

# CARSON CUMBERBATCH PLC

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Annual Report 2022/23



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CARSON

CUMBERBATCH PLC

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# Financial Highlights

(Amounts expressed in Sri Lankan Rs.'000 unless otherwise stated)

For the year ended/as at 31st March	2023	2022	% Change
<b>Income Statement</b>			
Group revenue	330,458,690	170,694,625	94
Profit from operations	59,257,650	26,768,696	121
Profit before taxation	42,433,522	22,373,966	90
Profit after taxation from continuing operations	27,357,875	14,651,870	87
EBITDA	71,246,699	33,901,555	110
Profit attributable to ordinary shareholders	13,729,646	7,354,472	87
Operating cash flow per share (Rs.)	258.45	109.94	135
Earnings per share (Rs.) - Group	69.91	37.45	87
Dividend per share (Rs.) - Company	1.50	1.50	-
<b>Statement of Cash flow</b>			
Operating cash flow	50,755,415	21,591,399	135
Capital expenditure	17,387,897	5,801,443	200
<b>Statement of Financial Position</b>			
Shareholders' funds	68,547,883	57,028,177	20
Net assets	140,236,892	116,063,040	21
Net assets per ordinary share (Rs.)	349.05	290.39	20
Return on ordinary shareholders' funds (%)	20.03	12.90	55
Total assets	299,518,030	281,185,406	7
Net debt	58,367,773	76,004,060	(23)
<b>Market/Shareholder Information</b>			
Market value per share (Rs.) - Company	271.75	270.00	1
Market capitalization (Company) (Rs. Mn)	53,368	53,024	1
Revenue to Government of Sri Lanka (Rs. Mn)	71,484	48,377	48
Economic value retained (Rs. Mn)	38,195	21,370	79
Group employment as of 31st March (Nos.)	14,964	13,407	12
Employee benefit liability as of 31 March	3,941,252	1,556,911	153

# Chairman's Statement

## Dear Shareholders,

In a year defined by daunting challenges, I am pleased to announce that your Company excelled by achieving a revenue of Rs. 330.5 Bn and earnings before tax of Rs. 42.4 Bn. The core earnings before tax excluding the effects of fair value adjustments, foreign exchange movements and impairment charges stood at Rs. 45.5 Bn; improving from the previous financial year's Rs. 20.3 Bn after similar adjustments. Our total assets as at 31st March 2023 reached Rs. 300 Bn.

This performance portrays the exceptional achievements of our teams across diverse business domains. In the face of relentless, unprecedented challenges in recent years, we have not only endured, but also relied on our in-built resilience to forge ahead with even greater strength.

## LOCAL ECONOMY

Sri Lanka was gripped by an unprecedented economic crisis in 2022, primarily stemming from ineffective economic policies and an overwhelming burden of debt. The country's forex reserves dipped alarmingly to a record low, due to the prolonged impact of the COVID-19 pandemic on tourism and inward worker remittances. Further intensifying these challenges, ill-advised policy decisions led to a currency freefall, eventually culminating in a sovereign default in April 2022.

Following the crisis, a critical shortage of essential goods became evident, amid a backdrop of soaring inflation rates. Interest on government securities and deposits witnessed a significant spike surpassing 30%, while the national consumer price index hit a peak of 74% inflation. The escalating civil unrest eventually led to a transfer of presidential authority towards the middle of the calendar year.

To address the crisis, the government resorted to sky-high policy rates and steep tax hikes, which significantly dampened consumer spending. In addition, the devalued LKR, import restrictions, strict forex controls, and volatile commodity prices collectively inflated the cost structures of businesses. Hence, domestic corporates faced twin blows of needing to navigate rising costs while simultaneously facing the challenge of convincing cash-strapped consumers to bear the bill.

In March 2023, Sri Lanka secured an International Monetary Fund (IMF) bailout with underlying stringent conditions. While this offers a temporary relief, the government must now prioritise long overdue structural and political reforms that would build transparency and accountability while also eradicating corruption and misgovernance at every level. Achieving fiscal discipline also calls for an overhaul of state-owned enterprises. Sri Lanka can aspire to regain economic stability and restore investor confidence, if only through resolute and well-executed reforms.

## GLOBAL CONTEXT

In 2022, global economic growth slowed amid geopolitical tensions, inflationary shocks, and tight monetary stances, which collectively led to the decline of global trade due to a dent in both consumer and business confidence. Commodity markets displayed noticeable volatility by witnessing a peak in prices in the first half of 2022, followed by a subsequent decline within the latter half of the year.

By early 2023, there was a gradual easing of inflationary pressures as commodity prices began to recede. However, the continuation of stricter monetary measures could potentially increase financial distress, especially in the case of most vulnerable emerging and developing economies.

## OUR BUSINESSES

### Beverage

The Beverage Sector encountered a series of market challenges, with disrupted tourism and retail price hikes impacting domestic volume performance. Exceptionally high taxation and currency depreciation led to a 70-80% spike in the price of alcoholic beverages, thereby raising the price tag of beer. To overcome supply-related challenges, the sector enforced rigorous planning and management in the realms of material procurement, supplier sourcing, warehousing, and scheduling, while ensuring uninterrupted production and seamless distribution to the retail market.

Most importantly, the sector continued to drive innovation in the past year through the successful launch of three products, namely: Carlsberg Smooth Draught, Lion Ice, and the locally produced global brand "Somersby" under Carlsberg's license. Meanwhile, beer exports grew, with a 16% increase in revenue in USD terms and 8% volume growth, primarily owing to market expansion efforts. In spite of the adverse market developments, the sector achieved a Rs. 11.3 Bn profit before tax, driven by a revenue of Rs. 97 Bn.

### Oil Palm Plantations

The Oil Palm Plantations sector observed an improvement in its internal Fresh Fruit Bunch (FFB) production, which reached 1.26 Mn Metric Tonnes (MT) during the year. Supported by strategic external crop purchases, the sector achieved 451,007 MT of Crude Palm Oil (CPO) production, marking the highest output in the past decade, as exhibited by the 24.2% YoY increase. Amid the considerable price instability in the market, the sector's top-line remained steady, primarily due to strategically timed sales and a higher Average Selling Price (ASP) of CPO. The inauguration of the sector's first

bio-gas facility in Central Kalimantan represented a major achievement in its sustainability endeavours during the year.

Additionally, the sector effectively implemented cost control measures that mitigated the adverse impact of inflation and rising prices, specifically in relation to fertilizer and fuel expenses. The Oil Palm Plantations sector yielded a profit before tax of Rs. 27 Bn from a revenue of Rs. 149.5 Bn. During the year, the sector managed to significantly reduce its gross debts by USD 58.5 Mn.

On May 17, 2023, Goodhope PLC, Indo Malay PLC, Shalimar (Malay) PLC, and Selinsing PLC announced their intentions to delist their respective shares from the Colombo Stock Exchange, subject to shareholder and regulatory approvals. This action aligns with the Group's objective of reducing organisational structural complexity and optimising operational efficiency.

### Oils and Fats

In the Oils and Fats sector, the main Malaysian plant; Premium Vegetable Oils Sdn Bhd (PVO), which caters to global demand for confectionary and bakery products, witnessed a significant improvement in volume growth. Crushing volumes rose by 7% YoY, hitting a record high in December 2022, while downstream volumes displayed a 14% increase over the preceding year.

The sector's profitability improved due to higher margins in downstream products, driven by improved market insights, a favourable product mix, and successful customer expansion endeavours in Malaysia. Moreover, the sector strategically invested in plant facilities and manage to reduce its debt exposure by USD 13.5 Mn during the year.

The Oils and Fats sector recorded a profit before tax of Rs. 2.8 Bn on a revenue of Rs. 81.7 Bn. The Indian

refining subsidiary, Arani Agro Oil (AAO), was divested and sold to AAK AB of Sweden. This decision enabled a sharper focus on the core operations of the sector.

### Portfolio and Asset Management

The Portfolio and Asset Management sector navigated market volatility as the All-Share-Price Index (ASPI) fluctuated and ended up recording a flat performance of 4.46%. Investor participation remained moderate, driven by uncertainty and apprehension surrounding the direction of the economy as well as that of the equity market.

With the upward trend in interest rates, the sector strategically allocated a portion of its portfolio to institutions with strong credit quality and attractive interest rates, ensuring higher interest income. The sector's total portfolio demonstrated a resilient 15.39% growth (dividend-adjusted) and reported a profit before tax of Rs. 1.6 Bn, driven by fair value gains on equity holdings of Rs. 896.3 Mn.

### Leisure

The Leisure sector faced significant headwinds during the economic crisis, primarily due to travel restrictions from key source markets, which led to an unforeseen demand shock. Moreover, the domestic tourism faced prolonged setbacks during the year, owing to the fuel crises and declining disposable incomes.

The sector's financial performance was further strained by the disproportionate increase in operational costs and high interest rates. With domestic consumers bearing the brunt of taxes and inflation, the scope for reasonable upward rate adjustments was minimal. However, in the face of adversity, our hotels remained steadfast in their pursuit of operational efficiencies. The sector observed a revenue of

Rs. 719.8 Mn compared to Rs. 386.1 Mn in the corresponding year, and recorded a loss before tax of Rs. 169 Mn for the year.

### Real Estate

Despite contractionary policies and adverse market conditions, the real estate sector noted positive shifts, including higher rental rates and increased occupancy rates in its investment properties. The property valuation conducted at the end of the year drove fair value gains. In the face of these dynamics, the sector achieved a revenue of Rs. 274.4 Mn and a profit before tax of Rs. 607.2 Mn.

### ESG PRIORITIES

Throughout the year, we remained committed to promoting a sustainable future through our focused efforts on Environmental, Social, and Governance (ESG) initiatives. By seamlessly incorporating sustainability principles and corporate social responsibility across our domestic and overseas business sectors, we aim to create positive change while ensuring lasting benefits for our shareholders. The pertinent sections of this Annual Report contain comprehensive information related to these aspects.

### DIVIDENDS

For the financial year 2023/2024, the Board of Directors approved a first interim dividend amounting to Rs. 2.10 per share. Against the present distressing operational backdrop, dividends were declared, taking into careful consideration the significant capital expenditure of Rs. 17.4 Bn incurred in the concluded financial year, as well as the diligent debt reduction programmes undertaken to reduce the Group's gross debt during the same period.

## Chairman's Statement

### OUTLOOK AND CLOSING REMARKS

In light of the ongoing global economic slowdown, the future business landscape will remain challenging with a heightened sense of uncertainty. Meanwhile, Sri Lanka's pursuit of IMF assistance may progressively improve the country's economic outlook, as it lays the groundwork for crucial debt restructuring and the launch of substantial reforms. By channelling efforts towards revitalising key sectors such as tourism, and stimulating foreign exchange inflows through exports, the country can certainly make significant strides towards achieving economic recovery. It is our earnest hope that, in due course, a favourable economic climate will emerge, that will fuel business growth and present new avenues for success.

As a diversified group, we remain attuned to the shifting tides and proactively seek out both domestic and overseas growth opportunities as and when they arise. Our strategic initiatives and capital commitments over the past few years are a clear reflection of this readiness on our part. Anchored by our value-driven approach, backed by a robust capital base, and empowered by a talented and agile workforce, our primary goal remains steadfast: to enhance shareholder value through consistent and sustainable growth.

In closing, I extend my heartfelt appreciation to the esteemed members of our Board Committees, dedicated management teams, invaluable employees, valued business partners, and all other stakeholders for their unwavering dedication demonstrated throughout the year. Above all, I would like to express my deepest gratitude to our shareholders for their ongoing support and loyalty, even amid these unprecedented times.

(Sgd.)  
Tilak De Zoysa  
Chairman

17th July 2023  
Colombo



# Directors' Profile

## TILAK DE ZOYSA

A well-known figure in the Sri Lankan business community, Tilak de Zoysa, FCMI (UK) FPRI (SL), Honorary Consul for Croatia and Global Ambassador for HelpAge International was conferred the title of "Deshabandu" by His Excellency the President of Sri Lanka in recognition of his services to the Country and was the recipient of "The Order of the Rising Sun. Gold Rays with Neck Ribbon" conferred by His Majesty the Emperor of Japan. Recipient of the LMD lifetime achievers' Award 2017.

In addition to being the Chairman of the Supervisory Board (AMW) and Advisor to the Al-Futtaim Group of Companies in Sri Lanka, he chairs Carson Cumberbatch PLC, Associated CEAT (Pvt) Ltd., Amaya Hotels and Resorts USA (Radisson), Jetwing Zinc Journey Lanka (Pvt) Ltd., Trinity Steel (Pvt) Ltd., CG Corp Global Sri Lanka, HelpAge Sri Lanka and Sasakawa Memorial Sri Lanka Japan Cultural Centre Trust.

He is also the Vice Chairman of CEAT Kelani Holdings (Pvt) Ltd and serves on the boards of several listed and private Companies which include TAL Lanka Hotels PLC (Taj), TAL Hotels and Resorts Ltd, Nawaloka Hospitals PLC, Associated Electrical Corporation Ltd., INOAC Polymer Lanka (Pvt) Ltd., Cinnovation INC., and Varun Beverages Lanka (Pvt) Ltd. (Pepsi).

Mr. Tilak de Zoysa is a past Chairman of the Ceylon Chamber of Commerce, the National Chamber of Commerce of Sri Lanka, HelpAge International (UK), Colombo YMBA and served as a Member of the Monetary Board of Sri Lanka (2003-2009).

## HARI SELVANATHAN

Hari Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Carson Cumberbatch PLC. He is the Deputy Chairman/Group Chief Executive

Officer of Goodhope Asia Holdings Ltd., Singapore.

He is the President Commissioner of the palm oil related companies in Indonesia, Director of Sri Krishna Corporation (Private) Limited and the Chairman of Express Newspapers (Ceylon) Ltd.

He was the Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka).

He holds a Bachelor's Degree in Commerce.

## MANO SELVANATHAN

Mano Selvanathan is the Chairman of Sri Krishna Corporation (Private) Limited and Selinsing PLC. He is a Director of most of the Companies in the Carson Cumberbatch Group in Sri Lanka, Indonesia, Malaysia & Singapore and is an active Member of its Executive Management Forums.

He has served as the Chairman of the Ceylon Chamber of Commerce and The Indo Lanka Chamber of Commerce & Industry and also as the President of the Rotary Club of Colombo North. At present, he is the Honorary Consul of the Republic of Chile in Sri Lanka.

Mano Selvanathan was conferred the National Honours in Sri Lanka the 'DESAMANYA' title by H.E. The President of Sri Lanka, in recognition of the services rendered to the Nation in November 2005.

In January 2011, he was awarded with the prestigious 'PRAVASI BHARATIYA SAMMAN AWARD' by the President of India. He also received the Presidential Honour of 'ORDER OF KNIGHT COMMANDER' in October 2013 awarded by the Government of Chile.

He holds a Bachelor's Degree in Commerce.

## CHANDIMA GUNAWARDENA

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of most of the Carsons Group Companies in Sri Lanka and overseas.

He is also a Director of Bukit Darah PLC. Since assuming Non- Executive status in the Group, he serves as an advisor to the Group's Strategic Planning and Management forums in Sri Lanka and serves on Board Committees, including the Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

Mr. Gunawardena has over five decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990. He continues to serve on advisory Boards of private sector initiatives in Sri Lanka and not for profit initiatives locally and at global level.

He has served in the Management Committee of The Ceylon Chamber of Commerce for over 10 years and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

He is a Fellow of the Chartered Institute of Management Accountants, UK.

## SURESH SHAH

Mr. Suresh Shah is Chairman of Ceylon Tobacco Company PLC and the start up online grocery and household products marketplace, Providore and a Director of Carson Cumberbatch PLC, Bukit Darah PLC and Hemas Manufacturing (Pvt) Ltd. Further, he currently functions as the Head of the State-Owned Enterprise Restructuring Unit of the

## Directors' Profile

Government of Sri Lanka set up under the Ministry of Finance, Economic Stabilization and National Policies.

Previously, he was Director & CEO of Ceylon Beverage Holdings PLC & Lion Brewery (Ceylon) PLC, a position he held for 30 years.

He is a Past Chairman of the Ceylon Chamber of Commerce and of the Employers Federation of Ceylon. Previously, he has served as a Commissioner of the Securities and Exchange Commission of Sri Lanka, a Member of Council of the University of Moratuwa and a Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

### RAJENDRA THEAGARAJAH

[FCMA (UK), FCA (Sri Lanka), MBA (Cranfield) FIB (Hon), Sri Lanka]

Mr. Rajendra Theagarajah has been a veteran banker with a wealth of experience in the Banking and financial services sector. He counts over 38 years in banking both locally and overseas.

Presently, Mr. Theagarajah is a Senior Visiting Fellow of the Pathfinder Foundation a leading think tank in Sri Lanka.

Mr. Theagarajah served as the MD/CEO of Cargills Bank Limited till 30th September 2020. Prior to Cargills Bank, he served as Director/Chief Executive Officer (CEO) of National Development Bank PLC (NDB) from August 2013 till November 30, 2016 and as CEO/Managing Director at Hatton National Bank PLC for 9 years until June 2013.

Mr. Theagarajah was also a past Chairman of the Sri Lanka Bankers' Association (Guarantee) Ltd, Financial Ombudsman Sri Lanka (Guarantee) Ltd, former Director of Colombo Stock

Exchange and Chairman Emeritus of the Asian Bankers Association. He has also served as a Council Member of the Sri Lanka Institute of Directors.

He is a past Chairman of the Ceylon Chamber of Commerce. He has been a past Chairman of the Chartered Institute of Management Accountants (UK) Sri Lanka Governing Board. He was formerly a co-opted member of CIMA UK's Global Council.

Mr Theagarajah serves as a Founder Trustee of Colours of Courage Cancer Trust. He currently serves on the boards of Orient Finance PLC (as its Chairman) and Siam City Cement (Lanka) PLC.

### RAVI DIAS

A banker by profession, Ravi Dias served Commercial Bank of Ceylon PLC for nearly four decades and retired as the Managing Director/Chief Executive Officer of Commercial Bank of Ceylon PLC.

He is the Chairman of Seylan Bank PLC, Senkadagala Finance PLC and Ceylon Tea Marketing (Pvt) Ltd. He also serves on the Boards of Tokyo Cement Company (Lanka) PLC and United States - Sri Lanka Fulbright Commission.

He served as Managing Director of Commercial Development Company PLC and had also served on the Boards of Lanka Clear (Pvt) Limited, Lanka Financial Services Bureau Limited, Academy of Financial Studies of the Ministry of Finance & Planning and was a Council Member of the Employers' Federation of Ceylon.

He holds a Degree in Law and is a Fellow of the Chartered Institute of Bankers (UK). He is also a Hubert. H. Humphrey Fellow.

Is an alumnus of INSEAD Business School - France, having attended the Advanced Management Programme in Fontainebleau.

### SAKTHA AMARATUNGA

Mr. Saktha Amaratunga is an Independent, Non-Executive Director of Carson Cumberbatch PLC and Hemas Holdings PLC, Chairman of Carson Cumberbatch PLC and Hemas Holdings PLC – Audit Committees, and a Commissioner of PT Agro Indomas Indonesia, a subsidiary of the Carson Cumberbatch Group. He is also an Audit Committee member of MAS Holdings Ltd.

Previously, Regional Audit Controller (Asia Pacific) for British American Tobacco, he has more than 20 years' experience with British American Tobacco, having performed senior finance roles for the Group in Sri Lanka and the United Kingdom, and also being the Finance Director of British American Tobacco Operations in the Czech Republic, Sri Lanka, Switzerland, Japan and Malaysia (IT Shared Services Organization).

Has many years of experience in Strategy Development, Business Restructuring, Risk and Governance, International Finance and People Development. He is a Fellow Member of the Chartered Accountants of Sri Lanka, Associate Member of the Chartered Institute of Management Accountants, UK and also a Member of CPA Australia.

### SHARADA SELVANATHAN

Sharada Selvanathan has been on the Board of Carson Cumberbatch PLC [CCPLC] since March 2019.

Sharada focuses on the Human Resources and Corporate Strategy functions of CCPLC's oil palm arm, Goodhope Asia Holdings Ltd. [Goodhope]. Sharada is a member of the Executive Committee of Goodhope and works closely with senior management in making key decisions.

Prior to Goodhope, Sharada worked at BNP Paribas in London, Hong Kong and Singapore.

Beyond Goodhope, Sharada is passionate about education, especially for children with learning differences. She is currently a Trustee of an education-focused trust that provides a platform for students to reach their potential through alternative learning methods.

Sharada holds a Master of Science in Economics from the University of Warwick, UK, and an MBA from IMD, Switzerland.

### **M M MURUGAPPAN**

M M Murugappan served as the Executive Chairman of the Corporate and Supervisory Board of the Murugappa Group India. He presently chairs the Boards of Carborundum Universal (CUMI – a material science company) and Cholamandalam Mitsui Sumitomo General Insurance Company Ltd. of the Murugappa Group.

After a brief stint in the field of Environmental Engineering Design in the United States, Murugappan joined CUMI in the year 1979.

In January 2004, Murugappan took over as Chairman of CUMI, playing a pivotal role in transforming CUMI into an international company. He has broken new grounds in positioning CUMI as a technology and innovation-driven organization. His strategic approach towards business partnerships with global leaders has been one of the key factors contributing to CUMI's consistent growth, internationally.

Murugappan was appointed as the Non Executive Chairman of Cyient Ltd, Hyderabad in April 2021. He recently retired from the Board of Mahindra & Mahindra. He served on the Board of Governors of IIT Madras, for six years till November 2011 and has enabled many industry – academic partnerships. He now serves on the Board of the IIT Madras Research Park and is a mentor to many companies incubated there. In November 2022,

he was appointed Chairman, Board of Governors, Indian Institute of Management, Indore.

As Trustee of the Group's AMM Foundation, he is actively involved in the development of various citizenship initiatives, particularly in education, health care, performing arts and sports.

Murugappan holds a Bachelor's degree in Chemical Engineering from the AC College of Technology, University of Madras, India and a Master of Science Degree also in Chemical Engineering from the University of Michigan, Ann Arbor, Michigan, USA. He is a member of the American and Indian Institutes of Chemical Engineers and the Plastics & Rubber Institute. He was elected as a Fellow Member of the Indian Ceramic Society in 2006.

### **YEW HUAT ONG**

Mr. Yew Huat Ong is an Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Nominating Committee of Singapore Power Ltd. and Capitaland Group Pte Ltd. He is a Director of Singapore Mediation Centre.

Mr. Ong chaired United Overseas Bank Malaysia Bhd from 2012 to 2018 and he was Chairman of the Tax Academy of Singapore. He has served as Independent Director of United Overseas Bank Ltd., Singapore.

During 2008- 2013, he served as a Director of the Accounting and Corporate Regulatory Authority (ACRA) of Singapore, a member of the Public Accountants Oversight Committee and chaired the Audit Committee of ACRA.

Mr. Ong is a Chartered Accountant and began his career with Ernst & Young's London office. He returned to Singapore in 1983 and he later led its transaction advisory and corporate recovery practice in the Far East area. From 2005 to 2012, he served as the Managing Partner and later Executive

Chairman of Ernst & Young, Singapore, and as Chief Operations Officer of Ernst & Young Asia Pacific.

A known supporter of the Arts, Mr.Ong was the Chairman of the National Heritage Board and Singapore Tyler Print Institute (STPI). He was awarded the Public Service Star in 2017 for his contributions to the Arts in Singapore.

Mr. Ong holds a Bachelor of Accounting (Honours) degree from the University of Kent at Canterbury. He is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Singapore.

### **KRISHNA SELVANATHAN**

(Alternate Director to Mr. M. Selvanathan)

Krishna Selvanathan serves as a Director of Carsons Management Services (Private) Limited and is the CEO of Guardian Fund Management Limited. He also serves as a Director of Lion Brewery (Ceylon) PLC and Pegasus Hotels of Ceylon PLC and is an Alternate Director on the Boards of Carson Cumberbatch PLC and Bukit Darah PLC. He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K.

### **SUDARSHAN SELVANATHAN**

(Alternate Director to Mr. D. C. R. Gunawardena)

Joined Carson Cumberbatch in 2019, focusing on the Group's beverage businesses. Prior to this, he was a partner at JNE Partners LLP and a senior member of the investment team at MSD Capital, investing in equities and distressed debt. From 2000 to 2006, he served in various roles at Lone Star Funds and Lehman Brothers.

# Group Structure

## PLANTATIONS, OILS & FATS

- Goodhope Asia Holdings Ltd.  
• 2008\* • 53.33%
- Agro Asia Pacific Limited  
• 2010\* • 100%
- Premium Nutrients Private Limited  
• 2011\* • 100%
- Shalimar Developments Sdn. Bhd.  
• 1980\* • 100%
- Premium Oils & Fats Sdn. Bhd.  
• 2011\* • 100%
- Premium Vegetable Oils Sdn. Bhd.  
• 1978\* • 80%
- Shalimar (Malay) PLC  
• 1909\* • 99.25%
- Selinsing PLC  
• 1907\* • 95.68%
- Indo-Malay PLC  
• 1906\* • 87.14%
- Good Hope PLC  
• 1910\* • 90.91%
- Agro Harapan Lestari (Private) Limited  
• 2008\* • 100%
- AHL Business Solutions (Private) Limited  
• 2010\* • 100%
- Goodhope Investments (Private) Limited  
• 2012\* • 100%
- PT Agro Indomas  
• 1987\* • 94.30%
- PT Agro Bukit  
• 2004\* • 95%
- PT Agro Asia Pacific  
• 2008\* • 100%
- PT Karya Makmur Sejahtera  
• 2003\* • 95%
- PT Agro Harapan Lestari  
• 2007\* • 100%
- PT Rim Capital  
• 2006\* • 95%
- PT Agrajaya Baktitama  
• 1994\* • 95%
- PT Nabire Baru  
• 2008\* • 95%
- PT Agro Wana Lestari  
• 2006\* • 95%
- PT Batu Mas Sejahtera  
• 2006\* • 95%
- PT Sawit Makmur Sejahtera  
• 2008\* • 95%
- PT Sumber Hasil Prima  
• 2006\* • 95%
- PT Sinar Sawit Andalan  
• 2008\* • 95%
- PT Sariwana Adi Perkasa  
• 2008\* • 95%
- PT Agro Bina Lestari  
• 2006\* • 95%
- PT Agro Surya Mandiri  
• 2006\* • 95%

## BEVERAGE

- Ceylon Beverage Holdings PLC  
• 1910\* • 75.62%
- Lion Brewery (Ceylon) PLC  
• 1996\* • 59.61%
- Luxury Brands (Private) Limited  
• 2012\* • 100%
- Pubs 'N Places (Private) Limited  
• 2007\* • 100%
- Millers Brewery Limited  
• 2010\* • 100%
- Retail Spaces (Private) Limited  
• 2010\* • 100%
- Lion Beer (Ceylon) Pte. Ltd  
• 2023\* • 100%

## PORTFOLIO & ASSET MANAGEMENT

- Ceylon Guardian Investment Trust PLC
  - 1951\* • 67.15%
- Ceylon Investment PLC
  - 1919\* • 65.94%
- Rubber Investment Trust Limited
  - 1906\* • 100%
- Guardian Fund Management Limited
  - 2000\* • 100%

- Guardian Fund Management LLC
  - 2019\* • 100%
- Guardian Value Fund LLC
  - 2019\* • 100%
- Leechman & Company (Private) Limited
  - 1953\* • 100%

## LEISURE

- Pegasus Hotels of Ceylon PLC
  - 1966\* • 89.98%
- Equity Hotels Limited
  - 1970\* • 100%
- Carsons Airline Services (Private) Limited
  - 1993\* • 100%

## REAL ESTATE

- Equity One Limited
  - 1981\* • 98.99%
- Equity Two PLC
  - 1990\* • 88.81%
- Equity Three (Private) Limited
  - 1990\* • 100%

## MANAGEMENT SERVICES

- Carsons Management Services (Private) Limited
  - 1993\* • 100%

% refer to group interest  
\* refer to year of incorporation

### Country of Incorporation/Operation

- Sri Lanka
- Indonesia
- Malaysia
- Singapore
- Mauritius

# Management Discussion & Analysis

## – Sector Reviews



### BEVERAGE

The export business showcased growth and resilience throughout the 2022/23 financial year, with the sector achieving a remarkable 16% increase in USD revenue.

#### BUSINESS CONTEXT

Due to an exceptionally volatile business environment, the Beverage sector encountered numerous market challenges in the wake of Sri Lanka's economic crisis. The subdued tourism industry demand considerably impacted the volume growth of the sector, while the prices of legal alcoholic products skyrocketed well beyond what domestic consumers could afford, consequently creating a significant affordability gap. The sector was burdened with substantial costs due to the severe devaluation of the local currency, high inflation rates and interest rates, rising commodity prices, increased freight rates, increased import duties, a 100% duty surcharge, and steep tax hikes. However, the sector addressed the supply-side challenges faced during the first half of the financial year by implementing diligent management practices and proactively adjusting its sourcing and procurement strategies.

Commendably, the export business showcased growth and resilience throughout the 2022/23 financial year, with the sector achieving a remarkable 16% increase in USD revenue and an 8% increase in volumes compared to the previous year. Over the course of the

previous decade, a remarkable growth in export revenue has been recorded, exhibiting a tenfold increment.

In the year under consideration, the sector diligently adhered to its strategic objectives and placed significant emphasis on driving digitalisation. The primary focus was on re-engineering key processes and maximising the utilisation of SAP within the business framework. In terms of sustainability, the sector remained steadfast in pursuing its annual objectives and upheld its commitment to its sustainability agenda throughout the year.

#### FINANCIAL PERFORMANCE

Amid the challenging and volatile backdrop, the Beverage sector achieved a turnover of Rs. 97 Bn and a profit after tax of Rs. 6.7 Bn.

#### KEY HIGHLIGHTS

As part of the portfolio expansion efforts effected during the financial year under consideration, the Beverage sector successfully introduced three new products to the market, namely, Carlsberg Smooth Draught, Lion Ice and the locally produced world-renowned brand "Somersby" under

license from Carlsberg. These additions to the overall range of products aimed to cater to the diverse preferences of the target consumers and capitalise on emerging market opportunities.

The "Lion" brand underwent a re-launch in March 2023, unveiling an exciting modern look, with the purpose of completely transforming market touchpoints, and the end objective of driving future growth. Furthermore, highlighting the brand's exceptional performance, "Lion" was awarded the "Export Brand of the Year" at the SLIM Brand Excellence Awards 2022.

#### FUTURE OUTLOOK

Despite ongoing market challenges, the Beverage sector remains committed to investing in long-term growth opportunities. These investments will be directed towards an evolving product portfolio, while maintaining a focus on smart cost management, improving energy consumption efficiency, and streamlining strategic procurement processes. The recent strategic refinements and changes to the organisational structure have strongly positioned the business for future success.



## BUSINESS CONTEXT

In the financial year 2022/23, the Oil Palm Plantations sector demonstrated commendable operational performance, effectively navigating the challenges posed by market price volatilities. Global Crude Palm Oil (CPO) prices hit a 3-year peak in March 2022 with average monthly prices reaching MYR 6,870 (as reflected in Bursa Malaysia) but declined rapidly in July 2022, as prices fell by 33%. The average monthly CPO price for the nine-months from July 2022 to March 2023 was approximately MYR 3,969, which was a significant reduction from the previous year's twelve-month average of MYR 4,961. The sudden price decline was primarily due to the relaxation of the Indonesian government's Domestic Market Obligations (DMO) following the CPO build-up in Indonesia. Other factors that led to higher CPO prices being recorded in the previous year such as labour supply shortages, the Russia-Ukraine conflict, and La Niña's wet weather impact, all subsided, thus enabling CPO prices to decline to average levels.

## OIL PALM PLANTATIONS

The Fresh Fruit Bunch (FFB) production in the sector exhibited significant growth, reaching a total of 1.26 Mn Metric Tonnes.

During the year, the Fresh Fruit Bunch (FFB) production in the sector exhibited significant growth, reaching a total of 1.26 Mn Metric Tonnes (MT); a noteworthy increase of 9.5% in comparison to the preceding year. The strategic procurement of external crops for milling enabled the sector to achieve a remarkable total CPO production of 451,007 MT. This figure stands as the sector's highest CPO production within a 10-year period, marked by an impressive YoY growth rate of 24.2%. During the financial year 2022/23, the sector achieved a higher Average Selling Price (ASP) of CPO with timely opportunistic sales that positively impacted revenue improvement. Furthermore, the sector increased its sales of sustainable premium oil and other derived products to support this noteworthy performance.

Significant emphasis was placed on mitigating the adverse effects of rising fertilizer and fuel costs during the year. Inflationary pressures weighed on overhead costs, while several COVID-related cost rollbacks were completed. The sector also faced the implications of rising global interest rates and a resultant increase in the cost of working capital loans.

During the year, the Oil Palm Plantations sector focused on strengthening organisational capabilities across its diverse teams. This strategic effort aimed to enhance the sector's ability to drive sustainable growth in the future, paving the way for continued success and resilience in a dynamic business landscape.

## KEY HIGHLIGHTS

Significant investments were made with respect to nurturing sustainability during the year, and the sector's sustainability team actively worked towards improving the traceability of external crops. Additionally, the Oil Palm Plantations sector successfully commissioned its first bio-gas facility in Central Kalimantan. Goodhope was ranked 13th in the prestigious SPOTT Ranking for 2022 out of 100 companies in the palm industry, recording a significant improvement from the previous year's position of 21.

## FINANCIAL PERFORMANCE

The Oil Palm Plantations sector achieved a revenue of Rs. 149.5 Bn (USD 418.2 Mn) which is an increase of 129% (32%) from the previous period, and subsequently recorded a profit after tax of Rs. 17.6 Bn (USD 48.0 Mn) for the year. The sector reduced its gross debt by Rs.9.1 Bn (USD 58.5 Mn), while maintaining a strong liquidity position.

## FUTURE OUTLOOK

The sector's future strategic focus entails expanding its plasma-planted land area and fostering collaborations with local communities in proximity to its locations to achieve higher volumes of CPO through increased external crop purchases. Additionally, the sector aims to enhance internal yield improvements in its West Kalimantan and Papua plantations. These initiatives align with the Group's long-term sustainable growth and operational excellence objectives.

## Management Discussion & Analysis – Sector Reviews



### OILS AND FATS

PVO's crushing volumes increased by 7% YoY, including a record high performance of 18,722 MT crushed in December 2022.

#### BUSINESS CONTEXT

In the Oils and Fats sector, the price of the main input of Palm Kernel mirrored the global CPO price trend throughout the year under consideration. After reaching a high of MYR 4,825 in February of 2022, the average price from July 2022 to March 2023 displayed a downward trend and reached MYR 2,179.

The main Malaysian plant Premium Vegetable Oils Sdn Bhd (PVO) noted a commendable volume growth during the year under review. PVO's crushing volumes increased by 7% YoY, including a record high performance of 18,722 MT crushed in December 2022, while downstream volumes increased by 14% compared to the previous year. During the year under review, downstream product margins improved, aided by better insights into market pricing, a favourable product mix (specialty sales increased from 64% to 71% of total downstream sales), and the successful penetration of new customers within the Malaysian market.

#### FINANCIAL PERFORMANCE

The Oils and Fats sector achieved a revenue of Rs. 81.7 Bn (USD 230.2 Mn) for the year, which is an increase of 90% (9%) YoY. Furthermore, the sector achieved a profit after tax of Rs. 3.8 Bn (USD 8.9 Mn), exhibiting an increase of 898% (335%) YoY.

#### KEY HIGHLIGHTS

During the year under review, PVO increased its capital expenditure to strengthen its plant facilities while utilising its operational cash flows to reduce its long-term borrowings and working capital loans. Accordingly, PVO's total borrowings decreased by USD 13.5 Mn during the financial year 2022/23.

The Indian refining subsidiary Arani Agro Oil (AAO) was sold to AAK AB of Sweden based on the strategy to focus the organisation's overall effort and resources primarily on core businesses in Indonesia and Malaysia.

#### FUTURE OUTLOOK

PVO's future strategic initiatives encompass several key areas aimed at enhancing overall performance. These include optimising the sales mix to remain aligned with market demand, reinforcing the sales team to drive customer engagement, and establishing closer proximity to customers' locations to improve accessibility. Moreover, the sector will place a significant emphasis on serving the Malaysian market by catering to the specific needs and preferences of local customers.

Premium Fats Sdn Bhd, the sector's associate investment (with joint venture partner J-Oil Mills INC of Japan) is focused on developing target products for export in Asian markets. This concerted effort is directed towards capitalising on the growing demand in these markets and maximising opportunities for expansion and profitability.





## PORTFOLIO AND ASSET MANAGEMENT

The discretionary portfolio of the sector demonstrated a growth of 13.46% to reach Rs. 13.90 Bn (dividend-adjusted performance).

### GUARDIAN GROUP PORTFOLIO PERFORMANCE

Description	As at		Change %	31/03/2023	Dividend-adjusted performance
	31/03/2023	31/03/2022		(Dividend-adjusted)	
Discretionary portfolio (Rs. '000)*	13,706,990	12,254,381	11.85%	13,903,580	13.46%
Total Portfolio (Rs. '000)*	22,475,000	19,647,919	14.39%	22,671,590	15.39%
ASPI (Points)	9,301	8,904	4.46%		4.46%
S&P 20 (Points)	2,683	3,031	(11.49%)		(11.49%)

\*After the addition of the total cash outflow from the distribution of dividend by the Group which was Rs. 196.6 Mn during the period under review.

### BUSINESS CONTEXT

The unfolding economic crisis in the 2022/23 financial year created an extremely challenging operating environment for domestic enterprises, where the combination of soaring inflation, rising operational costs, and increased interest rates placed substantial pressure on their earnings potential. The Colombo Stock Exchange (CSE) encountered a notable degree of market volatility as it navigated through the prevailing crisis. Accordingly, the All-Share Price Index (ASPI) demonstrated a flat performance of 4.46% while S&P SL20 Index indicated a negative performance of 11.49% during the year.

Through a reliance on adaptability, effective risk management, and astute investment decisions, the Portfolio and Asset Management sector focused on safeguarding its portfolio and positioning it for future growth. In spite of the extremely challenging market dynamics, the discretionary portfolio of the sector demonstrated a growth of 13.46% to reach Rs. 13.90 Bn (dividend-adjusted performance). The portfolio

which included the strategic stake in Bukit Darah PLC grew by 15.39% to reach a value of Rs. 22.67 Bn (dividend-adjusted performance). During the year under consideration, the sector dedicated conscientious attention to its asset allocation strategy by prioritising investments in fundamentally strong equity positions and making timely allocations towards higher interest rate instruments.

### KEY HIGHLIGHTS

In January 2023, the sector disposed of its entire stake in Guardian Acuity Asset Management Limited (GAAM), to focus on its key strategic initiatives.

### FINANCIAL PERFORMANCE

On a revenue of Rs. 1.1 Bn, the Portfolio and Asset Management sector recorded a profit after tax of Rs. 1.4 Bn compared to the loss of Rs. 578.4 Mn recorded in the previous year. The positive financial performance was driven by the gain of Rs. 896.3 Mn from 'financial assets fair value through profit or loss' due to the upward movement in the prices of equity stocks.

### FUTURE OUTLOOK

With the IMF Extended Fund Facility coming online, Sri Lanka has taken the required initial corrective measures to support its participation in the IMF program. However, the country still faces a period of consolidation in the coming years, with fiscal discipline and targets being the largest challenge. As a result, companies listed on the Colombo Stock Exchange (CSE) may encounter a challenging operating environment, and share prices may be subdued during this period. To circumvent this challenge, the sector has invested Rs. 3.4 Bn into fixed income instruments to provide sustained higher streams of interest income during the economic recovery phase. Remaining funds will be allocated to fundamentally strong stocks that can withstand the challenging environment and recover at a relatively faster pace, thus offering long-term return potential.

## Management Discussion & Analysis – Sector Reviews



### LEISURE

Despite the ongoing challenges faced by the industry, the Leisure sector maintains a strong focus on driving revenue growth through experiential offerings and new value additions.

#### BUSINESS CONTEXT

In the early months of 2022, Sri Lanka's tourism industry began to exhibit signs of recovery following the challenging period brought into being by the COVID-19 pandemic. However, this progress was halted by an unforeseen economic crisis that struck the country at the onset of the 2022/23 fiscal year. The industry's growth was further hampered by travel restrictions imposed by major source markets, particularly in Europe, which severely limited the influx of tourists. Moreover, the domestic tourism sector encountered obstacles as a result of the combined impacts of an extended fuel crisis, persistent high inflation, and a decrease in disposable incomes, which contributed towards a waning interest in local travel. As a result, Pegasus Reef Hotel and Giritale Hotel achieved average occupancies of 29% and 28% respectively.

With the demanding economic landscape, both hotels encountered significant headwinds in their business recovery throughout the year. The escalating operational costs and the imposition of high interest rates exacerbated the already mounting financial pressures. The hotels faced the daunting task of navigating these cost increases, as transferring such a burden to consumers was not feasible, due to the hefty taxes and inflation levels they were already compelled to shoulder. Consequently, pricing adjustments were impeded, thereby affecting the hotels' margin performance.

#### FINANCIAL PERFORMANCE

During the concluded financial year, the sector achieved a consolidated revenue of Rs. 719.8 Mn, with a YoY growth of 86%. The loss after tax for the year decreased by 25% compared to the previous year, amounting to Rs. 96.2 Mn.

#### FUTURE OUTLOOK

Despite the ongoing challenges faced by the industry, the Leisure sector maintains a strong focus on driving revenue growth through experiential offerings and new value additions. Simultaneously, the sector will prioritise optimising its earnings capacity by implementing operational efficiencies while streamlining processes and effectively managing costs. Furthermore, there will be a strong emphasis on reducing debt and fortifying the cash flow position of the hotels.



## REAL ESTATE

The average occupancy of the investment properties in the Real Estate sector increased from 69% to 74% in the financial year 2022/23.

### BUSINESS CONTEXT

During the early part of the year under consideration, the Grade A office space market experienced a negative absorption rate, reflecting the erosion of corporate discretionary spending power amid macro-economic pressures. This situation was further compounded by the influx of new commercial property inventory in the secondary business district. In addition, the challenges faced by the sector were compounded by escalating costs resulting from the mounting inflationary pressures. Moreover, rental prices experienced an upswing in early 2022 as property owners endeavoured to mitigate the impact of the rupee depreciation by quoting prices linked to the USD.

### FINANCIAL PERFORMANCE

Despite these challenges, the average occupancy of the investment properties in the Real Estate sector increased from 69% to 74% in 2023. The sector's revenue reached Rs. 274.4 Mn, which is a growth of 10% in comparison to the previous year; a result attributable to the above-mentioned increase in occupancy and upward rental revisions. The sector achieved a profit after tax of Rs. 168.7 Mn. The profit after tax of the sector was weighed down by the increase in deferred tax expense compared to last year arising from the increase in the corporate income tax rate from 24% to 30% from October 2022.

The total segmental assets as at 31st March 2023 stood at Rs. 6.1 Bn. The valuation of the sector's investment properties as at 31st March 2023

resulted in a fair value gain of Rs. 415.6 Mn, compared to the Rs. 418 Mn recognised in the last year, thereby augmenting the profit after tax for the year under review.

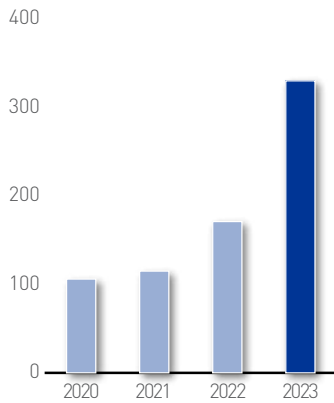
### FUTURE OUTLOOK

The real estate industry is currently grappling with considerable challenges arising from the ongoing economic crisis. As a result, businesses are re-assessing the financial viability of upgrading or expanding their commercial spaces, which present substantial hurdles throughout the industry. Nonetheless, the inherent value proposition offered by prime locations remains a compelling advantage for the sector's future prospects.

## Management Discussion & Analysis – Graphical Financial Review

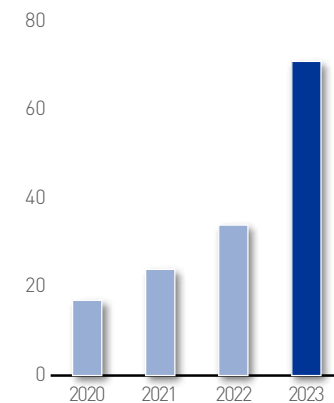
### Revenue

Rs.Bn



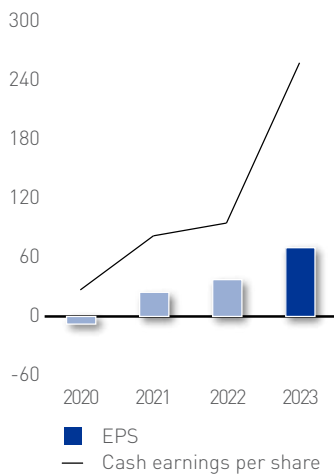
### EBITDA

Rs.Bn



### Earnings per share vs Cash earnings per share

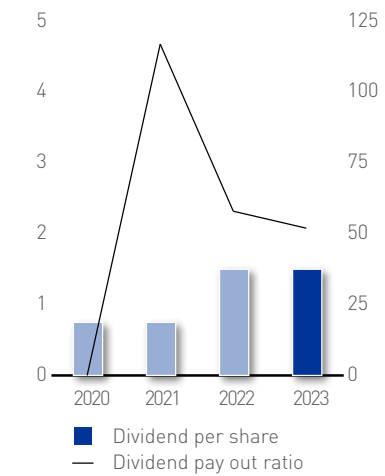
Rs.



### Dividend per share vs Dividend pay out ratio

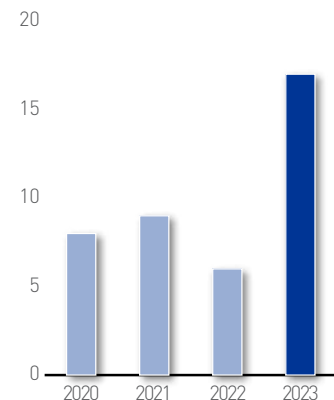
Rs.

%



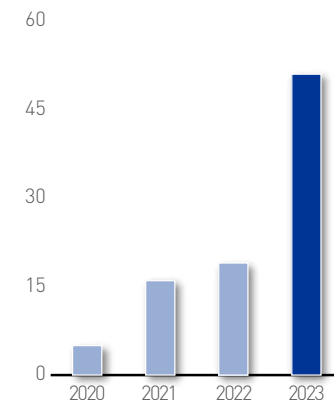
### Capital Expenditure

Rs.Bn

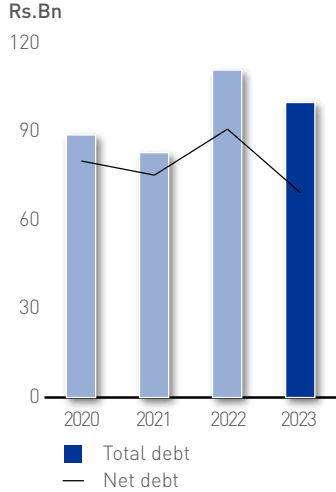


### Operating Cash Flow

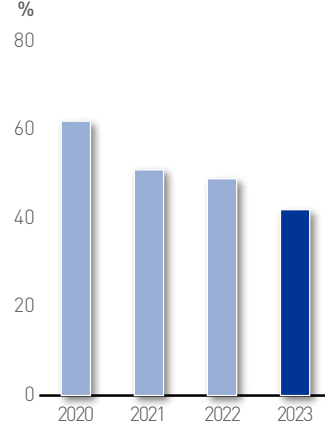
Rs.Bn



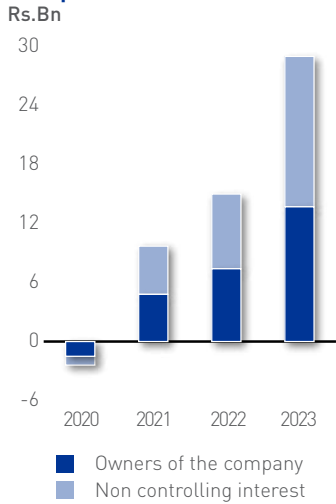
### Total debt vs Net debt



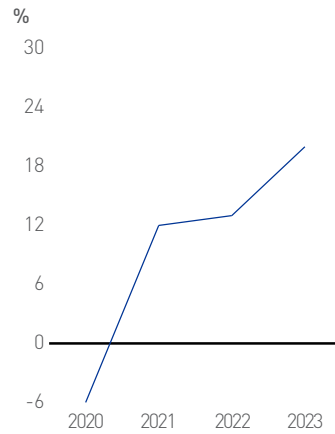
### Gearing ratio



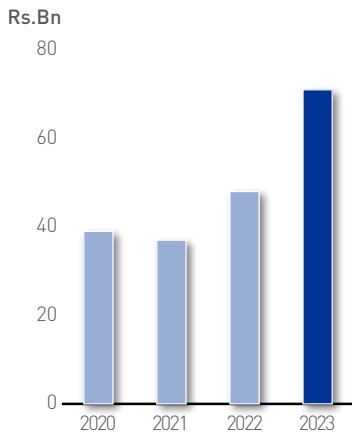
### Net profit/(loss) distribution



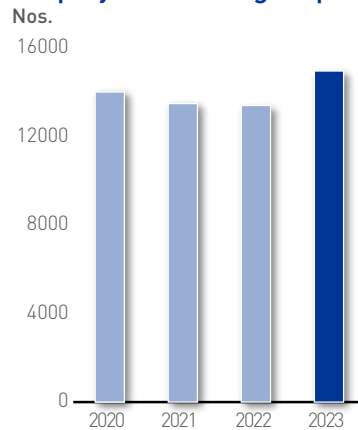
### Return on ordinary shareholders' funds



### Taxation paid to the Government of Sri Lanka



### Employees of the group



## Management Discussion & Analysis – Financial Review

### INTRODUCTION

The financial year began amid a global economic slowdown that surpassed expectations, accompanied by inflation levels not witnessed in several decades. Sri Lanka's economic and business landscape changed dramatically in April 2022 when it announced a unilateral foreign debt default and sought relief by pursuing an IMF bailout package. The Central Bank of Sri Lanka swiftly intervened to stop the hyperinflationary trajectory of the economy by increasing its policy interest rates by 700 basis points and allowing a free float of the exchange rates. Consequently, exchange rates shot up to levels that discouraged further imports. Additional import controls ensued to stem foreign exchange outflows impacting businesses. Simultaneously, businesses and consumers were further distressed by the various tax hikes introduced by the government. These developments significantly affected all industries and weighed in on their financial results.

### REVENUE

#### Oil Palm Plantations

Domiciled in Indonesia, the Oil Palm Plantations segment accounted for 45% of the total Group's revenue and remained the highest contributor to the Group's revenue. Revenue amounted to USD 418.2 Mn during the year under review, which translated to net revenue of Rs 149.5 Bn. The segment's revenue increased by 129%, mainly due to higher crops and the higher equivalent rupee value owing to the sharp depreciation of the Sri Lankan Rupee against the US Dollar during the year. The segment achieved the highest CPO production for the past 10 years, with an impressive 24.2% increase YoY, primarily attributable to increases in internal FFB production and external crops.

#### Oil and fats

The Malaysia-based Oils and Fats segment achieved revenue of Rs. 81.7 Bn for the year, increasing 90% YoY while accounting for 25% of the Group revenue. The revenue in US Dollar terms stood at 230.2, equating to a 9% over the previous year's performance of USD 211 Mn. The segment's revenue increased primarily due to higher crops and prices and the higher equivalent rupee value owing to the sharp depreciation of the Sri Lankan Rupee against the US Dollar during the year. Revenue growth was also driven by better insights into market pricing, a favourable product mix (specialty sales mix has increased YoY from 64% to reach 71% of total downstream sales), and successful penetration of new customers in Malaysia.

Palm kernel is the main input to the Group's Oils and Fats segment in Malaysia. Accordingly, the price of palm kernel mirrored the global CPO price trend in FY22/23. After reaching a high of MYR 4,825 in February 2022, the prices declined significantly to reach MYR 2,179 (average for the nine months to Mar 2023). Premium Vegetable Oils Sdn Bhd's (PVO), the main Malaysian plant catering to the global demand for chocolate, ice cream, confectionary, and bakery products, increased its volumes during FY22/23. PVO's crushing volumes increased by 7% YoY, including a record high performance of 18,722 MT crushed in December 2022, while downstream volumes increased by 14% compared to the previous year.

#### Beverage

Based in Sri Lanka, the beverage segment remained the second largest in revenue terms, contributing 29% to the total Group revenue. The segment reported a revenue of Rs 97.0 Bn, up 61% from the Rs 60.4 Bn recorded in the previous year. The achievement is commendable, particularly against the volatile and challenging macroeconomic

environment that impacted the industry during the year. These factors affected the sales prices and costs, which in turn affected revenue and operating costs. Global shortages of raw materials and foreign exchange constraints negatively affected production and sales, resulting in a shortage of stock in the market. The sharp rupee depreciation experienced at the beginning of the financial year resulted in prices of fully tax-paid alcoholic beverages increasing by 70%-80%. The retail prices were also pushed up by the 15% increase of import duty on malted barley, a 100% duty surcharge, increased Value Added Tax (VAT), the Social Security Levy and a 20% increase in excise duties from January 2023. The steep price hikes owing to those factors impacted volume growth during the year.

Despite the challenges outlined above, the Ceylon Beverage Group pursued its portfolio expansion strategy by launching three new products. Carlsberg Smooth Draught was launched in August 2022, offering a smoother drinking experience to the discerning premium consumer. This was followed by the introduction of Lion Ice, a 4.2% abv light-bodied beer to cater to our light beer consumer segment. In February 2023, the Group launched the world-renowned brand "Somersby" to the local market, produced under license from Carlsberg, at an affordable price in Apple and Blackberry flavours. The Lion brand was re-launched in March 2023 with a new exciting modern look and a complete transformation of market touchpoints to reflect the new avatar to drive future growth. The export business of the Group showed remarkable growth and resilience as its US Dollar revenue grew by 16%, backed by volume growth of 8% in comparison to the previous year, a performance attributable to strategic initiatives and targeted expansions in key markets. Additionally, the segment benefitted from the higher Dollar revenue due to a weaker Rupee.

## Portfolio and Asset Management

The Portfolio and Asset Management segment earned a revenue of Rs. 1.1 Bn for the year, down 4% YoY, reflecting the effects of the change in asset allocation strategy from equity to fixed-income securities.

## Consolidated revenue

The Group posted a consolidated revenue of Rs. 330.5 Bn for the year, recording an increase of 94% over the previous year's Rs 170.7 Bn. The contribution from each sector to the Group revenue is outlined below:

Revenue - Rs. 000	FY 2022/23	% Contribution	FY 2021/22	% Contribution	% Change
Investment Holdings and Management Services	109,945	0.03%	34,880	0.02%	215.21%
Portfolio and Asset Management	1,110,112	0.34%	1,155,110	0.68%	(3.90%)
Oil Palm Plantations	149,508,063	45.24%	65,414,283	38.32%	128.56%
Oils and Fats	81,695,092	24.72%	43,093,255	25.25%	89.58%
Beverage	97,041,354	29.37%	60,361,243	35.36%	60.77%
Real Estate	274,358	0.08%	249,779	0.15%	9.84%
Leisure	719,766	0.22%	386,075	0.23%	86.43%
Group	330,458,690	100.00%	170,694,625	100.00%	93.60%

## PROFIT FROM OPERATIONS

The Oil Palm segment posted an operating profit of Rs. 41.5 Bn compared to the preceding year's figure of Rs. 18.7 Bn. The segment's robust performance saw its revenue grow by 32% in US Dollar terms, with a corresponding rupee revenue growth of 129%, underpinning the higher level of operating profit. However, operating costs also increased in tandem with the revenue compared to the previous year due to several underlying factors. For instance, the sector's strategy to focus aggressively on external crop purchases for milling caused a substantial increase in operating costs. Additionally, fertilizer, upkeep, and fuel costs displayed a significant comparative increase due to the heightened operations. Inflationary pressures too played a role in increased costs while a number of COVID-related cost rollbacks were completed. An increase in the gratuity provision compared to the previous year further contributed to the increase in operating costs. Moreover, the depreciated Rupee led to higher rupee-based operational costs compared to the previous year.

The Oil and Fats segment posted an impressive operating profit of Rs 3.8 Bn, a figure standing at 3.5 times that of the Rs. 1.1 Bn recorded in the previous year. The substantial increase can be attributable to the 90% increase in revenue, significantly backed by a higher Rupee value against foreign currency, owing to the Rupee depreciation that came into effect during the year.

The Beverage segment witnessed a growth of its operating profit by 115% YoY on the back of the 61% revenue growth discussed above. The 16% YoY increase in its Dollar revenue significantly contributed to the operational profitability with a higher Rupee revenue arising from a depreciated local currency. Similarly, the weakened Rupee contributed to the increase in operating costs in tandem with rising commodity prices, especially for malt and rice and prices of cans and lids. The costs also surged due to a 15% increase in import duty on malted barley, a 100% duty surcharge, increased Value Added Tax (VAT), Social Security Levy and a 20% increase in excise duties from January 2023. Furthermore, the landing costs of

imported liquor increased due to the Rupee depreciation and higher freight charges. Additionally, overhead costs increased due to the higher inflation experienced throughout the year.

The Leisure segment reported an operating loss of Rs.145 Mn compared to the loss of Rs. 136.8 Mn posted a year ago, despite the management's turnaround strategies. Tourism was one of the worst affected industries during the year due to the economic crisis and the political and social unrest that prevailed during the year. The benefits of easing the COVID-related restrictions were negated by the shortages of essentials, rampant inflation, and the economic crises that crippled the economy and the industry. Nevertheless, segment revenue increased by 86% YoY, reaching Rs. 719.8 Mn from the Rs. 386.1 Mn recorded in the prior year due to management strategies that supported revenue growth despite industry setbacks. Direct costs also increased in tandem with the revenue, albeit in a lesser proportion. Selling and promotional expenses and administrative costs too increased, following the fully operational nature of

## Management Discussion & Analysis – Financial Review

the hotels, in contrast to the disruptions experienced in the previous year.

The real estate segment had a marginal decline in operating profit for the year, with Rs. 143.7 Mn compared to the Rs. 158.2 Mn posted in the previous year. Revenue grew by 10%, reaching Rs. 274.4 Mn for the year, backed by a higher occupancy due to new tenants and increased annual rentals from existing

tenants. Yet, the increased direct costs, which were mainly driven by higher maintenance expenses, nullified the benefit from the revenue increase. While all administration expenses generally increased, driven by the abnormal inflation over the financial year, higher staff costs, agents' commissions for new tenants, and other expenses increased due to operational factors, leading to a lower operating profit.

The Group's consolidated operating profit grew by 121% YoY, achieving an operating profit of Rs. 59.3 Bn for the year, compared to Rs 26.8 Bn in the previous year. The segmental contribution to the consolidated operating profit is given in the following table.

Operating Profit/(Loss) - Rs. 000	FY 2022/23	% Contribution	FY 2021/22	% Contribution	% Change
Investment Holdings and Management Services	(170,923)	(0.29%)	(134,475)	(0.46%)	27.10%
Portfolio and Asset Management	816,840	1.38%	945,657	(2.88%)	(13.62%)
Oil Palm Plantations	41,507,569	70.05%	18,685,360	76.19%	122.14%
Oils and Fats	3,825,150	6.46%	1,087,379	3.76%	251.78%
Beverage	13,280,301	22.41%	6,163,376	21.87%	115.47%
Real Estate	143,690	0.24%	158,207	2.00%	(9.18%)
Leisure	(144,977)	(0.24%)	(136,808)	(0.47%)	5.97%
Group	59,257,650	100.00%	26,768,696	100.00%	121.37%

### NET FINANCE EXPENSES AND NET DEBT

The Group's net finance costs increased more than two-fold, reaching Rs. 14.6 Bn this year against the Rs 6.5 Bn recorded in the last financial year. The Oil Palm Plantation and Beverage segments accounted for 74% and 15% of the total expense, respectively, while the Oil and Fats segment contributed to 7% of the total cost.

All segments witnessed an increase in net finance cost during the year, contributing to the total Group cost increase of 125% YoY. The Oil Palm plantation segment's net finance cost increased by 98% YoY, reaching Rs. 10.8 Bn, partly due to the interest payments driven by higher LIBOR despite the term loans settlement of USD 58.5 Mn. Furthermore, the Oils and Fats segment also increased its net finance cost by 108% despite the loan settlement of USD 13.5 Mn. However, the primary reason for the increase in the net finance cost for both segments was the higher Rupee cost that came

into effect when translating expenses in USD to LKR owing to the highly depreciated Rupee prevailing in Sri Lanka from April 2022.

The net finance cost of the Beverage segment grew by 398% YoY, reaching Rs. 2.2 Bn mainly due to the increased market interest rates during the financial year and loans obtained for working capital funding. Working capital required for the imports of raw materials such as Malt and Black Malt increased substantially due to the imposition of 100% cash margin collateral for imports by the Central Bank at the height of the economic crisis. As a result, interest costs increased significantly as more funds were tied up for working capital.

The total gross debts of the Group stood at Rs. 100 Bn versus the Rs. 111.5 Bn that was recorded a year prior, corresponding to a decrease of 10% YoY. Gross debts of the segments outside of Sri Lanka stood at Rs. 87.9 Bn in comparison to the previous year's figure of Rs. 100.8 Bn, denoting a YoY decrease of 13%.

However, in USD terms, gross debts of the overseas segments decreased by 30% to USD 270 Mn from USD 342 Mn the previous year owing to total settlements of USD 72 Mn. The decrease in the gross debt in Rupee terms is lesser than that of the USD exchange impact when translating USD loan balances to the presentation currency.

The Group's net debt, which comprises gross debt minus the cash and cash equivalent balances, decreased significantly by 23% YoY to Rs. 58.4 Bn from the preceding period's figure of Rs. 76 Bn. The reduction was mainly due to significant loan settlements and improved cash and cash equivalents during the year. The settlement made by the Oil Palm and the Oil and Fat segments amounted to USD 58.5 Mn and USD 13.5 Mn, respectively. The Beverage segment reported a net cash position as of 31st March 2023 due to higher cash balances despite the increased loans that were mainly acquired for the working capital requirements during the year.



Net debt/(cash) - Rs. 000	FY 2022/23	% Contribution	FY 2021/22	% Contribution	% Change in Net debt
Investment Holdings and Management Services	1,664,763	2.85%	1,822,410	2.40%	(8.65%)
Portfolio and Asset Management	(1,007,607)	(1.73%)	(3,665,872)	(4.82%)	(72.51%)
Oil Palm Plantations	50,851,689	87.12%	70,941,456	93.34%	(28.32%)
Oils and Fats	8,890,969	15.23%	12,242,425	16.11%	(27.38%)
Beverage	(2,036,996)	(3.49%)	(5,233,005)	(6.89%)	(61.07%)
Real Estate	(173,214)	(0.30%)	(303,652)	(0.40%)	(42.96%)
Leisure	178,169	0.31%	200,298	0.26%	(11.05%)
Group	58,367,773	100.00%	76,004,060	100.00%	(23.20%)

### PROFIT BEFORE TAX (PBT)

The Group generated a consolidated profit before tax of Rs. 42.4 Bn compared to Rs. 22.4 Bn a year ago, an impressive YoY increase of 90%. As outlined previously, the Group's PBT growth is primarily due to remarkable sales growth despite the rise in direct operating costs, other overheads, and finance costs amidst a challenging local and international business landscape. The Group delivered an impressive PBT due to its substantial operating profit despite higher net finance costs (discussed in the previous chapter) and the fair value adjustments mandated by the financial reporting framework.

The fair value of the biological assets, which refers to the value of unharvested crops in the Oil Palm Plantation segment, slumped significantly, resulting in a fair value loss of Rs. 3.7 Bn against the previous year's

fair value gain of Rs. 3.3 Bn. The value of harvestable crops dropped due to the lower volume estimated on 31 March 2023 compared to 31 March 2022, owing to the effects of triple La Niña and lower market prices for CPO.

The Group PBT was boosted by a fair value gain of Rs. 923 Mn, mainly from the Portfolio & Asset Management segment. The Ceylon Guardian Group's total portfolio recorded a buoyant performance of 15.39% (dividend-adjusted performance) and recorded a fair value gain of Rs. 896.3 Mn on fair value through profit or loss (FVTPL) financial assets due to the upward movement in the market prices of equity stocks in the trading portfolio. The Colombo Stock Exchange witnessed a turnaround towards the end of the financial year against the depressed market in the previous year, which resulted in a portfolio fair value loss of Rs. 1.8 Bn last year.

A fair value gain of Rs. 578.7 Mn from investment properties further contributed to the PBT. The fair value gains on investment properties for the current and previous years (FY 22 – Rs. 418 Mn) reflect the prevailing property market conditions.

### CORE EARNINGS

Core earnings are the profits derived from a company's principal business operations, excluding the impact of the accounting adjustments mandated by the Generally Accepted Accounting Principles. These comprise the movement of the fair market value of the assets and liabilities without any change in the cash or cash equivalents of the Company. During the year under consideration, the Group observed core earnings of Rs. 45.5 Bn, denoting a 124% increase over the preceding financial year.

Adjusted core profit of the Group (Rs. '000)	FY2022/23	FY2021/22
Profit/(loss) Before Tax	42,433,522	22,373,966
Adjustments to arrive at the core profit		
Impairment/write-off of business assets	353,229	1,076,698
Foreign exchange (gains)/losses	507,410	(957,438)
Change in fair value of investment properties	(578,712)	(578,208)
Change in fair value of biological assets	3,696,464	(3,347,692)
<b>Adjusted profit before FVTPL fair value adjustments</b>	<b>46,411,913</b>	<b>18,567,326</b>
Change in fair value of fair value through profit or loss financial assets	(923,001)	1,775,689
<b>Adjusted core profit</b>	<b>45,488,912</b>	<b>20,343,015</b>

## Management Discussion & Analysis – Financial Review

### CAPITAL EXPENDITURE

The Group continued to invest heavily in its long-term or non-current assets to create a robust balance sheet with sustainability and business growth in focus. The Group incurred capital expenditure to acquire and develop its property, plant and equipment, bearer plants and intangible assets as disclosed on page 60 in the Directors' Report. The current year's capital expenditure amounted to Rs. 17.4 Bn, equating to a threefold increase or a 200% growth compared to last year's Rs 5.8 Bn. With respect to the total capital expenditure for the year, Oil Palm Plantations accounted for 67%, followed by the beverage and Oil and Fats segments accounting for 25% and 7%, respectively.

The Oil Palm Plantations segment recorded a capital expenditure growth of 248% YoY, mainly for its plant machinery, heavy equipment, motor vehicles and capital work in progress to improve its production capacities and efficiencies, achieve greater yields, and sustain profitability. The Beverage sector has substantially increased its capital expenditure by more than 105% over the last year to further strengthen its production capacity, while driving innovation and new product developments.

From a Group cashflows perspective, Rs. 15.8 Bn was spent on Capital Expenditure, an equivalent of 31% of the cash generated from operating activities during the financial year.

### DIVIDENDS

Carson Cumberbatch PLC announced a first interim dividend of Rs. 2.10 per share for the financial year 2023/2024, amounting to a total dividend distribution of Rs. 412.4 Mn compared to the Rs. 294.6 Mn (Rs.1.50 per share) declared for the financial year ended 31 March 2023. The Company's Board of Directors has proposed this dividend considering substantial capital and loan payments incurred during the year and similar future commitments for which the Group would require a significant capital outlay.

Cash Utilisation (Rs. Mn)	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19	Total
<b>Cash Inflows</b>						
Net Operating Cashflow	50,755	21,591	16,106	5,316	7,335	101,103
Cash Inflows from Investing Activities	4,014	1,773	681	451	1,205	8,124
Cash Inflows from Financing Activities	7	60	2,537	50,050	4,076	56,730
Total Inflows	54,776	23,424	19,324	55,817	12,616	165,597
<b>Cash Outflows</b>						
<b>Investing Activities</b>						
Purchase and construction of Property, Plant and Equipment, biological assets, intangible assets/ prepaid lease payments	(15,818)	(10,815)	(7,471)	(7,183)	(5,975)	(47,262)
Other Investing Activities	(4,880)	(693)	(41)	(1,227)	(353)	(7,194)
Total Outflows from Investing Activities	(20,698)	(11,508)	(7,512)	(8,410)	(6,328)	(54,456)
<b>Financing Activities</b>						
Repayment of borrowings, finance lease creditors and net decrease in noncontrolling interest	(21,445)	(6,490)	(4,322)	(49,222)	(8,790)	(90,269)
Dividends Paid (including Preference Dividends)	(2,355)	(1,322)	(549)	(453)	(454)	(5,134)
Total Outflows from Financing Activities	(23,800)	(7,812)	(4,871)	(49,675)	(9,244)	(95,402)
Total Cash Outflows	(44,498)	(19,320)	(12,383)	(58,085)	(15,572)	(149,858)
Change in Cash Balance	10,278	4,104	6,941	(2,268)	(2,956)	16,099
Opening Cash Balance	5,123	1,019	(5,922)	(3,654)	(698)	(698)
Closing Cash Balance	15,401	5,123	1,019	(5,922)	(3,654)	15,401

Carsons Management Services (Private) Limited  
17th July 2023

# Sustainability Report

## SUSTAINABILITY INTEGRATION

At Carson Cumberbatch PLC, sustainability stands as a foundational pillar of our organisation. Our Group has consistently prioritised and championed the cause of sustainability and social responsibility by embracing the principles of Environment, Social, and Governance (ESG). In aligning our business practices with sustainability principles, we aim to create long-term value for our shareholders by actively contributing to the well-being of the broader community and environment in which we operate.

Our commitment to sustainability is deeply embedded within our business strategy. We integrate sustainability considerations into our decision-making processes, product development, supply chain management, and stakeholder engagement. We recognise that our journey towards sustainability is an ongoing one, and continuously strive to improve our operations to incorporate principles of environmental and social responsibility. Led by a vision to create a future where sustainability lies at the heart of every choice we make, we work in unison with our employees, customers, partners, and stakeholders to shape a better world, supported by the power of innovation, collaboration, and responsible leadership.

The ESG framework cultivates a culture of continuous improvement within our organisation. This commitment is demonstrated through the establishment of clear targets, diligent tracking of progress, and the regular communication of our sustainability performance. This mechanism further encourages accountability and transparency and inspires us to strengthen our sustainability practices towards a more sustainable future.

## DISCLOSURES ON ESG

The Group follows a structured approach in disclosing information

about its practices, policies, and performance, focusing on sustainability, corporate governance, and environmental impact. By openly sharing the relevant data, stakeholders can make informed decisions and assessments. Adopting the transparent disclosure framework showcases the Group's commitment to transparency, while building trust among key stakeholders including investors, customers, employees, and the wider public. This framework drives continuous improvement as the Group enhances its disclosure practices to align with evolving standards and expectations for responsible and sustainable business practices.

Goodhope has made significant strides in improving its transparency on ESG initiatives. The Company prioritises the transparency of supply chains and sourcing practices to fulfil sustainability commitments. In fact, transparency is ingrained in its corporate culture, which fosters enhanced risk management and continuous improvement, while building stakeholder trust. Goodhope's commitment to transparency is exemplified through their participation in the SPOTT assessment, where it ranked 13th out of 100 companies in 2022. This assessment serves as a valuable tool for monitoring its environmental, social, and governance performance and disclosures, and Goodhope consistently maintains a top quartile position among assessed palm oil companies, and continuously strives to further enhance its score every year.

Sustainability has long been a foundational pillar of Lion Brewery (Ceylon) PLC (LION)'s operational model, despite not being communicated extensively to external stakeholders until the current financial year 2022/23. In the period under consideration, the Company undertook a significant effort to align its ongoing sustainability initiatives with standardised Environmental, Social, and Governance (ESG) frameworks.

This involved benchmarking against global alcoholic beverage companies and local conglomerates, followed by the identification of material topics and reporting parameters. Approximately 15% of the organisation's staff members were actively engaged in this process during the year, fostering a sense of ownership and participation in the sustainability journey.

## ENVIRONMENT

### BIODIVERSITY AND LANDSCAPE CONSERVATION

The Group is committed to implementing robust practices aimed at the protection and restoration of ecosystems within each country it operates, thereby preserving the biodiversity and natural habitats of the environment. Each sector of the Group has actively contributed towards this initiative through the implementation of distinct action plans. Through these efforts, the Group effectively contributes to sustainable development and assumes its responsibility in safeguarding the environment for future generations.

### GOODHOPE'S LANDSCAPE CONSERVATION

Goodhope and PILI Green Network (Pusat Informasi Lingkungan Indonesia) have partnered to protect a 4,475-hectare forested area in Nabire Regency, Papua, as part of their commitment to the Roundtable on Sustainable Palm Oil (RSPO). This collaboration focuses on conserving natural ecosystems by designating the area as an essential ecosystem and implementing comprehensive management practices. The initiative is reinforced by a multifaceted approach spanning biodiversity assessment, conservation planning, patrol teams, and stakeholder engagement. The partnership aligns with national and provincial policies, promotes low-carbon development, and involves local government agencies. Through

## Sustainability Report

their efforts, Goodhope and PILI Green Network champion the preservation of natural ecosystems, drive sustainable palm oil production, and the well-being of local communities. Biodiversity monitoring has led to the discovery of new species, highlighting the success of conservation efforts, while community involvement ensures ongoing protection and responsible management of the region.

### FIRE PREVENTION AND PREPAREDNESS

Goodhope has implemented rigorous measures to address land fire threats within and near its concessions, thereby showcasing its commitment to responsible resource management. The company has enhanced its early-warning and fire detection system, established fire monitoring towers, and invested in drones for proactive monitoring. Certified fire control experts have been employed to develop comprehensive fire prevention strategies. These efforts demonstrate Goodhope's proactive and responsible approach towards mitigating land fire risks, protecting ecosystems, and promoting sustainable resource management for the benefit of local communities.

### CONSERVATION OF COASTAL AND AQUACULTURE

Since January 2023, Beverage sector has teamed up with Wana Arana, for the "Lassana Werala" project to enable the regular cleaning of a 4km stretch of beach in the Western province.

During the past year, Pegasus Reef Hotel organised regular beach cleaning initiatives. The collaborative efforts of all hotel departments ensure the cleanliness of the public beach area is maintained on a rotational basis. The responsible disposal of litter takes place by means of recycling processes.



Beach cleaning programmes

Giritale Hotel and the National Aquaculture Development Authority (NAQDA) joined hands to support sustainable aquaculture practices and enhance the local fish population. This collaborative endeavour provides selected local fishermen with tank fish and breeding nets to engage in fish breeding activities. The Giritale Hotel partners with these fishermen to ensure they receive the necessary support and essential fish feed. This initiative showcases the hotel's commitment to environmental conservation and community engagement, aiming to strengthen the local species, maintain ecological balance, and contribute to the region's economic well-being.



Providing tank fish and breeding nets

### DRIVING CLIMATE CHANGE

Our Group is fully committed to proactively reducing its carbon footprint through the implementation of comprehensive climate action plans. By successfully reducing greenhouse gas emissions, transitioning to renewable energy sources, and promoting sustainable practices across its sectors, the Group was able to contribute to the development of a low-carbon economy and a more sustainable future.

Goodhope has implemented the RSPO PalmGHG Calculator to accurately assess Greenhouse Gas (GHG) emissions throughout its palm oil production value chain. This tool helps to identify emission hotspots and opportunities for the reduction of the same, in alignment with Goodhope's commitment to sustainability. Additionally, the Company has expanded its GHG emissions monitoring initiatives to include refining and fats processing facilities, following the World Resources Institute GHG Protocol. By establishing a baseline and measuring emissions under the scope direct emissions and indirect emissions from purchased energy, Goodhope aims to optimise operations, improve efficiency, and explore sustainable practices to reduce emissions and minimise environmental impact.

The Beverage sector made notable progress in the financial year 2022/23 in reducing its resource utilisation and improving efficiency through diverse initiatives, as evidenced by an 8% reduction in electricity consumption, a 3% reduction in furnace fuel consumption, and a 4% reduction in water consumption. Over the past five-year period, the sector has achieved an overall 18% reduction in electricity consumption, a 16% decrease in furnace fuel consumption, and a 33% reduction in water consumption. Additionally, Lion leveraged the natural process of fermentation, which yields carbon dioxide (CO<sub>2</sub>), to produce an

excess quantity surpassing its own internal requirements. This surplus CO<sub>2</sub> was intelligently harnessed by supplying the local CO<sub>2</sub> market with 1,817 metric tonnes, thereby avoiding the need for fossil fuel combustion to meet the market demand. These achievements demonstrate Lion's commitment to sustainability, resource optimisation, and reducing the environmental impact of its operations.

## RECYCLING AND WASTE MANAGEMENT

In line with its waste management responsibility, the Group prioritises recycling across its operations and adopts effective waste management practices. Our respective businesses focus on resource management and minimising their environmental footprint by implementing recycling programs, reducing waste generation, and promoting circular economy principles.

In the financial year 2022/23, the Beverage sector demonstrated a strong commitment to sustainable packaging practices by employing returnable glass bottles and plastic crates within its operations. Glass bottles witnessed a return rate of 86% with new bottles infused into the population containing 45% recycled glass, while plastic crates reported a return rate of 98% with a 70% recycled inclusion. With respect to waste management, the sector effectively converts significant waste through re-use, recycling, and up-cycling, to drive positive outcomes on the environment and financial performance. The sector actively supports community engagement in waste segregation by repurposing used plastic barrels in the form of bins and plans to expand this initiative further.

The sector's aluminium upcycling initiative "Melting Point" contributed towards the upgradation of a cottage industry establishment situated in Pilimathalawa Sri Lanka, which is

known to be one of the country's centres for traditional smelting and crafting of metals. The process was supported by technical expertise from the University of Peradeniya and the Central Environment Authority of Sri Lanka. The two expert bodies provided the necessary guidelines to improve the efficiency, efficacy, and safety of the operation, while connecting the manufacturers with premium retail outlets and online platforms to enable improved value creation across the chain, thereby further strengthening the collection of cans once used. In a bid to promote the responsible disposal of aluminium cans, the "Melting Point" initiative was successful in designing and distributing 118 can collection units to selected outlets, facilitated by the Department of Excise. These used cans were subsequently re-channelled towards recycling, thereby strengthening the circularity of the operation as a whole.



Melting Point in Pilimathalawa, Sri Lanka, offers a charming collection of handcrafted products that beautifully represent the local artist and cultural traditions.

## SOCIAL

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Through our CSR programmes, the Group actively participates in initiatives that contribute to social welfare, promote community development, and uphold ethical business practices. Our CSR initiatives are primarily categorised in accordance with three key pillars, namely: education, community health and well-being, and responsible sourcing.

#### Education

Our Group places a considerable emphasis on its responsibility towards education and considers this pillar to serve as a vital component that contributes towards the betterment of society. We firmly believe that in supporting educational initiatives, providing learning opportunities, and promoting skills development, we are equipped to empower individual progress and foster socio-economic growth.

With respect to the Oil Palm Plantations, the Nabire Earth Field School, also known as 'Bumi Nabire,' has been formed to facilitate capacity building and engagement, in addition to increasing levels of public awareness in relation to sustainable conservation and development. The field school and demonstration plots will form the core of our communication and outreach efforts, facilitating the dissemination of information, discussions, and consultations, in addition to training and mentoring activities. Through the Nabire Earth Field School, the Oil Palm Plantations sector aims to foster knowledge sharing and collaboration, in addition to promoting sustainable practices and the responsible stewardship of the environment.

## Sustainability Report



Development of Nabire Earth Field School 'Bumi Nabire'

The Beverage sector offered valuable learning opportunities via field visits and internships, in addition to providing practical exposure and training for individuals pursuing university and managerial education. These initiatives highlighted the sector's commitment to education and the development of future professionals.

The Portfolio and Asset Management sector of the Group initiated the "Stock Market Investment Competition" in collaboration with the University of Sri Jayewardenepura. This lasted for a duration of 6 months, and aimed to enhance students' understanding of stock market investing using a practical and interactive approach, thereby fostering financial literacy and informed decision-making among the younger generation.

Pegasus Reef Hotel demonstrated its dedication to education and community engagement by organising a school book donation programme for the children of dedicated staff members.



Book Donation Programme

### Community Health and Well-being

As a group, we are driven by a shared passion for making a difference in relation to health and community well-being. With utmost care and thoughtfulness, we handpick projects that embody our values and resonate with our collective vision. Each company within our Group is dedicated to finding and pursuing their own means to contribute towards this worthy cause.

The Group has recently undertaken impactful initiatives to address pressing healthcare challenges in Sri Lanka. Underpinned by the Group's funding and the support of Sri Lanka Navy and the Ministry of Health, the successful establishment of a Reverse Osmosis Plant in Kandurugaswewa, Thalawa has effectively provided clean drinking water to 250 families. This significant initiative is a potent measure that contributes towards combating the prevalence of kidney disease within the community. This project showcases the Group's commitment to improve the health and well-being of residents by addressing the critical issue of access to safe water.

Furthermore, the Group's collaboration with the Roshan Mahanama Trust contributed to the procurement of essential testing equipment and the establishment of a paediatric palliative care centre in the Lady Ridgeway Hospital and the Apeksha Cancer Hospital in Maharagama respectively. These contributions demonstrate the Group's dedication to uplifting underprivileged children and promoting improved healthcare services.

In addition to the above-mentioned initiatives, with the aim of alleviating the strain on the healthcare system amidst the ongoing economic crisis and to ensure the availability of essential medicine, the Group's recent contribution to the Ministry of Health involved critical injections, emergency cardiovascular treatments, and anaesthetic medicines; thereby reinforcing its commitment to support the healthcare sector in Sri Lanka.

Additionally, the Leisure sector of the Group has demonstrated a strong commitment towards improving the living conditions of deserving individuals within the community, including, but not limited to their own employees. This commitment is evident through initiatives such as the distribution of parcels of essential goods to over 100 families affected by the economic crisis in order to provide sustained support to those in need. Additionally, Pegasus Reef Hotel collaborated with the National Blood Transfusion Service to organise a blood donation camp.



Essential Medicine Distribution



Commencement of the construction of Reverse Osmosis Plant



Distribution of dry rations



Employees participating in blood donation programmes

### Traceability and Responsible Sourcing

Traceability and responsible sourcing represent fundamental responsibilities of the Group towards society, including transparency in supply chains and the promotion of ethical practices. Through

the establishment and implementation of robust traceability systems and engagement with responsible suppliers, the Group upholds high social and environmental standards to contribute towards sustainable development and foster a spirit of trust with key stakeholders.

In the financial year 2022/23, the Oil Palm Plantations Sector received a total of 2,129,091 MT of fresh fruit bunches (FFB). From this supply, 59% was cultivated in our company-owned plantations, 36% was sourced from third-party suppliers, and 5% originated from scheme smallholders. We ensure full traceability of FFB supply from our own estates and scheme smallholders by engaging directly with independent smallholders and out-growers, and by promoting best management practices and supplier requirements for sustainability compliance. In 2022, we achieved 100% traceability to plantations for our palm oil mills, by surveying and mapping 4,725 independent smallholders supplying our Group's plantation companies. This information will guide the sector's approach to support and engage with independent smallholders, advise them on best practices, enhance productivity, reduce chemical usage, and facilitate sustainable certification.

Additionally, the sector reintroduced its Farmer Field School (FFS) Programme, aimed at the capacity building of independent smallholders through sustainable agronomic practices. At present 97 smallholders are enrolled in the programme. The FFS covers a wide range of training topics pertinent to the farming community to support the improvement of palm oil cultivation, including soil health, fertilizer utilisation, pest and disease management, and adherence to our Sustainability Policy, contributing to land productivity, profitability, and sustainability.

In the Oils and Fats sector, responsible sourcing is a key priority, and accordingly, we focus on collecting relevant information on suppliers, in addition to identifying and addressing high-risk suppliers associated with deforestation or exploitation and ensuring compliance. Supplier engagement and evaluation programmes have been strengthened with upgraded traceability tools. In the second half of the reporting period, the sector engaged with 46 third-party mills and 12 refineries/traders as suppliers, achieving 100% traceability to mills and 71.5% traceability to plantations. The sector proactively engages with suppliers to promote responsible sourcing and sustainable palm oil production. A supplier webinar was conducted to communicate Sustainability Policy and expectations, with the participation of 70% of the overall third-party supplier base. The sector utilises the "No Deforestation, No Peat and No Exploitation" (NDPE) Implementation Reporting Framework to track progress and ensure compliance along the supply chain.



Farmer Field School (FFS) Program

# Sustainability Report

## PEOPLE PHILOSOPHY

### HUMAN CAPITAL

Carson Cumberbatch PLC considers as our highest priority to engage in the continuous development and empowerment of all our employees. We value our diverse and talented workforce and recognise their vital role in driving our continued success at every level. Our employee management follows a forward-thinking approach, aimed at creating an environment that fosters growth and encourages individuals to reach their full potential. Our focus areas include work culture, employee engagement, productivity, effectiveness, and efficiency, all of which are geared towards maximising the talents and perspectives of our employees.

### Our Commitment and Responsibility towards Employees

#### Occupational Health & Safety

The Group places strategic importance on ensuring the safety and well-being of its employees, and employs diverse measures to achieve this objective across all business sectors. A key aspect of our commitment in this regard is an adherence to both local and international safety standards, coupled with regular audits and training programmes conducted across all operating locations of the Group.

The Oil Palm Plantations and Oils and Fats sectors of the Group remain fully dedicated to maintaining a safe and healthy work environment by implementing comprehensive safety protocols, including clear guidelines,

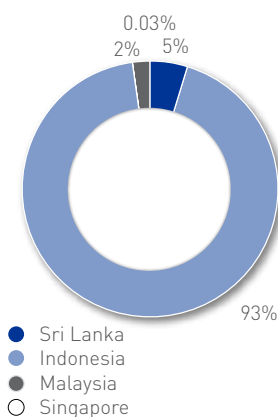
prominent signboards, and regular training to ensure employees and visitors are well-apprieved with respect safety procedures. Strict adherence to Personal Protective Equipment (PPE) requirements is mandatory for all individuals present at our plantations and mills. Safety officers conduct periodic audits and monitoring to ensure that all employees adhere to the safety policies. Moreover, the Oils and Fats sector holds certifications in HACCP, HALAL, and Kosher, in affirmation of our commitment to both food safety and occupational health and safety.

Furthermore, the Beverage sector continues to adhere to global standards and to that end, the sector continued to maintain its range of certifications, including ISO 22000:2018, ISO 14001:2015, ISO 45001:2018 and

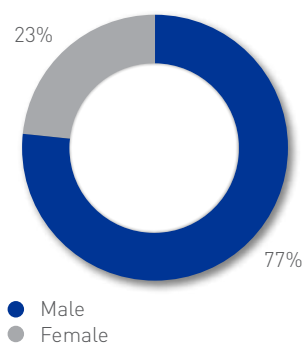
### Total Workforce by Region

Sector	Executive Directors	Managers	Executives	Non-Executives	Employees by Sector for 2023
Plantations, Oils and Fats	11	197	679	13,426	14,313
Portfolio and Asset Management	2	6	12	1	21
Beverage	1	107	102	107	317
Real Estate	1	1	6	8	16
Leisure	0	8	32	212	252
Management	6	9	24	6	45
<b>Total</b>	<b>21</b>	<b>328</b>	<b>855</b>	<b>13,760</b>	<b>14,964</b>

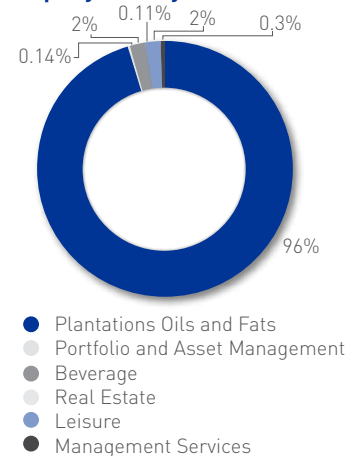
### Total Workforce by Country



### Gender Diversity



### Employees by Sector





ISO/IEC 27001:2013, which lie at the core of its food safety, environment, occupational health and safety and information security management systems respectively. By attaining recertification and maintaining an immaculate track record of zero lost time accidents, the sector exemplifies its commitment to the protection and well-being of all its employees. This accomplishment enhances the sector's reputation for excellence and instills confidence among stakeholders, while reinforcing its dedication towards maintaining the highest standards of occupational health and safety at every stage.

The successful recertification of our hotels for ISO 14001 and ISO 45001 during the year demonstrated the Leisure sector's ongoing commitment to environmental sustainability and occupational health and safety.



Fire and Emergency Drills with the Fire Department saw the participation of all employees of Premium Vegetable Oils and Premium Fats.



Chemical Handling training benefited 24 participants from the relevant sections.



Awareness session on the benefits of Ergonomics at the workplace to minimise risk factors for musculoskeletal disorders to make work easier, more efficient, and safer.

**Learning and Development**

Carson Cumberbatch PLC strongly emphasises employee learning and development, supported by a robust performance management system. Supervisors actively engage in constructive performance reviews, providing valuable feedback to drive future improvement. The Beverage sector in particular delivered 7,100 man hours of training across various categories; a reflection of the organisation's commitment to individual growth, organisational capabilities, and community development. Furthermore, the Group promotes gender diversity and employs individuals from diverse ethnicities and cultures in its Indonesian plantations, thereby contributing to local community development.

To facilitate learning and development, the Group has established a number of programmes and initiatives including the Goodhope Academy for Management Excellence (GAME) and implemented the Core Agricultural Programme (CAP) and Core Engineering Programme (CEP). These programmes offer comprehensive training modules in agricultural and engineering disciplines, complemented by on-the-job training and exposure to modern ERP systems and integrated IT solutions. In the hospitality sector, training programmes primarily focus on guest handling etiquette, safety protocols, hygiene and food safety, effective communication, time management, teamwork, and leadership development. These initiatives aim to equip employees with the necessary skills to provide exceptional guest experiences, maintain high standards of customer service, and create a safe working environment. Regular training sessions and safety drills further reinforce knowledge and awareness in fire safety, equipment maintenance, and emergency response areas.

## Sustainability Report

### Staff Well-being & Recognition

We prioritise internal equity and fair compensation for our employees across the Group. Regular market salary surveys are conducted to ensure that our staff members receive remuneration in line with industry standards in order to foster a sense of fairness and maintain competitiveness. In addition to equitable compensation, we have recognition initiatives in place to appreciate exceptional employee contributions, including referral programs and spot recognition programs that promptly acknowledge outstanding achievements. Our goal is to cultivate a culture of recognition that motivates employees to excel and underscores our commitment to appreciating outstanding performance.

The Group considers employee well-being to be a top priority. We are committed to driving a holistic approach by creating a supportive and nurturing work environment that promotes the physical, mental, and emotional health of employees. Initiatives are in place to support mental and emotional well-being, foster social connections among employees, minimise financial strain and promote physical wellness. By prioritising employee well-being, the Group aims to cultivate a positive and thriving workforce.

For instance, to build the healthiest workforce in Sri Lanka by 2025, we have launched the "Lion We Care" employee wellness programme, focusing on various activities to promote a healthy lifestyle, including mental health programmes, physical activity challenges, and awareness campaigns. We also prioritise employee engagement through activities such as the Great Place to Work Survey, Lion People Connect and Open Forum

sessions, such as CEO Connect forums, and the Lion Employee Welfare Committee. These initiatives aim to gather feedback, facilitate communication, and provide platforms for employee engagement, while building a positive work environment that upholds freedom of association and encourages the expression of suggestions and ideas.

### Diversity, Inclusion & Human Rights

The Group is committed to promoting diversity and inclusivity throughout its people processes, policies, and initiatives. The organisation actively fosters a diverse and inclusive culture, and therefore values talent from different ethnic backgrounds and cultures. The Group leverages the strength of its diverse workforce, which comprises talented individuals from various countries, to effectively address skill gaps across different regions and foster the growth of local talent. The organisation strictly adheres to non-discrimination policies, and ensures equal opportunities for all employees regardless of gender, race, religion, or other characteristics. Additionally, the Group upholds international labour laws and regulations, and prohibits the employment of individuals below 18 years of age, while including the "No Child Labour" clause in vendor contracts.

In conclusion, Carson Cumberbatch PLC is steadfast in its commitment to sustainability, striving to lead by example in fostering a more responsible and resilient future.

Carsons Management Services  
(Private) Limited

17th July 2023

# Economic Value Statement

For the year ended 31st March (Amounts expressed in Sri Lankan Rs. Mn)	2023	2022	2021	2020	2019
<b>Direct economic value generated</b>					
Revenue	330,459	170,695	114,836	105,915	97,140
Other income	3,732	1,650	1,770	1,306	973
Share of profit/(loss) of equity accounted investee	(14)	(34)	(19)	11	7
Finance income	2,055	741	727	1,014	1,070
Change in fair value of investment properties	579	578	61	151	423
Change in fair value of biological assets	(3,696)	3,348	531	159	(392)
Change in fair value of fair value through profit or loss financial assets	923	(1,776)	1,884	(1,801)	(2,542)
	<b>334,038</b>	<b>175,202</b>	<b>119,790</b>	<b>106,755</b>	<b>96,679</b>
<b>Economic value distributed</b>					
Operating costs	235,337	127,121	81,634	82,403	72,232
To Employees as remuneration and other benefits	29,342	13,172	10,832	10,503	9,345
<b>To Governments</b>					
Payments to government of Sri Lanka	5,684	2,515	2,011	1,937	1,010
- Overseas Income Tax	8,810	3,770	2,013	328	1,698
Payments to providers of funds	16,670	7,252	6,927	7,800	6,074
	<b>295,843</b>	<b>153,831</b>	<b>103,417</b>	<b>102,971</b>	<b>90,359</b>
<b>Economic value retained</b>					
Depreciation	10,605	6,701	6,482	6,087	5,238
Amortisation	523	312	328	305	321
Profit after dividends	27,067	14,357	9,563	(2,608)	761
	<b>38,195</b>	<b>21,370</b>	<b>16,373</b>	<b>3,784</b>	<b>6,320</b>

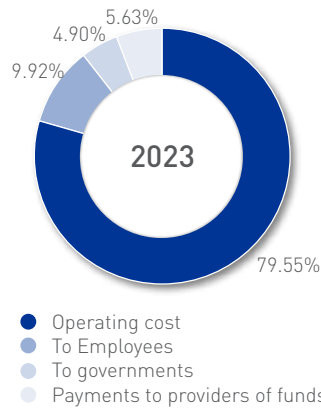
## Note

1. The total tax liability to the Sri Lankan Government during the year included the following:

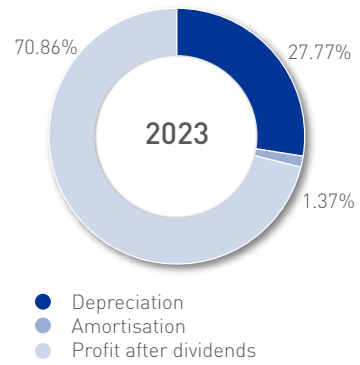
For the year ended 31st March (Amounts expressed in Sri Lankan Rs. Mn)	2023	2022	2021	2020	2019
Value Added Tax	12,986	4,980	4,230	6,760	7,125
Social Security Contribution Levy	1,067	-	-	667	931
Excise Duty & Import duty included under net sales above	51,747	40,882	30,646	29,233	24,140
	<b>65,800</b>	<b>45,862</b>	<b>34,876</b>	<b>36,660</b>	<b>32,196</b>
Income Tax	5,684	2,515	2,011	1,937	1,010
Total Taxes paid to the Government of Sri Lanka	<b>71,484</b>	<b>48,377</b>	<b>36,887</b>	<b>38,597</b>	<b>33,206</b>

## Economic Value Statement

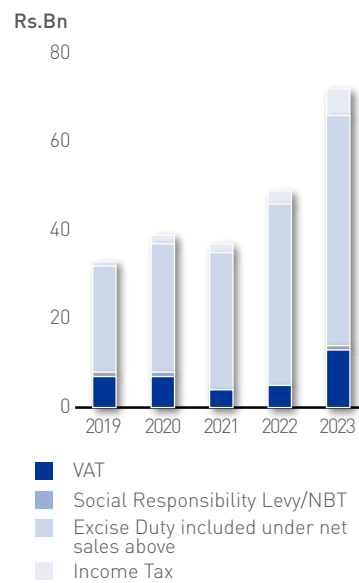
### Economic value distributed



### Economic value retained



### Taxation paid to Sri Lankan Government



# Management Teams

## PLANTATIONS, OILS & FATS

Hariharan Selvanathan Deputy Chairman/Group Chief Executive Officer	Gnanasegaran Kasiya Director - Plantations	Rushdi Azeez Director/Country Head, Sri Lanka
Aneesh Dudeja President and Chief Financial Officer	Muthukumaran Murugiah Director - Engineering	Amjad Ibrahim Director/Head of Business Services & Process Re-Engineering
Satish Selvanathan Executive Director	Carl Dagenhart Head of Group Sustainability	
Ms. Sharada Selvanathan Director/Head of Corporate Planning	T. Hendro Director/Head of Tax & Statutory Assurance	
Sanjaya Upasena Director/Chief Operating Officer - Oil Palm Plantation	Avneet Singh Chief Financial Officer - Downstream	
	Saliya Rodrigo Director/Head of Finance - Upstream	

## BEVERAGE

Rajiv Meewakkala Director/Chief Executive Officer	Eshantha Salgado Senior Vice President – Sustainability	Sandeep Mallya Senior Vice President - Marketing, Premium Category
Ranil Goonetilleke Director/Chief Financial Officer	Nishantha Hulangamuwa Senior Vice President - Trade & Outbound Logistics	Arno Matthee Senior Vice President - Brew Master
Stefan Atton Chief International Business Officer	Keerthi Kanaheraarachchi Senior Vice President - Corporate Affairs	Anuruddha Jayathilake Senior Vice President - Packaging
Madhushanka Ranatunga Chief Sales & Marketing Officer	Chandana De Silva Senior Vice President - Quality Assurance	Suneth Warnakula Senior Vice President - ERP Systems
Niranjan Perera Chief People Officer	Ruwandhi Thantrige Senior Vice President - Legal	Danushka Silva Senior Vice President - Marketing, Regular Category
Sampath Perumbuli Chief Information Officer	Widhura Nuwan Senior Vice President - Engineering	Chathura Karunaratne Senior Vice President - Procurement & Sourcing
Thusith Gunawarnasuriya Chief Supply Chain Officer	Kaveen Gayathma Senior Vice President - Outbound Logistics	Steve Wijeyaratna Vice President Operations - Luxury Brands (Private) Limited
Jehan Goonaratne Deputy Chief Financial Officer	Mohan Wijebandara Senior Vice President - Commercial Finance	Sashreeka Chandra Mohotti Vice President - Pubs 'N Places (Private) Limited
Channa Senarathne Senior Vice President - Regulatory Affairs		
Shiran Jansz Senior Vice President - Strategic Procurement Initiatives		

## Management Teams

### PORTFOLIO & ASSET MANAGEMENT

Krishna Selvanathan  
Director/CEO

Prabath Ekanayake  
Finance Manager

Sumith Perera  
Director/Head of Portfolio Management

Priyan De Mel  
Manager - Operations

Asanka Jayasekara  
Director/Head of Research

### REAL ESTATE

Nalake Fernando  
Director - Property Management

S. Rajaram  
Head of Engineering

Chamara Prasanga  
Finance Manager - CMSL

### LEISURE

#### Pegasus Reef Hotel

Bernard Silva  
General Manager - Pegasus Reef Hotel

Kapila Gunathilake  
Head of Finance

Sunimal Perera  
Executive Housekeeper

Nilanka Dissanayake  
Food & Beverage Manager

Niranjan Dinesh Samarakkody  
Executive Chef

Malith Bandara  
Chief Engineer

Randika Kalugala  
Manager - HR

#### Giritale Hotel

Thiagarajah Ganeshan  
General Manager - Giritale Hotel

Prasad Aruna Jayakody  
Accountant

Mahinda Tennekoon  
Executive Housekeeper

### MANAGEMENT SERVICES

Mr. Ajith Weeratunge  
Director  
(Non-Executive w.e.f. 01/04/2023)

Ms. Keshini De Silva  
Director

Krishna Selvanathan  
Director

Sudarshan Selvanathan  
Director

Vibath Wijesinghe  
Director - Finance

Ms. Amali Alawwa  
Director - Legal

Amal Badugoda Hewa  
Director - Tax

Chaminda Premarathne  
Director - Internal Audit

Bernard Silva  
Head of HR

Udayantha Dasanayake  
Head of IT

# Group Directorate

## PLANTATIONS, OILS & FATS

### GOODHOPE ASIA HOLDINGS LTD.

#### Directors:

Chandra Das S/O Rajagopal Sitaram  
\*\* NEI (Chairman), H. Selvanathan  
(Executive Director & Deputy  
Chairman), D.C.R. Gunawardena \*\*\* NE  
& NI, A. P. Weeratunge\* NE, A. Dudeja

### AGRO ASIA PACIFIC LIMITED

#### Directors:

H. Selvanathan, M. Selvanathan, Satish  
Selvanathan, A. Dudeja, Chandra  
Das S/O Rajagopal Sitaram, D.C.R.  
Gunawardena

### PREMIUM NUTRIENTS PRIVATE LIMITED

#### Directors:

H. Selvanathan, M. Selvanathan,  
A. Dudeja, Samir Desai

### SHALIMAR (MALAY) PLC

#### Directors:

H. Selvanathan - Chairman,  
M. Selvanathan, I. Paulraj \* NE,  
D.C.R. Gunawardena \* NE,  
K.C.N. Fernando, S. Mahendrarajah \*\*  
NEI, D.P De Silva \*\* NEI

### SELINSING PLC

#### Directors:

M. Selvanathan - Chairman,  
H. Selvanathan, I. Paulraj \* NE,  
D.C.R. Gunawardena \* NE,  
S. Mahendrarajah \*\* NEI, S. N. Alles\*\*  
NEI

### INDO-MALAY PLC

#### Directors:

H. Selvanathan - Chairman,  
M. Selvanathan, I. Paulraj \* NE,  
D.C.R. Gunawardena \* NE,  
S. Mahendrarajah \*\* NEI, S. N. Alles\*\*  
NEI

### GOOD HOPE PLC

H. Selvanathan - Chairman,  
M. Selvanathan, I. Paulraj \* NE,  
D.C.R. Gunawardena \* NE,  
S. N. Alles \*\* NEI, D.P De Silva \*\* NEI

### AGRO HARAPAN LESTARI (PRIVATE) LIMITED

#### Directors:

H. Selvanathan - Chairman (Resigned  
w.e.f 1/12/2022), C.A.V.S. Upasena,  
Ms. Sharada Selvanathan (Resigned  
w.e.f 1/12/2022), A.R. Azeez,  
A. Kanagasabai, A. Dudeja (Appointed  
w.e.f 23/1/2023)

### AHL BUSINESS SOLUTIONS (PRIVATE) LIMITED

#### Directors:

D.C.R. Gunawardena - Chairman,  
M.I.M. Amjad, C.A.V.S. Upasena,  
A. Kanagasabai

### GOODHOPE INVESTMENTS (PRIVATE) LIMITED

#### Directors:

H. Selvanathan - Chairman,  
M.I.M. Amjad, A. R. Azeez

### SHALIMAR DEVELOPMENTS SDN. BHD.

#### Directors:

H. Selvanathan, M. Selvanathan,  
D.C.R. Gunawardena, Ms. H.S. Lin

### PREMIUM OILS & FATS SDN.BHD.

#### Directors:

H. Selvanathan, M. Selvanathan,  
C.A.V.S. Upasena, Samir K. Desai  
(Resigned w.e.f 30/9/2022)

### PREMIUM VEGETABLE OILS SDN. BHD.

#### Directors:

Satish Selvanathan (Chairman),  
Samir K. Desai (Resigned w.e.f  
30/9/2022), Ahmad Latif (Resigned w.e.f  
1/9/2022), Naoto Muto, Ranveer Singh  
Chauhan

### PT AGRO INDOMAS

#### Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
M. Ramachandran Nair, D.C.R.  
Gunawardena, A.S. Amaratunga

#### Directors:

A. Dudeja - President Director,  
C.A.V.S. Upasena (Vice President  
Director), Edi Suhardi, B.C.S.T.I Rodrigo,  
T. Hendro, M.A.M. Ibrahim, Wahyu Budi  
Susetyo

\* Non-Executive Director

\*\* Non-Executive/Independent Director

\*\*\* Non-Executive/Non Independent Director

## Group Directorate

### PT AGRO BUKIT

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
I. Paulraj, D.C.R. Gunawardena,  
T. de Zoysa

Directors:

A. Dudeja - President Director, C.A.V.S.  
Upasena (Vice President Director),  
B.C.S.T.I Rodrigo, T. Hendro, M.A.M.  
Ibrahim, Wahyu Budi Susetyo

### PT AGRO HARAPAN LESTARI

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan  
(Resigned w.e.f 15/8/2022), I. Paulraj

Directors:

C.A.V.S. Upasena, E. Suhardi, A. Dudeja,  
B.C.S.T.I Rodrigo T. Hendro, M.A.M.  
Ibrahim, Wahyu Budi Susetyo

### PT RIM CAPITAL

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena, S.C.P. Chelliah

Directors:

A. Dudeja - President Director, C.A.V.S.  
Upasena (Vice President Director),  
B.C.S.T.I Rodrigo, T. Hendro, M.A.M.  
Ibrahim, Wahyu Budi Susetyo

### PT KARYA MAKMUR SEJAHTERA

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan  
(Resigned w.e.f 15/8/2022),  
D.C.R. Gunawardena

Directors:

A. Dudeja - President Director, C.A.V.S.  
Upasena (Vice President Director), Edi  
Suhardi, B.C.S.T.I Rodrigo, T. Hendro,  
M.A.M. Ibrahim, Wahyu Budi Susetyo

### PT AGRO ASIA PACIFIC

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan,  
D.C.R. Gunawardena

Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro,  
M.A.M. Ibrahim, Wahyu Budi Susetyo

### PT NABIRE BARU

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan  
(Resigned w.e.f 15/8/2022),  
D.C.R. Gunawardena

Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro,  
M.A.M. Ibrahim, Wahyu Budi Susetyo

### PT AGRAJAYA BAKTITAMA

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan  
(Resigned w.e.f 15/8/2022), D.C.R.  
Gunawardena

Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro,  
M.A.M. Ibrahim, Wahyu Budi Susetyo

### PT AGRO WANA LESTARI

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan  
(Resigned w.e.f 15/8/2022),  
D.C.R. Gunawardena

Directors:

A. Dudeja - President Director,  
C.A.V.S. Upasena (Vice President  
Director), Edi Suhardi, B.C.S.T.I Rodrigo,  
T. Hendro, M.A.M. Ibrahim, Wahyu Budi  
Susetyo

### PT BATU MAS SEJAHTERA

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan  
(Resigned w.e.f 15/8/2022), D.C.R.  
Gunawardena

Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro,  
M.A.M. Ibrahim, Wahyu Budi Susetyo

### PT SAWIT MAKMUR SEJAHTERA

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan  
(Resigned w.e.f 15/8/2022),  
D.C.R. Gunawardena

Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro,  
M.A.M. Ibrahim, Wahyu Budi Susetyo

### PT SUMBER HASIL PRIMA

Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan  
(Resigned w.e.f 15/8/2022), D.C.R.  
Gunawardena

Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro,  
M.A.M. Ibrahim, Wahyu Budi Susetyo

\* Non-Executive Director

\*\* Non-Executive/Independent Director

\*\*\* Non-Executive/Non Independent Director



**PT SINAR SAWIT ANDALAN**

## Commissioners:

H. Selvanathan - President  
Commissioner,  
M. Selvanathan (Resigned w.e.f  
15/8/2022), D.C.R. Gunawardena

## Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro,  
M.A.M. Ibrahim, Wahyu Budi Susetyo

**PT SARIWANA ADI PERKASA**

## Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan (Resigned  
w.e.f 15/8/2022),  
D.C.R. Gunawardena

## Directors:

C.A.V.S. Upasena - President Director,  
A. Dudeja, B.C.S.T.I Rodrigo, T. Hendro,  
M.A.M. Ibrahim, Wahyu Budi Susetyo

**PT AGRO BINA LESTARI**

## Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan(Resigned  
w.e.f 15/8/2022), D.C.R. Gunawardena

## Directors:

C.A.V.S. Upasena - President Director,  
E. Suhardi, A. Dudeja, B.C.S.T.I Rodrigo,  
T. Hendro , M.A.M. Ibrahim, Wahyu Budi  
Susetyo

**PT AGRO SURYA MANDIRI**

## Commissioners:

H. Selvanathan - President  
Commissioner, M. Selvanathan(Resigned  
w.e.f 15/8/2022), D.C.R. Gunawardena

## Directors:

C.A.V.S. Upasena - President Director,  
E. Suhardi, A. Dudeja, B.C.S.T.I Rodrigo,  
T. Hendro , M.A.M. Ibrahim, Wahyu Budi  
Susetyo

**BEVERAGE****CEYLON BEVERAGE HOLDINGS PLC**

## Directors:

D. A. Cabraal - Chairman \*\*NEI,  
H. Selvanathan (Deputy Chairman),  
M. Selvanathan (Director/Alternate  
Director to H. Selvanathan),  
D.C.R. Gunawardena \* NE,  
R.H. Meewakkala (CEO/Director)  
S. Clini\* NE, Ms.S.J.F. Evans\*\* NEI

**LION BREWERY (CEYLON) PLC**

## Directors:

D. A. Cabraal - Chairman\*\* NEI,  
H. Selvanathan (Deputy Chairman),  
D.C.R. Gunawardena \* NE,  
D. R. P. Goonetilleke, K. Selvanathan  
(Director/ Alternate Director to  
H. Selvanathan), Ms. S.J.F. Evans\*\* NEI,  
R. H. Meewakkala (CEO/Director),  
S. Selvanathan, S. Clini\* NE,  
Ms. V. Gun L.L.\*NE

**PUBS 'N PLACES (PRIVATE) LIMITED**

## Directors:

D.R.P. Goonetilleke, S.W.M.K.N.  
Hulangamuwa, S.G.S. Atton,  
R.H. Meewakkala

**RETAIL SPACES (PRIVATE) LIMITED**

## Directors:

D.R.P. Goonetilleke, S.G.S. Atton,  
R.H. Meewakkala

**LUXURY BRANDS (PRIVATE) LIMITED**

## Directors:

D.R.P. Goonetilleke, S.G.S. Atton,  
R.H. Meewakkala

**MILLERS BREWERY LIMITED**

## Directors:

D.R.P. Goonetilleke, P.M.N.P. De  
Silva (resigned w.e.f. 31.03.2023),  
R.H. Meewakkala, M.R.B. Ranatunga  
(appointed w.e.f. 01.04.2023)

**LION BEER (CEYLON) PTE. LTD.**

## Directors:

S. Selvanathan, R. H. Meewakkala,  
D.R.P.Goonetilleke, V. R. Wijesinghe,  
Ms.Chai Shiau Shan

**REAL ESTATE****EQUITY ONE LIMITED**

## Directors:

D.C.R. Gunawardena (Chairman),  
K.C.N. Fernando, E.H. Wijenaika,  
A.P. Weeratunge, S. Mahendrarajah,  
P.D.D. Fernando, S.M. Marimuthu

**EQUITY TWO PLC**

## Directors:

D.C.R. Gunawardena \*NE (Chairman),  
K.C.N. Fernando, A.P. Weeratunge, \*NE,  
E.H. Wijenaika \*\*NEI, P.D.D. Fernando  
\*\*NEI, S.M. Marimuthu \*\* NEI

**EQUITY THREE (PRIVATE) LIMITED**

## Directors:

I. Paulraj, K. C. N. Fernando

\* Non-Executive Director

\*\* Non-Executive/Independent Director

\*\*\* Non-Executive/Non Independent Director

## Group Directorate

### LEISURE

#### PEGASUS HOTELS OF CEYLON PLC

Directors:

D.C.R. Gunawardena \*NE (Chairman), M. Dayananda \*\*NEI, K. Selvanathan, S.R. Mather \*\*NEI, V.R. Wijesinghe, M.T.L. Elias \*\*NEI

#### EQUITY HOTELS LIMITED

Directors:

A.P. Weeratunge, V. R. Wijesinghe, T. Ganeshan, H. P. K. G. Gunathilaka (Appointed w.e.f 20/10/2022)

#### CARSONS AIRLINE SERVICES (PRIVATE) LIMITED

Directors:

H. Selvanathan - Chairman, M. Selvanathan, D.C.R. Gunawardena

### PORTFOLIO & ASSET MANAGEMENT

#### CEYLON GUARDIAN INVESTMENT TRUST PLC

Directors:

Mrs. M.A.R.C. Cooray \*\*NEI - Chairperson, D.C.R. Gunawardena \*NE, V.M. Fernando \*\*NEI, K. Selvanathan, C.W. Knight \*\*NEI (Resigned w.e.f 31/3/2023), A.D. Pereira \*\*NEI

#### CEYLON INVESTMENT PLC

Directors:

Mrs. M.A.R.C. Cooray \*\*NEI, D.C.R. Gunawardena\* NE, A.P. Weeratunge \* NE, V.M. Fernando \*\*NEI, K. Selvanathan, S. M. Perera (Appointed w.e.f 1/9/2022)

#### RUBBER INVESTMENT TRUST LIMITED

Directors:

I. Paulraj (Chairman), D.C.R. Gunawardena, A.P. Weeratunge

Alternate Director:

A.P. Weeratunge (for I. Paulraj and D.C.R. Gunawardena)

#### GUARDIAN FUND MANAGEMENT LIMITED

Directors:

K. Selvanathan, A.P. Weeratunge, S. M. Perera, R.M.A.S.P.K. Jayasekara

#### GUARDIAN FUND MANAGEMENT LLC

Directors:

Mrs. O.A.I.Balladin, C.W. Knight, S. Thomas, K. Selvanathan, Mrs. A. Kadayer-Nojib

#### GUARDIAN VALUE FUND LLC

Directors:

M.Z. Soopun, T. Parmessur, C. W. Knight, S. Thomas, R.M.A.S.P.K. Jayasekera

#### LEECHMAN & COMPANY (PRIVATE) LIMITED

Directors:

H. Selvanathan, M. Selvanathan, S. Mahendrarajah

### MANAGEMENT SERVICES

#### CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Directors:

H. Selvanathan (Chairman), M. Selvanathan, K.C.N. Fernando, Mrs. K.D. De Silva, A.P. Weeratunge\*, K. Selvanathan, V.R. Wijesinghe, S. Selvanathan

\* Non-Executive Director

\*\* Non-Executive/Independent Director

\*\*\* Non-Executive/Non Independent Director

# Risk Management

Carson Cumberbatch PLC is one of the largest diversified conglomerates in Sri Lanka, with interests in oil palm plantations, oils & fats, beverages, portfolio and asset management, real estate and leisure. The Group manages a global network of operations in Sri Lanka, Indonesia, Malaysia, Singapore, Mauritius and India. The Group is exposed to diverse types of risks both general or industry/country specific, and risk management therefore forms an integral part of our business and management policies.

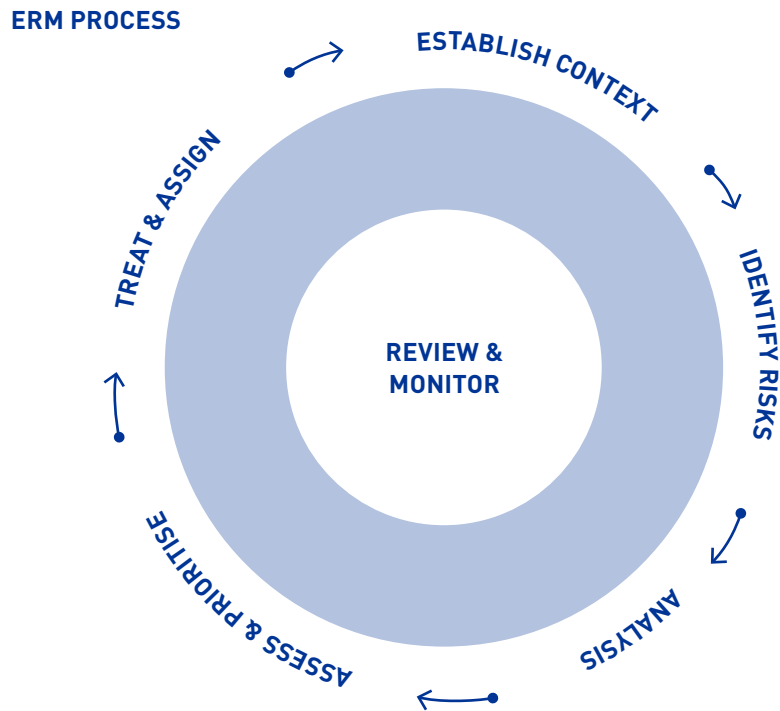
Risk management involves identifying, analysing and responding to risk factors that may affect a business. A strong risk management framework therefore, provides reasonable assurance through the process of identification and management of events, situations or circumstances which, even if they do occur, would not significantly impact the achievement of our business objectives. In other words, robust risk management practices can ensure minimum impact from adverse events and help to maximise the realisation of opportunities whilst the risks are managed, until they are mitigated and re-assessed to fall within the Group's risk appetite.

Enterprise Risk Management (ERM) provides a common process and terminology for all risk management activities. The principle goals of ERM are to foster risk awareness and promote the pro-active management of threats and opportunities.

As part of our business plan implementation, the Carsons Group has made enterprise risk management integral to all our business activities.

Our risk management process supports:

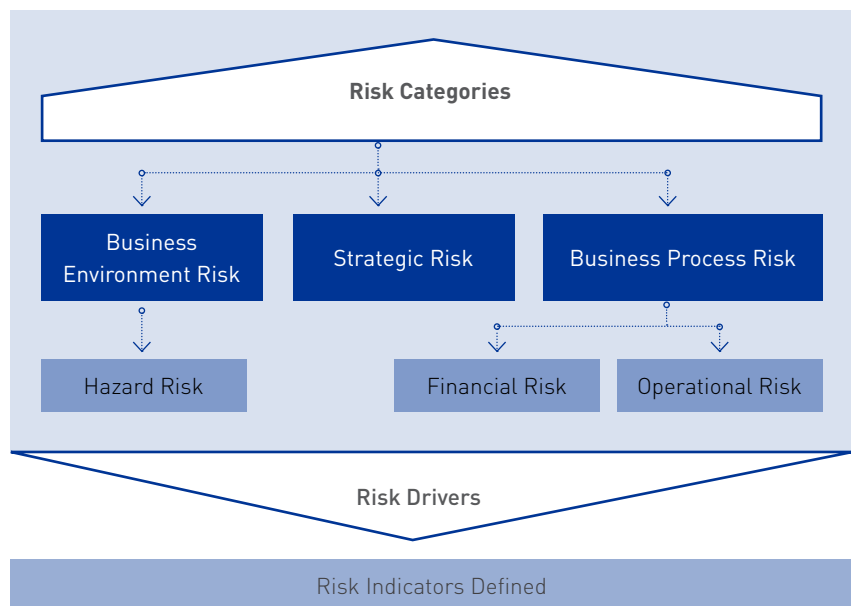
- Corporate governance
- Quality of business planning
- Audit planning
- Project planning and implementation
- Building confidence across various stakeholder groups



The ERM process revalidates the fact that the relevant internal control systems are in place, providing assurance to the Management and Board of Directors that these processes are robust and effective.

As part of the ERM process, the management identifies and categorises the risk into three main types, as shown below. The purpose of such risk modelling is to create a common language for better communication, knowledge-sharing and comparison.

Risk drivers are key factors in the creation of risk. Risk indicators are primarily deviations from set Goals or KPI's. These deviations are promptly identified through the ongoing reviews and monitoring activities conducted by management.



## Risk Management

The likelihood of occurrence and the probability of the outcomes of the identified risks shown above are analysed using qualitative and quantitative methods. The management uses the Risk Grid to determine the contribution of each risk to the aggregate risk profile in terms of its impact on the achievement of the company’s objectives and these are prioritised accordingly.

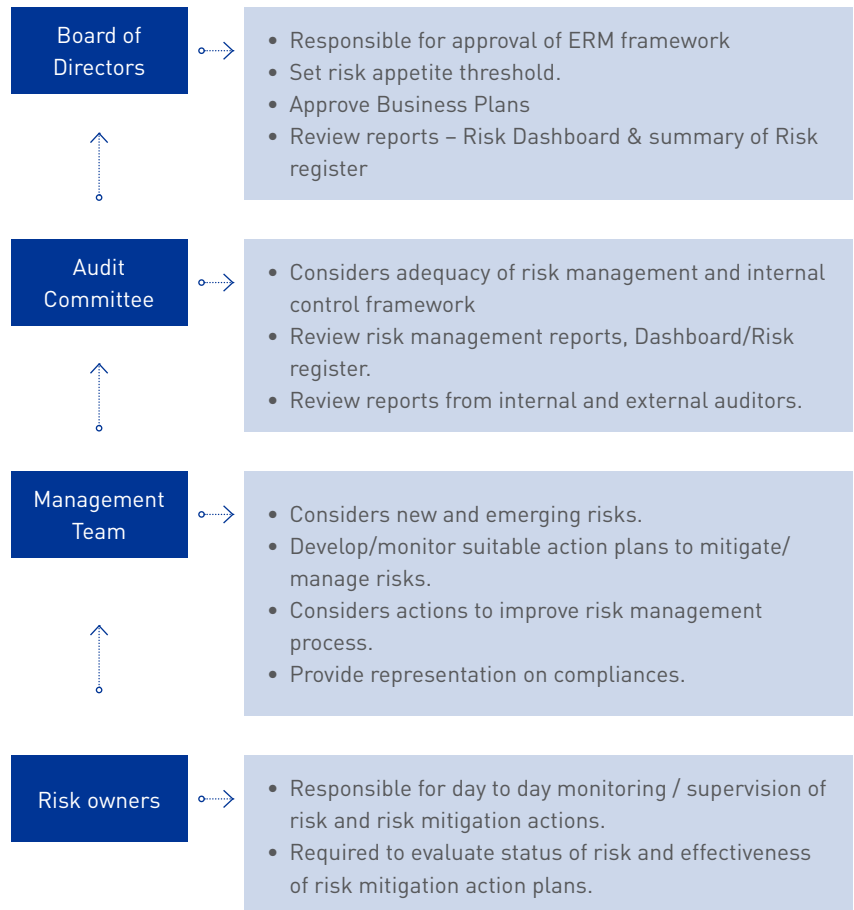
Once risk events are identified, the risk responses could involve:

- Risk Acceptance
- Risk Avoidance
- Risk Transfer/ share
- Risk Minimisation

The first line of defense in this process involves the timely supervision and monitoring of risk management practices by the business managers and accountability in discharging their responsibilities.

The relevant action plans are reviewed and monitored by the management teams in their respective spheres of operation, while the relevance and impact of identified risks are also reassessed as part of this process. The status and outcomes of the action plans are presented to the CEO, the Audit Committee and the Board of Directors.

The Risk Management Governance Structure includes a reporting framework within the organisation and to the Board of Directors, which facilitates the Directors’ supervisory functions for better Corporate Governance.



Risk Management is a key factor in operational sustainability and the Group has identified the following risk profiles. The principal risks identified are continuously evaluated and reviewed at various stages of our business process and appropriate risk responses and strategies are implemented.

Risk	Impact	Risk Responses
<b>Commodity Price Risk</b>	<p><b>Oil Palm Plantation and Oil &amp; Fats</b></p> <p>These segments are susceptible to fluctuations in global Crude Palm Oil (CPO) prices over which we have minimal control, being a price-taker.</p> <p>Key impacts on CPO prices are driven by the global demand for vegetable oil, the supply from the palm plantation industry as a whole, the supply and demand for substitute oils such as soy and rapeseed, global crude oil prices, the demand for biofuel and other factors which impact supply and demand.</p> <p><b>All sectors</b></p> <p>The costs of other raw materials may also fluctuate due to changes in global economic conditions, weather patterns, government policies and developments in international trade.</p>	<p><b>Oil Palm Plantation Segment</b></p> <p>The Company manages the impact of price volatility and cash flows by entering into physical spot and forward sales contracts and manages the timing of sales and price hedging in an opportune manner.</p> <p>The segment continues to focus on becoming one of the lowest cost producers, as cost remains the area that lies within the control of the management.</p> <p><b>Oils &amp; Fats Segment</b></p> <p>The Company sought to maintain a back-to-back cover on raw material purchases (Palm Kernel PK feedstock), to minimise price volatilities.</p> <p>The Company transfers the price fluctuations to the customer whenever possible.</p> <p><b>Beverage Sector</b></p> <p>The Beverage sector continuously monitors the prices of raw materials and where opportune, enters into forward contracts for buying major raw materials with the assistance of its international business partner or on its own.</p>
<b>General Securities Risk</b>	<p>Any trading in securities carries inherent investment risks associated with the entity issuing those securities. In particular, the price or value of any security can and does fluctuate and may even become valueless, resulting in possible loss not only of returns and profits, but also of all or part of the principal sums invested. These risks arise as a result of the overall risks faced by the issuing entity, which affect its ability to provide a return to the investors holding the securities issued by it. Particularly in the case of equities, the past performance of any investment is not necessarily indicative of future performance. At Guardian, our approach focuses on the fact that there is no substitute for fundamental individual security assessment.</p> <p>The largest components of assets remain with carefully selected quoted investments in the Colombo Stock Exchange (CSE).</p>	<p><b>Investment sector</b></p> <p>The Company has sound internal research processes and evaluates all investments after taking precautions, given the stressed conditions.</p> <p>Once an investment is made, management adopts a continuous process of monitoring the performance of that investment.</p> <p>We manage the concentration risk arising from over-exposure to one security by monitoring sector exposure and single company exposure as mitigation strategies. Further, private equity exposure limits at company and group level are monitored, as another measure of managing risk. Loss limits are set to monitor stocks performing below their cost of acquisition to determine whether temporary capital erosion is a concern. This helps us mitigate the downside risk of any security in the portfolio.</p> <p>Market risks affecting a particular class of security are mitigated by switching to asset classes that are assessed to be less risky in a particular scenario.</p>

## Risk Management

Risk	Impact	Risk Responses
<b>Human Resource Risk</b>	<p>The difficulties in recruiting and retaining appropriately skilled employees could adversely affect our ability to grow and maintain a competitive position in the marketplace.</p> <p>The human resources required to harvest Fresh Fruit Bunches (FFB) in Oil Palm plantations tend to be impacted by high turnover.</p>	<p>The Group has implemented the following initiatives.</p> <ul style="list-style-type: none"> <li>• Ensure that recruitments are carried out to hire employees with the required qualifications, knowledge and experience.</li> <li>• Identify and assess the key staff members crucial for successful operations.</li> <li>• Identify gaps in skills and capabilities of key roles and implement development programs to facilitate career progression and succession planning.</li> <li>• Invest in organisation-wide training and development to enhance capability levels and maintain the motivation levels of the employees.</li> </ul>
<b>Foreign Exchange Risk</b>	<p>Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.</p> <p>The sharp devaluation of the Sri Lankan Rupee against USD has direct as well as indirect impacts on companies operating in Sri Lanka.</p> <p>Currently, the Plantations, Oils and Fats sector's impact from exchange rate movements mainly arises from the translation/revaluation of the Group's borrowings and supplier liabilities denominated in USD as required by IFRS and do not entail an actual cash transaction loss.</p>	<p>Assets, liabilities and other operational expenses which arise from daily operations are primarily denominated in the functional currencies within the Group.</p> <p>The expenses of all sectors operating in Sri Lanka have seen notable escalations following the recent Rupee depreciation, particularly with regard to renovation and maintenance costs, insurance premiums, the cost of importing raw materials, machinery and spare parts etc.</p> <p>We minimise the cash flow impact by linking the oil palm sector revenue to the USD linked CPO prices. We continue to monitor market volatilities, to anticipate and exploit favourable movements.</p>
<b>Business Environment Risks</b>	<p>The recent changes in Sri Lanka's macroeconomic conditions will have direct impacts on the Group's business operations in Sri Lanka. Some of the key challenges are given below.</p> <p>The steep increase in construction costs and the scarcity of spare parts and other related maintenance equipment poses a risk to smooth business operations.</p> <p>Further, interruptions to the supply of electricity through the national grid and the lack of a continuous supply of diesel posed a risk to the smooth operation of business activities during first half of the financial year 2022/23. This had resulted in cost escalations as we try to source utilities for our premises in a timely manner.</p> <p>Unfavourable global and local weather patterns resulting in adverse weather conditions, natural and man-made disasters including fires and haze from fires, droughts, floods, pestilence and crop disease could reduce the amount or quality of FFB we can harvest in the oil palm plantation sector.</p>	<p>Whenever possible, the management of our respective companies have taken steps to order and maintain stocks of critical spare parts, raw materials etc., that are vital for the day-to-day operations of the Company.</p> <p>Management is also making its best effort to source the required utilities to ensure minimum disruption to the Company's operations.</p> <p>The Group takes steps to minimise the risk of fire by monitoring and maintaining appropriate fire-response resources. We also invest in agronomy and plantation management best practices, in order to minimise the impact of a sudden outbreak of pests and/or diseases.</p> <p>The Group employs Business Continuity Planning as well as safeguards against perils through adequate insurance.</p>

Risk	Impact	Risk Responses
<b>Liquidity Risk</b>	The risk that the sector may not easily be able to meet its operational and financial obligations can result in an unavailability of sufficient funds, which may interrupt the smooth functioning of day-to-day operations.	<p>Management closely monitors the Group companies' liquidity positions and ensures that funds are available for the settlement of all liabilities.</p> <ul style="list-style-type: none"> <li>• effective working capital management.</li> <li>• The Group maintains sufficient credit facilities.</li> <li>• develop policies and procedures to plan liquidity based on medium-term plans.</li> </ul> <p>To ensure financial flexibility of Pegasus Hotels of Ceylon PLC and its Subsidiary, Equity Hotels Limited, Pegasus Hotels of Ceylon PLC announced a rights issue of shares in order to raise funds for its planned capital expenditure and to subscribe for a right issue of Equity Hotels Limited to partially settle its borrowings.</p>
<b>Financial Leverage and Cash Flow Risk</b>	The Oil Palm Plantation segment is impacted by the 25 to 30-year investment cycle and its inherently high financial leverage due to price and volume volatility. GAHL is required to generate continuous strong free cash flow and repay debt from its operational cash inflows.	<p>We manage bank funding facilities and service the borrowings, while maintaining adequate liquidity.</p> <p>Management implement cost control measures targeting overhead reductions and capex prioritisation.</p>
<b>Credit Risk</b>	Each sector is exposed to credit risk primarily from their trade receivables, which arise from their operating activities and deposits with banking institutions.	<p>The slowdown of economic activity has led to challenges in the recovery of dues in some sectors.</p> <p>Individual companies exercise some of the following controls to mitigate this risk.</p> <ul style="list-style-type: none"> <li>• Implementation of credit policies</li> <li>• Continuous and regular evaluation of customers' creditworthiness</li> <li>• Ongoing monitoring of receivable balances.</li> <li>• Covering credit exposure through a combination of bank guarantees and discounting of credit to banks with no recourse to the Company.</li> </ul>

## Risk Management

Risk	Impact	Risk Responses
<b>Interest Rate Risk</b>	<p>During the year, interest rates have shown a sharp increase due to the policy rate adjustments by the Central Bank of Sri Lanka. But towards the later part of the year interest rates had shown a downward trend.</p> <p>The interest rates on most of our loans and borrowings are currently on a floating basis. As such, our financial performance may be negatively affected by changes in prevailing interest rates in the financial market.</p>	<p>Carson Cumberbatch PLC's financial strength is used via the Group treasury, in negotiating the rates.</p> <p>The Plantation sector will pursue derivative mechanisms such as interest swaps, where necessary.</p> <p>As at the reporting dates, both the financial assets and financial liabilities of the Group consist of variable as well as fixed rate instruments.</p> <p>We have pursued the appropriate capitalisation of business, together with the right balance between long and short term bank facilities, plus obtaining a combination of loans linked to SLIBOR &amp; AWPLR</p>
<b>Systems and Process Risks</b>	<p>The risk of direct or indirect losses due to inadequate or failed internal processes and systems.</p> <p>Information technology is a vital component of Group operations.</p>	<p>The Group has enhanced IT systems via a secure VPN with no disruptions, together with anti-virus upgrades, backups and monitoring of Disaster Recovery sites.</p> <p>We maintain detailed procedure manuals and provide training and guidelines for new recruits.</p> <p>The internal audit function of the Group carries out regular reviews of internal control systems and processes and recommends process improvements if shortcomings are noted.</p>
<b>Legal and Regulatory Compliance Risk</b>	<p>Failure to comply with the regulatory and legal frameworks applicable to the Group.</p>	<p>The management and the Carsons Group Legal division pro-actively identify and set up appropriate systems and processes for legal and regulatory compliance in respect of Sector operations.</p> <p>We arrange training programs and circulate updates for key employees on new/revised laws and regulations as required.</p> <p>The Group provides comments on draft laws to the government and regulatory authorities.</p> <p>We obtain comments and interpretations from external legal consultants on areas that require clarity.</p> <p>We also obtain compliance certificates from management on a quarterly basis, on compliance with relevant laws and regulations.</p>



Risk	Impact	Risk Responses
<b>Reputational Risk</b>	As a Group which carries out business activities in different sectors and global network of operations, it is vital to safeguard the good name and reputation of the businesses.	<p>The right values are communicated to all employees from inception, both through formal communication and by example. Our screening process at interviews is designed to select people of the right calibre and training them for higher responsibility is an ongoing process.</p> <p>The extensive compliance process also ensures that the Group does not take the risk of process failure that will lead to reputational risk.</p> <p>Maintaining good relationships with all stakeholders further helps manage any crisis situations that could damage our reputation.</p>

Risks arising from unforeseen events such as natural disasters, riots and civil commotions are covered by obtaining the appropriate insurance covers.

# Information to Shareholders & Investors

## 1 STOCK EXCHANGE LISTING

Carson Cumberbatch PLC is a Public Quoted Company, the ordinary shares of which are listed on the main board of the Colombo Stock Exchange of Sri Lanka (CSE). The CSE Code for Carson Cumberbatch PLC shares is "CARS".

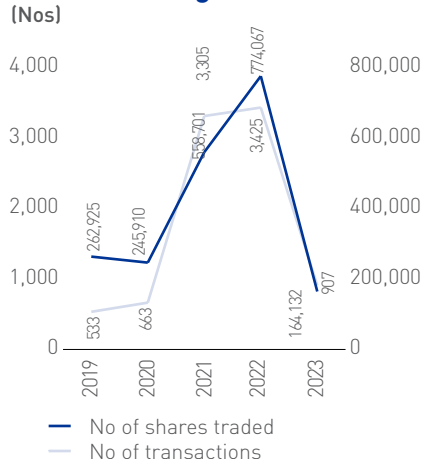
## 2 MARKET CAPITALISATION AND MARKET PRICE

Market Capitalisation of the Company's share, which is the number of ordinary share in issue multiplied by the market value of a share, was Rs. 53,368 Mn as at 31st March 2023. (Rs. 53,024 Mn as at 31st March 2022)

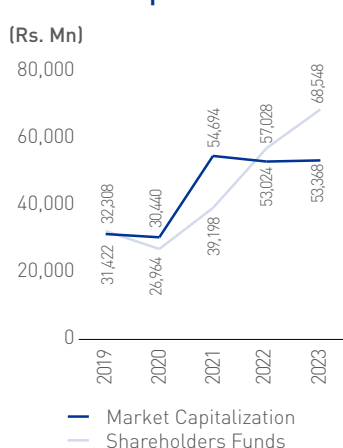
The Information on Market prices are set out below :

For the year ended 31st March	2023	Q4	Q3	Q2	Q1	2022
<b>Share Information</b>						
Highest price (Rs.)	310	289	299	310	280	366.25
Lowest price (Rs.)	225	251	236	240	225	265
As at periods end (Rs.)	271.75	271.75	269.75	293.75	246.50	270.00
<b>Trading Statistics</b>						
No of transactions	907	232	250	288	137	3,425
No of shares traded	164,132	49,869	64,947	31,985	17,331	774,067
Value of all shares Traded (Rs. Mn)	45	14	18	9	4	235
Market Capitalization (Rs. Mn)	53,368	53,368	52,975	57,689	48,409	53,024

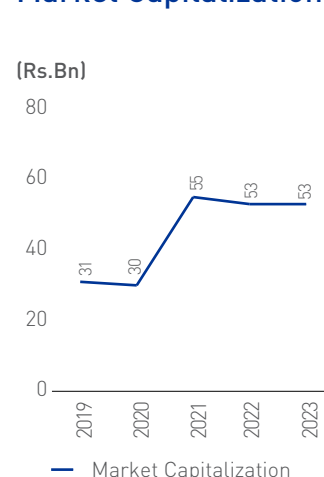
### Share Trading (Nos)



### Shareholders Funds and Market Capitalization (Rs. Mn)



### Market Capitalization (Rs. Bn)



## 3 SHAREHOLDER BASE

The total number of ordinary shareholders as at 31st March 2023 was 1,965 compared to the 1,987 as at 31st March 2022.

#### 4 DISTRIBUTION AND COMPOSITION OF SHAREHOLDERS

Distribution of Shares		Residents			Non-Residents			Total		
		No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1	1,000	1,493	226,749	0.12	14	3,617	0.002	1,507	230,366	0.12
1,001	10,000	291	1,037,357	0.53	14	64,148	0.03	305	1,101,505	0.56
10,001	100,000	101	2,726,821	1.39	17	643,434	0.33	118	3,370,255	1.72
100,001	1,000,000	15	4,596,412	2.34	7	2,505,079	1.28	22	7,101,491	3.62
Above	1,000,000	8	142,508,622	72.57	5	42,074,675	21.42	13	184,583,297	93.99
Total		1,908	151,095,961	76.94	57	45,290,953	23.06	1,965	196,386,914	100

#### 5 COMPOSITION OF SHAREHOLDERS

Ordinary Shares	31st March, 2023			31st March, 2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	1,828	20,391,165	10.38	1,844	20,430,659	10.40
Institutions	137	175,995,749	89.62	143	175,956,255	89.60
Total	1,965	196,386,914	100	1,987	196,386,914	100
Residents	1,908	151,095,961	76.94	1,929	151,121,763	76.95
Non Residents	57	45,290,953	23.06	58	45,265,151	23.05
Total	1,965	196,386,914	100	1,987	196,386,914	100

#### 6 PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.14.1.a. of the Listing Rules of the Colombo Stock Exchange, under Option 4, i.e. Float-adjusted Market Capitalization of Rs. 2.5 Billion with 500 Public Shareholders and a Public Holding percentage of above 10%.

The Company's Public Holding as at 31st March 2023

- Market Capitalization of the public holding – Rs.7.62Bn
- Percentage of ordinary shares held by the public – 14.28% (March 2022 – 14.41%)
- The number of public shareholders – 1,950

#### 7 INFORMATION ON RATIOS

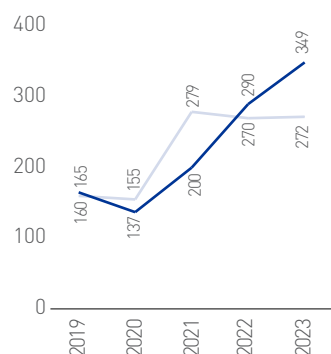
For the year ended 31st March	2023	2022
EPS (Rs.) - Group	69.91	37.45
Dividend payout ratio (%) - Company	52	58
Price/cash earnings (time)	1.05	2.46
Price to Book (times)	0.78	0.93
Price Earnings Ratio - Group	3.89	7.21
Dividend Yield (%)	0.55%	0.56%

## Information to Shareholders & Investors

### 8 INFORMATION ON DIVIDENDS

#### Net Assets per Share and Closing Price per Share

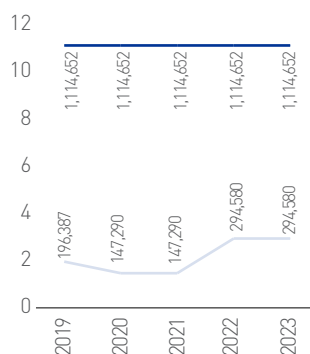
(Rs.)



— Net assets per share (Rs)  
— Closing price per share (Rs)- (Diluted)

#### Gross Dividend and Ordinary Share Capital

(Rs.Bn)



— Gross dividend  
— Ordinary share capital

### 9 MATERIAL FORESEEABLE RISK FACTORS

(As per rule no. 7.6 (VI) of the Listing Rules of the Colombo Stock Exchange)

Information pertaining to the material foreseeable risk factors, that require disclosures as per the Rule No. 7.6 (vi) of the Listing Rules of the CSE are discussed in the Section on Risk Management on Pages 41 to 47.

### 10 MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS PERTAINING TO THE COMPANY

(As per Rule No. 7.6 (VII) of the Listing Rules of the Colombo Stock Exchange)

There were no material issues pertaining to employees and industrial relations pertaining to the company that occurred during the year under review which require disclosure.

### 11 THE DETAILS OF THE DIVIDENDS PAID ARE AS FOLLOWS

For the year ended 31st March

Ordinary Shares	2023		2022	
	Per share Rs.	Amount Rs. '000	Per share Rs.	Amount Rs. '000
Final dividend	1.50	294,580	1.50	294,580
	1.50	294,580	1.50	294,580

**12 DIVIDENDS SINCE**

Year ended 31st March	DPS (Rs.)	Dividends (Rs.'000)
2019	1.00	196,387
2020	0.75	147,290
2021	0.75	147,290
2022	1.50	294,580
<b>2023</b>	<b>1.50</b>	<b>294,580</b>

**13 ORDINARY SHARES IN ISSUE**

Year ended 31st March	Number of Shares
2019	196,386,914
2020	196,386,914
2021	196,386,914
2022	196,386,914
<b>2023</b>	<b>196,386,914</b>

**14 HISTORY OF SCRIP ISSUES**

Year ended 31st March	Issue	Basis	Number of Shares	Ex-date
2006	Bonus	5:1	5,093,550	6-Jul-05
2009	Sub-division	15:1	85,571,640	31-Jul-08
	Capitalisation	1:20	4,584,195	31-Jul-08
2011	Capitalisation/Sub-division	2:1	96,268,095	21-Dec-10
	Capitalisation	1:50	3,850,724	24-Dec-10

**15 INFORMATION ON MOVEMENT IN NUMBER OF SHARES**

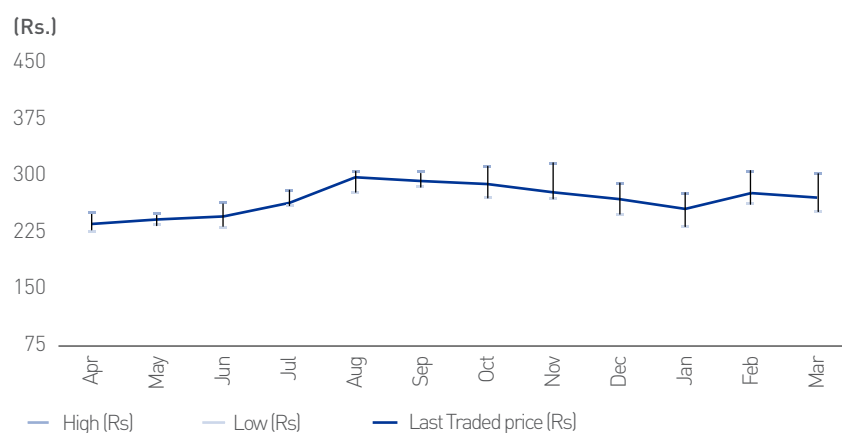
Financial Year	Issue	Basis	Number of Shares issued	No. of Shares Cumulative Ordinary
2005/06	Bonus Issue	5 for 1	5,093,550	6,112,260
2008/09	Sub-division	15 for 1	85,571,640	91,683,900
	Capitalisation	1 for 20	4,584,195	96,268,095
2010/11	Sub-division	2 for 1	96,268,095	192,536,190
	Capitalisation	1 for 50	3,850,724	196,386,914

## Information to Shareholders & Investors

### 16 SHARE PRICE TREND OVER LAST FIVE YEARS

Year ended 31st March	2019	2020	2021	2022	2023
Highest Price (Rs.)	199.00	224.00	450.00	366.25	<b>310.00</b>
Lowest Price (Rs.)	137.20	150.00	136.50	265.00	<b>225.00</b>
Last Traded Price (Rs.)	160.00	155.00	278.50	270.00	<b>271.75</b>

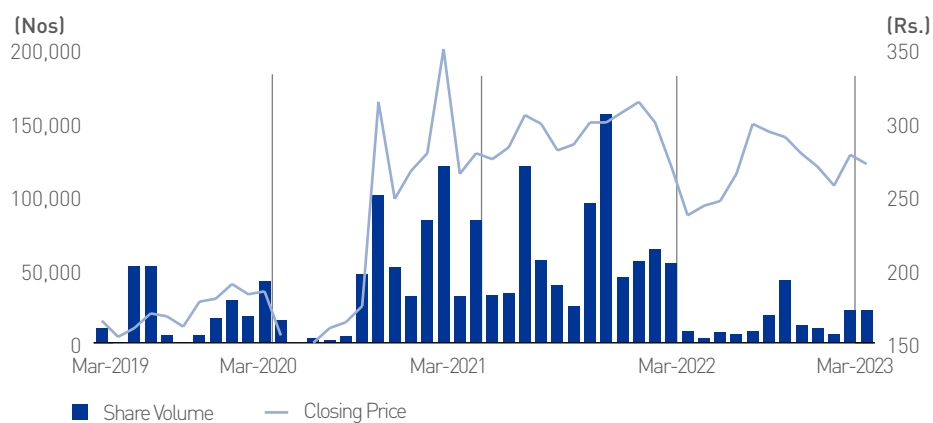
### Share Price Trend Over Last Financial Year



## 17 INFORMATION ON SHAREHOLDERS' FUNDS AND MARKET CAPITALIZATION

As at 31st March	2019	2020	2021	2022	2023
Shareholders' Funds (Rs. Mn.)	32,308	26,964	39,198	57,028	<b>68,548</b>
Market Capitalization (Rs. Mn.)	31,422	30,440	54,694	53,024	<b>53,368</b>
Market Capitalization as % of CSE Total Mkt. Captl. (%)	1.21	1.43	1.76	1.39	<b>1.37</b>

## 18 PRICE AND SHARE VOLUME CHART



## Information to Shareholders & Investors

### 19. TEN YEAR SUMMARY - GROUP

For the year ended/as at 31st March	2023	2022
<b>OPERATING RESULTS</b>		
Revenue	330,458,690	170,694,625
Profit from operations	60,118,289	26,887,956
Net finance expenses	14,615,590	6,510,915
Profit/(loss) before taxation from continuing operations	42,433,522	22,373,967
Tax expenses	15,075,647	7,722,096
Profit/(loss) for the year	29,002,219	14,933,314
Profit/(loss) attributable to the non controlling interest	15,272,573	7,578,842
Profit/(loss) attributable to the owners of the company	13,729,646	7,354,472
<b>CAPITAL EMPLOYED</b>		
Stated capital	1,114,652	1,114,652
Reserves	67,433,231	55,913,525
	68,547,883	57,028,177
Non - controlling interest	71,689,009	59,034,863
Short - term and long - term borrowings	100,003,087	111,474,598
	240,239,979	227,537,638
<b>ASSETS EMPLOYED</b>		
Non - current assets	205,048,404	184,303,754
Current assets	94,469,626	96,881,653
	299,518,030	281,185,407
Current liabilities - excluding borrowings	(37,022,613)	(35,387,114)
Other financial payables	(2,181,674)	(2,100,090)
Deferred liabilities	(20,073,764)	(16,160,564)
	240,239,979	227,537,638
<b>CASH FLOW STATEMENTS</b>		
Net cash inflows from operating activities	50,755,415	21,591,399
Net cash generated from/(used in) investing activities	(16,683,799)	(9,736,149)
Net cash generated from/(used in) financing activities	(23,793,450)	(7,752,286)
Net (decrease)/increase in cash & cash equivalents	10,278,166	4,102,964
<b>OPERATIONAL RATIOS</b>		
Return on ordinary shareholders' funds (%)	20.03	12.90
Equity to total assets (%)	46.82	41.28
Revenue growth (%)	93.60	48.64
Asset growth (%)	6.52	42.68
Revenue to capital employed (times)	1.38	0.75
No. of employees	14,964	13,407
Revenue per employee	22,084	12,732
<b>DEBT &amp; GEARING RATIOS</b>		
Interest cover (times)	4.11	4.13
Total debts	100,003,087	111,474,598
Net debts	58,367,773	76,004,060
Debt equity ratio (%)	71.31	96.05
Gearing ratio (%)	41.63	48.99
Debt/total assets (%)	33.39	39.64
Current ratio (times)	1.30	1.31
<b>INVESTOR RATIOS</b>		
Dividend cover (times)	46.61	24.97
Dividends per share (Rs.)	1.50	1.50
Market value per share (Rs.)	272	270
Market capitalization (Rs. Mn)	53,368	53,024
Earnings/(loss) per share (Rs.)	69.91	37.45
Price earnings ratio (times)	3.89	7.21
Net assets per ordinary share (Rs.)	349.05	290.39



	2021	2020	2019	2018	2017	2016	2015	2014
	114,835,847	105,914,515	97,139,538	79,181,390	64,512,872	76,470,465	88,625,807	76,540,926
	16,741,927	10,308,578	13,295,569	10,075,229	5,222,920	8,615,720	13,540,127	13,220,868
	6,142,137	6,673,453	4,892,419	4,496,028	4,423,660	2,617,581	2,476,181	2,073,516
	14,303,789	(481,544)	5,060,992	7,387,888	139,094	3,610,229	8,375,195	11,136,235
	4,498,557	2,171,159	3,992,562	3,653,111	1,600,320	1,622,822	2,545,401	3,257,220
	9,710,614	(2,460,260)	908,265	3,835,184	2,939,314	1,626,695	5,981,894	7,879,015
	4,889,763	(932,452)	814,313	2,068,167	1,644,769	800,804	2,896,301	4,167,120
	4,820,851	(1,527,808)	93,952	1,767,017	1,294,545	825,891	3,085,593	3,799,471
	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652
	38,083,692	25,849,847	31,193,768	30,387,273	30,113,024	29,945,232	35,676,040	43,077,998
	39,198,344	26,964,499	32,308,420	31,501,925	31,227,676	31,059,884	36,790,692	44,192,650
	39,882,181	28,221,465	31,585,445	29,148,484	28,225,711	27,230,412	29,469,854	38,939,136
	82,706,751	89,260,736	75,215,984	69,438,172	72,460,014	75,797,441	75,980,241	64,292,897
	161,787,276	144,446,700	139,109,849	130,088,581	131,913,401	134,087,737	142,240,787	147,424,683
	137,640,150	118,109,798	119,429,300	122,040,152	120,046,963	130,083,631	130,894,948	138,985,093
	59,434,062	54,777,876	46,238,017	37,970,193	36,363,828	30,612,691	30,993,726	35,618,440
	197,074,212	172,887,674	165,667,317	160,010,345	156,410,791	160,696,322	161,888,674	174,603,533
	(21,370,052)	(16,487,219)	(14,891,115)	(20,108,822)	(17,466,786)	(19,294,743)	(13,516,259)	(16,765,430)
	(2,013,397)	(1,300,771)	(87,368)	(87,695)	(77,607)	(63,559)	(55,818)	(50,492)
	(11,903,487)	(10,652,984)	(11,578,985)	(9,725,248)	(6,952,997)	(7,250,283)	(6,075,810)	(10,362,928)
	161,787,276	144,446,700	139,109,849	130,088,581	131,913,401	134,087,737	142,240,787	147,424,683
	16,105,913	5,315,946	7,334,846	9,160,094	2,140,797	12,613,686	5,053,389	13,584,976
	(6,831,015)	(7,959,375)	(5,123,036)	(6,599,663)	11,548,755	(8,848,557)	(21,876,166)	(15,187,257)
	(2,334,653)	375,453	(5,166,862)	4,553,882	(10,899,879)	(6,146,488)	9,897,091	12,805,689
	6,940,245	(2,267,976)	(2,955,052)	7,114,313	2,789,673	(2,381,359)	(6,925,686)	11,203,408
	12.30	(5.67)	0.29	5.61	4.15	2.66	8.39	8.60
	40.13	31.92	38.57	37.90	38.01	36.27	40.93	47.61
	8.42	9.03	22.68	22.74	(15.64)	(13.72)	15.79	0.5
	13.99	4.36	3.54	2.30	(2.67)	(0.74)	(7.28)	9.80
	0.71	0.73	0.70	0.61	0.49	0.57	0.62	0.52
	13,492	14,014	13,975	11,935	12,583	15,136	15,954	15,580
	8,511	7,558	6,951	6,634	5,127	5,052	5,555	4,913
	2.73	1.54	2.72	2.24	1.18	3.29	5.47	6.38
	82,706,751	89,260,736	75,215,984	69,438,172	72,460,014	75,797,441	75,980,241	64,292,897
	62,753,092	66,874,488	60,418,200	56,095,978	57,077,439	68,180,571	66,956,985	47,753,595
	104.59	161.75	117.72	114.49	121.88	130.03	114.67	77.34
	51.12	61.79	54.07	53.38	54.93	56.53	53.42	43.61
	41.97	51.63	45.40	43.40	46.33	47.17	46.93	36.82
	1.21	1.05	0.98	0.81	0.67	0.63	0.81	0.84
	32.73	(10.37)	0.48	4.50	-	2.81	5.24	9.68
	0.75	0.75	1.00	2.00	-	1.50	3.00	2.00
	279	155	160	168	163	270	366	365
	54,694	30,440	31,422	32,993	32,050	53,083	71,956	71,681
	24.55	(7.78)	0.48	9.00	6.59	4.21	15.71	19.35
	11.35	(19.92)	334.45	18.67	24.76	64.20	23.32	18.86
	199.60	137.30	164.51	160.41	159.01	158.16	187.34	225.03

## Information to Shareholders & Investors

(Amounts expressed in Sri Lankan Rs. '000)

### 20 GROUP QUARTERLY RESULTS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2023
<b>INCOME STATEMENT (for the quarter)</b>					
Revenue	79,940,510	94,128,828	79,921,892	76,467,460	330,458,690
Profit before tax from continuing operations	14,555,345	18,193,806	9,526,543	157,828	42,433,522
Net Profit after tax	9,910,092	12,060,898	5,849,506	1,181,723	29,002,219
Earnings per share	23.69	30.03	12.39	3.80	69.91
<b>CASH FLOW (Cumulative)</b>					
Operating cash flows before working capital changes	23,429,322	44,477,960	60,575,552	72,832,007	72,832,007
Capital expenditure	2,980,597	6,095,059	11,409,783	15,818,177	15,818,177
Working capital changes	(16,535,429)	(9,435,062)	(11,418,410)	3,304,987	3,304,987
Cash flow from investing activities	(2,265,105)	(7,446,590)	(14,216,987)	(16,683,799)	(16,683,799)
Cash flow from financing activities	(4,135,002)	(9,468,011)	(10,094,071)	(23,793,450)	(23,793,450)
<b>BALANCE SHEET</b>					
Shareholders' funds	63,599,395	68,476,308	67,532,875	68,547,883	68,547,883
Non controlling interest	67,843,755	72,085,063	72,208,717	71,689,009	71,689,009
Total assets	320,774,818	324,040,357	334,259,659	299,518,030	299,518,030
Total liabilities	189,331,668	183,478,986	194,518,067	159,281,138	159,281,138
Intangible assets	13,729,830	13,454,469	13,113,622	12,325,234	12,325,234
Cash and cash equivalents	32,271,876	41,534,206	51,460,989	41,635,314	41,635,314
Loans and borrowings	127,570,428	124,999,809	130,530,961	100,003,087	100,003,087
Net gearing - %	42.03	37.26	36.14	29.39	29.39
Net assets value per share (Rs.)	323.85	348.68	343.88	349.05	349.05
Net tangible assets per share (Rs.)	253.94	280.17	277.10	286.29	286.29

# FINANCIAL INFORMATION

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## Financial Calendar

Financial Year end - 31st March 2023

### Announcement of results

1st Quarter ended 30th June 2022 - 15th August 2022

2nd Quarter ended 30th September 2022 - 14th November 2022

3rd Quarter ended 31st December 2022 - 14th February 2023

4th Quarter ended 31st March 2023 - 31st May 2023

1st Interim Dividend of Rs.1/50 per share FY 2022/23 - 27th June 2022

1st Interim Dividend of Rs.2/10 per share FY 2023/24 - 4th July 2023

Notice of Annual General Meeting - 19th July 2023

110th Annual General Meeting - 11th August 2023

# Annual Report of the Board of Directors on the affairs of the Company

The Board of Directors of Carson Cumberbatch PLC ("the Company") have pleasure in presenting to the Shareholders their Report, together with the Audited Financial Statements for the year ended 31st March 2023.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and are guided by recommended best Accounting Practices.

The Annual Report was approved by the Board of Directors on 17th July 2023.

## 1. GENERAL

Carson Cumberbatch PLC is a public limited liability Company incorporated in Sri Lanka in 1913. The shares of the Company have a primary listing on the Colombo Stock Exchange.

## 2. PRINCIPAL ACTIVITY OF THE COMPANY

The principal activities of the Company consist of investing in Oil Palm Plantation, Oils & Fats, Beverage, Portfolio and Asset Management, Real Estate, Leisure and Management Services sectors.

The principal activities of the subsidiaries are set out in the Business Review section of this Annual Report.

There have been no significant changes in the nature of the activities of the Group and the Company during the financial year under review.

## 3. BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Chairman's Statement on pages 4 to 6 and Management Discussion and Analysis on pages 12 to 19 provides an overall assessment of the business performance of the Company and its future developments.

These reports together with the audited financial statements reflect the state of affairs of the Company.

## 4. FINANCIAL STATEMENTS

The financial statements which comprise of the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flow, Statement of Changes in Equity and Notes to the financial statements of the Company for the year ended 31st March 2023 are set out on pages 83 to 202. These financial statements comply with the requirements of Section 151 of the Companies Act No. 07 of 2007.

The aforementioned Financial Statements for the year ended 31st March 2023, duly signed by the Director, Carsons Management Services (Private) Limited, the Secretariat together with two Directors of the Company, are given on page 87 which form an integral part of this Annual Report of the Board of Directors.

## 5. SIGNIFICANT ACCOUNTING POLICIES

Details of accounting policies have been discussed in Note 5 of the financial statements. There have been no significant changes in the accounting policies adopted by the Group during the year under review. Those are mentioned in the Note 5 and Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## 6. REVENUE

Revenue generated by the Company amounted to Rs. 1,267 Mn (2022 - Rs. 818.6 Mn), whilst group revenue amounted to Rs. 330,459 Mn (2022 - Rs. 170,695 Mn). Contribution to group revenue from the different business segments is provided in Note 9 to the financial statements.

## 7. RESULTS AND APPROPRIATIONS

The profit after tax of the holding Company was Rs. 564 Mn (2022 - Rs. 512 Mn) whilst the Group profit attributable to equity holders of the parent for the year was Rs. 13,729 Mn (2022 - Rs. 7,354 Mn). Results of the Company and of the Group are given in the income statement.

Detailed description of the results and appropriations are given overleaf.

For the year ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Results from operating activities	60,118,289	26,887,956	1,055,473	739,982
Impairment /Write offs of business assets	(353,229)	(1,076,698)	-	-
Foreign exchange gain / (losses)	(507,410)	957,438	(8,364)	(81,825)
Net finance cost	(14,615,590)	(6,510,915)	(500,506)	(146,213)
Share of net results of equity accounted investee	(13,787)	(34,026)	-	-
Change in fair value of biological assets	(3,696,464)	3,347,692	-	-
Change in fair value of investment properties	578,712	578,208	-	-
Changes in fair value of financial assets - fair value through profit or loss	923,001	(1,775,689)	18,157	1,339
<b>Profit before tax</b>	<b>42,433,522</b>	<b>22,373,966</b>	<b>564,760</b>	<b>513,283</b>
Tax expenses	(15,075,647)	(7,722,096)	(945)	(1,154)
<b>Profit from continuing operations</b>	<b>27,357,875</b>	<b>14,651,870</b>	<b>563,815</b>	<b>512,129</b>
<b>Profit from discontinued operations, (net of tax)</b>	<b>1,644,344</b>	<b>281,444</b>	<b>-</b>	<b>-</b>
<b>Profit for the year</b>	<b>29,002,219</b>	<b>14,933,314</b>	<b>563,815</b>	<b>512,129</b>
Profit attributable to non controlling interest	15,272,573	7,578,842	-	-
Profit attributable to owners of the company	13,729,646	7,354,472	563,815	512,129
Other adjustments	(3,003,284)	(331,819)	2,500	13,875
Balance brought forward from the previous year	38,342,666	31,614,593	7,518,618	7,287,194
Amount available for appropriation	49,069,028	38,637,246	8,084,933	7,813,198
<b>Dividend</b>				
Ordinary Share dividend				
Final dividend	(294,580)	(294,580)	(294,580)	(294,580)
Balance to be carried forward to next year	48,774,448	38,342,666	7,790,353	7,518,618

## 8. RESERVES

A summary of the Group's reserves is given below:

For the year ended 31st March	Group		Company	
	2023	2022	2023	2022
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Capital Reserve	3,708,157	3,850,136	287,552	287,552
Revenue Reserve	63,725,074	52,063,389	13,264,488	11,453,983
<b>Total</b>	<b>67,433,231</b>	<b>55,913,525</b>	<b>13,552,040</b>	<b>11,741,535</b>

The movements are shown in the Statements of Changes in Equity given on pages 88 to 90 of the Annual Report.

## Annual Report of the Board of Directors on the affairs of the Company

### 9. CAPITAL EXPENDITURE

Details of the Group capital expenditure undertaken during the year by each sector are:

For the year ended 31st March	2023 Rs.' 000	2022 Rs.' 000
<b>Portfolio and Asset Management</b>		
Property, plant & equipment	1,280	1,532
<b>Oil Palm Plantations</b>		
Property, plant & equipment	10,731,103	2,982,672
Bearer Plants	810,186	290,095
Intangible assets/prepaid lease payment for land	134,410	86,028
<b>Oils &amp; Fats</b>		
Property, plant & equipment	1,233,754	230,350
Intangible assets	6,838	25,917
<b>Beverage</b>		
Property, plant & equipment	4,371,975	2,133,737
Intangible assets	7,815	7,457
<b>Real Estate</b>		
Property, plant & equipment	2,548	3,930
Investments Properties	26,747	6,736
<b>Leisure</b>		
Property, plant & equipment	9,866	25,361
<b>Management Services</b>		
Property, plant & equipment	51,021	7,628
Intangible assets	354	-
	<b>17,387,897</b>	<b>5,801,443</b>

### 10. VALUE OF THE INVESTMENT PORTFOLIO

The market value/valuation of the Group's investment portfolio as at 31st March, 2023 was Rs. 9,050 Mn (2022 - Rs. 8,769 Mn)

### 11. VALUE OF THE INVESTMENT PROPERTIES

Investment properties of business units, when significantly occupied by Group companies, are classified as property, plant and equipment in the consolidated financial statements in compliance with LKAS 40.

All properties classified as investment property were valued in accordance with the requirements of LKAS 40. The Group revalued all its investment properties as at 31st March 2023. The carrying value of investment property of the Group is Rs. 5,670 Mn (2022 - Rs. 5,064 Mn).

Details of the revaluation of property, plant and equipment and investment property are provided in notes 20 and 23 to the financial statements.

Details of Group properties as at 31st March 2023 are disclosed in the Group Real Estate Portfolio section of the Annual Report.

### 12. MARKET VALUE OF FREEHOLD PROPERTIES

Certain freehold properties (land and buildings) of the Group have been revalued based on the independent professional valuation and written-up in the books of account to conform to market value of such properties. Details of such revaluation are given in Note 20 (c) to the financial statements.

### 13. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of the Financial Statements of the Group and the Company which reflect a true and fair view of the state of its affairs. The Directors are of the view that the Statement of Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow and notes thereto appearing on pages 83 to 202 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act, No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and amendments thereto and Listing Rules of the Colombo Stock Exchange. The "Statement of Directors' Responsibility" for the Financial

Reporting is given on pages 70 to 71 which forms an integral part of this Report.

#### 14. INTERESTS REGISTER

The Company maintains the Interests Register conforming to the provisions of the Companies Act, No.07 of 2007. All Directors have made declarations as provided for in Section 192(2) of the Companies Act, aforesaid.

The relevant details as required by the Companies Act, No. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act, No. 07 of 2007.

#### 15. DIRECTORS' BENEFITS

The Directors' remuneration of the Company for the financial year ended

31st March 2023 are given in Note 15 (d) and Note 51(v) to the Financial Statements as per the requirements of Section 168 (1) (f) of the Companies Act, No. 07 of 2007.

#### 16. DIRECTORS' INTEREST IN SHARES AS AT THE REPORTING DATE

The following table discloses the Directors' interest in shares of the Company

Directors	No of Ordinary Shares as at	
	31.03.2023	31.03.2022
Mr. T. de Zoysa (Chairman)	-	-
Mr. H. Selvanathan (Deputy Chairman)	76,852	76,852
Mr. M. Selvanathan	1,805,146	1,805,146
Mr. D. C. R. Gunawardena	-	-
Mr. S. K. Shah	-	-
Mr. R. Theagarajah	-	-
Mr. W. M. R. S. Dias	-	-
Mr. A. S. Amaratunga	1,156	1,156
Ms. Sharada Selvanathan	-	-
Mr. M. M. Murugappan	-	-
Mr. Y. H. Ong	-	-
Messrs. M. Selvanathan & H. Selvanathan (As trustees)	449,820	449,820
<b>Alternate Directors</b>		
Mr. Krishna Selvanathan (for Mr. M. Selvanathan)	-	-
Mr. Sudarshan Selvanathan (for Mr. D. C. R. Gunawardena)	-	-

## Annual Report of the Board of Directors on the affairs of the Company

### 17. DIRECTORS' SHAREHOLDINGS IN GROUP'S QUOTED COMPANIES

Subsidiaries	No of Ordinary Shares as at	
	31.03.2023	31.03.2022
<b>Ceylon Guardian Investment Trust PLC</b>		
Mr. D. C. R. Gunawardena	257	257
<b>Ceylon Investment PLC</b>		
Mr. D. C. R. Gunawardena	257	257
<b>Ceylon Beverage Holdings PLC</b>		
Mr. H. Selvanathan	690	690
Mr. M. Selvanathan	690	690
Mr. D. C. R. Gunawardena	15	15
Mr. S. K. Shah	2,632	2,632
Mr. T. de Zoysa	690	690
<b>Lion Brewery (Ceylon) PLC</b>		
Mr. H. Selvanathan	1,579	1,579
Mr. M. Selvanathan	1,579	1,579
Mr. D. C. R. Gunawardena	34	34
Mr. S. K. Shah	6,016	6,016
<b>Shalimar (Malay) PLC</b>		
Mr. M. Selvanathan	1	1
<b>Selinsing PLC</b>		
Mr. M. Selvanathan	1	1
<b>Good Hope PLC</b>		
Mr. M. Selvanathan	1	1
<b>Indo-Malay PLC</b>		
Mr. M. Selvanathan	1	1
<b>Equity Two PLC</b>		
Mr. S. K. Shah	9,300	9,300
Mr. W. M. R. S. Dias	200	200

### 18. DIRECTORS

The names of the Directors who served during the year are given under Corporate Information provided in the inner back cover of the Annual Report.

#### 18.1 Directors to retire by rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. W.M.R.S. Dias and Mr. A.S. Amaratunga retire by rotation and being eligible offer themselves for re-election.

#### 18.2 Re-appointment of Directors who are over 70 years of age

In terms of Section 211 of the Companies Act, No. 7 of 2007, Messrs. T. de Zoysa, M. Selvanathan, H. Selvanathan and D. C. R. Gunawardena - Directors who are over 70 years of age were re-appointed as Directors of the Company at the AGM held on 15th August 2022 for a period of one year commencing from the conclusion of the said AGM, i.e. till 15th August 2023.

Upon the recommendation of the Nomination Committee of the Company, the Board has recommended that Messrs. T. de Zoysa, M. Selvanathan, H. Selvanathan and D. C. R. Gunawardena who are over 70 years of age be reappointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting scheduled for 11th August 2023 and that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to the said Directors.



## 19. CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

### 19.1 Board of Directors

The following Directors held office as at the reporting date and their brief profiles are given on pages 7 to 9 of the Annual Report.

Name of the Director	Executive	Non- Executive	Independent
Mr. T. de Zoysa (Chairman) <sup>1</sup>		✓	✓
Mr. H. Selvanathan (Deputy Chairman)	✓		
Mr. M. Selvanathan	✓		
Mr. D. C. R. Gunawardena		✓	
Mr. S. K. Shah		✓	
Mr. R. Theagarajah <sup>2</sup>		✓	✓
Mr. W. M. R. S. Dias		✓	✓
Mr. A. S. Amaratunga		✓	✓
Ms. Sharada Selvanathan	✓		
Mr. M. M. Murugappan		✓	✓
Mr.Y.H.Ong		✓	✓

### Alternate Directors

Mr. Krishna Selvanathan  
(for Mr. M. Selvanathan)

Mr. Sudarshan Selvanathan  
(for Mr. D. C. R. Gunawardena)

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/ Non - Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 4th July 2023, in order to enable the Board of Directors to determine the Independence/ Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

- The Board has determined that Mr. T. de Zoysa is an Independent, Non - Executive Director in spite of being on the Board for more than 9 years, since he is not directly involved in the management of the Company
- The Board has determined that Mr. R. Theagarajah is an Independent, Non - Executive Director in spite of being on the Board for more than 9 years, since he is not directly involved in the management of the Company.

### 19.2 Directors' Meeting Attendance

During the Financial year, the Board of Directors had 8 Board Meetings as follows;

- 3 Virtual Board Meetings via Microsoft Teams ( as permitted by Article 82 (1) (b) of the Articles of Association of the Company.
- 5 Board Meetings by participants assembling physically.

The attendance of the Directors at the Board Meetings are as follows;

Director	Meetings attended (out of 8)
Mr. T. de Zoysa (Chairman)	7/8
Mr. H. Selvanathan (Deputy Chairman)	8/8
Mr. M. Selvanathan	8/8
Mr. D. C. R. Gunawardena	8/8
Mr. S. K. Shah	7/8
Mr. R. Theagarajah	8/8
Mr. W. M. R. S. Dias	7/8
Mr. A. S. Amaratunga	7/8
Ms. Sharada Selvanathan	8/8
Mr. M. M. Murugappan	8/8
Mr.Y.H.Ong	8/8

### 19.3 Board Evaluation

Each Director individually appraises the Board's performance to ensure discharging its responsibilities satisfactorily. This process takes into account and evaluates all aspects in relation to Board responsibilities.

Independent observations made by the Directors are collated and addressed by the Nomination Committee of the Company and recommended as relevant to the Board of Directors for consideration.

### 19.4 Board Sub - Committees

The Board, while assuming the overall responsibility and accountability for the management of the Company, has also appointed Board subcommittees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance Standards of the Listing Rules of the CSE and industry best practices. Accordingly, the following Board subcommittees have been constituted by the Board.

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Related Party Transactions Review Committee

#### 19.4.1 Audit Committee

The Audit Committee of the Company comprises of the following members;

Audit Committee Members

	Executive	Non- Executive	Independent
Mr. A. S. Amaratunga (Chairman)	-	✓	✓
Mr. D. C. R. Gunawardena	-	✓	-
Mr. Y. H. Ong	-	✓	✓

#### Composition

The Audit Committee of the Company being the Parent/ultimate Parent Company of the undermentioned listed companies, functions as the Audit Committee to these companies;

## Annual Report of the Board of Directors on the affairs of the Company

### Investment Sector

Ceylon Guardian Investment Trust PLC  
Ceylon Investment PLC

### Real Estate Sector

Equity Two PLC

### Beverage Sector

Lion Brewery (Ceylon) PLC  
Ceylon Beverage Holdings PLC

### Leisure Sector

Pegasus Hotels of Ceylon PLC

### Plantation Sector

Indo - Malay PLC  
Good Hope PLC  
Selinsing PLC  
Shalimar (Malay) PLC

The Audit Committee Report is given on pages 73 to 74 of this Annual Report.

#### 19.4.2 Remuneration Committee

The Remuneration Committee of the Company comprises of the following members;

Remuneration Committee Members	Executive	Non- Executive	Independent
Mr. T. de Zoysa (Chairman)	-	√	√
Mr. D. C. R. Gunawardena	-	√	-
Mr. R. Theagarajah	-	√	√
Mr. W. M. R. S. Dias	-	√	√

#### Composition

The Remuneration Committee of the Company being the Parent/ultimate Parent Company of the undermentioned listed companies, functions as the Remuneration Committee to these companies;

### Investment Sector

Ceylon Guardian Investment Trust PLC  
Ceylon Investment PLC

### Real Estate Sector

Equity Two PLC

### Beverage Sector

Lion Brewery (Ceylon) PLC  
Ceylon Beverage Holdings PLC

### Leisure Sector

Pegasus Hotels of Ceylon PLC

### Plantation Sector

Indo - Malay PLC  
Good Hope PLC  
Selinsing PLC  
Shalimar (Malay) PLC

#### Scope and Objective

The Remuneration Committee has established a formal and transparent procedure for the development of a remuneration policy which will be reviewed by the Committee when deemed necessary. The remuneration policy has been formulated based on market and industry factors with appropriate incentives to encourage enhanced performance and also in a fair and responsible manner for all group companies.

#### Functions and Proceedings

The Remuneration Committee of CARS recommends to the Board of the Company as well as the subsidiary Companies the remuneration to be paid to the Non-Executive Directors of the respective Companies. Based on the recommendation of the remuneration committee, the respective Boards approve the remuneration to the Non-Executive Directors.

The Chief Executive Officer, Director-in-charge and other members of senior

management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. The Non-Executive Directors are not involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors.

The Committee is authorised by the Board to seek appropriate professional advice internally and externally as and when it considers this necessary.

The Remuneration Committee Charter requires the Committee to meet at least twice a year. During the Financial year, the Remuneration Committee held two (02) meetings and the attendance of the members are as follows;

Remuneration Committee Members	Meetings attended (out of 2)
Mr. T. de Zoysa (Chairman)	2/2
Mr. D.C.R. Gunawardena	2/2
Mr. R. Theagarajah	2/2
Mr. W. M. R. S. Dias	2/2

#### Reporting and Responsibilities

The Committee Chairman reports to the Board on its proceedings on all matters within its duties and responsibilities. The Committee makes recommendations to the Board as deemed appropriate on any area within its scope where action or improvements are needed.

Aggregated remuneration paid to the Non-Executive Directors of the Company are disclosed under Note 15 (d) on page 127 of the Annual Report. Executive Directors are not compensated for their role on the Board.

#### 19.4.3 Nomination Committee

The Nomination Committee of the Company comprises of the following members;

### Nomination Committee Members

	Executive	Non-Executive	Independent
Mr. T. de Zoysa (Chairman)	-	√	√
Mr. R. Theagarajah	-	√	√
Mr. D. C. R. Gunawardena	-	√	-
Mr. W. M. R. S. Dias	-	√	√

### Composition

The Nomination Committee of the Company being the Parent/ultimate Parent Company of the undermentioned listed companies, functions as the Nomination Committee to these companies;

- Equity Two PLC
- Ceylon Beverage Holdings PLC

### Scope and Objective

The primary objective of the Nomination Committee is to lead the process for appointments of new Directors to the Board and the nominations of members to represent the Company in group companies/ investee companies.

### Functions and Proceedings

The Nomination Committee recommends new appointments to the Board. Based on the recommendation of the Nomination Committee, the Board approves the new appointments of Executive and Non-Executive Directors to the Board.

Any Director of the Board and the Chief Executive Officer/Director-in-Charge and other members of senior management may be invited to attend Meetings of the Nomination Committee. The Committee may also invite appointed external consultants to aid the Committee in the discharge of its duties.

The Committee is authorized by the Board to seek appropriate professional advice internally and externally as and when considered necessary.

The Nomination Committee Charter requires the Committee to meet at least twice a year. During the Financial Year, the Committee held two (02) meetings and the attendance of the members are as follows;

Nomination Committee	Meetings attended (out of 2)
Mr. T. de Zoysa (Chairman)	2/2
Mr. R. Theagarajah	2/2
Mr. D. C. R. Gunawardena	2/2
Mr. W. M. R. S. Dias	2/2

### 19.4.4 Related Party Transactions Review Committee

Related Party Transactions Review Committee of the Company comprises of the following members;

Related Party Transactions Review Committee Members	Executive	Non-Executive	Independent
Mr. W. M. R. S. Dias (Chairman)	-	√	√
Mr. R. Theagarajah	-	√	√
Mr. D. C. R. Gunawardena	-	√	-
Mr. H. Selvanathan	√	-	-
Mr. M. Selvanathan	√	-	-
Mr. S. K. Shah	-	√	-

### Composition

The Related Party Transactions Review Committee (RPTRC) of the Company being the Parent/ultimate Parent Company of the undermentioned listed companies, functions as the RPTRC to these companies;

### Investment Sector

Ceylon Guardian Investment Trust PLC  
Ceylon Investment PLC

### Real Estate Sector

Equity Two PLC

### Beverage Sector

Lion Brewery (Ceylon) PLC  
Ceylon Beverage Holdings PLC

### Leisure Sector

Pegasus Hotels of Ceylon PLC

### Plantation Sector

Indo - Malay PLC  
Good Hope PLC  
Selinsing PLC  
Shalimar (Malay) PLC

The Related Party Transactions Review Committee Report is given on page 72 of this Annual Report.

### Declaration

The Directors have made self-declarations for the purpose of identifying parties related to them. The said declarations were noted at the Related Party Transactions Review Committee Meetings.

The Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions, during the financial year.

### Related Party Transactions Exceeding 10% of the Equity or 5% of the Total Assets of the Company

The Directors declare in terms of the requirements of the Listing Rules of the Colombo Stock Exchange that the transactions carried out by the Company with its Related Parties during the year ended 31st March 2023, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2023.

The details of the Related Party Transactions are given in Note 51 on page 200 to 202 of the Financial Statements.

## Annual Report of the Board of Directors on the affairs of the Company

### Non-Recurrent Related Party Transactions

There were no Non-Recurrent Related Party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per audited Financial Statements of 31st March 2023, which required additional disclosures in the Annual Report of 2022/23 under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

### Recurrent Related Party Transactions

All the Recurrent Related Party transactions which in aggregate value exceeded 10% of the revenue of the Company as per 31st March 2023 audited Financial Statements are disclosed under Note 51 to the Financial Statements, as required by Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

## 20. INTERNAL CONTROL AND RISK MANAGEMENT

The ultimate responsibility to establish, monitor and review a company-wide internal control system rests with the Board of Directors. The intensity, depth and the tolerance limits for each components of the internal control system would be based on the weight of the elements of risk imposed on the sustenance of the business by the respective area of operation. Whilst a strong internal control system would mitigate the crystallization of risk elements to a greater extent, employment of external support structures would also be necessary based on the risk assessments made thereon.

Effective maintenance of internal controls and risk indication and mitigation is handed down to the respective members of senior management within the guidelines of benchmark policies, procedures and authority limits clearly laid down.

Group internal Audit, whose scope of scrutiny is entirely driven by grading of the risk involved, will be monitoring and providing feedback to the Management and the Audit Committee. Regular submission of compliance and internal solvency certificates vouched by the Heads of the respective divisions as a mandatory agenda item keeps the Directors abreast of the position of the Company's resource base and governance requirements.

This allows the Board to have total control of the fulfillment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. A comprehensive description of the risk management strategies of the Company are given on pages 41 to 47 in the Annual Report.

## 21. INDEPENDENT AUDITORS

### 21.1 Company

Company's Auditors during the year under review was Messrs KPMG, Chartered Accountants.

A sum of Rs. 1,691,000 was paid to them by the Company as audit fees for the year ended 31st March 2023 (2022 - Rs. 1,470,000 in addition they were paid Rs. 100,000 (2022 - Rs. 100,000) by the Company as fees for audit related services.

The retiring Auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Independent Auditors of the Company and authorizing the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and their relationship with the Company, including the level of audit and non-audit fees paid to the Auditors.

### 21.2 Group

The group works with firms of Chartered Accountants in Sri Lanka and abroad, namely, KPMG and Ernst & Young. Details of audit fees are set out in Note 15 (b) of the financial statements.

### 21.3 Auditors' relationship or any interest with the Company

The Directors are satisfied that, based on written representations made by the Independent Auditors to the Board, the Auditors do not have any interest with the Company that would impair their independence.

### 21.4 Independent Auditor's Report

The independent Auditor's Report on the Financial Statements is given on pages 75 to 82 of this Annual Report.

## 22. DIVIDEND

The Company paid a first interim dividend of Rs.1/50 per Ordinary Share for the year ended 31st March 2023 as per the announcement made to the Colombo Stock Exchange on 27th June 2022.

The details of the said Dividend payment is given on page 134 of the Annual Report.

The Board has declared a first interim dividend of Rs.2/10 per share for the financial year 2023/24 on 4th July 2023.

An announcement was made to the CSE pertaining to the said Dividend on 4th July 2023.

### 23. SOLVENCY TEST

As required by Sec. 56(3) of the Companies Act, No. 7 of 2007, the Directors had signed the Solvency Statement confirming that the Board has reasonable grounds to believe that the Company would satisfy the Solvency Test immediately after the distribution is made pertaining to the First Interim Dividend of Rs. 1/50 per Ordinary share for the year ended 31st March 2023 and Rs.2/10 per Ordinary share for the financial year ending 31st March 2024.

As per Sec. 56(2) of the Companies Act, the Board had obtained a Certificate of Solvency from the Company's Auditors, KPMG, Chartered Accountants in relation to the said First Interim Dividend for the year ended 31st March 2023 and Rs.2/10 per Ordinary share for the financial year ending 31st March 2024.

### 24. STATED CAPITAL

The Stated Capital of the Company as at 31st March 2023 was Rs.1,114,651,929/- consisting of 196,386,914 Ordinary shares. There was no change in the Stated Capital of the Company during the year.

### 25. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments have been paid up to date or have been provided for in these financial statements.

### 26. OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company lawyers, litigations currently pending against the Company will not have material impact on the reported financial results of future operations of the Company. Details of litigations pending against the Company and the Group are given in Notes 49 (iii) and 43 (d) respectively.

### 27. GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that has the resources to continue in business for the foreseeable future. The Group's businesses recorded a strong growth in profitability compared to previous year owing to the positive consumer sentiment, global commodity pricing and the effectiveness of business strategies adopted by the management.

In determining the basis of preparing the financial statements for the year ended 31st March 2023, based on available information, the management has assessed the prevailing uncertain and Volatile macro-economic environment and its impact on the Group companies operating in Sri Lankan domain and the appropriateness of the use of the going concern basis.

Based on these proactive analyses and actions plans, our operating model consisting of diversified businesses both regionally and industry wise, Group is confident that we are well placed. Therefore Group envisages no impact on the Group business continuity and expects to manage the above challenges effectively.

Furthermore, with the information available as at present the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

### 28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

#### 28.1 Disposal of subsidiary - Arani Agro Oil Industries Limited

Premium Nutrients Private Limited a fully owned subsidiary of Goodhope Asia Holdings Limited, disposed of its entire holding (100%) in Arani Agro Oil Industries Limited, a company incorporated in India, to a non-related company on 5th January 2023, for a total consideration of USD 8,999,000/-.

#### 28.2 Sale of Shares of Guardian Acuity Asset Management Limited held by Ceylon Guardian Investment Trust PLC

Ceylon Guardian Investment Trust PLC (CGIT/Company) disposed its entire holding of 3,500,000 ordinary shares held in Guardian Acuity Asset Management Limited (GAAM/Joint Venture) on 13th January 2023, being 50% of the issued shares of GAAM held by CGIT to CT CLSA Holdings Limited, who is a non-related party to CGIT, at a consideration of Rs.50,762,922/50 which is based on the Net Asset Value and the Asset Under Management of GAAM at the time of share transfer.

#### 28.3 Amalgamation of Subsidiary

Pearl Springs (Private) Limited amalgamated with Lion Brewery (Ceylon) PLC with effect from 31st January 2023. Millers Brewery Limited (MBL) became a 100% owned subsidiary of Lion Brewery (Ceylon) PLC in Q4 FY 2022/23.

#### 28.4 Delisting of Subsidiaries

Indo-Malay PLC, Good Hope PLC, Selinsing PLC and Shalimar (Malay) PLC (collectively referred to as '4MPCs'), subsidiaries made disclosures to the Colombo Stock Exchange on 17th May 2023 pertaining

## Annual Report of the Board of Directors on the affairs of the Company

to the decision of the Board of Directors to delist the shares of the said companies from the Official List of the CSE subject to obtaining shareholder and regulatory approvals.

The 4MPCs convened Extraordinary General Meetings on 19th June 2023 to seek the sanction of the shareholders for the above delisting and that the resolution giving effect to delist the shares of the 4MPC from the official list of the CSE was passed by the shareholders as required by Rule 5 (2) (a) of the Securities and Exchange Commission (SEC) Rules 2001. Subsequent to obtaining the shareholder approval, the 4MPCs have forwarded applications to the SEC in terms of Rule 5(1) of the SEC Rules, 2001 on 22nd June 2023 and awaiting for SEC's decision on the said applications made by the 4MPCs.

### 29. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The contingent liabilities and commitments made on account of capital expenditure as at 31st March 2023 are given in note 49 to the financial statements.

The contingent liabilities and commitments made on account of capital expenditure as at 31st March 2023 are given in note 49 to the financial statements.

### 30. RESEARCH AND DEVELOPMENT

The Group has an active approach to research and development and recognises the contribution that it can make to the Group's operations. Significant expenditure has taken place over the years and substantial efforts will continue to be made to introduce new products and processes and develop existing products and processes to improve operational efficiency.

### 31. CORPORATE SOCIAL RESPONSIBILITIES (CSR)

Carson Cumberbatch PLC and its subsidiaries have engaged in a variety of CSR initiatives on the fundamental premise of supporting sustainable and holistic socioeconomic development of the country, and also in the region where its business interests lie. The detailed report consisting of completed and ongoing initiatives are included in the sustainability section of the Annual Report.

### 32. HUMAN RESOURCE

The Group continued to invest in Human Capital Development and implementing effective Human Resource practices and policies to develop and build an efficient and effective workforce aligned around new business priorities and to ensure that its employees are developing the skills and knowledge required for the future success of the Group.

The number of persons employed by the Group as at 31st March 2023 was 14,964 [31st March 2022 - 13,407]. The Company had no employees as at 31st March 2023 [2022 - Nil].

### 33. EQUITABLE TREATMENT TO SHAREHOLDERS

The Company endeavours at all times to ensure equitable treatment to all Shareholders..

### 34. ENVIRONMENT PROTECTION

The Company is sensitive to the needs of the environment and makes every endeavour to comply with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the Management, the Directors are satisfied that the Company operates in a manner that minimizes the detrimental effects on the environment and provides services that have a beneficial effect on the customers and the communities within which the Company operates.

### 35. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than those disclosed in Note 50 to the financial statements, if any.

### 36. SHARE INFORMATION

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 48 and 53 of this Annual Report.

### 37. MAJOR SHAREHOLDERS

Twenty Major Shareholders - Ordinary Shares.

No. of Shares as at 31st March	2023	%	2022	%
Bukit Darah PLC A/C No 2	89,706,431	45.68	89,706,431	45.68
Tower Investments (Pvt) Ltd	20,927,425	10.66	20,927,425	10.66
Fulcrum (Private) Limited	19,231,059	9.79	19,231,059	9.79
Newgreens Limited	14,747,670	7.51	14,747,670	7.51
Portelet Limited	14,747,670	7.51	14,747,670	7.51
Employee's Provident Fund	5,602,586	2.85	5,602,586	2.85
Mr. N. Ramaiah	5,543,473	2.82	5,543,473	2.82
Mr. V. Nataraj	5,150,521	2.62	2,542,074	1.29
Goodhope Holdings(Pvt) Limited.	2,167,187	1.10	2,167,187	1.10
GF Capital Global Limited	1,885,341	0.96	1,875,341	0.95
Mr. M. Selvanathan	1,805,146	0.92	1,805,146	0.92
Ceylon Finance and Securities (Private) Ltd	1,606,251	0.82	1,606,239	0.82
Skan Investments (Pvt) Limited.	1,462,537	0.74	1,462,537	0.74
Mrs. M.N.C. Pellizzari	939,801	0.48	939,801	0.48
Pershing LLC S/A Auerbach Grayson And Co.	784,275	0.40	769,388	0.39
Mr. Satish Selvanathan	703,348	0.36	703,348	0.36
Mr. K.C. Vignarajah	470,926	0.24	468,862	0.24
Interkrish Investment Company (Pvt) Limited.	454,488	0.23	454,488	0.23
Mr. M. Selvanathan and Mr. H. Selvanathan	449,820	0.23	449,820	0.23
Krish Investment Company (Pvt) Ltd.	441,523	0.22	441,523	0.22

### 38. ANNUAL REPORT

The information provided herein is in pursuance of the requirements of the Companies Act No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors have approved the Financial Statements of the Company together with the Reviews which form part of the Annual Report on 17th July 2023. The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies, within applicable time frames.

### 39. ANNUAL GENERAL MEETING

One Hundred and Tenth Annual General Meeting of the Company will be held on Friday, the 11th day of August 2023 at 9.00 a.m. at the Auditorium, the Institute of Chartered Accountants of Sri Lanka, Ground Floor, 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 210 of the Annual Report.

Signed on behalf of the Board

(Sgd.)  
Mr. M. Selvanathan  
Director

(Sgd.)  
Mr. D. C. R. Gunawardena  
Director

(Sgd.)  
K.D. De Silva (Mrs.)  
Director  
Carsons Management Services  
(Private) Limited  
Secretaries

Colombo  
17th July 2023

# Statement of Directors' Responsibility

The Statement sets out the responsibility of the Board of Directors, in relation to the Financial Statements of Carson Cumberbatch PLC and the Consolidated Financial Statements of the Company and its Subsidiaries (the Group). The responsibilities of the External Auditors in relation to the Financial Statements are set out in the "Independent Auditors' Report" given on pages 75 to 82.

In terms of Sections 150 (1), 151, 152 and 153 (1) and (2) of the Companies Act No. 07 of 2007, the Board of Directors of the Company are responsible for ensuring that the Group and the Company keep proper books of account of all the transactions and prepare Financial Statements that give a true and fair view of the financial position of the Group and the Company as at end of each financial year and place them before a general meeting. The Financial Statements comprise of the Statement of Financial Position as at 31st March 2023, the Income Statement and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Board of Directors confirm that the Financial Statements of the Group and the Company give a true and fair view of the

- financial position of the Group and the Company as at March 31, 2023; and
- financial performance of the Group and the Company for the financial year then ended.

## COMPLIANCE REPORT

The Board of Directors also wishes to confirm that:

- (a) appropriate Accounting Policies have been selected and applied in preparing the Financial Statements exhibited on pages 93 to 113 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained;
- (b) the Financial Statements for the year 2023, prepared and presented in this Annual Report are in agreement with the underlying books of account and are in conformity with the requirements of the following:
  - Sri Lanka Accounting Standards;
  - Companies Act No. 07 of 2007 (Companies Act);
  - Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
  - Listing Rules of the Colombo Stock Exchange (CSE), and
- (c) proper accounting records which correctly record and explain the Company's transactions have been maintained as required by Section 148 (1) of the Companies Act to determine at any point of time the Company financial position, with reasonable accuracy, enabling preparation of the Financial Statements, in accordance with the Companies Act to facilitate proper audit of the Financial Statements;
- (d) they have taken appropriate steps to ensure that the Group and the Company maintain proper books of account and review the financial reporting system directly by them at their regular meetings and also through the Audit Committee. The Report of the said Committee is given on pages 73 to 74 The Board of Directors approves the Interim Financial Statements following a review and recommendation by the Audit Committee;
- (e) they accept responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report;
- (f) they have taken reasonable measures to safeguard the assets of the Group and the Company and to prevent and detect frauds and other irregularities. In this regard, the Board of Directors have instituted what they reasonably believe is an effective and comprehensive system of internal controls comprising internal checks, internal audit and financial and other controls required to carry on the business in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records.
- (g) to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its Subsidiaries, and all other known statutory dues as were due and payable by the Company and its Subsidiaries as at the reporting date have been paid or, where relevant, provided for.



- (h) as required by Section 56 (2) of the Companies Act, they have authorized distribution of the dividends paid upon being satisfied that the Company would satisfy the solvency test after such distributions are made in accordance with Section 57 of the Companies Act and have obtained in respect of dividends paid, necessary certificates of solvency from the External Auditors;
- (i) as required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company as required by the Rule 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE;
- (j) that all shareholders in each category have been treated equitably in accordance with the original terms of issue;
- (k) that the Company has met all the requirements under Rule 7 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable;
- (l) that after considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the "Code of Best Practice on Corporate Governance" issued by the CA Sri Lanka, the Board of Directors have a reasonable expectation that the Company and its Subsidiaries possess adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements;
- (m) the Financial Statements of the Group and the Company have been certified by the Director - Finance, Carsons Management Services (Pvt) Ltd, the Secretariat who is responsible for the preparation of accounts, as required by Sections 150 (1) (b) and 152 (1) (b) of the Companies Act and also have been signed by Two Directors of the Company on 17th July 2023 as required by Sections 150 (1) (c) and 152 (1) (c) of the Companies Act and other regulatory requirements; and
- (n) the Company's External Auditors, Messrs. KPMG who were appointed in terms of Section 158 of the Companies Act and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors together with all the financial records, related data and minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on pages 75 to 82.
- Accordingly, the Board of Directors are of the view that they have discharged their responsibilities as set out in this Statement.
- By Order of the Board,
- (Sgd.)  
K.D. De Silva (Mrs)  
Director  
Carsons Management Services  
(Private) Limited.  
Secretaries
- Colombo  
17th July 2023

# Report of the Related Party Transactions Review Committee

As allowed by the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee (RPTRC) of Carson Cumberbatch PLC (CCPLC) functions as the RPTRC of the Listed Companies of the Carsons Group.

## COMPOSITION OF THE COMMITTEE

The Members of the RPTRC are as follows:

RPTRC Members	Executive/Non-Executive/Independent
Mr.W.M.R.S. Dias (Chairman)	Non-Executive, Independent
Mr.D.C.R. Gunawardena	Non-Executive
Mr.H. Selvanathan	Executive
Mr.M. Selvanathan	Executive
Mr.S.K. Shah	Non-Executive
Mr.R. Theagarajah	Non-Executive, Independent

## MEETINGS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

CCPLC-RPTRC held One (01) Meeting in each calendar quarter and a total of Four (04) RPTRC Meetings were held during the financial year (02 virtual meetings and 02 physical meetings). In addition, the approval of the RPTRC Members were sought via 16 Circular Resolutions during the financial year.

The attendance of the Members at Committee Meetings were as follows:

RPTRC Members	Meetings attended
Mr.W.M.R.S. Dias (Chairman)	4/4
Mr.D.C.R. Gunawardena	4/4
Mr.H. Selvanathan	4/4
Mr.M. Selvanathan	3/4
Mr.S.K. Shah	4/4
Mr.R. Theagarajah	4/4

## PURPOSE OF THE COMMITTEE

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the Listed Companies of the Carsons Group, other than those exempted by the Carsons Group RPT Code, prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

## POLICIES AND PROCEDURES

- The RPTRC reviews the relevant Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the respective Companies are necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.
- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether it is recurrent or non-recurrent in nature.
- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.
- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

The self-declarations from the Directors and Key Management Personnel are obtained for the purpose of identifying parties related to them. Further, the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable have been documented even

in the case of once approved recurrent transactions which are of operational nature, which as per the Carsons Group RPT Code need not be repeatedly approved, if within the broad thresholds.

The RPTRC in discharging its function endeavours to ensure that :

- there is compliance with the Carsons Group RPT Code;
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee has a criteria for designating Carsons Group Key Management Personnel (KMP) and quarterly disclosures are made by the KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2022 to 31st March 2023 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)  
**W.M.R.S. Dias**  
 Chairman – Related Party Transactions Review Committee  
 Carson Cumberbatch PLC

Colombo  
 17th July 2023

# Audit Committee Report

As allowed by the Listing Rules of the Colombo Stock Exchange, the Audit Committee of Carson Cumberbatch PLC (CCPLC) being the Parent/ultimate Parent Company of the undermentioned listed companies, also functions as the Audit Committee to these companies:

#### Investment Sector:

Ceylon Guardian Investment Trust PLC  
Ceylon Investment PLC

#### Real Estate Sector:

Equity Two PLC

#### Beverage Sector:

Lion Brewery (Ceylon) PLC  
Ceylon Beverage Holdings PLC

#### Leisure Sector:

Pegasus Hotels of Ceylon PLC

#### Plantation Sector:

Selinsing PLC  
Indo-Malay PLC  
Good Hope PLC  
Shalimar (Malay) PLC

The Audit Committee consists of the following Members:

- Mr. A.S. Amaratunga (Chairman)**  
A Non-Executive, Independent Director of CCPLC, is also a Non-Executive, Independent Director of Hemas Holdings PLC, Chairman of Hemas Holdings PLC-Audit Committee, Member of MAS Holdings Audit Committee and a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of CCPLC.
- Mr. D.C.R. Gunawardena**  
A Non-Executive Director of CCPLC and in most of its Group Companies. Mr.Gunawardena is a Fellow of the Chartered Institute of Management Accountants, U.K.

- Mr. Y.H. Ong**

A Non-Executive, Independent Director of CCPLC. He is also an Independent Non-Executive Director, Chairman of the Audit Committee and Member of the Nominating Committee of Singapore Power Ltd. and Capitaland Group Pte Ltd. He has served as an Independent Director of United Overseas Bank Ltd., Singapore. Mr.Ong had also served at Ernst & Young, Singapore for 30 years and was involved in audit and financial advisory work.

### MEETINGS OF THE AUDIT COMMITTEE

As allowed by the CCPLC-Audit Committee Charter, CCPLC-Audit Committee held nineteen (19) virtual Meetings during the financial year and the attendance of the Members were as follows:

Audit Committee Members	Meetings attended
Mr. A.S. Amaratunga (Chairman)	19/19
Mr. D.C.R. Gunawardena	19/19
Mr. Y.H. Ong	19/19

Matters pertaining to the Company, as well as of the companies coming within the purview of Carson Cumberbatch PLC-Audit Committee were discussed at the Meetings. The Chief Executive Officer/Country Head (Sri Lanka)/Head of Finance and senior management staff members of the respective companies, internal auditors and senior management staff members of Carsons Management Services (Private) Limited, who provides secretariat services/Managers to Group Companies also attended the Audit Committee Meetings by invitation.

The Audit Committee met the External Auditors of the Company, as well as the External Auditors of the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC, twice during the year to discuss the

audit plan, scope and outcomes from the review, including Key Audit Matters and to deliberate the draft Financial Report and Accounts of the Company/Sectors at the completion stage of the audit. Committee also provides the opportunity to the External Auditors of the Company, as well as the External Auditors of the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC, to provide matters of importance via a private audience.

Following the Audit Committee Meetings, the Chairman-Audit Committee issues a written update for circulation to the Company Board, and also to the Boards of the companies coming within the purview of the Audit Committee of CCPLC, as relevant, indicating the important matters discussed and decisions taken in respect of each Company. In addition, Minutes/extracts of the Minutes of Audit Committee Meetings are circulated to the Board of Directors of the Company/Companies coming within the purview of the Audit Committee of CCPLC.

### PURPOSE OF THE AUDIT COMMITTEE

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures, and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes. Also, to select the Company's External Auditors and implement a direct reporting relationship with them and ensuring their independence.

## Audit Committee Report

### FINANCIAL STATEMENTS

The interim financial statements of both, the Company and of the companies coming within the purview of the Audit Committee of CCPLC have been reviewed at meetings of the Audit Committee, prior to approval by the Board of Directors and release of same to the Regulatory Authorities and to the shareholders.

Based on reporting and compliance requirements, the Audit Committee discussed Audit Matters tabled by Messrs. KPMG for inclusion in the audit report.

The financial statements for the year ended 31st March 2023 which are incorporated in the Annual Report of the Company and of the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC, were reviewed at meetings of the Audit Committee, together with the External Auditors, Messrs. KPMG and Ernst & Young (pertaining to Plantation Sector Companies) and were recommended for the approval of the Boards of the respective companies, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by Carsons Management Services (Private) Limited, Secretariat, Managers, Chief Executive Officers, Heads of Finance of the respective companies and Agro Harapan Lestari (Private) Limited-Managers, as relevant confirming that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

### INTERNAL AUDIT

The objective of Group Internal Audit (GIA) is to have an independent review of the system of internal controls as established by the management, its adequacy and

integrity vis-à-vis objectives served and to determine the extent of adherence to the controls by staff responsible for a function and to take corrective action where necessary.

GIA carried out detailed audits in respect of the Beverage Sector, Investment Sector, Real Estate Sector and the Leisure Sector companies and the audits were based on the audit plans formulated and approved by the Audit Committee for the financial year.

The findings and contents of the GIA reports were discussed with relevant management staff and subsequently these audit reports were circulated to the Audit Committee and to senior management, providing an overview of the control environment and where relevant enabling visibility of corrective and preventive measures taken.

In the case of Overseas Indonesian Plantation companies coming under the purview of Goodhope Asia Holdings Limited (GAHL), the Plantation Sector Holding Company, the audit matters thereon are reported to the GAHL-Audit Committee.

During the year GIA also conducted an analysis to benchmark its People, Processes and Systems with the standards of Institute of Internal Auditors (IIA). Based on the outcomes, a roadmap was established to improve its functions, activities and the role.

### EXTERNAL AUDIT

The Committee and Management reviewed and discussed with External Auditors their Letter of Engagement and Audit Plan prior to the commencement of audit field work, and the Committee followed up on the observations noted by the External Auditors during the Audit and after.

The Members of the Audit Committee have determined that the independence of Messrs.KPMG, Chartered Accountants

has not been impaired by any event or service that gives rise to a conflict of interest. The Committee also reviewed arrangements made by the Auditors to maintain their independence, and confirmation has been received from the Auditors of their compliance with the guidance on independence given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2024, subject to the approval of the shareholders of Carson Cumberbatch PLC at the Annual General Meeting.

### AUDIT COMMITTEE'S REPORTING STRUCTURE

Equity One Limited, Equity Hotels Limited, Rubber Investment Trust Limited, Guardian Fund Management Limited, Millers Brewery Limited, Carsons Airline Services (Private) Limited, Carsons Management Services (Private) Limited, Equity Three (Private) Limited, Leechman & Company (Private) Limited, Pubs 'N Places (Private) Limited, Luxury Brands (Private) Limited and Retail Spaces (Private) Limited have not formed their own Audit Committees, and audit aspects of these companies are covered under the direct jurisdiction of Carson Cumberbatch PLC-Audit Committee.

(Sgd.)

A.S. Amaratunga  
Chairman – Audit Committee  
Carson Cumberbatch PLC

17th July 2023

# Independent Auditor's Report



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(Chartered Accountants)  
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## TO THE SHAREHOLDERS OF CARSON CUMBERBATCH PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Carson Cumberbatch 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 2023, and the statement 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 as set at on pages 83 to 202 of this annual report.

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 2023, 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's financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company's 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.

## Independent Auditor's Report



Revenue Recognition	
Risk Description	Our responses
<p>Refer Note 5 (accounting policy) and Note 8 to the Financial statements.</p> <p>The Company recorded revenues of Rs. 1,267 Mn for year ended 31st March 2023 and Group recorded revenue of Rs. 330,459 Mn for the year ended 31st March 2023.</p> <p>Whilst revenue recognition and measurement is not complex for the Company, the subsidiaries operates in a market which is affected by different customer behavior and the various discounts and locally imposed duties and fees in regard to revenue recognition introduce an inherent risk to the revenue recognition process. This, together with the focus on volumes and revenue as key performance measures resulted in revenue being selected as a key audit matter.</p>	<p>Our audit procedures included:</p> <p>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sales transactions.</p> <p>Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment with the assistance of IT specialists.</p> <p>Obtaining an understanding and testing design, implementation and operating effectiveness of controls over journal entries and post-closing adjustments.</p> <p>Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts, underlying goods delivery and acceptance notes, where appropriate, to assess whether the related revenue was recognized in accordance with the Company's revenue recognition accounting policies.</p> <p>Agreeing the monthly sales system reports to the general ledger to ensure that the revenue is accounted accurately and completely in the general ledger.</p> <p>On a sample basis, testing that sales have been recognized in the correct accounting period and evaluating whether there are any significant product returns after the year end.</p>



Carrying value of investments in financial instruments	
Risk Description	Our responses
<p>Refer Note 5 (accounting policy) and Note 28- 29 to the Financial statements.</p> <p>The financial investments of the Group as at 31st March 2023 comprises FVTPL financial assets amounting to Rs. 9,050 Mn and FVOCI financial assets amounting to Rs. 11,459 Mn. As at the reporting date, the Group's FVTPL portfolio is made up of listed equity investments amounting to Rs.8,245 Mn, unlisted equity investments amounting to Rs.143 Mn, investment in debt securities Rs. 420 Mn and unit trust investments amounting to Rs. 242 Mn.</p> <p>Investment in listed equity and unit trust investments are measured based on quoted market prices. Unlisted equity instruments require the exercise of judgment and the use of estimates and assumptions as observable market prices or market parameters are not available. For such instruments, the fair value is determined through the use of valuation techniques or models applied by the Group.</p> <p>As a result of the prevailing uncertain and volatile macro-economic environment, volatility in the financial markets has increased. The Group has recorded a fair value gain of Rs.923 Mn, compared to the fair value loss of Rs.1,776 Mn recorded in the previous year.</p> <p>Due to the materiality of the FVTPL and FVOCI financial instruments in the context of the financial statements, degree of judgement involved in making assumptions in arriving at valuations and measurement uncertainty created due to the prevailing uncertain macro-economic environment, we considered valuation of FVTPL and FVOCI financial instruments as a Key Audit Matter.</p>	<p>Our audit procedures included:</p> <p>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key controls in relation to the investment valuation process.</p> <p>Checking the Central Depository Systems (CDS) statements to verify the existence, completeness and accuracy of the number of quoted shares and agreeing the market price as of 31st March 2023 with the Colombo Stock Exchange (CSE) prices.</p> <p>Checking the number of units and the unit price as at 31st March 2023 with the external confirmations received from the Unit Trust Management Company to verify the existence, accuracy and completeness;</p> <p>Assessing the appropriateness of the valuation techniques used by the Group in valuing the unquoted equity instruments as at 31st March 2023;</p> <p>Assessing and challenging the key assumptions, inputs and judgments used in the valuation of the unquoted equity instruments by;</p> <ul style="list-style-type: none"> <li>• Comparing the assumptions to expectations based on current trends and investee industry knowledge.</li> <li>• Challenging the management on key assumptions used to generate forward looking cash flow and revenue estimates and other key assumptions used in the valuation process such as discount rates, liquidity adjustments etc;</li> </ul> <p>Assessing the adequacy of disclosure in the financial statements in relation to the fair valuation of the financial investments as required by the accounting standards.</p>

## Independent Auditor's Report



Valuation of Land and Buildings	
Risk Description	Our Response
<p>Refer Note 5 (accounting policy) Note 20 and Note 23 to the Financial statements.</p> <p>As at the reporting date, freehold land and buildings carried at the fair value, classified as Property, Plant and equipment and Investment Properties amounted to Rs. 11,284 Mn and Rs. 5,670 Mn respectively. The fair value of these properties were determined by the professional external valuer engaged by the Group management.</p> <p>The valuation of Land and buildings is considered as a significant audit risk due to the materiality of the carrying amount and the subjective nature of property valuations using level 3 assumptions which depend on the nature of property, its location, expected future net rental values, market yields, capitalization rates, per perch price, value for squire foot and comparable market transactions. A change in the key assumptions will have a significant impact to the valuation.</p>	<p>Our audit procedures included:</p> <p>Assessing the objectivity, independence, competence and professional qualifications of the external valuer.</p> <p>Assessing the appropriateness of the valuation techniques used by the external valuer, taking into account the profile of the investment properties.</p> <p>Compare with alternative valuation methods in order to determine the highest and best use of the property.</p> <p>Discussions with management and the external valuer and comparing the key assumptions used against externally published market comparable or industry data where available and challenging the reasonableness of key assumptions in particular rental rates, capitalization rates, occupancy rates, per perch price and value for squire foot based on our knowledge of the business and industry and internal benchmarks.</p> <p>Discussions with the management and the external valuer in relation to the sensitivity of the key assumptions to the valuation due to the prevailing uncertain macro-economic environment.</p> <p>Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.</p>





Carrying value of Brands acquired	
Risk Description	Our Response
<p>Refer Note 5 (accounting policy) and Note 24 to the Financial statements.</p> <p>The subsidiary, Lion Brewery (Ceylon) PLC has recognized an intangible asset relating to Brands acquired with a carrying value of Rs. 321 Mn as at the reporting date.</p> <p>The annual impairment testing relating to the brand which is an indefinite life intangible asset is considered to be a key audit matter due to the significant judgment required in determining the assumptions to be used to estimate the recoverable amount.</p> <p>The recoverable amount of the CGU, which is based on the higher of the value in use or fair value less costs of disposal, has been derived from a discounted forecast cash flow model. This model uses several key assumptions, including estimates of future sales volumes, contribution growth rate, terminal value growth rates and the cost of equity (discount rate).</p>	<p>Our audit procedures included:</p> <p>Evaluating the appropriateness and consistency of underlying assumptions via corroborating estimates of future cash flows and discussing whether they are reasonable and supported by the most recent approved management budgets, including expected future performance of the CGUs, and discussing whether these are appropriate in light of future macro-economic expectations in the markets including prevailing uncertain and volatile macro-economic conditions within the country and our own assessment based on the knowledge of the Subsidiary and the industry.</p> <p>Recomputing and comparing the data used in the forecasted cash flow model with information maintained by management and historical trends.</p> <p>Assessing the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments.</p>

## Independent Auditor’s Report



Impairment assessment of bearer plants and valuation of biological assets	
Risk Description	Our Response
<p>Refer Note 5 (accounting policy) and Note 21 and 22 to the Financial statements.</p> <p>The carrying values of bearer plants of the Plantation sector subsidiaries were tested for impairment based on internal valuations. The recoverable values of the Plantation Assets have been established based on their cash generating potential over their useful economic life on a ‘Going Concern’ basis. Significant risk has identified due to the significant judgment required in determining the assumptions to be used to estimate the recoverable amount.</p> <p>As at 31March 2023, the fair value of biological assets amounted to Rs.4,086 Mn. The biological assets are related to agricultural produce growing on bearer plant which referred as Fresh Fruit Bunches (FFB). The fair value of biological assets was based on market prices and the estimated yield, net of maintenance and harvesting costs, and estimated cost to sell. The estimated yield is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel. Point-of-sale costs include all costs that would be necessary to sell the assets. Significant risk has identified due to judgmental nature involves in determination of fair values.</p>	<p>Our audit procedures included:</p> <p>Communicating with the component auditors on audit approach in respect of bearer plant and biological assets to ensure cover following;</p> <ul style="list-style-type: none"> <li>• Evaluating reasonableness of cash flows and related assumptions associated with deriving the fair value of biological assets and impairment assessment of bearer plant.</li> <li>• Assessing the key assumptions and methodology used in the valuation, in particular the discount rate, and average market price by comparing with industry norms that are generally accepted.</li> <li>• Assessing the adequacy of the related disclosures in the financial statements and consistency with the accounting policies.</li> <li>• Reviewing component auditors workpapers where necessary</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. We have nothing to report in this regard.

### 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

## Independent Auditor's Report



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.

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 3707.

CHARTERED ACCOUNTANTS  
Colombo, Sri Lanka

17th July 2023

# Income Statement

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2023	2022	2023	2022
<b>Continuing operations</b>					
Revenue	8	330,458,690	170,694,625	1,267,173	818,557
Direct operating expenses		(237,472,167)	(125,562,575)	-	-
<b>Gross profit</b>		<b>92,986,523</b>	<b>45,132,050</b>	<b>1,267,173</b>	<b>818,557</b>
Other income	10	3,731,665	1,649,731	-	-
Administrative expenses		(21,118,866)	(11,164,003)	(211,700)	(78,575)
Distribution expenses		(14,700,515)	(7,715,399)	-	-
Other operating expenses	11	(780,518)	(1,014,423)		
Impairment /Write off of business assets	12	(353,229)	(1,076,698)	-	-
Foreign exchange gains/(losses)	13	(507,410)	957,438	(8,364)	(81,825)
<b>Profit from operations</b>		<b>59,257,650</b>	<b>26,768,696</b>	<b>1,047,109</b>	<b>658,157</b>
Net finance costs	14	(14,615,590)	(6,510,915)	(500,506)	(146,213)
Change in fair value of investment properties	23	578,712	578,208	-	-
Change in fair value of biological assets	22	(3,696,464)	3,347,692	-	-
Change in fair value of Financial assets - fair value through profit or loss	28	923,001	(1,775,689)	18,157	1,339
Share of net results of equity accounted investee	27	(13,787)	(34,026)	-	-
<b>Profit before tax</b>	15	<b>42,433,522</b>	<b>22,373,966</b>	<b>564,760</b>	<b>513,283</b>
<b>Tax expense</b>	16	<b>(15,075,647)</b>	<b>(7,722,096)</b>	<b>(945)</b>	<b>(1,154)</b>
<b>Profit from continuing operations</b>		<b>27,357,875</b>	<b>14,651,870</b>	<b>563,815</b>	<b>512,129</b>
<b>Discontinued operations</b>					
Loss from discontinued operations, (net of tax)	34	(649,745)	(40,694)	-	-
Gain on disposal of joint venture	34	5,001	-	-	-
Gain on disposal of subsidiary	34	2,289,088	322,138	-	-
Net impact from discontinued operations, (net of tax)		1,644,344	281,444	-	-
<b>Profit for the year</b>		<b>29,002,219</b>	<b>14,933,314</b>	<b>563,815</b>	<b>512,129</b>
<b>Profit/(loss) Attributable to:</b>					
Owners of the Company					
Profit from continuing operations, (net of tax)		12,852,418	7,053,614	563,815	512,129
Profit from discontinued operations, (net of tax)		877,228	300,858	-	-
		13,729,646	7,354,472	563,815	512,129

## Income Statement

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2023	2022	2023	2022
<b>Non controlling interest</b>					
Profit from continuing operations, (net of tax)		14,505,457	7,598,256	-	-
Profit/(Loss) from discontinued operations, (net of tax)		767,116	(19,414)	-	-
		15,272,573	7,578,842	-	-
Basic earnings per share (Rs.)	17	69.91	37.45	2.87	2.61
Basic earnings per share - Continuing operations (Rs.)	17	65.44	35.92	2.87	2.61
Basic earnings per share - Discontinued operations (Rs.)	17	4.47	1.53	-	-
Dividend Per ordinary share (Rs.)	19	1.50	1.50	1.50	1.50
Earnings before interest, tax, depreciation and amortisation (EBITDA)	18	71,246,699	33,901,555	-	-

The Notes from pages 93 to 202 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Statement of Comprehensive Income

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2023	2022	2023	2022
<b>Profit for the year</b>		<b>29,002,219</b>	14,933,314	<b>563,815</b>	512,129
<b>Other Comprehensive Income</b>					
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translation of foreign operations		(400,094)	21,866,492	-	-
Gain/(loss) on effective portion of changes in fair value of cash flow hedge	38	707,553	(153,228)	-	-
Share of other comprehensive income of equity accounted investee, (net of tax)	27	58,224	262,060	-	-
<b>Items that will not be reclassified to profit or loss:</b>					
Revaluation Surplus on Property, Plant & Equipment	20	-	1,664,950	-	-
Deferred tax on revaluation surplus	16	(293,906)	(540,652)	-	-
Remeasurements of defined benefit obligation	44	(63,954)	223,720	-	-
Related tax on actuarial gain/(losses)	16	21,330	(57,436)	-	-
Equity investments at FVOCI – net change in fair value	28	1,796,252	854,725	1,538,770	(50,500)
<b>Other comprehensive income/(expenses) for the year, (net of tax)</b>		<b>1,825,405</b>	24,120,631	<b>1,538,770</b>	(50,500)
<b>Total Comprehensive Income for the year</b>		<b>30,827,624</b>	39,053,945	<b>2,102,585</b>	461,629
<b>Total Comprehensive Income Attributable to:</b>					
Owners of the Company		14,583,961	18,544,425	2,102,585	461,629
Non controlling interest		16,243,663	20,509,520	-	-
		<b>30,827,624</b>	39,053,945	<b>2,102,585</b>	461,629
<b>Attributable to:</b>					
Owners of the Company					
Total comprehensive income from continuing operations, (net of tax)		14,470,164	18,214,989	2,102,585	461,629
Total comprehensive income from discontinued operations, (net of tax)		113,797	329,436	-	-
		<b>14,583,961</b>	18,544,425	<b>2,102,585</b>	461,629
<b>Non controlling interest</b>					
Total comprehensive income from continuing operations, (net of tax)		16,144,077	20,504,629	-	-
Total comprehensive income from discontinued operations, (net of tax)		99,586	4,891	-	-
		<b>16,243,663</b>	20,509,520	-	-

The Notes from pages 93 to 202 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Statement of Financial Position

(Amounts expressed in Sri Lankan Rs. '000)

As at 31st March	Note	Group		Company	
		2023	2022	2023	2022
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
Property, plant & equipment	20	100,396,730	89,107,866	-	-
Bearer Plants	21	49,139,580	48,310,946	-	-
Investment properties	23	5,669,869	5,064,410	-	-
Intangible assets	24	12,325,234	12,496,367	-	-
Investments in subsidiaries	25	-	-	9,434,800	9,346,217
Investments in equity accounted investee	27	879,026	834,590	-	-
Investment in equity and debt securities	28	11,458,659	9,662,407	6,898,101	5,359,331
Deferred tax assets	39	5,357,490	4,686,403	-	-
Other financial receivables	32	4,084,317	24,759	-	-
Other non financial receivables	32	15,737,499	14,116,007	-	-
<b>Total non - current assets</b>		<b>205,048,404</b>	<b>184,303,755</b>	<b>16,332,901</b>	<b>14,705,548</b>
<b>Current Assets</b>					
Inventories	30	17,763,393	21,135,274	-	-
Trade receivables	31	8,541,283	9,023,483	275,660	216,890
Other financial receivables	32	2,022,466	2,888,580	-	-
Other non financial receivables	32	11,338,027	10,569,914	12,023	7,323
Current tax recoverable	40	-	13,786	1,279	945
Investment in equity and debt securities	28	8,808,313	8,281,194	110,077	91,920
Investment in Unit trusts	29	242,173	488,035	-	-
Derivative financial instruments	38	33,044	494,583	-	-
Biological assets	22	4,085,613	7,364,627	-	-
Cash and cash equivalents	33	41,635,314	35,470,538	215,468	539,134
		94,469,626	95,730,014	614,507	856,212
Assets held for sale	34	-	1,151,637	-	-
<b>Total current assets</b>		<b>94,469,626</b>	<b>96,881,651</b>	<b>614,507</b>	<b>856,212</b>
<b>Total assets</b>		<b>299,518,030</b>	<b>281,185,406</b>	<b>16,947,408</b>	<b>15,561,760</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Stated capital	35	1,114,652	1,114,652	1,114,652	1,114,652
Capital reserves	36	3,708,157	3,850,136	287,552	287,552
Revenue reserves	37	63,725,074	52,063,389	13,264,488	11,453,983
Equity attributable to owners of the Company		68,547,883	57,028,177	14,666,692	12,856,187
Non-controlling interest	26	71,689,009	59,034,863	-	-
<b>Total equity</b>		<b>140,236,892</b>	<b>116,063,040</b>	<b>14,666,692</b>	<b>12,856,187</b>



(Amounts expressed in Sri Lankan Rs. '000)

As at 31st March	Note	Group		Company	
		2023	2022	2023	2022
<b>LIABILITIES</b>					
<b>Non - Current Liabilities</b>					
Loans and borrowings	41	63,648,270	72,425,014	335,417	560,417
Lease liabilities	42	654,022	482,828	-	-
Other financial payables	43	104,479	86,698	-	-
Other non financial liabilities	43	301,906	337,595	-	-
Employee Benefits	44	3,941,252	1,556,911	-	-
Derivative financial instruments	38	2,077,195	2,013,392	-	-
Deferred tax liabilities	39	15,830,606	14,266,058	-	-
<b>Total non - current liabilities</b>		<b>86,557,730</b>	<b>91,168,496</b>	<b>335,417</b>	<b>560,417</b>
<b>Current Liabilities</b>					
Trade payables	43	5,906,650	8,110,868	-	-
Other financial payables	43	22,209,212	17,478,231	321,056	295,900
Other non financial payables	43	4,137,860	6,272,949	-	-
Current tax liabilities	40	4,768,891	3,525,066	-	-
Loans and borrowings	41	35,061,209	38,016,643	1,624,243	1,849,256
Lease liabilities	42	639,586	550,113	-	-
<b>Total current liabilities</b>		<b>72,723,408</b>	<b>73,953,870</b>	<b>1,945,299</b>	<b>2,145,156</b>
<b>Total liabilities</b>		<b>159,281,138</b>	<b>165,122,366</b>	<b>2,280,716</b>	<b>2,705,573</b>
Total equity and liabilities		299,518,030	281,185,406	16,947,408	15,561,760
Net assets per ordinary share	45	349.05	290.39	74.68	65.46

The Notes from pages 93 to 202 form an integral part of these financial statements.

I certify that these financial statements are in compliance with the requirements of Companies Act No. 7 of 2007.

(Sgd.)

V. R. Wijesinghe

Director-Finance

Carsons Management Services (Private) Limited

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board on 17th July 2023.

(Sgd.)

M. Selvanathan

Director

(Sgd.)

D.C.R. Gunawardena

Director

# Statement of Changes in Equity

(Amounts expressed in Sri Lankan Rs. '000)

	Stated Capital	Capital Accretion Reserve	Revaluation Reserve	Other Capital Reserve
<b>Group</b>				
<b>Balance as at 31st March 2021</b>	1,114,652	287,552	1,377,206	1,471,176
<b>Total comprehensive income</b>				
Profit for the year	-	-	-	-
Other Comprehensive Income/(expenses) for the year	-	-	707,894	-
<b>Total comprehensive Income/(expenses) for the year</b>	-	-	707,894	-
<b>Transactions with owners of the Company</b>				
<b>Contributions and Distributions</b>				
Dividends on ordinary shares (Note 19)	-	-	-	-
Dividends paid to Non-controlling Shareholders	-	-	-	-
Forfeiture of unclaimed dividends	-	-	-	-
Other reserves adjustments and transfer	-	-	-	-
<b>Re-purchase of subsidiary shares</b>				
<b>Total Contributions by and distributions to owners</b>	-	-	-	-
<b>Changes in ownership interests</b>				
Change in equity interest in a subsidiary without change in control	-	-	-	8,538
Dilution of equity interest in a subsidiary with change in control	-	-	-	(2,230)
<b>Total changes in ownership interests</b>	-	-	-	6,308
<b>Balance as at 31st March 2022</b>	1,114,652	287,552	2,085,100	1,477,484
<b>Surcharge tax for the year of assessment 2020/21</b>				
	-	-	-	-
<b>Balance as at 1st April 2022 (adjusted)</b>	1,114,652	287,552	2,085,100	1,477,484
<b>Total comprehensive income</b>				
Profit for the year	-	-	-	-
Other Comprehensive Income/(expenses) for the year	-	-	-	-
<b>Total comprehensive Income/(expenses) for the year</b>	-	-	-	-
<b>Transactions with owners of the Company</b>				
<b>Contributions and Distributions</b>				
Dividends on ordinary shares (Note 19)	-	-	-	-
Dividends paid to Non-controlling Shareholders	-	-	-	-
Forfeiture of unclaimed dividends	-	-	-	-
Other reserves adjustments and transfer	-	-	(143,488)	-
Right issue of shares by Subsidiaries	-	-	-	-
<b>Total Contributions by and distributions to owners</b>	-	-	(143,488)	-
<b>Changes in ownership interests</b>				
Change in equity interest in a subsidiary without change in control	-	-	-	1,509
Dilution of equity interest in a subsidiary with change in control	-	-	-	-
<b>Total changes in ownership interests</b>	-	-	-	1,509
<b>Balance as at 31st March 2023</b>	1,114,652	287,552	1,941,612	1,478,993

(Amounts expressed in Sri Lankan Rs. '000)

Revenue Reserves	Currency Translation Reserves	FVOCI Reserve	Cash flow hedging Reserve	Retained Earnings	Attributable to Owners of the Company	Non-Controlling Interest	Total Equity
327,131	[2,761,581]	5,934,138	[166,523]	31,614,593	39,198,344	39,882,181	79,080,525
-	-	-	-	7,354,472	7,354,472	7,578,842	14,933,314
-	9,890,977	576,830	[81,717]	95,969	11,189,953	12,930,678	24,120,631
-	9,890,977	576,830	[81,717]	7,450,441	18,544,425	20,509,520	39,053,945
-	-	-	-	[294,580]	[294,580]	-	[294,580]
-	-	-	-	-	-	[1,030,833]	[1,030,833]
-	-	-	-	13,194	13,194	3,961	17,155
-	-	-	-	[125,309]	[125,309]	28,962	[96,347]
-	-	-	-	-	-	[65,646]	[65,646]
-	-	-	-	[406,695]	[406,695]	[1,063,556]	[1,470,251]
397	-	-	-	[147,581]	[138,646]	[112,350]	[250,996]
1,069	-	-	-	[168,092]	[169,251]	[180,932]	[350,183]
1,466	-	-	-	[315,670]	[307,897]	[293,282]	[601,179]
328,597	7,129,396	6,510,968	[248,240]	38,342,666	57,028,177	59,034,863	116,063,040
-	-	-	-	[685,026]	[685,026]	[686,163]	[1,371,189]
328,597	7,129,396	6,510,968	[248,240]	37,657,640	56,343,151	58,348,700	114,691,851
-	-	-	-	13,729,646	13,729,646	15,272,573	29,002,219
-	[453,229]	1,216,231	377,338	[286,025]	854,315	971,090	1,825,405
-	[453,229]	1,216,231	377,338	13,443,621	14,583,961	16,243,663	30,827,624
-	-	-	-	[294,580]	[294,580]	-	[294,580]
-	-	-	-	-	-	[2,062,897]	[2,062,897]
-	-	-	-	6,991	6,991	2,810	9,801
-	-	-	-	[75,194]	[218,683]	[6,892]	[225,575]
-	-	-	-	-	-	8,163	8,163
-	-	-	-	[362,785]	[506,273]	[2,058,816]	[2,532,292]
-	1,920	21,597	-	33,559	58,584	[65,714]	[7,130]
-	66,048	-	-	[1,997,589]	[1,931,541]	[778,824]	[2,710,365]
-	67,968	21,597	-	[1,964,030]	[1,872,957]	[844,538]	[2,717,495]
328,597	6,744,135	7,748,796	129,098	48,774,448	68,547,883	71,689,009	140,236,892

## Statement of Changes in Equity

(Amounts expressed in Sri Lankan Rs. '000)

	Stated Capital	Capital Accretion Reserve	FVOCI Reserve	Retained Earnings	Total Equity
<b>Company</b>					
<b>Balance as at 31st March 2021</b>	1,114,652	287,552	3,992,337	7,287,194	12,681,735
<b>Total comprehensive income</b>					
Profit for the year	-	-	-	512,129	512,129
Transfer	-	-	(6,472)	6,472	-
Other Comprehensive expenses for the year	-	-	(50,500)	-	(50,500)
<b>Total comprehensive income/(expenses) for the year</b>	-	-	(56,972)	518,601	461,629
Ordinary dividend paid	-	-	-	(294,580)	(294,580)
Forfeiture of unclaimed dividends	-	-	-	7,403	7,403
<b>Total Contributions by and distributions to owners</b>	-	-	-	(287,177)	(287,177)
<b>Balance as at 31st March 2022</b>	1,114,652	287,552	3,935,365	7,518,618	12,856,187
<b>Total comprehensive income</b>					
Profit for the year	-	-	-	563,815	563,815
Other Comprehensive income for the year	-	-	1,538,770	-	1,538,770
<b>Total comprehensive income for the year</b>	-	-	1,538,770	563,815	2,102,585
Ordinary dividend paid	-	-	-	(294,580)	(294,580)
Forfeiture of unclaimed dividends	-	-	-	2,500	2,500
<b>Total Contributions by and distributions to owners</b>	-	-	-	(292,080)	(292,080)
<b>Balance as at 31st March 2023</b>	1,114,652	287,552	5,474,135	7,790,353	14,666,692

Figures in brackets indicate deductions.

# Statement of Cash Flows

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2023	2022	2023	2022
<b>Cash flows from operating activities</b>					
Profit before tax from continuing operations		42,433,522	22,373,966	564,760	513,283
Loss before tax from discontinued operations	34	(645,124)	(36,434)	-	-
		41,788,398	22,337,532	564,760	513,283
<b>Adjustments for:</b>					
Change in fair value of biological assets	22	3,696,464	(3,347,692)	-	-
Changes in fair value of investment properties	23	(578,712)	(578,208)	-	-
Changes in fair value of FVTPL financial assets	28	(923,001)	1,775,689	(18,157)	(1,339)
Impairment/ write off of business assets	12	353,229	1,076,698	-	-
Share of net results of equity accounted investee	27	13,787	34,026	-	-
Depreciation on property, plant & equipment	20	7,673,188	4,908,100	-	-
Depreciation on Bearer Plants	21	2,932,241	1,793,071	-	-
Amortization of intangible assets/prepaid lease payment	24	522,981	312,428	-	-
Provision for retiring gratuity	44	2,313,228	39,526	-	-
Plasma interest income	10	(1,412,666)	(788,514)	-	-
Finance expenses		14,613,556	6,533,228	500,506	146,213
Profit on disposal of property, plant & equipment	10	(72,410)	(63,620)	-	-
Gain on disposal of shares (re - purchase)		-	-	-	(65,129)
Profit from disposal of subsidiary		-	-	-	(2,212)
Net unrealised fair value gain on RCPS derivative financial instruments	10/11	(165,473)	341,433	-	-
Unrealized (gain)/loss on Derivative financial instruments		63,375	(34,252)	-	-
Provision/(Reversal) for Inventories	30	(926,628)	1,003,956	-	-
Re classification of long - term loans	41	-	500,000	-	500,000
Exchange impact on translation of foreign operations		2,940,450	(2,127,936)	8,364	81,825
		31,043,609	11,377,933	490,713	659,358
Operating profit before working capital changes		72,832,007	33,715,465	1,055,473	1,172,641
<b>Changes in working capital:</b>					
Inventories		4,194,485	(11,874,117)	-	-
Trade and other receivables		874,606	(5,019,114)	(6,978)	10,449
Amounts due from related companies		-	-	(56,492)	(18,700)
Trade and other payables		(1,764,104)	17,943,052	17,067	7,108
		76,136,994	34,765,286	1,009,070	1,171,498
Net cash movement in investments		737,604	(334,229)	-	-
<b>Cash generated from operations</b>		76,874,598	34,431,057	1,009,070	1,171,498
Interest paid		(13,016,344)	(6,511,719)	(494,349)	(147,624)
Income tax paid		(12,695,315)	(6,137,459)	(1,278)	-
Gratuity paid	44	(407,524)	(190,480)	-	-
<b>Net cash generated from operating activities</b>		50,755,415	21,591,399	513,443	1,023,874

## Statement of Cash Flows

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group		Company	
		2023	2022	2023	2022
<b>Cash flows from investing activities</b>					
Payments for property, plant & equipment/investment property	Note A	(14,858,574)	(10,405,778)	-	-
Additions to bearer plants	21	(810,186)	(290,095)	-	-
Additions to intangible assets (including land rights)	24	(149,417)	(119,402)	-	-
Increase in advance for the capital expenditure		(799,884)	(375,538)	-	-
Acquisition of additional interest in subsidiaries	25	(20,215)	(249,709)	(88,583)	(249,709)
Investment in fixed deposits		(4,059,558)	-	-	-
(Increase)/decrease in plasma advances		443,624	1,002,052	-	-
Net cash Inflow/(outflow) from disposal of a subsidiary	34	3,010,932	(68,475)	-	18,805
Proceeds from disposal of property, plant & equipment and bearer plants		559,479	770,796	-	-
<b>Net cash used in investing activities</b>		<b>(16,683,799)</b>	<b>(9,736,149)</b>	<b>(88,583)</b>	<b>(230,904)</b>
<b>Cash flows from financing activities</b>					
Proceeds from long - term loans	41	7,034	60,248	-	-
Settlement of borrowings	41	(20,666,937)	(5,906,501)	(225,000)	(183,333)
Payment of finance lease creditors	42	(778,294)	(518,101)	-	-
Dividend paid to non - controlling shareholders by subsidiaries		(2,062,897)	(1,030,833)	-	-
Re-purchase of shares held by minority shareholders		-	(65,646)	-	-
Dividend paid by the Company		(292,356)	(291,453)	(292,356)	(291,453)
<b>Net cash used in financing activities</b>		<b>(23,793,450)</b>	<b>(7,752,286)</b>	<b>(517,356)</b>	<b>(474,786)</b>
<b>Net Increase in cash &amp; cash equivalents</b>		<b>10,278,166</b>	<b>4,102,964</b>	<b>(92,496)</b>	<b>318,184</b>
<b>Cash &amp; cash equivalents at the beginning of the year</b>		<b>5,122,744</b>	<b>1,019,780</b>	<b>(1,081,692)</b>	<b>(1,399,876)</b>
<b>Cash &amp; cash equivalents at the end of the year</b>	33	<b>15,400,910</b>	<b>5,122,744</b>	<b>(1,174,188)</b>	<b>(1,081,692)</b>
<b>Note A: Reconciliation of additions to property, plant and equipment</b>					
Addition of property, plant and equipment/investment property	20/23	16,428,294	5,391,946		
Add: Advance for Mill & other Capex		1,481,611	2,998,767		
Less: Addition of assets under finance lease		(1,151,629)	(430,342)		
Less: Mill supplier creditors/accruals		(1,899,702)	2,445,407		
		14,858,574	10,405,778		

The Notes from pages 93 to 202 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

## 1. REPORTING ENTITY

Carson Cumberbatch PLC is a limited liability company incorporated and domiciled in Sri Lanka. The shares of the Company have a primary listing on the Colombo Stock Exchange.

The registered office and principal place of business of the Company is located at No. 61, Janadhipathi Mawatha, Colombo 01.

The consolidated financial statements as at and for the year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

In the opinion of Directors, Bukit Darah PLC which is incorporated in Sri Lanka, is the ultimate parent and controlling entity of Carson Cumberbatch PLC.

The Group is a diversified conglomerate and one of the foremost business establishments in Sri Lanka backed by a heritage of well over 100 years. Today it is positioned as a company whose outlook is regional, focused on a future which is technology oriented, results driven and world class.

The businesses range from oil palm plantations and related oils & fats industry in Indonesia and Malaysia, to brewing, importing and distribution of alcoholic beverages, investment holdings, portfolio management, real estate and leisure in Sri Lanka. The Group has offices in Malaysia, Singapore and Indonesia.

The Group has 10 listed subsidiaries, listed on the Colombo Stock Exchange, out of the 50 subsidiaries, 1 Associate entity set out in Note 25 and 27 on pages 150 to 155 in the financial statements.

There were no significant changes in the nature of the principal activities of

the Company and the Group during the financial year under review.

The Group had 14,964 (2022 - 13,407) employees at the end of the financial year. The Company had no employees as at the reporting date (2022 - Nil).

The consolidated financial statements were authorised for issue by the Board of Directors on 17th July 2023.

## 2. BASIS OF PREPARATION

### Statement of compliance

The consolidated financial statements of the Group and separate financial statements of the Company comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes to the financial statements.

The consolidated financial statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS / SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of Companies Act, No. 7 of 2007.

Further the tax liability arising from the Surcharge Tax Act No. 14 of 2002 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 note on Income Taxes.

### Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and applied consistently with no adjustments made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position;

- Derivative financial assets are measured at fair value;

- Non- derivative financial instruments classified fair value through profit or loss are measured at fair value;
- Fair value through OCI financial assets are measured at fair value;
- Biological assets are measured at fair value;
- Land and buildings are measured at revalued amounts;
- Defined benefit obligation are measured at its present value, based on an actuarial valuation as explained in Note 44;
- Investment properties are measured at fair value.

### Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

### Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

### Materiality and aggregation

Each material class of similar items is presented in aggregate in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

### Going Concern

Financial Statements of the Group and the Company are prepared on a going concern basis.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### 3.1. Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

##### (a) Determination of owner-occupied properties and investment properties.

In determining whether a property qualifies as investment property the Group makes a judgment whether the property generates independent cash flows rather than cash flows that are attributable not only to the property but also other assets. Judgment is also applied in determining if ancillary services provided are significant, so that a property does not qualify as investment property.

##### (b) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required

to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the capital structure of the Company.

##### (c) Current taxation

Current tax liabilities arise to the Group in various jurisdictions. These liabilities are provided for in the financial statements applying the relevant tax statutes and regulations which the management believes reflect the actual liability. There can be instances where the stand taken by the Group on transactions is contested by revenue authorities.

Any additional costs on account of these issues are accounted for as a tax expense at the point the liability is confirmed on any group entity.

#### 3.2. Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

##### (a) Assessment of Impairment -

Key assumptions used in discounted cash flow projections.

The Group assesses at each reporting date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an Asset or Cash Generating Unit (CGU) 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 present value using appropriate discount

rates that reflects the current market assessments of the time value of money and risks specific to the asset. The carrying value of goodwill is reviewed at each reporting date and is written down to the extent that it is no longer supported by probable future benefits. Goodwill is allocated to CGU for the purpose of impairment testing.

##### (b) Fair value of free hold land

Where the fair value of freehold land recorded on the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of freehold land. The valuation of freehold land is described in more detail in Note 20.

##### (c) Defined benefit plans

The assessment of the liability of defined benefit obligations involves a significant element of assumptions; including discount rates, future salary increases, mortality rates and future pension increases and due to the long-term nature of these plans, such estimates are subject to uncertainty.

##### (d) Biological assets valuation - Fair value of biological assets (FFB)

Biological assets are measured at fair value less estimated costs to sell. The fair value of FFB is measured by reference to estimated FFB quantities



(Amounts expressed in Sri Lankan Rs. '000)

and publicly available index price set by government. In determining the fair value of the FFB, the Company considers the estimated yield of the biological assets which is dependent on the age of the oil palm tree, the location, soil type and infrastructure.

#### (e) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts for the next 5 years.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses.

#### (f) Use of valuation in accounting of derivative liability related to Redeemable Convertible Preference Shares

Goodhope Asia Holdings Ltd (GAHL) issued Redeemable Convertible Preference Shares (RCPS) to the Lender as part of this loan facility and representing 6.30% of the enlarged post-conversion share capital of the GAHL. RCPS holder has the option to convert to Ordinary Shares of the GAHL at any time during the term i.e. 6-years from issuance date of 3rd October 2019. RCPS has to be redeemed at the end of the term at a pre-determined amount and if not converted to ordinary shares of the GAHL already. It is a zero-coupon instrument however RCPS holder is

entitled to dividends paid to ordinary shareholders of the GAHL from time to time. The financial instrument is accounted as compound financial loan instrument with RCPS.

#### (g) Collectively assessed allowance for expected credit losses

The post-lockdown economic implications on the country's economy and how businesses and consumers respond to same are uncertain. There could be a possible increase in credit risk due to the loss of income by some of the businesses and the individuals who are our customers, which would delay the settlements of customer dues whilst the possibility of default also exists.

This uncertainty is reflected in the Group's assessment of expected credit losses from its credit portfolio which are subject to a number of management judgements and estimates. Judgements relevant to expected credit loss computations are further discussed in Note 31 and 47 to these financial statements.

#### 4. DETERMINATION OF FAIR VALUES

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.

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows;

- Level 1 - Quoted Prices (unadjusted) in active markets for identifiable assets and liabilities.
- Level 2 - Inputs other than quoted price included in Level 1 that are observable from the asset or liability either directly (as prices) or indirectly (derived prices)
- Level 3 - Inputs from the assets or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

The Group has constantly applied the following accounting policies to all periods presented in these Consolidated Financial Statement.

##### Basis of consolidation and business combinations

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31st March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

- Power over the investee;
- Exposure, or rights, variable returns from its involvements with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Right arising from other contractual arrangements;
- The Group's voting right and potential voting right.

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.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non- controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities,

equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non- controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

### Merger accounting for common control combination

The Group adopted the Statement of Recommended Practice (SoRP) for Merger Accounting for Common Control Combinations approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December, 2012, applicable for annual periods beginning on or after 1st April 2012. The SoRP is applicable for Consolidated Financial Statements. Due to the absence of clear guidance of accounting for amalgamation in the separate Financial Statements, the Group adopted the SoRP for Merger Accounting for Common Control Combinations, in preparing the separate Financial Statements of the Company.

### Effects of amalgamation- Consolidated Financial Statements

The amalgamation of Pearl Springs (Pvt) Ltd with Lion Brewery Ceylon PLC was recognised as a common control combination in accordance with the Statement of Recommended Practice (SoRP) on Merger Accounting Common Control Business Combination issued by the Institute of Chartered Accountants of Sri Lanka. Accordingly, there is no impact in the consolidated Financial Statements since Pearl

Springs (Pvt) Ltd had been consolidated to Lion Brewery Ceylon PLC as at 31st March 2022 as a fully owned subsidiary.

### Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(Amounts expressed in Sri Lankan Rs. '000)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non - controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, 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.

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 disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the dispose operation and the portion of the cash - generating unit retained.

### Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the

consolidated financial statements from the date that control commences until the date that control ceases.

The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition the Company continues to recognize the investment in subsidiary at cost.

The consolidated financial statements are prepared to a common financial year end of 31st March.

### Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, 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 recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value when the control is lost. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Any interest retained in the former subsidiary is measured at fair value;

- Recognises any surplus or deficit in profit or loss;

### Non-controlling interest (NCI)

NCI are measured initially at their proportionate share of acquirer's identifiable net assets at the date of acquisition. Changes in the Group's interest in the subsidiary that do not result in a loss of control are accounted for as equity transaction.

### Financial year end

All companies in the Group have a common financial year which ends on 31st March,

### Interest in equity accounted investee

The Group's interest in equity accounted investees comprise interest in an associate. Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition the consolidated financial statements includes the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same

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way as unrealized gains, but only to the extent that there is no evidence of impairment.

### Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate as at reporting date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income:

- on investment in equity securities designated as at fair value through other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent the hedge is effective.

#### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Sri Lanka Rupees at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sri Lanka Rupees at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the foreign operation not a fully owned subsidiary, then the relevant is proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### Financial Instruments

#### Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Trade Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is 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 or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### Financial assets

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

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 meets both of the following conditions and is not

(Amounts expressed in Sri Lankan Rs. '000)

designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect 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 all 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.

#### Financial assets - 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 business is 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;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### Financial assets - 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;
- prepayment 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 solely 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

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feature is insignificant at initial recognition.

### Financial assets – Subsequent measurement and gains and losses

#### Financial assets at Fair Value Through Profit or Loss (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. However, see Note 38 for derivatives designated as hedging instruments.

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 Fair Value Through Other Comprehensive Income (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 reclassified 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.

### Financial liabilities

Classification, subsequent measurement and gain 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 and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### Derecognition

#### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, 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.

The Group enters into transactions 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. In these cases, the transferred assets are not derecognised.

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. 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.

### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently 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.

### Derivative financial instruments, including hedge accounting

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.

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At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses commodity swap contracts for its exposure to volatility in the commodity prices. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognized in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

## Impairment

### Financial Assets

The Group recognises loss allowances for Expected Credit Loss (ECL) s on:

- financial assets measured at amortised cost;

- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

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 assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that

## Notes to the Financial Statements

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the Company would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

### 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.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

### 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. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. 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.

### Non-financial assets

The carrying amounts of the Group's non-financial assets (other than biological assets, investment property, 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, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU 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 CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 recognized.

### Non-current assets held for sale

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Comparatives in the statement of the financial position are not re-presented when a non-current assets is classified as held for sale. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

### Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which;

- represent a separation major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.



(Amounts expressed in Sri Lankan Rs. '000)

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred.

Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Stated capital

#### Ordinary shares

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognised as an expense.

### Property, plant and equipment

#### Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient

regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date. Subsequent to the initial recognition of the asset at cost, the revalued property, plant and equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses.

The Group applies revaluation model to freehold properties and cost model to the remaining assets under property, plant and equipment which are stated at historical cost less accumulated depreciation less accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour;
- Any other cost directly attributable to bringing the assets to a working condition for their intended use;
- When the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

Capitalized borrowing cost;

- Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.
- When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

### Revaluation of freehold properties

The freehold properties of the Group are carried at revalued amounts. Revaluation of these assets are carried out at least once in two (2) years in order to ensure the book value every year reflect the realizable value of such assets, and are depreciated over the remaining useful lives of such assets, wherever applicable.

When an asset is revalued, any increase in the carrying amount is recognized in other comprehensive income and accounted in equity under revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances, the increase is recognized as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to that asset, in which case it is charged in other comprehensive income to the extent that the decrease does not exceed the amount held in the Revaluation surplus in respect of that same asset. The decrease recognized in other comprehensive income to reduce the amount accumulated in equity under revaluation reserve. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

### Reclassification to investment property

When the use of a property changes from owner occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on this re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or Loss.

### Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

### Depreciation

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows;

Property, Plant and Equipment	Oil Palm Plantation & Oils and fats	Beverage	Leisure	Other sectors
No of Years				
Leasehold land	36 to 42	-	Over the lease period	-
Land improvements	30	-	-	-
Buildings	20 – 42	2 – 50	2 – 50	-
Plant & machinery	5 – 27	3 – 22	3 – 15	5 – 27
Heavy equipment	10	-	-	-
Motor vehicles	4 – 6	4 – 5	4 – 5	4 – 5
Furniture, fittings & office Equipment	5 – 16	3 – 10	5 – 20	5 – 16
Computers	3 – 5	2 – 5	3 – 5	3 – 5
Returnable Containers	-	5	-	-
Cutlery, Crockery and glassware	-	-	5	-

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### Disposal

The gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Land is not depreciated.

by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment are recognized net within Other Income in the Statement of Income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

### Returnable containers

Returnable containers of subsidiary Lion Brewery (Ceylon) PLC are classified under Property, Plant and Equipment. All purchases of returnable

containers are recognised at cost and depreciated over a period of 5 years. In the event a returnable container breaks within the premises of the Company, the written down value, on a First in First out (FIFO) basis, are charged to the Profit or Loss.

Empty bottles used for exports are recognised as an expense in the Profit or Loss at the time the export takes place.

Deposits are collected from the agents for the returnable containers in their possession and are classified under current liabilities as explained in Note 43. The said deposit will be refunded to the agent only upon the returning these returnable containers due to cessation of their operation or due to a contraction in sales.

### Capital Work-in-Progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital in progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

### Bearer Plants

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants comprise mature and immature oil palm plantations.

Immature plantations are stated at acquisition cost which includes the cost incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect

(Amounts expressed in Sri Lankan Rs. '000)

costs based on planted hectares. No depreciation is provided during the immature period. The carrying values of the Immature Plantations are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

Mature plantations are measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on straight-line basis over estimated useful life of 25 years of the Mature Plantations and recognised in profit or loss. Carrying values of the Mature Plantations are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

Bearer plants are de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the bearer plant is included in profit or loss in the year the asset is de-recognised.

### Plasma advances

Costs incurred during the development of Plasma oil palm plantation area up to the productive stage of the oil palm plantation are capitalised as Plasma development costs in the Advances to Plasma account.

Once the Plasma oil palm plantation area reaches its productive stage, the area will be transferred to the Plasma farmers based on the agreed conversion amounts, which are generally determined at the inception date of the Plasma arrangement. The Plasma arrangement is based on an agreement between the relevant plantation company and a cooperative, which represents the Plasma

farmers. The difference between the accumulated development costs of Plasma oil palm plantations and their conversion values is charged to the Income Statement.

### Lease land rights

Land rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised over the period of the lease.

### Intangible assets and goodwill

#### Recognition and measurement

##### Goodwill

Goodwill arising on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see Note 24.

##### Subsequent measurement

Goodwill is 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 any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Goodwill is testing for impairment annually.

##### Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are

probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to in preparing the asset for its intended use, and capitalised borrowing costs.

Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

##### Software

All computer software costs incurred, licensed for use by the Group, are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses. These costs are amortised to the Statement of profit or loss using the straight line method over 3 to 10 years.

##### Brands

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.

##### Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

### Amortisation

Except for goodwill and brand intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

	No of Years
Land rights	30
Software development cost and licenses	3 – 10

Amortisation methods, useful lives and residual value are reviewed at each reporting date and adjusted if appropriate.

### Impairment

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

### Investment property

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use

in production or supply of goods and services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-today servicing of an investment property.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions as at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the Investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the Statement of profit or loss in the year of retirement or disposal.

Transfers are made to/from investment property when, and only when, there is a change in use, evidenced by commencement/end of owner occupation, commencement of development with a view to sale, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in

accordance with the policy stated under property, plant & equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is of income.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the Statement of profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

### Biological assets

Biological assets comprise of fresh fruit bunches ("FFB") of oil palm plantations which are measured at fair value less estimated costs to sell. The fair value of the FFB is measured by reference to estimated FFB quantities and publicly available index price set by Indonesian government. In determining the estimated FFB production quantities, the Group considers the estimated yield of the biological assets which is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

### Inventories

Inventories are measured at cost or net realizable value whichever is lower after making due allowance for obsolete and slow moving items, except for fresh fruit bunches which are valued at realized values.

(Amounts expressed in Sri Lankan Rs. '000)

The cost of inventories of the group;

Raw Material and Containers	Cost of purchase together with any incidental expenses
Work - in - progress	Raw material cost and a proportion of manufacturing expenses
Finished Goods	Raw material cost and manufacturing expenses in full
Food Items	Weighted average cost basis
Linen Stock	In the year of purchase at cost of purchase and in the second year in use at 25% of the Cost of purchase

## Employee benefits

### 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 under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit or loss in the periods during which related services are rendered by employees.

### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets (if applicable) are deducted. All actuarial gain/(loss) are recognised in the Other Comprehensive Income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The defined benefit plans are regulated at each of the geographical locations the Group operates in and the salient features of each of such plans are tabulated below;

### Sri Lankan Subsidiaries

The subsidiaries are liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983.

The liability recognised in the Financial Statements in respect of defined benefit plans are the present value of the defined benefit obligation as at the reporting date. The defined benefit

obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out once in every year. The liability is not externally funded. All Actuarial gains or losses are recognised immediately in other comprehensive income.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

### Indonesian Subsidiaries

The subsidiaries recognize an unfunded retirement benefits liability, relating to the settlement of termination, gratuity, compensation and other benefits set forth in Labour Law No. 13 year 2003 (Law No. 13/2003) based on an actuarial calculation by an independent actuary using the 'Projected Unit Credit Method'. All actuarial gain or losses are recognised immediately in other comprehensive income.

### Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 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. The unwinding of the discount is recognised as finance cost.

### Derivative financial instrument and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when fair value is positive and as financial liabilities when the fair value is negative.

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. The Group classifies its hedges as cash flow hedges, which hedges the exposure to variability in cash flows that is attributable to a highly probable forecast transaction. At inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge

ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged

future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

### Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

### Redeemable convertible preference share

The Group has issued a compound financial loan instrument, including a redeemable convertible preference share feature, which grants the holder the right to convert such preference

(Amounts expressed in Sri Lankan Rs. '000)

shares to ordinary shares prior to the maturity of the instrument, as well as the right to redeem the preference shares on maturity for cash on non-conversion.

This instrument is accounted for as three separate components, namely the loan liability, the redeemable preference share liability as well as an embedded equity conversion derivative based on the terms of the contract.

On issuance, the embedded conversion option is recognised at its fair value as a derivative liability with subsequent changes in fair value recognised in profit or loss.

The remainder of the proceeds is allocated to the loan liability and redeemable preference share liability, which are carried at amortised cost until the liabilities are extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital

## 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 Group uses the definition of a lease in SLFRS 16. New definition is applicable for agreements entered after 1st April 2019.

## Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	No of Years
Buildings	2 - 6
Motor vehicles	1 - 6
Heavy equipment	1 - 6

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Notes. The Group's right-of-use assets are presented within property, plant and equipment (Note 20).

## Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group's exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are in (Note 42).

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(Amounts expressed in Sri Lankan Rs. '000)

### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### Revenue

#### Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer. Determining the timing of the transfer of control at a point in time or over time require judgment.

The Group revenue represents sales to customers outside the Group and sales within the Group which are intended for internal consumption.

The following specific criteria are used for the purpose of recognition of revenue according to the timing of the performance obligations are met.

#### Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and sales taxes. Revenue recognised at the point in time when the control of goods and products is transferred customer with a right of return within a specified period, the Group considers the timing of recognition. Revenue from contracts with customers is measured at an

amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

#### Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows;

- Servicing fees included in the price of the products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- Revenue from time and material contracts is recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

#### Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

#### Rental income

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognised as other income.

#### Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures

are recognized by reference to the underlying arrangement.

#### Dividend income

Dividend income is recognised in statement of income on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

#### Gain on disposal of financial assets (categorized as fair value through profit or loss)

Profits or losses on disposal of investments are accounted for in the Statement of Income on the basis of realized net profit.

#### Other Income - on accrual basis

Net gains and losses of a revenue nature resulting from the disposal of property, plant & equipment have been accounted in the income Statement.

#### Expenditure recognition

##### Operating expenses

All expenses incurred in day-to-day operations of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year. Provision is made for bad and doubtful debts, all known liabilities and depreciation on property, plant & equipment.

#### Finance income and finance costs

Finance income comprises interest income on funds invested, gains on the re-measurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that are recognised in the statement of profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.



(Amounts expressed in Sri Lankan Rs. '000)

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, dividends on preference shares classified as liabilities, contingent consideration, losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

### Income tax expense

Income Tax expense comprises current and deferred tax. Current and deferred tax are recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has concluded that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent liabilities and Contingent Assets.

### Current taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable may also

include any tax liability arising from the declaration of dividends. Current tax assets and liabilities are offset if certain criteria are met.

### 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 on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right - of - use assets and lease liability are regarded as a net package (leased asset) for the purpose of recognizing deferred tax.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits 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, based on the level of future taxable profit forecasts and tax planning strategies.

### Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

- Where the sales taxes incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amounts of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

### Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

### Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged.

### Events after the reporting period

All material and important events

which occur after the reporting period have been considered and disclosed in Note 50.

### Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Company.

### Presentation

Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. Where appropriate, the significant accounting policies are disclosed in the succeeding notes.

### Offsetting Income and Expenses

Income and expenses are not offset unless required or permitted by accounting standards.

### Offsetting Assets and Liabilities

Assets and liabilities are offset and the net amount reported in the statement of financial position only where there is;

- A current enforceable legal right to offset the assets and the liability; and
- An intention to settle the liability simultaneously

### Director's responsibility

The Board of Directors is responsible for the preparation and presentation of the Financial Statements. This is more fully described in the Directors' Report.

### Comparative Information

The presentation and classification of the Financial Statements of the

previous years are amended, where relevant for better presentations and to be comparable with those of the current year.

### Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank and in hand balances. Cash and bank balances are stated at recoverable values. There were no cash and cash equivalents held by the Group companies that were not available for use.

Bank overdrafts and short-term borrowings that are repayable on demand and forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

## 6. OPERATING SEGMENTS

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Additional disclosures on each of these segments are shown including the factors used to identify the reportable segments and the measurement basis of segment information.

(Amounts expressed in Sri Lankan Rs. '000)

## **7. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE**

A number of new standards are effective for annual periods beginning on or after 1st April 2023 and earlier application is permitted. However, the Group has not early adopted the new and amended standards in preparing these consolidated financial statements.

### **7.1 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)**

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1st April 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

### **7.2 Other standards**

The following new and amended standards are not expected to have a significant impact on the financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1).c
- Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to LAKS 8).

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 8 REVENUE

#### Revenue streams

The Group generates revenue primarily from Oil palm plantation, Beverage and Oils and fats segments. (Note 9)

#### Revenue Analysis

For the year ended 31st March	Group		Company	
	2023	2022	2023	2022
<b>Gross Revenue</b>	<b>343,444,690</b>	175,674,625	<b>1,267,173</b>	818,557
Taxes to the Government of Sri Lanka	(12,986,000)	(4,980,000)	-	-
<b>Net Revenue</b>	<b>330,458,690</b>	170,694,625	<b>1,267,173</b>	818,557
<b>Revenue from contract with customers</b>				
Sale of Goods	349,680,698	210,090,942	-	-
<b>Revenue from other revenue sources</b>				
Investment income	15,967,032	6,547,165	1,267,173	818,557
Property rental income	326,860	282,287	-	-
Commission, support services fees & royalty fees	20,025,425	6,993,436	-	-
Hospitality services	719,766	386,495	-	-
	37,039,083	14,209,383	1,267,173	818,557
	386,719,781	224,300,325	1,267,173	818,557
Elimination of internal revenue	(56,261,091)	(53,605,700)		
<b>Total external revenue</b>	<b>330,458,690</b>	170,694,625	<b>1,267,173</b>	818,557

#### Disaggregation of revenue from contract with customers.

Revenue from contracts with customers (including revenue related to the discontinued operations) is disaggregated by primary geographical market (Note 9) and major products and services.

### 9 SEGMENTAL INFORMATION

#### (i) Operating Segments

##### Basis of segmentation

The Group's primary segment reporting format is business segments and the secondary format is geographical segments. The risks and returns of the Group's operations are primarily determined by the nature of the different activities that the Group engages in, rather than the geographical location of these operations and are managed separately because they require different technology operational and marketing strategies.

This is reflected by the Group's organizational structure. Industry segment activities of the Group are broadly classified into eight segments: Investment Holdings, Portfolio and Asset Management, Oil Palm Plantations, Beverage, Real-Estate, Leisure, Oils & fats and Management Services based on the nature of product or service rendered. The following summary describes the operations of each reportable segment.

Reportable Segment	Description of Operations
Investment Holdings	- Holding of strategic investments
Portfolio and Asset Management	- Investment and management of listed, private equity, fixed income and unit trust investments
Oil Palm Plantations	- Production and sale of palm oil, palm kernel and fresh fruit bunches to the Indonesian domestic and international market
Oils & Fats	- Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate and confectionery, ice creams and creamer industries and cooking oil products to end consumers
Beverage	- Production and sale of Beer, Import & distribution of alcoholic beverages
Real Estate	- Letting office and warehouse premises on rent for commercial purposes
Leisure	- Hoteliering
Management Services	- Providing support services to the Carsons Group entities

(Amounts expressed in Sri Lankan Rs. '000)

## 9 SEGMENTAL INFORMATION (Contd.)

Sales between segments are made at prices that approximate the market prices. Segment revenue, segment expenses and segment results include the transactions between industry segments. These transactions and any unrealized profits and losses are eliminated on consolidation. Segmental expenses are expenses that are directly attributed to a relevant segment or a portion of expenses that can be allocated on a reasonable basis as determined by the Management.

The Group's geographical segments are based on the location of the Group's assets and spread of operations. The activities of the Group are broadly classified into six geographical segments, namely, operations within Sri Lanka, Malaysia, Indonesia, Singapore, India and Mauritius. Sales to external customers are segmented based on the location of the seller. The principal operations of each geographical segments are as follows:

### Geographical Segment

#### Description of operations

Sri Lanka	- Investment holding, portfolio and assets management, production & sale of Beer, Import and distribution of alcoholic beverages, letting of office and warehouse premises for commercial purposes, hoteliering and management services.
Malaysia	- Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate & confectionery, ice creams and creamer industries and cooking oil products to end consumers and management services.
Indonesia	- Production and sale of palm oil and palm kernel to the domestic and international markets, production and sale of FFB and providing Management Service.
Singapore	- Investment holding
India	Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate & confectionery, ice creams and creamer industries and cooking oil products to end consumers. (discontinued)
Mauritius	- Portfolio and assets management

#### Principal categories of customers

The principal categories of customers for goods and services are corporate customers, government customers, wholesale customers and retail customers. The group's reportable segments are therefore as follows:

Investment Holding	- corporate customers
Portfolio and Asset Management	- corporate customers, retail customers
Oil Palm Plantations	- corporate customers
Oils & Fats	- corporate customers, retail customers
Beverage	- wholesale & retail customers
Real Estate	- corporate customers
Leisure	- corporate customers, retail customers
Management Services	- corporate customers

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 9 SEGMENTAL INFORMATION (Contd.)

#### (ii) Operating segments - Information about reportable segments

##### (a) Primary/Business segmentation

Financial information related to each reportable segment is set out below.

The management uses profit / (loss) before tax to measure the segmental performance and it is used as the most relevant measure in evaluating the results of the respective segments relative to other entities operating in the same industry.

For the year ended 31st March	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations	
	2023	2022	2023	2022	2023	2022
<b>Total revenue</b>	1,267,173	818,557	1,370,446	1,409,246	201,002,323	114,584,744
Intra segment revenue	-	-	(260,334)	(254,136)	(50,623,767)	(48,364,794)
<b>Segment revenue</b>	1,267,173	818,557	1,110,112	1,155,110	150,378,556	66,219,950
Inter segment revenue	(1,173,452)	(799,361)	-	-	(870,493)	(805,667)
<b>External Revenue</b>	93,721	19,196	1,110,112	1,155,110	149,508,063	65,414,283
<b>Segment results - profit from operations before material non cash items</b>	(117,979)	(59,379)	816,340	945,601	41,976,820	19,024,560
<b>Other material non-cash items</b>						
Foreign exchange gains/(losses)	(8,364)	(81,825)	500	56	(469,251)	273,920
Impairment of business assets	-	-	-	-	-	(613,120)
<b>Profit/(loss) from operations</b>	(126,343)	(141,204)	816,840	945,657	41,507,569	18,685,360
Change in fair value of business assets	18,157	1,339	898,843	(1,779,147)	(3,696,464)	3,347,692
Net finance cost	(500,506)	(146,213)	(130,473)	7,528	(10,835,535)	(5,460,217)
Share of net results of equity accounted investee	-	-	-	-	-	-
<b>Profit/(loss) before Income tax expenses</b>	(608,692)	(286,078)	1,585,210	(825,962)	26,975,570	16,572,835
<b>Tax expenses</b>	(5,250)	(1,194)	(147,313)	(84,998)	(9,414,947)	(5,296,313)
<b>Profit/(loss) from continuing operations</b>	(613,942)	(287,272)	1,437,897	(910,960)	17,560,623	11,276,522
<b>Discontinued operations</b>						
Profit/(loss) from discontinued operations, net of tax	-	-	729	332,535	-	-
<b>Profit/(loss) for the year</b>	(613,942)	(287,272)	1,438,626	(578,425)	17,560,623	11,276,522
<b>Attributable to:</b>						
Owners of the Company	(613,942)	(287,272)	848,179	(177,358)	8,525,045	5,524,451
Non controlling interest	-	-	590,447	(401,067)	9,035,578	5,752,071
	(613,942)	(287,272)	1,438,626	(578,425)	17,560,623	11,276,522
<b>Earnings/(loss) per ordinary share (Rs.)</b>	(3.13)	(1.46)	4.32	(0.90)	43.41	28.13

##### (b) Summarised statement of cash flows

Cash flows from/(used in) operating activities	513,443	1,023,874	(2,504,350)	518,706	40,352,832	15,874,518
Cash flows from/(used in) investing activities	(88,583)	(230,904)	(753)	46	(7,377,589)	(4,454,713)
Cash flows from/(used in) financing activities	(517,356)	(474,786)	165,956	(551,731)	(23,218,217)	(4,057,640)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(92,496)	318,184	(2,339,147)	(32,979)	9,757,026	7,362,165

##### (c) Other Information

Total cost incurred during the year to acquire Property, plant & equipment, Bearer Plants, Investments properties	-	-	1,280	1,532	11,541,289	3,272,767
Intangible assets (including land rights)	-	-	-	-	134,410	86,028
Depreciation	-	-	1,344	1,326	7,779,837	4,477,672
Amortization of intangible assets (including land rights)	-	-	2,593	4,446	457,984	291,795
Salaries, fees, wages and related expenses	48,155	31,078	94,973	72,485	22,159,715	9,665,953
Defined benefit plan expenses/Gratuity	-	-	2,441	1,568	2,249,677	13,725

(Amounts expressed in Sri Lankan Rs. '000)

Oils & Fats		Beverage		Real Estate		Leisure		Management Services		Group	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
81,843,699	44,242,476	99,464,675	61,988,688	326,860	282,287	719,766	386,075	724,839	588,252	386,719,781	224,300,325
-	(280,207)	(2,423,321)	(1,627,445)	-	-	-	-	-	-	(53,307,422)	(50,526,582)
81,843,699	43,962,269	97,041,354	60,361,243	326,860	282,287	719,766	386,075	724,839	588,252	333,412,359	173,773,743
(148,607)	(869,014)	-	-	(52,502)	(32,508)	-	-	(708,615)	(572,568)	(2,953,669)	(3,079,118)
81,695,092	43,093,255	97,041,354	60,361,243	274,358	249,779	719,766	386,075	16,224	15,684	330,458,690	170,694,625
3,822,830	935,112	13,664,781	6,019,540	143,690	158,207	(143,613)	(142,414)	(44,580)	6,729	60,118,289	26,887,956
2,320	152,267	(31,251)	607,414	-	-	(1,364)	5,606	-	-	(507,410)	957,438
-	-	(353,229)	(463,578)	-	-	-	-	-	-	(353,229)	(1,076,698)
3,825,150	1,087,379	13,280,301	6,163,376	143,690	158,207	(144,977)	(136,808)	(44,580)	6,729	59,257,650	26,768,696
-	-	163,100	160,231	421,613	420,096	-	-	-	-	(2,194,751)	2,150,211
(985,081)	(473,983)	(2,182,499)	(438,413)	41,936	11,635	(23,994)	(12,130)	562	878	(14,615,590)	(6,510,915)
(13,787)	(34,026)	-	-	-	-	-	-	-	-	(13,787)	(34,026)
2,826,282	579,370	11,260,902	5,885,194	607,239	589,938	(168,971)	(148,938)	(44,018)	7,607	42,433,522	22,373,966
(637,232)	(144,216)	(4,514,835)	(2,063,401)	(438,521)	(143,254)	72,765	20,823	9,687	(9,543)	(15,075,647)	(7,722,096)
2,189,050	435,154	6,746,067	3,821,793	168,718	446,684	(96,206)	(128,115)	(34,331)	(1,936)	27,357,875	14,651,870
1,643,615	(51,091)	-	-	-	-	-	-	-	-	1,644,344	281,444
3,832,665	384,063	6,746,067	3,821,793	168,718	446,684	(96,206)	(128,115)	(34,331)	(1,936)	29,002,219	14,933,314
1,838,509	141,473	3,092,730	1,837,344	160,023	433,048	(86,566)	(115,278)	(34,331)	(1,936)	13,729,646	7,354,472
1,994,156	242,590	3,653,337	1,984,449	8,695	13,636	(9,640)	(12,837)	-	-	15,272,573	7,578,842
3,832,665	384,063	6,746,067	3,821,793	168,718	446,684	(96,206)	(128,115)	(34,331)	(1,936)	29,002,219	14,933,314
9.36	0.72	15.75	9.36	0.81	2.21	(0.44)	(0.59)	(0.17)	(0.01)	69.91	37.45
7,504,847	250,444	1,406,818	4,990,359	75,893	78,406	(30,745)	(53,980)	95,270	8,442	50,755,415	21,591,399
(1,224,921)	(227,105)	(2,450,913)	(1,057,948)	(155,294)	119,966	22,279	81,065	(39,028)	(6,684)	(16,683,799)	(9,736,149)
(5,241,746)	(628,690)	(1,167,299)	(1,216,479)	(43,961)	(63,489)	(25,368)	42,086	(24,941)	(24,935)	(23,793,450)	(7,752,286)
1,038,180	(605,351)	(2,211,394)	2,715,932	(123,362)	134,883	(33,834)	69,171	31,301	(23,177)	10,278,166	4,102,964
1,233,754	230,350	4,371,975	2,133,737	29,295	10,666	9,866	25,361	51,021	7,628	17,238,480	5,682,041
6,838	25,917	7,815	7,457	-	-	-	-	354	-	149,417	119,402
845,190	502,176	1,862,462	1,603,143	7,955	7,619	87,509	89,863	21,132	19,372	10,605,429	6,701,171
49,771	3,311	12,101	12,360	-	-	336	336	196	180	522,981	312,428
2,376,377	1,565,733	1,495,284	1,160,328	76,917	58,925	202,753	145,442	574,474	432,649	27,028,648	13,132,593
-	1,068	41,658	14,848	671	207	3,782	1,960	14,999	6,150	2,313,228	39,526

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 9 SEGMENTAL INFORMATION (Contd.)

#### (d) segments assets / liabilities are as follows:

For the year ended 31st March	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations	
	2023	2022	2023	2022	2023	2022
<b>SEGMENT ASSETS</b>						
<b>Non - Current Assets</b>						
<b>Fixed assets*</b>	-	-	2,682	2,747	110,851,377	101,577,220
Intangible assets (Including land rights)	-	-	182,740	185,333	10,012,682	9,776,389
Financial assets measured at FVOCI/Equity accounted investee	2,690,648	2,268,862	8,768,011	7,393,545	-	-
Deferred tax assets	-	-	2,345	1,359	5,313,819	4,600,710
Other financial receivables	-	-	3,770,558	-	-	-
Other non financial receivables	-	-	-	-	15,737,499	14,116,007
<b>Total non - current assets</b>	<b>2,690,648</b>	<b>2,268,862</b>	<b>12,726,336</b>	<b>7,582,984</b>	<b>141,915,377</b>	<b>130,070,326</b>
<b>Current Assets</b>						
Inventories/biological assets	-	-	-	-	9,224,066	15,933,006
Trade debtors and other financial assets	74	75	47,694	174,645	2,668,927	4,716,163
Other non financial receivables	12,022	9,071	9,600	36,589	5,916,848	8,098,251
Financial assets measured at FVTPL	110,077	91,920	8,940,449	8,568,099	-	348,975
Cash and cash equivalents	215,468	539,134	1,534,173	3,733,300	27,130,714	16,162,406
<b>Total current assets</b>	<b>337,641</b>	<b>640,200</b>	<b>10,531,916</b>	<b>12,512,633</b>	<b>44,940,555</b>	<b>45,258,801</b>
Assets held for sale	-	-	-	50,035	-	-
<b>Total segmental assets</b>	<b>3,028,289</b>	<b>2,909,062</b>	<b>23,258,252</b>	<b>20,095,617</b>	<b>186,855,932</b>	<b>175,329,127</b>
<b>SEGMENT LIABILITIES</b>						
<b>Non - Current Liabilities</b>						
Loans and borrowings	335,417	560,417	-	-	59,638,152	66,748,086
Other financial payables	-	-	-	-	2,077,195	2,013,392
Other non financial liabilities	-	-	7,891	8,381	3,910,219	1,621,485
Deferred tax liabilities	-	-	-	-	6,514,849	6,579,314
<b>Total non - current liabilities</b>	<b>335,417</b>	<b>560,417</b>	<b>7,891</b>	<b>8,381</b>	<b>72,140,415</b>	<b>76,962,277</b>
<b>Current Liabilities</b>						
Trade and other financial liabilities	321,056	295,900	205,825	154,227	19,893,081	20,017,634
Loans and borrowings	1,624,243	1,849,256	526,566	67,428	18,344,251	20,355,776
<b>Total current liabilities</b>	<b>1,945,299</b>	<b>2,145,156</b>	<b>732,391</b>	<b>221,655</b>	<b>38,237,332</b>	<b>40,373,410</b>
<b>Total segmental liabilities</b>	<b>2,280,716</b>	<b>2,705,573</b>	<b>740,282</b>	<b>230,036</b>	<b>110,377,747</b>	<b>117,335,687</b>

\*Fixed assets include Property, Plant and Equipments, Bearer Plants, Right of use Assets and Investment Properties.



(Amounts expressed in Sri Lankan Rs. '000)

Oils & Fats		Beverage		Real Estate		Leisure		Management Services		Group	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
12,462,499	11,726,012	24,016,599	21,428,837	5,438,703	5,001,752	2,363,279	2,705,504	71,040	41,150	155,206,179	142,483,222
1,397,376	1,441,331	703,670	1,064,372	27,584	27,584	672	1,008	510	350	12,325,234	12,496,367
879,026	834,590	-	-	-	-	-	-	-	-	12,337,685	10,496,997
-	68,688	26,378	1,547	-	-	-	-	14,948	14,099	5,357,490	4,686,403
-	-	-	-	289,000	-	24,759	24,759	-	-	4,084,317	24,759
-	-	-	-	-	-	-	-	-	-	15,737,499	14,116,007
14,738,901	14,070,621	24,746,647	22,494,756	5,755,287	5,029,336	2,388,710	2,731,271	86,498	55,599	205,048,404	184,303,755
5,027,040	7,940,939	7,555,505	4,603,050	-	-	41,987	22,777	408	129	21,849,006	28,499,901
6,435,738	5,961,052	1,298,054	938,113	77,361	71,026	35,901	50,947	-	42	10,563,749	11,912,063
1,008,951	823,305	4,232,385	1,467,460	125,103	115,348	9,014	8,221	24,104	25,455	11,338,027	10,583,700
33,004	145,867	-	-	-	95,954	-	12,997	-	-	9,083,530	9,263,812
1,072,680	1,456,340	11,348,047	13,111,381	173,214	303,652	81,589	116,196	79,429	48,129	41,635,314	35,470,538
13,577,413	16,327,503	24,433,991	20,120,004	375,678	585,980	168,491	211,138	103,941	73,755	94,469,626	95,730,014
-	1,101,602	-	-	-	-	-	-	-	-	-	1,151,637
28,316,314	31,499,726	49,180,638	42,614,760	6,130,965	5,615,316	2,557,201	2,942,409	190,439	129,354	299,518,030	281,185,406
2,917,798	3,564,665	1,266,500	1,871,108	-	-	144,425	163,566	-	-	64,302,292	72,907,842
-	-	-	-	104,479	86,698	-	-	-	-	2,181,674	2,100,090
-	1,584	257,729	182,997	2,984	2,730	13,192	15,728	51,143	61,601	4,243,158	1,894,506
1,760,785	1,126,386	5,687,985	5,260,140	1,407,386	1,032,972	459,601	267,246	-	-	15,830,606	14,266,058
4,678,583	4,692,635	7,212,214	7,314,245	1,514,849	1,122,400	617,218	446,540	51,143	61,601	86,557,730	91,168,496
5,573,382	5,384,718	10,607,032	9,178,721	168,235	132,860	141,437	120,180	112,565	102,874	37,022,613	35,387,114
7,045,851	10,134,100	8,044,551	6,007,268	-	-	115,333	152,928	-	-	35,700,795	38,566,756
12,619,233	15,518,818	18,651,583	15,185,989	168,235	132,860	256,770	273,108	112,565	102,874	72,723,408	73,953,870
17,297,816	20,211,453	25,863,797	22,500,234	1,683,084	1,255,260	873,988	719,648	163,708	164,475	159,281,138	165,122,366

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 9 SEGMENTAL INFORMATION (Contd.)

#### (iii) Operating segments - Information about reportable segments

##### (a) Secondary/Geographical segments

For the year ended 31st March	Sri Lanka		Malaysia	
	2023	2022	2023	2022
Revenue	99,245,270	60,970,524	81,699,088	44,009,653
Segment results - profit from operations before material non cash items	14,410,350	6,985,008	4,463,183	936,058
<b>Other material non-cash items</b>				
Foreign exchange gains/(losses)	(16,434)	669,951	107,285	164,133
Impairment of business assets	(353,229)	(463,578)	-	-
<b>Profit/(loss) from operations</b>	<b>14,040,687</b>	<b>7,191,381</b>	<b>4,570,468</b>	<b>1,100,191</b>
Change in fair value of business assets	1,572,529	(1,197,481)	-	-
Net finance cost	(2,725,361)	(583,315)	(983,214)	(473,886)
Share of net results of equity accounted investee	-	-	(13,787)	(34,026)
<b>Profit/(loss) before Income tax expenses</b>	<b>12,887,855</b>	<b>5,410,583</b>	<b>3,573,467</b>	<b>592,279</b>
<b>Income tax expenses</b>				
Tax Expenses	(5,036,579)	(2,282,481)	(854,124)	(144,370)
<b>Profit/(loss) from continuing operations</b>	<b>7,851,276</b>	<b>3,128,102</b>	<b>2,719,343</b>	<b>447,909</b>
<b>Discontinued operations</b>				
Profit/(loss) from discontinued operations, net of tax	729	332,535	-	-
<b>Profit/(loss) for the year</b>	<b>7,852,005</b>	<b>3,460,639</b>	<b>2,719,343</b>	<b>447,909</b>
<b>(b) Other Information</b>				
Total cost incurred during the year to acquire Property, plant & equipment, Bearer Plants, Investments properties	4,521,432	2,186,954	1,271,964	230,351
Intangible assets (including land rights)	16,715	17,384	6,838	25,918
Depreciation	1,992,926	1,727,788	875,157	502,175
Amortization of intangible assets (including land rights)	26,287	43,733	49,771	3,311
Salaries, fees, wages and related expenses	3,134,182	2,359,100	3,361,731	1,502,152
Defined benefit plan expenses/Gratuity	75,111	33,061	-	-

(Amounts expressed in Sri Lankan Rs. '000)

Indonesia		Singapore		Mauritius		Discontinued operations India		Group	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
147,293,703	65,602,359	2,198,973	98,513	21,656	13,576	-	-	330,458,690	170,694,625
37,032,051	18,150,875	4,231,336	841,193	(18,631)	(25,178)	-	-	60,118,289	26,887,956
(599,495)	125,377	1,258	(2,023)	(24)	-	-	-	(507,410)	957,438
-	(613,120)	-	-	-	-	-	-	(353,229)	(1,076,698)
36,432,556	17,663,132	4,232,594	839,170	(18,655)	(25,178)	-	-	59,257,650	26,768,696
(3,696,464)	3,347,692	-	-	(70,816)	-	-	-	(2,194,751)	2,150,211
(4,402,307)	(2,658,577)	(6,504,708)	(2,806,806)	-	11,669	-	-	(14,615,590)	(6,510,915)
-	-	-	-	-	-	-	-	(13,787)	(34,026)
28,333,785	18,352,247	(2,272,114)	(1,967,636)	(89,471)	(13,509)	-	-	42,433,522	22,373,966
(7,316,879)	(4,893,295)	(1,867,452)	(401,644)	(613)	(306)	-	-	(15,075,647)	(7,722,096)
21,016,906	13,458,952	(4,139,566)	(2,369,280)	(90,084)	(13,815)	-	-	27,357,875	14,651,870
-	-	2,289,088	-	-	-	(645,473)	(51,091)	1,644,344	281,444
21,016,906	13,458,952	(1,850,478)	(2,369,280)	(90,084)	(13,815)	(645,473)	(51,091)	29,002,219	14,933,314
11,445,084	3,185,050	-	79,686	-	-	-	-	17,238,480	5,682,041
111,878	76,100	13,986	-	-	-	-	-	149,417	119,402
7,682,820	4,447,182	54,526	24,026	-	-	-	-	10,605,429	6,701,171
446,923	265,384	-	-	-	-	-	-	522,981	312,428
17,354,325	8,426,739	3,178,410	781,021	-	-	-	63,581	27,028,648	13,132,593
2,238,117	5,397	-	-	-	-	-	1,068	2,313,228	39,526

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 9 SEGMENTAL INFORMATION (CONTD.)

#### (c) Segments Assets/Liabilities are as follows:

For the year ended 31st March	Sri Lanka		Malaysia	
	2023	2022	2023	2022
<b>Segment Assets</b>				
<b>Non - Current Assets</b>				
Fixed assets*	31,946,737	29,189,171	12,560,360	11,726,011
Intangible assets (Including land rights)	957,914	1,335,524	1,420,670	1,441,331
Financial assets measured at fair value through other comprehensive income/equity accounted investee	11,458,659	9,662,409	879,026	834,590
Deferred tax assets	43,670	17,005	17,665	68,688
Other financial receivables	4,084,317	24,759	-	-
Other non financial receivables	-	-	-	-
<b>Total non - current asset</b>	<b>48,491,297</b>	<b>40,228,868</b>	<b>14,877,721</b>	<b>14,070,620</b>
<b>Current Assets</b>				
Inventories/Biological assets	7,597,900	4,625,955	5,027,040	7,312,463
Trade debtors and other financial assets	1,459,983	1,204,852	6,439,876	5,816,311
Other non financial receivables	4,476,288	1,730,300	1,030,976	728,941
Financial assets measured at fair value trough profit or loss	8,166,935	8,020,028	33,004	145,867
Cash and cash equivalents	13,681,998	18,001,752	1,404,201	906,587
<b>Total current assets</b>	<b>35,383,104</b>	<b>33,582,887</b>	<b>13,935,097</b>	<b>14,910,169</b>
Assets held for sales	-	50,035	-	-
<b>Total segmental assets</b>	<b>83,874,401</b>	<b>73,861,790</b>	<b>28,812,818</b>	<b>28,980,789</b>
<b>SEGMENT LIABILITIES</b>				
<b>Non - Current Liabilities</b>				
Loans and borrowings	1,746,342	2,595,091	2,929,738	3,564,665
Other financial payables	104,479	86,698	-	-
Other non financial liabilities	375,736	306,819	-	-
Deferred tax liabilities	7,554,970	6,560,356	1,760,785	1,126,386
<b>Total non - current liabilities</b>	<b>9,781,527</b>	<b>9,548,964</b>	<b>4,690,523</b>	<b>4,691,051</b>
<b>Current Liabilities</b>				
Trade and other financial liabilities	11,828,760	10,319,775	5,750,772	5,345,053
Loans and borrowings	10,310,693	8,076,880	7,074,414	10,134,235
<b>Total current liabilities</b>	<b>22,139,453</b>	<b>18,396,655</b>	<b>12,825,186</b>	<b>15,479,288</b>
<b>Total segmental liabilities</b>	<b>31,920,980</b>	<b>27,945,619</b>	<b>17,515,709</b>	<b>20,170,339</b>

\*Fixed assets include Property, Plant and Equipments, Bearer Plants, Right of use Assets and Investment Properties.

(Amounts expressed in Sri Lankan Rs. '000)

Indonesia		Singapore		Mauritius		Discontinued operations India		Group	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
110,591,712	101,421,214	107,370	146,826	-	-	-	-	155,206,179	142,483,222
9,929,972	9,716,010	16,678	3,502	-	-	-	-	12,325,234	12,496,367
-	-	-	-	-	-	-	-	12,337,685	10,496,997
5,296,155	4,600,710	-	-	-	-	-	-	5,357,490	4,686,403
-	-	-	-	-	-	-	-	4,084,317	24,759
15,737,499	14,116,007	-	-	-	-	-	-	15,737,499	14,116,007
141,555,338	129,853,941	124,048	150,328	-	-	-	-	205,048,404	184,303,754
9,224,066	15,933,006	-	-	-	-	-	628,477	21,849,006	28,499,901
2,663,890	4,709,923	-	2,446	-	33,790	-	144,741	10,563,749	11,912,063
5,775,437	7,995,334	53,894	34,033	1,432	1,287	-	93,805	11,338,027	10,583,700
-	-	-	348,975	883,591	748,942	-	-	9,083,530	9,263,812
18,418,318	11,650,772	7,553,560	3,846,980	577,237	523,153	-	541,294	41,635,314	35,470,538
36,081,711	40,289,035	7,607,454	4,232,434	1,462,260	1,307,172	-	1,408,317	94,469,626	95,730,014
-	-	-	-	-	-	-	1,101,602	-	1,151,637
177,637,049	170,142,976	7,731,502	4,382,762	1,462,260	1,307,172	-	2,509,919	299,518,030	281,185,406
37,710,343	42,774,604	21,915,869	23,973,482	-	-	-	-	64,302,292	72,907,842
-	-	2,077,195	2,013,392	-	-	-	-	2,181,674	2,100,090
3,867,422	1,586,103	-	-	-	-	-	1,584	4,243,158	1,894,506
6,514,851	6,579,316	-	-	-	-	-	-	15,830,606	14,266,058
48,092,616	50,940,023	23,993,064	25,986,874	-	-	-	1,584	86,557,730	91,168,496
16,840,578	18,552,307	2,507,063	1,122,130	95,440	7,932	-	39,917	37,022,613	35,387,114
3,866,428	3,044,847	14,449,260	17,310,794	-	-	-	-	35,700,795	38,566,756
20,707,006	21,597,154	16,956,323	18,432,924	95,440	7,932	-	39,917	72,723,408	73,953,870
68,799,622	72,537,177	40,949,387	44,419,798	95,440	7,932	-	41,501	159,281,138	165,122,366

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

10 OTHER INCOME	Group	
	2023	2022
For the year ended 31st March		
Gain/(Loss) on disposal of fixed assets:		
Beverage	26,163	4,158
Oil Palm Plantations	34,478	60,303
Leisure	-	(906)
Management Services	11,769	65
	72,410	63,620
Net unrealised fair value gain on RCPS derivative financial instruments	165,473	-
Unrealised fair value gain on derivative financial instruments	-	34,252
Plasma management fee	208,027	87,782
Plasma interest income	1,412,666	788,514
Sale of sludge Oil	-	73,216
Fee income	148,949	79,374
Scrap sales	90,587	69,939
Bulking rental income	213,398	69,119
Sale of palm kernel shell	659,813	9,282
Income from Co2 Sale	94,393	88,372
Sundry income	665,949	286,261
	3,731,665	1,649,731
<b>11 OTHER OPERATING EXPENSES</b>		
For the year ended 31st March		
Net unrealised fair value gain on RCPS derivative financial instruments	-	341,433
Unrealised fair value loss on derivative financial instruments	63,375	-
Other operating expenses	717,143	672,990
	780,518	1,014,423
<b>12 IMPAIRMENT/ WRITE OFF OF BUSINESS ASSETS</b>		
For the year ended 31st March		
Brands (Note 24 (d))	353,229	463,578
Write-off of PPE and advances for capital expenditure	-	613,120
	353,229	1,076,698

(Amounts expressed in Sri Lankan Rs. '000)

### 13 FOREIGN EXCHANGE GAINS/(LOSSES)

For the year ended 31st March	Group		Company	
	2023	2022	2023	2022
Foreign exchange gains/(losses)	(507,410)	957,438	(8,364)	(81,825)

#### (a) Company

As at 31st March 2023, the Company incurred a foreign exchange loss of Rs. 8.36 Mn (2022 - loss of Rs. 81.82 Mn), from the translation of Sterling Pound denominated liability (Note 43 (d)).

#### (b) Group

##### (i) Oil Palm plantations and Oils and fats segments

The foreign exchange gain/(loss) relates to the Goodhope Asia Holdings Limited and its subsidiaries whose certain transactions and balances are recorded in different currencies other than presentation currency of each such subsidiary.

For the year ended 31st March 2023, Goodhope Asia Holding Limited group recorded a foreign exchange loss of Rs. 466.9 Mn (2022 -Gain Rs. 426.18 Mn). The unrealized exchange loss mainly arose from the translation of US dollar denominated long term borrowings as at the balance sheet date consequent to depreciation of the Indonesian rupiah (IDR) against the US dollar (USD) throughout the year.

The closing exchange rate of IDR against USD as at 31st March 2023 was IDR 15,062 which is a 5 % Depreciation compared to the closing exchange rate that prevailed as at 31st March, 2022 which was 14,349.

### 14 NET FINANCE COSTS

For the year ended 31st March	Group		Company	
	2023	2022	2023	2022
<b>Finance income from:</b>				
Interest income - Fixed Deposits	1,675,096	635,966	-	-
Interest income - Other Deposits	379,711	105,357	-	-
Total finance income	2,054,807	741,323	-	-
<b>Finance Costs on:</b>				
Bank borrowings	(16,509,977)	(7,134,022)	(500,506)	(146,213)
Unwinding of interest on refundable deposits	(8,182)	(6,276)	-	-
Interest expenses on lease liabilities	(152,238)	(111,940)	-	-
Total finance costs	(16,670,397)	(7,252,238)	(500,506)	(146,213)
<b>Net Finance costs</b>	<b>(14,615,590)</b>	<b>(6,510,915)</b>	<b>(500,506)</b>	<b>(146,213)</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

15 PROFIT BEFORE INCOME TAX EXPENSES	For the year ended 31st March	Group		Company	
		2023	2022	2023	2022
<b>Profit before tax has been arrived at after charging</b>					
Auditors' remuneration and other professional services (Note b)	160,569	98,070	1,791	3,619	
Professional services (Note c)	737,136	343,291	91,597	8,375	
Personnel costs (Note d)	29,341,876	13,172,119	48,155	31,078	
Audit committee fees	1,680	1,680	1,680	1,680	
Remuneration committee Fees	200	200	200	200	
Nomination committee Fees	250	250	200	200	
Related Party Transaction Review Committee fees	1,200	1,125	1,200	1,125	
Donations	-	-	-	-	
Royalty paid to the Carlsberg A/S	271,469	123,557	-	-	
Research and development costs	188,334	97,217	-	-	
Depreciation of property, plant and equipment, bearer plants	10,605,429	6,701,171	-	-	
Amortization of intangible assets and prepaid lease payments for land	522,981	312,428	-	-	
Total depreciation and amortization included in the income statement (Note a)	11,128,410	7,013,599	-	-	
<b>(a) Depreciation and amortization are included in the income statement under the following headings</b>					
Direct operating expenses	8,146,136	4,996,700	-	-	
Administrative expenses	2,237,383	1,343,599	-	-	
Distribution expenses	744,891	673,300	-	-	
	11,128,410	7,013,599	-	-	
<b>(b) Auditors' Remuneration and other professional services</b>					
Fees payable to KPMG for the audit of annual accounts of Carson Cumberbatch PLC	1,691	1,470	1,691	1,470	
Fees payable to KPMG for the audit of subsidiaries of Carson Cumberbatch PLC	9,067	7,867	-	-	
Fees payable to other Auditors for the audit of Subsidiaries of Carson Cumberbatch PLC	134,269	77,528	-	-	
Total statutory audit fees	145,027	86,865	1,691	1,470	
<b>Non audit services</b>					
Advisory/compliance services - (Other Auditors)	8,623	7,007	-	2,049	
Advisory services - (KPMG Sri Lanka)	810	1,237	-	-	
	9,433	8,244	-	2,049	
<b>Audit related services</b>					
KPMG Sri Lanka	6,109	2,961	100	100	
Other Auditors	-	-	-	-	
	6,109	2,961	100	100	
	160,569	98,070	1,791	3,619	



(Amounts expressed in Sri Lankan Rs. '000)

15 PROFIT BEFORE INCOME TAX EXPENSES (CONTD.)	For the year ended 31st March	Group		Company	
		2023	2022	2023	2022
<b>(c) Professional Services</b>					
Legal services	109,308	49,011	17,173	8,375	
Valuation services	76,512	43,166	-	-	
Consultation fees	478,634	168,962	74,424	-	
Other services	72,682	82,152	-	-	
	737,136	343,291	91,597	8,375	
<b>(d) Personnel Costs</b>					
Salaries, fees, wages and other related expenses	25,549,376	12,312,068	48,155	31,078	
Defined contribution plan expenses - EPF & ETF	1,479,272	820,525	-	-	
Employee benefit expenses (Note 44)	2,313,228	39,526	-	-	
	29,341,876	13,172,119	48,155	31,078	
The above include:					
Directors fees	74,527	51,219	48,155	31,078	
Directors' emoluments	2,929,819	1,304,101	-	-	
	3,004,346	1,355,320	48,155	31,078	
<b>(e) The number of employees during the year were:</b>					
		Group			
		2023		2022	
		Year end	Average	Year end	
				Average	
<b>Employees by Industry</b>					
Portfolio and assets management	21	23	24	24	
Oil palm plantations/Oils and fats	14,313	13,574	12,835	12,833	
Beverage	317	290	263	252	
Real Estate	16	17	17	18	
Leisure	252	239	225	230	
Management services	45	44	43	44	
	14,964	14,187	13,407	13,450	
<b>Employees by geographical location</b>					
Sri Lanka	771	723	675	675	
Malaysia	335	298	260	256	
Indonesia	13,853	13,134	12,414	12,463	
India	-	27	53	52	
Singapore	5	5	5	5	
	14,964	14,187	13,407	13,450	

There were no employees at Carson Cumberbatch PLC during the year (2022 - Nil).

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

16 INCOME TAX EXPENSES	For the year ended 31st March	Group		Company	
		2023	2022	2023	2022
<b>(a) Income statement</b>					
<b>(i) Current taxation</b>					
Charge for the year	13,103,807	5,893,366	-	-	
Economic service charge/write-off	945	1,154	945	1,154	
Over provision for previous years	6,480	3,516	-	-	
Dividend tax on intercompany dividends	1,383,728	387,259	-	-	
	14,494,960	6,285,295	945	1,154	
<b>(ii) Deferred Taxation</b>					
Origination of temporary differences in the current year (Note 16 (b))	580,687	1,436,801	-	-	
	580,687	1,436,801	-	-	
<b>Total income tax expense on continuing operations</b>	<b>15,075,647</b>	<b>7,722,096</b>	<b>945</b>	<b>1,154</b>	
Income tax expenses may be analysed as follows:					
<b>Current Taxation</b>					
Sri Lanka	4,312,449	2,515,150	945	1,154	
Overseas	10,182,511	3,770,145	-	-	
	14,495,140	6,285,295	945	1,154	
<b>Deferred Taxation</b>					
Sri Lanka	724,130	(232,363)	-	-	
Overseas	(143,443)	1,669,164	-	-	
	580,687	1,436,801	-	-	
<b>Total</b>					
Sri Lanka	5,036,579	2,282,787	945	1,154	
Overseas	10,039,068	5,439,309	-	-	
	15,075,647	7,722,096	945	1,154	
<p>Group tax expenses is based on the taxable profit of individual companies within the group. At present the tax laws of Sri Lanka does not provide for group taxation.</p>					

(Amounts expressed in Sri Lankan Rs. '000)

**16 INCOME TAX EXPENSES (Contd.)****(b) Deferred tax expenses**

For the year ended 31st March	Group	
	2023	2022
<b>Income Statement</b>		
Deferred tax expense arising from;		
Accelerated depreciation & amortisation for tax purposes	648,265	1,518,530
Revaluation of Property plant & equipments/investment property to fair value	486,511	122,412
Retirement benefit obligations	(734,454)	34,273
Benefit arising from tax losses	180,365	(231,334)
Others	-	(7,080)
<b>Deferred tax charged directly to Income Statement</b>	<b>580,687</b>	<b>1,436,801</b>
<b>Statement of comprehensive income</b>		
Deferred tax expense arising from;		
Actuarial gain/(loss) on defined benefit obligations	(21,330)	57,436
Revaluation surplus on Property plant & equipments	293,906	540,652
<b>Total deferred tax charged directly to statement of comprehensive income</b>	<b>272,576</b>	<b>598,088</b>
<b>Total deferred tax charged to the comprehensive income</b>	<b>853,263</b>	<b>2,034,889</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

16 INCOME TAX EXPENSES (CONTD.)	For the year ended 31st March	Group		Company	
		2023	2022	2023	2022
<b>(c) Reconciliation of the Accounting Profit with the Taxable Profit</b>					
Profit before taxation	42,433,522	22,373,966	564,760	513,283	
Aggregate tax disallowed expenses	19,573,204	8,848,399	597,002	288,838	
Aggregate of allowable deductions	(7,093,924)	(7,181,250)	-	-	
Dividend income	(1,291,491)	(1,060,321)	(978,878)	(684,458)	
Exempt profit	(13,016,861)	(5,000,119)	-	(2,212)	
Adjustments for change in fair value	(2,319,672)	1,328,039	(18,157)	(1,339)	
Impairment of business assets	353,229	1,076,698	-	-	
Operating losses incurred during the year	4,487,920	1,119,402	-	-	
<b>Tax adjusted profits</b>	<b>43,125,927</b>	<b>21,504,815</b>	<b>164,727</b>	<b>114,112</b>	
<b>Adjustments</b>					
Adjustments due to the consolidation/conversions	12,847,075	4,328,916	-	-	
Share of net results of Equity accounted investee	13,787	34,026	-	-	
Tax losses utilized during the year	(3,925,390)	(4,087,001)	(164,727)	(114,112)	
<b>Taxable income</b>	<b>52,061,399</b>	<b>21,780,755</b>	<b>-</b>	<b>-</b>	
<b>Taxation on Profits</b>					
Taxation at 14%	128,279	175,853	-	-	
Taxation at 24% & 30%	591,318	292,195	-	-	
Taxation at 40%	3,585,427	2,040,444	-	-	
Tax on Inter company dividend - Indonesia	1,383,728	387,259	-	-	
Off - Shore profits at varying rates	8,798,783	3,384,874	-	-	
Economic Service Charge - write off	945	1,154	945	1,154	
Under provision for previous years	6,480	3,516	-	-	
	14,494,960	6,285,295	945	1,154	
<b>Analysis of Tax Losses</b>					
Tax losses brought forward	15,203,162	18,527,496	1,178,863	1,293,008	
Adjustment on losses (Finalization/write-off/conversions)	6,577,526	(356,735)	466	(33)	
Tax losses incurred during the year	4,487,920	1,119,402	-	-	
Utilization of tax losses during the year	(3,925,390)	(4,087,001)	(164,727)	(114,112)	
<b>Tax losses carried forward</b>	<b>22,343,218</b>	<b>15,203,162</b>	<b>1,014,602</b>	<b>1,178,863</b>	

Utilization of tax losses in the current year has resulted in tax saving of Rs. 866 Mn (2022 - Rs. 926 Mn) for the Group.

As per section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses incurred during the year could be carried forward for further six years. Such losses can be set off against profits without any limitation but subject to source of income as provided in the Act. 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 the respective companies. Adjustment for taxation on the losses of overseas operations are made in accordance with the provisions of the relevant statutes in those countries.

(Amounts expressed in Sri Lankan Rs. '000)

## 16 INCOME TAX EXPENSES (CONTD.)

### (d) Taxation of Profits

#### (i) Current Tax in Sri Lanka

The income tax provision for Carson Cumberbatch PLC and its subsidiaries that are resident in Sri Lanka is calculated in accordance with the Inland Revenue Act No. 24 of 2017 and amendments thereto. In terms of above, the income tax provisions of companies have been calculated on their adjusted profits at the standard rate of 24% up to 30th September 2022 and 30% thereafter (2022 - 24%) except for companies with specified sources which are exempt from tax or subject to concessionary tax rates as set out below. Dividend income received by the company is liable to income tax at 14% for first six months and 15% for the second six months.

As per the Inland Revenue (Amendment) Act No.45 of 2022, 15% withholding tax is deducted from the dividend distribution by the paying company. 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 exempt from income tax for the respective recipient.

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 of any unclaimable Economic Service Charge (ESC) within the specified period.

#### (ii) Current Tax on 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 those companies. The corporate income tax rates applicable to group companies operating in the following countries are;

	2023	2022
Singapore	17%	17%
Indonesia	22%	22%
Malaysia	24%	24%
Mauritius	15%	15%

### (e) Companies with specified sources liable to income tax at concessionary rates and Higher rate specified under the IRD Act No 24 of 2017 and amendments there to

(i) In terms of Inland Revenue Act No 24 of 2017, a company engaged in undertaking for the promotion of tourism will be liable to income tax at the rate of 14% upto 30th September 2022 and 30% thereafter. Accordingly, Company's subsidiaries Pegasus Hotels of Ceylon PLC and Equity Hotels Limited are liable to income tax at 14% upto 30th September 2022 and 30% thereafter.

(ii) As per the First Schedule of the Inland Revenue Act No 24 of 2017, a company with income from a business consisting of liquor (including beer) is liable to income tax at 40%. Therefore Company's subsidiaries Lion Brewery Ceylon PLC and Luxury Brand (Pvt) Limited having taxable income which consist of component of liquor, are liable to pay income tax at 40%.

### (f) Specified sources exempt from income tax which applicable for companies within the group

(i) In terms of item (h) of third schedule of the Inland Revenue Act, No. 24 of 2017, gains made on the realization of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka are exempt from income tax.

(ii) In terms of Inland Revenue Act No 24 of 2017, 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 are exempt from income tax.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 16 INCOME TAX EXPENSES (Contd.)

- (iii) Gains and profits from service provider of information technology and IT enabled services, are exempt from income tax.
- (iv) Dividend and gains realization of shares in a non - resident company where derived by a resident company with a holding of 10% or more either directly or indirectly in the non-resident company, are exempt from income tax.
- (v) As per the subsection (iii) of Section (i) of the Third Schedule of the Act, interest income accruing or derived by the Company from foreign currency accounts are exempt from tax effective from 1st January 2021.

#### (vi) Surcharge Tax

Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022 and is applicable to the Carson Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds Rs. 2,000 million, for the year of assessment 2020/2021. The liability is computed at the rate of 25 per cent on the taxable income of the individual Group companies, net of dividends from subsidiaries.

Total Surcharge Tax liability of Rs.1,371 Mn has been recognised for the Group as an opening adjustment to the 1 April 2022 retained earnings in the statement of Changes in Equity as per addendum to the Statement of Alternative Treatment (SoAT) issued on 10th August 2022, by The Institute of Chartered Accountants of Sri Lanka.

The Impact of the surcharge tax under the Surcharge Tax Act on the Comparative year would have been as given below:

	Rs. '000
Profit after tax for the year ended 31st March 2021	9,710,614
Surcharge tax levied under Surcharge Act	(1,371,189)
Comparable profit for the year 2020/2021	8,339,425

### (g) Corporate tax rate in Sri Lanka

As provided in LKAS 12 - "Income Taxes" deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Accordingly following income tax rates have been used during the year;

	2023	2022
Leisure Sector	30%	14%
Beverage Sector	40%	40%
Real Estate Sector	30%	24%
Other Sectors	30%	24%

### 17 EARNINGS PER ORDINARY SHARE

- (a) The Group's earnings per ordinary share and Company's earnings per ordinary share are calculated by dividing the profit attributable to the ordinary shareholders of Carson Cumberbatch PLC by the Company's weighted average number of ordinary shares in issue during the year.

The amounts used in calculating the earnings per share are as follows:

For the year ended 31st March	Group		Company	
	2023	2022	2023	2022
<b>Amount used as the Numerator</b>				
Profit for the year	29,002,219	14,933,314	563,815	512,129
Attributable to non controlling interest	(15,272,573)	(7,578,842)	-	-
<b>Net Profit attributable to Ordinary Shareholders</b>	<b>13,729,646</b>	<b>7,354,472</b>	<b>563,815</b>	<b>512,129</b>
<b>Number of Ordinary Shares used as the Denominator</b>				
Ordinary shares in issue (No's)	196,386,914	196,386,914	196,386,914	196,386,914
<b>Basic earnings per Ordinary Share (Rs.)</b>	<b>69.91</b>	<b>37.45</b>	<b>2.87</b>	<b>2.61</b>

(Amounts expressed in Sri Lankan Rs. '000)

## 17 EARNINGS PER ORDINARY SHARE (Contd.)

### (b) Earnings per share from Continuing operations

The Group's earnings per ordinary share from continuing operations is calculated by dividing the profit from continuing operations attributable to the ordinary shareholders of Carson Cumberbatch PLC by the Company's weighted average number of ordinary shares in issue during the year.

The amounts used in calculating the earnings per share are as follows:

For the year ended 31st March	Group		Company	
	2023	2022	2023	2022
<b>Amount used as the Numerator</b>				
Profit for the year from continuing operations	27,357,875	14,651,870	563,815	512,129
Attributable to non controlling interest from continuing operations	(14,505,457)	(7,598,256)	-	-
Net Profit attributable to Ordinary Shareholders from continuing operations	12,852,418	7,053,614	563,815	512,129
<b>Number of Ordinary Shares used as the Denominator</b>				
Ordinary shares in issue (No's)	196,386,914	196,386,914	196,386,914	196,386,914
Basic earnings per Ordinary Share from continuing operations (Rs.)	65.44	35.92	2.87	2.61

### (c) Earnings per share from Discontinued operations

The Group's earnings per ordinary share from discontinued operations is calculated by dividing the Profit from discontinued operations attributable to the ordinary shareholders of Carson Cumberbatch PLC by the Company's weighted average number of ordinary shares in issue during the year.

The amounts used in calculating the earnings per share are as follows:

For the year ended 31st March	Group	
	2023	2022
<b>Amount used as the Numerator</b>		
Profit for the year from discontinued operations	1,644,344	281,444
Attributable to non controlling interest from discontinued operations	(767,116)	19,414
Net Profit attributable to Ordinary Shareholders from discontinued operations	877,228	300,858
<b>Number of Ordinary Shares used as the Denominator</b>		
Ordinary shares in issue (No's)	196,386,914	196,386,914
Basic earnings per Ordinary Share from discontinued operation (Rs.)	4.47	1.53

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 18 EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

Management has presented EBITDA because it monitors this performance measure at the Group level and believes that this measure is relevant to understand the Group's financial performance. EBITDA is not a defined performance measure in LKAS and SLFRS. The Group's definition of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities. EBITDA is calculated as follows:

#### Reconciliation of EBITDA to profit from continuing operations

For the year ended 31st March	Group	
	2023	2022
Profit before tax	42,433,522	22,373,966
<b>Adjustments for:</b>		
Net finance costs	14,615,590	6,510,915
Depreciation	10,605,429	6,701,171
Amortisation	522,981	312,428
Impairment/write off of business assets	353,229	1,076,698
Foreign exchange (gains)/losses	507,410	(957,438)
Change in fair value of investment properties	(578,712)	(578,208)
Change in fair value of biological assets	3,696,464	(3,347,692)
Change in fair value of financial assets - fair value through profit or loss	(923,001)	1,775,689
Share of loss of equity accounted investee (net of tax)	13,787	34,026
<b>EBITDA</b>	<b>71,246,699</b>	<b>33,901,555</b>

### 19 DIVIDEND PER ORDINARY SHARE

For the year ended 31st March	Total dividend		Dividend per ordinary share	
	2023	2022	2023 (Rs.)	2022 (Rs.)
Dividend paid	294,580	294,580	1.50	1.50
	<b>294,580</b>	<b>294,580</b>	<b>1.50</b>	<b>1.50</b>

#### Interim Dividend paid for FY 2023

After satisfying the Solvency requirement in accordance with section 57 of the Companies Act No 07 of 2007, the Board of Carson Cumberbatch PLC (CARS/ the Company) approved the payment of a First Interim Dividend of Rs.1.50 per Ordinary Share for the year ended 31st March 2023 to the Shareholders. According to the Articles of Association of the Company, the payment of an Interim Dividend did not require the Shareholders' approval. The total dividend of Rs. 294,580,371/- was paid entirely out of Dividend income received by CARS and was not subjected to withholding tax by the Company as per the Inland Revenue Act, No. 24 of 2017 as amended.

#### Interim Dividend proposed for FY2024

On 4th July 2023, the Board of Carson Cumberbatch PLC (CARS/ the Company) approved the payment of a First Interim Dividend of Rs.2/10 per Ordinary Share for the year ending 31st March 2024 to the Shareholders. According to the Articles of Association of the Company, the payment of an Interim Dividend does not require the Shareholders' approval. The total dividend of Rs. 412,412,519/40 would be paid entirely out of Dividend income received by CARS. It would not be subjected to withholding tax by the Company as per the Inland Revenue Act, No. 24 of 2017, as amended. The Directors were satisfied regarding the Solvency of the Company in accordance with section 57 of the Companies Act No 07 of 2007. The entitlement/record date for the dividend will be 17 July 2023. In accordance with the Sri Lanka Accounting Standards 10-Events after the reporting period, the proposed dividend has not been recognized as a liability as of 31st March 2023.



(Amounts expressed in Sri Lankan Rs. '000)

**20 PROPERTY, PLANT & EQUIPMENT - GROUP****(a) For the year ended 31st March 2023**

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work - In Progress	Total
As at 1st April 2022	11,941,549	58,413,691	57,151,980	3,606,946	2,394,436	1,437,549	4,447,223	2,795,628	142,189,002
Additions	77,252	765,504	3,461,376	2,711,750	208,738	124,104	2,159,806	6,893,017	16,401,547
Disposal/write off	(1,359)	(40,520)	(286,361)	(115,606)	(7,592)	(6,777)	(916,415)	(174,499)	(1,549,129)
Transfers/ Adjustments	(150,859)	1,607,584	2,699,949	310,643	(5,286)	(168,788)	-	(4,621,114)	(327,871)
Effect of movements in exchange rates	-	3,271,533	1,982,554	(53,102)	110,820	61,879	-	(79,781)	5,293,903
<b>As at 31st March 2023</b>	<b>11,866,583</b>	<b>64,017,792</b>	<b>65,009,498</b>	<b>6,460,631</b>	<b>2,701,116</b>	<b>1,447,967</b>	<b>5,690,614</b>	<b>4,813,251</b>	<b>162,007,452</b>
<b>Accumulated Depreciation</b>									
As at 1st April 2022	386,704	18,506,470	26,080,544	2,289,042	1,990,491	1,285,260	2,542,625	-	53,081,136
Charge for the year	162,920	2,888,777	3,120,861	420,251	182,140	106,804	791,435	-	7,673,188
Disposal/write off	-	(11,947)	(157,381)	(59,895)	(4,732)	(103,709)	(882,019)	-	(1,219,683)
Transfers/Adjustments	32,668	6,690	(14,791)	320,030	(128,318)	(183,611)	-	-	32,668
Effect of movements in exchange rates	-	852,825	963,262	65,856	98,855	62,615	-	-	2,043,413
<b>As at 31st March 2023</b>	<b>582,292</b>	<b>22,242,815</b>	<b>29,992,495</b>	<b>3,035,284</b>	<b>2,138,436</b>	<b>1,167,359</b>	<b>2,452,041</b>	<b>-</b>	<b>61,610,722</b>
<b>Carrying amounts as at 31st March 2023</b>	<b>11,284,291</b>	<b>41,774,977</b>	<b>35,017,003</b>	<b>3,425,347</b>	<b>562,680</b>	<b>280,608</b>	<b>3,238,573</b>	<b>4,813,251</b>	<b>100,396,730</b>

Property, plant and equipment includes right - of use assets of Rs 1,960 mn (2022 - Rs 1,826 mn) related to leased properties that do not meet the definition of investment property.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 20 PROPERTY, PLANT & EQUIPMENT - GROUP (Contd.)

#### (b) For the year ended 31st March 2022

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work - In Progress	Total
As at 1st April 2021	10,122,733	38,724,745	42,497,769	2,735,121	1,704,959	1,120,325	3,663,022	1,569,339	102,138,013
Additions	57,240	684,321	940,352	210,558	111,776	73,578	987,109	2,320,276	5,385,210
Revaluation	1,631,564	28,755	4,631	-	-	-	-	-	1,664,950
Transfers/Adjustments	131,121	481,847	920,440	(44,451)	43,297	26,377	10	(1,479,052)	79,589
Disposals/Written - off	(1,109)	(580,595)	(944,147)	(384,690)	(68,746)	(88,749)	(202,918)	(294,832)	(2,565,786)
Effect of movements in exchange rates	-	19,074,618	13,732,935	1,090,408	603,150	306,018	-	679,897	35,487,026
As at 31st March 2022	11,941,549	58,413,691	57,151,980	3,606,946	2,394,436	1,437,549	4,447,223	2,795,628	142,189,002
<b>Impairment/Accumulated Depreciation</b>									
As at 1st April 2021	270,012	10,890,195	17,896,873	1,753,859	1,410,775	1,036,955	2,162,862	-	35,421,531
Charge for the year	145,655	1,722,467	2,104,175	164,094	126,396	62,632	582,681	-	4,908,100
Transfers/Adjustments	(28,963)	(50,636)	(597,658)	(318,367)	(62,227)	(88,600)	(202,918)	-	(1,349,369)
Effect of movements in exchange rates	-	5,944,444	6,677,154	689,456	515,547	274,273	-	-	14,100,874
As at 31st March 2022	386,704	18,506,470	26,080,544	2,289,042	1,990,491	1,285,260	2,542,625	-	53,081,136
<b>Carrying amounts as at 31st March 2022</b>									
	11,554,845	39,907,221	31,071,436	1,317,904	403,945	152,289	1,904,598	2,795,628	89,107,866

(Amounts expressed in Sri Lankan Rs. '000)

## 20 PROPERTY, PLANT & EQUIPMENT - GROUP (Contd.)

### (c) Details of Freehold Lands & Building stated at valuation are Indicated below: - Continuing Operations

Property	Method of Valuation	Effective Date of Valuation	Valuer	Land Extent (in Acres)	Number of Buildings/ Blocks	Carrying Value of Revalued Assets as at 31st March 2023 If carried at Historical Cost	Carrying Value of Revalued Assets as at 31st March 2023
Pegasus Hotels of Ceylon PLC, Wattala, Sri Lanka	Market Approach and Contractor's method	31.03.2022	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, Incorporated valuers	14.51	1	556,530	2,234,763
Lion Brewery (Ceylon) PLC, Biyagama, Kaduwela, Tangalle, Kurunegala and Nuwara Eliya, Sri Lanka	Open Market Value method	31.03.2022	Mr. K. Arthur Perera & Co. Independent Professional Valuers	39.73	50	3,706,063	6,749,420
Millers Brewery Limited, Padukka, Sri Lanka	Open Market Value method	31.03.2022	Mr. K. Arthur Perera & Co. Independent Professional Valuers	22.85	12	604,406	1,677,589
Equity Two PLC No. 61, Janadhipathi Mawatha, Colombo 1, Sri Lanka	Investment Approach	31.03.2022	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, Incorporated valuers	0.18	1	134,408	577,519
				77.27	64	5,001,407	11,239,291

Open market value method: This method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities.

Investment approach method: This valuation method considers the present value of net cash flows to be generated from the property taking into account the expected rental income, occupancy rate and other costs not paid by the tenants. The expected net cash-flows are capitalized using expected rate of return.

Contractor's method: The contractor's method works on the basis that a property's value can be equated to its cost. Valuer assesses the cost of the building if it would have been constructed in the current year, and deduct margin for usage of the property-based on the respective year of construction.

### (d) Fair value measurement

The fair value of the Land & Building were determined by external, independent property valuers, having appropriate recognised professional qualifications for the category of Property being valued. The properties measured at fair value are classified under level 3 in the fair value hierarchy based on the valuation techniques used.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 20 PROPERTY, PLANT & EQUIPMENT - GROUP (Contd.)

#### (e) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Description	Effective date of valuation	Valuation technique	Significant Unobservable Inputs	Interrelationship between key unobservable inputs and fair value measurements
				The estimated fair value would increase/(decrease) if -
Land of Lion Brewery (Ceylon) PLC	31.03.2022	Open Market Value method	(i) Per perch value at Biyagama, between Rs. 600,000/- to Rs. 800,000/- Per perch value of land at Kaduwela Rs. 600,000/-, Tangalle Rs. 50,000/- and Kurunagala Rs. 375,000/-	Market value per perch was higher/(lower)
Buildings of Lion Brewery (Ceylon) PLC	31.03.2022	Open Market Value method	(i) Estimated price per square foot between Rs. 2,000/- to Rs. 13,500/-	Price per sq.ft. was higher/(lower)
Land of Millers Brewery Limited	31.03.2022	Open Market Value method	(i) Per perch value between Rs. 3,750/- to Rs. 350,000/-	Market value per perch was higher/(lower)
Buildings of Millers Brewery Limited	31.03.2022	Open Market Value method	(i) Estimated price per square foot between Rs. 2,250/- to Rs. 6,250/-	Price per sq.ft. was higher/(lower)
Land of Pegasus Hotels of Ceylon PLC	31.03.2022	Market Approach	(i) Per perch value between Rs 637,500/- - Rs. 1,350,000/-	Market value per perch was higher/(lower)
Buildings of Pegasus Hotels of Ceylon PLC	31.03.2022	Contractor's method	(i) Estimated price per square foot between Rs. 5,000/- to 16,500/- (ii) Percentage of depreciation	Price per sq.ft. was higher/(lower) Depreciation rate for usage higher/lower
Land & Building of Equity Two PLC No. 61, Janadhipathi Mawatha,	31.03.2022	Investment Approach	(i) Contractual rentals agreed with the tenants. (ii) Occupancy rate 70% (iii) Capitalization rate 6.25% (iv) Repair and insurance 20% (v) Valuer has used market price per perch for excess land using a range of prices for similar lands based on adjusted fair value taking into account and the other valuation considerations. Market prices per perch range between Rs. 10,000,000/- to Rs. 14,500,000/-	Contractual rentals were higher / (lower) Occupancy rate was higher/(lower) Capitalization rate was (higher) / lower Repair and insurance was (higher) / lower Market value per perch was higher / (lower)

#### (f) Impairment/write-off of Property, plant & equipment

The carrying values of property, plant and equipment of the Group stated at cost were tested for impairment based on internal valuations. The recoverable values of the Assets have been established based on their cash generating potential over their useful economic life on a 'Going Concern' basis. Accordingly, the recoverable value exceeds net carrying value of property, plant and equipment. No impairment was required for the financial year ended 31st March 2023.

#### (g) Carrying value of Property, plant & equipment

As at 31st March	Group	
	2023	2022
At cost	87,152,919	75,726,769
At valuation (Note c)	11,284,291	11,554,845
Right of use assets (refer note 20 (k))	1,959,520	1,826,252
	100,396,730	89,107,866

(Amounts expressed in Sri Lankan Rs. '000)

**(h) Capital work-in-progress consists of**

As at 31st March	Group	
	2023	2022
Land Improvements	512,370	109,964
Buildings	1,024,023	1,045,636
Plant & Machinery	2,903,055	1,401,469
Others	373,803	238,559
	4,813,251	2,795,628

**(i) Acquisition of property, plant and equipment**

The cash outflow of acquisition for property, plant and equipment amounted to Rs. 14,830 Mn. (2022 - Rs. 10,399 Mn)

**(j) Assets pledged as security**

The carrying value of certain property, plant and equipment of the Group amounting to approximately Rs. 71.90 Bn or equivalent to US\$ 219,787,000 (2022 - Rs. 63.2Bn or equivalent to US\$ 215,099,000) are pledged as security for bank borrowings.

**(k) Right of use assets**

Set out below, are the carrying amounts of the Group's right of use assets and the movements for the period ended 31st March 2023.

	Land/ Building/ Warehouse	Motor vehicles	Heavy equipment	Total 2023	Total 2022
As at 1st April 2022	501,191	606,254	718,807	1,826,252	1,460,541
Additions	171,287	498,048	482,294	1,151,629	430,342
Amortization expense	(195,597)	(128,898)	(147,517)	(472,012)	(303,556)
Disposal	-	-	(25,064)	(25,064)	(8,517)
Adjustment on lease modification	(6,123)	-	-	(6,123)	(19,895)
Transfer	-	(489,812)	(124,601)	(614,413)	(260,272)
Effect of movements in exchange rates	22,192	47,974	29,085	99,251	527,609
As at 31st March 2023	492,950	533,566	933,004	1,959,520	1,826,252

Following are the amounts recognised in profit or loss for the year ended 31st March 2023

For the year ended 31st March	2023	2022
Amortization of right-of-use assets	472,012	303,556

During the financial year ended 31st March 2023, the Group recognised additions of right-of use assets with an aggregated cost of Rs. 1,152 Mn (2022 - Rs. 430. Mn)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

21 BEARER PLANTS	Group	
	2023	2022
As at 31st March		
<b>Cost</b>		
At the beginning of the year	76,602,556	51,077,709
Increase due to plantation development costs	810,186	290,095
Transfers/Adjustments	-	(84,903)
Disposal	(30,701)	-
Effect of movements in exchange rates	4,501,550	25,319,655
Balance as at end of the year	81,883,591	76,602,556
<b>Accumulated depreciation</b>		
At the beginning of the year	21,644,348	12,772,403
Charge for the year	2,932,241	1,793,071
Disposal	(102)	(6,478)
Effect of movements in exchange rates	1,117,934	7,085,352
Balance as at end of the year	25,694,421	21,644,348
<b>Accumulated Impairment</b>		
At the beginning of the year	6,647,262	4,450,906
Effect of movements in exchange rates	402,328	2,196,356
Balance as at end of the year	7,049,590	6,647,262
<b>Net balance as at end of the year</b>	<b>49,139,580</b>	<b>48,310,946</b>
<b>(a) Analysis of bearer plants</b>		
At the end of the financial year, the Group's total planted area and related value of mature and immature plantations are as follows:		
	Indonesian Plantations	
	2023	2022
As at 31st March	Hectares	Hectares
Area		
Planted Area:		
- Mature	61,744	61,744
- Immature	44	16
	61,788	61,760
	Indonesian Plantations	
	2023	2022
As at 31st March		
Value		
Planted Value:		
- Mature	47,481,414	46,948,083
- Immature/ Nursery	1,658,166	1,362,863
	49,139,580	48,310,946
<b>(b)</b>	Depreciation amounting to Rs.2,932 Mn (2022: Rs. 1,793 Mn) has been charged under cost of sales.	

(Amounts expressed in Sri Lankan Rs. '000)

- (c)** The carrying value of bearer plants of the Group pledged/undertaken as security for the bank borrowings amounted to approximately Rs. 50.47 Bn or equivalent to US\$ 154,290,000 (2022 Rs. 49.59 Bn or equivalent to US\$ 168,749,000).
- (d)** The carrying values of bearer plants of the Indonesian Plantation Subsidiaries were tested for impairment based on internal valuations. The recoverable values of the Plantation Assets have been established based on their cash generating potential over their useful economic life on a 'Going Concern' basis. Accordingly, the recoverable value exceeds net carrying value of bearer plants. No impairment was required for the financial year ended 31st March 2023.

**(e) Group is exposed to the following risks relating to its Oil palm plantations**

**(i) Regulatory and environmental risk**

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environment and other laws.

**(ii) Supply and demand risk**

The Group is exposed to risks arising from fluctuations in the price and sales volume due to market supply and demand. Management performs regular industry trend analysis for projected harvested volumes and pricing.

**(iii) Climate and Other risks**

The Group Palm Oil plantations are exposed to the risk of damage from climatic changes, disease and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular plants inspections and industry pest and disease surveys. The Group is also insured against natural disasters such as floods and hurricanes.

**22 BIOLOGICAL ASSETS**

As at 31st March	Group	
	2023	2022
Biological assets	4,085,613	7,364,627
<b>Movement of biological Assets</b>		
At the beginning of the year	7,364,627	2,372,008
Change in fair value of biological assets	(3,696,464)	3,347,692
Effect of movements in exchange rates	417,450	1,644,927
<b>At the end of the year</b>	<b>4,085,613</b>	<b>7,364,627</b>

Biological assets comprise primarily fresh fruit bunches (FFB), ready to be harvested on mature oil palm plantations (Bearer Plants). The fair value of the Group's biological assets was determined based on estimated FFB quantities and publicly available index price set by the Government of Indonesia.

Significant assumptions made in determining the fair values of the biological assets and sensitivity analysis of price fluctuation is provided below:

As at 31st March	Group	
	2023	2022
FFB - Volume (MT)	90,850	110,055
Average FFB Price (US\$/MT)	99-170	168-258

Fair valuation of FFB fall under level 3 category in the fair value hierarchy as provided in Note 46 to this financial statement.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 22 BIOLOGICAL ASSETS (Contd.)

The following table shows the impact on the fair value measurement of assets that are sensitive to changes in market price.

As at 31st March	Group	
	Change in market price	Increase/ (decrease) in fair value US\$ '000
2023		
Index price	Increased by 10%	1,476
	Decreased by 10%	(1,476)
2022		
Index price	Increased by 10%	2,748
	Decreased by 10%	(2,748)

### 23 INVESTMENT PROPERTIES

As at 31st March	Freehold Land	Freehold Building	Other Equipment	Group	
				2023	2022
<b>(a) Investment Properties of the Group comprise of:</b>					
Equity One Ltd	2,575,459	442,330	24,599	3,042,388	2,782,479
Equity Two PLC	786,709	295,163	9,625	1,091,497	986,831
Equity Three (Private) Limited	591,336	95,355	39,093	725,784	648,000
Ceylon Beverage Holdings PLC	775,995	34,205	-	810,200	647,100
	4,729,499	867,053	73,317	5,669,869	5,064,410

For the year ended 31st March	Freehold Land		Freehold Building		Other Equipment		Capital Work In Progress		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022

#### (b) Movements of Investment Properties

At the beginning of the year	4,333,488	3,825,883	656,732	560,002	74,190	93,581	-	-	5,064,410	4,479,466
Additions during the year	-	-	7,353	6,736	19,394	-	-	-	26,747	6,736
Gain/(loss) on fair value adjustment (Note c)	396,011	507,605	202,968	89,994	(20,267)	(19,391)	-	-	578,712	578,208
Balance at end of the year	4,729,499	4,333,488	867,053	656,732	73,317	74,190	-	-	5,669,869	5,064,410

#### (c) Change in fair value of investment properties

Equity One Ltd	140,853	270,585	121,532	53,672	(6,361)	(3,918)	-	-	256,024	320,339
Equity Two PLC	51,415	18,686	58,444	20,581	(9,855)	(11,616)	-	-	100,004	27,651
Equity Three (Private) Limited	49,278	65,704	14,357	8,141	(4,051)	(3,857)	-	-	59,584	69,988
Ceylon Beverage Holdings PLC	154,465	152,630	8,635	7,600	-	-	-	-	163,100	160,230
	396,011	507,605	202,968	89,994	(20,267)	(19,391)	-	-	578,712	578,208



(Amounts expressed in Sri Lankan Rs. '000)

**(d) Details of investment properties - Group**

Company	Location	Description	Method of valuation	Number of Buildings	Net rentable area (In Sq.ft.)	Extent (Hectares)	Historical Cost	Fair Value 2023	Fair Value 2022
As at 31st March								2023	2022
Equity One Ltd	Dharmapala Mw, Colombo 07.	Office Space	Investment approach	1.00	44,647	0.238	130,909	1,895,000	1,726,672
Equity One Ltd	Vauxhall Lane, Colombo 02	Warehouse Space	Depreciated replacement cost	1.00	32,408	0.455	237,348	1,147,238	1,055,807
Equity Two PLC	No 55, Janadhipathi Mawatha, Colombo 1	Office Space	Investment approach	1.00	44,046	0.146	434,167	1,091,497	986,831
Equity Three (Private) Limited	George R. De Silva Mw, Colombo 13	Office Space	Depreciated replacement cost	1.00	31,237	0.208	108,854	725,934	648,000
Ceylon Beverage Holdings PLC	Nuwara Eliya		Open Market value approach	1.00	-	1.51	-	771,700	616,100
Ceylon Beverage Holdings PLC	Trincomalee		Open Market value approach		-	0.09	-	38,500	31,000
								<b>5,669,869</b>	<b>5,064,410</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 23 INVESTMENT PROPERTIES (CONTD.)

The Investment Properties of the Group comprise a number of commercial properties that are leased to external tenants. The lease agreements are typically entered in to two year periods with the option for subsequent renewals.

Changes in fair value adjustments on investment properties (gain/loss), which are unrealized, are recognised in the Income Statement. Accordingly, the total net gain on such changes in fair value, net of related deferred tax, is recorded in the fair value adjustment reserve as at the reporting date.

The Group recognized the land and building located at 61, Janadhipathi Mawatha owned by the subsidiary company Equity Two PLC though held to earn rental income and capital appreciation (and classified as investment property by the said subsidiary) as Property Plant and Equipment as opposed to investment property since Company's subsidiary Carsons Management Services (Private) Limited occupies a substantial portion at the said property as a tenant.

#### (e) Fair value hierarchy

The fair value of the investment properties was determined by external, independent property valuer, Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, having appropriate recognised professional qualifications and recent experience in the location and category of the properties valued. Fair values were determined with reference to the entities' ability to generate economic benefit by using the asset and recent market transactions for similar properties in the same location as the respective companies' investment properties.

#### (f) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

(Amounts expressed in Sri Lankan Rs. '000)

**23 INVESTMENT PROPERTIES (CONTD.)**

Description	Location	Valuation technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land & Building	Colombo	Investment approach  The valuation method considers the present value of net cash flows to be generated from the property taking into account the expected rental income, occupancy rate and other costs not paid by the tenants. The expected net cash-flows are capitalized using expected rate of return.	Contractual rentals agreed with the tenants.	The estimated fair value would increase/(decrease) if – Contractual rentals was higher/(lower)
			Occupancy Rate 70% - 90%	Occupancy rate was higher/(lower)
			Capitalization rate 5 % - 6.5%	Capitalization rate was (higher)/lower
			Repair and insurance 20%	Repair and insurance was (higher)/lower
			Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations. Market price per perch range between Rs. 10,000,000/- to Rs. 14,500,000/-	Market value per perch was higher/(lower)
Land & Building	Colombo	Market/Depreciated replacement cost approach  In this approach, the market value of a property is estimated as a function of the current cost to purchase or replace the property. Accordingly, adjustments are made to account for all forms of depreciation (physical, functional, and economic; as applicable) to determine the market value of the property.	Construction cost per square foot Rs.6,500 - Rs.9,000.	Cost per square feet was higher/(lower)
			Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations	Market value per perch was higher/(lower)
			Market price per perch range between Rs.5,500,000/- to Rs. 7,200,000/- Depreciation rate for the usage of assets 67.5% - 72.5%	Depreciation rate for usage (higher)/lower
Land & Building	Nuwara Eliya Trincomalee	Open market value approach	Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations.	Market value per perch was higher/(lower)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 23 INVESTMENT PROPERTIES (CONTD.)

#### Sensitivity Analysis

Significant judgement is required when evaluating the inputs into fair value determination of investment properties. Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the fair value of the properties by the amounts shown below.

As at 31st March	Group	
	Increase	Decrease
<b>Discount rate</b>		
2023: 1% movement	(424,985)	616,031
2022: 1% movement	(384,485)	557,282
<b>Occupancy rate</b>		
2023: 10% movement	350,347	(350,353)
2022: 10% movement	314,083	(314,094)
<b>Repairs and Insurance</b>		
2023: 10% movement	(513,533)	513,533
2022: 10% movement	(464,678)	464,678
<b>Construction cost per sq.ft.</b>		
2023: Rs. 1,000 movement	19,751	(19,751)
2022: Rs. 1,000 movement	19,751	(19,751)

#### Operating leases

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

#### Rental Income

Rental income recognized and related cost incurred by the Group are as follows:

For the year ended 31st March	2023	2022
Rental income derived from investment properties	326,861	282,287
Direct operating expenses generating rental income	(141,519)	(100,594)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

As at 31st March	Group	
	2023	2022
Less than one year	258,081	201,594
One to two years	168,137	118,846
Two to three years	121,323	111,990
Three to four years	110,949	154,846
Four to five years	99,374	107,775
More than five years	158,692	249,307
	916,556	944,358

(Amounts expressed in Sri Lankan Rs. '000)

## 23 INVESTMENT PROPERTIES (CONTD.)

### (g) Capitalization of borrowing costs into investment properties

No borrowing cost was capitalized for the year ended 31st March 2023 (2022 - Rs. Nil).

### (h) Contractual obligations to construct and develop investment properties

There were no contractual obligations entered to construct and develop investment properties as at the 31st March 2023.

(i) All the direct operating expenses of the Group are incurred on investment properties that are generating rental income.

(j) There were no restrictions on title of investment properties as at the reporting date.

(k) No items of the investment properties of the Group were pledged as security for liabilities as at the reporting date.

## 24 INTANGIBLE ASSETS - GROUP

For the year ended 31st March	Goodwill		Computer Software		Land rights		Brand/Trade mark/Patents		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Cost/Valuation										
At the beginning of the year	2,447,383	2,447,383	2,739,704	1,983,135	11,235,783	7,549,532	824,827	1,270,175	17,247,697	13,250,225
Additions	-	-	91,359	112,867	57,854	-	204	6,535	149,417	119,402
Disposal	-	-	(18,192)	-	(857)	(27,330)	(5,600)	-	(24,649)	(27,330)
Impairment (Note 24 (d))	-	-	-	-	-	-	(353,229)	(463,578)	(353,229)	(463,578)
Transfer/Adjustment	-	-	-	(2,562)	-	-	-	(1,626)	-	(4,188)
Effect of movements in exchange rates	-	-	106,728	646,264	675,158	3,713,581	1,776	13,321	783,662	4,373,166
Balance as at end of the year	2,447,383	2,447,383	2,919,599	2,739,704	11,967,938	11,235,783	467,978	824,827	17,802,898	17,247,697
Accumulated Amortization										
At the beginning of the year	-	-	1,203,712	967,620	3,514,734	2,100,356	32,884	21,308	4,751,330	3,089,284
Amortization	-	-	83,876	60,236	432,030	250,958	7,075	1,234	522,981	312,428
Disposal	-	-	(1,235)	(155)	-	12,792	-	-	(1,235)	12,637
Effect of movements in exchange rates	-	-	28,112	176,011	175,645	1,150,628	831	10,342	204,588	1,336,981
Balance as at end of the year	-	-	1,314,465	1,203,712	4,122,409	3,514,734	40,790	32,884	5,477,664	4,751,330
Carrying amounts as at the end of the year										
	2,447,383	2,447,383	1,605,134	1,535,992	7,845,529	7,721,049	427,188	791,943	12,325,234	12,496,367

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 24 INTANGIBLE ASSETS - GROUP (CONTD.)

#### (a) Goodwill

Goodwill is tested for impairment annually. Goodwill from business combinations has been allocated to an individual cash-generating unit (CGU) for impairment testing. Impairment occurs when circumstances indicate that the carrying value of the cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of the CGU's fair value, less the cost to sell or value in use (VIU). The carrying amounts of goodwill allocated to each CGU under respective sectors are as follows.

As at 31st March	2023	2022
Oils & Fats sector	1,003,194	1,003,194
Oil palm plantation sector	989,038	989,038
Beverage sector	244,827	244,827
Portfolio and asset management sector	182,740	182,740
Real estate sector	27,584	27,584
	2,447,383	2,447,383

#### Oil palm plantation sector

The recoverable amounts of the CGUs have been determined based on Value-In-Use ("VIU") calculations using cash flow projections from financial budgets approved by management based on the age profile of the plantations. Management determines the values assigned to each key assumption used in the cash flow projections based on past experience, operational considerations and current business practices common to the oil palm plantation industry.

The pre-tax discount rates applied to the cash flow projections and forecasted terminal growth rates used to extrapolate cash flow projections beyond the forecasted period are as follows:

As at 31st March	Oil palm Plantation sector 2023	2022
Pre-tax discount rates (USD)	13.16%	12.01%
Terminal Growth Rate	0%	0%

#### The calculations for value in use for the CGUs are most sensitive to the following assumptions:

**Pre-tax discount rates** - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected rate of return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowing the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

**Terminal growth rate** - The forecasted terminal growth rate used does not exceed the longterm average growth rate of the industry and country in which the entities operate.

**Project CPO selling price** - The projected selling price of CPO is based on the consensus of reputable independent forecasting service firms for the short-term period and the World Bank forecast for the remaining projection period.

#### Sensitivity to changes in assumptions

With regards to the assessment of Value-In-Use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(Amounts expressed in Sri Lankan Rs. '000)

## 24 INTANGIBLE ASSETS - GROUP (CONTD.)

### Oils and fats sector

The recoverable amount of the CGU has been determined based on Value-In-Use ("VIU") calculations using cash flow projections from financial budgets approved by management based on past experience, operational considerations and current business practices common to the industry.

The pre-tax discount rate applied to the cash flow projections and forecasted terminal growth rates used to extrapolate cash flow projections are as follows:

As at 31st March	Oil & Fats segment	
	2023	2022
Pre-tax discount rates	11.16%	8.71%
Terminal Growth Rate	3%	2%

### Beverage Sector

Goodwill relating to the beverage sector comprises Lion Brewery Ceylon PLC and Ceylon Beverages Holdings PLC. The recoverable amount is measured with respect to the value in use (VIU) and is calculated using forecast cash flow projections of the management. There is no goodwill impairment recognized in the financial statements.

### Portfolio and Asset Management Sector

The Goodwill relates to Ceylon Guardian Investment Trust Group. The recoverable amount of the CGU has been determined based on Value-In-Use ("VIU") calculations using cash flow projections from financial budgets approved by management.

## (b) Software development costs and licenses

Software with a finite life is amortized over the period of expected economic benefit.

Software development costs and licenses represent the costs incurred in the development of the Group Enterprise Resource Planning ("ERP") systems and its related licenses that are used to generate financial and management information and have an average remaining amortization period of 2 years (2022: 2 years).

All research costs and development costs not eligible for capitalization amounting to Rs. 188.33 Mn (2022: Rs. 97.21 Mn) have been expensed and are recognized in the Income Statement.

## (c) Land Rights

### (i) Details of leasehold property - Indonesia

Land rights represent amounts paid on obtaining land rights certificate under Hak Guna Usaha ("HGU") or Right to cultivate and expenses incurred for obtaining operating licenses. The land rights have an average remaining amortisation period of 20 years (2022: 21 years).

Management believes that the existing land rights of the Group will be renewed by the Government of Indonesia upon expiry because under the laws of Indonesia, land rights can be renewed upon the request of the HGU holder (subject to the approval of the Government of Indonesia).

Land rights acquisition costs representing the cost associated with the legal transfer or renewal for titles of land rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. Such costs are also capitalised and amortised on a straight-line basis over the terms of the related land rights of 30 years.

### (ii) Provision for impairment on land rights

The carrying value of land rights of the Indonesian Plantation Companies were tested for impairment based on an internal valuation. The recoverable value of the plantation land rights have been established based on their cash generating potential over their useful economic life on 'going concern' basis. As per the internal valuation, the recoverable value of the land rights were higher than its carrying value, No impairment was required for the financial year ended 31st March 2023.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### (iii) Analysis of prepaid land rights

As at 31st March	Group	
	2023	2022
Prepaid lease rights that are to be amortised;		
Not later than one year	398,457	374,097
Later than one year but not later than 5 years	1,704,072	1,600,122
Later than five years	5,743,000	5,746,830
	<b>7,845,529</b>	<b>7,721,049</b>

### (d) Brands - of Millers Brewery Limited

Lion Brewery (Ceylon) PLC (LBCPLC) acquired five brands for Rs. 4 Bn during FY 2014/15 from Millers Brewery Limited, namely, Sando Power, Sando Stout, Three Coins, Grand Blonde and Irish Dark. Brands are not amortised as the useful life is considered to be infinite given the nature of the assets. However, the assessment of indefinite life is reviewed annually. The brands are tested for impairment annually.

#### Impairment testing of Brands

The brands acquired from Millers Brewery Ltd were tested for impairment on 31st March 2023 as per the accounting standard LKAS 36. The LBCPLC computed its recoverable amount of the acquired brands by forecasting the annual sales values and discounting such estimated cash flows by its cost of equity adjusted with a risk premium. Cost of equity was determined based on the risk free rate of a 5 year treasury bond at 25.87% (2022-15.24%) for the relevant cash flows, whereas the equity risk premium added was based on non-observable inputs as estimated for a valuation of the business in a previous period. Therefore, the difference in the discount rate compared with previous financial year is the change in the risk free rate due to market changes. The contribution growth was determined based on the historical records (rate not disclosed due to commercial sensitivity) along with a zero volume growth rate. Accordingly, the carrying value of the said brands as at 31st March 2023 stands at Rs. 320,729,082/- after an impairment provision for the year of Rs. 353,228,759/- recognised in the income statement.

### (e) Patent and trademarks

Patent and trademarks comprise expenditure incurred in respect of registration and patenting of the products of Oils and fats segment. Trademarks have indefinite useful lives as there is no foreseeable limit to the period over which they are expected to generate net cash flows. The average remaining amortisation period of patents as at 31st March 2023 is 17 years (2022: 18 years). Amortisation of patents has been recognised under the line "Administrative expenses".

## 25 INVESTMENT IN SUBSIDIARIES

As at 31st March	Principal activities	Country of incorporation	Effective equity Interest held by the Group %		Investment through Group		Direct Investment by the Company	
			2023	2022	Cost 2023	Cost 2022	Cost 2023	Cost 2022
<b>Investments in Ordinary Shares</b>								
Cost								
Equity Two PLC	Real Estate	Sri Lanka	88.82%	88.82%	389,166	389,166	6	6
Pegasus Hotels of Ceylon PLC	Leisure	Sri Lanka	89.98%	89.98%	477,048	408,680	482,848	414,480
Selinsing PLC	Investment holding	Sri Lanka	51.03%	51.03%	724,640	724,640	-	-
Good Hope PLC	Investment holding	Sri Lanka	48.50%	48.50%	497,584	497,584	-	-
Indo - Malay PLC	Investment holding	Sri Lanka	46.48%	46.48%	1,382,499	1,382,499	-	-
Shalimar (Malay) PLC	Investment holding	Sri Lanka	52.39%	52.39%	616,029	616,029	-	-
Ceylon Guardian Investment Trust PLC	Portfolio and Asset Management	Sri Lanka	69.65%	69.30%	726,170	705,955	717,692	697,477
Ceylon Investment PLC	Portfolio and Asset Management	Sri Lanka	45.93%	45.70%	569,450	569,450	-	-
Ceylon Beverage Holdings PLC	Beverage	Sri Lanka	75.62%	75.62%	761,151	761,151	1,209,057	1,209,057
Lion Brewery (Ceylon) PLC	Beverage	Sri Lanka	46.87%	46.87%	2,450,955	2,450,955	-	-
<b>Total investment in Subsidiaries</b>					<b>8,594,692</b>	<b>8,506,109</b>	<b>2,409,603</b>	<b>2,321,020</b>
- quoted								



(Amounts expressed in Sri Lankan Rs. '000)

Market Value of Quoted Investments*	Group		Company	
	2023	2022	2023	2022
Equity Two PLC	1,046,236	1,046,236	-	-
Pegasus Hotels of Ceylon PLC	1,042,243	929,814	1,042,243	929,814
Selinsing PLC	3,782,687	3,307,304	-	-
Good Hope PLC	3,713,541	5,508,081	-	-
Indo - Malay PLC	5,561,838	5,561,838	-	-
Shalimar (Malay) PLC	5,918,077	5,431,921	-	-
Ceylon Guardian Investment Trust PLC	3,789,207	4,350,004	3,789,207	4,350,004
Ceylon Investment PLC	2,216,597	2,454,798	-	-
Ceylon Beverage Holdings PLC	17,998,094	11,217,073	17,998,094	11,217,073
Lion Brewery (Ceylon) PLC	34,083,132	25,034,829	4,207,453	3,090,469
	79,151,652	64,841,899	27,036,997	19,587,360

\*Market value is determined directly by reference to last traded price as at the reporting date, published by the Colombo Stock Exchange.

As at 31st March	Principal activities	Country of incorporation	Effective equity Interest held by the Group %		Investment through Group		Direct Investment by the Company	
			2023	2022	Cost 2023	Cost 2022	Cost 2023	Cost 2022
<b>(ii) Unquoted Investment</b>								
Equity One Ltd	Real Estate	Sri Lanka	98.99%	98.99%	1,105,108	1,105,108	1,111,521	1,111,521
Leechman and Company (Private) Limited	Portfolio and Asset Management	Sri Lanka	100.00%	100.00%	849	849	849	849
Rubber Investment Trust Limited	Portfolio and Asset Management	Sri Lanka	56.97%	56.97%	612	612	-	-
Pearl Springs (Pvt) Ltd	(Note 25 (c))	Sri Lanka	-	46.87%	-	1,150,000	-	-
Millers Brewery Ltd	Beverage	Sri Lanka	46.87%	46.87%	1,150,000	1,150,000	-	-
Goodhope Investments Ltd	Business outsourcing	Sri Lanka	53.33%	53.33%	15,000	15,000	-	-
Guardian Fund Management Limited	Portfolio and Asset Management	Sri Lanka	69.30%	69.30%	55,682	55,682	-	-
Guardian Value Fund Management LLC	Portfolio and Asset Management	Mauritius	57.50%	57.50%	805,153	805,153	-	-
Guardian Fund Management LLC	Portfolio and Asset Management	Mauritius	57.50%	57.50%	16,521	16,521	-	-
Goodhope Asia Holdings Ltd	Investment holding	Singapore	53.33%	53.33%	5,587,014	5,587,014	5,587,014	5,587,014
Shalimar Developments Sdn. Bhd.	Investment holding	Malaysia	51.34%	51.34%	2,665,105	2,665,105	-	-
PT Agro Indomas	Oil palm plantation	Indonesia	48.61%	48.61%	2,300,042	2,300,042	-	-
PT Agro Bukit	Oil palm plantation	Indonesia	50.67%	50.67%	4,785,841	4,785,841	-	-
PT Karya Makmur Sejahtera	Oil palm plantation	Indonesia	50.67%	50.67%	2,614,607	2,614,607	-	-
PT Agro Wana Lestari	Oil palm plantation	Indonesia	50.67%	50.67%	4,077,542	4,077,542	-	-
PT Rim Capital	Oil palm plantation	Indonesia	50.67%	50.67%	1,293,076	1,293,076	-	-
PT Nabire baru	Oil palm plantation	Indonesia	50.67%	50.67%	8,190,664	8,190,664	-	-
PT Agrajaya Baktitama	Oil palm plantation	Indonesia	50.67%	50.67%	4,065,951	4,065,951	-	-
PT Batus Mas Sejahtera	Oil palm plantation	Indonesia	50.67%	50.67%	2,508,442	2,508,442	-	-
PT Sawit Makmur Sejahtera	Oil palm plantation	Indonesia	50.67%	50.67%	2,277,516	2,277,516	-	-
PT Sumber Hasil Prima	Oil palm plantation	Indonesia	50.67%	50.67%	6,708,448	6,708,448	-	-
PT Sinar Sawit Andalan	Oil palm plantation	Indonesia	50.67%	50.67%	2,019,203	2,019,203	-	-
PT Siriwana Adi Pereksa	Oil palm plantation	Indonesia	50.67%	50.67%	1,096,637	1,096,637	-	-
PT Agro Bina Lestari	Oil palm plantation	Indonesia	50.67%	50.67%	257,929	257,929	-	-
					53,596,942	54,746,942	6,699,384	6,699,384

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

As at 31st March	Principal activities	Country of incorporation	Effective equity Interest held by the Group %		Investment through Group		Direct Investment by the Company	
			2023	2022	Cost 2023	Cost 2022	Cost 2023	Cost 2022
PT Agro Surya Madiri	Oil palm plantation	Indonesia	50.67%	50.67%	257,929	257,929	-	-
PT Agro Asia Pacific	Trading of palm oil products	Indonesia	53.33%	53.33%	15,478	15,478	-	-
Agro Asia Pacific Limited	Trading of palm oil products	Singapore	53.33%	53.33%	20,296	20,296	-	-
PT Agro Harapan Lestari	Plantation management services	Indonesia	53.23%	53.23%	120,691	120,691	-	-
Agro Harapan Lestari (Private) Limited	Management services	Sri Lanka	53.33%	53.33%	26,865	26,865	-	-
AHL Business Solutions (Private) Limited	Business outsourcing	Sri Lanka	53.33%	53.33%	207,500	207,500	-	-
Premium Nutrients Pvt Ltd	Investment holding	Singapore	53.33%	53.33%	7,917,699	7,917,699	-	-
Premium Oils & Fats Sdn. Bhd.	Operating headquarters	Malaysia	53.33%	53.33%	36,504	36,504	-	-
Premium Vegetable Oils Sdn. Bhd.	Oils and Fats	Malaysia	42.66%	42.66%	5,146,677	5,146,677	-	-
Arani Agro Oil Industries Pvt Ltd	Oils and Fats	India	-	53.33%	-	7,512,762	-	-
Carsons Management Services (Private) Limited	Management Services	Sri Lanka	100.00%	100.00%	323,341	323,341	323,341	323,341
Less: Impairment							(323,341)	(323,341)
Carsons Airline Services (Private) Limited	Leisure	Sri Lanka	100.00%	100.00%	18,999	18,999	18,999	18,999
Less: Impairment							(18,999)	(18,999)
Equity Hotels Limited	Leisure	Sri Lanka	89.98%	89.98%	83,292	7,296	-	-
Equity Three (Private) Limited	Real Estate	Sri Lanka	98.95%	98.95%	54,000	54,000	-	-
Pubs 'N Places (Private) Ltd	Beverage	Sri Lanka	75.62%	75.62%	511,881	511,881	-	-
Retail Spaces (Private) Limited	Beverage	Sri Lanka	75.62%	75.62%	-	-	-	-
Luxury Brands (Private) Limited	Beverage	Sri Lanka	75.62%	75.62%	650,000	250,000	-	-
					68,988,094	77,174,860	6,699,384	6,699,384
<b>(iii) Investments in Deferred Shares</b>								
Ceylon Guardian Investment Trust PLC					126,158	126,158	126,158	126,158
Total Investment in Subsidiaries - Deferred Shares					126,158	126,158	126,158	126,158
<b>(iv) Deemed Investments</b>								
Equity One Ltd					-	-	194,303	194,303
Pegasus Hotels of Ceylon PLC					-	-	5,352	5,352
Carsons Management Services (Private) Limited					-	-	3,358	3,358
Impairment					-	-	(3,358)	(3,358)
Carsons Airline Services (Private) Limited					-	-	3,019	3,019
Impairment					-	-	(3,019)	(3,019)
					-	-	199,655	199,655
Total Investment in Subsidiaries					77,708,944	85,807,127	9,434,800	9,346,217

(Amounts expressed in Sri Lankan Rs. '000)

## 25 INVESTMENT IN SUBSIDIARIES (CONTD.)

### (a) Disposal of interest in subsidiary with loss of control - 2022/23

During the year the Group disposed total interest in the following subsidiary with loss of control.

Immediate holding company	Name of subsidiary	Disposal of interest	Consideration
Premium Nutrients Pvt Ltd	Arani Agro Oil Industries Pvt Ltd	100.00%	3,236,037

### Disposal of interest in subsidiaries with loss of control - 2021/22

Immediate holding company	Name of subsidiary	Disposal of interest	Consideration
Ceylon Guardian Investment Trust PLC	Guardian Capital Partners PLC	83.97%	700,677
Carson Cumberbatch PLC	Guardian Capital Partners PLC	2.25%	18,806

### (b) Acquisition of additional interest in subsidiaries - 2022/23

Immediate holding company	Name of subsidiary	Acquired interest	Consideration
Carson Cumberbatch PLC	Pegasus Hotels of Ceylon PLC*	0.0%	68,368
	Ceylon Guardian Investment Trust PLC	0.35%	20,215

\*During the year Pegasus Hotels of Ceylon PLC carried out a rights issue of ordinary shares.

### (c) Amalgamation of a Subsidiary

Pearl Springs (Pvt) Limited (PSPL) was a subsidiary of Lion Brewery Ceylon PLC (LBCPLC) and the Group. The Board of Directors of LBPLC resolved to amalgamate PSPL effective from 31st January 2023 in accordance with Section 244(i)(a) of the Companies Act No 07 of 2007. The certificate of amalgamation was received on 31st January 2023, and the assets and liabilities of PSPL and LBPLC were amalgamated at their book values. Also, the investment in PSPL amounted to Rs.1.150 Mn in LBCPLC books, and the shareholders' equity of PSPL were set off.

The Amalgamation of Pearl Springs (Pvt) Ltd with Lion Brewery Ceylon PLC was recognised as common control combination in accordance with the statement of Recommended Practice (SoRP) for Merger Accounting for Common control Business combinations Issued by CA Sri Lanka. Accordingly there is no impact in the Consolidated Financial Statements since Pearl Springs (Pvt) Ltd was consolidated to Carson Cumberbatch PLC as at 31st March 2022 with the non controlling interest.

### (d) Incorporation of a Subsidiary

During the year, the LBCPLC incorporated a subsidiary "Lion Beer (Ceylon) Pte Ltd", in Singapore on the 13th of March 2023. The LBCPLC holds 100% shareholding through the single share issued by this entity for a share prices at SG \$ 1 as at 31st March 2023.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 26 NON CONTROLLING INTEREST

Group had established control over all of its subsidiaries without having to make significant assumptions throughout the year.

#### (a) Summary of non controlling interest

	Group	
	2023	2022
Balance as at 31st March	59,034,863	39,882,181
Surcharge tax for the year of assessment 2020/21	(686,163)	-
Adjusted balance as at 1st April	58,348,700	39,882,181
Total comprehensive income for the year	16,243,663	20,509,520
Total contributions by and distributions to owners	(2,058,816)	(1,063,556)
Total changes in ownership interests in subsidiaries	(844,538)	(293,282)
Balance as at 31st March	71,689,009	59,034,863

#### (b) The following table summarizes the information relating to each of the Group's subsidiaries, that has material Non controlling interest.

For the year ended 31st March	Goodhope Asia Holdings Ltd		Ceylon Beverage Holdings PLC		Ceylon Guardian Investment Trust PLC	
	2023	2022	2023	2022	2023	2022
<b>Summarised statement of Income</b>						
Revenue	231,203,155	108,507,538	97,041,354	60,361,243	1,110,112	1,155,110
Profit/(loss) before Income tax expenses	29,801,852	17,152,205	11,260,902	5,885,194	1,585,210	(825,962)
Tax expenses	(10,052,179)	(5,440,529)	(4,514,835)	(2,063,401)	(147,313)	(84,998)
Net profit/(loss) for the period	21,393,288	11,660,585	6,746,067	3,821,793	1,438,626	(578,425)
Other comprehensive income	195,821	21,655,323	(30,539)	731,086	1,534,267	1,070,768
Total comprehensive income	21,589,109	33,315,908	6,715,528	4,552,879	2,972,893	492,343
Net profit / (loss) attributable to NCI	11,029,734	5,994,661	3,653,337	1,984,449	590,447	(401,067)
Other comprehensive income attributable to NCI	369,274	12,042,482	(16,225)	388,426	647,277	832,493
Total comprehensive income attributable to NCI	11,399,008	18,037,143	3,637,112	2,372,875	1,237,724	431,426
<b>Summarised statement of Financial Position</b>						
Non-current assets	156,654,278	144,140,947	24,746,647	22,494,756	12,726,336	7,582,984
Current assets	58,517,968	62,687,906	24,433,991	20,120,004	10,531,916	12,512,633
Non-current liabilities	76,818,998	81,654,912	7,212,214	7,314,245	7,891	8,381
Current liabilities	50,856,565	55,892,228	18,651,583	15,185,989	732,391	221,655
Net assets attributable to NCI	50,040,582	40,127,908	12,302,629	10,563,780	8,961,614	7,906,951
<b>Summarised Cashflow Information</b>						
Cash flows from operating activities	47,857,679	16,124,962	1,406,818	4,990,359	(2,504,350)	518,706
Cash flows from investing activities	(8,602,509)	(4,681,818)	(2,450,913)	(1,057,948)	(753)	46
Cash flows from financing activities	(28,459,962)	(4,686,330)	(1,167,299)	(1,216,479)	165,956	(551,731)
	10,795,208	6,756,814	(2,211,394)	2,715,932	(2,339,147)	(32,979)
Dividends paid to NCI during the year	(390,275)	(223,559)	(1,266,741)	(690,656)	(79,223)	(24,771)
(Total Dividend paid to NCI - Rs. 2,063 Mn - (2022 Rs. 1,031 Mn)						
Effective ownership interests held by NCI	46.67%	46.67%	24.38%	24.38%	30.35%	30.70%

(Amounts expressed in Sri Lankan Rs. '000)

## 27 INVESTMENTS IN EQUITY ACCOUNTED INVESTEE

(a) The summarized financial information of the equity accounted investee, adjusted for the proportion of ownership interest held by the Group is as follows:

As at 31st March 2023, the Group has a 49% (31st March 2022: 49%) interest in Premium Fats Sdn. Bhd. (PFSB), which is involved in the manufacture and sale of oils and fats. The Group's interest in PFSB is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in PFSB:

### (i) Summarised Statement of Financial Position

As at 31st March	2023	2022
Non - Current assets	786,117	735,557
Current assets	1,218,597	1,102,013
<b>Total assets</b>	<b>2,004,714</b>	<b>1,837,569</b>
Non - Current Liabilities	14,827	21,479
Current liabilities	195,957	112,846
<b>Total liabilities</b>	<b>210,784</b>	<b>134,325</b>
Shareholders' equity (100%)	1,793,930	1,703,245
Proportion of the Group's ownership interest.	49.00%	49.00%
Carrying amounts of investment	879,026	834,590

### (ii) Summarised Income Statement

Revenue	1,981,449	699,596
Other income	26,138	21,536
Cost of sales	(1,686,416)	(645,655)
Administrative expenses	(160,048)	(107,588)
Selling and distribution costs	(197,644)	(55,992)
Loss before tax	(36,521)	(88,104)
Income tax credit	8,384	18,664
Loss after tax	(28,137)	(69,440)
Group's share of loss for the year	(13,787)	(34,026)
Group's share of other comprehensive income for the year	58,224	262,060

### (b) Measurement in Equity Accounted Investee - Group

For the year ended 31st March	Carrying Value 2023	Carrying Value 2022
Associate Company		
On Unquoted Shares		
Premium Fats Sdn. Bhd.	91,648	91,648
Investor's share of net assets		
At the beginning of the year	742,941	514,907
Share of net results of equity accounted investee	(13,787)	(34,026)
Share of Other comprehensive income of equity accounted investee (net of tax)	58,224	262,060
Investments in Equity Accounted investee (Equity Basis)	787,378	742,941
Carrying amount of interest in Equity Accounted Investee (Equity Basis)	879,026	834,590

The Group's share of net assets of Guardian Acuity Asset Management Limited amounting to Rs. 50,035,000 included in the Investments in equity accounted investee as of 31 March 2022 has been reclassified under assets held for sale as of 31 March 2022 to correspond to the investment disposal in the current financial year.

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(Amounts expressed in Sri Lankan Rs. '000)

<b>28 INVESTMENT IN EQUITY AND DEBT SECURITIES</b>		
<b>(a) Summary - Group</b>		
	2023	2022
Non Current Assets	Fair value	Fair value
<b>Fair value through Other Comprehensive Income (FVOCI)</b>		
Investment in Equity Securities - Quoted Shares (28 (d))	11,458,658	9,662,406
Investment in Debt Securities - Preference Shares - Unquoted (28 (d))	1	1
<b>Total Investments in equity and debt securities - Non current assets</b>	<b>11,458,659</b>	<b>9,662,407</b>
<b>Current Assets</b>		
<b>Fair value through profit or loss (FVTPL)</b>		
Investment in Equity Securities - Quoted Shares (28 (e) (i))	8,245,177	7,860,934
Investment in Equity Securities - Unquoted Shares (28 (e) (ii))	143,134	123,072
Investment in Debt Securities - Treasury bonds - Unquoted (28 (e) (iii))	420,002	297,188
<b>Total Investments in equity and debt securities - Current assets</b>	<b>8,808,313</b>	<b>8,281,194</b>
<b>Change in fair value of fair value through profit or loss financial assets</b>		
Investment in Equity and Debt Securities (28 (b))	895,908	(1,791,798)
Investment in unit trusts (Note 29)	27,093	16,109
	<b>923,001</b>	<b>(1,775,689)</b>

Information about the Group's exposure to credit and market risks and fair value measurement are included in Note 47.

The fair value of the Group's listed investment portfolio as at 31st March 2023 was based on the last traded volume weighted average price as at 31st March 2023 published by the Colombo Stock Exchange (31st March 2022 - same basis).

The fair value of the Group's unlisted investment portfolio is based on the valuation carried out by investment managers, Guardian Fund Management Limited.

(Amounts expressed in Sri Lankan Rs. '000)

**(b) Movement of Investment in Equity Securities - 2023**

Non Current Assets	Fair Value as at 01st April 2022	Additions	Disposals / Write Off	Amortised interest	Change in Fair Value	Effect on currency translation	Fair Value as at 31st March 2023
Investment in Equity Securities - Quoted Shares - FVOCI	9,662,407	-	-	-	1,796,252	-	11,458,659
	9,662,407	-	-	-	1,796,252	-	11,458,659
Current Assets	Fair Value as at 01st April 2022	Additions	Disposals / Write Off	Amortised interest	Change in Fair Value	Effect on currency translation	Fair Value as at 31st March 2023
Investment in Equity Securities - Quoted Shares - FVTPL	7,860,934	2,825,591	(3,378,564)	-	875,002	62,214	8,245,177
Investment in Equity Securities - Unquoted Shares - FVTPL	123,072	-	-	-	20,062	-	143,134
Investment in treasury bonds / Debentures - FVTPL	297,188	1,065,028	(963,014)	(13,690)	844	33,646	420,002
	8,281,194	3,890,619	(4,341,578)	(13,690)	895,908	95,860	8,808,313

**Movement of Investment in Equity Securities - 2022**

Non Current Assets	Fair Value as at 01st April 2021	Additions	Disposals / Write Off	Amortised interest	Change in Fair Value	Effect on currency translation	Fair Value as at 31st March 2022
Investment in Equity Securities - Quoted Shares - FVOCI	8,807,682	-	-	-	854,725	-	9,662,407
	8,807,682	-	-	-	854,725	-	9,662,407
Current Assets	Fair Value as at 01st April 2021	Additions	Disposals / Write Off	Amortised interest	Change in Fair Value	Effect on currency translation	Fair Value as at 31st March 2022
Investment in Equity Securities - Quoted Shares - FVTPL	9,291,354	3,786,071	(3,562,483)	-	(1,793,342)	139,334	7,860,934
Investment in Equity Securities - Unquoted Shares - FVTPL	238,736	(126,360)	-	-	10,696	-	123,072
Investment in treasury bonds / Debentures - FVTPL	246,833	128,465	(167,597)	2,360	(9,152)	96,279	297,188
	9,776,923	3,788,176	(3,730,080)	2,360	(1,791,798)	235,613	8,281,194

The Group designated the investments shown above as equity securities at FVOCI because these equity securities represent investment that the Group intends to hold for long term for strategic purposes.

- (c)** The fair value adjustment represents the net unrealised gains/(losses) on fair value adjustment of investment portfolios including any adjustment on impairment losses.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

<b>28 INVESTMENT IN EQUITY AND DEBT SECURITIES (Contd.)</b>				
<b>(d) Fair value through other comprehensive income (FVOIC)</b>				
As at 31st March	No of Shares 2023	Fair value 2023	No of Shares 2022	Fair value 2022
<b>Investment in equity securities - Quoted</b>				
Food, Beverage and Tobacco				
Bukit Darah PLC	26,710,158	11,458,658	26,710,158	9,662,406
		11,458,658		9,662,406
<b>Total Investment in equity securities -Quoted</b>		<b>11,458,658</b>		<b>9,662,406</b>
<b>Investment in Preference shares</b>				
Bukit Darah PLC - 8% participative cumulative	31,875	1	31,875	1
<b>Total Investment in FVOIC</b>		<b>11,458,659</b>		<b>9,662,407</b>
<b>(e) Fair value through profit or loss (FVTPL)</b>				
As at 31st March	No of Shares 2023	Fair value 2023	No of Shares 2022	Fair value 2022
<b>(i) Investment in equity securities - Quoted</b>				
<b>Banks</b>				
Commercial Bank of Ceylon PLC	-	-	7,348,275	460,737
Hatton National Bank PLC	1,199,927	155,391	3,419,974	373,632
Nations Trust Bank PLC	12,594	806	-	-
National Development Bank PLC	-	-	421,971	23,504
Sampath Bank PLC	4,902,325	257,372	6,907,851	316,380
Seylan Bank PLC	-	-	514,858	16,269
		<b>413,569</b>		<b>1,190,522</b>
<b>Chemicals &amp; Pharmaceuticals</b>				
Union Chemicals Lanka PLC	200	140	200	156
		140		156
<b>Capital goods</b>				
ACL Cables PLC	902,835	74,303	-	-
Hemas Holdings PLC	14,141,969	919,227	19,970,050	922,616
Hayleys PLC	410,000	29,520	-	-
John Keells Holdings PLC	4,417,451	618,444	2,413,770	344,531
Richard Pieris And Company PLC	1,461,008	30,243	461,008	6,131
Royal Ceramics Lanka PLC	184,468	5,090	252,500	10,276
		<b>1,676,827</b>		<b>1,283,554</b>
<b>Consumer Durables &amp; Apparel</b>				
Dankotuwa Porcelain PLC	198,820	4,076	-	-
Hayleys Fabric PLC	586,827	14,788	-	-
Teejay Lanka PLC	4,907,389	157,036	4,697,389	186,956
		<b>175,900</b>		<b>186,956</b>
<b>Consumer service</b>				
Aitken Spence Hotels Holdings PLC	5,817,524	348,470	5,153,438	182,947
John Keells Hotels PLC	5,036,213	95,184	-	-
		<b>443,654</b>		<b>182,947</b>
<b>Diversified financials</b>				
Central Finance Company PLC	14,628,648	1,059,114	19,278,648	1,312,876
People's Leasing and Finance Company PLC	39,232,901	309,940	33,916,185	274,721
		<b>1,369,054</b>		<b>1,587,597</b>
<b>Energy</b>				
Lanka IOC PLC	20,000	3,430	20,000	616
		<b>3,430</b>		<b>616</b>



(Amounts expressed in Sri Lankan Rs. '000)

<b>28 INVESTMENT IN EQUITY AND DEBT SECURITIES (Contd.)</b>				
<b>(e) Fair value through profit or loss (Contd.)</b>				
As at 31st March	No of Shares 2023	Fair value 2023	No of Shares 2022	Fair value 2022
<b>Food beverage &amp; Tobacco</b>				
Ceylon Cold Stores PLC	4,171,019	166,841	1,159,580	45,107
Ceylon Grain Elevators PLC	1,776,345	149,035	214,928	13,111
Ceylon Tobacco Company PLC	397,042	270,286	-	-
Distilleries Company of Sri Lanka PLC	32,299,478	633,070	33,719,352	458,583
Melstacorp PLC	2,873,415	157,750	624,687	25,675
Sunshine Holdings PLC	4,221,584	189,971	1,294,419	47,376
Nestle Lanka PLC	149,400	159,709	149,400	140,249
Watawala Plantations PLC	-	-	106,821	9,966
		1,726,662		740,067
<b>Food &amp; Staples Retailing</b>				
Cargills (Ceylon) PLC	2,020,788	470,844	2,020,788	368,794
		470,844		368,794
<b>Insurance</b>				
Ceylinco Insurance PLC - Non Voting	325,266	342,668	325,266	393,408
HNB Assurance PLC	10,068,026	502,394	8,703,922	376,880
Union Assurance PLC	-	-	197,763	59,973
		845,062		830,261
<b>Materials</b>				
Alumex PLC	-	-	1,570,000	11,461
Chevron Lanka Lubricants PLC	619,104	56,710	844,944	73,595
Ex-Pack Corrugated Cartons PLC	1,352,918	19,753	-	-
Tokyo Cement Company (Lanka) PLC	2,829,095	141,454	775,000	26,272
		217,917		111,328
<b>Retailing</b>				
Diesel & Motor Engineering PLC	42,131	19,633	-	-
RIL Property PLC	5,722,359	31,473	-	-
United Motors Lanka PLC	389,427	23,327	-	-
		74,433		-
<b>Software and services</b>				
hSenid Business Solutions PLC	-	-	17,976,090	323,570
		-		323,570
<b>Telecommunication</b>				
Dialog Axiata PLC	34,198,911	355,674	59,212,359	592,124
		355,674		592,124
<b>Utilities</b>				
LVL Energy Fund Limited	1,257,100	8,423	1,257,100	10,684
		8,423		10,684
<b>Foreign equity investment</b>				
Anheuser-Busch InBev SA/NV	-	-	3,540	63,305
British American Tobacco PLC	16,400	188,786	7,550	44,938
CK Hutchison Holdings Ltd	45,700	93,530	29,200	63,598
FedEx Corporation	-	-	700	39,473
PayPal Holdings Inc	2,107	52,344	2,940	92,922
Reckitt Benckiser Group PLC	-	-	2,000	47,599
Thai Beverage PCL	825,500	128,928	253,500	99,923
		463,588		451,758
<b>Total Investment in FVTPL</b>		<b>8,245,177</b>		<b>7,860,934</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 28 INVESTMENT IN EQUITY AND DEBT SECURITIES (Contd.)

#### (e) Fair value through profit or loss (Contd.)

As at 31st March	No of Shares 2023	FVTPL		Fair value 2022		
		Fair value 2023	No of Shares 2022			
<b>(ii) Investments in equity securities - Unquoted</b>						
ACW Insurance (Private) Limited	449,999	-	449,999	-		
Asia Pacific Golf Course Limited	10	-	10	-		
Sea Food Exporters Consortium (Private) Limited	402,000	-	402,000	-		
Ceybank Asset Management Ltd	360,001	94,070	360,001	80,676		
Equity Investment Lanka (Private) Limited	22,500	2	22,500	2		
Kandy Private Hospitals Limited	1,200	18	1,200	18		
Lanka Communications Limited	1,428,496	48,741	1,428,496	42,073		
Produce Transport Limited	1	-	1	-		
Riverside Resorts (Pvt) Ltd	2,600,020	-	2,600,020	-		
Serendib Agro Products Limited	2,500	-	2,500	-		
Findmyfare (Pvt) Ltd	302,791	303	302,791	303		
Swiss Institute For Service Industry Development (Private) Limited - Ordinary shares	847	-	847	-		
- 10% Cumulative Preference Shares	1,273	-	1,273	-		
Total Investment in equity securities - Unquoted		143,134		123,072		
Total investment equity securities		8,388,311		7,984,006		
<b>(iii) Investment in debt securities</b>						
	Maturity Date	Interest Rate	Face Value 2023	Fair Value 2023	Face Value 2022	Fair Value 2022
<b>Investments in bonds</b>						
BAT International Finance PLC	08/09/2021	3.95%	USD 200,000	64,806	-	-
ICICI Bank Ltd/Dubai	09/09/2022	3.25%	-	-	USD 400,000	117,805
Michael Kors USA INC	11/01/2024	4.00%	USD 100,000	32,364	-	-
Shriram Transport Finance Co Ltd	03/13/2024	4.40%	USD 200,000	63,341	-	-
IOI Investment L Bhd	27/06/2022	4.375%	-	-	USD 200,000	59,545
State Bank of India/London	28/09/2023	4.50%	USD 400,000	130,449	USD 400,000	119,838
United States Treasury Bill	05/07/2023	4.14%	USD 250,000	80,800	-	-
United States Treasury Bill	10/08/2023	4.58%	USD 150,000	48,242	-	-
Total investment in debt securities			-	420,002	-	297,188

(Amounts expressed in Sri Lankan Rs. '000)

<b>(f) Movement of Investment in Equity and Debt Securities - Company</b>		2023	2022			
As at 31st March		Fair value	Fair value			
<b>Non Current Assets</b>						
Investment in Equity Securities- Quoted Shares - FVOCI		6,898,101	5,359,331			
<b>Total Investments in equity securities - Non current assets</b>		<b>6,898,101</b>	<b>5,359,331</b>			
<b>Current assets</b>						
Investment in Equity Securities - Quoted Shares						
- Fair value through profit or loss - FVTPL		16,008	11,244			
Investment in Equity Securities- Unquoted Shares						
- Fair value through profit or loss - FVTPL		94,069	80,676			
<b>Total Investments in equity securities - Current assets</b>		<b>110,077</b>	<b>91,920</b>			
<b>Movement of Investment in Equity Securities - 2023 - Company</b>						
	Fair Value as at 01st April 2022	Additions	Disposals/ Write Off	Transfers	Change in Fair Value	Fair Value as at 31st March 2023
<b>Non Current Assets</b>						
Investment in Equity Securities - Quoted Shares - FVOCI	5,359,331	-	-	-	1,538,770	6,898,101
	5,359,331	-	-	-	1,538,770	6,898,101
<b>Current Assets</b>						
Investment in Equity Securities - Quoted Shares - FVTPL	11,244	-	-	-	4,764	16,008
Investment in Equity Securities - Unquoted Shares - FVTPL	80,676	-	-	-	13,393	94,069
	91,920	-	-	-	18,157	110,077

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

<b>28 INVESTMENT IN EQUITY AND DEBT SECURITIES (Contd.)</b>								
<b>Movement of Investment in Equity Securities - 2022 - Company</b>								
	Fair Value as at 01st April 2021	Additions	Disposals/ Write Off	Transfers	Change in Fair Value	Fair Value as at 31st March 2022		
<b>Non Current Assets</b>								
Investment in Equity Securities -								
Quoted Shares - FVOCI	5,219,864	206,560	(16,593)	-	(50,500)	5,359,331		
	5,219,864	206,560	(16,593)	-	(50,500)	5,359,331		
<b>Current Assets</b>								
Investment in Equity Securities -								
Quoted Shares - FVTPL	15,523	-	-	-	(4,279)	11,244		
Investment in Equity Securities -								
Unquoted Shares - FVTPL	75,058	-	-	-	5,618	80,676		
	90,581	-	-	-	1,339	91,920		
<b>(g) Measurement of investment in equity securities - Company</b>								
	FVTPL				FVOCI			
	No of Shares	Fair value	No of Shares	Fair value	No of Shares	Fair value	No of Shares	Fair value
	2023	2023	2022	2022	2023	2023	2022	2022
<b>(i) Investment in equity securities - Quoted</b>								
<b>Capital goods</b>								
Hemas Holdings PLC	113,026	7,346	113,026	5,221	-	-	-	-
John Keels Holdings PLC	33,854	4,740	33,854	4,909	-	-	-	-
<b>Chemicals &amp; Pharmaceuticals</b>								
Union Chemicals Lanka PLC	200	140	200	156	-	-	-	-
<b>Energy</b>								
Lanka IOC PLC	20,000	3,430	20,000	616	-	-	-	-
<b>Food beverage &amp; Tobacco</b>								
Bukit Darah PLC*	-	-	-	-	6,271,908	2,690,648	6,271,908	2,268,862
Ceylon Cold Stores PLC	8,800	352	8,800	342	-	-	-	-
Lion Brewery [Ceylon] PLC*	-	-	-	-	5,886,608	4,207,453	5,886,608	3,090,469
Total Investment in equity securities - Quoted		16,008		11,244		6,898,101		5,359,331
<b>(ii) Investment in equity securities - Private equity (unlisted)</b>								
Ceybank Asset Management Ltd	360,001	94,069	360,001	80,676	-	-	-	-
<b>Total</b>		110,077		91,920		6,898,101		5,359,331
* The Company has elected to classify these investment securities as FVOCI due to the Company's intention to hold these equity instruments to meet various requirements including long term appreciation and ability to liquidate etc. During the year, the Company recognised dividend income of Rs 188.49Mn. (2022 Rs. 105.88 Mn). from its investment securities at FVOCI.								

(Amounts expressed in Sri Lankan Rs. '000)

## 29 INVESTMENT IN UNIT TRUST

As at 31st March	Group	
	2023	2022
At the beginning of the year	488,035	198,153
Investments during the year	359,325	2,386,592
Disposals during the year	(632,280)	(2,112,819)
Fair value adjustment	27,093	16,109
	242,173	488,035

As at 31st March	Group FVTPL			
	No. of Units 2023	Fair Value 2023	No. of Units 2022	Fair Value 2022
<b>Current Assets</b>				
Guardian Acuity Equity fund	620,159	12,826	620,159	10,274
Guardian Acuity Money Market Fund	9,283,854	229,347	11,767,873	269,631
Guardian Acuity Income Fund	-	-	20,000,000	208,130
Total investment in unit trust - Current assets		242,173		488,035

Valuation of unit trust is based on the unit price published by the Unit Trust Managers, Guardian Acuity Asset Management Limited as at 31st March 2023.

## 30 INVENTORIES

As at 31st March	Group	
	2023	2022
Raw materials	7,567,629	6,889,177
Work-in-progress	3,066,457	6,130,562
Goods in Transit	1,924,838	1,793,586
Finished goods	5,441,904	7,486,012
	18,000,828	22,299,337
Impairment provision for inventory	(237,435)	(1,164,063)
	17,763,393	21,135,274

### Assets pledged as security

The Group has pledged inventories amounting to approximately Rs. 7,657 Mn or equivalent to US\$ 23,408,000. (2022: Rs.8,193 Mn or equivalent to US\$ 27,880,000) as security for bank borrowings.

## 31 TRADE RECEIVABLES

As at 31st March	Group		Company	
	2023	2022	2023	2022
<b>Trade receivables</b>				
Trade receivables (net of provisions)	8,450,983	9,000,431	2,376	98
Amount due from related companies (Note c)	90,300	23,052	273,284	216,792
	8,541,283	9,023,483	275,660	216,890

### (a) Assets pledged as security

The Group has pledged trade receivables (including intercompany trade receivable) amounting to approximately Rs. 7,139 Mn or equivalent to US\$ 21,823,000 (2022: Rs. 5,689 Mn or equivalent to US\$ 19,359,000) as security for bank borrowings.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### (b) Trade receivables denominated in foreign currency as follows:

As at 31st March	Group	
	2023	2022
US Dollar	2,904,349	3,976,355
Malaysian Ringgit	3,063,993	1,637,444
Indonesian Rupiah	757,656	2,286,602
Euro	177,964	-

#### Expected credit losses

There are no material movement in allowance for expected credit losses of trade receivables based on lifetime ECL recorded by the Group during the financial year ended 31st March 2023 and 2022

#### Credit Risk Exposure

##### Oil palm plantation & oils and fats

Trade receivables of the oil palm plantation business segment are generally non-interest bearing and generally within 30 days term, while those of the oils and fats business segment generally have 30 to 180 days term. They are recognised at their original invoice amounts which represent their fair value at initial recognition.

##### Beverage sector

The Beverage sector has a well established credit policy for both international and domestic customers to minimise credit risk. A credit evaluation team comprising of personnel from Finance, Sales & Operations evaluate and recommend the credit worthiness of the customer. The Group obtains bank guarantee from all the agents to cover part of their outstanding whilst the balance is covered through a facility from a bank. This banking facility is extended to all agents except those who are out of this scheme.

The bank guarantees and the facility from the bank cover 96% (2022 - 96%) of the trade receivables.

##### Real estate sector

Real estate sector obtains refundable rental deposits from non-related tenants, covering the rental income for a period of 3-6 months, which provides cover to the sector in the event of a default.

The terms of the lease agreements also require tenants to pay rental in advance on a monthly basis, which provides further cover against risk of a default.

The sector also follows a careful credit evaluation process for new tenants before entering into any rent agreements with them.

##### Leisure sector

The sector exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the sector's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk.

The sector has established a credit policy under which each new customer is analysed individually for creditworthiness before the sector's standard payment, delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum open amount that can be offered without requiring specific approval.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a corporate customer or tour operator, and also evaluate to identify the existence of previous financial difficulties. Trade and other receivables relate mainly to the sector's corporate and tour operator segments. Customers that are graded as 'high risk' are placed on a restricted customer list, monitored and future sales are made on prepayment basis.

(Amounts expressed in Sri Lankan Rs. '000)

### 31 TRADE RECEIVABLES (CONTD.)

#### (c) Amounts due from related companies

As at 31st March	Group		Company	
	2023	2022	2023	2022
<b>Current</b>				
Ceylon Guardian Investment Trust PLC	-	-	-	69,731
Carsons Management Services (Private) Limited	-	-	250,784	125,108
Equity Hotels Ltd	-	-	22,500	21,953
Premium Fats Sdn. Bhd.	90,300	23,052	-	-
	<b>90,300</b>	<b>23,052</b>	<b>273,284</b>	<b>216,792</b>

Current amounts due from wholly owned group subsidiaries are unsecured, non-interest-bearing and are repayable on demand. These balances are expected to be settled in cash.

### 32 OTHER FINANCIAL RECEIVABLES AND OTHER NON - FINANCIAL RECEIVABLES

As at 31st March	Group		Company	
	2023	2022	2023	2022
<b>Non Current</b>				
<b>Other financial receivables</b>				
Land compensation receivable (Note a)	24,759	24,759	-	-
Investment in fixed deposits	4,059,558	-	-	-
	<b>4,084,317</b>	<b>24,759</b>	<b>-</b>	<b>-</b>
<b>Other non financial receivables</b>				
Plasma receivables (Note b)	7,977,794	6,757,645	-	-
Income tax receivable (Note 40)	3,271,179	3,813,211	-	-
Other receivables	4,488,526	3,545,151	-	-
	<b>15,737,499</b>	<b>14,116,007</b>	<b>-</b>	<b>-</b>
<b>Total financial &amp; non financial receivable - Non Current</b>	<b>19,821,816</b>	<b>14,140,766</b>	<b>-</b>	<b>-</b>
<b>Current</b>				
<b>Other financial receivables</b>				
Other receivables	1,996,152	2,854,577	-	-
Loans given to employees	26,314	34,003	-	-
	<b>2,022,466</b>	<b>2,888,580</b>	<b>-</b>	<b>-</b>
<b>Other non financial receivables</b>				
Plasma receivables (Note b)	4,894,356	4,408,676	-	-
Advances made on projects	2,269	1,184	-	-
Taxes receivable	669,922	3,278,170	-	-
Prepayments	5,771,480	2,881,884	12,023	7,323
	<b>11,338,027</b>	<b>10,569,914</b>	<b>12,023</b>	<b>7,323</b>
<b>Total financial &amp; non financial receivable - Current</b>	<b>13,360,493</b>	<b>13,458,494</b>	<b>12,023</b>	<b>7,323</b>
<b>Financial assets carried at amortised cost</b>				
Trade receivables	8,541,283	9,023,483	275,660	216,890
Other financial receivables - Current	2,022,466	2,888,580	-	-
Other financial receivables - Non current	4,084,317	24,759	-	-
	<b>14,648,066</b>	<b>11,936,822</b>	<b>275,660</b>	<b>216,890</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 32 OTHER FINANCIAL RECEIVABLES AND OTHER NON - FINANCIAL RECEIVABLES (Contd.)

#### (a) Land compensation receivable

##### Pegasus Hotels of Ceylon PLC (PRH)

The Government of Sri Lanka acquired approximately 1,605 perches of land owned by PRH under section 38 provision (a) of the Land Acquisition Act, No.28 of 1964 by Gazette notification dated 14th May 2008 for the public purpose of building a fisheries harbour.

Accordingly, PRH submitted 2 claims of compensation amounting to Rs.563 mn for a portion of 1,251 perches of the acquired land and a claim for Rs.159.3mn for balance portion of 353.89 perches of land in 2008/09 and 2016/17 respectively. However, PRH recorded carrying value of the 2 compensation claims in the financial statements at Rs.189.5 mn and Rs.43,310/- respectively, on prudence based on the market conditions and the land terrain conditions.

Accordingly, the carrying value of said total approximately 1,605 perches of land amounting to Rs. 293.7mn has been removed from the property, plant and equipment during the financial years 2008/09 and 2017/18. On 06.05.2019, PRH received an official notification pertaining to the claim of compensation for the said 353.89 perches, awarding a compensation of Rs.5,459,500/- relating to the claim of Rs.159.3 mn. PRH has filed an appeal against the said award of compensation at the Land Acquisition Board of Review on 21.05.2019 and the inquiry is presently ongoing.

The value of the compensation award for the balance land of 1,251 perches is yet to be announced by the Divisional Secretary due to an ongoing litigation, where an individual after having lost the case he filed in the District Court against PRH as a lo-claimant had appealed to the Civil Appellate High Court. In the opinion of the lawyer's a time estimation cannot be given for the finality of this litigation, as both parties have a right of a further appeal to the Supreme Court. Under these circumstances, even if a valuation is determined by the Government, such value will not be disclosed until the said litigation has come to a finality. However, as a matter of prudence PRH made a provision for the compensation receivable for this land also based on the criteria of compensation awarded for the aforesaid 353.89 perches. Accordingly, a total of Rs.164.78 mn provision has been made on the compensation receivable over the years.

The full compensation claim for the total land acquired of 1,605 perches at Rs.722 mn as of the reporting date, whilst the carrying value of the compensation receivable stood at Rs.24.7 mn subsequent to the provisioning mentioned above as at 31st March 2023.

#### (b) Plasma receivables

In accordance with the Indonesian government's policy, oil palm plantation companies are required to develop new plantations for the local communities within and around the company estates. A cooperative establishment is formed to take care of the landholder's rights and obligations and this form of assistance to local communities is generally known as the "Plasma Programme".

Plasma advances represent costs incurred for plasma plantation development and advances to Plasma farmers for working capital purposes during the early maturity stage. These include bearer plants and their infrastructures, covering costs incurred for land clearing, planting, upkeep, fertilisation, mature plantation management, harvesting and other indirect expenses. The advances will be subsequently recovered through revenue generated from the Plasma plantations.

Land rights of the Plasma plantation are mortgaged and pledged as security for obtaining bank loans from commercial banks in Indonesia. These land rights will be handed over to the Group upon the repayment of loan. In accordance with management agreements signed with the Plasma Corporative, which represent the Plasma members and the Group's subsidiary companies, these land titles can be retained by the Group as security until advances provided are paid in full through Plasma revenue.

### 33 CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2023	2022	2023	2022
<b>Deposits</b>				
Call deposits	17,459,765	10,128,287	-	-
Fixed deposits and Savings	10,704,610	12,430,503	200,050	50
Short - term deposits	28,164,375	22,558,790	200,050	50
Cash in hand and at bank	13,470,939	12,911,748	15,418	539,084
<b>Total cash and cash equivalents</b>	<b>41,635,314</b>	<b>35,470,538</b>	<b>215,468</b>	<b>539,134</b>



(Amounts expressed in Sri Lankan Rs. '000)

**(a) Cash and cash equivalents denominated in foreign currencies as at 31st March are as follows:**

As at 31st March	Group	
	2023	2022
US Dollars (USD)	12,076,700	8,370,387
Indonesian Rupiah (IDR)	17,004,737	10,605,768
Malaysian Ringgit (MYR)	1,977,234	665,028
Euro	91,117	101,207
Indian Rupee (INR)	-	529,848
Singapore Dollar ('SGD')	42,528	35,264

**Assets pledged as security**

Certain bank accounts of the Group have been pledged as security for bank borrowings. As at 31st March 2023, these accounts have a total amount of Rs. 594.41 Mn or equivalent to US\$1,817,000 (2022: Rs. 541.60 Mn or equivalent to US\$ 1,843,000). There are no legal and contractual restrictions on the use of the pledged bank accounts.

**Cash management**

**Oil palm plantations**

Short-term deposits earn interest at floating rates based on daily bank deposit rates and are made for varying periods from one day to a week, depending on the immediate cash requirements of the Group. For the financial year ended 31st March 2023, Re Purchase Agreements (REPO's) placed in Sri Lanka earned interest of 5 % to 22 % per annum (2022: 4.35% to 11.00% per annum). Fixed deposit placed in Sri Lanka earned interest of 5% to 9.5 % for USD short term deposits (2022: 3.5% to 6.45%), 5 % to 6.5% for LKR short-term deposits In Sri Lanka, Call Deposit placed in Indonesia earned interest of 2% to 4.9 % for IDR short-term deposits (2022: 2.8%) and no interest was earned for Malaysian Ringgit ("MYR") as no funds were placed in these short-term deposits.

**Oils and fats**

Certain deposits that are kept with banks are used as lien against the bank guarantees. The maturity of these deposits ranged from a period of a week to three months. For MYR deposits, interest earned ranged from 2.45% to 3.10% per annum (2022: 1.75% to 2.35% per annum). Any excess cash is further utilised to reduce the overdraft interest incurred

**Real estate sector**

Short-term deposits earn interest at fixed rates based on bank deposit rates and are made for varying periods one month to 5 year, depending on the cash availability and cash requirements of the sector. For the financial year ended 31st March 2023, fixed deposits placed earned interest of 14.65% to 25 % (2022: 3.5% to 15%).

**Leisure sector**

Short-term deposits earn interest at fixed rates based on bank deposit rates and are made for varying periods from one months to six month, depending on the cash availability and cash requirements of the sector. For the financial year ended 31st March 2023, fixed deposits placed earned interest of 14% to 24% (2022: 4.3% to 9.4%).

**(b) For the purpose of the consolidated cash flow statement, cash equivalent comprise of the following:**

As at 31st March	Group		Company	
	2023	2022	2023	2022
Short - term deposits	28,164,375	22,558,790	200,050	50
Cash-in-hand and at bank	13,470,939	12,911,748	15,418	539,084
	41,635,314	35,470,538	215,468	539,134
Interest payable	1,107,847	887,695	9,587	3,430
Short - term borrowings (Note 41)	(27,342,251)	(31,235,489)	(1,399,243)	(1,624,256)
	15,400,910	5,122,744	(1,174,188)	(1,081,692)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 34 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

- (i) Non-current assets of Arani Agro Oil Industries (Pvt) Ltd (AAOIL) had been classified as held for sale as the management intended to recover the carrying amount principally through a sale transaction rather than through continuing use.

On 5th January 2023, Premium Nutrients Private Limited (PNPL), a fully owned subsidiary of Goodhope Asia Holdings Limited disposed 100% of shares in its fully owned subsidiary Arani Agro Oil Industries Private Limited (AAOIL), India for a consideration of US\$ 8,999,241.

- (ii) Guardian Acuity Asset Management Limited, (GAAM) is a company incorporated in Sri Lanka, to set up and carry out unit trust management activities licensed by Securities and Exchange Commission of Sri Lanka, and governed by a Joint Venture agreement between Acuity Partners (Private) Limited and Ceylon Guardian Investment Trust PLC. Ceylon Guardian Investment Trust PLC and Acuity Partners (Pvt) Limited held 50% each of the issued share capital of Guardian Acuity Asset Management Limited. On 13th January 2023, Ceylon Guardian Investment Trust PLC and Acuity Partners (Pvt) Limited disposed its entire holding in GAAM.

- (iii) The Group's share of net assets of GAAM amounting to Rs. 50,035,000 included in the Investments in equity accounted investee as of 31 March 2022 has been reclassified under assets held for sale as of 31 March 2022 to correspond to the investment disposal in the current financial year.

#### Assets held for sale

The information relating to assets that were classified as held for sale are stated below;

	2023	2022
Non current Assets		
Property, plant & equipment - (Arani Agro Oil Industries (Pvt) Ltd)	-	1,101,602
Investment in jointly controlled entity - Guardian Acuity Asset Management Limited	-	50,035
Total assets, representing net assets directly associated with disposal group	-	1,151,637

#### (a) Movement of assets held for sale

	2023	2022
Opening balance as at 1st April	1,151,637	1,563,211
Addition during the year	-	(2,078)
Disposed during the year	(1,111,805)	(787,937)
Effect of movements in exchange rates	(39,832)	378,441
Closing Balance as at 31st March	-	1,151,637

(Amounts expressed in Sri Lankan Rs. '000)

**(b) Result for the year from discontinued operations**

For the year ended 31st March	AAOIL	GAAM	Total	AAOIL	GCP	Total	GAAM	Total
	2023	2023	2023	2022	2022	Subsidiaries	2022	Subsidiaries/ JV
Revenue	1,563,793	15,750	3,247,186	14,367	3,261,553	26,011		
Direct operating expenses	(2,036,340)	-	(3,158,520)	-	(3,158,520)	-		
Other income	(472,547)	15,750	88,666	14,367	103,033	26,011		
	24,953	4,319	7,194	941	8,135	991		
Administrative expenses	(172,038)	(34,100)	(116,459)	-	(116,459)	(32,378)		
Foreign exchange losses	(27,526)		(8,179)	(651)	(8,830)			
<b>Profit/(loss) from operations</b>	<b>(647,158)</b>	<b>(14,031)</b>	<b>(28,778)</b>	<b>14,657</b>	<b>(14,121)</b>	<b>(5,376)</b>		
Net finance income/ (cost)	2,034	4,778	(22,313)	-	(22,313)	3,701		
<b>Profit/(loss) before Income tax expenses</b>	<b>(645,124)</b>	<b>(9,253)</b>	<b>(51,091)</b>	<b>14,657</b>	<b>(36,434)</b>	<b>(1,675)</b>		
<b>Income tax expenses</b>								
Current taxation	(349)	709	-	(3,455)	(3,455)	65		
	(349)	709	-	(3,455)	(3,455)	65		
<b>Profit/(loss) from discontinued operations, net of tax</b>	<b>(645,473)</b>	<b>(8,544)</b>	<b>(51,091)</b>	<b>11,202</b>	<b>(39,889)</b>	<b>(1,610)</b>		
Total gross Group holding	100%	50%	100%	86.22%	-	50%		
Group's share of Profit/(loss) for the year	(645,473)	(4,272)	(649,745)	(51,091)	11,202	(39,889)	(805)	(40,694)

**(c) Net cash flows from discontinued operations**

As at 31st March	Group	
	2023	2022
Net cash outflow from operating activities	(380,133)	(58,248)
Net cash outflows from investing activities	(722)	(2,461)
Net cash inflows from financing activities	2,888	99,063
Net cash out flows	(377,967)	38,354

**(ii) The details relating to the disposal assets and liabilities of subsidiaries**

	Arani Agro Oil Industries (Pvt) Ltd 2023	Guardian Capital Partners PLC 2022
<b>Assets</b>		
Property, plant and equipment	1,111,805	-
Inventories	104,024	-
Trade and other receivables	191,275	-
Deferred tax asset	1,098	-
Cash and cash equivalents	275,868	797,815
	1,684,070	797,815
<b>Liabilities</b>		
Trade and other payables	(32,280)	1,789
	(32,280)	1,789
<b>Net assets directly associated with disposal</b>	<b>1,651,790</b>	<b>796,026</b>
Cash consideration received	3,236,037	714,684
Net assets directly associated with disposal	(1,651,790)	(796,026)
Carrying amount of the non-controlling interest as at the disposal date	770,889	180,966
Realization of intergroup profit from disposal of subsidiary	-	222,514
Realization of currency translation reserve with disposal	(66,048)	-
<b>Gain on disposal of subsidiaries</b>	<b>2,289,088</b>	<b>322,138</b>

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

<b>(iii) The details relating to the disposal of investment in jointly controlled entity - Guardian Acuity Asset Management Limited</b>		2023
Total non-current assets		-
Total current assets		92,290
Total assets		92,290
Total non-current liabilities		-
Total current liabilities		(766)
Net assets		91,524
Applicable to the group (50%)		45,762
Net assets directly associated with disposal entity		(45,762)
Cash consideration received from disposal of Group shares		50,763
Profit from disposal of Joint venture company		5,001
<b>(iv) Proceed from disposal of Subsidiary and jointly controlled entity for cash flow purpose</b>		2023
Consideration received in cash - subsidiary		3,236,037
Consideration received in cash - jointly controlled entity		50,763
Cash and cash equivalent disposed - subsidiary		(275,868)
Net cash flow on disposal on Subsidiary/Joint Venture		3,010,932

### 35 STATED CAPITAL

As at 31st March	Group/Company			
	No of shares		Stated capital	
	2023	2022	2023	2022
At the beginning/end of the year	196,386,914	196,386,914	1,114,652	1,114,652
	196,386,914	196,386,914	1,114,652	1,114,652

- (a)** The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares rank equally with regard to the right to the Company's net assets at the point of distribution.

### 36 CAPITAL RESERVES

As at 31st March	Group		Company	
	2023	2022	2023	2022
<b>Represented by</b>				
Capital accretion reserve	287,552	287,552	287,552	287,552
Revaluation reserve (Note a)	1,941,612	2,085,100	-	-
Other capital reserves (Note b)	1,478,993	1,477,484	-	-
	3,708,157	3,850,136	287,552	287,552

(Amounts expressed in Sri Lankan Rs. '000)

**(a) Revaluation reserve**

This reserve comprises revaluation gains of property plant and equipment.

**(b) Other capital reserves**

Represents the amounts set aside by the Directors for future expansion and to meet any contingencies.

**37 REVENUE RESERVES**

As at 31st March	Group		Company	
	2023	2022	2023	2022
<b>Represented by</b>				
Currency translation reserve (Note a)	6,744,135	7,129,396	-	-
Revenue reserve	328,597	328,597	-	-
FVOCI Reserve (Note b)	7,748,796	6,510,968	5,474,135	3,935,365
Cash flow hedging Reserve (Note c)	129,098	(248,240)	-	-
Retained earning	48,774,448	38,342,668	7,790,353	7,518,618
	<b>63,725,074</b>	<b>52,063,389</b>	<b>13,264,488</b>	<b>11,453,983</b>

**(a) Currency translation reserve**

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**(b) FVOCI Reserve**

This consists of net unrealised gain/(loss) arising from change in the fair value of financial instruments not held for trading but for long term, strategic purposes net of cumulative impairments losses incurred as at the reporting date.

**(c) Cash flow hedging Reserve**

This represent the cumulative fair value changes, net of the derivative contracts designated as cash flow hedges.

**(d) Revenue reserve**

This represents the amounts set aside to meet any contingencies.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

38 DERIVATIVE FINANCIAL INSTRUMENTS	Contract/ Notional amount 2023	Asset 2023	Liability 2023	Contract/ Notional amount 2022	Asset 2022	Liability 2022
As at 31st March						
<b>Non-current</b>						
Embedded derivatives						
RCPS derivative	-	-	2,077,195	-	-	2,013,392
	-	-	2,077,195	-	-	2,013,392
<b>Current</b>						
<b>Derivatives not designated as hedging instruments</b>						
Foreign exchange forward contracts	8,484,703	33,044	-	16,986,568	143,409	-
Commodity swap contracts	-	-	-	-	-	-
<b>Derivatives designated as hedging instruments</b>						
Commodity swap contracts	-	-	-	-	-	-
Put Option Contracts	-	-	-	42,920,301	351,174	-
Energy swap contracts	-	-	-	-	-	-
	8,484,703	33,044	-	59,906,869	494,583	-

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are commodity price risk and foreign exchange risk. The Group's risk management strategy and how it is applied to manage risks is explained in Note 47.

**Derivatives not designated as hedging instruments**

**Foreign currency risk**

The Group entered into foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchase. These contracts are not designated in hedge relationships and are measured at fair value through profit and loss. No unrealised fair value changes (2022: US\$ nil) in respect of these contracts were recognised in the statement of other comprehensive income since the Group has not adopted hedge accounting as of 31st March 2023.

**Commodity price risk**

The Group's enters into certain commodity derivative contracts, including futures, swaps, option to hedge the commodity price risk relating to sale or purchase of palm, palm based products and diesel.

There are economic relationships between the hedged items and the hedging instruments as the terms of the commodity swap contracts as well as energy swap contracts match the terms of the expected highly probable forecast transactions and forecasted consumption of diesel respectively. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity swap contracts and energy swap contracts are identical to the hedged risk components.

**Hedge ineffectiveness can arise from:**

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

(Amounts expressed in Sri Lankan Rs. '000)

### 38 DERIVATIVE FINANCIAL INSTRUMENTS (CONTD.)

The impact of the hedging instruments on the Group's balance sheet is as follows:

As at 31 March 2023	Notional amount	Carrying amount	Line item in balance sheet	Changes in fair value used for measuring ineffectiveness for the period
<b>As at 31st March 2023</b>				
Put Option Contracts	-	-	Derivative financial instruments	-
<b>As at 31st March 2022</b>				
Commodity swap contracts	-	-	Derivative financial instruments	-
Put Option Contracts	42,920,301	351,174		

The impact of hedged items on the Group's balance sheet is as follows:

	Changes in fair value used for measuring ineffectiveness	Cash flow hedge reserve
<b>As at 31st March 2023</b>		
Highly probable forecast sales of CPO	-	-
<b>As at 31st March 2022</b>		
Highly probable forecast sales of CPO	-	589,797

The impact of the hedging instruments on the Group's balance sheet is as follows:

	Total hedging gain recognised in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss
<b>As at 31st March 2023</b>			
Commodity swap contracts	707,553	-	Other operating expenses
Put Option Contracts	-	-	Other operating expenses
	707,553	-	
<b>As at 31st March 2022</b>			
Commodity swap contracts	(98,862)	-	Other operating expenses
Put Option Contracts	(54,366)	-	Other operating expenses
	(153,228)	-	

#### Embedded derivative

Along with the Senior Secured Non-Amortizing Term Loan Facility disclosed in Note 41 the GAHL also issued Redeemable Convertible Preference Shares (RCPS) to the Lender under this facility. The RCPS holder has the option to convert the preference shares to ordinary shares of the GAHL at any time during the term i.e. 6-years from issuance date of 3rd October 2019. The RCPS holder is entitled to dividends paid to ordinary shareholders of the GAHL from time to time. The RCPS also is redeemable at the end of the term for a pre-determined amount of cash if not converted to ordinary shares of the GAHL. The GAHL has accounted for the equity conversion option of the RCPS as a derivative liability.

The RCPS derivative has been separated and carried at fair value through profit or loss. The carrying value as at 31st March 2023 amounted to Rs. 2,077.19 Mn (US\$ 6,350,000) . 2022: Rs. 2,013.39 Mn (US\$6,851,000).

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 39 DEFERRED TAX ASSETS AND LIABILITIES

As at 31st March	Assets		Liabilities	
	2023	2022	2023	2022
The closing deferred tax asset and liability balances relate to the following;				
Property, plant & equipment	311,421	513,103	9,764,460	8,939,786
Bearer Plants	333,281	360,567	4,207,569	4,633,058
Investment properties	-	-	1,551,066	1,064,555
Intangible assets	-	1,186	625,374	388,055
Leased assets	156,735	-	193,744	149,375
Employee benefit liability	651,977	291,474	(106,207)	(73,366)
Losses available for offset against future taxable income	3,873,269	3,424,485	(333,937)	(682,914)
Others	30,807	95,588	(71,463)	(152,491)
	5,357,490	4,686,403	15,830,606	14,266,058

Deferred tax assets and liabilities are recognised based on applicable tax rates under Inland Revenue Act No. 24 of 2017 and other applicable tax jurisdictions.

- (a) Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, were shown in the statements of financial position:

	Group	
	2023	2022
Deferred tax assets	5,357,490	4,686,403
Deferred tax liabilities	(15,830,606)	(14,266,058)
	(10,473,116)	(9,579,655)

#### Movement of net Deferred tax assets/Liabilities

	2023	2022
Balance as at beginning of the year	(9,579,655)	(6,757,870)
Recognised in Income Statement (Note 16 (b))		
Due to during the year transaction	360,832	1,436,801
Due to change in the tax rate	219,855	-
Recognised in Other Comprehensive Income (Note 16 (b))		
Due to during the year transaction	(21,330)	598,088
Due to change in the tax rate	293,906	-
Effect of movements in exchange rates	(1,746,724)	(4,856,674)
<b>Balance as at end of the year</b>	<b>(10,473,116)</b>	<b>(9,579,655)</b>

- (b) The Group recognized an additional deferred tax liability of Rs 513.76Mn for the following segments due to the increase in income tax rate from 24% to 30% by the Inland Revenue (Amendment) Act, No 45 of 2022, effective from 1st October 2022.

Segment	Rs '000
Portfolio & asset management	340
Property	256,600
Leisure	260,939
Management Services	(4,200)
<b>Total</b>	<b>513,761</b>

The additional liability has been charged to the Statement of Other Comprehensive Income and Statement of Profit or Loss with Rs 293.9 Mn and Rs 219.9 Mn, respectively.



(Amounts expressed in Sri Lankan Rs. '000)

## **39 DEFERRED TAX ASSETS AND LIABILITIES (CONTD.)**

### **(c) Recognized deferred tax assets**

The recognition of deferred tax assets relating to unutilised tax losses carried forward by subsidiaries of the Group have been reassessed by the respective management at the year end. Accordingly, approximately Rs 349.38 (2022: Rs 293.57) of unused tax losses of Indonesian subsidiaries for which deferred tax assets had been recognised in previous years were derecognised during the year and charged to the income statement. Management has assessed that the losses may not be used to offset taxable profits in the future and there are no other tax planning opportunities or other evidence of recoverability of such tax losses in the near future.

Management believes that sufficient taxable profit will be available to allow the remaining tax losses to be utilised. Accordingly, the relevant subsidiaries have recognised deferred tax assets relating to the remaining unutilised tax losses carried forward.

### **(d) Unrecognised deferred tax assets**

#### **Group**

The amounts of unutilised tax losses which deferred tax assets have not been recognised for Indonesian subsidiaries as at the end of the financial year amounts to Rs.1,587 Mn (2022: Rs. 1,298 Mn) . The expiry dates of the tax losses for the Indonesian subsidiaries ranges from 1 to 5 years and 1 to 8 years respectively. Further, in the beverage sector deferred tax assets not accounted in respect of the tax losses amounted to Rs. 696 Mn. (2022 - 673 Mn) since the utilization against the future taxable profit are not probable.

#### **Company**

The Company has accumulated tax loss of Rs. 1,014 Mn (2022: Rs. 1,178 Mn) as at the reporting date. The deferred tax asset of Rs. 284 Mn (2022 - Rs. 330 Mn) arising from the said tax loss has not been recognized due to uncertainty of future taxable profits against which the deferred tax assets would be utilized, given that the Company's only source of income being dividend income which is tax exempt.

### **(e) Unrecognised temporary differences relating to investments in subsidiaries**

At the end of the reporting period, no deferred tax liability (2022: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to Rs.165,155 Mn (2022: Rs. 138,627 Mn).

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

40	<b>CURRENT TAX RECOVERABLE/(LIABILITIES)</b>					
	As at 31st March	Group		Company		
	2023	2022	2023	2022		
At the beginning of the year	301,933	453,222	945	2,106		
Subsidiaries'/Company's taxation on current year's profit	(13,111,232)	(5,896,758)	-	-		
Irrecoverable economic service charge	-	(1,154)	(945)	(1,154)		
(Under)/over provision for previous years	-	(3,516)	-	(7)		
Dividend tax on intercompany dividends	(1,383,728)	(387,259)	-	-		
Payments and set off against refunds	12,695,315	6,137,396	1,279	-		
<b>Net Income Tax recoverable/(liabilities)</b>	<b>(1,497,712)</b>	<b>301,933</b>	<b>1,279</b>	<b>945</b>		
<b>Break-up of net Income tax recoverable/(payable)</b>						
<b>Income tax recoverable</b>						
Non Current (Note 32)	3,271,179	3,813,211	-	-		
Current	-	13,788	1,279	945		
<b>Total income tax recoverable</b>	<b>3,271,179</b>	<b>3,826,999</b>	<b>1,279</b>	<b>945</b>		
Income tax payable	(4,768,891)	(3,525,066)	-	-		
<b>Net Income Tax recoverable/(liabilities)</b>	<b>(1,497,712)</b>	<b>301,933</b>	<b>1,279</b>	<b>945</b>		
<b>41 LOANS AND BORROWINGS</b>						
	Note	Maturity	Group		Company	
As at 31st March			2023	2022	2023	2022
<b>Current Liabilities</b>						
<b>Secured</b>						
Long term borrowings - amount due within one year	A	2024	7,005,733	6,127,207	-	-
Working capital facilities	B	2024	17,790,738	23,870,628	-	-
			24,796,471	29,997,835	-	-
<b>Unsecured</b>						
Long term borrowings - amount due within one year		2024	713,225	653,947	225,000	225,000
Working capital facilities		2024	9,551,513	7,364,861	1,399,243	1,624,256
			10,264,738	8,018,808	1,624,243	1,849,256
<b>Total loan payable within the year</b>			<b>35,061,209</b>	<b>38,016,643</b>	<b>1,624,243</b>	<b>1,849,256</b>
<b>Non - Current Liabilities</b>						
<b>Secured</b>						
Long term borrowings	A	2025	56,922,071	65,929,478	-	-
Redeemable Convertible Preference Shares (RCPS)	A	2025 - 2027	5,207,323	4,106,059	-	-
			62,129,394	70,035,537	-	-
<b>Unsecured</b>						
Long term borrowings			1,518,876	2,389,477	335,417	560,417
			1,518,876	2,389,477	335,417	560,417
<b>Total long term bank borrowings - amount due after one year</b>			<b>63,648,270</b>	<b>72,425,014</b>	<b>335,417</b>	<b>560,417</b>
<b>Total loans and Borrowings</b>			<b>98,709,479</b>	<b>110,441,657</b>	<b>1,959,660</b>	<b>2,409,673</b>

(Amounts expressed in Sri Lankan Rs. '000)

#### 41 LOANS AND BORROWINGS (CONTD.)

As at 31st March	Group		Company	
	2023	2022	2023	2022
<b>Long term Bank Borrowings</b>				
<b>Movement in Long - Term Borrowings</b>				
Balance as at the beginning of the year	75,100,109	59,489,484	785,417	468,750
<b>Cash Movement</b>				
Obtained during the year	7,034	60,248	-	-
Re - payments during the year	(19,501,782)	(4,810,677)	(225,000)	(183,333)
Reclassification of short term loan	-	500,000	-	500,000
<b>Non cash Movement</b>				
Impact on exchange rate changes on conversion	10,342,639	20,956,878	-	-
Interest accrued during the year	1,377,060	-	-	-
Unamortized transaction cost	(1,165,155)	(1,095,824)	-	-
	66,159,905	75,100,109	560,417	785,417
Amounts falling due within one year	(7,718,958)	(6,781,154)	(225,000)	(225,000)
Amounts falling due after one year	58,440,947	68,318,955	335,417	560,417
	-	-	58,105,530	67,758,538

#### Loan (including Lease liability) denominated in foreign currencies as at 31st March are as follows:

As at 31st March	Group	
	2023	2022
Malaysian Ringgit (MYR)	23,352	9,041,139
US Dollar (USD)	69,170,311	90,690,554
Indonesian Rupiah (IDR)	868,865	855,422

#### A LONG-TERM LOANS (GOODHOPE ASIA HOLDINGS LTD (GAHL) AND ITS SUBSIDIARIES)

Group's long-term loans are secured by pledge over GAHL's certain properties, plant and equipment and certain bank accounts together with the Corporate Guarantee from the GAHL and its certain subsidiaries.

##### (a) Senior Secured Amortizing Term Loan Facility

USD 170 million, 5-year Senior Secured Amortizing Term Loan Facility from a consortium of banks to partly refinance the existing senior long-term loan at the Group's Oil Palm Plantations segment. This facility was fully drawn as at 31st March 2020. Repayments commenced from March 2020 on a bi-annual basis over the term.

##### (b) Senior Secured Non-Amortizing Term Loan Facility

GAHL together with its subsidiary plantation companies secured a USD 105 million, 6-year Senior Secured Non-Amortizing Term Loan Facility, from a private credit arm of a global investment and private equity firm. The facility was to refinance part of the existing senior long-term loan at the Group's Oil Palm Plantations segment, to support the development plans of the Group's Oil Palm Plantation segment and for other general corporate purpose. This facility was fully drawn as at 31st March 2020.

GAHL issued Redeemable Convertible Preference Shares (RCPS) to the Lender as part of this loan facility representing 6.30% of the enlarged post-conversion share capital of the GAHL. RCPS holder has the option to convert to ordinary shares of the Company at any time during the term (i.e. 6-years from issuance date of 3rd October 2019) and at the time of IPO. RCPS has to be redeemed at the end of the term by the issuer, at a pre-determined amount, if not converted to ordinary shares of the Company already. It is a zero-coupon instrument however RCPS holder is entitled to dividends paid to ordinary shareholders of the Company from time to time. Details on derivative instrument of RCPS is disclosed under Note 38.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 41 INTEREST BEARING BORROWINGS (Contd.)

#### B SHORT TERM LOAN FACILITIES (GOODHOPE ASIA HOLDINGS LTD (GAHL) AND ITS SUBSIDIARIES)

##### (a) Working Capital Facilities

These facilities are secured by certain stocks and trade receivables of certain GAHL subsidiaries together with Corporate Guarantee from GAHL.

##### (b) Revolving/Short-term Loan Facilities

Some of these facilities are secured by a Corporate Guarantee from the GAHL.

#### C Effective interest rates

The effective interest rates per annum of the GAHL Group's US Dollar loans and borrowings as at the balance sheet date are as follows:

As at 31st March	2023	2022
Lease liabilities	4.0% - 13%	4.5% - 11.8%
Short-term loans	8.60%	5.20%
Long-term bank loans	9.90%	7.80%

### 42 LEASE LIABILITIES

The Group has lease contracts for various items of buildings, equipment, machinery, vehicles and land rights used in its operations. Leases of buildings generally have lease terms between 1 and 6 years, equipment, machinery and vehicles generally have lease terms between 1 and 5 years while land rights generally have lease terms of 30 years. The Group's obligations under some of its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

#### b) Set out below are the carrying amounts of lease liabilities movements

	Group	
	2023	2022
As at 1st April	1,032,941	966,336
Additions	1,151,629	430,342
Accretion of interest	152,238	111,940
Payments	(930,532)	(630,041)
Reclassified as operating liabilities	-	(29,946)
Effect of movements in exchange rates	(112,668)	184,310
As at 31st March	1,293,608	1,032,941
Current	639,586	550,113
Non-current	654,022	482,828
	1,293,608	1,032,941

#### c) Following are the amounts recognised in profit or loss

As at 31st March	2023	2022
Interest expense on leases liabilities	152,238	111,940
Total amount recognised in profit or loss	152,238	111,940

d) The Group had total cash outflows for leases of Rs. 930.53 Mn (2022 - Rs. 630.04 Mn) during the year.

(Amounts expressed in Sri Lankan Rs. '000)

43 TRADE AND OTHER FINANCIAL PAYABLES AND OTHER NON-FINANCIAL LIABILITIES	As at 31st March	Group		Company	
		2023	2022	2023	2022
<b>43.1 Trade payables</b>	5,906,650	8,110,868	-	-	
<b>43.2 Other Financial Payables</b>					
<b>Non current</b>					
Rental and other deposits(Note 43.a)	104,479	86,698	-	-	
<b>Current</b>					
Customer deposits(Note 43 b)	2,742,490	2,301,181	-	-	
Taxes payable	895,872	2,148,235	-	-	
Accrued expenses	16,338,195	4,248,758	300,978	275,380	
Other creditors	2,232,655	8,780,057	20,078	20,520	
	22,209,212	17,478,231	321,056	295,900	
Total Other Financial Payables	22,313,691	17,564,929	321,056	295,900	
Trade and other financial liabilities measured at amortised cost	28,220,341	25,675,797	321,056	295,900	
Current liability	28,115,862	25,589,099	321,056	295,900	
Non current liability	104,479	86,698	-	-	
<b>43.3 Other Non Financial Payables</b>					
<b>Non current</b>					
Plasma payable	301,906	337,595	-	-	
<b>Current</b>					
Sales advances	2,922,014	5,277,905	-	-	
Taxes payable	1,013,480	995,044	-	-	
Plasma payable	202,366	-	-	-	
	4,137,860	6,272,949	-	-	
Total Other Non Financial Payables	4,439,766	6,610,544	-	-	
<b>Financial liabilities carried at amortised cost</b>					
Trade and other financial - current payables	28,115,862	25,589,099	321,056	295,900	
Other financial payables - non-current	104,479	86,698	-	-	
Loans and borrowings	98,709,479	110,441,657	1,959,660	2,409,673	
<b>Total financial liabilities carried at amortised cost</b>	<b>126,929,820</b>	<b>136,117,454</b>	<b>2,280,716</b>	<b>2,705,573</b>	
Term and condition of the above current Financial liabilities:					
- Trade payables are non - interest bearing and are normally settled in 60 to 90 day terms.					
- Other payables are non - interest bearing and have an average term of six months.					
* - Other non-current Financial payables are non-interest bearing and relate to mill supplier payables due after one year.					
<b>(a) Rental and other deposits</b>					
As at 31st March			Group		
			2023	2022	
Balance as at the beginning of the year			86,698	88,862	
Receipts during the year			29,393	2,298	
Transferred to deferred revenue			[10,999]	[3,368]	
Refunds during the year			[8,795]	[7,370]	
Unwinding of interest on refundable deposits			8,182	6,276	
<b>Balance as at the end of the year</b>			<b>104,479</b>	<b>86,698</b>	
Face value			123,294	102,696	

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 43 TRADE AND OTHER FINANCIAL PAYABLES AND OTHER NON-FINANCIAL LIABILITIES (Contd.)

The Group has obtained refundable rental deposits from non-related party tenants, covering the rental income for a period of 3-6 months, which provides cover to the Group in the event of a default. The rental and telephone deposits are re-payable on termination of the tenancy agreements in the real estate sector.

#### (b) Customer Deposits

As at 31st March	2023	Group 2022
Balance as at the beginning of the year	2,301,181	1,900,393
Receipts during the year	441,309	400,788
<b>Balance as at the end of the year</b>	<b>2,742,490</b>	<b>2,301,181</b>

Customer deposits are taken as security against the containers with the agents in the beverage sector.

#### (c) Trade payable denominated in foreign currencies are as follows

As at 31st March	2023	Group 2022
<b>Currency</b>		
US Dollar (USD)	96,506	364,399
Malaysian Ringgit (MYR)	2,150,946	2,015,654
Indonesian Rupiah (IDR)	2,533,045	4,074,214

- (d) An order has been made for the enforcement of an ex-parte judgment (in default of appearance) issued against the Company by an overseas Court for a sum of Sterling Pounds 271,323.38 plus costs, in an action filed by a former consultant to the Company. The Company appealed against the said enforcement order in the High Court of Civil Appeals and the said court delivered judgment against the Company. The Company filed a leave to appeal application in the Supreme Court and the case is still pending in the Supreme Court. The potential liability is fully provided for under accrued expenses.

### 44 EMPLOYEE BENEFITS

As at 31st March	2023	Group 2022
<b>Balance as at the beginning of the year</b>	<b>1,556,911</b>	<b>1,566,372</b>
The amounts recognized in the income statement are as follows		
Current service cost	725,839	135,271
Interest cost	279,806	89,219
Past service costs	1,354,065	(113,247)
Immediate recognition on new entrants	6,373	13,554
Curtailment gain	(52,855)	(67,326)
Adjustment on the previous year	-	(17,945)
	<b>2,313,228</b>	<b>39,526</b>
<b>The amount recognized in Statement of Comprehensive Income</b>		
Remeasurements of defined benefit obligation	63,954	(223,720)
	<b>63,954</b>	<b>(223,720)</b>

(Amounts expressed in Sri Lankan Rs. '000)

#### 44 EMPLOYEE BENEFITS (Contd.)

As at 31st March	Group	
	2023	2022
<b>Others</b>		
Payments made during the year	(407,524)	(190,480)
Effect of movements in exchange rates	414,683	365,213
	7,159	174,733
Balance as at the end of the year	3,941,252	1,556,911

#### (a) Accounting judgements, estimates and assumptions

##### Employee benefit liability

The employee benefit liability of the Group is based on the actuarial valuations carried out by Independent actuarial specialists. The actuarial valuations involve making assumptions about discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The actuarial valuation was made using the following assumption:

	Sri Lanka		Indonesia	
	2023	2022	2023	2022
Discount rate	18% per annum	15% per annum	7.10% per annum	7.55% per annum
Future salary increment rate	10% -15% per annum	10% per annum	4% per annum	4% per annum
Mortality rate	A 1967/70 Mortality Table, issued by the Institute of Actuaries, London was used.	A 1967/70 Mortality Table, issued by the Institute of Actuaries, London was used.	Indonesian Table of Mortality year 2019	Indonesian Table of Mortality year 2019
Disability rate	10% of mortality table	10% of mortality table	10% of mortality rate	10% of mortality rate
Retirement age	60 years	60 years	55 years	55 years
"Weighted average duration (years) of defined benefit obligation"				
Beverage sector	5.3	6.41	-	-
Management / property / leisure sectors	7.38 -5.3	10.51	-	-

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rate has been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing employee benefit obligations as per LKAS 19

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

<b>(b) Sensitivity analysis on the key assumptions used in actuarial valuation is as follows:</b>				
2023	Discount Rate		Future Salary Increments	
	1% Increase	1% Decrease	1% Increase	1% Decrease
<b>Consolidated balance sheet</b>				
<b>Employee benefit liability</b>				
Sri Lankan Subsidiaries	(14,710)	16,162	17,924	(16,508)
Overseas Subsidiaries	(310,783)	276,760	301,623	(271,199)
<b>Consolidated statement of comprehensive income</b>				
Sri Lankan Subsidiaries	14,710	(16,162)	(17,924)	16,508
Overseas Subsidiaries	310,783	(276,760)	(301,623)	271,199
<b>2022</b>				
<b>Consolidated balance sheet</b>				
<b>Employee benefit liability</b>				
Sri Lankan Subsidiaries	(12,582)	13,897	15,461	(14,167)
Overseas Subsidiaries	(87,867)	98,740	107,556	(96,683)
<b>Consolidated statement of comprehensive income</b>				
Sri Lankan Subsidiaries	12,582	(13,897)	(15,461)	14,167
Overseas Subsidiaries	87,867	(98,740)	(107,556)	96,683
<b>45 NET ASSETS PER SHARE</b>				
As at 31st March	Group		Company	
	2023	2022	2023	2022
Total Equity	140,236,892	116,063,040	14,666,692	12,856,187
<b>Less</b>				
Non -controlling interest	(71,689,009)	(59,034,863)	-	-
Total equity attributable to owners of the Company	68,547,883	57,028,177	14,666,692	12,856,187
<b>Number of ordinary shares used as the denominator</b>				
Ordinary shares in issue (Nos.)	196,386,914	196,386,914	196,386,914	196,386,914
Net Assets per Share (Rs.)	349.05	290.39	74.68	65.46



(Amounts expressed in Sri Lankan Rs. '000)

#### 46 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) According to accounting classification and fair value, classes of financial instruments that are not carried at fair value and of which carrying amounts are a reasonable approximation of fair value are current portion of trade and other receivables (Note 31, 32), cash and cash equivalents (Note 33), trade and other payables (Note 43) and loans and borrowings (Note 41). The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

#### (b) Fair value of assets and liabilities that are carried at fair value - Group

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:

As at 31st March	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>2023</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
Investment in equity and debt securities				
- Non current	11,458,659	-	-	11,458,659
Investment in equity and debt securities				
- Current	8,245,177	420,002	143,134	8,808,313
Investment in Unit trust	-	242,173	-	242,173
Derivative financial instrument	-	33,044	-	33,044
As at 31st March 2023	19,703,836	695,219	143,134	20,542,189
<b>Non-financial assets:</b>				
Biological assets	-	-	4,085,613	4,085,613
Assets held for sale	-	-	-	-
Investment properties	-	-	5,669,869	5,669,869
Freehold Land & Buildings	-	-	11,284,291	11,239,291
As at 31st March 2023	-	-	21,039,773	21,039,773
<b>Liabilities measured at fair value</b>				
Financial liabilities	-	-	-	-
Derivative financial instrument	-	-	2,077,195	2,077,195
As at 31st March 2023	-	-	2,077,195	2,077,195

(Amounts expressed in Sri Lankan Rs. '000)

As at 31st March	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>2022</b>				
<b>Assets measured at fair value</b>				
<b>Financial assets:</b>				
Investment in equity and debt securities - Non current	9,662,406	-	-	9,662,406
Investment in equity and debt securities - Current	7,860,934	297,188	123,072	8,281,194
Investment in Unit trust	-	488,035	-	488,035
Derivative financial instrument	-	494,583	-	494,583
As at 31st March 2022	17,523,340	1,279,806	123,072	18,926,218
<b>Non-financial assets:</b>				
Biological assets	-	-	7,364,627	7,364,627
Assets held for sale	-	-	1,101,602	1,101,602
Investment properties	-	-	5,064,410	5,064,410
Freehold Land & Buildings	-	-	11,554,845	11,554,845
As at 31st March 2022	-	-	25,085,484	25,085,484
<b>Liabilities measured at fair value</b>				
Financial liabilities	-	-	-	-
Derivative financial instrument	-	-	2,013,392	2,013,392
As at 31st March 2022	-	-	2,013,392	2,013,392

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(Amounts expressed in Sri Lankan Rs. '000)

### (c) Fair value of financial and non financial assets and liabilities

#### Fair value hierarchy

The table below analyses financial and non financial assets and liabilities carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows.

Level 1 : Availability of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Use of inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Use of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Methods and assumptions used to determine fair values

The methods and assumptions used by the management to determine the fair values of financial and non financial assets and liabilities other than those carrying amounts reasonably approximate to their fair values as mentioned in Note 46 (b) are as follows:

Financial & non financial assets/Liability category	Fair Value Basis, Valuation techniques	Fair Value Hierarchy
Quoted equity instruments	Fair value is determined directly by reference to last market price as at the balance sheet date	Level 1
Investment in Unit Trusts	Use of inputs for the assets or liability that are not based on observable market data.	Level 2
Biological Assets	Fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of maintenance and harvesting costs, overhead costs and estimated cost to sell. Please refer to Note 22 for more details	Level 3
RCPS derivative	Fair value of RCPS derivative has been determined by using the valuation technique of binominal lattice model. Unobservable inputs are Equity value range of 3,186 IDR and Annual Volatility of stock returns range 31.45 %.	Level 3
Investment properties	The fair value of investment property is based on current and estimated future rental income generated from comparable properties	Level 3
Freehold Land & Buildings	Market approach/Existing use	Level 3

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 46 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

#### (d) Movements in Level 3 assets and liabilities measured at fair value:

Fair value of financial instruments by classes that are not carried at fair value and of which carrying amounts are reasonable approximation of fair value are, Current trade and other financial receivables and payables, current and noncurrent loans and borrowings at floating rate, other bank deposits and cash and bank balances. The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

#### Movements in Level 3 assets

As at 31st March	Investment in equity securities unquoted	Total Financial assets
As at 31st March 2021	238,736	238,736
Net gain arising from changes in fair value of assets	-	-
Foreign currency translation	-	-
Change in fair value	10,696	10,696
Movements in assets	(126,360)	(126,360)
As at 31st March 2022	123,072	123,072
Net gain arising from changes in fair value of assets	-	-
Foreign currency translation	-	-
Change in fair value	20,062	20,062
Movements in assets	-	-
As at 31st March 2023	143,134	143,134

There have been no transfers from level 1, level 2 or level 3 for the financial years ended 31st March 2023 and 31st March 2022.

#### Movements in Level 3 liabilities

As at 31st March	Derivative financial instruments
As at 31st March 2021	1,104,061
Net (gain)/loss arising from changes in fair value of liabilities	341,433
Foreign currency translation	567,898
As at 31st March 2022	2,013,392
Net (gain)/loss arising from changes in fair value of liabilities	(165,473)
Foreign currency translation	229,276
As at 31st March 2023	2,077,195

There have been no transfers from level 1, level 2 or level 3 for the financial years ended 31st March 2023 and 31st March 2022.

(Amounts expressed in Sri Lankan Rs. '000)

Investment properties	Freehold Land & Buildings	Biological assets	Total Non Financial assets	Total
4,479,466	9,852,721	2,372,008	16,704,195	16,942,931
-	-	-	-	-
-	-	1,644,927	1,644,927	1,644,927
578,208	1,631,564	3,347,692	5,557,464	5,568,160
6,736	70,560	-	77,296	(49,064)
5,064,410	11,554,845	7,364,627	23,983,882	24,106,954
		417,450	417,450	417,450
578,712	(1,359)	(3,696,464)	(3,119,111)	(3,099,049)
26,747	(269,195)	-	(242,448)	(242,448)
5,669,869	11,284,291	4,085,613	21,039,773	21,182,907

Description As at 31st March	Fair value		Valuation technique	Unobservable inputs	Range
	2023	2022			
Biological assets	4,085,613	7,364,627	Income approach	Projected Harvested Quantities Market price of FFB	90,850 (2022-110,055) 99 -170 (USD/MT) (2022 168-258 USD MT)
RCPS derivative	2,077,195	2,013,392	Binominal lattice model	Equity value Annual Volatility of stock returns	3,186 (IDR) (2022 -3,026, (IDR))
Investment in Equity Securities - Unquoted Shares	143,134	123,072	Adjusted net assets	Net assets value	31.45% 2022 (29.28%)

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 47 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

#### Financial assets and liabilities by categories in accordance with SLFRS 9 - Group

As at 31st March 2023	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount
<b>Financial assets</b>					
Investment in equity securities	11,458,658	8,808,313	-	-	20,266,971
Investment in unit trust	-	242,173	-	-	242,173
Trade and other financial receivables	-	-	14,648,066	-	14,648,066
Derivative financial instruments	-	33,044	-	-	33,044
Cash and cash equivalents	-	-	41,635,314	-	41,635,314
	11,458,658	9,083,530	56,283,380	-	76,825,568
<b>Financial liabilities</b>					
Long term borrowings	-	-	-	66,159,905	66,159,905
Redeemable Convertible Preference Shares (RCPS)	-	-	-	5,207,323	5,207,323
Lease liabilities	-	-	-	1,293,608	1,293,608
Trade and other financial payables	-	-	-	28,220,341	28,220,341
Derivative financial instrument	-	2,077,195	-	-	2,077,195
Short term borrowings	-	-	-	27,342,251	27,342,251
	-	2,077,195	-	128,223,428	130,300,623
<b>As at 31st March 2022</b>					
<b>Financial assets</b>					
Investment in equity securities	9,662,406	8,281,194	-	-	17,943,600
Investment in unit trust	-	488,035	-	-	488,035
Trade and other financial receivables	-	-	11,936,822	-	11,936,822
Derivative financial instruments	-	494,583	-	-	494,583
Cash and cash equivalents	-	-	35,470,538	-	35,470,538
	9,662,406	9,263,812	47,407,360	-	66,333,578
<b>Financial liabilities</b>					
Long term borrowings	-	-	-	75,100,109	75,100,109
Redeemable Convertible Preference Shares (RCPS)	-	-	-	4,106,059	4,106,059
Lease liabilities	-	-	-	1,032,941	1,032,941
Trade and other financial payables	-	-	-	25,675,797	25,675,797
Derivative financial instrument	-	2,013,392	-	-	2,013,392
Short term borrowings	-	-	-	31,235,489	31,235,489
	-	2,013,392	-	137,150,395	139,163,787

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency, commodity price and market price risk. The Group's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant financial instruments to hedge the risks of commercial exposure. Such financial instruments are not held for trade or speculative purposes. These market risk management activities are governed by the risk management framework and systems. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31st March 2023 and 31st March 2022. Mechanisms adopted by the Group in managing eventual impact of such risks are given overleaf.

(Amounts expressed in Sri Lankan Rs. '000)

## 1 Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should an external default occur on its obligations. The carrying amount of trade and other receivables, amounts due from related companies and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Credit risk with respect to accounts receivable is limited due to the creditworthiness of the Group's customer base. Management regularly monitors the creditworthiness of its customers and believes that it has adequately provided for any exposure to potential credit losses.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all third-party customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, when they fall due, which are derived based on the Group's historical information and forward-looking factors.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the counterparty
- Significant changes in the expected performance and behaviour of the counterparty including changes in the payment status of the borrowers in the Group and changes in the operating results of the counterparty

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the counterparty
- A breach of contract, such as default or past due event
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

The Group computes expected credit loss for the Group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking factors.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the debt instruments and loans is as follows:

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 47 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

Category	Definition of category	Basis for recognition of expected credit loss provision (ECL)
Grade I	Customers have a low risk of default and have a strong capacity to meet contractual cashflows.	12-month ECL
Grade II	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Impairment provision/write off

#### Trade receivables

The Group provides for expected credit losses for trade receivables using a provision matrix. The provision rates are determined based on Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region.

#### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular region.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

#### Exposure to credit risk

As the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and other financial receivable at the end of the reporting period is as follows:

As at 31st March	2023	2023	2022	2022
		% of total		% of total
Investment Holding/Portfolio and Asset Management	47,768	0%	174,720	1%
Oil Palm Plantations	2,668,927	25%	4,716,163	40%
Oils & Fats	6,435,738	61%	5,961,052	50%
Beverage	1,298,054	12%	938,113	8%
Real Estate	77,361	1%	71,026	1%
Leisure	35,901	0%	50,947	0%
Management Services	-	0%	42	0%
	10,563,749	100%	11,912,063	100%



(Amounts expressed in Sri Lankan Rs. '000)

The credit risk for the trade and other receivable at the end of the reporting period by geographical segment is as follows:

As at 31st March	2023	2023 % of total	2022	2022 % of total
Sri Lanka	1,459,983	14%	1,204,852	10%
Malaysia	6,439,876	61%	5,816,311	49%
Indonesia	2,663,890	25%	4,709,923	40%
India	-	0%	144,741	1%
Singapore	-	0%	2,446	0%
Mauritius	-	0%	33,790	0%
	10,563,749	100%	11,912,063	100%

The ageing of trade receivables at the reporting date are as follows:

	2023	2022
0 - 30 days	814,199	2,350,954
30 - 365 days	7,712,195	6,739,991
More than 365 days	67,304	57,374
Gross carrying value	8,593,698	9,148,319
Allowance for expected credit losses	(142,715)	(147,888)
Total	8,450,983	9,000,431

#### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with credit worthy debtors with good payment record with the Group. Cash at bank and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings with no history of default.

#### Deposits with banks

Deposits with bank mainly consist of fixed and call deposits.

As at 31 March 2023, fixed and call deposits comprise 97% (2022 - 87%) and 100% (2022 - 90%) for the Group and Company respectively were rated "A" or better

As at 31st March	2023	Group	2022	
AAA	30,272,131	66%	17,837,182	50%
AA+	-	0%	9,408,853	27%
AA-	-	0%	1,877,893	5%
A+	-	0%	1,654,253	5%
A	11,353,634	25%	194,454	1%
A -	2,624,253	6%	-	-
BBB+	350,974	1%	3,974,693	11%
BBB -	165	0%	-	-
CC	11,252	0%	-	-
A1*	196,551	0%	151,840	0%
A2*	-	0%	-	0%
Baa2*	64,805	0%	59,545	0%
Baa3*	719,754	2%	311,765	1%
Unrated	101,353	0%	60	0%
	45,694,872	100%	35,470,538	100%

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Fair value through profit or loss financial assets - investment in unit trusts

Name of the fund	Fund category	Fund's investment instruments
Guardian Acuity Money Market Fund	Money market fund	Fixed income securities within the maturity period less than 365 days to provide short term returns
Guardian Acuity Income Fund	Income fund	Fixed income securities that focus on providing medium term returns
Guardian Acuity Equity Fund	Equity fund	Listed equity securities

The Group continuously monitors the performance, asset allocation, credit quality and maturity profiles of these funds in order to assess and mitigate the credit risk.

## 2 Liquidity Risk

Both at Company and Group level short term liquidity constraints are indicated by the current ratio etc. However, such indications have not affected the day to day activities of the Company or the Group due to prudent operational discipline and mitigating circumstances that are expected to manifest with the economic and operational recovery. The Group actively manage its operating and financing cash flows to ensure all refinancing, repayment and investment needs are satisfied. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain unutilised banking facilities of a reasonable level compared to its overall debt. The Group raises committed funding from both capital markets and financial institutions and prudently balance its debt maturity profile with a mix of short and longer term funding to achieve overall cost effectiveness. In the event of acute liability restrictions Group has resorted to liquidating non-strategic, least yielding investments and fixed assets in the past to meet urgent current liabilities which cannot be re-scheduled. Liquidity restrictions of subsidiary levels will and can affect their dividend payment policies which in turn will affect the cashflows of the parent entity.

At Company level, such cascading events and possible need for equity capital infusions will impact the liquidity of the parent Company. Restricted capital expenditure, internalized cost management, disposal of non-strategic investments and revising own dividend payment policies would be the mitigating steps taken at the parent company level.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the segment treasury. The Treasury invests surplus cash in interest bearing savings/call accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

As at 31st March	Group		Company	
	2023	2022	2023	2022
Total cash and bank balances	41,635,314	35,470,538	215,468	539,134
Less: Fixed deposits pledged for bank facilities	(594,413)	(541,602)	-	-
Less: Other deposits with more than 3 months maturity	(27,569,962)	(22,017,188)	-	-
Less: Bank overdrafts and short term loans	(27,342,251)	(31,235,489)	(1,624,243)	(1,849,256)
Cash and cash equivalents	(13,871,312)	(18,323,741)	(1,408,775)	(1,310,122)
Net cash flows generated from operating activities	50,755,415	21,591,399	513,443	1,023,874
Net cash flows used in investing activities	(16,683,799)	(9,736,149)	(88,583)	(230,904)
Net cash flows generated from financing activities	(23,793,450)	(7,752,286)	(517,356)	(474,786)
Net cash movement	10,278,166	4,102,964	(92,496)	318,184
Major application of funds as follows:				
Payments for property, plant & equipment/investment property	14,858,574	10,405,778	-	-
Payments for bearer plant development costs	810,186	290,095	-	-

(Amounts expressed in Sri Lankan Rs. '000)

Group	One year or less	One to five years	Total
<b>2023</b>			
<b>Financial assets</b>			
Investment in equity securities - Non current	-	11,458,658	11,458,658
Investment in equity securities - current	8,245,177	-	8,245,177
Trade and other financial receivables	10,563,749	4,084,317	14,648,066
Derivative financial instruments	33,044	-	33,044
Cash and cash equivalents	41,635,314	-	41,635,314
Total undiscounted financial assets	60,477,284	15,542,975	76,020,259
<b>Financial liabilities</b>			
Trade and other financial payables	28,115,862	104,479	28,220,341
Loans and borrowings	35,061,209	63,648,270	98,709,479
Lease liabilities	639,586	654,022	1,293,608
Derivative financial instruments	-	2,077,195	2,077,195
Total undiscounted financial liabilities	63,816,657	66,483,966	130,300,623
Total net undiscounted financial liabilities	(3,339,373)	(50,940,991)	(54,280,364)
<b>2022</b>			
<b>Financial assets</b>			
Investment in equity securities - Non current	-	9,662,406	9,662,406
Investment in equity securities - current	7,860,934	-	7,860,934
Trade and other financial receivables	11,912,063	24,759	11,936,822
Derivative financial instruments	494,583	-	494,583
Cash and cash equivalents	35,470,538	-	35,470,538
Total undiscounted financial assets	55,738,118	9,687,165	65,425,283
<b>Financial liabilities</b>			
Trade and other financial payables	25,589,099	86,698	25,675,797
Loans and borrowings	38,016,643	72,425,014	110,441,657
Lease liabilities	550,113	482,828	1,032,941
Derivative financial instruments	-	2,013,392	2,013,391
Total undiscounted financial liabilities	64,155,855	75,007,932	139,163,786
Total net undiscounted financial liabilities	(8,417,737)	(65,320,767)	(73,738,504)
<p>The table below shows the contractual expiry by maturity of the Group's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called in.</p>			
Group	2023		2022
<b>Financial guarantees</b>			
One year or less	13,649,262		13,397,827
One to five years	64,628,797		73,905,660
	78,278,059		87,303,487

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 47 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTD.)

#### 3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity price and equity prices, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### (a) Commodity price risk (GAHL Group)

The Group's primary exposure to commodity price risk arises from the sale of Oil Palm based products and purchase of raw materials. These commodities are subject to volatility in prices, due to a number of varying market forces and factors.

The Group manages the price risk, due to the impact of such price volatility on its cash flows, by hedging its sales by entering into forward physical sales contract or by hedging its sales through CPO (Crude Palm Oil) swaps and options where required.

As at 31st March 2023 had the prices of CPO and PK (Palm Kernal) been 5 % higher/lower with all other variables held constant, profit before tax would have increased/decreased by US\$ 23,968,000 (2022 : US\$ 24,653,000).

CPO, PK and PKO are also key raw materials in our edible oils and fats business segment. These are as stated above freely-traded market commodities and are subject to varying market forces that determine its prices.

In the edible oils and fats business segment, the GAHL Group manages the impact of such price volatility on its cash flows, by hedging its purchases either by entering into forward purchase contract or through a back-to-back purchase arrangement for the respective sales or taking hedging positions in Bursa Malaysia Derivatives ("BMD").

##### (b) Equity price risk (Guardian (CGIT) Group)

The CGIT Group operate as an investment house, where the principle activity of each of the companies within the Group being to act as specialized investment vehicle to undertake, among others; listed and private equity investments, the CGIT Group is categorically exposed to equity price risk. Having a substantial portion of 60% (2022 - 65%) of its investment portfolio designated as listed investments in the Colombo Stock Exchange and private equity investments, market volatilities bring in substantial volatility to the CGIT Groups earnings and value of its asset base at the reporting date.

#### Management of market price risk

##### Listed equity

Management of the CGIT Group monitors the its investment portfolio based on market indices, where decisions concerned with the timing of buy/sell decisions are well supported with structured in-house research recommendations. Transactions of a major magnitude within the portfolio are subject to review and approval by the Investment Committee.

##### Private equity investments

Due evaluations are carried out prior to investing on financial and operational feasibility of the private equity projects that the CGIT Group ventures into, with a view to ascertain the respective company's investment decision and the risks involved. Continuous monitoring of the operations against the budgets and the industry standards ensure that the projects meet the desired outcome, and thereby the returns. Further, the CGIT Group generally enters into investment agreements with the parties concerned, which carry specific 'exit clauses' to private equity projects - such as 'Initial Public Offering' 'Buy-out' etc.

#### Sensitivity Analysis

An increasing / (decreasing) of the equity market prices would have increased / (decreased) the investment as at the end of the periods by the amounts shown below. The analysis assumes that all other variables, remain constant and ignores any impact of further investments or withdrawals.

Movement in equity market prices	Group	
	Increasing	Decreasing
As at 31 March 2023		
- Equity market price (10% movement)	1,705,907	(1,705,907)
	1,705,907	(1,705,907)
As at 31st March 2022		
- Equity market price (10% movement)	1,530,136	(1,530,136)
	1,530,136	(1,530,136)

(Amounts expressed in Sri Lankan Rs. '000)

### Investment in equity securities - Quoted shares at fair value through profit or loss

As at 31st March	Group			
	2023	% of total	2022	% of total
Banks	413,569	5%	1,190,522	15%
Chemicals & Pharmaceuticals	140	0%	156	0%
Capital goods	1,676,827	20%	1,283,554	16%
Consumer Durables & Apparel	175,900	2%	186,956	2%
Consumer service	443,654	5%	182,947	2%
Diversified financials	1,369,054	17%	1,587,597	20%
Energy	3,430	0%	616	0%
Food beverage & Tobacco	1,726,662	21%	740,067	9%
Food & Staples Retailing	470,844	6%	368,794	5%
Insurance	845,062	10%	830,261	11%
Materials	217,917	3%	111,328	1%
Retailing	74,433	1%	-	0%
Software and services	-	0%	323,570	4%
Telecommunication	355,674	4%	592,124	8%
Utilities	8,423	0%	10,684	0%
Foreign equity investment	463,588	6%	451,758	6%
	8,245,177		7,860,934	

#### (c) Foreign currency risk (Good Hope Asia Group (GAHL))

The GAHL Group has currency exposures arising from loans and borrowings of Indonesian entities denominated in a currency other than the functional currency, the IDR. The foreign currency in which these loans and borrowings are denominated in USD.

A significant portion of the raw material purchases in the edible oils and fats business segment in Malaysia is also denominated in USD, resulting in a currency exposure against the functional currencies of MYR.

The GAHL Group's currency exposure arising from sales and purchases (excluding above), as well as all other assets, liabilities and operational expenses is limited as these are primarily denominated in the respective functional currencies of GAHL Group entities, primarily IDR and MYR.

The GAHL Group manages the impact of such exchange movements on its cash flows, by hedging its currency exposure through forward booking arrangements on a selective basis. The Group does not have any other foreign currency hedge arrangements as at reporting date.

#### Foreign exchange - Sensitivity analysis

The following Table demonstrates the sensitivity of the Group's profit/loss before taxation to a reasonably possible change in MYR and IDR exchange rate against the USD, with all other variables held constant:

Increase/(decrease) in profit before tax:	2023	2022
MYR strengthened by 5%	52,275	37,533
MYR weakened by 5%	(52,275)	(37,533)
IDR strengthened by 5%	(50,485)	(323,033)
IDR weakened by 5%	50,485	323,033

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 47 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in the market interest rates arises primarily from the group's debt obligation with floating exchange rates.

The Group will pursue derivative mechanisms such as interest swaps, where necessary, to manage its interest risk arising from the group's sources of finance. The Group does not actively pursue derivative mechanisms at the moment.

#### Sensitivity analysis on interest rate fluctuation

#### (i) Goodhope Asia Group

Interest expense had been capitalised to bearer plants to the extent that the borrowing is used to fund the qualifying assets (bearer plants) until the point of maturity. The remaining interest expenses were charged to the income statement.

At the balance sheet date, if US Dollar interest rate had been 50 basis points higher/lower with all other variables held constant, the Group's profit or loss would have decreased/increased by US\$ 1,379,000 (2022: US\$ 1,458,000).

#### (ii) Beverage sector

If one percentage point change in the interest rate would have the following impact on pre tax profit

Instrument In	Increase by one percentage Rs. '000s	Decrease by one percentage Rs. '000s
Banking facilities - potential impact	12,625	-12,625
<b>(III) Carson Cumberbatch PLC</b>	<b>13,992</b>	<b>(13,992)</b>

#### Management of interest rate risk

The facility limits given by banks are reviewed annually or whenever required. The market rates/values, trends & movements are reviewed weekly to ascertain the interest rate risk and plan of action. A daily review is made on outstanding balances and interest rates.

At the end of the reporting period the profile of the Group's interest-bearing financial instruments were as follows.

As at 31st March	2023	2022
<b>Financial assets</b>		
Short term deposits	28,164,375	22,558,790
	28,164,375	22,558,790
<b>Financial liabilities</b>		
Loans term borrowings	66,159,905	75,100,109
Lease liabilities	1,293,608	1,032,941
Short term borrowings	27,342,251	31,235,489
Redeemable Convertible Preference Shares (RCPS)	5,207,323	4,106,059
	<b>100,003,087</b>	<b>111,474,598</b>

(Amounts expressed in Sri Lankan Rs. '000)

## 48 CAPITAL MANAGEMENT

Group consist of companies operating in different business sectors spanning across several geographical domains. Due to the different industry/market specific business sensitivities across industries, Group does not push down a "one size fits all" policy in capital management to its subsidiaries.

Individual companies, through their respective Boards of directors determine the capital structure best suited for their business needs subject to regulatory framework, cash-flow capacity potential, availability or otherwise of cheaper external funding, future expansion plans and shareholder sentiments.

Whilst allowing the flexibility to determine the optimum capital structure for its subsidiaries, group monitors capital through the relevant ratios (i.e. gearing ratio, debt to equity ratio, etc) which each sector has to present to their respective Boards and the Board of the parent company at each quarterly performance review. Further, each public quoted company of the group has to submit an internally verified solvency report to their respective Board on quarterly basis along with the submission of interim reports irrespective of whether a distribution is proposed or not.

### (a) Analysis of Group Changes in Net Debt

The Group defines capital as the total equity of the group. The group's objective for managing capital is to deliver competitive, secure and sustainable returns to maximize long term shareholder value.

Net debt is current and non current finance debt less cash equivalents. The net debt ratio is the ratio of net debt to total equity. The net debt ratio enables investors to see how significant net debt is relative to equity from shareholders.

As at 31st March	2023	2022
Gross Debt	100,003,087	111,474,598
Cash and Cash Equivalents	(41,635,314)	(35,470,538)
<b>Net Debt</b>	<b>58,367,773</b>	<b>76,004,060</b>
Equity	140,236,892	116,063,040
Net Debt Ratio	42%	65%

### (b) Adjusted net gearing ratio

Adjusted net gearing ratio is adjusted net debt to equity, which equals adjusted net debt divided by total capital. The Group includes within adjusted net debt, net debt less liquid working capital. Liquid working capital includes inventories (excluding consumables) and trade receivables, less current liabilities (excluding loans and borrowings). Capital includes equity funds.

As at 31st March	2023	2022
Total equity	140,236,892	116,063,040
Liquid working capital:		
Inventories (including biological assets)	21,849,006	28,499,901
Trade receivables	10,563,749	11,912,063
Assets held for sales	-	1,151,637
Less: Current liabilities (excluding loans and borrowings)	(32,884,753)	(35,387,114)
Total liquid working capital	(471,998)	6,129,452
Adjusted net debt	58,839,771	69,877,607
Adjusted net gearing ratio (%)	42%	60%

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 49 COMMITMENTS

#### (a) Capital commitments

Capital expenditure contracted for as at the date of the reporting period but not recognised in the financial statements amount to Rs 1,551.21 Mn. (2022 - 2,530 Mn)

#### (b) Finance commitment

Documentary credits established for foreign purchases of the Group as at 31st March 2023 amounts to Rs. 1,657Mn (2022 - Rs. 2,703 Mn)

#### (c) Commitments for purchase contracts

The Group has the following committed purchase contracts entered into for the use of the Group. The contractual or underlying amounts of the committed contracts with fixed pricing terms that were outstanding as at period end are as follows:

As at 31st March	Group	
	2023	2022
<b>Oil Palm plantation and Oil and Fats</b>		
Purchases	8,867,784	12,289,350
Sales	23,634,556	24,380,337
	<b>32,502,340</b>	<b>36,669,686</b>



(Amounts expressed in Sri Lankan Rs. '000)

## 49 COMMITMENTS (CONTD.)

### (d) Contingent liabilities

#### (i) Corporate guarantees

- (a) The Goodhope Asia Holdings Group has provided a corporate guarantee to a bank for a loan taken under the Plasma programme. Loan value is equivalent to Rs.310.45 Mn (2022 - Rs. 476.65 Mn).

The Goodhope Asia Holdings Ltd (GAHL) has provided the following guarantees at the end of the reporting period:

GAHL has provided corporate guarantees to financial institutions for the financing facilities obtained by its subsidiaries, amounting to Rs. 78.27 Bn or equivalent US\$ 239,280,000 (2022 - Rs. 87.30 Bn or equivalent US\$ 297,082,000). It has undertaken to provide continuing financial support to certain subsidiaries to enable them to meet their liabilities as and when they fall due.

- (b) The subsidiary Company Equity Hotels Limited has obtained the letter of comfort from Carson Cumberbatch PLC for Rs. 20 Mn and corporate guarantee from Pegasus Hotels of Ceylon PLC for Rs. 60 Mn for long-term loan facilities from Commercial Bank of Ceylon PLC.

- (c) Contingent liabilities as at 31st March 2023 in Lion Brewery (Ceylon) PLC (LBCPLC) amounts to Rs. 78 Mn (2022 - Rs. 1,141 Mn), being bank guarantees given to Government bodies and foreign suppliers for operational purposes.

#### (ii) Material litigation

- (a) In 2008 the Customs Department instituted a prosecution in the Fort Magistrate's Court (MC) in Case No. S/65898/07/B against the Ceylon Beverage Holdings PLC (CBH PLC) and its Directors for the recovery of Rs. 48,121,634/29 comprising of Rs.23,062,080/43 being the amount of Excise (Special Provision) Duty (the 'duty') purportedly in arrears during the period 1998/ to 2001 and Rs.25,059,553/86 as its penalty. The CBH PLC and the Directors filed an application for Writ in the Court of Appeal (CA) to quash the Certificate of Excise Duty in Default issued by the Director General of Customs and Excise Duty and obtained a Stay Order in respect of the proceedings of the Fort MC Case. A sum of Rs. 23,062,080/43 being the duty amount in dispute was paid to Sri Lanka Customs by the CBH PLC as required before submitting its appeal. Subsequently the CA Application was dismissed and the Company appealed against the Order to the Supreme Court and was granted Special Leave to Appeal by the Court. The Court also ordered the staying of all further proceedings in the MC Case until final hearing and determination of the Appeal. No provision has been made for the payment of penalty amounting to Rs.25,059,553/86, pending the Judgment from the Supreme Court in the said Leave to Appeal matter.

This matter came up for Argument before the Supreme Court on 12th July 2021 and Judgment was delivered on 16th December 2022 where LBCL Appeal relating to decision to institute MC action was allowed.

Certificate of Excise Duty in default issued by the Director General of Customs and Excise Duty action filed in the Magistrates' Court of Fort is quashed.

The Director General of Excise is directed to consider the representations made by the CBH PLC in respect of the second show cause notice and make a determination under section 9(2) of the said Act. Further, directed to conclude the inquiry within six months from the date of this judgment.

However, the security deposited by the CBH PLC should not be withdrawn until a determination is made in terms of section 9(2) and the other relevant provisions of the said Act are complied with.

- (b) An individual after having lost the case he filed in the District Court of Negombo claiming declaratory title from court stating that he is the co-owner of 127.5 perches of land that belonged to the Pegasus Hotel of Ceylon PLC, has appealed to the Civil Appellate Court of Negombo. The said appeal is pending judgment after the arguments having been concluded. In any case, the claimed land extent falls within the 1,251 perches of land acquired by the Government for the fisheries harbour project and detailed under note 49.2. Since the crystallization of the contingent liability is subject to the ruling of the said Civil Appellate Court case followed by an available appeal process thereafter and the subsequent value determination of the claim by the Government valuer, said contingent liability cannot be quantified.

There were no contingent liabilities other than those disclosed above as at the reporting date.

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### 50 EVENTS AFTER THE REPORTING PERIOD

- (a) Indo-Malay PLC, Good Hope PLC, Selinsing PLC and Shalimar (Malay) PLC (collectively referred to as '4MPCs'), subsidiaries made disclosures to the Colombo Stock Exchange on 17th May 2023 pertaining to the decision of the Board of Directors to delist the shares of the said companies from the Official List of the CSE subject to obtaining shareholder and regulatory approvals.

The 4MPCs convened Extraordinary General Meetings on 19th June 2023 to seek the sanction of the shareholders for the above delisting and that the resolution giving effect to delist the shares of the 4MPCs from the official list of the CSE was passed by the shareholders as required by Rule 5 (2) (a) of the Securities and Exchange Commission (SEC) Rules 2001. Subsequent to obtaining the shareholder approval, the 4MPCs have forwarded applications to the SEC in terms of Rule 5(1) of the SEC Rules, 2001 on 22nd June 2023 and awaiting for SEC's decision on the said applications made by the 4MPCs.

- (b) On 4th July 2023, the Board of Carson Cumberbatch PLC approved the payment of a First Interim Dividend of Rs.2/10 per Ordinary Share for the year ending 31st March 2024 to the Shareholders as further disclosed under Note 19.

No other significant circumstances have arisen requiring adjustments to or disclosures in the financial statements.

### 51 RELATED PARTY TRANSACTIONS

The Group and the Company carried out transactions in the ordinary course of its business on an arm's basis length with the parties who are defined as related parties in Sri Lanka Accounting standard (LKAS - 24 "Related party disclosures", the details of which are reported below.

#### Parent and ultimate controlling party

In the opinion of Directors, Bukit Darah PLC is the ultimate parent and controlling entity of Carson Cumberbatch PLC.

#### Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business with its related entities. The list of Directors at each of the subsidiaries, joint venture have been disclosed in the Group Directorate under the Supplementary Information section of the Annual Report.

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

#### Non-recurrent related party transactions

There were no non-recurrent related party transactions during the year which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2023 audited financial statements, which required additional disclosures in the Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

#### Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2023 audited financial Statements, which required additional disclosures in the Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

(Amounts expressed in Sri Lankan Rs. '000)

<b>51 RELATED PARTY DISCLOSURES (Contd.)</b>				
<b>(a) Recurrent Transaction</b>				
As at 31st March	Group		Company	
	2023	2022	2023	2022
<b>Amounts due from Subsidiaries</b>				
Carsons Management Services (Private) Limited	-	-	250,784	125,108
Equity Hotels Ltd	-	-	22,500	21,953
	-	-	273,284	147,061
<p>Current amounts due from subsidiaries fully owned by the Group are unsecured, non-interest-bearing and are repayable on demand. These balances are expected to be settled in cash.</p>				
<b>(b) Recurrent Transaction Details</b>				
For the year ended 31st March	Group		Company	
	2023	2022	2023	2022
<b>Transaction with Subsidiaries</b>				
Dividend Income received	-	-	1,173,459	732,028
Amounts paid for services obtained (Note i)	-	-	13,539	13,231
Advanced granted	-	-	-	18,700
<b>(i) Carsons Management Services (Private) Limited</b>				
Support service fees	-	-	12,392	12,187
Secretarial fees paid	-	-	540	444
Computer Fees paid	-	-	607	600
	-	-	13,539	13,231
<b>(ii) Amounts Due from Associate company</b>				
Premium Fats Sdn. Bhd.	90,300	23,052	-	-
	90,300	23,052	-	-
<b>(iii) Transaction with Joint Venture</b>				
Secretarial fees received	214	251	-	-
<p>Support service fees and other expenses charged are based on the respective services provided by Carsons Management Services (Private) Limited (CMSL) as per the service agreements signed between the companies on an arm's length basis.</p>				
<b>(iv) Transaction with Other related entities</b>				
<p>Carson Cumberbatch PLC has provided letters of comfort in support of Carsons Management Services (Private) Limited confirming its intention to continue to provide financial and other support and meet liabilities to enable the wholly owned subsidiary to continue as a going concern, for audit purposes.</p>				

## Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

### Transaction with Key Management Personnel (KMP)

According to LKAS 24 "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company/Group (including Executive and Non Executive Directors) and their immediate family members have been classified as KMP of the Company/Group.

Compensation paid to the key Management Personnel of the Company and the Group comprise as follows:

For the year ended 31st March	Group		Company	
	2023	2022	2023	2022
Short term employee benefits	4,026,775	1,735,928	51,435	34,283
Post employment benefits	3,739	3,463	-	-
Termination benefits	-	-	-	-
Non-cash benefits	18,372	5,797	-	-
	4,048,886	1,745,188	51,435	34,283

### (c) Non Recurrent Transaction with KMP

There were no non recurrent transaction during the current financial period.

### 52 EXCHANGE RATE

The exchange rates applicable during the period were as follows:

For the year ended 31st March	Balance Sheet Closing rate		Income Statement Average Rate	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Malaysian Ringgit	74.22	71.11	79.94	49.14
US Dollar	327.14	293.87	358.05	205.10
Indonesian Rupiah (Rp)	0.02170	0.0205	0.02380	0.0143
Indian Rupee (INR)	4.37	3.94	4.47	2.75

### 53 BOARD OF DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards.

# Group Real Estate Portfolio

The values of land & buildings owned and leased by companies within the Group and which have been revalued by valuers are indicated below together with the last date of valuation:

As at 31st March 2023

Company	Location	Extent** (Hectares)	Land & Building		Date of last Valuation
			Market Value Rs. '000	Book Value* Rs. '000	
Equity One PLC.	Colombo 7	0.238	1,895,000	1,895,000	31-Mar-22
Equity One PLC	Colombo 2	0.455	1,147,238	1,147,238	31-Mar-22
Equity Two PLC	Colombo 1	0.072	577,519	577,519	31-Mar-22
Equity Two PLC	Colombo 1	0.146	1,091,497	1,091,497	31-Mar-22
Equity Three (Private) Limited	Colombo 13	0.208	725,934	725,934	31-Mar-22
		1.119	5,437,188	5,437,188	
PT Agro Indomas	Indonesia*	26,516	19,323,515	6,234,776	30-Sep-20
PT Agro Bukit	Indonesia*	13,966	13,072,928	5,904,082	30-Sep-20
PT Karya Makmur Sejahtera	Indonesia*	10,872	7,617,983	3,300,294	30-Sep-20
PT Agro Wana Lastari	Indonesia*	15,272	10,636,415	8,149,327	30-Sep-20
PT Agro Jaya Baktitama	Indonesia*	7,029	4,972,916	2,783,457	30-Sep-20
PT Rim Capital	Indonesia*	3,933	2,255,630	928,235	30-Sep-20
PT Nabire Baru	Indonesia*	11,610	9,473,381	9,683,831	30-Sep-20
PT Batu Mas Sejahtera	Indonesia*	2,478	1,828,009	2,815,909	30-Sep-20
PT Sawith Makmur Sejahtera	Indonesia*	7,721	4,806,542	2,063,156	30-Sep-20
PT Sumber Hasil Prima	Indonesia*	5,038	3,835,251	3,364,772	30-Sep-20
PT Sinar Sawit Andalan	Indonesia*	3,281	2,064,625	830,131	30-Sep-20
PT Sariwana Adi Perkasa	Indonesia*	5,097	3,801,694	1,098,399	30-Sep-20
		112,813	83,688,889	47,156,369	
Premium Vegetable Oil Sdn. Bhd.	Malaysia	4.63	4,072,091	2,267,123	6-Apr-23
		4.63	4,072,091	2,267,123	
Ceylon Brewery PLC	Nuwara-Eliya/ Trincomalee	1.60	810,200	810,200	31-Mar-22
Lion Brewery (Ceylon) PLC	Biyagama/ Kaduwela/Tangalle/ Kurunagala/Nuwara Eliya	16.08	6,749,420	6,749,420	31-Mar-22
Millers Brewery PLC	Padukka	9.25	1,677,588	1,677,588	31-Mar-22
		26.93	9,237,208	9,237,208	
Pegasus Hotels of Ceylon Ltd.	Wattala	5.870	2,234,763	2,234,763	31-Mar-22
Equity Hotels Ltd.	Giritale	6.030	303,164	303,164	31-Mar-22
		11.900	2,537,927	2,537,927	
<b>Total value</b>		112,858	104,973,303	66,635,815	

\* Indonesian Plantation Companies - Book Value reflects Carrying Value as at 31 March 2023 where as independent Market value reflects the value as at the date of last valuation as indicated. The above values are converted to LKR at the closing exchange rate as at 31 March 2023. Land and Building also includes value of Land Rights.

\*\* Indonesian plantation Companies - Land Hectareage extent reflects the most updated status as at 31 March 2023 based on the land certifications provided by Indonesian authorities.

# Income Statement - USD

For the year ended 31st March	Group	
	2023	2022
<b>Continuing operations</b>		
Revenue	922,940,064	832,250,731
Direct operating expenses	(663,237,444)	(612,201,730)
<b>Gross profit</b>	<b>259,702,620</b>	<b>220,049,001</b>
Other income	10,422,189	8,043,545
Distribution expenses	(41,057,157)	(37,617,743)
Administrative expenses	(58,983,008)	(54,431,999)
Other operating expenses	(2,179,913)	(4,945,992)
Impairment /Write offs of business assets	(986,535)	(5,249,625)
Foreign exchange gains/(losses)	(1,417,148)	4,668,152
<b>Profit from operations</b>	<b>165,501,047</b>	<b>130,515,339</b>
Net finance costs	(40,819,969)	(31,745,076)
Change in fair value of investment properties	1,616,288	2,819,152
Change in fair value of biological assets	(10,323,877)	16,322,243
Change in fair value of fair value through profit or loss financial assets	2,577,855	(8,657,674)
Share of net results of equity accounted investee	(38,506)	(165,897)
<b>Profit before tax</b>	<b>118,512,839</b>	<b>109,088,087</b>
Tax expense	(42,104,865)	(37,650,395)
<b>Profit from continuing operations</b>	<b>76,407,974</b>	<b>71,437,692</b>
<b>Discontinued operations</b>		
Loss from discontinued operations, (net of tax)	(1,814,677)	(198,411)
Gain on disposal of joint venture	13,967	-
<b>Gain on disposal of subsidiary</b>	<b>6,393,208</b>	<b>1,570,639</b>
<b>Net impact from discontinued operations, (net of tax)</b>	<b>4,592,498</b>	<b>1,372,228</b>
<b>Profit for the year</b>	<b>81,000,472</b>	<b>72,809,920</b>
Exchange rate	358.05	205.10

# Statement of Financial Position - USD

As at 31st March	2023	Group 2022
<b>ASSETS</b>		
<b>Non - Current Assets</b>		
Property, plant & equipment	306,892,249	303,222,057
Bearer Plants	150,209,635	164,395,638
Investment properties	17,331,629	17,233,505
Intangible assets	37,675,717	42,523,454
Investments in equity accounted investee	2,687,001	2,839,993
Investment in equity and debt securities	35,026,774	32,879,867
Deferred tax assets	16,376,750	15,947,198
Other financial receivables	12,484,921	84,252
Other non financial receivables	48,106,312	48,034,869
<b>Total non - current assets</b>	<b>626,790,988</b>	<b>627,160,833</b>
<b>Current Assets</b>		
Inventories	54,299,055	71,920,489
Trade receivables	26,108,953	30,705,696
Other financial receivables	6,182,264	9,829,448
Other non financial receivables	34,658,027	35,967,993
Current tax recoverable	-	46,920
Investment in equity and debt securities	26,925,209	28,179,787
Investment in Unit trusts	740,273	1,660,717
Derivative financial instruments	101,009	1,682,999
Biological assets	12,488,882	25,060,833
Cash and cash equivalents	127,270,630	120,701,460
	288,774,305	325,756,342
Assets held for sale	-	3,918,873
<b>Total current assets</b>	<b>288,774,305</b>	<b>329,675,216</b>
<b>Total assets</b>	<b>915,565,293</b>	<b>956,836,047</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Stated capital	10,103,695	10,103,695
Revenue reserves	199,433,147	183,955,514
Equity attributable to owners of the Company	209,536,842	194,059,209
Non-controlling interest	219,138,623	200,887,680
<b>Total equity</b>	<b>428,675,465</b>	<b>394,946,889</b>
<b>LIABILITIES</b>		
<b>Non - Current Liabilities</b>		
Loans and borrowings	194,559,730	246,452,561
Lease liabilities	1,999,211	1,642,999
Other financial payables	319,371	295,022
Other non financial liabilities	922,865	1,148,790
Employee Benefits	12,047,600	5,297,958
Derivative financial instrument	6,349,560	6,851,303
Deferred tax liabilities	48,390,923	48,545,469
<b>Total non - current liabilities</b>	<b>264,589,260</b>	<b>310,234,103</b>
<b>Current Liabilities</b>		
Trade payables	18,055,420	27,600,196
Other financial payables	67,889,013	59,476,064
Other non financial payables	12,648,591	21,346,000
Current tax liabilities	14,577,523	11,995,324
Loans and borrowings	107,174,937	129,365,512
Lease liabilities	1,955,083	1,871,960
<b>Total current liabilities</b>	<b>222,300,569</b>	<b>251,655,056</b>
<b>Total liabilities</b>	<b>486,889,828</b>	<b>561,889,157</b>
<b>Total equity and liabilities</b>	<b>915,565,293</b>	<b>956,836,047</b>
Exchange rate	327.14	293.87

# Glossary

## A

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### **ACTUARIAL GAINS AND LOSSES**

Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

### **AVAILABLE FOR SALE FINANCIAL ASSETS**

Non derivative financial asset that are designated as available for sale or any other instruments that are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

### **ASSETS HELD FOR SALE**

The carrying amount of the asset value which will be recovered through a sale transaction rather than through continuing use.

### **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.

### **AMORTISATION**

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## B

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### **BIOLOGICAL ASSET**

A living plant or animal used in the business.

## C

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### **CAPITAL EXPENDITURE**

The total of additions to property, plant & equipment, Biological assets, intangible assets, prepaid lease payments for lands and investment property.

### **CARRYING AMOUNT**

The amount at which an asset is recognised in the statement of Financial Position.

### **CREDIT RISK**

Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

### **CASH & CASH EQUIVALENTS**

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant can't risk of changes in value.

### **CONTINGENT LIABILITIES**

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

### **CURRENT RATIO**

Current Assets over Current Liabilities. A measure of liquidity.

### **CAPITAL EMPLOYED**

Shareholders' funds plus non-controlling interests and long term and short term borrowings.

### **CURRENCY SWAP**

An agreement between two parties to exchange two currencies at a certain exchange rate at a certain time in the future.

### **CURRENT SERVICE COST**

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

## D

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### **DEBENTURE**

A long-term debt instrument issued by a corporate.

### **DERIVATIVES**

Financial contracts whose values are derived from the values of underlying assets.

### **DIVIDENDS**

Distribution of profits to ordinary shareholders of equity investments.

### **DIVIDEND COVER**

Profit after tax divided by gross dividends. This ratio measures the number of times dividend is covered by the current year's distributable profits.



**DIVIDEND YIELD**

Dividend earned per share as a percentage of its market value.

**DIVIDENDS PER SHARE (DPS)**

Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

**DEBT/EQUITY RATIO**

Debt as a percentage of Shareholders Funds.

**DIVIDEND PAYOUT RATIO**

Total Dividend interest and Tax as percentage of Capital Employed.

**E****EBIT**

Earnings before Interest and tax expenses.

**EBITDA**

Earnings before interest, tax, depreciation and amortization.

**EFFECTIVE RATE OF INTEREST**

Total long-term and short-term interest divided by average long-term and short-term liabilities at the beginning and end of the year.

**EFFECTIVE TAX RATE**

Income tax expense divided by profit before tax.

**EMISSIONS**

The release of greenhouse gases and/ or their precursors into the atmosphere over a specified area and period of time.

**EQUITY INSTRUMENTS**

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**ENTERPRISE VALUE (EV)**

The total sum value of market capitalization, equity attributable to non- controlling shareholders and net debt.

**EARNINGS PER SHARE (EPS)**

Profit attributable to ordinary shareholders, divided by the number of ordinary shares in issue.

**F****FAIR VALUE**

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

**FAIR VALUE THROUGH PROFIT AND LOSS**

A financial asset/liability acquired/ incurred principally for the purpose of selling or repurchasing it in the near term.

**FORWARD EXCHANGE CONTRACT**

Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

**FINANCIAL ASSET**

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

**FINANCIAL INSTRUMENT**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

**FINANCIAL LIABILITY**

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

**FINANCE LEASE**

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

**G****GROSS DIVIDENDS**

The portion of profit inclusive of tax withheld distributed to shareholders.

**GROUP**

A group is a parent and all its subsidiaries, associates and joint ventures.

**GAIN ON BARGAIN PURCHASE**

The amount of the identifiable assets acquired and liabilities assumed exceeds the aggregate consideration transferred.

**GEARING**

Proportion of total interest bearing borrowings to capital employed.

## Glossary

### GOODWILL ON CONSOLIDATION

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.

### 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 fulfill the contractual obligations under that said contract.

## H

### HELD-TO-MATURITY

A financial asset with fixed and determinable payments and fixed maturity, other than loan and receivables, for which there is a positive intention and ability to hold to maturity.

## I

### IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

### INTEREST COVER

Profit before tax and net finance cost divided by net finance cost. Measure of an entity's debt service ability.

### 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.

### INTERNAL RATE OF RETURN (IRR)

Rate of return used in capital budgeting to measure and compare the profitability of investments.

### INTANGIBLE ASSET

An identifiable non-monetary asset without physical substance held for use in the production/supply of goods/ services or for rental to others or for administrative purposes.

## K

### KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

## L

### 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 RISK

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.

### LIQUID ASSETS

Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange and treasury bills.

## M

### MARKET CAPITALISATION

Number of Shares in issue at the end of the period multiplied by the Market price at end of period

### 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.

## N

### NON-CONTROLLING INTEREST (NCI)

Equity in subsidiary not attributable, directly or indirectly, to a parent.

### NET ASSET VALUE PER SHARE

Shareholders' funds divided by the number of ordinary shares in issue.

## O

### OTHER COMPREHENSIVE INCOME

An entry that is generally found in the shareholders' equity section of the balance sheet.

## P

### PRICE EARNINGS RATIO (P/E RATIO)

Market price of an ordinary share divided by earnings per share (EPS).

### PRICE TO BOOK VALUE RATIO (PBV)

Market price per share divided by net assets per share.

**PUBLIC HOLDING**

Percentage of shares held by the public calculated as per the Colombo Stock Exchange Listing Rules as at the date of the Report.

**Q****QUICK ASSET RATIO**

Total current assets less inventories divided by total current liabilities.

**R****RELATED PARTIES**

A person or entity that is related to the entity that is preparing its Financial Statements.

**RETURN ON AVERAGE ASSETS (ROA)**

Net income expressed as a percentage of average total assets, used along with ROE, as a measure of profit and as a basis of intra-industry performance comparison.

**RETIREMENT BENEFITS**

Present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

**RETURN ON EQUITY**

Profit attributable to equity holders of the company divided by average equity less non-controlling interest at the beginning and end of the year.

**RETURN ON CAPITAL EMPLOYED**

Earnings before interest and tax as percentage of Capital Employed.

**RELATED PARTIES**

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

**REVALUATION SURPLUS**

Surplus amount due to revaluing assets in accordance with its fair value.

**S****SHAREHOLDERS' FUNDS**

Shareholders' funds consist of stated capital plus capital and revenue reserves.

**SEGMENTS**

Constituent business units grouped in terms of similarity of operations and location.

**T****TOTAL VALUE ADDED**

The difference between revenue (including other income) and expenses, cost of materials and services purchased from external sources.

**TOTAL ASSETS**

Fixed Assets plus Investments plus Non-Current Assets plus Current Assets.

**V****VALUE ADDED**

Value added is the wealth created by providing products and services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to government by way of taxes and retained for expansion and growth.

**W****WEIGHTED AVERAGE COST OF CAPITAL (WACC)**

The rate that a company is expected to pay on average to all its equity and debt holders.

**WORKING CAPITAL**

Capital required to finance day- to-day operations, computed as the excess of current assets over current liabilities.

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the One Hundred and Tenth Annual General Meeting of Carson Cumberbatch PLC will be held on Friday, the 11th day of August 2023 at 9.00 a.m. at the Auditorium, the Institute of Chartered Accountants of Sri Lanka, Ground Floor, 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka for the following purposes:

1. To consider the Annual Report of the Board of Directors including the financial statements of the Company for the financial year ended 31st March 2023 together with the Report of the Auditors thereon.
2. To re-elect Mr. Wadugamudalige Marius Ravindra Srilal Dias who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.
3. To re-elect Mr. Amitha Saktha Amaratunga who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.
4. To re-appoint Mr. Tilak de Zoysa as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. Tilak de Zoysa who is 76 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

5. To re-appoint Mr. Manoharan Selvanathan as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. Manoharan Selvanathan who is 76 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

6. To re-appoint Mr. Hariharan Selvanathan as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. Hariharan Selvanathan who is 74 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

7. To re-appoint Mr. Don Chandima Rajakaruna Gunawardena as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. Don Chandima Rajakaruna Gunawardena who is 72 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year.”

8. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No. 07 of 2007 and to authorize the Directors to determine their remuneration.

By Order of the Board

(Sgd.)  
K. D. De Silva (Mrs.)  
Director  
CARSONS MANAGEMENT SERVICES  
(PRIVATE) LIMITED  
Secretaries

Colombo  
17th July 2023

**Notes:**

1. The Annual Report 2022/23 and the Notice convening the Annual General Meeting (AGM) will be made available on the Colombo Stock Exchange website [www.cse.lk](http://www.cse.lk) and on the Group's website [www.carsoncumberbatch.com](http://www.carsoncumberbatch.com) and you may access same directly through the URL link [http://www.carsoncumberbatch.com/investor\\_information/annual\\_reports\\_2022\\_2023/carson-annual-report-2022-23.pdf](http://www.carsoncumberbatch.com/investor_information/annual_reports_2022_2023/carson-annual-report-2022-23.pdf)
2. A member is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
3. The completed Form of Proxy must be submitted to the Company not later than 4.45 p.m. on 9th August 2023,
  - via email to [CARSGM@carcumb.com](mailto:CARSGM@carcumb.com), or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1
4. A person representing a Corporation is required to carry a certified copy of the resolution authorizing him/her to act as the representative of the Corporation. A representative need not be a member.
5. The transfer books of the Company will remain open.
6. Security Check -  
We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.









# Form of Proxy

\*I/We.....  
of.....  
being \*a Shareholder/Shareholders of **CARSON CUMBERBATCH PLC** hereby appoint .....  
of..... bearing NIC No./  
Passport No ..... or failing him/her\*,  
Tilak de Zoysa or failing him,  
Hariharan Selvanathan or failing him,  
Manoharan Selvanathan or failing him,  
Don Chandima Rajakaruna Gunawardena or failing him,  
Suresh Kumar Shah or failing him,  
Rajendra Theagarajah or failing him,  
Wadugamudalige Marius Ravindra Srilal Dias or failing him,  
Amitha Saktha Amaratunga or failing him,  
Sharada Selvanathan (Ms.) or failing her,  
Murugappan Muthiah Murugappan or failing him,  
Yew Huat Ong

as \*my/our proxy to attend at the 110th Annual General Meeting of the Company to be held on Friday, the 11th day of August 2023 at 9.00 a.m. at the Auditorium, the Institute of Chartered Accountants of Sri Lanka, Ground Floor, 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To re-elect Mr. W.M.R.S.Dias who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.	<input type="radio"/>	<input type="radio"/>
2. To re-elect Mr. A.S.Amaratunga who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.	<input type="radio"/>	<input type="radio"/>
3. To re-appoint Mr. T. de Zoysa who is over Seventy years of age as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
4. To re-appoint Mr. M. Selvanathan who is over Seventy years of age as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
5. To re-appoint Mr. H. Selvanathan who is over Seventy years of age as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
6. To re-appoint Mr. D. C. R. Gunawardena who is over Seventy years of age as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
7. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act. No. 07 of 2007 and to authorize the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>

Signed this .....day of ..... Two Thousand and Twenty Three.

.....  
Signature /s

#### Note:

- (a) \*Please delete the inappropriate words.
- (b) A shareholder entitled to attend and vote at a General Meeting of the company, is entitled to appoint a proxy to attend and vote instead of him/ her and the proxy need not be a shareholder of the company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders.
- (c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- (d) Instructions are noted on the reverse hereof.

## Form of Proxy

### INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy by filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 54 of the Articles of Association of the Company:
  - 1) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.
  - 2) An instrument appointing a proxy shall be in writing and:
    - (a) in the case of an individual shall be signed by the appointor or by his attorney; and
    - (b) in the case of a corporation shall be either under the common seal, or signed by its attorney, or by an authorized officer on behalf of the corporation.
  - 3) An instrument appointing a proxy or the power of attorney or other authority, if any, must be left or received at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting not less than forty eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine.
4. Where there are joint registered holders of any Share, any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting, one (01) of such persons so present whose name stands first in the Register in respect of such Share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.
5. To be valid the completed Form of Proxy should be submitted to the Company not later than 4.45 p.m. on 9th August 2023;
  - via email to CARSGM@carcumb.com, or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.

Please fill in the following details

Name : .....

Address : .....

Jointly with : .....

Share Folio No. : .....

# Corporate Information

## NAME OF THE COMPANY

Carson Cumberbatch PLC

## COMPANY REGISTRATION NO.

PQ 41

## LEGAL FORM

A Public Quoted Company with limited liability. Incorporated in Sri Lanka in 1913.

## BOARD OF DIRECTORS

Mr. T. de Zoysa (Chairman)

Mr. H. Selvanathan (Deputy Chairman)

Mr. M. Selvanathan

Mr. D. C. R. Gunawardena

Mr. S. K. Shah

Mr. R. Theagarajah

Mr. W. M. R. S. Dias

Mr. A. S. Amaratunga

Ms. Sharada Selvanathan

Mr. M. M. Murugappan

Mr. Yew Huat Ong

## Alternate Director

Mr. K. Selvanathan

(for Mr. M. Selvanathan)

Mr. S. Selvanathan

(for Mr. D. C. R. Gunawardena)

## AUDIT COMMITTEE

Mr. A. S. Amaratunga (Chairman)

*Non Executive/Independent Director*

Mr. D. C.R. Gunawardena

*Non Executive Director*

Mr. Y. H. Ong

*Non Executive/Independent Director*

## REMUNERATION COMMITTEE

Mr. T. de Zoysa (Chairman)

*Non Executive/Independent Director*

Mr. D. C. R. Gunawardena

*Non Executive Director*

Mr. R. Theagarajah

*Non Executive/Independent Director*

Mr. W.M.R.S.Dias

*Non Executive/Independent Director*

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. W.M.R.S.Dias (Chairman)

*Non- Executive/Independent Director*

Mr. R. Theagarajah

*Non- Executive/Independent Director*

Mr. D. C.R. Gunawardena

*Non- Executive Director*

Mr. H. Selvanathan

*Executive Director*

Mr. M. Selvanathan

*Executive Director*

Mr. S.K. Shah

*Non-Executive Director*

## NOMINATION COMMITTEE

Mr. T. de Zoysa - (Chairman)

*Non Executive/Independent Director*

Mr. D. C.R. Gunawardena

*Non Executive Director*

Mr. R. Theagarajah

*Non Executive/Independent Director*

Mr. W.M.R.S.Dias

*Non Executive/Independent Director*

## BANKERS

Standard Chartered Bank

Bank of Ceylon

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

Nations Trust Bank PLC

Deutsche Bank

Peoples' Bank

## AUDITORS

Messrs KPMG, Chartered Accountants

No. 32A, Sir Mohamed Macan Markar

Mawatha, Colombo 3

Sri Lanka

## SECRETARIES

Carsons Management Services (Pvt) Ltd

No. 61, Janadhipathi Mawatha,

Colombo 1.

Sri Lanka

Tel : 94-11-2039200

Fax: 94-11-2039300

## REGISTERED OFFICE

No. 61,

Janadhipathi Mawatha, Colombo 1

Sri Lanka

Tel : 94-11-2039200

Fax: 94-11-2039300

Email: [carsons@carcumb.com](mailto:carsons@carcumb.com)

Corporate Website:

[www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)

## PARENT COMPANY

Bukit Darah PLC

Designed & produced by

**emagewise**



[www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)