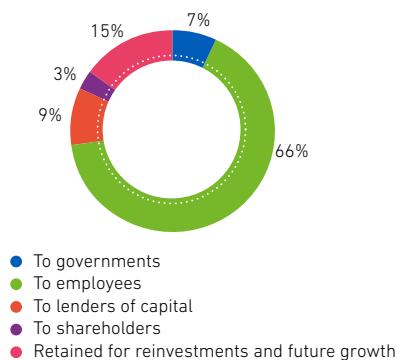
### Giving Back to community

Supported an underprivileged primary school in the development of infrastructures and donated grade 05 scholarship questionnaire books to the students.

## Environmental Impacts



## Distribution of Value Created





### Certifications

- » Aitken Spence Elevators is the only elevator company in Sri Lanka to have been certified with all the following ISO Certifications for an integrated, environmental and social management system
- » ISO 14001:2015 Environmental Management system certification.
- » ISO 45001:2018 Occupational Health & Safety Management system certification.
- » ISO 9001:2015 Quality Management system certification



### Awards

- » Received "Excellence in Business Transformation" award from CMO Asia for excellence in Business Process Management (BPM) and workflow

### Opportunities



- » Opportunities to provide consultancy services in global markets by leveraging a highly skilled employee base
- » Modernisation of existing elevators.
- » Opportunities for new product segments
- » Opportunities for acquisitions and mergers

### Risks



- » Impact on product cost due to increasing freight charges and Rupee depreciation
- » Shortage of spare parts due to import restrictions imposed by the Government.
- » Slowdown in the construction sector due to sluggish economic conditions
- » Shortage of skilled labour and relatively high labour turnover in technician categories

## Outlook

We remain cautiously optimistic regarding the prospects for the segment for 2022/23 considering the expected slowdown in construction activities due to the political and economic challenges faced by the country. While margin pressure is an ongoing concern due to the high rate of inflation and exchange rate volatility, we are confident that our efforts to improve efficiency in operations and better management of cost will help minimise the impact. Customer engagement will be a key focus area going forward and we have plans to strengthen customer relationship management through a customer loyalty program and a 24/7 customer call centre. As price-competition intensifies, we remain focused on skill development and process improvements including greater digitisation to support a more quality driven approach going forward.

# Services

## Money Transfer

Initiated in 1995, MMBL Money Transfer (Pvt) Ltd is the oldest and leading representative for Western Union and also represents world-renowned remittance services MoneyGram and Ria in Sri Lanka. With over 2,000 sub-representative locations across the island, we have a presence throughout the country. MMBL is also the only non-banking money transfer service approved by the Central Bank of Sri Lanka (CBSL) for outward remittances in the country on behalf of Western Union.

## Operating Environment

Despite showing some growth momentum during the first half of 2021, worker remittances slowed down notably since June 2021 mainly due to the impact of the pandemic on expatriate workers which limited their ability to make remittances and the increased competition from informal channels which sought to capitalise on the exchange rate policy framework that prevailed in Sri Lanka for most part of the year. Consequently, worker remittances declined by 23% to a 10-year low in 2021 and remained low during the first quarter of 2022.

## Value to Stakeholders

### Customers



**186** new customer touch points to increase accessibility

One-stop-shop for the world's largest global money transfer brands

### Employees



**210** Number of hours of training

**18%** female representation

### Government



Workers' Remittances facilitated into the country is over **Rs. 25 Bn**

### The Public & Community



Over **40%** of our locations are strategically located to serve the rural communities in Sri Lanka

## Our Purpose

Our purpose is to provide a convenient, reliable, safe and fast service when receiving inward remittances from around the world.



## SDG Commitments





Key Initiatives Implemented

**Growth**

» Widening our network to enhance the ease of accessibility to our customers, thereby, improving financial independence of our target markets.

**Our People**

» Continued to build a multi-skilled team with a strong leadership pipeline.

**Productivity**

» Digitisation of the processes with the aim of automating transactions in the future.

**People & Planet**

» Reduced the use of transaction pay out forms with the introduction of a 'slip less' method to bring down paper consumption.

Nurturing Our Capitals

**Financial Capital**



Total Assets Growth 23.2%  
Total Liabilities Growth (22.0%)

**Human Capital**



Number of New Recruits 7  
Female representation 17.9%

**Social & Relationship Capital**



Over 2,000 sub-representative locations in Sri Lanka

**Natural Capital**



Reduction in paper consumption 24%  
Energy consumption 651.0 GJ



# Services

## Performance

	2021/2022	2020/2021	YoY (%)
Total Assets	465.3	377.3	23.2
Total Liabilities	257.4	330.1	(22.0)
Emissions, Scope 1&2 (tCO2e)	57.6	54.4	7.7
Water Consumption (m3)	293.0	335.6	(12.7)

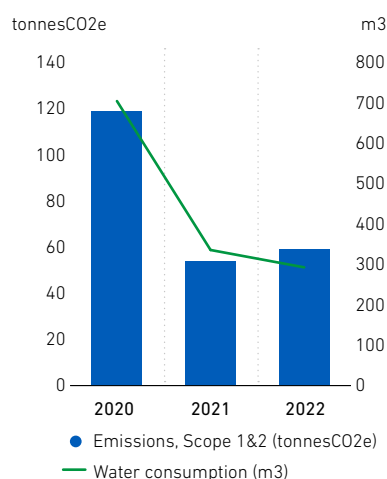
Business volumes during the year were negatively impacted by the overall decline in remittances to the country. Meanwhile, mobility restrictions and disruptions resulting from the pandemic also limited our operations during the year. Despite these challenges, the segment recorded an impressive growth in profits due to a focused effort to improve operational processes and cost efficiencies.

During the year we continued to defend our market share by marketing our value proposition of being a one stop shop" for global money transfer brands such as Western Union, MoneyGram and RIA and focusing on improving operational efficiencies. Meanwhile, we continued to expand our reach across the country through the strategic expansion of our sub-representative network.

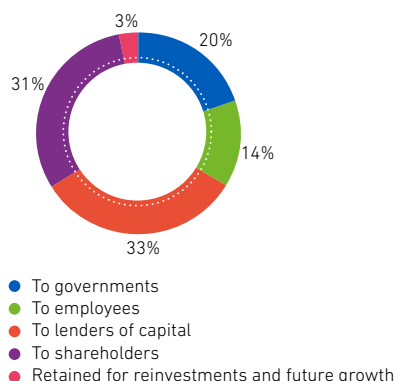
## Outlook

Given the Government's emphasis on increasing inward remittances, we remain confident of our prospects for the coming year. The segment has consistently worked towards educating migrant workers on financial literacy as well as the advantages of using formal channels for remittances. With the wide scope of accessibility enabled by the segment, the migrant workers benefited from these programmes. Due to the pandemic whilst these training programs were put on hold the segment has plans to resume them in the near future. We will continue to strategically expand our reach by widening our sub-representative network. In particular, we will look to expand our corporate distribution channel to grow our direct to bank product. We will also invest in improving our value proposition through infrastructure investments that will enhance the accessibility, reliability and convenience of our offering.

### Environmental Impacts



### Distribution of Value Created



## Opportunities



- » Significant potential to grow shares of MoneyGram and RIA business in Sri Lanka
- » Approximately 75 - 80% of the remittances to the country are through the formal banking sector creating significant growth potential for our direct to bank product.
- » The recent increase in migration levels is likely to positively impact remittances to the country

## Risks



- » Continued shift from formal to informal remittance channels.
- » Reduced remittances due to higher cost of living in global labour markets

## Property Management

The property management segment owns and manages over 195,000 square feet of office space at Aitken Spence Towers in Vauxhall Street, Colombo, which is considered to be one of the highly sought after commercial spaces in the city due to its location, state-of-the-art features and efficient building management system.

### Operating Environment

The increasing shift towards remote working amidst pandemic induced disruptions resulted in lower occupancy levels during the year. Meanwhile, cash strapped businesses continued to move towards cheaper though less sophisticated rental options impacting demand for high-end commercial space. As a result, the commercial real estate market witnessed excess supply and rental pressure particularly in prime locations.



### SDG Commitments



### Value to Stakeholders

#### Customers



Ongoing investments to ensure health and safety of tenants

Upgrades to facilitate new working norms

#### Investors



**18.0%** decline in revenue

**43.1%** decline in profits

#### Employees



Number of accidents nil

Number of fatalities nil

#### The Public & Community



Adopting sustainable building management concepts to minimise impact on environment

# Services

## Key Initiatives Implemented

Growth	Our People	People & Planet
<ul style="list-style-type: none"> <li>» Discounts on lease rentals were offered to existing and potential tenants to increase occupancy.</li> <li>» Investments to strengthen digital infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>» Strict compliance with COVID-19 safety protocols and semi virtual mobility which commenced during the last financial year continued during the year.</li> </ul>	<ul style="list-style-type: none"> <li>» Maintaining the 7R Principle at Aitken Spence Towers, all solid waste is segregated to support the Group's efforts to achieve zero waste dumping to landfills.</li> </ul>

## Performance

	2021/2022	2020/2021	YoY (%)
Total Assets	2,954.8	3,139.4	(5.9)
Total Liabilities	603.2	583.9	3.3
Emissions, Scope 1&2 (tCO2e)*	7,509.0	869.1	47.6
Water Consumption (m3)	5,792.0	4,266.3	25.7
Total Employees	19	23	(17.4)

\*Note: The increase in emissions is due to the inclusion of fugitive emissions from 2021/22 with the availability of emission related data

The property management segment witnessed a decline in revenue and profits due to some of the tenants moving towards virtual workspaces as a result of the impact of the COVID -19 pandemic. Due to the lower demand for rental space and excess supply of rental space in Colombo, the segment faced pressure from the existing clients to provide discounts on the rental rates. However, with the impact of the pandemic easing off we have witnessed a partial reversal in this trend with new client inquiries on renting space, and several new occupants moving into the premises. The segment is able to provide uninterrupted electricity during power cuts at no extra cost to the occupants in addition to other state of the art building services which is a major benefit to the tenants.

## Nurturing Our Capitals

### Financial Capital



Total Assets growth (5.9%)  
Total Liabilities growth 3.3%

### Human Capital



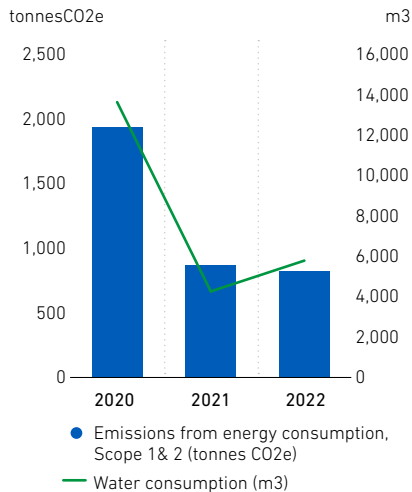
Zero accidents reported  
Vulnerability assessments conducted for disaster risk reduction.

### Manufactured Capital

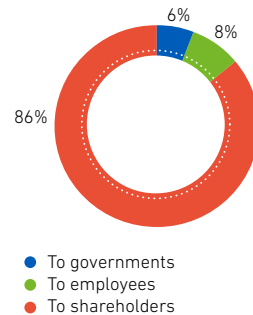


Approximately 195,000 sq.ft. of luxury office complex

## Environmental Impacts



## Distribution of Value Created



## Outlook

Oversupply in the commercial real estate market and intense competition among players continues to be a key challenge while rental pressure is also expected to continue to impact the segment in financial year 2022/2023. Meanwhile with tenants increasingly opting for more cost effective, innovative workspace solutions, tenant experience will be a key determining factor for existing and potential occupants. We will therefore continue to explore innovative models for space utilisation while continuing to invest in technology-enabled facilities and safe and secure spaces.

## Opportunities



- » The unique value proposition of this segment is the location. The close proximity to all vital offices and the port makes Aitken Spence Towers an attractive option for shared work spaces.
- » Increase in inquiries on services and private offices in co-working spaces in Sri Lanka.
- » Proactive investments in health and safety features and IT infrastructure gives prime office spaces an edge over competition.
- » Potential to invest in renewable energy.

## Risks



- » Reduced demand for office space due to work from home practices.
- » Oversupply of commercial space in prime locations resulting in heavy price competition.
- » Economic instability in the country could result in further pressure on rental rates.

## Natural Capital

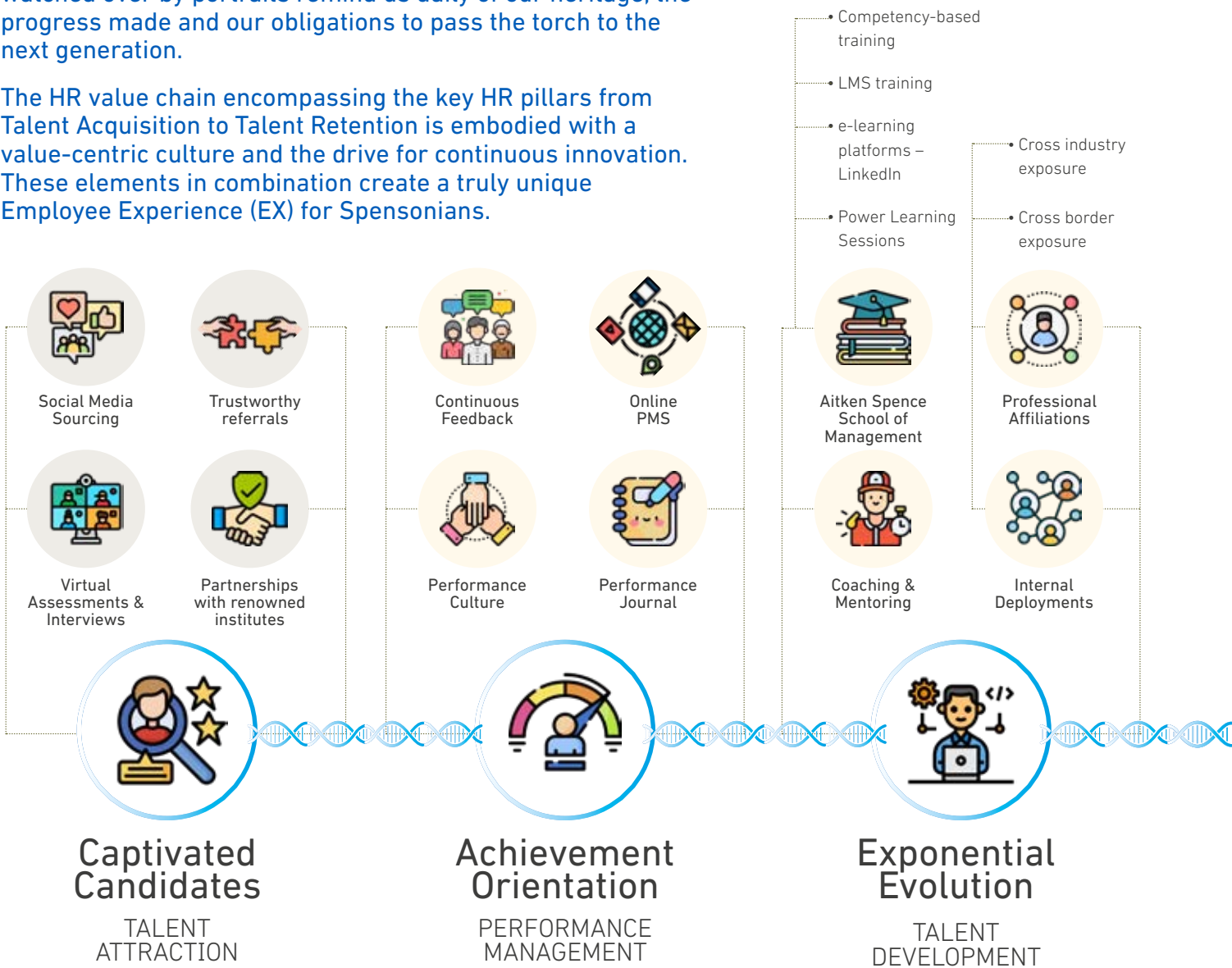


Total solid waste kept away from landfills 14.3 tonnes  
Emissions, scope 1&2 (tCO2e) 7,509.0  
Water consumption (m3) 5,792.0

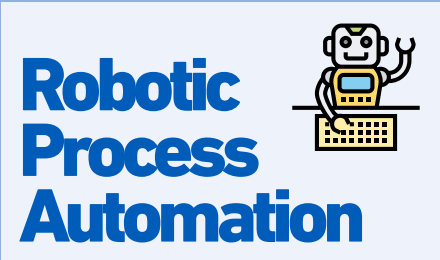
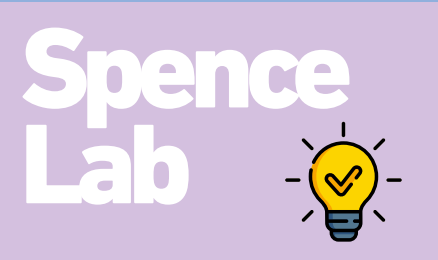
# The Spensonian Experience

A complex organisational DNA reflecting the learnings of 150+ years handed down by stories from one generation to another, watched over by portraits remind us daily of our heritage, the progress made and our obligations to pass the torch to the next generation.

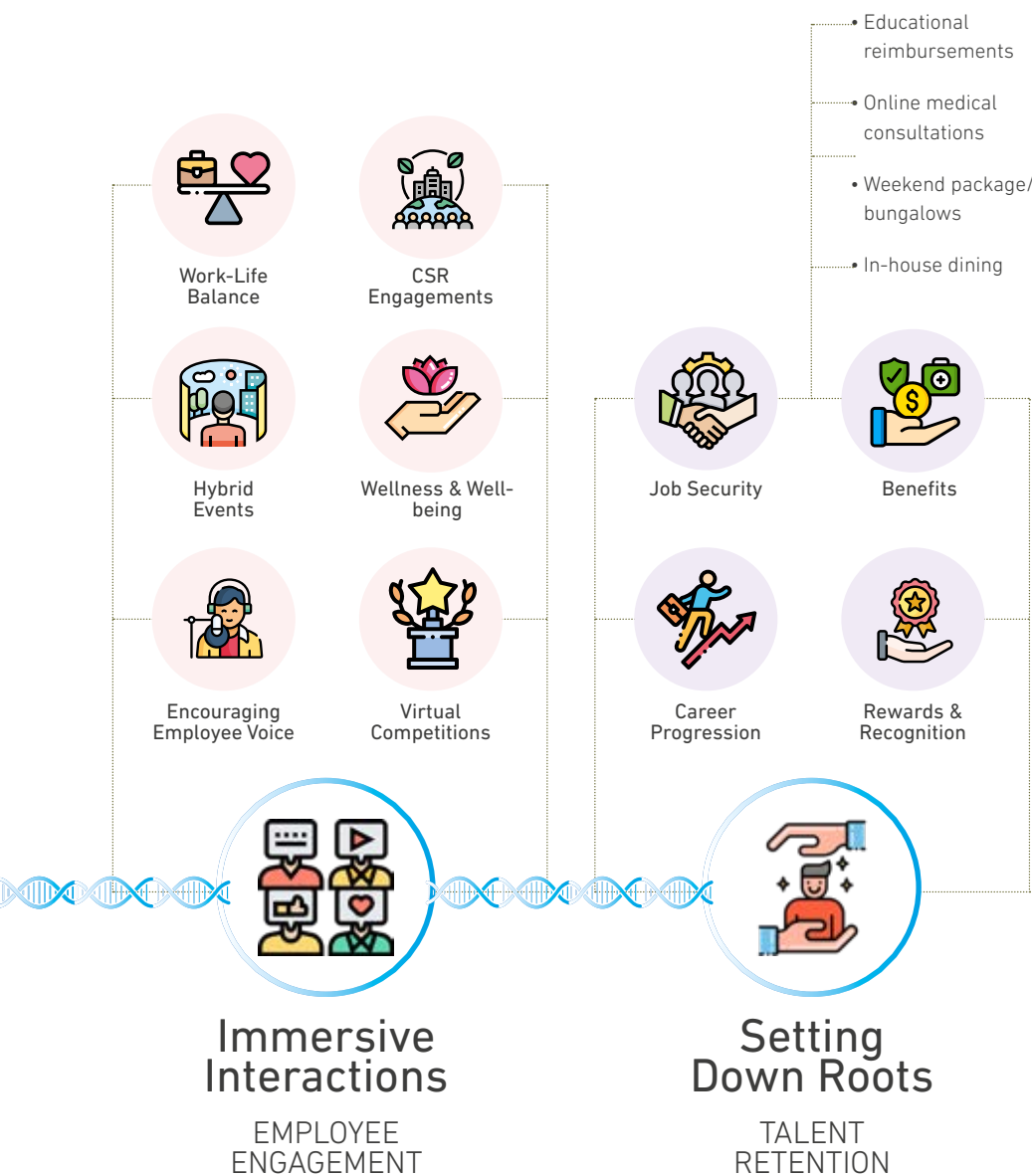
The HR value chain encompassing the key HR pillars from Talent Acquisition to Talent Retention is embodied with a value-centric culture and the drive for continuous innovation. These elements in combination create a truly unique Employee Experience (EX) for Spensonians.



Creating “Zing” Moments  
**'INNOVATION'**







## Exciting Ethos 'CULTURE'



## Heritage & Employee Brand

150+ years, Industry Leader, Stability



## Value Centred Leadership



## Diversity & Inclusion



## Transparency



## Safe Workplace

Physical & Psychological

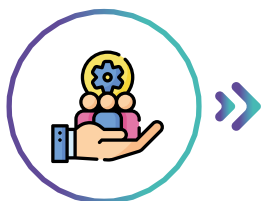
**7S**  
Competition



## Digitalisation of Processes



# Human Capital



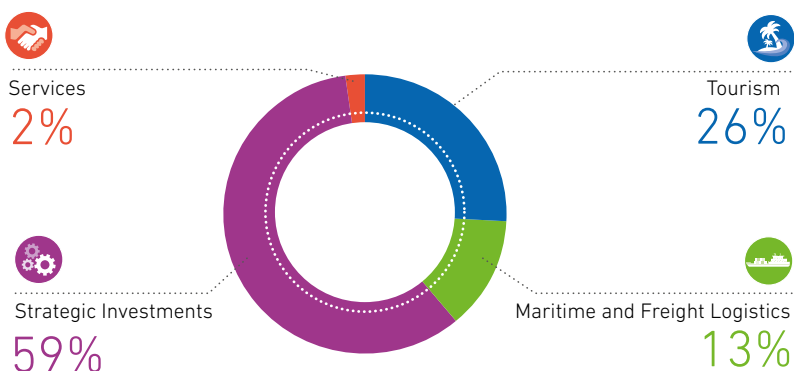
Our team of 12,606 employees is our key strength, enabling us to forge ahead despite the unprecedented challenges faced during the last two years. Ensuring the physical and mental well-being of our employees by providing a safe, enriching and fulfilling work environment therefore remains a key priority as we continue to adapt to the changing requirements of a post COVID-19 work world.

Strategic Priorities	Key Achievements	Future Focus
<ul style="list-style-type: none"> <li>» Ensuring employee wellness and well-being</li> <li>» Rewarding innovation</li> <li>» Fostering a culture of learning and development</li> <li>» Enhancing employee engagement on digital platforms</li> <li>» Implementation of 'Semi-Virtual Mobility' (SVM)</li> <li>» Digitalisation of HR processes</li> </ul>	<ul style="list-style-type: none"> <li>» Transition to 'Semi-Virtual Mobility' - remote working for 78% of targeted office-based executives</li> <li>» 92% of employees satisfied with SVM as per employee survey</li> <li>» Remodeling of Aitken Spence competency framework</li> <li>» Over 100% increase in training hours</li> <li>» 31% increase in new recruits*</li> <li>» 1% reduction in labour turnover</li> </ul> <p><small>* Recruitment during the year in review increased subsequent to the subsiding of pandemic induced challenges.</small></p>	<ul style="list-style-type: none"> <li>» Transform HR to a more strategic and dynamic function</li> <li>» Enhance bench strength (leadership pipeline) for critical positions</li> <li>» Improve objectivity in the talent management eco-system</li> <li>» Attract best in class talent despite macro-economic challenges</li> <li>» Nurture a performance driven work culture</li> <li>» Focused talent retention for critical mass</li> <li>» Employee engagement in the new normal</li> <li>» Managing challenges posed by evolving labour regulations</li> </ul>

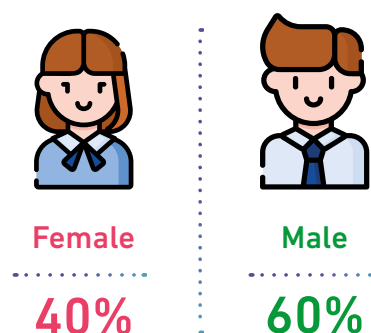
## Our Team

The strength of our team is the diversity our employees bring in terms of gender, age, ethnicity, religion, nationality, education and experience. The following section dissects the diversity of our employee base.

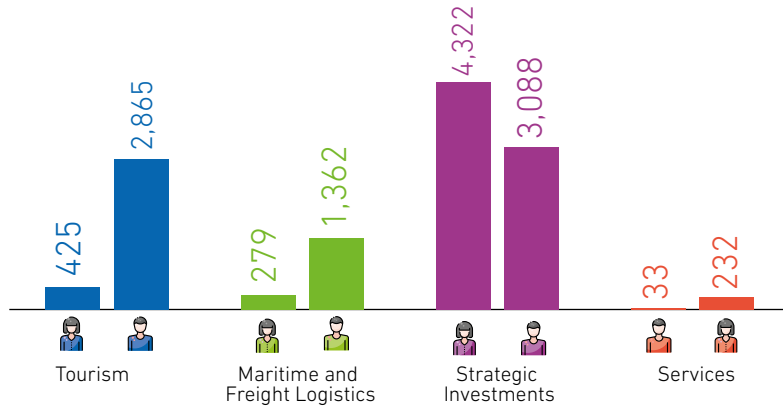
### Sector-wise workforce distribution



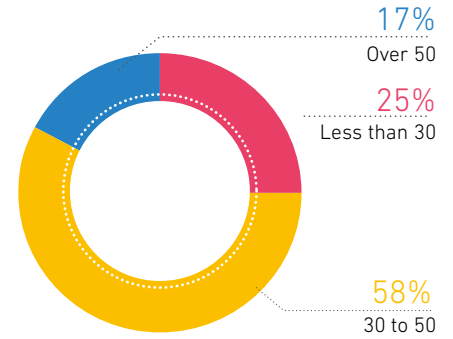
### Gender representation



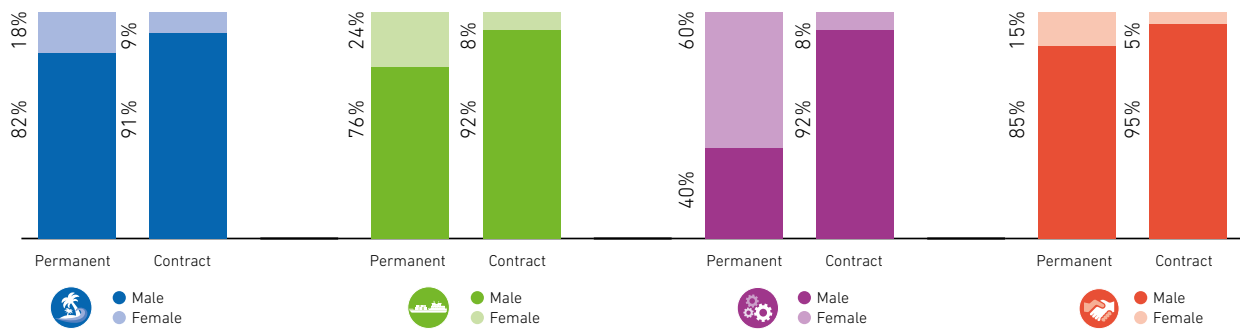
### Sector-wise gender representation



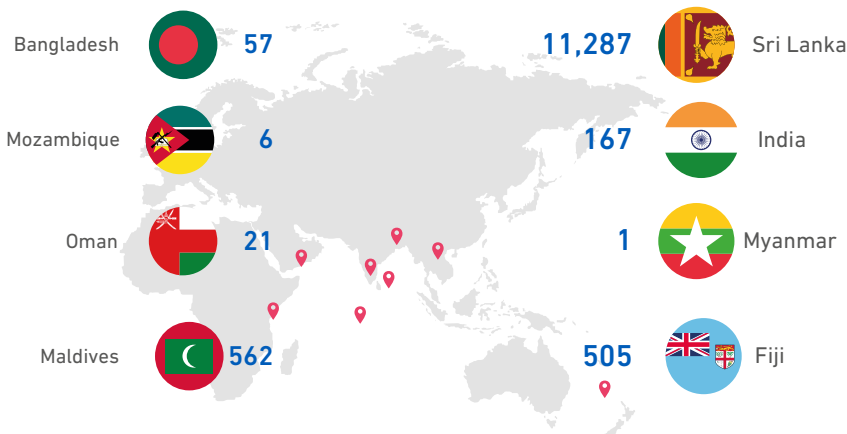
### Age analysis



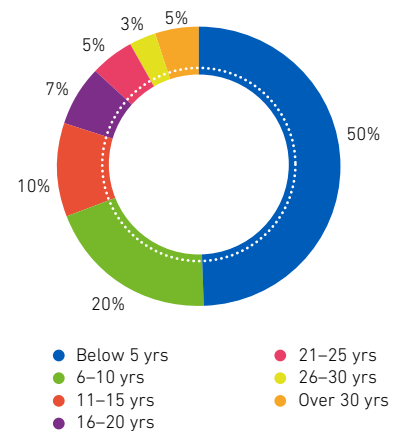
### Analysis of employment type



### Distribution of workforce by geographical location



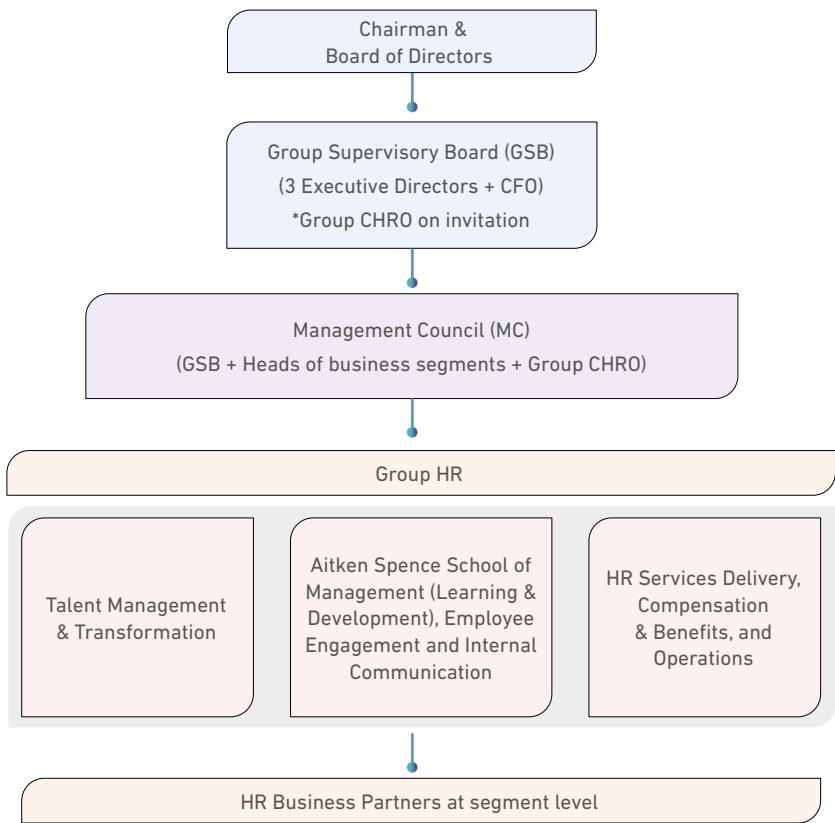
### Service analysis



# Human Capital

## HR Governance Structure

A robust HR governance structure with clearly defined responsibilities and reporting lines ensure transparency and accountability in all HR aspects.



### HR Policies Reviewed

- » Grievance Handling Policy
- » Group Whistle-blowing Policy
- » Group Disciplinary Policy

### HR Policies in Review

- » Recruitment Policy
- » Learning & Development Policy
- » Performance Management Policy
- » Policies related to Benefits

### HR Policies Re-Circulated

- » Code of Ethics and Professional Conduct
- » Diversity and Inclusion Policy
- » Sexual Harassment Prevention Policy
- » Alcohol and Substance Abuse Policy
- » Anti-Bribery & Anti-Corruption Policy
- » Group Remote Working Policy
- » Corporate Gift Policy
- » Social Media Policy

## HR Policies

A comprehensive suite of policies govern the HR functions of the Group ensuring smooth operation and transparency in decision making. All policies are reviewed on an ongoing basis and updated regularly to suit evolving dynamics as required. To ensure all employees are aware of and understand these policies, an annual communication campaign is conducted and employee knowledge on selected HR policies and procedures is regularly evaluated through 'Tartan', the Group Learning Management System (LMS).

## HR Compliance

Key indicators of HR policy compliance are collated by the respective segments and are reviewed on a monthly basis via HRBP dashboards at the HR Committee Meeting to spot early warning signs. These indicators are also taken up during GSB and MC monthly meetings. External audits including the annual payroll audit, annual Private Provident Fund audit and annual ISO Information Security Management Systems audit are also carried out to ensure compliance.

We are committed to fostering a culture of inclusivity and dignity for all. Our governance framework and work practices

include a zero-tolerance policy on sexual harassment, child labour and forced labour while also including stringent policies with regards to safeguarding human rights. Strict compliance is maintained to laws and regulations on labour standards, such as the Factories Ordinance, Wages Board Ordinance, Shop & Office Employees Act, Employment of Women, Young Persons and Children Act, Minimum Retirement Age of Workers Act, National Minimum Wage for Workers Act etc. There were no reported incidents of discrimination or non-compliance with labour laws during the year.

The Group Sustainability division engages with the Group Security division to increase awareness among all externally sourced security personnel on topics related to human rights at the workplace to ensure compliance. The Group is currently revising the internal training modules on human rights at the workplace to make it more accessible to employees. Special programmes customised for the security personnel at Aitken Spence are also in the pipeline.

### Focus on Employee Wellness & Well-being

Ensuring the wellness and well-being of Spenzonians is of utmost importance. Occupational Health and Safety (OHS) processes and systems are built into our integrated sustainability framework to ensure that the highest standards of occupational health and safety are adopted across our operation. With the gradual recommencement of operations amidst lingering threats of the COVID-19 virus, we continued to adhere to the strictest health and safety protocols across all our locations. A special focus was given to psychological well-being during this turbulent period, to ensure that employees were equipped with the tools required to navigate emerging challenges. Employee Assistance Programmes were also mobilised to add value to the overall wellness of Spenzonians.

### Occupational Health and Safety (OHS) Management System

OHS is an integral part of the Group's HR and Sustainability strategies. All Aitken Spence companies have procedures in place to ensure OHS in line with international benchmarks. Segments with higher vulnerability OHS hazards have implemented management systems aligned to the ISO 45001: 2018 system standard with several segments seeking certification as well.

### Hazard Identification, Risk Assessment, and Control (HIRAC) and Occupational Health & Safety (OHS) Procedures

A Group-wide Hazard Identification, Risk Assessment and Control (HIRAC) process is in place to proactively identify OHS hazards and ensure adequate control measures are established across all operations. The Group has formed a core team for Disaster Risk Reduction to identify potential risks related to natural or man-made disasters and develop required plans and procedures for business continuity at Group level.

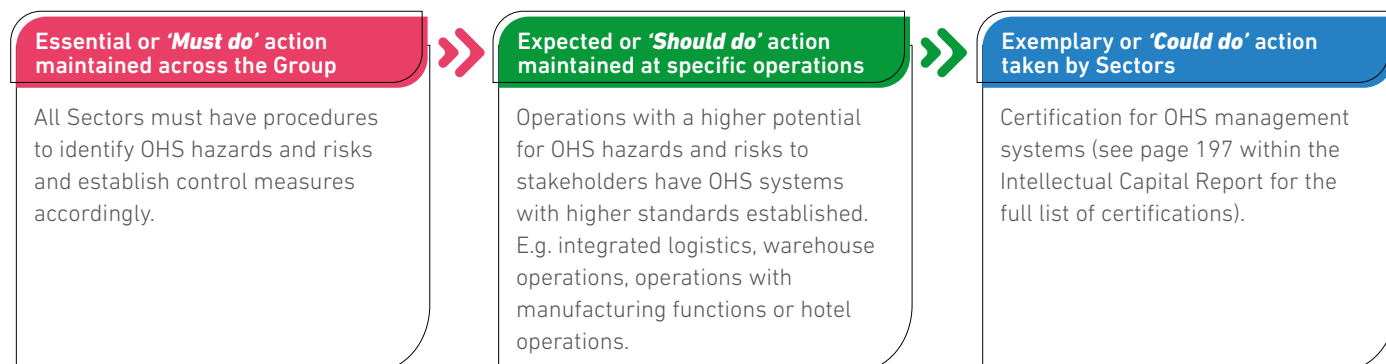
Meanwhile sustainability sub-committees are tasked with identifying OHS hazards and risk levels at segment level. Periodic internal and external inspections also ensure that risks are identified and assessed on an ongoing basis.

### Strategic Priorities

- » Formation of a COVID-19 vaccination taskforce to drive a vaccination campaigns across the Group
- » Adding new dimensions to the COVID-19 communication campaign by inviting medical professionals to facilitate webinars and create awareness
- » Ensure 60% of office-based executives work remotely by June 2022 - as of March 2022, 78% of the targeted employees were working remotely with the implementation of the 'Semi-Virtual Mobility' project
- » Additional health benefits including online medical consultation facilities for all executive staff



# Human Capital



## Employee Participation in Occupational Health and Safety

The Group's Sustainability team and the OHS teams at segment level are formed with representation of employees from all levels and business areas. All employees have access to these teams to highlight any OHS issues and are engaged on a random basis as part of the internal inspection process.

## Employee Training on Health & Safety

The Group routinely educates employees on OHS topics as well as general health and wellness. Meanwhile A network of over 470 team members across the Group have been trained on OHS priorities such as first-aid, fire safety, and emergency response.

## Promotion of Worker Health

As an organisation that prioritises the well-being of our employees, we strive to ensure that our employees have access to quality medical and healthcare services. Employees are provided a range of medical facilities including medical insurance, OPD reimbursements, access to medical professionals and lab services recommended by the Group among others. Additionally, taking into account the virtual working environment, online medical consultation platforms have been extended. Meanwhile specific support systems for health, safety and welfare are provided based on the employee demographic of each sector.

## Our employee safety record 2021/2022



## Apparel segment

In the Apparel segment, workers are provided with Employee Assistance Programmes such as counselling services due to the relatively high levels of domestic violence witnessed among workers. The company has taken many measures to educate its employees on support services available to them in an instance of domestic violence.

## Printing segment

Aitken Spence Printing provides on-site medical assistance to all employees via a doctor who visits the site 3 days per week. Additionally, the company bears the consultation fees while purchasing and distributing prescribed medicine to all factory staff.

## Plantations segment

Aitken Spence Plantations provides a range of health and welfare facilities to its estate worker community. Facilities include paid leave for medical consultations, special medical assistance for pregnant workers, creche facilities for children, special assistance for children with special needs among others.



## Strategic Priorities

- » Launch of 'Transcend', the first ever structured learning curriculum based on the Aitken Spence competency framework, comprising eight core behavioral competencies for all executives
- » Roll out of 'Power Learning Sessions': enlightening and thought-provoking talks delivered by well-known personalities in Sri Lanka and overseas as well as a series titled 'Undeterred' on popular and lesser known personalities who have reached the epitome of success

## Aitken Spence Competency Framework

During the year we revisited the existing Aitken Spence competency framework, revamping it with eight core behavioural competencies and an aligned proficiency directory. These competencies are applicable to executives across the Group. The framework was branded as 'Aitken Spence Behavioural Competencies' or 'ABCs', to emphasise its fundamental importance. The framework will enable the Group to strengthen the competency-based HR architecture which complements our core HR strategies of attracting, developing, rewarding, and retaining talent.

## Creating a Culture of Learning and Development

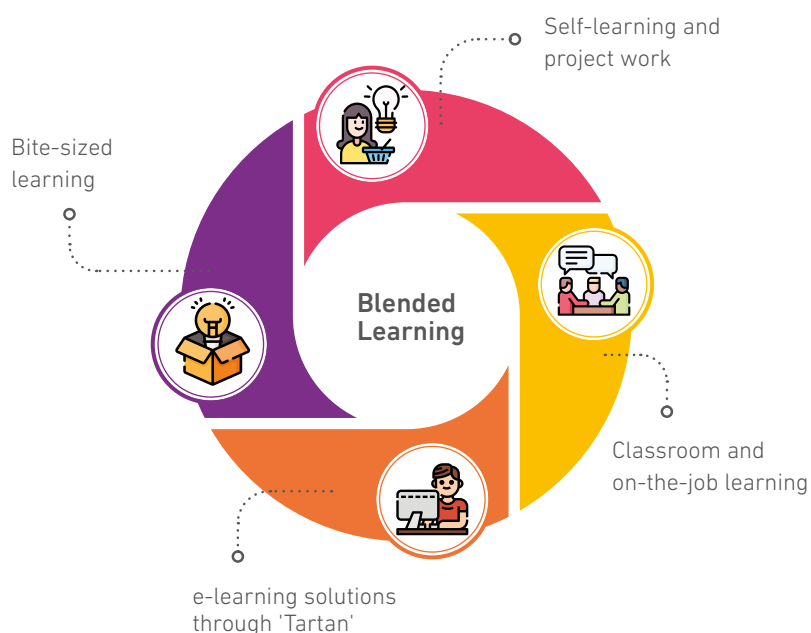
The Aitken Spence School of Management (ASSM) drives the Group-wide learning initiatives while business segments also have specialised training programmes in place, based on unique business needs. Adapting to the post COVID-19 new normal, ASSM has adopted a blended approach in delivering its learning programs, incorporating innovative models such as bite-sized 'Power Learning

Sessions', interactive e-learning solutions through 'Tartan', webinars and KPI linked self-learning into its mainstream learning and development channels.

In order to promote a self-learning culture in the Group, a weightage of 20% was assigned under 'Developmental Goals' for completing 40 self-learning hours during the performance cycle. ASSM continued to drive the weekly learning series titled 'Self-Learning Supplement' and also initiated a self-learning portal to register individual training hours.

## Leadership Development

Succession planning is a vital component of the Group's long-term growth aspirations. For critical leadership positions potential successors are identified and groomed proactively. All Management Council members are mentored by the Deputy Chairman and Group Supervisory Board through monthly meetings, continuous dialogue, and bi-annual formal appraisals.



# Human Capital

## ASSM competency-based talent development model

### OBJECTIVES

#### Facilitating People Development

Flexible, relevant learning opportunities for all employees

#### Supporting the Leadership

Facilitating management & leadership development programmes

#### Creating a Supportive Learning Culture

Structures and cultures that facilitate learning

### TALENT DEVELOPMENT MODEL

#### Individual Development

These programmes are primarily focused on the development of various competencies of individuals, which in return, will enhance their soft and behavioral skills to perform the job role effectively and to grow professionally

#### Managerial Development

These programmes will enable the participants to understand the various aspects of leadership, management and will provide tools and insights to think strategically

#### Organisational Development

Focus of these programmes is to provide information on the organisational processes and build the capabilities of the employees by understanding the systems and procedures

#### Professional Development

These programmes are primarily focused on the development of various competencies of individuals, which in return, will enhance their soft and behavioral skills to perform the job role effectively and to grow professionally

### SERVICES

Training Needs Analysis

» Customised Training

» Soft Skills Training Programmes

» e-learning Solutions via 'Tartan'

» Overseas Training Facilitation

» Special Learning Advisory Services

» Performance Coaching

» Facilitate Programmes by Corporate Training Partners (e.g. CIMA)

» Management Information on Learning & Development Activities

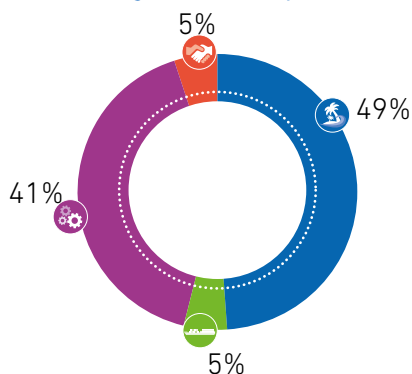
### OUTPUT AND IMPACT

#### Training investment



**Rs. 19.9 Mn**

#### Training investment by sector



#### Total training hours



**140,287**

#### Average no. of training hours by gender (\*for executive employees)



**37**



**33**

#### Training YoY growth



**>100%**

increase in training hours  
(from 62,192 in 2020/2021 to  
140,287 in 2021/2022)



**100%**

of employees receive regular  
performance and career  
development reviews

#### Average no. of training hours per employee: by sector & employee category

Sector	Non-Executive	Executives to Assistant Manager	Manager to General Manager	AVP to Managing Director
Tourism	21	31	21	138
Maritime & Freight Logistics	2	10	12	1
Strategic Investments	2	78	68	49
Services	10	21	50	5

### Strategic Priorities



- » Enhanced employee engagement on digital platforms - all activities were digitalised either fully or partially
- » Improved our reach to Sponsonians across Sri Lanka and overseas
- » Internal communication was more theme-based and streamlined
- » Family members were invited to participate in activities
- » The spirit of friendly competition was kindled via many competitions

- » Staff Conventions
- » Whistleblowing Procedure
- » Grievance Policy and Mechanism
- » Performance Appraisal Process
- » Monthly HR Committee Meetings



- » Open Door Policy
- » Employee Surveys
- » Feedback Surveys
- » Focus Group Discussions
- » Digital 'ACE' Magazine and 'Athwela' Newsletter

### Employee Engagement and Internal Communication

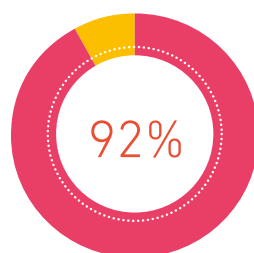
We continued to explore innovative ways of engaging with employees through digital channels to ensure that employees remained motivated despite the disruptions caused by the pandemic. Employee engagement and internal communication activities were streamlined and revolved around the core themes of Motivation, Inspiration, Visibility and Recognition.

### Rewarding Innovation

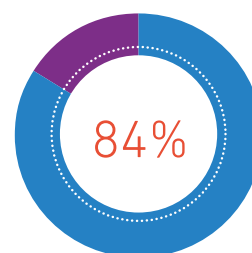
We continue to foster an innovative culture within the Group through initiatives such as 'SpenceLab'; our Group-wide intrapreneurship initiative. Employees are encouraged to submit ideas and are rewarded under four key categories (Significant Process Improvement, New Products/ Services, New Business Ventures, and Outside the Box). Ideas are recorded on an online platform together with details of quarterly winners to create visibility for ideas and idea generators. The winners of SpenceLab round 3 were recognised at the Executive Staff Convention held in December 2021. The new category titled 'Outside the Box' was introduced to SpenceLab in a subsequent round during the year in review.

### 'Semi-Virtual Mobility' survey

As a Group that values our employees' opinions, we periodically conduct employee surveys to feel the pulse of our people. During the year, the 'Semi-Virtual Mobility' survey was conducted among 500+ employees across the Group to gauge their overall experience and input with respect to the newly introduced SVM model. Key findings of the survey are highlighted below;



Satisfied with the SVM initiative



Satisfied with the work-life balance due to the SVM implementation

## Human Capital

## Employee engagement activities during the year



### Spensonian convention

Over 450 employees participated in the Spensonian convention that was held in a hybrid form reaching Spensonians across the globe.



## Spensonians e-pola

The Spensonian e-pola took on a different face, where vendors displayed their wares via an online meeting while inviting customers to purchase in person.



### Step up challenge

A walking challenge aimed at encouraging Spensonians to focus on their health, with the highest step count winning.



### Art and poster competitions

An art and poster competition was held in partnership with Western Power Company for employees and their children to illustrate what 'Save The Wetlands' means to them.

## Women's day initiatives

In line with the International Women's Day 2022 theme #BreakTheBias, the month of March involved many Group-wide initiatives including the flagship panel discussion on the topic '#BreakTheBias in the Workplace' with the Deputy Chairman and GSB moderated by the GCHRO. The programme had a virtual participation of over 560 Spensonians across the world. Other activities included 'cross your hands' employee pledges, Spensonian stories celebrating women in their lives, a virtual quiz on Inspirational Women, an interactive webinar series by an international speaker on how to enhance self-belief and self-branding, and a social media campaign. Apart from Group-wide events, segments also engaged in their own celebrations such as a puppetry skit on breaking the bias by the Maritime & Freight Logistics sector.

A focused diversity and inclusion initiative titled 'Spence Women @ Work' was also launched to strengthen gender equality and women empowerment in the workplace.



## Virtual Christmas carols

Virtual Christmas carols were conducted for the first time, showcasing Spensonian talents in singing and playing musical instruments.





### Celebration of festivals and commemorative days

Competitions such as Vesak lanterns, greeting cards, and 'nisandhas', Poson essays, Avurudu raban kavi, Christmas greeting cards, World Poetry Day etc. were held in celebration of the many cultural and commemorative days.

Spensonians and their families in the Travels sector engaged in Independence Day and Vesak celebrations involving art and cultural dances recorded from home.



### SpenceLab

SpenceLab continues to encourage an innovative culture and reward innovative thinking amongst employees.



### Sporting events

Divisional netball tournament carried out by the Plantations sector.



### Employee welfare activities

The Plantations sector engaged in numerous activities such as providing dry rations to pregnant employees and new mothers, donating to orphanages etc.

# Human Capital

## Strategic Priorities

- » Continued investments in IT infrastructure to facilitate a 'Semi-Virtual Mobility' model
- » Digital transformation of HR functions

## Adapting to the Changing World of Work

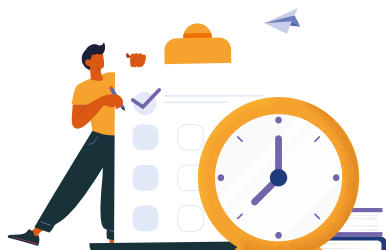
The world of work continues to evolve, with workplace flexibility, virtual collaboration, decreased mobility and widespread technology adoption continuing to impact how we work. As a business that prides itself on staying ahead of the curve, we continue to adapt to these changes, driving innovation and change in all aspects of our operation. From successfully modelling a SVM initiative to accelerating our digital transformation drive, we continue to evolve in response to changing requirements of the workplace.

## Digital adoption of HR functions



### LEARNING AND DEVELOPMENT

- » Online Learning Management System (LMS)
- » e-learning/Power Learning
- » Training needs captured through HRMS
- » Programme attendance captured via QR codes
- » Training evaluation conducted via MS Forms



### PERFORMANCE MANAGEMENT

- » Employee performance appraisals conducted on the HRIS

### RECRUITMENT AND SELECTION

- » Manpower planning on HRIS
- » Virtual interviews
- » Virtual assessments
- » Digital workflow for recruitment approval



### EMPLOYEE ENGAGEMENT

- » SpenceWay Service Excellence Surveys, SVM survey, general feedback surveys were carried out online
- » Internal communication via digital channels (virtual town halls etc.)
- » Virtual team building (see employee engagement section above)
- » Online exit Interviews



### HR ANALYTICS

- » PowerBI and other tools utilised to evaluate HR performance
- » Management information/HR dashboards
- » Data compilation through digital channels across all sectors



## Strategic Priorities

- » Digital talent acquisition and onboarding
- » Introducing recruitment analytics and dashboards
- » Enhancing work-life balance through the SVM model

## Attracting and Retaining Top Talent

Despite the disruptions caused by the pandemic, we continued to engage in talent acquisition in support of business continuity. Onboarding a total of 3,821 employees during the year by shifting to digital platforms where sourcing and selection (interviews and assessments) were conducted online is testimonial to the effectiveness and flexibility of our recruitment strategy. Meanwhile as part of our efforts to successfully acclimatise new employees into the Spensonian family, the Group orientation programme 'Roots to Excellence' was conducted virtually by

ASSM. With the relaxation of the COVID-19 protocols in 2022, it was transformed into a hybrid programme, where new recruits were introduced to Aitken Spence through modules on the Learning Management System 'Tartan' and then provided the opportunity to participate in a physical event. Probationary evaluation involving one-to-one discussions, comprehensive training and development opportunities and a 'buddy system' to support new recruits have enabled us to maintain high retention levels. Group attrition rate meanwhile was 20%, dropping by 1% during the year in review (2020/2021 – 21%).

All job vacancies include specific qualifications required to perform the job role. The possession of these qualifications is verified during both long-listing and short-listing of candidates. We ensure that competent candidates with the required skills and qualifications join the Spensonian family.



Total new recruits		Total exits	
3,821		3,715	
30% of total workforce		30% of total workforce	
Sri Lanka			
2,996		3,049	
India			
42		45	
Maldives			
663		506	
Oman			
27		19	
Fiji Islands			
88		95	
Mozambique			
2		0	
Bangladesh			
3		0	
Myanmar			
0		1	

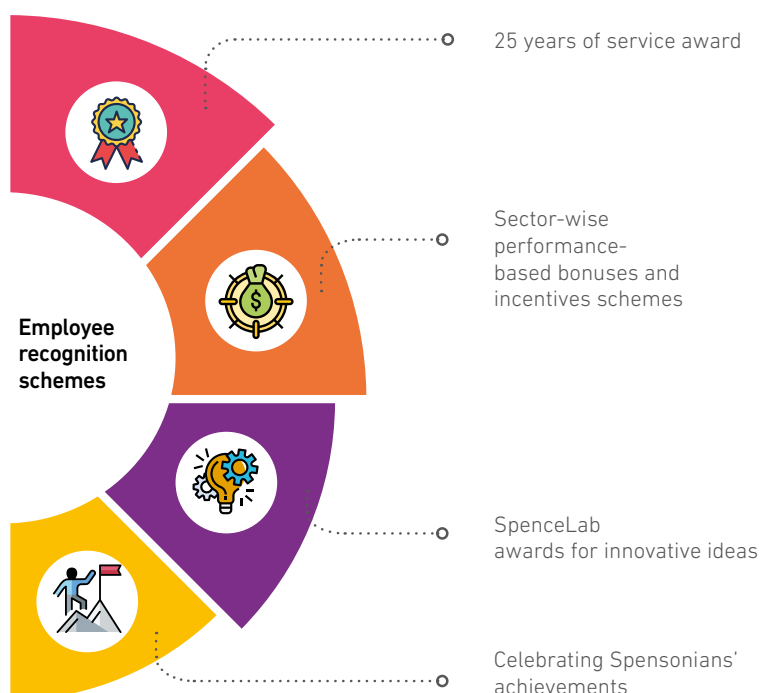
## 25 years of service awards



# Human Capital

## Remuneration and Benefits

Our total rewards strategy offers attractive remuneration and unique benefits to complement our talent acquisition and retention philosophy. Established policies ensure that remuneration and benefits are fair and that they recognise individual performance in realising the overarching corporate objectives of the Group. In order to maintain internal and external equity of pay, remuneration and benefits surveys are conducted periodically. During the year we made Rs. 9.7 Bn in payments to employees while maintaining the diverse range of benefits offered to employees.



## Employee benefits

- » Reimbursement of medical bills
- » Health insurance
- » Online medical consultation facility
- » Creche facility for plantation workers
- » Supporting continuous professional development
- » Annual subscriptions for professional memberships
- » Benefits awarded by Aitken Spence Sports and Welfare Society
- » Housing loans at concessionary rates
- » Free holiday vouchers at Aitken Spence Hotels
- » Concessionary rates at Aitken Spence Hotels
- » Holiday bungalows
- » Wedding gifts
- » Death donations
- » Transport facilities/travel reimbursements

## Labour Relations

We remain committed to protecting our employees' rights to freedom of speech, expression, and association. Over 40% of the Group's employees belong to trade unions and are covered through collective agreements. A majority of unionised employees belong to the Plantations segment. In addition to trade unions, our employees in the Apparel segment engage in Worker Councils/Joint Consultative Committees (JCC). Maintaining an ongoing dialogue with trade unions and representative committees of employees was an important aspect of our engagement activities during the pandemic and enabled us to proactively address issues and concerns faced by more vulnerable segments of our employee base. We have in place formalised mechanisms to engage with trade unions on a regular basis and continued to engage with the 57 trade unions across the Group. Cordial relations with trade unions were maintained during the year. A minimum notice period of 4 weeks is provided to employees prior to the implementation of any significant operational change that would substantially affect them.

I was introduced to Aitken Spence by a well-known associate, but what really convinced me to pursue a position within the Group were the great people I met during the Recruitment & Selection process, and their willingness to embrace technology allowing me to participate in virtual interviews and assessments from the comfort of my home.

**Ms. Aseka Sirisena** - Assistant Manager – Employee Engagement – Group Human Resources Division  
Aitken Spence Corporate Finance (Pvt) Ltd.

# talent acquisition



# talent development



I joined the Aitken Spence Corporate Trainee programme in 2009 because I was at a crossroad in my journey and unsure about which path to take. The extensive programme didn't just shape my career, it helped me convert my passion into a career. 13 years later, I can honestly say I love my job and the amazing people I get to work with and learn from.

**Ms. Yasangi Randeni** - General Manager – Group Business Development & Sustainability  
Corporate Sustainability Division Aitken Spence Corporate Finance (Pvt) Ltd.

The SVM project and related training programmes rolled out by the Group have helped me immensely in prioritising my work and managing my time. Most importantly, I have learned to value work-life balance and spending quality time with my family. Now, I am more engaged both professionally and personally, less stressed, and happier overall.

**Mr. Rajitha Udara** - Executive – Aitken Spence Travels (Pvt) Ltd.

# employee engagement



# talent retention



I joined Aitken Spence as a Credit Control Officer at Ace Freight Management in 1997 and completed 25 years of service as an Assistant General Manager at Ace Container Terminals in 2022. The enthusiasm I possessed at the beginning of my journey remains to this day due to the numerous opportunities for career progression and industry exposure provided.

**Mr. Dishantha Jayawardena** - Assistant General Manager – Ace Container Terminal (Pvt) Ltd

Aitken Spence is its history and traditions. Aitken Spence is its service standards. Aitken Spence is its multi-culture, diversity, and integrity. Most importantly, the values of Aitken Spence are reflected through the thousands of wonderful people that serve the organisation.

**Mr. Devinda Ekanayake** - General Manager – Finance – Western Power Company (Pvt) Ltd (Pvt) Ltd.

# culture



# innovation



SpenceLab, a corporate programme to birth incremental and disruptive innovative ideas within the group. Read your operating environment, identify the challenges, and convert them into opportunities are the real outcome of it. I am proud to be part of the winners at SpenceLab Round 3, under the New Ventures category, presenting 'COCOA – Intercropping with Oil Palm.

**Mr. Priyantha Dissanayake** - Chief Operating Officer – Engineering, Project Management and Business Strategies – Elpitiya Plantations PLC

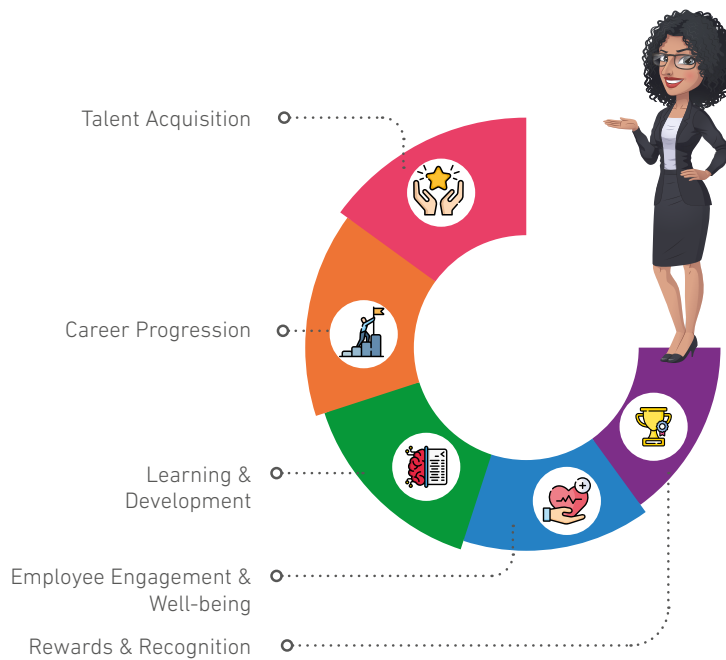
# Gender Parity Report



Fostering an inclusive work environment that supports gender equality and empowerment remains a key focus of the Group. The Group has endorsed the 7 United Nations Women's Empowerment Principles and is a part of the UNGC's Target Gender Equality programme, reiterating its firm commitment to gender equality and empowerment within the organisation and wider community.

## Spence Women @ Work

A 5-pronged diversity and inclusion framework focused on gender equality and women's empowerment has been developed and launched in 2022 to complement the Group's efforts in:



This initiative will be operationalised at 3 levels: Group, Sector and Individual.

The objectives encompass:

- » Fair female representation considering industry dynamics in all sectors
- » Encouraging and facilitating females in assuming leadership/managerial positions
- » Supporting work life balance and health and well-being initiatives
- » Sustaining a workplace devoid of any form of harassment, discrimination and bias
- » Monitoring and sustaining pay parity
- » Maintaining equal employment opportunity provider status
- » Becoming a social enabler to champion women empowerment.

A Group-wide agenda and action plan have been initiated with assignment of change management responsibilities in the pipeline.

## Enablers

The Group has always been home to a significant gender mix given the diverse industries in which it operates, particularly the Garments/Apparel and Plantations segments. A focused induction of females into the Group has not been necessitated to date.

We continue to promote gender equality and empowerment in the workplace through our core values (reliability, honesty and transparency, warmth and friendliness, genuineness, and inspiring confidence), strong policies, and supportive work practices.



## POLICIES

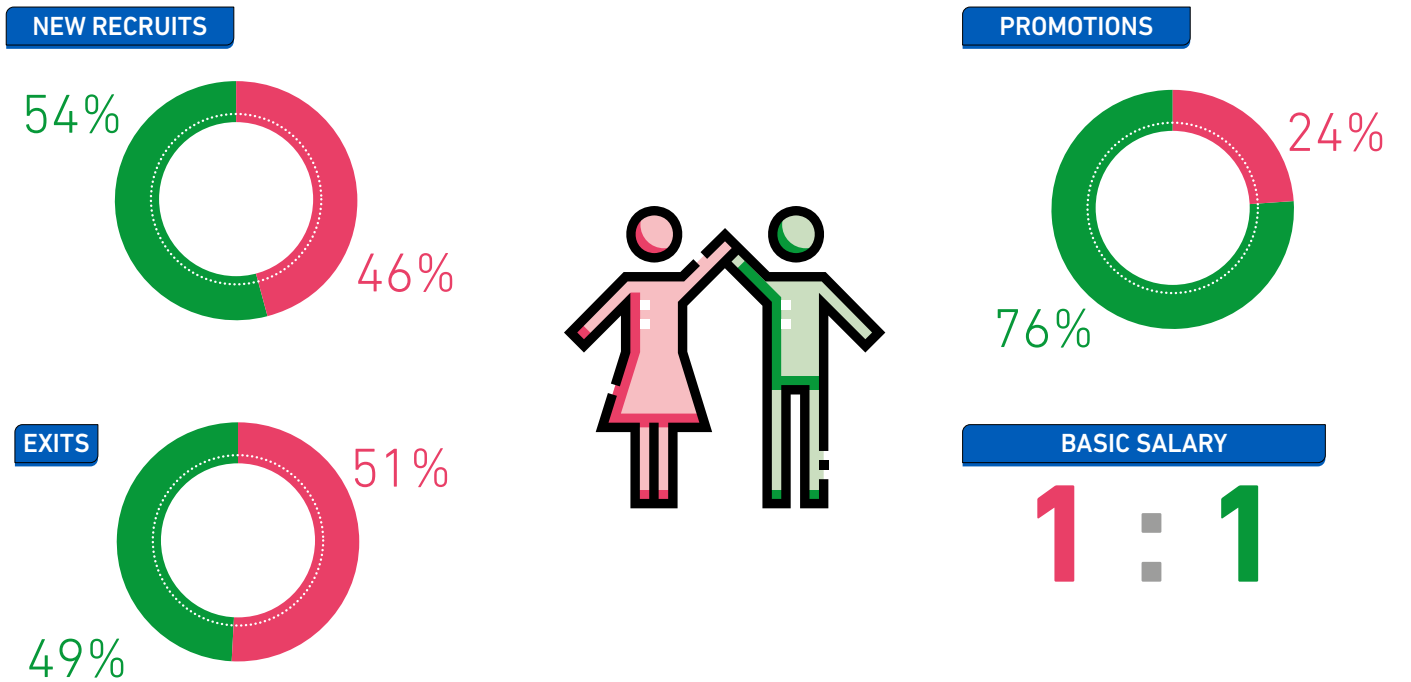
- » Diversity and Inclusion Policy
- » Sexual Harassment Prevention Policy
- » Grievance Handling Policy



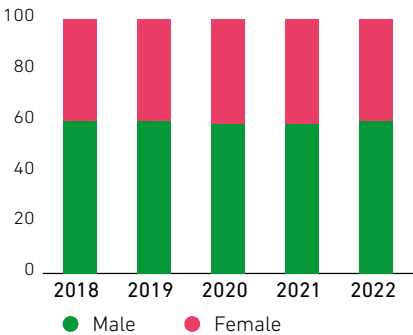
## SUPPORT SERVICES

- » Semi-Virtual Mobility
- » Counselling services
- » Special medical assistance for pregnant employees
- » Creche facilities for children
- » Special awareness sessions
- » Transport services

Gender composition

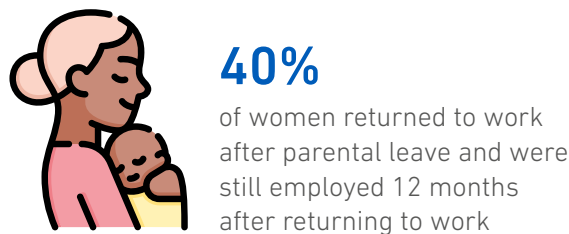


GENDER REPRESENTATION



11%	Board of Directors	89%
18%	Senior Management	82%
18%	Middle Management	82%
28%	Executives	72%
43%	Non-Executives	57%

Gender gap indicators

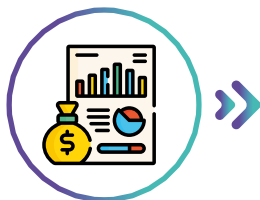


RAW MEDIAN GENDER PAY GAP		
Employee Category	% (male pay higher than female pay)	
Non-Executives		2%
Executives		8%
Middle Managers		7%
Senior Managers		10%

Responsible brand

The Group is conscious of its responsibility to be objective and inclusive and makes a concerted effort to avoid depicting attitudes that are discriminatory or offensive to a gender in the Group's marketing, advertising and other communications.

# Financial Capital



The pool of funds available for deployment, which comprises debt, retained earnings, and equity funding, is known as our financial capital. Our capacity to generate long-term value for our stakeholders is dependent on how we manage and use our financial capital. We concentrated on cost optimisation and maintaining sufficient liquidity this year to ensure our financial resilience. One of the key factors in determining our success is our capacity to obtain cost-effective funding. The Group's capacity to control its total cost of capital, as well as the Group's ability to maintain strong credit metrics, are critical to our long-term viability and ability to fund any future expansion.

## Strategic Priorities

- » Concentration of investments in priority sectors of the economy such as renewable energy
- » Diversification of investment portfolio
- » Ensure investments meet the identified hurdle rate of the Group
- » Effective use and trade-off of resources
- » Management of cost structures
- » Sustained growth of the value of the company
- » Availability and access to affordable finance

## Key Achievements

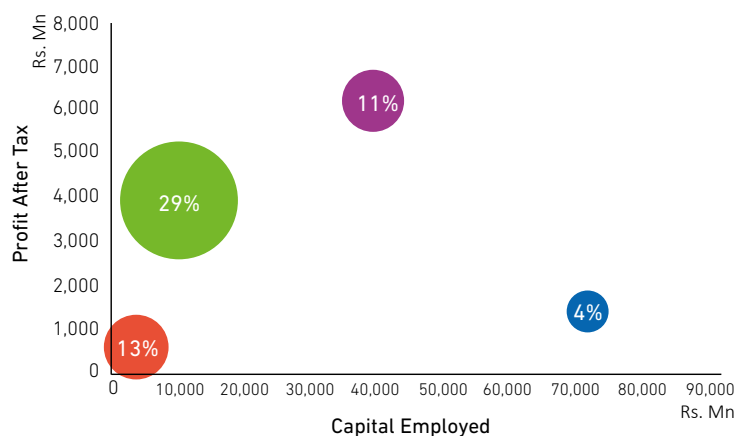
- » Acquisition of Waltrim Energy hydro power plants for Rs. 900 million
- » Repayment of interest-bearing borrowings and loans of Rs. 2.4 billion
- » Return on equity of 18.3%
- » Operating profit margin growth of over 100%
- » Reduction in debt-to-equity ratio
- » Improvement in Interest cover ratio

## Way Forward

- » Continuous focus on Liquidity
- » Concentration of Investment in projects of strategic importance in Sri Lanka and renewable energy projects
- » Constant maintenance of a healthy debt to equity ratio
- » Maintaining a growth in operating margins across all business segments
- » Meeting all debt obligations as required.

Aitken Spence PLC made a strong recovery recording a profit after tax of Rs. 12.2 billion in 2021/22 from a loss of Rs. 3.3 billion in 2020/21, creating substantial value for its investors. The turnaround was broad based with all sectors including Tourism recording positive contributions to the bottom line. Flexible strategy was key to recovery as we leveraged the geographical and multi-industry diversity to seek opportunities for growth. More importantly these results were delivered amidst significant challenges, not only crafting a recovery but recording the highest profits in the history of the Group.

## Portfolio Returns



The size of the circle indicates ROCE





## Investment Philosophy

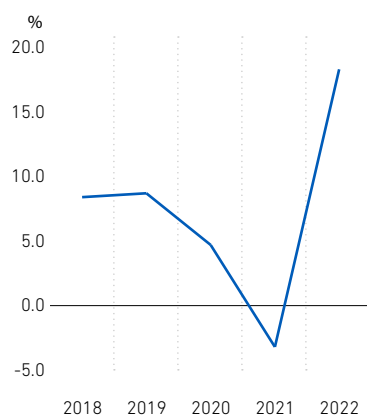
Aitken Spence PLC invests in projects that are aligned with the country's priority sectors and of strategic importance to Sri Lanka. These investments are typically linked to increasing foreign exchange earnings or providing solutions to the country's infrastructure needs with decisions to invest being dependent on the prevailing investment climate and the project's ability to meet the Group's hurdle rates. The Company also seeks opportunities for investments overseas to diversify its risks geographically and generate much needed foreign exchange earnings for the country.

Aitken Spence prides itself on having obtained the necessary approvals for its investments through transparent bidding processes, based on competitive bids where requests for proposals have been issued. The Group has a proud track record of completing all awarded projects. Additionally, the Group has maintained a prudent dividend policy, retaining sufficient funds for growth aspirations without recourse to new funds from shareholders.

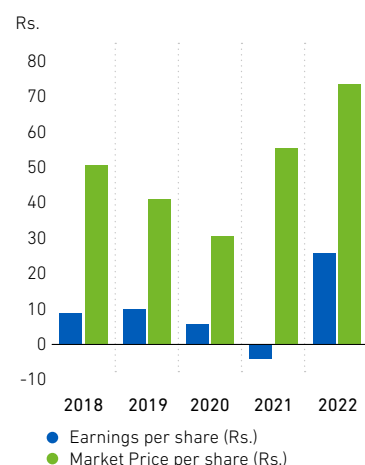
## Value to Shareholders

Value to shareholders soared as the improved performance spurred upward movement in the share price and the significantly higher dividend declared, enabling shareholders to recover from the low returns in the previous year.

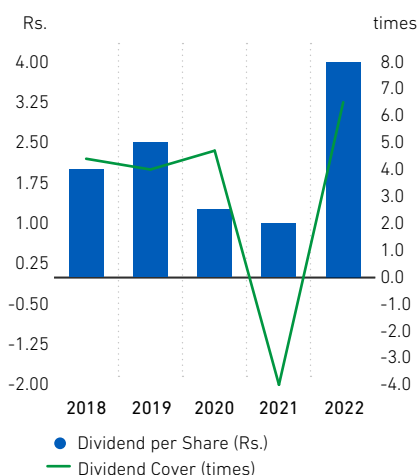
### Return on Equity



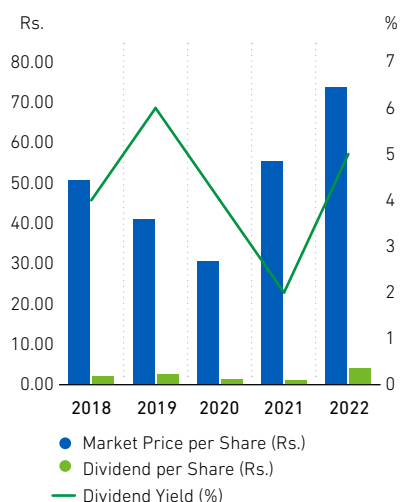
### Earnings per Share vs Market Price per Share



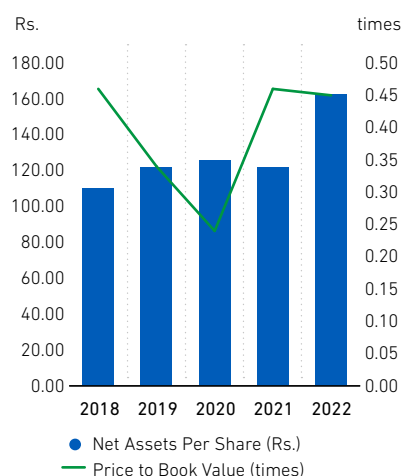
### Dividend per Share and Dividend Cover



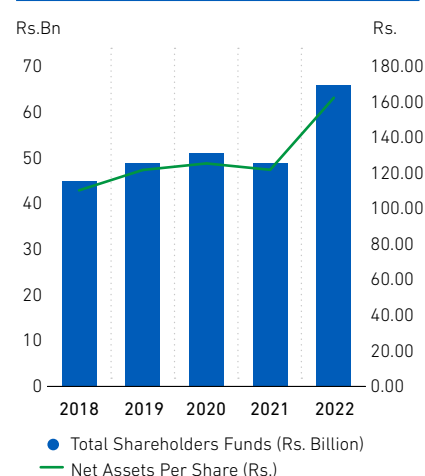
### Dividend to Market Price



### Net Assets Per Share vs Price to Book Value



### Total Shareholder Funds & Net Assets Per Share



# Financial Capital

## Summarised Income statement

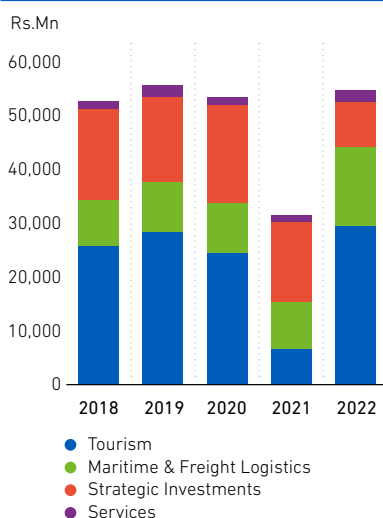
For the Year ended	2021/2022 Rs. Mn	2020/2021 Rs. Mn
Revenue	54,696	31,598
Revenue taxes	(544)	(137)
Net revenue	54,152	31,461
Other operating income	7,380	639
Operating Expenses	(45,145)	(32,961)
Profit from operations	16,387	(861)
Finance income	1,161	813
Finance expenses	(4,006)	(3,172)
Net finance expense	(2,845)	(2,359)
Share of profit / (loss) of equity-accounted investees	682	376
Profit before tax	14,224	(2,844)
Income tax expense	(2,068)	(470)
Profit for the period	12,156	(3,314)
Earnings per share	25.96	(4.00)

## Earnings

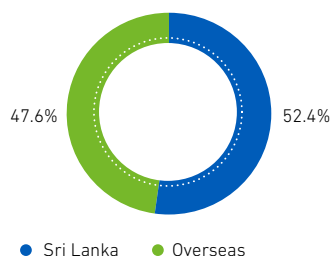
### Revenue

Group revenue increased by 73.1% to Rs.54.7 billion with the strong recovery of the Tourism sector in the fourth quarter which accounted for 42.3% of revenue of the Tourism sector. It is notable that revenue from Tourism sector exceeded pre-pandemic levels recorded in 2019 with the sector once again demonstrating its ability to recover quickly. Maritime & Freight Logistics sector recorded its highest revenue with increases across the entire value chain and all locations. Revenue from Strategic Investments declined by 43.9% due to the expiry of the power purchase agreement of Ace Power Embilipitiya which was renewed only few days before the year end. Services sector recorded an increase in revenues of 69.1% as the activity levels increased in the insurance and elevators segments.

### Revenue



### Geographical Analysis of Revenue



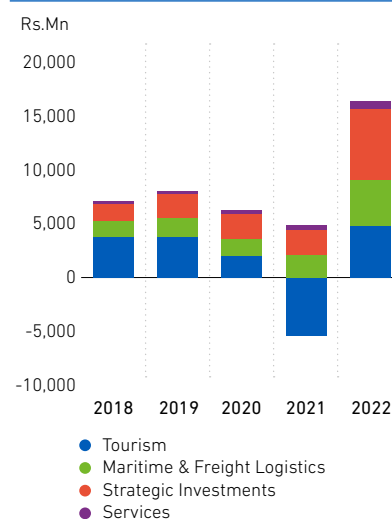
## Operating Expenses

Operating expenses increased by 37.0% to Rs. 45.1 billion during the year as other direct expenses rose accounting for 45.4% of the annual cost. Two factors drove costs, the recovery of the Tourism sector which resulted in the corresponding increase in operating expenditure and the sharp devaluation of the rupee along with the high inflation witnessed towards the end of the financial year. Other indirect expenses and employee benefits expenses accounted for 14.0% and 21.6% of the total operating expenses recording increases of 65.2% and 44.3% respectively.

## Operating Profit (EBIT)

The Group recovered from a loss of Rs. 861.1 million to an operating profit of Rs.16.4 billion with positive contributions from all sectors. The Tourism sector recovered from its losses in the previous year. The Strategic Investments sector was the highest contributor to operating profits, accounting for 40.2% while Tourism and Maritime & Freight Logistics accounted for 29.1% and 26.4% respectively. This reflects the increased profitability of all sectors.

### Profit from Operations



## Net Finance Costs

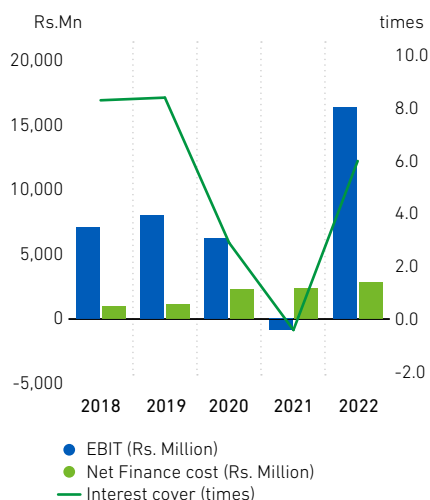
Net finance costs increased by 20.6% as interest rates edged upwards in the second half of the year and the Group borrowings increased by 34.7%. However, interest cover soared to 6.0 times recovering from a negative 0.4 times as EBIT turned from a negative to the highest recorded in the history of the Group.

## Profit Before Tax

The Group made a phenomenal recovery from a loss before tax of Rs. 2.8 billion to record the highest profit before tax in its history of Rs. 14.2 billion as all sectors turned in strong results for the year. It is notable that Rs. 11.0 billion of the profits were recorded in the fourth quarter which is largely attributable to the strong performance of the Tourism, Maritime & Freight Logistics and Strategic Investments sectors which gathered momentum during this period.

For the Year ended	Quarter 1 2021/2022 Rs. Mn	Quarter 2 2021/2022 Rs. Mn	Quarter 3 2021/2022 Rs. Mn	Quarter 4 2021/2022 Rs. Mn	For the year 2021/2022 Rs. Mn
Tourism	(1,725.6)	(685.8)	1,654.9	3,208.0	2,451.6
Maritime & Freight Logistics	845.1	938.9	1,077.0	2,071.6	4,932.6
Strategic Investments	296.1	252.8	181.2	5,402.0	6,132.1
Services	117.0	228.1	91.0	271.8	708.0
Total	(467.3)	734.0	3,004.1	10,953.4	14,224.2

## Net Interest Cost and Interest Cover



## Taxation

The income tax liability for the year increased from Rs. 470 million to Rs. 2.1 billion, which comprised of corporate income tax of Rs. 1.4 billion and deferred tax of Rs. 685 million. The effective tax rate for the Group for the year was 14.5%. The Group continues to enjoy a relatively low effective tax rate as most of the Group's investments are in priority sectors which currently enjoy concessionary tax rates. In

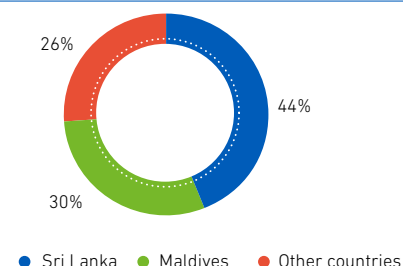
addition, the Company and its subsidiaries utilised 6.6 billion of brought forward tax losses in arriving at the income tax liability of Rs. 1.4 billion.

The Group operates in eight countries and incurs a variety of direct and indirect taxes such as corporate income taxes, sales taxes, customs duties, excise taxes, stamp duties, levies, employment and many other business taxes. Accordingly, the Group has established and maintains policies and compliance processes to ensure the integrity, accuracy and timeliness of tax returns in all countries where it operates. Continuous engagement with the local tax authorities facilitates clarification and understanding consequences of new tax legislation in order to ensure proper compliance minimising tax risks that arise from unclear laws and regulations and varying interpretations.

In complex transactions, expert opinion is sought from external tax professionals to ensure we comply with the applicable laws. We ensure that the staff have the necessary training to appropriately manage the tax positions. The Group is also responsible for collecting and

remitting Pay-As-You Earn (PAYE), Advance Personal Income Tax (APIT) and Value Added Tax (VAT) for which returns are filed in a timely manner. This approach to taxation applies to Sri Lanka and all other countries in which the Group operates.

## Geographical Analysis of Income Tax

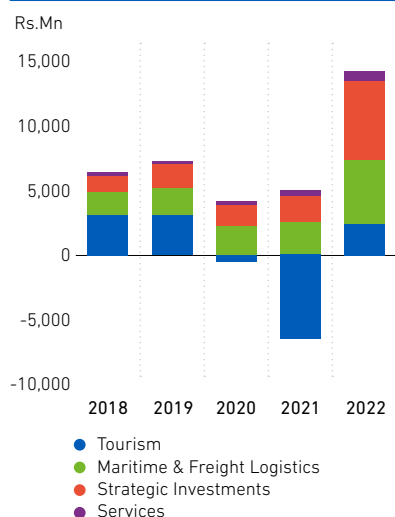


# Financial Capital

## Profit After Tax

The Group recorded its highest post-tax profit of Rs. 12.2 billion recovering from a loss of Rs. 3.3 billion as all sectors delivered a strong growth. The Strategic Investments sector was the highest contributor to the profits of the year, closely followed by the Maritime & Freight Logistics Sector which accounted for 51.2% and 32.5% respectively while the Tourism sector accounted for 11.8%. The Services sector accounted for 4.4% of the Group's profit after tax.

### Profit before Taxation



## Growth

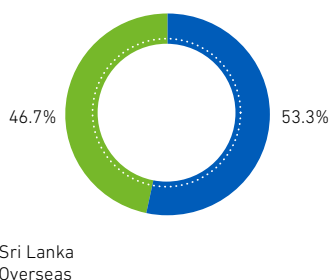
Total assets increased by 34.3% to Rs. 197.3 billion by 31st March 2022 driven by growth of property, plant & equipment, trade & other receivables, other current assets and cash & cash equivalents. Property, plant and equipment reflects the expansion of the power generation segment portfolio with the acquisition of 6.6MW of hydro power capacity, the capacity expansion in the container freight station and investments by the Tourism sector in strengthening IT infrastructure as well as renovation, all of which serve to enhance the Group's earnings capacity.

Foreign currency translation of trade and other receivables at the balance sheet date was the main reason for the increase in trade receivables and other current assets.

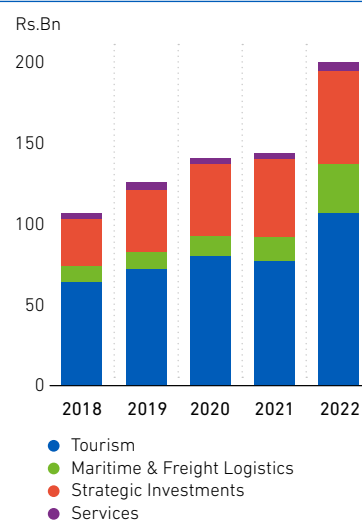
## Summarised statement of financial positions

As at	31.03.2022 Rs. Mn	31.03.2021 Rs. Mn
<b>Non-current assets</b>	<b>127,930</b>	<b>105,731</b>
Property, plant and equipment	95,810	79,826
Right-of-use assets	18,845	14,060
Investments in equity-accounted investees	8,564	7,080
<b>Current assets</b>	<b>67,664</b>	<b>40,006</b>
Inventories	3,859	2,355
Trade and other receivables	21,136	13,913
Other Current assets	25,128	14,378
Cash and short-term deposits	15,344	7,979
<b>Assets classified as held for sale</b>	<b>1,751</b>	<b>1,243</b>
<b>Total assets</b>	<b>197,346</b>	<b>146,980</b>
<b>Equity Attributable to Shareholders</b>	<b>65,949</b>	<b>49,490</b>
Non-controlling interests	11,497	9,702
<b>Total equity</b>	<b>77,446</b>	<b>59,192</b>
<b>Non-current Liabilities</b>	<b>69,870</b>	<b>54,848</b>
Interest-bearing loans and borrowings	49,275	38,910
Lease liabilities	15,835	11,854
<b>Current liabilities</b>	<b>50,030</b>	<b>32,940</b>
Interest-bearing loans and borrowings	8,677	4,115
Lease liabilities	1,570	1,279
Trade and other payables	29,507	12,205
Bank overdrafts and other short-term borrowings	9,617	15,083
<b>Total equity and liabilities</b>	<b>197,346</b>	<b>146,980</b>

### Geographical Analysis of Total Assets



### Total Assets



## Resilience

The total assets of the company are financed by 33.4% equity, 5.8% non-controlling interest, and 60.8% non-current and current liabilities, including lease liabilities. The total non-current and current liabilities increased by 36.6%, owing mostly to the revaluation of foreign currency non-current and current liabilities at the balance sheet date. The 47% depreciation of the Sri Lankan rupee against the USD by the conclusion of the financial year had a negative impact on liabilities denominated in foreign currency.

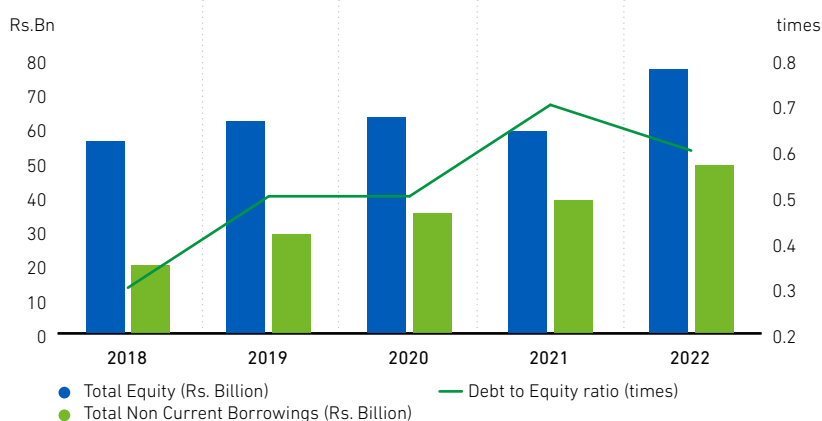
The increase in current liabilities is countered by the fact that the Company's current assets which had a significant foreign currency denominated assets base, increased dramatically as a result of the rupee's steep depreciation in March 2022, resulting in an improvement in the current asset ratio to 1.35 times from 1.21 times.

The net exposure of foreign currency financial assets and liabilities at the balance sheet date are given below which reflects a prudent net assets position.

Net Exposures as at 31st March 2022 Financial Assets/(Liabilities)	
US\$	72.5 Mn
Euro	(33.5 Mn)

As at	31.03.2022	31.03.2021
Net Assets Per Share (Rs.)	162.44	121.90
Current Ratio (times)	1.35	1.21
Quick Asset Ratio (times)	1.28	1.14
Debt: Equity Ratio (times)	0.64	0.66

### Debt to Equity Comparison



## Managing our liquidity profile

The Group places a special emphasis on managing its liquidity profile, as a shortfall in liquidity would have a negative impact on stakeholder confidence in the Group and hamper its operations. The liquidity profile is monitored and managed by the Group treasury which takes into account forecast cash inflows and outflows and ensures that there are adequate liquidity buffers available to meet unforeseen circumstances. The Group has ensured that there is always an adequate quantum of approved bank facilities available to meet regular working capital needs as well as contingencies. As at end of the financial year 2021/22 approved undrawn bank facilities available to the Group exceeded Rs. 28.3 billion which is a Rs. 10.6 billion increase from the previous year. The Group maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and the Group treasury closely monitors their utilisation. In addition to the procurement of bank facilities, at opportune moments long term funds are mobilised by accessing capital markets.

In addition to the procurement of adequate external funding facilities, shortening the working capital cycle is one of the main priorities in ensuring that there is sufficient liquidity at a given time. Constant follow up on debtor balances and ensuring receivables are collected at the shortest possible time is an important step in managing the Group's liquidity profile.

The Group treasury takes cognizance of future cash outflow requirements when making investment decisions regarding surplus cash balances, which are usually invested either in government securities or deposits with banks having superior credit ratings. The maturity profile of such investments is structured to match forecast outflow requirements so that sufficient funds are available for the Group's requirements at all times.

The Group's liquidity management philosophy requires not only the measurement and provision of sufficient funds on an ongoing basis for operations but also the analysis and

# Financial Capital

examination of how funding requirements are likely to evolve under scenarios which are the outcomes of strategic directions taken by the various business units. The Group treasury maintains a close dialogue with SBUs of the Group to understand their future needs for funding well in advance of the actual requirement.

## Protecting against interest rate and forex movements

Unforeseen fluctuations in interest rates and foreign exchange rates could have potentially serious impacts on the operations of the Group. The Group treasury monitors the interest rate environment on a continuous basis to advise the sector finance managers on the most suitable strategy with regard to borrowings. The Group usually negotiates long term borrowings during the periods in which interest rates are low in order to extend the favourable impact to future financial years and structures short term borrowings on variable interest rates primarily to take advantage of downward movements in interest cycles with safeguards such as pre-settlement clauses without penalties being built into agreements. The Group treasury often makes matching investments with a view to minimise adverse effects of sudden fluctuations of interest rates which otherwise may impact the Group's profitability. Instruments such as interest rate swaps are also used as and when required to minimise adverse impacts of rate movements.

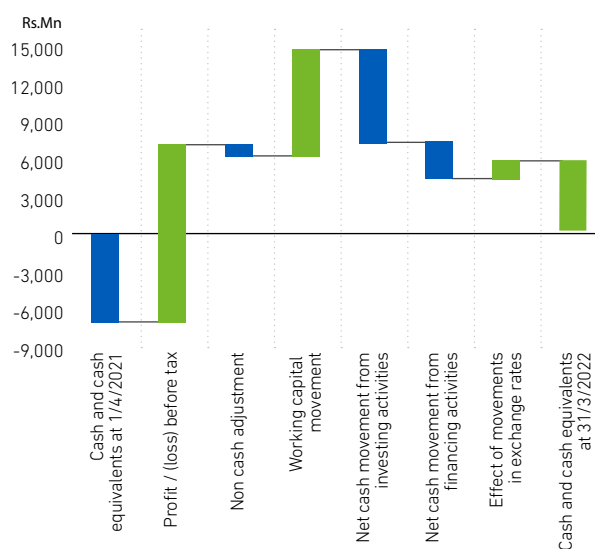
The Group is primarily a net foreign exchange earner with segments such as travels, and hotels generating a substantial inflow of foreign currencies from foreign customers as well as their significant overseas presence. Usually, only those SBUs having foreign currency revenue incur matching foreign currency denominated debt in order to minimise any adverse impact from a depreciating LKR. Matching a foreign currency liability with an equivalent foreign currency asset is another strategy used by the

Group to protect against exchange rate fluctuations. Selectively entering into forward contracts when future cash flows can be estimated with reasonable accuracy with regard to amounts as well as timing is also practiced. The Group treasury monitors foreign exchange markets on a continuous basis and advises SBUs on appropriate risk mitigating strategies. The rapid devaluation of the LKR during recent months coupled with the foreign exchange liquidity crisis have posed unique challenges which the Group is confident of successfully managing through a combination of risk mitigation strategies as explained herein.

## Cash flows

Many of the Group's businesses have strong cash flows throughout the year. Similarly, this year also saw steady cashflow generation across all sectors of the Group recording Rs. 5.6 billion in the first three quarters of the year. An excellent fourth quarter saw cashflow generation nearly double as it increased to Rs. 11.3 billion with strong performance from all sectors of the Group.

### Movement of cash and cash equivalents during the year





## Foreign Exchange generated to the Country by the Company

The Group in its investments in economically vital activities has consistently been a facilitator of foreign currency generation to the country. Almost all sixteen segments in which the Group operates contributes positively towards the inflow of foreign currency to the country.

Despite the significant slowdown of economic activity during the past two years the Group has been able to facilitate the inflow of foreign exchange to the equivalent of Rs. 48.0 billion and Rs. 40.8 billion respectively in the financial year 2020/21 and 2021/22. The decline in the current financial year is due to the overall drop in worker remittances witnessed by

the country which was also experienced in similar proportion by the Group's money transfer segment which is reflected under the Services sector.

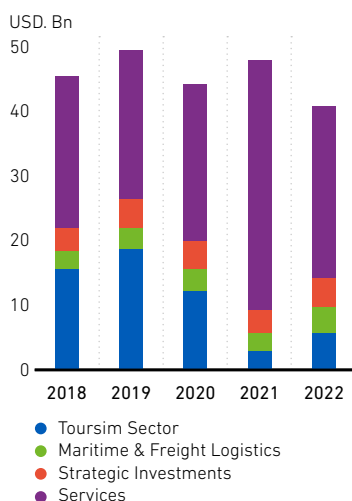
The gradual revival of the tourism industry mainly towards the latter part of the financial year resulted in the foreign currency generation by the Tourism sector nearly doubling compared to the previous year. The Tourism sector also accounts for 14.0% of the Group's contribution to foreign currency generation to the country.

A 46.9% and 25.6% increase respectively was seen in the foreign currency generation facilitated by the Maritime & Freight Logistics sector and the Strategic Investment Sector, with their contribution to the total Group volumes standing at 9.8% and 11.0% for the year.

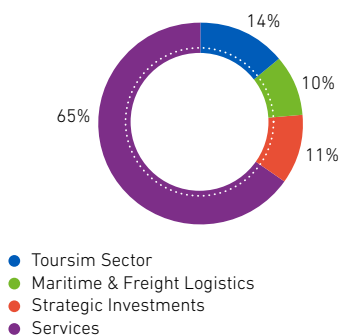
## Facilitation of Foreign Currency to the Country

For the year ended 31st March	2018 Rs.Bn	2019 Rs.Bn	2020 Rs.Bn	2021 Rs.Bn	2022 Rs.Bn
Tourism	15.6	18.6	12.2	2.9	5.7
Maritime & Freight Logistics	2.7	3.3	3.4	2.7	4.0
Strategic Investments	3.7	4.5	4.3	3.6	4.5
Services	23.5	23.2	24.4	38.8	26.6
	45.5	49.7	44.3	48.0	40.8

## Foreign Currency Generation to the Country



## Foreign Currency Generation to the Country 2021/22



# Financial Capital

## Value Added to Stakeholders

As at		31.03.2022 Rs. '000		31.03.2021 Rs. '000
Total revenue		54,696,051		31,597,505
Purchase of goods and services		(30,660,498)		(21,700,938)
		24,035,553		9,896,567
Other operating and interest income		8,540,762		1,451,805
Share of profits of equity-accounted investees		682,231		375,833
<b>Total value added by the Group</b>		<b>33,258,546</b>		<b>11,724,205</b>
<b>Distributed as follows</b>				
<b>To governments</b>				
(income tax and revenue tax)	7.9%	2,612,182	5.2%	606,121
<b>To employees</b>				
(salaries and other costs)	29.3%	9,761,301	57.7%	6,765,633
<b>To lenders of capital</b>				
(interest on loan capital and non-controlling interests)	16.4%	5,463,359	11.8%	1,384,077
<b>To shareholders</b>				
(dividends)	4.9%	1,623,984	3.5%	405,996
<b>Retained for reinvestments and future growth</b>				
(depreciation & retained profits)	41.5%	13,797,720	21.9%	2,562,378
	100.0%	33,258,546	100%	11,724,205

The strategically diverse operations of the Aitken Spence Group was able to contribute a positive value creation of Rs. 33.2 billion to the economy during the year 2021/22. This was a significant growth over the previous year due to the recovery witnessed by the Tourism sector and the Maritime & Freight Logistics sector recording the highest ever performance during the year. The growth in the Strategic Investments sector was led by the performance of the plantations segment while being assisted by foreign exchange gains recorded mainly at the holding company level.

The distribution to employees witnessed a significant increase during the year to reach a figure of Rs. 9.8 billion compared to Rs. 6.8 billion in the previous year. This was mainly owing to the voluntary salary reductions undertaken by almost all Spenonians last year to aid the Group through one of its most difficult periods due to the impacts of COVID.

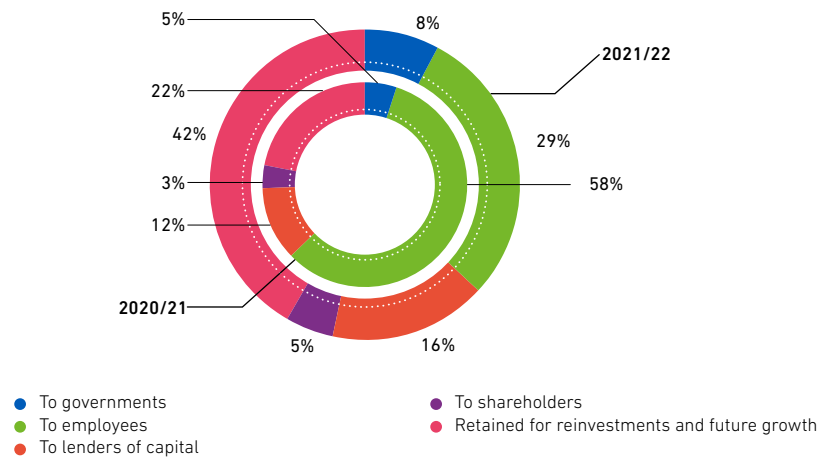
The amount applicable to lenders of capital also saw an increase during the year to Rs. 5.5 billion from Rs. 1.4 billion last year as a result of the amount due to non-controlling minority holders being a negative in the previous year. The Group

also recorded an increase in interest cost during the year under review.

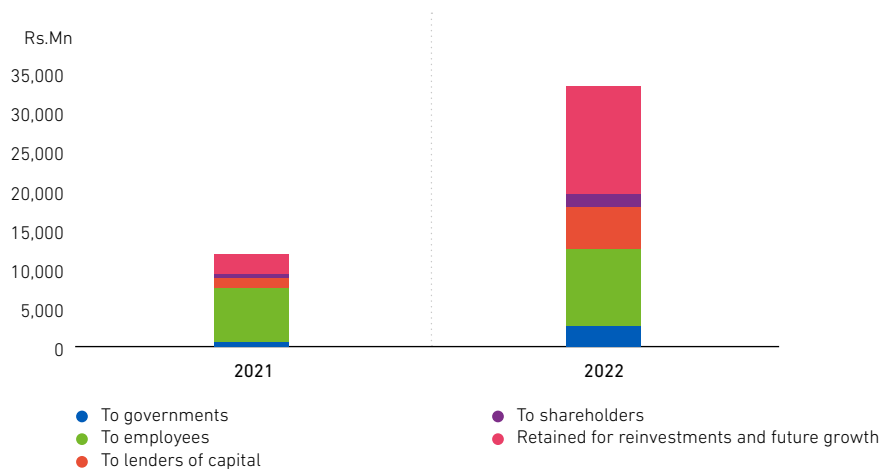
The amounts paid to governments accounted for 7.9% of the total value creation totalling Rs. 2.6 billion as opposed to 5.2% distributed in the previous year. The payment to shareholders also increased from 3.5% distribution last year to 4.9% distribution this year. This provided a total payment of Rs. 1.6 billion to shareholders for 2021/22.

41.5% of the value created was retained by the Group for the use of future growth and expansion.

## Distribution of Value Created



## Value Created and Distribution of Value Created



# Investor Information



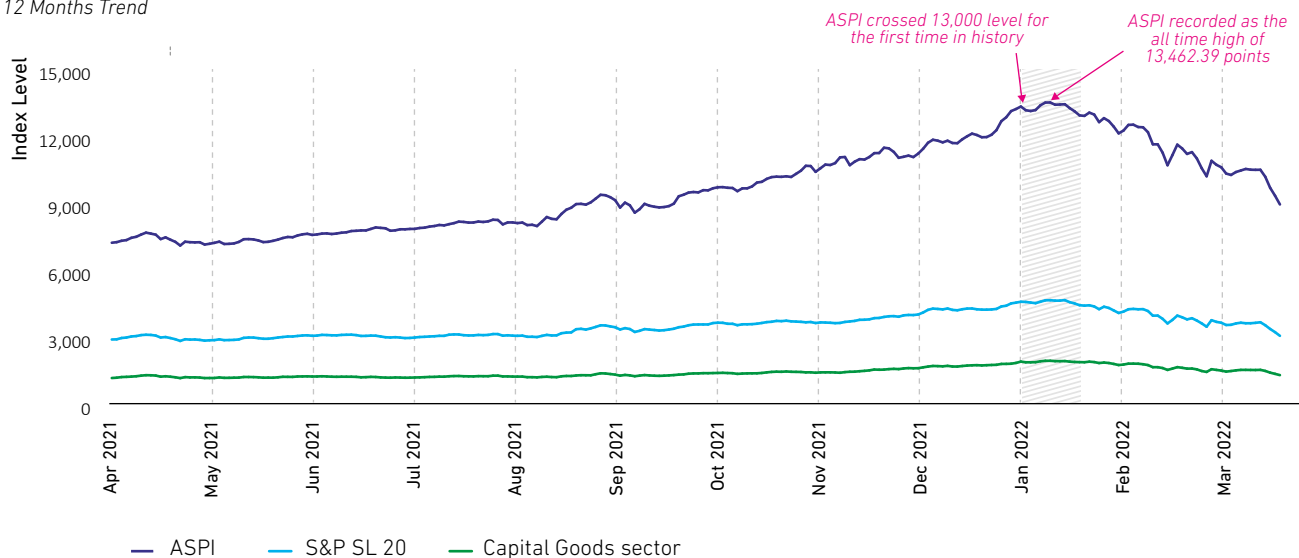
## Stock Exchange Listing

Company Name	: Aitken Spence PLC
Stock Symbol	: SPEN.N0000
ISIN	: LK0004N00008
Security Type in Issue	: Quoted Ordinary Shares
Listed Exchange	: The Colombo Stock Exchange (CSE) - Main Board
Market Sector	: Capital Goods Sector
Featured Stock Indices	: All Share Price Index (ASPI) Capital Goods Sector Index

The Colombo stock market recorded an exponential growth during the year 2021/2022, driven mainly by local investors. During the financial year, the benchmark All Share Price Index (ASPI) passed above the 13,000-point for the first time in history on January 5, 2022, and reached an all-time high of 13,462.39 points on 19th January 2022. On the same day, the market capitalisation reached an all-time high of Rs. 6,047.70 billion. However the onset of the socio-economic crisis towards the end of the financial year saw the all Share Price Index declined to close at 8,903.87.

## Market Performance

### 12 Months Trend

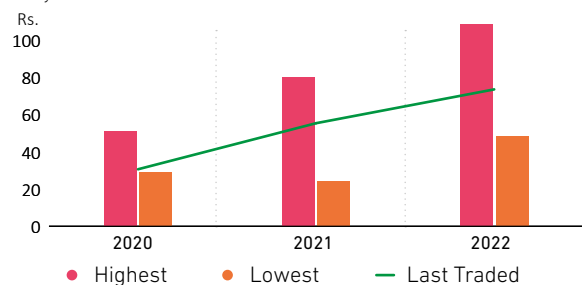


## Share Price Information

For the year ended 31st March	2022	2021	2020
<b>Market Value Per Share</b>			
Highest (Rs.)	109.00	80.50	51.00
Lowest (Rs.)	48.50	24.50	29.00
Closing Price (Rs.)	73.70	55.50	30.70

## Market Value Per Share

For the year ended 31st March



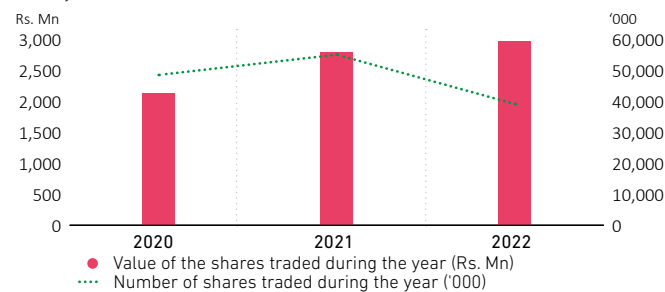
## Share Trading Information

For the year ended 31st March	2022	2021	2020
Value of shares traded during the year (Rs. Mn)	2,965.3	2,790.7	2,140.2
Number of shares traded during the year ('000)	39,177	55,097	48,552
Number of transactions	15,043	23,069	11,115
Percentage of total value transacted in CSE (%)	0.25	0.42	1.15

The market value of the ordinary share as at 31st May 2022 was Rs. 84.20.

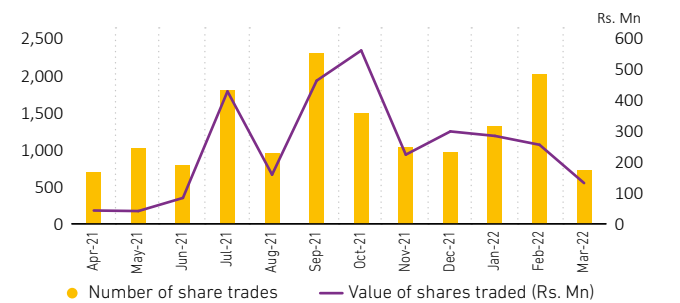
### Value of Shares Traded vs Volume

For the year ended 31st March



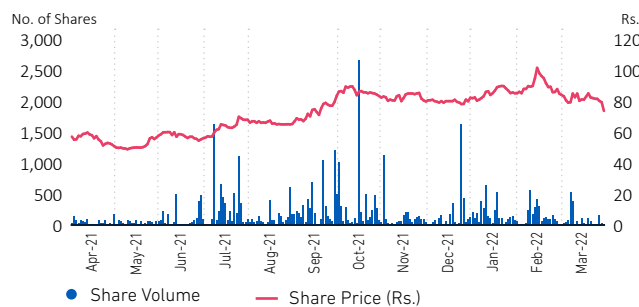
### Share Trades vs Turnover 2021/2022

12 Months Trend



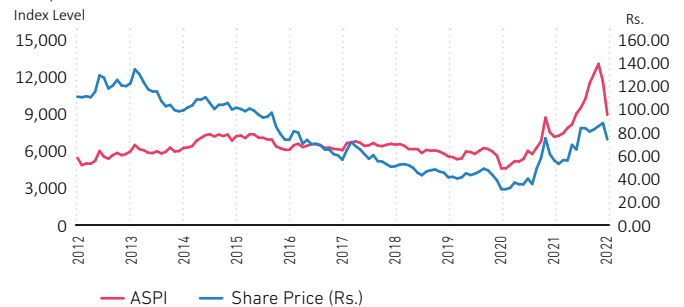
### Share Volume vs Share Price 2021/2022

12 Months Trend



### Share Price vs ASPI - 10 Year Trend

1st April 2012 to 31st March 2022



## Market Capitalisation

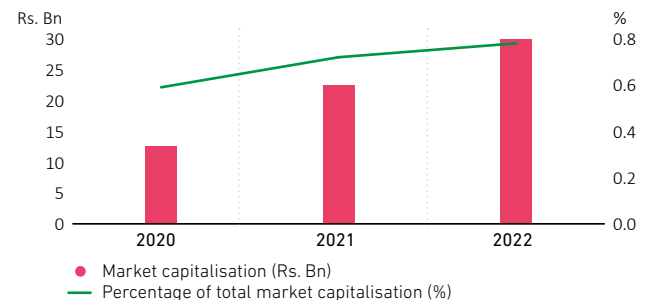
As at 31st March	2022	2021	2020
Market capitalisation (Rs. Bn)	29.92	22.53	12.50
Total Market Capitalisation of CSE (Rs. Bn)	3,826.50	3,111.30	2,128.27
Percentage of total market capitalisation (%)	0.78	0.72	0.59

The float adjusted market capitalisation as at 31st March 2022 was Rs. 13,663,476,924/- with reference to the rule no. 7.6 (iv) of continuing listing requirements of the CSE.

As the float adjusted market capitalisation is over Rs. 10 Bn, Aitken Spence PLC complies under option 1 of minimum public holding requirement. (as per the rule no. 7.14.1(i)(a) of continuing listing requirements of the CSE)

### Market Capitalisation

As at 31st March



# Investor Information

## Financial Indicators

### Net Asset Per Share

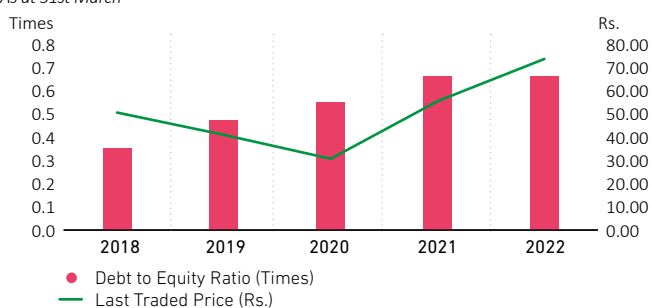
As at 31st March	2022	2021	2020
The Group (Rs.)	162.44	121.90	125.49
The Company (Rs.)	64.20	46.68	41.57

### Earnings

For the year ended 31st March	2022	2021	2020
Earnings per share - Basic/Diluted (Rs.)	25.96	(4.00)	5.86
Price earnings ratio (P/E) (Times)	2.84	(13.88)	5.24
Closing Price (Rs.)	73.70	55.50	30.70

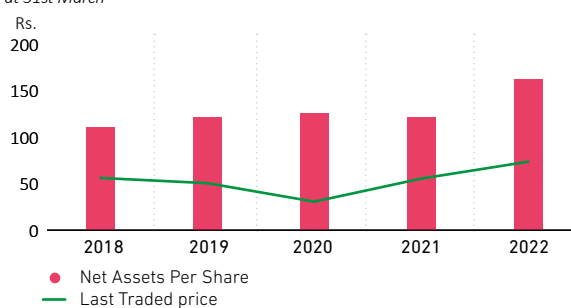
### Debt-Equity vs Share Price

As at 31st March



### Net Assets vs Share Price

As at 31st March



## Return On Equity

For the year ended 31st March	2022	2021	2020
Return on Equity (%)	18.26	(3.24)	4.74

## Dividends

For the year ended 31st March	2022	2021	2020
Dividend per share (Rs.)	4.00	1.00	1.25
Dividend cover (Times)	6.49	(4.00)	4.69
Dividend payout ratio	0.15	(0.25)	0.21



## History of dividend per share, dividend cover and dividend payout ratio for the past 10 years

Year	Dividends per share (Rs.)	Dividends cover (Times)	Dividend payout ratio
2012/2013	1.50	5.40	0.19
2013/2014	2.00	4.52	0.22
2014/2015	2.00	4.41	0.23
2015/2016	1.50	3.33	0.30
2016/2017	1.75	4.07	0.25
2017/2018	2.00	4.38	0.23
2018/2019	2.50	4.02	0.25
2019/2020	1.25	4.69	0.21
2020/2021	1.00	(4.00)	(0.25)
2021/2022	4.00	6.49	0.15

## Shareholder Composition

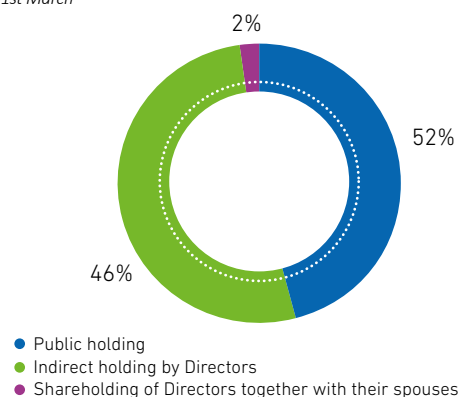
### Public Holding

The percentage of public holding as at 31st March 2022 was 45.66% and was represented by 4,664 shareholders. (31st March 2021 - 45.68%, represented by 5,250 shareholders) (As per the rule no.7.6 (iv) of continuing listing requirements of the CSE)

	%	No of Shares
Public holding	45.66	185,393,174
Indirect holding by Directors	52.38	212,673,171
Shareholding of Directors together with their spouses	1.95	7,929,700
<b>Total</b>	<b>100.00</b>	<b>405,996,045</b>

### Ownership Structure

As at 31st March



## Distribution of share holding

As at 31st March Share holder category	2022			2021		
	No of shareholders	No of shares	%	No of shareholders	No of shares	%
1 - 1,000	2,817	764,688	0.19	3,033	894,139	0.22
1,001 - 10,000	1,230	4,590,746	1.13	1,536	5,837,476	1.44
10,001 - 100,000	499	16,297,768	4.01	564	18,791,468	4.63
100,001 - 1,000,000	100	25,332,861	6.24	101	28,269,776	6.96
1,000,001 - above	26	359,009,982	88.43	23	352,203,186	86.75
<b>Total</b>	<b>4,672</b>	<b>405,996,045</b>	<b>100.00</b>	<b>5,257</b>	<b>405,996,045</b>	<b>100.00</b>

# Investor Information

## Residents/Non-Residents

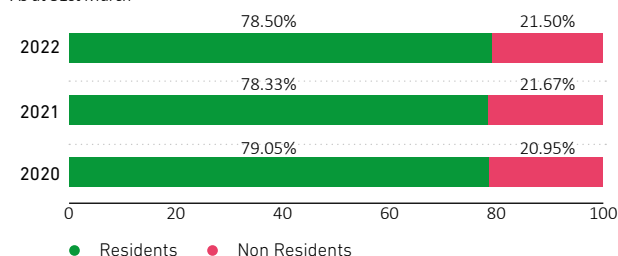
As at 31st March	2022		2021	
	No of shares	%	No of shares	%
Residents	318,689,626	78.50	318,031,346	78.33
Non-Residents	87,306,419	21.50	87,964,699	21.67
<b>Total</b>	<b>405,996,045</b>	<b>100.00</b>	<b>405,996,045</b>	<b>100.00</b>

## Institutions/Individuals

As at 31st March	2022		2021	
	No of shares	%	No of shares	%
Institutions	351,831,429	86.66	350,342,754	86.29
Individuals	54,164,616	13.34	55,653,291	13.71
<b>Total</b>	<b>405,996,045</b>	<b>100.00</b>	<b>405,996,045</b>	<b>100.00</b>

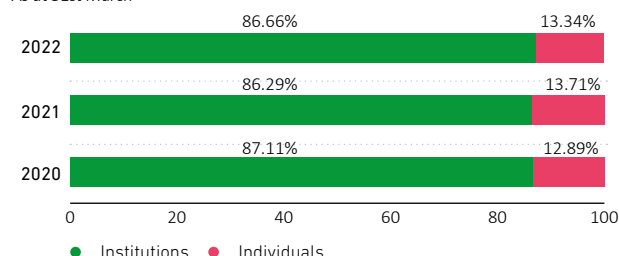
### Residents/Non-Residents

As at 31st March



### Institutions/Individuals

As at 31st March



## Twenty Largest Shareholders as at 31st March 2022

Name	No of Shares	%
1 Melstacorp PLC	204,314,171	50.32
2 Rubicond Enterprises Limited	65,990,145	16.25
3 Employees Provident Fund	20,590,978	5.07
4 Mr. G.C. Wickremasinghe	7,308,240	1.80
5 Finco Holdings (Private) Limited	6,187,237	1.52
6 Placidrange Holdings Limited	5,521,500	1.36
7 Renuka Hotels PLC	5,479,990	1.35
8 Milford Exports (Ceylon) (Pvt) Limited	5,114,500	1.26
9 Stassen Exports (Pvt) Limited	3,244,500	0.80
10 Miss. A.T. Wickremasinghe	3,211,975	0.79
11 Mrs. K. Fernando	3,135,070	0.77
12 Mr. G. Wickremasinghe	3,019,090	0.74
13 Employees Trust Fund Board	2,621,870	0.65
14 Bank of Ceylon No.1 Account	2,596,230	0.64
15 SSBT-Sunsuper (PTY) Ltd As Trustee for Sunsuper Superannuation Fund	2,559,058	0.63
16 SSBT-Retail Employees Superannuation Trust	2,384,562	0.59
17 Northern Trust Company S/A Hosking Global Fund PLC	2,344,796	0.58
18 Hatton National Bank PLC-Senfin Growth Fund	2,153,780	0.53
19 Citi Bank Hong Kong S/A Hostplus Pooled Superannuation Trust	2,041,938	0.50
20 Mr. K.N.J. Balendra	1,899,260	0.47
<b>Total</b>	<b>351,718,890</b>	<b>86.62</b>

## Shareholding of Directors together with their spouses

As at 31st March	2022	2021
Mr. G.C. Wickremasinghe	7,308,240	7,308,240
Mr. J.M.S. Brito	592,621	525,495
Ms. D.S.T. Jayawardena	27,839	27,839
Mr. R.N. Asirwatham	1,000	1,000
<b>Total</b>	<b>7,929,700</b>	<b>7,862,574</b>

## Directors' Indirect holding in Aitken Spence PLC

As at 31st March	2022	2021
Deshamanya D.H.S. Jayawardena - Melstacorp PLC	204,314,171	204,314,171
Deshamanya D.H.S. Jayawardena/Ms. D.S.T. Jayawardena - Milford Exports (Ceylon) (Pvt) Limited	5,114,500	5,114,500
- Stassen Exports Ltd	3,244,500	3,244,500
<b>Total</b>	<b>212,673,171</b>	<b>212,673,171</b>

## Directors' shareholding in Group Companies

As at 31st March	2022	2021
Aitken Spence Hotel Holdings PLC		
Mr. G.C. Wickremasinghe	2,082,241	2,082,241
Mr. J.M.S. Brito	300,658	331,021
Ms. D.S.T. Jayawardena	16,000	16,000
Mr. R.N. Asirwatham	1,000	1,000
Hethersett Hotels Limited		
Mr. G.C. Wickremasinghe	1,041,500	1,041,500

# Manufactured Capital



A vital strategic advantage possessed by the Aitken Spence Group is its diverse manufactured capital of the highest standard. Over the years we have placed utmost importance in investing in the creation of some of our most unique and state of the art facilities. Manufactured capital of the Group provides us a significant competitive advantage, but also often determines our revenue generating capacity in key investment sectors. We continue to nurture this key capital with investments aimed at enhancing revenue, improving productivity and reducing our carbon footprint.

We have identified that the following matters are material to our Manufactured capital through the materiality determination process.

## Financial



- » Financial sustainability
- » Economic performance
- » Economic value creation

## Social



- » Stakeholder sustainability

## Governance



- » Regulatory compliance
- » Governance and ethics
- » Risk management
- » Public disclosure on performance
- » Innovation and transformation

## Environmental



- » Biodiversity & ecosystem conservation
- » Effective sustainable resource use

## Strategic Priorities

- » Expanding capacity in key growth sectors
- » Investments in technology to drive digital transformation
- » Investments in environmentally friendly technology to drive greater operational sustainability.

## Key Achievements

- » Total investments in capital expenditure is Rs. 3.0 Bn
- » Acquisition of three hydro power plants for Rs. 900 Mn with a capacity to generate 6.6 MW
- » Expanded our rooftop solar energy generation with the addition of the solar panels installed at the printing facility in Mawaramandiya
- » Invested in strengthening IT infrastructure.

## Way Forward

- » Expanding renewable energy generation capacity
- » Invest in technology to drive the digitisation and digitalisation process of the Group.
- » Refurbishment and renovation of our hotels and resorts in Sri Lanka, Oman and Maldives.
- » Invest in strategic development projects that support sustainable growth, and resilience.

With our geographical and business diversification, our manufactured capital spans eight territories across sixteen business segments. The manufactured capital of the Group comprises of property, plant and equipment spanning the gamut from luxury hotels, manufacturing facilities of the highest standard, state-of-the-art warehouse facilities, container freight stations, container depot terminals to some of the largest vehicle fleets owned by a corporate. Over the years, our investments in manufactured capital have been made in order to provide the best value proposition to our stakeholders and aimed towards strengthening the long-term stability of the Group.

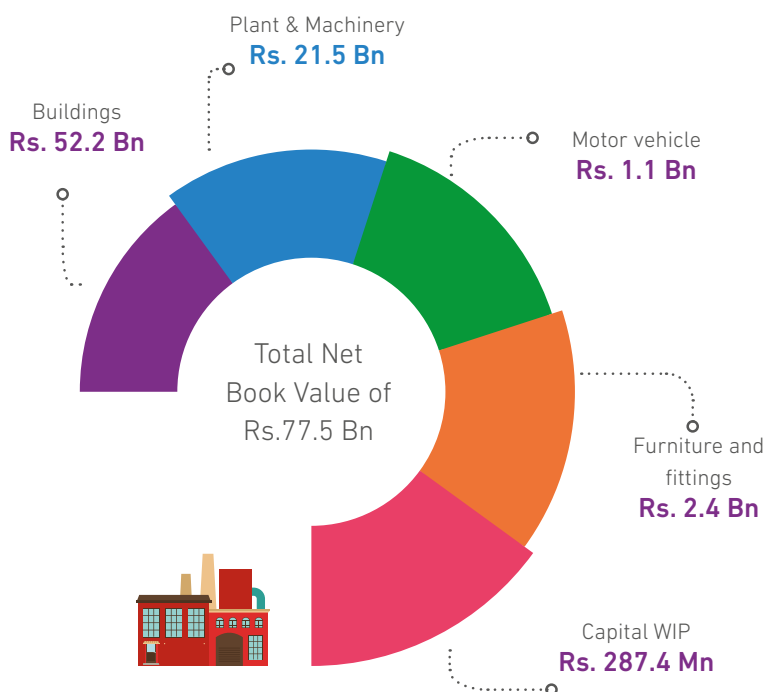
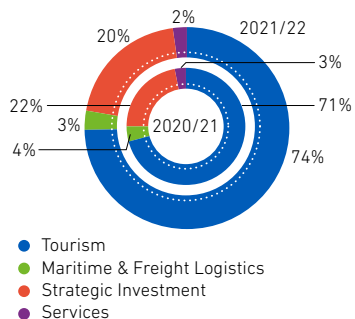
As a result, we look for resort locations that can provide a one-of-a-kind and unique experience, as well as places where our operations can help the local communities. Heritance Kandalama and Heritance Tea Factory, two of our hallmark assets, are excellent examples. Similarly, locations of all other manufacturing and power plants are positioned in a manner such that we could better serve our stakeholders.

The net book value of our manufactured capital stood at Rs. 77.5 billion as at 31st, March 2022. The Tourism sector with 73.8% of assets was the most capital-intensive sector followed by the Strategic Investments sector with 20.5%, Maritime & Freight Logistics sector with 3.4% and the Services sector with 2.3% of the total manufactured capital.

### Our manufactured capital as at 31st March 2022

	Cost as at 31st March 2022 (Rs. Bn)	Net Book Value as at 31st March 2022 (Rs. Bn)	Relevance to the Group (%)
Tourism sector	87.1	57.2	73.8
Strategic Investment sector	20.6	15.9	20.5
Maritime & Freight Logistics sector	8.4	2.6	3.4
Services sector	2.6	1.8	2.3
Total	118.8	77.5	100

### Net Book Value of Manufactured Capital as at 31st March



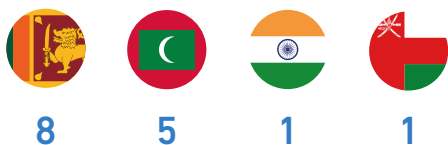
# Manufactured Capital

## Manufactured Capital of the Group

### Tourism sector

#### Owned Resorts/ Hotels

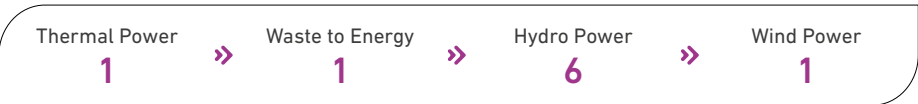
Hotel segment of the Group owns and operates a chain of hotels and resorts in Sri Lanka, India, Oman and the Maldives under the premier brands of Heritance Hotels and Resorts, Adaaran Resorts and Spa and Turyaa Hotels. Each of our unique properties caters to a distinct client base, thus having hotels suited to every need and budget while maintaining high standards of hospitality. Located in key tourist locations, the Aitken Spence chain boasts of exotic properties such as the award-winning eco-friendly Heritance Kandalama and Heritance Aarah.



### Strategic Investment sector

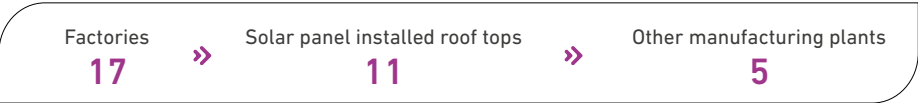
#### Power Generation

Aitken Spence is the only company in Sri Lanka which supplies the national grid through operation of the combination consisting of thermal, hydro, wind and waste to energy power plants. As a pioneer in the field of private sector led energy projects, we have remained focused on adopting new technologies and advanced production mechanisms.



#### Plantations

Elpitiya Plantations PLC has factories in the low, central and up-country regions across Sri Lanka that produces some of the top-grade tea, rubber, cinnamon and oil palm crops using the harvest yielded from the plantations across the 8,800-hectare land base.



#### Printing and packaging

Our dedication to producing printed materials in an environmentally friendly facility spurred us to build the first purpose-built LEED Gold Certified Printing complex in South East Asia. » 1

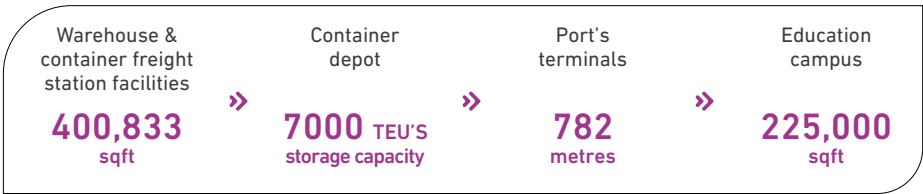
#### Apparel manufacturing

Operating since 1977, we are one of the first apparel manufacturing businesses established in the country, employing over 2000 employees at two manufacturing facilities in Mathugama and Koggala, providing working conditions of the highest ethical standards.. » 2



Maritime & Freight Logistics sector

A pioneer in the field Maritime & Logistics sector has evolved over the years to continuously maintain its leadership position in many of the industries it operates in with significant investments . Our widespread facilities, service excellence and experience add to our competitive advantages in the industry.



ESG in action for manufactured capital

Aitken Spence is conscious of the social and environmental impacts of our operations and ensures that when investing, a proactive approach is taken to minimise the environmental impact of our operations. Some of the actions taken are detailed below.

- » 4 LEED certified properties
- » Expansion of our renewable energy portfolio
- » Digitisation of our processes to minimise the use of paper.
- » Continuous expansion of our rooftops for solar energy generation.
- » Sri Lanka's first waste to energy power plant converts over 200,000 MT per annum of municipal solid waste to clean energy, keeping solid waste away from the landfills destroying our wetland ecosystems.

Value addition to manufactured capital in 2021/2022

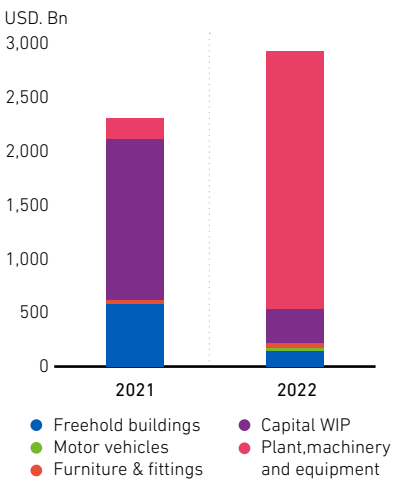
Total additions to manufactured capital during the year amounted to Rs. 2.93 billion. The highest investment was made in the Strategic Investment sector which accounted for 63.7% of the capital expenditure incurred during the year. This was followed by Tourism and Maritime & Freight Logistics sectors accounting for 26.3% and 9.5% of capital expenditure respectively. The lowest investment during the year was made by the Service sector which amounted to 0.4% of the total Group spending for the year.

The economic slowdown witnessed during the two years due to the pandemic resulted in the need to strategically manage cash flows. This created the requirement for the Group to critically evaluate its investment decisions while concentrating only on key expansion plans.

Therefore, a reduction in expenditure incurred on capital investments was necessary to best optimise liquidity management during this period.





Investing responsibly has always underpinned our strategy for manufactured capital and we will continue to focus on capacity expansion, business diversification and business process improvements that create sustainable long-term value for our stakeholders.

Breakdown of Capital Expenditure



# Manufactured Capital

## Key investments in 2021-2022

	Additions Rs. Mn	Disposals Rs. Mn	Key investments
	771.5	22.7	<ul style="list-style-type: none"> <li>» Investments in strengthening IT infrastructure</li> <li>» Investments for the renovation of resorts in Sri Lanka, India and Oman.</li> </ul>
	1,867.4	.8	<ul style="list-style-type: none"> <li>» Expansion of hydro power generation capacity</li> <li>» Expanded our rooftop solar energy generation.</li> <li>» Investments in strengthening IT infrastructure.</li> <li>» Investments in transformation of business processes through digitalisation.</li> </ul>
	278.2	14.9	<ul style="list-style-type: none"> <li>» Capacity expansion of container freight station infrastructure</li> <li>» Expansion of inland container terminal with the construction of the new inland container depot in Welisara.</li> <li>» Capacity expansion of CINEC campus</li> </ul>
	12.5	-	<ul style="list-style-type: none"> <li>» Investments in strengthening IT infrastructure</li> </ul>
Total	2,929.6	38.4	



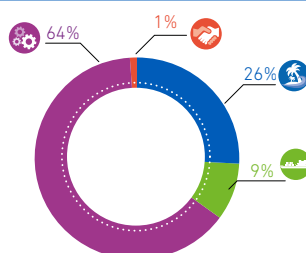
## SDG Commitments



## Future outlook

The implementation of the Group's long-term strategy for growth will require continuous investment in manufactured capital in each sector. Our investment would be based on future growth potential, maintenance of operating margins, optimisation of energy and water use, and improved cash flow. Accordingly the Group will continue to expand investments in the renewable energy sector providing a fillip to the country's endeavour to reach energy sufficiency through non-fossil fuel based sources.

## Capital Expenditure incurred for the year

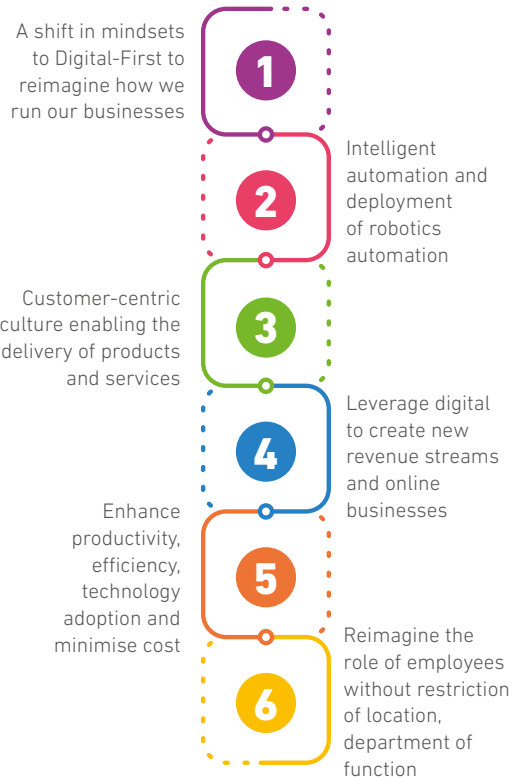


# Digital Transformation

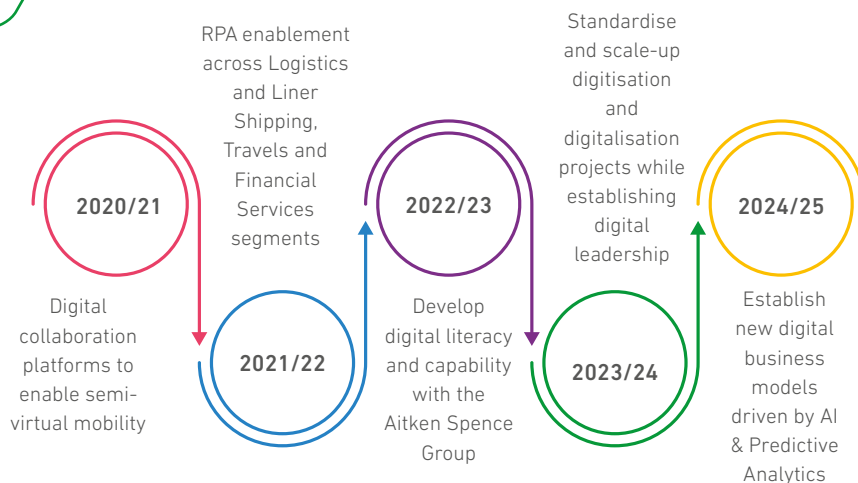


The Group embarked on an ambitious digital transformation programme that will revolutionise every aspect of business across all sectors and to create more value for our stakeholders. Digitalisation is the lever that facilitates the scalability of our operations, agility and organisation resilience as we move into a digital era and a new phase of growth. Realising the benefits of the digital transformation requires a fundamental shift in mindset and a complete reimagining of how the business is run. This is a synopsis of how we are transforming.

Digital governance evolves in tandem with the Group's technology, risks, and evolving business requirements. Thereby safeguarding systems and data assets using layered security architecture that includes firewalls, cyber risk awareness, and frequent threat monitoring & assessment; ensures operational continuity by developing and testing business continuity and catastrophe recovery strategies. In addition, impactful business solutions that connect effortlessly, offer scalability and efficiency and are reasonably priced.



## Our Path to Digitalisation



# Intellectual Capital



Our intellectual capital is a key driver of sustainable growth, enabling us to gain a competitive advantage in terms of operational excellence, industry expertise and brand reputation. We continue to nurture our intellectual capital by fostering a culture of innovation, investing in our people and processes and by strengthening our partnerships with our principals.

We have identified that the following matters are material to our intellectual capital through the materiality determination process.

## Financial



- » Financial sustainability
- » Economic performance
- » Economic value creation

## Social



- » Talent management
- » Stakeholder sustainability

## Governance



- » Regulatory compliance
- » Governance & Ethics
- » Digital transformation of Business

## Environmental



- » Biodiversity & ecosystem conservation
- » Effective sustainable resource use

Managing our economic, social, and environmental impacts systemically and strategically builds our intellectual capital to better equip us to serve our stakeholders. Our strategic direction is cognizant of the above. Our strategic priorities highlighting the key achievements along with the way forward are given below.

### Strategic Priorities

- » Strengthening our strategic partnerships
- » Operational Excellence through digital transformation
- » Fostering a culture of Innovation
- » Investments in management system certifications
- » Digital learning organisation
- » Digitise and digitalise business operations

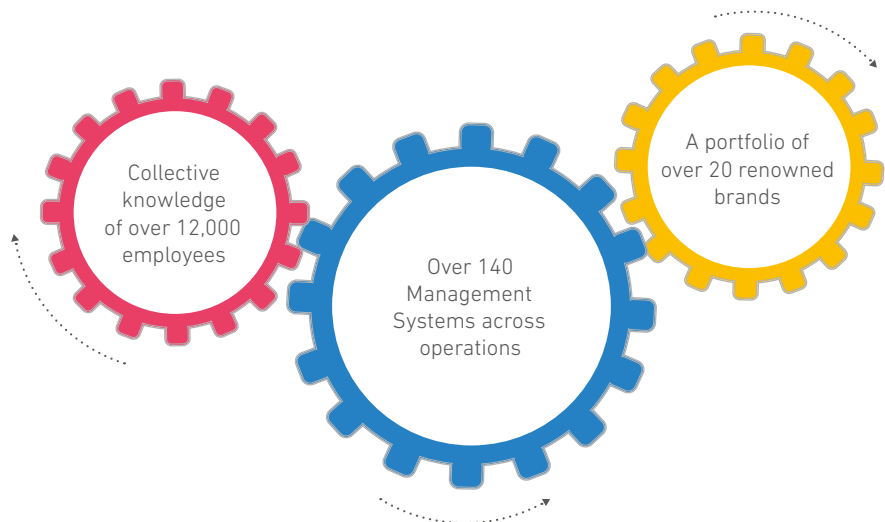
### Key Achievements

- » Strategic partnerships with principals
- » RPA training platform created for employees
- » Roll out of Robotic Process Automation initiative
- » 935 new ideas generated through SpenceLab
- » OHS Management Systems certified at 24 operations
- » Over 140 management systems maintained for social and environmental governance out of which over 80 operations are certified
- » Over 50 awards for business excellence across sectors

### Future Focus

- » Technologically certified cross functional teams that are driven by innovation.
- » Restrategising brand strategies and strengthening the Group's communications to improve stakeholder engagement to create better visibility.
- » Improve objectivity in the talent management ecosystem and enhance the leadership pipeline.
- » The second phase of our award winning sustainability strategy focusing on strategic differentiation, 'Green Workforce' initiatives to enhance employee engagement and strengthening our operations through sustainable business models.

Our Intellectual Capital



Our Brands

Managing our economic, social, and environmental impacts systemically and strategically builds our intellectual capital to better equip us to serve our stakeholders. Our strategic direction is cognizant of the above. Our strategic priorities highlighting the key achievements along with the way forward are given below.

Tourism

Maritime & Freight Logistics

Strategic Investments

Services

# Intellectual Capital

## Collective knowledge

Our collective knowledge comprises of the tacit knowledge, skills, and experience that our diverse employee base brings to our total value proposition. Our employees are spread out across sixteen industries and bring with them a wealth of skills and experience. This collective knowledge is an integral part of our intellectual capital.

## Certifications and Management Systems

We incorporate industry best practices and global standards into all our operations by continuously upgrading our technology, systems and processes and expanding the list of international and local standards and certifications we adhere to. We maintain more than 140 management systems for environmental impact control, quality of service and health & safety. All operations have implemented management systems to establish and continually improve standard procedures to streamline the quality, safety, reliability, and sustainability of the product/service we offer. Listed below are the operations that have sought certification for specific management systems.

### Certifications in Environmental & Social Sustainability



#### ISO 14001:2015 certified environmental management systems

- » Aitken Spence Travels (Pvt) Ltd.
- » Heritance Kandalama (Kandalama Hotel (Pvt) Ltd.)
- » Heritance Tea Factory
- » Ace Aviation Services (Pvt) Ltd.
- » Ace Cargo (Pvt) Ltd.
- » Aitken Spence Cargo (Pvt) Ltd.
- » Logilink (Pvt) Ltd.
- » Hapag Lloyd Lanka (Pvt) Ltd.
- » Ace Distriparks (Pvt) Ltd.
- » Aitken Spence Printing & Packaging (Pvt) Ltd. (within the integrated management system certification)
- » Aitken Spence Elevators (Pvt) Ltd.

#### Travelife Gold certified hotels for sustainable tourism standards maintained

- » Adaaran Club Rannalhi
- » Adaaran Prestige Vadoo
- » Adaaran Select Hudhuranfushi
- » Adaaran Select Meedhupparu
- » Heritance Ahungalla
- » Heritance Ayurveda Maha Gedara
- » Heritance Kandalama
- » Heritance Negombo
- » Heritance Tea Factory

#### Travelife certified operations

- » Aitken Spence Travels (Pvt) Ltd

#### Rainforest Alliance certification

- » Dunsinane Estate
- » Sheen Estate
- » Fernlands Estate
- » Meddecombra Estate
- » New Peacock Estate
- » Nayapane Estate

#### Green Fins accredited members

- » Dive Point, Adaaran Select Hudhuranfushi
- » Dive Point, Adaaran Prestige Vadoo
- » Dive Point, Adaaran Club Rannalhi

*\* Please note that the certifications are awarded according to the boundary assigned for the management system and is listed accordingly.*

#### ISO 50001: 2011 certified energy management systems (recertification pending)

- » Heritance Ahungalla
- » Heritance Ayurveda Maha Gedara
- » Heritance Kandalama (Kandalama Hotel (Pvt) Ltd.)
- » Heritance Tea Factory

#### Operations that offset carbon emissions through purchased credits (ISO 14064 – 1:2008)

- » Aitken Spence Printing & Packaging (Pvt) Ltd
- » Aitken Spence Printing & Packaging (Pvt) Ltd has been carbon neutral for 9 consecutive years

#### LEED Gold certified properties

- » Heritance Kandalama (Kandalama Hotel (Pvt) Ltd.)
- » Heritance Negombo
- » Heritance Aarah
- » Aitken Spence Printing & Packaging (Pvt) Ltd.

#### LEED Gold certified properties

- » Heritance Kandalama (Kandalama Hotel (Pvt) Ltd.)
- » Heritance Negombo
- » Heritance Aarah
- » Aitken Spence Printing & Packaging (Pvt) Ltd.

#### Compliance+ certification

- » Aitken Spence Garments (Pvt) Ltd.

#### Sustainable Apparel Coalition certificate of compliance on the Higg Facility Environmental Module

- » Ace Apparels (Pvt) Ltd.

#### Forest Stewardship Council Chain of Custody certification

- » Aitken Spence Printing & Packaging (Pvt) Ltd

#### Management systems maintained, aligned to the FSC certification (certification pending)

- » Bentota Estate
- » Deviturai Estate
- » Elpitiya Estate
- » Gulugahakanda Estate
- » Ketandola Estate
- » Lelwella Estate
- » Talgaswella Estate



## Certifications in Product/Service Quality and Safety



### ISO 14001:2015 certified environmental management systems

- » Adaaran Club Rannalhi
- » Adaaran Prestige Vadoo
- » Adaaran Select Hudhuranfushi
- » Adaaran Select Meedhupparu
- » Earl's Regency
- » Heritance Ahungalla
- » Heritance Kandalama
- » Heritance Tea Factory
- » Turyaa Kalutara
- » Deviturai Tea Factory
- » Dunsinane Tea Factory
- » Nayapana Tea Factory
- » New Peacock Tea factory
- » Talgaswella Tea factory

### ISO 9001: 2015 certified quality management systems

- » Ace Aviation Services (Pvt) Ltd.
- » Ace Cargo (Pvt) Ltd.
- » Aitken Spence Cargo (Pvt) Ltd.
- » Aitken Spence Shipping Ltd.
- » Hapag Lloyd Lanka (Pvt) Ltd.
- » Fiji Ports Terminal Ltd.
- » Financial Shared Services Centre – Financial Accounting Outsourcing Division, Aitken Spence Corporate Finance (Pvt) Ltd.
- » Aitken Spence Printing & Packaging (Pvt) Ltd. (within the integrated management system certification)
- » Aitken Spence Garments Ltd.
- » Aitken Spence Elevators (Pvt) Ltd.

### Organic certification of Sri Lanka Standards Institute

- » Heritance Tea Factory

### Global Organic Textile Standard (GOTS) - version 5.0

- » Aitken Spence Garments Ltd.

### Global Organic Textile Standard (GOTS) - version 5.0

- » Aitken Spence Garments Ltd.

### Sedex Members Ethical Trade Audit (SMETA)

- » Aitken Spence Printing & Packaging (Pvt) Ltd
- » Aitken Spence Garments (Pvt) Ltd (Sedex Registered Supplier)

### ISO 27001: 2013 information security management systems

- » Aitken Spence Corporate Finance – Group IT

### Gold certificate of compliance – Worldwide Responsible Accredited Production (WRAP)

- » Aitken Spence Garments (Pvt) Ltd (Mathugama)

### Scuba Schools International Diamond Status Certification for commitment to excellence and leadership

- » Dive Point, Adaaran Select Meedhupparu

### ISO 45001:2018 for occupational health & safety

- » Aitken Spence Travels (Pvt) Ltd
- » Logilink (Pvt) Ltd
- » Ace Distriparks (Pvt) Ltd
- » Aitken Spence Printing & Packaging (Pvt) Ltd. (within the integrated management system certification)
- » Aitken Spence Elevators (Pvt) Ltd.

Aitken Spence Travels was the first destination management company in Sri Lanka to receive the ISO 45001: 2018 Occupational Health and Safety (OHS) management certification.

Aitken Spence Elevators became the first and only Elevator company in Sri Lanka to establish a certified integrated management system for quality, environmental impact control and occupational health & safety.

### OEKO TEX 100 Certification

- » Aitken Spence Printing & Packaging (Pvt) Ltd

### Authorised Economic Operator (AEO) - from Fiji Revenue and Customs

- » Fiji Ports Terminal Ltd.

# Intellectual Capital

## How we enhanced our intellectual capital during the year

We continued to nurture our intellectual capital by exploring synergies arising out of strategic partnerships, leveraging technology, and driving innovation to achieve operational excellence and brand value across our businesses.

## Strengthening our strategic partnerships

Our equity partners and principals contribute to our intellectual capital by enhancing our corporate reputation and by creating synergies that add value to our customers in terms of quality and efficiency. During the year we expanded our network of business partners in the insurance, plantations and travel segments and continue to closely collaborate with our partners to drive operational excellence and revenue growth.



## SDG Commitments



### Our strategic partnerships



Agents since 1876



Equity partner since 1989



JV partner



First Sri Lankan company to venture into a Public Private Partnership overseas through the equity holding in Fiji Ports Terminal Ltd. and Fiji Ports Corporation Ltd.



Financier and equity partner



Representing one of the world's largest destination management companies for over 40 Years and JV partners since 2004.



the longest standing GSA representation in the Singapore Airlines network (since 1972).



Representing Western Union since 2006



GSA for Qatar Airways (Cargo) Since 2011



Representatives in Sri Lanka and the Maldives since 2015



Representing Emirates Holidays Since 2014

The relationships we have formed and maintained reflect the values we strive to uphold



## Operational excellence through digital transformation

Our digital strategy has enabled us to continue to grow and thrive in the face of change by leveraging on technology to deliver services and products to the customer more efficiently and effectively. Key areas of our digital transformation agenda are the implementation of robotics process automation to streamline logistics, travels, liner shipping operation and financial shared services and the adoption of digital workflows and approvals across the Group. During the year we accelerated these digitisation efforts bringing about significant value in terms of increased productivity, lower operational costs, better customer experience, and improved employee engagement. More details on how we enhanced our digital capital during the year are found on page 193 of this report.

## Fostering a culture of innovation

A culture of innovation that permeates across our operation has been a key factor contributing to our ability to challenge the status quo and stand above our competition. We continue to foster this culture of innovation by encouraging our employees to think out of the box and rewarding innovation at all levels. SpenceLab, our unique intrapreneurship initiative continues to encourage employees to think innovatively and provide ideas and solutions that can drive the business forward. Through this initiative, employees are encouraged to submit their ideas and are rewarded under four key categories. A total of 935 ideas have been submitted during the year and many of these ideas were successfully implemented during the year.

## Awards and Accolades

Aitken Spence PLC and its companies strive towards achieving excellence in all our activities, to establish high growth businesses in Sri Lanka and across new frontiers, and to become a globally competitive market leader in the region. The numerous awards and accolades we received during the year are a testament to the success of our management approach and directly contribute to our reputation in the market.

### Ideation through SpenceLab



» Process Improvement  
**255**



» New products/services  
**325**



» New Business Ventures  
**326**



» Outside the Box  
**29**

### Recognised for Excellence

- » Aitken Spence PLC was the only Sri Lankan company to be recognised within the global ranking of Top 100 Companies in Sustainability 2022 carried out by 'Sustainability' magazine.
- » Aitken Spence PLC was the most awarded corporate entity at the Best Corporate Citizen Sustainability Award 2021 organised by the Ceylon Chamber of Commerce with a total of 11 awards.
- » Aitken Spence PLC's annual report of 2020-2021 was ranked among the 'Ten Best Integrated Reports' at the CMA Excellence in Integrated Reporting Awards 2021.
- » Aitken Spence PLC' Annual Report of 2020-2021 won the Bronze award under the diversified category and was recognised in the top 10 companies' annual reports at the 56th Annual Report Awards, organised by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
- » Aitken Spence PLC was recognised for transparency in corporate reporting, as per the reviews conducted by Transparency International Sri Lanka (TISL). The company received a high score in the 'Significantly Transparent' category
- » The Institute of Chartered Professional Managers of Sri Lanka (CPM) recognised Aitken Spence PLC among the 10 best managed companies in Sri Lanka in a programme themed 'Back to Business in the New Normal'.
- » Aitken Spence PLC was among the most awarded companies in Sri Lanka and the winner of the Diversified Sector, in the LMD Most Awarded companies ranking for 2021.
- » Aitken Spence PLC was ranked amongst the top 15 in the Most Respected of the nation's most admired corporations for 2021 by LMD.

**The complete list of all awards and accolades can be found in [aitkenspence.com/sustainability](https://aitkenspence.com/sustainability)**

# Intellectual Capital

## Tourism Sector



### » Aitken Spence Hotel Holdings PLC

- » Winner of the Hospitality Sector, in the LMD Most Awarded companies ranking for 2021
- » Winner in the Leisure and Connected Services category at the ACCA Sri Lanka Sustainability Reporting Awards 2021
- » Recognised among the top 30 companies of Transparency International Sri Lanka assessment
- » Gold award under the hotel sector category at the 56th Annual Report Awards, organised by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
- » 19 of its 22 properties received TripAdvisor Travelers' Choice Awards with two of its flagship resorts receiving 'Best of the Best' status

### » Heritance Hotels and Resorts

- » Topped LMD's list of Customer Excellence Survey in the category of Nationwide Hotels 2021

### » Aitken Spence Travels (Pvt) Ltd.

- » Best Ground Tour Operator for Sustainability' by an international tour operator

## Maritime & Freight Logistics



### » Hapag Lloyd Lanka (Pvt) Ltd

- » Gold Award for Main Line operations – Medium Category, at the inaugural National Logistics Awards ceremony organised by the Sri Lanka Logistics & Freight Forwarders Association (SLFFA)

### » Aitken Spence Cargo (Pvt) Ltd

- » Silver Award in the Freight forwarders – Large Category, at the inaugural National Logistics Awards ceremony

### » DBS Logistics Ltd

- » Bronze for Freight Forwarding under the Medium size Category, at the National Logistics Awards ceremony

### » Ace Distriparks (Pvt) Ltd

- » Bronze Award in the Warehousing & Distribution – Large Category, and the Best Submission Overall at the inaugural National Logistics Awards ceremony

## Strategic Investments



### » Western Power Company (Pvt) Ltd

- » Recognised as one of the best sustainability projects at the Best Corporate Citizen Sustainability Award 2021 organised by the Ceylon Chamber of Commerce.

### » Elpitiya Plantations PLC (EPP)

- » 'Go Green and Beyond' initiative was recognised as one of the best sustainability projects at the Best Corporate Citizen Sustainability Award 2021 organised by the Ceylon Chamber of Commerce
- » The 2020/21 Annual Report of EPP was one of the 'Ten Best Integrated Reports' at the CMA Excellence in Integrated Reporting Awards 2021. EPP also was also the winner in the Plantations Sector.
- » Silver award in the plantation companies' sector category at the 56th Annual Report Awards, organised by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

### » Aitken Spence Garments (Pvt) Ltd

- » Bronze Award for Industrial Excellence in the Manufacturing sector -Extra Large category Provincial level and a Merit Award in the Manufacturing sector – Extra Large category National level at the Ceylon National Chamber of Industries (CNCI) Awards 2021, organised by the Ceylon National Chamber of Industries.

## Services Sector



### » Aitken Spence Elevators (Pvt) Ltd

- » Excellence in Business Transformation Award for demonstrating superior business process management and workflow at the international Business Transformation Leadership Awards presented by the World Leadership Congress, powered by CMO Asia.

# Social and Relationship Capital



Built over a span of 150 years, our social and relationship capital reflects the trust and confidence that our customers, business partners and communities continue to have in us. These relationships have only got stronger as we collectively navigated the pandemic and found innovative ways to create mutual value.

We recognise the following topics identified through our materiality determination process as material to Social & Relationship capital.

## Financial



- » Economic Value Creation
- » Stakeholder Sustainability – Indirect economic value creation and infrastructure development

## Social



- » Stakeholder sustainability
- » Partnerships for community development

## Governance



- » Regulatory compliance
- » Governance & Ethics
- » Endorsing local and global development priorities

## Environmental



- » Environmental compliance
- » Sustainable resource consumption

Managing our socioeconomic, and environmental impacts systemically and strategically, while taking into account the needs of our stakeholders, strengthens our social and relationship capital. This in turn contributes to serve our stakeholders better. Our strategic direction is cognisant of the above and our strategic priorities highlighting the key achievements along with the way forward are given below.

### Strategic Priorities

- » Drive innovation to enhance product and service offering across segments
- » Strengthen relationships with business partners through continuous communication and engagement
- » Build and enhance sustainable supply chain resilience
- » Strengthen local economies through opportunities enabled for entrepreneurship and employment
- » Support rebuilding of livelihoods post COVID-19

### Key Achievements

- » The Spence Way service excellence survey was conducted across all 16 business segments.
- » More than 20 strategic partnerships with global partners
- » New direct and indirect employment opportunities
- » Rs. 127.5 Mn direct funds channelled and Rs. 59.5 Mn funds channelled through our associates towards community development initiatives
- » Rs. 78.6 Mn invested in sustainability related initiatives for social and environmental impact control

### Future Focus

- » Increase the proportionate of differentiated product and services to provide a better customer offering
- » Retention and expansion of customer portfolio
- » Sustained growth in capital and dividends over time
- » Provide direct and indirect employment and entrepreneurship opportunities to the local communities
- » Create business opportunities for SME'S in the communities we operate.
- » Develop a 'Green Workforce'
- » Strengthen relationships with business partners through continuous communication and engagement
- » Sustained growth in capital and dividends over time

# Social and Relationship Capital

## Customer relationships

As a Group with a global footprint spanning 8 different geographies and 16 business segments, we have a diverse profile of customers with differing requirements that need to be serviced. Our customers include individuals, SME's, corporates, institutions, and governments with their unique requirements. We continue to bring value to these relationships by staying true to our commitment of providing best in class products and services.



## Product & service quality and reliability

Consistent and superior product quality and reliability is the hallmark of our customer value proposition. We therefore invest in enhancing our product offering and service capabilities across sectors through investments in our people, tangible, and intangible assets to deliver sustainable value to this diverse group of stakeholders.

Focus on innovation	Focus on reliability	Focus on customer convenience	Focus on quality assurance
<ul style="list-style-type: none"> <li>» Pioneer in paving the way in offering new, sustainable products and services for our customers – e. g. new brand launched for locally grown fresh berries, first time a Sri Lankan RPC is growing all four berries in the country (strawberries, raspberries, blackberries, and blueberries)</li> <li>» SpenceLab, our intrapreneurship initiative continues to generate innovative product and service ideas.</li> </ul>	<ul style="list-style-type: none"> <li>» Reliability remains a key expectation of our customers amidst the disruptions caused by the pandemic. Responding agilely to evolving customer requirements and ensuring supply chain reliability enabled us to meet customer expectations across sectors.</li> </ul>	<ul style="list-style-type: none"> <li>» We continue to expand our customer touch points to increase access to our products and services. Ongoing investments in technology have also increased our reach.</li> </ul>	<ul style="list-style-type: none"> <li>» All our manufacturing facilities have in place comprehensive quality assurance systems throughout the sourcing, factory operations and delivery processes.</li> <li>» Aitken Spence companies comply with local and global standards to ensure quality of service, as well as environmental and social impact control in the products and services we offer.</li> </ul>

A culture of excellence in delivery is ingrained among all Sponsonians through constant training and awareness creation programmes undertaken. Over 7,000 training programmes were conducted across the Group on topics related to customer service excellence during the year. Meanwhile we continue to leverage technology to improve efficiency levels and enhance service levels. Robotic Process Automation being implemented in operational areas to drive efficiency and accuracy in routine tasks leaving employees free to enhance service excellence.



## Product responsibility

The Group maintains over 140 diverse management systems for quality, food safety, product responsibility, occupational health & safety, and environmental impact control, ensuring product responsibility.

*Refer the Intellectual Capital report for a full list of certifications.*

Each business segment also continues to evaluate the sustainability of products and services as part of our efforts to include our customers in the value chain to be a more responsible organisation.

While ensuring compliance to all health and safety protocols issued by the respective governments in the countries we operate in, we safeguard the health, safety, and privacy of our customers in our interactions and service.

## Compliance

GRI Standard	The Performance Indicator	2021/22
GRI 103 - 2	Total number of grievances filed through formal grievance mechanisms during the reporting period	05
GRI 205 - 3	Total number and nature of confirmed incidents of corruption and action taken	None
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None
GRI 406 - 1	Total number of incidents of discrimination and corrective action taken	None
GRI 411-1	Incidents of violations involving rights of indigenous peoples	None
GRI 416 - 2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
GRI 417 - 2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	None
GRI 417 - 3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	None
GRI 418 - 1	Total number of substantiated complaints received concerning breaches of customer privacy	None
GRI 419 - 1	Non-compliance with laws and regulations in the social and economic area	None



### Customer highlights during the year

- » MMBL increased the number of customer touch points to increase accessibility during the pandemic
- » Aitken Spence Insurance shifted to digital channels to continue to offer customer an uninterrupted service
- » Aitken Spence Elevators commenced a 24-hour call centre to handle customer queries and complaints real time
- » Aitken Spence Printing strengthened its Customer Relationship Management system to address evolving needs of their clients
- » The Maritime & Freight Logistics segment offered customers an end-to-end solution, encompassing all segments of the sectors and by including multi country consolidation and turn-key project solutions to its offering



# Social and Relationship Capital

## Ongoing customer engagement

Meaningful customer engagement is a critical component of our customer strategy as it enables us to understand the evolving requirements of our customers. Over the years the business segments carried out customer surveys which assisted the respective businesses to improve on the customer experience. As a part of augmenting the process during the year the Aitken Spence Group conducted a service excellence survey "SPENCE WAY" across all 16 business segments. Feedback on five core areas were obtained from customers based on which a Net Promoter Score (NPS) was calculated for each business.

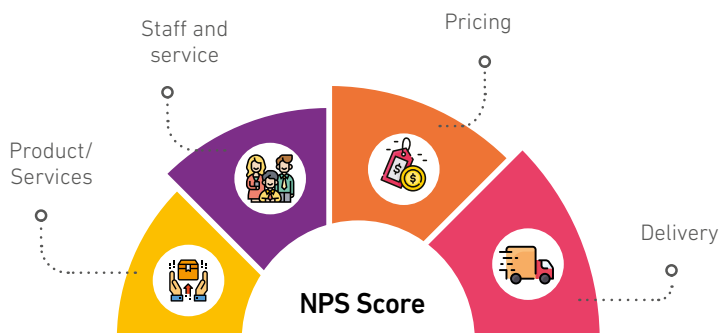
We are in the process of engaging an independent organisation to conduct these surveys in the future. This would support the Group in ascertaining the desires of customers which would enable us to enrich the customer offerings.

### Methods of customer engagement

- » Direct communication with designated points of contact
- » Buyer inspections audits
- » Social media, website and print media
- » Feedback from online platforms such as Tripadvisor and Reviewpro
- » SpenceWay- Customer satisfaction surveys

## Spence Way Survey

The criteria on which the survey was conducted



## Relationships with joint venture partners and principals

Our Group has built many relationships with globally renowned organisations in the conduct of our operations in Sri Lanka, Maldives, Fiji, Bangladesh, and Mozambique. Many of the relationships that started out as agency relationships have matured into equity partnerships, reflecting the value we bring to these partnerships.

### Joint venture partners and principals



Representatives in Sri Lanka and the Maldives since 2015



GSA for Qatar Airways (Cargo) Since 2011



JV partner



Representing one of the world's largest destination management companies for over 40 Years and JV partners since 2004.



Representing Emirates Holidays Since 2014



the longest standing GSA representation in the Singapore Airlines network (since 1972).



Equity partner since 1989



Agents since 1876

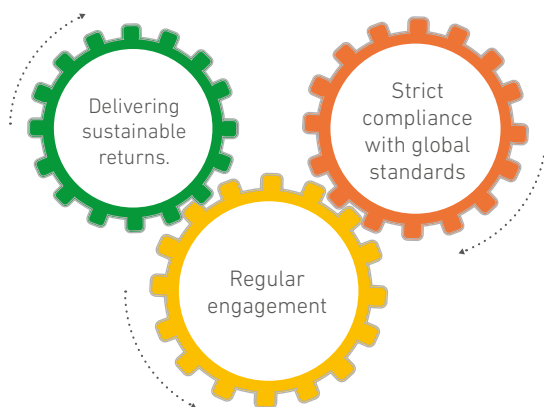


Representing Western Union since 2006



## Value created for business partners

To deliver returns commensurate with risks undertaken



**DIVIDENDS PAID TO  
EQUITY PARTNERS  
OF THE GROUP**

**Rs. 1.9 Bn**

**Direct and indirect contribution to SDGs**



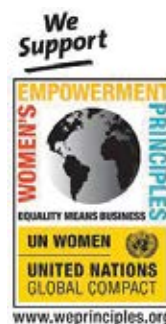
## Mutual value created through business partnerships

Our principals and joint venture partners play a key role in our growth, connecting the Group with global networks and opportunities. In turn, we remain committed to delivering returns commensurate with the risks and strictly compliant with the global standards set by our principals and equity partners.

Ongoing engagement with our principals and joint venture partners have enabled us to understand our partners' and principals' requirements and keep them apprised of our progress and challenges in a timely and transparent manner. This level of transparency and mutual trust remains the basis of our partnerships.

We also engage with more than 130 diverse industry organisations and institutions associated through our memberships, and affiliations.

In 2022, Aitken Spence marks 20 years of engagement with the UN Global Compact Sri Lanka Network and 11 years since endorsing the Women's Empowerment Principles



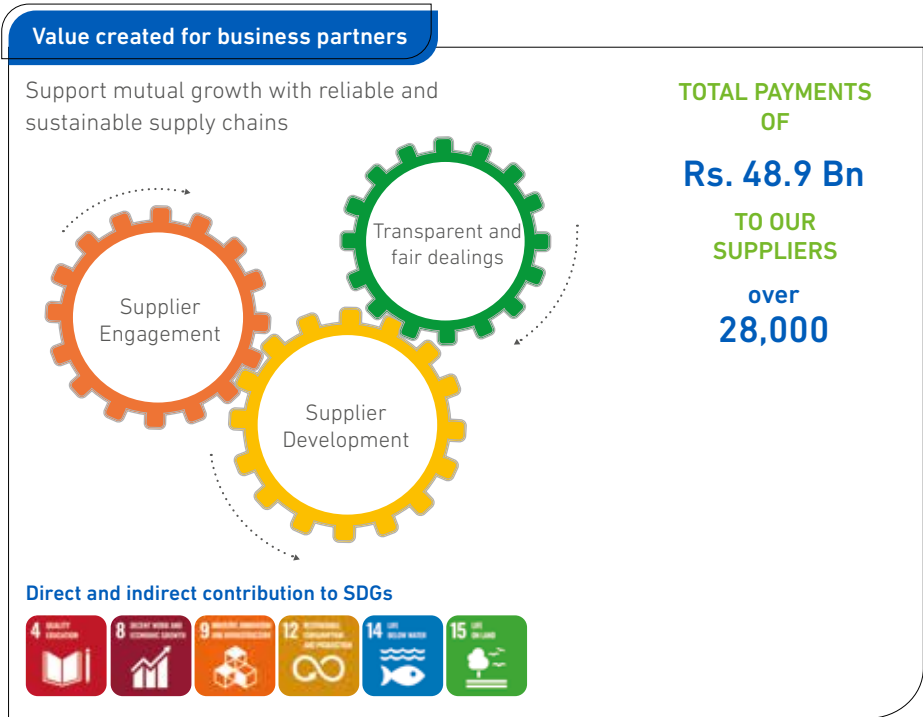
Visit our website [aitkenspence.com/sustainability](https://aitkenspence.com/sustainability) for details of our Memberships and Affiliations

Feedback and inputs received from our principals, partners and industry associates also contribute towards strengthening and developing the Group's operational frameworks for environmental and social governance and procedures for responsible product and service delivery.

# Social and Relationship Capital

## Relationships with supply chain partners

As a diversified Group, we operate with a network of more than 10,000 suppliers and service providers in diverse industries. We recognise the importance of managing social and environmental impacts within the supply chain. The strength and reliability of these supply chains are critical for the smooth operation of our businesses and to ensure product and service excellence. While integrating ESG control measures within our operational procedures, we engage with our suppliers as partners in our efforts towards ESG.



We are committed to building sustainable value chains that generate mutual benefit. We do this by actively engaging with suppliers to build supplier standards and capabilities through training and awareness building. This is also an avenue to enable opportunities for economic growth within local communities. In order to provide these opportunities, we follow local purchasing policies whereby we give priority to local suppliers and service providers wherever possible, directly contributing to the economic growth of local communities surrounding our operations.

Formal procedures are also in place to screen suppliers on social, environmental and compliance requirements ensuring that our suppliers adhere to the same high standards we abide by. Meanwhile standard policies and procedures are in place to ensure a fair and transparent selection process and that supplier commitments are met on a timely and satisfactory basis.

There were no identified negative social or environmental impacts from our supply chain activities during the year.

## Value created for business partners

The destination management segment conducts annual training programmes for Safari drivers in all 5 national parks in the country. 38 national park safari drivers were trained during the year under review. The segment also educates tour guides, chauffeur guides and other stakeholders on sustainable tourism practices. ESG conditions are also integrated within supplier contracts.

Aitken Spence PLC partnered with the Asia Pacific Alliance for Disaster Management to upskill suppliers in the Micro, Small & Medium Enterprises (MSMEs) within the tourism sector. A collaboration with the

UNDP Sri Lanka and Connecting Business initiative (CBI), this was a programme titled "Building Disaster Resilience of the MSMEs in the Tourism Sector of Sri Lanka" with the objective of developing institutional mechanisms and partnerships between MSMEs and the private sector to better equip suppliers within MSMEs to benefit from opportunities in the post COVID growth in the tourism sector. Aitken Spence Hotels and Aitken Spence Travels took an active leadership in this programme and also contributed as facilitators in the programmes conducted for MSMEs in Hambantota, Matara and Galle.



### Direct and indirect contribution to SDGs



## Local entrepreneurship opportunities

Aitken Spence Travels encourages 'immersive local experiences' by directing clients to engage with local families to enjoy the hospitality and authentic local lifestyles. These excursions allow tourists to be part of a local family and live like a Sri Lankan. Home stays are available across the country, depending on the client requirements of locations.

Aitken Spence hotels segment practices a local purchasing and employment policy where priority is given to members of the community within 35 to 40km radius of the hotels in Sri Lanka, and the local community of our overseas operations. The segment works with local suppliers to ensure they are able to meet the required quality standards. Keeping with this ethos of promoting and preserving local culture, and embracing the 'Heritage' brand promise of 'where tradition is alive' the company successfully fostered an immersive lifestyle experience at Heritance Aarah in the Maldives, built on the colours, traditions and locality that is unique to the Maldives. The Village seeks to create awareness and educate guests from around the world, of the incredible past and its varied influence in modern

Maldives lifestyle. The Village experience comprise of a typical Maldivian household, an outdoor school area, 'joali' traditional furniture, key industry representation such as boat building and coral stone carpentry. The Village will also feature the local handicraft industries – such as local jewellery making, coir industry, mat weaving, embroidery and lacquer work. Interactive sessions include experiencing local lifestyle such as making food in an open kitchen and learning to write your name in Dhivehi which are added new and exciting activities for guests. The Village also comprises of a picture gallery showcasing momentous photographs from the past. The Village tour is presented by the hotel's very own who is well versed in Maldivian history, local architecture and local business. The entire experience is designed to rediscover the heritage of Maldives, a country with more sea than land – all its men, rovers of the sea; all women, daughters of the waves. Heritance Aarah is also the first LEED certified building in the Maldives, reiterating the resort and the Company's commitment to sustainable tourism.

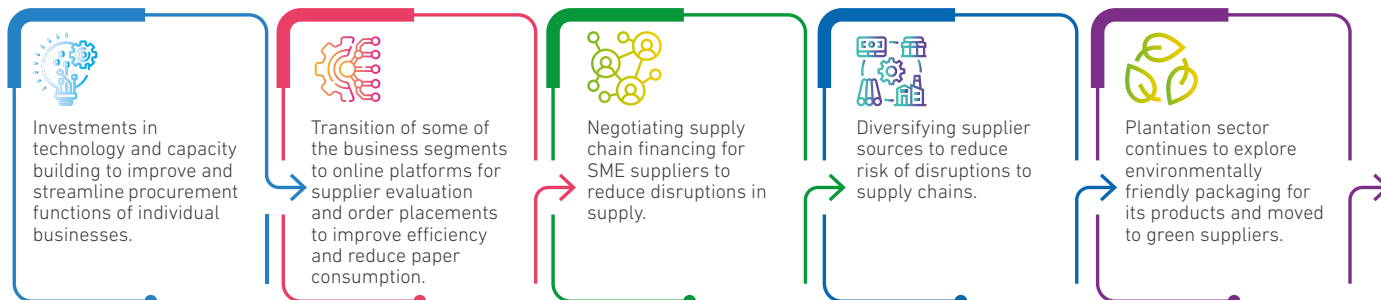


### Direct and indirect contribution to SDGs



# Social and Relationship Capital

## Initiatives carried out during the year to strengthen our supply chains



## Relationships with our communities

We recognise the significant impact we can have on our communities due to our strong presence in economically and socially important sectors across geographies. Our community engagement includes over 200 schools and community institutions and over 30,000 individuals that directly connect with Aitken Spence through diverse channels of engagement and development opportunities. The relationships we have nurtured with our communities have resulted in us being accepted as a responsible corporate citizen that prioritises social and environmental sustainability.

There were no instances of non-compliance with laws and regulations in the social, economic, and ethical spheres during the year.

### Value created for communities

Engage in industry collaborations to strengthen economic development, enhance social sustainability and ensure environmental protection.

**FUNDS  
CHANNELLED  
TO COMMUNITY  
DEVELOPMENT**

**Rs. 127.5 Mn**



### Direct and indirect contribution to SDGs











## Building resilient communities

We are committed to building resilient and self-sufficient communities by actively engaging and contributing to the socio-economic development of our wider communities through systemic efforts. In addition to providing direct employment opportunities within our communities, we have integrated local suppliers and service providers within our supply chain. Meanwhile we ensure that all our focused community development initiatives bring meaningful change through strategic interventions responding to the needs of our communities. The main areas of focus during the year and key initiatives carried out are listed below.

### Local purchasing and employment

- » Aitken Spence Hotels maintains local purchasing and employment policies to provide maximum economic development opportunities to local communities.
- » The apparel segment launched the 'Green Workforce' initiative, to provide family members of employees entrepreneurship opportunities in home-based agriculture. Through this programme, family members are provided seeds of selected crops, training on enhancing yield and a market for the Agri products grown through Aitken Spence channels.

### Strategic opportunities extended

			
Over 30% of the management team and over 50% of the employees at our hotels in Sri Lanka are from the local community	Over 90% of the non-managerial employees in Fiji are from the local community	Over 90% of the non-managerial employees and roughly 10% of the management team in the plantations and apparel segments are from the local community.	Over 2,000 local SMEs and representatives in the MMBL Money Transfer distribution network
 			

### Community support

- » 'Plates of Goodness' an initiative of Foundation of Goodness to uplift the livelihood of the local communities via tourists participating and consuming locally prepared cuisine was greatly assisted by Aitken Spence Travels through directing their clientele to participate in this initiative
- » Aitken Spence Printing supported its community with donations of packing material for medicines, stationary and financial support for community projects
- » Aitken Spence Elevators Supported an under-privileged primary school in the development infrastructures and donated grade 05 scholarship questionnaire books to the students
- » The hotels segment donated 12,000 surgical masks to the National Disaster Management Authority of Maldives.
- » Western Power Company together with its O&M contractor donated rations to over 200 families affected by the lockdown



### Uplifting communities

The plantation sector continues to uplift the living standards of its estate community through ongoing investments in infrastructure development, health and welfare programmes, support for education etc. During the year, the segment also provided equipment to the estate children to enable access to online learning platforms. Total funds directly channelled for these efforts amounted to LKR 111.4Mn while funds channelled through our partners due to the strength of relationships maintained amounted to LKR 59.5Mn



### Empowerment through skill development

- » Keeping with our ethos to empower communities to be self-sufficient, our overseas hotel operations in the Maldives conducted apprentice programs for low-income youth in collaboration with the TEVET authority and the Ministry of Higher Education
- » Gap Inc.'s P.A.C.E. programme was rolled out in our apparel manufacturing facilities providing women foundational life skills, technical training and support to advance at work, in their lives, and in their communities.
- » The travel and hotels segments in Sri Lanka partnered with the Asia Pacific Alliance for Disaster Management to educate tourism sector micro, small and medium enterprise stakeholders on how to build business resilience and be better prepared to benefit from opportunities in post COVID tourism growth in the country.



# Natural Capital



Sustaining natural capital is an essential requirement for any organisation because we are all inherently dependent on the environment for our own survival. Managing our operations to ensure we enhance our positive impacts on the environment while containing and controlling any adverse impacts is integrated within the functional strategies of our companies. We strive to achieve this objective by working towards operational efficiencies that enhance product quality, optimise resource allocation, and reduce our environmental footprint.

We have identified that the following matters are material to our natural capital through the materiality determination process.

## Financial



- » Financial sustainability
- » Economic performance
- » Economic value creation

## Social



- » Stakeholder sustainability

## Governance



- » Regulatory compliance
- » Governance and ethics
- » Risk management
- » Public disclosure on performance

## Environmental



- » Biodiversity & ecosystem conservation
- » Effective sustainable resource use
- » Control of emissions, effluents and solid waste

## Strategic Imperatives

- » Sustainable consumption and management of natural resources
- » Protect, restore, and promote sustainable use of natural ecosystems
- » Sustainable management of solid waste, emissions and effluents
- » Strategic investment in resilient infrastructure and sustainable business models

## Key Achievements

- » 29% of the direct energy and 25.4% of the total energy consumed within the operation sourced from renewable energy
- » 625,586GJ of renewable energy produced in 2021/22
- » 90,673 tonnesCO<sub>2</sub>e emissions offset and/ or reduced
- » 553,109 m<sup>3</sup> waste water treated for safe reuse or disposal
- » Over 200,000 tonnes of municipal solid waste converted to sustainable energy

## Future Focus

- » Achieve net zero emission status for well below 1.5 °C emission targets
- » Zero single use plastics at Aitken Spence operations by 2030
- » Ensure all Aitken Spence operations have frameworks to monitor, manage and ensure sustainable and efficient use of natural resources
- » Promote education and awareness about sustainable development, consumption, and production through all operations
- » Ensure 100% wastewater generated at Aitken Spence operations is safe for reuse or disposal
- » Protect and increase the green cover of Sri Lanka and restore forests, wetlands, mangroves, and coastal ecosystems

## Our Approach to Environmental Sustainability

We adopt a precautionary approach towards environmental impact control. Accordingly, we aim to identify environmental risks arising from our operations and proactively take measures to mitigate the risk whilst enhancing the positive impacts from our operations. Our sustainability agenda extends beyond our own operations, and we continue to strive to make a positive impact on the wider community by supporting national efforts to move towards a greener and more sustainable economy. We ensure strict compliance with all laws and regulations and responsibly state that there were no instances of non-compliance during the year.

### Environmental management systems & certifications

- » Over 70 management systems maintained across the Group, aligned to diverse international benchmarks towards environmental impact control, out of which more than 40 systems are certified.
- » 4 LEED certified properties;
  - » The first LEED certified hotel in the world
  - » The first LEED certified, carbon neutral printing facility in South Asia
  - » First LEED certified property in the Maldives
  - » Heritance Negombo is also a LEED certified hotel, adding to the sustainable property portfolio of the company
- » 6 Rainforest Alliance certified management systems
- » 10 Travelife certified operations
- » 11 ISO 14001 certified systems for environment impact control
- » Network of over 600 trained internal auditors, EMRs, first aid officers, fire wardens, disaster risk reduction (DRR) team leaders and HR partners



# Natural Capital



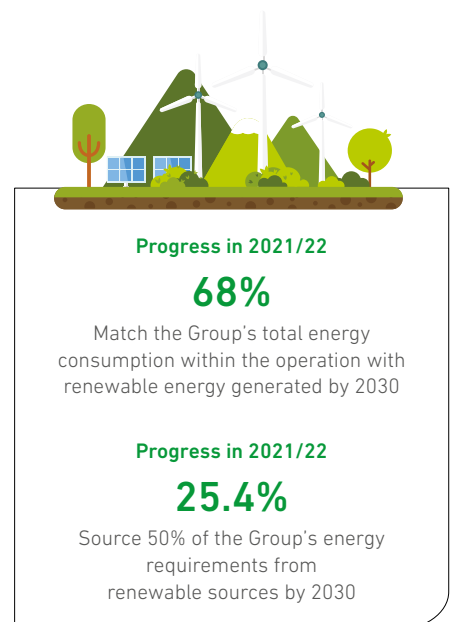
## Energy and Emission Control

GRI 302, 305

Aitken Spence is mindful of the impacts of our resource consumption and its impact on the environment and is committed to decouple our operations from environmental degradation emanating from emissions. Energy efficiency is a key priority of the Group particularly in the backdrop of rising energy costs. Energy saving initiatives are practiced across the Group, and all sectors have systems and processes in place to monitor energy consumption, efficiency, and emissions levels.

We are committed to manage our emissions and continued to invest in

cleaner energy sources. During the year, we added 3 more mini-hydro energy projects and expanded our rooftop solar energy generation with the addition of the solar panels installed at the printing facility in Mawaramandiya. The Group has also been able to reduce emissions by offsetting emissions through investments in renewable energy while the printing segment also purchased carbon credits. The teams at our power plants invest significantly towards preventive and corrective maintenance and operational efficiency and routinely test stack emissions to ensure emission levels, especially NO<sub>x</sub>, SO<sub>x</sub> and PPM levels, are within stipulated limits. (GRI 305-7)







Our strategic investments in clean energy projects also contribute positively towards the renewable energy goals of Sri Lanka as well as the net zero targets of the Company. Meanwhile Sri Lanka's first waste to energy power plant converted over 200,000 MT of municipal solid waste to clean energy, keeping solid waste away from the landfills which destroy our sensitive wetland ecosystems.

The total emissions reduced or offset includes emissions offset by replacing diesel and furnace oil consumption with

clean energy sources, emissions offset from the recycling of paper waste as well as emissions offset with carbon credits. Our biogenic emissions from fuelwood for the year amounted to 15,267.8 tonnesCO<sub>2</sub>e and scope 1 & 2 emissions accumulated to 87,606 tonnesCO<sub>2</sub>e. Total emissions offset amounted to 90,673 tonnesCO<sub>2</sub>e. The reduction in emissions from 2020/2021 to 2021/2022 is due to a reduction in our consumption of furnace oil. Expanding on our in-house capacity for reporting practices through targeted

training programmes, we included fugitive emissions into the calculations from 2021/22. However, we still have some limitations in the calculation of fugitive emissions, and we also do not calculate scope 3 emissions currently as our primary contribution to emissions, based on reviews of past data, stemmed from our energy consumption within the operation. Moving forward, we plan to conduct a more comprehensive assessment within 2022/2023 as we work towards our net zero emission targets. (GRI 305-6)

Breakdown of our energy consumption and emissions GRI 302	Unit of Measure	Group				
<b>GRI 302 – 1: Energy Consumption within the Organisation</b>						
Non-renewable sources						
Petrol	GJ	4 943.8	1,624.9	737.1	1,890.2	691.6
Diesel	GJ	541,364.3	468,851.6	56,664.4	14,706.1	1,142.2
Furnace Oil	GJ	10,723.0	8,547.1	-	2,175.9	-
LPG	GJ	13,341.3	12,991.8	9.0	340.5	-
Kerosene	GJ	644.4	-	-	644.4	-
Total energy consumed from non-renewable sources	GJ	571,016.8	492,015.4	57,410.5	19,757.1	1,833.8
Renewable sources	GJ					
Biomass/fuel wood	GJ	127,012.2	4,672.8	-	122,339.4	-
Briquettes	GJ	9,307.1	-	-	9,307.1	-
Hydropower	GJ	34,941.6	-	-	34,941.6	-
Solar energy	GJ	2,206.6	2,206.6	-	-	-
Wind energy	GJ	196.7	-	-	196.7	-
Municipal solid waste	GJ	59,327.1	-	-	59,327.1	-
Total energy consumed from renewable sources	GJ	232,991.4	6,879.5	-	226,111.9	-
Total indirect energy consumption within the organisation	GJ	114,165.0	67,757.1	17,437.8	24,955.7	4,014.4
Total energy consumption within the organisation	GJ	918,173.2	566,652.0	74,848.3	270,824.7	5,848.2
Energy Intensity (GRI 302 – 3: Energy consumption per unit revenue)	GJ/Rs. Bn	14.6	19.1	3.8	24.9	2.5
Reduction of energy consumption (GRI 302 – 4, 5: Difference in energy consumption within the organisation per unit revenue between 2020/2021 and 2021/2022)		5.2	-34.2	-51.1	94.5	-35.5
<b>GRI 305: Emissions</b>						
GRI 305 – 1, 6: Direct (Scope 1) GHG emissions	Tonnes CO <sub>2</sub> e	64,797.7	36,473.4	7,069.8	14,437.5	6,817.0
GRI 305 – 2: Energy indirect (Scope 2) GHG emissions	Tonnes CO <sub>2</sub> e	22,808.1	14,098.5	2,996.0	4,921.8	791.7
GRI 305 – 4: GHG emissions intensity (Emissions per unit revenue)	Tonnes CO <sub>2</sub> e/ Rs. Bn	1.4	1.7	0.5	1.8	3.2
GRI 305 – 5: Reduction of GHG emissions/emissions offset	Tonnes CO <sub>2</sub> e	90,673.0	792.1	131.0	89,743.8	6.1

# Natural Capital

## Breakdown of our emissions

### Emissions by sector;



57.7%



11.5%



22.1%



8.7%

### Emissions by source;



1.8%

Petrol, LPG, kerosene  
and non-biogenic  
emissions from  
fuelwood



45.9%

Diesel



10.4%

Furnace oil



26.4%

Grid  
electricity



15.9%

Fugitive emissions

## Accelerating Climate Ambitions

### Science Based Targets initiative (SBTi)

Aitken Spence became the first diversified group in Sri Lanka to make a public commitment to set a science-based target aligned with the SBTi's target-setting criteria within 24 months. Aitken Spence is also a member of the Business Ambition for 1.5°C campaign, an urgent call to action from a global coalition of UN agencies, business, and industry leaders, in partnership with the Race to Zero. Several employees have received training from the UN Global Compact's Climate Ambitions Accelerator programme with two more employees nominated to receive the training within the first 6 months of 2022/2023.

## Water and Effluent Management

### GRI 303 - 1, 2, 3, 4, 5

We consider responsible water consumption a priority across the Group and practice mechanisms relative to the nature and scale of our water consumption within each sector. This includes practices such as rainwater harvesting, in-built water saving mechanisms such as flow restrictors, water treatment and reuse to reduce our water footprint. Meanwhile we continue to focus on creating awareness about water conservation and responsible consumption of resources among our employees and wider community as part of our overall efforts to promote sustainable use of natural resources.

All effluents particularly from our production facilities are treated before being released into the environment or re-used for internal purposes. The hotels segment treats 100% of the wastewater generated and the treated water is reused to reduce freshwater consumption for gardening purposes. The sludge separated from this process is also treated and reused as fertiliser.



Zero adverse impacts to  
natural water sources

Progress as at 2021/22  
Achieved

GRI 303: Water & Effluents	Unit of Measure	Group				
GRI 303 - 3, 5: Total water withdrawn/ consumed	(m <sup>3</sup> )	796,023.5	646,691.7	35,797.5	107,742.3	5,792.0
GRI 303 - 4: Total water treated for reuse or safe disposal	(m <sup>3</sup> )	553,108.8	520,547.3	6,336.0	26,103.8	121.7
GRI 303 - 2, 4: of water recycled and re-used/ disposed	%	69.5	80.5	17.7	24.2	2.1
GRI 303 - 1, 2: Water sources significantly affected by withdrawal of water		None	None	None	None	None



## Resource Consumption and Waste Management

GRI 301 – 1, 2, 3; 306 – 1, 2, 3, 4, 5

Aitken Spence adopted the 7R principle for resource efficiency and waste management over two decades ago and the companies still adhere to these guidelines to manage efficient and sustainable use of resources and to support a circular consumption pattern. Through this principle, our companies first analyse the resources we use for our products and services and plan our consumption to reduce the environmental impact.

Solid waste is segregated and separately managed to ensure that waste generated through our operations is either repurposed where permissible or responsibly disposed. Resource use is monitored to ensure environmental impact control and compliance to applicable laws and regulations.

### The Group's Water Consumption by Source and Sector;

Use across the sectors;



81.2%



4.5%



13.5%



0.7%

Use by source;

Municipal Water



28.9%

Ground Water



24.2%

Surface Water



42.4%

Harvested Rainwater



4.5%

### Breakdown of Our Energy Use

Use across the sectors;



61.7%



8.2%



29.5%



0.6%

Total energy used by source;



0.6%

Petrol, kerosene



1.5%

LPG



59.0%

Diesel



1.2%

Furnace oil



12.4%

Grid electricity



25.4%

Renewable Energy

### The 7R Principles





Refer to our social media pages to peruse these principles in more detail.







Zero waste dumping to landfills

Progress as at 2021/22  
Achieved

# Natural Capital

Other materials monitored as relevant to operational priorities; GRI 301 - 1		Repurposed materials and resources used in the production process GRI 301 - 2, 3
	<ul style="list-style-type: none"> <li>» Lubricating oil</li> <li>» Packing materials</li> <li>» Anti-corrosive paints and water-based, non-flammable, non-aerosol cleaner &amp; degreaser</li> </ul>	<ul style="list-style-type: none"> <li>» Packing material repurposed in the warehouse operations by the freight segment</li> </ul>
	<ul style="list-style-type: none"> <li>» Lubricating oil</li> <li>» Paper and packing materials</li> <li>» Fabrics (provided by the buyer)</li> <li>» Inorganic Fertiliser: roughly 37%</li> <li>» Organic Fertiliser: roughly 63%</li> <li>» Pesticides: just over 500 MT</li> <li>» Agricultural chemicals just over 15 MT</li> <li>» Green leaf - produced: roughly 71%</li> <li>» Green leaf - bought from local suppliers: roughly 29%</li> <li>» Latex - produced: roughly 83%</li> <li>» Latex - bought from local suppliers: roughly 17%</li> </ul>	<ul style="list-style-type: none"> <li>» Residual municipal solid waste 204,523.3 MT</li> <li>» Repurposed packing material 857.0 MT</li> <li>» Composted waste used as fertiliser 4,591.6 MT</li> </ul>

Waste by Type and Disposal Method GRI 306 - 1, 2, 3, 4, 5	Unit of Measure	Group				
Waste generated within the organisation sold for recycling/ reuse or handed over for reuse to authorised vendors;						
Solid waste	Tonnes	42,551.5	1,427.3	2,162.3	38,945.0	16.9
Solid waste in units	Units	8,026.9	5,942.0	1,238.0	762.9	84.0
Waste oil, ETP/ STP sludge	Litres	61,265.1	3,285.0	6,019.0	51,961.1	-
Total number and volume of significant spills		None	None	None	None	None

## Biodiversity Conservation

### GRI 304 - 1, 2, 3, 4; 308 - 1, 2

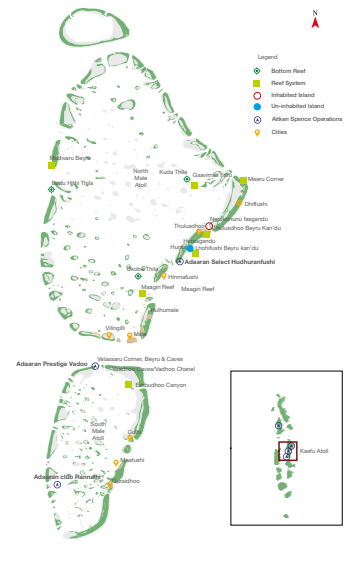
Aitken Spence operates in industries and locations where we come within close proximity of areas with high biodiversity value. Being a key operator in the tourism industry, we also interact with national parks, protected areas, and other areas of high biodiversity value. As a company embracing a precautionary and proactive approach to manage our environmental and social impacts, we are therefore committed to protecting biodiversity and the ecosystems we come in contact with through targeted conservation efforts and by minimising the environmental impact from our operations.



**Zero adverse impacts to natural water sources, protected areas and areas of high biodiversity value outside protected areas**

**Progress as at 2021/22 Achieved**

## Green Cover protected by Aitken Spence



» Over 8,000 Hectares of estate land protects ecosystems and habitats by aligning their operational practices with the Rainforest Alliance and Forest Stewardship Council frameworks.

» Over 198 acres of forest cover adjacent to the Heritage Kandalama hotel is maintained in its pristine condition as well as 58 acres of forest cover within the hotel premises

Our efforts to protect habitats protect a wide range of fauna and flora including;

- 19** species of reptiles and amphibians
- 64** species of butterflies and dragonflies
- 128** species of native flora
- 183** species of birds

# Natural Capital

## Biodiversity Conservation Initiatives carried out across the Group



### Coral Reef Conservation

The Coral Replantation Research Project: 'Save the LUNGS Save the OCEANS' initiated by Adaaran Resorts Maldives in June 2020 continued during the year with over 1500 soft and finger corals being planted. The hotel also repurposes bed frames as coral beds in these projects.



### Tree Planting

Aitken Spence Elevators added over 1,000 trees to the urban green-cover along the Southern Expressway.

Our power plant in Embilipitiya maintains bee colonies in the tree belt along the periphery of the property. This green cover consists of over 20,000 different plants, many of which have endemic and medicinal value. A plant nursery maintained at the premises also distributes tree saplings towards tree planting campaigns in other parts of the country. The team also conducts tree planting campaigns in the community to contribute towards increasing the green cover in the area.



### Soil Conservation

As part of its sustainability strategy Elpitiya Plantations has made a conscious effort to reduce the use of chemical fertilisers for cultivation. The team uses a higher percentage of bio substance to soil, increasing the carbon content of soil, resulting in improved water-retention capacity, soil structure, and fertility. The team also works towards restoration of stream reservations and catchment areas to improve biodiversity and connect animal corridors by planting native tree species. The Company also maintains a Bamboo plantation for sustainable thermal energy supply for biomass requirement.



### 49ha of pure stand green cover cultivated within the year

**28ha**

cultivated for value addition through sustainable biomass for fuelwood

**21ha**

cultivated towards soil protection and conservation of ravines creating animal corridors and catchment areas for water

**18.5ha**

in the upcountry cluster

**9.5ha**

in the low country cluster

**18ha**

in the upcountry cluster

**3ha**

in the low country cluster

**27,000**

bamboo clumps planted in total

50,000 bamboo clumps scheduled to be planted during 2022/2023

## Beach Clean up

Our coastal hotels conduct weekly beach cleaning programmes through the year to contribute towards removing dry waste polluting coastal ecosystems. Although the frequency of these programmes reduced due to the pandemic, the teams maintain these efforts as time permits.

The segment also partnered with the Maritime & Freight Logistics sector to set up dry waste collection bins shaped like marine animals to aid the process of removing waste from our beaches.

The elevator segment conducted a beach cleaning carnival focusing on educating people on the adverse effects of plastic. The programme included a competition to collect plastic at the Hendala beach, Wattala, and plastic free food stalls set up at the location.



## Awareness Creation

Aitken Spence Travels provides dockets to tourists visiting Sri Lanka which contain information about responsible tourism practices.

The "SPENCE HARITHA MITHURU" webinar series initiated by Aitken Spence Travels aims to create awareness and interest about marine life among children and our employees. The programme invited a panel of resource personnel to share their knowledge and insights in an interactive and engaging web series.

Western Power Company declared the month of March to be the 'World Wetlands Conservation Month' and engaged with the employees of Aitken Spence through a series of events such as webinars, circulation of educational flyers and art competitions to create awareness about the importance of wetland ecosystems.

Aitken Spence also maintained routine awareness campaigns to create awareness among Spenstonians as part of our efforts to strengthen the 'green workforce' of Aitken Spence. These programmes include campaigns where employees were encouraged to include their children in the education through art competitions and briefings on environmental sustainability conducted by internal and external environmental experts.

The Group also conducted a series of awareness sessions on 'Disaster Risk Reduction & Business Continuity Planning' marking the International Day for Disaster Reduction (DRR). The Group's DRR team were the facilitators at this event where we educated employees about the importance of climate change mitigation, effects of climate change on natural disaster intensity and frequency as well as climate change adaptation.

## Engaging our Customers and External Stakeholders

In addition to controlling the environmental impacts within the operation, we continually strive to reduce the environmental impact from the use of our products and services as well. While maintaining many ongoing efforts, we rolled out some new activities within our action plans towards this objective.

The hotels segment rolled out an action plan to eliminate the use of single use plastics within the tourism experience at our hotels. During the year, the team upgraded the inhouse bottling capacity to replace plastic bottles provided in the rooms with glass bottles. The printing segment promotes options to consumers such as FSC certified paper, and plant-based inks to reduce the environmental impacts of printing and packaging products. The segment also offers the value-added service of offsetting the emissions of a particular product on customer requirement.





# Natural Capital

## Biodiversity Conservation Initiatives carried out across the Group

The group takes effort to integrate ESG priorities within the supply chain and work with our suppliers to educate them on environmental and social operational priorities.

Sector	Total suppliers screened in 2021/22	Total suppliers screened
Tourism	84	1,284
Maritime & Freight Logistics	402	702
Strategic Investments	662	1,440
Services	55	124
	1,203	3,550

Aitken Spence Travels educates stakeholders within the supply chain on sustainable tourism practices. Safari drivers in all five national parks are educated on topics such as ecosystem sustainability, protection of biodiversity and practices harmful to wildlife that should be avoided in national parks, protected areas and areas of high biodiversity value. During the year, the team trained 38 more safari drivers across our national parks. ESG concerns are also integrated within supplier contracts to encourage better practices within the industry to protect our ecosystems.

Almost 100% of the staff of Aitken Spence Travels has been educated on the Travelife standard for sustainable tourism. Reservations teams are actively encouraged to promote less popular national parks with equal density of biodiversity in a bid to reduce congestion in more popular national parks.

Despite the economic impacts resulting from back-to-back black swan events affecting the tourism industry, Aitken Spence Travels continued to sponsor 'Bhanu' the baby elephant adopted at the Ath Athuru Sevana in Udawalawe. Tourists visiting Sri Lanka through Aitken Spence Travels are educated about the plight of wildlife amidst anthropogenic habitat loss through Bhanu and are encouraged to donate towards Bhanu and other orphaned elephants being cared for at this sanctuary. Once Bhanu is released into the wild as a grown elephant, the segment will adopt another orphaned baby elephant to support the efforts of the country to protect our elephants.

The Travels segment launched a programme for sustainable tourism under the brand 'Travel Kindly' which encompasses all their efforts to ensure responsible tourism practices. 'Travel Kindly' is a concept taking into account the triple bottom line of caring for people, caring for nature and creating economic well-being of the communities and societies we operate in.





a shared  
*protection*



Our close-knit structures are designed to protect and shield ourselves against external threats and risks; upholding our pledge to demonstrate steadfast resilience and strength..

*The shield knot was used across a range of cultures to represent completeness, and, as its name indicates, is often considered to symbolise protection.*

# Corporate Governance

## Chairman's Statement on Governance

*Dear Shareholders,*

I am pleased to introduce our Corporate Governance Report for the Financial year 2021/2022. As one of the most respected corporate entities in the country, Aitken Spence PLC inherits a strong governance framework and culture of professionalism, business ethics and fair play. The Board continues to nurture our legacy, a framework based on the principles of good governance that we practice as part of the Aitken Spence Group.

As the country enters its fourth year of sustained socio-economic stress, the sound wisdom that underpin principles of corporate governance becomes more relevant as we set course to navigate another year of challenges. Sustainable value creation depends very much on ensuring that interests of key stakeholders are aligned with our businesses and understanding on how we deliver value to them is critical, particularly during the current challenging times. Our governance processes have evolved to ensure that the Board understands these concerns and considers the same in determining strategic direction, investments, risk management and other resource allocation decisions.

Integration of environmental, and social governance (ESG) priorities into our governance framework, business model, and operational processes has been key to how we do business. Centrally coordinated and under the vigilant supervision of an Executive Director, the Group Sustainability Division developed benchmarks for social and environment compliance across the Group. Their work has been key to shaping sustainable mindsets across the Group which gave rise to numerous initiatives to minimise our environmental footprint and support our stakeholders during challenging times.

Digitalisation has been a key area of focus for the Board to ensure that Aitken Spence is future forward and transforms to compete effectively during the 5th industrial revolution. The Board has reviewed the adequacy of our digital governance policies and processes and strengthened the same. Safeguarding our information assets, systems and processes were necessary in view of escalating cyber threats and we enhanced the defenses accordingly. The Board pays its utmost attention to the developments in this area as we level up the digitalisation of the Group.

Integrity in financial reporting, internal control and compliance are at the core of governance and continues to receive significant attention of the Board and the Audit Committee thereby facilitating the effective discharge of the responsibilities of the Board in this regard.

Ultimately, the effective functioning of all the governance mechanisms is dependent on the people and the organisation culture. The Board and the senior leadership of the Group are conscious about the need to set the tone at the top and ensure that our legacy of a value-based culture is nurtured and passed on. The Group's Code of Ethics and Professional Conduct plays a critical role in articulating the expectations of employees as well. It is my firm belief that our culture is the most important factor in reinforcing and shaping the evolution of our governance processes as we progress into a new era which will undoubtedly add more dimensions to the subject of governance.

Aitken Spence is a company with over 150 years of history, and corporate governance has been the bedrock which has been strengthened by successive Boards of Directors. Over the years, we have observed the devastating consequences of failures in governance in the private

### Compliance Statement

On behalf of the Board of Aitken Spence PLC, I declare that the principles of good corporate governance are applied consistently across the Group and that the Corporate Governance Report provides a fair account of Corporate Governance practices within the Group. I am also pleased to report that the Group complies with the relevant provisions of the Listing Rules of the Colombo Stock Exchange pertaining to Corporate Governance and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

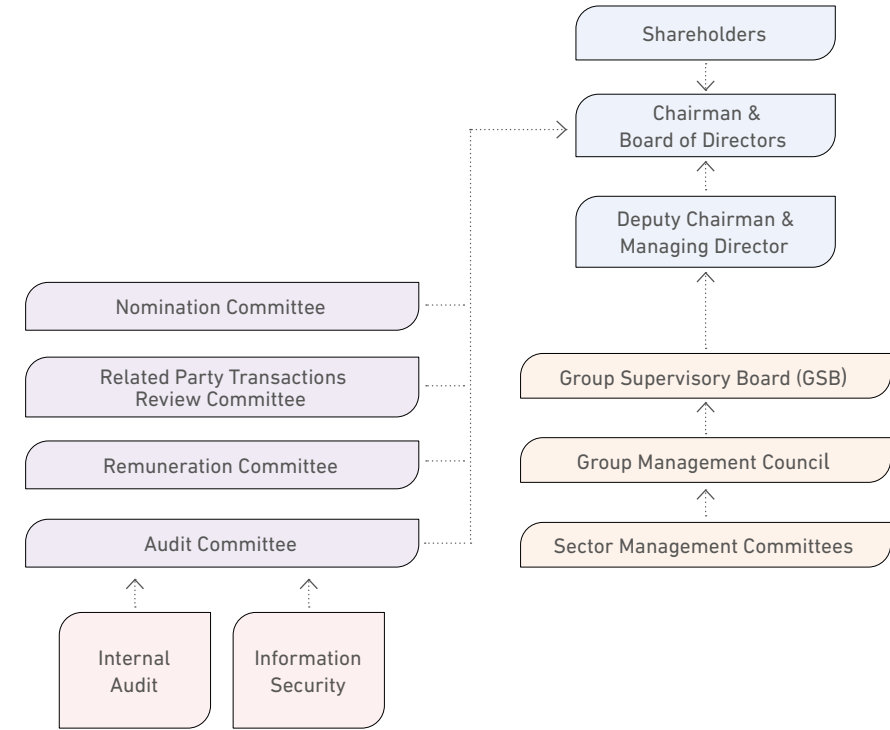
as well as the public sector. The lessons learned are valuable and resonate the need for a sound corporate governance framework that balances the concerns of all key stakeholders. The past three pandemic years have demonstrated the importance of maintaining our strong corporate governance practice of upholding our covenants with them. We will continue to do so as we move forward, holding ourselves to high standards in this evolving area of corporate governance.



**Deshamanya D.H.S. Jayawardena**  
*Chairman*

31st May 2022

As one of the country's oldest public listed companies, Aitken Spence PLC has a heritage of sound corporate governance which has supported its growth and reputation. The Board bears ultimate responsibility for putting in place the necessary structures, policy frameworks, processes and setting the tone at the top. A professional management team upholds the values and nurtures an ethical culture which is passed through generations of Spensonians, zealously safeguarding its proud heritage.



#### Regulatory Framework

- » Companies Act No. 7 of 2007
- » Sri Lanka Accounting & Auditing Standards Act No.15 of 1995
- » Listing Rules of the Colombo Stock Exchange (CSE)

#### Voluntary Compliance Framework

- » Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka



The compliance levels with the Code of Best Practice on Corporate Governance 2017, issued by The Institute of Chartered Accountants of Sri Lanka are available on Company's website at <https://aitkenspence.com/corporate-governance/corporate-governance-report> and forms a part of this Corporate Governance Section

#### Executive Directors



**Deshamanya  
D.H.S. Jayawardena**  
Executive Chairman



**Dr. M.P. Dissanayake**  
Deputy Chairman &  
Managing Director



**Dr. R.M. Fernando**  
Executive Director



**Ms. D.S.T. Jayawardena**  
Executive Director

■ Audit Committee ■ Nomination Committee ■ Remuneration Committee ■ Related Party Transactions Review Committee  
 © Chairman of Committee

# Corporate Governance

## Highlights 2021/2022

- » Performance oversight was critical during the third consecutive year of challenges as we navigated another year of business disruptions, the end of quantitative easing, divergent global economic growth and rapidly escalating economic challenges locally
- » Optimising Group synergies to strengthen performance across sectors, particularly in managing supply chain issues and logistics
- » Acquisition of 100% shareholding of Waltrim Energy Limited and its fully owned subsidiaries for a sum of LKR 900 Mn, consolidating the Group's investments in renewable energy
- » Resource allocation to support achievement of strategic objectives
- » Business continuity amidst significant business disruptions due to pandemic and other reasons
- » Digitisation and Digitalisation of the Group
- » High level review of risks and risk management processes
- » Ensuring the health and safety of people during the pandemic and approval of a holistic care package
- » Review of remuneration and rewards to retain and attract people of skills, talent and ability
- » Continued integration of ESG principles into business processes across all sectors

### Role of the Board & Collective Responsibility

#### » *Steers and Sets Strategic Direction*

Approves strategy. Focuses on high environmental, social & governance standards

#### » *Approves Policy and Capital Planning*

Gives effect to strategy. Sets direction, resource allocation and risk appetite.

#### » *Oversees and Monitors*

Implementation by Management

#### » *Ensures Accountability*

For organisational performance through reporting and disclosure, engagement

### Other Roles

#### » *Deputy Chairman & Managing Director*

Leads the management and is responsible for implementation of strategy

#### » *Group Supervisory Board*

Formulates and implement strategy within policy frameworks approved by the Board

#### » *Management Council*

Responsible for implementation of strategy

#### » *Sector Management Committees*

Monitors and reviews operations at sector level

### Non-Executive Directors



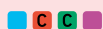
Mr. J.M.S. Brito

Non-Executive



Mr. G.C. Wickremasinghe

Independent Non-Executive



Mr. R.N. Asirwatham

Independent Non-Executive



Mr. C.H. Gomez

Independent Non-Executive



Mr. N.J. de S. Deva Aditya

Non-Executive



Mr. A.L. Gooneratne

Alternate to Mr. N.J. de S. Deva Aditya (Non-Executive)



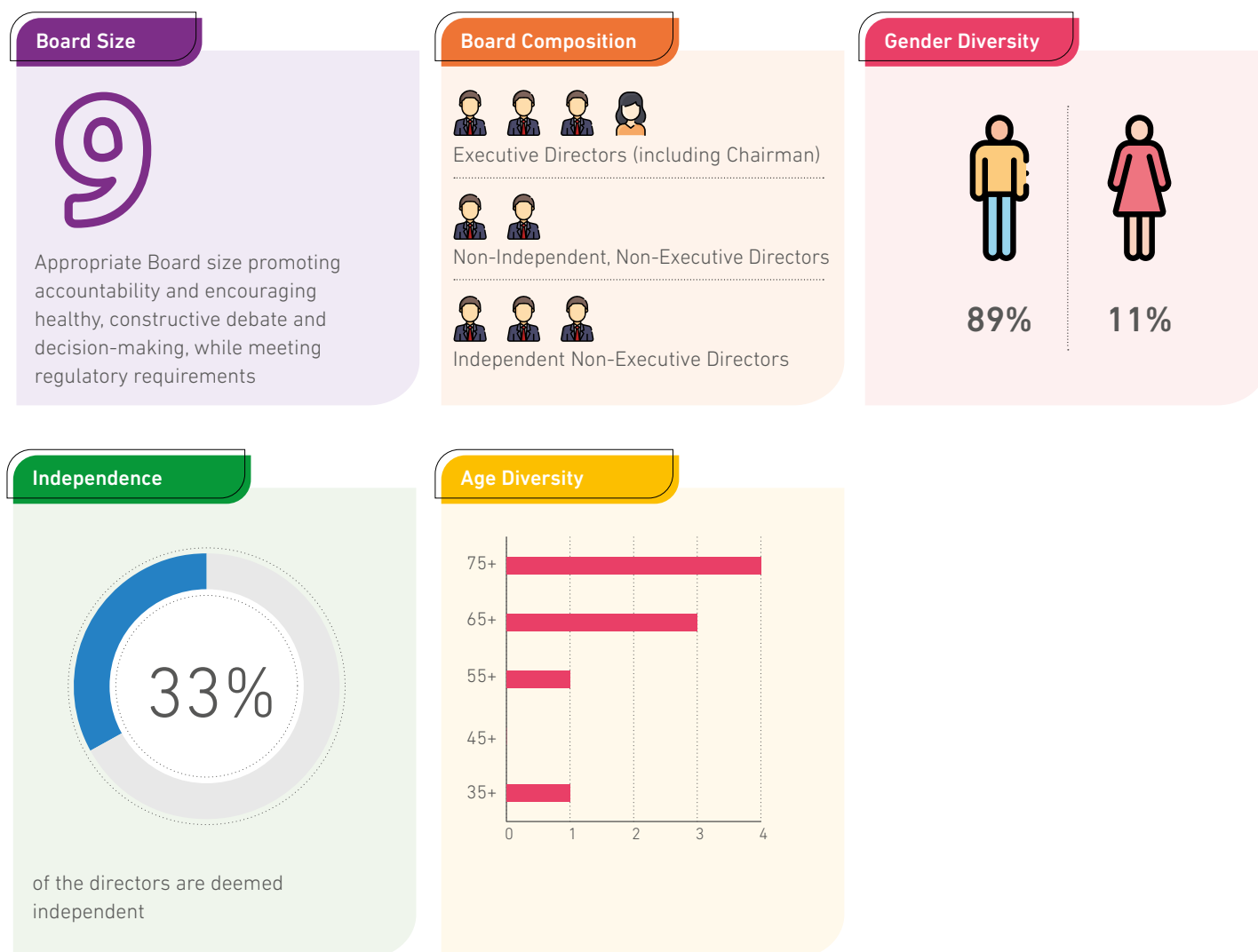
■ Audit Committee ■ Nomination Committee ■ Remuneration Committee ■ Related Party Transactions Review Committee

Ⓢ Chairman of Committee

## A Balanced Board

The composition of the Board determines the effectiveness of the leadership provided to this industrially and geographically diverse conglomerate. The diversity of skills, knowledge and experience, diversity of views and perspectives and the balance between Executive and Non-Executive Directors are key to setting the strategic direction and the tone at the top. The Nomination Committee is responsible for ensuring that the Board has the knowledge, skills and experience required and that the makeup of the Board is sufficiently diverse, providing different perspectives within the Board room to enable effective discharge of its functions and duties.

### A balanced and diverse Board.



The Board comprises of 9 members, 3 of whom are deemed independent, as explained on page 225 Directors Independence. Although two executive Board Members Deshamanya D.H.S. Jayawardena and Ms. D.S.T. Jayawardena are related to each other, they act in the best interest of the Group in spirit, intention, purpose and attitude. The number of Non-Executive Directors outnumber the Executive Directors and the diversity in the makeup of the Board facilitates a balance of power within the Board, paving the way for effective participation of all Directors in matters set before the Board. The Non-Executive Directors are eminent professionals in their respective fields, who bring objective views to Board deliberations and constructively challenge management. All Directors possess financial acumen and knowledge through experience gained from leading large enterprises while two Directors are finance professionals.

















# Corporate Governance

## Board Effectiveness

The Board of Directors provides effective leadership, balancing stakeholder interests to facilitate value creation by the Group, taking into account the business landscape. The key responsibilities of the Board are set out alongside.

## Board Structures

The Board has set up four Board Sub-Committees with oversight responsibility enabling efficient functioning of the Board. These are as follows:

Committee	Composition	Areas of Oversight
Audit Committee	    	<ul style="list-style-type: none"> <li>» Risk Management and Internal Control</li> <li>» Financial Reporting and Financial Control</li> <li>» Internal Audit</li> <li>» External Audit including assessing the independence of external auditors</li> <li>» Compliance with legal and regulatory requirements</li> </ul>
Related Party Transactions Review Committee	    	<ul style="list-style-type: none"> <li>» Review all proposed related party transactions and the post quarter confirmations in accordance with the requirements of the listing rules</li> <li>» Recommend appropriate action for compliance in respect of proposed related party transactions or post quarter confirmations as applicable</li> <li>» Annual Review of thresholds of transactions falling under the ambit of Section 9.3.2 of the listing rules based on the available Financial Statements</li> <li>» Set out criteria to determine key management personnel</li> </ul>
Nomination Committee	  	<ul style="list-style-type: none"> <li>» Evaluating and recommending the appointment/re-appointment/re-election of Directors to the Board</li> <li>» Evaluating and recommending suitable internal and external candidates to higher levels of management</li> <li>» Succession planning</li> </ul>
Remuneration Committee	  	<ul style="list-style-type: none"> <li>» Determining the remuneration policy of the Directors and the Management Council</li> <li>» Determining the overall individual remuneration packages which includes compensation on termination of employment</li> <li>» Evaluating the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units.</li> </ul>

## Key Responsibilities of the Board

- » Provide strategic direction.
- » Monitor implementation of strategy.
- » Set corporate values and promote ethical behaviour.
- » Establish systems of risk management, internal control and compliance.
- » Be responsive to the needs of society.
- » Meet shareholders, employees, and other stakeholder's obligations, balancing their interests in a fair manner.
- » Present a balanced and understandable assessment of the Company's position and prospects.
- » Safeguard assets and ensure legitimate use.
- » Ensure succession planning and the continued ability of the Company to operate without any disruption.

 Independent Non-Executive Director
  Non-Executive Director

 Executive Director
  Chairman



## Executive Structures

The Board has set up three tiers of Executive Committees with oversight responsibility enabling efficient discharge of the executive functions of the Board. These are as follows:

Executive Committee	Composition	Areas of Oversight
Group Supervisory Board	<ul style="list-style-type: none"> <li>» Dr. M.P. Dissanayake</li> <li>» Dr. R.M. Fernando</li> <li>» Ms. D.S.T. Jayawardena</li> <li>» Ms. N. Sivapragasam (Group Chief Financial Officer)</li> </ul>	<ul style="list-style-type: none"> <li>» Formulates and oversees the execution of strategies within the policy framework set out by the Main Board</li> </ul>
Group Management Council	<ul style="list-style-type: none"> <li>» MDs/CEOs of the sectors</li> </ul>	<ul style="list-style-type: none"> <li>» Executes strategies at operational level</li> </ul>
Sector Management Committees	<ul style="list-style-type: none"> <li>» Group Supervisory Board</li> <li>» Sectoral Managing Director/ Chief Financial Officer of the Sector</li> <li>» Senior Sectoral Management Team</li> <li>» Selected Members from the Cross Functional Senior Management Team</li> </ul>	<ul style="list-style-type: none"> <li>» Monitors and reviews operations at sector level</li> </ul>

## Integration of ESG

Dr. R.M. Fernando is the Director in charge of sustainability and has represented sustainability on the Main Board since the Group formally introduced environmental and social sustainability as an operational priority to the Group. The Group Sustainability Division is a dedicated team in the Company reporting directly to Dr. R.M. Fernando to set policies and procedures and manage the ESG performance across the Group. The Group has segmental sustainability teams, each led by a team leader who is above manager grade, with diverse, cross functional team members supporting sustainability activities of the companies. These team leaders form the Aitken Spence Sustainability Team that works with the Group Sustainability Division.

## Framework

Aitken Spence utilises a systemic approach to integrate environmental and social governance within the Group's operations. This process is explained earlier in this report. Refer to '*The Aitken Spence Strategy for Sustainability*' for more details.

Formally rolled out in 2005/2006, this strategy has been continually reviewed and improved upon over the years to ensure our changing sustainability priorities (material topics) are included and integrated in the implementation frameworks.

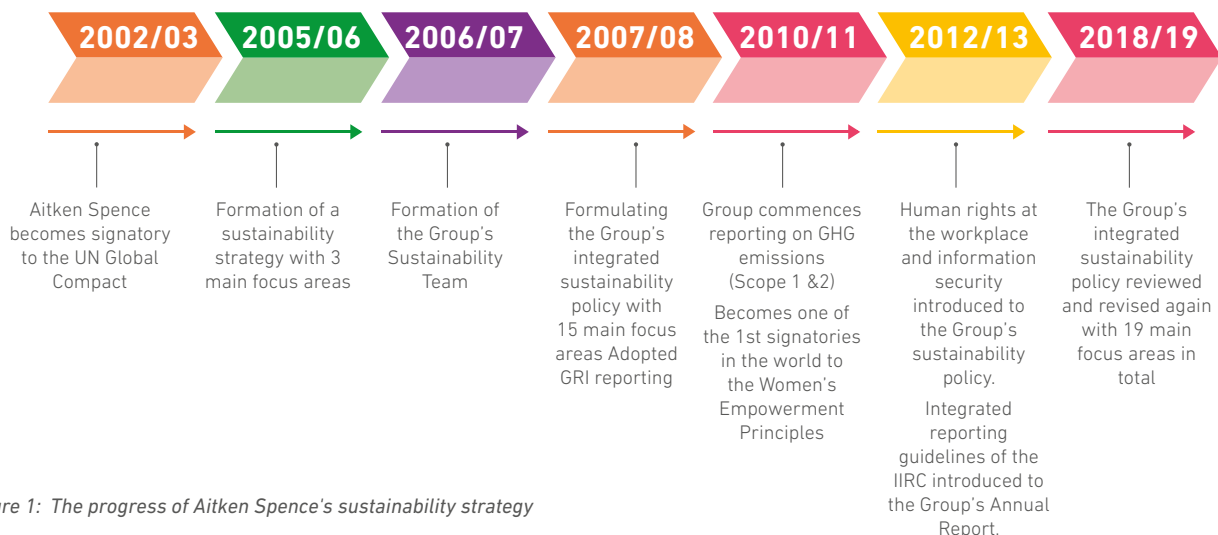


Figure 1: The progress of Aitken Spence's sustainability strategy

# Corporate Governance

To pick our operational priorities, Aitken Spence is guided by stakeholder feedback, internal reviews, and local/ global development priorities. We strive to strike a balance between social, environmental and economic priorities to achieve the best probable outcomes for our stakeholders.

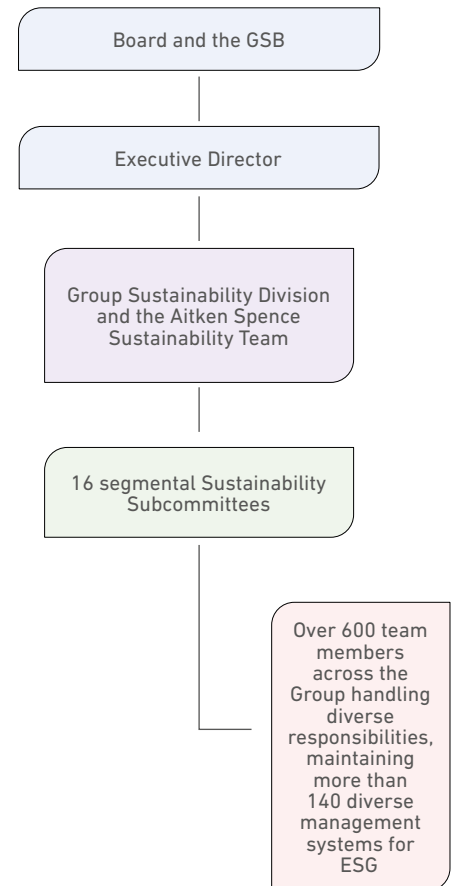


Figure 2 SDGs the Aitken Spence Group has aligned operational targets with (SBUs of the company have also picked other SDGs where they realised scope to contribute)

- » United Nations Global Compact (UNGC); signatory since 2002. Aitken Spence marks 20 years of engagement with the UNGC on 28 May 2022.
  - We are a member of the Global Compact Sri Lanka Network Steering Committee since inception and are also members of the Board of Management
  - Aitken Spence leads the Business & Human Rights Working Group in the UNGC Local Network Sri Lanka
  - Member of the Climate Ambitions Accelerator Programme to fast-track corporate action towards climate change mitigation
- » Women's Empowerment Principles of UNGC and UN Women, signatory since 2011
  - Aitken Spence is one of the first signatories in the world to the Women's Empowerment Principles and works to internalise the principles within the Group's operational policies and procedures
  - Aitken Spence is a member of the Gender & Diversity Working Group in the UN Global Compact Local Network Sri Lanka
  - A participant of the Target Gender Equality and Climate Ambitions accelerator programmes of the UN Global Compact
- » A Pioneering Partner and a member of the Board of Directors of CSR Sri Lanka
- » A member of the Asia Pacific Alliance for Disaster Management
- » The Group aligns our disclosures on non-financial information with the Standards of the Global Reporting Initiative

Our performance over the year bears witness to our success in achieving these objectives

## Structure



## Roles & Responsibilities

Roles of Chairman and Deputy Chairman & Managing Director are segregated strengthening Board balance. Roles and responsibilities of the C-Suite are clearly defined by mandates and job descriptions and by which means authority is delegated and accountability established.

### Chairman

#### Role

- » Leads the Board, preserving good corporate governance and ensuring that the Board works effectively.

#### Responsibilities

- » Setting the Board's annual work plan and the agendas.
- » Building and maintaining stakeholder trust and confidence.
- » Ensuring effective participation of all Board members during Board Meetings.
- » Monitoring the effectiveness of the Board.

### Deputy Chairman & Managing Director

#### Role

- » Accountable for implementation of strategic plan and driving performance.

#### Responsibilities

- » Appointing and ensuring proper succession planning of the corporate management team and assessing their performance.
- » Developing the Company's strategy for consideration and approval by the Board.
- » Developing and recommending to the Board budgets supporting the Company's long-term strategy.
- » Setting the Board agenda in consultation with the Chairman and assisted by the Company Secretaries.
- » Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and Corporate Governance principles.
- » Establishing an organisational structure for the Company which is appropriate for the execution of strategy.
- » Ensuring a culture that is based on the Company's values.
- » Ensuring that the Company operates within the approved risk appetite.

The office of the Company Secretaries is integral to the effective functioning of the Board. Aitken Spence Corporate Finance (Private) Limited acts as the Secretaries to the Board and guides the Board on discharging its duties and responsibilities, promoting best practices in Corporate Governance. All Directors have access to the advice and services of the Secretaries as necessary. The Secretaries maintain minutes of Board Meetings, which are open for inspection by any Director. Appointment and removal of the Company Secretaries is a matter for the Board as a whole.

### Company Secretaries

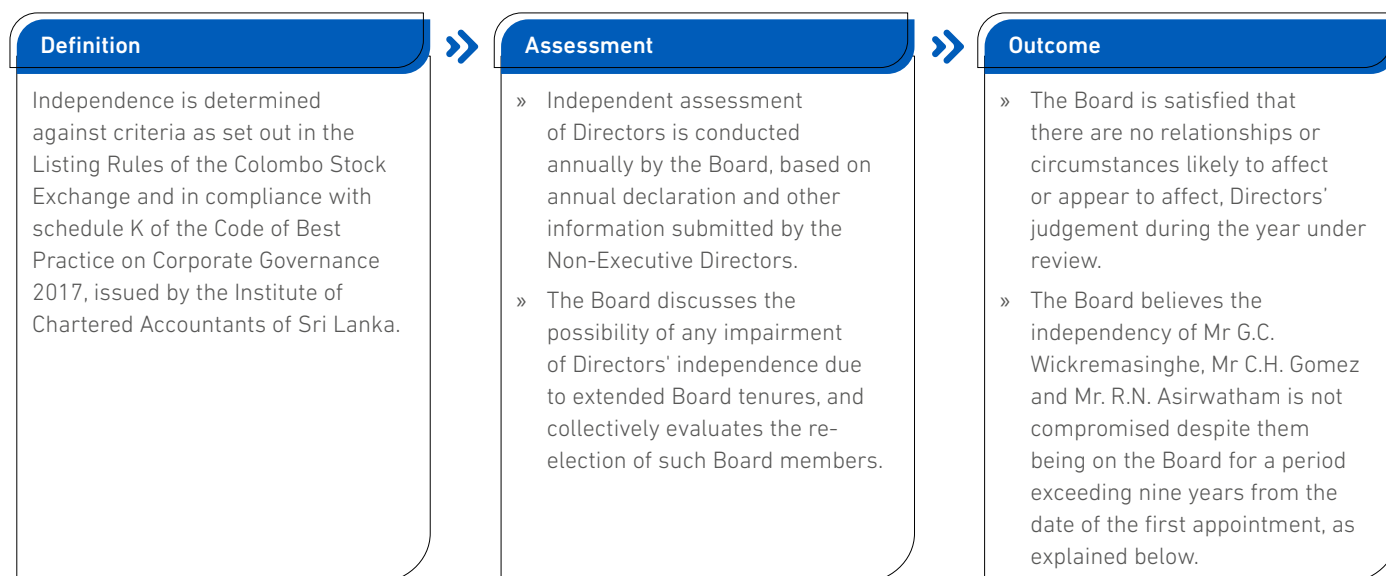
Responsibilities of the Company Secretaries include:

- » Ensuring the conduct of Board and General Meetings in accordance with the Articles of Association and relevant legislation.
- » Maintaining statutory registers and the Minutes of Board Meetings, General Meetings and of the sub-committee meetings.
- » Prompt communication to regulators and shareholders.
- » Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary.

# Corporate Governance

## Determining Independence of Directors

There are three Independent Non-Executive Directors and their independence has been determined in accordance with the provisions in the Listing Rules of the Colombo Stock Exchange. The process for determining the independence of Directors and the conclusions are set out below.



### Mr. G.C. Wickremasinghe

Has served as a Board Member of Aitken Spence for over nine years and was also an Executive Director on the Board prior to the assumption of duties as a Non-Executive Director. The Board having considered the above facts is of the view that the period of service and the Executive Directorship previously held by him do not compromise his independence and objectivity in discharging his functions as a Director and therefore determined that Mr. Wickremasinghe is 'independent' as per the Listing Rules.

### Mr. C.H. Gomez

The Board is of the view that the period of service of Mr. C.H. Gomez as a Board Member, which exceeds nine years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Gomez is 'independent' as per the Listing Rules.

### Mr. R.N. Asirwatham

The Board is of the view that the period of service of Mr. R.N. Asirwatham which exceeds nine years, does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Asirwatham is 'independent' as per the Listing Rules.

## Meetings & Minutes

Board meetings are held quarterly with the flexibility to arrange additional meetings when required. Four meetings were held during the year. A hybrid model using video-conferencing facilities was adopted, facilitating meetings to be held as planned.

An annual calendar with tentative dates for Board and Sub-committee meetings for the following year is tabled at the last Board meeting of the year allowing members to plan their commitments.

The Deputy Chairman & Managing Director in consultation with the Chairman sets the Board agenda, assisted by the Company Secretaries. Board agendas ensure that the Board spends sufficient time considering matters critical to the Group's success, as well as compliance, risk and administrative matters. Subcommittee agendas are set in consultation with the respective Chairs by the Company Secretaries. Meeting agendas and papers for Board and Committee meetings are made available to the Directors at least seven days before the meeting allowing members sufficient time to review the papers and obtain clarifications in preparation for the meeting.



## Focus Areas in 2021/2022

Strategy & Business	Risk & Oversight	Governance	Stakeholder Engagement	Financial Performance
<ul style="list-style-type: none"><li>» Approval of the Corporate strategic plan</li><li>» Reviewing progress against plans</li><li>» Review and approval of potential investments and acquisitions</li><li>» Monitoring progress of Group digitalisation initiatives</li></ul>	<ul style="list-style-type: none"><li>» Review of Group risks including impacts from a volatile operating environment and adequacy of mitigatory actions</li><li>» Optimising the internal control framework</li><li>» Balance sheet and liquidity management</li></ul>	<ul style="list-style-type: none"><li>» Review of additional support to be provided to different groups of stakeholders affected by the pandemic and economic challenges</li><li>» Review of policy frameworks</li><li>» Succession planning</li><li>» Approval of Remuneration structures for 2022/2023</li></ul>	<ul style="list-style-type: none"><li>» Review of stakeholder communications and engagement initiatives, in setting strategy and building brand</li><li>» Ensuring timely disclosures in line with CSE Listing Rules</li><li>» Approval of dividend payment</li></ul>	<ul style="list-style-type: none"><li>» Financial impact from adverse operating conditions</li><li>» Approval of Quarterly Financial Statements</li><li>» Approval of 2021/2022 Financial Statements and Annual Report</li><li>» Approval of 2022/2023 budget</li></ul>

# Corporate Governance

Attendance at meetings by Board members is given below:

Name of Director	Director Status	Appointment to the Board	Board	Audit Committee	Meeting Attendance Related Party Transaction Review Committee	Remuneration Committee	Nomination Committee
Deshamanya D.H.S. Jayawardena	ED	April 2000	4/4				1/1
Dr. M.P. Dissanayake	ED	March 2019	4/4				
Dr. R.M. Fernando	ED	April 2005	4/4				
Ms. D.S.T. Jayawardena	ED	December 2013	4/4				
Mr. J.M.S. Brito	NED	April 2000	4/4	10/12	3/4		
Mr. G.C. Wickremasinghe	INED	April 1972	4/4	12/12	4/4	C- 1/1	C- 1/1
Mr. R.N. Asirwatham	INED	September 2009	4/4	C – 12/12	C -4/4	1/1	1/1
Mr. C.H. Gomez	INED	May 2002	4/4	4/12	-	-	
Mr. N. J. de S. Deva Aditya	NED	September 2006	4/4	-	-		
Mr. A.L. Gooneratne (Alternate to Mr. N. J. de S. Deva Aditya)	NED	May 2012	-	11/12	4/4		

INED - Independent Non-Executive Director NED- Non-Executive Director ED - Executive Director C- Chairman

## Resolutions by Circulation

Urgent matters may be determined by circulation of resolutions in accordance with the Articles of Association of the Company. Approval of such resolutions must be unanimous. Additionally, if a single Director deems it necessary that such resolution must be decided at a Board meeting and not by circulation, the Chairman shall put the resolution to be decided in a meeting.

## Board Minutes

The Company Secretaries maintain minutes of Board and Sub-Committee proceedings. Minutes of meetings are sent to the respective Chairman for approval and then circulated to the Directors or Sub-Committee members within two weeks of the meeting. The minutes are signed by the Chairman of the Board and Chairman of the Sub-Committees upon confirmation at the next meeting.

Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes.

## Provision of Information

Board and Sub-Committee members receive the relevant papers one week prior to the meeting allowing sufficient time for preparation. They are also encouraged to seek clarification from the Key Management Personnel on relevant matters as required for the exercise of their independent judgement.

Deputy Chairman & Managing Director briefs the Board on the business operations, financial performance, industry trends and developments. Heads of Departments / Key Management Personnel (KMP) are invited to attend Board meetings to discuss relevant areas of business. Management is encouraged to be open and transparent with the Board and draw attention to any matters of concern in a timely manner.

## Updating Directors Absent from Meeting

Any Director who does not attend a meeting is updated on proceedings prior to the next meeting through:

- » Formally documented minutes of the meetings.
- » By clarifying matters from the Company Secretaries or discussion with the Chairman or the Deputy Chairman & Managing Director on a later date.
- » Separate discussions prior to the meeting regarding matters arising from the previous meeting.

The Company Secretaries maintain all past minutes and Board papers and the same are accessible to the Directors.



## Appointment, Re-appointment, Re-Election, Retirement and Resignation of Directors

Appointment, re-appointment, re-election, retirement and resignation of Directors allow for the introduction of members with new skills, insights, and perspectives, while retaining valuable industry knowledge and maintaining continuity. The possibility of any impairment of Directors' independence due to extended Board tenures, is discussed and evaluated by the Board prior to nomination of Board members for re-election.

### Appointments

- » Directors are appointed by the shareholders at the Annual General Meeting, following a formal and transparent process and based on recommendations made by the Board of Directors.
- » The Nomination Committee makes recommendations to the Board in this regard having considered the combined knowledge, experience and diversity of the Board in relation to the Company's strategic plans and any gaps thereof.
- » The possibility of any impairment of Directors' independence due to extended Board tenures, is discussed and evaluated by the Board, prior to nomination of Board members for re-election/re-appointment as the case may be.
- » Appointments are communicated to the CSE and shareholders through press releases and include a brief resume of the Director.

### Re-election/Re-appointment

- » In compliance with the Articles of Association of the Company, 1/3 of the Directors excluding the Chairman, Chief Executive Officer, Managing Director retire from office at each Annual General Meeting. The Directors to retire in every year shall be those who are subject to retirement by rotation, have been the longest in office since their last election or appointment.
- » These Directors are eligible to stand for re-election by the shareholders at the Annual General Meeting.
- » The Nomination Committee recommends the Directors for re-election/re-appointment, and are approve by the Board.
- » A Director appointed by the Board to fill a casual vacancy arisen since the previous AGM, will offer himself/herself for election at the next AGM.

### Retirement/Resignation & Director Tenure

- » Resignations or removal, if any, of Directors and the reasons are promptly informed to the CSE.

### Succession Planning

- » The Board is assisted by the Nomination Committee in identifying suitable candidates and developing succession plans for the Board, Deputy Chairman & Managing Director and Executive Directors to ensure business continuity.
- » The Nomination Committee and the Board consider the size of the Board, business needs, skill gaps and attributes required, and availability of talent in reviewing the adequacy of succession plans.

## Induction to the Board

On appointment, Directors are taken through a formal and tailored induction programme coordinated by the Deputy Chairman & Managing Director, where they are apprised of the Group values and culture, its operating model, policies, governance framework and processes, Group Code of Ethics and Professional

Conduct and operational strategies of the Group. Directors are availed the opportunity to have one-on-one meetings with the management of each subsidiary, visit sites/factories/hotels where appropriate. There were no new appointments during the year.

## Directors Interests and Related Party Transactions

Directors are required to declare their business interests at appointment and quarterly thereafter. These details are maintained in a Register by Company Secretaries and tabled at the next Board meeting. The Register is available for inspection in terms of the Companies Act.

# Corporate Governance

Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed on pages 374 to 379.

The Related Party Transactions Review Committee considers all transactions that require approval, in compliance with the regulations, ensuring transactions are conducted in a fair manner, balancing interests of all key stakeholders. Related party transactions are disclosed in note 42 to the financial statements on pages 374 to 379.

## Managing Conflicts of Interest

A Director or KMP is prohibited from using his or her position, or confidential or price-sensitive information, for personal benefit or benefit of any third party, whether financially or otherwise. Directors notify the Board promptly of any conflicts of interest they may have in relation to particular items of business or other Directorships. Directors excuse themselves from the Meeting when the Board considers matters in which a conflict may arise and do not participate in the decision making process related to such matter.

## Knowledge Development

Directors are kept abreast of applicable legislation and regulation, relevant sector developments and changes in the risk and general business environment by executive management on an on-going basis. Directors undertake training and professional development as they consider necessary, in their personal capacity. Other training and continuous professional development undertaken includes attending seminars, workshops, conferences and reading regulatory updates etc. Directors are entitled to seek independent professional advice coordinated through the Company Secretaries at the expense of the Company.

## Appraisal of Executive Directors

Performance of the Deputy Chairman & Managing Director and other Executive Directors are assessed at the end of each financial year against financial and non-financial objectives set out in consultation with the Board at the commencement of every financial year. The evaluation is carried out by the Chairman, considering the operating environment. Areas identified for improvement are communicated to the respective Director, including training needs and skills and knowledge gaps.

## Responsible and Fair Remuneration

Remuneration is revised in accordance with approved remuneration policy which includes fixed and variable components. The variable criteria is based on performance of the entity and the person and takes into account the operating landscape. The Board strives to ensure that remuneration is fair and transparent, promoting positive outcomes aligned with legitimate expectations of all stakeholders.

## Remuneration Policy

Remuneration of Executive Directors and KMPs is linked to sustainable value creation objectives in line with the Group's strategy and is based on clear performance targets that have adequate stretch and market benchmarking.

The Remuneration Committee (RC) in consultation with the Chairman and Deputy Chairman & Managing Director is responsible for making recommendations to the Board regarding the remuneration of the Executive Directors and KMP. For further information, please refer Report of the Remuneration Committee and Terms of Reference.

The Board as a whole determines the remuneration of the Non-Executive Directors (NED's). NEDs are remunerated based on their attendance at Board and/

or Committee meetings. Remuneration for NEDs reflects the time commitment and responsibilities of their role, taking into consideration market practices. They do not receive any performance related / incentive payments. Services of HR professionals are sought when required, by the Board and RC in discharging their responsibilities.

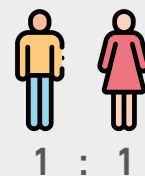
## Level and Make Up of Remuneration

The Remuneration packages are designed to attract eminent professionals as Executive Directors with the requisite skills and experience. Remuneration is structured taking into consideration performance and risk factors entailed in the job and aligned to corporate and individual performance.

Remuneration of Executive Directors are compliant with the provisions of Schedule E of the Code of Best Practice on Corporate Governance 2017, issued by the Institute of Chartered Accountants of Sri Lanka and comprises two components, fixed remuneration and variable remuneration comprising of an annual performance bonus. No special early termination clauses are included in the contract of employment of Executive Directors that would entitle them to extra compensation. However, such compensation, if any, would be determined by the Board of Directors.

The aggregate remuneration paid to Directors in FY 2021/2022 is Rs. 201.5 Mn.

### Basic Salary



### Policy Framework for Gender Parity

- » Equality and Diversity Policy
- » Employee Recognition and Rewards Policy
- » Anti-Harassment Policy
- » Anti-corruption addressed through the Code of Ethics & Professional Conduct
- » Grievance Handling Policy
- » Whistleblowing Policy
- » Management and Resolution of Complaints Policy
- » Group's Integrated Sustainability Policy. Human Rights Policy is a part of the same.
- » Health & Safety Policy
- » Code of Ethics & Professional Conduct



Refer gender parity report on page 170 for more details.

### Gender Parity

The Group has been at the forefront of women empowerment in Sri Lanka actively supporting women's advancement and forging gender parity. A framework of policies clearly articulate the Board's intentions and expectations in this regard as set out below.

Refer Human Capital Report on page 156 which highlights the policies pertaining

to recruitment, training needs, career progression, etc. which are in place to afford equal opportunity devoid of gender disparity and any other form of discrimination upholding our commitment on Diversity & Inclusion and human rights of all stakeholders

### Digital Governance

Digitalisation of the Group's key processes was critical for business continuity during 2020 and 2021 as the prolonged duration of the pandemic caused intermittent lockdowns. This in turn necessitated remote access to all systems with sufficient safeguards to secure the Group from increasingly sophisticated cyber-attacks. Accordingly, digital governance became a key area of focus requiring allocation of sufficient resources and strengthening the skills and expertise within the Group.

The Group embarked on an ambitious intelligent automation programme with the introduction of Semi-Virtual Mobility (SVM), to develop digital capabilities and new platforms that deliver exceptional client and employee experiences, driving triple bottom line growth. The Board of Directors has engaged Deloitte Singapore as consultants for the completed first phase of the Robotic Process Automation (RPA) project. Many IOT supporting programs, including smart cameras for the logistics sector and autonomous environmental

control in the data centre, will be part of the intelligent automation drive, which will assist the Group businesses to become future ready.

The IT policies were reviewed and enhanced to meet a higher level of protection for its information assets and operational systems. Additional investments in this regard were also approved in view of higher threat levels. The Board continues to receive regular updates on the progress of digitalisation projects and cybersecurity by the centralised Group IT Services team which reports more frequently to the Management Council and the Group Supervisory Board. Aitken Spence Group IT is ISO 27001:2013 accredited for processes and information security.

During the year, the Group IT Department assessed the vulnerability of the Group's systems, technology and information related risks associated with Aitken Spence's remote access strategy. Information technology and cyber security governance are recurring items at Audit Committee meetings. Matters are escalated to the Board where deemed necessary considering risk, impact, and other prudential measures.

### IT Governance Policy Framework

- » ISO 27001:2013

### Digitalisation of the Group

- » Digital competency development
  - Readiness assessments
  - Digital upskilling and tools usage
- » Digitisation of paper based workflows
- » Intelligent automation
  - RPA
  - Workflow automations
  - Intelligent document and image processing
- » Autonomous applications
  - Next Gen ERP rollout
  - Integrations and APIS
  - Seamless Frontend Automations

# Corporate Governance

## Risk Management

The Board is responsible for setting in place processes to identify, measure, monitor and mitigate or manage risks. As a conglomerate, Aitken Spence needs to monitor a large number of risks due to its industrial and geographic diversity. A dedicated Internal Audit Department reviews risk exposures received from the sectors to assess the Group's overall risk profile. The Department constructively challenges the sectors and moderates the assessment process, strengthening the reliability of the same. The risk profiles are reviewed by the Group Management Council and the Supervisory Board prior to submission to the Audit Committee who are tasked with the detailed review of Group risks. The Risk Management Report on page 257 provides further information in this regard.

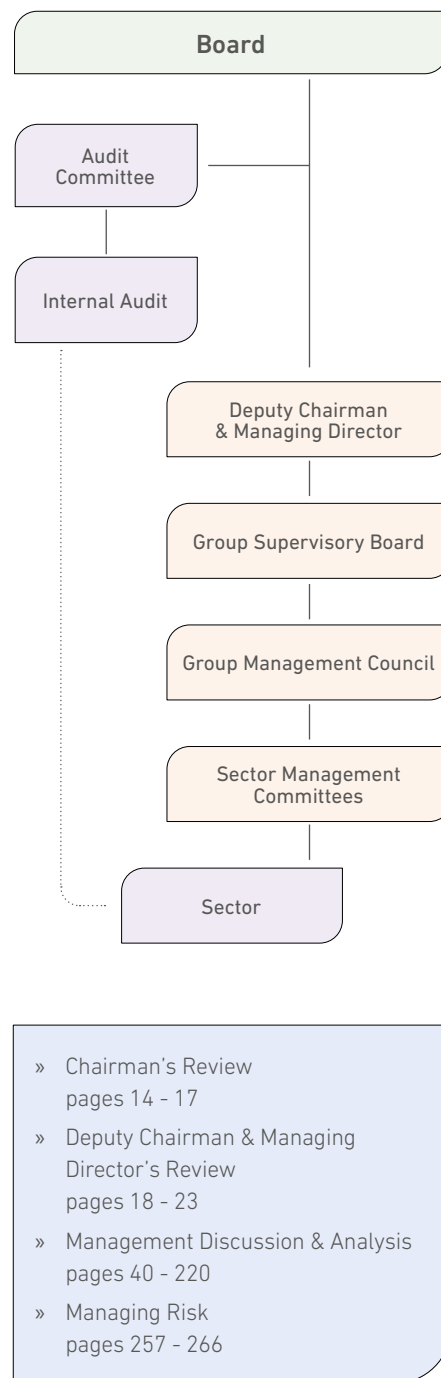
## Internal Controls

Putting in place a comprehensive system of internal controls is a key responsibility of the Board of Directors. Accordingly, the Board has set in place an internal control system to safeguard shareholder interests and the assets of the Company while also ensuring that the financial and non-financial information used by the Group for monitoring performance and decision making is reliable. These systems cover all controls, including financial and operational compliance, assessment of all operations to eliminate risk of fraud and corruption and are monitored and regularly reviewed for effectiveness by the Board. The Board and Audit Committee increased their vigilance over internal controls due to the sudden changes required to transition to remote working and the accelerated automation of key processes.

The Group Internal Audit Department supports the Audit Committee, reviewing the adequacy and effectiveness of the internal control systems and reporting to the Committee on a regular basis. During the year, the Audit Committee reviewed and approved changes to the 2021/2022 internal audit plan as part of an in-depth review of internal audit's risk assessment and audit prioritisation session. The Board also reviewed the internal audit reports issued during the year and monitored implementation of recommendations agreed upon with management.

## Accountability & Audit

Every effort has been made to present a balanced and understandable assessment of the Group's financial position, performance, and prospects in compliance with the various legal enactments applicable, the Sri Lanka Financial Reporting Standards, the GRI standards on Sustainability Reporting published by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council. The Group's position and prospects have been discussed in detail in the following sections of this Annual Report. Additionally, assurance has been obtained on the Financial Statements and on compliance with the Integrated Reporting Framework.



Anti-Bribery & Corruption Programmes

Code of Ethics and Professional Conduct (the Code) prohibits the acceptance or offer of gifts in order to receive preferential business treatment. Further, the Code sets out the business ethics and conduct expected of employees and members of the management. Group's Code of Ethics and Professional Conduct is available on the intranet giving access to all employees and members of the management.

Any non-compliance related to the Code concerning bribery & corruption reported will be investigated and appropriate course of action will be taken so that it serves as a forewarning to others to desist from engaging in such activities. Any complaint of non-compliance is channelled to the Internal Audit Department for investigation and the Internal Audit Report is placed before the Audit Committee to consider and recommend the due corrective action to be taken in respect of controlled persons who will be subjected to disciplinary action whereas non-controlled persons will be subjected to appropriate actions as suggested by the Audit Committee.

Refer for the details under whistleblowing on pages 237 and 250 for mechanisms in place to report non-compliance with Codes of conduct on anti-bribery and corruption.

External Auditor

The External Auditor is appointed subject to the provisions of the Companies Act. The Audit Committee makes recommendations to the Board for the appointment, re-appointment or removal of the External Auditor in-line with professional & ethical standards and regulatory requirements. The Audit Committee monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements.

In case of assignment of non-audit services to External Auditor, the Audit Committee ensures that the External Auditor has the necessary skills and experience for the assignment and ascertains that independence and objectivity of the External Auditor in carrying out his duties and responsibilities will not be impaired.

On the recommendation of the Board, the shareholders approved the re-appointment of Messrs. KPMG, Chartered Accountants, as the External Auditor for the year 2021/2022 at the last AGM.

Code of Ethics & Professional Conduct

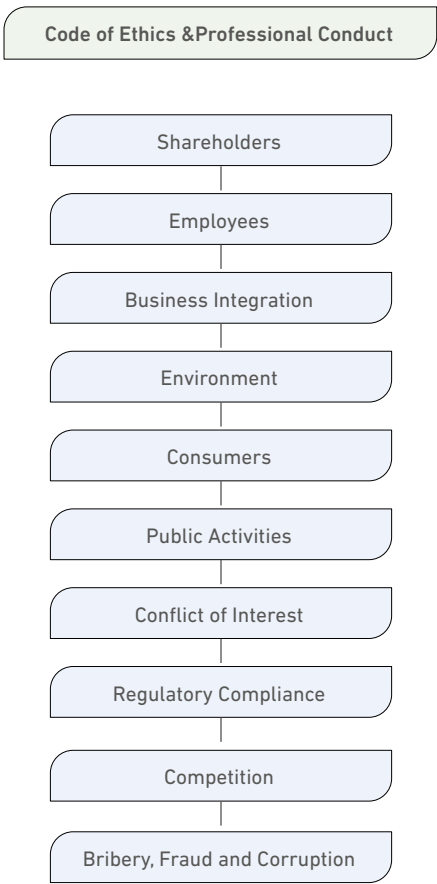
The Group is committed to conduct its business operations with integrity, professionalism and with respect to the rights and interests of all stakeholders. All employees and Directors abide by the Group's Code of Ethics & Professional Conduct which embodies a strong set of corporate values and conduct including a zero-tolerance approach to unethical behaviour including bribery, fraud and corruption. The Group's codes and policies explicitly prohibit bribery and corruption, including the policies and procedures for giving and receiving of gifts, sponsorship, entertainment, hospitality and favours.

The Code is available on the intranet for information of all employees and is reinforced at all levels through training and structured communication. During the year, all employees were given access to review the Group's Code of Ethics & Professional Conduct on the Group's online learning platform TARTAN.

The Board is not aware of any material violations of any of the provisions of the Code by any Director or employee.

Whistleblowing

Mechanisms are in place for employees and other stakeholders to seek advice or report concerns about unfair, unethical, or unlawful behaviour. The Whistleblower



policy enables anonymous reporting of matters of concern regarding possible inappropriate financial reporting, internal controls or other issues that may require internal investigation.

Relations with Shareholders

The Board is conscious of their responsibility towards stakeholders and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. Information is communicated accurately and in such a manner as to avoid the creation of a false market.

Communication with Shareholders

Shareholders are engaged through multiple channels of communication, including the Annual General Meeting

# Corporate Governance

(AGM) (detailed below), Annual Report, Interim Financial Statements, a dedicated investor relations page on the Company's website and notification of key events through announcements in the CSE website.

The Annual Report presents a fair and balanced review of the Group's financial position, performance and prospects combining narrative and visual elements to facilitate readability and comprehension. The Annual Report and the Interim Financial Statements have been reviewed and recommended by the Audit Committee and approved by the Board of Directors, prior to publication.

Aitken Spence posts on its website ([www.aitkenspence.com](http://www.aitkenspence.com)) as soon as practicable and after they have been released to the Colombo Stock Exchange, copies of Annual Reports, Interim Financial Statements, stock information, Stock Exchange announcements, shareholder circular etc.

Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries. All significant issues and concerns of shareholders are referred to the Board with the views of the Management. A shareholder feedback form is also provided in this Annual Report to seek feedback from the shareholders on how Aitken Spence can improve its communication. This form can also be accessed on the Group's website.



*Refer to a copy of the Shareholder Feedback Form at the end of this Report in the 'Supplementary Information' section of the report*

## Constructive use of Annual General Meeting (AGM)

Proactive engagement with shareholders is encouraged by the Group. Board Sub-Committee Chairmen, Directors and key members of management, are available at the AGM to interact with and respond to questions raised by the Shareholders. The External Auditors also attend to address any queries raised.

Notice of the AGM, the Annual Report and Audited Financial Statements and any other resolution together with the corresponding information that may be set before the shareholders at the AGM, are circulated to shareholders not less than fifteen working days prior to the AGM allowing all the shareholders to review the documentation prior to attending the AGM. Voting procedures at the AGM are notified to the shareholders in advance. Company proposes a separate resolution at the AGM on each substantially separate issues. All valid proxy appointments received for General Meetings are properly recorded.

Shareholders are always encouraged to exercise their voting rights. The outcome of the vote on each resolution is informed to the CSE, soon after conclusion of the AGM.



## Compliance Tables

### Compliance with the Companies Act No. 07 of 2007

Section Reference	Requirement	Reference	Compliance Status
168 (1) (a)	The nature of business of the Company or any of its subsidiaries, and the classes of business in which the Company has an interest, whether as a shareholder of another company or otherwise	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (b)	Financial statements of the Company and the Group for the accounting period completed and signed	Refer Financial Statements and Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (c)	Auditors Report on the Financial Statements of the Company and the Group	Refer Financial Statements of this Annual Report	Complied
168 (1) (d)	Change of accounting policies during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (e)	Particulars of entries in the Interest Register made during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (g)	Total amount of donations made by the Company and the Group during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (h)	Directorate of the Company and the Group as at the end of the accounting period along with the changes that occurred during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (k)	The Annual Report of the Board of Directors be signed on behalf of the Board	Refer Annual Report of the Board of Directors of this Annual Report	Complied

# Corporate Governance

## CSE Continued Listing Rules

Compliance with the continuing listing requirements - section 7.6 and section 7.10 on corporate governance rules for listed companies issued by the Colombo Stock Exchange.

Rule No.	Requirement	Reference	Compliance Status
7.6.(i)	Names of persons who during the Financial Year were directors of the entity	Refer Corporate Information of this Annual Report	Complied
7.6.(ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Refer Group Directorate of this Annual Report	Complied
7.6.(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares dominated in LKR or any other class of shares dominated in Foreign Currency and the percentage of such shares held.	Refer Investor Information of this Annual Report	Complied
7.6.(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Refer Investor Information of this Annual Report	Complied
7.6.(v)	A statement of each director's holding and Chief Executive Officer's holding in shares of the entity dominated in LKR and in Foreign Currency (as applicable)	Refer Investor Information of this Annual Report	Complied
7.6.(vi)	Information pertaining to material foreseeable risk factors of the Entity	Refer Risk Management Report of this Annual Report	Complied
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Refer Human Capital Report of this Annual Report	Complied
7.6.(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Refer Notes 15 and 16 of the Financial Statements of this Annual Report	Complied
7.6.(ix)	Number of shares representing the Entity's stated capital.	Refer Investor Information of this Annual Report	Complied
7.6.(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Refer Investor Information of this Annual Report	Complied
7.6.(xi)	Ratios and market price information	Refer Investor Information of this Annual Report	Complied
7.6.(xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land.	Refer Notes 15 and 16 of the Financial Statements of this Annual Report	Complied
7.6.(xiii)	If during the year the entity has raised funds either through a public issue, rights issue and private placement.	The Company had no public issues, rights issues or private placement during the year	N/A
7.6.(xiv)	Employee share option/purchase schemes (if any)	As at date, the Company has no share option or purchase schemes made available to its Directors or employees	N/A

Rule No.	Requirement	Reference	Compliance Status
7.6.(xv)	Corporate Governance Disclosures in terms of Rules 7.10.3, 7.10.5.c and 7.10.6. c. of Section 7 of the Rules	Refer Corporate Governance Report of this Annual Report	Complied
7.6.(xvi)	Related Party Transactions in terms of Rule 9	Refer Note 42 of the Financial Statements of this Annual Report	Complied
7.10.	Compliance with Corporate Governance Rules	Refer Corporate Governance Report of this Annual Report	Complied
7.10.1(a)	Non-Executive Directors (NED) » At least two or one third of the Directors, whichever is higher, should be Non- Executive Directors	Refer Corporate Governance Report of this Annual Report	Complied
7.10.2(a)	Independent Directors » Two or one-third of Non-Executive Directors, whichever is higher, should be independent	Refer Corporate Governance Report of this Annual Report	Complied
7.10.2(b)	Independence of Directors » Each Non-Executive Director should submit a declaration of Independence/ Non-Independence	Refer Corporate Governance Report of this Annual Report	Complied
7.10.3(a)	Disclosure relating to Directors » The names of Independent Directors should be disclosed in the Annual Report	Refer Corporate Governance Report of this Annual Report	Complied
7.10.3(b)	Independence of Directors » The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director	Refer Corporate Governance Report of this Annual Report	Complied
7.10.3(c)	Disclosure relating to Directors » A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.	Refer Board profiles of this Annual Report.	Complied
7.10.3(d)	Appointment of new Directors » Provide a brief resume of any new Director appointed to the Board	Upon appointment of a new Director to the Board, the Company makes an announcement to the Colombo Stock Exchange with a brief resume of such Director containing the nature of his expertise, relevant interest, other directorships held, membership in Board Committees and the nature of appointment. There were no new appointments to the Board during the year under review.	Complied
7.10.5	Remuneration Committee » A listed company shall have a Remuneration Committee	Refer Remuneration Committee Report of this Annual Report	Complied
7.10.5(a)	Composition of Remuneration Committee » Shall comprise of Non-Executive Directors, a majority of whom shall be Independent	Refer Remuneration Committee Report of this Annual Report	Complied

# Corporate Governance

Rule No.	Requirement	Reference	Compliance Status
7.10.5(b)	Functions of Remuneration Committee » The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Refer Remuneration Committee Report of this Annual Report	Complied
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration » The Annual Report should set out; a) Names of the Directors comprising the Remuneration Committee b) Statement of Remuneration policy c) Aggregate remuneration paid to Executive and Non-Executive Directors	Refer Remuneration Committee Report of this Annual Report	Complied
7.10.6	Audit Committee » A listed company shall have an Audit Committee	Refer Audit Committee Report of this Annual Report	Complied
7.10.6(a)	Composition of Audit Committee » Shall comprise of Non-Executive Directors, a majority of whom are Independent » Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings » The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Refer Audit Committee Report of this Annual Report	Complied
7.10.6(b)	Audit Committee Functions Should be as outlined in the Section 7.10 of the Listing Rules	Refer Audit Committee Report of this Annual Report	Complied
7.10.6(c)	Disclosure in the Annual Report relating to Audit Committee a) Names of the Directors comprising the Audit Committee b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination c) The Annual Report shall contain a Report of the Audit Committee in the prescribed manner	Refer Audit Committee Report of this Annual Report	Complied

Rule No.	Requirement	Reference	Compliance Status
9.3.2	<p>Related Party Transactions Review Committee</p> <p>(a) Details pertaining to Non-Recurrent Related Party Transactions</p> <p>(b) Details pertaining to Recurrent Related Party Transactions</p> <p>(c) Report of the Related Party Transactions Review Committee</p> <p>(d) Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise</p>	Refer Related Party Transactions Review Committee Report of this Annual Report	Complied

# Nomination Committee Report

## Composition and Meeting Attendance of the Committee

Nomination Committee Members		Attendance at meetings
Chairman	Mr. G.C. Wickremasinghe <i>Independent Non-Executive Director</i>	via MS Teams
Members	Deshamanya D.H.S. Jayawardena <i>Executive Chairman</i>	via MS Teams
	Mr. R.N. Asirwatham <i>Independent Non-Executive Director</i>	via MS Teams

The full Committee met once during the year under review with the attendance of the Deputy Chairman & Managing Director on invitation.

### Attendance by invitation

Dr. M.P. Dissanayake : Deputy Chairman & Managing Director, Aitken Spence PLC

### Responsibilities of the Committee

- » Evaluation of the quality and composition of the Boards of Aitken Spence PLC and the subsidiary companies:  
The Committee is responsible for ensuring that the Boards of Aitken Spence PLC and its Group companies are well balanced and diversified in terms of effectiveness and composition. Suitable candidates are identified as Directors whilst ensuring that Boards consist of persons with vast knowledge, experience, competency and entrepreneurial skills to advance the effectiveness of the Boards. The Committee periodically reviews the structure, size and composition of the Boards of the Group Companies.
- » Evaluation of the performance of the Board, its committees and individual Directors.
- » Review of the Charter for the appointment and the re-appointment of Directors to the Boards of the Group Companies and suggest amendments wherever necessary.

### Key Functions of the Committee

The Committee ensures that their recommendations are fair, free from any bias and not influenced by personal or business relationships. This enables the Company to make sound and measured judgments so that best talent is attracted to the Group.

During the year under review, the Committee performed the following functions:

- » Evaluated the combination of varied skills, knowledge and experience of the Directors of the Company and of the Group Companies and ascertained that the competencies of Directors are adequate to meet the required strategic demands of the Group,
- » Evaluated the knowledge, experience, commitment and number of directorships held by each Director to ensure that individual Directors are adequately equipped to carry out their responsibilities,
- » Reviewed and recommended necessary appointments to the Boards of the Group Companies wherever necessary,
- » Evaluated and recommended suitable internal and external candidates to higher levels of management,
- » Reviewed the Group's policy and guidelines for appointment, re-appointment and succession planning,
- » Evaluated the eligibility of the Directors who have offered themselves for re-

election/re-appointment to the Board and made necessary recommendations to the Board.

### Re-election and Re-appointment of Directors

- » Deshamanya D.H.S. Jayawardena, Mr. G.C. Wickremasinghe, Mr. R.N. Asirwatham, Mr. J.M.S. Brito and Mr. N.J. De S. Deva Aditya who retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210(2) of the Companies Act No.7 of 2007, have offered themselves for re-appointment.
- » In terms of Article 83 and 84 of the Articles of Association, Dr. R.M. Fernando retires by rotation and has offered himself for re-election at the forthcoming Annual General Meeting.

Having given due consideration to each Director's performance, the Committee believes that the said Directors are eligible for re-appointment/re-election to continue as Directors of the Company.



**G.C. Wickremasinghe**  
*Chairman*  
*Nomination Committee*

Colombo  
31st May 2022



# Remuneration Committee Report

## Composition and Meeting Attendance of the Committee

Remuneration Committee Members	
Chairman	Mr. G.C. Wickremasinghe <i>Independent Non-Executive Director</i>
Members	Mr. R.N. Asirwatham <i>Independent Non-Executive Director</i>
	Mr. C.H. Gomez <i>Independent Non-Executive Director</i>

The full Committee met once during the year under review with the attendance of the Chairman, Deputy Chairman & Managing Director and Ms. D.S.T. Jayawardena, Executive Director on invitation.

### Attendance by invitation

Deshamanya D.H.S. Jayawardena :  
Chairman, Aitken Spence PLC

Dr. M.P. Dissanayake : Deputy Chairman &  
Managing Director, Aitken Spence PLC

Ms. D.S.T. Jayawardena : Executive  
Director, Aitken Spence PLC

The Committee is composed of three independent Non-Executive Directors and they are free from any business, personal or other relationships that may interfere with the exercise of their independent, unbiased judgement. The members of the Committee refrain from taking part in determining in their own remuneration.

### The Remuneration Policy

The Group follows a formal and transparent procedure to ascertain the remuneration packages for individual Directors. The Committee considers the importance of formulating remuneration packages that are sufficient to motivate, attract and retain the Directors and considers the employment conditions of the Group Companies and of the relevant industries.

The Group remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

### Key Responsibilities of the Committee

The Committee is responsible for determining the remuneration policy of the Directors and the Management Council and determines the overall individual remuneration packages which includes compensation on termination of employment. The Committee also evaluates the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units.

### Functions of the Committee

The Committee's decisions were determined based on the following principles and policies:

#### Remuneration Policy

- » Evaluate the Group Remuneration Policy against the current market trends and industrial norms.
- » Review and ensure the implementation of the Group Remuneration Policy.
- » Review the policy of the remuneration package of the Directors and the Management Council.
- » Review the specific application of the Group Remuneration Policy to the Deputy Chairman & Managing Director and Executive Directors as well as

the general application to the Key Management Personnel below the Main Board.

### Performance based remuneration

- » Evaluate the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units.
- » Review, monitor and evaluate performance of Key Management Personnel as well as their management development and succession planning.

### Performance Incentives

Evaluate the achievements as well as unaccomplished targets and results which are used to determine the performance based incentives.

### Remuneration of Deputy Chairman & Managing Director

Evaluate the performance of the Deputy Chairman and Managing Director.



G.C. Wickremasinghe

Chairman

Remuneration Committee

Colombo  
31st May 2022

# Audit Committee Report

Dear Shareholders,

As Chairman of Aitken Spence PLC's Audit Committee, I am pleased to present the Audit Committee Report for the year ended 31st March 2022. The purpose of this Report is to describe how the Committee has carried out its responsibilities during the year. The primary role of the Audit Committee is to monitor and review:

- » the integrity of the Group's Financial Statements,
- » internal control and risk management,
- » business conduct and ethics,
- » appointment of External Auditors.

In discharging its duties, the Audit Committee seeks to balance independent

oversight of the matters within its remit with providing support and guidance to management. I remain confident that the Committee has carried out its duties in the year under review, effectively and to a high standard, with the support of the Senior Management and the External Auditors.

## Composition of the Committee

The Committee is composed of three Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director who is a fellow of the Institute of Chartered Accountants of Sri Lanka. The profiles of the members are given on pages 28 to 31 of this Report.

Audit Committee Members		
Chairman	Mr. R.N. Asirwatham	Independent Non – Executive
Members	Mr. J.M.S. Brito Mr. G.C. Wickremasinghe Mr. C.H. Gomez Mr. N.J. de S Deva Aditya/ Mr. A. L. Gooneratne ( <i>Alternate Director for Mr. N. J. de S Deva Aditya</i> )	Non – Executive Independent Non – Executive Independent Non – Executive Non – Executive
Secretary to the Committee	Mr. D.D.M.A. Saparamadu	General Manager – Internal Audit
Attendance by invitation	Dr. M.P. Dissanayake  Ms. D.S.T. Jayawardena Ms. N. Sivapragasam	Deputy Chairman & Managing Director, Aitken Spence PLC Executive Director, Aitken Spence PLC Chief Financial Officer, Aitken Spence PLC

## Committee Meetings

The Audit Committee functioned throughout the financial year and held twelve formal meetings. Dr. M.P. Dissanayake, the Deputy Chairman & Managing Director, Ms. D.S.T. Jayawardena, Executive Director, Ms. N. Sivapragasam, Chief Financial Officer attended the meetings by invitation. Further, Senior Officers of the Group as well as the partner of Messrs. KPMG responsible for the Group's audit attended the meetings by invitation as and when required.

Audit Committee Members		Attendance											
		21st May 2021	25th June 2021	21st July 2021	6th August 2021	28th September 2021	12th October 2021	10th November 2021	17th December 2021	8th February 2022	22nd February 2022	18th March 2022	29th March 2022
Chairman	Mr. R.N. Asirwatham <i>Independent Non-Executive Director</i>												
Members	Mr. J.M.S. Brito <i>Non-Executive Director</i>		<b>ex</b>	<b>ex</b>									
	Mr. G.C. Wickremasinghe <i>Independent Non-Executive Director</i>												
	Mr. C.H. Gomez <i>Independent Non-Executive Director</i>	<b>ex</b>	<b>ex</b>	<b>ex</b>	<b>ex</b>	<b>ex</b>		<b>ex</b>	<b>ex</b>		<b>ex</b>	<b>ex</b>	<b>ex</b>
	Mr. N.J. de S Deva Aditya/ Mr. A. L. Gooneratne <i>(Alternate Director for Mr. N. J. de S Deva Aditya)</i> <i>Non-Executive Director</i>						<b>ex</b>						

Present in person Attendance via MS Teams **ex** Excused

## Summary of Key Focus Areas during the year ended 31st March 2022

### Risk Management and Internal Control

- » Reviewed the adequacy and effectiveness of the Group's internal controls and risk management framework and highlighted the areas which requires attention, while suggesting recommendations to the Board.
- » Ensured that the risks are adequately monitored and controlled, by considering the Group's principal risks and uncertainties and by reviewing the mitigatory actions taken by the management.
- » Ensured that the Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of ethics and standards of conduct required by

regulatory authorities, professional bodies and trade associations.

### Financial Reporting and Financial Control

- » Advised the Board whether the Quarterly and Annual Reports are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.
- » Discussed with Management on future accounting developments which are likely to affect the Financial Statements.
- » Reviewed the budgets and strategic plans of the Group in order to ensure that all forward-looking statements made within the Annual Report reflect the actual position of the Group.

- » Discussed with Management the key tax risks stemming from the evolving tax landscape.

- » Reviewed and discussed with management the appropriateness of judgements involving the application of accounting principles and disclosure requirements.

### External Audit

- » Reviewed the effectiveness and the progress of the External Auditors and the audit process.
- » Discussed the Audited Financial Statements with External Auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.
- » Reviewed and discussed the management letter and instructed

# Audit Committee Report

the management to take appropriate follow up action on matters highlighted therein.

- » Assessed the performance and effectiveness of the External Auditors, their independence professional capabilities and made recommendations to the Board pertaining to the re-appointment of the External Auditors.
- » Ensured that the External Auditors are independent by reviewing Group's share registers and related party transactions disclosures.

## Internal Audit

- » Reviewed and approved the Annual Audit Plan after considering its depth and coverage in the Group.
- » Reviewed and evaluated the independence, effectiveness and competency of the Group's Internal Audit function, their resource requirements and made recommendations for any required changes.
- » The Audit Committee continued to ensure the co-ordination between Group Internal Audit and External Auditors.
- » Reviewed and discussed the periodic reports submitted by the Internal Audit Department with management responses, on financial and operational audits, IT security and risk assessments

carried out in line with approved annual internal audit plan.

## Reporting

- » The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee. Minutes of the Audit Committee meetings are also tabled at the Board Meetings.
- » The Annual Report incorporates the Audit Committee Report.
- » The Chairman of the Audit Committee attends the Annual General Meeting.

## Re-Appointment of External Auditors

The Audit Committee having evaluated the performance of the External Auditors, decided to recommend to the Board the re-appointment of Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the current year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.



**R.N. Asirwatham**
















*Chairman*

*Audit Committee*

Colombo  
31st May 2022

# Related Party Transactions Review Committee Report

## Composition and Meeting Attendance of the Committee

Related Party Transactions Review Committee Members		Attendance			
		25.06.2021	28.09.2021	17.12.2021	18.03.2022
Chairman	Mr. R.N. Asirwatham <i>Independent Non-Executive Director</i>				
Members	Mr. J.M.S. Brito <i>Non-Executive Director</i>	EX			
	Mr. G.C. Wickremasinghe <i>Independent Non-Executive Director</i>				
	Mr. C.H. Gomez <i>Independent Non-Executive Director</i>	EX	EX	EX	EX
	Mr. N.J. de S Deva Aditya/ Mr. A. L. Gooneratne (Alternate Director for Mr. N. J. de S Deva Aditya) <i>Non-Executive Director</i>				

 Present in person  Attendance via MS Teams **EX** Excused

### Responsibilities

The key focus of the Committee is to review all proposed Related Party Transactions prior to entering or completion of the transaction according to the procedures laid down by Section 9 of the Listing Rules of the Colombo Stock Exchange.

The Committee is responsible for evaluating any proposed Related Party Transactions and any post quarter confirmations received from Group companies and the Key Management Personnel on a quarterly basis and to make recommendations to the Management and the Board appropriate course of action. The activities of the Committee are regularly reported to the Board by tabling the Minutes of the Committee Meetings at Board Meetings.

Further, the threshold for Related Party Transactions which require either shareholders' approval or immediate market disclosures as well as the criteria for determining Key Management Personnel are also reviewed annually.

### Key Management Personnel

The Board of Directors of the Company, Directors, Vice Presidents and Assistant Vice Presidents of Subsidiary companies are construed as the Key Management Personnel of Aitken Spence to establish greater transparency and governance.

Declarations from Key Management Personnel and from the Group companies

are obtained quarterly and annually for the purpose of identifying Related Party Transactions and to determine Related Party Transactions which ensures the compliance with the disclosure requirements of the Listing Rules.

### Key Functions of the Committee

#### Policies and Procedures Adopted

- » The Group Company Secretaries obtain quarterly disclosures from the key management personnel of any proposed related party transactions and confirmations of any post-quarter transactions. All such disclosures are tabled at each Related Party Transactions Review Committee Meeting,
- » Disclosures are obtained from all Group companies of any proposed related party transactions and confirmations of any post-quarter transactions and all disclosures are tabled at each Related Party Transactions Review Committee meeting,
- » Non -recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements of the previous year, if any, are communicated to the Group Company Secretaries who in turn notify the Committee, if required,

- » Recurrent Related Party Transactions exceeding 10% of the gross revenue of

the Group as per the Audited Financial Statements of the previous year, if any, are communicated to the Group Company Secretaries who in turn notify the Committee, if required.

### Review of Related Party Transactions

- » Reviewed all proposed Related Party Transactions as well as post-quarter confirmations.
- » Communicated the activities of the Committee by tabling the Minutes of the Related Party Transactions Committee Meetings at the Board Meetings.
- » Reviewed thresholds for Related Party Transactions which require either shareholders approval or immediate market disclosure based on the Financial Statements for the year ended 31st March 2021.

### Declaration by the Board

The Annual Report of the Board of Directors embodies a declaration confirming the compliance with the requirements stipulated in Section 9.3.2(d) of the Listing Rules of the Colombo Stock Exchange.



R.N. Asirwatham  
Chairman  
Related Party Transactions Review Committee

Colombo  
31st May 2022

# The Board of Directors' Statement on Internal Controls

## Responsibility

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at Aitken Spence PLC ("Group").

The Board has established an on going process for identifying, evaluating and managing the significant risks faced by the Company and this process includes the system of Internal Control over Financial Reporting. The process is regularly reviewed by the Board.

The Board is of the view that the system of Internal Control over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Board has delegated specific responsibilities to the following four sub-committees:

- » Audit Committee
- » Related Party Transactions Review Committee
- » Remuneration Committee
- » Nomination Committee

These committees are chaired by Independent Non-Executive Directors and have the authority to examine particular issues and report back to the Board with their recommendations.

The Board is confident that the internal controls are adequate to provide reasonable assurance regarding the reliability of financial reporting which are in accordance with acceptable accounting principles and the applicable regulatory requirements.

## Internal Audit

The Internal Audit Department of the Group checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and procedures and highlights significant findings in respect of any non-compliance. Audits are carried out on all units of the Group, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report.

The annual audit plan is reviewed and approved by the Audit Committee. Internal Audit findings and the management responses are tabled before the Audit Committee for review at its periodic meetings.

## Policies, Procedures and Budgets

Policies and procedure to ensure compliance with internal controls and relevant laws and regulations are set out in operations manuals, which are updated from time to time.

Annual budgets are approved by the respective Boards and the subsidiaries' performance are assessed against the approved budgets and explanations are provided for significant variances periodically to the respective Boards.

## Whistleblowing Policy

The Group has in place a whistleblowing policy. The Whistleblowing Policy enables any employee, supplier and any stakeholder to report actual or suspected malpractices, misconducts or violations of the Group's policies and regulations in a safe and confidential manner through the appropriate channels.

The prevalence and effectiveness of this policy is monitored by the Audit Committee from time to time.

## Ethics and Integrity

The Group is committed to conducting its business in an open, honest and ethical manner. Ethics and Integrity has always been the main reference for all employees when dealing with various stakeholders both internal and external with high integrity standards. The strong commitment of the Group in upholding integrity when carrying out duties are evidenced by the Group Code of Ethics and Professional Conduct. This includes a strong set of corporate values and conduct and is circulated to Directors and all employees.

## Cyber Security

Cybercrime is a global problem that has been dominating the media landscape. It poses a threat to individual security and an even bigger threat to organisations. Today's organised cybercrimes far out shadow lone hackers of the past. The Board has taken necessary precautions to minimise the risk of a security breach. During the year under review, necessary steps have been rolled out to curtail the exposure to cyber-attacks by reducing the threat surface and any potentially exploitable vulnerabilities.

## Going Concern

The statement of going concern is set out in the Annual Report of the Board of Directors on page 252.

## Risk Management

An overview of the Group's risk management framework is set out on pages 257.

## Annual Report

The Board is responsible for the preparation of the Annual Report and confirms that the Quarterly Reports, Annual Financial Statements and the



Annual Review of operations of the Group and its equity accounted investees that are incorporated in this Annual Report have been prepared and presented in a reliable manner, based on a balanced and comprehensive assessment of the financial performance of the entire Group.

### Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Group has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes. This has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements.



Deshamanya D H S Jayawardena

*Chairman*



Dr. M.P. Dissanayake

*Deputy Chairman and Managing Director*



Mr. R.N. Asirwatham

*Chairman*

*Audit Committee*

Colombo  
31st May 2022

# Annual Report of The Board of Directors

The details set out herein provide the pertinent information as required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange and the best accounting practices. The Board of Directors of Aitken Spence PLC has pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended 31st March 2022 which were approved on the 31st of May 2022.

## 1. Principal Activities

Aitken Spence PLC is the holding company that directly or indirectly owns investments in companies which form the Aitken Spence Group. In addition to the above, the Company provides management and related services to the Group companies. During the year, there were

no significant changes in the principal activities of the Company and the Group.

The activities of the Group are categorised into four main sectors namely Tourism, Maritime & Freight Logistics, Strategic Investments and Services. Companies within each sector and their principal activities are described on pages 399 to 407 of this Annual Report.

## 2. Review of Operations

A review of operational and financial performance, strategy of the Group and the future outlook of the Company and the Group are described in greater detail in the Chairman's Message, Deputy Chairman and Managing Director's Review, Management Discussion and Analysis and the Capital Reports of this Annual Report.

These reports together with the Audited Financial Statements of the Company and the Group reflect the respective state of affairs of the Company and the Group.

## 3. Accounting policies and changes during the year

The Company and the Group prepared the Financial Statements in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs). The Board of Directors wish to confirm that there were no changes to the accounting policies used by the Company and the Group during the year. A detailed note of the accounting policies adopted in the preparation of the Financial Statements of the Company and the Group are given on pages 284 to 303 of this Report.

## 4. Synopsis of the Income Statement of the Company and the Group

### 4.1. Group performance

For the year ended 31st March	2022 Rs. '000	2021 Rs. '000
Net profit/(loss) before tax	14,224,180	(2,844,273)
Provision for taxation including deferred tax	(2,068,363)	(469,510)
Net profit/ (loss) after tax	12,155,817	(3,313,783)
Other comprehensive income	7,493,815	515,507
Total comprehensive income/(loss) for the year	19,649,632	(2,798,276)
Total comprehensive (income)/loss attributable to the minority shareholders	(2,930,303)	1,827,095
Total comprehensive income/(loss) attributable to equity shareholders	16,719,329	(971,181)
Transactions directly recognised in the equity statement	145,369	19,766
Balance brought forward from the previous year	47,354,916	48,813,826
Amount available for appropriations	64,219,614	47,862,411
Final Dividend for 2020/2021 (2019/2020)	(405,996)	(507,495)
Total reserves and earnings	63,813,618	47,354,916
Stated Capital	2,135,140	2,135,140
Balance attributable to equity holders of the Company at the end of the period	65,948,758	49,490,056

### 4.2. Revenue and Profits

Revenue generated by the Company during the year amounted to Rs. 753.9 million (2020/21 – Rs. 661.5 million). The Group revenue was Rs. 54.7 billion (2020/21 – Rs. 31.6 billion). An analysis of Group revenue based on business and geographical segments is disclosed in Note 6 to the Financial Statements. The

profit after tax of the Company was Rs. 7.5 billion (2020/21 – Rs. 2.6 billion). The Group reported a profit after tax of Rs. 12.2 billion (2020/21 – loss after tax Rs. 3.3 billion). The Group's profit attributable to the equity shareholders of the parent company for the year was Rs. 10.5 billion (2020/21 – Loss attributable to the equity shareholders of the parent company

was 1.6 billion). The segmental profits are disclosed in Note 6 to the Financial Statements.

### 4.3. Donations

During the year donations amounting to Rs.4.1 million (2020/21 – Rs. 50,000/-) were made by the Company, while the donations made by the other Group

entities during the year amounted to Rs. 6.5 million (2020/21 – Rs. 2.1 million).

#### 4.4 Taxation

A detailed statement of the income tax rates applicable to the individual companies in the Group and a reconciliation of the accounting profits with the taxable profits are provided in Note 12 to the Financial Statements. It is the policy of the Group to provide for deferred taxation on all known timing differences on the liability method. The deferred tax balances of the Group are given in Notes 22 and 32 to the Financial Statements. The deferred tax of the Company and the Group are calculated based on the tax rates that are specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

#### 4.5 Dividends

The Directors declared an Interim Dividend payment of Rs. 4.00 per share for the year ended 31st March 2022. The Directors are satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act No. 7 of 2007 immediately after the payment of the Interim Dividend.

### 5. Synopsis of the Statement of Financial Position of the Company and the Group

#### 5.1 Stated Capital and Reserves

As at 31st March 2022, the Company had issued 405,996,045 ordinary shares and the stated capital of the Company was Rs.2.1 billion. The Company's retained earnings and reserves as at 31st March 2022 were Rs. 23.9 billion(2020/21 – Rs. 16.8 billion) whereas the total Group's retained earnings and reserves as at 31st March 2022 were Rs. 63.8 billion (2020/21 – Rs. 47.4 billion). The movement in these reserves is shown in the statement of changes in equity – Company and Consolidated on pages 280 and 278 respectively.

#### 5.2 Property, Plant and Equipment, Investment Property, Intangible Assets, Biological Assets, and Right-of-Use Assets

The details of property, plant and equipment, investment properties, intangible assets, biological assets, and right-of-used assets of the Company and the Group where applicable, are given in Notes 15-19 to the Financial Statements on pages 322 to 330.

Information in respect of extent, location, valuation of land and building held by the Company and Group are detailed in Notes 15.3 and Note 16.2 to the Financial Statements.

#### 5.3 Contingent Liabilities

The details of contingent liabilities are disclosed in Note 41 to the Financial Statements.

### 6. Events occurring after the Reporting Date

No post balance sheet events of material significance that requires adjustments to the Financial Statements have arisen other than that is disclosed in Note 46 to the Financial Statements.

### 7. Going Concern

The Board of Directors are satisfied that the Company and the Group have adequate resources to continue their operations without any disruption in the foreseeable future. Company and consolidated Financial Statements are prepared on a going concern basis. Basis of conclusion on the going concern for the Company and the Group is further described in Note 2.10 under Basis of preparation.

## 8. Information on the Board of Directors and the Board Sub Committees

### 8.1 Board of Directors

The Board of Directors of the Company comprised of:

	Executive	Non-Executive	Independent
Deshamanya D.H.S. Jayawardena (Chairman)	✓		
Dr. M.P. Dissanayake (Deputy Chairman and Managing Director)	✓		
Dr. R.M. Fernando	✓		
Ms. D.S.T. Jayawardena	✓		
Mr. J.M.S. Brito		✓	
Mr. G.C. Wickremasinghe		✓	✓
Mr. C.H. Gomez		✓	✓
Mr. N.J. de S. Deva Aditya*		✓	
Mr. R.N. Asirwatham		✓	✓

\*Mr. A L Gooneratne holds the office as an Alternate Director to Mr. N.J. de S. Deva Aditya

# Annual Report of The Board of Directors

The brief profiles of the Directors are given on pages 28 to 31 of this Annual Report.

The periods of service of Mr. Wickremasinghe, Mr. Asirwatham and Mr. Gomez as Board Members exceed nine years. Additionally, Mr. Wickremasinghe was an Executive Director on the Board of the Company prior to the assumption of duties as a Non-Executive Director.

The Board is of the view that the periods of service of the aforesaid independent Directors and the Executive Directorship previously held by Mr. Wickremasinghe do not compromise their independence and objectivity in discharging their functions as Directors and, therefore, has determined that Mr. Wickremasinghe, Mr. Asirwatham and Mr. Gomez are 'Independent' as per the Listing Rules.

## Board Sub Committees

The following Directors served as members of the Audit Committee, the Related Party Transactions Review Committee, the Remuneration Committee and the Nomination Committee.

### Audit Committee

Mr. R.N. Asirwatham (Chairman)  
Mr. J.M.S. Brito  
Mr. G.C. Wickremasinghe  
Mr. C.H. Gomez  
Mr. N.J. de S. Deva Aditya / Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de S. Deva Aditya)

### Related Party Transactions Review Committee

Mr. R.N. Asirwatham (Chairman)  
Mr. J.M.S. Brito  
Mr. G.C. Wickremasinghe  
Mr. C.H. Gomez  
Mr. N.J. de S. Deva Aditya / Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de S. Deva Aditya)

### Remuneration Committee

Mr. G.C. Wickremasinghe (Chairman)  
Mr. R.N. Asirwatham  
Mr. C.H. Gomez

### Nomination Committee

Mr. G.C. Wickremasinghe (Chairman)  
Deshamanya D.H.S. Jayawardena  
Mr. R.N. Asirwatham

## 8.3 Re-appointment of Directors who are over 70 years of age and Re-election of Directors.

Upon the recommendation of the Nomination Committee and the Board, it is recommended that Deshamanya D.H.S. Jayawardena and Messrs. G.C. Wickremasinghe, R.N. Asirwatham, J.M.S. Brito and N.J. de S. Deva Aditya who are over 70 years of age and vacate office in terms of Section 210(2) (b) of the Companies Act, be re-appointed as Directors in terms of Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Directors.

Dr. R.M. Fernando who retires by rotation in terms of Article 83 and 84 of the Articles of Association of the Company offers himself for re-election.

## 8.4 Directors' Shareholding

The Directors' shareholdings are provided in the Investor Information section on page 187 of this Annual Report.

## 8.5 Interest Register

An Interest Register is maintained by the Company as per the Companies Act No. 7 of 2007. Any interest in transactions disclosed to the Board by a Director in accordance with Section 192 of the Companies Act No.7 of 2007 is duly recorded in the Interest Register.

## 8.6 Directors' Remuneration

The Directors' remuneration and fees in respect of the Company and the Group for the financial year ended 31st March 2022 are disclosed in Note 9 of the Financial Statements.

## 8.7 Related Party Transactions

Related party transactions of the Group are disclosed in Note 42 to the Financial Statements. These are recurrent and non-recurrent related party transactions, which required disclosures in the Annual Report in accordance with the Sri Lanka Accounting Standard No. 24 – Related Party Disclosures. However, there were no recurrent related party transactions which in aggregate value exceeded 10% of the consolidated revenue of the Group as per the Audited Financial Statements as at 31st March 2021.

There were no non-recurrent related party transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements as at 31st March 2021, which required additional disclosures in the Annual Report under Section 9.3.2(a) of the Listing Rules of the Colombo Stock Exchange.

The Group companies and their key management personnel have disclosed on a quarterly basis, the proposed related party transactions (if any) falling under the ambit of Section 9 of the Listing Rules of the Colombo Stock Exchange. The disclosures so made were tabled at the quarterly meetings of the Related Party Transactions Review Committee, in compliance with the requirements of the above mentioned rule.

The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2022.

## 8.8 Subsidiary Board of Directors

The names of Directors of the subsidiaries and joint venture companies who held office as at 31st March 2022 and Directors who ceased to hold office during the accounting period are indicated on pages 399 to 407 of this Annual Report.

## 9. Human Resources

The human resources strategies applied and practiced by the Group in the regions we operate have translated into the creation of a dynamic and competent human resource team. The strategies adopted in motivating and retaining our employees are discussed in "Human Capital" on pages 156 to 171 of this Annual Report. Corporate governance practices of the Company are set out on pages 222 to 243 of this Annual Report.

## 10. Governance

The Group has not engaged in any activity which contravenes national and international laws. The Group rigidly adheres to relevant national and international rules, regulations and codes of Professional Institutes and Associations, Industrial Associations, Chambers of Commerce and other regulatory bodies. The Group complies with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka. The Group applies very high standards to protect and nurture the environment in which it operates and ensures strict adherence to all environment laws and practices.

The Company has no restrictions with regard to shareholders carrying out appropriate analysis or obtaining independent advice regarding their investment in the Company and has made all endeavours to ensure the equitable treatment of shareholders. The Company's corporate governance practices are set out on pages 222 to 243 of this Annual Report.

## 11. Risk Management

The Directors have established and adhere to a comprehensive risk management framework at both Strategic Business Units and Group levels to ensure the achievement of their corporate objectives. The categories of risks faced by the Group are identified, the significance they pose are evaluated and mitigating strategies are adopted by the Group. The Board of Directors reviews the risk management process through the Audit Committee. The Risk Management Report of the Group is on pages 257 to 266 of this Report.

## 12. Internal Controls

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company and the Group are safeguarded and appropriate systems are in place to minimise and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

Board of Directors' Statement on Internal Controls on pages 250 to 251, the Statement of Directors' Responsibilities on page 270 and the Audit Committee Report set out on pages 246 and 248 of this Report provide further information in respect of the above.

## 13. Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided in the Financial Statements. A confirmation of same is included in the Statement of Directors' Responsibilities on page 270 of this Annual Report.

## 14. Integrated Annual Report

The Board of Directors acknowledges its responsibility to ensure the integrity of the Annual Report and to ensure that it provides a balanced view of its

performance, addressing all material issues that may have an impact on the Group's capacity to create value. The Board is of the opinion that the Integrated Annual Report of Aitken Spence PLC for the financial year ended 31st March 2022 is presented in accordance with the GRI Universal Standards for Sustainability Reporting and the Guidelines of Integrated Reporting Framework.

## 15. Corporate Sustainability

The Board of Directors guides and supports the Group's integrated sustainability strategy and the implementation of the structured and dynamic sustainability framework by a network of committed members across the Group. The Key Performance Indicators achieved, awards and recognition received during the year are a testament to the Group's commitment as it continues to benchmark its practices against global standards and best practices in a myriad of aspects that affect or potentially affect delivery of growth. More details of the Group's sustainability efforts are included in the Management Discussion and Analysis of this Report and at [www.aitkenspence.com/sustainability](http://www.aitkenspence.com/sustainability).

## 16. Shareholder Information

There were 4,672 shareholders as at 31st March 2022. The distribution schedule of the number of shareholders and their shareholdings are detailed on pages 185 to 186 of this Annual Report. The names of the twenty largest shareholders, together with their shareholdings as at 31st March 2022 are given on page 186 of this Annual Report. The percentage of the shares held by the public as at 31st March 2022 was 45.66% which was in the hands of 4,664 public shareholders.

Information relating to earnings per share and the net assets per share for the Company and Group, the dividend per share and the closing price per share are given on pages 182 to 187 of this Annual Report.

# Annual Report of The Board of Directors

## 17 Auditors

The independent Auditors' Report on the Financial Statements is given on pages 271 to 274 of the Annual Report. The retiring Auditors Messrs. KPMG, Chartered Accountants have expressed their willingness to continue in office and a resolution to re-appoint them as Auditors and to authorise the Board to determine their remuneration will be proposed at the Annual General Meeting of the Company.

The audit fees payable for the year to the Company Auditors Messrs. KPMG, Chartered Accountants was Rs. 1.7 million (2020/21 – Rs. 1.5 million). In addition to the above Rs. 2.1 million (2020/21 – Rs. 3.3 million) was payable by the Company for permitted audit related and non-audit related services. Messrs. KPMG, Chartered Accountants, the Auditors of the Company are also the Auditors of certain subsidiaries, joint ventures and associate companies of the Group. The details of the subsidiaries, joint ventures and associate companies audited by them are included on pages 399 to 407 of this Annual Report.

The amount payable by the Group to Messrs. KPMG, Chartered Accountants as audit fees was Rs. 24.8 million (2020/21 – Rs.22.3 million) while a further sum of Rs. 11.3 million (2020/21 – Rs.20.5 million) was payable for permitted non-audit related services. In addition to the above Rs. 13.4 million (2020/21 – Rs.8.4 million) was payable to other auditors for carrying

out audits of the subsidiaries conducted by them. The amount payable to such other auditors for permitted audit related services was Rs. 9.9 million (2020/21 – Rs. 7.1 million). As far as the Directors are aware, the Auditors neither have any other relationship with the Company nor any of its subsidiaries, joint ventures and equity accounted investees that would have an impact on their independence.



**Deshamanya D.H.S. Jayawardena**

*Chairman*



**Dr. M.P. Dissanayake**

*Deputy Chairman and Managing Director*



**Aitken Spence Corporate Finance (Private) Limited**

*Company Secretaries*

Colombo  
31st May 2022

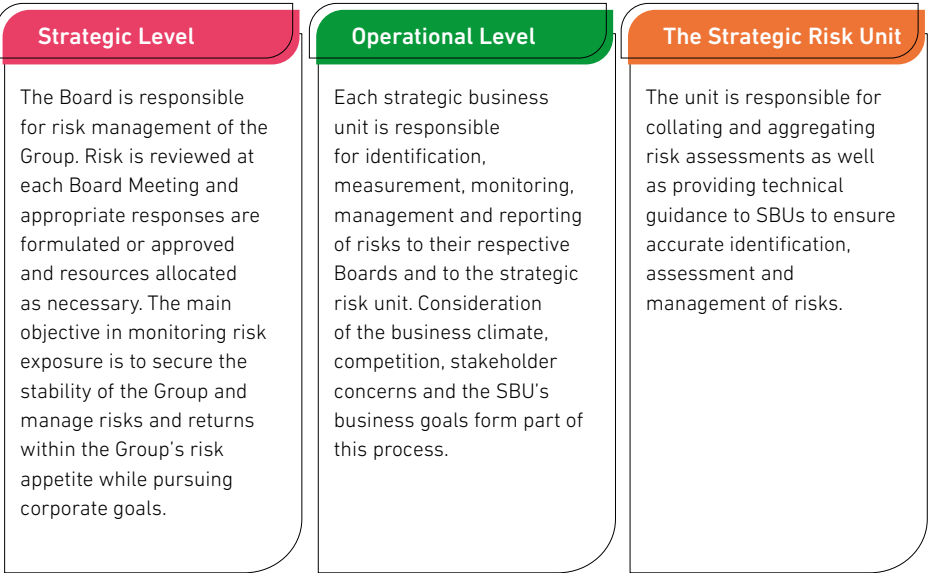


# Risk Management

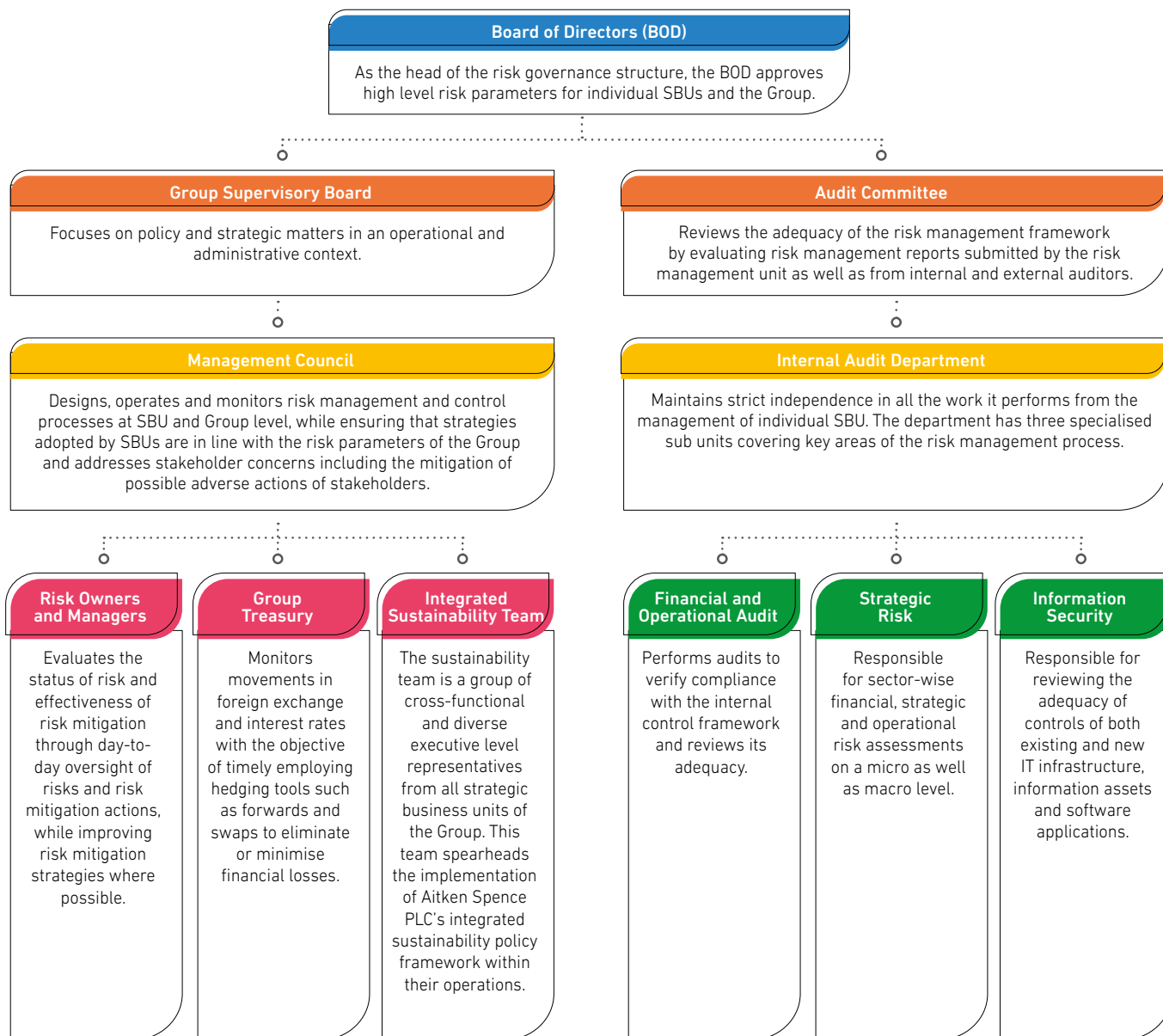
Risk is inherent to all businesses operating in any market and needs to be identified, measured, monitored and managed to achieve an organisation’s strategic goals. The COVID-19 pandemic heightened the need for a robust risk management framework, as the scale and duration of its impact intensified the vulnerabilities of many organisations due to the convergence of multitude of risks. In this demanding environment we needed to respond with increased rigour in identifying and managing risks so as to implement mitigating actions early to minimise their impact while seizing opportunities that arose to grow the business. The Group’s proactive approach to risk management and effective Group-wide risk management framework were key to the Group’s resilience and performance in the year under review.

Aitken Spence’s overall risk management process is overseen by the Board through the Audit Committee as an integral element of corporate governance. The importance of employee involvement in the risk management process has been recognised by the Group as a vital factor in minimising potential negative consequences of risks encountered in the operating environment. The total continuum of the Group’s decision-making process including strategy formulation, evaluation and implementation is integrated with risk management procedures ensuring desired outcomes are achieved. The Group has shown resilience in meeting and countering challenges in its operating environment during the recent past and the success evident in the financial results for 2021/22 are a testimony to the effective risk management process in place across all our businesses.

## Risk Management Structure



# Risk Management



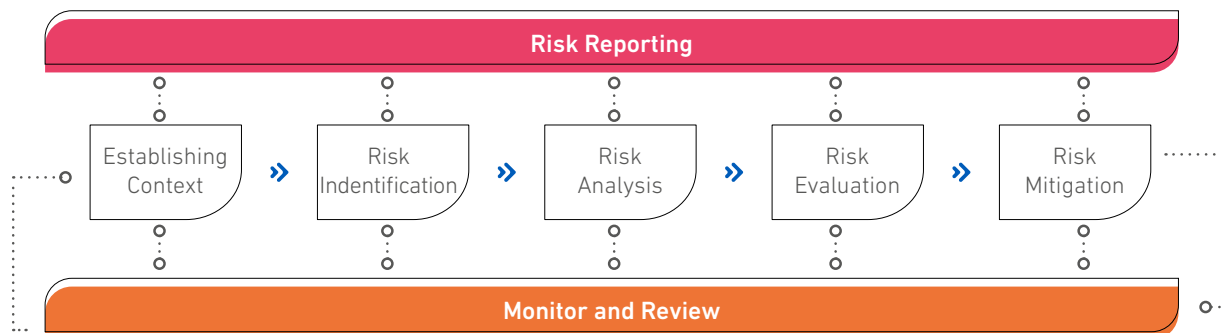
## Risk Appetite

Aitken Spence defines risk appetite as the amount and type of risks deemed reasonable before rolling out its business strategy. This, in turn, helps the Group to maintain its normal course even in the event of unexpected circumstances. In order to make strategic decisions a number of scenario analysis are performed which takes into account

potential impacts on the levels of capital, liquidity, profitability and the share price.

The Board provides the level of acceptable risk appetite of the Group on an annual basis. It also monitors the Group's risk profile while ensuring the consistency with the risk appetite. The risk appetite levels are set for the Group as well as its main business units.

## Risk Management Model



Group Wide Risk Management (GWRM) involves identifying, assessing, adequately managing and controlling all risks, with a comprehensive and integrated vision at all levels of the organisation.

## Risk Landscape 2021/22

### A Prolonged Pandemic

The risk landscape was dynamic throughout the year as the pandemic continued to disrupt economic activities. Health and safety concerns were paramount for most of the year with the fast-spreading variant "Omicron" hindering the recovery of the Tourism sector during the latter part of the year. During the second quarter, at the peak of the pandemic the country was reporting 4,000 + new infections and 200 + deaths daily. We experienced national and area wide lockdowns during the financial year which were a setback for the recovering Tourism sector. Even domestic tourism was not possible due to prohibition of inter-provincial travel which created significant challenges across other operations of the Group as well. The second dose of vaccinations was rolled out across the country by August and the booster dose was also given during the latter part of the year.

### Vaccination Rates



As a % of population over 12 years as at 1st May 2022

- » 1st Dose: 97%
- » 2nd Dose: 82%
- » 3rd Dose: 36%

### Impact and Implications for the Group

Creating a safe working environment for employees and a comprehensive care package for those who needed to be in quarantine facilities and specialised care centres.

Implementing Semi Virtual Mobility (SVM) working environment increased cyber risk exponentially for the Group with potential threats to the information assets and operating systems of the Group. This resulted in increased resource allocation to strengthen cybersecurity infrastructure to safeguard the systems and information assets of the Group

Increased resource allocation for upgrading the Group's digital infrastructure to support Semi Virtual Mobility

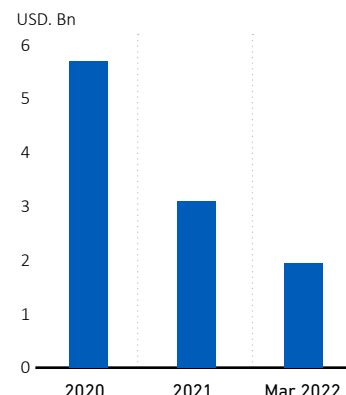
# Risk Management

## A Country in Crisis

The country's foreign currency liquidity worsened during the year which commenced with import restrictions on motor vehicles and other non-essential goods. As tourism inflows were at a low ebb for a prolonged period and migrant worker remittances declined, the country's foreign exchange generated through exports were insufficient to meet its import bills. This was exacerbated by debt repayments and interest payments which led to a rapid depletion of the country's foreign exchange reserves and a decline in sovereign credit ratings to a historical

low. This had wide ranging implications across all sectors of the economy and society as it led to high inflation, exchange rate volatility and scarcity of dollars to purchase essential goods such as fuel, medicine and food. The resultant energy and humanitarian crisis has led to civil protests and political instability with a call for change in the government. With the objective of controlling high inflation the Central Bank increased policy rates in April 2022 leading to a sharp spike in lending rates.

## Gross Official Reserves



## Implications for the Group

### Import Restrictions

- » The ban imposed by the government on certain types of fertiliser had a negative impact on the Plantation segment as it would be a challenge to maintain crop volumes to keep up with market demand.
- » Maritime & Freight Logistics sector have been impacted due to low import volumes.

### Inflation

- » Increased inflation has wide ranging implications across all businesses exerting pressure on costs and margins. There is potential for wage pressure as well.

### Foreign Exchange Volatility and Liquidity Shortage

- » The depreciation of the Sri Lankan Rupee and scarcity of foreign exchange adversely impacted printing, elevators and integrated container segments, as the cost of raw materials and spare parts increased considerably. Further, the exponential increase of freight rates during this period had an impact on these business segments.
- » Interim measures adopted by CBSL to manage the foreign exchange liquidity included imposing a cap on the Dollar buying and selling rates, resulted in diversion of overseas worker remittances to informal channels.

### Energy Crisis

- » Continued power cuts implemented due to unavailability of fuel for thermal power plants, has been affecting businesses since March 2022. The Group has managed to minimise the impact of power cuts with generator power. Nearly all our businesses are dependent on access to grid electricity and fuel for generators and fleets.
- » Tourism industry In Sri Lanka would be affected with many European countries issuing travel advisories on Sri Lanka.

### Fiscal Policy

- » The inconsistent tax policies and adhoc taxes introduced retrospectively such as the surcharge tax will lead to a large tax burden on the Group and inflict additional strains on its cash flows as well as planned future investments

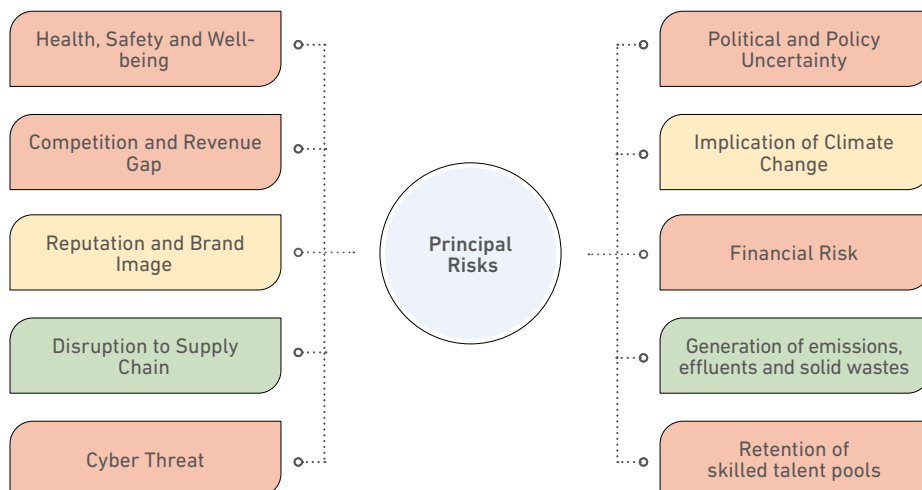
## Russia-Ukraine War

The knock-on effects of the war between Russia and Ukraine and the sanctions on Russia will have potential negative impacts on the operations and profitability of the Group.

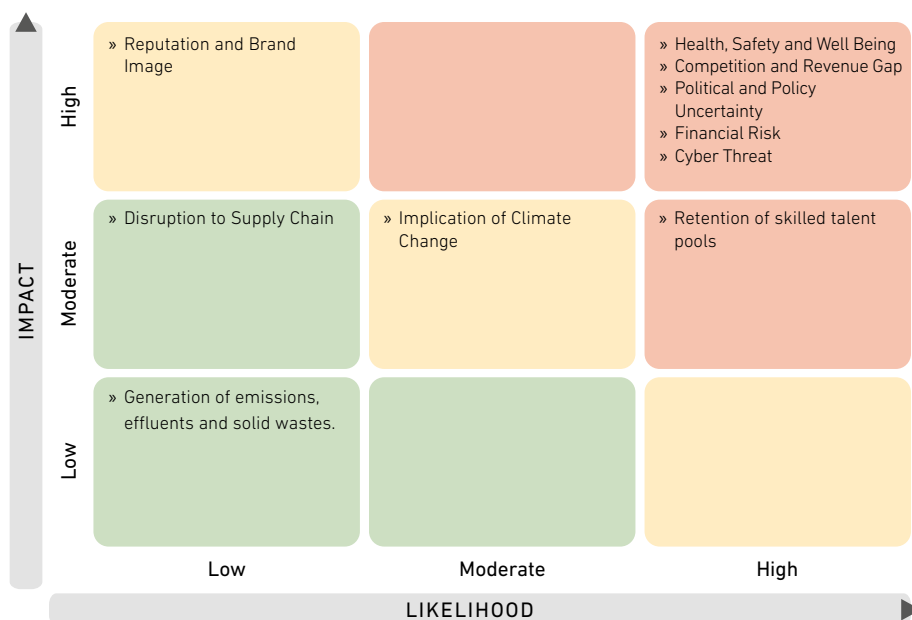
### Implications to Group

- » Last few months Sri Lanka and Maldives witnessed an influx of Russian and Ukrainian tourists arrival reassuring a slow but steady revival of the tourism industry. The conflict has led to the closure of all Airports in Ukraine and the EU member states have denied entry to all Russian aircrafts over its airspace. This will hinder the recovery momentum of the tourism industry and the Tourism sector of the Group.
- » Russian banks have been cutoff from the international SWIFT banking system. This will make extremely difficult for the tea exporters to receive payments from their Russian counter parts. This poses a risk for the Group's plantation segment. The same risk exists for the Tourism sector as there is a considerable number of Russian tourists and tour operators who would be unable to make payments.
- » Sri Lanka maybe diplomatically pressured by the West to discontinue trading with Russia. With a considerable volume of tea being exported to Russia, the tea exporters will have to seek other avenues if this occurs.






## Principal Risks







## Risk Dash Board







# Risk Management





Risk and Risk Rating	Indicator and Assessment	Mitigation Strategies	Further information																											
Health, Safety and Well-being of all Stakeholders																														
	With the detection of new variants and sub variants the threat of the pandemic is still continuing, although somewhat reduced due to the successful vaccination campaign in the country. The safety and well-being of our employees and the other stakeholders will be a top priority for the Group.	» Implemented “Spence Safe” safety plan across all hotels operated by the Group. » Implemented COVID-19 safety protocols throughout the Group. » Comprehensive care package for employees who were diagnosed as COVID-19 positive. » Continuous reinforcement of health and safety measures at all locations where risks have been identified. » Certifications for health and safety obtained for high-risk operations to benchmark health and safety practices of the Group with global standards.	Social and Relationship Capital on page 201																											
	We also understand that specific aspects of our operations may present higher levels of risk to employees’ health and safety. Thus, we have taken measures to safeguard employees, who are exposed to higher levels of health and safety risks in several businesses within the Group.		Human Capital on page 156																											
	<table><tr><td></td><td>2021-22</td><td>2020-21</td></tr><tr><td>Indicator</td><td></td><td></td></tr><tr><td>Employee Vaccination Rate</td><td></td><td></td></tr><tr><td>1st Dose</td><td>96%</td><td>N/A</td></tr><tr><td>2nd Dose</td><td>94%</td><td>N/A</td></tr><tr><td>3rd Dose</td><td>60%</td><td>N/A</td></tr><tr><td>Assessment</td><td></td><td></td></tr><tr><td>Impact</td><td>High</td><td>High</td></tr><tr><td>Likelihood</td><td>High</td><td>High</td></tr></table>		2021-22	2020-21	Indicator			Employee Vaccination Rate			1st Dose	96%	N/A	2nd Dose	94%	N/A	3rd Dose	60%	N/A	Assessment			Impact	High	High	Likelihood	High	High		Material Topics  
	2021-22	2020-21																												
Indicator																														
Employee Vaccination Rate																														
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3rd Dose	60%	N/A																												
Assessment																														
Impact	High	High																												
Likelihood	High	High																												
Disruption to Supply Chain																														
	The Group experienced several disruptions to its supply chain that impacted the smooth flow of operations. Production-oriented segments, such as printing and apparel, which sourced raw materials from overseas were mostly affected.	» The Group’s broad presence in the Maritime & Freight Logistics sector provided insights, which were utilised in managing inventory, lead times and other logistics necessary for the smooth operation of supply chains.	Material Topics 																											
	<table><tr><td></td><td>2021-22</td><td>2020-21</td></tr><tr><td>Assessment</td><td></td><td></td></tr><tr><td>Impact</td><td>Moderate</td><td>Moderate</td></tr><tr><td>Likelihood</td><td>Low</td><td>Moderate</td></tr></table>			2021-22	2020-21	Assessment			Impact	Moderate	Moderate	Likelihood	Low	Moderate																
	2021-22	2020-21																												
Assessment																														
Impact	Moderate	Moderate																												
Likelihood	Low	Moderate																												
Competition and Revenue Gap																														
	Actual margins and market share achieved by the Group in various sectors may be less than the budgeted targets due to competitive pressure.	» Segment level strategic plans and close monitoring by the Group Supervisory Board facilitates in identifying early warning signs and formulating plans for remedial action in a timely manner. » The reputation, stability and broad presence of the Group enables businesses to compete effectively, leveraging the resources, skills and expertise of the Group. » The geographical and sectoral diversity remains a key risk mitigating factor in managing the resilience of the Group as witnessed in the recent past.	Material Topics  																											
	Most markets in which the Group operates are characterised by strong competition and are often price driven.																													
	<table><tr><td></td><td>2021-22</td><td>2020-21</td></tr><tr><td>Assessment</td><td></td><td></td></tr><tr><td>Impact</td><td>High</td><td>High</td></tr><tr><td>Likelihood</td><td>High</td><td>High</td></tr></table>		2021-22	2020-21	Assessment			Impact	High	High	Likelihood	High	High																	
	2021-22	2020-21																												
Assessment																														
Impact	High	High																												
Likelihood	High	High																												





Risk and Risk Rating	Indicator and Assessment	Mitigation Strategies	Further information
Political and Policy Uncertainty			
Prevailing strict exchange control regulations, import restrictions and new tax policies due to the present economic situation in the country, may adversely impact the Group.		» Political and policy uncertainty has already had a significant impact on operations of the Group. The Group has strategised and remained resilient due to its sectoral and geographical diversity.	Operating environment on page 64 Financial Capital on page 172 Material Topics  
	2021-222020-21		
Assessment			
Impact	HighModerate		
Likelihood	HighHigh		
Implications of Climate Change			
The impacts of climate change will result in more intense and extreme environmental events such as heatwaves, drought, and storms occurring at a higher frequency. Changes in environmental conditions such as average temperatures and rainfall patterns will adversely affect people as well as businesses.  Plantation and power segments are directly impacted by altered rainfall patterns while extreme weather events may have a significant impact on the entire Group.		» The Group has an Integrated and systemic approach to sustainability, supporting its efforts to mitigate the impact of climate change. » Vulnerability assessments are conducted across the Group to identify potential risks as well as preventive and corrective measures to strengthen disaster risk reduction mechanisms while improving Business Continuity Plans. » Insurance of inventory and PPE against damages from extreme weather events. » Inbuilt safeguards including comprehensive flood mapping studies to track flood statistics for the past several decades. For example, these studies conducted at the pre-construction stage have enabled the waste to energy power plant and the printing facility in Mawaramandiya to be built above these levels. » Business models assessed for climate change related risks. For example, outcomes of risk assessments against climate change influenced the plantations segment's investments in rainwater harvesting, renewable energy and further business diversification.	Material Topics  
	2021-222020-21		
Indicator			
Rain Fall in our plantation segment (mm)			
Up Country	2,5692,359		
Mid Country	2,6301,603		
Low Country	3,9793,508		
Number of wet days in our plantation segment			
Up Country	180192		
Mid Country	172147		
Low Country	216224		
	2021-222020-21		
Assessment			
Impact	ModerateModerate		
Likelihood	ModerateHigh		

# Risk Management

Risk and Risk Rating	Indicator and Assessment	Mitigation Strategies	Further information																								
Financial Risk																											
<p>The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations in floating interest rates.</p> <p>There has been a significant delay in settling invoices by the power segment's largest and only trade debtor, the Ceylon Electricity Board which has resulted in increased financing costs.</p> <p>Weakening of LKR against USD at a rapid rate poses challenges to some sectors with foreign currency liabilities.</p>	<table><tr><td></td><td>2021-22</td><td>2020-21</td></tr><tr><td>Indicator</td><td></td><td></td></tr><tr><td>Interest Rate Spread (weekly AWPLR)</td><td>Min : 5.43% Max : 9.71% Spread : 428 basis points (4.28%)</td><td>Min : 5.54% Max : 9.49% Spread : 395 basis points (3.95%)</td></tr><tr><td>Annual depreciation of LKR against the USD</td><td>47.26%</td><td>5.11%</td></tr><tr><td>Percentage of trade debtors over 90 days</td><td>23.2%</td><td>18.9%</td></tr><tr><td>Assessment</td><td></td><td></td></tr><tr><td>Impact</td><td>High</td><td>High</td></tr><tr><td>Likelihood</td><td>High</td><td>High</td></tr></table>		2021-22	2020-21	Indicator			Interest Rate Spread (weekly AWPLR)	Min : 5.43% Max : 9.71% Spread : 428 basis points (4.28%)	Min : 5.54% Max : 9.49% Spread : 395 basis points (3.95%)	Annual depreciation of LKR against the USD	47.26%	5.11%	Percentage of trade debtors over 90 days	23.2%	18.9%	Assessment			Impact	High	High	Likelihood	High	High	<ul style="list-style-type: none"><li>» All sectors consistently follow up with debtors in order to collect their debts on time to minimise finance cost.</li><li>» Constantly monitoring and forecasting market interest rates, in order to ensure that appropriate and timely measures are taken to maximise the return on financial investments and to minimise the cost of borrowings.</li><li>» Mitigating the adverse impact of movements in interest rates on long term borrowings by interest rate swaps and other hedging mechanisms depending on their availability in the market.</li></ul>	<p>Material Topics</p> <div></div>
	2021-22	2020-21																									
Indicator																											
Interest Rate Spread (weekly AWPLR)	Min : 5.43% Max : 9.71% Spread : 428 basis points (4.28%)	Min : 5.54% Max : 9.49% Spread : 395 basis points (3.95%)																									
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Percentage of trade debtors over 90 days	23.2%	18.9%																									
Assessment																											
Impact	High	High																									
Likelihood	High	High																									
Reputation and Brand Image																											
<p>The Group engages with many customers and other stakeholders across various industries annually.</p> <p>Activities and events beyond our control have the potential to cause reputational risk.</p> <p>If incidents that may cause reputational damage are not well-managed, it could rapidly escalate into a major strategic crisis.</p> <p>Widespread use of social media has allowed individuals to publish feedback on their interactions with the brand.</p>	<table><tr><td></td><td>2021-22</td><td>2020-21</td></tr><tr><td>Assessment</td><td></td><td></td></tr><tr><td>Impact</td><td>High</td><td>High</td></tr><tr><td>Likelihood</td><td>Low</td><td>Low</td></tr></table>		2021-22	2020-21	Assessment			Impact	High	High	Likelihood	Low	Low	<ul style="list-style-type: none"><li>» Integration of ESG into the Group's strategy and corporate governance frameworks facilitates awareness of the Group's commitment to upholding responsibilities to society and the environment.</li><li>» All media communications are channelled through the corporate communication unit, to ensure consistency in communications.</li><li>» Commenced annual survey of customer satisfaction as pilot on two segments to check the pulse of customers.</li></ul>	<p>Material Topics</p> <div></div>												
	2021-22	2020-21																									
Assessment																											
Impact	High	High																									
Likelihood	Low	Low																									

Risk and Risk Rating	Indicator and Assessment	Mitigation Strategies	Further information	
<b>Cyber Threats</b> Several of the Group’s business operations can be impacted by cyber incidents via a targeted attack from a hacker, collateral damage as a result of a non-targeted attack, insider attack, an accidental cyber incident or any combination of these.		» An IT governance framework is in place addressing cybersecurity. » The Group has a 24/7 multi layered defense and surveillance operation to safeguard its core systems and information.  » As a part of IT governance, the Group continues to carry out risk assessments based on environmental changes while mitigating associated risks and implementing corrective action plans against risks which are identified as high risk.	Material Topics  	
	2021-22			2020-21
Assessment				
Impact	High			High
Likelihood	High	High		
<b>Generation of emissions, effluents and solid waste</b> Every activity has an environmental impact that if not managed can be a risk to the environment, our communities and the sustainability of the business.		» The Group has an integrated approach to sustainability and a key element of that strategy is the commitment to protect the environment, especially the ecosystems Group operates in.  » We have close to 50 diverse management systems which minimises environmental impact. 39 of such systems are currently certified.  » General guidelines followed by the Group’s companies are influenced by the ISO 14001 system standard.  » Heritage hotels maintain management systems aligned to the ISO 50001 system standard for energy management. These benchmarks are also maintained at other Aitken Spence hotel properties.  » Estates in the upcountry cluster manage Rainforest Alliance certification standards and the low country estates maintains activities in line with the Forestry Stewardship Council system requirements, for social and environmental impact control.  A full list of our certified management systems can be viewed in the Intellectual Capital section of this report.	Material Topics  	
	2021-22			2020-21
Indicator				
Volume of water withdrawn (M³)	796,024			651,752
Direct greenhouse gas emissions (tCO2)	87,606			348,723
Assessment				
Impact	Low			Moderate
Likelihood	Low			Low

# Risk Management

Risk and Risk Rating	Indicator and Assessment	Mitigation Strategies	Further information
<b>Retention of skilled talent pools</b>			
<p>The success of any organisation hinges on the performance of its competent workforce.</p> <p>In the recent past the country witnessed an ever-increasing number of professionals who desire to migrate, triggered by push factors, including adverse economic conditions, lack of social freedom and unstable political governance.</p>		<ul style="list-style-type: none"> <li>» Comprehensive talent management programmes are in place to build talent pipelines including succession planning.</li> <li>» Job rotation and overseas assignments are offered to staff to develop leadership qualities.</li> <li>» Providing adequate monetary and non-monetary benefits to employees.</li> </ul>	<p>Material Topics</p>  

# a shared *continuity*



The value we deliver is progressive – an ever-expanding force of energy and movement that diffuses wholesome, impactful growth across every stakeholder group.

*The triskelion is an ancient Celtic symbol representing outward dynamism, movement and progress.*

# Financial Information

## Financial calendar 2021/2022

### Interim Financial Statements

Interim financial statements for the three months ended on 30th June 2021  
 Interim financial statements for the six months ended on 30th September 2021  
 Interim financial statements for the nine months ended on 31st December 2021  
 Interim financial statements For the year ended 31st March 2022

Approved on 12th August 2021  
 Approved on 12th November 2021  
 Approved on 11th February 2022  
 Approved on 26th May 2022

### Audited Financial Statements

Audited financial statements for year ended on 31st March 2022

Approved on 31st May 2022

### Dividends

Final dividend for the year ended on 31st March 2021  
 Interim dividend for the year ended on 31st March 2022

Paid on 09th July 2021  
 Proposed on 11th May 2022

### Annual General Meeting

70th Annual General Meeting

30th June 2022

## Financial highlights

Q1 - 2021/2022 (Rs. Millions)		Q2 - 2021/2022 (Rs. Millions)	
Revenue	8,500	Revenue	10,076
Profit from operations	72	Profit from operations	1,228
Loss for the period	(683)	Profit for the period	394
Loss Attributable to Equity holders	(246)	Profit Attributable to Equity holders	481
Loss per share (Rs.)	(0.60)	Earnings per share (Rs.)	1.18
Net assets per share (Rs.)	120.20	Net assets per share (Rs.)	121.60
Q3 - 2021/2022 (Rs. Millions)		Q4 - 2021/2022 (Rs. Millions)	
Revenue	14,991	Revenue	21,129
Profit from operations	3,508	Profit from operations	11,579
Profit for the period	2,553	Profit for the period	9,892
Profit Attributable to Equity holders	1,838	Profit Attributable to Equity holders	8,467
Earnings per share (Rs.)	4.53	Earnings per share (Rs.)	20.85
Net assets per share (Rs.)	126.20	Net assets per share (Rs.)	162.44
Year ended 2021/2022 (Rs. Millions)			
Revenue	54,696	Profit from operations	16,387
Profit for the year	12,156	Profit Attributable to Equity holders	10,540
Earnings per share (Rs.)	25.96	Net assets per share (Rs.)	162.44



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# Statement of Directors' Responsibilities

The Companies Act No.7 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors, in relation to the Financial Statements of Aitken Spence PLC and the Consolidated Financial Statements of the Group are set out in this Report.

The Directors confirm that the Financial Statements and other statutory reports of the Company and its subsidiaries for the year ended 31st March 2022 incorporated in this Report have been prepared in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the companies within the Group maintain adequate and accurate records which reflect the true financial position of each such company and hence the Group. The Directors have taken appropriate and reasonable steps to safeguard the assets of the Company and the Group. The Directors have instituted appropriate systems of internal control in order to minimise and detect fraud, errors and other irregularities. The Directors in maintaining a sound system of internal control and in protecting the assets of the Company, have further adopted risk management strategies to identify and evaluate the risks which the Company could be exposed to and its impact to the Company.

The Directors having considered the Group's business plans and a review of its current and future operations are of the view that the Company and the Group have adequate resources to continue in operation. The Directors have adopted the going concern basis in preparing the Financial Statements.

The Financial Statements presented in this Annual Report for the year ended 31st March 2022 have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2022 and the Comprehensive Income Statements for the Company and the Group for the Financial Year ended 31st March 2022 reflect a true and fair view of the Company and the Group.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their duties. The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Independent Auditors' Report.

The Directors confirm that to the best of their knowledge all payments to employees, regulatory and statutory authorities due and payable by the Company and its subsidiaries have been either duly paid or adequately provided for in the Financial Statements. The Directors further confirm that they promote the highest ethical, environmental and safety standards within the Group. The Directors also ensure that the relevant national laws, international laws and codes of regulatory authorities, professional institutes and trade associations have been complied with by the Group.

By order of the Board,

**Aitken Spence PLC**



**Aitken Spence Corporate Finance (Private) Limited**

*Company Secretaries*

Colombo  
31st May 2022

# Independent Auditor's Report



**KPMG**  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

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## To the Shareholders of Aitken Spence PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Aitken Spence PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2022, and the income statements, statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 275 to 380.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Impairment assessment of Goodwill, Investments in subsidiaries, and Equity-accounted investees

Refer to notes 17, 20, and 21 to the consolidated financial statements

Risk Description	Our response
The Company holds investments in subsidiaries and investments in equity-accounted investees amounting to Rs. 13,040 million and Rs. 2,660 million respectively as at 31st March 2022.	Our audit procedures included,
Further, the Group holds investments in equity-accounted investees amounting to Rs. 8,564 million and goodwill amounting to Rs.1,212 million as at 31st March 2022.	» Obtaining an understanding of management's impairment assessment process.
The carrying amount of each investment in subsidiaries, and investments in equity-accounted investees have been tested for impairment as individual Cash Generating Units and management allocated goodwill to the respective cash-generating units ('CGU') and the recoverable amounts of the identified CGUs have been determined based on value-in-use calculations.	» Evaluating the reasonableness of the group's key assumptions for its revised cash flow projections such as discount rates, cost inflation, and business growth with reference to the internally and externally derived sources, and evaluating the Group budgetary process and reasonableness of historical forecasts.
	» Reviewing of value in use computations for recoverable amounts with impairment indications and discussion with the management of the Group.
	» Assessing the adequacy of the disclosures in the financial statements in respect of impairment testing.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA  
W.J.C. Perera FCA  
W.K.D.C. Abeyaratne FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA  
C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA  
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS

# Independent Auditor's Report



Investments that do not generate adequate returns may be an indication of impairment. Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations.

Further, the prevailing volatile macro-economic environment resulted in an interruption in business activities, which would adversely affect the ability to generate an adequate return, indicating potential impairment to the investments.

We considered the management's impairment assessment of goodwill, investments in equity accounted investees, and investments in subsidiaries to be a key audit matter due to the magnitude of the carrying value, and management impairment assessment is based on forecasting and discounting cash flows, which are inherently judgemental.

## Management assessment of the prevailing uncertain and volatile macro-economic environment on the Group operation from the Hotel sector

Refer note 2.10, 36.2 and 45 to the consolidated financial statements

Risk Description	Our response
<p>At 31st March 2022, the Hotels sector had net current liabilities of Rs. 5,694 million and total interest-bearing loans and borrowings of Rs.43,952 million, which include foreign currency loans obtained for Sri Lankan operations amounting to Rs.11,178 million. Further, the effective portion of a Cash flow hedge relating to foreign currency loans has been recognised under other comprehensive income amounting to Rs. 2,715 million.</p> <p>This area continues to be considered an area of risk for the current financial year, given the prevailing uncertain and volatile macro-economic environment and the Group is exposed to financial risks arising from exchange rates because a subsidiary company in the Hotels sector has hedged its Euro currency revenue against the contractual future loan repayments.</p> <p>The Group is required to make regular debt repayments and there are restrictive covenants over its debts. These factors coupled with the continued volatility in commodity prices, fuel shortages, lack of foreign currency, and recent social unrest have led to our increased focus on this area.</p> <p>The directors evaluated the prevailing uncertain and volatile macro-economic environment on the Group operations based on the projections of the Group's profit and cash inflows from operations and other financings. As a result of their assessment, the directors believe that the Group will generate sufficient cash flows to meet its liabilities as and when they fall due and payable in the next twelve months.</p> <p>A significant management judgement is involved in assessing the ability of the Group to meet its financial obligations and manage its liquidity position due to the prevailing uncertain and volatile macro-economic environment. As such, we determined this to be a key audit matter.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> <li>» Obtaining the cash flow projections covering not less than twelve months from the reporting period end date and evaluating these key assumptions used in preparing the projections.</li> <li>» Evaluating the sensitivity of the projected available cash by considering downside scenarios together with reasonably plausible changes to the key assumptions and considering whether there were any indicators of management bias in the selection of the assumptions.</li> <li>» Inspecting the facility agreements for the Hotel sector's long-term loans to identify any financial covenants or similar terms and assessing the implication of these on the liquidity of the Hotel sector.</li> <li>» Reviewing the work carried out by component auditors where necessary;</li> </ul> <p>Audit procedures are performed for the effective portion of the cash flow hedge,</p> <ul style="list-style-type: none"> <li>» Assessing the nature of the hedge relationships and testing compliance with specific hedge accounting requirements for foreign currency hedging.</li> <li>» Examining the accounting treatment applied for the hedge, in particular when reclassifying gains and losses from reserves to the income statement and adjustments to the carrying value of the hedged item.</li> <li>» Assessing the adequacy of disclosures in the financial statements in relation to the potential impact of the prevailing uncertain and volatile macro-economic environment and implications from the COVID-19 pandemic on the Hotel sector operations.</li> </ul>



## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. .

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process..

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- » Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- » Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# Independent Auditor's Report



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

A handwritten signature in blue ink, appearing to read 'K. M. M.', with a stylized flourish at the end.

**CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka

31 May 2022



# Income Statements

For the year ended 31st March	Notes	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Revenue</b>	7	54,696,051	31,597,505	753,861	661,534
Revenue taxes		(543,819)	(136,611)	-	-
<b>Net revenue</b>		54,152,232	31,460,894	753,861	661,534
Other operating income	8	7,379,831	639,014	7,926,339	3,005,633
Changes in inventories of finished goods and work-in-progress		354,787	(103,595)	-	-
Raw materials and consumables used		(4,047,780)	(9,861,831)	-	-
Employee benefits expense		(9,761,301)	(6,765,633)	(663,161)	(443,753)
Depreciation, amortisation and impairment losses of non-financial assets	9	(4,882,112)	(4,593,997)	(218,814)	(40,020)
Other operating expenses - direct	10	(20,495,269)	(7,814,355)	-	-
Other operating expenses - indirect		(6,313,116)	(3,821,633)	(629,474)	(315,670)
<b>Profit / (loss) from operations</b>	9	16,387,272	(861,136)	7,168,751	2,867,724
Finance income	11	1,160,931	812,791	1,143,193	812,763
Finance expenses	11	(4,006,254)	(3,171,761)	(1,090,510)	(1,105,271)
<b>Net finance income / (expense)</b>		(2,845,323)	(2,358,970)	52,683	(292,508)
Share of profit of equity-accounted investees (net of tax)	21	682,231	375,833	-	-
<b>Profit / (loss) before tax</b>		14,224,180	(2,844,273)	7,221,434	2,575,216
Income tax expense	12	(2,068,363)	(469,510)	278,728	34,324
<b>Profit / (loss) for the year</b>		12,155,817	(3,313,783)	7,500,162	2,609,540
<b>Attributable to:</b>					
Equity holders of the company		10,539,592	(1,625,623)	7,500,162	2,609,540
Non-controlling interests		1,616,225	(1,688,160)	-	-
<b>Profit / (loss) for the year</b>		12,155,817	(3,313,783)	7,500,162	2,609,540
Earnings / (loss) per share - basic/diluted (Rs.)	13	25.96	(4.00)	18.47	6.43

The notes on pages 284 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Notes	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Profit / (loss) for the year</b>		<b>12,155,817</b>	<b>(3,313,783)</b>	<b>7,500,162</b>	<b>2,609,540</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Revaluation of freehold land	15	950,470	-	-	-
Actuarial gains / (losses) on defined benefit obligations	33	287,573	(298,909)	30,103	(30,951)
Equity investments at FVOCI – net change in fair value		(5,512)	(2,125)	(2,687)	(4,731)
Share of other comprehensive income of equity-accounted investees (net of tax)	21	18,287	34,052	-	-
Income tax on other comprehensive income	12.4	(48,231)	160,667	(6,956)	7,901
		<b>1,202,587</b>	<b>(106,315)</b>	<b>20,460</b>	<b>(27,781)</b>
<b>Items that are or may be reclassified to profit or loss</b>					
Exchange differences on translation of foreign operations		7,949,214	1,028,126	-	-
Net movement on cash flow hedges	36.2	(2,715,462)	(712,630)	-	-
Share of other comprehensive income of equity-accounted investees (net of tax)	21	1,057,476	306,326	-	-
		<b>6,291,228</b>	<b>621,822</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income / (loss) for the year, (net of tax)</b>		<b>7,493,815</b>	<b>515,507</b>	<b>20,460</b>	<b>(27,781)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>19,649,632</b>	<b>(2,798,276)</b>	<b>7,520,622</b>	<b>2,581,759</b>
<b>Attributable to:</b>					
Equity holders of the company		16,719,329	(971,181)	7,520,622	2,581,759
Non-controlling interests		2,930,303	(1,827,095)	-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>19,649,632</b>	<b>(2,798,276)</b>	<b>7,520,622</b>	<b>2,581,759</b>

The notes on pages 284 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Statements of Financial Position

As at	Notes	GROUP		COMPANY	
		31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	95,810,136	79,826,252	91,384	96,464
Investment properties	16	1,631,904	1,631,580	3,419,339	3,420,576
Intangible assets	17	1,358,973	1,065,966	77,044	18,575
Biological assets	18	69,669	63,122	-	-
Right-of-use assets	19	18,844,699	14,060,406	-	-
Investments in subsidiaries	20	-	-	13,040,491	12,172,524
Investments in equity-accounted investees	21	8,564,101	7,080,305	2,659,955	2,786,545
Deferred tax assets	22	1,336,394	1,196,477	647,131	351,859
Other financial assets	23	314,359	806,856	14,236	16,923
		127,930,235	105,730,964	19,949,580	18,863,466
<b>Current assets</b>					
Inventories	24	3,858,694	2,355,071	6,955	5,015
Trade and other receivables	25	21,135,828	13,913,250	4,615,363	3,951,616
Current tax receivable		111,239	179,431	39,677	46,866
Deposits and prepayments		2,086,513	1,201,370	104,960	84,097
Other current assets	26	25,128,390	14,378,139	19,524,210	12,369,486
Cash and short-term deposits	27	15,343,546	7,978,916	3,730,842	2,404,940
		67,664,210	40,006,177	28,022,007	18,862,020
Assets classified as held for sale	28	1,751,094	1,243,219	72,237	72,237
<b>Total assets</b>		197,345,539	146,980,360	48,043,824	37,797,723
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated capital	29.1	2,135,140	2,135,140	2,135,140	2,135,140
Reserves	29.2	36,649,102	28,014,136	16,825,160	14,171,825
Retained earnings		27,164,516	19,340,780	7,105,888	2,644,597
<b>Total equity attributable to equity holders of the company</b>		65,948,758	49,490,056	26,066,188	18,951,562
Non-controlling interests		11,496,921	9,702,142	-	-
<b>Total equity</b>		77,445,679	59,192,198	26,066,188	18,951,562
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	30	49,274,764	38,910,494	3,518,534	2,842,223
Lease liabilities	31	15,835,194	11,854,057	-	-
Deferred tax liabilities	32	3,176,142	2,393,061	-	-
Employee benefits	33	1,102,308	1,300,212	87,629	98,837
Other liabilities	34	481,452	390,293	-	-
		69,869,860	54,848,117	3,606,163	2,941,060
<b>Current liabilities</b>					
Interest-bearing loans and borrowings	30	8,677,206	4,114,777	1,666,706	1,119,163
Lease liabilities	31	1,570,210	1,278,998	-	-
Trade and other payables	35	29,507,402	12,204,824	13,823,465	6,565,541
Current tax payable		658,179	258,778	-	-
Bank overdrafts and other short-term borrowings	27	9,617,003	15,082,668	2,881,302	8,220,397
		50,030,000	32,940,045	18,371,473	15,905,101
<b>Total equity and liabilities</b>		197,345,539	146,980,360	48,043,824	37,797,723

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 284 to 380.

I certify that the financial statements for the year ended 31st March 2022 are in compliance with the requirements of the Companies Act No. 7 of 2007.



**Ms. N. Sivapragasam**

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

For and on behalf of the Board:



**Deshamanya D.H.S. Jayawardena**

Chairman

31st May 2022

Colombo, Sri Lanka



**Dr. M. P. Dissanayake**

Deputy Chairman and Managing Director

# Consolidated Statement of Changes in Equity

For the year ended 31st March 2022	Attributable to equity holders of the company			
	Stated capital	Revaluation reserve	Other capital reserves	General reserves
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 01st April 2020</b>	2,135,140	8,887,021	148,440	12,226,788
Loss for the year	-	-	-	-
Other comprehensive income /(loss) for the year (note 29.3.1)	-	132,540	-	-
<b>Total comprehensive income / (loss) for the year</b>	-	132,540	-	-
Share of net assets of equity-accounted investees	-	-	-	-
Acquisition and changes in non-controlling interest	-	-	-	-
Transfer to reserves	-	-	-	2,000,286
Final dividends for 2019/2020 (note 14)	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-
<b>Total contributions and distributions recognised directly in equity</b>	-	-	-	2,000,286
<b>Balance as at 31st March 2021</b>	2,135,140	9,019,561	148,440	14,227,074
Profit for the year	-	-	-	-
Other comprehensive income / (loss) for the year (note 29.3.1)	-	808,653	-	-
<b>Total comprehensive income / (loss) for the year</b>	-	808,653	-	-
Share of net assets of equity-accounted investees	-	-	-	-
Acquisition and changes in non-controlling interest	-	-	-	-
Transfer to reserves	-	-	-	2,655,753
Final dividends for 2020/2021 (note 14)	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-
<b>Total contributions and distributions recognised directly in equity</b>	-	-	-	2,655,753
<b>Balance as at 31st March 2022</b>	<b>2,135,140</b>	<b>9,828,214</b>	<b>148,440</b>	<b>16,882,827</b>

The notes on pages 284 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

	Attributable to equity holders of the company					Non-controlling interests	Total equity
	Exchange fluctuation reserve	Fair value reserve	Cash flow hedge reserve	Retained earnings	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	4,508,676	(8,520)	(597,137)	23,648,558	50,948,966	12,355,105	63,304,071
	-	-	-	(1,625,623)	(1,625,623)	(1,688,160)	(3,313,783)
	1,036,457	(1,912)	(318,503)	(194,140)	654,442	(138,935)	515,507
	1,036,457	(1,912)	(318,503)	(1,819,763)	(971,181)	(1,827,095)	(2,798,276)
	-	-	-	20,016	20,016	(7,295)	12,721
	-	-	-	(250)	(250)	10,162	9,912
	-	-	-	(2,000,286)	-	-	-
	-	-	-	(507,495)	(507,495)	-	(507,495)
	-	-	-	-	-	(828,735)	(828,735)
	-	-	-	(2,488,015)	(487,729)	(825,868)	(1,313,597)
	5,545,133	(10,432)	(915,640)	19,340,780	49,490,056	9,702,142	59,192,198
	-	-	-	10,539,592	10,539,592	1,616,225	12,155,817
	6,389,169	(4,961)	(1,213,648)	200,524	6,179,737	1,314,078	7,493,815
	6,389,169	(4,961)	(1,213,648)	10,740,116	16,719,329	2,930,303	19,649,632
	-	-	-	141,856	141,856	7,479	149,335
	-	-	-	3,513	3,513	(3,513)	-
	-	-	-	(2,655,753)	-	-	-
	-	-	-	(405,996)	(405,996)	-	(405,996)
	-	-	-	-	-	(1,139,490)	(1,139,490)
	-	-	-	(2,916,380)	(260,627)	(1,135,524)	(1,396,151)
	11,934,302	(15,393)	(2,129,288)	27,164,516	65,948,758	11,496,921	77,445,679

# Company Statement of Changes in Equity

For the year ended 31st March 2022	Stated capital Rs.'000	General reserves Rs.'000	Fair value reserve Rs.'000	Retained earnings Rs.'000	Total Rs.'000
<b>Balance as at 01st April 2020</b>	2,135,140	12,197,124	(21,327)	2,566,361	16,877,298
Profit for the year	-	-	-	2,609,540	2,609,540
Other comprehensive loss for the year (note 29.3.2)	-	-	(4,258)	(23,523)	(27,781)
<b>Total comprehensive income / (loss) for the period</b>	-	-	(4,258)	2,586,017	2,581,759
Transfer to general reserve	-	2,000,286	-	(2,000,286)	-
Final dividends for 2019/2020 (note 14)	-	-	-	(507,495)	(507,495)
<b>Total contributions and distributions recognised directly in equity</b>	-	2,000,286	-	(2,507,781)	(507,495)
<b>Balance as at 31st March 2021</b>	2,135,140	14,197,410	(25,585)	2,644,597	18,951,562
Profit for the year	-	-	-	7,500,162	7,500,162
Other comprehensive income /(loss) for the year (note 29.3.2)	-	-	(2,418)	22,878	20,460
<b>Total comprehensive income / (loss) for the period</b>	-	-	(2,418)	7,523,040	7,520,622
Transfer to general reserve	-	2,655,753	-	(2,655,753)	-
Final dividends for 2020/2021 (note 14)	-	-	-	(405,996)	(405,996)
<b>Total contributions and distributions recognised directly in equity</b>	-	2,655,753	-	(3,061,749)	(405,996)
<b>Balance as at 31st March 2022</b>	<b>2,135,140</b>	<b>16,853,163</b>	<b>(28,003)</b>	<b>7,105,888</b>	<b>26,066,188</b>

The notes on pages 284 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.



# Statements of Cash Flows

For the year ended 31st March	Notes	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Cash flows from operating activities</b>					
Profit / (loss) before tax		14,224,180	(2,844,273)	7,221,434	2,575,216
<b>Adjustments for</b>					
Depreciation and amortisation		4,852,204	4,605,181	42,990	40,020
Interest expense		3,835,941	3,068,152	1,086,904	1,101,388
Gain on disposal of property, plant and equipment	8	(15,298)	(14,058)	(749)	(3,230)
Gain on partial disposal of subsidiary	8	-	-	-	(8,660)
Gain from bargain purchase	8	(145,613)	-	-	-
Gain on disposal of equity securities – at FVTPL	8	-	(210)	-	(210)
Interest income	11	(1,160,931)	(812,791)	(1,143,193)	(812,763)
Share of profit of equity-accounted investees (net of tax)	21	(682,231)	(375,833)	-	-
Impairment losses of investments in subsidiaries and equity-accounted investees		30,570	-	175,400	-
Impairment losses / (reversals) of inventories		(662)	(11,184)	424	-
Impairment losses / (reversals) and write offs of trade and other receivables		(106,758)	142,638	240,904	-
Net foreign exchange (gain) / loss		(3,715,380)	59,001	(4,438,472)	119,853
Provision for retirement benefit obligations	33	166,825	231,072	23,231	15,974
		3,058,667	6,891,968	(4,012,561)	452,372
<b>Operating profit before working capital changes</b>		17,282,847	4,047,695	3,208,873	3,027,588
(Increase)/decrease in trade and other receivables		(6,388,992)	1,639,657	(904,651)	(4,446)
(Increase)/decrease in inventories		(1,495,428)	490,753	(2,364)	(1,843)
(Increase)/decrease in deposits and prepayments		(910,016)	426,628	(26,501)	4,679
Increase/(decrease) in trade and other payables		17,268,778	(1,080,034)	7,254,912	(532,794)
Increase/(decrease) in other liabilities		91,159	4,019	-	-
		8,565,501	1,481,023	6,321,396	(534,404)
<b>Cash generated from operations</b>		25,848,348	5,528,718	9,530,269	2,493,184
Interest paid		(3,093,756)	(1,215,594)	(1,082,317)	(1,091,507)
Income tax paid		(808,656)	(731,746)	(10,673)	(23,295)
Retirement benefit obligations paid	33	(149,001)	(129,184)	(4,336)	(14,302)
		(4,051,413)	(2,076,524)	(1,097,326)	(1,129,104)
<b>Net cash generated from operating activities</b>		21,796,935	3,452,194	8,432,943	1,364,080
<i>(brought forward from previous page)</i>					

(carried forward to next page)

The notes on pages 284 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Statements of Cash Flows

For the year ended 31st March	Notes	GROUP		COMPANY	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Cash flows from investing activities</b>					
Interest received		1,154,088	783,749	1,143,750	784,897
Investment in subsidiaries	A	(852,500)	-	(892,152)	(450,000)
Investment in equity accounted investees		(49,700)	(83,679)	(24,625)	-
Investment in equity securities and debt		(3,128)	(722)	(728)	(722)
Proceeds from partial disposal of a subsidiary		-	9,912	-	9,912
Acquisition of property, plant and equipment *	15	(1,374,918)	(2,312,636)	(24,701)	(1,709)
Acquisition of investment properties	16	(631)	-	(631)	-
Acquisition of intangible assets	17	(72,670)	(9,298)	(69,855)	(5,130)
Acquisition of biological assets *	18	(7,754)	(8,243)	-	-
Proceeds from disposal of property, plant and equipment		53,707	42,405	794	5,030
Proceeds from retirement of equity securities and debt		2,160	12,958	2,160	12,958
Proceeds/(purchase) from other financial assets and liabilities (net)		(5,641,431)	(3,059,407)	(2,147,119)	(2,248,229)
Dividends paid to non-controlling interests		(1,139,490)	(828,735)	-	-
Dividends received from equity accounted investees		442,662	420,931	-	-
<b>Net cash used in investing activities</b>		<b>(7,489,605)</b>	<b>(5,032,765)</b>	<b>(2,013,107)</b>	<b>(1,892,993)</b>
<b>Cash flows from financing activities</b>					
Proceeds from interest-bearing loans and borrowings	30	1,217,750	2,300,245	1,003,750	1,000,000
Repayment of interest-bearing loans and borrowings	30	(2,368,915)	(653,620)	(1,306,500)	(198,462)
Payment of lease liabilities	19.3	(1,439,891)	(495,673)	-	-
Dividends paid to equity holders of the parent		(402,984)	(504,036)	(402,984)	(504,036)
<b>Net cash generated from / (used in) financing activities</b>		<b>(2,994,040)</b>	<b>646,916</b>	<b>(705,734)</b>	<b>297,502</b>
<b>Net decrease in cash and cash equivalents</b>		<b>11,313,290</b>	<b>(933,655)</b>	<b>5,714,102</b>	<b>(231,411)</b>
Cash and cash equivalents at beginning of the year		(7,103,752)	(6,271,819)	(5,815,457)	(5,613,131)
Effect of movements in exchange rates		1,517,005	101,722	950,895	29,085
<b>Cash and cash equivalents at end of the year</b>	27	<b>5,726,543</b>	<b>(7,103,752)</b>	<b>849,540</b>	<b>(5,815,457)</b>

\* Acquisition of biological assets includes capitalised borrowing cost paid by the Group of Rs. 2.2 million (2020/2021 - 2.7 million), where as there is no capitalised borrowing cost on acquisition of property, plant and equipment (2020/2021 - 774.2 million). (Company-nil).

The notes on pages 284 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Notes to the Financial Statements

## A. Acquisition of subsidiary

During the period under review Aitken Spence PLC acquired 100% of the shareholding of Waltrim Energy Ltd together with its wholly own subsidiaries namely Waltrim Hydropower (Pvt) Ltd, Upper Waltrim Hydropower (Pvt) Ltd and Elgin Hydropower (Pvt) Ltd. The fair values of assets and liabilities acquired in respect of this investment are included below;

	GROUP
	Rs.'000
Property, plant & equipment	(1,554,702)
Right-of-use assets	(6,407)
Inventories	(7,533)
Trade and other receivables	(159,103)
Current tax receivable	(84)
Interest-bearing loans and borrowings	555,228
Lease liabilities	6,775
Deferred tax liabilities	133,423
Employee benefits	3,502
Trade and other payables	30,788
Cash and cash equivalent	(21,390)
<b>Total identifiable net assets acquired</b>	<b>(1,019,503)</b>
Gain from bargain purchase	145,613
<b>Purchase consideration transferred</b>	<b>(873,890)</b>
Cash and cash equivalents disposed	21,390
<b>Net cash outflow on acquisition of the company</b>	<b>(852,500)</b>

The notes on pages 284 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Notes to the Financial Statements

## 1 Reporting Entity

Aitken Spence PLC., (the "Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is located at "Aitken Spence Tower II", 315 Vauxhall Street, Colombo 02.

The consolidated financial statements of the Group as at, and for the year ended 31st March 2022 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activities of the Company and the other entities consolidated with it are disclosed in pages 399 to 407 of this report.

The immediate parent of Aitken Spence PLC is Melstacorp PLC and ultimate parent is Milford Exports (Ceylon) (Private) Ltd.

## 2 Basis of Preparation

### 2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs), laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

These financial statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs and regulations governing the preparation and presentation of the Financial Statements.

### 2.2 Responsibility for financial statements

The Board of Directors of the Company acknowledges its responsibility for the Financial Statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for Financial Statements" and the "certification on the Statement of Financial Position".

### 2.3 Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31st March 2022 were approved and authorised for issue by the Board of Directors on the 31st of May 2022. These financial statements include the following components :

- » an Income Statement and a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review. Refer pages 275 and 276;

- » a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end. Refer page 277;
- » a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company. Refer pages 278 to 280;
- » a Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows. Refer page 281;
- » notes to the financial statements comprising significant accounting policies and other explanatory information. Refer pages 284 to 380.

### 2.4

#### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items stated in the Statement of Financial Position

Item	Basis of measurement	Note number
Land (recognised under property, Plant and Equipment)	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation.	3.4 and 15
Financial assets classified as fair value through profit or loss	Measured at fair Value	3.3.1 and 26.1
Financial assets classified as fair value through other comprehensive income.	Measured at fair Value	3.3.1 and 23.1.1
Retirement benefit obligations	Measured at the present value of the defined benefit obligation	3.12 and 33
Lease liabilities	Measured at amortised cost using effective interest method	3.6.1.2 and 31

### 2.5

#### Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency), which is the Sri Lankan Rupee.

The financial statements are presented in Sri Lankan Rupees. All financial information presented in Rupees has been rounded to the nearest thousand except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Each Group company determines its own functional currency and items included in the financial statements of these companies are measured using that functional currency. There were no changes in the presentation or functional currency of the Group companies during the year under review.

Functional currency of all the Group companies is Sri Lankan Rupees other than the following companies whose functional currency is either based on the country of incorporation of the respective company or elements that could influence in determining its functional currency.

Company	Country of Incorporation	Functional Currency
Aitken Spence Hotel Managements Asia (Pvt) Ltd.	Sri Lanka	United States Dollar
Aitken Spence Hotels International (Pvt) Ltd.	Sri Lanka	United States Dollar
Aitken Spence Global Operations (Pvt) Ltd.	Sri Lanka	United States Dollar
A.D.S. Resorts Private Ltd.	Maldives	United States Dollar
Unique Resorts Private Ltd.	Maldives	United States Dollar
Jetan Travel Services Company Private Ltd.	Maldives	United States Dollar
Ace Resorts Private Ltd.	Maldives	United States Dollar
Cowrie Investment Private Ltd.	Maldives	United States Dollar
Ace Aviation Services Maldives Private Ltd.	Maldives	United States Dollar
Interlifts International Private Ltd.	Maldives	United States Dollar
Aitken Spence Resorts (Middle East) LLC.	Oman	Oman Riyal
Aitken Spence Hotel Managements (South India) Ltd.	India	Indian Rupee
Aitken Spence Hotel Services Private Ltd.	India	Indian Rupee
PR Holiday Homes Private Ltd.	India	Indian Rupee
Perumbalam Resorts Private Ltd.	India	Indian Rupee
Crest Star (B.V.I) Ltd.	British Virgin Islands	United States Dollar
Fiji Ports Terminal Ltd.	Fiji	Fiji Dollars
Fiji Ports Corporation Ltd.	Fiji	Fiji Dollars
Ace Bangladesh Ltd.	Bangladesh	Taka
Serendib Investments Ltd.	Fiji	Fiji Dollars

Company	Country of Incorporation	Functional Currency
Aitken Spence Travels Myanmar Ltd.	Myanmar	Kyat
Ace Aviation Myanmar Ltd.	Myanmar	Kyat

## 2.6 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period.

Or

Is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current liabilities.

The Group classifies deferred tax assets and liabilities under non-current assets and liabilities.

## 2.7 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

# Notes to the Financial Statements

## 2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies of the Company.

## 2.9 Use of accounting judgements, estimates and assumptions

The preparation of financial statements of the Group and the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported values of assets, liabilities, income, expenses and accompanying disclosures including contingent liabilities. Estimates and judgements which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Judgments in applying accounting policies that have a significant effect on the amounts recognised in the Group's financial statements is included in the respective notes are as follows,

Note 38.3 - Measurement of loss rate to compute ECL Allowance for trade receivables

Note 33.3 - Measurement of defined benefit obligations: key actuarial assumptions

Note 37.3 - Measurement of fair value of unquoted investment

## 2.10 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future, confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group other than those disclosed in the notes to the financial statements.

Throughout the year the Group gradually recovered from the impacts of the ongoing but now subsiding COVID - 19 pandemic. The Group's performance improved substantially to record the best ever profits during the financial year. This also validates the effectiveness of the strategies taken by the Group especially via diversification in business segments, expansion in geographical boundaries, streamlining of business processes and stringent control of costs.

The Directors have also assessed the prevailing macroeconomic conditions in the country and the impact on the operations of the Group companies when determining the basis of preparing the financial statements for the year ended 31st March 2022. Fair judgment has been made taking into consideration the prevailing economic uncertainties in the country, limitations in the foreign exchange market, sharply rising interest rates, interruption to power supply and other supply chain challenges due to shortages in fuel distribution, when making the going concern assumption for the Group.

## 3 Summary of significant accounting policies

The Group has consistently applied the following significant accounting policies to all periods presented in the financial statements by the Group and the Company, except as mentioned otherwise.

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for the current financial year. These amendments and interpretations did not have any significant impact on the reported financial statements of the Group.

### 3.1 Basis of consolidation

#### 3.1.1 Business combinations and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

As required by SLFRS 3 - Business Combinations and amendments to SLFRS 3, when the Group acquires a business, it assesses the financial assets and liabilities assumed under classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions that exist as at the acquisition



date. The Group applies Definition of a Business (Amendments to SLFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

The Group measures goodwill at the acquisition date, as excess of the aggregate of the fair value of the consideration transferred; the recognised amount of any non-controlling interests in the acquiree; the fair value of the pre-existing interest in the acquiree if the business combination is achieved in stages; and the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed; measured at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity, or else subsequent changes in the fair value of the contingent consideration is recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually as at 31st March or when circumstances indicate that the carrying value of the goodwill may be impaired. For the purpose of impairment testing, from the acquisition date, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

### 3.1.2 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable and other contractual arrangements.

The Group controls an investee if, and only if, the Group has:

- » Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- » Exposure, or rights to variable returns from its involvement with the investee
- » The ability to use its power over the investee to affect its returns

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Entities that are subsidiaries of another entity which is a subsidiary of the company are also treated as subsidiaries of the company.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

### 3.1.3 Non-controlling interest

The proportion of the profits or losses after taxation and each component in the other comprehensive income applicable to outside shareholders of subsidiary companies are included under the heading "Non – controlling interests" in the Consolidated Income Statement and the Statement of Profit or Loss and the Other Comprehensive Income. Losses and negative balances applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading

# Notes to the Financial Statements

"Non-controlling interests" in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with the equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Changes to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

## 3.1.4 Loss of control

On a loss of control of a subsidiary, the Group immediately derecognises the assets including goodwill, liabilities, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

## 3.1.5 Equity accounted investees (investments in associates and joint ventures)

Associates are those entities in which the Group has significant influence, but does not have control over the financial and operating policies. Significant influence is presumed to exist when the Group holds more than 20% of the voting rights of another entity.

Joint ventures are arrangements in which the Group has joint control and has rights to the net assets of the arrangement. The Group has joint control in a venture when there is contractually agreed sharing of control of the venture and the decisions about the relevant activities of the venture require the unanimous consent of the parties sharing control.

Associates and joint ventures are treated as equity accounted investees and are accounted for using the equity method.

Under the equity method Investments in equity-accounted investees are recognised initially at cost, which includes transaction costs. The carrying amount of the investment is adjusted at each reporting date to recognise changes in the Group's share of net assets of the equity-accounted investees arising since the acquisition date. Goodwill relating to the equity-accounted investees is included in the carrying amount of the investment. Dividends declared by the equity-accounted investees are recognised against the equity value of the Group's investment.

The income statement reflects the Group's share of the results of operations of the equity accounted investees. When there is a change recognised directly in the other comprehensive income

or equity of the entity, the Group recognises its share of such changes, when applicable, in the statement of profit or loss and other comprehensive income or the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the equity-accounted investees are eliminated to the extent of the interest in the equity-accounted investees.

The Group's share of profit or loss of equity accounted investees is shown on the face of the income statement net of tax.

Adjustments are made if necessary, to the financial statements of the equity accounted investees to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its equity accounted investee. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If such company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal the share of losses not recognised previously.

The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value and recognises the amount in the income statement.

Upon loss of significant influence over the associate or the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the equity accounted investee disposed and the fair value of the retaining investment and the proceeds from disposal is recognised in the income statement.

## 3.1.6 Reporting date

All subsidiaries, and equity accounted investees of the Group have the same reporting period as the parent company other than the following companies. However the Group incorporates the results of these companies up to 31st March in the Group's financial statements.

Company	Reporting Period
Fiji Ports Terminal Ltd.	31st December
Ace Resorts Private Ltd.	31st December
A.D.S. Resorts Private Ltd.	31st December
Unique Resorts Private Ltd.	31st December

Company	Reporting Period
Jetan Travel Services Company Private Ltd.	31st December
Cowrie Investment Private Ltd.	31st December
Ace Aviation Services Maldives Private Ltd.	31st December
Spence Maldives Private Ltd.	31st December
Interlifts International Private Ltd.	31st December
Fiji Ports Corporation Ltd.	31st December
Serendib Investments Ltd.	30th June
Aitken Spence Travels Myanmar Ltd.	30th September
Ace Aviation Myanmar Ltd	30th September

### 3.1.7 Intra-group transactions

Transfer prices between Group entities are set on an arms-length basis in a manner similar to transactions with third parties.

### 3.1.8 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 3.2 Foreign currencies

### 3.2.1 Foreign currency transactions and balances.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the reporting currency at the exchange rate that prevailed at the date the fair value was determined.

Foreign currency differences arising on re-translation are recognised in the income statement, except for differences arising on the re-translation of FVOCI equity investments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis in the income statement.

### 3.2.2 Foreign operations

Subsidiaries incorporated outside Sri Lanka are treated as foreign operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at the rate of exchange prevailing on the reporting date. Income and expenses of the foreign entities are translated at the rate of exchange approximating to the actual rate at the dates of the transactions. For practical purposes this is presumed to be the average rate during each month.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity except to the extent the translation difference is allocated to the non-controlling interest. When a foreign operation is disposed of in a manner that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal. If the Group disposes of only part of its interest in the subsidiary but retains control, the relevant portion of the translation reserve is transferred to non-controlling interest. When the Group disposes of only part of its interest in an equity accounted investee that includes a foreign operation while retaining significant influence or joint-control, the relevant proportion of the cumulative amount of the translation reserve is reclassified to the income statement.

## 3.3 Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument of another entity.

### 3.3.1 Financial assets

#### 3.3.1.1 Recognition and initial measurement

Financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument with the exception of "Trade Receivables". The Group initially recognises trade receivables when they are originated.

Financial assets other than trade receivables that do not contain a significant financing component are initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition on issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### 3.3.1.2 Classification and measurement

On initial recognition, the Group classifies a financial asset as measured at amortised cost; Fair Value Through Other

# Notes to the Financial Statements

Comprehensive Income (FVOCI); or Fair Value Through Profit or Loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it is held within a business model where the objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates and the financial asset is not designated as at FVTPL.

A debt investment is measured at FVOCI if it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the debt investment is not designated as at FVTPL.

On initial recognition of an equity investment that is not held for trading, the Group irrevocably elected to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes equity investments and derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## 3.3.1.3 Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the financial assets are managed and information is provided to management. The information considered includes:

the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

how the performance of the portfolio is evaluated and reported to the Group's management;

the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

## 3.3.1.4 Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- » contingent events that would change the amount or timing of cash flows;
- » terms that may adjust the contractual coupon rate, including variable-rate features;
- » repayment and extension features; and
- » terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### 3.3.1.5 Subsequent measurement and gains and losses:

#### *Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

#### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### *Debt investments at FVOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are recycled to profit or loss.

#### *Equity investments at FVOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

### 3.3.1.6 Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets.

### 3.3.1.7 Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Group enters into transaction whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, such transferred assets are not derecognised.

### 3.3.1.8 Impairment

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will

include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. Loss allowance for debt instruments is measured and 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- » Significant financial difficulty of the borrower or issuer.
- » For trade receivables, being more than 365 days past due.
- » The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- » It is probable that the borrower will enter bankruptcy or other financial reorganisation.
- » The disappearance of an active market for a security because of financial difficulties.

# Notes to the Financial Statements

## **Write-off**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## **3.3.2 Financial Liabilities**

### **3.3.2.1 Recognition and initial measurement**

The Group initially recognises financial liabilities other than debt securities when it becomes a party to the contractual provisions of the instrument. The Group recognises debt securities issued when they are originated.

All financial liabilities are initially measured at fair value and, for an item not at Fair Value Through Profit or Loss (FVTPL), are measured net of transaction costs that are directly attributable to its issue.

The Group's financial liabilities comprise of loans and borrowings, refundable rental and other deposits, bank overdrafts, trade and other payables and derivative financial instruments.

### **3.3.2.2 Classification, Subsequent Measurement and Gains and Losses**

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition of other financial liabilities are recognised in profit or loss.

### **3.3.2.3 Reclassification**

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

### **3.3.2.4 Derecognition**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms

are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

## **3.3.3 Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## **3.3.4 Hedge accounting and cash flow hedge**

'Hedging' is a process of using a financial instrument to mitigate all or some of the risk associated to a hedged item. 'Hedge accounting' changes the timing of recognising the gains and losses on either the hedged item or the hedging instrument so that both are recognised in profit or loss or other comprehensive income in the same accounting period in order to record the economic substance of the relationship between the hedged item and instrument.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on a prospective basis according to SLFRS 09 – 'Financial Instruments' requirements.

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.



#### 3.3.4.1. Cash Flow Hedge

A hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction that could affect the profit or loss is classified as a cash flow hedge.

When a non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the non-derivative financial liability is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the non-derivative financial liability that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the non-derivative financial liability is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting (after taking into account any rebalancing of the hedging relationship) or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of the hedging reserve are immediately reclassified to profit or loss.

#### 3.3.5 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

### 3.4 Property, plant and equipment

#### 3.4.1 Recognition and measurement

Items of property, plant and equipment other than land, are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the attributable borrowing costs if the recognition criteria are met. The cost of an item also includes an initial estimate of the cost of dismantling and removing the items and restoring the site on which it is located.

All items of property, plant and equipment are recognised initially at cost.

The Group recognises land owned by it in the statement of financial position at the revalued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land does not change other than by an insignificant amount at each reporting period the Group will revalue such land every 5 years.

Any revaluation increase arising on the revaluation of such land is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the carrying amount arising on a revaluation of land is recognised in the income statement to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of the same land.

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land owned by the Group based on market values, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal. The details of revaluation of land are disclosed in note 15.3.2 to the financial statements.

#### 3.4.2 Significant components of property, plant and equipment

When parts of an item of property, plant and equipment have different useful lives than the underlying asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

#### 3.4.3 Subsequent cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in the income statement as and when incurred.

#### 3.4.4 Depreciation

Depreciation is based on the cost of an asset less its residual value.



# Notes to the Financial Statements

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is disposed.

The estimated useful lives are as follows:

Freehold Buildings	20 - 50 years
Plant and Machinery	10 - 20 years
Equipment	04 - 05 years
Power Generation Plants	10 - 20 years or over the period of the power purchase agreement
Motor Vehicles	04 - 10 years
Furniture and Fittings	10 years
Computer Equipment	3-5 years
Crockery, Cutlery and Glassware	3-5 years
Motor Boats	5 years
Soft Furnishing	5-10 years

Power generation plants of some of the Group companies in the renewable energy segment that are not depreciated as above are depreciated on the unit of production basis.

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The cost of replacement of components of assets recognised in the carrying amount of property, plant and equipment is depreciated over the balance useful life of the asset.

The cost of major planned overhauls capitalised are depreciated over the period until the next planned maintenance.

## 3.4.5 Disposal of property, plant and equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised by the Group upon disposal (i.e., at the date the recipient obtains control). Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 3.5 Investment properties

### 3.5.1 Recognition and measurement

A property that is held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the

ordinary course of business, by the Group are accounted for as investment properties.

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is measured at its cost at the date when the construction or development is complete.

The Group applies the cost model for investment properties in accordance with Sri Lanka Accounting Standard (LKAS 40) - "Investment Property". Accordingly, land classified as investment properties are stated at cost less any accumulated impairment losses and buildings classified as investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

### 3.5.2 Depreciation

No depreciation is provided on land treated as investment property.

Depreciation of other investment property of the Group is provided for on a consistent basis, over the period appropriate to the estimated useful lives of the assets on a straight-line method as follows:

Buildings 20 - 50 years

In the consolidated financial statements, properties which are occupied by companies within the Group for the production or supply of goods and services or for administrative purposes are treated as property, plant and equipment, while these properties are treated as investment property in the financial statements of the company owning the asset.

## 3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease as per SLFRS 16 - Leases.

### 3.6.1 Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset representing the right to use the underlying asset and a lease liability at the lease commencement date.

#### **3.6.1.1 Right-of-use Asset**

The right-of-use asset is initially measured at cost. This comprises of the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is also adjusted for certain subsequent remeasurements of the lease liability.

After the commencement date, the Group measures the right-of-use asset on the cost model.

##### **3.6.1.1.1 Depreciation**

Right-of-use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the underlying asset.

If the ownership of the leased asset transfers to the Group at the end of the lease term, or the cost of the right-of-use asset reflects the exercise of a purchase option the asset is depreciated over the useful life of the underlying asset.

The right-of-use assets are subject to impairment.

#### **3.6.1.2 Lease Liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- » fixed payments, including in-substance fixed payments.
- » variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- » amounts expected to be payable under a residual value guarantee.
- » the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Group's estimation of the amount expected to be payable under a residual value guarantee, if there is a change in the Group's assessment of whether it will exercise a purchase, extension or termination option, or if there is a revision in the in-substance fixed lease payment.

If the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

After the commencement date, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

#### **3.6.1.3 Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease.

#### **3.6.1.4 Presentation in the statement of financial position**

The Group presents right-of-use assets separately from other assets and lease liabilities separately from other liabilities in its statement of financial position.

#### **3.6.2 Group as a lessor**

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies the guidelines given in SLFRS 15 – Revenue from Contracts with Customers, to allocate the consideration in the contract.

The Group regularly reviews the estimated unguaranteed residual values used in calculating the gross investment in the lease. The Group applies the de-recognition and impairment requirements in SLFRS 9 – Financial Instruments to the net investment in the lease.

# Notes to the Financial Statements

## 3.7 Intangible assets

### 3.7.1 Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of preparing the asset for its intended use.

The cost of an intangible asset acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

### 3.7.2 Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

### 3.7.3 Subsequent measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset and assessed for impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life

continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### 3.7.4 Intangible assets recognised by the Group.

#### 3.7.4.1 Computer software

All computer software costs incurred and licensed for use by the Group, which do not form an integral part of related hardware, and can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets

In accordance with 3.7.3 above, the Group assesses the useful life of each computer software that has a finite useful life. Based on this assessment the Group amortises computer software over approximately 3 to 5 years.

#### 3.7.4.2 Website Costs

Costs incurred on development of websites are capitalised as intangible assets when the entity is satisfied that the web site will generate probable economic benefits in the future.

In accordance with 3.7.3 above, the Group companies assess the useful life of website costs that has a finite useful life. Based on this assessment the Group companies amortise website costs over approximately 3 to 5 years.

#### 3.7.4.3 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The policy on measurement of goodwill at initial recognition is given in note 3.1.1.

Goodwill is subsequently measured at cost less accumulated impairment losses.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is allocated to the carrying amount of the equity accounted investee.

## 3.8 Plantations

The plantation companies in the Group adopt certain accounting policies, which differ from that of the rest of the Group, since their nature of operations is significantly different from that of the rest of the Group. The accounting policies adopted are in accordance with LKAS 41 Agriculture and the guideline issued by the Institute of Chartered Accountants of Sri Lanka on bearer biological assets.

### 3.8.1 Biological assets

The Group manages the biological transformation of certain fruit plants for harvesting of agricultural produce from such plants and includes those and the respective nursery plants under biological assets. In addition, Elpitiya Plantations PLC., an equity accounted investee recognises tea, rubber, oil palm, coconut, cinnamon and berry plantations managed by them as biological assets in their financial statements

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets include tea, rubber, fruit and other trees, that are not intended to be sold or harvested, but grown for harvesting of agricultural produce from such biological assets. Consumable biological assets include managed timber trees that are to be harvested as agricultural produce or sold as biological assets.

The entity recognises the biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

#### 3.8.1.1 Immature plantations

The Group measures immature plantations at cost. The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting, that is, when the planted area attains maturity, are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on such plantations are transferred to mature plantations when they attain maturity.

#### 3.8.1.2 Nursery plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

#### 3.8.1.3 Produce on Bearer Biological Assets

In accordance with LKAS 41, the Group recognises agricultural produce growing on bearer plants at fair value less cost to sell. Any change in the fair value of such agricultural produce are recognised in profit or loss at the end of each reporting period. For this purpose, quantities of harvestable agricultural produce are ascertained based on the harvesting cycle of each crop category by limiting to one harvesting cycle based on the last day of the harvest in the immediately preceding cycle. Further, 50% of the crops in that harvesting cycle are considered for the valuation.

For the valuation of the harvestable agricultural produce, the Group uses the following price formulas.

Tea	– Bought leaf rate (current month) less cost of harvesting and transport
Rubber	– Latex price (95% of current RSS1 Price) less cost of tapping and transport
Oil Palm	– Bought mill net sale average less cost of harvesting and transport

#### 3.8.1.4 Depreciation and amortisation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful economic lives of each component of biological assets.

##### Mature plantation - (Group)

Passion fruit	5 years
Pineapple	3 years
Papaya	4 years
Soursop	20 years

##### Mature plantation – (Elpitiya Plantation PLC)

Tea	33 1/3 Years
Rubber	20 Years
Oil Palm	20 Years
Coconut	50 Years
Cinnamon	20 Years

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate.

Mature plantations are depreciated over their useful lives or unexpired lease period of the farm land, whichever is lower.

### 3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses based on normal operating capacity.

### 3.10 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on the above assets is first allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which are continued to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on re-measurement are recognised in the

# Notes to the Financial Statements

income statement. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer accounted.

## 3.11 Impairment – Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

The recoverable amount of goodwill is estimated at each reporting date, or as and when an indication of impairment is identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

### 3.11.1 Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

### 3.11.2 Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that

would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses other than for land carried at revaluation are recognised in the income statement. Reversal of impairment loss on a revalued land, other than for a land where impairment loss has been previously recognised in the income statement, is recognised in other comprehensive income and increases the revaluation surplus for that land. For a land where previous impairment loss has been recognised in the income statement the reversal of that impairment loss is also recognised in the income statement.

## 3.12 Employee benefits

### 3.12.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid in cash as ex-gratia in the short term, if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee, and the obligation can be measured reliably.

### 3.12.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed employee benefit contribution into a separate entity and will have no further legal or constructive obligations to pay any additional amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

#### 3.12.2.1 Provident fund and Employee trust fund – Sri Lanka

For employees in Sri Lanka the Group contributes a sum not less than 12% of the gross emoluments as provident fund benefits and a sum equivalent 3% of the gross emoluments as trust fund benefits.

#### 3.12.2.2 Pension scheme – Maldives

All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives. The Group contributes 7% of the pensionable wage of such employees to this scheme

#### 3.12.2.3 Provident fund – South India

Group companies in South India contribute a sum of 12% of the basic salaries of for local employees and 12% of gross salary for foreign employees as provident fund benefits to the Employee Provident Organisation of India.

#### 3.12.2.4 Provident fund – Fiji

Group companies in Fiji contribute a sum of 5% (2019/2020 – 10%) of the basic salaries of all employees as provident fund benefits to the Fiji National Provident Fund.

### **3.12.2.5 Defined Contribution Funds – Oman**

Group companies in Oman contribute a sum of 10.5% of the gross salary + 1% in respect of work related injuries and illness for Omani employees in accordance with Social Security Insurance Law. Further with effect from January 2021, companies in Oman contribute 1 rial per 100 rials of gross monthly salary of (or 1% of payment made to) Omani nationals to a social contribution scheme designed to offer job security.

### **3.12.3 Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

#### **3.12.3.1 Retiring Gratuity - Sri Lanka**

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. Management's estimate of the defined benefit plan obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The defined benefit plan is valued by a professionally qualified external actuary.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded.

Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income as they occur.

#### **3.12.3.2 Retiring Gratuity – India**

A liability is provided for employees in India based on a valuation made by an independent actuary using unit credit method for payment of gratuity at the rate of 15/26 times the monthly qualifying salary for each year of service.

#### **3.12.3.3 Retiring Gratuity – Fiji**

Retirement benefit liability is recognised for all permanent employees in Fiji based on four months salary plus four weeks pay for every year of service effective from the appointment date until retirement at 60 years. However, in order to be entitled for the gratuity payment, the employees should have completed minimum of 5 years continuous service preceding the date of retirement.

#### **3.12.3.4 Retiring Gratuity – Oman**

Gratuity is provided as per the labour law of Oman due to expatriate employees upon termination of employment which is computed based on half month's basic salary for each year during the first three years of employment and a full month's basic salary for each year of employment thereafter. An employee who has been in employment for less than one year is not entitled to receive gratuity.

## **3.13 Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## **3.14 Revenue and Income**

### **3.14.1 Revenue**

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a good or service to a customer, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Group Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intra-group sales

#### **3.14.1.1 Sale of goods**

Revenue from the sale of goods is recognised on accrual basis at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties and free maintenance). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

# Notes to the Financial Statements

## 3.14.1.2 *Rendering of services*

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period irrespective of whether the service is billed.

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and records the revenue at the net amount that it retains for its agency services.

## 3.14.1.3 *Royalty Income*

Royalty income is recognised on an accrual basis in accordance with the substance of the agreement.

## 3.14.1.4 *Other Revenue*

### 3.14.1.4.1 *Rental income*

Rental income arising from renting of property, plant and equipment and investment properties is recognised as revenue on a straight-line basis over the term of the hire.

## 3.14.2 *Other Income*

### 3.14.2.1 *Interest income*

Interest income is recognised as it accrues in the income statement. For all financial instruments measured at amortised cost and interest bearing financial assets classified as FVOCI the interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. For interest bearing financial assets carried at fair value, interest is recognised on a discounted cash flow method. Interest income is included under finance income in the income statement.

### 3.14.2.2 *Dividend income*

Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established, which is generally when the dividend is declared.

## 3.15 *Expenditure*

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit/loss for the year.

## 3.16 *Finance income /(expenses)*

Finance income comprises of interest income on funds invested, net changes in fair value of financial assets classified as fair

value through profit or loss, and gains on the disposal of interest generating investments whether classified under FVTPL or FVOCI financial assets.

Finance expenses comprise interest expense on borrowings and leases, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the asset. Borrowing costs capitalised are disclosed in notes 15 and 18 to the financial statements.

## 3.17 *Government grants and subsidies*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Grants and subsidies which intend to compensate an expense or loss already incurred or received for the purpose of immediate financial support with no future related costs, are recognised in the income statement in the period in which the grant becomes receivable.

Grants and subsidies related to assets are immediately recognised in the statement of financial position as deferred income, and recognised in the income statement on a systematic and rational basis over the useful life of the asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and recognised in the income statement over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the applicable market rate, the effect of this favourable interest is regarded as a government grant.

## 3.18 *Income tax expense*

Income tax expense comprises of current and deferred taxes. The income tax expense is recognised in the income statement except to the extent that it relates to the items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.



IFRIC 23 "Uncertainty over income tax treatments" provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. However, the application of IFRIC 23 did not have an impact on the income tax expense for the year.

The group established that any interest and penalties related to income taxes, including uncertain tax treatments do not meet the definition of income taxes and therefore accounted for them as per LKAS 37 - Provisions, contingent liabilities and contingent assets.

The tax liability arising from the Surcharge Tax Act No: 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the note 12.1.4 on Income Taxes.

### 3.18.1 Current tax

The current tax represents the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted, any taxes on dividends received and any adjustment to tax payable in respect of previous years, including any brought forward Economic Service Charge that is not offset within the specified period.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

#### 3.18.1.1 Companies incorporated in Sri Lanka

Provision for current tax for companies incorporated in Sri Lanka has been computed where applicable in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments there to. The detail analysis of the tax rates applicable for the Companies in the Group is disclosed in note 12.1 to the financial Statements.

#### 3.18.1.2 Companies incorporated outside Sri Lanka

Provision for current tax for companies incorporated outside Sri Lanka have been computed in accordance to the relevant tax statutes as disclosed in note 12.2 to the financial statements.

### 3.18.2 Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and the differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted or announced by the reporting date.

Temporary differences in relation to right-of-use asset and lease liabilities are treated on a net basis for the purpose of recognising deferred taxes.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group statement of financial position and are not offset against each other.

### 3.18.3 Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and its amendments thereto and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

### 3.19 Operating segments

An operating segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs expenses, including revenue and expenses that relate to transactions with the Group's other segments.

The operations of the Group are categorised under four segments based on the nature of the products or services provided by each segment and the risks and rewards associated with the economic environment in which these segments operate. The performance of the Group is evaluated based on the performance of these four main segments by the Group's Managing Director (chief operating decision maker). The internal management reports prepared on these segments are reviewed by the Group's Managing Director on a monthly basis. Details of the Group companies operating under each segment and the products and services offered under each segment are provided under Group Companies in pages 399 to 407.

### 3.20 Movement of reserves

Movements of reserves are disclosed in the statement of changes in equity.

### 3.21 Cash flow

The Statement of Cash Flow has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 on 'Statement of Cash Flow', whereby operating activities, investing activities and financing activities are separately recognised.

# Notes to the Financial Statements

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

## 3.22 Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control.

Commitments and Contingent liabilities are disclosed in note 40 and 41 to the financial statements.

## 3.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 3.24 Events occurring after the reporting date

All material events after the reporting date have been considered, disclosed and adjusted where applicable.

## 4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair

value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

### Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## 5 New and amended standards issued but not effective as at the reporting date

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for annual periods beginning after the current financial year. Accordingly the Group has not early adopted them in preparing these financial statements.

The following amended standards are not expected to have a significant impact on the Group's financial statements.

### Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)

The amendment aims to promote consistency in applying the requirements by helping companies to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

**Disclosure of Accounting Policies  
(Amendment to LKAS 1)**

Amendments to LKAS 1 - Presentation of Financial Statements; intends to help companies provide useful accounting policy disclosures. Key amendments to LKAS 1 includes; requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

**Definition of Accounting Estimates  
(Amendments to LKAS 8)**

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively. The approach taken can therefore affect both the reported results and trends between periods. Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors will clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendment to LKAS 12).

Targeted amendments to LKAS 12 - Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

**Onerous Contracts**

Cost of fulfilling the contract (Amendments to LKAS 37 - Provisions, contingent liabilities and contingent assets) The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract)

**Annual Improvements to SLFRS Standards  
issued during 2018–2020**

Improvements to standards that were issued during the period 2018 to 2020 with improved clarifications and amendments i.e. SLFRS 1 – First-time Adoption of Sri Lanka Accounting Standards, SLFRS 9 – Financial Instruments, and LKAS 41 - Agriculture.

# Notes to the Financial Statements

## 6 Operating segments

### 6.1 Business segments

The Group operates in four business segments namely tourism, maritime and freight logistics, strategic investments and services, segregated based on the nature of the products or services provided and risk and returns of each segment. Segment results and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All transactions between group companies whether inter-segmental or intra-segmental are on an arms length basis and in a manner similar to the transactions with third parties.

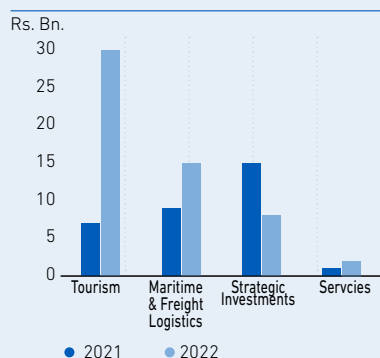
#### 6.1.1 Business segment analysis of group revenue and profit

For the year ended 31st March	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total revenue generated	31,538,122	7,178,257	20,405,164	11,443,506	11,974,497	17,705,733	2,393,756	1,503,780	66,311,539	37,831,276
Intra-segmental revenue	(1,827,205)	(455,599)	(634,521)	(486,163)	(1,086,326)	(661,790)	(46,447)	(57,548)	(3,594,499)	(1,661,100)
Total revenue with inter - segmental revenue	29,710,917	6,722,658	19,770,643	10,957,343	10,888,171	17,043,943	2,347,309	1,446,232	62,717,040	36,170,176
Inter - segmental revenue	(28,964)	(85,425)	(308,965)	(337,151)	(435,736)	(399,765)	(162,978)	(154,303)	(936,643)	(976,644)
Total revenue with equity-accounted investees	29,681,953	6,637,233	19,461,678	10,620,192	10,452,435	16,644,178	2,184,331	1,291,929	61,780,397	35,193,532
Share of equity-accounted investees' revenue	(171,450)	(42,331)	(4,883,532)	(1,928,823)	(2,029,364)	(1,624,873)	-	-	(7,084,346)	(3,596,027)
<b>Revenue from external customers</b>	<b>29,510,503</b>	<b>6,594,902</b>	<b>14,578,146</b>	<b>8,691,369</b>	<b>8,423,071</b>	<b>15,019,305</b>	<b>2,184,331</b>	<b>1,291,929</b>	<b>54,696,051</b>	<b>31,597,505</b>
Profit / (loss) from operations	4,765,137	(5,688,167)	4,320,516	2,130,127	6,588,673	2,304,198	712,946	392,706	16,387,272	(861,136)
Finance income	413,997	460,928	253,824	125,528	465,551	195,753	27,559	30,582	1,160,931	812,791
Finance expenses	(2,539,037)	(2,358,064)	(183,825)	(155,222)	(1,259,599)	(629,712)	(23,793)	(28,763)	(4,006,254)	(3,171,761)
Share of profit / (loss) of equity-accounted investees (net of tax)	(188,517)	(268,248)	542,037	466,665	337,451	179,409	(8,740)	(1,993)	682,231	375,833
<b>Profit / (loss) before tax</b>	<b>2,451,580</b>	<b>(7,853,551)</b>	<b>4,932,552</b>	<b>2,567,098</b>	<b>6,132,076</b>	<b>2,049,648</b>	<b>707,972</b>	<b>392,532</b>	<b>14,224,180</b>	<b>(2,844,273)</b>
Income tax expense	(1,015,735)	386,308	(978,161)	(484,061)	94,863	(273,650)	(169,330)	(98,107)	(2,068,363)	(469,510)
<b>Profit / (loss) for the year</b>	<b>1,435,845</b>	<b>(7,467,243)</b>	<b>3,954,391</b>	<b>2,083,037</b>	<b>6,226,939</b>	<b>1,775,998</b>	<b>538,642</b>	<b>294,425</b>	<b>12,155,817</b>	<b>(3,313,783)</b>
Depreciation and amortisation	3,504,362	3,407,309	571,276	551,342	688,137	551,807	88,429	94,723	4,852,204	4,605,181
Impairment losses / (reversals) and write offs	(106,304)	170,028	(12,240)	(27,871)	(20,865)	21,201	62,559	(31,904)	(76,850)	131,454
Other non-cash expenses	65,640	84,160	38,374	76,341	54,626	58,659	8,185	11,912	166,825	231,072

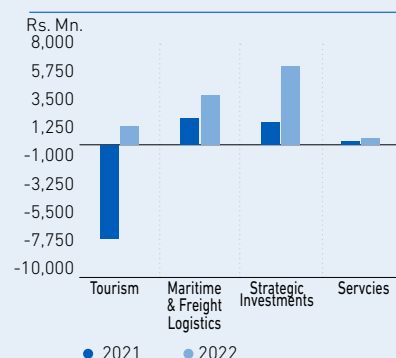
There were no impairment losses or any reversals of impairment losses recognised directly in equity during the year.

There was no single customer recording revenue from transactions to the value exceeding 10% of the Group revenue during the financial year under review. (2020/2021- 35% of the Group's total revenue, which was Rs. 11.2 billion, was from a single state-owned enterprise accounted under strategic investments sector).

**Business segment analysis  
- Revenue from external customers**



**Business segment analysis  
- Profit/ (loss) for the year**



## 6.1.2 Business segment analysis of group assets and liabilities

### 6.1.2.1 Segment assets

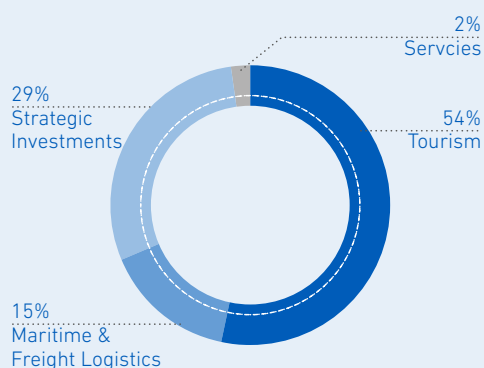
As at	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
<b>Non-current assets</b>										
Property, plant and equipment	67,651,954	53,099,059	6,204,894	5,828,891	19,122,277	17,997,869	2,831,011	2,900,433	95,810,136	79,826,252
Investment properties	72,000	72,000	-	-	1,559,384	1,558,800	520	780	1,631,904	1,631,580
Intangible assets (other than goodwill)	58,621	62,429	5,985	9,047	80,563	25,516	1,988	976	147,157	97,968
Biological assets	-	-	-	-	69,669	63,122	-	-	69,669	63,122
Right-of-use assets	16,392,901	11,947,485	1,888,414	1,538,813	556,577	573,756	6,807	352	18,844,699	14,060,406
Deferred tax assets	648,888	778,234	20,699	35,617	658,070	361,476	8,737	21,150	1,336,394	1,196,477
Other financial assets	283,123	772,508	15,955	16,384	15,281	17,964	-	-	314,359	806,856
<b>Segment non-current assets</b>	<b>85,107,487</b>	<b>66,731,715</b>	<b>8,135,947</b>	<b>7,428,752</b>	<b>22,061,821</b>	<b>20,598,503</b>	<b>2,849,063</b>	<b>2,923,691</b>	<b>118,154,318</b>	<b>97,682,661</b>
Investments in equity-accounted investees	402,334	555,693	6,373,405	5,002,645	1,753,279	1,478,144	35,083	43,823	8,564,101	7,080,305
Intangible assets - goodwill on consolidation	-	-	-	-	-	-	-	-	1,211,816	967,998
<b>Total non-current assets</b>	<b>85,509,821</b>	<b>67,287,408</b>	<b>14,509,352</b>	<b>12,431,397</b>	<b>23,815,100</b>	<b>22,076,647</b>	<b>2,884,146</b>	<b>2,967,514</b>	<b>127,930,235</b>	<b>105,730,964</b>
<b>Current assets</b>										
Inventories	1,707,787	844,502	575,671	356,430	1,390,115	1,007,860	185,121	146,279	3,858,694	2,355,071
Trade and other receivables	8,552,158	5,677,244	15,945,076	4,726,924	8,795,284	10,139,608	1,188,574	848,908	34,481,092	21,392,684
Current tax receivable	49,720	46,094	10,441	70,852	47,510	53,867	3,568	8,618	111,239	179,431
Deposits and prepayments	1,365,499	597,635	417,160	245,330	253,626	311,678	50,228	46,727	2,086,513	1,201,370
Other current assets	3,748,628	633,767	1,189,341	814,415	20,107,712	12,858,085	82,709	71,872	25,128,390	14,378,139
Cash and short-term deposits	6,022,924	2,774,166	3,703,481	1,837,148	5,224,148	3,044,818	392,993	322,784	15,343,546	7,978,916
<b>Segment current assets</b>	<b>21,446,716</b>	<b>10,573,408</b>	<b>21,841,170</b>	<b>8,051,099</b>	<b>35,818,395</b>	<b>27,415,916</b>	<b>1,903,193</b>	<b>1,445,188</b>	<b>81,009,474</b>	<b>47,485,611</b>
Eliminations / adjustments	-	-	-	-	-	-	-	-	(13,345,264)	(7,479,434)
<b>Total current assets</b>	<b>21,446,716</b>	<b>10,573,408</b>	<b>21,841,170</b>	<b>8,051,099</b>	<b>35,818,395</b>	<b>27,415,916</b>	<b>1,903,193</b>	<b>1,445,188</b>	<b>67,664,210</b>	<b>40,006,177</b>
Assets classified as held for sale	-	-	-	-	-	-	-	-	1,751,094	1,243,219
<b>Total assets</b>	<b>106,956,537</b>	<b>77,860,816</b>	<b>36,350,522</b>	<b>20,482,496</b>	<b>59,633,495</b>	<b>49,492,563</b>	<b>4,787,339</b>	<b>4,412,702</b>	<b>197,345,539</b>	<b>146,980,360</b>
<b>Total segment assets</b>	<b>106,554,203</b>	<b>77,305,123</b>	<b>29,977,117</b>	<b>15,479,851</b>	<b>57,880,216</b>	<b>48,014,419</b>	<b>4,752,256</b>	<b>4,368,879</b>	<b>199,163,792</b>	<b>145,168,272</b>
Additions to non-current assets	772,476	781,857	280,024	68,313	390,956	1,467,876	12,517	12,131	1,455,973	2,330,177

# Notes to the Financial Statements

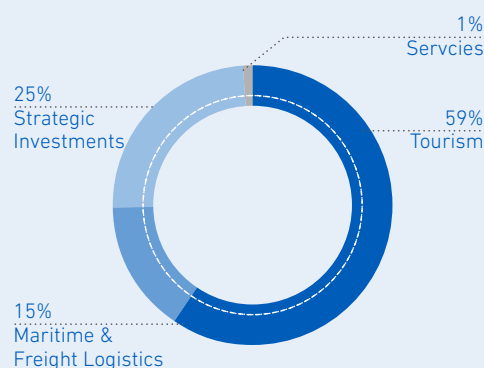
## 6.1.2.2 Segment liabilities

As at	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
<b>Non-current Liabilities</b>										
Interest-bearing loans and borrowings	38,596,278	28,147,885	-	-	10,578,486	10,762,609	100,000	-	49,274,764	38,910,494
Lease liabilities	13,525,442	9,999,498	2,068,488	1,664,927	241,264	189,632	-	-	15,835,194	11,854,057
Deferred tax liabilities	1,445,968	1,016,112	711,770	626,404	528,981	272,503	489,423	478,042	3,176,142	2,393,061
Employee benefits	475,072	550,371	337,979	385,024	243,848	302,109	45,409	62,708	1,102,308	1,300,212
Other liabilities	-	-	481,452	390,293	-	-	-	-	481,452	390,293
<b>Segment non-current liabilities</b>	<b>54,042,760</b>	<b>39,713,866</b>	<b>3,599,689</b>	<b>3,066,648</b>	<b>11,592,579</b>	<b>11,526,853</b>	<b>634,832</b>	<b>540,750</b>	<b>69,869,860</b>	<b>54,848,117</b>
<b>Total non-current liabilities</b>	<b>54,042,760</b>	<b>39,713,866</b>	<b>3,599,689</b>	<b>3,066,648</b>	<b>11,592,579</b>	<b>11,526,853</b>	<b>634,832</b>	<b>540,750</b>	<b>69,869,860</b>	<b>54,848,117</b>
<b>Current liabilities</b>										
Interest-bearing loans and borrowings	5,356,106	2,568,340	-	-	3,270,308	1,546,437	50,792	-	8,677,206	4,114,777
Lease liabilities	1,203,799	1,043,134	349,248	226,238	10,635	9,626	6,528	-	1,570,210	1,278,998
Trade and other payables	13,143,752	7,227,233	15,030,294	4,454,975	13,591,511	7,189,295	1,087,109	812,755	42,852,666	19,684,258
Current tax payable	59,155	3,137	494,080	127,980	31,720	91,498	73,224	36,163	658,179	258,778
Bank overdrafts and other short-term borrowings	5,272,941	5,363,256	265,439	210,466	4,051,700	9,298,460	26,923	210,486	9,617,003	15,082,668
<b>Segment current liabilities</b>	<b>25,035,753</b>	<b>16,205,100</b>	<b>16,139,061</b>	<b>5,019,659</b>	<b>20,955,874</b>	<b>18,135,316</b>	<b>1,244,576</b>	<b>1,059,404</b>	<b>63,375,264</b>	<b>40,419,479</b>
Eliminations / adjustments	-	-	-	-	-	-	-	-	(13,345,264)	(7,479,434)
<b>Total current liabilities</b>	<b>25,035,753</b>	<b>16,205,100</b>	<b>16,139,061</b>	<b>5,019,659</b>	<b>20,955,874</b>	<b>18,135,316</b>	<b>1,244,576</b>	<b>1,059,404</b>	<b>50,030,000</b>	<b>32,940,045</b>
<b>Total liabilities</b>	<b>79,078,513</b>	<b>55,918,966</b>	<b>19,738,750</b>	<b>8,086,307</b>	<b>32,548,453</b>	<b>29,662,169</b>	<b>1,879,408</b>	<b>1,600,154</b>	<b>119,899,860</b>	<b>87,788,162</b>
<b>Total segment liabilities</b>	<b>79,078,513</b>	<b>55,918,966</b>	<b>19,738,750</b>	<b>8,086,307</b>	<b>32,548,453</b>	<b>29,662,169</b>	<b>1,879,408</b>	<b>1,600,154</b>	<b>133,245,124</b>	<b>95,267,596</b>

Business segment analysis  
- Segment assets



Business segment analysis  
- Segment liabilities





## 6.2 Geographical information

The geographical information is stated based on the country where the sale occurred, the service rendered and / or the location where assets and liabilities are held.

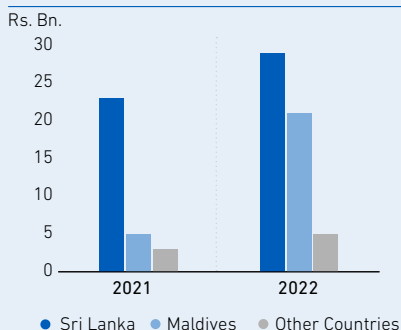
### 6.2.1 Geographical analysis of group revenue and profit

For the year ended 31st March	Sri Lanka		Maldives		Other countries		Total	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Revenue	28,672,013	23,104,218	21,236,832	5,158,370	4,787,206	3,334,917	54,696,051	31,597,505
Profit / (loss) from operations	9,556,678	1,218,888	5,127,716	(2,708,306)	1,702,878	628,282	16,387,272	(861,136)
Profit / (loss) before tax	9,202,665	989,656	3,569,395	(4,270,963)	1,452,120	437,034	14,224,180	(2,844,273)
Profit / (loss) for the year	8,290,209	350,279	2,954,230	(3,804,932)	911,378	140,870	12,155,817	(3,313,783)
Depreciation and amortisation	1,767,922	1,700,355	2,453,407	2,302,501	630,875	602,325	4,852,204	4,605,181
Impairment losses / (reversals) and write offs	(109,058)	112,034	32,435	25,717	(227)	(6,297)	(76,850)	131,454
Other non-cash expenses	147,516	188,639	1,126	1,484	18,183	40,949	166,825	231,072

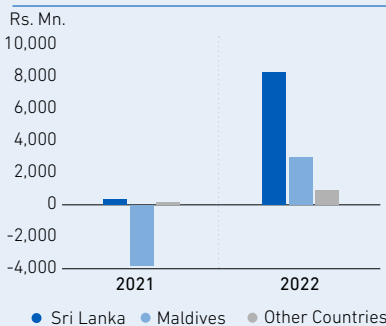
### 6.2.2 Geographical analysis of group assets and liabilities

As at	Sri Lanka		Maldives		Other countries		Total	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Segment non-current assets	45,736,266	45,649,928	51,585,915	37,354,362	20,832,137	14,678,371	118,154,318	97,682,661
Segment current assets	53,749,639	34,328,335	10,722,567	4,040,644	4,140,933	1,890,015	68,613,139	40,258,994
	99,485,905	79,978,263	62,308,482	41,395,006	24,973,070	16,568,386	186,767,457	137,941,655
Investments in equity-accounted investees	-	-	-	-	-	-	8,564,101	7,080,305
Goodwill on consolidation	-	-	-	-	-	-	1,211,816	967,998
Assets classified as held for sale	-	-	-	-	-	-	1,751,094	1,243,219
Eliminations / adjustments	-	-	-	-	-	-	(948,929)	(252,817)
<b>Total assets</b>	<b>99,485,905</b>	<b>79,978,263</b>	<b>62,308,482</b>	<b>41,395,006</b>	<b>24,973,070</b>	<b>16,568,386</b>	<b>197,345,539</b>	<b>146,980,360</b>
Segment non-current liabilities	26,605,768	23,672,463	37,936,796	26,880,926	5,327,296	4,294,727	69,869,860	54,848,116
Segment current liabilities	31,386,870	20,427,168	13,581,874	9,961,666	5,723,975	2,637,208	50,692,719	33,026,042
	57,992,638	44,099,631	51,518,670	36,842,592	11,051,271	6,931,935	120,562,579	87,874,158
Eliminations / adjustments	-	-	-	-	-	-	(662,719)	(85,996)
<b>Total liabilities</b>	<b>57,992,638</b>	<b>44,099,631</b>	<b>51,518,670</b>	<b>36,842,592</b>	<b>11,051,271</b>	<b>6,931,935</b>	<b>119,899,860</b>	<b>87,788,162</b>
Additions to non-current assets	728,695	1,690,732	497,663	620,907	229,615	18,538	1,455,973	2,330,177

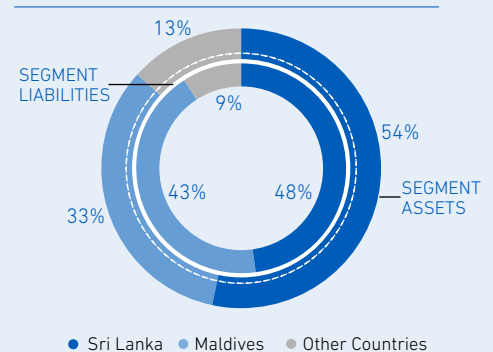
**Geographical Analysis  
- Revenue from external customers**



**Geographical Analysis  
- Profit / (loss) for the year**



**Geographical analysis  
- Segment assets & liabilities**



# Notes to the Financial Statements

## 6.3 Geographical analysis of segmental information

### 6.3.1 Geographical analysis of group revenue and profit in reported segments

For the year ended 31st March	Revenue		Profit /(loss) from operations		Profit /(loss) before tax		Profit /(loss) for the year	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Tourism sector</b>								
- Local	7,633,579	1,570,773	(214,504)	(2,377,926)	(497,961)	(2,582,533)	(848,279)	(2,625,961)
- Overseas	21,876,924	5,024,129	4,979,641	(3,310,241)	2,949,541	(5,271,018)	2,284,124	(4,841,282)
<b>Maritime and freight logistics sector</b>								
- Local	10,532,046	5,296,729	2,481,994	906,848	2,829,646	1,091,565	2,340,089	866,733
- Overseas	4,046,100	3,394,640	1,838,522	1,223,279	2,102,906	1,475,533	1,614,302	1,216,304
<b>Strategic investments</b>								
- Local	8,423,071	15,019,305	6,588,673	2,304,198	6,174,965	2,094,666	6,269,828	1,821,016
- Overseas	-	-	-	-	(42,889)	(45,018)	(42,889)	(45,018)
<b>Services sector</b>								
- Local	2,083,317	1,217,411	700,515	385,768	696,015	385,958	528,571	288,491
- Overseas	101,014	74,518	12,431	6,938	11,957	6,574	10,071	5,934
	54,696,051	31,597,505	16,387,272	(861,136)	14,224,180	(2,844,273)	12,155,817	(3,313,783)

### 6.3.2 Geographical analysis of group assets and liabilities segment wise

As at	Non-current assets		Current assets		Total assets	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
<b>Tourism sector</b>						
- Local	15,824,231	17,180,408	7,937,218	3,076,180	23,761,449	20,256,588
- Overseas	69,283,256	49,551,307	10,610,754	3,954,338	79,894,010	53,505,645
<b>Maritime and freight logistics sector</b>						
- Local	5,007,912	4,952,112	10,552,137	4,414,016	15,560,049	9,366,128
- Overseas	3,128,035	2,476,640	3,893,862	1,809,214	7,021,897	4,285,854
<b>Strategic investments</b>						
- Local	22,061,821	20,598,503	32,981,035	25,506,001	55,042,856	46,104,504
- Overseas	-	-	-	-	-	-
<b>Services sector</b>						
- Local	2,842,302	2,918,905	1,551,651	1,150,403	4,393,953	4,069,308
- Overseas	6,761	4,786	137,553	96,025	144,314	100,811
	118,154,318	97,682,661	67,664,210	40,006,177	185,818,528	137,688,838
Investments in equity-accounted investees	-	-	-	-	8,564,101	7,080,305
Goodwill on consolidation	-	-	-	-	1,211,816	967,998
Assets classified as held for sale	-	-	-	-	1,751,094	1,243,219
<b>Total assets</b>	118,154,318	97,682,661	67,664,210	40,006,177	197,345,539	146,980,360

As at	Non-current assets		Current assets		Total assets	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
<b>Tourism sector</b>						
- Local	13,339,787	10,548,092	6,875,199	3,652,118	20,214,986	14,200,210
- Overseas	40,702,973	29,165,774	16,490,320	11,604,720	57,193,293	40,770,494
<b>Maritime and freight logistics sector</b>						
- Local	1,038,570	1,056,769	13,531,605	3,768,809	14,570,175	4,825,578
- Overseas	2,561,119	2,009,879	2,161,977	894,337	4,723,096	2,904,216
<b>Strategic investments</b>						
- Local	11,592,579	11,526,853	9,982,803	12,214,203	21,575,382	23,741,056
- Overseas	-	-	-	-	-	-
<b>Services sector</b>						
- Local	634,832	540,750	955,411	783,956	1,590,243	1,324,706
- Overseas	-	-	32,685	21,902	32,685	21,902
	69,869,860	54,848,117	50,030,000	32,940,045	119,899,860	87,788,162
Eliminations / adjustments	-	-	-	-	-	-
<b>Total liabilities</b>	69,869,860	54,848,117	50,030,000	32,940,045	119,899,860	87,788,162

## 7 Revenue

### 7.1 Revenue analysis based on revenue streams

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Revenue from contracts with customers</b>				
Rendering of services	49,721,614	27,601,797	642,234	571,633
Sale of goods	4,520,941	3,789,478	-	-
Royalty income	-	-	62,742	41,541
	54,242,555	31,391,275	704,976	613,174
<b>Other revenue</b>				
Other revenue	453,496	206,230	48,885	48,360
	453,496	206,230	48,885	48,360
	54,696,051	31,597,505	753,861	661,534

# Notes to the Financial Statements

## 7.2 Disaggregation of revenue from contracts with customers

### 7.2.1 Business segment analysis of Group revenue

For the year ended 31st March	2022			2021		
	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000
Tourism sector	29,508,918	1,585	29,510,503	6,594,483	419	6,594,902
Maritime and freight logistics sector	14,578,146	-	14,578,146	8,691,369	-	8,691,369
Strategic investments	3,903,715	4,519,356	8,423,071	11,230,246	3,789,059	15,019,305
Services sector	2,184,331	-	2,184,331	1,291,929	-	1,291,929
	50,175,110	4,520,941	54,696,051	27,808,027	3,789,478	31,597,505

### 7.2.2 Geographical segment analysis of Group revenue

For the year ended 31st March	2022			2021		
	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000
Sri Lanka	24,151,072	4,520,941	28,672,013	19,314,740	3,789,478	23,104,218
Maldives	21,236,832	-	21,236,832	5,158,370	-	5,158,370
Other countries	4,787,206	-	4,787,206	3,334,917	-	3,334,917
	50,175,110	4,520,941	54,696,051	27,808,027	3,789,478	31,597,505

## 7.3 Contract balances

As at	Notes	GROUP		COMPANY	
		31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Trade receivables	25	14,112,665	11,055,024	2,693	3,165
Contract assets	25	576,937	245,584	-	-
Contract liabilities	35	(3,073,534)	(1,825,443)	-	-

Contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date.

Contract liabilities primarily relate to the advance consideration received from customers for goods or services to be provided, where revenue is recognised over time.

The amount of Rs. 1,453.3 million (2020/2021 - Rs. 1,009.6 million) recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31st March 2022.

## 7.4 Performance obligations

Information about the Group's performance obligations are summarised below ;

Type of product / service	Nature and timing of satisfaction of the performance obligation	Revenue recognition
<b>Rendering of services</b>		
<b>Tourism sector</b>		
» Hotel operations	The main revenue of the Group's hotel operations is the provision of rooms for guest accommodation (apartment revenue). Apartment revenue is recognised on rooms occupied on a daily basis over the period of the stay, while the revenue from other sources such as food and beverage sales, provision of laundry, telephone, water sports, spa services and transfer and excursion services in the Maldives are accounted for at the time of consumption/ the service. Invoices to customers are raised on completion of the hotel stay.	Revenue recognition for the Group's apartment revenue is over the period and other hotel operations is at a point in time.
» Hotel management services	Consists of fees for providing management and marketing services to hotels. Fees for Hotel management services are calculated as a percentage of revenue and operating profit of the hotels.	Revenue for hotel management services is recognised at each month end.
» Inbound and outbound travels	The main activity of the Group companies in the inbound and outbound travel segment is selling of tour packages and other destination management services. Customers are invoiced for the services at the commencement of the tour and the revenue is recognised at that point in time.	Revenue from sale of tour packages is recognised on the start date of the tour.
» Airline General Sales Agent (GSA)	Overriding commission from the Airlines is recognised on flown basis whereas the ticketing commission from the airline is recorded on the date of the sale.	Revenue recognition at a point in time.
<b>Maritime and freight logistics sector</b>		
» Maritime and port services	Operations of the Group's maritime segment includes provision of services of a shipping agent, supply of marine lubricants, representation of liner shipping agencies and global container services as an agent of the principal shipping line. Revenue for the segment represents the commission derived from the services rendered to the shipping lines.	Commission income is recognised upon the departure of the vessel.
	Revenue from port operation and management services performed by the Group is recognised on completion of the operation.	Revenue is recognised at a point in time on completion of the port services.
» Freight forwarding and courier	Revenue from freight forwarding and courier operations of the Group is recorded when the cargo is loaded to the vessel.	Revenue recognition for the freight forwarding and courier operation is at a point in time.
» Integrated logistics	Revenue from the Group's container freight station (CFS) operations and the depot operations is recognised upon dispatch of the container from the yard, income from transport and other special operations are recognised upon completion of the activity while the revenue from warehouse and renting of reefer containers are recognised on a monthly basis over the period of the hire.	At a point in time for CFS, depot, transport and other special operations and over time for warehouse and renting of reefer containers.
» Airline GSA (Cargo)	Commission income from airline GSA is recognised when cargo is handed over to the airline.	Revenue recognition at a point in time.
<b>Strategic investments</b>		
» Power generation	Revenue from thermal power generation is recognised based on the actual amount of electricity generated and supplied to the national grid as a variable component and a fixed component referred to as capacity charge calculated based on the minimum guaranteed energy amount as specified in the power purchase agreement (PPA), while the revenue from renewable power, namely wind, hydro and waste, is recorded based on a fixed or variable tariff in terms of the respective PPAs. Invoices for the generation of power are raised on a monthly basis.	Revenue is recognised on the last day of the month based on the power generated during the month.

# Notes to the Financial Statements

Type of product / service	Nature and timing of satisfaction of the performance obligation	Revenue recognition
<b>Services sector</b>		
» Inward money transfer	The inward money transfer segment of the Group acts as a representative of the Western Union Network (France) SAS. Representative base compensation is recognised by the company upon the completion of the inward money transfer.	Revenue is recorded at a point in time when inward money transfer is completed.
» Elevator agency	Revenue on equipment sales of elevators is recognised in the income statement by reference to the date of delivery of the equipment to the site. Revenue on installation of elevators is recognised by reference to the stage of completion at the reporting date. Stage of completion is measured by reference to the percentage of work done to date. Revenue for free maintenance inbuilt in the contract is deferred until installation is completed and there after recognised monthly once the maintenance period commences. Revenue for stand alone maintenance agreements are recognised in the income statement on a monthly basis while the revenue for repairs of elevators is recognised upon completion of the repair. However invoices to customers for all above revenue types are raised as per the contract terms.	Revenue on equipment sales of elevators is recognised when the equipments are delivered to the site. Revenue on installation of elevators and maintenance contracts is recognised over time as the services are provided while the revenue for repairs is recognised at a point in time. The stage of completion for determining the amount of revenue to recognise is assessed based on estimate of work completed.
» Insurance	Commission income on the sale of insurance policies is recognised upon collection of the insurance premium while revenue from survey and other insurance services is recognised upon completion of the professional service.	Revenue recognised for commission income and fees for professional services is at a point in time.
» Property management (Renting of property)	Income for the property management companies is derived from renting of properties owned by them. Invoices for renting of property are issued on a monthly basis over the period of the rental agreement.	Revenue is recognised over time during the period of the rent agreements.
<b>Sale of goods</b>		
<b>Tourism sector</b>		
» Water bottling operation for use in the hotel sector	Customers obtain control of bottled water upon sale of the item. Invoices are generated and revenue is recognised at a point in time when the bottles are dispatched from the Group's warehouse.	Revenue is recognised when the water bottles are dispatched from the Group's warehouse.
<b>Strategic investments</b>		
» Printing and packaging (supply of value added printing and packaging products and services)	Customers obtain control of goods when the goods are delivered to them. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods. Invoices are generated and revenue is recognised at a point in time when the goods are delivered.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.
» Manufacturing of apparels	Customers obtain control of goods when the garments are handed over to the nominated freight forwarding company who is an agent of the customer. Invoices are generated and revenue is recognised at that point in time.	The Group recognises revenue when the manufactured garments are handed over to the nominated freight forwarding company.

**Payment terms** - The Group provides credit to its customers based on normal industry terms which is generally 30 days or as specified in individual contracts with the customers. In certain instances advance payments are obtained from customers prior to commencement of the performance obligation.

## 8 Other operating income

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Dividends from Group subsidiaries and equity-accounted investees	-	-	3,061,663	2,504,881
Dividends from equity securities – at FVTPL	6,393	6,723	86	2,900
Net foreign exchange gain / (loss)	7,148,600	585,092	4,863,806	483,931
Gain from bargain purchase	145,613	-	-	-
Gain / (loss) on disposal of property, plant and equipment	15,298	14,058	749	3,230
Gain on partial disposal / liquidation of subsidiaries	-	-	-	8,660
Gain on disposal of equity securities – at FVTPL	-	210	-	210
Insurance claims received	8,625	6,747	-	-
Sundry income	55,302	26,184	35	1,821
	7,379,831	639,014	7,926,339	3,005,633

## 9 Profit from operations

Profit from operations is stated after charging the following:

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost of inventories and services	34,493,381	24,682,025	641,179	429,028
Directors' remuneration and fees	548,119	310,394	201,495	87,092
Auditors' remuneration				
- KPMG	24,768	22,333	1,669	1,464
- Other auditors	13,385	8,425	-	-
Fees paid to auditors for non-audit services				
- KPMG	11,294	20,457	2,057	3,294
- Other auditors	9,907	7,091	-	-
Depreciation, amortisation and impairment losses of non-financial assets				
- Depreciation of property, plant and equipment, investment property, right-of-use assets and biological assets	4,808,362	4,562,995	31,604	34,882
- Amortisation of intangible assets	43,842	42,186	11,386	5,138
- Impairment losses / (reversals) of inventories	(662)	(11,184)	424	-
- Impairment losses of investments in subsidiaries and equity-accounted investees	30,570	-	175,400	-
Total of depreciation, amortisation and impairment losses of non-financial assets	4,882,112	4,593,997	218,814	40,020
Impairment losses / (reversals) and write offs of trade & other receivables	(106,758)	142,638	240,904	-
Legal Expenses	14,300	12,384	568	-
Defined contribution plan cost - Sri Lanka	461,924	439,064	52,387	39,847
Defined contribution plan cost - Overseas (Maldives, South India, Fiji and Oman)	91,241	61,777	-	-
Defined benefit plan cost - Retirement benefits	166,825	231,072	23,231	15,974



# Notes to the Financial Statements

## 10 Other operating expenses-direct

Direct operating expenses as disclosed in the income statement refers to the cost of services other than staff costs which are directly related to revenue.

Since most of the companies in the Group operate in service industries, other direct operating expenses represents a substantial portion of the total operating costs.

## 11 Finance income and finance expenses

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Finance income</b>				
Interest income on financial assets measured at amortised cost	1,158,480	782,657	1,143,193	785,488
Net change in fair value of equity securities classified as FVTPL	2,451	30,134	-	27,275
	1,160,931	812,791	1,143,193	812,763
<b>Finance expenses</b>				
Interest expense on financial liabilities measured at amortised cost	(3,839,950)	(3,060,618)	(1,092,000)	(1,092,934)
Net impairment of financial assets measured at amortised cost	11,193	4,085	12,280	(4,319)
Net change in fair value of equity securities classified as FVTPL	(7,184)	(11,619)	(7,184)	(4,135)
Other finance charges	(170,313)	(103,609)	(3,606)	(3,883)
	(4,006,254)	(3,171,761)	(1,090,510)	(1,105,271)

## 12 Income tax expense

### 12.1 Sri Lankan Operations

The income tax provision for Aitken Spence PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

In terms of the above, the income tax provisions of companies have been calculated on their adjusted profits at the standard rate of 24%, except for Companies with specified sources which are exempt from tax or subject to concessionary tax rates as set out below.

- » Companies with specified sources exempt from income tax are given in note 12.1.1
- » Companies with specified sources liable to income tax at concessionary rates are given in note 12.1.2
- » Companies incorporated in Sri Lanka and operating outside Sri Lanka are given in note 12.1.3

In addition, the Group has made adjustments as required to the income tax payable or receivable balances in respect of previous years and written off any unclaimable Economic Service Charge (ESC) within the specified period.

Deferred tax expense on companies resident in Sri Lanka are calculated based on the tax rates specified in Inland Revenue Act No. 24 of 2017 and its amendments thereto.

#### **Tax losses carried forward**

As per section 19 of the Inland Revenue Act No. 24 of 2017, any unclaimed tax losses incurred during the year could be carried forward for further six years. Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised accordingly. Deferred tax assets recognised on tax losses are reviewed at each reporting date based on the taxable profit forecasts and are reduced to the extent of the recoverable amount.

In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and its amendments thereto and the Gazette notifications issued on transfer pricing.

IFRIC 23 "Uncertainty over income tax treatments" provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. The Group has applied significant judgement in identifying uncertainties over income tax treatments for the year and the Group has determined that there were no uncertainties in tax treatments that has an impact on the income tax expense or warrants any disclosure.

#### 12.1.1 Companies with specified sources exempt from income tax

Company	Basis	Statute Reference	Period
Ahungalla Resorts Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Negombo Beach Resorts (Pvt) Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Turyaa Resorts (Pvt) Ltd (formally Aitken Spence Resorts (Pvt) Ltd)	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	10 years ending 2026/2027
Upper Waltrim Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	7 years ending 2023/2024
Ace Apparels (Pvt) Ltd	Construction of a garment factory and manufacturing apparels	Section 16C of the Inland Revenue (Amendment) Act No. 08 of 2012	5 years ended 2021/2022

In addition, the Inland Revenue Act No. 24 of 2017 and its amendments thereto specifies the following income tax exemptions, which are available to companies operating in the Group.

Company	Basis	Period
Aitken Spence Global Operations (Pvt) Ltd Aitken Spence Hotels International (Pvt) Ltd Aitken Spence Hotel Managements Asia (Pvt) Ltd Aitken Spence Hotel Managements (Pvt) Ltd Aitken Spence International Consulting (Pvt) Ltd (formally Aitken Spence Insurance (Pvt) Ltd) Aitken Spence PLC Aitken Spence Travels (Pvt) Ltd Aitken Spence Ports International Ltd Royal Spence Aviation (Pvt) Ltd	Gains and profits from any service rendered in or outside Sri Lanka to any person to be utilised outside Sri Lanka, where the payment for such services is received in foreign currency and remitted to Sri Lanka through a bank  Gains and profits from any foreign source (other than the above) derived in foreign currency and remitted to Sri Lanka through a bank	Open ended
Aitken Spence Agriculture (Pvt) Ltd Elpitiya Plantations PLC	Gains and profits from sale of produce from agro farming	5 years ending 2023/2024

Interest or discount earned by any person on any sovereign bond denominated in foreign currency, including Sri Lanka Development Bonds, issued by or on behalf of the Government of Sri Lanka.

Interest derived in foreign currency on any foreign currency account opened in any commercial bank or in any specialised bank, with the approval of the Central Bank of Sri Lanka.

Dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company.

# Notes to the Financial Statements

## 12.1.2 Companies with specified sources liable to income tax at concessionary rates

### 12.1.2.1 Companies liable to income tax at concessionary rates under the BOI Law

Company	Basis	Income Tax Rate*
Ace Power Embilipitiya (Pvt) Ltd	Construction and operation of a thermal power generation plant	15%
Aitken Spence Property Developments (Pvt) Ltd	Construction and operation of a luxury office building complex	20%

\* Concessionary income tax rates referred to above are granted after the initial tax exemption period, in terms of Section 17 of BOI Law No. 4 of 1978.

### 12.1.2.2 Companies with specified sources liable to income tax at concessionary rates specified under the Inland Revenue Act No. 24 of 2017 and its amendments thereto

Company	Basis	Income Tax Rate
Aitken Spence Engineering Solution (Pvt) Ltd Aitken Spence (Garments) Ltd	Gains and profits from conducting a business of exporting goods or merchandise	14%
Ace Exports (Pvt) Ltd Aitken Spence Apparels (Pvt) Ltd	Specified undertaking supplying of services to an exporter or manufacture & supply to an exporter of non-traditional goods	14%
Aitken Spence Hotel Holdings PLC Aitken Spence Hotels Ltd Aitken Spence Travels (Pvt) Ltd Hethersett Hotels Ltd Kandalama Hotels (Pvt) Ltd Paradise Resorts Pasikudah (Pvt) Ltd Turyaa (Pvt) Ltd (formally Golden Sun Resorts (Pvt) Ltd)	Gains and profits from an undertaking for the promotion of tourism	14%
Ace Cargo (Pvt) Ltd Aitken Spence Cargo (Pvt) Ltd Aitken Spence Shipping Ltd Aitken Spence Shipping Services Ltd Clark Spence & Company (Pvt) Ltd D B S Logistics Ltd Hapag-Lloyd Lanka (Pvt) Ltd Shipping & Cargo Logistics (Pvt) Ltd	Specified undertaking providing freight forwarding, transshipment operations or provision of service to a foreign ship operator	14%
Ace Container Repair (Pvt) Ltd	Specified undertaking providing any service of ship repair, ship breaking repair and refurbishment of marine cargo containers	14%
Logilink (Pvt) Ltd	Specified undertaking providing logistic services such as bonded warehouse or multi-country consolidation in Sri Lanka	14%
Ace Wind Power (Pvt) Ltd Aitken Spence Power Ltd Branford Hydropower (Pvt) Ltd Elgin Hydropower (Pvt) Ltd Waltrim Hydropower (Pvt) Ltd	Gains and profits from the supply of electricity using renewable energy resources	14%
CINEC Campus (Pvt) Ltd (formally Colombo International Nautical and Engineering College (Pvt) Ltd) Mercantile Seaman Training Institute Ltd	Gains and profits from educational services	14%
Elpitiya Plantations PLC	Gains and profits from agro processing Gains and profits from the supply of electricity using renewable energy resources	14%

Company	Basis	Income Tax Rate
Spence Seahorse Marine (Pvt) Ltd	Specified undertaking providing bunkering services for the supply of marine fuel	14%
Aitken Spence Printing & Packaging (Pvt) Ltd	Gains and profits from Manufacturing	18%
Aitken Spence Exports (Pvt) Ltd		

In addition, Dividends received out of taxable profits of the companies subject to tax adjustments is liable to an income tax rate of 14%.

#### 12.1.3 Companies incorporated in Sri Lanka and operating outside Sri Lanka

Company	Countries Operated	Tax Status
Aitken Spence Global Operations (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Hotels International (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Maldives, Oman	Business profits arising in Oman is liable to tax at 15% and income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Ports International Ltd (formally Port Management Container Service (Pvt) Ltd)	Mozambique, Fiji	Income derived from Mozambique and Fiji are subject to withholding tax at 15% and 20% respectively.

Profits and income referred to above are exempt from income tax in Sri Lanka as per the Inland Revenue Act No. 24 of 2017 and its amendments thereto

#### 12.1.4 Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8th April 2022, the Group is liable for the surcharge tax of Rs. 431.8 million out of the taxable income of Rs. 2,078.1 million for the year of assessment 2020/21. The surcharge tax so calculated shall be deemed to be an expenditure for the year ended 31st March 2021. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022.

The impact of the surcharge tax under the Surcharge Tax Act on the comparative year would be as follows:

	Group Rs.'000
Total comprehensive loss for the year ended 31/3/2021	(2,798,276)
Surcharge tax levied under Surcharge Act	431,771
Comparable loss for the year ended 31/3/2021	(3,230,047)

On 20 April 2022, the Group paid Rs.215.9 million, on account of the first instalment of the Surcharge Tax liability with the balance payable on 20 July 2022.

#### 12.2 Overseas Operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to the respective companies. Set out below are the Income tax rates applicable for the companies in the relevant foreign jurisdictions.

Country	Company	Income Tax Rate
British Virgin Islands	Crest Star (B.V.I.) Ltd	Nil
Oman	Aitken Spence Resorts (Middle East) LLC	15%

# Notes to the Financial Statements

Country	Company	Income Tax Rate
Maldives	Ace Aviation Services Maldives Pvt Ltd	15%
	Ace Resorts Pvt Ltd	15%
	A.D.S. Resorts Pvt Ltd	15%
	Cowrie Investment Pvt Ltd	15%
	Interlifts International Pvt Ltd	15%
	Jetan Travel Services Company Pvt Ltd	15%
	Spence Maldives Pvt Ltd	15%
	Unique Resorts Pvt Ltd	15%
Fiji	Fiji Ports Terminal Ltd (formally Ports Terminal Ltd)	20%
	Fiji Ports Corporation Ltd	20%
	Fiji Ships Heavy Industries Ltd	20%
	Serendib Investments Ltd	20%
Myanmar	Aitken Spence Travels Myanmar Ltd	25%
	Ace Aviation Myanmar Ltd	25%
India	Aitken Spence Hotel Services Pvt Ltd	25.17%
	PR Holiday Homes Pvt Ltd	25.17%
	Aitken Spence Hotel Managements (South India) Pvt Ltd	25.17%
Bangladesh	Ace Bangladesh Ltd	35%

Dividends paid by companies registered in the Maldives is subject to withholding tax of 10% as per provisions of the Maldives Income Tax Act and the regulations issued thereto.

Dividends remitted to Sri Lanka from the above companies are exempt from income tax under the third schedule to the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

## 12.3 Tax recognised in income statements

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Current tax expense</b>				
Tax on current year profits (note 12.5)	1,311,073	733,311	10,673	9,106
Under / (over) provision in respect of previous years	37,875	(63,890)	12,827	1,027
Withholding tax on dividends paid by subsidiaries	33,594	796	-	-
	1,382,542	670,217	23,500	10,133
<b>Deferred tax expense / (income)</b>				
Impact of changes in tax rates	-	(29,685)	-	57,216
Origination / (reversal) of temporary differences	685,821	(171,022)	(302,228)	(101,673)
Deferred tax expense / (income) (note 12.6)	685,821	(200,707)	(302,228)	(44,457)
	2,068,363	469,510	(278,728)	(34,324)
Effective tax rate (including deferred tax)	14.5%	-	-	-
Effective tax rate (excluding deferred tax)	9.7%	-	0.3%	0.4%

Income tax expense excludes, the Group's share of tax expense of the equity-accounted investees recognised in profit/(loss) of Rs. 243.1 million (2020/2021 - Rs. 65.5 million) which is included in 'share of profit of equity-accounted investees (net of tax)'.

## 12.4 Tax recognised in other comprehensive income

### 12.4.1 Group

For the year ended 31st March	2022			2021		
	Before tax	Tax (expense) / income	Net of tax	Before tax	Tax (expense) / income	Net of tax
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Items that will not be reclassified to profit or loss</b>						
Revaluation of freehold land	950,470	-	950,470	-	111,294	111,294
Actuarial gains / (losses) on defined benefit obligations	287,573	(48,782)	238,791	(298,909)	49,160	(249,749)
Equity investments at FVOCI – net change in fair value	(5,512)	551	(4,961)	(2,125)	213	(1,912)
Share of other comprehensive income of equity-accounted investees (net of tax)	18,287	-	18,287	34,052	-	34,052
	1,250,818	(48,231)	1,202,587	(266,982)	160,667	(106,315)
<b>Items that are or may be reclassified to profit or loss</b>						
Exchange differences on translation of foreign operations	7,949,214	-	7,949,214	1,028,126	-	1,028,126
Net movement on cash flow hedges	(2,715,462)	-	(2,715,462)	(712,630)	-	(712,630)
Share of other comprehensive income of equity-accounted investees (net of tax)	1,057,476	-	1,057,476	306,326	-	306,326
	6,291,228	-	6,291,228	621,822	-	621,822
<b>Other comprehensive income for the year</b>	7,542,046	(48,231)	7,493,815	354,840	160,667	515,507

Tax recognised in other comprehensive income excludes, the Group's share of tax expense of the equity-accounted investees recognised in the other comprehensive income of Rs. 3.8 million (2020/2021 - Rs. 9.8 million) which has been included in 'share of other comprehensive income of equity-accounted investees (net of tax)'.

### 12.4.2 Company

For the year ended 31st March	2022			2021		
	Before tax	Tax (expense) / income	Net of tax	Before tax	Tax (expense) / income	Net of tax
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Items that will not be reclassified to profit or loss</b>						
Actuarial gains / (losses) on defined benefit obligations	30,103	(7,224)	22,878	(30,951)	7,428	(23,523)
Equity investments at FVOCI – net change in fair value	(2,687)	268	(2,418)	(4,731)	473	(4,258)
<b>Other comprehensive income for the year</b>	27,416	(6,956)	20,460	(35,682)	7,901	(27,781)

# Notes to the Financial Statements

## 12.5 Reconciliation of the accounting profits and current year tax

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Profit before tax</b>	14,224,180	(2,844,273)	7,221,434	2,575,216
Consolidation adjustments	(682,231)	(375,833)	-	-
<b>Profit after adjustments</b>	13,541,949	(3,220,106)	7,221,434	2,575,216
Income not liable for income tax	(1,142,484)	1,382,503	(810,062)	(516,821)
Effect of revenue subject to tax at source	1,233,150	347,204	106,733	91,056
<b>Adjusted profit</b>	13,632,615	(1,490,399)	6,518,105	2,149,451
Non - taxable receipts / gains	(86,850)	(14,861)	(1,254,566)	(1,070,916)
Aggregate disallowed expenses	10,997,895	6,386,238	591,897	155,792
Capital allowances	(8,730,325)	(19,325,753)	(33,672)	(19,191)
Aggregate allowable deductions	(8,423,706)	(1,382,233)	(5,035,158)	(602,396)
Utilisation of tax losses	(6,587,593)	(1,763,505)	(1,917,489)	(1,534,319)
Current year tax losses not utilised	6,866,944	21,938,187	1,237,616	1,012,636
<b>Taxable income</b>	7,668,980	4,347,674	106,733	91,057
<b>Income tax charged at;</b>				
Standard rate	342,403	116,107	-	-
Concessionary rates	349,000	354,350	-	-
Varying rates on off - shore profits	619,670	262,854	10,673	9,106
Tax on current year profits	1,311,073	733,311	10,673	9,106
Under / (over) provision in respect of previous years	37,875	(63,890)	12,827	1,027
Withholding tax on dividends paid by subsidiaries	33,594	796	-	-
	1,382,542	670,217	23,500	10,133

## 12.6 Deferred tax expense/ (income)

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Origination / (reversal) of temporary differences arising from ;</b>				
Accelerated depreciation for tax purposes on property, plant and equipment	604,399	778,678	4,233	(5,718)
Defined benefit obligations	(5,030)	(4,224)	(4,534)	2,247
Tax losses carried forward	246,094	(1,177,645)	37,351	(40,292)
Expected credit losses	14,099	(8,105)	2,101	(694)
Right-of-use assets	(14,006)	210,589	-	-
Unrealised exchange gain/(loss)	(159,735)	-	(341,379)	-
	685,821	(200,707)	(302,228)	(44,457)



## 12.7 Tax losses carried forward

	GROUP		COMPANY	
	2021/2022 Rs.'000	2020/2021 Rs.'000	2021/2022 Rs.'000	2020/2021 Rs.'000
Tax losses brought forward	29,614,801	9,598,636	1,820,582	2,149,512
Adjustments to tax loss brought forward and tax losses arising during the year	12,717,765	21,779,670	1,307,305	1,205,389
Utilisation of tax losses	(6,587,593)	(1,763,505)	(1,917,489)	(1,534,319)
Write off of unclaimable tax losses	(135,531)	-	-	-
	35,609,442	29,614,801	1,210,398	1,820,582

As specified above, some companies in the Group have carried forward tax losses which are available to be set off against the future tax profits of those companies. Deferred tax assets not accounted in respect of these losses amounted to Rs. 4,800.4 million (2020/2021 - Rs. 3,958.9 million) since utilisation against future taxable profits are not probable. For Aitken Spence PLC, deferred tax assets unaccounted on losses as at 31.03.2022 amounted to Rs. Nil (2020/2021 - Rs.109.1 million).

## 13 Earnings / (loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit / (loss) for the year attributable to equity holders of the company, by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations.

For the year ended 31st March	GROUP		COMPANY	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Net profit /(loss) attributable to equity holders of the company (Rs.)	10,539,591,603	(1,625,623,221)	7,500,161,643	2,609,540,357
Weighted average number of ordinary shares in issue	405,996,045	405,996,045	405,996,045	405,996,045
<b>Earnings /(loss) per share (Rs.)</b>	<b>25.96</b>	<b>(4.00)</b>	<b>18.47</b>	<b>6.43</b>

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

## 14 Dividends per share

For the year ended 31st March	2022 Rs.'000	2021 Rs.'000
Interim ordinary dividend declared Rs. 4.00 per share*	1,623,984	-
Final ordinary dividend recommended (2020/2021 - Rs. 1.00 per share)	-	405,996
	1,623,984	405,996

\* On 11th May 2022, the Board of Directors of the Company approved an interim ordinary dividend of Rs. 4.00 per share for the year ended 31st March 2022. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has obtained a certificate from auditors, prior to declaring a interim dividend which is to be paid on or before 13 June 2022.

In compliance with Sri Lanka Accounting Standard LKAS 10 - Events after the reporting period, the interim dividend approved is not recognised as a liability in the financial statements as at 31st March 2022.

# Notes to the Financial Statements

## 15 Property, plant and equipment

### 15.1 Group

	Freehold Land	Freehold buildings	Plant machinery and equipment	Motor vehicles	Furniture and fittings	Capital work-in- progress	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cost or revaluation</b>							
Balance as at 01st April 2021							
- Recognised under non-current	16,041,116	52,775,418	29,928,907	3,948,493	4,736,020	376,754	107,806,708
- Recognised under current	-	304,772	1,505,597	46,480	5,484	-	1,862,333
Surplus on revaluation	950,470	-	-	-	-	-	950,470
Companies acquired during the year	-	4,287	2,039,367	8,336	3,130	-	2,055,120
Exchange difference	1,948,870	15,662,172	4,834,859	328,577	1,097,354	134,369	24,006,201
Additions	-	137,737	846,951	35,745	36,781	317,704	1,374,918
Other transfers	-	233,187	255,701	836	48,837	(541,461)	(2,900)
Disposals / write-offs	-	-	(250,055)	(40,815)	(32,888)	-	(323,758)
<b>Balance as at 31st March 2022</b>	<b>18,940,456</b>	<b>69,117,573</b>	<b>39,161,327</b>	<b>4,327,652</b>	<b>5,894,718</b>	<b>287,366</b>	<b>137,729,092</b>
- Recognised under non-current	18,940,456	68,811,576	37,550,330	4,281,172	5,889,234	287,366	135,760,134
- Recognised under current	-	305,997	1,610,997	46,480	5,484	-	1,968,958
<b>Accumulated depreciation</b>							
Balance as at 01st April 2021							
- Recognised under non-current	-	11,412,409	11,189,777	2,780,472	2,597,798	-	27,980,456
- Recognised under current	-	304,772	1,038,977	25,684	5,484	-	1,374,917
Companies acquired during the year	-	1,821	489,377	8,230	990	-	500,418
Exchange difference	-	3,867,852	3,379,189	296,313	544,442	-	8,087,796
Charge for the year	-	1,386,609	1,799,544	151,281	341,510	-	3,678,944
Other transfers	-	-	286	-	(1,422)	-	(1,136)
Disposals / write-offs	-	-	(228,205)	(34,268)	(22,876)	-	(285,349)
<b>Balance as at 31st March 2022</b>	<b>-</b>	<b>16,973,463</b>	<b>17,668,945</b>	<b>3,227,712</b>	<b>3,465,926</b>	<b>-</b>	<b>41,336,046</b>
- Recognised under non-current	-	16,667,466	16,624,624	3,197,466	3,460,442	-	39,949,998
- Recognised under current	-	305,997	1,044,321	30,246	5,484	-	1,386,048
<b>Carrying amount as at 31st March 2022</b>	<b>18,940,456</b>	<b>52,144,110</b>	<b>21,492,382</b>	<b>1,099,940</b>	<b>2,428,792</b>	<b>287,366</b>	<b>96,393,046</b>
- Recognised under non-current	18,940,456	52,144,110	20,925,706	1,083,706	2,428,792	287,366	95,810,136
- Recognised under current *	-	-	566,676	16,234	-	-	582,910
Carrying amount as at 31st March 2021	16,041,116	41,363,009	19,205,750	1,188,817	2,138,222	376,754	80,313,668
- Recognised under non-current	16,041,116	41,363,009	18,739,130	1,168,021	2,138,222	376,754	79,826,252
- Recognised under current	-	-	466,620	20,796	-	-	487,416

\* Upon the expiry of power purchase agreement signed between Ace Power Embilipitiya (Pvt) Ltd., and the Ceylon Electricity Board (CEB) on the 6th of April 2021, the property, plant and equipment of Ace Power Embilipitiya (Pvt) Ltd., was transferred to current assets. Subsequently Ace Power Embilipitiya (Pvt) Ltd., entered in to a six-month Short-Term Power Purchase Agreement with CEB on the 28th of March 2022 and as the said power purchase agreement will expire within one year from the date of the statement of financial position, property, plant and equipment of Ace Power Embilipitiya (Pvt) Ltd., continued to be treated under current assets.

The value of property, plant and equipment pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 28,972.5 million (2020/2021- Rs. 23,286.0 million).

No borrowing costs on interest-bearing loans and borrowings and lease liabilities were capitalised by the Group on qualifying assets during the financial year (2020/2021 - 774.1 million and Rs. 0.1 million respectively).

Capital work-in-progress represents the amount of expenditure recognised under property plant and equipment during the construction of a capital asset.

The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the balance sheet date.

In compliance with the accounting policy, land owned by Group companies are revalued by independent professional valuers at least once in every five years unless there is an indication of a significant change in the market rates. Details of the revalued land are given in the note 15.3.2 to the financial statements. Tax impact on revaluation of land is given in note 12 to the financial statements.

On re-assessment of the fair value of the Group's assets, it has been identified that there is no impairment of property plant and equipment which requires provision in the financial statements.

Property plant and equipment as at 31st March 2022 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 11,311.8 million that are still in use (2020/2021 - Rs. 7,932.0 million).

## 15.2 Company

	Plant machinery and equipment Rs.'000	Motor vehicles Rs.'000	Furniture and fittings Rs.'000	Total Rs.'000
<b>Cost or revaluation</b>				
Balance as at 01st April 2021	194,323	118,780	82,275	395,378
Additions	23,913	95	693	24,701
Disposals	(31,694)	-	(2,721)	(34,415)
<b>Balance as at 31st March 2022</b>	<b>186,542</b>	<b>118,875</b>	<b>80,247</b>	<b>385,664</b>
<b>Accumulated depreciation</b>				
Balance as at 01st April 2021	157,594	62,662	78,658	298,914
Charge for the year	15,779	12,610	1,347	29,736
Disposals	(31,694)	-	(2,676)	(34,370)
<b>Balance as at 31st March 2022</b>	<b>141,679</b>	<b>75,272</b>	<b>77,329</b>	<b>294,280</b>
<b>Carrying amount as at 31st March 2022</b>	<b>44,863</b>	<b>43,603</b>	<b>2,918</b>	<b>91,384</b>
Carrying amount as at 31st March 2021	36,729	56,118	3,617	96,464

There were no property plant and equipment pledged by the Company as security for facilities obtained from banks (2019/2020 - nil).

There were no borrowing costs capitalised on interest-bearing loans and borrowings and lease liabilities by the Company on qualifying assets during the financial years 2021/2022 and 2020/2021.

Property plant and equipment as at 31st March 2022 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 176.8 million that are still in use (2020/2021 - Rs. 189.8 million).

# Notes to the Financial Statements

## 15.3 Freehold land

### 15.3.1 Carrying amount of land

Company	Carrying amount as at 31.03.2022 Rs.'000
Land carried at revalued amount (note 15.3.2)	18,886,217
Land carried at cost (fair value) (note 15.3.3)	54,239
	18,940,456

### 15.3.2 Land carried at revalued amount

Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs) Rs.	Extent	Carrying amount as at 31.03.2022 Rs.'000	Revaluation surplus Rs.'000	Carrying amount at cost Rs.'000
Aitken Spence PLC (a)	315, Vauxhall Street, Colombo 02	30.09.2017	8,500,000	1 A 0 R 12.78 P	1,468,630	1,467,473	1,157
	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2017	3,975,977	1 A 0 R 20.37 P	717,147	712,156	4,991
	170, Sri Wickrema Mw., Colombo 15	30.09.2017	1,058,376	3 A 3 R 31.00 P	625,500	582,539	42,961
	Moragalla, Beruwala	30.09.2017	425,143	10 A 1 R 22.97 P	707,000	706,046	954
	290/1, Inner Harbour Road, Trincomalee	30.09.2017	422,692	0 A 1 R 4.95 P	19,000	19,000	-
Ace Containers (Pvt) Ltd (a)	775/5, Negombo Road, Wattala	30.09.2017	500,141	22 A 0 R 23.88 P	1,772,440	1,677,887	94,553
	385, Colombo Road, Welisara	30.09.2017	499,919	8 A 3 R 12.23 P	706,000	619,327	86,673
	No.377, Negombo Road, Welisara, Ragama	30.09.2017	449,954	1 A 1 R 17.80 P	98,000	10,935	87,065
Ace Distriparks (Pvt) Ltd (a)	80, Negombo Road, Wattala	30.09.2017	1,500,012	2 A 2 R 17.03 P	625,550	255,988	369,562
Ahungalla Resorts Ltd (a) *	"Ahungalla Resorts", Galle Road, Ahungalla	30.09.2017	454,243	12 A 3 R 35.21 P	942,650	42,773	899,877
Aitken Spence (Garments) Ltd (a)	222, Agalawatte Road, Matugama	30.09.2017	80,000	2 A 3 R 0 P	35,200	30,040	5,160
Aitken Spence Hotel Holdings PLC (a) *	"Heritance Ahungalla", Galle Road, Ahungalla	30.09.2017	363,424	11 A 3 R 34.02 P	695,600	677,398	18,202
	"Heritance Ahungalla", Galle Road, Ahungalla	30.09.2017	374,427	0 A 0 R 39.26 P	14,700	9,493	5,207
Aitken Spence Hotel Managements (South India) Ltd (b)	144/7, Rajiv Gandhi Salai, Kottivakkam, OMR, Chennai, India	01.06.2018	9,589,389	0 A 3 R 15.14 P	1,295,910	472,819	823,091
Aitken Spence Property Developments Ltd (a)	90, St.Rita's Estate, Mawaramandiya	30.09.2017	250,000	3 A 0 R 25.08 P	126,270	101,842	24,428
Aitken Spence Resorts (Middle East) LLC (c)	Al Hamriya, Sultanate of Oman	15.02.2022	7,319,625	5 A 0 R 8.00 P	5,914,257	785,966	5,128,291
Branford Hydropower (Pvt) Ltd (a)	225, Gangabada Road, Kaludawela, Matale	30.09.2017	55,000	2 A 0 R 14.00 P	18,370	7,837	10,533
Clark Spence and Company (Pvt) Ltd (a)	24-24/1, Church Street, Galle	30.09.2017	2,750,000	0 A 1 R 27.90 P	186,725	186,690	35
Heritance (Pvt) Ltd (a) *	Moragalla, Beruwala	30.09.2017	349,860	5 A 3 R 6.80 P	324,250	313,170	11,080
Kandalama Hotels Ltd (a) *	Kandalama, Dambulla	30.09.2017	343	169 A 2 R 21.40 P	9,300	1,916	7,384
Logilink (Pvt) Ltd (a)	309/4 a, Negombo Road, Welisara	30.09.2017	450,000	2 A 1 R 9.50 P	166,275	83,784	82,491
Meeraladuwa (Pvt) Ltd (a) *	Meeraladuwa Island, Balapitiya	30.09.2017	45,891	29 A 2 R 9.00 P	217,020	116,758	100,262
Neptune Ayurvedic Village (Pvt) Ltd (a) *	Ayurvedic village - Moragalla, Beruwala	30.09.2017	233,161	0 A 0 R 19.30 P	4,500	437	4,063
Perumbalam Resorts (Pvt) Ltd (d)	Cochin - Kerala, India	22.01.2022	169,787	4 A 0 R 9.00 P	110,192	96,852	13,340
PR Holiday Homes (Pvt) Ltd (d)	Cochin - Kerala, India	23.01.2022	166,929	14 A 0 R 7.52 P	375,177	188,668	186,509

Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs) Rs.	Extent	Carrying amount as at 31.03.2022 Rs.'000	Revaluation surplus Rs.'000	Carrying amount at cost Rs.'000
Turyaa (Pvt) Ltd (a) *	418, Parallel Road, Kudawaskaduwa, Kalutara	30.09.2017	437,590	5 A 1R 37.90 P	384,160	364,395	19,765
	49, Sea Beach Road, Kalutara	30.09.2017	327,076	0 A 1R 30.32 P	23,000	21,512	1,488
Turyaa Resorts (Pvt) Ltd (a) *	Kudawaskaduwa, Kalutara	30.09.2017	480,000	1 A 3 R 33.20 P	150,336	93,557	56,779
	Kudawaskaduwa, Kalutara	30.09.2017	269,179	0 A 1 R 34.30 P	20,000	10,826	9,174
Vauxhall Investments Ltd (a)	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2017	3,975,982	0 A 1 R 21.08 P	242,853	221,014	21,839
Vauxhall Property Developments Ltd (a)	305, Vauxhall Street, Colombo 02	30.09.2017	8,581,944	0 A 2 R 23.73 P	890,205	875,474	14,731
					18,886,217	10,754,572	8,131,645

The above lands have been revalued on the basis of current market value by independent, qualified valuers who have recent experience in the location and category of property being valued.

- a Valuation of the land was carried out by Mr. K.C.B Condegama, A.I.V (Sri Lanka).
- b Valuation of the land was carried out by CBRE South Asia Pvt. Ltd, India.
- c Valuation of the land was carried out by R. Tulsian Global, Oman.
- d Valuation of the land was carried out by Mr. T.T. Kripananda Singh, B.Sc.(Engg.) Civil, FIE, FIV, C.(Engg.) (India).

\* All Land purchased by the Group prior to five years were last revalued as indicated above. Considering the impact of the COVID-19 outbreak and current economic conditions in Sri Lanka, the Group carried a reassessment of the stated values of the land in Sri Lanka by an external independent valuer, Mr. K.C.B. Condegama, A.I.V (Sri Lanka). Based on this assessment, it was identified that there were no significant changes to the revalued carrying values of these lands as at 31 March 2022.

### 15.3.3 Land carried at cost (fair value)

Company	Location	Acquisition date Rs.'000	Extent	Carrying amount as at 31.03.2022 Rs.'000
Aitken Spence Property Developments Ltd	St.Rita's Estate, Mawaramandiya	15.11.2018	1 A 0 R 0.00 P	54,239
				54,239

The above land which is carried at cost has not been revalued since the acquisition cost represents the fair value.

# Notes to the Financial Statements

## 16 Investment properties

### 16.1 Movement during the year

	GROUP		COMPANY	
	2021/2022 Rs.'000	2020/2021 Rs.'000	2021/2022 Rs.'000	2020/2021 Rs.'000
<b>Cost</b>				
Balance as at 01st April	1,633,400	1,633,400	3,494,039	3,494,039
Additions	631	-	631	-
<b>Balance as at 31st March</b>	<b>1,634,031</b>	<b>1,633,400</b>	<b>3,494,670</b>	<b>3,494,039</b>
<b>Accumulated depreciation</b>				
Balance as at 01st April	1,820	1,560	73,463	71,643
Charge for the year	307	260	1,868	1,820
<b>Balance as at 31st March</b>	<b>2,127</b>	<b>1,820</b>	<b>75,331</b>	<b>73,463</b>
<b>Carrying amount as at 31st March</b>	<b>1,631,904</b>	<b>1,631,580</b>	<b>3,419,339</b>	<b>3,420,576</b>

### 16.2 Details of land and buildings classified as investment property

Location	Extent	Estimated price per perch (Significant unobservable inputs)  Rs.	Carrying value of investment property as at 31.03.2022		Number of buildings
			GROUP Rs.'000	COMPANY Rs.'000	
315, Vauxhall Street, Colombo 02	1 A 0 R 12.78 P	8,500,000	-	900,000	2
316, K. Cyril C. Perera Mw., Colombo 13	1 A 0 R 20.40 P	3,975,977	-	223,650	3
170, Sri Wickrema Mw., Colombo 15	3 A 3 R 31.00 P	1,058,376	-	188,000	8
Moragalla, Beruwala	10 A 1 R 22.97 P	425,143	-	535,604	9
290/1, Inner Harbour Road, Trincomalee	0 A 1 R 4.95 P	422,692	-	12,700	1
Irakkakandi Village, VC Road, Nilaweli	113 A 1 R 1.00 P	75,000 - 250,000	1,631,385	1,559,385	-
58/1, Park Road Kerawalapitiya, Wattala			519	-	1
			<b>1,631,904</b>	<b>3,419,339</b>	

Properties which are occupied by companies within the Group for the production or supply of goods and services or for administration purposes are treated as property, plant and equipment in the consolidated financial statements at revalued amounts. These properties are treated as investment property in the relevant company's statement of financial position at cost, if such company has rented out the property to other Group companies.

### 16.3 Market value

Investment properties in the Group are accounted for on the cost model. The open market value of the above properties based on the directors' valuation as at 31st March 2022 and 31st March 2021 for the Group was Rs. 2,568 million and for the Company was Rs. 6,520 million.

### 16.4 Income earned from investment property

Total rent income earned by the company from the investment properties during the year was Rs. 48.9 million (2020/2021 - Rs. 48.4 million) (Group-nil). There were no direct operating expenses arising on any of the above investment properties.

There were no restrictions on the realisability of any investment property or on the remittance of income or proceeds of disposal.

## 17 Intangible assets

### 17.1 Group

	Goodwill	Software	Other intangibles	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cost</b>				
Balance as at 01st April 2021	1,166,767	571,120	25,126	1,763,013
Exchange difference	243,818	67,431	7,109	318,358
Additions	-	72,379	291	72,670
Transfers from property, plant and equipment	-	2,900	-	2,900
Disposals	-	(403)	-	(403)
<b>Balance as at 31st March 2022</b>	<b>1,410,585</b>	<b>713,427</b>	<b>32,526</b>	<b>2,156,538</b>
<b>Accumulated amortisation / impairment</b>				
Balance as at 01st April 2021	198,769	476,013	22,265	697,047
Exchange difference	-	48,902	7,041	55,943
Amortisation for the year	-	42,038	1,804	43,842
Transfers from property, plant and equipment	-	1,136	-	1,136
Disposals	-	(403)	-	(403)
<b>Balance as at 31st March 2022</b>	<b>198,769</b>	<b>567,686</b>	<b>31,110</b>	<b>797,565</b>
<b>Carrying amount as at 31st March 2022</b>	<b>1,211,816</b>	<b>145,741</b>	<b>1,416</b>	<b>1,358,973</b>
Carrying amount as at 31st March 2021	967,998	95,107	2,861	1,065,966

There were no intangible assets pledged by the Group as security for facilities obtained from banks (2020/2021 - nil).

Intangible assets as at 31st March 2022 includes fully amortised assets having a gross carrying amount (cost) of Rs. 491.5 million that are still in use (2020/2021 - Rs. 407.1 million).

#### 17.1.1 Net carrying value of goodwill

Goodwill arising on business combinations have been allocated to the following segments for impairment testing. Each segment consists of several cash generating units (CGU's).

As at	31.03.2022	31.03.2021
	Rs.'000	Rs.'000
Tourism sector	763,125	519,307
Maritime and freight logistics sector	378,637	378,637
Strategic investments	50,000	50,000
Services sector	20,054	20,054
	<b>1,211,816</b>	<b>967,998</b>

The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The key assumptions used are given below;

<b>Business growth</b>	- Based on the long term average growth rate for each business unit where applicable. The weighted average growth rate used is consistent with the forecasts included in industry reports (2021/2022 - 2.0 % to 7.0 %, 2020/2021 - 2.0% to 8.1%).
<b>Inflation</b>	- Based on current inflation rate.
<b>Discount rate</b>	- Risk free rate adjusted for the specific risk relating to the industry (2021/2022 -4.0 % to 15.5 %, 2020/2021 - 6.5% to 10.0%).
<b>Margin</b>	- Based on past performance and budgeted expectations.



# Notes to the Financial Statements

## 17.2 Company

	Software	
	2021/2022 Rs.'000	2020/2021 Rs.'000
<b>Cost or valuation</b>		
Balance as at 01st April	198,687	193,557
Additions	69,855	5,130
Transfers from property, plant and equipment	-	322
<b>Balance as at 31st March</b>	<b>268,542</b>	<b>198,687</b>
<b>Accumulated amortisation</b>		
Balance as at 01st April	180,112	174,974
Charge for the year	11,386	5,138
Transfers from property, plant and equipment	-	322
<b>Balance as at 31st March</b>	<b>191,498</b>	<b>180,112</b>
<b>Carrying amount as at 31st March</b>	<b>77,044</b>	<b>18,575</b>

There were no intangible assets pledged by the Company as security for facilities obtained from banks (2020/2021 - nil).

Intangible assets as at 31st March 2022 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 169.5 million that are still in use (2020/2021 - Rs. 168.0 million).

## 18 Biological assets

	GROUP		
	Immature plantations Rs.'000	Mature plantations Rs.'000	Total Rs.'000
<b>Cost</b>			
Balance as at 01st April 2021	62,148	13,496	75,644
Additions	7,754	-	7,754
Transfers	(235)	235	-
<b>Balance as at 31st March 2022</b>	<b>69,667</b>	<b>13,731</b>	<b>83,398</b>
<b>Accumulated depreciation</b>			
Balance as at 01st April 2021	-	12,522	12,522
Charge for the year	-	1,207	1,207
<b>Balance as at 31st March 2022</b>	<b>-</b>	<b>13,729</b>	<b>13,729</b>
<b>Carrying amount as at 31st March 2022</b>	<b>69,667</b>	<b>2</b>	<b>69,669</b>
Carrying amount as at 31st March 2021	62,148	974	63,122

There were no biological assets pledged by the Group as security for facilities obtained from banks (2020/2021 - nil).

Borrowing costs capitalised under biological assets on lease liabilities by the Group during the financial year amounted to Rs.2.2 million (2020/2021 - 2.7 million). The average rate of borrowing costs eligible for capitalisation is 10.02 %.

## 19 Right-of-use assets

### 19.1 Movement during the year

Leasehold properties that do not meet the definition of an investment property are presented as right-of-use assets.

	GROUP		
	Right-of-Use Land Rs.'000	Right-of-Use buildings Rs.'000	Total Rs.'000
<b>Cost</b>			
Balance as at 01st April 2021			
- Recognised under non-current	18,254,460	2,967,286	21,221,746
- Recognised under current	4,206	-	4,206
Companies acquired during the year	6,936	892	7,828
Exchange difference	8,186,860	1,298,306	9,485,166
Additions	12,566	93,736	106,302
Disposals	(12,661)	-	(12,661)
<b>Balance as at 31st March 2022</b>	<b>26,452,367</b>	<b>4,360,220</b>	<b>30,812,587</b>
- Recognised under non-current	26,448,161	4,360,220	30,808,381
- Recognised under current	4,206	-	4,206
<b>Accumulated depreciation</b>			
Balance as at 01st April 2021			
- Recognised under non-current	5,606,843	1,554,497	7,161,340
- Recognised under current	3,023	-	3,023
Companies acquired during the year	640	781	1,421
Exchange difference	2,936,631	749,638	3,686,269
Charge for the year	868,989	258,915	1,127,904
Disposals	(12,661)	-	(12,661)
<b>Balance as at 31st March 2022</b>	<b>9,403,465</b>	<b>2,563,831</b>	<b>11,967,296</b>
- Recognised under non-current	9,399,851	2,563,831	11,963,682
- Recognised under current	3,614	-	3,614
<b>Carrying amount as at 31st March 2022</b>	<b>17,048,902</b>	<b>1,796,389</b>	<b>18,845,291</b>
- Recognised under non-current	17,048,310	1,796,389	18,844,699
- Recognised under current *	592	-	592
Carrying amount as at 31st March 2021	12,648,800	1,412,789	14,061,589
- Recognised under non-current	12,647,617	1,412,789	14,060,406
- Recognised under current *	1,183	-	1,183

\* Upon the expiry of power purchase agreement signed between Ace Power Embilipitiya (Pvt) Ltd., and the Ceylon Electricity Board (CEB) on the 6th of April 2021, the right-of-use assets of Ace Power Embilipitiya (Pvt) Ltd., was transferred to current assets. Subsequently Ace Power Embilipitiya (Pvt) Ltd., entered in to a six-month Short-Term Power Purchase Agreement with CEB on the 28th of March 2022 and as the said power purchase agreement will expire within one year from the date of the statement of financial position, right-of-use assets of Ace Power Embilipitiya (Pvt) Ltd., continued to be treated under current assets.

# Notes to the Financial Statements

## 19.2 Amounts recognised in profit or loss on SLFRS 16 - Leases

For the year ended 31st March	2022 Rs.'000	2021 Rs.'000
Depreciation expense of right-of-use assets (note 19.1)	1,127,904	1,028,033
Interest on lease liabilities (note 31.1)	710,724	717,237
Expenses relating to short term leases and leases of low value assets	336,034	186,081

## 19.3 Amounts recognised in statement of cash flows on SLFRS 16 - Leases

For the year ended 31st March	2022 Rs.'000	2021 Rs.'000
Lease capital repayment	1,439,891	495,673
Lease interest paid	698,544	91,637
<b>Total cash outflow for leases (note 31.1)</b>	<b>2,138,435</b>	<b>587,310</b>

## 19.4 Details of leased properties relating to right-of-use assets

Company	Nature of the leasing activity	Location of the leased property	Unexpired lease periods as at 31.03.2022
Ace Apparels (Pvt) Ltd	Land	Koggala - Sri Lanka	42 years
Ace Containers (Pvt) Ltd	Yard and Warehouse facilities	Wattala - Sri Lanka	1 - 3 years
Ace Container Terminals (Pvt) Ltd	Land	Biyagama - Sri Lanka	72 years
Ace Container Terminals (Pvt) Ltd	Land	Katunayake - Sri Lanka	66 years
Ace Distriparks (Pvt) Ltd	Land	Mihinthale - Sri Lanka	22 years
Ace Distriparks (Pvt) Ltd	Warehouse facilities	Welisara and Wattala - Sri Lanka	2 - 3 years
Ace Power Embilipitiya (Pvt) Ltd	Land	Embilipitiya - Sri Lanka	01 year
Ace Windpower (Pvt) Ltd	Land	Ambewela - Sri Lanka	11 years
Aitken Spence Agriculture (Pvt) Ltd	Land	Dambulla - Sri Lanka	21 years
Aitken Spence Cargo (Pvt) Ltd	Warehouse facilities	Mulleriyawa - Sri Lanka	01 year
Aitken Spence Hotel Managements (Pvt) Ltd	Warehouse facilities	Colombo 02 - Sri Lanka	02 years
Aitken Spence Property Developments (Pvt) Ltd	Land	Colombo 02 - Sri Lanka	02 years
Global Parcel Delivery (Pvt) Ltd	Warehouse facility	Ingiriya - Sri Lanka	05 years
Hethersett Hotels Ltd	Land	Nuwara Eliya - Sri Lanka	73 years
Kandalama Hotels (Pvt) Ltd	Land	Dambulla - Sri Lanka	21 years
Waltrim Hydropower (Pvt) Ltd	Land and building	Nuwara Eliya - Sri Lanka	19 years
Western Power Company (Pvt) Ltd	Land	Muthurajawela - Sri Lanka	25 years
ADS Resorts (Pvt) Ltd	Island	North Male' Atoll - Maldives	05 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	27 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	43 years
Jetan Travel Services Company (Pvt) Ltd	Island	South Male' Atoll - Maldives	21 years
Unique Resorts (Pvt) Ltd	Island	South Male' Atoll - Maldives	24 years
Fiji Ports Terminal Ltd	Wharfs used for ports operations	Suva - Fiji	07 years

The Group leases office space, office equipment, motor vehicles etc., with contract terms less than five years. These leases are either short term (term less than one year) and/or leases having low-value. Hence, the Group has elected not to recognise these leases as right-of-use assets and lease liabilities.

The value of right-of-use assets pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 7,649.3 million (2020/2021- Rs. 14,790.0 million).

## 20 Investments in subsidiaries

### 20.1 Carrying amount of investments in subsidiaries

As at	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Investment in subsidiaries - unquoted (note 20.2)	10,582,204	9,714,237
Investment in subsidiaries - quoted (note 20.3)	2,458,287	2,458,287
	13,040,491	12,172,524

### 20.2 Investments in subsidiaries - unquoted

	Country of incorporation	Number of shares as at 31.03.2022	Company holding %	Group holding %	Non- controlling holding %	As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000
<b>a) Ordinary shares</b>							
Ace Apparels (Pvt) Ltd (a) (b) (c)	Sri Lanka	13,100,001	100.00	100.00	-	131,000	131,000
Ace Cargo (Pvt) Ltd (a)	Sri Lanka	990,000	100.00	100.00	-	245,173	245,173
Ace Container Repair (Pvt) Ltd (a)	Sri Lanka	2,250,000	100.00	100.00	-	22,500	22,500
Ace Container Terminals (Pvt) Ltd (a)	Sri Lanka	1,550,002	100.00	100.00	-	15,500	15,500
Ace Containers (Pvt) Ltd (a)	Sri Lanka	4,725,660	100.00	100.00	-	440,100	440,100
Ace Distriparks (Pvt) Ltd (a)	Sri Lanka	8,900,000	100.00	100.00	-	89,000	89,000
Ace Exports (Pvt) Ltd (a)	Sri Lanka	1,400,000	100.00	100.00	-	14,000	14,000
Ace Freight Management (Pvt) Ltd (a)	Sri Lanka	5,222,500	100.00	100.00	-	36,307	36,307
Ace International Express (Pvt) Ltd	Sri Lanka	10,000	100.00	100.00	-	100	100
Ace Wind Power (Pvt) Ltd (a)	Sri Lanka	37,050,000	100.00	100.00	-	430,000	430,000
Aitken Spence Agriculture (Pvt) Ltd (a) (b)	Sri Lanka	7,500,001	100.00	100.00	-	75,000	75,000
Aitken Spence Apparels (Pvt) Ltd (a) (b) (c)	Sri Lanka	1,500,000	100.00	100.00	-	15,000	15,000
Aitken Spence Cargo (Pvt) Ltd (a)	Sri Lanka	10,000	100.00	100.00	-	820	820
Aitken Spence Exports (Pvt) Ltd (c)	Sri Lanka	52,500	100.00	100.00	-	514	514
Aitken Spence Group Ltd (a) (b)	Sri Lanka	10,000	100.00	100.00	-	100	100
Aitken Spence Insurance Brokers (Pvt) Ltd (b)	Sri Lanka	152,740	100.00	100.00	-	1,500	1,500
Aitken Spence International Consulting (Pvt) Ltd (b)	Sri Lanka	10,000	100.00	100.00	-	100	100
Aitken Spence Maritime Ltd (a)	Sri Lanka	140,000	100.00	100.00	-	1,400	1,400
Aitken Spence Power (Pvt) Ltd (a)	Sri Lanka	1,826,204	100.00	100.00	-	18,262	-
Aitken Spence Printing and Packaging (Pvt) Ltd (a)	Sri Lanka	10,000,000	100.00	100.00	-	100,000	100,000
Aitken Spence Shipping Ltd (a)	Sri Lanka	2,038,072	100.00	100.00	-	132,717	132,717
Aitken Spence Shipping Services Ltd (a)	Sri Lanka	25,000	100.00	100.00	-	20,200	20,200
Aitken Spence Technologies (Pvt) Ltd (b)	Sri Lanka	1,577,506	100.00	100.00	-	13,888	13,888
Branford Hydropower (Pvt) Ltd (a)	Sri Lanka	16,400,100	100.00	100.00	-	223,000	223,000
Clark Spence and Company (Pvt) Ltd	Sri Lanka	25,000	100.00	100.00	-	74,300	74,300
Logilink (Pvt) Ltd (a)	Sri Lanka	30,000,000	100.00	100.00	-	222,690	222,690
Royal Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	50,000	100.00	100.00	-	500	500
Vauxhall Investments (Pvt) Ltd (a)	Sri Lanka	1,320,000	100.00	100.00	-	13,200	13,200
Vauxhall Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	11,270,000	100.00	100.00	-	153,401	153,401
Waltrim Energy Ltd (a)	Sri Lanka	57,855,000	100.00	100.00	-	873,890	-
Western Power Holdings (Pvt) Ltd (a)	Sri Lanka	10,000,000	100.00	100.00	-	500,000	500,000
Aitken Spence Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	75,425,725	96.41	100.00	-	766,594	766,594
Aitken Spence Developments (Pvt) Ltd	Sri Lanka	45,999	92.00	92.00	8.00	1,825	1,825
Western Power Company (Pvt) Ltd (a) (c)	Sri Lanka	80	80.00	80.00	20.00	200,000	200,000
Aitken Spence Elevators (Pvt) Ltd (a)	Sri Lanka	154,786	77.40	77.40	22.60	11,594	11,594
Aitken Spence Moscow (Pvt) Ltd (a)	Sri Lanka	37,500	75.00	75.00	25.00	375	375

# Notes to the Financial Statements

	Country of incorporation	Number of shares as at 31.03.2022	Company holding %	Group holding %	Non- controlling holding %	As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000
Ace Power Embilipitiya (Pvt) Ltd (a) (c)	Sri Lanka	124,033,413	74.00	74.00	26.00	703,626	703,626
Ace Aviation Services (Pvt) Ltd (a)	Sri Lanka	26,251	50.00	100.00	-	263	263
Aitken Spence (Garments) Ltd (a) (b) (c)	Sri Lanka	998,747	50.00	50.00	50.00	26,257	26,257
Aitken Spence Travels (Pvt) Ltd (a) (c)	Sri Lanka	1,704,000	50.00	50.00	50.00	60,875	60,875
MMBL Money Transfer (Pvt) Ltd (a)	Sri Lanka	3,000,000	50.00	50.00	50.00	35,566	35,566
Aitken Spence Hotel Managements (Pvt) Ltd (a) (c)	Sri Lanka	4,020,000	51.00	87.50	12.50	40,200	40,200
Aitken Spence Hotel Managements Asia (Pvt) Ltd (b) (c)	Sri Lanka	4,924,500	49.00	86.99	13.01	49,245	49,245
Aitken Spence Hotels International (Pvt) Ltd (a) (c)	Sri Lanka	10,323,225	49.00	86.99	13.01	99,000	99,000
Kandalama Hotels (Pvt) Ltd (a) (c)	Sri Lanka	6,000,000	37.00	82.99	17.01	182,050	182,050
Interlifts International Pvt Ltd	Maldives	23,721	39.99	40.00	60.00	2,005	2,005
Ace Aviation Services Maldives Pvt Ltd	Maldives	490	49.00	49.00	51.00	639	639
Fiji Ports Terminal Ltd (a)	Fiji	1,572,993	51.00	60.80	39.20	749,242	749,242
Aitken Spence Corporate Finance (Pvt) Ltd (a) (b) (c)	Sri Lanka	2	100.00	100.00	-	-	-
Global Parcel Delivery (Pvt) Ltd (a)	Sri Lanka	1	100.00	100.00	-	-	-
Aitken Spence Ports International Ltd (a)	Sri Lanka	10,000	10.00	100.00	-	-	-
						6,793,518	5,901,366
<b>b) Preference Shares</b>							
<b>Cumulative preference shares</b>							
Aitken Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	500,000	100.00	100.00	-	5,000	5,000
Aitken Spence Hotel Holdings PLC (a) (c)	Sri Lanka	16,500,000	100.00	100.00	-	165,000	165,000
Western Power Company (Pvt) Ltd (a) *	Sri Lanka	40,000,000	100.00	100.00	-	3,700,000	3,700,000
<b>Non-cumulative preference shares</b>							
Aitken Spence (Garments) Ltd (a) (c)	Sri Lanka	4,000,000	72.73	72.73	27.27	40,000	40,000
						3,910,000	3,910,000
Provision for impairment of investments						(121,314)	(97,129)
						10,582,204	9,714,237

During the period under review the Company impaired its investments in the strategic investments and services sector and recognised an impairment loss of Rs. 24.2 million in the income statement under depreciation, amortisation and impairment (losses) / reversals of non-financial assets.

\* During 2018/2019 financial year, 40,000,000 Redeemable Cumulative preference shares of Rs. 100.00 each were issued to Aitken Spence PLC by Western Power (Pvt) Ltd. The called up capital on the shares as at 31.03.2022 and 31.03.2021 was Rs. 92.50 per share. The outstanding balance subscription of Rs. 7.50 per share will be called from time to time as and when required by the issuing company.

a,b,c - refer note 42

## 20.3 Investment in subsidiaries - quoted

	Country of incorporation	Number of shares as at 31.03.2022	Company holding %	Group holding %	Non- controlling holding %	As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000
"Aitken Spence Hotel Holdings PLC (a) (c) (Ordinary Shares)"	Sri Lanka	239,472,667	71.20	74.49	25.51	2,458,287	2,458,287
						2,458,287	2,458,287
Market value of quoted investment						8,501,280	7,232,075

a,c - refer note 42

## 20.4 Inter-company shareholdings - unquoted

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2022	Percentage holding (%)		
				Investor holding  %	Group holding  %	Non- controlling holding  %
a) Ordinary shares						
Aitken Spence Industrial Solutions (Pvt) Ltd (a)	Sri Lanka	Vauxhall Property Developments (Pvt) Ltd	200	100.00	100.00	-
Ace Aviation Services (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Cargo (Pvt) Ltd	26,251	50.00	100.00	
Ace Travels and Conventions (Pvt) Ltd	Sri Lanka	Aitken Spence Travels (Pvt) Ltd	55,000	100.00	50.00	50.00
Ahungalla Resorts Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	78,369,024	60.00	44.69	55.31
Aitken Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	Vauxhall Investments (Pvt) Ltd	5,000	100.00	100.00	-
Aitken Spence Developments (Pvt) Ltd	Sri Lanka	Ace Containers (Pvt) Ltd	1	0.00	92.00	8.00
Aitken Spence (Garments) Ltd (a) (c)	Sri Lanka	Group companies	3	0.00	50.00	50.00
Aitken Spence Global Operations (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotels International (Pvt) Ltd	100,000	100.00	86.99	13.01
Aitken Spence Hotel Managements (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	3,862,353	49.00	87.50	12.50
Aitken Spence Hotel Managements Asia (Pvt) Ltd (b) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	5,125,500	51.00	86.99	13.01
Aitken Spence Hotels International (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	10,744,583	51.00	86.99	13.01
Aitken Spence Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	14,701,204	98.01	73.01	26.99
		Group companies	2	0.00		
Aitken Spence Overseas Travel Services (Pvt) Ltd	Sri Lanka	Aitken Spence Travels (Pvt) Ltd	50,000	100.00	50.00	50.00
Aitken Spence Ports International Ltd (a)	Sri Lanka	Aitken Spence Maritime Ltd	90,000	90.00	100.00	-
Aitken Spence Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	Vauxhall Property Developments (Pvt) Ltd	2,805,000	3.53	100.00	-
Aitken Spence Resources (Pvt) Ltd (c)	Sri Lanka	Aitken Spence Hotel Management (Pvt) Ltd	10,000	100.00	100.00	-
D.B.S. Logistics Ltd (a)	Sri Lanka	Aitken Spence Cargo (Pvt) Ltd	200,000	100.00	100.00	-
Aitken Spence Elevators (Pvt) Ltd (a)	Sri Lanka	Group companies	14	0.00	77.40	22.60
Hapag-Lloyd Lanka (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Maritime Ltd	119,999	60.00	60.00	40.00
		Clark Spence and Company (Pvt) Ltd	1	0.00		
Heritance (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotels Ltd	2,125,627	100.00	73.01	26.99
Hethersett Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	24,542,000	94.44	70.35	29.65
Kandalama Hotels (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotels Ltd	10,216,216	63.00	82.99	17.01
Meeraladuwa (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	20,227,801	100.00	74.49	25.51
Neptune Ayurvedic Village (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	500,000	100.00	74.49	25.51
Nilaveli Resorts (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Nilaveli Holidays (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Shipping and Cargo Logistics (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Shipping Ltd	25,000	50.00	50.00	50.00
The Galle Heritage (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Turyaa (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	219,812,321	100.00	74.49	25.51
Turyaa Resorts (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	121,920,001	100.00	74.49	25.51
Waltrim Hydropower (Pvt) Ltd (a)	Sri Lanka	Waltrim Energy Ltd	24,795,588	100.00	100.00	-
Upper Waltrim Hydropower (Pvt) Ltd (a)	Sri Lanka	Waltrim Energy Ltd	26,878,135	100.00	100.00	-
Elgin Hydropower (Pvt) Ltd (a)	Sri Lanka	Waltrim Energy Ltd	28,152,080	100.00	100.00	-
Aitken Spence Resorts (Middle East) LLC (a) (c )	Oman	Aitken Spence Hotels International (Pvt) Ltd	11,363,775	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Ace Resorts Pvt Ltd (a) (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	8,480,999	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
A.D.S Resorts Pvt Ltd (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	1,274,999	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Cowrie Investments Pvt Ltd (a) (c)	Maldives	Aitken Spence Hotel Holdings PLC	52,740	60.00	44.69	55.31
Interlifts International Pvt Ltd	Maldives	Vauxhall Property Developments (Pvt) Ltd	6	0.01	40.00	60.00
Jetan Travel Services Company Pvt Ltd (c)	Maldives	Crest Star (B.V.I) Ltd	47,500	95.00	70.77	29.23
Spence Maldives Pvt Ltd (a)	Maldives	Ace Cargo (Pvt) Ltd	42,000	60.00	60.00	40.00

# Notes to the Financial Statements

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2022	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
Unique Resorts Pvt Ltd (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	6,374,999	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Aitken Spence Hotel Managements (South India) Ltd (a)	India	Aitken Spence Hotels International (Pvt) Ltd	150,048,995	83.40	84.92	15.08
		Aitken Spence Hotel Holdings PLC	29,869,000	16.60		
		Aitken Spence Hotel Services Pvt Ltd	1	0.00		
Aitken Spence Hotel Services Pvt Ltd	India	Aitken Spence Hotels International (Pvt) Ltd	10,000	100.00	86.99	13.01
Perumbalam Resorts Pvt Ltd (a)	India	PR Holiday Homes (Pvt) Ltd	9,999	99.99	73.57	26.43
		Aitken Spence Hotel Managements (South India) Ltd	1	0.01		
PR Holiday Homes Pvt Ltd (a)	India	Aitken Spence Hotel Managements Asia (Pvt) Ltd	621,310	84.57	73.57	26.43
Fiji Ports Terminal Ltd (a)	Fiji	Fiji Ports Corporation Ltd	1,511,307	49.00	60.80	39.20
Crest Star (B.V.I) Ltd	British Virgin Islands	Aitken Spence Hotel Holdings PLC	3,415,000	100.00	74.49	25.51
Aitken Spence Travels Myanmar Ltd (a) (c)	Myanmar	Royal Spence Aviation (Pvt) Ltd	12,000	60.00	60.00	40.00
<b>b) Preference Shares</b>						
<b>Cumulative preference shares</b>						
Ace Apparels (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Apparels (Pvt) Ltd	22,650,000	100.00	100.00	-
Aitken Spence Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	40,000,000	100.00	74.49	25.51
<b>Non-cumulative preference shares</b>						
Aitken Spence Hotels International (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Management Asia (Pvt) Ltd	3,825,000	100.00	86.99	13.01

a,b,c - refer note 42

## 20.5 Inter-company shareholdings - quoted

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2022	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
Aitken Spence Hotel Holdings PLC (a) (c) (Ordinary Shares)*	Sri Lanka	Ace Cargo (Pvt) Ltd	4,423,601	1.32	74.49	25.51
		Aitken Spence Hotel Management (Pvt) Ltd	3,530,639	1.05		
		Aitken Spence Aviation (Pvt) Ltd	2,604,140	0.77		
		Vauxhall Investments (Pvt) Ltd	340,270	0.10		
		Clark Spence and Company (Pvt) Ltd	136,101	0.04		

a,c - refer note 42

**20.6** The value of shares pledged by the Group as securities for facilities obtained from banks amounted to Rs.4,281.5 million (2020/2021 - Rs.3,700.0 million).

Principal activities of the Group's interest in subsidiaries are described on pages 399 to 405.



## 20.7 Non-controlling interests

The following table summarises the financial information relating to the Group's subsidiaries that has material non-controlling interests (before any intra-group eliminations).

	Aitken Spence Hotel Holding PLC & Group Rs.'000	2021/2022 Other individually immaterial subsidiaries Rs.'000	Total Rs.'000	Aitken Spence Hotel Holding PLC & Group Rs.'000	2020/2021 Other individually immaterial subsidiaries Rs.'000	Total Rs.'000
Non - current assets	85,957,544			67,433,938		
Current assets	15,682,186			6,734,299		
Non - current liabilities	(53,708,965)			(39,406,684)		
Current liabilities	(19,789,707)			(12,798,833)		
<b>Net assets</b>	<b>28,141,058</b>			<b>21,962,720</b>		
<b>Carrying amount of non-controlling interests as at 31st March</b>	<b>7,421,302</b>	<b>4,075,619</b>	<b>11,496,921</b>	<b>6,435,388</b>	<b>3,266,754</b>	<b>9,702,142</b>
Revenue	24,570,780			5,728,379		
Profit / (loss) for the year	1,034,305			(7,253,215)		
Other comprehensive income for the year, net of tax	5,114,716			107,711		
<b>Total comprehensive income / (loss) for the year</b>	<b>6,149,021</b>			<b>(7,145,504)</b>		
Profit / (loss) for the year allocated to non-controlling interests	166,840	1,449,385	1,616,225	(2,551,285)	863,125	(1,688,160)
Other comprehensive income /(loss) for the year, net of tax allocated to non-controlling interests	811,596	502,482	1,314,078	(191,481)	52,546	(138,935)
<b>Total comprehensive income /(loss) for the year allocated to non-controlling interests</b>	<b>978,436</b>	<b>1,951,867</b>	<b>2,930,303</b>	<b>(2,742,766)</b>	<b>915,671</b>	<b>(1,827,095)</b>
Cash flows from operating activities	6,793,956			(807,340)		
Cash flows from investing activities	(3,736,595)			(1,287,929)		
Cash flows from financing activities	(2,516,246)			(414,643)		
<b>Net increase in cash and cash equivalents</b>	<b>541,115</b>			<b>(2,509,912)</b>		
<b>Dividends paid to non-controlling interests</b>	<b>-</b>	<b>1,139,490</b>	<b>1,139,490</b>	<b>-</b>	<b>828,735</b>	<b>828,735</b>

# Notes to the Financial Statements

## 21 Investments in equity-accounted investees

	Notes	GROUP		COMPANY	
		2021/2022 Rs.'000	2020/2021 Rs.'000	2021/2022 Rs.'000	2020/2021 Rs.'000
Recognised in the statement of financial position					
Interest in joint ventures	21.1.1	1,300,012	1,140,780	143,700	143,700
Interest in associates	21.2.1	7,264,089	5,939,525	2,516,255	2,642,845
Carrying amount as at 31.03.2022		8,564,101	7,080,305	2,659,955	2,786,545
Recognised in the income statement					
Interest in joint ventures	21.1.2	238,251	161,465	-	-
Interest in associates	21.2.2	443,980	214,368	-	-
Share of profit of equity-accounted investees (net of tax)		682,231	375,833	-	-
Recognised in the statement of profit or loss and other comprehensive income					
Interest in joint ventures	21.1.2	32,346	5,935	-	-
Interest in associates	21.2.2	1,043,417	334,443	-	-
Share of other comprehensive income of equity-accounted investees (net of tax)		1,075,763	340,378	-	-

Share of other comprehensive income of equity-accounted investees (net of tax) is further analysed as ;

	GROUP	
	2021/2022 Rs.'000	2020/2021 Rs.'000
Items that will not be reclassified to profit or loss	18,287	34,052
Items that are or may be reclassified to profit or loss	1,057,476	306,326
	<b>1,075,763</b>	<b>340,378</b>

### 21.1.1 Investment in joint ventures

	Country of incorporation	GROUP				COMPANY			
		Number of shares as at 31.03.2022	Holding %	As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000	Number of shares as at 31.03.2022	Holding %	As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000
Aitken Spence C & T Investments (Pvt) Ltd (a) (b) (Ordinary shares - Unquoted)	Sri Lanka	14,170,000	50.00	141,700	141,700	14,170,000	50.00	141,700	141,700
Aitken Spence Engineering Solutions (Pvt) Ltd (a) (Ordinary shares - Unquoted)	Sri Lanka	20,000	50.00	2,000	2,000	20,000	50.00	2,000	2,000
CINEC Campus (Pvt) Ltd (a) (consolidated with Mercantile Seaman Training Institute Ltd) (Ordinary shares - Unquoted)	Sri Lanka	253,334	40.00	502,950	502,950			-	-
Spence Seahorse Marine (Pvt) Ltd (a) (Ordinary shares - Unquoted)	Sri Lanka	500,000	50.00	5,000	-			-	-
Ace Bangladesh Ltd (a) (Ordinary shares - Unquoted)	Bangladesh	172,970	49.00	32,587	32,587			-	-
<b>Carrying amount as at 31st March</b>				684,237	679,237			143,700	143,700
Share of movement in equity value				615,775	461,543			-	-
<b>Equity value of investments</b>				1,300,012	1,140,780			143,700	143,700

### 21.1.2 Summarised financial information of joint ventures - Group

The following analyses, in aggregate, the carrying amount, share of profit and other comprehensive income of individually immaterial joint ventures.

For the year ended 31st March	2022 Rs.'000	2021 Rs.'000
<b>Carrying amount of interest in joint ventures as at 31.03.2022</b>	1,300,012	1,140,780
Group's share of :		
- Profit for the year (net of tax)	238,251	161,465
- Other comprehensive income for the year (net of tax)	32,346	5,935
<b>Total comprehensive income for the year</b>	270,597	167,400
<b>Dividends received from joint ventures</b>	(116,365)	(105,473)

### 21.1.3 Inter-company shareholdings - investment in joint ventures

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2022	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
CINEC Campus (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Ports International Ltd	253,334	40.00	40.00	60.00
Spence Seahorse Marine (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Shipping Ltd	500,000	50.00	50.00	50.00
Ace Bangladesh Ltd (a)	Bangladesh	Ace Cargo (Pvt) Ltd	172,970	49.00	49.00	51.00

Principal activities of the Group's interest in joint ventures are described on pages 405 to 407.

a,b,c - refer note 42

# Notes to the Financial Statements

## 21.2.1 Investment in associates

	Country of incorporation	GROUP				COMPANY			
		Number of shares as at 31.03.2022	Holding %	As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000	Number of shares as at 31.03.2022	Holding %	As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000
Aitken Spence Plantation Managements PLC (a) (b) (consolidated with Elpitiya Plantations PLC (a) (b)) (Ordinary shares - Quoted)	Sri Lanka	8,295,860	38.95	165,000	165,000	8,295,860	38.95	165,000	165,000
Fiji Ports Corporation Ltd (a) (consolidated with Fiji Ships Heavy Industries Ltd (a)) (Ordinary Shares - Unquoted)	Fiji	14,630,970	20.00	2,351,255	2,351,255	14,630,970	20.00	2,351,255	2,351,255
Serendib Investments Ltd (Ordinary Shares - Unquoted)	Fiji	1,750,000	25.00	151,215	126,590	1,500,000	25.00	151,215	126,590
Browns Beach Hotels PLC (a) (c) (consolidated with Negombo Beach Resorts (Pvt) Ltd (c)) (Ordinary shares - Quoted)	Sri Lanka	48,627,103	27.96	928,077	928,077	-	-	-	-
Amethyst Leisure Ltd (c) (consolidated with Paradise Resort Pasikudah (Pvt) Ltd (c)) (Ordinary shares - Unquoted)	Sri Lanka	218,345,163	23.97	332,848	332,848	-	-	-	-
Ace Aviation Myanmar Ltd (Ordinary shares - Unquoted)	Myanmar	1,525,000	33.33*	20,075	-	-	-	-	-
<b>Carrying amount as at 31st March</b>				<b>3,948,470</b>	<b>3,903,770</b>			<b>2,667,470</b>	<b>2,642,845</b>
Provision for impairment of investments				(30,570)	-			(151,215)	-
Share of movement in equity value				3,346,189	2,035,755			-	-
<b>Equity value of investments</b>				<b>7,264,089</b>	<b>5,939,525</b>			<b>2,516,255</b>	<b>2,642,845</b>
Market value of quoted investments				815,106	873,458			377,462	377,462

During the period under review the Group and Company impaired one of its investments in the services sector and recognised an impairment loss of Rs. 30.6 million and Rs. 151.2 million respectively in the income statement under Depreciation, amortisation and impairment (losses) / reversals of non-financial assets.

\* Group's effective holding in Ace Aviation Myanmar Ltd.

## 21.2.2 Summarised financial information of associates - Group

The following analyses, in aggregate, the carrying amount, share of profit and other comprehensive income of individually immaterial associates.

For the year ended 31st March	2022 Rs.'000	2021 Rs.'000
<b>Carrying amount of interest in associates as at 31.03.2022</b>	<b>7,264,089</b>	5,939,525
Group's share of :		
- Profit for the year (net of tax)	443,980	214,368
- Other comprehensive income for the year (net of tax)	1,043,417	334,443
<b>Total comprehensive income for the year</b>	<b>1,487,397</b>	548,811
<b>Dividends received from associates</b>	<b>(326,297)</b>	(315,458)
<b>Share of net assets of associates recognised in equity</b>	<b>149,335</b>	12,721

### 21.2.3 Inter-company shareholdings - investment in associates

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2022	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
Amethyst Leisure Ltd (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	134,666,055	27.89	20.78	79.22
Browns Beach Hotels PLC (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	47,455,750	36.62	27.96	72.04
		Aitken Spence Hotels Ltd	432,459	0.33		
		Heritance (Pvt) Ltd	432,444	0.33		
		Kandalama Hotels (Pvt) Ltd	306,450	0.24		
Ace Aviation Myanmar Ltd	Myanmar	Aitken Spence Cargo (Pvt) Ltd	1,525,000	33.33	33.33	66.67

Principal activities of the Group's interest in associates are described on pages 405 to 407.

a,b,c - refer note 42

## 22 Deferred tax assets

### 22.1 Movement during the year

	GROUP		COMPANY	
	2021/2022 Rs.'000	2020/2021 Rs.'000	2021/2022 Rs.'000	2020/2021 Rs.'000
Balance as at 01st April	1,196,477	766,677	351,859	299,501
Exchange difference on translation	315,047	40,435	-	-
Reversal of temporary differences				
Recognised in profit / (loss)	(163,155)	357,263	302,228	44,457
Recognised in other comprehensive income	(11,975)	32,102	(6,956)	7,901
<b>Balance as at 31st March</b>	<b>1,336,394</b>	<b>1,196,477</b>	<b>647,131</b>	<b>351,859</b>

### 22.2 Composition of deferred tax assets

As at	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
<b>Deferred tax assets attributable to;</b>				
Defined benefit obligations	52,320	128,541	21,031	23,721
Tax losses carried forward	1,475,254	1,448,361	290,496	327,847
Expected credit losses	48,553	43,628	991	3,092
Right-of-use assets	8,600	357	-	-
Accelerated depreciation for tax purposes on property, plant and equipment	(568,320)	(420,991)	(8,168)	(3,935)
Unrealised exchange loss	318,558	-	341,379	-
Revaluation surplus on freehold land	-	(4,206)	-	-
Financial assets at FVOCI	1,429	787	1,402	1,134
<b>Net deferred tax assets</b>	<b>1,336,394</b>	<b>1,196,477</b>	<b>647,131</b>	<b>351,859</b>

# Notes to the Financial Statements

## 22.3 Movement in tax effect of temporary differences - Group

	As at 31.03.2022  Rs.'000	Exchange difference on translation Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	As at 31.03.2021 Rs.'000	Exchange difference Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	As at 01.04.2020 Rs.'000
<b>Deferred tax assets</b>									
Defined benefit obligations	52,320	1,155	(60,553)	(16,823)	128,541	322	6,995	36,095	85,129
Tax losses carried forward	1,475,254	476,162	(449,269)	-	1,448,361	81,063	768,637	-	598,661
Expected credit losses	48,553	8,543	(3,618)	-	43,628	869	(2,806)	-	45,565
Right-of-use assets	8,600	-	8,243	-	357	(3,779)	(206,752)	-	210,888
Unrealised exchange loss	318,558	-	318,558	-	-	-	-	-	-
	1,903,285	485,860	(186,639)	(16,823)	1,620,887	78,475	566,074	36,095	940,243
<b>Deferred tax liability</b>									
Accelerated depreciation for tax purposes on property, plant and equipment	(568,320)	(170,813)	23,484	-	(420,991)	(38,040)	(208,811)	-	(174,140)
Revaluation surplus on freehold land	-	-	-	4,206	(4,206)	-	-	(4,206)	-
Financial assets at FVOCI	1,429	-	-	642	787	-	-	213	574
	(566,891)	(170,813)	23,484	4,848	(424,410)	(38,040)	(208,811)	(3,993)	(173,566)
<b>Net deferred tax assets</b>	1,336,394	315,047	(163,155)	(11,975)	1,196,477	40,435	357,263	32,102	766,677

## 22.4 Movement in tax effect of temporary differences - Company

	As at 31.03.2022  Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	As at 31.03.2021 Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	As at 01.04.2020 Rs.'000
<b>Deferred tax assets</b>							
Defined benefit obligations	21,031	4,534	(7,224)	23,721	(2,247)	7,428	18,540
Tax losses carried forward	290,496	(37,351)	-	327,847	40,292	-	287,555
Unrealised exchange loss	341,379	341,379	-	-	-	-	-
Expected credit losses	991	(2,101)	-	3,092	694	-	2,398
	653,897	306,461	(7,224)	354,660	38,739	7,428	308,493
<b>Deferred tax liability</b>							
Accelerated depreciation for tax purposes on property, plant and equipment	(8,168)	(4,233)	-	(3,935)	5,718	-	(9,653)
Financial assets at FVOCI	1,402	-	268	1,134	-	473	661
	(6,766)	(4,233)	268	(2,801)	5,718	473	(8,992)
<b>Net deferred tax assets</b>	647,131	302,228	(6,956)	351,859	44,457	7,901	299,501

## 23 Other financial assets - non-current

### 23.1 Unquoted equity and debt securities

As at	Notes	GROUP		COMPANY	
		31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
<b>Financial assets at fair value through OCI</b>					
- Unquoted equity securities	23.1.1	276,026	200,797	14,236	16,923
<b>Financial assets at amortised cost</b>					
- Unquoted debt securities	23.1.2	66,259	64,075	6,341	9,058
- Amounts due from equity-accounted investees		-	567,725	-	-
<b>Carrying amount as at 31st March</b>		<b>342,285</b>	<b>832,597</b>	<b>20,577</b>	<b>25,981</b>
Current unquoted equity and debt securities	23.1.2	(27,926)	(25,741)	(6,341)	(9,058)
<b>Non-current unquoted equity and debt securities</b>		<b>314,359</b>	<b>806,856</b>	<b>14,236</b>	<b>16,923</b>

#### 23.1.1 Unquoted equity securities

	No. of shares as at 31.03.2022	GROUP		No. of shares as at 31.03.2022	COMPANY	
		As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000		As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000
Rainforest Ec lodge (Pvt) Ltd (Ordinary shares)	3,500,000	35,000	35,000	3,500,000	35,000	35,000
Business Process Outsourcing LLC (Ordinary shares)	30,000	8,640	8,640	30,000	8,640	8,640
Floatels India (Pvt) Ltd (Ordinary shares)	716,037	84,128	84,128	-	-	-
SLFFA Cargo Services Ltd (Ordinary shares)	1,243,000	3,223	823	-	-	-
Ingrin Institute of Printing & Graphics Sri Lanka Ltd (Ordinary shares)	10,000	100	100	-	-	-
		131,091	128,691		43,640	43,640
Change in fair value of investments		(15,727)	(10,215)		(29,404)	(26,717)
Exchange difference		160,662	82,321		-	-
<b>Carrying amount</b>		<b>276,026</b>	<b>200,797</b>		<b>14,236</b>	<b>16,923</b>

The Group designated the investments shown above as equity securities, which represents investments that the Group intends to hold as long term strategic investments.

No strategic investments were disposed during the financial year 2021/2022 and there were no transfers of any cumulative gain or loss within equity relating these investments.

#### 23.1.2 Unquoted debt securities

As at	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Sumiko Lanka Hotels (Pvt) Ltd (Redeemable Debentures)	69,623	67,392	6,341	9,058
Impairment of unquoted debt securities	(3,364)	(3,317)	-	-
	66,259	64,075	6,341	9,058
Current unquoted debt securities	(27,926)	(25,741)	(6,341)	(9,058)
<b>Non-current unquoted debt securities</b>	<b>38,333</b>	<b>38,334</b>	<b>-</b>	<b>-</b>

Valuation technique and interest rate basis used on unquoted debt securities are disclosed in note 37.3.2.



# Notes to the Financial Statements

## 24 Inventories

As at	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Raw materials	1,168,469	864,957	-	-
Work-in-progress and finished goods	587,278	452,330	-	-
Consumables	2,279,646	1,213,947	7,379	5,015
	4,035,393	2,531,234	7,379	5,015
Impairment of inventories *	(176,699)	(176,163)	(424)	-
	3,858,694	2,355,071	6,955	5,015

\* During the year the Group reversed an excess provision of Rs. 0.1 million made against the inventory provision after re-assessing the net realisable value of the inventory as at 31st March 2022. The above reversal is recognised in the income statement under depreciation, amortisation and impairment (losses) / reversals of non-financial assets.

None of the inventories are pledged as security for facilities obtained by the Group or Company from banks as at 31st March 2022. (Group and Company 2020/2021-nil).

## 25 Trade and other receivables

As at	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Trade receivables	14,112,665	11,055,024	2,693	3,165
Other receivables	5,851,440	2,626,114	409,600	735,961
Contract assets	576,937	245,584	-	-
Amounts due from subsidiaries	-	-	4,488,397	3,268,246
Amounts due from equity-accounted investees	1,016,860	449,614	159,332	150,769
Loans to employees	9,648	11,809	48	278
	21,567,550	14,388,145	5,060,070	4,158,419
Impairment of trade and other receivables	(431,722)	(474,895)	(444,707)	(206,803)
	21,135,828	13,913,250	4,615,363	3,951,616

Group companies have pledged Rs.88.6 million worth of trade debtors as collateral for loans obtained from banks as of 31st March 2022. (Company -nil. Group and Company 2020/2021-nil).

The movement of loans above Rs. 20,000/- given to executive staff is as follows ;

As at	COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Balance as at 01st April	278	1,340
Recoveries during the period	(230)	(1,062)
Balance as at 31st March	48	278

## 26 Other current assets

As at	Notes	GROUP		COMPANY	
		31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Other financial assets	26.1	24,544,888	13,889,540	19,524,210	12,369,486
Property, plant and equipment	15.1	582,910	487,416	-	-
Right-of-use asset	19.1	592	1,183	-	-
		25,128,390	14,378,139	19,524,210	12,369,486

### 26.1 Other financial assets - current

As at	Notes	GROUP		COMPANY	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets at fair value through profit or loss					
- Quoted equity securities	26.1.1	47,906	51,911	23,610	30,066
Financial assets at amortised cost					
- Unquoted debt securities	23.1.2	27,926	25,741	6,341	9,058
- Government securities	26.1.2	-	606,009	-	606,009
- Bank deposits	26.1.3	24,469,660	13,218,702	19,494,798	11,737,172
- Impairment of bank deposits and government securities		(604)	(12,823)	(539)	(12,819)
		24,544,888	13,889,540	19,524,210	12,369,486

#### 26.1.1 Quoted equity securities

	No. of shares as at 31.03.2022	GROUP		COMPANY	
		As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000	As at 31.03.2022 Rs.'000	As at 31.03.2021 Rs.'000
Commercial Bank of Ceylon PLC (Ordinary shares)	332,407	32,792	32,142	332,407	32,142
DFCC Bank PLC (Ordinary shares)	27,428	564	486	27,428	486
Hatton National Bank PLC (Ordinary shares)	214,787	4,060	4,060	-	-
Colombo Dockyard PLC (Ordinary shares)	13,543	123	123	-	-
		37,539	36,811	33,356	32,628
Change in fair value of investments		10,367	15,100	(9,746)	(2,562)
<b>Carrying amount</b>		<b>47,906</b>	<b>51,911</b>	<b>23,610</b>	<b>30,066</b>

#### 26.1.2 Government securities

Government securities consist of Sri Lanka development bonds which are measured at amortised cost using the effective interest rate.

#### 26.1.3 Bank deposits

Bank deposits include fixed and call deposits which are measured at amortised cost using the effective interest rate. These financial assets are expected to be recovered through contractual cash flows.

# Notes to the Financial Statements

## 27 Cash and cash equivalents

As at	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Cash at bank and in hand	13,183,650	7,419,455	3,118,573	2,404,940
Short-term deposits	2,159,896	559,461	612,269	-
<b>Cash and short-term deposits in the statement of financial position</b>	<b>15,343,546</b>	<b>7,978,916</b>	<b>3,730,842</b>	<b>2,404,940</b>
Bank overdrafts and other short-term borrowings	(9,617,003)	(15,082,668)	(2,881,302)	(8,220,397)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>5,726,543</b>	<b>(7,103,752)</b>	<b>849,540</b>	<b>(5,815,457)</b>

## 28 Assets classified as held for sale

Consequent to the decision made by the Group to divest from the ship owning business in 2007/2008 and the sale of ships by the Group's ship owning companies, the Group recognised the fair values of the investments in Ceyaki Shipping (Pvt) Ltd and Ceyspence (Pvt) Ltd under assets held for sale. The fair value of the Group's investment in Spence International (Pvt) Ltd is also treated under assets held for sale upon the decision made to liquidate the company. The liquidation of these companies are not yet concluded.

Further, consequent to the decision made by Ace Resorts (Pvt) Ltd to dispose of its lease, the carrying value of the leasehold rights of Raafushi Island was classified under assets held for sale.

As at	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Share of net assets of equity-accounted investees classified as held for sale	141,446	141,446	57,237	57,237
Net current assets of group companies classified as held for sale	22,679	22,679	15,000	15,000
Carrying amount of the leasehold rights classified as held for sale	1,586,969	1,079,094	-	-
	<b>1,751,094</b>	<b>1,243,219</b>	<b>72,237</b>	<b>72,237</b>

There were no discontinued operations recognised in the income statement during the year.

## 29 Stated capital and reserves

### 29.1 Stated capital

As at	31.03.2022	31.03.2021
Stated capital (Rs.'000)	2,135,140	2,135,140
No. of shares	405,996,045	405,996,045

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

### 29.2 Reserves

#### Revaluation reserve

Revaluation reserve relates to the amount by which the Group has revalued its property, plant and equipment. There were no restrictions on distribution of these balances to the shareholders.

#### General reserve

General reserve reflects the amount the Group has reserved over the years from its earnings.

#### Exchange fluctuation reserve

Exchange fluctuation reserve comprises of all foreign exchange differences arising from the translation of foreign subsidiaries in the Group.

#### Other capital reserves

This represents the portion of the stated capital of subsidiaries attributable to the Group.

#### Fair value reserve

This represents the cumulative net change in the fair value of equity securities designated at fair value through OCI.

#### Cash flow hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

### 29.3 Other comprehensive income accumulated in reserves

#### 29.3.1 Group

	Attributable to equity holders of the company					Total	Non-controlling interests	Total equity
	Revaluation reserve	Exchange fluctuation reserve	Fair value reserve	Cash flow hedge reserve	Retained earnings			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>For the year ended 31st March 2022</b>								
Revaluation of freehold land	804,737	-	-	-	-	804,737	145,733	950,470
Actuarial gains on defined benefit obligations	-	-	-	-	227,222	227,222	60,351	287,573
Exchange differences on translation of foreign operations	-	5,331,693	-	-	-	5,331,693	2,617,521	7,949,214
Equity investments at FVOCI – net change in fair value	-	-	(5,512)	-	-	(5,512)	-	(5,512)
Net movement on cash flow hedges	-	-	-	(1,213,648)	-	(1,213,648)	(1,501,814)	(2,715,462)
Share of other comprehensive income of equity-accounted investees (net of tax)	3,916	1,057,476	-	-	12,883	1,074,275	1,488	1,075,763
Income tax on other comprehensive income	-	-	551	-	(39,581)	(39,030)	(9,201)	(48,231)
<b>Total</b>	<b>808,653</b>	<b>6,389,169</b>	<b>(4,961)</b>	<b>(1,213,648)</b>	<b>200,524</b>	<b>6,179,737</b>	<b>1,314,078</b>	<b>7,493,815</b>
<b>For the year ended 31st March 2021</b>								
Actuarial losses on defined benefit obligations	-	-	-	-	(239,978)	(239,978)	(58,931)	(298,909)
Exchange differences on translation of foreign operations	-	730,131	-	-	-	730,131	297,995	1,028,126
Equity investments at FVOCI – net change in fair value	-	-	(2,125)	-	-	(2,125)	-	(2,125)
Net movement on cash flow hedges	-	-	-	(318,503)	-	(318,503)	(394,127)	(712,630)
Share of other comprehensive income of equity-accounted investees (net of tax)	21,250	306,326	-	-	5,667	333,243	7,135	340,378
Income tax on other comprehensive income	111,290	-	213	-	40,171	151,674	8,993	160,667
<b>Total</b>	<b>132,540</b>	<b>1,036,457</b>	<b>(1,912)</b>	<b>(318,503)</b>	<b>(194,140)</b>	<b>654,442</b>	<b>(138,935)</b>	<b>515,507</b>

# Notes to the Financial Statements

## 29.3.2 Company

	Fair value reserve	Retained earnings Rs.'000	Total equity Rs.'000
<b>For the year ended 31st March 2022</b>			
Actuarial gains on defined benefit obligations	-	30,103	30,103
Equity investments at FVOCI – net change in fair value	(2,687)	-	(2,687)
Income tax on other comprehensive income	269	(7,225)	(6,956)
<b>Total</b>	<b>(2,418)</b>	<b>22,878</b>	<b>20,460</b>
<b>For the year ended 31st March 2021</b>			
Actuarial losses on defined benefit obligations	-	(30,951)	(30,951)
Equity investments at FVOCI – net change in fair value	(4,731)	-	(4,731)
Income tax on other comprehensive income	473	7,428	7,901
<b>Total</b>	<b>(4,258)</b>	<b>(23,523)</b>	<b>(27,781)</b>

## 30 Interest-bearing loans and borrowings

### 30.1 Movement during the year

	GROUP		COMPANY	
	2021/2022 Rs.'000	2020/2021 Rs.'000	2021/2022 Rs.'000	2020/2021 Rs.'000
<b>Loan Capital</b>				
Balance as at 01st April	42,913,368	37,843,615	3,935,592	2,976,710
Exchange difference	14,739,034	2,097,824	1,516,922	148,936
Companies acquired during the year	555,228	-	-	-
New loans obtained	1,217,750	2,300,245	1,003,750	1,000,000
Interest expense capitalised	629,538	1,307,277	-	-
Capital repayment	(2,368,915)	(653,620)	(1,306,500)	(198,462)
Transaction cost	15,380	18,027	7,721	8,408
	<b>57,701,383</b>	<b>42,913,368</b>	<b>5,157,485</b>	<b>3,935,592</b>
<b>Loan Interest</b>				
Balance as at 01st April	111,903	213,985	25,794	32,775
Exchange difference	51,789	6,548	-	-
Interest expense				
- Charged to the income statement	2,296,338	1,445,400	180,084	140,708
- Capitalised under property, plant and equipment	-	774,149	-	-
- Capitalised as new loans	(629,538)	(1,307,277)	-	-
Interest paid	(1,579,905)	(1,020,902)	(178,123)	(147,689)
	<b>250,587</b>	<b>111,903</b>	<b>27,755</b>	<b>25,794</b>
<b>Balance as at 31st March</b>	<b>57,951,970</b>	<b>43,025,271</b>	<b>5,185,240</b>	<b>3,961,386</b>
<b>Current portion of interest-bearing liabilities</b>	<b>(8,677,206)</b>	<b>(4,114,777)</b>	<b>(1,666,706)</b>	<b>(1,119,163)</b>
<b>Non-current portion of interest-bearing liabilities</b>	<b>49,274,764</b>	<b>38,910,494</b>	<b>3,518,534</b>	<b>2,842,223</b>

### 30.2 Analysed by capital repayment

As at	GROUP		COMPANY	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Payable in less than 3 months	1,966,378	420,972	125,072	150,289
Payable within 3 - 12 months	6,710,828	3,693,805	1,541,634	968,874
Payable within 1 - 2 years	7,456,795	7,618,102	1,171,158	1,051,780
Payable within 2 - 5 years	26,771,281	20,574,496	2,347,376	1,790,443
Payable after 5 years	15,046,688	10,717,896	-	-
	57,951,970	43,025,271	5,185,240	3,961,386

### 30.3 Analysed by interest rate

As at	GROUP		COMPANY	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Term loans linked to LIBOR	32,290,090	22,754,139	4,739,218	3,021,168
Fixed rate term loans	10,184,745	6,748,290	460,092	962,009
Term loans linked to AWPLR	9,290,451	9,262,431	-	-
Term loans linked to EURIBOR	5,356,876	3,842,732	-	-
Term loans linked to T-bill rate	860,071	452,070	-	-
Transaction cost to be amortised	(30,263)	(34,391)	(14,070)	(21,791)
	57,951,970	43,025,271	5,185,240	3,961,386

### 30.4 Analysed by currency equivalent in Rupees

As at	GROUP			COMPANY		
	31.03.2022		31.03.2021	31.03.2022		31.03.2021
	Rs. Equivalent		Rs. Equivalent	Rs. Equivalent		Rs. Equivalent
	%	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000
United States dollars	58	33,638,725	22,754,139	91	4,739,219	3,021,168
Euro	20	11,447,746	8,135,348	-	-	-
Sri Lankan rupees	19	10,937,249	10,883,647	9	460,091	962,009
Omani rial	3	1,958,513	1,286,528	-	-	-
Transaction cost to be amortised		(30,263)	(34,391)		(14,070)	(21,791)
	100	57,951,970	43,025,271	100	5,185,240	3,961,386

# Notes to the Financial Statements

## 30.5 Analysed by credit terms and security details

Bank / financial institution		Sector	Currency	Interest rate basis	Secured	
Hatton National Bank	Loan 1	Tourism	USD	Linked to LIBOR	Yes	
	Loan 2	Tourism	USD	Linked to LIBOR	Yes	
	Loan 3	Strategic	LKR	Linked to AWPLR	Yes	
	Loan 4	Tourism	USD	Fixed Rate	Yes	
	Loan 5	Tourism	USD	Linked to LIBOR	Yes	
	Loan 6	Services	LKR	Linked to AWPLR	No	
	Loan 7	Tourism	USD	Linked to LIBOR	Yes	
	Loan 8	Tourism	LKR	Fixed Rate	No	
	Loan 9	Strategic	LKR	Linked to AWPLR	No	
	Loan 10	Tourism	USD	Linked to LIBOR	Yes	
	Loan 11	Tourism	LKR	Fixed Rate	No	
	Loan 12	Tourism	LKR	Fixed Rate	No	
	Loan 13	Tourism	LKR	Fixed Rate	No	
	Loan 14	Tourism	LKR	Fixed Rate	No	
DFCC Bank	Loan 1	Tourism	USD	Linked to LIBOR	Yes	
	Loan 2	Strategic	LKR	Linked to AWPLR	Yes	
	Loan 3	Tourism	LKR	Linked to AWPLR	Yes	
	Loan 4	Tourism	USD	Fixed Rate	Yes	
	Loan 5	Tourism	LKR	Linked to T-Bill rate	Yes	
	Loan 6	Strategic	LKR	Fixed Rate	Yes	
	Loan 7	Strategic	LKR	Linked to AWPLR	Yes	
	Loan 8	Strategic	LKR	Fixed Rate	Yes	
	Loan 9	Strategic	LKR	Linked to AWPLR	Yes	
	Loan 10	Strategic	LKR	Linked to AWPLR	Yes	
	Loan 11	Tourism	LKR	Fixed Rate	Yes	
	Loan 12	Strategic	LKR	Linked to AWPLR	Yes	
	Loan 13	Strategic	USD	Linked to LIBOR	Yes	
The Hongkong and Shanghai Banking Corporation	Loan 1	Tourism	EUR	Fixed Rate	Yes	
	Loan 2	Tourism	OMR	Fixed Rate	Yes	
	Loan 3	Tourism	USD	Linked to LIBOR	Yes	
	Loan 4	Tourism	EUR	Fixed Rate	Yes	
	Loan 5	Tourism	USD	Linked to LIBOR	Yes	
	Loan 6	Strategic	EUR	Linked to EURIBOR	Yes	
People's Bank	Loan 1	Tourism	USD	Linked to LIBOR	Yes	
	Loan 2	Strategic	LKR	Linked to AWPLR	Yes	
	Loan 3	Tourism	USD	Linked to LIBOR	Yes	
ABANCA Corporación Bancaria	Loan 1	Tourism	EUR	Linked to EURIBOR	Yes	
DEG - German Investment Corporation	Loan 1	Strategic	USD	Linked to LIBOR	No	
Bank of Ceylon	Loan 1	Strategic	LKR	Linked to AWPLR	Yes	
	Loan 2	Strategic	LKR	Fixed Rate	No	
Habib Bank	Loan 1	Tourism	LKR	Linked to T-Bill rate	Yes	
	Loan 2	Tourism	LKR	Linked to AWPLR	Yes	
	Loan 3	Tourism	LKR	Linked to T-Bill rate	Yes	
Muslim Commercial Bank	Loan 1	Strategic	LKR	Linked to AWPLR	Yes	
Commercial Bank of Ceylon	Loan 1	Strategic	LKR	Fixed Rate	Yes	
Seylan Bank	Loan 1	Strategic	LKR	Fixed Rate	No	
Sampath Bank	Loan 1	Tourism	LKR	Fixed Rate	Yes	
Transaction cost to be amortised						

Secured bank loans are secured over the carrying amount of property, plant and equipment of Rs. 8,666.4 million, corporate guarantees of Rs. 31,924.7 million and right-of-use assets of Rs. 4,439.2 million.



Repayment terms	Maturity	LKR equivalent as at	
		31.03.2022 Rs.'000	31.03.2021 Rs.'000
Monthly instalments commencing April 2022	Nov-2025	10,511,184	7,587,838
Repayment commenced. Monthly instalments and a 52% final bullet payment at maturity	Mar-2026	1,887,959	1,516,500
Repayment commenced. Quarterly instalments	Jun-2028	1,771,967	1,827,485
Repayment commenced. Monthly instalments	Oct-2024	808,485	-
Repayment commenced. Monthly instalments	Apr-2024	477,555	499,455
Monthly instalments commencing April 2022	Mar-2025	150,792	-
Repayment commenced. Monthly instalments	May-2024	89,397	-
Monthly instalments commencing July 2022	Sep-2023	67,000	67,000
Quarterly instalments commencing December 2022	Sep-2028	64,556	-
Repayment commenced. Monthly instalments	Oct-2024	46,824	-
Monthly instalments commencing July 2022	Sep-2023	25,000	25,000
Monthly instalments commencing January 2023	Sep-2023	12,400	12,400
Monthly instalments commencing July 2022	Dec-2023	4,713	4,714
Monthly instalments commencing July 2022	Dec-2023	2,508	2,508
		15,920,340	11,542,900
Monthly instalments commencing April 2022	Nov-2025	7,729,044	5,587,569
Repayment commenced. Quarterly instalments	Jun-2028	1,832,464	1,814,816
Monthly instalments commencing July 2022	Feb-2027	566,098	602,097
Repayment commenced. Monthly instalments	Oct-2023	540,150	-
Monthly instalments commencing July 2022	Sep-2023	270,902	147,706
Repayment commenced. Monthly instalments	Aug-2025	142,073	-
Repayment commenced. Monthly instalments	Aug-2025	66,949	-
Repayment commenced. Monthly instalments	Mar-2023	45,580	-
Repayment commenced. Monthly instalments	Oct-2025	41,894	-
Repayment commenced. Monthly instalments	Mar-2023	24,551	-
Monthly instalments commencing July 2022	Jun-2024	14,609	54,783
Repayment commenced. Monthly instalments	Sep-2022	11,059	48,601
Repayment commenced. Monthly instalments	Jun-2022	3,470	17,530
		11,288,843	8,273,102
54 monthly instalments commencing July 2022 and a 52% final bullet payment at maturity	Apr-2026	5,843,487	4,131,930
Repayment commenced. Quarterly instalments	Sep-2025	1,958,513	1,286,528
Bullet repayment at maturity	Sep-2025	1,499,674	992,433
Monthly instalments commencing July 2022	Sep-2023	247,383	160,686
Monthly instalments commencing July 2022	Dec-2022	233,018	155,087
Repayment commenced. Monthly instalments	Sep-2022	22,520	33,174
		9,804,595	6,759,838
Quarterly instalments commencing July 2022	Oct-2026	4,911,493	3,376,559
Repayment commenced. Quarterly instalments	Jun-2028	2,748,541	2,741,227
Repayment commenced. Monthly instalments	Mar-2023	161,254	-
		7,821,288	6,117,786
Repayment commenced. Quarterly instalments and 72% final bullet repayment at maturity	Apr-2025	5,334,356	3,809,558
		5,334,356	3,809,558
Repayment commenced. Semi-annual instalments	Jan-2026	4,739,218	3,021,168
		4,739,218	3,021,168
Repayment commenced. Quarterly instalments	Jun-2028	1,833,300	1,827,605
Repayment commenced. Monthly instalments	Feb-2023	460,091	962,009
		2,293,391	2,789,614
Quarterly instalments commencing July 2022	Apr-2024	581,011	263,574
Quarterly instalments commencing April 2022	Jul-2022	134,200	400,600
Quarterly instalments commencing July 2022	Jul-2022	8,158	40,790
		723,369	704,964
Repayment commenced. Monthly instalments	Jul-2023	44,080	-
		44,080	22,222
Repayment commenced. Monthly instalments	Jul-2022	5,559	22,222
		5,559	22,222
Repayment commenced. Monthly instalments	Sep-2022	4,992	15,000
		4,992	15,000
Repayment commenced. Monthly instalments	Nov-2023	2,202	3,510
		2,202	3,510
		(30,263)	(34,391)
		57,951,970	43,025,271

# Notes to the Financial Statements

## 31 Lease liabilities

### 31.1 Movement during the year

	GROUP	
	2021/2022 Rs.'000	2020/2021 Rs.'000
Balance as at 01st April	13,133,055	11,124,283
Companies acquired during the year	6,775	-
Exchange difference	5,584,784	831,063
New leases obtained	106,302	1,045,033
Payment of lease liabilities	(2,138,435)	(587,310)
Interest expense		
- Charged to the income statement	710,724	717,237
- Capitalised under property, plant and equipment	-	8
- Capitalised under biological assets	2,199	2,741
<b>Balance as at 31st March</b>	<b>17,405,404</b>	<b>13,133,055</b>
<b>Current portion of lease liabilities</b>	<b>(1,570,210)</b>	<b>(1,278,998)</b>
<b>Non-current portion of lease liabilities</b>	<b>15,835,194</b>	<b>11,854,057</b>

### 31.2 Analysed by capital repayment

As at	GROUP	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Payable in less than 3 months	368,127	311,651
Payable within 3 - 12 months	1,202,083	967,347
Payable within 1 - 2 years	1,555,881	989,827
Payable within 2 - 5 years	3,594,319	3,448,507
Payable after 5 years	10,684,994	7,415,723
	<b>17,405,404</b>	<b>13,133,055</b>

## 32 Deferred tax liabilities

### 32.1 Movement during the year

	GROUP	
	2021/2022 Rs.'000	2020/2021 Rs.'000
Balance as at 01st April	2,393,061	2,358,017
Companies acquired during the year	133,423	-
Exchange difference on translation	90,736	7,053
Origination of temporary differences		
Recognised in profit / (loss)	522,666	156,556
Recognised in other comprehensive income	36,256	(128,565)
<b>Balance as at 31st March</b>	<b>3,176,142</b>	<b>2,393,061</b>

## 32.2 Composition of deferred tax liabilities

As at	GROUP	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000
<b>Deferred tax liabilities attributable to;</b>		
Accelerated depreciation for tax purposes on property, plant and equipment	3,314,055	2,288,621
Revaluation surplus on freehold land	977,314	973,108
Unrealised exchange gain	158,823	-
Financial assets at FVOCI	93	2
Defined benefit obligations	(121,832)	(78,516)
Tax losses carried forward	(1,108,115)	(744,398)
Expected credit losses	(15,899)	(25,834)
Right-of-use assets	(27,535)	(19,399)
Other items	(762)	(523)
<b>Net deferred tax liabilities</b>	<b>3,176,142</b>	<b>2,393,061</b>

## 32.3 Movement in tax effect of temporary differences - Group

	As at 31.03.2022 Rs.'000	Exchange difference on translation Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	Acquired during the year in other comprehensive income Rs.'000	As at 31.03.2021 Rs.'000	Exchange difference Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	As at 01.04.2020 Rs.'000
<b>Deferred tax liabilities</b>										
Accelerated depreciation for tax purposes on property, plant and equipment	3,314,055	119,291	627,883	-	278,260	2,288,621	11,239	569,867	-	1,707,515
Revaluation surplus on freehold land	977,314	-	-	4,206	-	973,108	-	-	(115,500)	1,088,608
Financial assets at FVOCI	93	-	-	91	-	2	-	-	-	2
Unrealised exchange gain	158,823	-	158,823	-	-	-	-	-	-	-
	4,450,285	119,291	786,706	4,297	278,260	3,261,731	11,239	569,867	(115,500)	2,796,125
<b>Deferred tax assets</b>										
Defined benefit obligations	(121,832)	(8,926)	(65,583)	31,959	(766)	(78,516)	(2,437)	2,771	(13,065)	(65,785)
Tax losses carried forward	(1,108,115)	(16,544)	(203,175)	-	(143,998)	(744,398)	(1,237)	(409,008)	-	(334,153)
Expected credit losses	(15,899)	(545)	10,480	-	-	(25,834)	-	(10,911)	-	(14,923)
Right-of-use assets	(27,535)	(2,301)	(5,762)	-	(73)	(19,399)	(440)	3,837	-	(22,796)
Other items	(762)	(239)	-	-	-	(523)	(72)	-	-	(451)
	(1,274,143)	(28,555)	(264,040)	31,959	(144,837)	(868,670)	(4,186)	(413,311)	(13,065)	(438,108)
<b>Net deferred tax liabilities</b>	<b>3,176,142</b>	<b>90,736</b>	<b>522,666</b>	<b>36,256</b>	<b>133,423</b>	<b>2,393,061</b>	<b>7,053</b>	<b>156,556</b>	<b>(128,565)</b>	<b>2,358,017</b>

# Notes to the Financial Statements

## 33 Employee benefits

### 33.1 Retirement benefit obligations

As at	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Present value of unfunded obligations	1,102,308	1,300,212	87,629	98,837
<b>Total present value of the obligation</b>	<b>1,102,308</b>	<b>1,300,212</b>	<b>87,629</b>	<b>98,837</b>

### 33.2 Movement during the year

	GROUP		COMPANY	
	2021/2022 Rs.'000	2020/2021 Rs.'000	2021/2022 Rs.'000	2020/2021 Rs.'000
Balance as at 01st April	1,300,212	884,793	98,837	66,214
<b>Expenses recognised in profit or loss</b>				
Current service cost	95,947	156,238	9,404	9,353
Past service cost	(23,426)	-	5,722	-
Interest cost	94,304	74,834	8,105	6,621
	166,825	231,072	23,231	15,974
<b>Expenses recognised in other comprehensive income</b>				
Actuarial (gains) / losses arising from;				
- financial assumptions	(251,762)	302,724	(27,205)	30,352
- demographic assumptions	120,548	-	6,750	-
- experience adjustment	(156,359)	(3,815)	(9,648)	599
	(287,573)	298,909	(30,103)	30,951
Exchange difference	68,343	14,622	-	-
<b>Others</b>				
Benefits paid	(149,001)	(129,184)	(4,336)	(14,302)
Companies acquired during the year	3,502	-	-	-
<b>Balance as at 31st March</b>	<b>1,102,308</b>	<b>1,300,212</b>	<b>87,629</b>	<b>98,837</b>

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd as at 31st March 2022. The actuarial present value of the promised retirement benefits as at 31st March 2022 amounted to Rs. 1,102,308,118/- (Company - Rs. 87,629,346/-). The liability is not externally funded.

During the period 2021/2022, retirement benefits obligations were adjusted to reflect new legal requirements in the country regarding the retirement age based on the Minimum Retirement Age of Workers Act No. 28 of 2021. As a result of the plan amendment, the Group's retirement benefits obligation decreased by Rs. 23,426,496/- (2020/2021- Nil). A corresponding past service credit was recognised in the income statement during 2021/2022. The plan amendment increased the retirement benefits obligation of the Company by Rs. 5,722,278/- (2020/2021 -Nil) and recognised the corresponding past service charge in the income statement during 2021/2022.

### 33.3 Actuarial assumptions

The principal actuarial assumptions used in determining the cost are given below;

Type of assumption	Criteria	Description			
Financial	Discount rate	In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 13.5% p.a. (2020/2021 – 8.2% p.a.) has been used to discount future liabilities considering the yield available on long term government bonds with a tenure equivalent to the average future working life of the employees.			
	Long term salary increments	Based on the actual salary increment rates of the Group over the past few years and the future economic outlook of the country, an increase in the long term salary increment rate is factored into the valuation for the current year.  » Executive staff 11.0% p.a. (2020/2021 – 8.0% in July 2021 with 11.0% p.a. from 2022)  » Non Executive and other staff 8.0% p.a. (2020/2021 – 7.5% p.a.)			
Demographic	Mortality & Disability	A 1967/70 mortality table, issued by the Institute of Actuaries, London.			
	Staff turnover rate	Based on the staff turnover statistics of the Group. Rates of employee turnover at each category which represent the probabilities of the 'event' occurring within one year of the age is as follows.			
		Age	Executives	Non Executives	Other staff
		20 - 24 years	0.21	0.27	0.80
		25 - 29 years	0.23	0.28	0.57
		30 - 34 years	0.16	0.25	0.44
		35 - 39 years	0.11	0.15	0.34
		40 - 44 years	0.11	0.13	0.32
		45 - 49 years	0.07	0.16	0.27
		50 - 54 years	0.09	0.09	0.27
Retirement age	60 years (2020/2021 – 55 years)				

It is also assumed that the company will continue in business as a going concern.

# Notes to the Financial Statements

## 33.4 Sensitivity analysis

The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the liability in the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year.

As at	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Discount rate				
- 1% increase	(41,085)	(93,588)	(4,429)	(8,331)
- 1% decrease	45,320	107,770	4,899	9,638
Long term salary increments				
- 1% increase	48,505	107,921	5,174	9,516
- 1% decrease	(44,666)	(95,521)	(4,750)	(8,395)

## 33.5 Maturity analysis of the payments

The following payments are expected on defined benefit obligations in future years.

As at	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Within next 12 months	175,992	74,203	8,278	4,257
Between 1 - 2 years	304,771	180,980	29,653	12,104
Between 2 - 5 years	233,257	238,893	14,624	22,850
Beyond 5 years	388,288	806,136	35,074	59,626
	1,102,308	1,300,212	87,629	98,837
Weighted average duration (years) of define benefit obligation	5.50	9.41	5.99	9.72

## 34 Other liabilities

As at	GROUP	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Amounts due to equity-accounted investees	481,452	390,293
	481,452	390,293

## 35 Trade and other payables

As at	GROUP		COMPANY	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Trade payables	6,162,550	3,327,751	-	-
Contract liabilities	3,073,534	1,825,443	-	-
Accrued payables	2,808,960	2,533,753	17,610	46,256
Other payables	15,154,126	3,518,484	417,218	226,051
Indirect taxes payable	291,384	354,807	397	395
Deposits payable	657,659	396,769	-	-
Amounts due to subsidiaries	-	-	12,175,429	6,137,755
Amounts due to equity-accounted investees	1,323,502	215,142	1,177,124	122,409
Unclaimed dividends	35,687	32,675	35,687	32,675
	29,507,402	12,204,824	13,823,465	6,565,541

## 36 Financial instruments - accounting classifications, fair values and cash flow hedge

### 36.1 Financial instruments - accounting classifications and fair values

The following tables summarises the carrying and fair values of financial assets and financial liabilities of the Group and the Company.

#### 36.1.1 Accounting classifications and fair values of financial instruments - Group

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000	
<b>As at 31st March 2022</b>								
<b>Financial assets</b>								
Trade and other receivables	25	-	-	19,089,257	2,046,571	21,135,828	21,135,828	(a)
Deposits and prepayments		-	-	234,803	1,851,710	2,086,513	2,086,513	(a)
Other financial assets	23 & 26							
- Unquoted equity securities and debt securities		-	276,026	66,259	-	342,285	342,285	
- Quoted equity securities		47,906	-	-	-	47,906	47,906	
- Government securities		-	-	-	-	-	-	
- Bank deposits		-	-	24,469,056	-	24,469,056	24,469,056	
- Amounts due from equity-accounted investees		-	-	-	-	-	-	
Cash and short-term deposits	27	-	-	15,343,546	-	15,343,546	15,343,546	(a)
		47,906	276,026	59,202,921	3,898,281	63,425,134	63,425,134	
<b>Financial liabilities</b>								
Interest-bearing loans and borrowings	30	-	-	57,951,970	-	57,951,970	57,951,970	
Lease liabilities	31	-	-	17,405,404	-	17,405,404	17,405,404	
Trade and other payables	35	-	-	21,000,495	8,506,907	29,507,402	29,507,402	(a)
Bank overdrafts and other short-term borrowings	27	-	-	9,617,003	-	9,617,003	9,617,003	(a)
		-	-	105,974,872	8,506,907	114,481,779	114,481,779	



# Notes to the Financial Statements

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000
<b>As at 31st March 2021</b>							
<b>Financial assets</b>							
Trade and other receivables	25	-	-	13,614,747	298,503	13,913,250	13,913,250 (a)
Deposits and prepayments		-	-	180,372	1,020,998	1,201,370	1,201,370 (a)
Other financial assets	23 & 26						
- Unquoted equity securities and debt securities		-	200,797	64,075	-	264,872	264,872
- Quoted equity securities		51,911	-	-	-	51,911	51,911
- Government securities		-	-	593,398	-	593,398	593,398
- Bank deposits		-	-	13,218,490	-	13,218,490	13,218,490
- Amounts due from equity-accounted investees		-	-	567,725	-	567,725	567,725
Cash and short-term deposits	27	-	-	7,978,916	-	7,978,916	7,978,916 (a)
		51,911	200,797	36,217,723	1,319,501	37,789,932	37,789,932
<b>Financial liabilities</b>							
Interest-bearing loans and borrowings	30	-	-	43,025,271	-	43,025,271	43,025,271
Lease liabilities	31	-	-	13,133,055	-	13,133,055	13,133,055
Trade and other payables	35	-	-	7,084,324	5,120,500	12,204,824	12,204,824 (a)
Bank overdrafts and other short-term borrowings	27	-	-	15,082,668	-	15,082,668	15,082,668 (a)
		-	-	78,325,318	5,120,500	83,445,818	83,445,818

(a) Carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values.

## 36.1.2 Accounting classifications and fair values of financial instruments - Company

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000
<b>As at 31st March 2022</b>							
<b>Financial assets</b>							
Trade and other receivables	25	-	-	4,609,627	5,736	4,615,363	4,615,363 (a)
Deposits and prepayments		-	-	536	104,424	104,960	104,960 (a)
Other financial assets	23 & 26						
- Unquoted equity securities and debt securities		-	14,236	6,341	-	20,577	20,577
- Quoted equity securities		23,610	-	-	-	23,610	23,610
- Government securities		-	-	-	-	-	-
- Bank deposits		-	-	19,494,259	-	19,494,259	19,494,259
Cash and short-term deposits	27	-	-	3,730,842	-	3,730,842	3,730,842 (a)
		23,610	14,236	27,841,605	110,160	27,989,611	27,989,611
<b>Financial liabilities</b>							
Interest-bearing liabilities	30	-	-	5,185,240	-	5,185,240	5,185,240
Trade and other payables	35	-	-	13,383,256	440,209	13,823,465	13,823,465 (a)
Bank overdrafts and other short-term borrowings	27	-	-	2,881,302	-	2,881,302	2,881,302 (a)
		-	-	21,449,798	440,209	21,890,007	21,890,007

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000
<b>As at 31st March 2021</b>							
<b>Financial assets</b>							
Trade and other receivables	25	-	-	3,950,276	1,340	3,951,616	3,951,616 (a)
Deposits and prepayments		-	-	488	83,609	84,097	84,097 (a)
Other financial assets	23 & 26						
- Unquoted equity securities and debt securities		-	16,923	9,058	-	25,981	25,981
- Quoted equity securities		30,066	-	-	-	30,066	30,066
- Government securities		-	-	593,398	-	593,398	593,398
- Bank deposits		-	-	11,736,964	-	11,736,964	11,736,964
Cash and short-term deposits	27	-	-	2,404,940	-	2,404,940	2,404,940 (a)
		30,066	16,923	18,695,124	84,949	18,827,062	18,827,062
<b>Financial liabilities</b>							
Interest-bearing liabilities	30	-	-	3,961,386	-	3,961,386	3,961,386
Trade and other payables	35	-	-	6,316,168	249,373	6,565,541	6,565,541 (a)
Bank overdrafts and other short-term borrowings	27	-	-	8,220,397	-	8,220,397	8,220,397 (a)
		-	-	18,497,951	249,373	18,747,324	18,747,324

(a) Carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values.

### 36.2 Cash flow hedge

During 2017/2018 a subsidiary company in the group designated a hedge relationship between its highly probable EURO denominated sales and its foreign currency denominated borrowings.

The risk management objective of this cash flow hedge is to hedge the risk of variation in the foreign currency exchange rates associated with EURO currency denominated forecasted sales.

The risk management strategy is to use the foreign currency variability (gains /losses) arising from the revaluation of foreign currency borrowing due to the changes in spot foreign exchange rates to off-set the variability due to foreign exchange rate movements, on LKR conversion of EURO denominated forecasted sales.

The effective portion of the gain or loss on the hedging instrument is recognised in the Other Comprehensive Income Statement (OCI) and any ineffective portion is recognised immediately in the Income Statement.

The amount recognised in Other Comprehensive Income is transferred to the Income Statement when the hedge transaction occurs (when the forecasted revenue is realised). If the forecasted transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Income Statement.

Cash flow hedge reserve reflects the effective portion of the gain or loss on the hedging instrument. The cash flow hedging reserve as at 31st March 2022 represents the foreign currency variability arising from the revaluation of foreign currency borrowings due to the changes in spot LKR/EUR exchange rate that is expected to be set off from the variability of exchange rates of highly probable EURO denominated sales (namely "All Inclusive" apartment revenue) expected to occur from 1st quarter of 2017/18 up to the tenor of refinanced borrowings.

**Hedging instrument** - Out of the foreign currency borrowing of EURO 40.0 million in January 2017, EURO 34.1 million is designated for the hedge from April 2017.

Further, the outstanding balance of the borrowing of EURO 32.6 million as at 31st March 2018 was refinanced effective from the 1st quarter of 2018/19 for an extended tenor.

**Hedged item** - Highly probable EURO denominated sales (Named "All Inclusive" apartment revenue) expected to occur from April 2017 to March 2029.

# Notes to the Financial Statements

During the year the effective portion of the hedging instrument being a loss of Rs. 2,715.4 million (2020/2021 - loss of Rs. 712.6 million) was recognised in the other comprehensive income statement (OCI) and the ineffective portion of Rs. 29.0 million (2020/2021 - loss of Rs. 27.7 million) relating to current financial year and future periods were recognised in the income statement under net foreign exchange gain/ (loss) in other operating income.

In respect of the cash flow hedge instrument, Group recognised Rs. 2,129.3 million (2020/2021 - Rs. 915.6 million) under cash flow hedge reserve being the Group's portion of the fair value loss recognised by the subsidiary.

## 37 Fair value measurement

### 37.1 Fair value measurement hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

#### 37.1.1 Fair value measurement hierarchy - Group

	As at 31st March 2022				As at 31st March 2021			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
<b>Recurring fair value measurements</b>								
<b>Assets measured at fair value :</b>								
Property, plant and equipment								
- Freehold land	-	-	18,886,217	18,886,217	-	-	12,497,069	12,497,069
Other financial assets								
- Unquoted equity securities	-	244,790	31,236	276,026	-	166,449	34,348	200,797
- Quoted equity shares	47,906	-	-	47,906	51,911	-	-	51,911
- Government securities	-	-	-	-	-	-	-	-
	47,906	244,790	18,917,453	19,210,149	51,911	166,449	12,531,417	12,749,777
<b>Assets for which fair values are disclosed :</b>								
Investment property								
- Freehold land & building	-	-	2,568,104	2,568,104	-	-	2,568,300	2,568,300
Other financial assets								
- Unquoted debt securities	-	66,259	-	66,259	-	64,075	-	64,075
- Government securities	-	-	-	-	-	593,398	-	593,398
- Bank deposits	-	24,469,056	-	24,469,056	-	13,218,490	-	13,218,490
	-	24,535,315	2,568,104	27,103,419	-	13,875,963	2,568,300	16,444,263
<b>Liabilities for which fair values are disclosed :</b>								
Interest-bearing liabilities	-	57,951,970	-	57,951,970	-	43,025,271	-	43,025,271
	-	57,951,970	-	57,951,970	-	43,025,271	-	43,025,271
<b>Non-recurring fair value measurements</b>								
Assets classified as held for sale	-	-	1,751,094	1,751,094	-	-	1,243,219	1,243,219
	-	-	1,751,094	1,751,094	-	-	1,243,219	1,243,219

### 37.1.2 Fair value measurement hierarchy - Company

	As at 31st March 2022				As at 31st March 2021			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
<b>Recurring fair value measurements</b>								
<b>Assets measured at fair value :</b>								
Other financial assets								
- Unquoted equity securities	-	-	14,236	14,236	-	-	16,923	16,923
- Quoted equity securities	23,610	-	-	23,610	30,066	-	-	30,066
- Government securities	-	-	-	-	-	-	-	-
	23,610	-	14,236	37,846	30,066	-	16,923	46,989
<b>Assets for which fair values are disclosed :</b>								
Investment property								
- Freehold land & building	-	-	6,519,608	6,519,608	-	-	6,519,608	6,519,608
Other financial assets								
- Unquoted debt securities	-	6,341	-	6,341	-	9,058	-	9,058
- Government securities	-	-	-	-	-	593,398	-	593,398
- Bank deposits	-	19,494,259	-	19,494,259	-	11,736,964	-	11,736,964
	-	19,500,600	6,519,608	26,020,208	-	12,339,420	6,519,608	18,859,028
<b>Liabilities for which fair values are disclosed :</b>								
Interest-bearing liabilities	-	5,185,240	-	5,185,240	-	3,961,386	-	3,961,386
	-	5,185,240	-	5,185,240	-	3,961,386	-	3,961,386
<b>Non-recurring fair value measurements</b>								
Assets classified as held for sale	-	-	72,237	72,237	-	-	72,237	72,237
	-	-	72,237	72,237	-	-	72,237	72,237

### 37.2 Reconciliation of fair value measurement of "Level 3" financial instruments

	GROUP		COMPANY
	Unquoted equity securities Rs.'000	Freehold land Rs.'000	Unquoted equity securities Rs.'000
Balance as at 01st April 2020	36,473	12,386,141	21,654
Exchange difference	-	286,746	-
Total gains and losses recognised in other comprehensive income			
- Net change in fair value (unrealised)	(2,125)	-	(4,731)
<b>Balance as at 31st March 2021</b>	<b>34,348</b>	<b>12,497,069</b>	<b>16,923</b>
Exchange difference	-	1,948,870	-
Additions during the year	2,400	-	-
Transferred from land carried at cost	-	3,489,808	-
Total gains and losses recognised in other comprehensive income			
- Net change in fair value (unrealised)	(5,512)	-	(2,687)
- Revaluation of freehold land (unrealised)	-	950,470	-
<b>Balance as at 31st March 2022</b>	<b>31,236</b>	<b>18,886,217</b>	<b>14,236</b>

#### 37.2.1 Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

# Notes to the Financial Statements

## 37.3 Valuation techniques and significant unobservable inputs

The following tables summarises the valuation techniques used by the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used for the valuation.

### 37.3.1 Assets and liabilities measured at fair value - Recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
<b>Property, plant and equipment</b>			
» Freehold land	» Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	» Price per perch of land (Refer note 15.3.2)	» Estimated fair value would increase (decrease) if ; - Price per perch increases (decreases).
<b>Other financial assets</b>			
» Unquoted equity securities	» Net assets basis  » Market return on a comparable investment	» Carrying value of assets and liabilities adjusted for market participant assumptions. » Recent sale price of INR 55/- per share.	» Variability of inputs are insignificant to have an impact on fair values.  » Not applicable.
<b>Derivative financial assets / liabilities</b>			
» Forward foreign exchange contracts	» Market comparison technique » The fair values are based on quotes from banks and reflect the actual transactions of similar instruments.	» Forward exchange rates as at reporting date.	» Not applicable.

### 37.3.2 Assets and liabilities for which fair values are disclosed - Recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
<b>Investment property</b>		
» Freehold land	» Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	» Price per perch of land (Refer note 16.2)
<b>Other financial assets</b>		
» Unquoted debt securities » Other bank deposits	» Discounted cash flows » Discounted cash flows	» Current market interest rates linked to AWPLR. » Current market interest rates (Refer note 38.3.2 for an analysis of credit rating of other bank deposits).
<b>Interest-bearing liabilities</b>	» Discounted cash flows	» Current market interest rates (Refer note 30.5).

### 37.3.3 Assets and liabilities measured at fair value - Non-recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
<b>Assets classified as held for sale</b>	» Valued at the carrying amount prior to the asset being classified as held for sale. » Valued at the cash available with the disposal group held for sale.	Not applicable.

## 38. Financial risk management objectives and policies

Please refer the comprehensive risk management report on pages 257 to 266 of the annual report for a detailed description of the Group's risk management structure, process and procedures.

Financial instruments used by the Group in its business activities contain multiple variables that are affected by various market and environmental conditions. Such variations are generally not within the control of the users, and therefore cause fluctuations in the values of financial instruments. Fluctuations in value could result in a situation undesirable to the Group and expose it to risk. These risks need to be managed, as unmanaged risks can lead to unplanned outcomes where the Group could fall short of its financial and budgetary objectives. The Group has adopted a financial risk management strategy aimed at minimising the risks associated with the use of financial instruments by establishing several policies and guidelines that are followed by the companies in the Group. These policies and guidelines are reviewed from time to time and updated to reflect current requirements in accordance with the developments in the operating environment.

This part of the report covers the financial impact that could arise from market risk, credit risk and liquidity risk, the most important elements of the financial risk that the Group is subject to.

### 38.1. Market risk

Fluctuations of those market driven variables that affect cashflows arising from financial instruments can result in the actual outcome being different to expected cashflows thereby creating the market risk. Variables such as interest rates and exchange rates can move in directions different to those originally expected and the consequent cashflows could be different to the originally anticipated cashflows.

Market risk could result in the revenues and expenses of the Group being adversely affected and impacting the profit attributable to shareholders. In order to identify, manage and minimise the market risk, the Group has put into practice a number of policies and procedures.

#### 38.1.1. Currency risk

The currency risk arises when a financial transaction is denominated in a currency other than that of the reporting currency of an entity. The Group has operations in a number of regions across the globe and conducts business in a variety of currencies. The Group's worldwide presence in many geographies exposes it to the currency risk in the form of transaction and translation exposure.

Transaction exposure arises where there are contracted cashflows (receivables and payables) of which the values are subject to unanticipated changes in exchange rates due to contracts being denominated in a foreign currency. Translation exposure occurs due to the fluctuations in foreign exchange rates and arises to the extent to which financial reporting is affected by exchange rate movements when the reporting currency is different to those currencies in which revenues, expenses, assets and liabilities are denominated.

As the Group transacts in many foreign currencies other than the Sri Lankan rupee which is the reporting currency, it is exposed to currency risk on revenue generation, expenses, investments and borrowings. The Group has significant investments in the Maldives, India, Oman and Fiji where the net assets are exposed to foreign currency translation risk. Revenue generations and expenses incurred in foreign currency are exposed to foreign currency transaction risk.

The total interest-bearing liabilities of the Group denominated in US dollar and Euro amounted to Rs. 45.1 billion. The translation exposure resulting from foreign currency borrowings has been hedged to a great extent by the acquisition of financial assets denominated in matching foreign currencies. A significant portion of the foreign currency borrowings have been made by the Group companies with incomes in foreign currencies, especially in the tourism and strategic investments sectors. Transaction exposures are usually minimised by selectively entering into forward contracts when future cashflows can be estimated with reasonable accuracy with regard to amounts as well as timing. The Group treasury monitors foreign exchange markets on a continuous basis and advises on appropriate risk mitigating strategies.

The Group actively evaluates the possibility of employing hedge accounting to mitigate the exposure to currency risk by designating an effective relationship between foreign currency denominated transaction with assets or liabilities. Hedge accounting enables to minimise the timing differences in recognising foreign currency translation impact to the income statement or other comprehensive income statement and to effectively capture the economic substance of the transaction.

# Notes to the Financial Statements

## Significant movement in exchange rates during the year ended 31st March 2022

	Lowest Level		Highest Level		Spread	Year end rate
	Rate	Date	Rate	Date		
USD/LKR	189.95	19.04.2021	293.88	28.03.2022 - 31.03.2022	103.93	293.88
EUR/LKR	218.14	07.03.2022	328.01	30.03.2022	109.87	326.38
EUR/USD	1.0866	07.03.2022	1.2248	25.05.2021	0.1382	1.1106

## Foreign currency sensitivity

The main foreign currencies the Group transacts in are the US dollar and the Euro. The exposure to other foreign currencies is not considered as they are mostly related to foreign operations. In order to estimate the impact of the currency risk on financial instruments, a reasonable movement in the USD/LKR and EUR/LKR exchange rates is assumed based on the observable trend in the market. Due to the significant volatility observed in exchange rates especially during the latter part of the financial year and thereafter, a fluctuation of 40% is considered for the sensitivity analysis as at reporting date, compared to a fluctuation of 5% considered in the last financial year. In the calculation of this risk, it is assumed that all other variables are held constant. The sensitivity analysis relates only to assets and liabilities depicted in Financial Statements as at the end of the financial year.

## Group

	Effect on profit before tax		Effect on equity
	USD net financial assets / (liabilities) USD '000	EUR net financial assets / (liabilities) EUR '000	USD '000
<b>As at 31st March 2022</b>			
Net exposure	72,546	(33,472)	125,685
LKR depreciates by 40% (Rs. '000)	8,527,905	(4,369,833)	14,774,546
LKR appreciates by 40% (Rs. '000)	(8,527,905)	4,369,833	(14,774,546)
<b>As at 31st March 2021</b>			
Net exposure	64,765	(33,086)	129,415
LKR depreciates by 5% (Rs. '000)	647,097	(387,671)	1,293,051
LKR appreciates by 5% (Rs. '000)	(647,097)	387,671	(1,293,051)

The effect on the equity arises from the investments made by the Group in the Maldives, India, Oman, Fiji and Myanmar. We have not accounted for the sensitivity arising in any of the other investments as the Group's exposure to such is not significant.

## Company

	Effect on profit before tax USD net financial assets / (liabilities) USD '000
<b>As at 31st March 2022</b>	
Net exposure	51,547
LKR depreciates by 40% (Rs. '000)	6,059,419
LKR appreciates by 40% (Rs. '000)	(6,059,419)
<b>As at 31st March 2021</b>	
Net exposure	49,795
LKR depreciates by 5% (Rs. '000)	497,531
LKR appreciates by 5% (Rs. '000)	(497,531)



### 38.1.2. Interest rate risk

Values of financial instruments could fluctuate depending on the movements in interest rates giving rise to interest rate risk. This is a consequence of the changes in the present values of future cash flows derived from financial instruments. Value fluctuations in financial instruments will result in mark to market gains or losses in investment portfolios and could have an impact on reported financial results of the Group.

The Group's investment portfolio may consist of a range of financial instruments with both fixed and variable interest rates such as treasury bills and treasury bonds which are subject to interest rate risk. Liabilities with variable interest rates such as AWPLR and LIBOR linked borrowings would expose the Group to cashflow risk as the amount of interest paid would change depending on the changes in market interest rates. Investments with fixed interest rates would expose the Group to variations in fair values during the marking to market of portfolios. Suitable strategies are used by the Group treasury to manage the interest rate risks in portfolio investments. The use of long-term interest rate forecasts to determine the most suitable duration of investments with the objective of overcoming the re-investment risk as well as to minimise any adverse impact in marking to market of the portfolio is one of the often-used strategies. Interest rate swaps could be used when there is a need to hedge the risks on debt instruments with variable rates. Close monitoring of market trends is carried out to improve the accuracy of such decisions.

The Group treasury monitors the interest rate environment on a continuous basis to advise the sector finance managers on the most suitable strategy with regard to borrowings. The Group usually negotiates long term borrowings during the periods in which interest rates are low in order to extend the favourable impact to future reporting periods.

#### Significant movement in interest rates during the year ended 31st March 2022

	Lowest Level		Highest Level		Spread (basis points)	Year end rate %
	Rate %	Period	Rate %	Period		
LKR Interest rate (Weekly AWPLR)	5.43	Apr-21	9.71	Mar-22	428	9.71
USD Interest rate (Three months USD LIBOR)	0.070	Jan-22	0.332	Mar-22	26	0.332

#### Interest rate sensitivity

At the reporting date the interest rate sensitivity analysis of interest-bearing financial instruments of the Group and Company are given below. This analysis depicts the impact of the probable movement in interest rate on profit before tax with all other variables held constant. Due to the significant volatility in interest rates especially during the latter part of the financial year and thereafter, a fluctuation of 400 basis points is considered for the sensitivity analysis for LKR financial liabilities as at reporting date, compared to a fluctuation of 100 basis points considered in the last financial year. In line with observed trend in the market, sensitivity threshold for USD financial liabilities is also increased to 25 basis points from last year's 10 basis points.

#### Group

		31.03.2022			31.03.2021	
	Exposure	Impact on profit before tax		Exposure	Impact on profit before tax	
		Decrease of 400 basis points in LKR interest rates	Increase of 400 basis points in LKR interest rates		Decrease of 100 basis points in LKR interest rates	Increase of 100 basis points in LKR interest rates
LKR financial liabilities (Rs.'000)	10,150,522	406,021	(406,021)	9,714,501	97,145	(97,145)
		Decrease of 25 basis points in USD interest rates	Increase of 25 basis points in USD interest rates		Decrease of 10 basis points in USD interest rates	Increase of 10 basis points in USD interest rates
USD financial liabilities (In equivalent Rs.'000)	32,290,090	80,725	(80,725)	22,754,139	22,754	(22,754)

#### Company

		31.03.2022			31.03.2021	
	Exposure	Impact on profit before tax		Exposure	Impact on profit before tax	
		Decrease of 25 basis points in USD interest rates	Increase of 25 basis points in USD interest rates		Decrease of 10 basis points in USD interest rates	Increase of 10 basis points in USD interest rates
USD financial liabilities (In equivalent Rs.'000)	4,739,218	11,848	(11,848)	3,021,168	3,021	(3,021)

# Notes to the Financial Statements

## 38.1.3. Equity price risk

The Group has adopted the policy that its investment in subsidiaries, joint ventures and associate companies are recorded at cost as per LKAS 27 and 28 standards and therefore are scoped out from the Sri Lanka Accounting Standards, SLFRS 9 - Financial Instruments.

Investments made by the Group which do not belong to the above categories are classified as financial assets and recorded at fair value in financial statements.

At the reporting date the carrying values of equity investments are as follows;

- » Quoted equity securities: Rs. 47.9 million (as at 31.03.2021; Rs. 51.9 million)
- » Unquoted equity securities: Rs. 276 million (as at 31.03.2021; Rs. 200.8 million)

A sensitivity analysis of the above has not been carried out as the Group's exposure to such is not material.

## 38.2 Liquidity risk

Liquid assets of a company consist of cash and assets which can be converted to cash in a short period of time to settle liabilities as they arise. Liquidity is an important factor in the operations of a business as it is an essential requirement for the successful operation of an entity.

A shortage of liquidity would have a negative impact on stakeholder confidence in a business entity and hampers its operations. The Group has ensured that it maintains sufficient liquidity reserves to meet all its operational and investment requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements.

Shortening the working capital cycle is one of the main practises preferred in ensuring that there is sufficient liquidity at a given time. Adequate short-term working capital facilities provided by banks are available to all the Group companies which are utilised in the event of a requirement. These facilities are available at favourable rates and have been mostly provided without collateral. The Group maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and closely monitors their utilisation.

The Group has implemented procurement and vendor evaluation policies to prevent payment of excessive prices to suppliers and to obtain favourable credit periods in order to ensure a strong working capital position. Special attention has been given to cash inflows and outflows both at a consolidated and sector levels. The maturity profile of the Group's investments is monitored and adjusted to meet expected future cash outflows in the short, medium and long terms.

Funding requirements of the sectors and the parent company are evaluated at regular intervals by analysing business expansion strategies. The Group has adopted a conservative investment strategy in order to preserve the scarce capital as well as to minimise the risk. At opportune moments funds are mobilised by accessing capital markets. The Group attempts to minimise future interest expenses on borrowings by negotiating favourable interest rates with the respective lenders and makes use of attractive interest rates offered by international banks on foreign currency denominated funding mostly to finance its overseas investments.

The table below summarises the maturity analysis of the Group's and the Company's financial liabilities based on contractual undiscounted payments.

### Group

As at 31st March 2022	Carrying amount  Rs.'000	On demand Rs.'000	Less than 3 months Rs.'000	Contractual cash flows				Total  Rs.'000
				3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	
Interest-bearing loans and borrowings	57,951,970	-	2,771,279	8,938,647	10,028,093	31,556,348	15,786,750	69,081,117
Lease liabilities	17,405,404	-	588,062	1,775,781	2,337,645	5,321,905	20,980,406	31,003,798
Trade and other payables	21,000,495	12,769,992	3,149,286	5,081,217	-	-	-	21,000,495
Bank overdrafts and other short-term borrowings	9,617,003	9,617,003	-	-	-	-	-	9,617,003
	105,974,872	22,386,995	6,508,628	15,795,645	12,365,738	36,878,253	36,767,156	130,702,414

As at 31st March 2021	Carrying amount  Rs.'000	Contractual cash flows						Total  Rs.'000
		On demand  Rs.'000	Less than 3 months  Rs.'000	3 to 12 months  Rs.'000	1 to 2 years  Rs.'000	2 to 5 years  Rs.'000	More than 5 years  Rs.'000	
Interest-bearing loans and borrowings	43,025,271	-	962,369	5,234,687	9,380,377	23,723,637	11,247,525	50,548,596
Lease liabilities	13,133,055	-	530,604	1,602,316	1,711,465	5,090,286	16,529,558	25,464,230
Trade and other payables	7,084,324	3,989,510	846,951	2,247,863	-	-	-	7,084,324
Bank overdrafts and other short-term borrowings	15,082,668	15,082,668	-	-	-	-	-	15,082,668
	78,325,318	19,072,178	2,339,924	9,084,866	11,091,843	28,813,923	27,777,084	98,179,818

#### Company

As at 31st March 2022	Carrying amount  Rs.'000	Contractual cash flows						Total  Rs.'000
		On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	
Interest-bearing loans and borrowings	5,185,240	-	197,572	1,720,845	1,335,100	2,541,962	-	5,795,478
Trade and other payables	13,383,256	13,230,849	152,407	-	-	-	-	13,383,256
Bank overdraft and other short-term borrowings	2,881,302	2,881,302	-	-	-	-	-	2,881,302
	21,449,798	16,112,151	349,979	1,720,845	1,335,100	2,541,962	-	22,060,036

As at 31st March 2021	Carrying amount  Rs.'000	Contractual cash flows						Total  Rs.'000
		On demand  Rs.'000	Less than 3 months  Rs.'000	3 to 12 months  Rs.'000	1 to 2 years  Rs.'000	2 to 5 years  Rs.'000	More than 5 years  Rs.'000	
Interest-bearing loans and borrowings	3,961,386	-	199,194	1,093,233	1,166,913	1,922,729	-	4,382,069
Trade and other payables	6,316,168	6,273,339	198	42,631				6,316,168
Bank overdraft and other short-term borrowings	8,220,397	8,220,397	-	-	-	-	-	8,220,397
	18,497,951	14,493,736	199,392	1,135,864	1,166,913	1,922,729	-	18,918,634

#### Liquidity position

As at	GROUP		COMPANY	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and short-term deposits	15,343,546	7,978,916	3,730,842	2,404,940
Trade and other receivable within 30 days	9,642,793	5,221,317	4,609,627	3,950,276
Short Term deposit	24,469,056	13,811,888	19,494,259	12,330,362
<b>Total Liquid assets</b>	<b>49,455,395</b>	<b>27,012,121</b>	<b>27,834,728</b>	<b>18,685,578</b>
<b>Less:</b>				
Bank overdraft and other short term borrowing	9,617,003	15,082,668	2,881,302	8,220,397
On demand trade and other payables	12,769,992	3,989,510	13,230,849	6,273,339
<b>Total on demand liabilities</b>	<b>22,386,995</b>	<b>19,072,178</b>	<b>16,112,151</b>	<b>14,493,736</b>
<b>Excess liquidity through operating cycle</b>	<b>27,068,400</b>	<b>7,939,943</b>	<b>11,722,577</b>	<b>4,191,842</b>
Undrawn approved bank facilities	28,270,462	17,680,270	13,389,500	8,740,390
<b>Liquidity available on demand</b>	<b>28,270,462</b>	<b>17,680,270</b>	<b>13,389,500</b>	<b>8,740,390</b>

# Notes to the Financial Statements

## 38.3. Credit risk

The risk assumed by an entity resulting from the risk of a counterparty defaulting on its contractual obligations in relation to a financial instrument or a customer contract is known as the credit risk. The Group's exposure to credit risk arises from its operating and financing activities including transactions with banks in placing deposits, foreign exchange transactions and through the use of other financial instruments. The maximum credit risk of the Group and the Company is limited to the carrying value of these financial assets as at the reporting date.

As at	GROUP				COMPANY			
	31.03.2022		31.03.2021		31.03.2022		31.03.2021	
	Rs.'000	Concentration %	Rs.'000	Concentration %	Rs.'000	Concentration %	Rs.'000	Concentration %
Trade and other receivables	19,089,257	32.07	13,614,747	37.33	4,609,627	16.53	3,950,276	21.08
Deposits and prepayments	234,803	0.39	180,372	0.49	536	0.00	488	0.00
Other financial assets								
- Unquoted debt securities and equity securities	342,285	0.58	264,872	0.73	20,577	0.07	25,981	0.14
- Quoted equity securities	47,906	0.08	51,911	0.14	23,610	0.08	30,066	0.16
- Government securities	-	-	593,398	1.63	-	-	593,398	3.17
- Bank deposits	24,469,056	41.11	13,218,490	36.24	19,494,259	69.92	11,736,964	62.62
- Amounts due from equity-accounted investees	-	-	567,725	1.56	-	-	-	-
Cash and short-term deposits	15,343,546	25.78	7,978,916	21.88	3,730,842	13.38	2,404,940	12.83
	59,526,853	100.00	36,470,431	100.00	27,879,451	100.00	18,742,113	100.00

The Board of Directors has provided the policy direction for the Group treasury to manage the risk arising from investments made in financial institutions. The Group's transactions are carried out only with a limited number of institutions all of which have stable credit ratings from internationally recognised rating providers. The Group's exposures and credit ratings of counterparties are continuously monitored and the investment portfolio is diversified amongst several institutions to minimise the unsystematic risk.

### Expected credit loss assessment

The Group adopted Expected Credit Loss (ECL) approach to impairment of its financial assets. This enables better credit risk reporting of financial instruments by carrying reasonably quantified default risk adjusted value of assets in the balance sheet and minimising the timing difference in recognition of future default loss.

ECL measurement approach that is best suited for each class of asset is determined based on underlying risk characteristics of the asset. Subsequent to selection between general and simplified approaches to measurement, the Group assesses financial assets using data that is determined to be predictive of default risk, including but not limited to external ratings, historical payment patterns, audited financial statements, cash flow projections. Group companies apply experienced credit judgement taking in to account qualitative and quantitative factors that are indicative of the risk of default. Scalar macroeconomic factor adjustments such as GDP forecast, also incorporated to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected recovery period.

The Group re-evaluated its approach to measurement of ECL in the light of the current economic crisis in Sri Lanka, as the consequent unexpected deterioration in credit quality of investment portfolios (financial institutions) and trade receivables (non-financial institutions), will have a significant impact on the ECL measurement. The Group considered all reasonable and supportable information available without undue cost or effort at the reporting date as well as practical expedients made available. Economic Factor Adjustment (EFA) and Probability of Default (PD) updated to reflect the impact of adverse economic condition in measuring ECL while Loss Given Default (LGD) was used without modification. The Group also assessed its financial instruments for Significant Increase in Credit Risk (SICR) with available, reasonable and supportable information including economic support and relief measures provided to counterparties.

The following table presents an analysis of ECL measurement basis across financial assets classified at amortised cost including carrying values and impairment recognised for the Group.

**Group**

As at	31.03.2022					31.03.2021				
	Carrying amount	Impairment recognised				Carrying amount	Impairment recognised			
		12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total		12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade and other receivables	19,089,257	-	(4,049)	(427,673)	(431,722)	13,614,747	-	(52,065)	(422,830)	(474,895)
Deposits and prepayments	234,803	-	-	-	-	180,372	-	-	-	-
Other financial assets										
- Unquoted debt securities	66,259	(3,364)	-	-	(3,364)	64,075	(3,317)	-	-	(3,317)
- Government securities	-	-	-	-	-	593,398	(12,611)	-	-	(12,611)
- Bank deposits	24,469,056	(604)	-	-	(604)	13,218,490	(212)	-	-	(212)
- Amounts due from equity-accounted investees	-	-	-	-	-	567,725	-	-	-	-
Cash and short-term deposits	15,343,546	-	-	-	-	7,978,916	-	-	-	-
	59,202,921	(3,968)	(4,049)	(427,673)	(435,690)	36,217,723	(16,140)	(52,065)	(422,830)	(491,035)

Movement in ECL allowance during the financial year

**Group**

	Trade and other receivables	Other financial assets		
	Rs.'000	Unquoted debt securities Rs.'000	Government securities Rs.'000	Bank deposits Rs.'000
<b>Balance as at 31st March 2020</b>	(329,779)	(11,711)	-	(8,514)
Exchange difference/direct write-offs	(2,478)	-	-	-
Net impairment during the year	(142,638)	8,394	(12,611)	8,302
<b>Balance as at 31st March 2021</b>	(474,895)	(3,317)	(12,611)	(212)
Exchange difference/direct write-offs	(63,585)	-	-	979
Net impairment during the year	106,758	(47)	12,611	(1,371)
<b>Balance as at 31st March 2022</b>	(431,722)	(3,364)	-	(604)

# Notes to the Financial Statements

The following table present an analysis of ECL measurement basis across financial assets classified at amortised cost including carrying values and impairment recognised for the Company.

## Company

As at	31.03.2022					31.03.2021				
	Carrying amount	Impairment recognised			Total	Carrying amount	Impairment recognised			Total
		12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired			12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade and other receivables	4,609,627	-	(237,350)	(207,353)	(444,703)	3,950,276	-	(65,536)	(141,267)	(206,803)
Deposits and prepayments	536	-	-	-	-	488	-	-	-	-
Other financial assets										
- Unquoted debt securities	6,341	-	-	-	-	9,058	-	-	-	-
- Government securities	-	-	-	-	-	593,398	(12,611)	-	-	(12,611)
- Bank deposits	19,494,259	(539)	-	-	(539)	11,736,964	(208)	-	-	(208)
Cash and short-term deposits	3,730,842	-	-	-	-	2,404,940	-	-	-	-
	27,841,605	(539)	(237,350)	(207,353)	(445,242)	18,695,124	(12,819)	(65,536)	(141,267)	(219,622)

Movement in ECL allowance during the financial year.

## Company

	Trade and other receivables	Other financial assets		
	Rs.'000	Unquoted debt securities Rs.'000	Government securities Rs.'000	Bank deposits Rs.'000
<b>Balance as at 31st March 2020</b>	(206,803)	-	(8,500)	(8,514)
Exchange difference/direct write-offs	-	-	-	-
Net impairment during the year	-	(12,611)	8,292	8,302
<b>Balance as at 31st March 2021</b>	(206,803)	(12,611)	(208)	(212)
Exchange difference/direct write-offs	3,000	-	-	979
Net impairment during the year	(240,904)	12,611	(331)	(1,371)
<b>Balance as at 31st March 2022</b>	(444,707)	-	(539)	(604)

### 38.3.1 Trade receivables

Trade receivables consist of recoverable from a large number of customers spread across diverse industries, segments and geographies. 76.8% of the Group's trade receivables are due for settlement within 90 days as at the end of the financial year. The credit policy for each segment of business varies due to the diversity of operations in the Group. The credit policies that best suit their respective business environment are developed for each sector and the responsibility rests with the heads of finance and the senior management teams.

Group companies formulate their credit policies subsequent to analysing credit profiles of customers. In this regard factors such as the credit history, legal status, market share, geographical locations of operations, and industry information are considered. References from bankers or credit information databases are obtained when it is considered necessary. Each group company has identified credit limits for their customers. In the event a customer does not meet the criteria or the stipulated benchmark on a transaction, then the business is carried out with such customers only up to the value of the collaterals or advances obtained.

Apart from the state-owned enterprise which is the largest customer of the Strategic Investments sector, the Group does not have a significant credit risk exposure to any other single counterparty. Concentration of credit risk of the state-owned enterprise is 26.4% of total trade receivables of the Group as at 31st March 2022.

#### Trade receivable settlement profile

As at	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Less than 30 days	8,625,933	4,771,703
More than 30 days but less than 60 days	1,750,869	2,849,277
More than 60 days but less than 90 days	456,514	1,349,777
More than 90 days but less than 180 days	1,288,986	1,409,610
More than 180 days but less than 365 days	1,607,934	278,477
More than 365 days	382,432	396,180
<b>Total Gross Trade Receivables</b>	<b>14,112,668</b>	<b>11,055,024</b>
Impairment provision for trade receivables		
- Lifetime ECL - not credit impaired	(4,049)	(52,065)
- Lifetime ECL - credit impaired	(382,432)	(396,180)
<b>Total net trade receivables</b>	<b>13,726,187</b>	<b>10,606,779</b>

The Group uses an allowance matrix to measure the ECLs of trade receivables, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Loss rates that are based on actual credit loss experience over the past years, further subjected to asset correlation calibration and forward-looking adjustments. Loss Given Default (LGD) of 100% is assumed for ECL calculation of trade receivables.

#### Collateral acquired for mitigating credit risk

The Group whenever possible, does not offer credit to individuals unless collateral in the form of unconditional and irrevocable bank guarantees that can be encashed on demand or advances are provided to cover the receivable. The Group focuses on quality and the realisability of such collateral to mitigate potential credit losses.

#### 38.3.2. Bank deposits

The Group has a number of bank deposits in Sri Lankan rupees and other currencies. These deposits have been placed in several banks in order to minimise the credit risk in accordance with the policy directions provided by the Board. In order to further minimise the credit risk, the Group's exposure and credit ratings of banks are regularly monitored and a diversified investment portfolio is maintained. In the event of any weakening of credit metrics of a bank the Group may decide to liquidate its investments and move to an institution with a higher credit rating.

Credit Rating (Fitch national credit rating scale or equivalent)	GROUP				COMPANY			
	31.03.2022		31.03.2021		31.03.2022		31.03.2021	
	Concentration	Amount of deposits	Concentration	Amount of deposits	Concentration	Amount of deposits	Concentration	Concentration
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
AAA	2,337,203	9.6	313,077	2.4	-	-	-	-
AA-	17,701,401	72.3	10,467,712	79.2	15,063,743	77.3	10,086,787	85.9
A+	2,214,662	9.1	556,576	4.2	2,214,662	11.4	556,576	4.7
A	1,700,470	6.9	1,093,809	8.3	1,700,470	8.7	1,093,809	9.3
BBB-	515,925	2.1	-	-	515,925	2.6	-	-
BB-	-	-	787,528	6.0	-	-	-	-
Total gross carrying amount	24,469,661	100.0	13,218,702	100.0	19,494,800	100.0	11,737,172	100.0
Impairment of bank deposits	(604)		(212)		(539)		(208)	
Total net carrying amount	24,469,056		13,218,489		19,494,259		11,736,964	

Impairment on bank deposits is measured on 12-month expected loss basis. External credit ratings of the counterparties and probability of default (PD) rates corresponding rating scale published by rating agencies are used in ECL calculation. PD rates are recalibrated using asset correlation formula and forward-looking adjustments are incorporated in arriving at final loss rates. Loss given default (LGD) of 45% is assumed for bank deposits. Credit ratings of counterparties are carefully monitored and subsequent deterioration of the credit quality would trigger remeasurement of loss allowances using Lifetime ECL method.



# Notes to the Financial Statements

## 38.4 Present economic crisis in Sri Lanka and its Implications to financial risk management

Sri Lanka currently facing its worst economic downturn since it gained independence in 1948, leading to severe macroeconomic, political, and social instability. This has resulted in a sharp devaluation of the Sri Lankan Rupee, very high levels of inflation, steep increase in interest rates, acute shortages in commodities, and imposition of power cuts, causing disruption to daily lives and economic activities. As a result of international credit rating agencies downgrading the sovereign rating the country is presently unable to access international financial markets. These adverse developments have exerted immense pressure on businesses to sustain their operations and elevated the business and financial risk to unprecedented levels. The current economic crisis has impacted all main sources of financial risk of the Group and carefully managing the financial risk is vital for the organisation to navigate the current economic instability.

### 38.4.1 Market Risk

Foreign currency liquidity shortage and increase in local money supply has resulted in sharp devaluation of the Sri Lankan Rupee during the financial year and thereafter. LKR depreciated by 46% against USD during the financial year and volatility of the pair remains very high resulting in significantly increase in currency risk. The Group has been closely monitoring the impact of the present economic crisis on exchange rates and its exposure to currency risk arising from unanticipated fluctuations whilst focussing on the measures taken by regulatory bodies to manage exchange rates and foreign currency liquidity. The Group is proactively evaluating the impact of foreign currency fluctuation on its financial instruments and deploying risk mitigating strategies taking into consideration revised foreign currency denominated cashflow forecasts. The Group has been focussing on preserving its foreign currency assets to negate the adverse effect of the devaluation of LKR.

With the aim of reigning in the inflationary pressures driven by the build-up of aggregate demand, domestic supply chain disruptions, devaluation of the currency, increase in global commodity prices and other supply chain developments the regulator tightened the monetary policy, resulting in sharp increase in interest rates. The Group has been closely monitoring the impact of these developments on its investment and borrowing portfolio. To minimise any unplanned outcomes of interest rate fluctuations, wherever possible, the Group tries to match the composition of investment and borrowing portfolio in terms of fixed and variable interest rate components. Interest rate swaps could be used to minimise any open exposure on variable rate debt instruments.

### 38.4.2 Liquidity Risk

Considering the current economic crisis, the Group has placed emphasis on maintaining sufficient liquidity as an integral part of business continuation strategy framework. Proactive approach has been adopted in forecasting and securing fund requirements, aligning with the dynamic nature of the operating environment. Group companies have initiated negotiations with banking sector institutions to secure additional working capital facilities to ensure availability of required funds on a timely and cost-effective manner. Special attention has been placed on debt recoveries, shortening of the working capital cycle and matching repayment and recovery tenures. In the backdrop of foreign currency liquidity shortage in the market, Group Treasury plays an active role in assisting group companies in managing foreign currency inflows and obligations. The management is confident that the Group has the sufficient financial resilience to navigate the recovery period and to sustain growth momentum.

### 38.4.3 Credit Risk

Following downgrades to the sovereign credit rating, international rating agencies have placed the country's domestically significant banks on a ratings watch. This rating action does not apply to LKR denominated debt instruments as the government and financial institutions have continued to service LKR obligations. Nevertheless, the Group is closely monitoring the credit quality of all its financial assets. The Board has reviewed the policy direction provided on acquiring new investments in line with the changing risk landscape. Special attention has also been placed on recovering trade receivables and credit policy has been amended with the aim of minimising defaults.

## 39. Financial capital management

Main objectives of the Group's financial capital management policy are as follows.

- » Ensuring the availability of adequate capital for long term investments and growth of the business.
- » Maintaining an adequate liquidity buffer for business operations.
- » Sustaining the financial health of the Group to withstand economic cycles; and,
- » Maintaining stakeholder confidence in the Group.

When capital is not available in adequate quantities or at a reasonable cost, it can have an adverse impact on the performance of the Group. The management being conscious of these factors, has implemented the capital management policy to ensure the long-term sustainability and competitiveness of the Group. Ensuring that there is no idle capital which will act as a drag on the returns generated is another factor that is considered. Excessive capital invested in a business will have a dampening impact on the performance while insufficient level of capital will prevent an organisation from achieving its long-term objectives.

### 39.1. Types of financial capital

Financial capital of the Group consists of two components; namely equity and debt. The equity capital consists of the while the debt capital is made up of the long-term and short-term debt. The debt capital is sourced from lending institutions and capital markets. Although the Group raises debt capital often, it has not raised new equity capital from shareholders for several years.

The Group regularly estimates its future capital requirements by evaluating new investments and expansion needs and other uses of capital. Such analysis would highlight shortfalls in available capital which would be raised through either the issue of new equity or debt. The debt to equity ratio (defined as the ratio between non-current interest-bearing borrowings to the total equity including minority interest) is regularly monitored to ensure the efficient use of shareholders' equity. Managing the debt to equity ratio is a vital element of capital management as it has a direct bearing on the Group's ability to raise low cost capital.

	GROUP		COMPANY	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Debt to equity ratio	0.64	0.66	0.13	0.15

Sourcing of debt is carried out subsequent to careful and detailed analysis of lender proposals. Important factors such as the tenure of the loans, interest rates, capital repayment terms including grace periods and repayment amounts and other terms and conditions including covenants are taken into consideration when making a decision. Minimising the weighted average cost of capital is one of the key considerations in determining sourcing options. The Group's debt is denominated in Sri Lankan rupees as well as foreign currencies such as US dollar, Euro and Indian rupees. Foreign currency denominated loans have been taken mainly by the companies with foreign exchange earnings in order to take advantage of the relatively low interest rates.

The Group treasury plays an active role in ensuring that the cost of capital is maintained at the optimum level and the financial and other covenants linked to the sourcing arrangements are acceptable.

### 39.2. Financial capital allocation and investment

Implementation of the Group's long-term strategy for growth requires continuous capital investments in the four sectors in which the Group operates. The allocation of limited financial capital available is done pursuant to careful evaluation of investment opportunities to ascertain expected returns. The Group's capital investment decisions are supported by elaborate financial modelling, thorough sensitivity analysis and rigorous legal, financial and technical due diligence as required. Identification and ranking of suitable investment opportunities are carried out using the discounted cash flow modelling technique, Internal Rate of Return (IRR) & hurdle rates and payback periods. At the evaluation stage for capital investments, financial modelling, sensitivity analysis and the calculation of IRR are carried out either by the Group's corporate finance division, or the respective sector through which the investment will take place with the assistance of the former.

Upon making the decision to proceed with a capital investment, the Group follows necessary procedures to ensure that it is carried out in the best possible manner. When the investment involves external shareholders, the Group takes steps to protect its rights by entering into carefully drafted legal agreements. Post investment evaluations are carried out at frequent intervals to ensure that the returns envisaged at the evaluation stage are actually delivered. Exposure limits are used to control the default risk especially in portfolio investments.

### 39.3. Adequate financial reserves

The long-term financial health of the Group has been ensured by maintaining sufficient reserves of financial capital which can be drawn upon when there is a requirement. Probable future risks that could result in negative financial outcomes are identified and required mitigation measures are taken. The Group has implemented sound cashflow planning procedures ensuring that the receivables are collected in an efficient manner thereby shortening the cash cycle. A special emphasis is placed on minimising operating costs through critical evaluation and justification of all cost elements.

The Group policies regarding managing receivables have been communicated to the heads of finance of business sectors and the corporate finance division monitors the Group-wide status of receivables and submits exception reports to the management for advice on required action.

### 39.4. Financial capital management policy

The fundamental objective of the financial capital management policy of the Group is maximising the return on limited available capital whilst safeguarding the investments that have already been made. Ensuring that there is adequate financial capital for the Group to expand its operations while continuing with its regular business operations, requires the management to consider multiple facets of the operation and take into account the behaviour of a number of parameters, both internal and external, that affect the operating conditions. The rapid pace of change in the operating environment has a profound influence on many factors affecting the use of financial capital. A thorough understanding derived from years of experience in a business sector is vital to ensure successful management of capital.

# Notes to the Financial Statements

The Group's financial capital management policy fundamentally stems from various decisions the Board has taken regarding capital investments and the optimum utilisation of cash resources. This policy is a reflection of the current thinking of the Board on present and future industry, market and economic risks and conditions. Potential investments and divestments are discussed at length by the Group directors and various aspects of risk and return parameters are considered prior to making capital investment decisions. A vital role in the implementation of the financial capital management policy is played by the Group treasury and the corporate finance division.

The management information necessary to base policy decisions such as key performance indicators and value drivers of the sectors highlighting financial performances are generated by the corporate finance division. Some of the important parameters which guide the capital management policy include the tolerance for gearing, interest risk appetite and the view on the exchange rate movement. The underlying variables such as the market borrowing and lending rates, exchange rates, inflation and other macroeconomic indicators are constantly monitored by the Group treasury and recommendations regarding the appropriate policy changes are made to the management.

It is vital for the Group's long-term survival and growth to have a sound financial capital management policy as decisions taken at the present time will have implications for the future. The Group's financial capital management policy, therefore is constantly evolving and attempts to link its future strategy to present day financing decisions while being based on a solid foundation of optimisation of resources.

## 40 Contracts for capital expenditure

The following commitments for capital expenditure approved by the Directors as at 31st March have not been provided for in the financial statements.

### 40.1 Commitments for capital expenditure for subsidiaries

As at	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Approximate amount approved but not contracted for	9,883,620	1,588,384
Approximate amount contracted for but not incurred	1,470,329	1,129,572
	11,353,949	2,717,956

The above includes Rs. 9,841.5 million (2020/2021 - Rs. 1,768.7 million) for the acquisition of property, plant and equipment, Rs. 112.4 million (2020/2021 - Rs. 49.2 million) for the acquisition of intangible assets.

### 40.2 Commitments for capital expenditure for joint ventures

As at	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Approximate amount approved but not contracted for	82,870	110,983
Approximate amount contracted for but not incurred	23,216	10,703
	106,086	121,686

The amount shown is the Group's share of capital commitments by joint ventures.

The above includes Rs. 106.0 million (2020/2021 - Rs. 114.1 million) for the acquisition of property, plant and equipment and Rs. 0.05 million of acquisition of intangible assets (2020/2021 - Rs. 7.5 million).

## 41 Contingent liabilities

Contingent liabilities as at 31.03.2022 on corporate guarantees given by Aitken Spence PLC to subsidiaries within the group and equity-accounted investees amounted to Rs. 10,830.7 million and Rs. 17.5 million respectively. Contingent liabilities as at 31.03.2022 on corporate guarantees given by subsidiaries and equity-accounted investees to other companies in the Group amounted to Rs. 25,425.1 million. Neither Aitken Spence PLC nor subsidiaries and equity-accounted investee have given corporate guarantees on behalf of companies outside the Group including other related companies listed in note 42.3 -42.7 to the financial statements.

Tax Appeals Commission decided in favour of Aitken Spence Travels (Pvt) Ltd., a subsidiary of the Group which was assessed by the Department of Inland Revenue on Income tax for the years of assessment 2009/2010, 2010/2011 and 2011/2012. The Department of Inland Revenue appealed against the above determination to the Court of Appeal for the above years of assessment. The Court of Appeal decided in favour of the company for the years of assessment 2009/2010 and 2010/2011. The Department of Inland Revenue appealed against the Court of Appeal decision for the year of Assessment 2009/2010 to the Supreme Court. Supreme Court hearing the appeal for the year of assessment 2009/2010 refused to grant leave to proceed. Therefore the judgement of the Court of Appeal which was decided in favour of the Company will prevail. The contingent liability on income tax and penalties for year of assessment 2011/2012, pending hearing in the Court of Appeal is estimated to be Rs. 80.6 million. Based on expert advice and the decision of the Tax Appeals Commission, Court of Appeal and the judgement given by the Supreme Court in relation to year of assessment 2009/2010, the directors are confident that the ultimate resolution would be in favour of the Company.

Elpitiya Plantations PLC which is an equity accounted investee of the Group has filed a Writ application together with other Regional Plantation Companies (RPCs) on the proposed increase in the wages of plantation workers. The wages of plantation workers are negotiated between the trade unions and the RPCs once in every two years and a collective agreement is entered into between the parties. However, the last wage negotiations between the parties failed to succeed and therefore, the matter was referred to the Wages Board by the then Minister of Labour. The Wages Board determined the daily wage rate of tea/rubber workers to be Rs 1,000/- per day and published its decision by way of a gazette notification on 05th March 2021. Thereafter, a Writ application was instituted by the RPCs in the Court of Appeal seeking an interim order, for staying and/or suspending the operation of the decision of the Wages Board. However, the Hon. Justices of the Court of Appeal declined to issue an interim order and directed the respondents to file objections and the RPCs (petitioners) to file counter objections. As at the date of the statement of financial position, the above matter is under the purview of the Court of Appeal and therefore the final decision is pending. Having discussed the matter with independent legal experts and based on information available, the Directors are of the view that in the event of an unfavourable decision to the Company from the above court case is made, the contingent to the Group would be approximately Rs. 20 Mn. No provisions have been made in the financial statements for the year ended 31 March 2022 in this regard.

Cey Spence (Pvt) Ltd which was previously an equity accounted investee now under liquidation, and the share of net assets of which is reflected under assets classified as held for sale in the consolidated financial statements of the Group was issued an income tax assessment under the Inland Revenue Act in relation to the year of assessment 2007/2008. The Court of Appeal hearing the appeal has determined the income tax assessment in favour of the Department of Inland Revenue. Pursuant to the determination of the Court of Appeal the company has appealed against the determination to the Supreme Court. The contingent liability to the Group is estimated to be Rs. 70 million inclusive of any penalties. Based on expert advice the directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

Action was instituted in the Commercial High Court in 2009 by a prospective buyer for the repayment of the advance monies and other related amounts paid by them, for the purchase of a ship which was owned by Ceyaki Shipping (Pvt) Ltd., (an Associate company) which is classified as held for sale in the consolidated financial statements of the Group. The company contested the action as it deemed that the amount was not due and owing to the prospective buyer. The Commercial High Court delivered a determination in favour of the prospective buyer in March 2013. Consequently Ceyaki Shipping (Pvt) Ltd., appealed to the Supreme Court against the determination of the Commercial High Court. The directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

# Notes to the Financial Statements

## 42 Related party transactions

The Aitken Spence Group and the Company carries out transactions in the ordinary course of business with parties who are defined as related parties as per Sri Lanka Accounting Standard-LKAS 24 Related Party Disclosures. Transactions and outstanding balances between the companies within the Group and related parties are given in note no. 42.2 - 42.9.

### 42.1 Parent and ultimate controlling party

The immediate parent of Aitken Spence PLC is Melstacorp PLC and the ultimate holding company is Milford Exports (Ceylon) (Pvt) Ltd.

### 42.2 Transactions with key management personnel

**42.2.1** Aitken Spence PLC considers its Board of Directors as the key management personnel of the company. The Board of Directors, Vice Presidents and Assistant Vice Presidents of subsidiary companies are considered as key management personnel of such companies.

**42.2.2** There were no loans given to Directors of the company during the financial year or as at the year end.

**42.2.3** Compensation paid to / on behalf of key management personnel of the Company is as follows;

	GROUP	COMPANY
	Rs.'000	Rs.'000
Short term employee benefits	201,495	840,471
Post employment benefits	-	3,735

No post-employment benefits were paid to key management personnel of Aitken Spence PLC during the financial year. The Company/Group did not have any material transactions with its key management personnel or their close family members during the year.

**42.2.4** Key management personnel of Aitken Spence PLC hold positions in other companies, some of which had trading transactions with the Group during the year. Such companies the Group had transactions with are identified below.

Mr. D.H.S. Jayawardena, Chairman of the company is also the Chairman or a Director of Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management Asia (Pvt) Ltd and Aitken Spence Aviation (Pvt) Ltd which are subsidiaries of the Group. He is also the Chairman of Browns Beach Hotels PLC and Negombo Beach Resorts (Pvt) Ltd which are equity-accounted investees of the Group, and the Chairman, Managing Director or a Director of companies indicated by "\*" in the list of companies disclosed under note 42.3 and 42.6.

Dr. M.P. Dissanayake, Deputy Chairman and Managing Director of the company is also the Chairman or a Director of the subsidiaries and equity-accounted investees that are indicated by "a" in notes 20 and 21 to the financial statements.

Dr. R.M. Fernando a Director of the company is also the Managing Director or a Director of the companies marked by "b" in note 20 and 21 to the financial statements.

Miss. D.S.T. Jayawardena a Director of the company is also the Chairperson or a Director of the companies marked by "c" in note 20 and 21 to the financial statements. She is also the Chairperson or a Director of Ambewela Livestock (Co.) Ltd, Ambewela Products (Pvt) Ltd, Ceylon Garden Coir (Pvt) Ltd, Lanka Diaries (Pvt) Ltd, Lanka Milk Foods (CWE) PLC, Pattipola Livestock Co Ltd, Splendor Media (Pvt) Ltd, Stassen Exports (Pvt) Ltd, Stassen Foods (Pvt) Ltd, Stassen International (Pvt) Ltd, Stassen Natural Foods (Pvt) Ltd and United Dairies Lanka (Pvt) Ltd.

Mr. J.M.S. Brito a Director of the company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group.

Mr. C. H. Gomez a Director of the company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group.

Mr. N. J. de S Deva Aditya a Director of the company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group and a Director of Browns Beach Hotels PLC which is a equity-accounted investee of the Group. He is also a Director of Distilleries Company of Sri Lanka PLC, Melstacorp PLC and The Kingsbury PLC.

Mr. R.N. Asirwatham a Director of the company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group and a Director of Browns Beach Hotels PLC which is a equity-accounted investee of the Group. He is also a Director of Ceylon Grain Elevators PLC, Dilmah Ceylon Tea Company PLC, Mercantile Merchant Bank Ltd, Renuka Hotels Ltd and Royal Ceramics Lanka PLC.

#### 42.3 Transactions with ultimate parent, parent and group companies of the parent.

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sale of goods and services	-	-	397,878	343,569
Purchase of goods and services	10,214	18,921	777,014	967,311

Transactions with Bell Solutions Pvt Ltd\*, Continental Insurance Lanka Ltd, Distilleries Company of Sri Lanka PLC\*, Formula World (Pvt) Ltd, Hospital Management Melsta (Pvt) Ltd\*, Lanka Bell (Pvt) Ltd\*, Melstacorp PLC\*, Melsta Gama (Pvt) Ltd\*, Melsta Health (Pvt) Ltd\*, Melsta Hospitals Ragama (Pvt) Ltd, Melsta Laboratories (Pvt) Ltd, Melsta Logistics (Pvt) Ltd, Melsta Technologies (Pvt) Ltd, Periceyl (Pvt) Ltd\*, Splendor Media (Pvt) Ltd, Texpro Industries Ltd\*, are reflected under transactions with the parent and group companies of the parent, above.

There were no transactions with Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

#### 42.4 Transactions with subsidiary companies

For the year ended 31st March	Transactions with Aitken Spence PLC	
	2022	2021
	Rs.'000	Rs.'000
Income from services rendered	680,474	595,461
Rent income received	51,257	51,257
Allocation of common personnel and administration expenses	43,928	26,103
Purchase of goods and services	72,996	84,456
Net transfers under finance arrangements	4,939,388	87,571
Interest income	188,932	164,340
Interest expense	435,477	389,538
Sale of property, plant and equipment	-	303

Transactions with ADS Resorts (Pvt) Ltd, Ace Apparels (Pvt) Ltd, Ace Aviation Services (Pvt) Ltd, Ace Aviation Services Maldives (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Ace Exports (Pvt) Ltd, Ace Freight Management (Pvt) Ltd, Ace Power Embilipitiya (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, Ahungalla Resorts Ltd, Aitken Spence (Garments) Ltd, Aitken Spence Agriculture (Pvt) Ltd, Aitken Spence Apparels (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Developments (Pvt) Ltd, Aitken Spence Elevators (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence Global Operations (Pvt) Ltd, Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotel Management Asia (Pvt) Ltd, Aitken Spence Hotels (International) Ltd, Aitken Spence Hotels Ltd, Aitken Spence Hotel Management (South India) (Pvt) Ltd, Aitken Spence Industrial Solutions (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence Maritime Ltd, Aitken Spence Ports International Ltd, Aitken Spence Power (Pvt) Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Aitken Spence Property Developments Ltd, Aitken Spence Resorts (Middle East) LLC, Aitken Spence Resources (Pvt) Ltd, Aitken Spence Shipping Ltd, Aitken Spence Shipping Services (Pvt) Ltd, Aitken Spence Travels (Pvt) Ltd, Aitken Spence Travels Myanmar Ltd, Branford Hydropower (Pvt) Ltd, Clark Spence and Company Ltd, Cowrie Investments (Pvt) Ltd, Crest Star (BVI) Ltd, D B S Logistics Ltd, Elgin Hydropower (Pvt) Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag Lloyd Lanka (Pvt) Ltd, Heritance (Pvt) Ltd, Hethersett Hotels Ltd, Interlifts International (Pvt) Ltd, Jetan Travel Services Company (Pvt) Ltd, Kandalama Hotels (Pvt) Ltd, Logilink (Pvt) Ltd, Meeraladuwa (Pvt) Ltd, MMBL Money Transfer (Pvt) Ltd, Neptune Ayurvedic (Pvt) Ltd, Royal Spence Aviations (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Spence Maldives (Pvt) Ltd, Turyaa (Pvt) Ltd, Turyaa Resorts (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Upper Waltrim Hydropower (Pvt) Ltd, Vauxhall Investments Ltd, Vauxhall Property Developments (Pvt) Ltd, Waltrim Energy Ltd, Waltrim Hydropower (Pvt) Ltd, Western Power Company (Pvt) Ltd are reflected under transactions with subsidiary companies above.

# Notes to the Financial Statements

## 42.5 Transactions with equity-accounted investees

### 42.5.1 Transactions with joint venture companies

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sale of goods and services	4,274	3,548	14,760	13,057
Rent income received	1,539	972	1,539	972
Allocation of common personnel and administration expenses	12	110	12	110
Purchase of goods and services	-	-	-	-
Net transfers under finance arrangements	(1,970)	43,475	(1,970)	43,475
Interest income	500	12	500	12
Interest expense	1,135	259	1,135	259

Transactions with Ace Bangladesh Ltd, Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, CINEC Campus (Pvt) Ltd, Spence Seahorse Marine (Pvt) Ltd are reflected under transactions with joint ventures above.

### 42.5.2 Transactions with associate companies

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sale of goods and services	31,693	25,672	104,460	74,786
Allocation of common personnel and administration expenses	126	2,969	8,715	7,496
Purchase of goods and services	3,360	2,224	52,071	111,965
Net transfers under finance arrangements	1,023,000	19,000	944,657	(52,989)
Interest income	-	-	34,689	50,395
Interest expense	37,057	1,977	54,850	20,531

Transactions with AEN Palm Oil Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Amethyst Leisure Ltd, Browns Beach Hotels PLC, E P P Hydro Power (Pvt) Ltd, Elpitiya Lifestyle Solutions (Pvt) Ltd, Elpitiya Plantations PLC, Fiji Ports Corporation Ltd, Negombo Beach Resorts (Pvt) Ltd, Paradise Resort Pasikudah (Pvt) Ltd and Serendib Investments Ltd are reflected under transactions with associates above.

## 42.6 Transactions with other related companies

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sale of goods and services	-	-	198,108	103,222
Purchase of goods and services	736	101	698,557	150,050

\*Transactions with Ambewela Livestock (Co.) Ltd\*, Ambewela Products (Pvt) Ltd\*, Ceylon Agro Industries (Pvt) Ltd, Ceylon Garden Coir (Pvt) Ltd\*, Ceylon Grain Elevators PLC, Dilmah Ceylon Tea Company PLC, Lanka Diaries (Pvt) Ltd\*, Lanka Milk Foods (CWE) PLC\*, Mercantile Merchant Bank Ltd, Pattipola Livestock Company Ltd\*, Renuka Hotels Ltd, Royal Ceramics Lanka PLC, Stassen Exports (Pvt) Ltd\*, Stassen Foods (Pvt) Ltd\*, Stassen International (Pvt) Ltd\*, Stassen Natural Foods (Pvt) Ltd\*, The Kingsbury PLC, United Dairies Lanka (Pvt) Ltd\* are reflected under transactions with other related companies, above.



## 42.7 Transactions with post-employment benefit plans

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Contributions to the provident fund	269,454	239,086	42,158	32,121

Contributions to the Aitken Spence & Associated Companies Executive Staff Provident Fund and the Aitken Spence & Associated Companies Clerical Staff Provident Fund are reflected under transactions with post-employment benefit plans, above.

## 42.8 Amounts due from related parties

### 42.8.1 Amount due from ultimate parent, parent and group companies of the parent.

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Group companies of the parent	-	-	48,625	45,678

Balances due from Continental Insurance Lanka Ltd, Distilleries Company of Sri Lanka PLC, Hospital Management Melsta (Pvt) Ltd, Lanka Bell (Pvt) Ltd, Melstacorp PLC, Melsta Hospitals Ragama (Pvt) Ltd, Periceyl (Pvt) Ltd and Texpro Industries Ltd are reflected under amount due from group companies of the parent, above.

There were no balance due from Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

### 42.8.2 Amount due from subsidiaries

As at	Balances with Aitken Spence PLC	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Fully owned subsidiaries	2,712,101	2,202,795
Partly owned subsidiaries	1,776,297	1,065,451
	4,488,398	3,268,246
Provision for doubtful debts	441,115	203,733
Expense recognised during the period in respect of bad & doubtful debts	237,382	-

Balances due from Ace Apparels (Pvt) Ltd, Ace Aviation Services (Pvt) Ltd, Ace Aviation Services Maldives (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Ace Exports (Pvt) Ltd, Ace Power Embilipitiya (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, ADS Resorts (Pvt) Ltd, Ahungalla Resorts Ltd, Aitken Spence Agriculture (Pvt) Ltd, Aitken Spence Apparels (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Developments (Pvt) Ltd, Aitken Spence Elevators (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence (Garments) Ltd, Aitken Spence Global Operations (Pvt) Ltd, Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotel Management (South India) (Pvt) Ltd, Aitken Spence Hotel Management Asia (Pvt) Ltd, Aitken Spence Hotels (International) Ltd, Aitken Spence Hotels Ltd, Aitken Spence Industrial Solutions (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence Maritime Ltd, Aitken Spence Moscow (Pvt) Ltd, Aitken Spence Ports International (Pvt) Ltd, Aitken Spence Power (Pvt) Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Aitken Spence Property Developments (Pvt) Ltd, Aitken Spence Resources (Pvt) Ltd, Aitken Spence Resorts (Middle East) LLC, Aitken Spence Shipping Ltd, Aitken Spence Shipping Services (Pvt) Ltd, Aitken Spence Technologies (Pvt) Ltd, Aitken Spence Travels (Pvt) Ltd, Aitken Spence Travels Myanmar Ltd, Branford Hydropower (Pvt) Ltd, Clark Spence and Company Ltd, Cowrie Investments (Pvt) Ltd, D B S Logistics Ltd, Elgin Hydropower (Pvt) Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag Lloyd Lanka (Pvt) Ltd, Heritance (Pvt) Ltd, Hethersett Hotels Ltd, Interlifts International (Pvt) Ltd, Jetan Travel Services Company (Pvt) Ltd, Kandalama Hotels (Pvt) Ltd, Logilink (Pvt) Ltd, Meeraladuwa (Pvt) Ltd, MMBL Money Transfer (Pvt) Ltd, Neptune Ayurvedic (Pvt) Ltd, Royal Spence Aviations (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Spence Maldives (Pvt) Ltd, Turyaa (Pvt) Ltd, Turyaa Resorts (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Vauxhall Investments Ltd, Vauxhall Property Developments (Pvt) Ltd, Waltrim Energy Ltd, Western Power Company (Pvt) Ltd are reflected under amount due from subsidiaries above.

# Notes to the Financial Statements

## 42.8.3 Amount due from equity-accounted investees

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Joint ventures	147,535	135,706	171,882	144,119
Associates	11,797	15,063	844,978	873,220
	159,332	150,769	1,016,860	1,017,339
Provision for doubtful debts	3,527	-	11,574	-
Expense recognised during the period in respect of bad & doubtful debts	3,527		11,574	-

Balances due from Ace Bangladesh Ltd, Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, CINEC Campus (Pvt) Ltd, Spence Seahorse Marine (Pvt) Ltd are reflected under amount due from joint ventures and balances due from AEN Palm Oil Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Browns Beach Hotels PLC, Elpitiya Plantations PLC, Negombo Beach Resorts (Pvt) Ltd, Paradise Resort Pasikudah (Pvt) Ltd, Serendib Investments Ltd are reflected under amount due from associates above.

## 42.8.4 Amount due from other related companies

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Other related companies	-	-	26,912	16,603

Balances due from Ambewela Products (Pvt) Ltd, Ceylon Grain Elevators PLC, Dilmah Ceylon Tea Company PLC, Lanka Diaries (Pvt) Ltd, Lanka Milk Foods (CWE) PLC, Royal Ceramics Lanka PLC, Stassen Exports (Pvt) Ltd, Stassen Foods (Pvt) Ltd, Stassen International (Pvt) Ltd, Stassen Natural Foods (Pvt) Ltd, Telecom Frontier (Pvt) Ltd, The Kingsbury PLC and United Dairies Lanka (Pvt) Ltd are reflected under amount due from other related companies, above.

## 42.9 Amounts due to related parties

### 42.9.1 Amount due to ultimate parent, parent and group companies of the parent.

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Group companies of the parent	-	3	15,750	2,897

Balances due to Bell Solutions (Pvt) Ltd, Continental Insurance Lanka Ltd, Distilleries Company of Sri Lanka PLC, Formula World (Pvt) Ltd, Lanka Bell (Pvt) Ltd, Melsta Laboratories (Pvt) Ltd, Periceyl (Pvt) Ltd and Texpro Industries Ltd are reflected under amount due to group companies of the parent, above.

There were no balance due to Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

#### 42.9.2 Amount due to subsidiaries

As at	Balances with Aitken Spence PLC	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Fully owned subsidiaries	4,861,338	2,362,144
Partly owned subsidiaries	7,314,091	3,775,611
	12,175,429	6,137,755

Balances due to Ace Cargo (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Ace Freight Management (Pvt) Ltd, Ace Power Embilipitiya (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence Group Ltd, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotels Ltd, Aitken Spence Industrial Solutions (Pvt) Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence Maritime Ltd, Aitken Spence Ports International Ltd, Aitken Spence Power (Pvt) Ltd, Aitken Spence Property Developments Ltd, Aitken Spence Shipping Ltd, Aitken Spence Travels (Pvt) Ltd, Branford Hydropower (Pvt) Ltd, Fiji Ports Terminal (Pvt) Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag Lloyd Lanka (Pvt) Ltd, Hethersett Hotels Ltd, Kandalama Hotels Ltd, Logilink (Pvt) Ltd, Royal Spence Aviation (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Upper Waltrim Hydropower (Pvt) Ltd, Vauxhall Property Developments Ltd, Waltrim Hydropower (Pvt) Ltd, Western Power Holdings (Pvt) Ltd are reflected under amount due to subsidiaries above.

#### 42.9.3 Amount due to equity-accounted investees

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Joint ventures	59,678	50,127	59,805	50,396
Associates	1,117,446	72,282	1,745,149	555,039
	1,177,124	122,409	1,804,954	605,435

Balances due to Ace Bangladesh Ltd, Aitken Spence C&T Investments (Pvt) Ltd, Spence Seahorse Marine (Pvt) Ltd are reflected under amount due to joint ventures and balances due to Aitken Spence Plantation Management PLC, Elpitiya Plantations PLC, Fiji Ports Corporation Ltd, Negombo Beach Resorts (Pvt) Ltd, Paradise Resort Pasikudah (Pvt) Ltd are reflected under amount due to associates above.

#### 42.9.4 Amount due to other related companies

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
Other related companies	-	101	76,152	17,016

Balances due to Ambewela Products (Pvt) Ltd, Lanka Diaries (Pvt) Ltd, Lanka Milk Foods (CWE) PLC, Mercantile Merchant Bank Ltd, Pattipola Livestock Company Ltd, Stassen Exports (Pvt) Ltd, Stassen Foods (Pvt) Ltd are reflected under amount due to other related companies, above.

#### 42.10 Terms and conditions of transactions with related parties

All related party transactions are carried out in the normal course of business and transacted at normal business terms. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and comparable with those that would have been charged from un-related companies. All related party outstanding balances at the year-end are unsecured and are to be settled in cash. The Group does not have any material commitments to related parties, other than those disclosed in note 42 to the financial statements.

# Notes to the Financial Statements

## 43 Foreign currency translation

The principal exchange rates used for translation purposes were;

As at	31.03.2022	31.03.2021
United States Dollar	293.88	199.83
British Pound	385.81	275.25
Euro	326.38	234.34
Oman Rial	763.13	519.31
Fiji Dollar	140.62	96.48
Maldivian Rufiyaa	19.35	12.98
South African Rand	20.16	13.48
Indian Rupee	3.88	2.73
Bangladesh Taka	3.41	2.36
Myanmar Kyat	0.17	0.14

## 44 Number of employees

The number of employees of the Group (excluding equity-accounted investees) at the end of the year was 6,993 (2020/2021 - 6,789) The number of employees of the Company at the end of the year was 161 (2020/2021 - 159).

## 45 The impact due to current economic condition on the Sri Lankan operations of the Group

The ongoing economic crisis in Sri Lanka has affected operations of several segments of the Group although timely action taken to mitigate the impact contained the adverse effects to a minimum level.

Lack of foreign exchange liquidity in the banking sector has resulted in payments to foreign principals especially in the Cargo and Freight Logistics sector being delayed, and also created challenges in making payments to suppliers for the required imports in the printing, elevators and garments segments and in the servicing of foreign currency denominated loans especially in the hotels sector. The Group has taken steps to support such foreign exchange requirements through foreign currency generated by other segments within the regulatory framework, and by re-negotiating the terms of foreign currency loans with the lending institutions, wherever possible. The impact of sharply rising interest rates will be felt across all sectors of the Group although steps have been taken to re-negotiate terms of some of the long term borrowings as well as to pre-settle some of the loans. Fuel and power shortages in Sri Lanka also have somewhat impacted supply chain operations although adverse effects have been minimised by maintaining sufficient fuel storages and using back-up generators to power office buildings, warehouses, factories and hotels.

Downgrading of the sovereign rating of Sri Lanka by international rating agencies has led to some of the foreign banks contemplating placing limits on foreign currency denominated banking facilities, which can potentially impact business relationships with foreign principals. The risk from this development would likely be mitigated in the event the country is able to successfully negotiate a financing package with IMF and other multilateral agencies by the end of 2022.

As per the accounting policies, the Group reviewed the carrying values of property, plant and equipment, investment property, share investments, inventory, trade and other receivables and goodwill as at the reporting date, especially the impact the current economic condition could have on these assets and determined that no impairment is necessary. Further, each subsidiary in the group has evaluated their business continuity plans and is satisfied that necessary steps have been taken to mitigate any adverse impact on their operations and to safeguard their assets..

## 46 Events occurring after the reporting date

### Interim dividend

The Board of Directors of the Company has approved an interim ordinary dividend of Rs. 4.00 per share for the year 2021/2022. Details of the dividend is disclosed in note 14 to the financial statements.

### Surcharge Tax

Surcharge Tax Act No. 14 of 2022 was enacted on 8 April 2022. Financial impact arising from the same is discussed in note 12.1.4 to the financial statements. There were no other material events that occurred after the reporting date that require adjustments to or disclosure in the financial statements.

## 47 Comparative information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

# Consolidated income statement in USD

For the year ended 31st March	2022 USD:'000	2021 USD:'000
<b>Revenue</b>	186,117	158,122
Revenue taxes	(1,850)	(684)
<b>Net revenue</b>	184,267	157,438
Other operating income	25,112	3,198
Changes in inventories of finished goods and work-in-progress	1,207	(518)
Raw materials and consumables used	(13,774)	(49,351)
Employee benefits expense	(33,215)	(33,857)
Depreciation, amortisation and impairment of non-financial assets	(16,613)	(22,990)
Other operating expenses - direct	(69,740)	(39,105)
Other operating expenses - indirect	(21,481)	(19,124)
<b>Profit / (loss) from operations</b>	55,763	(4,309)
Finance income	3,950	4,067
Finance expenses	(13,632)	(15,872)
<b>Net finance expense</b>	(9,682)	(11,805)
Share of profit of equity-accounted investees (net of tax)	2,321	1,881
<b>Profit / (loss) before tax</b>	48,402	(14,233)
Income tax expense	(7,038)	(2,350)
<b>Profit / (loss) for the year</b>	41,364	(16,583)
Attributable to:		
Equity holders of the company	35,864	(8,135)
Non-controlling interests	5,500	(8,448)
<b>Profit / (loss) for the year</b>	41,364	(16,583)
Earnings per share - Basic/Diluted (Rs.)	USD cents = 8.83	(2.00)
Exchange rate	USD = 293.88	199.83

Figures in brackets indicate deductions..

# Consolidated statement of Profit or Loss and other Comprehensive Income in USD

For the year ended 31st March	2022 USD:'000	2021 USD:'000
<b>Profit / (loss) for the year</b>	<b>41,363</b>	<b>(16,583)</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Revaluation of freehold land	3,234	-
Actuarial gains / (losses) on defined benefit obligations	979	(1,496)
Equity investments at FVOCI – net change in fair value	(19)	(11)
Share of other comprehensive income of equity-accounted investees (net of tax)	62	170
Income tax on other comprehensive income	(164)	804
	<b>4,092</b>	<b>(533)</b>
<b>Items that are or may be reclassified to profit or loss</b>		
Exchange differences on translation of foreign operations	27,049	5,145
Net movement on cash flow hedges	(9,240)	(3,566)
Share of other comprehensive income of equity-accounted investees (net of tax)	3,598	1,533
Income tax on other comprehensive income	-	-
	<b>21,407</b>	<b>3,112</b>
<b>Other comprehensive income for the year, (net of tax)</b>	<b>25,499</b>	<b>2,579</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>66,862</b>	<b>(14,004)</b>
Attributable to:		
Equity holders of the parent	56,891	(4,861)
Non-controlling interests	9,971	(9,143)
<b>Total comprehensive income / (loss) for the year</b>	<b>66,862</b>	<b>(14,004)</b>
Exchange rate	USD =	293.88
		199.83

Figures in brackets indicate deductions.

# Consolidated Statements of Financial Position in USD

As at	31.03.2022 USD:'000	31.03.2021 USD:'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	326,018	399,471
Investment property	5,553	8,165
Intangible assets	4,624	5,334
Biological assets	237	316
Right-of-use assets	64,124	70,362
Investments in equity-accounted investees	29,141	35,432
Deferred tax assets	4,547	5,987
Other financial assets	1,070	4,038
	435,314	529,105
<b>Current assets</b>		
Inventories	13,130	11,785
Trade and other receivables	71,920	69,625
Current tax receivable	379	898
Deposits and prepayments	7,100	6,012
Other current assets	85,506	71,952
Cash and short-term deposits	52,210	39,929
	230,245	200,201
Assets classified as held for sale	5,959	6,221
<b>Total assets</b>	671,518	735,527
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	7,265	10,685
Reserves	124,708	140,190
Retained earnings	92,434	96,786
<b>Total equity attributable to equity holders of the company</b>	224,407	247,661
Non-controlling interests	39,121	48,552
<b>Total equity</b>	263,528	296,213
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	167,670	194,718
Lease liabilities	53,883	59,321
Deferred tax liabilities	10,808	11,975
Employee benefits	3,751	6,507
Other liabilities	1,638	1,953
	237,750	274,474
<b>Current liabilities</b>		
Interest-bearing loans and borrowings	29,526	20,591
Lease liabilities	5,343	6,400
Trade and other payables	100,407	61,077
Current tax payable	2,240	1,295
Bank overdrafts and other short-term borrowings	32,724	75,477
	170,240	164,840
<b>Total equity and liabilities</b>	671,518	735,527
Exchange rate	USD = 293.88	199.83

Figures in brackets indicate deductions..



# Ten Year Summary

Year ended 31st March	2022 Rs. '000	2021 Rs. '000	2020 Rs. '000	2019 Rs. '000	2018 Rs. '000	2017 Rs. '000	2016 Rs. '000	2015 Rs. '000	2014 Rs. '000	2013 Rs. '000
<b>Operating Results</b>										
Revenue	54,696,051	31,597,505	53,471,257	55,680,903	52,734,969	45,892,179	25,977,795	35,318,891	35,059,123	35,822,630
Profit before taxation	14,224,180	(2,844,273)	4,197,662	7,282,608	6,397,816	5,246,872	3,805,508	5,709,923	5,444,946	5,069,032
Taxation	2,068,363	469,510	1,310,688	1,511,258	1,248,284	1,201,407	861,229	826,323	865,457	713,755
Profit after taxation	12,155,817	(3,313,783)	2,886,974	5,771,350	5,149,532	4,045,465	2,944,279	4,883,600	4,579,489	4,355,278
Profit attributable to Aitken Spence PLC	10,539,592	(1,625,623)	2,377,591	4,077,067	3,560,348	2,890,032	2,027,112	3,579,008	3,671,870	3,287,607
<b>Equity &amp; Liabilities</b>										
Stated capital	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140
Reserves	36,649,102	28,014,136	25,165,268	23,416,042	20,500,926	16,849,379	15,248,423	13,867,687	13,883,457	12,695,793
Retained earnings	27,164,516	19,340,780	23,648,558	23,899,401	22,163,669	20,492,912	19,262,056	19,022,310	16,238,762	13,222,324
Non-controlling interest	11,496,921	9,702,142	12,355,105	12,635,237	11,484,969	11,315,985	7,554,724	7,211,980	6,617,863	5,560,028
Non-current liabilities	69,869,860	54,848,117	48,689,812	34,526,058	23,560,466	19,503,049	13,639,158	10,727,403	8,493,842	7,133,962
Current liabilities	50,030,000	32,940,045	30,670,089	28,384,657	27,997,370	24,998,995	15,514,730	12,426,235	13,644,187	15,141,965
	197,345,539	146,980,360	142,663,972	124,996,535	107,842,540	95,295,460	73,354,231	65,390,755	61,013,251	55,889,212
<b>Assets</b>										
Property, plant and equipment	95,810,136	79,826,252	79,399,616	71,590,332	59,274,780	50,048,523	35,278,046	28,696,631	24,799,321	23,534,930
Investment property	1,631,904	1,631,580	1,631,839	1,632,100	1,632,360	1,630,801	1,630,801	1,648,301	1,648,301	1,661,596
Intangible assets	1,358,973	1,065,966	1,069,997	945,468	890,378	886,103	867,223	558,040	651,796	350,368
Biological assets	69,669	63,122	56,275	49,332	47,293	43,583	25,838	-	-	-
Right-of-use assets	18,844,699	14,060,406	13,249,662	-	-	-	-	-	-	-
Leasehold property	-	-	-	2,214,519	2,023,903	2,042,459	2,006,728	1,906,527	1,461,100	1,463,930
Pre paid operating leases	-	-	-	2,366,966	2,241,358	1,978,348	1,828,797	1,072,370	1,010,199	980,681
Finance lease receivables	-	-	-	-	-	-	-	-	2,245,884	2,325,091
Investments in equity-accounted investees	8,564,101	7,080,305	6,688,625	6,434,116	6,334,455	6,060,842	9,771,984	5,403,518	3,367,589	3,059,987
Deferred tax assets	1,336,394	1,196,477	766,677	690,924	563,391	434,794	328,140	215,907	224,495	225,749
Other financial assets	314,359	806,856	800,719	834,096	873,340	285,629	257,799	279,346	339,540	414,409
Current assets	67,664,210	40,006,177	37,810,912	38,074,557	33,812,157	31,735,253	21,209,750	25,383,192	25,115,901	21,723,346
Assets classified as held for sale	1,751,094	1,243,219	1,189,650	164,125	149,125	149,125	149,125	226,923	149,125	149,125
	197,345,539	146,980,360	142,663,972	124,996,535	107,842,540	95,295,460	73,354,231	65,390,755	61,013,251	55,889,212
<b>Share Information</b>										
Earnings per share (Rs.)	25.96	(4.00)	5.86	10.04	8.77	7.12	4.99	8.82	9.04	8.10
Market value per share (Rs.)	73.70	55.50	30.70	41.00	50.60	56.20	73.50	99.50	97.90	119.60
Market capitalisation on 31st March (Rs. Mn)	29,922	22,533	12,464	16,646	20,543	22,817	29,841	40,397	39,747	48,557
Price earnings ratio	2.84	(13.88)	5.24	4.08	5.77	7.90	14.72	11.29	10.82	14.77
Price to book value ratio	0.45	0.46	0.24	0.34	0.46	0.58	0.81	1.15	1.23	1.73
Net assets per share (Rs.)	162.44	121.90	125.49	121.80	110.35	97.24	90.26	86.27	79.45	69.10
<b>Employees Information</b>										
No. of employees	6,994	6,789	7,730	8,002	7,413	7,360	7,342	7,131	6,797	6,207
Value added per employee (Rs. '000)	4,755	1,727	2,704	2,656	2,586	2,324	1,765	2,031	1,941	1,979
<b>Ratios &amp; Statistics</b>										
Ordinary dividend (Rs. '000)	1,623,984	405,996	507,495	1,014,990	811,992	710,493	608,994	811,992	811,992	608,994
Dividend per share (Rs.)	4.00	1.00	1.25	2.50	2.00	1.75	1.50	2.00	2.00	1.50
Dividend cover (times covered)	6.49	(4.00)	4.68	4.02	4.38	4.07	3.33	4.41	4.52	5.40
Dividend - payout ratio	0.15	(0.25)	0.21	0.25	0.23	0.25	0.30	0.23	0.22	0.19
Current ratio (times covered)	1.35	1.21	1.23	1.34	1.21	1.27	1.37	2.04	1.84	1.43
Debt-equity ratio	0.64	0.66	0.55	0.47	0.35	0.34	0.28	0.22	0.19	0.18
ROE (%)	18.26	(3.24)	4.74	8.65	8.45	7.59	5.66	10.64	12.18	12.36

# Benchmarked to Global Standards:

## The GRI Index, the UN Global Compact and the Women's Empowerment Principles

28 May 2022 marks 20 years of engagement for Aitken Spence PLC as a signatory to the UN Global Compact. This was an integral step in the company's formation of a formal sustainability strategy, incorporating priorities for long-term social, environmental and economic sustainability, viability, profitability and integrity of the company. Aitken Spence internalised these 10 principles from the inception of the Group's sustainability

strategy and our progress can be viewed in this report as connected through this GRI Index.

The Group became signatory to the Women's Empowerment Principles in 2010/2011, among the first entities in the world to do so.

Aitken Spence PLC aligns with the Global Reporting Initiative's frameworks for

sustainability reporting as it is the most widely used framework in the world affording us comparability of information. Our report for this financial year is 'In Accordance' with the GRI Standard reporting framework to disclose our performance information. Requirements of these global benchmarks also influences the Group's integrated sustainability policy and its implementation framework.

The Ten Principles of the UN Global Compact
<b>Human Rights</b> <ol style="list-style-type: none"> <li>Businesses should support and respect the protection of internationally proclaimed human rights</li> <li>Business should make sure they are not complicit in human rights abuses.</li> </ol>
<b>Labour Standards</b> <ol style="list-style-type: none"> <li>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</li> <li>Businesses should uphold the elimination of all forms of forced and compulsory labour.</li> <li>Businesses should uphold the effective abolition of child labour.</li> <li>Businesses should uphold the elimination of discrimination in respect of employment and occupation.</li> </ol>
<b>Environment</b> <ol style="list-style-type: none"> <li>Businesses should support a precautionary approach to environmental challenges.</li> <li>Businesses should undertake initiatives to promote greater environmental responsibility.</li> <li>Businesses should encourage the development and diffusion of environmentally friendly technologies.</li> </ol>
<b>Anti-corruption</b> <ol style="list-style-type: none"> <li>Businesses should work against corruption in all its forms, including extortion and bribery.</li> </ol>

Refer to the following icons in the GRI Index, showing the connection between the Ten Principles of the UNGC, and the seven principles of the Women's Empowerment Principles;

### UNGC Principles:

①②③④⑤⑥⑦⑧⑨⑩

### Women's Empowerment Principles:

①②③④⑤⑥⑦

The 7 UN Women's Empowerment Principles
<ol style="list-style-type: none"> <li>Establish high-level corporate leadership for gender equality</li> <li>Treat all women and men fairly at work – respect and support human rights and nondiscrimination</li> <li>Ensure the health, safety and well-being of all women and men workers</li> <li>Promote education, training and professional development for women</li> <li>Implement enterprise development, supply chain and marketing practices that empower women</li> <li>Promote equality through community initiatives and advocacy</li> <li>Measure and publicly report on progress to achieve gender equality</li> </ol>



# Benchmarked to Global Standards:

The GRI Index, the UN Global Compact and the Women's Empowerment Principles

## The 7 Sustainable Development Goals Aitken Spence PLC has aligned to as a group



**Goal 4 – Quality education:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. *Targets 4.3, 4.4, 4.6, and 4.7*



**Goal 5 – Gender equality:** Achieve gender equality and empower all women and girls. *Targets 5.1, 5.5 and 5B*



**Goal 6 – Clean water & sanitation:** Ensure availability and sustainable management of water and sanitation for all. *Targets 6.3, and 6.4*



**Goal 8 – Decent work and economic growth:** Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. *Targets: 8.4, 8.5, 8.6, 8.8, 8.9, and 8.10*



**Goal 9 – Industry, innovation, and infrastructure:** Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. *Targets 9.1 and 9.4*



**Goal 12 – Responsible consumption and production:** Ensure sustainable consumption and production patterns. *Targets 12.2, 12.5, 12.6, 12.8 and 12B*



**Goal 15 – Life on Land:** Working towards contributing positively towards protecting our biodiversity and all ecosystems. *Targets 15.2 and 15.5*

This annual report is our Communication on Progress on the implementation of action for voluntary endorsements of Aitken Spence PLC, namely the UN Global Compact (UNGC) and the Women's Empowerment Principles. Information presented in the annual report will be linked through the GRI disclosures as mapped in the GRI Index.



# Independent Assurance Report



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## INDEPENDENT ASSURANCE REPORT TO AITKEN SPENCE PLC

We have been engaged by the Directors of Aitken Spence PLC ("the Company") to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 March 2022. The Sustainability Indicators are included in the Aitken Spence PLC's Integrated Annual Report for the year ended 31 March 2022 (the "Report").

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

Assured Sustainability Indicators	Integrated Annual Report Page
Performance Highlights - Financial Highlights	07

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Performance Highlights – Social & Environment	09
<b>Information provided on following</b>	
Human Capital	156 – 168
Financial Capital	172 – 181
Manufactured Capital	188 – 192
Intellectual Capital	194 – 200
Social & Relationship Capital	201 – 209
Natural Capital	210 – 220

## Our conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

## Reasonable Assurance Sustainability Indicators

In our opinion, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2022 are, in all material respects, prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

## Limited Assurance Sustainability Indicators

Based on the limited assurance procedures performed and the evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2022, have not in all material respects, been prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

## Management's Responsibility

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA  
W.J.C. Perera FCA  
W.K.D.C. Abeyaratne FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA  
C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA  
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS

# Independent Assurance Report



These responsibilities includes establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

## Our responsibility

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Reasonable assurance over Reasonable Assurance Sustainability Indicators

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material

misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

## Limited assurance on the Assured Sustainability Indicators

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate. These procedures included:

- » interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- » enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- » enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;
- » enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;
- » comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;



- » reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;
- » reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

### Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

### Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

**CHARTERED ACCOUNTANTS**

Colombo

31 May 2022

# Independent Assurance Report



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
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Tel : +94 - 11 542 6426  
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## Independent Limited Assurance Report to the Directors of Aitken Spence PLC

We have been engaged by the Directors of Aitken Spence PLC ("the Company") to provide limited assurance in respect of the Integrated Report for the year ended 31st March 2022 (the "Integrated Report"). The criteria used as a basis of reporting is the content elements of the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework) as disclosed in this Integrated Report.

### Basis for Conclusion

We conducted our work in accordance with the Sri Lankan Standard on Assurance Engagements SLSAE 3000 (Standard). In accordance with the Standard we have:

- » used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Company's Integrated Report, whether due to fraud or error;
- » considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- » ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

### Our Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the Company's strategy or how the Company creates value, including the governance, strategic management and other key business processes. The procedures we have performed in relation to the Company's strategy and how the Company creates value are outlined below.

## Limited Assurance Integrated Report

Based on the limited assurance procedures performed and evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Integrated Report, as defined above, for the year ended 31st March 2022, has not in all material respects, been prepared in accordance with the Content Elements of the IIRC's International Integrated <IR> Framework.

## Board of Directors and Management's responsibility

The Board of Directors and Management are responsible for:

- » Determining that the criteria is appropriate to meet the needs of intended users, being the company's members and any other intended users.
- » Preparing and presenting of the Report in accordance with the criteria set out in the IIRC's <IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- » Ensuring the Company's strategy is well presented in the Company's Integrated Report and reflects how the Company creates value as they operate in practice
- » Identifying stakeholders and stakeholder requirements;
- » Identifying material issues and reflecting those in the Company's Integrated Report; and
- » Preparation and fair presentation of the Integrated reporting information; Design and implementation of internal controls that the company determines necessary to enable the preparation and presentation of the Integrated Report that is free from material misstatement, whether due to fraud or error.
- » Informing us of any known and/or contentious issues relating to the Integrated Report.
- » Preventing and detecting of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities;
- » Process to ensure that the Company personnel involved with the preparation and presentation of the integrated reporting information are properly trained, systems are properly updated and that any changes in reporting is relevant to the integrated report information encompass all significant business units. This responsibility also includes informing us of any changes in the Company's operations.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA  
W.J.C. Perera FCA  
W.K.D.C. Abeyrathne FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA  
C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA  
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS





- » The responsibility also includes informing changes in the Company's Operations since the date of our most recent assurance report on the Integrated reporting information.

### Our responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Integrated Report and to issue an assurance report that includes our conclusions.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

SLSAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the Integrated Report is free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Limited assurance on the Integrated Report

Our limited assurance engagement on the Integrated Report consisted of making enquiries, primarily of persons responsible for the preparation of the Integrated Report, and applying analytical and other procedures, as appropriate. These procedures included:

1. Interviews with executives, senior management and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Report;
2. Reviewing of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the Company's stakeholders, how the Company creates value, the Company's external environment, strategy, approaches to putting members first, governance and reporting.
3. Reviewing the description of the Company's strategy and how the Company creates value in the Report and enquiring of management as to whether the description accurately reflects their understanding;
4. Assessing of the suitability and application of the Content Elements of the <IR> Framework in the Report;
5. Assessing of the alignment between the Company's strategy, the disclosures on how the Company creates value and what matters most to the Company's stakeholders.
6. Reviewing Board minutes to ensure consistency with the content of the Report.

7. Reviewing the Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.
8. Obtaining a letter of representation from management dated 31 May 2022 on the content of the Company's Integrated Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Integrated Report.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Company.

### Limitations of our review

The Integrated Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

### Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Integrated Report is prepared in accordance with the IIRC's International <IR> Framework and for no other purpose or in any other context.

### Restriction of use of our report

This report has been prepared for the Company for the purpose of providing an assurance conclusion on the Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

**CHARTERED ACCOUNTANTS**  
Colombo

31 May 2022

# The GRI Index

Statement of use	Aitken Spence PLC has reported in accordance with the GRI Standards for the period 1 April 2021 to 31 March 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

## Notes:

A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.

## Omissions and assumptions

We currently report on Scope 1 and Scope 2 emissions. We hope to include Scope 3 emissions in due course.

We estimate the emissions reduced by the generation and/ or use of renewable energy by considering the equivalent amount of emissions to produce and/ or use the same quantity of energy from the alternative, non-renewable source we may otherwise have used.

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and Wep
			Requirement Omitted	Reason	Explanation		
General disclosures							
GRI 2: General Disclosures 2021	2-1 Organisational details	Pg 10-13, 223					
	2-2 Entities included in the organisation's sustainability reporting	Pg 4-6					
	2-3 Reporting period, frequency and contact point	Pg 4-6					
	2-4 Restatements of information	Pg 4-6					
	2-5 External assurance	Pg 387-391					
	2-6 Activities, value chain and other business relationships	Pg 10-13, 76-153, 156-220,	None				
	2-7 Employees	Pg 156-171	None				⑥
	2-8 Workers who are not employees	Pg 157	None				⑥
	2-9 Governance structure and composition	Pg 228-229	None				⑩
	2-10 Nomination and selection of the highest governance body	Pg 224	None				①
	2-11 Chair of the highest governance body	Pg 222-224	None				
	2-12 Role of the highest governance body in overseeing the management of impacts	Pg 222-224, 228-229	None				①
	2-13 Delegation of responsibility for managing impacts	Pg 222-227, 229	None				①
	2-14 Role of the highest governance body in sustainability reporting	Pg 222, 229, 250	None				① ⑦
	2-15 Conflicts of interest	Pg 234	None				①
	2-16 Communication of critical concerns	Pg 14-17, 222, 237, 250	None				
	2-17 Collective knowledge of the highest governance body	Pg 224-226	None				
	2-18 Evaluation of the performance of the highest governance body	Pg 229, 236, 249-251	None				
	2-19 Remuneration policies	Pg 234, 245	None				① ②
	2-20 Process to determine remuneration	Pg 234, 245	None				① ②
	2-21 Annual total compensation ratio	Pg 234, 245	None				① ②

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and Wep
			Requirement Omitted	Reason	Explanation		
	2-22 Statement on sustainable development strategy	Pg 44-47	None				10 1 6
	2-23 Policy commitments	Pg 14-17, 18-23	None				10 6
	2-24 Embedding policy commitments	Pg 14-17, 18-23, 44, 158	None				10 6
	2-25 Processes to remediate negative impacts	Pg 234, 245	None				
	2-26 Mechanisms for seeking advice and raising concerns	Pg 237, 250	None				10
	2-27 Compliance with laws and regulations	Pg 222-223, 226, 236, 250	None				10
	2-28 Membership associations	Pg 194-200	None				
	2-29 Approach to stakeholder engagement	Pg 42-43	None				
	2-30 Collective bargaining agreements	Pg 157, 237	None				3 2 3
<b>Material topics</b>							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pg 46					
	3-2 List of material topics	Pg 46					
<b>Economic performance</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 172-187	None				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Pg 172-187	None				
	201-2 Financial implications and other risks and opportunities due to climate change	Pg 172-187	None				7
	201-3 Defined benefit plan obligations and other retirement plans	Pg 172-187	None				
	201-4 Financial assistance received from government	Pg 172-187	None				
<b>Market presence</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 170-171	None				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Pg 170-171	None				6 5 6
	202-2 Proportion of senior management hired from the local community	Pg 209	None				6 5 6
<b>Indirect economic impacts</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 128, 208-209	None				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Pg 128, 208-209	None				
	203-2 Significant indirect economic impacts	Pg 208-209	None				6
<b>Procurement practices</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 206	None				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Pg 206	None				5

# The GRI Index

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and Wep
			Requirement Omitted	Reason	Explanation		
Anti-corruption							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 158, 237	None				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Pg 158, 237	None				⑩
	205-2 Communication and training about anti-corruption policies and procedures	Pg 158, 237	None				⑩
	205-3 Confirmed incidents of corruption and actions taken	Pg 203	None				⑩
Anti-competitive behaviour							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 158, 237	None				
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Pg 203	None				
Tax							
GRI 3: Material Topics 2021	3-3 Management of material topics	175					
GRI 207: Tax 2019	207-1 Approach to tax	175	None				
	207-2 Tax governance, control, and risk management	175	None				
	207-3 Stakeholder engagement and management of concerns related to tax	175	None				
	207-4 Country-by-country reporting	175	207-4,b	Not applicable	We provide consolidated financial disclosures for locations outside Sri Lanka keeping with the accounting standards followed by the Company.		
Materials							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 215-216	None				⑦ ⑧ ⑨
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Pg 216	None				⑦ ⑧ ⑨
	301-2 Recycled input materials used	Pg 215-216	None				⑦ ⑧ ⑨
	301-3 Reclaimed products and their packaging materials	Pg 215-216	None				⑦ ⑧ ⑨
Energy							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 212-214	None				⑦ ⑧ ⑨
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Pg 213-215	None				⑦ ⑧ ⑨
	302-2 Energy consumption outside of the organisation	Pg 213	None				⑦ ⑧ ⑨
	302-3 Energy intensity	Pg 213	None				⑦ ⑧ ⑨
	302-4 Reduction of energy consumption	Pg 213	None				⑦ ⑧ ⑨
	302-5 Reductions in energy requirements of products and services	Pg 213	None				⑦ ⑧ ⑨

GRI Standard / Other Source	Disclosure  7 8 9	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and Wep
			Requirement Omitted	Reason	Explanation		
Water and Effluents							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 215	None				7 8 9
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Pg 215	None				7 8 9
	303-2 Management of water discharge-related impacts	Pg 215	None				7 8 9
	303-3 Water withdrawal	Pg 215	None				7 8 9
	303-4 Water discharge	Pg 215	None				7 8 9
	303-5 Water consumption	Pg 215	None				7 8 9
Biodiversity							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 216-217	None				7 8 9
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pg 216-217	None				7 8 9
	304-2 Significant impacts of activities, products and services on biodiversity	Pg 216-217	None				7 8 9
	304-3 Habitats protected or restored	Pg 216-217	None				7 8 9
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Pg 216-217	None				7 8 9
Emissions							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 212-214	None				7 8 9
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pg 212-214	None				7 8 9
	305-2 Energy indirect (Scope 2) GHG emissions	Pg 212-214	None				7 8 9
	305-3 Other indirect (Scope 3) GHG emissions	Pg 212-214	None				7 8 9
	305-4 GHG emissions intensity	Pg 212-214	None				7 8 9
	305-5 Reduction of GHG emissions	Pg 212-214	None				7 8 9
	305-6 Emissions of ozone-depleting substances (ODS)	Pg 212-214	None				7 8 9
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pg 212-214	None				7 8 9
Waste							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 214-216	None				7 8 9
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pg 214-216	None				7 8 9
	306-2 Management of significant waste-related impacts	Pg 214-216	None				7 8 9
	306-3 Waste generated	Pg 214-216	None				7 8 9
	306-4 Waste diverted from disposal	Pg 214-216	None				7 8 9
	306-5 Waste directed to disposal	Pg 214-216	None				7 8 9

# The GRI Index

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and Wep
			Requirement Omitted	Reason	Explanation		
Supplier environmental assessment							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 206, 219-220	None				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Pg 220	None				⑧ ⑨
	308-2 Negative environmental impacts in the supply chain and actions taken	Pg 219-220	None				⑧ ⑨
Employment							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 154-171	None				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	167, 171	None				① ⑥ ② ⑦
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	168	None				
	401-3 Parental leave	171	None				
Labour/management relations							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 42-43, 46-47, 49-53	None				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Pg 158	None				⑥
Occupational health and safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 158	None				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pg 159	None				③
	403-2 Hazard identification, risk assessment, and incident investigation	Pg 159-161	None				③
	403-3 Occupational health services	Pg 159-161	None				③
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pg 168	None				③ ③
	403-5 Worker training on occupational health and safety	Pg 159-161	None				③
	403-6 Promotion of worker health	Pg 159-161	None				③
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg 159-161	None				③
	403-8 Workers covered by an occupational health and safety management system	Pg 159-161	None				③
	403-9 Work-related injuries	Pg 159-161	None				③
	403-10 Work-related ill health	Pg 159-161	None				③
Training and education							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 161-165	None				

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and Wep
			Requirement Omitted	Reason	Explanation		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Pg 161-165	None				③ ⑥ ④
	404-2 Programs for upgrading employee skills and transition assistance programs	Pg 161-165	None				
	404-3 Percentage of employees receiving regular performance and career development reviews	Pg 161-165	None				
<b>Diversity and equal opportunity</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 158, 170	None				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pg 171, 225, 226	None				⑥ ① ② ⑦
	405-2 Ratio of basic salary and remuneration of women to men	Pg 171	None				⑥ ② ⑦
<b>Non-discrimination</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 158, 170	None				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Pg 203	None				⑥ ② ③ ⑦
<b>Freedom of association and collective bargaining</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 158-159	None				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pg 158-159	None				③ ⑥
<b>Child labour</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 158-159	None				
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Pg 158-159	None				⑤
<b>Forced or compulsory labour</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 158-159	None				
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pg 158-159	None				④
<b>Security practices</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 158-159	None				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Pg 159	None				① ②
<b>Rights of indigenous peoples</b>							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 208-209	None				
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	None	None				① ②



# The GRI Index

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and Wep
			Requirement Omitted	Reason	Explanation		
Local communities							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 208-209	None				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pg 208-209	None				② ⑥
	413-2 Operations with significant actual and potential negative impacts on local communities	Pg 208-209	None				② ⑥
Supplier social assessment							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 206, 220	None				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Pg 206, 220	None				② ③ ⑥
	414-2 Negative social impacts in the supply chain and actions taken	Pg 206, 220	None				② ③ ⑥
Public policy							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 172-188	None				
GRI 415: Public Policy 2016	415-1 Political contributions	None	None				
Customer health and safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 203	None				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Pg 203	None				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Pg 203	None				
Marketing and labelling							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 196-197	None				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	"Pg 196-197, Pg 203"	None				
	417-2 Incidents of non-compliance concerning product and service information and labelling	Pg 203	None				
	417-3 Incidents of non-compliance concerning marketing communications	Pg 203	None				
Customer privacy							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 203	None				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg 203	None				
Topics in the applicable GRI Sector Standards determined as not material							
TOPIC	EXPLANATION						
	Applicable sector standards not issued						

# Group Companies and Directorate

## AITKEN SPENCE PLC

Tourism	Maritime & Freight Logistics	Strategic Investments	Services
» Hotels	» Maritime and Port Services	» Power Generation	» Financial Services
» Destination Management	» Freight Forwarding & Courier	» Printing & Packaging	» Elevator Agency
» Airline GSA	» Integrated Container Services	» Apparel Manufacturing	» Insurance
	» Airline GSA (Cargo)	» Plantations	» Property Management
	» Education		

## SUBSIDIARIES

### TOURISM SECTOR

#### HOTELS

##### Ace Resorts Private Limited \*

Owns the Raafushi island earmarked for the construction and development of a Resort in the Republic of Maldives.

##### Directors:

Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama (Managing Director),  
Ms. D.S.T. Jayawardena,  
M. Mahdy.

##### A.D.S Resorts Private Limited \*

Owns the Adaaran Select Hudhuran Fushi resort in the Republic of Maldives.

##### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
C.M.S. Jayawickrama (Managing Director),  
M. Mahdy.

##### Aitken Spence Exports (Private) Limited \*

Bottles and markets "Hethersett" bottled water.

##### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
C.M.S. Jayawickrama.

##### Aitken Spence Global Operations (Private) Limited\*

Provides international marketing services for the overseas hotels in the Group.

##### Directors:

Dr. M.P. Dissanayake,  
Ms. D.S.T. Jayawardena,  
C.M.S. Jayawickrama.

##### Aitken Spence Hotel Holdings PLC \*

The holding company of the Group's hotel interests. Owns the Heritance Ahungalla Hotel.

##### Directors:

Deshamanya D.H.S. Jayawardena (Chairman),  
Dr. M.P. Dissanayake (Managing Director),  
Ms. D.S.T. Jayawardena,  
C.M.S. Jayawickrama,  
J.M.S. Brito,  
R.N. Asirwatham,  
N.J. de Silva Deva Aditya,  
C.H. Gomez,  
G.P.J. Goonewardena.

##### Aitken Spence Hotel Managements (Private) Limited \*

Manages resorts in Sri Lanka.

##### Directors:

Ms. D.S.T. Jayawardena (Chairperson and Joint Managing Director),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama (Joint Managing Director).

##### Aitken Spence Hotel Managements (South India) Private Limited

Owns the 140 roomed hotel property "Turyaa" in Chennai in the Republic of India.

##### Directors:

Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama,  
T.K. Dewanarayana.

##### Aitken Spence Hotel Managements Asia (Private) Limited \*

Manages resorts in the Sultanate of Oman and in the Republic of Maldives.

##### Directors:

Deshamanya D.H.S. Jayawardena,  
Dr. R.M. Fernando,  
Ms. D.S.T. Jayawardena,  
Ms. N. Sivapragasam.

##### Aitken Spence Hotels International (Private) Limited \*

Overseas investment company of the Hotels sector and provides international marketing services to the resorts in the Sultanate of Oman.

##### Directors:

Dr. M.P. Dissanayake,  
Ms. D.S.T. Jayawardena,  
C.M.S. Jayawickrama.

##### Aitken Spence Hotel Services Private Limited

Local marketing company of hotels in the Republic of India.

##### Directors:

T.K. Dewanarayana,  
C.M.S. Jayawickrama (Appointed w.e.f. 30.09.2021),  
R.S. Rajaratne (Resigned w.e.f. 30.09.2021).

##### Aitken Spence Hotels Limited \*

Holding company of Kandalama Hotels (Private) Limited and Heritance (Private) Limited. Owns the Heritance Ayurveda Maha Gedara Resort in Beruwela.

##### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

##### Aitken Spence Resorts (Middle East) LLC

Owning company of the Al Falaj Hotel in Muscat, Sultanate of Oman.

##### Authorised Managers:

Dr. M.P. Dissanayake,  
Ms. D.S.T. Jayawardena,  
Dr. R.M. Fernando,  
C.M.S. Jayawickrama,  
A. Perera,  
S.N. de Silva,  
Ms. N. Sivapragasam.

# Group Companies and Directorate

## Aitken Spence Resources (Private) Limited \*

The Company did not carry out any operations during the year.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
C.M.S. Jayawickrama,  
G.P.J. Goonewardena.

## Ahungalla Resorts Limited \*

A joint venture company between Aitken Spence Hotel Holdings PLC and RIUSA NED BV and owns the RIU Hotel Sri Lanka at Ahungalla.

### Directors:

Dr. M.P. Dissanayake,  
Ms. D.S.T. Jayawardena,  
C.M.S. Jayawickrama,  
J.T. Riu (Managing Director),  
L. Riu Guell.

## Cowrie Investment Private Limited \*

Owns the Heritance Aarah and Adaaran Select Meedhupparu Resorts in the Republic of Maldives.

### Directors:

Dr. M.P. Dissanayake (Chairman and Managing Director),  
Ms. D.S.T. Jayawardena,  
C.M.S. Jayawickrama,  
I.M. Didi,  
M. Salih.

## Crest Star (B.V.I.) Limited

The holding company and managing agent of Jetan Travel Services Company Private Limited.

### Directors:

Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Crest Star Limited (De-registered w.e.f. 11.06.2021)

### Directors:

Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Heritance (Private) Limited \*

Owns a land in Beruwela for a proposed hotel project.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Hethersett Hotels Limited \*

Owns the Heritance Tea Factory - Kandapola.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Jetan Travel Services Company Private Limited \*

Owns the Adaaran Club Rannalhi resort in the Republic of Maldives.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
C.M.S. Jayawickrama (Managing Director),  
H. Mohamed,  
M. Mahdy.

## Kandalama Hotels (Private) Limited \*

Owns the Heritance Kandalama Hotel.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Meeraladuwa (Private) Limited \*

Owns the island of Meeraladuwa in Balapitiya.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Neptune Ayurvedic Village (Private) Limited \*

Leases the Company owned land and building to Aitken Spence Hotels Limited.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Nilaveli Holidays (Private) Limited \*

To operate a future hotel project.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Nilaveli Resorts (Private) Limited \*

To operate a future hotel project.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Perumbalam Resorts Private Limited

A fully owned subsidiary of PR Holiday Homes Private Limited.

### Directors:

Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama,  
K.K.M. Rawther,  
T.K. Dewanarayana,  
K.K. Kabeer.

## PR Holiday Homes Private Limited

Owns a land in Cochin, in the Republic of India for a future hotel project.

### Directors:

Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama,  
K.K.M. Rawther,  
T.K. Dewanarayana,  
K.K. Kabeer.

## The Galle Heritage (Private) Limited \*

In the process of being struck off.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Turyaa (Private) Limited \*

Owns the 100 roomed hotel property "Turyaa" in Kalutara.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Turyaa Resorts (Private) Limited \*

Owns the 90 roomed hotel property "Turyaa" in Kalutara.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
Dr. M.P. Dissanayake,  
C.M.S. Jayawickrama.

## Unique Resorts Private Limited \*

Owns the Adaaran Prestige Vadhoos resort in the Republic of Maldives.

### Directors:

Ms. D.S.T. Jayawardena (Chairperson),  
C.M.S. Jayawickrama (Managing Director),  
M.D.B.J. Gunatilake.

## DESTINATION MANAGEMENT

### Ace Travels and Conventions (Private) Limited \*

The Company did not carry out any operations during the year as the MICE activities are shown under Aitken Spence Travels (Private) Limited.

\* The companies' financial statements are audited by KPMG

**Directors:**

N.A.N. Jayasundera,  
A. Hapugoda (Appointed w.e.f. 30.12.2021),  
S.T.B. Ellepola (Resigned w.e.f. 31.12.2021).

**Aitken Spence Overseas Travel Services (Private) Limited \***

The Company is in the process of being wound-up.

**Directors:**

N.A.N. Jayasundera,  
D.L. Warawita (Appointed w.e.f. 30.12.2021),  
S.T.B. Ellepola (Resigned w.e.f. 31.12.2021).

**Aitken Spence Travels (Private) Limited \***

Sri Lanka's leading destination management company that also manages and handles outbound travel.

A joint venture with TUI Group AG Germany, the largest integrated tourism company in the world.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
N.A.N. Jayasundera (Managing Director),  
Ms. D.S.T. Jayawardena (Alternate Director to Dr. M.P. Dissanayake),  
J.C. Munar (Appointed w.e.f. 03.05.2021),  
L.D. Bailey (Appointed w.e.f. 03.05.2021),  
D.C. Schelp (Resigned w.e.f. 03.05.2021),  
G.P. Weaver (Resigned w.e.f. 03.05.2021).

**Aitken Spence Travels Myanmar Limited**

A joint venture with Golden Ratanapura Company Limited, to handle Destination Management in Myanmar.

**Directors:**

Dr. M.P. Dissanayake,  
N.A.N. Jayasundera,  
Ms. D.S.T. Jayawardena,  
Ms. N. Sivapragasam,  
U.T. Zin,  
H.S. Amaratunga,  
U.M.Z. Aung.

**AIRLINE GSA****Ace Aviation Services Maldives Private Limited \***

General Sales Agent (GSA) for Sri Lankan Airlines Passenger and Cargo in the Republic of Maldives.

**Directors:**

N.A.N. Jayasundera (Chairman),  
M. Firaq (Managing Director),  
D.L. Warawita,  
S. Ratnayake (Appointed w.e.f. 31.12.2021),  
S.T.B. Ellepola (Resigned w.e.f. 31.12.2021).

**Aitken Spence Aviation (Private) Limited**

General Sales Agent for Singapore Airlines Limited.

**Directors:**

Deshamanya D.H.S. Jayawardena,  
Dr. M.P. Dissanayake,  
Ms. D.S.T. Jayawardena,  
V.P. Kudaliyanage.

**Aitken Spence Moscow (Private) Limited \***

The Company did not carry out any operations during the year.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
Dr. J.W.A. Perera (Managing Director),  
N.A.N. Jayasundera (Appointed w.e.f. 31.12.2021),  
S.T.B. Ellepola (Resigned w.e.f. 31.12.2021).

**Royal Spence Aviation (Private) Limited**

Appointed Passenger General Sales Agent for Jazeera Airlines, Go Airlines and Fiji Airways.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
Ms. N. Sivapragasam,  
N.A.N. Jayasundera,  
Ms. D.S.T. Jayawardena.

**MARITIME & FREIGHT LOGISTICS SECTOR****MARITIME & PORT SERVICES****Aitken Spence Maritime Limited \***

Holding company of Hapag-Lloyd Lanka (Private) Limited and Aitken Spence Ports International Limited.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
I.S. Cuttilan,  
M.A.M. Isfahan.

**Aitken Spence Ports International Limited \***

Port management services which includes managing ports, port operations and providing productivity enhancement and management in ports.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
I.S. Cuttilan,  
M.A.M. Isfahan,  
D.R.C. Hindurangala.

**Aitken Spence Shipping Limited \***

Shipping agency services in all ports in Sri Lanka. Liner, Cruise, Tanker and Casual Caller Agency Representation, Non Vessel

Operating Container Carrier (NVOCC) and an international freight forwarder.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
I.S. Cuttilan (Managing Director),  
M.A.M. Isfahan.

**Fiji Ports Terminal Limited**

A joint venture with Fiji Ports Corporation Limited, to operate and manage the two major ports of Suva and Lautoka in the Republic of Fiji.

**Directors:**

H. Patel (Chairman),  
V. Chand,  
Dr. M.P. Dissanayake,  
Ms. N. Sivapragasam,  
I.S. Cuttilan,  
M.A.M. Isfahan,  
K. Prasad.

**Hapag-Lloyd Lanka (Private) Limited \***

Liner agency representation.

**Directors:**

Dr. M.P. Dissanayake,  
I.S. Cuttilan,

Capt. D. Bhatia,  
L. Sorensen,  
Ms. N. Sivapragasam.

**Shipping and Cargo Logistics (Private) Limited \***

Liner agency representation.

**Directors:**

V.M. Fernando (Chairman),  
Dr. M.P. Dissanayake,  
K.M. Fernando,  
I.S. Cuttilan,  
M.A.M. Isfahan,  
K.M.T.T.B. Tittawella (Appointed w.e.f. 16.03.2022),  
K.M.A.T.B. Tittawella P.C. (diseased on 26.02.2022).

**FREIGHT FORWARDING & COURIER****Ace Aviation Services (Private) Limited**

Operates as General Sales Agent for airline cargo.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
J.E. Brohier.

# Group Companies and Directorate

## Ace Cargo (Private) Limited

Provides international freight forwarding services.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
J.E. Brohier,  
Ms. N. Sivapragasam,  
M.A.M. Isfahan,  
I.S. Cuttilan.

## Ace Freight Management (Private) Limited

Undertakes clearing, forwarding and operates an inland container terminal.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
A.J. Gunawardena,  
C.A.S. Anthony,  
M.A.M. Isfahan,  
B.D.S. Mendis (Appointed w.e.f. 04.11.2021).

## Ace International Express (Private) Limited

The Company did not carry out any operations during the year.

### Directors:

J.E. Brohier,  
M.A.M. Isfahan.

## Aitken Spence Cargo (Private) Limited

International freight forwarding and General Sales Agent for airline cargo.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
J.E. Brohier,  
Ms. N. Sivapragasam,  
M.A.M. Isfahan,  
I. S. Cuttilan.

## Aitken Spence Shipping Services Limited \*

Shipping agency activities in all ports in Sri Lanka and an international freight forwarder.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
I.S. Cuttilan,  
M.A.M. Isfahan.

## Clark Spence and Company (Private) Limited \*

Shipping agency services in all ports in Sri Lanka, NVOCC representation and an international freight forwarder.

### Directors:

I.S. Cuttilan,  
M.A.M. Isfahan.

## D B S Logistics Limited

International Freight Forwarder - Network Partner for DB Schenker.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
J.E. Brohier,  
M.A.M. Isfahan.

## Global Parcel Delivery (Private) Limited

Provides international air express, domestic delivery, international mailing, supply chain solutions and record management services.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
J.E. Brohier,  
M.A.M. Isfahan.

## Spence Maldives Private Limited

Provides cargo General Sales Agent, international air express, domestic express and freight forwarding services in the Republic of Maldives.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
J.E. Brohier (Managing Director),  
M.A.M. Isfahan,  
M. Firaq,  
A.G. Riyaz.

## INTEGRATED CONTAINER SERVICES

## Ace Containers (Private) Limited \*

Operates the largest of its kind inland container terminal, container freight station and provides haulage services.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
A.J. Gunawardena,  
A.U. Kodagoda,  
C.A.S. Anthony,  
M.A.M. Isfahan,  
B.D.S. Mendis (Appointed w.e.f. 04.11.2021).

## Ace Container Repair (Private) Limited \*

Undertakes container repairs, conversions for Garments on Hangers and other purpose built solutions.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
A.J. Gunawardena,  
C.A.S. Anthony,  
M.A.M. Isfahan,  
B.D.S. Mendis (Appointed w.e.f. 04.11.2021).

## Ace Container Terminals (Private) Limited \*

Provides container storage, Customs brokerage, transport and warehousing services for KEPZ customers.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
A.J. Gunawardena,  
C.A.S. Anthony,  
M.A.M. Isfahan,  
B.D.S. Mendis (Appointed w.e.f. 04.11.2021).

## Ace Distriparks (Private) Limited \*

Provides warehousing & 3PL management services, transportation and distribution services, project cargo logistics, mobile storage solutions and act as agents for leading liquid cargo operators and container leasing companies.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
A.J. Gunawardena,  
C.A.S. Anthony,  
M.A.M. Isfahan,  
B.D.S. Mendis (Appointed w.e.f. 04.11.2021).

## Logilink (Private) Limited \*

Provides container freight station services & export consolidation services for the apparel industry.

### Directors:

Dr. M.P. Dissanayake (Chairman),  
A.J. Gunawardena,  
C.A.S. Anthony,  
M.A.M. Isfahan,  
B.D.S. Mendis (Appointed w.e.f. 04.11.2021).

## STRATEGIC INVESTMENT SECTOR

### POWER GENERATION

## Ace Power Embilipitiya (Private) Limited

Owns a 100MW thermal plant in Embilipitiya that supplied power to the national grid up to 06.04.2021.

\* The companies' financial statements are audited by KPMG

### Directors:

Dr. M.P. Dissanayake (Chairman),  
L. Wickremarachchi,  
Ms. N. Sivapragasam,  
H. G. Balasuriya,  
Ms. D.S.T. Jayawardena.

## Ace Wind Power (Private) Limited

Owns and operates a 3MW wind power plant in Ambewela to supply electricity to the national grid.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
L. Wickremarachchi,  
Ms. N. Sivapragasam.

**Aitken Spence Power (Private) Limited**

Takes part in new project opportunities.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
L. Wickremarachchi,  
Ms. N. Sivapragasam.

**Aitken Spence W E E Recycling (Private) Limited**

Has been established to setup an electrical and electronic waste recycling plant with a view to exporting retrieved materials.

**Directors:**

Dr. M.P. Dissanayake,  
L. Wickremarachchi,  
Ms. N. Sivapragasam.

**Branford Hydropower (Private) Limited**

Owens and operates a 2.5MW hydro power plant in Matala to supply electricity to the national grid.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
L. Wickremarachchi,  
Ms. N. Sivapragasam.

**Elgin Hydropower (Private) Limited\***

Owens and operates a 2.4 MW hydropower plant at Lippkele Estate in Lindula.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
L. Wickremarachchi,  
Ms. N. Sivapragasam.

**Upper Waltrim Hydropower (Private) Limited\***

Owens and operates a 2.6 MW hydropower plant at Waltrim Estate in Lindula.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
L. Wickremarachchi,  
Ms. N. Sivapragasam.

**Waltrim Energy Limited\***

Owens 100% shareholdings of Waltrim Hydropower (Private) Limited, Upper Waltrim Hydropower (Private) Limited and Elgin Hydropower (Private) Limited

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
L. Wickremarachchi,  
Ms. N. Sivapragasam.

**Waltrim Hydropower (Private) Limited\***

Owens and operates a 1.65 MW hydropower plant at Waltrim Estate in Lindula.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
L. Wickremarachchi,  
Ms. N. Sivapragasam.

**Western Power Company (Private) Limited**

Owens and operates the 10MW Colombo Waste to Energy Power Plant to receive 700 metric ton of municipal solid waste from the Colombo Municipal Council and to supply 10MW of electricity to the national grid.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
L. Wickremarachchi,  
Ms. N. Sivapragasam,  
Ms. N.W. de A. Guneratne (Resigned w.e.f. 28.02.2022),  
Ms. D.S.T. Jayawardena.

**Western Power Holdings (Private) Limited**

Has been established to invest in the new waste conversion projects.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
L. Wickremarachchi,  
Ms. N. Sivapragasam.

**PRINTING & PACKAGING****Ace Exports (Private) Limited \***

Provides value added printing and packaging solutions to the direct and indirect export markets.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
P. Karunatilake (Managing Director) (Resigned w.e.f. 14.07.2021),  
Ms. N. Sivapragasam,  
L.N.D. Silva (Appointed w.e.f. 07.04.2022).

**Aitken Spence Printing & Packaging (Private) Limited \***

Provides value added printing and packaging solutions to the local market.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
P. Karunatilake (Managing Director) (Resigned w.e.f. 14.07.2021),  
Ms. N. Sivapragasam,  
L.N.D. Silva (Appointed w.e.f. 07.04.2022).

**APPAREL MANUFACTURING****Ace Apparels (Private) Limited**

Manufacturer and exporter of high quality apparels to departmental stores and apparel importers mainly in the USA and EU.

**Directors:**

Dr. M.P. Dissanayake,  
Dr. R. M. Fernando (Appointed w.e.f. 12.06.2021),  
Ms. D.S.T. Jayawardena,  
R.G. Pandithakorralage (Resigned w.e.f. 12.06.2021),  
N.T.K.D. Vijithananda (Resigned w.e.f. 15.10.2021).

**Aitken Spence (Garments) Limited**

Manufacturer and exporter of high quality apparels to departmental stores and apparel importers primarily in USA and EU.

**Directors:**

Dr. M.P. Dissanayake,  
Dr. R. M. Fernando (Appointed w.e.f. 12.06.2021),  
Ms. D.S.T. Jayawardena,  
R.G. Pandithakorralage (Resigned w.e.f. 12.06.2021),  
N.T.K.D. Vijithananda (Resigned w.e.f. 15.10.2021).

**Aitken Spence Apparels (Private) Limited**

Manufacturer and exporter of high quality clothing to departmental stores and apparel importers chiefly in USA and EU.

**Directors:**

Dr. M.P. Dissanayake,  
Dr. R. M. Fernando (Appointed w.e.f. 12.06.2021),  
Ms. D.S.T. Jayawardena,  
R.G. Pandithakorralage (Resigned w.e.f. 12.06.2021),  
N.T.K.D. Vijithananda (Resigned w.e.f. 15.10.2021).

**PLANTATION****Aitken Spence Agriculture (Private) Limited \***

To cultivate Tropical Fruits for sale in the domestic market and for export.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
Dr. R.M. Fernando.



# Group Companies and Directorate

## SERVICES SECTOR

### FINANCIAL & OTHER SERVICES

#### Aitken Spence Corporate Finance (Private) Limited \*

Provides corporate services including that of corporate finance, treasury, legal, secretarial, internal audit, human resource development, information technology, digital and technological transformation, financial shared service, business development, corporate communication, branding, group sustainability and security services to the group companies.

##### Directors:

Dr. M.P. Dissanayake (Chairman),  
Dr. R.M. Fernando,  
Ms. N. Sivapragasam (Managing Director),  
Ms. N.W. de A. Guneratne (Resigned w.e.f. 28.02.2022),  
R.G. Pandithakorrallage (Resigned w.e.f. 31.12.2021),  
Ms. D.S.T. Jayawardena.

#### Aitken Spence Group Limited \*

Overall management of the Aitken Spence Group of Companies.

##### Directors:

Dr. M.P. Dissanayake,  
Dr. R.M. Fernando,  
Ms. N. Sivapragasam,  
Ms. N.W. de A. Guneratne (Resigned w.e.f. 28.02.2022),  
C.M.S. Jayawickrama,  
R.G. Pandithakorrallage (Resigned w.e.f. 31.12.2021),  
B.D.S. Mendis,  
P. Karunatilake (Resigned w.e.f. 14.07.2021).

#### Aitken Spence Technologies (Pvt) Ltd

The Company did not carry out any operations during the year.

##### Directors:

Dr. R.M. Fernando,  
B.D.S. Mendis,  
Ms. N. Sivapragasam,  
R.G. Pandithakorrallage (Resigned w.e.f. 12.06.2021).

#### MMBL Money Transfer (Private) Limited \*

Principal Representative for Western Union, MoneyGram and Ria money transfer services in Sri Lanka.

##### Directors:

Dr. M.P. Dissanayake (Chairman),  
B.D.S. Mendis (Managing Director),  
K. Balasundaram,  
Ms. N. Sivapragasam,  
Ms. J. Moragoda,  
M. D. D. Pieris,

\* The companies' financial statements are audited by KPMG

R.G. Pandithakorrallage (Alternate Director to B.D.S. Mendis) (Resigned w.e.f. 12.06.2021),  
D. R. C. Hindurangala (Alternate Director to B.D.S. Mendis) (Appointed w.e.f. 12.06.2021).

### ELEVATOR AGENCY

#### Aitken Spence Elevators (Private) Limited \*

(Formally known as Elevators (Private) Limited – Name Changed w.e.f. 27.07.2021)

A Joint Venture between Aitken Spence PLC and OTIS Elevators Company (Singapore) Private Limited are the exclusive agents and distributors in Sri Lanka and in the Republic of Maldives for sales and marketing, installing, commissioning and maintaining OTIS elevators, escalators and other people moving equipment.

##### Directors:

Dr. M.P. Dissanayake (Chairman),  
B.D.S. Mendis (Joint Managing Director),  
D.R.C. Hindurangala,  
S. Joseph.

#### Interlifts International Private Limited \*

Promoting, installing, testing, commissioning and maintaining OTIS elevators, escalators, moving walkways, and related equipment in the Republic of Maldives.

##### Directors:

B.D.S. Mendis (Managing Director),  
D.R.C. Hindurangala,  
C.M.S. Jayawickrama,  
H. Moosa.

#### Aitken Spence Industrial Solutions (Private) Limited \*

(Formally known as A E Lanka (Private) Limited – Name Changed w.e.f. 16.12.2021)

Provides maintenance services of escalators, elevators and car park systems.

##### Directors:

Dr. M.P. Dissanayake,  
B.D.S. Mendis,  
D.R.C. Hindurangala.

### INSURANCE

#### Aitken Spence International Consulting (Private) Limited \*

Representing the Lloyds Agency & the W.K. Websters Worldwide Claims Settlement Agency in Sri Lanka & the Maldives, in addition to carrying out Surveys & Claims Settlement for several reputed insurance companies and organisations worldwide. Superintendents for

UN World Food Programme in Sri Lanka and in the Republic of Maldives.

##### Directors:

Ms. N.W. de A. Guneratne (Managing Director) (Resigned w.e.f. 28.02.2022),  
Ms. N. Sivapragasam (Appointed w.e.f. 12.06.2021),  
A.N. Seneviratne (Resigned w.e.f. 30.06.2021),  
R.G. Pandithakorrallage (Resigned w.e.f. 12.06.2021),  
B. D. S. Mendis (Appointed w.e.f. 04.11.2021 & Resigned w.e.f. 25.02.2022),  
I. S. Cuttilan (Appointed w.e.f. 04.11.2021),  
Dr. R. M. Fernando (Appointed w.e.f. 25.02.2022)

#### Aitken Spence Insurance Brokers (Private) Limited \*

Placement of general insurance business with local Insurers. Providing cost effective insurance solutions for Corporates and Retail Customers.

##### Directors:

Ms. N.W. de A. Guneratne (Managing Director) (Resigned w.e.f. 28.02.2022),  
Ms. N. Sivapragasam (Appointed w.e.f. 12.06.2021),  
A.N. Seneviratne (Resigned w.e.f. 30.06.2021),  
R.G. Pandithakorrallage (Resigned w.e.f. 12.06.2021),  
B. D. S. Mendis (Appointed w.e.f. 04.11.2021 & Resigned w.e.f. 25.02.2022),  
I. S. Cuttilan (Appointed w.e.f. 04.11.2021),  
Dr. R. M. Fernando (Appointed w.e.f. 25.02.2022)

### PROPERTY MANAGEMENT

#### Aitken Spence Developments (Private) Limited \*

Property development company.

##### Directors:

A.J. Gunawardena,  
M.A.M. Isfahan,  
B.D.S. Mendis (Appointed w.e.f. 04.11.2021).

#### Aitken Spence Property Developments (Private) Limited \*

Owns and operates the multi-storied office complex; "Aitken Spence Tower II" which serves as the Group's corporate office at Vauxhall Street, Colombo 02.

##### Directors:

Dr. M.P. Dissanayake (Chairman),  
Dr. R.M. Fernando,  
Ms. N. Sivapragasam.



**Vauxhall Property Developments (Private) Limited \***

Owens and operates the multi-storied office complex; "Aitken Spence Tower I" at Vauxhall Street, Colombo 02.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
Ms. N. Sivapragasam,  
Dr. R.M. Fernando (Appointed w.e.f. 12.06.2021),  
R.G. Pandithakorralage (Resigned w.e.f. 12.06.2021).

**Vauxhall Investments (Private) Limited**

Owens buildings and land in Bloemendhal Street, Colombo 13.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
Ms. N. Sivapragasam,  
P. Karunatilake (Managing Director) (Resigned w.e.f. 14.07.2021).

**JOINT VENTURES & ASSOCIATES****TOURISM SECTOR****HOTELS****Amethyst Leisure Limited \***

The Holding Company of Paradise Resort Pasikudah (Private) Limited.

**Directors:**

Ms. D.S.T. Jayawardena (Chairperson),  
Ms. V.J. Senaratne,  
J.C. Weerakone.

**Browns Beach Hotels PLC \***

Owens the property leased out to Negombo Beach Resorts (Private) Limited.

**Directors:**

Deshamanya D.H.S. Jayawardena (Chairman),  
Dr. M.P. Dissanayake,  
Ms. D.S.T. Jayawardena,  
C.R. Stanislaus,  
A.L. Gooneratne,  
R.N. Asirwatham,  
N.J. de Silva Deva Aditya.

**Negombo Beach Resorts (Private) Limited \***

Owens the Heritance Negombo Hotel.

**Directors:**

Deshamanya D.H.S. Jayawardena (Chairman),  
Ms. D.S.T. Jayawardena,  
C.M.S. Jayawickrama,  
C.R. Stanislaus.

**Paradise Resort Pasikudah (Private) Limited \***

Owning Company of Amethyst Resort, Pasikudah.

**Directors:**

Ms. D.S.T. Jayawardena (Chairperson),  
Ms. V.J. Senaratne,  
J.C. Weerakone.

**MARITIME & FREIGHT LOGISTICS SECTOR****MARITIME & PORT SERVICES****Fiji Ports Corporation Limited**

Owens and operates all the major ports in the Republic of Fiji in addition to providing navigational services at all Fijian Ports.

**Directors:**

S. Ali (Chairman),  
V.P. Maharaj,  
V. Chand,  
Dr. M.P. Dissanayake,  
T. Kuruvakadua,  
I.S. Cuttilan,  
Ms. T. Baravilala,  
N. Chettiar,  
A. Prasad.

**Fiji Ships Heavy Industries Limited**

Operates ship and boat building facility, carries out ship repair and maintenance services and is involved in heavy industries in the Republic of Fiji.

**Directors:**

S. Ali (Chairman),  
V.P. Maharaj,  
V. Chand,  
Dr. M.P. Dissanayake,

T. Kuruvakadua,  
I.S. Cuttilan,  
Ms. T. Baravilala,  
N. Chettiar,  
A. Prasad.

**Spence Seahorse Marine (Private) Limited**

Supply of Bunkers and Marine Services at all Sri Lanka Ports.

**Directors:**

Dr. M.P. Dissanayake,  
A.I. Hettiarachchi,  
A.I.T. Hettiarachchi,  
Ms. N. Sivapragasam,  
I.S. Cuttilan,  
P. Weerasekara.

**FREIGHT FORWARDING & COURIER****Ace (Bangladesh) Limited**

Provides international freight forwarding services in the People's Republic of Bangladesh.

**Directors:**

Dr. M.P. Dissanayake (Chairman),  
A. Rahman (Managing Director),  
J.E. Brohier,

C. Jirasinha,  
Ms. M. Mannan,  
Ms. F.R. Ahmed,  
Ms. F. Naser.

**Ace Aviation Myanmar Limited**

International Freight Forwarders.

**Directors:**

M. Y. Chowdhury,  
D. N. Y. Hlaing,  
M. R. Chowdhury,  
J. E. Brohier,  
M. A. M. Isfahan,  
C. J. Jirasinha.

**EDUCATION****CINEC Campus (Private) Limited\***

Sri Lanka's largest private maritime and higher education campus.

**Directors:**

Capt. P.A.P. Peiris (Chairman/ Managing Director),  
Dr. M.P. Dissanayake (Co-Chairman),  
Ms. N. Sivapragasam (Joint Managing Director),  
D. Malais,

# Group Companies and Directorate

E.T. Komrowski,  
E.P. Komrowski (Alternate Director to E.T. Komrowski),  
I.S. Cuttilan,  
R.S. Egodage,  
P.S.R. Casie Chitty,  
D.T.K.C. Lakindu,  
P.M.S. Peiris,  
D.R.C. Hindurangala (Appointed w.e.f. 12.06.2021),  
Ms. R.D. Nicholas (Appointed w.e.f. 28.02.2022),  
R.G. Pandithakorralage (Resigned w.e.f. 12.06.2021),  
Ms. N.W. de A. Guneratne (Resigned w.e.f. 28.02.2022).

## CINEC Skills (Private) Limited\*

The company did not carry out any operations during the year.

**Directors:**  
Capt. P.A.P. Peiris.

## Mercantile Seaman Training Institute Limited

Providing maritime education and training.

**Directors:**  
Capt. P.A.P. Peiris,  
P.S.R. Casie Chitty,  
Ms. N. Sivapragasam,  
I.S. Cuttilan,  
D.L. Ekanayake (Appointed w.e.f. 01.12.2021),  
Capt. R.E.G. Codipilly (Retired w.e.f. 30.11.2021).

## STRATEGIC INVESTMENT SECTOR

### PRINTING AND PACKAGING

#### Serendib Investments Ltd

Provides printing and packaging solutions for the Government of Republic of Fiji and corporates in the Republic of Fiji and South Pacific region.

**Directors:**  
Col. S. Raivoce (Chairman),  
A. Ram,  
Ms. N. Sivapragasam,  
P. Karunatilake (Resigned w.e.f. 14.07.2021),  
L.N.D. Silva (Appointed w.e.f. 07.04.2022).

### PLANTATION

#### A E N Palm Oil Processing (Private) Limited

Joint Venture project between Agalawatte Plantations PLC, Elpitiya Plantations PLC and Namunukula Plantations PLC to process Oil Palm Fruit bunches and extract crude palm oil.

**Directors:**  
N.S. Yaddehige (Chairman until 28.04.2022),  
Dr. M.P. Dissanayake (Chairman w.e.f. 28.04.2022),  
Dr. R.M. Fernando,  
M.P.K. Udugampola,  
G.P.N.A.G. Gunathilake,  
P. de S.A. Gunasekara.

#### Aitken Spence Plantation Managements PLC \*

Managing agents for Elpitiya Plantations PLC.

**Directors:**  
Dr. M.P. Dissanayake (Chairman),  
Dr. R.M. Fernando (Managing Director),  
Deshamanya Merrill J. Fernando,  
Malik J. Fernando,  
D.A. de S. Wickremanayake,  
L.N. de S. Wijeyeratne,  
B. Bulumulla,  
Dr. R.A. Fernando,

A.T.S. Sosa (Alternate Director to Deshamanya Merrill J. Fernando),  
Ms. M.D.A. Perera (Alternate Director to Malik J. Fernando).

#### EPP Hydro Power (Private) Limited

Generates hydro electricity and supply to the national grid.

**Directors:**  
Dr. R.M. Fernando,  
Deshamanya Merrill J. Fernando,  
Malik J. Fernando,  
D.A. de S. Wickremanayake,  
B. Bulumulla.

#### Elpitiya Dianhong Jin Ya Tea Company (Private) Limited

A Joint Venture Project with Yunnan Dianhong Group of China to cultivate, process and market speciality teas for overseas market.

**Directors:**  
Dr. R.M. Fernando,  
B. Bulumulla (Managing Director/ CEO),  
W. Hao,  
T. Wang (Alternate Director to W. Hao),  
X. Chen. (Resigned w.e.f. 24.01.2022).

#### Elpitiya Lifestyle Solutions (Private) Limited

The company has ceased its commercial operations.

**Directors:**  
S. Pathirane (Chairman),  
Dr. R.M. Fernando (Managing Director),  
Malik J. Fernando,  
B. Bulumulla (Alternate Director to Dr. R M Fernando)  
D. A. de S. Wickremanayake,  
A. Kanthasamy,  
Ms. C.D. Piyaratne,

#### Elpitiya Plantations PLC

The Company own and manage 13 estates in the Pundaluoya, Pussellawa and Galle regions with a total land in extent of 8,830.52 hectares and engaged in cultivation of Tea, Rubber, Oil Palm, Cinnamon, Coconut, Fruit crops, Commercial Forestry and in High Valued Horticulture Projects.

**Directors:**  
Dr. M.P. Dissanayake (Chairman),  
Dr. R.M. Fernando (Managing Director),  
B. Bulumulla,  
Deshamanya Merrill J. Fernando,  
Malik J. Fernando,  
Dr. S.A.B. Ekanayake,  
Ms. M.D.A. Perera (Alternate Director to Malik J. Fernando),  
S.C. Ratwatte,  
Ms. B.W.G.C.S. Bogahawatta (Resigned w.e.f. 28.02.2022),  
A.T.S. Sosa (Alternate Director to Deshamanya Merrill J. Fernando),  
D.A. de S. Wickremanayake,  
Ms. D A S Dahanayake (Appointed w.e.f. 28.02.2022).

#### Escape Parks Ceylon (Private) Limited

Develop and operate an Adventure Theme Park at Diviturai Estate to promote Tourism in the region.

**Directors:**  
Dr. M.P. Dissanayake (Chairman),  
Dr. R.M. Fernando.

#### Water Villas (Private) Limited

Intended Hotel Operator.

**Directors:**  
Dr. R.M. Fernando,  
Deshamanya Merrill J. Fernando,  
Malik J. Fernando,  
D.A. de S. Wickremanayake,  
B. Bulumulla.

\* The companies' financial statements are audited by KPMG

## SERVICES SECTOR

### FINANCIAL & OTHER SERVICES

#### **Aitken Spence C & T Investments (Private) Limited \***

The Corporate has ceased operations due to circumstances beyond its control.

##### **Directors:**

A.Y. Atapattu (Chairman),  
Dr. M.P. Dissanayake,  
S. Chandramohan,  
Dr. R.M. Fernando,  
B.D.S. Mendis,  
S.G. Atapattu.

### ELEVATOR

#### **Aitken Spence Engineering Solutions (Private) Limited \***

Joint Venture between Aitken Spence PLC and Mr. Balamurugan Kaliamoorthy incorporated to supply, install, test, commission and maintain equipment of any kind in the field of Air-conditioning, fire and security.

##### **Directors:**

D.R.C. Hindurangala,  
B. Kaliyamoorthy,  
Ms. N. Balamurugan,  
B.D.S. Mendis.

# Glossary of Terms

## Asset Turnover

Total revenue divided by average total assets.

## Assets Held for Sale

The carrying amount of the asset value which will be recovered through a sale transaction rather than through continuing use.

## Available-for-Sale

Any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held-to-maturity investments, or financial assets at fair value through profit or loss.

## AWDR

The Average Weighted Deposit Rate is calculated by the Central Bank monthly and half yearly based on the weighted average of all outstanding interest-bearing deposits of commercial banks and the corresponding interest rates.

## AWPLR

The Average Weighted Prime Lending Rate is calculated by the Central Bank weekly, monthly and half yearly based on commercial bank's lending rates offered to their prime customers.

## Basis Point

One hundredth of a percentage point. i.e.1/100

## Capital Employed

Shareholders' funds plus non-controlling interests and total debt.

## Capital Expenditure

The total of additions to property, plant & equipment, intangible assets, investment property and the purchase of outside investments.

## Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

## Carrying Amount

The amount at which an asset is recognised in the statement of financial position.

## Cash Ratio

Cash and short-term deposits divided by current liabilities.

## Collateral

Monetary or non-monetary asset pledged or received as security in lieu of a loan or credit terms obtained or provided.

## Collective Impairment provision

Impairment provision is measured on a collective basis for homogeneous groups of debtors that are not considered individually significant.

## Contract

An agreement between two or more parties that has clear economic consequences that the parties have little, if any discretion to avoid usually because the agreement is enforceable by law.

## Contract Asset

An entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

## Contract Liability

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amounts due) from the customer.

## Credit Risk

Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance with the agreed terms and conditions.

## Currency

An agreement between two parties to exchange two currencies at a certain exchange rate at a certain time in the future.

## Current Ratio

Current assets divided by current liabilities.

## Debenture

A long-term debt instrument issued by a corporate.

## Debt/Equity Ratio

Non-current interest-bearing borrowing divided by the total equity and minority interest. It shows the extent to which the firm is financed by debt.

## Derivatives

Financial contracts whose values are derived from the values of underlying assets.

## Dividend

Dividends per share divided by earnings per share. This indicates the percentage of the Company's earning that is paid out to shareholders in cash.

## Dividend Cover

Net profit attributable to the ordinary shareholders divided by the total dividend.

## Dividend Yield

Dividend per share divided by the market value of a share.

## Dividends per Share (DPS)

Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

## Earnings per Share (EPS)

Net profit for the period attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

## EBITDA

Earnings (inclusive of equity accounted investees) before interest expenses, tax, depreciation, and amortisation.

## Economic life (of an asset)

Either the period over which an asset is expected to be economically usable by one or more users or the number of production or similar units expected to be obtained from an asset by one or more users.

## Effective

Rate of dividend per share paid on the number of shares ranking for dividend at the time of each payment.

## Effective

Total long-term and short-term interest divided by average long-term and short-term liabilities at the beginning and end of the year.

## Employee Attrition Rate

Number of resignations/Average number of employees \*100

## EPZ

Export Processing Zone

## Equity Instruments

A contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

**Expected Credit Losses**

The weighted average of credit losses with the respective risks of a default occurring as the weights.

**Fair Value**

The amount at which an asset is exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

**Fair Value Through Other Comprehensive Income (FVOCI)**

Financial instruments that are held for trading and measured at fair value through other comprehensive income.

**Fair Value Through Profit or Loss (FVPL)**

Financial instruments that are held for trading and are designated as at fair value through profit and loss.

**Financial Asset**

Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable.

**Financial Instruments**

Any contract that gives rise to financial assets of one entity and financial liability or equity instrument of another entity.

**Financial Leverage**

Total average assets divided by total average equity.

**Financial Liability**

A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavourable.

**Forward**

Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

**Goodwill**

The excess of the cost of acquisition over the fair value of the share of net assets acquired when purchasing an interest in a company.

**Gross Treasury Bill Rate**

Weighted average treasury bill rate gross of withholding tax published by Central Bank of Sri Lanka at the auction immediately preceding an interest determination date.

**GRI**

Global Reporting Initiative.

**Guarantees**

A contractual obligation made by a third party (Guarantor), who is not a party to a contract between two others, that the guarantor will be liable if the guarantee fails to fulfil the contractual obligations under that said contract.

**ILO**

International Labour Organisation.

**IMF**

International Monetary Fund.

**Impact (in the context of GRI Standards)**

Effect an organisation has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development. It does not refer to an effect upon an organisation, such as a change to its reputation.

**Impairment**

Occurs when recoverable amount of an asset is less than the carrying amount.

**Intangible Assets**

An identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services for rental to others or for administrative purposes.

**Interest Cover**

Operating profit before interest divided by the net interest.

**Interest Rate Swap**

An arrangement whereby two parties swap interest rate commitments with each other to reduce interest rate risks on fixed or floating rate loans.

**IRCSL**

Insurance Regulatory Commission of Sri Lanka.

**Investment Property**

Investments in land and buildings that are held to earn rentals or for capital appreciation or for both.

**Lease**

A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

**LIBOR**

The London Inter Bank Offer Rate is an interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market.

**Liquidity**

The risk of an entity having constraints to settle its financial liabilities.

**Loans and receivables**

A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

**Local (in the context of sustainability programmes)**

the immediate community within a 35 to 45 km radius of our operations outside Colombo. For operations outside Sri Lanka, 'local' would refer to the local community of that country.

**Loss Given Default (LGD)**

The magnitude of the loss in the event of a default.

**Market**

The number of ordinary shares in issue multiplied by the market price per share.

**Market Risk**

Possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

**MCLR**

Marginal Cost of Funds based Lending Rate is published by Reserve Bank of India, used as the reference rate by financial institutions to set the interest rate of Indian Rupee denominated lending products.

**Net Assets per Share**

Total assets less total liabilities including minority interest divided by the number of shares in issue as at 31st March.

**Net Profit Margin**

Net profit for the period divided by the revenue.

# Glossary of Terms

## Non-controlling Interest

Part of the net results of operations and of net assets of a subsidiary attributable to interest which are not owned, directly or indirectly through subsidiaries, by the parent.

## Operating Profit Margin (EBIT Margin)

Earnings before interest and tax divided by revenue.

## Past service Cost

Past Service Cost is the change in the Present value of the defined Benefit obligation (PVDBO) for employee service in prior periods, resulting in the current period from the introduction of or changes to, post-employment benefits or other long term employee benefits.

## PPE

Personal Protective Equipment.

## Price Earnings Ratio (PER)

Market value per share divided by the earnings per share.

## Price to Book Value Ratio (PBV)

Market price per share divided by net assets per share.

## Probability of Default (PD)

Estimate of likelihood that a borrower will be unable to meet debt obligations.

## Quick Asset Ratio

Total current assets less inventories divided by total current liabilities.

## Return on Capital Employed (ROCE)

Profit before finance expense and tax as a percentage of average capital employed.

## Return on Equity Accounted Investments

Share of profit of equity-accounted investees (net of tax) divided by the average investment in equity-accounted investees at the beginning and end of the financial year.

## Revaluation Surplus

Surplus amount due to revaluing assets in accordance with its fair value.

## Revenue Reserves

Reserves set aside for future distributions and investments.

## Right-of-use asset

An asset that represents a lessee's right to use an underlying asset for the lease term.

## Stand-alone Selling Price

The price at which an entity would sell a promised good or service separately to a customer.

## SBU

Strategic Business Unit.

## SDG

Sustainable Development Goals.

## SKU

Stock Keeping Unit.

## Total Equity

Total of share capital, reserves, retained earnings and non-controlling interest.

## Treasury Bill/T-Bill

Short term debt instrument of 3,6 or 12 months issued by the Government of Sri Lanka.

## Treasury Bond/T-Bond

Medium to long term debt instrument of 1 year and above, issued by the Government of Sri Lanka which carries a coupon (interest) paid on semi-annual basis.

## Total Shareholder Return (TSR)

The difference between the closing and opening share price plus the dividend pertaining to the year divided by the opening share price.

## Uncertain tax treatment

A tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law.

## Unquoted Shares

Shares which are not listed in the Stock Exchange.

## UNCTAD

United Nations Conference on Trade and Development.

## UNWTO

United Nations World Tourism Organisation.

## WHO

World Health Organisation.

## WFM

Work From Home.

## Working Capital

Current assets less current liabilities.

## Yield to Maturity

The discount rate that equals present value of all expected interest payment and the repayment of principal.

## Young Managers

Executives in managerial positions (Assistant Manager and above), and under 35 years of age.

## Notes



## Notes



# Corporate Information

## Name

Aitken Spence PLC

## Legal Form

A public quoted Company with limited liability, incorporated in Sri Lanka in 1952.

## Company Registration Number

PQ 120

## Registered Office

No. 315, Vauxhall Street,  
Colombo 2,  
Sri Lanka.

## Directors

Deshamanya D.H.S. Jayawardena  
- *Chairman*  
Dr. M.P. Dissanayake  
- *Deputy Chairman & Managing Director*  
Dr. R.M. Fernando  
Ms. D.S.T. Jayawardena  
Mr. J.M.S. Brito  
Mr. G.C. Wickremasinghe  
Mr. C.H. Gomez  
Mr. N.J. de S. Deva Aditya  
Mr. R.N. Asirwatham

## Alternate Director

Mr. A.L. Gooneratne  
(Alternate Director to Mr. N. J. de S. Deva Aditya)

## Audit Committee

Mr. R.N. Asirwatham – Chairman  
Mr. J.M.S. Brito  
Mr. G.C. Wickremasinghe  
Mr. C.H. Gomez  
Mr. N.J. de S. Deva Aditya/ Mr. A.L. Gooneratne  
(Alternate Director to Mr. N.J. de S. Deva Aditya)

## Related Party Transactions Review Committee

Mr. R.N. Asirwatham – Chairman  
Mr. J.M.S. Brito  
Mr. G.C. Wickremasinghe  
Mr. C.H. Gomez  
Mr. N.J. de S. Deva Aditya/ Mr. A. L. Gooneratne  
(Alternate Director to Mr. N.J. de S. Deva Aditya)

## Remuneration Committee

Mr. G.C. Wickremasinghe – Chairman  
Mr. R.N. Asirwatham  
Mr. C.H. Gomez

## Nomination Committee

Mr. G.C. Wickremasinghe – Chairman  
Deshamanya D.H.S. Jayawardena  
Mr. R.N. Asirwatham

## Secretaries

Aitken Spence Corporate Finance (Private) Limited  
No. 315, Vauxhall Street,  
Colombo 02,  
Sri Lanka.  
T : +94 11 2308308  
F : +94 11 2445406  
benji@aitkenspence.lk  
comsec@aitkenspence.lk

## Registrars

Central Depository Systems (Private) Limited  
Ground Floor, M & M Centre,  
No. 341/5, Kotte Road,  
Rajagiriya,  
Sri Lanka  
T: +94 11 2356456  
F: +94 11 2440396  
hemal@cse.lk  
www.cds.lk

## Auditors

KPMG  
Chartered Accountants  
32A, Sir Mohamed Macan Markar  
Mawatha, P.O. Box 186,  
Colombo 03,  
Sri Lanka.

## Holding Company

Melstacorp PLC

## Contact Details

No. 315, Vauxhall Street,  
Colombo 02,  
Sri Lanka.  
T: +94 11 2308308  
F: +94 11 2445406  
www.aitkenspence.com

# Notice of Meeting

Notice is hereby given that the Seventieth (70th) Annual General Meeting of Aitken Spence PLC will be held at No. 315, Vauxhall Street, Colombo 02 on Thursday, 30th June 2022 at 10.00 a.m., as a virtual meeting using a digital platform for the following purposes:-

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements for the year ended 31st March 2022 and the Report of the Auditors' thereon.
2. To re-appoint Deshamanya D.H.S. Jayawardena who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:  
  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Deshamanya D.H.S. Jayawardena who is 79 years of age and that he be re-appointed a Director of the Company."
3. To re-appoint Mr. G.C. Wickremasinghe who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:  
  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. G.C. Wickremasinghe who is 88 years of age and that he be re-appointed a Director of the Company."
4. To re-appoint Mr. R.N. Asirwatham who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:  
  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R.N. Asirwatham who is 79 years of age and that he be re-appointed a Director of the Company."
5. To re-appoint Mr. J.M.S. Brito who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:  
  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply

to Mr. J.M.S. Brito who is 75 years of age and that he be re-appointed a Director of the Company."

6. To re-appoint Mr. N.J. de S. Deva Aditya who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:  
  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N.J. de S. Deva Aditya who is 74 years of age and that he be re-appointed a Director of the Company."
7. To re-elect Dr. R.M. Fernando who retires in terms of Article 83 and 84 of the Articles of Association, as a Director.
8. To authorise the Directors to determine contributions to charities.
9. To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.
10. To consider any other business of which due notice has been given.



By Order of the Board  
Aitken Spence PLC

Aitken Spence Corporate Finance (Private) Limited  
Secretaries

Colombo  
31st May 2022

*Note : Further instructions on the virtual AGM are noted on the reverse hereof*

# Notice of Meeting

## Note:

1. In view of the prevailing pandemic conditions, this year too the Annual General Meeting of Aitken Spence PLC will be held as a virtual meeting by participants joining in person or by proxy, through audio or audio visual means in the manner specified below:

### i. Shareholder participation

- (a) The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.
- (b) The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through **audio or audio visual means only**.
- (c) The shareholders who wish to participate at the meeting will be able to join the meeting through **audio or audio visual means only**. To facilitate this process, the shareholders are required to furnish their details by perfecting **Annexure I** to the circular to shareholders and forward same to reach the Company Secretaries via e-mail to [heshani@aitkenspence.lk](mailto:heshani@aitkenspence.lk) or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02 **not less than five (05) days before the date of the meeting so that the meeting login information** could be forwarded to the e-mail addresses so provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.
- (d) To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to [heshani@aitkenspence.lk](mailto:heshani@aitkenspence.lk) or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, **not less than forty eight (48) hours before the time fixed for the meeting**.

### ii Shareholders' queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretaries, via e-mail to [heshani@aitkenspence.lk](mailto:heshani@aitkenspence.lk) or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, **not less than five (5) days before the date of the meeting**. This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.

2. The Annual Report of the Company for the year 2021/2022 will be available for perusal on the Company website [www.aitkenspence.com](http://www.aitkenspence.com), the Colombo Stock Exchange website [www.cse.lk](http://www.cse.lk) and the social media sites of the Company.

# Form of Proxy

I/We ..... of  
..... being a shareholder/shareholders of  
Aitken Spence PLC hereby appoint ..... of  
..... (whom failing),

Deshamanya Don Harold Stassen Jayawardena	(whom failing),
Dr. Mahinda Parakrama Dissanayake	(whom failing),
Dr. Rohan Marshall Fernando	(whom failing),
Ms. Don Stasshani Therese Jayawardena	(whom failing),
Mr. Joseph Michael Suresh Brito	(whom failing),
Mr. Gaurin Chandraka Wickremasinghe	(whom failing),
Mr. Charles Humbert Gomez	(whom failing),
Mr. Niranjana Joseph de Silva Deva Aditya	(whom failing),
Mr. Rajanayagam Nalliah Asirwatham	

as my/our Proxy to represent me/us, to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 30th June 2022 at 10.00 a.m., and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/we the undersigned hereby authorise my/our proxy to vote on my/our behalf in accordance with the preference indicated below:

<b>Resolution</b>	<b>For</b>	<b>Against</b>
1 To re-appoint Deshamanya D.H.S. Jayawardena who is over the age of 70 years	<input type="checkbox"/>	<input type="checkbox"/>
2 To re-appoint Mr. G.C. Wickremasinghe who is over the age of 70 years	<input type="checkbox"/>	<input type="checkbox"/>
3 To re-appoint Mr. R.N. Asirwatham who is over the age of 70 years	<input type="checkbox"/>	<input type="checkbox"/>
4 To re-appoint Mr. J.M.S. Brito who is over the age of 70 years	<input type="checkbox"/>	<input type="checkbox"/>
5 To re-appoint Mr. N.J. de S. Deva Aditya who is over the age of 70 years	<input type="checkbox"/>	<input type="checkbox"/>
6 To re-elect Dr. R.M. Fernando who retires in terms of Article 83 and 84 of the Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>
7 To authorise the Directors to determine contributions to charities	<input type="checkbox"/>	<input type="checkbox"/>
8 To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of June Two Thousand Twenty Two.

.....  
Shareholder's Signature/(s)

.....  
Shareholder's NIC / Folio No.

.....  
Proxy holder's NIC No.

**Note : Instructions as to completion are noted on the reverse hereof**

# Form of Proxy

## INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.
2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the Form of Proxy shall be executed in the manner specified in the Articles of Association.
4. In the absence of any specific instructions as to voting, the proxy may use his / her discretion in exercising the vote on behalf of his/her appointor.
5. Duly filled Form of Proxy should be sent to reach the Company Secretaries via e-mail to [heshani@aitkenspence.lk](mailto:heshani@aitkenspence.lk) or facsimile on +94 11 244 5406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, **not less than forty eight (48) hours before the time fixed for the meeting.**

**Please provide the following details (mandatory):**

NIC/PP/Company Registration No. of the Shareholder/s : .....

Folio No. : .....

E-mail address of the Shareholder/(s) or proxy holder  
(other than a Director appointed as proxy) : .....

Mobile No. : .....

Fixed Line : .....



# Aitken Spence PLC | Shareholder Feedback Form

Name (Optional) : .....

Address (Optional) : .....

Number of shares held (Optional) : .....

Please rate the following areas (where applicable) on a scale of 1 to 5 where 1 is the lowest to 5 being the highest

LowestHighest12345

1. Business Development

a) Quality and presentation of the Annual Report

b) Usefulness of the information in the interim financial statements

c) Likelihood of the financial information in the Annual Report to influence investment decisions

d) Likelihood of the environmental information in the Annual Report to influence investment decisions

e) Likelihood of the social information in the Annual Report to influence investment decisions

f) Satisfaction with the risk management strategies of the Company

2. Corporate Communication

a) Quality of Group communications appearing in traditional media (newspapers, radio, television).

b) Quality of Group communications appearing in emerging and new media (social media, web).

c) Satisfaction with the frequency and volume of Group communications appearing in mass media channels (newspapers, radio, television)

d) Accessibility and availability of information related to the Group in mass media channels

e) Quality of service and information provided at stakeholder contact channels (web, general line, front office/ reception)

f) Satisfaction with the contact channels available for queries and feedback

3. Human Resources

a) Satisfaction with the conduct of Group employees

b) Competency of Group employees based on your recent interactions.

c) Access to HR related information

4. Sustainability

a) Satisfaction with the strategies developed for economic sustainability

b) Satisfaction with the commitment of the Group towards environmental conservation

c) Satisfaction with the commitment of the Group towards social empowerment and community development

d) Ethical conduct of the Group in business activities

# Aitken Spence PLC | Shareholder Feedback Form

**Please tick more than one where applicable:**

**5. What areas of the following business activities are you interested in receiving more information regarding via Group communications?**

- a) Sustainability initiatives ☐
- b) Reporting processes ☐
- c) Internal operations ☐
- d) New business initiatives ☐
- e) Strategic investments ☐

**6. What channels of communication are preferred when receiving Group related information?**

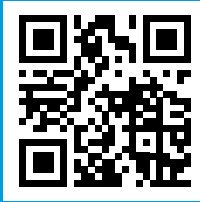
- a) Web ☐
- b) Newspapers ☐
- c) Electronic media ☐
- d) Social media ☐
- e) Mobile ☐

**7. Out of the following, what areas of sustainability do you feel Aitken Spence Group should focus more on?**

- a) Energy ☐
- b) Water ☐
- c) Biodiversity ☐
- d) Waste management ☐
- e) Resource efficiency ☐
- f) GHG emission reduction ☐
- g) Social empowerment ☐
- h) Infrastructure development ☐
- i) Education ☐

The completed Feedback Form could be emailed to [info@aitkenspence.lk](mailto:info@aitkenspence.lk) or mailed to the Group Company Secretaries at the Registered Office of the Company at No. 315, Vauxhall Street, Colombo 02, Sri Lanka.





[aitkenspence.com](http://aitkenspence.com)

**Aitken Spence PLC**

315, Vauxhall Street, Colombo 2, Sri Lanka.

T : +(94) 11 230 8308 F : +(94) 11 244 5406