HOW WE SEE
THE BIGGER PICTURE

HOW WE SEE THE BIGGER PICTURE

Behind every move we make, is precision backed by foresight. Behind every chapter we open, is strategy backed by meticulous thinking. At Vallibel One, our Group's synergies align in perfect harmony to paint a powerful picture of resilience, where every entity contributes to sustainable value creation therein the progress of our nation.

Our strength and prowess radiate through the plethora of sectors we dominate, from Lifestyle, Finance, Leisure and beyond. Our diverse business portfolio draws inspiration from the lives we touch upon, seizing every opportunity to create a distinctive offering that redefines industry standards.

Today, we are where we are because we see the bigger picture- one that positions us on a stronger footing for tomorrow.

Vallibel | ONE

Vallibel | ONE

CONTENTS

KEY HIGHLIGHTS

ABOUT THIS REPORT

1

WHO WE ARE AND WHAT WE DO

2

ALL ABOUT STRATEGY

CHAIRMAN'S MESSAGE

CEO'S REVIEW

BOARD OF DIRECTORS

3 DRIVING STRATEGY THROUGH OUR SECTORS

4 NURTURING OUR CAPITALS

5 GOVERNANCE

6 FINANCIAL REPORTS

7 ANNEXES

KEY HIGHLIGHTS

4 companies in the Group recognised as a Great Place to Work

Horana Plantations PLC garnered a number of accolades during the year, including becoming runner-up in the Agricultural and Plantation Sector and winning the Merit Award for Excellence in CSR at the National Business Excellence Awards. The Gouravila Estate won a joint Merit award in the Tea Industry Sector (Manufacturing Large Category) at the National Cleaner Production Awards.

2.1 GWh

of solar energy contributed annually to the national grid by Swisstek Aluminium.

Over the course of 12 years, your Group has continued to build on a foundation of excellence...

Our commitment towards good governance and sustainability is integrated across all our businesses; deriving positive long-term outcomes across all stakeholder groups.

Mr. Dhammika Perera, Chairman

As a leading conglomerate with a presence across diverse sectors and communities, we hope to mobilize our resources to initiate positive change and transformation across our operations and at every level of society. We remain confident in our ability to withstand the intense pressures and major shifts in the landscape that lie ahead, relying on a well-balanced strategy that would enable us to anticipate and respond to risks, while optimising our supply chain to maintain business continuity and focus on opportunities for growth.

3,500 MT

Uni Dil Packaging invested in building production capacity during the year.

Lanka Ceramic PLC records a 253% growth in revenue to reach LKR 427 Mn.

Delmege Forsyth acquires Ferrero into its range of brands

The consumer sector augmented its product offering with the Ferrero range of products, including Ferrero Rocher, Kinder Joy, Tic Tac and Nutella.

L B Finance continued to lead the way in terms of service excellence and unmatched innovation:

LankaPay Technnovation Awards:

Gold Award (Banks & NBFIs):
Most Popular Digital Payment Product

Silver Awards (NBFIs):
Excellence in Customer Convenience
Overall Excellence in Interbank Digital Payments

Merit Award:
Financial Inclusivity

National ICT Awards - NBQSA
The Credit Appraisal Module of the company's ECLIPSE Credit Appraisal System won the 'In-House' category award

FITIS Digital Excellence Awards
Category winner in the Business Model Innovation

Vallibel | ONE

RECORDING STRONG, STRATEGY-DRIVEN RESULTS

LKR 1,708 Mn dividends declared

19.5% revenue growth

40% PAT growth

The Group improved upon the previous year's record-breaking performance to record a top-line growth of 19.53% to reach a consolidated revenue of LKR 96,859 Mn, despite the complexities experienced during the year under review. Our profit before Tax displayed a year-on-year growth of 45% to reach LKR 27,580 Mn. Following a notable 67% growth in taxation, the Vallibel One Group posted a profit after tax of LKR 20,580 Mn – a 40% increase against the previous financial year's results.

Refer financial capital on page 162

The Group relied on a uniquely formulated model of wealth creation to deliver consistent returns...

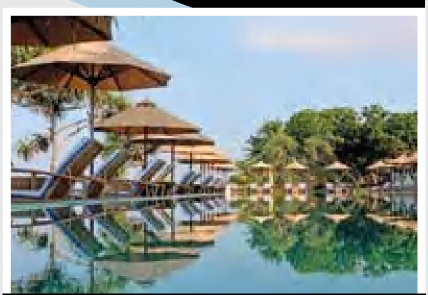
Vallibel One's diverse presence, market leadership in key sectors, proactive strategies and a strong value system have always kept us at the forefront of an incredibly competitive, volatile business environment.

Dinusha Bhaskaran
Chief Executive Officer

We remained undeterred in our commitment to pursue innovation and process improvements, while focusing on Group synergies and brand development to uplift our overall stakeholder proposition.

Rocell opens two new concept showrooms in Anuradhapura and Galle.

In order to improve on reach and accessibility and improve our customer value proposition even amid a strained environment, Rocell launched two new concept showrooms during the year.



LKR 349 Mn

Due to a renewed surge in tourist arrivals, coupled with the effects of domestic tourism, the Fortress Resort and Spa recorded a 365% year-on-year growth in revenue.

Vallibel | ONE

ABOUT THIS REPORT

It gives us great pleasure to present Vallibel One PLC's 6th integrated annual report - "How We See the Bigger Picture". This thematic approach is aligned with our holistic approach to business; and the pages that follow outline a comprehensive and transparent account of the integrated thinking that governs every level of our operations with the sole purpose of creating consistent value, over time.

The report you now hold details the operating context faced by the Group during the year, in addition to the relevant strategies and principles of governance and risk management that enabled the exceptional performance set out within these pages.

In line with our commitment towards continuous improvement and overall excellence, this report offers further year-on-year improvements to content and the overall presentation structure as per the principles established by the Integrated Reporting Council, in addition to adhering to the sustainability reporting guidelines set forth by the Global Reporting Initiative.

GRI Disclosure: 102-12 to 56 and 102-51

6th Integrated Annual Report

Reporting Scope and Boundary

Reporting Period

This report follows the Group's annual reporting cycle which commences from 1st April 2021 and ends 31st March 2022. In order to provide context to the reader, we have benchmarked the current year's performance against the results of the preceding year, where applicable. As such, the report's audited financial statements and related notes are presented with a comparative information and analysis against the 2020/21 financial year's performance. The Group's approach to reporting on the future outlook and plans for the upcoming financial year ending 31st March 2023 are outlined later in this section, under the topic 'Forward-looking Statements'.

GRI Disclosure: 102-50, 102-52

Reporting Boundary

This annual report outlines the activities and performance of the holding company Vallibel One PLC (referred to as 'the Group'), and its subsidiaries across seven sectors, namely: lifestyle, finance, aluminium, plantations, leisure, consumer, and investments and others. Unless otherwise stated, this report presents the consolidated results for the Group.

GRI Disclosure: 102-46

Reporting Content and Scope

GRI Disclosure: 102-54

In following the best practices in reporting, the content within this integrated annual report is developed in line with recognised reporting and regulatory standards, principles, frameworks and codes.

Nature of Reporting Framework	Adherence
Narrative Reporting	
Integrated Reporting Framework - International Integrated Reporting Council (IIRC)	Voluntary
Sustainability Reporting	
GRI Standards - 'In Accordance - Core' - Global Reporting Initiative	Voluntary
United Nations Sustainable Development Goals (SDGs)	Voluntary
Financial Reporting	
Sri Lanka Financial Reporting Standards - Institute of Chartered Accountants of Sri Lanka (SLFRS)	Mandatory
Company's Act No. 07 of 2007	Mandatory
International Financial Reporting Standards (IFRS)	Mandatory
Continuous Listing Requirements of the Colombo Stock Exchange	Mandatory
Corporate Governance	
Continuous Listing Requirements of the Colombo Stock Exchange	Mandatory
Code of Best Practices on Corporate Governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary
Laws and Regulations of the Companies Act No. 07 of 2007	Mandatory
Code of Best Practices on Corporate Governance, 2017 - The Institute of Chartered Accountants of Sri Lanka, to the extent of business exigency and as required by the Group	Voluntary

GRI Disclosure: 102-54, 102-48

Reporting Scope

This report has been prepared in accordance with the GRI standard: Core option. All content is derived based on the materiality principle, by focusing on matters or topics that hold a considerable impact or influence over both the value creation process, and the ability for the Group to meet stakeholder expectations over the short, medium and long-term.

Our material issues are identified and prioritised through management insight, combined with a comprehensive assessment of our stakeholder concerns, risk outlook, and trends evident in our operating environment. The Group's materiality assessment can be found in page 56 of this report.

The report further outlines our model of value creation, emphasizing the integration of our capitals to our everyday processes to create value for both the Group and its shareholders. The strategy and performance at Group and sector level are discussed where relevant within the report, while outlining our commitment to transparency and accountability through stringent risk management processes and strong compliance and governance structures.

There are no restatements of information within the period of the report.

Reporting Improvements

Bringing greater clarity and structure to the report, we have introduced the following improvements to our report:

- Restructuring of content to ensure an improved flow of information
- Integration of risk management to the materiality determination process
- A reassessment and restructuring of our material topics to assess changes in relevance, thereby deriving new topics while consolidating interrelated topics
- Incorporating SDGs into the stakeholder engagement process and improving overall presentation thereof
- Outlining the relevance and priority of the Group's SDG commitments
- Differentiating between short-term and long-term impacts on resource allocation
- Differentiating between outcomes to the Group and outcomes to stakeholders within the business model
- Reporting on all capitals within the sector reviews
- Greater connectivity of information through icons and page references

Data and Information Collection

The information and data pertaining to this report were collected and collated from the relevant departments of the organisation and from respective sector companies relevant to its operations. The necessary data was collected and compiled with the support of the Vallibel One Sustainability Portal.

Interviews were conducted with management personnel at the Group as well as at sector level. Management information reports and audited financial statements and their related notes combined with governmental and international publications were utilized to ascertain the trends in the external environment. We are assured that all material information has been addressed and disclosed within this report, and that completeness of information and data is verified at both company and Group level.

Targeted Audience

This report's primary purpose is to support shareholders and prospective investors to make informed decisions related to the Vallibel One Group. In addition to holding information pertinent to providers of capital, the report serves to meet the information requirements of other key stakeholders including customers, employees, business partners and regulatory bodies.

Quality Assurance

GRI Disclosure: 102-56

The report is prepared in a conscientious manner, in alignment with best practices in reporting; ensuring the integrity, credibility, completeness and conciseness of the information presented herein. The Group has obtained independent assurance from the external auditors—Messrs Ernst & Young—on both financial and sustainability reporting. The independent assurance on the Group and its consolidated financial statements and notes is found on page 228, while the assurance on sustainable reporting, based on the Sri Lanka Standard on Assurance Engagements, can be found on page 366. These assurances establish the quality of the report and confirm the absence of any material misstatements.

Forward-looking Statements

The report includes forward-looking statements related to the Group's operations —outlining Vallibel One's future outlook, plans and financial and operational projections and targets. Despite futuristic statements being made in a responsible manner, we encourage the reader to adopt a precautionary approach, and bear in mind the possibility that the end-reality may differ. We do not take responsibility, nor are we liable to publicly update or revise these statements following the publication date of this report.

HOW TO READ THIS REPORT

Our Capitals:

Financial, Manufactured, Intellectual, Human, Social & Relationship, Natural

Our Stakeholders:

Customers, Community, Shareholders and investors, Employees, Government, Business partners

Our Sectors:

Lifestyle, Finance, Aluminium, Plantations, Leisure, Consumer, Investments and Others

FEEDBACK

GRI Disclosure: 102-53

We welcome your comments on our 6th Integrated Annual Report 2021/22, together with any queries and suggestions for improvement. Please direct your feedback to:

Assistant General Manager – Finance,
Vallibel One PLC
29th Floor, West Tower, World Trade Centre,
Echelon Square, Colombo 1.
Telephone: 0112445577
Fax: 0112445500
Email Address: info@vallibel.com

Our feedback form can be found on page 379 of this report.

Who We Are And
What We Do

1

Broader Spectrum

Vision

Achieve uniqueness through diversity, leadership, creativity and inspiration.

Mission

To run healthy core businesses, leverage strengths into new ventures, work together with people to be Sri Lanka's corporate leader.

ABOUT THE GROUP

GRI Disclosure: 102-1 to 7

Established in 2010 and listed on the Colombo Stock Exchange in 2011, Vallibel One PLC has grown to be one of the nation's leading diversified conglomerates in a relatively short span of time. With 55 subsidiaries in our portfolio, we possess a significant presence across key thrust sectors, enjoying market leadership in tiles and sanitaryware, as well as a dominant market position in the finance sector and in several other key sectors. The Group has consistently sought to reach new heights of excellence, while adopting and maintaining best practices and good governance in order to create a sustainable operating framework that will deliver value in the long-term. Our unmatched capabilities and strengths are the underlying factors that have driven our success to date, and we continue to leverage them to ensure we serve our stakeholders, and remain ahead of an intensely competitive market.

Market Leadership

We possess a wide range of much-loved brands within our portfolio, many of which enjoy market leadership in their respective sectors.

Refer Intellectual Capital (page 188) for details on our brands.

Strong Partnerships

Our island-wide presence enables us to reach individuals from all walks of life, and serve as an intrinsic part of Sri Lanka's growth and progress.

Refer Social and Relationship Capital (page 194) for details on our partnerships.

A Vast Presence

Our sectorial diversity and island-wide presence enable us to reach individuals from all walks of life, and serve as an intrinsic part of Sri Lanka's growth and progress.

Refer Our Portfolio (page 12-13) and Manufactured Capital (page 166) for details on our diverse sectors and multiple touchpoints.

Innovation and Talent

We rely on the strength and capabilities of our dynamic workforce to foster a spirit of creativity and innovation.

Refer Human Capital (page 172) for details on our talent pool, and Intellectual Capital (page 188) for innovations introduced during the year.

A Solid Reputation

Our longstanding success, strong partnerships, good governance and business acumen have led us to become a trusted entity that is recognised for excellence.

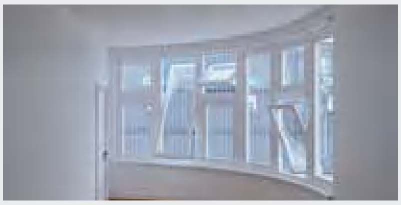
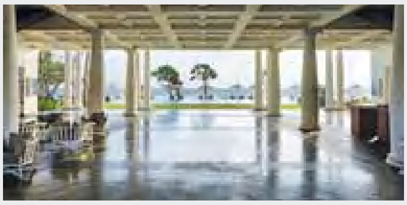
Refer Intellectual Capital (page 188) for details on our awards and accolades.

Decisive Strategies

Our strategic response to market trends have ensured we deliver on our objectives and drive success.

Refer Strategy and Resource Allocation (pages 60-61), and our Sector Reviews (pages 65 -159) for details on our strategies.

OUR PORTFOLIO OF BUSINESSES

		About the Sector	Product Mix
LIFESTYLE		Leading the way in Sri Lanka's tile and sanitaryware industry, we offer an extensive range of lifestyle products and solutions.	• Tiles • Sanitaryware • Kitchen Cabinets and Sinks • Grout and Mortar • Interior Décor Solutions • Furniture
FINANCE		Strengthened by LB Finance PLC, one of the nation's largest non-banking financial institutions, we are built on a solid foundation – equipped to provide versatile and innovative financial products and services.	• Leasing • Fixed Deposits • Gold Loans • Mortgage loans • Savings • Cash in Mobile • Money Exchange
ALUMINIUM		Over the years, we have built a powerful presence in the aluminium extrusion market, claiming mastery over delivering tailored products and services.	• Aluminium Extrusions • Folding Sliding Doors • Sliding Windows and Doors • Partitions • Swing Doors • Multi-Purpose Ladders • Solar Railings and Accessories
PLANTATIONS		With one of the oldest plantation companies placed within our portfolio in the form of Horana Plantations PLC, our contribution towards the nation's tea and rubber industries is significant.	• Tea • Rubber • Oil Palm • Coconut • Minor Crops
LEISURE		We have successfully ventured into the hospitality industry, setting new benchmarks with the ongoing Greener Water Hotel project in Negombo.	• Beach resort • Spa and Travel • Spa, water park and restaurant
CONSUMER		With much-loved household brands including 'Delmege' and 'Motha', we have made strides in the consumer market, while representing excellence in the medical equipment market.	• FMCG • Medical Equipment
INVESTMENTS AND OTHERS		In addition to the above, our investments in other sectors include noteworthy stakes in packaging, mining, insurance brokering, and travel and transport, among others.	• Packaging • Mining • Insurance brokering • Travel • Shipping

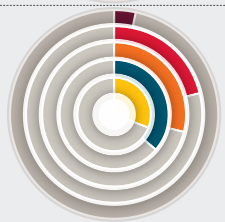
Performance	Sector Composition

19.5% Turnover
79.9% Profit Before Tax
27.5% Assets

Carbon Footprint - 87.05% CAPEX - 45.71% Employees - 28.60%
PBT - 40.73% Revenue - 45.45%

Refer page 66-79

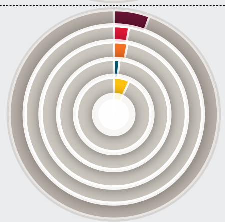
0.6% Turnover
25.6% Profit Before Tax
17.1% Assets



Carbon Footprint - 3.56% CAPEX - 21.28% Employees - 28.90%
PBT - 36.36% Revenue - 30.95%

Refer page 80-93

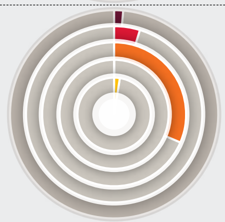
87.9% Turnover
22.8% Profit Before Tax
86.4% Assets



Carbon Footprint - 5.61% CAPEX - 2.91% Employees - 3.10%
PBT - 1.71% Revenue - 7.16%

Refer page 94-105

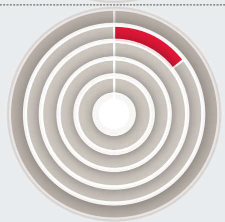
20.7% Turnover
181.5% Profit Before Tax
5.0% Assets



Carbon Footprint - 1.48% CAPEX - 4.79% Employees - 31.60%
PBT - 0.20% Revenue - 2.65%

Refer page 106-121

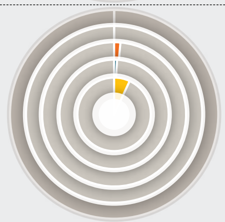
119.2% Associate Results
116.7% Profit Before Tax
5.5% Assets



Carbon Footprint - 0.04% CAPEX - 14.60% Employees - 0.20%
PBT - 0.02% Revenue - 0.00%

Refer page 122-131

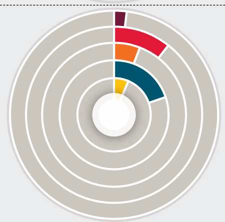
56.2% Turnover
104.5% Profit Before Tax
64.5% Assets



Carbon Footprint - 0.1% CAPEX - 0.0% Employees -1.5%
PBT -1.1% Revenue - 7.1%

Refer page 132-143

63.2% Turnover
86.5% Profit Before Tax
15.4% Assets

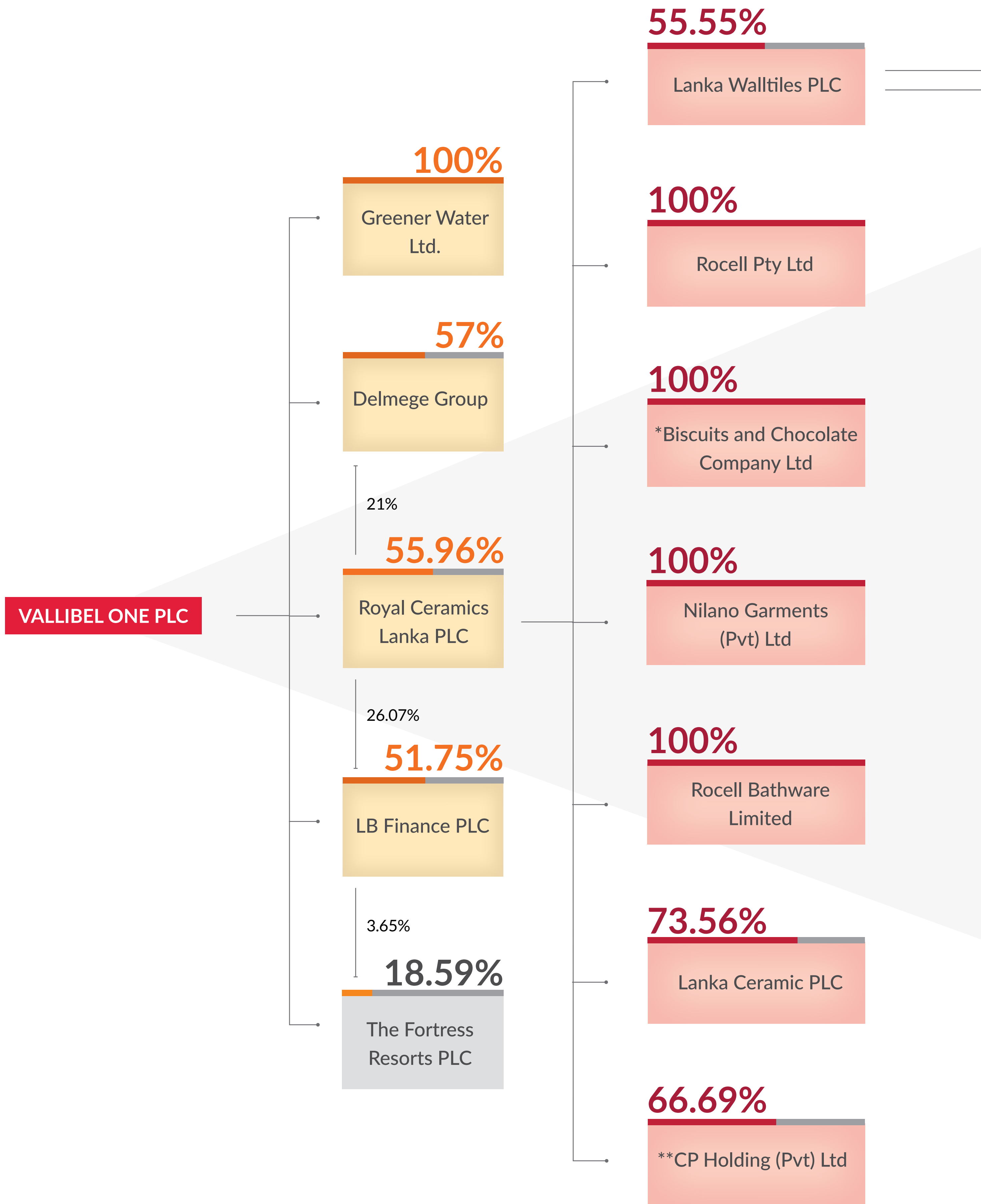


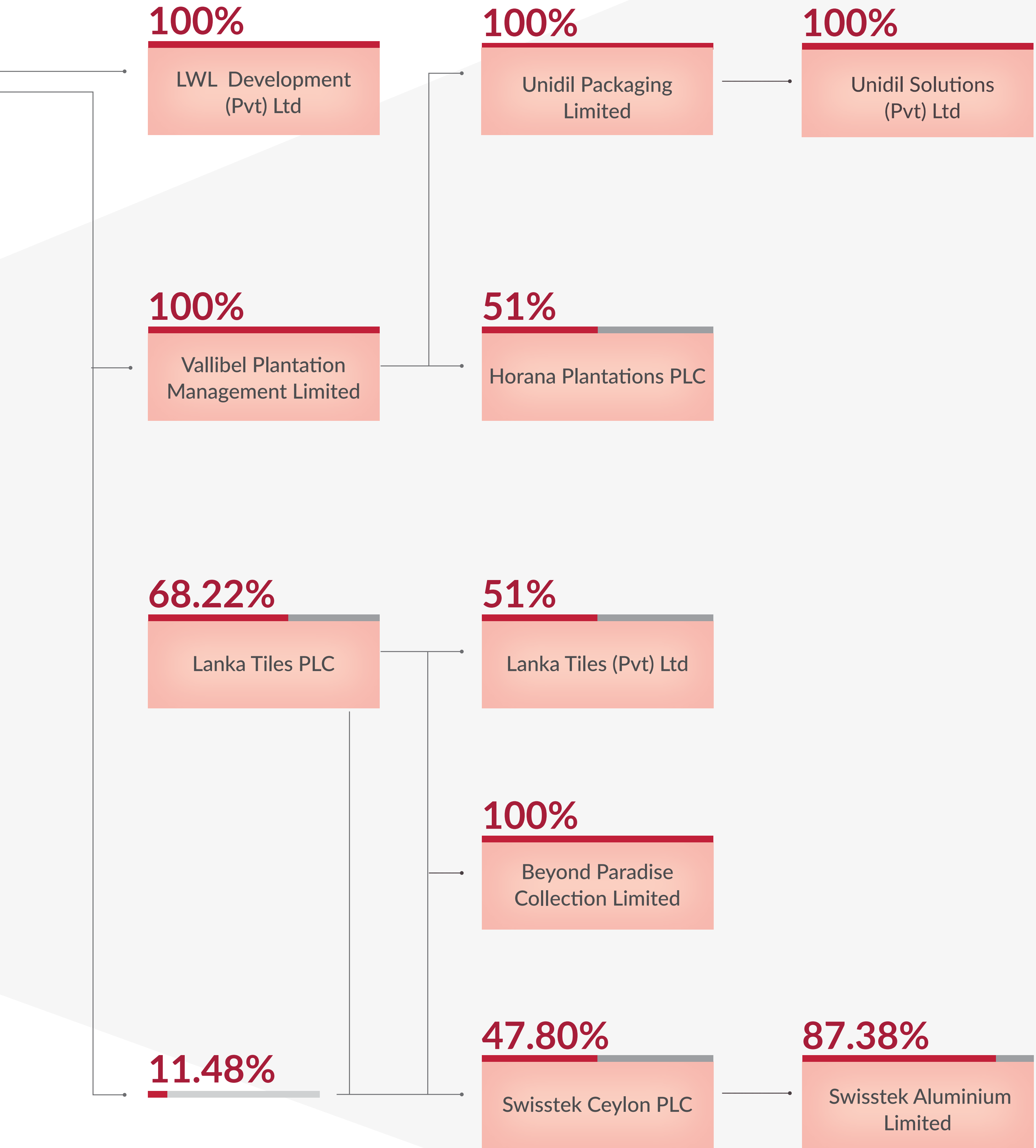
Carbon Footprint - 2.19% CAPEX - 10.67% Employees - 6.10%
PBT -19.90% Revenue - 6.65%

Refer page 144-159

Vallibel | ONE

GROUP STRUCTURE





Holding Company
Subsidiary Company
Sub-subsidiary Company
Associate Company

*Previously known as Rocell Ceramics Ltd
**Effective Holding

A JOURNEY OF EXCELLENCE

Our story began in 2010. Since then, in a very short span of time, Vallibel One has become an influential player in Sri Lanka's competitive business landscape – earning a reputation for excellence, quality and trust. Here we explore the many factors that demonstrate our success, which will undoubtedly position us well for the future.

12 Years

Founded in 2010 and listed on the CSE in 2011

LKR 285,210 Mn

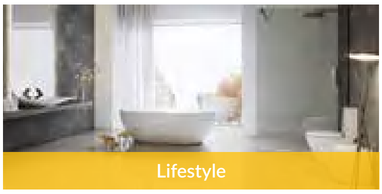
Asset base

LKR 56,742 Mn asset base in 2010

09

listed companies on the CSE

02 listed companies in 2010

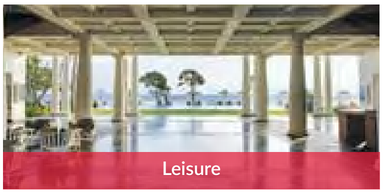


Lifestyle

Finance

Aluminium

Plantations



Leisure

Consumer

Investments and Others

07 Sectors

3 sectors in 2010

55 subsidiaries /associate companies

08 subsidiaries/associates in 2010

LKR 1,708 Mn

distributed as dividends

Ranked 5th in the Business Today

Top 40 in 2021

THE VALUE WE SHARE

GRI Disclosure: 103-2, 103-3, 201-1

Vallibel One's far-reaching presence ideally positions the Group to deliver impactful socio-economic value that is both direct and indirect in nature, while being aligned with a commitment to sustainable development and empowering the nation's progress.

Economic Value Added

LKR 103 Bn
Economic Value Generated
(LKR 86 Bn in 2020/21)

- **LKR 100.3 Bn** Gross Revenue (LKR 84.2 Bn in 2020/21)
- **LKR 2.7 Bn** Other Income (LKR 1.8 Bn in 2020/21)

84%

LKR 86.6 Bn
Economic Value Distributed
(LKR 73.8 Bn in 2020/21)

- **12.9%** — **LKR 11.1 Bn** Employee Remuneration and Benefits (LKR 9.6 Bn in 2020/21)
- **61.6%** — **LKR 53.3 Bn** Payments to suppliers (LKR 48.5 Bn in 2020/21)
- **15.5%** — **LKR 13.5 Bn** Payments to the Government (LKR 9.1 Bn in 2020/21)
- **10%** — **LKR 8.7 Bn** Payments to shareholders and lenders (LKR 6.3 Bn in 2020/21)

16%

LKR 16.4 Bn
Economic Value Retained
(LKR 12.3 Bn in 2020/21)

- **LKR 2.3 Bn** Depreciation (LKR 2.4 Bn in 2020/21)
- **LKR 14.1 Bn** Retained Profit (LKR 9.9 Bn in 2020/21)

OUR COMMITMENT TO THE SDGS

Contributing towards 15 of the 17 United Nations Sustainable Development Goals

SDGS	RELEVANCE/ PRIORITY	MAJOR ACTIVITIES
1	60%	• Employment created for 13,000+ individuals • Business opportunities for 3,593 local suppliers • Tax payments of LKR 13,491 Mn to support public finance • Providing living facilities to 44 family units
2	60%	• LKR 29 Mn invested in welfare and nutrition programmes for factory and estate workers and communities • Building income opportunities for 1,711 plantation workers
3	100%	• Key health and safety programmes with employee engagement implemented across the businesses • Training Initiatives for mental health of the employees - • SMILE Programme • Invested LKR 151.4 Mn as per health guidelines to curtail COVID-19 spread in workplaces • Procurement of key medical equipment via our consumer sector
4	80%	• 8,476 employees trained for 43,021 hours for a total investment of LKR 11.33 Mn • A reimbursement scheme for professional studies • Support educational needs of children living within estate communities
5	100%	• An equal opportunity employer, with 35.5% female cadre • Following best labour practices
6	50%	• Clean water and sanitation facilities provided within workplaces and monitor our effluents • Invested LKR 8.6 Mn on water and sanitation infrastructure
7	50%	• Implementing renewable energy projects across factory premises • Installation of solar power panels
8	100%	• Job opportunities across seven growth sectors • Following best practices in labour relations and management
9	100%	• Prioritising product innovation across operations • Investing LKR 135 Mn on research and development
10	80%	• A strong island-wide distribution network • Community recruitment • Uplifting SMEs and entrepreneurs
11	30%	• Invested LKR 248 Mn on developing infrastructure including roads surrounding estates and factories • LKR 29 Mn spent on philanthropic initiatives to uplift the living areas of underprivileged communities
12	100%	• Maximising resource utilization to minimize wastage • 22,803 MT of recycled materials used in production • Consumed 55,472 MT of renewable materials
13	80%	• Minimizing our energy consumption by 4% • 105,500+ trees planted including cultivation crops
15	30%	• Invested LKR 2 Mn on biodiversity initiatives to increase forest cover and to protect habitats
16	100%	• Instilling practices of anti-corruption, bribery and transparency across all businesses • Being a responsible and ethical organisation

OUR INVESTMENT CASE

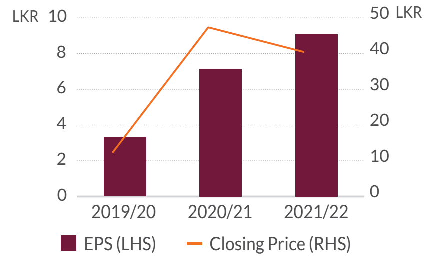
Consistent Returns

Delivering sustainable, long-term shareholder value.

11.21% 5-year CAGR- Revenue

14.7% 5-year CAGR- Profit After Tax

Shareholder Returns

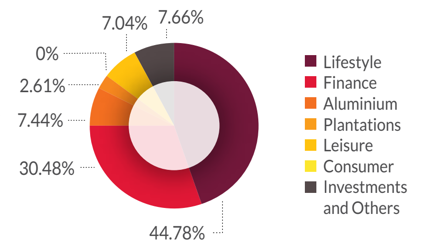


Strength in Diversity

A presence across seven key economic thrust sectors.

- Lifestyle
- Finance
- Aluminium
- Plantations
- Leisure
- Consumer
- Investments and Others

Revenue By Sector



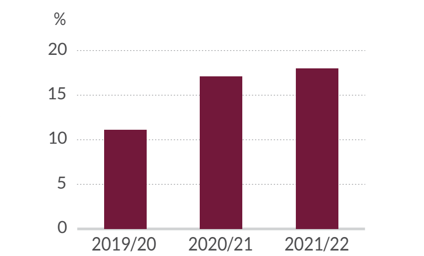
Prudent Strategies

Employment of capital and assets to enhance profitability.

18% Return on Capital Employed

LKR 285,210 Mn Total Asset Base

Return on capital employed



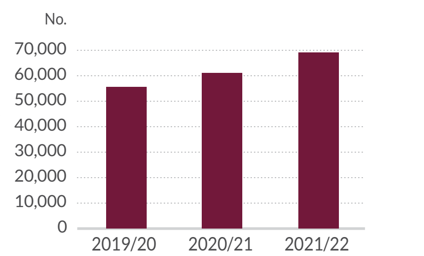
Established Market Presence

An island-wide presence and strong brand equity.

300+ Direct Customer Touchpoints

Market Leadership in Multiple Industries

Dealers & Distributors



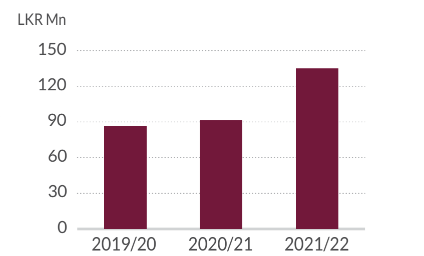
Continuous Improvement

A commitment to improve products and processes.

LKR 870 Mn Saved from TPM Process Improvements

92 New Products 118 new designs and sizes

Research and Development Investment



FINANCIAL HIGHLIGHTS

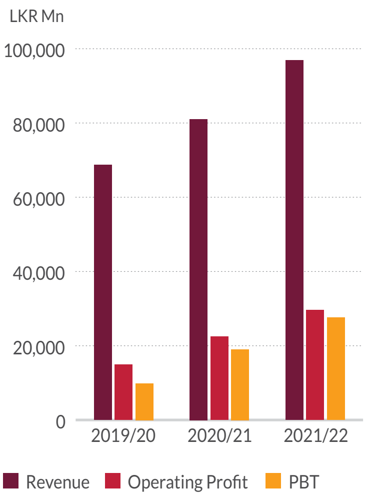
Table-Profitability		2021/22	2020/21	2019/20
Revenue	LKR Mn	96,859	81,035	68,569
Results from Operating Activities	LKR Mn	29,571	22,472	15,068
Profit Before Tax	LKR Mn	27,580	19,032	9,870
Profit After Tax	LKR Mn	20,580	14,689	6,296
Profit Attributable to Owners of the Parent	LKR Mn	10,353	8,118	3,794
Dividends	LKR Mn	1,708	3,855	-
Gross Profit Margin	%	47.4	45.3	43.2
Operating Profit Margin	%	31.3	27.7	22
Net Profit Margin	%	21.2	18.1	9.2
Return on Assets	%	7.22	6.1	2.6
Return on Equity (ROE)	%	19	15.6	7.9
Interest Cover	No of times	24.35	11.9	4.9

Table-Financial Position		2021/22	2020/21	2019/20
Total Assets	LKR Mn	285,210	240,132	242,467
Total Liabilities	LKR Mn	176,757	145,942	162,408
Total Debt	LKR Mn	56,047	37,290	55,565
Equity Attributable to Equity Holders of the Parent	LKR Mn	69,965	62,556	53,944
Net Worth	LKR Mn	108,453	94,190	80,060
Debt/Equity	%	51.68	39.59	69.4
Equity Asset Ratio	%	38.03	39.22	33.02
Current Ratio	No of times	1.13	0.94	1.16
Quick Assets Ratio	No of times	1.01	0.82	0.99

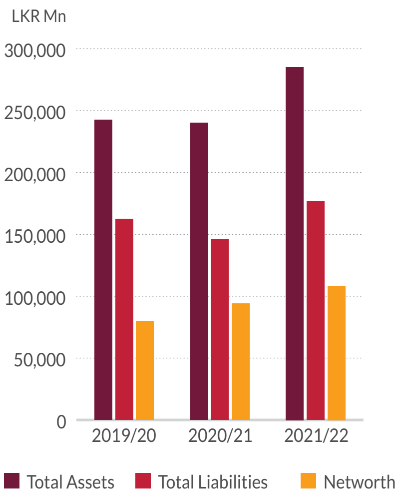
Table-Market and Shareholder Information		2021/22	2020/21	2019/20
Number of Shares in Issue	No. Mn	1,139	1,139	1,139
Market Value Per Share	LKR	40.2	47.1	12
Earnings Per Share	LKR	9.09	7.13	3.33
Net Assets Per Share	LKR	61.43	54.93	47.36
Price to Book Value	times	0.65	0.86	0.25
Company Market Capitalisation	LKR Mn	45,784	53,643	13,039
Price Earnings Ratio	No of times	4.42	6.61	3.6
Dividend Yield Ratio	%	3.73%	7.43%	9.09
Dividends per Share	LKR	1.5	3.5	-

GRI Disclosure: 102-7

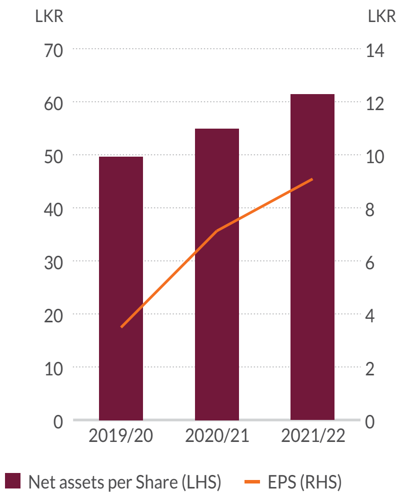
Profitability



Financial Position



Shareholder Returns



LKR 9.09
Earnings per Share

LKR 61.43
Net Assets per Share

LKR 285.2 Bn
Total Assets

LKR 96.9 Bn
Revenue

LKR 27.6 Bn
Profit before Tax

LKR 20.6 Bn
Profit after Tax

NON-FINANCIAL HIGHLIGHTS

Manufactured Capital

		2021/22	2020/21	2019/20
Property Plant and Equipment	LKR Mn	56,939	52,595	50,658
Capital Expenditure	LKR Mn	5,309	3,876	4,539
Depreciation and Amortization	LKR Mn	3,209	3,108	2,298
Investment in Research and Development	LKR Mn	135	91	87

Human Capital

		2021/22	2020/21	2019/20
Total Employees	Number of:	13,244	13,519	13,793
Female Workforce	Number of:	4,698	4,873	5,000
Male Workforce	Number of:	8,546	8,646	8,793
New Recruitments	Number of:	2,896	2,567	3,303
Plantation Workers	Number of:	3,857	4,543	5,030
Employees Represent outside the Western Province	Number of:	6,542	6,807	7,123
Productivity (Revenue/Employee)	LKR Mn	7.3	6	5
Investment in Training	LKR Mn	11.33	6	16
Total Training Hours	Hours	43,021	18,310	70,167
Employees Trained	Number of:	8,476	4,677	3,850
Retention Rate	%	78	81	66

Social and Relationship Capital

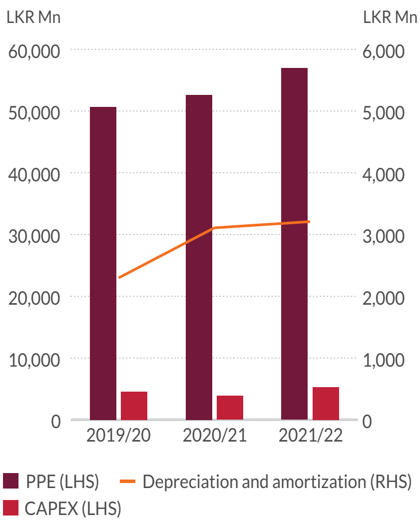
		2021/22	2020/21	2019/20
Rocell Own Showrooms	Number of:	74	73	68
Lanka Tiles Own Showrooms & Outlets	Number of:	21	21	16
LB Finance Branches	Number of:	181	169	165
Suppliers	Number of:	4,503	5,378	5,140
Small & Medium Suppliers	Number of:	3,150	3,504	3,501
Payments to Suppliers	LKR Mn	57,289	31,860	33,468

Natural Capital

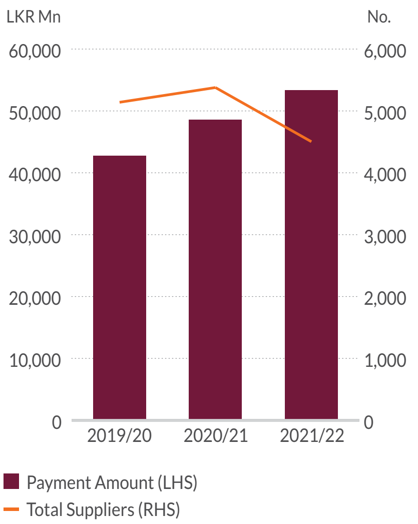
		2021/22	2020/21	2019/20
Energy Consumption	GJ	1,199,172	1,247,878	3,987,493
Raw Material Consumption	MT	1,432,030	6,331,115	363,033
Total Water Usage	Liters Mn	593	447.5	397.2
Carbon Footprint	tCO_2	156,034	100,280	-
Total Wastage	MT	60,886	35,553	38,336

GRI Disclosure: 102-7

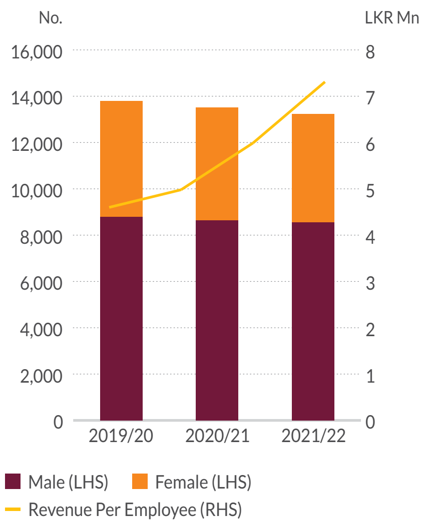
Property, Plant and Equipment



Total Suppliers and Payments to Suppliers



Total Employees and Revenue Per Employee



90+
New Products

21
New Customer Touch points

1.8
Gender Ratio

43,021
Training Hours

LKR 870 Mn
TPM Savings

1,113
Outstation Recruitment

CHAIRMAN'S MESSAGE

Dear Shareholder,

It gives me great pleasure to welcome you to the 12th Annual General Meeting of Vallibel One PLC, and present our Annual Report for the financial year ended 31st March 2022. The year under review posed many challenges, yet the combined strength of Vallibel One's balanced portfolio, unmatched expertise and farsighted vision positioned us to deliver a powerful performance.

Over the course of 12 years, your Group has continued to build on a foundation of excellence; reinforced by underlying values of transparency, accountability and a commitment to quality to gain the nation's trust and retain our leadership in key sectors of the economy. Our commitment towards good governance and sustainability is integrated across all our businesses; deriving positive long-term outcomes across all stakeholder groups for the foreseeable future.

Operating Environment

The year under review was characterized by volatility and ambiguity, leading many businesses to face unprecedented changes in market dynamics. The emergence of the COVID-19 pandemic impacted the second and third quarters of the reporting year; however, many organisations were poised to confront the challenges posed by the resulting disruptions to activities following the mitigating actions and structural transformations undertaken in response to the previous waves. Policy changes and import restrictions hampered growth in certain economic sectors, while facilitating progression in others.

Towards the close of the year, the nation's diminishing foreign exchange reserves led to challenges in sourcing essential goods, while resulting in a significant downturn of the valuation of the Sri Lankan rupee. The resulting backdrop caused debilitating impacts on many organisations, while bringing to light the emerging need for a more sustainable, resilient supply chain to ensure demand and supply dynamics are met.

A Consolidated Performance

Companies across the Group responded with alacrity to the ever-transforming environment, relying on inherently dynamic, agile structures to realign our operations to maximize value and minimize risk. Our enhanced risk management processes and a holistic perspective enabled the Group to anticipate and respond to change, while making prudent investment decisions with respect to capacity and process development, product innovation, brand building, employee health and safety, and quality control. Group-wide efforts to improve cost structures through product rationalization, responsible consumption and process efficiencies served to improve profitability, while enabling sustainable returns.

As a testament to the success of these overarching strategies, the Group improved upon the previous year's record-breaking performance to record a top-line growth of 19.53% to reach a consolidated revenue of LKR 96,859 Mn, despite the complexities experienced during the year under review. Our profit before tax displayed a year-on-year growth of 45% to reach LKR 27,580 Mn. Following a notable 67% growth in taxation, the Vallibel One Group posted a profit after tax of LKR 20,580 Mn – a 40% increase against the previous financial year's results.

Due to constraints, the Group's capex remained subdued, and was recorded at LKR 56,939 Mn during the year, led by investments in the lifestyle and finance sectors. Our asset position as at the end of the year grew by 19% to reach LKR 285,210 Mn, while the return on equity remained positive at 19%. In line with these results, the Group paid LKR 1.50 per share as dividends to our shareholders.

Corporate Responsibility

As a conglomerate with an impactful presence across the island, corporate responsibility has long been etched within the core of our value system. The businesses under our purview adhere to the same principles that exemplify the Group, and Vallibel One continues to provide invaluable guidance in this regard, while inculcating principles of sustainable, equitable growth that transcends beyond short-term profits.

We strive to meet all stakeholder expectations and practice good governance, in order to deliver long-term value that will contribute towards societal development and progress. Our aim is to minimize the inequalities and disparities that are predominantly perceived in many surrounding communities; ensuring greater accessibility to resources, while offering opportunities for their upliftment. Our employees play a key role in the value creation process, and thus we strive to uphold their health, well-being and growth throughout their journey with Vallibel One. The Group leveraged on digital capabilities to provide employees with the Work-from-Home flexibilities since the onset of the pandemic in 2020, in order to maintain safe working conditions.

Our commitment to stewardship is embodied by a spirit of openness and trust, in conjunction with the stringent governance mechanisms that are enforced across the Group. During the year we continued to strengthen our approach to sustainability through the implementation of various projects designed to reduce resource consumption, while investing in renewable energy projects to extend sustainable energy to the national grid.

Moving Forward

At this juncture, the future outlook remains largely uncertain. As at the date of penning this report, we anticipate that the prevailing political

“

As a testament to the success of our overarching strategies, the Group improved upon the previous year’s record-breaking performance to record a top-line growth of 19.53% to reach a consolidated revenue of LKR 96,859 Mn.

CHAIRMAN'S MESSAGE

> **We believe that our sustainable values will bode well for the future of the Group; with optimised cost structures, process enhancements, quality improvements and resource efficiencies ensuring improved profitability, productivity and consistent returns in the long run.**

and socio-economic factors in play will undoubtedly shape the future landscape. The dwindling supply of essential goods and services combined with the foreign exchange crisis would certainly result in subdued economic activity and pose immensely challenging conditions across industries. It is our firm belief that several much-needed reforms that are already in the pipeline will create greater stability in the years ahead.

As a leading conglomerate with a presence across diverse sectors and communities, we hope to mobilize our resources to initiate positive change and transformation across our operations and at every level of society. We remain confident in our ability to withstand the intense pressures and major shifts in the landscape that lie ahead, relying on a well-balanced strategy that would enable us to focus on the bigger picture; as we constantly survey the environment to anticipate and respond to risks, while optimising our supply chain to maintain business continuity and focus on opportunities for growth. We believe that our sustainable values will bode well for the future of the Group; with optimised cost structures, process enhancements, quality improvements and resource efficiencies ensuring improved profitability, productivity and consistent returns in the long run.

Appreciations

I would like to place on record my deep gratitude to my fellow Board members for their invaluable guidance and foresight during an intensely challenging year. I would like to commend and thank the management and staff across the Group companies for their continued dedication and determination that enabled the achievement of strong returns across the Board, notwithstanding the restrictions faced during the year. Finally, I would like to extend my gratitude to our stakeholders for place their confidence in us, as we continue to deliver value amid a rapidly changing environment.

Dhammika Perera
Chairman

7 June 2022

CHIEF EXECUTIVE OFFICER'S REVIEW

"Since inception, the Vallibel One Group has embodied sustainable principles and proactive strategies which have governed our decision-making over the years, and served as a key contributor towards delivering stakeholder-centric value, while enabling Group-wide productivity.

CHIEF EXECUTIVE OFFICER'S REVIEW

It gives me great pride to present this report which demonstrates the exceptional performance of the Vallibel One Group during the year under review. Despite the constraints and changing market dynamics across the economy, the Group relied on a uniquely formulated model of wealth creation to deliver consistent returns, while safeguarding the interests of all stakeholders.

The Group's growth trajectory has been defined by its unique ability to predict industry growth trends and position the Group to capture these emerging trends.

It was also assisted by Vallibel One's core business proposition of diversity spanning across several carefully curated business verticals, market leadership in key sectors, proactive strategies and a sustainable value system which kept the group at the forefront of an incredibly competitive, volatile business environment. I can say with great confidence that the Group has over a period of time perfected the art of wealth creation and growth enterprise to deliver excellence.

This report also outlines how the Group leveraged its strengths to overcome adversity and demonstrate a spirit of resilience throughout.

Sustainable, Decisive Strategies

Since inception, the Vallibel One Group has embodied sustainable strategies and proactive thinking which has governed its decision-making over the years. This has steadfastly served as a key contributor towards delivering stakeholder-centric value, while enabling Group-wide productivity. This balanced positioning enabled the Group to achieve commendable growth navigating through an array of unforeseeable conditions, spanning supply chain disruptions, health and safety concerns, mobility restrictions, unfavourable policies, reduced consumer sentiment and a shortage of foreign exchange reserves

One of the key strategies adopted was to focus on the macro picture; capitalising on thrust sectors while prudently managing negatively impacted sectors.

Our entrepreneurial and pioneering spirit also enabled us to explore new ground and establish our presence in vital growth sectors of the economy. The challenging environment did not deter us in our commitment to pursue innovation and process improvements. Investing in technology and training was also given equal prominence.

With the third wave of the pandemic impacting a large portion of the year, the Group did not neglect its efforts towards the maintaining and overseeing health and the well-being of our employees, while adhering to government-mandated guidelines.

Vallibel One's focus on corporate responsibility and its deep ties with the community enabled the Group to build purposeful connections that inspired social change, while investing in initiatives to minimize the negative forces. These initiatives enabled the Group to maintain a solid stance, and weather the challenges of the year gone by.

Consolidated Results

Overcoming, the challenges of the operational landscape, the Group improved on the previous year's performance to record a significant growth of 19.53% against the previous year to achieve a revenue of LKR 96,859 Mn. Similar to the previous year, the lifestyle sector remained the primary contributor towards the consolidated revenue, followed by the finance sector, both of which posted admirable performances due to strategic, proactive measures taken to respond to market dynamics. The two sectors accounted for a combined 76% of the Group's revenue. Other sectors, namely plantations, aluminium, consumer goods and investment and others recorded a positive performance, constituting 24% of the revenue achieved for the year.

Due to our strong top-line performance, cost efficiencies and prudent debt management across the business, the bottom-line was further reinforced, despite the significant increase in corporate taxation and the gradual shift in monetary policy. Accordingly, the Group's profit before tax reached LKR 27,580 Mn, thereby recording a commendable 45% year-on-year increase. Furthermore, Vallibel One's annualised return on equity registered a growth of 19%, which was an improvement of 3.4 percentage points against the previous year. Our earnings per share reached LKR 9.09 during the year, and the Group was adequately positioned to cover our liabilities as at 31st March 2022.

Sector Performance

Lifestyle

The lifestyle sector continued to face unprecedented demand within the local market due to import restrictions on tiles. However, supply chain disruptions continued to impact the potential for capacity enhancements, and with the industry being challenged in catering to the sheer scale of demand, a short-fall of products was experienced during the year. However, the companies within the sector continued to focus on process efficiencies, production rationalisation and strategic planning in order to maintain adequate levels of stock, thereby enabling the sector to meet market needs. Previous capacity enhancements and product innovation further reinforced our performance. In line with these developments, the sector posted a revenue growth of approximately 19.5%, driving a profit after tax increase of 67% to reach LKR 10,323 Mn.

Finance

Until mid-August, L B Finance continued to operate against backdrop largely similar to the previous year. The import ban on motor vehicles created a subdued environment in terms of the leasing segment, however the gold loans segment continued to be the cash cow within the sector. L B Finance's unmatched value proposition and process efficiencies achieved through long-term investments into innovation continued to hold the sector in good stead, enabling significant cost savings and enhanced decision making across the board.

The prudent lending strategies supported by machine learning enabled the company to mitigate risk effectively, while ensuring our non-performing loan ratio remained lower than the industry average despite a reduced investor sentiment. We continued to focus on enhancing our branch network, in addition to focusing on short-term investments to meet consumer demand. However, a policy to reverse the prevailing interest rates resulted in an increased interest expense for the company. With the rates continuing to rise, L B Finance will continue to employ proactive strategies to mitigate the negative impact in the following year.

As a result of these dynamics, the finance sector recorded a profit of LKR 8,476 Mn, thereby recording a 25% increase year-on-year.

Aluminium

The COVID-19 pandemic led to a restrained demand for aluminium-based products; however, the sector continued to perform against expectations due to farsighted strategies combined with consumer-centric marketing and branding activities. The value-added products as well as the new products introduced over the past two years continued to be our largest contributors to performance. We continued to build on our dealer network, while engaging in research and development to introduce new products in line with market demand. Despite the commendable performance, the sector became negatively impacted by the devaluation of the rupee. Therefore, the sector recorded a total growth of 88% to reach a revenue of LKR 7,315 Mn, while achieving an approximately 33% growth in profit after tax to reach LKR 454 Mn.

Plantations

The plantations sector has long been impacted by uncertainty. Numerous ad-hoc policies led the sector to adopt crop diversification strategies to mitigate risk. The tea industry was buoyed by rising market prices – however, the cost of production escalated in a disproportionate manner due to various industry practices, negatively impacting profitability margins. Horana Plantations therefore continued to engage in the rationalisation of crops; investing in the expansion of coconut cultivation in order to create more viable, profitable outcomes. The sector further delivered a comprehensive strategy to improve productivity, promote innovation, and enhance quality, while optimising costs to improve the bottom-line.

Due to the government-imposed ban on chemical fertilizer and glyphosate, which are critical to crop development and crop protection, Horana Plantations deployed a range of sustainable practices such as the implementation of regenerative agriculture and the use of organic fertilizer to address constraints. These strategies enabled the sector to mitigate the negatives and achieve a profit after tax of LKR 27 Mn, against the loss of LKR 94.7 Mn recorded in the previous year.

Consumer

Despite pandemic-induced mobility restrictions and an associated reduction in purchasing power, the consumer sector recorded an exceptional performance during the year under review. The sector continued to leverage on power brands, while further improving the supply chain and enhancing the reach across a diverse mix of channels to optimise the point of sales presence and awareness. The acquisition of the Ferrero range of confectionery products including iconic products such as Nutella, KinderJoy and Tic Tac during the latter part of the year boded well for performance and confidence in the brand.

19.53%
Consolidated Revenue Growth

LKR 96,859 Mn
Consolidated Revenue

LKR 9.09
Earnings per Share

LKR 27,580 Mn
Profit Before Tax

The food and beverage sector recorded a revenue growth of 56%, led by the Motha brand. The healthcare sector was primarily led by pandemic-related demand, and contributed towards a 70% growth in top-line performance. The sector recorded a phenomenal combined growth in profitability of 421% to reach a profit after tax of LKR 263 Mn during the year.

Leisure

Our exposure to the leisure sector arises from the Fortress Hotel, our associate company. The tourism industry was inactive for a majority of the year due to the COVID-19

CHIEF EXECUTIVE OFFICER'S REVIEW

> **The strong, time-tested business models of our subsidiaries and associates are ideally positioned to cushion us against any unforeseen shocks, and we believe our continued efforts to streamline and enhance overall resilience at every level will enable us to navigate any storm.**

pandemic and the local and overseas restrictions that were in place to mitigate the virus's spread. However, a significant growth in arrivals took place towards the last quarter of the year, and the hotel's stance in the industry and its nature as a 'Safe and Secure Hotel' resulted in a revenue of LKR 349 Mn being recorded during the year, which was an increase of 365% against the previous year's performance. The Greener Water integrated resort project in Negombo is structurally complete and awaits furnishing – however, any investment activities have been temporarily suspended due to uncertain economic conditions, and will recommence once a more stable stance is achieved.

Investments and Others

The Group's 'Investments and Others' sector comprises a range of segments including investments, insurance brokering travel, transportation, mining and packaging. Constraints in the supply chain and rising world paper costs impacted the packaging segment to a great extent, however, the company engaged in proactive strategies to improve our overall value proposition with on-time delivery and best-in-class products, while revising pricing structures in line with global dynamics.

The mining segment on the other hand faced a shortage of essential raw material – however the company depended on resource optimisation to derive greater productivity. The company's sanitaryware segment served as the primary contributor towards the segment's overall performance.

The segment therefore recorded a year-on-year growth in profitability of 80% to reach a profit after tax of LKR 5,618 Mn.

Future Outlook

The year under review was undeniably a pivotal year for Vallibel One with stellar performances being recorded in most sectors. It was also an year of accelerated and pragmatic decision making, important strategic progress and continued transformation and adaptation.

Whilst the present socio-economic and political instability poses challenges to businesses and livelihoods across the entire country, the Vallibel One Group pledges to build on its core strengths to deliver sustainable shareholder value and business growth in tandem. We are confident that the diversified presence, unrivalled skill base and prudent strategies will undoubtedly enable the Group to mitigate risks and deliver consistent results. As mentioned in my previous review, the strong, time-tested business models of the Group's subsidiaries and associates are ideally positioned to cushion against any unforeseen shocks. We also believe that our continued efforts to streamline and enhance overall resilience at every level will enable us to navigate any storm.

Acknowledgements

The results of the year under review is testimony to the contribution and cooperation of each valued stakeholder. I would like to place on record my gratitude for the loyalty and trust of our customers and business partners, who have played an integral role in our growth trajectory.

I would like to extend my sincere thanks to the Chairman and the Board of Directors for their guidance and insight that enabled our onward momentum amidst a year characterized by change.

The resilience, tireless work ethics and deep-seated commitment of the management and employees across our business sectors have enabled business continuity and the achievement of our core objectives,

It is through their hard work, resilience and focus in very testing conditions that Vallibel is so well positioned to continue generating sustainable value growth for shareholders and a better tomorrow for all stakeholders in the years ahead.

My heartfelt thanks is also extended to each and every one of them for their contribution towards our business growth. I further wish to thank our shareholders who have journeyed with us thus far, and pledge consistent returns in the years ahead.

Today, as we step into what augurs to be yet another transformative era in our nation's history, we look forward to embarking on new avenues of growth, while safeguarding the future of our people and planet, together.

Dinusha Bhaskaran
Chief Executive Officer

7 June 2022

BOARD OF DIRECTORS

Mr. Dhammika Perera
Chairman/Managing Director

Mr. Harsha Amarasekera
Independent Non-Executive Director

Mr. Rajan Asirwatham
Independent Non-Executive Director

Mr. Sumith Adhihetty
Non-Executive Director

Mrs. Shirani Jayasekara
Independent Non-Executive Director

BOARD OF DIRECTORS

Mr. Dhammika Perera
Chairman/Managing Director

Appointed as Chairman of the Board in October 2010

Membership of Board Subcommittees:

Serves as a member of the Nomination Committee since February 2019.

Skills and Expertise:

Mr Dhammika Perera is a quintessential strategist and a business leader with interests in a variety of key industries including manufacturing, banking and finance, leisure, plantations, and hydropower generation. He has over 30 years of experience in building formidable businesses through unmatched strategic foresight and extensive governance experience gained through membership of the Boards of quoted and unquoted companies.

Current Appointments:

Mr Perera is the Chairman, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, The Fortress Resorts PLC, Vallibel Power Erathna PLC, Greener Water Ltd, Delmege Limited, and LB Microfinance Myanmar Company Limited. He is the Co Chairman of Hayleys PLC, The Kingsbury PLC and Singer (Sri Lanka) PLC. Executive Deputy Chairman of L B Finance PLC, Deputy Chairman of Horana Plantations PLC. He is also an Executive Director of Vallibel Finance PLC and serves on the Boards of **Hayleys Leisure PLC, Haycarb PLC, Hayleys Fabric PLC and Dipped Products PLC. Also Co-Founder and, a Director of Dhammika and Priscilla Perera Foundation.

***Amaya Leisure PLC changed its name to Hayleys Leisure PLC with effect from 30th June 2021.*

Mr. Harsha Amarasekera
Independent Non-Executive Director

Appointed to the Board in November 2010

Membership of Board Subcommittees:

Chairman of the Remuneration Committee and a member of the Audit Committee since November 2010, and Chairman of the Nomination Committee since February 2019. He also served as the Chairman of the Related Party Transactions Review Committee from February 2016 to February 2020 and currently serves as a member of the said Committee.

Skills and Expertise:

Mr Harsha Amarasekera, President's Counsel is a leading luminary in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. Mr Amarasekera, was admitted to the Bar in November 1987 and took oath as a President's Counsel in November 2012.

Current Appointments:

He serves as an Independent Director in several companies listed on the Colombo Stock Exchange including Sampath Bank PLC, CIC Holdings PLC, Swisstek (Ceylon) PLC, Swisstek Aluminium Limited as Chairman and Vallibel Power Erathna PLC as Deputy Chairman. He is also an Independent Non-Executive Director of Royal Ceramics Lanka PLC, Expolanka Holdings PLC, Chevron Lubricants Lanka PLC, Ambeon Capital PLC and Amaya Leisure PLC. He is also the Chairman of CIC Agri Business (Private) Limited.

Mr. Sumith Adhihetty
Non-Executive Director

Appointed to the Board in November 2010

Membership of Board Subcommittees:

A member of the Remuneration Committee since November 2010 and a member of the Nomination Committee since February 2020.

Skills and Expertise:

Mr Sumith Adhihetty is a top-notch marketing professional who counts over 43 years of experience in the finance sector. He was formerly the Deputy Managing Director of Mercantile Investments Limited and served as a Director of Nuwara Eliya Hotels Company Limited, Grand Hotel (Private) Limited, Royal Palm Beach Hotels Limited, Tangerine Tours Limited, Security Ceylon (Private) Limited, Vallibel Finance PLC and Pan Asia Banking Corporation PLC.

Current Appointments:

He is the Managing Director of L B Finance PLC. He also serves on the Boards of The Fortress Resorts PLC, La Forteresse (Private) Limited, LB Microfinance Company Myanmar Limited, Greener Water Ltd, Summer Season Residencies Limited, Summer Season Limited and Summer Season Mirissa (Pvt) Ltd.

Mr. Rajan Asirwatham
Independent Non-Executive Director

Appointed to the Board in January 2011

Membership of Board Subcommittees:

The Chairman of the Audit Committee since November 2010, and a member of the Related Party Transactions Review Committee since February 2016.

Skills and Expertise:

Mr Rajan Asirwatham, who is a renowned accounting professional, was a Senior Partner and Country Head of KPMG Ford Rhodes Thornton & Co. from 2001 to 2008. He was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism and was also a Member of the Presidential Commission on Taxation, appointed by His Excellency the President. He is also a Fellow member of The Institute of Chartered Accountants of Sri Lanka.

Current Appointments:

He is the Chairman of the Audit Committee of The Institute of Chartered Accountants of Sri Lanka. He has made his mark in the corporate world by serving on the Boards of Royal Ceramics Lanka PLC, Dilmah Ceylon Tea Company PLC, Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Renuka Hotels (Private) Limited, Mercantile Merchant Bank, Yaal Hotels (Private) Limited, Three Acre Farms PLC, Ceylon Grain Elevators PLC, and Browns Beach Hotels PLC. He is a Member on the Board of Management of S W R D Bandaranaike Memorial Foundation, Council of the University of Wayamba and also on the Board of Post Graduate Institute of Medicine.

Mrs. Shirani Jayasekara
Independent Non-Executive Director

Appointed to the Board in February 2020

Membership of Board Subcommittees:

Serves as the Chairperson of the Related Party Transactions Review Committee, member of the Audit Committee, and the Remuneration Committee since February 2020.

Skills and Expertise:

Mrs Shirani Jayasekara brings to the Board over 41 years experience in the fields of Finance, IT, Audit and Risk Management in Sri Lanka, Zambia, and Bahrain. She is a Fellow of The Institute of Chartered Accountants of Sri Lanka and a Fellow member of the Chartered Institute of Management Accountants UK.

She was a Director of L B Finance PLC since 25th August 2010 and served as Chairperson from 18th September 2017 till her retirement on 25 August 2019. She was the Head of Audit, British American Tobacco Sri Lanka and Bangladesh. She was Head of Group Internal Audit of Carsons Cumberbatch PLC covering operations in Sri Lanka and Indonesia.

She was also a Director of Asian Hotels and Properties PLC, a subsidiary of John Keells Holdings PLC.

She has served on the Audit Committee of the Institute of Chartered Accountants of Ceylon and was a member of the Corporate Governance Committee which contributed to the process of developing a Code of Best Practices of Corporate Governance – issued jointly by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka in 2008

Current Appointments:

None

2

Enhanced Significance

OUR CAPITALS

Our Capitals

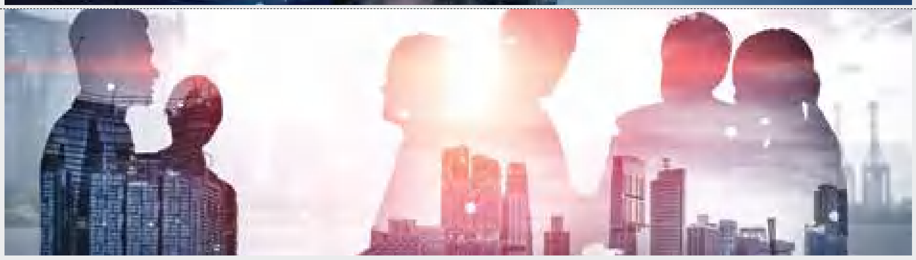
Financial Capital

Manufactured Capital

Human Capital

Intellectual Capital

Social and Relationship Capital



Natural Capital

What it comprises	How we deliver value
Financial Capital	
The funds or monetary resources obtained through debt, equity, retained earnings and various investments.	Used to develop products and services, enable organisational growth and distribute wealth among employees, service providers and surrounding communities.
Manufactured Capital	
The tangible assets available to the organisation, including its property, plant, equipment and manufactured assets.	Provides the physical infrastructure that drives streamlined manufacturing processes and supports essential business functions.
Human Capital	
Employees competencies, capabilities, experience, and alignment with the organisation's values and ethical standards of governance	Enable achievement of organisational strategy, elevated customer service standards, improved efficiencies, and product and service innovation.
Intellectual Capital	
The knowledge base, tacit knowledge, systems and protocols unique to the organisation in addition to its brand and reputation.	Drive enhanced process efficiency and productivity, while enabling enhanced customer experience and unmatched value.
Social and Relationship Capital	
The partnerships built with customers, communities, business partners and communities	Building on long-term, mutually-beneficial partnerships to drive collective well-being.
Natural Capital	
Renewable and non-renewable resources utilised in our business processes, and present within our surroundings.	Sustains the organisation's continuity and growth, while supporting future development

OPERATING ENVIRONMENT

Political Landscape

The political landscape in Sri Lanka is often characterized by ad-hoc decisions and sudden policy changes, which hold the potential to challenge business operations. The year under review saw the continuation of the Government-imposed import ban, which caused significant shifts in market dynamics across many business sectors. The ban on chemical fertilizer in favour of organic fertilizer impacted the plantations sector.

The political uncertainty witnessed within the nation continued to escalate, particularly following the social unrest experienced in the wake of heightened challenges in sourcing essential goods due to Sri Lanka's dwindling foreign exchange reserves.

A number of new taxes and revised taxation structures continued to impact local organisations during the year.

Date	Legislation
13th May	Value Added Tax (Amendment) Act, No. 9 of 2021.
13th May	Inland Revenue (Amendment) Act No. 10 of 2021
14th June	Fiscal Management (Responsibility) (Amendment) Act No. 12 of 2021
16th August	National Minimum Wage of Workers (Amendment) Act No. 16 of 2021
15th September	Finance Act No. 18 of 2021
12th November	Appropriation (Amendment) Act No. 26 of 2021

Impact on the Group	Our Response	Future Outlook
The import ban on tiles and sanitaryware products resulted in a heightened demand for locally manufactured products. The vehicle import ban negatively impacted the finance sector.	To leverage on existing capacity enhancements and thrust segments to address market demand to our fullest capability.	The import ban continues to be in effect, and the Group will continue to rationalize production to ensure optimum results are achieved.
The ban on chemical fertilizer and other agri-related interventions negatively impacted the sector.	To develop fertilizer in line with Government guidelines.	With the ban now revoked, and with an impending global food shortage, maximising output remains a priority.
Volatility and uncertainty in the political sphere could lead to unfavourable conditions for business, and impact investor sentiment.	To continuously monitor changing dynamics, and take proactive and pre-emptive measures to navigate a challenging backdrop.	Policy changes may continue to take effect in line with new demands and external dynamics – the Group will continue to monitor the same and rely on diverse segments to drive stability.
Corporate taxation grew notably during the year.	To adhere to policies and regulations in a consistent manner.	Taxation is likely to grow in order to maximise Government revenue.

Economic Landscape

World Economy

Economic Growth (%)	2020	2021	2022 (Projected)
World	(3.3)	6.0	3.6
Advancing Economies	(4.7)	5.1	3.3
Emerging Market and Developing Economies	(2.2)	6.7	3.8

Source: World Economic Outlook, April 2022, IMF

The world experienced a robust recovery in 2021, underscored by improved consumer spending, an uptick in investments, and trading exceeding pre-pandemic conditions, marking the highest growth rate in over four decades.

Despite the world economy's ongoing recovery from the impacts of COVID-19, global financial conditions have significantly tightened, and momentum has slowed, following the Russian invasion of Ukraine at the latter part of the 2021/22 fiscal year. The conflict further exacerbated the series of supply shocks that were experienced during the course of the COVID-19 pandemic, and contributed to greater shortfalls that went beyond the energy and agricultural sectors. The prevailing integrated global supply chains have the potential to cause a ripple effect, causing production disruptions in one nation to be felt across the globe.

Inflation remains a key concern, with some advanced economies including the United States and certain European nations witnessing their highest inflation in over 40 years. It is anticipated that war-related supply shortages will greatly amplify existing pressures, resulting in a sharp rise in commodity prices, i.e., energy, agriculture and metals. Furthermore, the increases in food and fuel prices in emerging markets and developing economies could potentially lead to instances of social unrest. While conditions may eventually ease via alternate sources of supply and capacity improvements, supply shortages in certain sectors may last well into the year 2023, thereby maintaining the status quo of elevated inflation across both advancing economies and emerging market and developing economies.

Immediately following the invasion, capital outflows from emerging markets displayed a notable increase, thereby tightening financial conditions for borrowers and net importers of commodities, and resulting in depreciation of currencies in more vulnerable nations. This could in turn pose several financial fragility risks to such economies. In a fiscal sense, policies were eroded in many nations due to essential pandemic-induced spending, with rising debt levels characterizing many economies. Following the pandemic, non-financial corporate and household leverage increased, which would in turn create credit market vulnerabilities and impact financial stability. China continued to face pressures with vulnerabilities and strain arising from the property development sector, and negative implications of new COVID-19 outbreaks.

Against this backdrop, the World Economic Outlook published by the International Monetary Fund (IMF) in April 2022, projects the global economy to display a subdued growth of 3.6% in the year 2022.

Sri Lankan Economy

Economic Growth (%)	2020	2021
GDP Growth (%)	(3.6)	3.7
Per Capita Income (USD)	3,695	3,815
NCPI – Year-on-Year (%)	4.6	14.0
Balance of Payment (USD Mn)	(2,328)	(3,967)
Exchange Rate (LKR/USD)	186.41	200.43
Budget Deficit (% of GDP)	(11.1)	(12.2)
Average Weighted Prime Lending Rate (%)	5.81	8.61

Source: Annual Report 2021, Central Bank of Sri Lanka

Real GDP

Even as the world began to adapt and evolve following the disruptive impacts of the COVID-19 pandemic, economic activity began to register growth. Accordingly, Sri Lanka's Gross Domestic Product (GDP) recorded an expansion of 3.7% against the previous year, to reach LKR 9,881.4 Bn, in comparison to the 3.6% contraction witnessed in 2020.

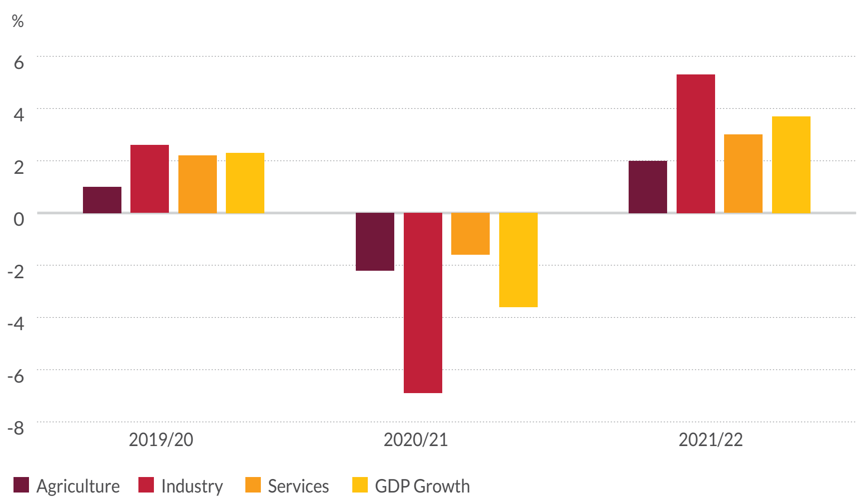
Agricultural activities demonstrated a 2.0% growth year-on-year, against the contraction of 2.4% witnessed in 2020, primarily due to the expansion in coconut and animal production activities. The growth of tea, spices, forestry and logging and other cereals displayed an expansion during the year, thereby contributing towards overall growth.

Industrial activities benefitted from the pent-up demand following the pandemic, and the continuity of operations under the new normal, exhibiting a growth of 5.3% during the year, in comparison to the 6.9% contraction witnessed in 2020. The recovery was mainly led by manufacturing activities, while construction, mining and quarrying witnessed moderate expansions. However, these results concealed the prolonged damage caused by impediments to the supply chain.

As mobility restrictions were lifted, interaction began to pick up, and a significant growth in household consumption was witnessed, enabling the Services sector to record a growth of 3.0%, as opposed to the 1.5% downturn seen in 2020. This was primarily attributable towards the expansion in financial services, while wholesale and retail trade and real estate markets displayed growth. Furthermore, IT programming, telecommunications and health activities exhibited expansion during the period under review.

OPERATING ENVIRONMENT

Annual GDP Growth Rate



Source: Annual Report 2021, Central Bank of Sri Lanka

Inflation

Headline inflation experienced an acceleration during the year 2021, a condition that arose primarily due to global and domestic disturbances to the supply chain, in addition to the surge in the pricing of global commodities and administered prices. Core inflation too experienced a growth, due to the response lag towards significant monetary accommodation.

The growth in headline inflation was largely due to food inflation; however, non-food inflation contributed towards the overall acceleration. Pandemic-related supply chain disruptions and the lack of production with respect to certain items resulted in volatile food prices, while in a number of upward revisions to energy prices and other administrative prices took place within the international market.

As a result, the year-on-year headline inflation as measured by the Colombo Consumers' Price Index (CCPI) stood at 12.1% as at the end of 2021, in contrast to the 4.2% recorded in 2020. Similarly, headline inflation as measured by the National Consumers' Price Index was marked at 14.0% as at the end of 2021, in comparison to the 4.6% recorded in 2020. This trend was seen in the first quarter of 2022, resulting in the CCPI accelerating to 18.7%, and the NCPI growing to 21.5%, as at end-March.

Monetary Policy and Interest Rates

The Central Bank's accommodative monetary policy stance was introduced in 2020 to curb the negative impacts of the pandemic on individuals and businesses by providing adequate liquidity to the domestic market. This approach caused market interest rates to decline to historically low levels, thereby facilitating the funding needs of both the Government and the private sector, and paving the road to recovery. Credit extended to these sectors therefore experienced significant expansion during the first two quarters of the year.

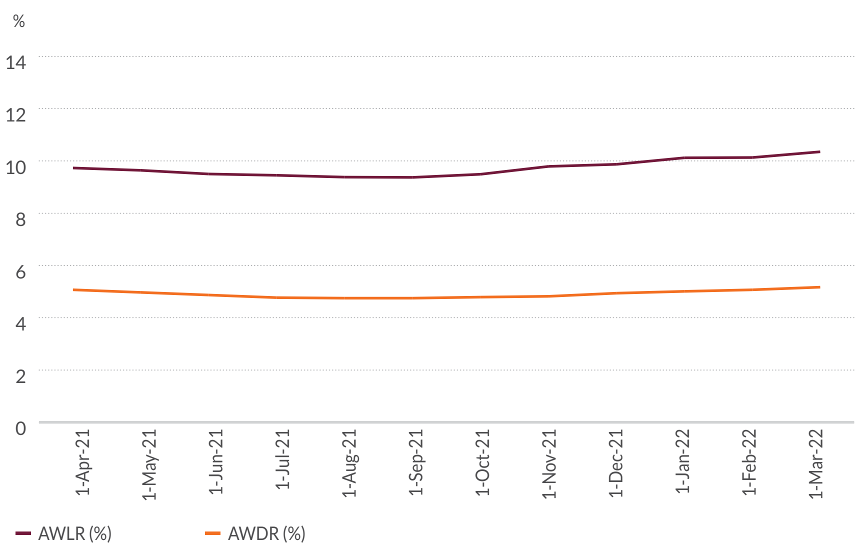
However, commencing from mid-August 2021, this policy stance was reversed, in order to inhibit the build-up of inflationary pressures over the medium-term, and address any imbalances witnessed in the external sector. Accordingly, the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) were raised by 50 basis points to reach 5% and 6% respectively.

As at the end of the year, the maximum interest rate imposed on foreign currency deposits of licensed commercial banks was removed, while the maximum interest rates pertaining to domestic lending products were increased.

Other regulatory measures were adopted in the subsequent period, particularly in January and March 2022, based on challenges arising from double-digit inflation and pressures from the external sector. As at the end of the year, the SDFR and SLFR were raised by 150 basis points each. Furthermore, foreign loan repayments of the Government via gross official reserves, and the increased currency in circulation resulted in a reduced liquidity level experienced in the domestic money market.

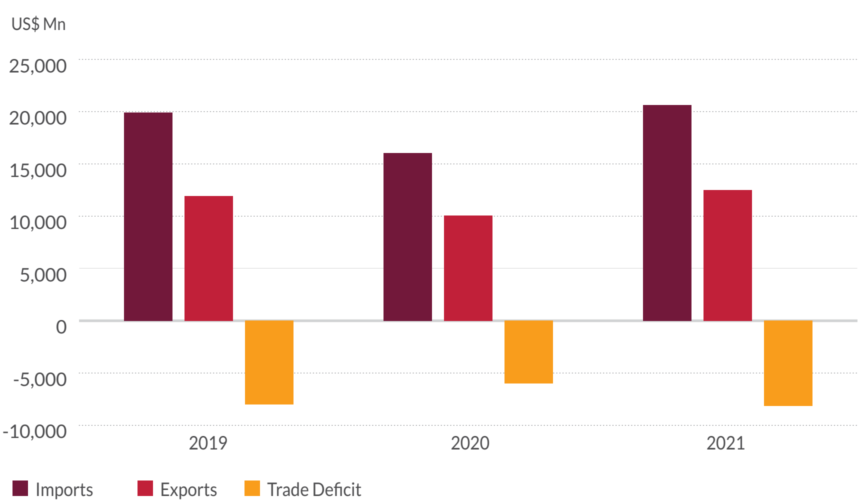
However, as conditions continued to worsen in terms of high inflationary pressures, disruptions to local supply and foreign exchange challenges. Therefore, as at April 2022, the Central Bank further raised the SDFR and SLFR by 700 basis points each, thereby reaching 13.5% and 14.5% respectively.

Interest Rate Movement



Source: Annual Report 2021, Central Bank of Sri Lanka

External Trade



Source: Annual Report 2021, Central Bank of Sri Lanka

High debt service obligations and a weakened balance of payments continued to intensify the vulnerabilities posed to Sri Lanka's external sector. This was further deteriorated by the lacklustre performance witnessed in the domestic foreign exchange market, even as continued pressure was placed on the currency's external value.

Despite witnessing a rebound and a steady growth in exports, it was outpaced by the elevated import expenditure experienced even amid import restrictions, thereby further amplifying the trade deficit. The revival in imports arose due to the normalisation of the economy following the pandemic, in addition to the escalating energy prices.

The services sector performance remained moderate in 2020 and 2021 despite a healthy growth witnessed in the computer services subsector. The tourism sector began to stabilize and pick up activity towards the end of 2021, while a decline in workers' remittances was observed during the second half of the year. Consequently, the deficit in the current account widened to reach 4% of the nation's GDP in 2021, in comparison to the 1.5% registered in the previous year.

Furthermore, foreign direct investments remained subdued, while portfolio investments in the stock exchange and the government securities market resulted in net outflows. The rising imbalances in the external sector resulting from the lack of foreign exchange inflows resulted in several measures to improve foreign currency liquidity and replenish international reserves.

The Central Bank maintained the exchange rate at a stable level in 2021 and early 2022 in order to support economic recovery following the pandemic; however, a considerable depreciation of the exchange rate was witnessed in early March 2022, as the Bank permitted a measured adjustment during the first week of the month. Unfortunately, notable pressures experienced in the domestic foreign exchange market caused a further depreciation shortly thereafter. Consequently, against the 7.0% depreciation witnessed in 2021, the Sri Lankan rupee recorded a significant depreciation of 33.0% against the US dollar as at the end of March.

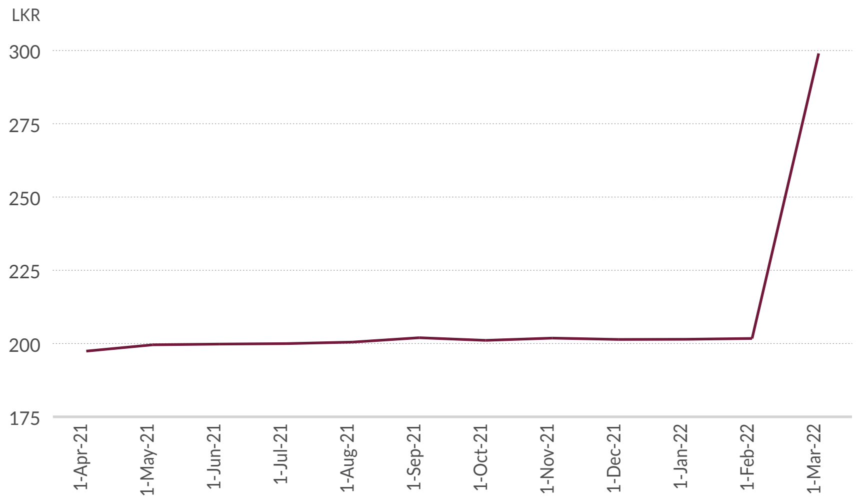
Despite this development, the Sri Lankan rupee continued to face intense pressure due to the prevailing dynamics, and therefore, during the year leading up to 13th May 2022, the rupee recorded an overall depreciation of 44.3% against the US dollar. The rupee further recorded a depreciation against the Euro, Pound sterling, the Japanese yen, the Australian dollar and the Indian rupee. The Central Bank

OPERATING ENVIRONMENT

stated that measures were taking place to manage the intraday volatility in the exchange rate in order to curb any significant fluctuations, in the form of announcing a middle rate. This measure would in turn help strengthen the current rate and ease liquidity pressures in the future.

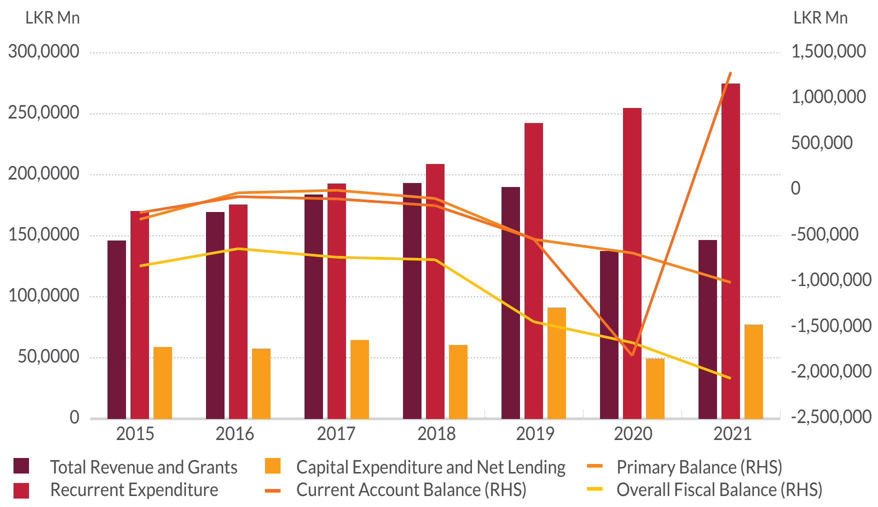
As at the date of writing this report, the USD to LKR exchange rate stands at approximately LKR 360.

Exchange Rate Movement



Source: Annual Report 2021, Central Bank of Sri Lanka

Summary of Fiscal Sector Performance



Fiscal Performance

Amid worsening economic conditions, the nation's fiscal performance continued to decline, with a constrained outlook for the future. The Government's commitment to maintain a low tax regime in the wake of the COVID-19 pandemic resulted in a subdued performance in terms of government revenue.

Government expenditure and net lending remained undiminished during the year under review, due to increased spending on salaries, wages, interest expenses, and pandemic-related disbursements. On the other hand, public investments exhibited a marginal decline during the year. Expenditure and net lending grew from 20.2% of GDP to reach 21.0% of the nation's GDP. The overall foreign debt liability of the Central Government increased from LKR 6,052.2 Bn as at the end of 2020 to reach LKR 6,492.2 Bn by the close of 2021.

As a result of these dynamics, the overall fiscal deficit widened further during 2021 – reaching 12.2% of the nation's GDP, recording its highest level since 1988.

Sri Lanka's sovereign credit rating was downgraded to 'CC' in December 2021 by Fitch Ratings, while Moody's Investor Service downgraded the nation's sovereign credit rating to 'Caa2 (Stable)' from 'Caa1 (Stable)' in October 2021, due to fiscal imbalances, challenges in meeting external financing requirements, an ambiguous policy outlook and its associated risks. Despite the constraints surrounding these decisions, the Government repaid all its debt servicing obligations during the year, which comprised the International Sovereign Bond (ISB) of USD 1,000 Mn, which matured in July 2021, and the ISB of USD 500 Mn, which matured in January 2022.

THE COVID-19 PANDEMIC CHARACTERIZED SOCIAL DYNAMICS FOR A LARGE COMPONENT OF THE YEAR. MANY INDIVIDUALS SOUGHT ADDED CONVENIENCE, AFFORDABILITY AND ACCESSIBILITY FROM THE COMFORT OF THEIR HOME.

Impact on the Group	Our Response	Future Outlook
Escalating prices and foreign exchange fluctuations continued to impact cost structures and product demand across key Group sectors.	To seek alternate sources of supply and reduce reliance on international supply chains, and drive production in line with demand patterns.	Discussions are underway with the IMF to achieve a sustainable debt restructuring programme, while effecting reforms to address vulnerabilities in the system.
The accommodative monetary policy stance was lifted – resulting in our interest expense being raised during the year. Uncertain policies continue to characterize the operating environment.	To focus on short-term investments and drive cost-efficiencies through digitalization to mitigate uncertainty.	A higher interest rate is likely to encourage investments and return currency presently in circulation to the banking system.

Social Landscape

The COVID-19 pandemic characterized social dynamics for a large component of the year. With lockdowns and hybrid working conditions taking place, many individuals sought added convenience, affordability and accessibility from the comfort of their home. A shift towards healthier lifestyles and a demand for medical products and services was witnessed during the year, in line with pandemic-induced impacts.

As society began to adapt to life in the new normal, a previously dwindling appetite for certain sectors began to register growth. However, the economic challenges experienced during the latter part of the financial year negatively impacted purchasing power.

Heightened resignation rates were in effect during the year, resulting in greater numbers of employees leaving their workplaces following the pandemic's disruptive impacts.

Impact on the Group	Our Response	Future Outlook
Changes in demand impacted several key sectors across the Group, particularly with respect to the construction sector.	To rationalize investments and minimize costs to ensure business continuity, while maximising output during peak periods.	The economic crisis will likely result in a subdued consumer demand at a greater level.
A greater demand for convenience and accessibility following mobility restrictions and pandemic-related impacts.	A shift towards digital platforms and process improvements.	This trend will likely continue in the years ahead due to the digital revolution.
Increased employee turnover and migration.	To create conducive work environments and being declared as 'A Great Place to Work' across 4 businesses.	The economic crisis may cause this state of affairs to escalate further.

OPERATING ENVIRONMENT

Technological Landscape

While the pandemic led the digital revolution, many new developments and emerging technologies continue to transform the way we live, work and play. Artificial intelligence (AI), machine learning (ML), robotic process automation (RPA) and the Internet of Things (IoT) can serve as key differentiators to a company's value proposition, and are key to harnessing the sheer power and potential of cutting-edge technology in the years ahead.

Due to the migration of many platforms to the digital space, cybersecurity and data privacy came to the forefront of business operations, leaving many corporations exposed to potential security breaches.

Impact on the Group	Our Response	Future Outlook
Intuitive technologies have the potential to transform value propositions and cause significant cost savings.	To adopt AI, ML and RPA to streamline Group-wide processes and adopt digital platforms to ensure greater accessibility.	New developments and technologies will continue to emerge, and necessitate continuous adaptation.
Breaches could cause potential harm to customer privacy and Group reputation.	Adopt and enhance stringent cybersecurity measures.	New forms of malware and ransomware may take shape in the future.

Environmental Landscape

Climate change continues to negatively impact lives and economies across the world, due to its associated changing weather patterns, rising sea levels, and extreme weather events. Organisations across the world are taking on the mandate of climate action in order to mitigate their impact and build more sustainable operations. Consumers and shareholders continue to seek out corporations with sustainability commitments shown clearly across their operations.

With the prevailing shortage of fuel, a shift towards renewable energy sources, while being sustainable, is also timely. Responsible consumption and production ensure that organisations can safeguard valued resources for future generations, while generating cost-efficiencies across the board.

Volatile environmental conditions and weather changes were evident during the year, and the combined impact of the Government ban on chemical fertilizer negatively affected agricultural output. While the palm oil sector continued to face controversy, the rubber sector experienced a disease in the form of a fungus, known as Pestalotiopsis leaf disease.

Impact on the Group	Our Response	Future Outlook
Disruptive weather patterns, disease and ad-hoc policies impacted production within the plantation sector.	We continued to diversify our offerings and venture into more lucrative crops, while venturing into organic fertilizer.	An increased government thrust may benefit the sector – however unpredictable weather conditions may prevail.
A sustainable approach to business is fast-becoming a requirement within a competitive environment.	As a responsible conglomerate we have always pursued sustainable principles in line with our values. We continued to adopt improved resource efficiencies while integrating renewable energy sources into our premises to contribute towards the national grid.	Sustainability initiatives will continue to benefit the Group amid rising cost structures and resource shortages.

Legal Landscape

The legal environment continued to evolve during the year, with certain statutory and regulatory changes taking place. Businesses are being increasingly called upon to demonstrate accountability, transparency and ethical principles.

Impact on the Group	Our Response	Future Outlook
New legislations being introduced on a regular basis	Continuously monitoring the landscape for regulatory and statutory developments.	The potential for more reforms and legislations may occur in line with changing socio-economic dynamics
An increasing need for transparency and accountability.	The presence of whistle-blower and grievance policies across the Group's businesses, and steps taken to create anti-corruption and anti-fraud cultures.	

MANAGING RISKS AND OPPORTUNITIES

GRI Disclosure: 102 - 11, 102 - 15

Risk Governance

In a dynamic, ever-changing environment, assessing and mitigating potential risks are integral to our continuity and long-term success.

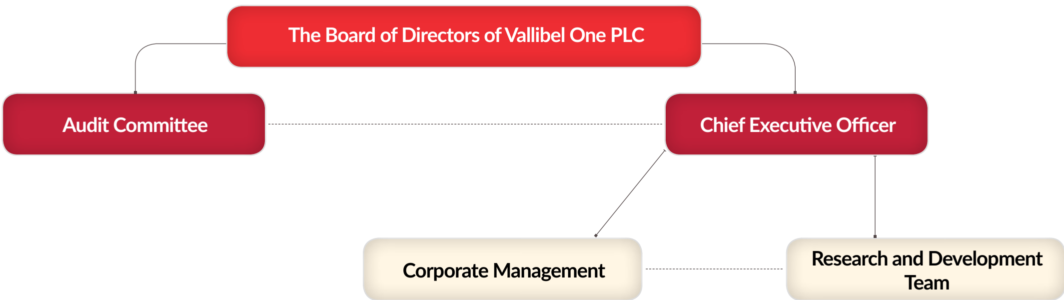
As a diversified conglomerate, Vallibel One PLC's significant risks arise from its investee entities. While each business unit within the Group possesses its own internal audit function, which are in turn reported to their respective Audit Committees. The Board prioritises and reviews the management of risks pertaining to the operations of Vallibel One PLC, while the Audit Committee is responsible for the oversight of the risk management process, which involves the assessment and management of risks.

Our research and development team are integrated into the risk management process, due to their involvement in identifying emerging opportunities and risks across the industry sectors, while seeking to mitigate risks within the subsidiaries through product and process improvements.

L B Finance possesses its own Internal Audit, Compliance and Risk Management divisions that support the risk management function in line with regulatory requirements. The communication channels available for escalating risks to the Audit Committee and the Board of Vallibel One are outlined below, wherein which the Research and Development team and the CEO regularly review the risk profiles of the subsidiaries.

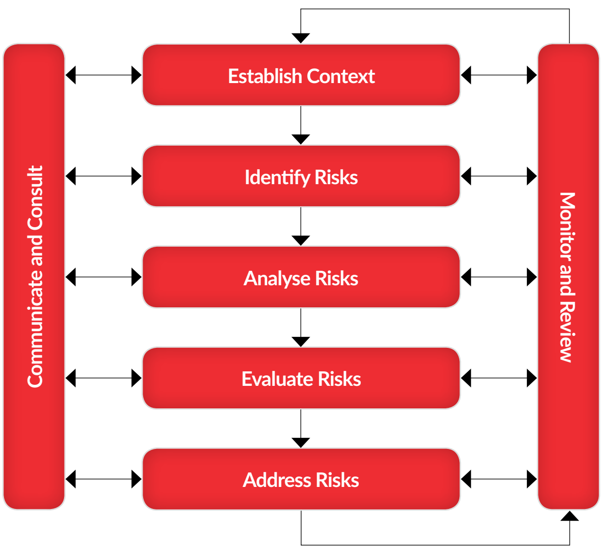
Furthermore, a number of Directors of the Group serve on the Boards of the subsidiaries, and hold knowledge pertaining to the entirety of the Group's operations, ideally positioning them to assess Group-wide risk. The pages that follow outline the overarching risks that impact the seven sectors within the Group.

Risk Governance Structure



Risk Management Process

Our risk management process is comprehensive, and highlights the importance of continuous monitoring and review at each stage. Communication and consultation with key stakeholders enables the Group to remain aligned with the changing dynamics and adapt accordingly.



Risk Strategy

The following largely interrelated risks were identified during the above-mentioned process and categorized in accordance with their relevance and degree of potential impact on the Group's performance. The Group proactively responded to these risks to mitigate their overall impact.

Risk	Relevance	Risk Rating		Mitigating Processes and Activities
		Impact	Likelihood	
Economic Risk	A volatile local and global economic environment poses uncertainty for market-driven variables, and therefore holds the potential to create a dent in business models across the Group.	●	●	Considering the volatile and evolving landscape, Group subsidiaries continue to monitor the impact of emerging trends and global forces on its operations to ensure business continuity. The Corporate Management Team conducts comprehensive surveillance of the operations and performance metrics across the sectors. Strategic investments are made across diversified business sectors that cover a wide range of activities to balance risk and ensure stability.
Demand Risk	A reduced purchasing power holds the potential to impact demand in certain sectors, and result in stock build-up. Unprecedented demand in certain sectors may create a short-fall of goods and services due to inadequate capacity and unavailability of essential raw materials.	●	●	The Group assesses demand variations for each portfolio component; and provides strategic precedence to rationalize the portfolio and its investments accordingly. The companies within the Group remained focused in their strategic delivery to secure market positioning and adjust their market strategy to capitalise on new opportunities. Differentiating the product proposition in terms of customer engagement, product accessibility, brand, quality and standards and product innovation and responsibility, and changes in production lines to capture demand. Past investments in capacity building can assist the Group to leverage on increasing demand.
Political Risk	Ad-hoc policy changes can adversely impact business operations and create new market dynamics. The potential risk of non-compliance with the latest regulatory requirements may arise. Political instability could result in a reduced appetite for FDIs and negatively impact key sectors including tourism and erode international partnerships.	●	●	Playing a key role in industry associations in order to collectively approach regulatory and governmental authorities with relevant concerns. Consistently monitoring regulatory changes to ensure compliance. Continuing to seek new, lucrative areas for investment while leveraging on high-performing sectors to drive profitability.
Market Risk	As a Group engaging with a range of international partners and customers, unpredictable fluctuations in exchange rates can impact profitability. Changes in interest rates impact the Group, as such events can affect both asset and liability portfolios.	●	●	Seeking local manufacturing capabilities and alternate sources of supply to minimize international exposure. Suspending any capacity enhancements to ensure ROIs are favourably maintained. Focusing on short-term investments to mitigate interest rate risk. Ongoing monitoring of macro-economic trends to identify fluctuations in market dynamics.

MANAGING RISKS AND **OPPORTUNITIES**

Risk	Relevance	Risk Rating		Mitigating Processes and Activities
		Impact	Likelihood	
Supply Chain Risk	Health and safety measures and travel restrictions due to the third wave of the COVID-19 pandemic resulted in disruptions to the supply chain and logistical capabilities. The burgeoning Russia-Ukraine conflict could limit the availability of essential goods and resources, with a ripple effect on supply chain operations.	●	●	Continued to rely on managing the supply of raw materials, while adopting prudent measures allowing for extended lead times. Exploring alternate markets to ensure uninterrupted supply of raw materials.
Credit Risk	The risk of default arising from borrowers' inability or unwillingness to settle capital and/or interest on borrowings in accordance with the agreed-upon terms and conditions. Disruptions to the economy caused by the pandemic and associated debt moratoria may increase the likelihood of non-performing loans.	●	●	Relying on proactive measures to closely monitor our portfolio, and ensuring timely collections and recoveries to minimise defaults, while adhering to clearly defined credit procedures and guidelines.
Liquidity Risk	The risk that the entity may be challenged to meet its short-term financial obligations, arising from the possibility that counterparties who provide short-term funding may withdraw or fail to roll over that funding, or when liquid assets become illiquid as a result of a disruption in asset markets.	●	●	Our funding mix was systematically rearranged to focus on more sustainable, larger deposits. Our wide-ranging efforts to manage lower cashflows from customers, enables a consistent liquidity position.
Human Resource Risk	The great resignation continues to impact employee retention and turnover.	●	●	Offering competitive remuneration and benefits, while promoting a positive work culture across all companies within the Group.
Operational Risk	Pandemic-induced and other supply chain related disruptions could impact business continuity and operations.	●	●	Following the mechanisms and processes initiated to combat the previous COVID-19 waves, the Group remains positioned to deliver value amid adversity.
Environmental Risk	Volatile weather patterns can impact the performance of the Group's plantation sector. The Group's manufacturing activities can negatively impact the surrounding environment through potentially harmful outputs.	●	●	Engaging in crop diversification to ensure a balanced distribution of performance. Driving environmentally-friendly, sustainable initiatives across all business sectors.
Security Risk	The increased migration towards digital platforms has left many businesses vulnerable to cybersecurity attacks which could result in erosion of customer trust, data privacy and confidentiality.	●	●	Group-wide efforts are in place to shield our systems against ransomware, malware and other security concerns. The relevant companies invest in ensuring these remain up-to-date.

Risk	Relevance	Risk Rating		Mitigating Processes and Activities
		Impact	Likelihood	
Compliance	Adherence to laws and regulations and the timely submission of taxes and returns ensures long-term stability through ethical operations.	●	●	Government, Statutory and Regulatory Bodies
Reputation Risk	The potential for negative brand reputation and image due to unforeseen circumstances.	●	●	A strong policy framework is in place, and we ensure all employees are aligned with the values, ethics and policies that the Group embodies.
Legal Risk	The risk of litigation or loss occurring due to unintentional negligence in complying with relevant legislation or regulations.	●	●	We continue to monitor all legal and regulatory compliance at every level to ensure no shortcomings occur.

Pursuing Opportunities

The Group's risk management framework enables the identification of opportunities arising from external dynamics, which could in turn be realised by the Group. We continue to monitor and identify emerging trends and developments in order to pursue potential opportunities, and thereby create sustainable, lasting value through adaptive, responsive strategies.

Extending unmatched convenience

Leveraging on technology and digital platforms to empower customers and employees with greater convenience and accessiblity.

Building greater business resilience

Building systems and processes that can withstand volatilities and disruptive conditions.

Achieving efficiency and cost optimisation

Relying on technology, machine learning and artificial intelligence to streamline operations and achieve cost savings.

Pursuing sustainable operations

Ensuring the preservation and renewal of indispensable resources, while capitalising on cost efficiencies achieved through such initiatives.

STAKEHOLDER MANAGEMENT

With interests in multiple businesses spanning key economic sectors, our partnerships with our stakeholders serve as the cornerstone of our success. We define stakeholders as individuals, organisations or entities that the Group interacts with in the process of administering its duties – and consists of those who impact the organisation, or those who are impacted by its actions.

Internal

1 Shareholders

Our shareholders consist of individuals or organisations that own shares, and therefore are considered partial owners of the Group. They anticipate consistent returns.

16,362

Shareholders

External

2 Customers

Our customers serve as primary revenue providers. They represent individuals from all walks of life, who approach us with the expectation of product and service excellence.

600,000+

Customers

External

7 Environment

The environment within which we operate, with the aim of preserving, sustaining and renewing resources for future generations

156,034 tCO_2

Carbon Footprint

External

6 Community

The diverse communities we impact, driving positive, purposeful outcomes to enable collective growth and progress.

LKR 52 Mn

Community Investment

Internal

3 Employees

Employees are the permanent cadre of the organisation who serve as the driving force behind the Group's operations with the expectation of attractive remuneration, benefits and career progress.

13,200+

Employees

External

4 Business Partners

Business partners comprise the Group's external suppliers who provide quality products and services that support the company, in return for timely payments, and ethical, mutually beneficial partnerships.

4,500+

Business Partners

External

5 Government, Statutory & Regulatory Bodies

Governing bodies providing regulatory guidance, legal systems and tax guidelines, with an expectation of compliance, accountability and good governance practices

35+

Membership of Associations

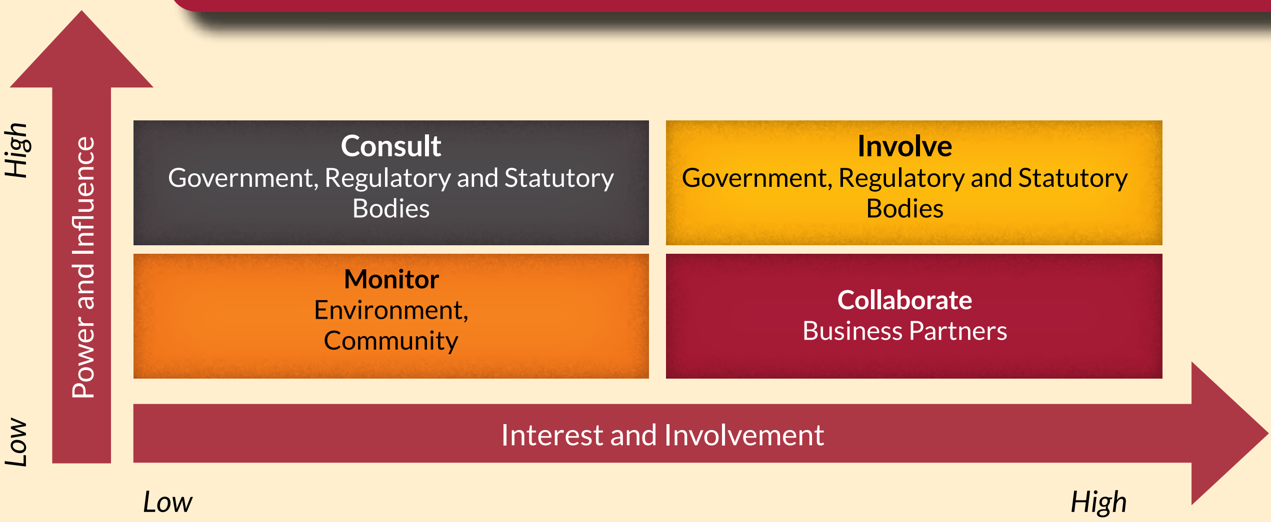
Stakeholder Engagement Process

Given the sheer scale of our operations, our stakeholder groups are wide and varied, and therefore, we believe an exhaustive assessment of their needs and concerns can ensure our strategies are aligned accordingly. Our stakeholder engagement is built on a time-tested process designed to promote mutually beneficial, impactful relationships, maintaining principles of transparency, accountability and responsiveness in all we do; ensuring clear lines of communication at every stage.

- Identifying stakeholder needs and concerns →
- Prioritising key stakeholders and their concerns →
- Defining the method and level of engagement →
- Planning and formulation of strategies to address stakeholder expectations →
- Implementing previously formulated strategies →
- Monitoring our performance and making improvements where required

Stakeholder Mapping

In order to systematically manage our stakeholders, Vallibel One determines each group's engagement level based on the degree of impact and influence on business activities, mapped out using the priority matrix detailed below:



STAKEHOLDER MANAGEMENT

Frequency of Communication

Maintaining consistent and continuous dialogue with stakeholders derives multifaceted benefits for Vallibel One. Such practices enable the organization to identify challenges, opportunities and potential risks that may arise in the course of our business activities, while building a foundation of excellence through the anticipation of customer needs, ongoing improvement, and the management of public perception.

The following stakeholder engagement mechanisms occur via a range of channels, enabling us to identify key stakeholder issues, concerns and expectations, which in turn form the basis for our material disclosures and topics outlined within this report.

Stakeholder	AGMs and EGMs	Annual Reports and Interim Statements	Corporate Website	Press Releases and Media Briefings	Complaints, Inquiries and Requests	Clubs and Associations	Feedback and Surveys	Meetings and Discussions	Social Media and Other Digital Channels
Shareholder	A, AR	A, Q	O	AR					
Customers			O		O		P, O	AR	O
Employees								O, AR	O
Business Partners	A					O		AR	
Government, Statutory and Regulatory Bodies								AR	
Community	A		O					P	O
Environment									

A = Annually, BA = Bi-Annually, Q = Quarterly, O = Ongoing, AR = As Required, P = Periodic, M = Monthly

	Events and Programmes	Newsletters, Emails and Other Communications	Remuneration and Payments	Grievance Handling	Formal Agreements	Audits, Disclosures, Regulatory Compliance	Submission of Taxes and Other Returns	Projects and Initiatives	On-site visits and meetings	Development, Recognition and Awards	Performance Appraisals	Workshops and Awareness Building	Employee Volunteerism
	Q	AR				AR							
	A, BA	O							P				
	O	M, O		O						O, A, AR	BA		
	A, P	AR	O		AR				P, AR	P	O		
		AR				P, AR, O	A, AR					P	
	AR							AR, P					AR
								O, P					AR

STAKEHOLDER MANAGEMENT

Level of Engagement	Stakeholder Group	Key Expectations	Strategic Response	Outcome
Involve	**Shareholder**	• Profitability and returns • Corporate sustainability • Good governance • Risk management • Timely disclosures and responsible reporting	• Deliver a feasible growth strategy that drives higher returns and business continuity • Uphold best practices in business governance • Ensure timeliness and transparency in disclosing material matters	ROE - 19% ROA - 7% DPS – LKR 1.50
Involve	**Customers**	• Product accessibility • Product quality and standards • Fair pricing • Customer service • Data privacy and security	• Extensive distribution network • Product development • Adopting best business practices and certification on standards • Initiatives to improve customer service	New products developed – 92 No data breaches and Customer complaints
Involve	**Employees**	• Diversity and inclusivity • Attractive benefits and remuneration • Skills development • Work-life balance • Career progression • Health and safety	• Provide equal opportunity • Employment and extend competitive remuneration and perks • Recognise and reward based on merit • Extend training opportunities to develop skills • Ensure employee well-being	Gross salaries paid – LKR 11 Bn Number of promotions - 349
Collaborate	**Business Partners**	• Payment and business opportunities • Maintaining sound, ethical relationships	• Timely payment of invoices • Procurement from local suppliers • Supplier development initiatives • Fair referrals and transparent processes	Number of Suppliers - 4503 payments made - LKR 53.3 Bn
Consult	**Government, Statutory and Regulatory Bodies**	• Training new franchisees and dealers • Developing franchisee' showrooms • Training members in the tile club • Engaging suppliers on material quality • Community recruitment	• Continuous compliance with applicable rules and regulations • Responsible, timely • Reporting and filing of disclosures • Remaining apprised of changes to the regulatory framework	Taxes paid – LKR 13.4 Bn
Monitor	**Community**	• Improving livelihoods and standards of living • Employment and business opportunities • Community development and philanthropy • Compliance with rules and regulations	• Contributing to improve quality of life through infrastructure development and employment opportunities • Community recruitments • Community development projects	Investment on CSR - LKR 52 Mn
Monitor	**Environment**	• Responsible consumption of natural resources	• Minimizing environmental impact and relying on sustainable resources • Stakeholder awareness on sustainable practices • Sustainable manufacturing and process efficiencies	Trees planted - 100,000+

Quality of Engagement

- No existing relationship
- Relationship established; quality not significantly improved
- Relationship established and adding value, with room for improvement
- Good quality, mutually beneficial relationship with room for improvement
- Strong, mutually beneficial relationship

Stakeholder Engagement

The following table maps the key concerns and expectations of our primary stakeholder groups identified through our engagement channels, and the Group's responses to the same.

Impacted Capitals	Linked SDGs	Quality of Engagement	References
Financial Capital	8, 9, 12, 16		Financial capital 162 -165 Sector reviews 65-159 Corporate governance 214-219 Risk Management 46-49
Financial Capital, Human Capital, Intellectual Capital, Manufactured Capital, Social and Relationship Capital	9, 10, 11		Social and relationship capital 194-202 Sector reviews 65-159
Financial Capital, Human Capital, Social and Relationship Capital, Intellectual Capital	3, 5, 8, 9		Human Capital 194-201 Sector Reviews 65-159
Financial Capital, Human Capital	8, 9, 10, 12, 16		Employees
Financial Capital, Human Capital, Intellectual Capital	16		
Financial Capital, Human Capital	1, 3, 4, 9, 10, 11		Social and Relationship Capital 194-203 Sector Reviews 65-159
Financial Capital, Human Capital, Social and Relationship Capital, Intellectual Capital	7, 12, 13		

Level of Engagement

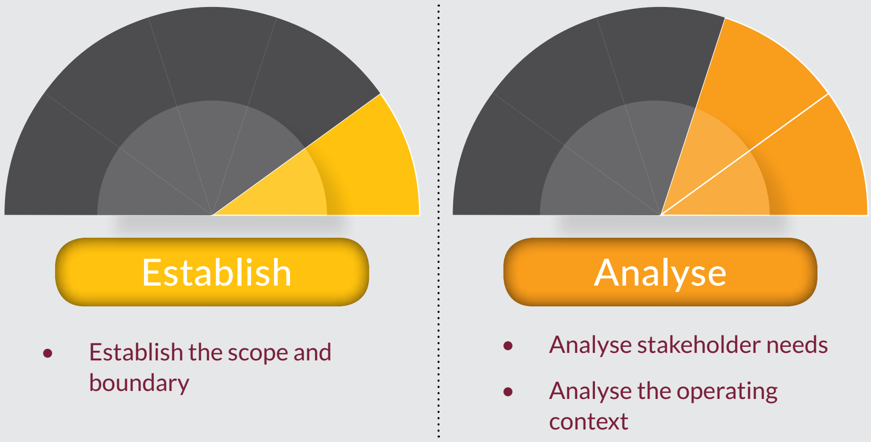
Consult	Obtain the stakeholder's feedback for the Group's decision-making processes.	**Collaborate**	Partner with the stakeholder in developing alternatives and solutions.
Involve	Directly interact with the stakeholder to ensure that their concerns are considered.	**Monitor**	Periodically assess and monitor trends and requirements

MATERIALITY ASSESSMENT

This annual report primarily focuses on the topics most material to the Group's operations. In accordance with its reporting guidelines, Vallibel One defines its material topics as the areas that have a significant bearing or impact on the economy, the environment and on its people. We utilize a structured approach towards materiality determination, aligned with the materiality approach recommended by the Global Reporting Initiative (GRI) Sustainability Reporting Standards, and developed under the

Determining What Matters Most

Vallibel One determine the materiality of the topics that arise from our external and internal assessments based on the following parameters:



Importance or Scale

Topics with a significant degree of impact to the company's daily operations

Frequency

Topics with a perceived relatively low impact, but with a high likelihood of occurrence

Regulatory Relevance

Topics pertinent to regulatory mechanisms that ensure good governance and stewardship

Level of risk

Topics with a tendency to disrupt operations, or expose stakeholders to adversity guidance of the International Integrated Reporting Council's (IIRC's) Integrated Reporting Framework. As detailed below, it constitutes the outcomes of the company's stakeholder engagement process and assessment of the operating environment, while taking into consideration the company's overarching vision and values.

Identify

- Identify key stakeholder concerns
- Identify risks, opportunities and challenges

Prioritise

- Prioritise matters material to the company's performance, continuity and purpose

Integrate

- Integrate material matters into the company's strategy and processes

Changes to our Material Topics

The following changes were made to the materiality analysis as against the previous year.

- Reassessment and restructuring of material topics in order to establish improved clarity, avoid repetition and ensure operational relevance. This effort resulted in the consolidation of certain topics, and the addition of critical topics where relevant. For example:
    - The topics of 'Talent attraction and retention' and 'Talent development' were combined under the topic 'Employee welfare, well-being and progress' in order to incorporate focus areas relevant to health and safety and inclusivity.
    - New topics relevant to 'Cybersecurity and data privacy' and 'Process excellence' have been introduced, in order to address identified stakeholder concerns.
- The consolidation of climate change under the topic 'Preserving the environment' to avoid repetition.
- The degree of change in materiality year-on-year has been included, in order to better define existing or new areas that need a heightened focus within our strategic planning process.
- Including a reason for materiality for each material topic.

MATERIALITY ASSESSMENT

Material Topics

Based on the company's materiality assessment, Vallibel One arrived at 8 material topics. Their relevant impact on the company and its stakeholders, and their year-on-year change in materiality are mapped out below.

Material Topic	Focus Areas	Reason for Materiality	Impacted Stakeholders	Business Relevance	Stakeholder Importance
1. Sustainable business performance	• Consistent financial returns • Ensuring business continuity • Establishing strategies that drive growth • Good governance and ethical conduct	Ensuring financial stability enables the Group to maintain operations in the long-term, and deliver continuous value.	Shareholders Customers Employees	🔴	🔴
2. Employee welfare, well-being and progress	• Attraction and retention of the right talent • Developing employee skills and capabilities • Ensuring employee health and safety • Enabling inclusive policies	Creating a conducive environment for work motivates employee performance, drives innovation, enables improved outcomes for customers and improves business performance.	Employees Customers	🔴	🔴
3. Product quality and responsibility	• Sustainable sourcing practices • Maintaining quality standards • Building brand reputation and trust	Following ethical processes and quality standards creates an improved value proposition, and supports the communities in which we operate.	Customers Business Partners	🔴	🔴
4. Cybersecurity and data privacy	• Protecting systems against malware and cyberattacks • Preventing data breaches	The heightened cyber risks arising from pandemic-induced digitization brings this area into greater focus.	Customers Employees	🟡	🔴
5. Process excellence	• Ensuring process efficiencies • Implementing process automation and machine-based learning	Streamlined systems and reduced human intervention promote agility and responsiveness, while driving customer satisfaction and cost-efficiencies.	Customers Employees Shareholders	🔴	🔴
6. Community engagement	• Ensuring community involvement • Community investment • Providing employment opportunities	We recognize the community's value and contribution towards our performance, and work towards securing their support and trust.	Community	🟡	🟡
7. Preserving the environment	• Effective energy management • Responsible resource consumption	With a large presence in several sectors, our carbon footprint and environmental impact are extensive, driving a greater need for sustainable operations.	Environment	🔴	🔴
8. Compliance	• Ensuring compliance with relevant laws, rules and regulations • Staying apprised of changes to the governance framework • Cooperation and collaboration with regulators	Adherence to laws and regulations and the timely submission of taxes and returns ensures long-term stability through ethical operations.	Government, Statutory and Regulatory Bodies	🔴	🟡

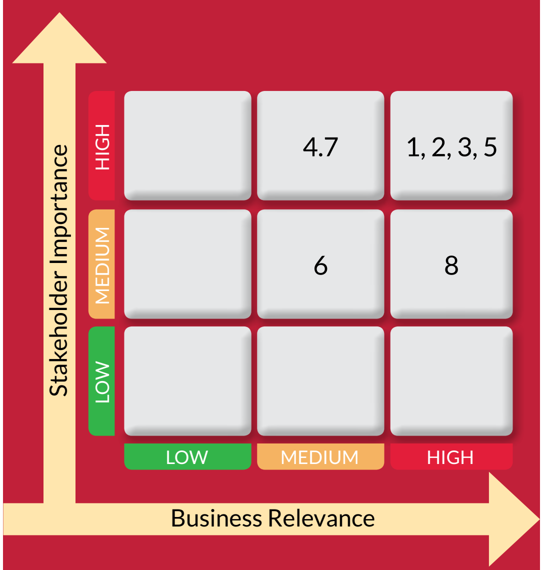
🔴 *High Relevance/Importance* 🟡 *Medium Relevance/Importance* 🟢 *Low Relevance/Importance*

	Change in Materiality	Linked SDGs	Our Response	GRI Standard
	–	8, 16	Pages 162, 214, 172 & 190	201
	↑	1, 2, 3, 4, 5, 6, 8, 9, 10	Page 172	401 , 402, 403, 404, 405, 406, 408, 409
	–	8, 9, 10, 12	Page 188	204, 416, 417
	↑	9, 16	Page 172	418
	↑	9	Page 188	
	↓	1, 3, 4, 6, 9, 10, 11	Page 194	413
	–	7, 12, 13, 15	Page 202	301, 302, 303, 305, 306
	–	16	Pages 194 & 202	307 419

– *No change in materiality* ↑ *Increased materiality* ↓ *Reduced materiality*

Materiality Matrix

Based on the previous assessment, the Group prioritised its material topics as follows. The materiality matrix solely focuses on material topics that pose a high or medium impact to stakeholders.



STRATEGY AND RESOURCE ALLOCATION

At Vallibel One, our strategies are built on the responsible stewardship of our resources, and designed to meet emerging local and global trends and dynamics that impact our multiple business units. In our vision to achieve uniqueness through diversity, leadership, creativity and inspiration, the prudent allocation and management of our resources is a key enabler that determines our way forward, and provides the necessary mechanism to navigate into an uncertain future.

Our Strategy Process

Vallibel One's formula for strategy development is built on a time-tested process, which essentially aligns the company's vision and mission with our stakeholders and strategy. Strategy cannot be developed in isolation, and therefore the broader direction of the Group is determined through our response to the changing external environment, which remains centred on serving our stakeholders through every eventuality.

Purpose	Analysis	Strategy	Execution	Management
Vision and Mission Our reason for existence *Page 10*	**Industry and Market Insights** Identify opportunities and threats in the operating environment *Page 38-49*	**Strategic Intent** What we need to do	**Objectives** Develop plans for the short, medium and long-term	**Communicate** Raise awareness regarding strategy across the organisation
	Stakeholder Feedback Assess stakeholder's current and future needs *Page 50-55*	**Strategic Drivers** What we need to focus on	**Targets and Initiatives** Set KPIs and performance measures to track progress	**Establish Timelines** Ensure KPIs are achieved in a timely manner
	Internal Capabilities Identify available resources and internal strengths *Page 65-159*	**Strategic Enablers** The key differentiators, skills and resources we can deploy	**Budget Allocation** Allocate resources to enable execution	**Leverage** Utilize core competencies to achieve a competitive advantage

Our Strategic Imperatives

Based on the aforementioned process, the Group arrived at the following strategic imperatives:

Achieve Top-line Growth
- Product Diversification
- Market Development
- Capacity Development

Drive Operational Excellence
- Technology and Innovation
- Process Improvements

Capitalise on Synergies
- Group Synergies
- Synergies with Business Partners

Maintain Sustainable Operations
- Environmental Commitment
- Community Development
- Human Resource Development
- Ethics and Good Governance

Resource Allocation

Strategic Imperative	Resource Allocation	Capital Trade-Offs: Short-term	Capital Trade-Offs: Long-term	UNSDGs
Achieve Top-line Growth	Investments in product diversification, market development and capacity improvements	FINANCIAL CAPITAL ⌄ MANUFACTURED CAPITAL ⌃	FINANCIAL CAPITAL ⌃ HUMAN CAPITAL ⌃	9, 8
		Investing in product development branding, marketing and promotions and capital expenditure will secure customer satisfaction, growth and profitability in the medium to long-term.		
Drive Operational Excellence	Investments in innovation, technology and process improvements	FINANCIAL CAPITAL ⌄ MANUFACTURED CAPITAL ⌃ INTELLECTUAL CAPITAL ⌃	FINANCIAL CAPITAL ⌃ INTELLECTUAL CAPITAL ⌃ HUMAN CAPITAL ⌃	9, 8
		Investing in innovation, technology, and process improvements will reduce costs, strengthen the intellectual capital base and complement customer centricity.		
Capitalise on Synergies	Investment in supply chain and business partners	FINANCIAL CAPITAL ⌄ HUMAN CAPITAL ⌃	FINANCIAL CAPITAL ⌃ HUMAN CAPITAL ⌃	9, 8, 10, 12
		Investing in building synergistic relationships will strengthen supply chains and enhance the power to negotiate for better terms in procurement and business deals.		
Maintain Sustainable Operations	Investments in environmental initiatives and community development	FINANCIAL CAPITAL ⌄ NATURAL CAPITAL ⌃ HUMAN CAPITAL ⌃	FINANCIAL CAPITAL ⌃ NATURAL CAPITAL ⌃ HUMAN CAPITAL ⌃	12, 7, 13, 6, 4, 1, 3, 11, 10, 9
		Investments in minimizing our impact will ensure cost-efficiencies and enhance our resource management in the long run. Investments in the surrounding community will build loyalty and trust, and ensure their support.		
	Investments in HR training and compensation, benefits and welfare	FINANCIAL CAPITAL ⌄ INTELLECTUAL CAPITAL ⌃ SOCIAL AND RELATIONSHIP CAPITAL ⌃	FINANCIAL CAPITAL ⌃ INTELLECTUAL CAPITAL ⌃ SOCIAL AND RELATIONSHIP CAPITAL ⌃	3, 8, 5, 9, 10, 1, 2, 6
		Investing in training will develop employee skills and expertise that will support in the delivery of corporate goals. Ensuring fair compensation, benefits and welfare will boost employee morale, productivity and secure their loyalty.		

⌃ *Capital Enhancement* ⌄ *Capital Deduction*

VALUE CREATION

Strategic Direction: Vision, Mission and Values *(Refer page 10)* Organisational Strengths *(Refer page 11, 65-59)*

CAPITALS/INPUTS

Financial Capital (Page 162-165)

Shareholders' funds: **108,453 Mn**
Debt: **56,047 Mn**
Cash flow from operations: **20,314 Mn**
Stated capital: **29,337 Mn**
Retained earnings and other reserves: **40,628 Mn**

Manufactured Capital (Page 166-171)

Investment in PPE: **56,939 Mn**
Investment in CAPEX: **5,309 Mn**

Human Capital (Page 172-187)

Workforce: **13,244**
New recruitments: **2,896**
Investment in training: **LKR 11.3 Mn**
Flexible working environment
Specialized business development team
Payments to employees: **9,463**

Social & Relationship Capital (Page 188-193)

Total suppliers: **4,503**
Investment in community development projects: **52 Mn**
Sustainable CSR projects
Stakeholder management

Intellectual Capital (Page 194-203)

Devoted and experienced team for Research and Development
Tacit knowledge
Investment in R&D: **135 Mn**
Brand stewardships

Natural capital (Page 204-211)

Energy consumption: **1,199,172 GJ**
Water consumption: **593 Mn Litres**
Cultivated area (agricultural): **3,703 Ha**
Investments in long-term renewable energy across manufacturing plants

ACTIVITIES/PROCESSES

Strategic Imperatives *(Refer page 60)*

Achieve Top-Line Growth	Drive Operational Excellence
Capitalise on Synergies	Maintain Sustainable Operations

Lifestyle
Manufacturing tiles and bathware and providing interior solutions (Page 66)

Aluminium
Manufacturing aluminium extrusions (Page 94)

Leisure
Managing boutique hotel resorts (Page 122)

Finance
Financial services - leases, loans and deposits (Page 80)

Plantations
Producing tea, rubber and other crops (Page 106)

Consumer
Manufacturing and retailing fast-moving goods, pharma and medical equipment (Page 132)

Investment and Other
Packaging, mining, insurance brokering, travel, shipping (Page 144)

OUTPUTS

Lifestyle

14,648,670 Sq. meters of tiles
250,999 pieces of sanitary ware
251,776 units of bath ware accessories
53,401 MT of grout and mortar

Finance

Lease granted LKR 41,640 Mn
Gold loans and other advances granted LKR 93,897 Mn

Aluminium

Powder coat and wood finish - 2,465 MT
Wood finish MT
Architectural Applications - 624 MT
Other Aluminium extrusions 2,165 MT

Plantation

2.8 Mn Kg of Tea
0.6 Mn Kg of Rubber

Consumer

General trade 95%
Modern trade 2%
HORECA 0.8%

Leisure

Guest services 3,465 rooms nights
Completed super structure of Greener Water project

Investment and others

Mined output

Kaolin 7,272 MT
Feldspar 29,125 MT

Responsible Stewardship: Corporate Governance *(Refer page 214 - 219)* Risk Management *(Refer page 46 - 49)*

Operating Environment *(Refer page 38-45)* Stakeholder Needs *(Refer page 50-55)*

OUTCOMES TO THE GROUP	OUTCOMES TO STAKEHOLDERS		IMPACT
Financial Capital			
Profitability EBITDA LKR 934 Mn cost saving from all cost rationalisations 0 penalties/fines incurred	Shareholder Returns • Net profits: LKR 20,580 Mn • Dividends paid: LKR 1,708 Mn	• ROCE: 18% • Earnings per share: LKR 9.09	
Manufactured Capital			
Efficiency Return on assets Asset turnover ratio	Enhanced customer reach • New Branches - 12 • Strategic relocation - 6		
Human Capital			
Productivity Staff turnover: 22% Retention Rate: 78% Revenue per employee: LKR 7.3 Mn Profit per employee: LKR 1.5 Mn	Employee skills and benefits • Employee satisfaction survey score 82% • Training hours 43,021	• No. of trained employees 8,476 • Employee remuneration LKR 9,463 Mn	
Social and Relationship Capital			
Reputation Awards and Accolades received 50	Customer satisfaction • Customer satisfaction survey score: 95% on Epoxy grout product, 85% on Motha retail audit Strong supplier partnerships • Payments to suppliers: LKR 53,395 Mn	Community engagement • Beneficiaries from CSR initiatives: 100,000+ • Tiler club members: 5,000+ • Plantation workers: 3,857	
Intellectual Capital			
Innovation 17 process improvements Savings from process improvements (TPM) LKR 870 Mn	Unmatched customer value • New products developed 92 • No data breaches		
Natural Capital			
Optimisation Savings from environmental initiatives No environmental fines incurred	Environmental footprint • Carbon footprint: 156,034 tCO_2e • Wastewater discharged: 227 Mn Litres • No. of trees planted: 105,500+ • Solid waste: 60,887 MT	• Paper recycled: 23,389 Kg	

Sustainability Commitment *(Refer page 204 - 211)* Regulatory Frameworks *(Refer page 6)*

Driving Strategy
Through Our Sectors

3

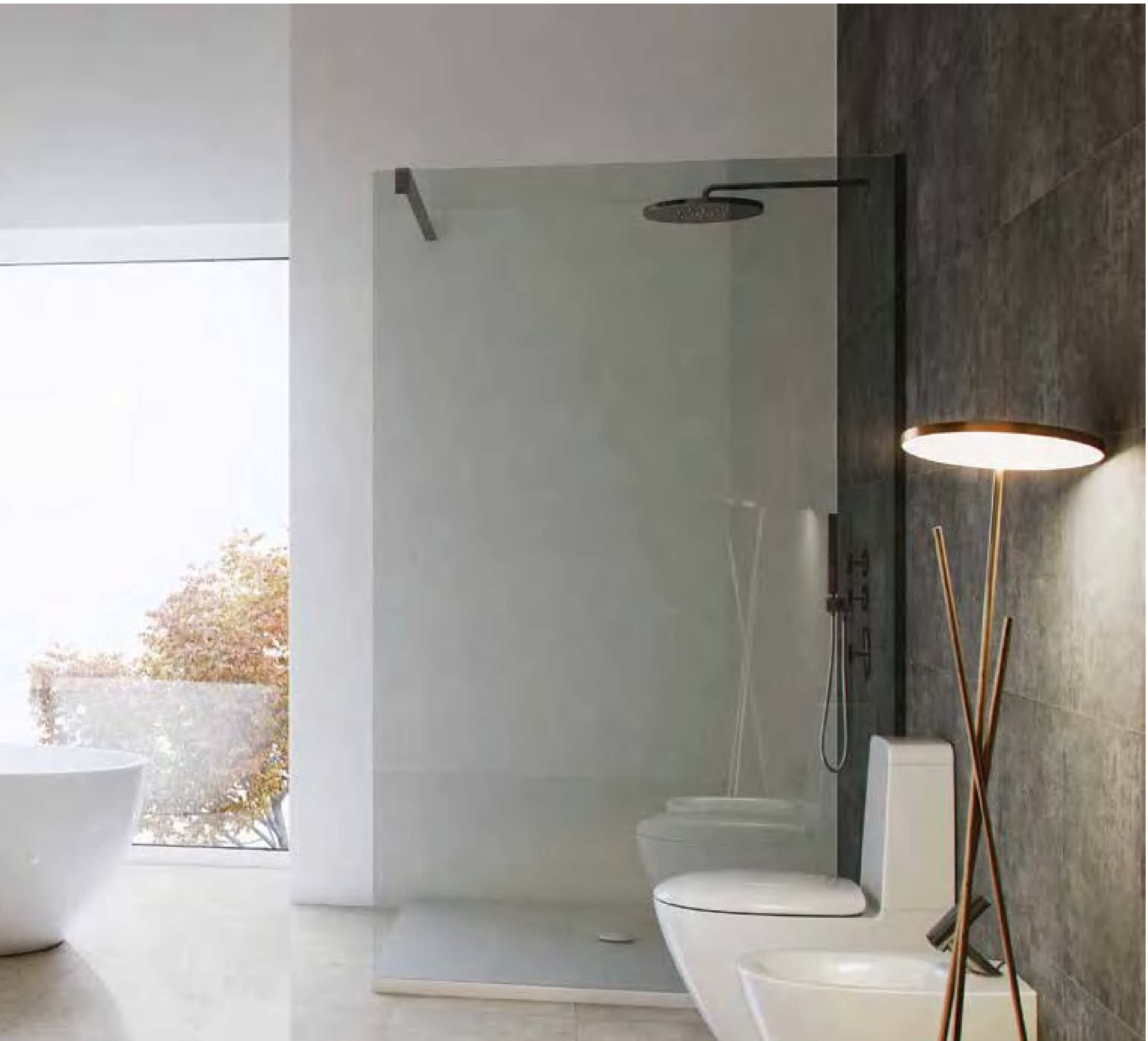
Inclusivity Intertwined

LIFESTYLE

"Our lifestyle sector continues to lead the market with a comprehensive collection of unparalleled interior solutions, including tiles, tiling accessories, bathware, kitchen sinks and design solutions.

LKR 58 Bn
Total Assets

LKR 44 Bn
Revenue



LKR 13 Bn
Profit before Tax

3,791
Employees

LIFESTYLE

> **Our tile segment dominates the market, with our brands 'Rocell' and 'Lanka Tiles' accounting for 71% of the market share.**

Our lifestyle sector continues to lead the market with a comprehensive collection of unparalleled interior solutions, including tiles, tiling accessories, bathware, kitchen sinks and design solutions.

Our tile segment dominates the market, with our brands 'Rocell' and 'Lanka Tiles' accounting for 71% of the market share.

The bathware segment holds a significant 39% of the market share, with a range of interior building and design solutions offered by the Delmege Group of Companies.

Scope and Structure

Tiling

Royal Ceramics Lanka PLC
Production capacity of 2.2 mn sq.m. p.a. at Eheliyagoda and 3.6 mn sq.m p.a. at Horana

Lanka Tiles PLC
Production capacity of 5.4 mn sq.m p.a. at Ranala

Lanka Walltiles PLC
Production capacity of 2.7 mn sq.m p.a. at Meepe

Sanitaryware

Rocell Bathware
Production capacity of 336,000 pcs p.a. at Homagama

Grout

Swisstek Ceylon PLC
Mortar: 45,000 MT p.a production capacity at Balummahara factory

Timber Flooring Solutions
(Imported Wood)

Interior and Building Solutions

Delmege Forsyth and Company Ltd
Interior and construction products

Grip Delmege (Pvt) Ltd
Panel furniture and interior design solutions

Grip Nordic (Pvt) Ltd
Layer glued furniture

Operating Context

An improved sector performance

- Value-added construction activities recorded a moderate expansion of 1.9% in comparison to the 13.2% contraction experienced in the previous year.
- With the recovery of economic activity under the new normal, the pent-up demand for real estate and housing which had previously come to a standstill, began to take shape. However, the third wave of the pandemic adversely impacted construction-related activities to a certain degree.
- The private and public sector building projects which did not materialize in the previous year were resumed, resulting in greater demand for construction-related products and services.
- Credit to the private sector granted by Licensed Commercial Banks (LCBs) for construction activities recorded a growth as at December 2021, depicting an increased availability of funds for the same.

Challenges in demand and supply

- The import ban adopted by the Government of Sri Lanka to curtail the depletion of foreign reserves and safeguard currency in April 2020 continued during the year, resulting in a market conducive for local manufacturers of both tiles and sanitaryware.
- Supply-side disruptions, particularly those arising from a short-fall of key raw materials such as cement, steel and tiles and rapid increases in price hindered the industry from reaching its full potential.
- With the level of demand exceeding supply, significant expansion was required on the domestic front. However, the shortage of foreign exchange hampered the procurement of equipment necessary for the sector's expansion, while impacting fuel supply.

Market Dynamics

Challenges and Risks

- Mobility restrictions arising from the COVID-19 pandemic
- Macroeconomic imbalances
- Changes to economic policy
- Short-fall of essential raw materials and services due to the drop in foreign exchange and disruptions to the supply chain
- Inability to fulfil demand due to the withdrawal of foreign suppliers from the market

Opportunities

- Capitalising on the import ban to focus on the local market
- Increasing urbanisation and the rise of the middle-class
- Mixed development and hotel projects gaining ground
- Export market potential
- Seeking alternate sources for raw material

Our Response

Strategic Response

- Capacity building
- Enhancing distribution
- Product rationalisation
- Stock optimisation
- Product responsibility
- Process improvements
- Employee engagement

Strengths

- State-of-the-art manufacturing facilities
- Multi-channel distribution channel
- Solid franchise operations
- Renowned brands with top-of-mind recall
- Quality and standard certifications
- Group synergies across the value chain

LIFESTYLE

Creating Value...

The sector faced numerous challenges and far-reaching implications due to the COVID-19 pandemic. Furthermore, the import ban introduced during the year led to the sector companies reinventing, adapting and revisiting their strategies to best address the emerging opportunities and threats towards maintaining market leadership and strengthen performance. Against this backdrop, the sector continued to deliver consistent value, through differentiation and strategic foresight; capitalising on positive dynamics to ensure maximised results, while monitoring and managing our cost-efficiency to improve our profitability.

by Enforcing our Strategies

Strategic Response	Capacity building	Enhancing distribution	Product rationalisation	Stock optimisation
Capitals				
Principle	Exploring lucrative crops with greater profitability and demand, and phasing out low-performing, commercially unviable cultivations to minimize risk.	To grow our current distribution network through the addition of new locations, while focusing on more lucrative markets and communication channels.	To allocate and deploy the necessary resources to adapt and modify operations and/or products to produce commercially viable solutions based on external trends and demands, while limiting or removing non-viable products.	To manage existing resources and ensure continuous supply is maintained, thereby insulating the sector against the risk of disruption to supply.
Initiatives for 2021/22	• We continued to engage in capacity expansion across selected factories in order to increase production levels. • Accordingly. the production capacity of the factory in Horana was expanded by 3,000 square metres per annum. The required investment was LKR 2.5 Bn. • Swisstek Ceylon invested LKR 5 Mn in capacity enhancement, which was completed by the close of the financial year.	• Rocell added two new concept centres to its network, located in Galle and Anuradhapura. • Uplifting the quality and standards of our own network whilst maintaining ties with third-party dealers, distributors and franchisees. • Provided greater precedence for online marketing channels to improve reach and gain an improved market share. • Tapping into the overseas market, particularly for sanitaryware products and interior decor range.	• A focus on developing new products in line with consumer trends and expectations. • Discontinuing and curtailing small tiles, while focusing on larger tile ranges due to a higher demand and higher margins obtained from sales. • Focused on specialised products including the Lanka Tiles Mosaic range, which was a fast-mover in the market.	• Due to the impact of COVID-19, the sector decided to build inventory levels in order to mitigate adverse impacts and continue to meet demand. • Continued to seek and assess alternate sources of supply to minimize disruptions to the supply chain.

GRI Disclosure: 103 - 2, 3

By Delmege Interior carpeting and laminated flooring

Product responsibility	Process improvements	Employee engagement
Rely on innovative ideas and technologies to augment the product value proposition, and adhere to industry best practices to uphold exceptional standards and quality control.	Streamline and improve the productivity of factory systems and processes to drive higher levels of cost-efficiency.	Empower employees and enable their well-being and progress with focused training, performance-based rewards and uphold their health and safety at all times.
• A continued investment in research and development to drive product innovation. • Ensuring we adhere to governmental regulations with respect to product labelling, pricing and quality. • Maintaining quality in line with international standards and certifications. • Continuing to augment our range with new products.	• Our factories continued to run at full capacity, leading to economies of scale and cost efficiency. • Investing in the dry squaring and sorting machine to minimize product wastage and enable recycling capabilities. • We continued to pursue process automation to streamline key functions, while implementing systems designed to improve decision making and cost-efficiencies.	• Closely engaging with and empowering employees across the sector, building capacity and supporting a performance-based work culture. • We continued to ensure employee well-being while collaborating with unions to maintain cordial industrial relations. • Our foremost priority lay in maintaining the health and safety standards in the workplace, particularly in adherence to COVID-19 prevention guidelines.

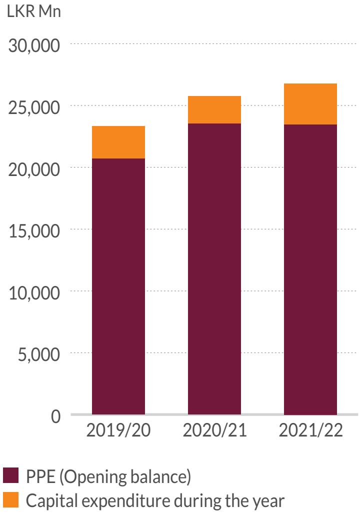
LIFESTYLE

by Managing our Capitals

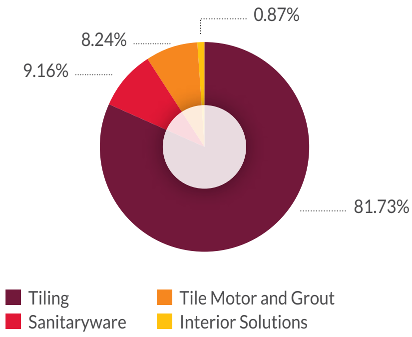
MANUFACTURED CAPITAL

The sector continued to invest in building capacity and growing our distribution network in order to address rising levels of demand.

CAPEX Investment



Capex Investment - Breakdown



7
Manufacturing Plants

LKR 58,087 Mn
in total asset value

SOCIAL AND RELATIONSHIP CAPITAL

The company continues to engage and collaborate with members of the tile club, comprised of a group of approximately 1,000 fitters, tilers and plumbers, together with a number of engineers and architects. The tile club receives certification and focused training on the products and manufacturer's specifications, led by our team of in-house trainers.

Amid production constraints, the company's key focus was on engaging with and managing our existing customer base. With the added impact of COVID-19, we continued to maintain our market leadership, brand image and positioning via online channels. Customer complaints were resolved quickly and efficiently through the CRM and a newly implemented trouble-ticket management system.

Due to the short-fall of supply, the market became characterized by artificial pricing. The company continued to maintain its commitment towards transparency and accountability, by marking all tiles with the maximum retail price, and ensuring customers remained aware of acceptable market rates.

INTELLECTUAL CAPITAL

Our key differentiator lies in the quality and standards we uphold at every stage, listed below:

- ISO 14000 – Environmental Management
- ISO 13000 – Plastics
- ISO 9000 – Quality Management
- ISO 27000 – Information Security Management
- OSHA - Occupational Safety and Health Administration Standards (certification process initiated)
- Green Building Certification – GREENSL Labelling System
- WaterMark Certification – for bathware
- Water Efficiency Labelling and Standards (WELS) – for bathware

Rocell further has in place an intellectual property policy that addresses all procedures related to innovations and new product developments. Furthermore, all companies within the sector adhere to stringent protocols with respect to data privacy and security, thereby mitigating the risk of data breaches and cyberattacks.

HUMAN CAPITAL

The third wave of COVID-19 pandemic had a significant impact on health and safety concerns. All Companies prioritise their employees' well-being and therefore, invested LKR 106 Mn in a range of initiatives dedicated towards protecting our employees and supporting those who became infected. The initiatives included sanitisation procedures, frequent PCR testing, and providing support for hospitalisation fees and food rations for those infected with the virus. The companies further ensured that 32% of all employees were fully vaccinated.

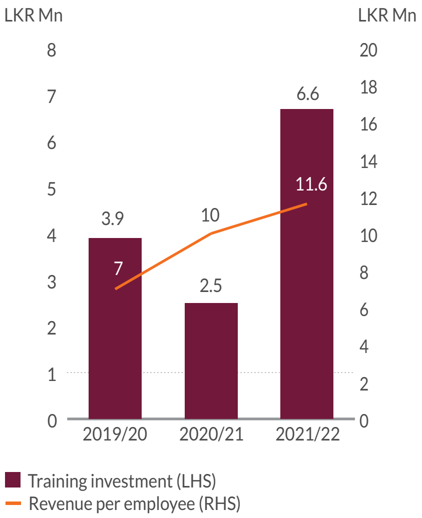
In order to drive improved performance and knowledge even amid the COVID-19 pandemic, the company offered training and opportunities for development across a range of fields for all employee groups.

Swisstek Ceylon invested LKR 25 Mn in an air quality improvement project, achieved via a dust expansion unit that served to uplift the working environment for employees.

3 out of the five main companies in the sector were declared as 'Great Places to Work' during the year. Most notably, Swisstek Ceylon obtained 94 points out of a possible 100, denoting the company's commitment towards the continued well-being of employees amid a challenging environment.

LIFESTYLE

Training Investment and Productivity



LKR 106 Mn
invested in COVID-19 initiatives

8,080
PCR tests conducted

87%
of employees vaccinated

GRI Disclosure: 301 - 1, 2 and 302 - 1, 3 , 4

NATURAL CAPITAL

The company focused on achieving greater resource efficiencies during the year. In order to contribute towards sustainable solutions, we invested in the installation of solar panels across all premises.

350 Mn ltrs
Water
37%

19,972 MT
Recycled Materials
35%

252,914 GJ
Electricity
(3.7%)

35,298 MT
Waste generation
31%

“During the year we continued to strengthen our approach to sustainability through the implementation of various projects designed to reduce resource consumption, while investing in renewable energy projects to extend sustainable energy to the national grid.

Renewable energy through solar power generation - Lanka Walltiles PLC-Meepe Factory

LIFESTYLE

FINANCIAL CAPITAL

Given the dynamics experienced during the reporting year, the lifestyle sector recorded a strong performance, supported by the underlying implications of the import restrictions that took place during the year.

Key Performance Indicators	2021/22	2020/21	% change
Net operating income (LKR Mn)	12,426	8,295	49
Profit after tax (LKR Mn)	10,323	6,175	67
Return on equity (%)	31	23	8
Operating margin (%)	28	23	5
Net profit margin (%)	23	17	6

The lifestyle sector's overall revenue, including tiles and bathware recorded a notable 25% increase year-on-year, moving to LKR 44 Bn, compared to the 50% increase experienced in the preceding year. The tiles segment contributed towards 83.8% of the sector's revenue, while bathware accounted for 8.1% and interior solutions was attributed at 4.5%. The performance was attributable to the high levels of demand, and profit before tax was therefore recorded at LKR 10.3 Mn, an increase of 68% over the previous year.

Despite the increasing demand, the prevailing uncertainty and ambiguity of the market dynamics coupled with insufficient capacity limited sector performance; further exacerbated by the COVID-19 outbreak and the lockdown measures that limited mobility at the beginning of the year.

Tile

Sanitaryware

The tiling segment greatly capitalised on the import ban that was in effect during the year. However, considerable short-fall was experienced with respect to tiling products within the market. Following the constraints of the previous year, the company largely relied on prudent policies and strategic plans to build inventory in the previous year, thereby enabling the organisation to address the unprecedented domestic demand. The sanitaryware segment was not impacted by the import ban, which led the company to focus primarily on the export market.

The sector faced challenges with respect to sourcing the adequate foreign exchange necessary for the importation of equipment and machinery, for working capital purposes, and for the supply of raw materials, gas and diesel.

Against this backdrop, the segment focused greatly on product rationalisation and new product development, despite production constraints. We focused on larger tile formats in order to drive greater margins, and continued to engage with our existing customer base to achieve a strong performance.

Grout

Despite the limitations experienced during the year the sub-sector under Swisstek Ceylon related to mortar and grout was able to meet its targets. Strengthened by group synergies and the company's intensified marketing efforts, net profits recorded a 52% increase over the previous fiscal year. The company focused on improving quality by successfully obtaining the SLS standard, while expanding on the existing product range to offer value additions to our customer base. Sourcing of materials remained challenging due to forex shortage, and the company continues to seek out alternate channels and suppliers to ensure continuous supply.

SWISSTECK Skim Coat premium products were introduced during the year to cater interior and exterior wall finishing needs of customers with superior and long lasting finish.

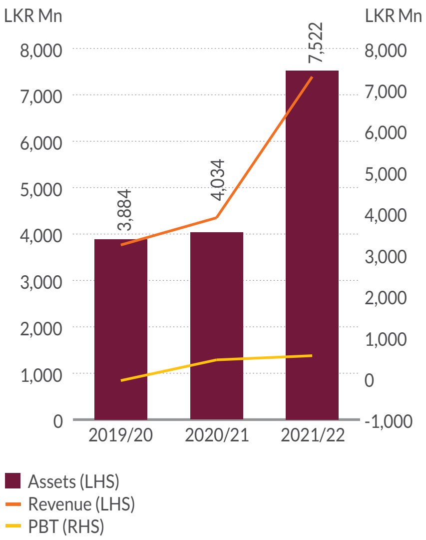
31 Factory Outlets

106 Main Showrooms

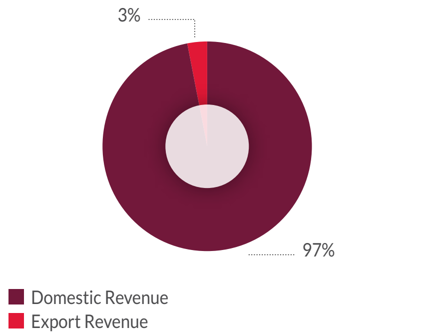
5 Hybrid Showrooms

666 Dealers & Distributors

Revenue, PBT, Assets



Market Mix



Outlook and Plans

The year ahead will undoubtedly be a challenging one, given the foreign exchange crisis and its surrounding socio-economic impacts that began to take shape during the latter part of the fiscal year. With reduced purchasing power, the lifestyle segment will undoubtedly experience constriction. As we navigate an uncertain landscape, we will continue to bolster our business through prudent risk management strategies, while enabling greater cost-efficiencies through updated systems and processes.

The planned capacity enhancements and sourcing of raw materials will continue to be negatively impacted by the disruptions to the supply chain, and the company therefore hopes to efficiently utilise existing resources to meet market demands. We will focus on exploring alternate sources of supply, in order to ensure business continuity, while rationalizing existing products to maintain our performance.

In enabling resource efficiencies and deploying environmentally-friendly initiatives, the company will continue to mitigate the impact arising from the short-supply of fuel and other resources. Our roof-top solar panel project will contribute towards the nation's production of renewable energy, while reducing costs and minimizing our carbon footprint.

Our dedication to quality and highest industry standards will continue to serve as a key differentiator in a competitive market. Even as we monitor changing market dynamics, we remain committed towards developing new product innovations that will meet customer needs, and drive sustainable results in the long-term.

Interior and Building Solutions

The interior solutions businesses under the Delmege Group of companies faced considerable challenges due to the third wave of the COVID-19 pandemic. Despite an improved performance in construction activities, the interior decor market remained relatively stagnant, recording a lower profitability in comparison to the previous year. However, we anticipate a promising environment in the coming year, and will continue to rely on the strength of our partnerships to drive positive growth.

In terms of Grip Delmege and Grip Nordic, the company successfully reached a break-even performance during the year. The segment previously specialised in customised furniture; however due to low margins and reduced demand, we initiated steps to shift 70% of our operations towards a standard SKU model. In line with these developments, the company continues to produce customised products in order to serve existing customers, while improving efficiencies to enable mass production and thereby capitalise on the potential of the export market. We will also continue to maintain our existing product range, and rely on the strength of our new product development unit to further elevate our product proposition and deliver an improved performance in the years ahead.

In contrast, the building solutions segment recorded a profitability of LKR 175 Mn during the year, attributable to a loyal customer base, a dedicated team and the strong brands within our portfolio. We continue to explore building on the Delmege brand, while introducing a range of sought after products in the near future.

LIFESTYLE

Snapshot of Value Creation

Capital	Capital Input	Activities
FINANCIAL CAPITAL	**LKR 33,712 Mn** equity **LKR 5,056 Mn** debt	• Financial management including inventory control
MANUFACTURED CAPITAL	**7** manufacturing plants **143** showrooms and factory outlets **LKR 23,924 Mn** CAPEX	• Production of tiles, bathware and accessories • Warehousing and retail activities
INTELLECTUAL CAPITAL	**LKR 128 Mn** in research and development Brand equity of Rocell, Lanka Tiles and Delmege Quality certification	• New product development • Brand enhancement • Maintaining quality and standards in processes, products and distribution outlets
HUMAN CAPITAL	**3,791** members in the workforce **LKR 6.68 Mn** investment in training	• Recruitment • Skills development • Maintaining health and safety protocols in factories • Employee compensation, benefits and performance incentives
SOCIAL AND RELATIONSHIP CAPITAL	**666** Dealer & Distribution Network **2,518** suppliers **5,300+** tile club members **LKR 34,918 Mn** payments to suppliers **LKR 3.1 Mn** CSR investment	• Training new franchisees and dealers • Developing franchisee' showrooms • Training members in the tile club • Engaging suppliers on material quality • Community recruitment
NATURAL CAPITAL	Renewable material **1,569 MT** Non-renewable **1,340,160 MT** **350 Mn litres** Water **1,060,954 GJ** Energy	• Solid waste management • Energy management • Obtaining and maintaining environmental certifications and clearances

Lifestyle Contribution to the Group

LKR 58.08 Bn
19% of Assets of

LKR 44.05 Bn
45% of Revenue

LKR 13.13 Bn
40% of PBT

Output/Outcome	UNSDGs	Stakeholders
19.5% y-o-y growth in revenue **79.8%** y-o-y growth in profit before tax	8	Shareholders and Investors
Production of **13.5 Mn** sq.m tiles, **326,344** units of bathware	9, 10, 11	Customers, Business Partners, Employees, Society, Environment
65+ new products **190+** new designs and sizes Quality and standards Market leadership Top-of-mind brand recall	9, 8	Employees, Customers, Environment
705 new recruits **1,774** employees trained for **11,749** hours **81%** employee retention Employee well-being	3, 4, 5, 8, 10	Employees
Well-trained franchisees and dealers on product offering Quality-conscious supplier chain	1, 8, 10, 17	Customers, Business Partners, Society
17,198 GJ of saved energy Structured solid waste management system Heat recovery system in factories Environmental certifications	7, 12, 13	Environment

LKR 23.92 Bn
21% of CAPEX

3,791
28.6% of employees

135,830 tCO_2
87.1% of Carbon Foot print

FINANCE

> "With over 50 years in existence, L B Finance PLC stands as one of the largest and most respected non-banking financial institutions in Sri Lanka.

LKR 165 Bn
Total Assets

LKR 30 Bn
Revenue

LKR 11.7 Bn
Profit before Tax

3,822
Employees

FINANCE

> **The company continues to drive unmatched digital solutions, while offering an extensive presence across the island.**

L B Finance PLC stands as one of the largest and most respected non-banking financial institutions in Sri Lanka.

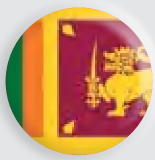
Licensed under the Finance Act No. 42 of 2011, and listed on the Colombo Stock Exchange, L B Finance offers an extensive presence across the island, delivering a range of financial solutions including leases, loans, micro facilities and deposits.

With over 50 years in existence, the company continues to drive unmatched digital solutions, while offering stability through a strong asset base of LKR 165.1 Bn, a five-year average growth of 16%, and a market capitalisation of LKR 32.1 Bn.

LB FINANCE

L B Finance PLC

Sri Lanka	Overseas
LKR 164.2Bn Asset Base	LKR 0.9 Bn Asset Base
181 Local branches	12 Myanmar branches



Operating Context

A strong contribution

- Financial services became the biggest contributor to the value-added services industry, following the expansion achieved during the year.
- Financial services activities and auxiliary financial services expanded by 7.5%, in comparison to the 10.9% growth experienced in 2020.
- Despite a challenging environment, due to the expansion experienced in the sector, the loan book of banks and non-bank financial institutions increased significantly during the year while the deposit base also expanded.
- The demand for credit was at higher levels due to the low interest rates, and surplus liquidity promoted a willingness to lend.

An evolving environment

- The industry experienced negative credit growth due to COVID-19 induced lockdowns and associated impacts.
- Restrictions with respect to vehicle imports and a ceiling placed on auto financing impeded the segment's growth.
- The economic slowdown had a negative impact on the income streams of individuals and businesses, resulting in the risk of non-performing loans.
- Lower policy rates imposed by the Central Bank of Sri Lanka provided relief to the financial services industry in the form of lower interest expense.

Market Dynamics

Challenges and Risks

- Macroeconomic imbalances and socio-political instability
- Uncertainties and subdued economic activity following the COVID-19 pandemic
- Import restrictions on motor vehicles due to challenges experienced in balance of payments
- Intense competition within the sector
- Ad-hoc policy changes, including the gradual rise in interest rates
- Turnover of skilled labour
- The run-on effect of continuous moratoriums

Opportunities

- Emerging economy
- Increasing urbanisation and the rise of the middle class
- Technology advancements
- Recognition and acceptance of socially responsible and reputed organisations
- Rural development

Our Response

Strategic Response

- Service quality
- A prudent portfolio
- Market outreach
- Innovation and technology
- Employee relations
- Governance and compliance

Value Enablers

- Solid brand and market reputation
- Strong distribution channel
- Extensive digital infrastructure
- Corporate stewardship
- A dedicated workforce

FINANCE

Creating Value...

The finance sector came up against a challenging environment during the year, particularly due to the run-on effect from continuous moratoriums that had been in effect since 2019. The third wave of the COVID-19 pandemic impacted customer income streams, thus dampening the ability for institutions to engage in loan collections. Ad-hoc policy interventions and uncertainty in the socio-economic environment led to an increased demand for short-term investments, while the ban on vehicle imports and the ceiling on auto financing impeded the segment's growth. However, a lower interest rate environment at the commencement of the year supported margins, while gold loans continued to be one of the highest performing segments. Prudent policy management and a short to medium-term approach was taken for strategy development, with the objectives of generating profitability within a limited growth environment, and meeting stakeholder needs in a consistent manner.

> **"Our multiple channels were successful in offering flexibility to customers, and enabling transactions on-the-go, even in the midst of lockdown periods.**

by Enforcing our Strategies

Strategic Response	Service quality	A prudent portfolio	Market outreach
Capitals			
Principle	To extend the highest quality service in line with the people's needs to drive seamless transactions and build customer loyalty.	To employ pragmatic, cautious policies to sustain a strong portfolio and minimize risk.	To consolidate and expand our reach, and obtain greater market share.
Initiatives for 2021/22	• Providing an omnichannel experience to ensure uninterrupted service even amid COVID-19 lockdowns. • Providing short-term investments in order to serve customers amid a volatile environment. • Assessing and monitoring customer satisfaction through a customer rating system. • A dedicated team was set up for complaint management to ensure customer concerns were addressed. • Revamping the online portal to improve functionality.	• The addition of an automated credit rating system enabled improved decision making, minimized risk, and streamlined the decision making process in terms of credit approval. • Strong credit risk management practices enabled the company to maintain credit risk well below industry levels. • Modified product features to enable greater flexibility for customers. • Despite the imposed moratoriums, the company recorded a relatively low non-performing loan ratio. • Received an A- rating from FITCH.	• A focus on online channels to capture a wider audience. • Deployed the customer service centre to follow up on all customers to gather perceptions, and raise awareness on potential products. • The company converted 30 service centres into branches to enable improved reach and service to customers. • A dedicated digital media communications team was established to engage with customers and the general public in a meaningful manner.

GRI Disclosure: 103 - 2, 3

Innovation and technology

Rely on innovative ideas and technologies to enhance the product value proposition, drive productivity and optimise costs.

- The introduction of the landmark 'Gold Loan Top-Up' which enabled top-ups within 30 seconds via the CIM app.
- Upgrading the ECLIPSE credit appraisal system to streamline and fully digitize the approval process, thereby reducing cost, minimizing paper usage and enable improved verification methodologies.
- The introduction of Robotic Process Automation to automate repetitive tasks, boosting ROI and overall operational agility.
- The Digital Roller function on CIM enables users to request a business loan with automatic remittances.

Employee relations

Ensuring employee health and safety, while upholding best practices in the workplace to ensure their welfare and growth.

- The Eclipse platform empowered agents to originate and process loans remotely, thereby improving productivity while promoting health and safety.
- Recruitment of staff to the credit team to enable volume growth.
- Closely engaging with employees to improve skills, while relaunching KPIs to ensure alignment with their objectives.
- Utilizing a hybrid learning model to drive both remote and face-to-face learning.

Governance and compliance

Upholding corporate stewardship, and ensure compliance with rules and regulations.

- Awarded Silver at the Annual Report Awards for Governance Disclosures.
- Initiated steps to implement an anti-fraud culture with the introduction of an Anti-bribery and Corruption Policy, and a comprehensive process to identify fraud risk.
- Reviewing and updating the Code of Conduct and Whistle-blowing Policy.
- Pre-adopting elements of the new Corporate Governance Direction No. 5 of 2021 prior to the effective period.

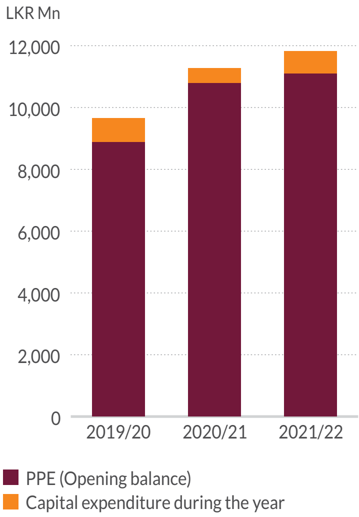
FINANCE

by Managing our Capitals

MANUFACTURED CAPITAL

L B Finance's island-wide network continued to strengthen our reach and accessibility in the market. We continued to expand on our reach through the conversion of our service centres into fully-fledged branches. Furthermore, the company acquired Multi Finance PLC during the year, due to the Central Bank's directive for consolidation, and thereby enhanced its portfolio and network.

CAPEX Investment



181
Branches

12
New Branches added

LKR 165,078 Mn
in asset value

24
cash deposit machines

12
branches in Myanmar

LKR 53 Mn
invested in land and building

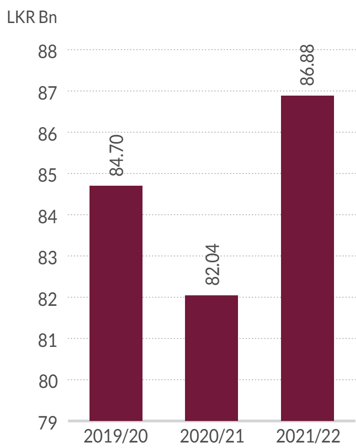
8
Branches from Multi Finance

SOCIAL AND RELATIONSHIP CAPITAL

Customers

The company continued to engage with customers and assess their needs in order to address their needs. An omnichannel experience enabled greater accessibility, while a dedicated complaint management team was deployed to communicate with the customer base and ensure their concerns were addressed. Our multiple channels were successful in offering flexibility to customers, and enabling transactions on-the-go, even in the midst of lockdown periods. Our focus remained on streamlining the customer experience, and we integrated CRM to our overall system to ensure improved analytics across the board. Various product modifications took place, with new features added to improve the overall value proposition. Furthermore, a customer rating system was initiated to ensure customer sentiment was tracked, and any interventions were made where necessary.

Customer Deposit Base



LKR 86.88 Bn
Deposit base

79%
Renewal ratio

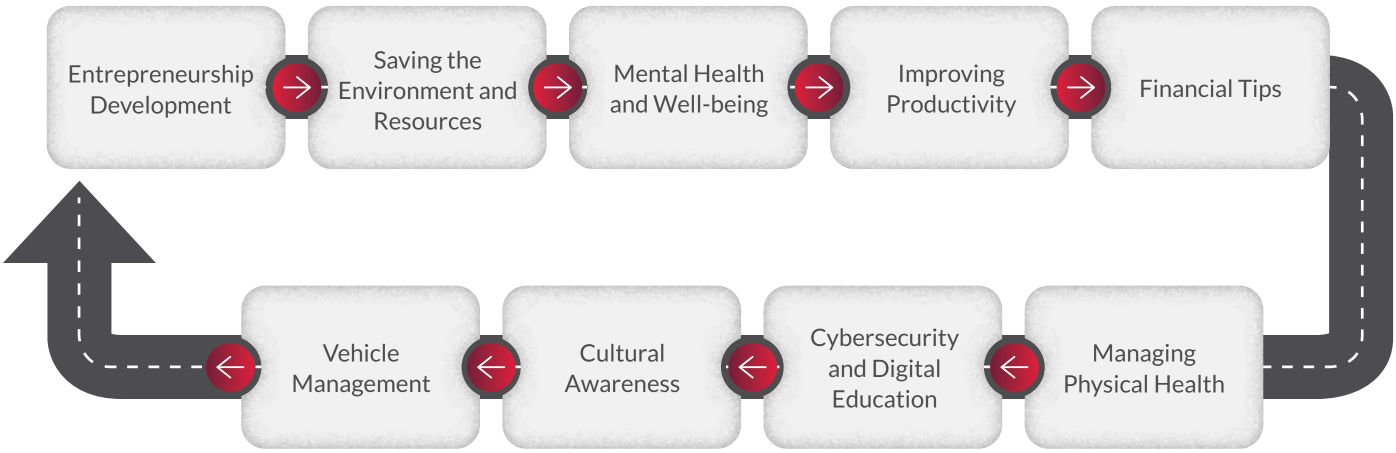
2.1+
No. Transactions on CIM

100,000+
CIM App Downloaded

FINANCE

Community

The company continued to share a message of social responsibility through online awareness campaigns and donations to deserving communities. Our awareness campaigns spanned the following topics:



The following programmes were carried out to ensure greater engagement and educate a range of audiences via a range of platforms:

Digital education for the future

- Facilitating digital education through the DP education platform
- Awareness on using social media responsibly
- Webinar to identify your audience in social media
- Global trends in Digital Media

LB Coding Champs

Online computer coding education programme for children based across multiple age categories

LB Supiri Veera Man

Children's day art competition and video competition

LB Sara Siththam

Short movies encouraging the protection of our ethics and values

LB Pragathi Virtual Career Fair

Conducted in partnership with the NIBM Institute of Higher Education, Institute of Information Technology (SLIIT and SLTC Institute of Higher Education to promote higher education in the face of the global epidemic

Spent on community initiatives

LKR 12.9 Mn

SYNDICATE Business Case Study Competition

Partnered with AIESEC Sri Lanka and the University of Sri Jayewardenepura to conduct #SYNDICATE Business Case Study Competition to harness the professional potential of youth by making them challenge their own perspectives

Distribution of dry rations for needy families

The unfolding COVID-19 crisis challenged people, households and employees in an unprecedented manner. L B Finance PLC initiated a support system to safeguard the people's well-being by distributing #CovidReliefGoodiePacks

Provided packs of daily essentials to the DIG Office of Colombo

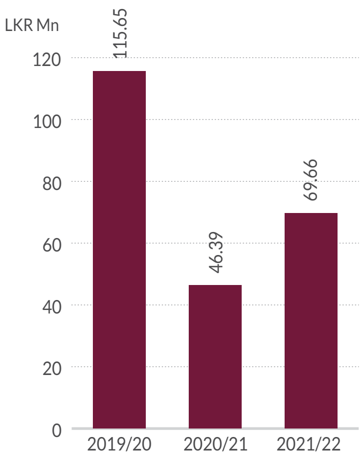
Other donations

LB Finance PLC made a donation of Wheelchairs to the Seva Vanitha Unit of the Sri Lanka Air Force

INTELLECTUAL CAPITAL

L B Finance is built on a spirit of innovation, evidenced by the numerous initiatives and iconic products and services it continues to extend to the public. The company's in-house development projects are executed at the Centre for Technology and Innovation (CTI); a state-of-the-art working facility that fosters innovation and creativity. All products and processes are designed to elevate the customer experience, while implementing cost-efficiencies and improving productivity. The company was one of the few companies to first receive the ISO 27001 certification in 2013, and continues to maintain the standard even today.

Investment on IT software and Hardware



The company won the following awards during the year as a result of these efforts:

National Best Quality Software Award (In-House Development Category) at the National ICT Awards for the ECLIPSE Credit Appraisal System

FITIS Digital Excellence Awards

Business Model Innovation - Category Winner

LankaPay Technovation Awards - one Gold, and two Silver awards

The following initiatives and developments were implemented during the year:

Asuru Sanin Ran Nayak

A groundbreaking product that enables gold loan top-ups via the CIM app at any day, at any time, within 30 seconds of making a request without the requirement for branch visits.

CIM Scheduled Payments

Enables the effective recovery of loans via standing orders issued to any bank account.

ECLIPSE Credit Appraisal System

Utilizing an AI-based algorithm to create a credit score through customer data and historical data to improve and streamline decision-making. Through geo-tagging all customer transactions are verified and validated, thereby minimizing the risk of fraudulent activity.

IT Infrastructure Development

Movement of all business-critical IT infrastructure to industry-standard data centres, thereby achieving nearly zero downtime. The IT infrastructure team was strengthened by industry experts in fields including cybersecurity, network infrastructure and information security.

Digital Roller

CIM users can request business loans with no documentation or physical visits. Automated remittances are enabled via a dynamic approval engine.

Robotic Process Automation

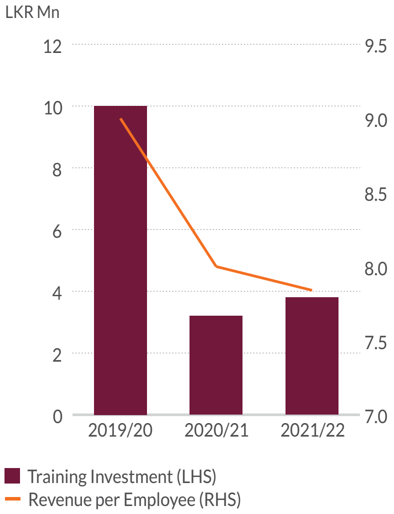
The introduction of robotic process automation enabled the company to automate repetitive tasks related to financial reconciliation, bank reconciliation and insurance renewal automation. This resulted in boosting the average operational speed by 364%, saving 5,200+ man hours and improving overall ROI.

FINANCE

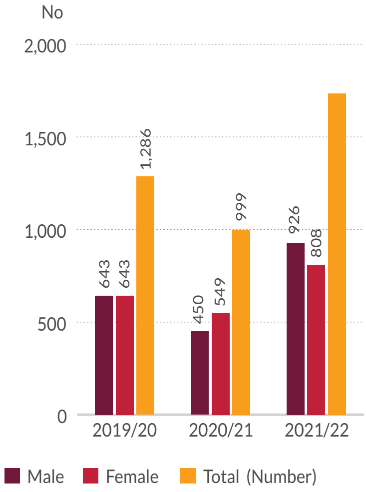
HUMAN CAPITAL

The company engaged in recruiting 400+ employees in order to drive business growth during the year. The company made significant investments in training, in order to create a dynamic, agile workforce. We enabled the work-from-home function, while empowering agents to originate and process loans remotely via the ECLIPSE platform. The improved functionality reduced the cost of travelling to the head office, scaled down back-office operations, and streamlined the time taken to close the sale, while ensuring our employees' safety and well-being.

Training Investment & Productivity-Finance



Employee Recruitments-Finance

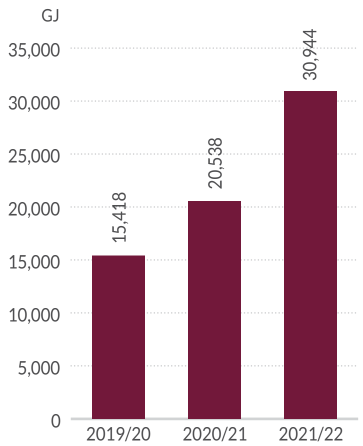


GRI Disclosure: 301 - 1, 2 and 302-1

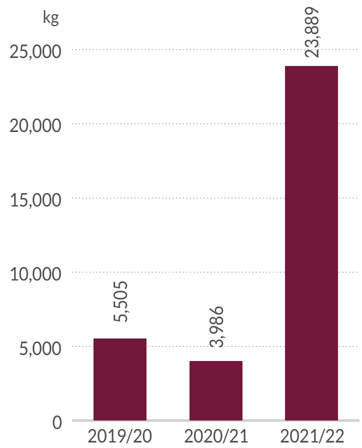
NATURAL CAPITAL

The key development in terms of managing our natural capital was the ECLIPSE app, which reduced our paper consumption and travel time substantially. Previously, loan approvals required multiple copies of documentation; however via the systemized electronic approval process, usage has decreased to nearly zero, thereby creating a positive impact on the environment.

Energy Consumption-Finance



Paper Recycled-Finance



FINANCIAL CAPITAL

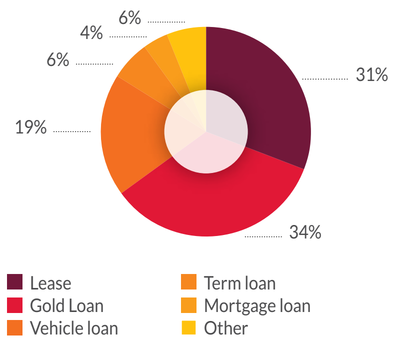
Against a challenging backdrop, L B Finance recorded a growth in both profits and assets, bolstered by a stable reputation, flexible infrastructure and optimised service levels. Our strongest performer was the gold loans segment, which contributed towards 32% of the company's loan book, and demonstrated a 26% growth to reach a value of LKR 46.2 Bn. Overall loan growth was recorded at 18%. The company achieved a profit before tax of LKR 14 Bn, with LKR 5.3 Bn incurred as taxes, to reach a profit of LKR 8.5 Bn, a 25% growth compared to the previous year.

The company maintained a net interest income of 17% due to the prevailing low interest environment at the beginning of the year. Due to our efforts to optimise costs, our cost to income ratio improved from 31% to 29%, marking the lowest ratio recorded in the last decade of the company's history. Through our maintenance of good credit underwriting and a strong recovery system, we were able to achieve one of the industry's best NPL ratios. Furthermore, our capital base exhibited a growth of LKR 4.8 Bn during the year. The company acquired Multi Finance PLC during the year, through an investment of LKR 400 Mn.

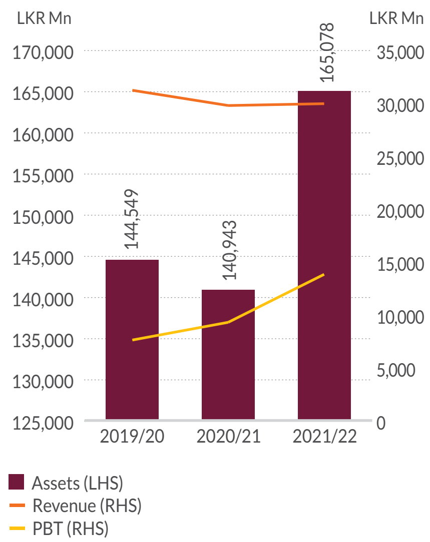
Key Performance Indicators	2021/22	2020/21	% change
Net operating income (LKR Mn)	12,857	10,997	17
Profit after tax (LKR Mn)	8,476	6,806	25
Return on equity (%)	31	24	7
Operating margin (%)	46	36	10
Net profit margin (%)	28	23	5

Overall Performance

Loans and Leases-Product Mix



Revenue, PBT, Assets Finance



Outlook and Plans

Towards August 2021, the low interest rate climate began to display an increasing trend. While this development specifies a higher interest expense going forward, the climate resultantly becomes conducive for investments, represents a positive environment for the sector. However, the prevailing socio-economic and political turmoil will undoubtedly impact purchasing power and loan repayments. Therefore, the company will take a prudent, cautious approach in order to maintain acceptable credit levels, while focusing on digital channels to enable cost-efficiency across all business units. We believe that our current infrastructure will support our strategies, and enable us to capture growth opportunities and deploy short-term, adaptive interventions in order to address disruptions, and meet the needs of our stakeholders.

FINANCE

Snapshot of Value Creation

Capital	Capital Input	Activities
FINANCIAL CAPITAL	**LKR 33,337 Mn** equity **LKR 35,423 Mn** debt **LKR 89,144 Mn** deposits	• Disciplined financial management including treasury management and cost optimisation initiatives
MANUFACTURED CAPITAL	Head office, 181 branches, 12 Gold Loan Centres **24** CDM machines **LKR 12,005 Mn** CAPEX	• Relocation of branches • Conversion of service centres to branches • Acquisition of Multi Finance PLC
INTELLECTUAL CAPITAL	Strong reputation and brand R&D investment IT investment	• Process improvements • New product development
HUMAN CAPITAL	**3,822** members in the workforce **LKR 3.8 Mn** investment in training	• Recruitment • Skills development • Maintaining health and safety protocols • Employee compensation, benefits and performance incentives
SOCIAL AND RELATIONSHIP CAPITAL	**LKR 12.9 Mn** community investment	• Community recruitment • Community engagement
NATURAL CAPITAL	Responsible resource usage	• Efficiencies in resource management

Sector Contribution to the Group

LKR 165.07 Bn
58% of Assets

LKR 29.98 Bn
31% of Revenue

LKR 11.72 Bn
36% of PBT

Output/Outcome	UNSDGs	Stakeholders
0.58% y-o-y growth in revenue **25%** y-o-y growth in profit before tax	8	Shareholders and Investors
Island-wide reach **LKR 165,078 Mn** in asset value **889 Mn ATM** transactions	9, 11	Customers, Business Partners, Employees, Society, Environment
Top-of-mind brand recall Streamlined services High levels of customer satisfaction Cost-efficiencies	9, 8	Employees, Customers, Environment
Employee well-being Higher productivity Service-oriented workforce **1,734** new recruits **55%** employee retention	3, 4, 5, 8, 10	Employees
Community trust and support Community development	1, 8, 10, 17	Customers, Business Partners, Society
Paper Recycled 23,389Kg	12	Environment

LKR 24.04 Bn
46% of CAPEX

5,557 tCO_2
3.6% of Carbon footprint

3,822
29% of Employees

ALUMINIUM

"With over a decade in business Swisstek Aluminium is renowned for its premium quality aluminium extrusions, manufactured for the local and global stage.

LKR 7.5 Bn
Total Assets

LKR 7.3 Bn
Revenue

LKR 0.55 Bn
Profit before Tax

408
Employees

ALUMINIUM

"The company's expertise lies in the manufacture of an array of aluminium profiles in line with British standards, ranging from hardware to general applications to architectural solutions.

With over a decade in business Swisstek Aluminium is renowned for its premium quality aluminium extrusions, manufactured for the local and global stage.

Now, the undisputed leader in the local market commanding more than 41% market share, Swisstek Aluminium has diversified towards exporting aluminium products. The company's expertise lies in the manufacture of an array of aluminium profiles in line with British standards, ranging from hardware to general applications to architectural solutions.

Scope and Structure

SWISSTEK ALUMINIUM FOR THE PERFECT FINISH

Swisstek Aluminium Ltd.

8,400 Mn MT p.a
production capacity Dompe

Operating Context

An uptick in the sector

- A moderate expansion of 1.9% in value-added construction was witnessed, in comparison to the -13.2% of the previous year.
- As the economy began to revert to normalcy, many of the projects which came to a standstill in the previous year began to recommence.
- The re-emergence of the COVID-19 pandemic at the beginning of the year restricted the industry's progress temporarily, however activities began to pick up as the third wave subsided.

Challenging conditions

- Due to the impact on consumer income streams during the pandemic, the market for aluminium solutions performed at an average level.
- The global demand for aluminium continues to rise, resulting in the sector experiencing a short-fall of material within the international market.
- The industry continues to be characterized by intense competition and price undercutting.
- The depreciation of the rupee towards the latter part of the year impacted costs and the decline of foreign reserves impacted the ability to source raw material.
- Scheduled power cuts imposed by the government challenged industry wide manufacturing capabilities, leading organisations to seek alternate solutions.

Market Dynamics

Challenges and Risks

- Macroeconomic imbalances and socio-political instability
- World market aluminium price trends
- Geo-political and global economic uncertainties
- Exchange rate fluctuations and a dependence on imported raw material
- The potential for supply chain disruptions
- An intensely competitive market

Opportunities

- Emerging economy
- Increasing urbanisation and the rise of the middle class
- The recommencement of construction activities
- Opportunities for local procurement

Our Response

Strategic Response

- Strong marketing communications
- Innovation and technology
- Cost rationalisation
- Product diversification

Value enablers

- Solid brand and market reputation
- A strong distribution channel
- Quality and standard certifications
- Investments in technology
- A dedicated workforce
- Strong supplier relations
- State-of-the-art manufacturing plant
- Robust MIS leadership

ALUMINIUM

Creating Value...

The aluminium sector was impacted by many fluctuations experienced on a global and local scale. While the construction industry experienced a moderate growth, the combined effects of the third wave of the pandemic at the commencement of the year, combined with the challenges experienced through declining foreign reserves led to the need for continuous adaptation, proactiveness and the reinvention of strategy. The sector continued to anticipate and respond to external trends, while formulating and implementing initiatives to ensure stability and strength amid adversity.

by Enforcing our Strategies

Strategic Response	Strong marketing communications	Innovation and technology	Cost rationalisation	Product diversification
Capitals				
Principle	To cultivate stronger relationships with customers and the general public to ensure higher top of mind awareness and improve likelihood of purchase.	To adopt digitalisation across all processes and activities, to ensure streamlined operations and improved decision-making.	To seek out, implement and monitor cost-saving initiatives to improve profitability.	To engage in research and development and launch new products in line with market demands and trends.
Initiatives for 2021/22	• Launching the Alupenters web portal and app enabled all aluminium fabricators to join a single platform, thus adding value to all players in the industry and enabling sector progress. • An aggressive pursuit of marketing activities through door-to-door sales and online channels enabled the company to build market share and gain leadership. • The company has in place a range of 'reality centres' that provide an immersive experience of our products.	• We implemented the digitalisation of key operational functions, investing in inventory monitoring, robotic process automation, machine data capturing and production data capturing. • We are currently in the process of implementing SAP across the organisation. • Such mechanisms will undoubtedly result in improved organisation-wide efficiency and productivity.	• A special taskforce (STF) was deployed under the leadership of the CEO to drive efficiency enhancing initiatives. • We deployed staff to increase manufacturing local billets, thereby enhancing domestic procurement and improving our margins. We continue to focus on alternate sources of supply to drive down costs. • A wastewater recycling is being implemented, with the capacity to re-use 50% of water consumed, which will result in significant cost savings in the coming year. • A strong relationship with our global suppliers and timely forecasts enabled us to obtain attractive cost structures despite increasing demand.	• Our new product range grew by 16% and enabled the company to realise significant gains. • Despite a challenging environment, we continue to focus on developing new products.

MANUFACTURED CAPITAL

During the year, we engaged in enhancing our manufactured capital, utilizing an investment of LKR 40 Mn on total expansion across our facilities. This included the building of a fully-fledged canteen to enhance our workforce's quality of life, the expansion of storage capacity for local billets by more than 40,000 square feet, and the expansion of our powder coating building by 15,000 square feet. In anticipation of market fluctuations, we maintained sufficient stock levels in order to meet demand.

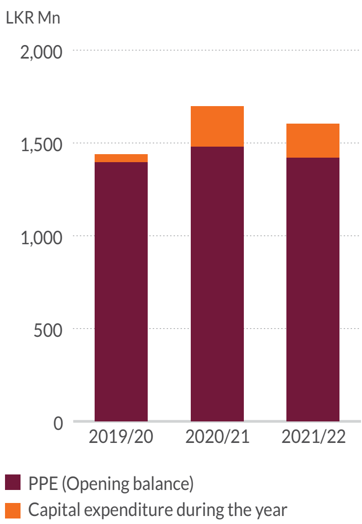
The company also possesses a range of centres situated across Sri Lanka, in 7 locations. The company defines these locations as 'Reality Centres' to denote the authenticity of our solutions.

7 Reality centres

LKR 7.5 Bn in asset value

LKR 40 Mn invested in capacity expansion

Capex Investment



ALUMINIUM

SOCIAL AND RELATIONSHIP CAPITAL

Customers

At Swisstek Aluminium, our value proposition to our customers transcends selling mere tangible products. We believe in creating living spaces within spaces, offering aluminium solutions designed to elevate lifestyles.

During the year, we pursued a range of marketing strategies, activities and articulations to tap into our potential market, which enabled us to drive improved performance amid a challenging year. The company optimised product availability, accessibility and affordability, while driving marketing and branding communications across virtual platforms and door-to-door sales.

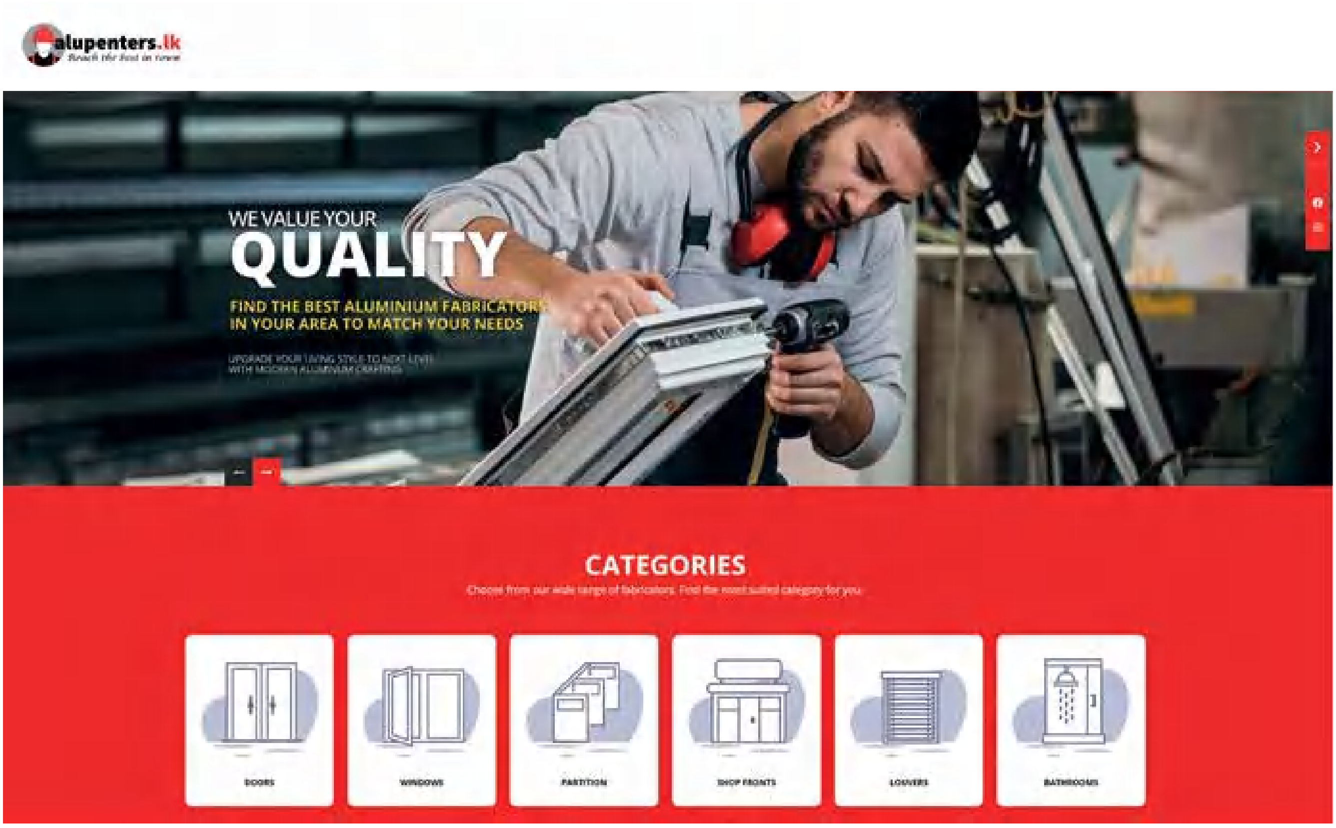
We currently are a Joint Business Partner of Daraz.lk, with over 15,000 followers engaging with us, in addition to possessing a strong presence on Facebook and other social media platforms.

A landmark development was the launch of the Alupenters network, conceptualised and deployed entirely by Swisstek Aluminium. The portal and app bridge the gap between companies and aluminium fabricators, and creates a strong network that empowers industry growth.

15,000+ followers on Daraz

100,000+ followers on Facebook

730+ fabricators on Alupenters.lk

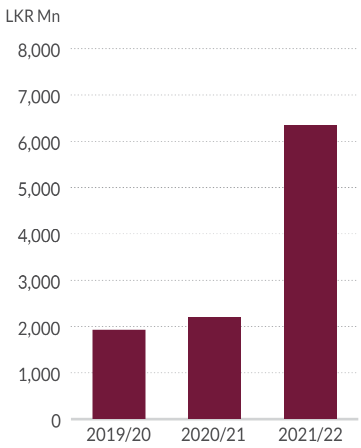


Suppliers

Swisstek Aluminium works with a range of international and domestic suppliers to source essential raw material. We maintain strong partnerships with our international partners, thus ensuring we obtain the best possible rates in the global market, and thereby improve our expenditure.

The company continued to seek out local suppliers in order to mitigate the impact of foreign exchange and disruptions to the supply chain. In line with these developments, we will continue to maximise and expand our local procurement base in the years ahead.

Procurement Expenses



LKR 2.3 Bn spent on Local procurement

Community

We continue to engage with our surrounding community, actively and consciously supporting their activities and initiatives through donations and essential food items.

INTELLECTUAL CAPITAL

Swisstek Aluminium is built on processes designed to offer the utmost efficiency and productivity, and therefore invests considerably in automation and digitisation initiatives across all key business activities. During the year we initiated a stock counting app to ensure inventory management was optimised, while incorporating machine data capturing and production data capturing to improve our overall analytics and decision-making capabilities.

We are currently in the process of implementing SAP across the organization, which will further reinforce the aforementioned process improvements and ensure greater productivity is achieved.

While continuing to uphold standards required by the SLS certification, we incorporated the label into our products to improve awareness regarding the exceptional quality we represent as a brand.

Furthermore, our focus on excellence and quality enabled us to achieve the following standards in the year under review:

- Green Labelling System Certification
- ISO 14001:2015 (EMS) Certification
- Fire Clearance Certification
- Green Building Council Certification

The company consistently pursues new product development and product diversification in order to improve our customer proposition and meet their needs. Accordingly, LKR 30 Mn was invested in new product development during the year.

HUMAN CAPITAL

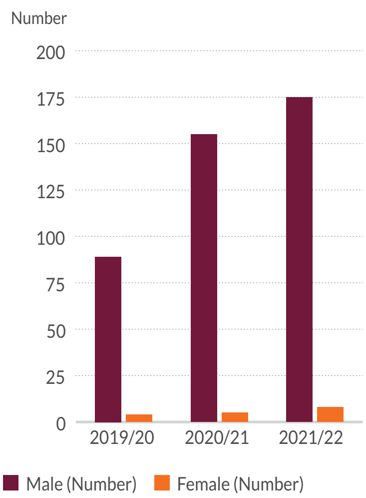
The company was recognised as a 'Great Place to Work' during the year, earning 77 points out of a possible 100. While collective bargaining exists within the organisation, we maintain a cordial relationship and open door culture ensuring that any individual can approach the senior management with any concerns or grievances.

A range of policies are in place to ensure equal opportunity and employee welfare, with all new recruits being familiarized with their content prior to joining the organisation. We remain dedicated towards enhancing employee capabilities and knowledge, and therefore conduct a range of internal and external training programmes, both on-premise and via online platforms. In addition to structured training, the company's Toastmaster's programme serves to create well-rounded employees and ensure they achieve self-development.

ALUMINIUM

We continue to value employee health and safety, and ensured over 90% of our employees were fully vaccinated in order to safeguard their health amid the pandemic. The company was additionally awarded by the CPM and ranked among companies with the Top 10 Best Management Practices: Back to Business in the New Normal, in recognition of its strategies and processes.

Employee Recruitments



GRI Disclosure: 302 - 1, 305 - 1

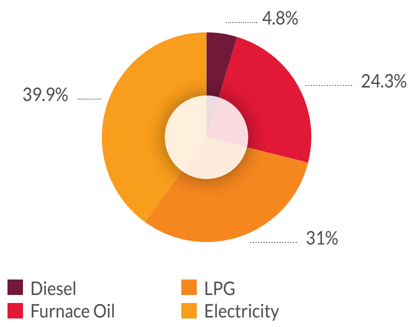
NATURAL CAPITAL

Responsible resource management remains a priority within the organisation. We continue to manage our emissions according to the relevant standards, and minimize our overall consumption of our natural capital

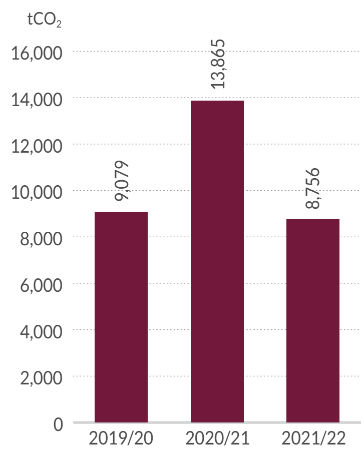
Despite our efforts in this regard, an unavoidable growth in energy costs was recorded, as the company was required to rely on diesel powered generators to maintain business continuity, due to government imposed power outages.

The company also deployed a 1,500 KW solar generation project following a LKR 156 Mn investment, thereby contributing 2.1 GWh to the national grid annually. We are also in the process of implementing a wastewater recycling project designed to optimise our water consumption and thereby are expecting a considerable cost saving of LKR 12 Mn per year. We further collaborated with our community to plant 50 trees in our vicinity, in order to retain resources for future generations.

Energy Consumption



Emissions



Renewable Energy Project:

LKR 156 Mn
Invested

2.1 GWh
Generated Annually

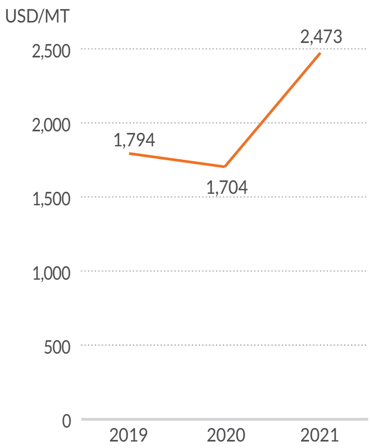
30 %
of our power consumption requirement

Sector Performance

FINANCIAL CAPITAL

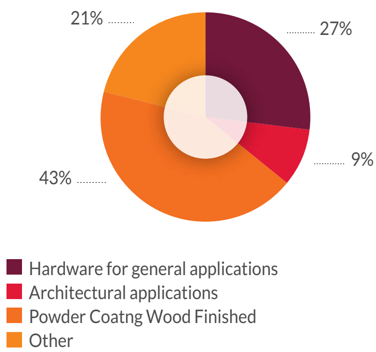
Despite industry-wide challenges, Swisstek Aluminium recorded both top-line and bottom-line growth, following its proactive strategies on aggressive marketing campaigns. Operational excellence and sales leadership while recording production levels of 6,886 MT, which denoted a 50% year-on-year growth our sales recorded a growth of 87% to reach a total of LKR 7.3 Bn.

Global Aluminium Prices (Annual Average)



Source: World Bank Commodity Prices

Sector Revenue Composition



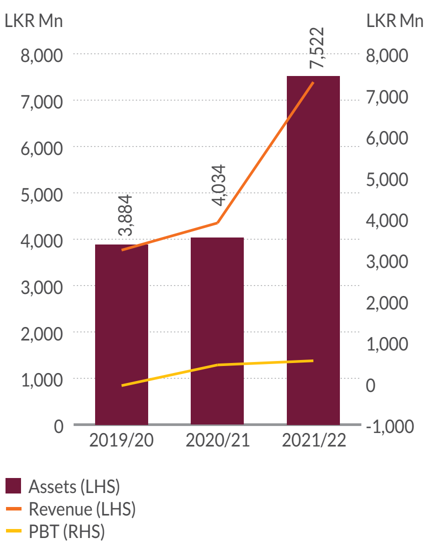
Key Performance Indicators	2021/22	2020/21	% change
Net operating income (LKR Mn)	696	620	12
Profit after tax (LKR Mn)	454	341	33
Return on equity (%)	28	24	4
Operating margin (%)	10	15	(5)
Net profit margin (%)	6	9	(3)

Our business growth was primarily attributable to the value-added sector, with powder coating growing by 45%, and new product growth exhibiting a notable triple digit growth of 161%. Despite the significant growth in revenue, the company's performance was negatively impacted by the depreciation of the rupee. Despite the unrealised forex loss, the company was able to record 33% growth in profitability, greater than that of the previous year.

Outlook and Plans

With rising interest rates and the depletion of foreign exchange and essential resources, we predict a constricted industry environment going forward. Due to dwindling purchasing power and a focus on more basic needs, construction will invariably take a back seat. Furthermore, due to import concerns and supply chain disruptions and delays, many parties will not wish to commence any new projects, thereby resulting in a significant drop in consumer sentiment and industry volumes.

Revenue, PBT, Assets



As the environment becomes increasingly challenging to predict, the company will be compelled to reflect world market prices. However, due to our current positioning, the company remains positive about the future, and will continue to diversify into new product portfolios, while continuing to anticipate change through proactive, farsighted strategies and initiatives.

ALUMINIUM

Snapshot of Value Creation

Capital	Capital Input	Activities
FINANCIAL CAPITAL	**LKR 1,625 Mn** equity **LKR 3,789 Mn** debt	• Disciplined financial management including inventory control and cost optimisation initiatives
MANUFACTURED CAPITAL	State-of-the-art manufacturing plant in Dompe **LKR 1,598 Mn** CAPEX **7** reality centres	• Manufacturing of aluminium extrusions and profiles • Capacity expansion and infrastructure development • Maintenance of reality centres
INTELLECTUAL CAPITAL	Strong reputation and brand **LKR 5.69 Mn** R&D investment IT investment	• Process improvements • New product development • Quality and standard certifications
HUMAN CAPITAL	**408** members in the workforce **LKR 0.11 Mn** investment in training	• Recruitment • Skills development • Maintaining health and safety protocols • Employee compensation, benefits and performance incentives
SOCIAL AND RELATIONSHIP CAPITAL	**390+** dealers and distributors **LKR 5.7 Mn** community Investment	• Dealer engagement • Customer relationship development • Marketing activities • Community engagement
NATURAL CAPITAL	Responsible resource usage **1,989 MT** recycled input materials in production **42 Mn** litres Water **67,119 GJ** Energy	• Renewable energy • Wastewater recycling system • Emissions management

Sector Contribution to the Group

LKR 7.52 Bn
3% of Assets

LKR 7.31 Bn
7% of Revenue

LKR 0.55 Bn
2% of PBT

Output/Outcome	UNSDGs	Stakeholders
87% y-o-y growth in revenue **22%** y-o-y growth in profit before tax	8 Decent Work and Economic Growth	Shareholders and Investors
LKR 7,522 Mn in asset value **8,400 MT** per annum production of quality aluminium extrusions Improved reach **82%** Capacity utilisation	9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities	Customers, Business Partners, Employees, Society, Environment
Top-of-mind brand recall Streamlined production Improved customer value Cost-efficiencies	9 Industry, Innovation and Infrastructure 8 Decent Work and Economic Growth	Employees, Customers, Environment
Employee well-being Higher productivity **183** new recruits **55%** employee retention	3 Good Health and Well-Being 4 Quality Education 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities	Employees
Loyal partnerships Positive customer sentiment Community trust and support Community development	1 No Poverty 8 Decent Work and Economic Growth 10 Reduced Inequalities 17 Partnerships for the Goals	Customers, Business Partners, Society
GreenSL certification Environmentally friendly production systems Consumption of recycled material	7 Affordable and Clean Energy 12 Responsible Consumption and Production 13 Climate Action	Environment

LKR 1.6 Bn
3% of CAPEX

408
3.1% of Employees

8,757 tCO_2
5.6% Carbon Footprint

PLANTATIONS

"Our plantations sector comprises Horana Plantations PLC, one of Sri Lanka's premier diversified regional plantation companies, specialising in production, processing and marketing.

LKR 3.9 Bn
Total Assets

LKR 2.5 Bn
Revenue

LKR 0.06 Bn
Profit before Tax

4,186
Employees

PLANTATIONS

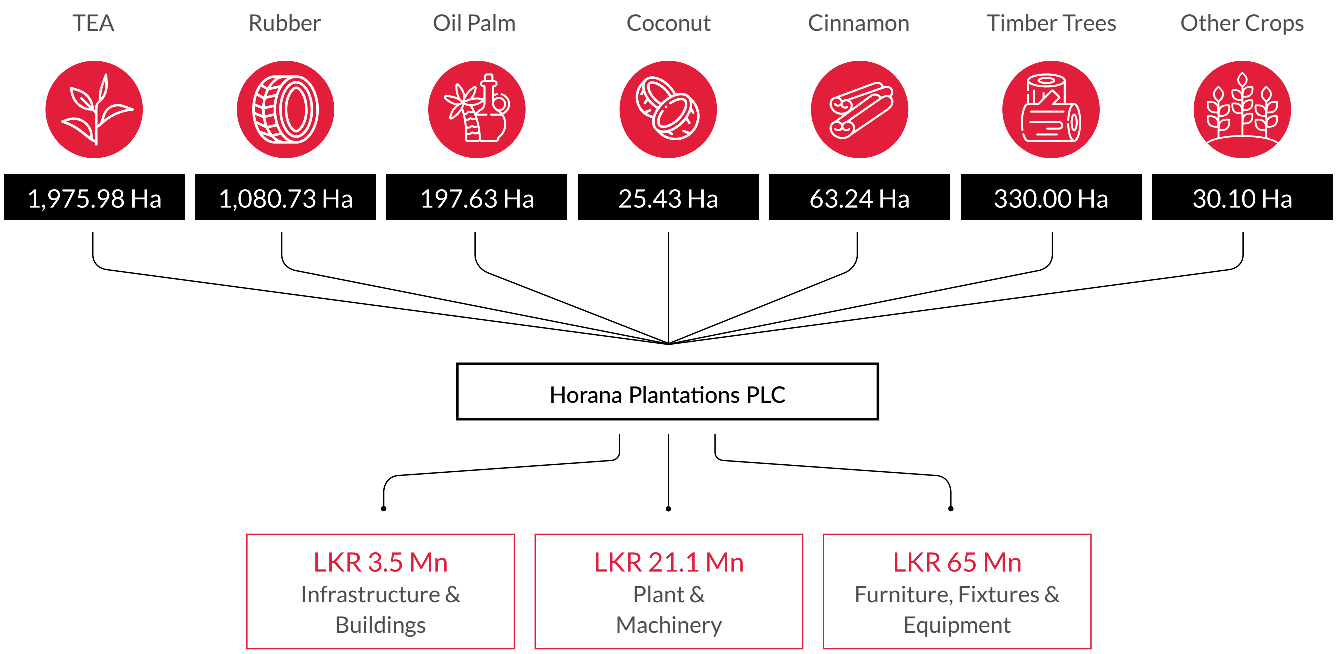
"The company's market capitalisation on the Colombo Stock Exchange stands at LKR 268 Mn as at the year-ended 31st March 2022.

Our plantations sector comprises Horana Plantations PLC, one of Sri Lanka's premier diversified regional plantation companies, specialising in production, processing and marketing.

With 14 estates spanning over 6,519 hectares, Horana Plantations primarily engages in the cultivation of tea and rubber, with a recent diversification into other crops including oil palm, coconut, cinnamon, and other minor crops.

The company's market capitalisation on the Colombo Stock Exchange stands at LKR 268 Mn as at the year-ended 31st March 2022.

Scope and Structure



Operating Context

Industry performance

- While the plantations industry contributes towards approximately 30% of the nation's GDP, the industry is often characterized by volatility in terms of revenue growth and profitability.
- Key concerns are with respect to intermittent policy changes, low-yielding crops, labour concerns, and varying weather conditions.
- The national gross sales average of tea dropped by LKR 2 during the year, while the Pestalotiopsis leaf disease continued to ravage the rubber industry, impacting 28% of the crop.
- The country recorded a growth in exports with respect to tea, rubber and other crops.
- The Russia-Ukraine conflict began to impact market dynamics during the latter part of the year.

A challenging backdrop

- The sector faced a particularly challenging year, which continued to heavily impact cost structures.
- These were primarily led by government-imposed bans on chemical fertilizer and weedicides, wage increases, high levels of labour turnover, and the far-reaching impacts of the COVID-19 pandemic on the supply chain and other associated costs.
- A gazette issued in 2021 banned oil palm cultivation, which is a lucrative investment, offering greater profitability per area of land in comparison to other commodities.
- The Pestalotiopsis leaf disease and adverse weather conditions negatively impacted rubber production during the year.

Market Dynamics

Challenges and Risks

- Unpredictable weather conditions, and risk of disease
- Bans on chemical fertilizer, weedicide and oil palm cultivation
- Dwindling energy sources, including fuel and electricity
- Volatile market conditions
- COVID-19 impact on health and safety
- High labour turnover and wage increases

Opportunities

- A growing demand for alternate crops
- Demand for value-added teas and other crops
- Relying on the digital revolution to gain improved reach
- Emerging untapped Asian markets

Our Response

Strategic Response

- Crop Diversification
- Improvements in Productivity
- Sustainable Practices
- Quality and Standards
- Responsible Partnerships
- Cost Optimisation

Value Enablers

- A reputation for quality
- Upgraded, state-of-the-art facilities
- Strong, long-term partnerships with buyers
- Diversified operations
- Sustainable processes and policies
- The trust and support of the surrounding communities

PLANTATIONS

Creating Value...

The COVID-19 pandemic and ad-hoc policy changes continued to burden the sector, however, the company relied on strong policies and strategies, which enabled us to overcome constraints and minimize the adverse effects of the macroeconomic environment experienced during the year under review. Our firm commitment lies in implementing sustainable, long-term interventions designed to ensure business continuity amid an extremely volatile environment, and create opportunities out of challenges.

by Enforcing our Strategies

Strategic Response	Crop Diversification	Improvements in Productivity	Employee Engagement
Capitals			
Principle	Exploring lucrative crops with greater profitability and demand, and phasing out low-performing, commercially unviable cultivations to minimize risk.	Enhancing productivity through process improvements and technological advances to drive improved outcomes and maximise revenue.	Continuously motivating and rewarding employees to ensure they remain motivated and productive, while focusing on their well-being.
Initiatives for 2021/22	• Due to the high levels of labour turnover experienced across the industry, the high costs of production, the ban on oil palm cultivations, and adverse impacts on rubber, the company continues to explore alternate crops with low labour involvement. and a higher return on investment. • As such, Horana Plantations remains invested in expanding our coconut plantations, and diversifying into timber, and other crops.	• Deploying rain guards for Rubber trees in order to minimise the loss on crop due to adverse weather conditions. • All our factories run via automated systems to ensure streamlined operations and cost-efficiencies. • The company implemented a Tea Collection Automation Solution using IOT and Artificial Intelligence to improve this process and provide a foolproof collection and attendance solution for Estate Management.	• Our foremost priority lay in maintaining the health and safety standards in the workplace, particularly in adherence to COVID-19 prevention guidelines. • Training, development and performance management, motivation and empowerment are practiced across the organisation. • We practice revenue-harvesting on non-wage models, i.e., revenue share model and kilo basis tapping.

GRI Disclosure: 103 - 2, 3

Sustainable Practices	Quality and Standards	Responsible Partnerships	Cost Optimisation
Engaging in eco-friendly, sustainable practices, as an entity linked intrinsically with the surrounding environment, to ensure long-term growth and continuity.	To leverage on a reputation for high quality, supported by internationally recognised standards and certifications to drive greater demand.	Closely engaging with our stakeholders to ensure all parties remained aligned with the vision and objectives for the sector.	Streamline and improve the efficiency of factory systems and processes to drive higher levels of cost-efficiency.
• Introducing sustainable agricultural processes, including regenerative agriculture, via a weed buy-back programme. • Production of Vermi-Tech, an environmentally friendly alternative for crop protection, developed in collaboration with the Wayamba University. • Introduction of renewable energy sources to mitigate the rising cost of fuel and minimize our environmental impact. • Adhering to internationally recognized environmental standards.	• We continue to adhere to industry best practices across all aspects of our operations, thereby promoting trust among our customer base. • The company adheres to quality guidelines and frameworks set by well-renowned certification bodies with respect to products and processes.	• We value our surrounding communities, and drive initiatives designed to uplift and safeguard their way of life. • A well-structured programme enables us to support the estate community with housing, water and sanitation facilities; healthcare; and skills development for the youth. • In collaboration with DP Education, online classes were conducted to facilitate the education of estate children of Horana Plantations during the COVID pandemic.	• We continue to map and monitor our expenditures to ensure no wastage occurs, while maximising our investments to ensure productivity and cost-efficiencies. • We continued to pursue process improvement initiatives, with a particular focus on minimizing energy costs.

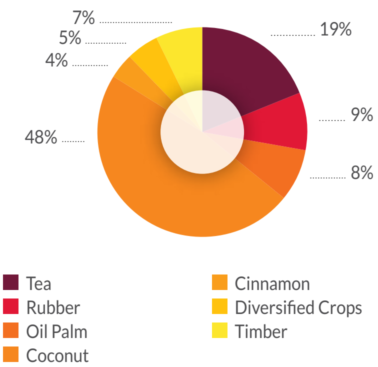
PLANTATIONS

by Managing our Capitals

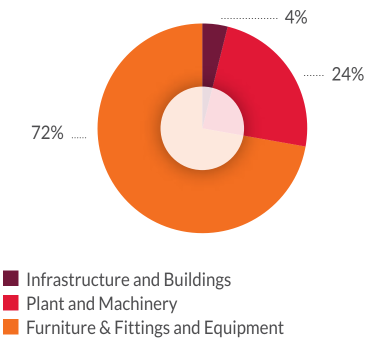
MANUFACTURED CAPITAL

Horana Plantations undertook the replanting of major crops such as Tea, Rubber and Coconut during the period under review. Crop diversification into coconut and other diversified crops mitigate the risk of dependency on other major crops. Therefore, the company invested LKR 85.6 Mn and 16.3 Mn in terms of coconut and other diversified crops respectively during the period. In a bid to enhance production capacity and efficiency, we also invested in upgrading plant, machinery and infrastructure during the year.

Biological Asset Additions in 2021/22



Fixed Asset Additions in 2021/22



SOCIAL AND RELATIONSHIP CAPITAL

Community

With over 25,000 individuals living on our plantations, Horana Plantations remains responsible for the well-being of the population, including its workforce. We therefore continue to maintain sound relationships with those in the surrounding communities, as well as those residing in our plantations.

Our key areas of focus with respect to the communities in which we operate, include, improvement of living standards, elderly care, nutrition and health, and community welfare. In line with these principles we have three structured community development programmes in place:

Project	Purpose
"Safe Haven" for all at Horana Plantation	To provide and accommodate a home for every worker on our plantations
Save the Children	To better understand child rights within its plantation and within the tea supply chain so as to provide a safe and protective environment to live in
Online Education Platform for School Children - DP Education	To ensure continued education amid the pandemic

28,296
Individuals impacted

LKR 29 Mn
Invested

The company closely partners with reputed institutes and organisations to conduct research integral to crop management and protection. During the year, the following research projects were undertaken:

The Faculty of Agriculture – Wayamba University of Sri Lanka

- Determination of Sucrose, Glucose and Fructose Levels in high grown tea using the high-performance liquid chromatography technique
- Determining the most suitable ratio of cattle urine and fish tonic to enrich the level of organic fertilizer mixture.

CIC Fertilizer (Pvt) Ltd

- Development of cost-effective slow releasing fertilizer mixture for the mechanical plucking seedling Tea's

PLANTATIONS

INTELLECTUAL CAPITAL

The following awards were garnered during the year as further testament to our operational and business excellence:

Merit Award – Gouravilla Estate

National Cleaner Production Awards 2021 (National Cleaner Production Center, Sri Lanka)

Runner up - Agriculture & Plantations Sector

National Business Excellence Awards 2021
(National Chamber of Commerce of Sri Lanka)

Our key differentiator lies in the quality and standards we uphold at every stage, listed below. We possess the distinction of being the first tea plantation company to obtain Eco-Labelling certification during the year.

Estate/ Factory	Environmental	Food Safety	Ethical Practices	Quality
Alton	• Rainforest Alliance • GHG Inventory Verification • Eco Label	• ISO 22000:2018 • HACCP	• ETP • Fairtrade	
Stockholm	• Rainforest Alliance • GHG Inventory Verification • Eco Label	• ISO 22000:2018 • HACCP	• ETP • Fairtrade	
Gouravilla	• Rainforest Alliance • GHG Inventory Verification • Eco Label • ISO 14001: 2015 EMS	• ISO 22000:2018 • HACCP	• ETP • Fairtrade	
Mahanilu	• Rainforest Alliance • GHG Inventory Verification • Eco Label	• ISO 22000:2018 • HACCP	• ETP • Fairtrade	
Fairlawn	• Rainforest Alliance • GHG Inventory Verification • Eco Label	• ISO 22000:2018 • HACCP	• ETP • Fairtrade	
Eildonhall	• Rainforest Alliance • GHG Inventory Verification • Eco Label	• ISO 22000:2018 • HACCP	• ETP • Fairtrade	
Tillicoultry	• Rainforest Alliance • GHG Inventory Verification • Eco Label	• ISO 22000:2018 • HACCP	• ETP • Fairtrade	
Bambrakelly	• Rainforest Alliance • GHG Inventory Verification • Eco Label	• ISO 22000:2018 • HACCP	• ETP • Fairtrade	
Neuchatel	FSC			ISO 9000:2015
Frocester	FSC		Fair Rubber	ISO 9000:2015
Millakanda		ISO 22000:2018		
HACCP	ETP			

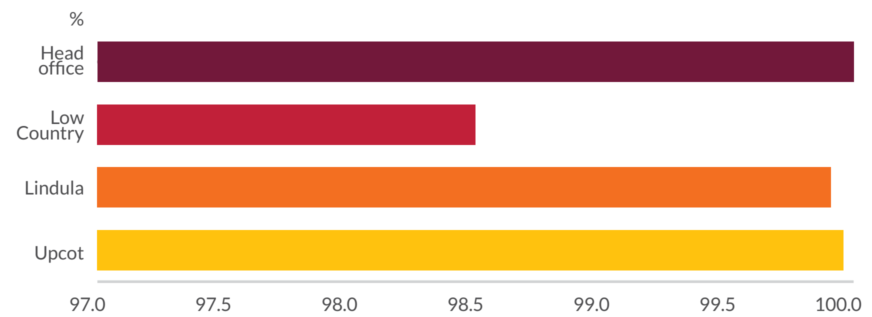
HUMAN CAPITAL

The company has a range of policies with respect to its human resources, detailed below:

- Sexual Harassment Policy
- Child Labour Policy
- Gender Equality Policy
- Employment Policy
- Social Policy
- Child Protection Policy
- Occupational Health & Safety Policy
- Anti-bribery Policy
- Anti- discrimination and Anti-harassment Policy
- Anti-forced Labour Policy
- Freedom of Association Policy

The company practiced stringent guidelines with respect to COVID-19, and encouraged its employees to become vaccinated. All protocols were followed, and support given to infected employees.

COVID-19 Vaccinations



PLANTATIONS

GRI Disclosure: 302 - 1

NATURAL CAPITAL

The company continues to follow sustainable agricultural practices, including regenerative agriculture, resource conservation and the usage of organic fertilizer, to name a few. The following policies are in place to ensure the company has a minimal impact on the environment.

The Green Planet tree planting programme was officially launched on the 1st January 2022 by planting of 1,000 native plants in our plantations located in the Central Hill country and Horana. Our goal is to plant 500,000 trees to protect the environment and to increase the richness in biodiversity.

Sustainability Policies
Environmental Policy
Environment and Social Impact Assessment Policy
Ecosystem Restoration Policy
Energy Management Policy
Waste Management Policy
Water Conservation Policy
Wildlife Policy
Biological Diversity and RTE Species Conservation Policy
Alien Invasive Species Removal Policy
Agro Chemical use Policy
Pest and Weed management Policy

Sustainability Initiatives
Bio Diversity Conservation (Ex- Conservation Areas, Buffer Zones, High Conservation Areas,
Habitat Restoration (Ex- Leopard Corridor, Conservations plots, Riparian Buffer Zones)
Waste Management and Recycling (Compost Production, Waste Segregation)
Reduce the usage of Non-renewable energy (Reduce Electricity and Fuel Usage)
Reduce Water Usage (Water Treatments, Test Reports,)
Switch to Renewable Energy (Solar Panels, Hydropower Plants)

16,714 GJ
Energy
(30%)

125 Mn ltrs
Water
11.6%

42 Mn ltrs
Effluent water treated & discharged
43%

Minimizing Resource Consumption

In order to minimize our impact on the environment and mitigate the rising cost of energy, the company's renewable energy investment across 5 factories resulted in a 40% reduction of electricity cost. We hope to deploy solar energy across 3 more facilities, thereby enabling a 70% reduction in energy cost.

The company also utilized 1.7 Mn kg of weeds to make compost through its weed buy-back process.

We are also exploring the possibility of commissioning new hydropower plants at the Bambrakelly, Mahanilu and Fairlawn/ Mincinglane estates. The Company anticipates and works towards Carbon neutrality by 2030 by implementing above projects.

Stockholm Tea Factory - Horana Plantations PLC

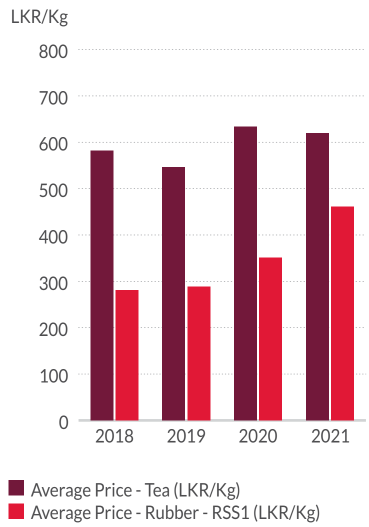
PLANTATIONS

FINANCIAL CAPITAL

Despite the inescapable headwinds faced across the industry, our plantations sector recorded a growth in revenue, due to the focused management of multiple factors including agriculture, quality, human resources and viability that enabled us to weather the storm. Stringent management of costs, innovation and sustainable practices were three primary contributors towards softened the blow of the adverse conditions faced during the year, thus resulting in a higher profit before tax margin being witnessed in 2021/22.

Key Performance Indicators	2021/22	2020/19	% change
Net operating income (LKR Mn)	207	56	270
Profit after tax (LKR Mn)	27	(94)	128
Return on equity (%)	3	(12)	15
Operating margin (%)	8	3	5
Net profit margin (%)	1	(4)	5

Average Price - Tea & Rubber



The uncertainty and ambiguity of the market dynamics during the year greatly impacted sector performance; with a heavy toll realised by the government-imposed bans on fertilizer, weedicides and oil palm cultivations still inhibiting the industry from reaching its true potential.

Tea

As a perennial, vegetative crop that grows year-round, fertilizer is critical for leaf growth. The ban on chemical fertilizer had a significant impact on operations. Furthermore, the ban on glyphosate influenced crop protection, thereby directly impacting the business. Despite engaging in regenerative agriculture, a resultant increase in cost of production was witnessed, further exacerbated by the movement restrictions which came into place during the year. While market prices rose, the rising cost structures continued to place pressure on margins, which were further brought down by the 3% government-mandated wage increase for plantation workers.

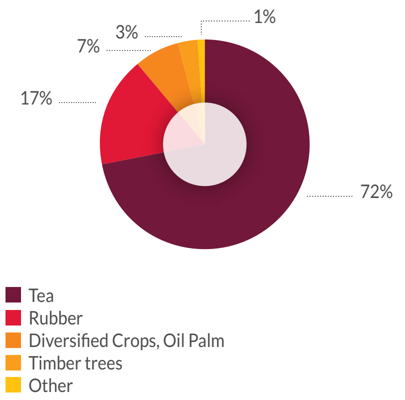
Rubber

The rubber industry was characterized by volatile weather, and the Pestalotiopsis leaf disease, which saw crop production contract by 28%. The company took steps to mitigate this through the introduction of rain guards to ensure continuity. Given the low viability of the crop, the company continues to phase out the rubber plantations to make way for new, more rewarding cultivations.

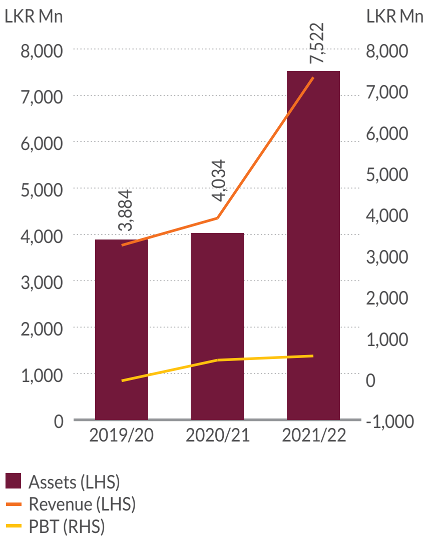
Oil Palm

While the oil palm remains at present one of the sector's most profitable crops, the government's ban on cultivation has impacted any further expansion in this regard. Therefore, the company continues to explore new opportunities for growth.

Sector revenue composition



Revenue, PBT, Assets



Outlook and Plans

While the year under review was not without its challenges, the year to come seems far more daunting. Anticipating the current conditions to remain static, the industry will further be fraught with higher input costs, including the skyrocketing costs of packaging, fertilizers, chemicals and fuel.

As one of the nation's key export earners, agriculture holds the power to support the nation's economy at this juncture. We remain mindful of our role in enabling growth, and believe that the right strategies can maximise results even amid these harsh conditions. We will therefore continue to monitor the horizon and deploy the strength of a well-diversified portfolio to deliver value in the long-term, bolstered by the outstanding quality of our products, in addition to our cost-efficiencies, improved productivity and sustainable practices.

Our drive for process improvements and optimised cost structures will remain a priority to ensure better margins are achieved, as we reinforce our brand positioning to drive improved performance year-on-year.

Coconut

Due to the high levels of labour turnover and the significant degree of care needed for primary crops such as tea and rubber, the company is expanding further into coconut cultivations – primarily due to its low labour intensity and higher productivity. Horana Plantations invested in planting 150 hectares of coconut during the year, in line with this policy.

Timber, Cinnamon and Other Crops

Amid intense, volatile conditions, diversification can help businesses diffuse risk and can ensure that consistent revenue streams are achieved at all times, regardless of fluctuations in the operating environment.

Horana Plantations also engages in cultivating crops including cinnamon and timber among others to protect its top-line.

PLANTATIONS

Snapshot of Value Creation

Capital	Capital Input	Activities
FINANCIAL CAPITAL	**LKR 817 Mn** equity **LKR 2,096 Mn** debt	• Financial management including restructuring crop portfolio, productivity improvements and cost control
MANUFACTURED CAPITAL	Plant, machinery and equipment in **7** tea factories **2** rubber factories **LKR 2,616 Mn** CAPEX	• Production of tea, rubber, oil palm, coconut and other minor crops
INTELLECTUAL CAPITAL	Quality and standards Solid reputation for premium quality teas Awards and accolades	• Improve product quality and standards as per certification guidelines • Branding, marketing and promotions • Production of new weedicides and organic fertilizer
HUMAN CAPITAL	**4,186** members in the workforce **LKR 0.6 Mn** investment in training	• Recruitment • Skills development • Maintaining health and safety protocols in factories • Employee compensation, benefits and performance incentives
SOCIAL AND RELATIONSHIP CAPITAL	**28,296** people as estate communities **LKR 29 Mn** community responsibility investment	• Community recruitment • Community engagement • Community welfare and capacity building
NATURAL CAPITAL	**13,614 MT** Renewable material **1,286 MT** Non-renewable material **125 Mn litres** Water **113 MW** solar-powered energy	• Solid waste management • Energy management • Obtaining and maintaining environmental certifications and clearances

Sector Contribution to the Group

LKR 3.98 Bn
1.5% of Assets

LKR 2.56 Bn
3% of Revenue

LKR 0.06 Bn
0.2% Profit before Tax

Output/Outcome	UNSDGs	Stakeholders
20% y-o-y growth in revenue **181%** y-o-y growth in profit before tax	8	Shareholders and Investors
2.8 Mn Kg tea **0.6 Mn Kg** rubber	9, 10, 11	Customers, Business Partners, Employees, Society, Environment
Quality and standards certification Acceptance in export markets Competitive prices at the Auctions, above industry average	9, 8	Employees, Customers, Environment
Employee well-being Higher productivity **100%** female employee returned to work after maternity	3, 4, 5, 8, 10	Employees
Community well-being Community trust and support	1, 8, 10, 17	Customers, Business Partners, Society
Cost savings Responsible disposal	7, 12, 13	Environment

LKR 2.61 Bn
5% of CAPEX

4,186
31.6% of Employees

2,308 tCO_2
1.5% of Carbon footprint

LEISURE

"The Group's hospitality sector constitutes its associate company Fortress Resort and Spa, as well as Greener Water Limited, a fully-owned subsidiary.

LKR 8.1 Bn
Total Assets

LKR 0.007 Bn
Associate Profits

LKR 0.007 Bn
Profit before Tax

33
Employees

LEISURE

"At present the Greener Water property remains under construction, with an integrated resort complex project designed to shape the landscape of Negombo's shores well underway.

The Group's hospitality sector constitutes its associate company Fortress Resort and Spa, as well as Greener Water Limited, a fully-owned subsidiary.

At present the Greener Water property remains under construction, with an integrated resort complex project designed to shape the landscape of Negombo's shores well underway.

The Group possesses a 21.18% stake in the renowned Fortress Resort and Spa, a luxury boutique hotel property that primarily caters towards the up-market tourist segment.

Scope and Structure

The Fortress Resort and Spa *(Associate Company)*	Greener Water Hotel
53-roomed 5-Star Boutique Resort in Koggala	Proposed 500-roomed integrated resort in Negombo, under construction

Operating Context

Scope and Structure

- Tourism has long been one of the fastest growing sectors in Asia and the third largest foreign exchange earner in Sri Lanka.
- Unfortunately, the industry has faced an ongoing strain since 2019, following the Easter attacks and the continued impacts of pandemic.
- The COVID-19 pandemic negatively impacted the sector, due to the imposition of travel restrictions both locally and overseas.
- The third wave and subsequent inter-provincial travel restrictions resulted in a subdued local market, while nations across the globe continued to experience lockdowns, impacting the international front.
- The shortage of foreign exchange began impacting the availability and cost of essential items and fuel, while impacting any refurbishment or construction activities.

Strategies for survival

- The innovation of the tourist bio-bubble enabled a strong month-on-month growth during the latter part of the year.
- This gradual rebound led to the recovery of the accommodation, food and beverage service activities by 1.9% in 2021, compared to 39.4% contraction recorded in 2020.
- The government continued to offer relief measures such as debt moratoria, concessionary loan schemes, waivers on fees, one-off grants and tax relief measures.

Market Dynamics

Scope and Structure

- Mobility restrictions and travel bans impacting domestic and international tourists
- Escalation in cost of refurbishment and construction activities
- Geopolitical and global economic uncertainties
- Growing competition from emerging hotel chains and aggressive pricing strategies
- COVID-19 impact on health and safety
- Shortage of skilled labour in the industry

Opportunities

- A post-pandemic demand for travel
- Governmental policy to position tourism as a thrust sector
- Sri Lanka's unmatched status as a tourist destination
- Emerging untapped Asian markets
- Evolution of guest preferences and a search for new experiences

Our Response

Strategic Response

- Market Diversification
- Product Responsibility
- Continuous Improvement

Value Enablers

- Service excellence
- Standards and certifications
- Highest levels of safety and security
- Strong brand associations
- Sustainable processes and policies
- A scenic location
- Relatively high levels of staff loyalty and retention

LEISURE

Creating Value...

The sector has continued to face considerable challenges year-on year, further exacerbated in 2021 by the third wave of the COVID-19 pandemic that hindered the industry's anticipated recovery during the year. Arrivals were impacted by the imposition of international and domestic travel restrictions. However, Sri Lanka remained undeterred, and enabled the gradual lifting of the travel restrictions by introducing the concept of bio-bubbles for international tourists, supported by attractive tour packages. This enabled a considerable growth in tourist arrivals towards the latter part of the year. Hotels continued to cater to diverse local markets, while offering exclusive discounts for domestic travellers.

by Enforcing our Strategies

Strategic Response	Market Diversification	Product Responsibility	Continuous Improvement
Capitals			
Principle	Exploring lucrative, emerging markets to ensure continued momentum amid disruptive events.	Nurturing principles and processes of sustainability, while enforcing best practices and standards recommended by the relevant authorities.	Invest in improving efficiencies and service standards based on guest feedback and evolving industry standards.
Initiatives for 2021/22	• Tapping into emerging markets within Asia, including India, Bangladesh, Pakistan, Vietnam. • Shifting our focus towards the MICE segment, with a focus on small-scale weddings, events and conferences.	• As the first Sri Lankan member and a stakeholder of Small Luxury Hotels of the World (SLH), product responsibility is embedded in our DNA. • All activities including sourcing, procurement, customer service, etc., adhere to globally accepted guidelines as laid out by the SLH, and are built on sustainable objectives and principles. • We remain one of the few hotels to obtain Level 1 Status as denoted by the SLTDA, and are classified as a 'Safe and Secure Hotel.' • We uphold the highest levels of data privacy and security in accordance with the General Data Protection Regulation.	• We submit to annual audits from our tour operators and obtain comprehensive guest feedback to identify areas for improvement and ensure they are addressed. • Employees undergo comprehensive training to ensure they uphold the highest service standards. • Liaising with the SLH to drive overall improvement in line with global trends.

GRI Disclosure: 103 - 2, 3

by Managing our Capitals

MANUFACTURED CAPITAL

3.5
Acres

3.3
Acres of land in Mirissa

LKR 1,919 Mn
Asset value

92
New rooms to be added

The Fortress Resort and Spa is valued at LKR 4,500 Mn, and comprises a combined 53 rooms with 4 suites and 49 guest rooms, spanning four room categories and two suite categories. The company also possesses a 3.3-acre property at Mirissa, which is to be developed in the future.

The Fortress Resort & Spa

11 Fortress Rooms	**22** Ocean Rooms	**14** Beach Rooms	**02** Beach Splash Rooms	**02** Ocean Loft Suites	**02** Fortress Residence Suites

18
acres along the coastal belt

03
restaurants

Greener Water Hotel Project

Equipped with a water park, pool bar, beach club, spa, multi-functional ballroom

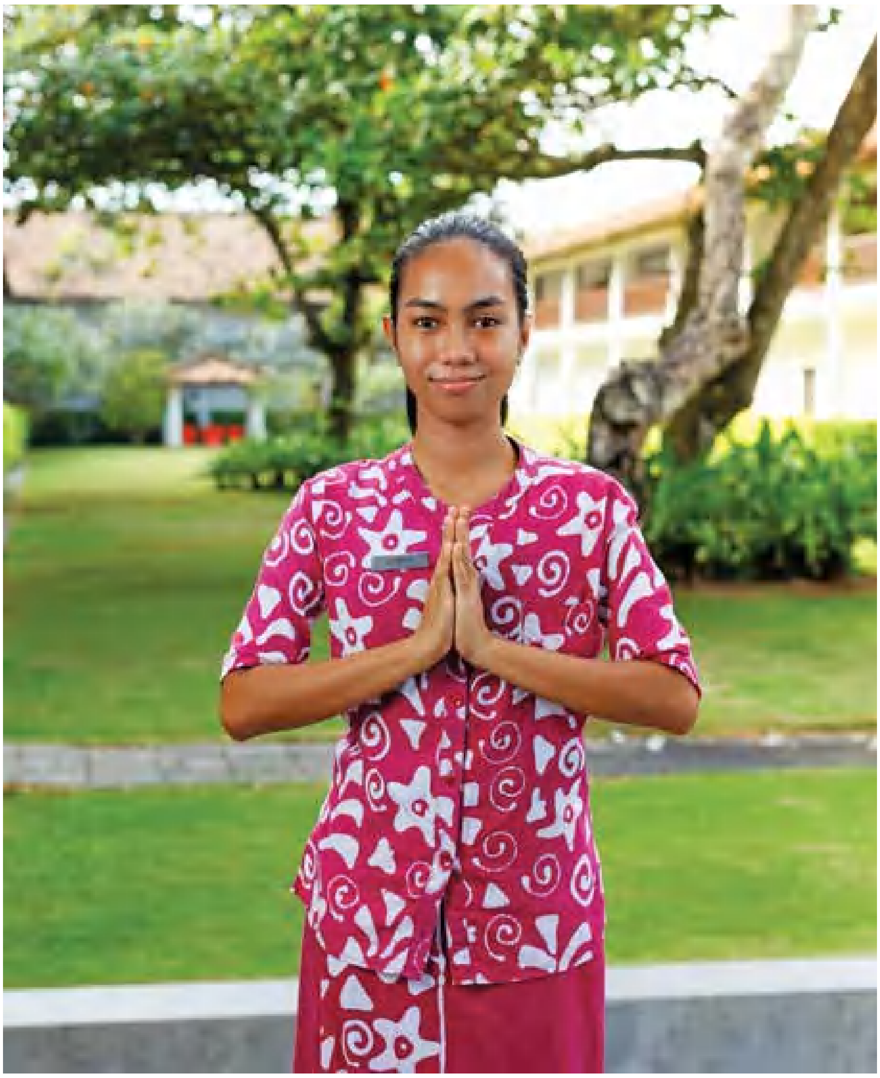
Deluxe suites, twin suites, junior suites, presidential suites and luxury rooms spread across 74,567 sq. m of building area

LEISURE

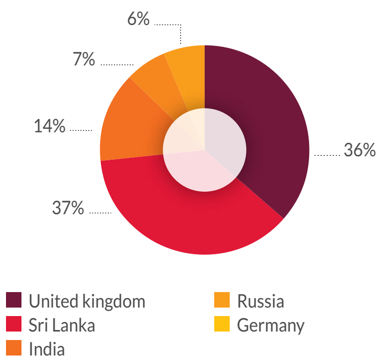
SOCIAL AND RELATIONSHIP CAPITAL

Customers

The Fortress Resort and Spa continued to welcome diverse guests from around the world. The macroeconomic conditions saw the market dynamics undergo transformation, with particular regions becoming more prominent during the year. On a positive note, occupancy at the hotel reach 24%, a 14% increase in comparison to the occupancy rate of the previous year. Occupancy rates reached above 50% during the last four months of the fiscal year, primarily led by the opening of key tourist markets following pandemic-induced lockdowns.



Guest Composition by Country



Suppliers

The company works in collaboration with local partners and community suppliers, ensuring the highest quality produce and other miscellaneous products are procured. While COVID-19 impeded local community sourcing to a certain degree, we are now returning to these partnerships to ensure our surrounding communities are sustained. In addition, the Fortress Resort and Spa has stringent guidelines in place for supplier assessment and selection, and further ensures that quality is assured across the board.

LKR 163.2 Mn
Disbursed to suppliers

284
Suppliers

INTELLECTUAL CAPITAL

The Fortress Resort and Spa has in place a comprehensive property management system, billing system and an ERP system that empowers the company to make informed decisions about its daily operations. All systems are compliant with the globally accepted General Data Protection Regulation to ensure cybersecurity is maintained.

Furthermore, its membership in the Small Luxury Hotels of the World provides unrivalled knowledge and insights to help shape the business and elevate our value proposition in the market. The company's recently acquired stakeholder role enables greater participation, involvement and collaboration. This is further reinforced by the knowledge base of our loyal staff, who have gathered expertise over the years to drive service excellence at every stage.

In line with global and local trends, the resort further continued to ensure a maximized reach was achieved through a range of channels. We focused primarily on direct booking channels, including social media, geo-targeted selling and SEO capabilities; working in partnership with third party suppliers to ensure greater visibility across all mediums. We also continued to rely on traditional channels including local travel agents and foreign tour operators, while conducting regular business optimization calls, facilitated by the management to ensure a personalized, attentive service. The website was revamped during the year in order to provide a better experience for potential clients.

As a result of these efforts, Fortress Resort and Spa was also declared one of Sri Lanka's top 10 hotels by Tripadvisor.

SMALL LUXURY HOTELS OF THE WORLD

The first Sri Lankan member of Small Luxury Hotels of the World

Tripadvisor

Ranked among the top 10 hotels in Sri Lanka by Tripadvisor

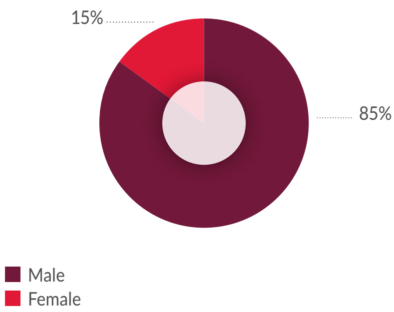
LEISURE

HUMAN CAPITAL

As a 'Safe and Secure Hotel', the Fortress Resort and Spa continued to adhere to the highest standards of health and safety, particularly with respect to our workforce, as outlined by the guidelines pertaining to Sri Lanka Tourism Development Authority's level 1 status. We ensured all staff members were vaccinated, and followed the respective protocols to ensure their safety at all times.

The Fortress Resort and Spa relies on its valued workforce to create a unique experience for its guests. Due to their role as the front-end representatives of our exclusive brand, the company continues to invest in Training and Development to drive improved outcomes and uplift staff capabilities and skills. The staff members' loyalty and long-term industry experience continue to enhance our service offerings year-on-year.

Workforce by Gender



We do not discriminate based on gender, race or any other factors. As a close-knit community we continue to monitor employee grievances and concerns and address them as and when required.

NATURAL CAPITAL

The Fortress Resort and Spa is deeply committed towards sustainability, ensuring that our natural capital is preserved throughout the business process. The following initiatives are in place to support our sustainability endeavours:

- We operate our own organic vegetable garden, and utilize our wet waste as fertilizer and compost in order to maximise our resource utilization.
- We work in partnership with a licensed waste disposal third party to ensure other waste is disposed of in a responsible manner.
- We minimize the use of plastic by utilizing glass bottles.
- We engage in recycling soap to minimize wastage.

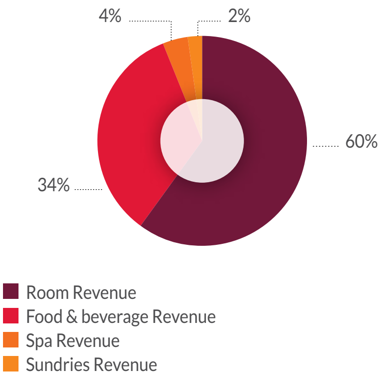
FINANCIAL CAPITAL

Due to local and overseas travel restrictions, the tourism industry remained inactive for nearly 60% of the year, however, a significant growth in arrivals was witnessed during the four months commencing from December 2021 to March 2022. This led to the sector recording a revenue of LKR 349 Mn, resulting in a year-on-year increase of 365%, compared to the revenue of LKR 75 Mn recorded in 2020/21. Other operating income displayed a similar increase during the latter part of the year. The above factors led the company to record a break-even performance, in comparison to the net loss recorded in the previous year. The project obtained a working capital loan of LKR 20 Mn to ensure business continuity. Our strategy lay in the prudent management of our financial capital during the fiscal year to drive long-term benefits in the years ahead.

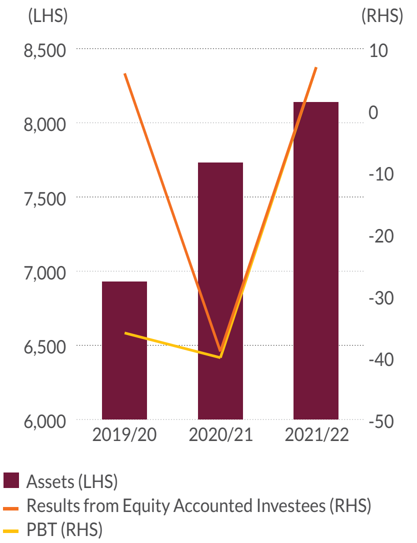
Key Performance Indicators	2021/22	2020/21	% change
Net operating income (LKR Mn)	349	75	365
Profit after tax (LKR Mn)	33	(176)	119
Return on equity (%)	2	(11)	13
Operating margin (%)	69	12	57
Net profit margin (%)	9	(235)	244

Overall Performance

Revenue Composition



Revenue, PBT, Assets



Outlook and Plans

We anticipate that many new markets will open up in the near future, and continue to leverage on our current structures and processes to capture these opportunities. The current financial crisis will undoubtedly shape the landscape of the industry, and we will continue to monitor the dynamics to ensure we remain responsive and agile to mitigate any adverse impacts.

The Fortress Resort and Spa will invest in refurbishing its property to ensure standards are maintained. Our new project, the Greener Water Hotel is projected to be a 500-room five-star integrated resort complex spanning 18 acres along the coastal belt of Kochchikade, Negombo. The project, approval by the Board of Investment of Sri Lanka, with prospective operations to be managed by JW Marriott. The project was targeted to be completed in the fourth quarter of 2021. Unfortunately, the COVID-19 pandemic significantly delayed the project's completion. To date, the hotel's exterior and structure is fully completed – however, due to the prevailing forex crisis, the sourcing of the imported furnishings and fittings required for the interior will be delayed, until the necessary funding can be facilitated. A 20-month period will be required to complete the remaining scope with the requisite planning to commence once economic and political stability are reached. We therefore hope to launch this landmark property by end-2024.

LEISURE

Snapshot of Value Creation - Fortress Resort & Spa

Capital	Capital Input	Activities
FINANCIAL CAPITAL	**LKR 5,212 Mn** equity **LKR 2,554 Mn** debt	• Disciplined financial management with a leaner cost structure • Downsizing operations with salary cuts of management level staff
MANUFACTURED CAPITAL	Hotel, property and equipment in **LKR 8.1 Bn** CAPEX	• Selective CAPEX investments to maintain property, plant and equipment
INTELLECTUAL CAPITAL	The Fortress brand Quality and Standard Certifications Memberships and Associations	• Improve product quality and standards as per certification guidelines and regular audits • Branding, marketing and promotions
HUMAN CAPITAL	**161** members in the workforce	• Recruitment • Skills development • Maintaining health and safety protocols • Employee compensation, benefits and performance incentives
SOCIAL AND RELATIONSHIP CAPITAL	Community-based suppliers **LKR 12 Mn** community investment	• Community recruitment • Community engagement • Community sourcing and partnerships
NATURAL CAPITAL	Waste disposal through a 3rd party supplier **50 MT** **30 Mn** litres Water **0.5 MW** solar-powered energy	• Solid waste management • Energy management • Obtaining and maintaining environmental certifications and clearances

Sector Contribution to the Group

LKR 8.1 Bn
3% of Assets

LKR 0.007 Bn
0.02% of PBT

Output/Outcome	UNSDGs	Stakeholders
119% y-o-y growth in Associate Profit **116%** y-o-y growth in profit before tax	8	Shareholders and Investors
LKR 8,138 Mn in asset value	9, 11	Customers, Business Partners, Employees, Society, Environment
Solid reputation as a high-end boutique hotel Level 1 'Safe and Secure' Certification	9, 8	Employees, Customers, Environment
Employee well-being Higher productivity Service-oriented workforce	3, 4, 5, 8, 10	Employees
Loyal relationships with local suppliers and three-wheel drivers Community trust and support	1, 8, 10, 17	Customers, Business Partners, Society
Cost savings Responsible disposal	7, 12, 13	Environment

LKR 7.68 Bn
15% of CAPEX

33
0.2% of employees

62 tCO_2
0.04% of Carbon Footprint

CONSUMER

LKR 4.1 Bn
Total Assets

LKR 6.9 Bn
Revenue

> "For 172 years, Delmege Forsyth & Co. Ltd has operated as one of the largest companies within the Fast-Moving Consumer Goods (FMCG) sector.

LKR 0.3 Bn
Profit before Tax

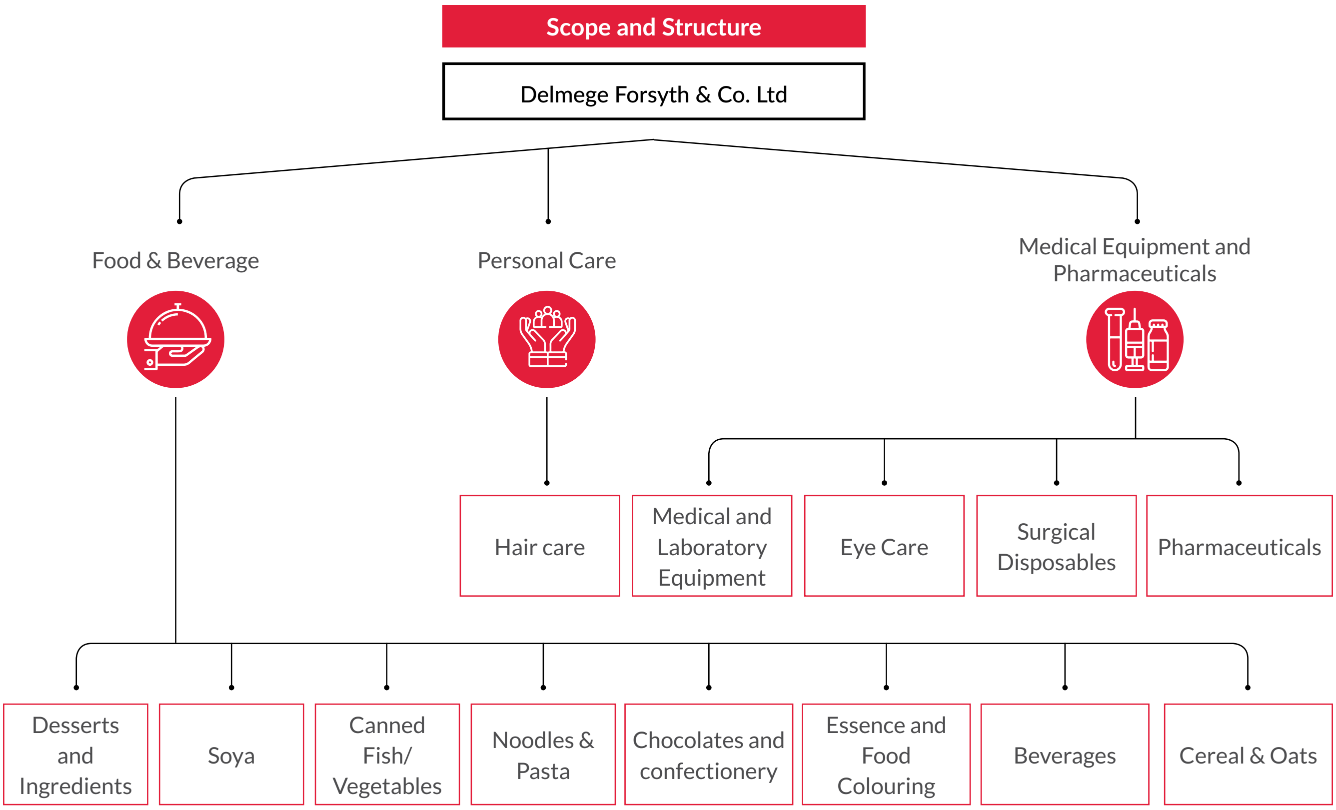
200
Employees

CONSUMER

"With a wide range of trusted household brands under our umbrella, we continue to meet the changing needs of the food and beverage market.

For 172 years, Delmege Forsyth & Co. Ltd has operated as one of the largest companies within the Fast-Moving Consumer Goods (FMCG) sector. With a wide range of trusted household brands including 'Motha', 'Delmege', 'Kelloggs', 'Ferrero Rocher', 'Kinder Joy', 'Nutella' and 'Tic Tac' under our umbrella, we continue to meet the changing needs of the food and beverage market.

The company has further shifted into the adjacent business verticals of personal care and medical equipment and pharmaceuticals, of which the latter two segments cater to both public and private sector healthcare organisations.



Operating Context

Scope and Structure

- Wholesale and retail activities recorded a moderate 2% growth during the year, in comparison to the 1.4% uptick witnessed in 2020.
- COVID-19 continued to negatively impact consumer spending, however the Government continued to provide periodic financial assistance, thus bolstering disposable income levels and ensuring continued demand.
- Periodic lockdowns hindered the movement of consumers and impeded access to traditional channels.
- The volume of imported consumer goods recorded a marginal decline, while imports of investment and intermediate goods displayed a degree of growth.
- Loans and advances extended to the private sector for wholesale and retail trade activities increased significantly as at the end of the year.

Strategies for survival

- Traditional trade channels were periodically impacted due to mobility restrictions. In order to maintain accessibility, online channels remained a key focus area during the year.
- COVID-19 led to a demand for related medical equipment, thus opening greater opportunities for the sector.
- A shortfall of foreign exchange and import bans ensured trade became restricted, compelling organisations to seek alternate sources of production and/or supply.

Market Dynamics

Challenges and Risks

- The spread of COVID-19 and its related implications on consumer sentiment and businesses
- Challenging macroeconomic conditions due to socio-political instability and market restrictions
- Lower consumer confidence and high cost of living
- Volatile market conditions and exchange rate fluctuations
- Intense competition
- High labour turnover and wage increases

Opportunities

- Emerging economy
- Increasing urbanisation and rise of the middle class
- Higher demand for convenience food
- Increased expenditure on public and private sector healthcare
- Export market potential

Our Response

Strategic Response

- Strong brands and partnerships
- Product accessibility
- Market diversification
- Product development
- Capability Development

Value Enablers

- A versatile, attractive product base
- A diverse portfolio with powerful brands
- A reputation for excellence
- Strong distribution channels
- A skilled sales force
- Solid local and global partnerships

CONSUMER

by Enforcing our Strategies

The overarching implications of the COVID-19 pandemic were felt across all segments within the consumer sector. The continued disruption to economic activity led the company to revisit and reinvent strategies in order to address changes in the market. The medical equipment and pharmaceutical segment rose to the challenge; seeking to contribute towards the healthcare sector's battle against the pandemic. The food and beverage and personal care sector continued to optimise its offerings to ensure greater levels of profitability, while focusing on lucrative markets and segments to drive growth.

Strategic Response	Strong brands and partnerships	Marketing and distribution	Market diversification	Product responsibility	Capability development
Capitals					
Principle	Our portfolio of reputed brands is the key contributor towards customer value generation. We continue to seek out power supplier status to obtain market leadership.	To ensure all products remain accessible within the market through a strong distribution network and are available on online channels. Our strong marketing efforts continue to position our brands in the hearts and minds of the people.	Investing in penetrating lucrative markets and obtaining adjacent products to address changing demand.	Engaging in research and development to ensure improved quality and standards, while ensuring our impact on the environment remains minimized.	To expand upon and improve our knowledge and capabilities in order to produce more beneficial outcomes.
Initiatives for 2021/22	• Our investment in key convenience goods and product segments including cooking ingredients, cornflakes, canned fish, soya and tea, to name a few, are known among our audience for quality and trust. • With a strong brand portfolio acquired from principals across the world, we are ideally positioned to tap into the healthcare sector's potential. • During the year, we continued to maintain strong partnerships with reputed global and local brands which led to continuous supply of goods and services, while driving greater cost-efficiencies and ensuring our customers obtained value-for-money.	• The past activities of restructuring and repositioning the Motha brand continue to reflect in our present performance, making it one of the most popular, fast-moving segments among our consumers. The Delmege brand portfolio will pursue capturing further market share. • In terms of the FMCG market, we possess a strong presence across multiple trade channels including general trade, modern trade, HORECA channels, online channels and exports. • We continue to elevate and upgrade our online presence in order to create an improved engagements and user experience. • Our strong sales network and structured marketing plans enable us to reach our customers and market our products efficiently at each touchpoint.	• A streamlined and optimised portfolio enables balanced returns and mitigates risk. • We obtained Ferrero and its associated brands, i.e., Nutella, KinderJoy and Tic Tac, thereby elevating the customer proposition. • In terms of the healthcare segment, the company contributed essential equipment including oxygen concentrators and high-flow oxygen metres in order to fuel COVID-induced demand.	• We continue to work towards optimising our cost structures, while driving research and development to identify potential areas for growth. • We consistently assess the quality and standards of our products, all of which are certified under ISO and SLS standards . • Our supplier engagement includes quality training, thereby ensuring exceptional standards are maintained across the value chain.	• We prioritise the development and training of our workforce to ensure they remain competitive and strengthened to achieve amid a challenging environment. • We empowered and motivated our employees through various internal campaigns during the year.

GRI Disclosure: 103 - 2, 3

MANUFACTURED CAPITAL

Given the nature of our operations as an entity engaged in trading activities, the company's manufactured capital comprises of the goods it delivers to the market, in addition to its premises. While the FMCG sector's scope is captured in page 136 of this report, the following equipment was obtained by the healthcare segment during the year:

- **Angel:** Mobile and Portable X-ray equipment
- **Jiangsu:** Oxygen concentrators
- **MICMME:** Hi-flow Oxygen
- **Vitalgraph:** Alpha Touch
- **Therm-app:** Thermal cameras

LKR 4,125 Mn
Total Assets

LKR 22 Mn
Total CAPEX

SOCIAL AND RELATIONSHIP CAPITAL

Customers

We continued to seek out a balanced presence on all trade channels to ensure accessibility, affordability and convenience to our customers. Furthermore, we incorporated new products to improve our offering and enable the extension of greater value, even amid nation-wide restrictions.

LKR 4.9 Bn
Revenue

LKR 97 Mn
Invested

Suppliers

Our partnerships with our local and global supplier pool serve as a key strength; enabling the realisation of high-quality products within a competitive market. The sector companies invested LKR 5,960 Mn in terms of local and global procurement activities. Furthermore, we onboarded Ferrero into our portfolio, while the healthcare segment obtained a landmark acquisition that would certainly position us for greater growth in the future.

LKR 3,996 Mn
disbursed to
174
local suppliers

LKR 1,964 Mn
disbursed to
27
international suppliers

74
small and medium suppliers with
LKR 836 Mn
payment disbursed

CONSUMER

by Managing our Capitals

INTELLECTUAL CAPITAL

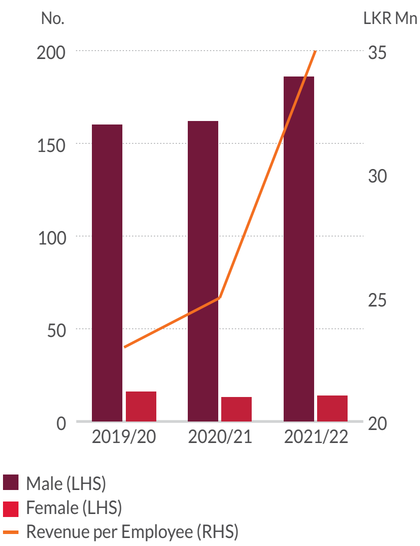
Our brand equity drives market differentiation and builds customer loyalty and trust. The following brands are currently found within our portfolio:

A few of the diverse brand portfolio carried by Consumers

HUMAN CAPITAL

Our workforce is essential towards our mobility and progress, and therefore the company invests in intensive training and development activities throughout the year. The company believes in engaging with its employees via a range of initiatives and internal campaigns.

Employee Productivity



We further believe in maintaining health and safety in the workplace, and therefore ensured all employees followed Government- mandated guidelines throughout the COVID-19 period.

200
Employees

LKR 6 Mn
Invested in sales force automation

GRI Disclosure: 302 - 1

NATURAL CAPITAL

Our commitment towards the environment is evidenced through our drive to reduce resource consumption. Therefore, the company continuously monitors its impacts to drive improved cost and resource efficiencies.

1.43 Mn ltrs
Water
(5.3%)

340 GJ
Energy
(12.4%)

Sector Performance

FINANCIAL CAPITAL

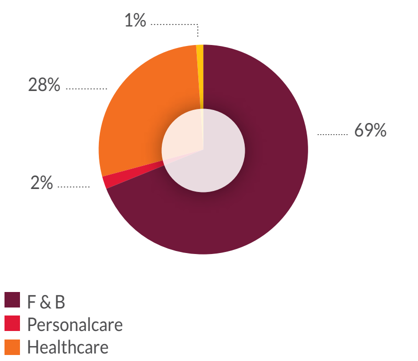
Key Performance Indicators	2021/22	2020/21	% change
Net operating income (LKR Mn)	559	407	37
Profit after tax (LKR Mn)	264	50	428
Return on equity (%)	-	-	
Operating margin (%)	5	4	1
Net profit margin (%)	4	1	3

Despite the intensely challenging macroeconomic conditions and declining purchasing power, the consumer sector recorded a notable growth in revenue, due to its responsiveness to change, product diversification and structured marketing strategy. While healthcare-related growth was led by its shift to COVID-19 essential equipment was a key contributor from that particular segment, the food and beverage market saw a strong growth led by its flagship 'Motha' brand and the newly acquired Kelloggs brand.

The food and beverage sector continued along its trajectory of growth, by recording a revenue growth of 54% to reach LKR 4.9 Bn. However, unavoidably, cost of sales increased by 61%, resulting in a profit of LKR 222 Mn. Our primary contributor to revenue was the local market with a 57%, led by the strong performance of the Motha brand, closely followed by that of canned fish and cornflakes. The international market contributed to a fraction of the overall top-line, and our dominance with respect to Delmege soya and canned fish continued to have high loyalty among customers .

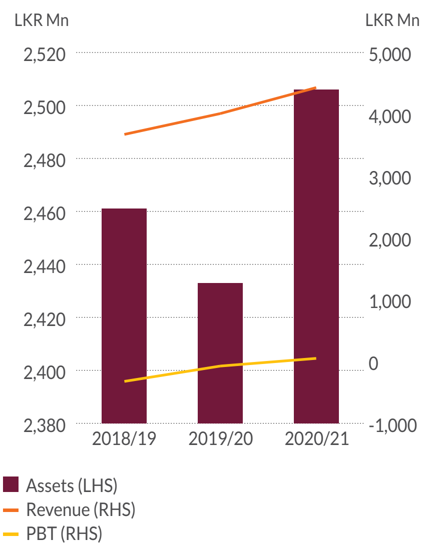
With respect to the healthcare sector, the company recorded a 70% growth in revenue, resulting in a 360% growth in profitability during the year.

Products



Overall Performance

Revenue, PBT, Assets



Outlook and Plans

With cost escalations, inflation and forex shortage, the future may result in the emergence of greater challenges. However, the company remains optimistic in terms of its outlook, and will continue to leverage on existing strengths to explore new markets for growth and progress. We hope to reposition our local brands and optimise them for the global market to ensure we mitigate any potential risks. Furthermore, we are in the process of investing in developing our own manufacturing capabilities, particularly for soya, thereby minimizing reliance on the supply chain and circumventing any disruptions thereto. We further remain confident that due to the essential nature of certain banned imports towards economic growth, that we will once more be able to obtain the relevant licenses during the year.

CONSUMER

Snapshot of Value Creation

Capital	Capital Input	Activities
FINANCIAL CAPITAL	**LKR (1,702) Mn** equity **LKR 1,375 Mn** debt	• Financial management • Including cost optimisation and rationalisation of the product portfolio
MANUFACTURED CAPITAL	**LKR 22 Mn** CAPEX	• Selective CAPEX investments to maintain property, plant and equipment
INTELLECTUAL CAPITAL	Quality and standards Brand value Awards and accolades	• Improve product quality and standards as per certification guidelines • Branding, marketing and promotions
HUMAN CAPITAL	**200** members in the workforce	• Recruitment • Skills development • Maintaining health and safety protocols in factories • Employee compensation, benefits and performance incentives
SOCIAL AND RELATIONSHIP CAPITAL	**75** general trade distributors **1,200** supermarkets and hypermarkets **600** HORECA **201** Suppliers	• Engaging distributors, suppliers and partners • Supplier training and development
NATURAL CAPITAL	**340 GJ** Energy **1.43 Mn** Ltr of water	• Fuel management in terms of transportation of goods

Sector Contribution to the Group

LKR 4.12 Bn
1.5% of Assets

LKR 6.92 Bn
7% of Revenue

LKR 346 Mn
1% of PBT

Output/Outcome	UNSDGs	Stakeholders
56% y-o-y growth in revenue **104%** y-o-y growth in profit before tax	8	Shareholders and Investors
Refurbishment and redistribution	9	Customers, Business Partners, Employees, Society, Environment
Brand loyalty and top-of-mind recall Acceptance and trust in international and local markets	9, 8	Employees, Customers, Environment
Employee well-being Higher productivity Reward systems	3, 4, 5, 8, 10	Employees
36% growth in general outlets **4%** growth in modern outlets **>20%** growth in online channels	1, 8, 10, 17	Customers, Business Partners, Society
47.96 GJ energy reduction	7, 12, 13	Environment

LKR 0.01 Bn
0.04% of CAPEX

200
1.5% of Employees

110 tCO_2
0.1% of Carbon footprint

INVESTMENTS AND

"Vallibel One's investments and exposure to other industries are classified within this sector, and account for 7.7% of our consolidated revenue.

LKR 49 Bn
Total Assets

LKR 7.5 Bn
Revenue

OTHERS

LKR 6.4 Bn
Profit before Tax

804
Employees

INVESTMENTS AND OTHERS

> **The sector comprises the long and short-term investments of the Group, in addition to its exposure to packaging, mining, insurance brokering, travel and transport.**

Vallibel One's investments and exposure to other industries are classified within this sector, and account for 7.7% of our consolidated revenue. While the sector comprises the long and short-term investments of the Group, in addition to its exposure to packaging, mining, insurance brokering, travel and transport, in line with the principle of materiality, here we outline the packaging and mining sectors, due to their combined 93% contribution to the sector's revenue.

Investments and Others

- **7%** Mining
- **66%** Packaging
- **2%** Insurance Brokering
- **25%** Other

Scope and Structure

Corrugated Packaging and Paper Sacks

- **Uni-Dil Packaging Ltd**: 42,000 Mt p.a. production capacity; Corrugated packaging Dekatana factory
- **Uni-Dil Packaging Solutions Ltd**: 18,000 sacks p.a. production capacity; Paper sacks Dekatana factory

Mining Industrial Minerals

Lanka Ceramic PLC

- 30,000 MT p.a. production capacity; Feldspar Owala
- 14,400 MT p.a. production capacity; Kaolin Meetiyagoda
- 296 acres Ball clay mining property Akuressa*

* Dediyawala Ball clay mine was shut down on 31st March 2022

PACKAGING SECTOR

Operating Context

Unfavourable conditions

- The COVID-19 pandemic saw a rapid increase in world paper prices, experienced over the past two years.
- As at 31st March, global paper prices have doubled in dollar terms, led by the shortage of waste material in the market, and supply chain disruptions; with both factors being directly attributable to pandemic-related impacts.
- Towards the close of the year, the decline in foreign reserves began to impact the ability to engage in the import of essential raw materials for the production of paper-related products.

Expansion despite constriction

- Despite these constrictions, as per the Index of Industrial Production (IIP), the manufacturing sector witnessed a significant growth of 7.3% in 2021, in comparison to the downturn of 10.2% observed in 2020.
- The same index recorded a 5.8% growth in the production of corrugated papers, paper bags and other paper-related products.
- Sector demand continued to be fuelled by the expansion in the manufacturing sector during the year.

Market Dynamics

Challenges and Risks

- World market price trends
- Macroeconomic imbalances and socio-political instability
- COVID-19 impact on health and safety
- Dependence on imported raw material and exposure to exchange rate fluctuations
- Intense industry competition

Opportunities

- Emerging economy
- Increasing urbanisation and rise of the middle class
- Demand for innovative packaging
- Growing environmental and health concerns on plastic packaging
- A growing FMCG sector

Our Response

Strategic Response

- Ensuring timely delivery
- Excellent service and quality
- Cost rationalisation

Value Enablers

- Unmatched expertise
- Fully-fledged manufacturing plant
- Solid brand and market reputation
- Group synergies
- Quality and standards certifications

INVESTMENTS AND OTHERS

Creating Value...

The packaging sector continued to face numerous challenges due to disruptions experienced on a global scale. A short-fall of paper in the global market resulted in escalating prices, and supply chain disruptions challenged the industry's typical sourcing practices. The company relied on proactive inventory management, while managing customer relationships and ensuring the highest quality products were delivered in a timely manner.

...by Enforcing our Strategies

Strategic Response	Ensuring Timely Delivery	Excellent Service and Quality	Cost Rationalisation
Capitals			
Principle	Managing capacity and streamlining processes to maintain sufficient inventory and ensure timely delivery for our clients.	Ensuring we engage closely for our customers in order to ensure product excellence and quality.	Invest in improving efficiencies and implementing best practices across the organisation to drive improved productivity and profitability.
Initiatives for 2021/22	• Managing risk by ensuring we maintain sufficient stock in the event of a short-fall, or an inability to source raw material. • Seeking alternate sources of raw material to ensure greater accessibility amid disruptions to the supply chain. • Managing our delivery systems to ensure clients receive their orders on time. • Enhanced capacity levels within the factory to increase production.	• Ensuring we continuously interact with our consumers to understand their needs, while ensuring we respond to their concerns within 24 hours. • Managing client concerns and grievances via a fully-fledged CRM system. • A dedicated quality management team and system is in place to ensure that quality is assessed at every stage of the manufacturing process. • A supplier screening process is in place, and we adhere to the ISO 14001 system to ensure quality of raw material is maintained. TQM practices continue to elevate our value proposition.	• Invested in new equipment including a new printing machine, die-cut machine and assembly machine, in order to drive greater efficiencies, improved volumes and reduced costs. • TPM practices ensure that we continue to pursue savings across all business activities.

GRI Disclosure: 103 - 2, 3

...by Managing our Capitals

MANUFACTURED CAPITAL

Our manufactured capital is integral towards our business process, and therefore we engaged in enhancing capacity during the year through investments into machinery and key upgrades. During the year we purchased a new printing machine, die-cut machine and an assembly machine which enabled greater volumes and expanding our capacity to 3,500 MT per annum during the year under review.

New Printing Machine-Unidil Packaging Limited

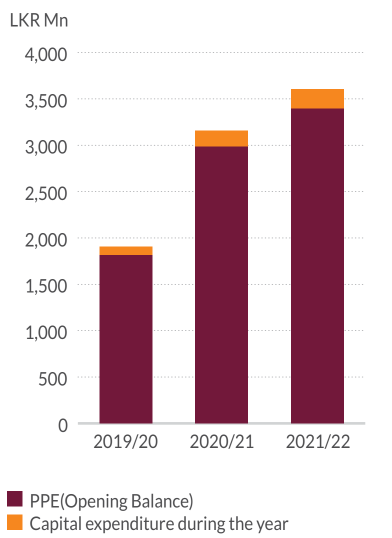
LKR 5,189 Mn
in asset value

3,500 MT
produced per annum

LKR 185 Mn
invested in expansion

15 %
increase in capacity

Packaging Sector CAPEX



SOCIAL AND RELATIONSHIP CAPITAL

Customers

We derive value for our customers through the combined strength of our on-time delivery and commitment to quality. A robust customer management system is reinforced by a skilled sales force that continues to nurture and foster long-term partnerships with our clients. During the year, demand continued to be experienced in the market due to the uptick in the manufacturing sector; therefore, the company ensured continuous supply, even in the midst of adversity.

27,300 MT
of Corrugated packaging

8.8 Mn
Paper Sacks

INVESTMENTS AND OTHERS

INTELLECTUAL CAPITAL

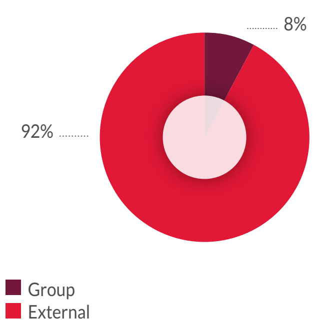
Suppliers

The company primarily partners with international suppliers in order to source raw material. However, due to supply chain constraints witnessed in the period under review, we focused on sourcing material from suppliers situated both locally and in India, thereby ensuring resource availability and mitigating risks. The company remains committed to managing quality from the point of source, and therefore has in place stringent guidelines and screening processes that govern our supplier relationships.

789
suppliers

LKR 6,647 Mn
disbursed to suppliers

Markets - Packaging



We continue to maintain high quality standards and adhere to systems of continuous improvement in order to drive greater efficiency and enhance our collective knowledge base. During the year, the company initiated the incorporation of Total Quality Management (TQM) practices into the workplace in order to further elevate our quality standards.

- ISO 22000 – Quality Management System for food safety
- ISO – 9001:2015 – Quality Management System for manufacturing process quality
- ISO 14001 : 2015 – Quality Management System for environmental management
- WRAP (Worldwide Accredited Responsible Production) Certification.
- SMETA (Sedex Members Ethical Trade Audit)
- FSC (Forest Stewardship Council) Certification.

We are currently the market leader in the packaging sector with 17% market share.

17 %
market share - packaging

30 %
market share - tea sacks

75 %
market share - dessicated coconut sacks

100 %
market share - Prima sacks

80 %
market share - skim coat sacks

HUMAN CAPITAL

We value the welfare of our workforce, as evidenced by the company being awarded the status of 'A Great Place to Work' for the second consecutive year, and ranked among the top 10 best places to work in 2021. We provide equal opportunity to our employees, ensuring there is no differentiation based on gender, age or race.

The company remained committed towards upholding the health and safety of the workforce, investing approximately LKR 30 Mn on COVID-19 related expenses, including the rigid implementation of Government-mandated procedures, regular testing and transport, reinforced by a dedicated COVID-19 policy developed by the organisation. Furthermore, the company adheres to HACCP regulations across our factory premises.

LKR 30 Mn
COVID-related expenses

6,102
PCR tests conducted

215
Employees fully vaccinated

HACCP
certified organisation

Ranked as a
A Great Place to Work

INVESTMENTS AND OTHERS

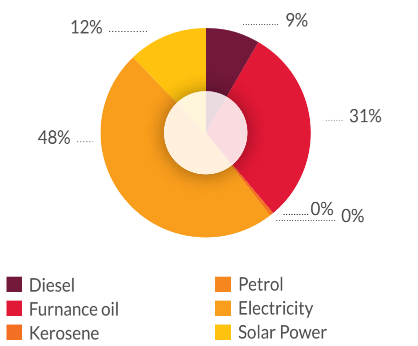
NATURAL CAPITAL

GRI Disclosure: 302 - 1, 303 - 5

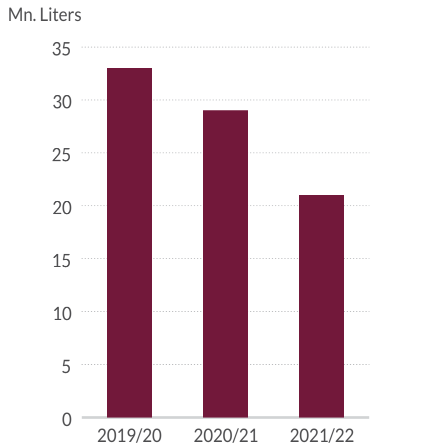
We ensure that we manage our resources wisely and in line with best sustainable practices. The company engages in recycling all waste material to ensure resource optimisation. Furthermore, all of the company's paper suppliers adhere environmentally sustainable sourcing practices. At present, the company is working towards obtaining a green certification to further endorse our commitment to our natural capital.

During the year, the Uni Dil Group invested LKR 90 Mn in the installation of solar power panels across both properties, thereby resulting in a contribution of 859 kWH to the national grid on an annual basis.

Energy Consumption by Source - Packaging Sector



Water Consumption - Packaging



Renewable energy through solar power generation- Unidil Packaging Limited-Dekatana Factory

LKR 90 Mn
invested in solar power installation

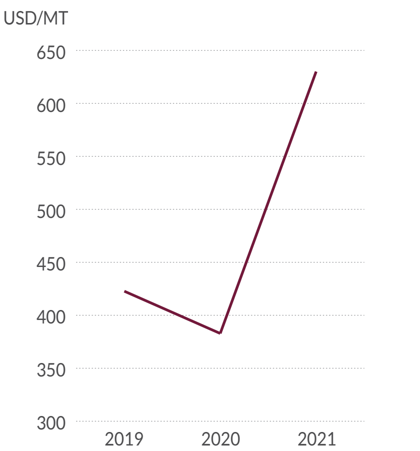
859 KWH
annual generation of solar power

FINANCIAL CAPITAL

Despite the challenging dynamics experienced in the year under review, the Uni Dil Group recorded a volume growth of 13%, and a turnover increase of 55%, reflecting the demand for our high-quality products and the proactive management of our resources. The constraints witnessed in the environment led to the company initiating an increase in product pricing, in line with the escalating global market rates. This enabled the Group to record a corresponding 60% increase in sales.

The paper sacks sector exhibited growth during the year, while our high-performing corrugated packaging continued to perform admirably. Due to cost saving initiatives and our prudent management of resources and relationships, the company realised a profitability of LKR 611 Mn during the year.

World Paper Prices



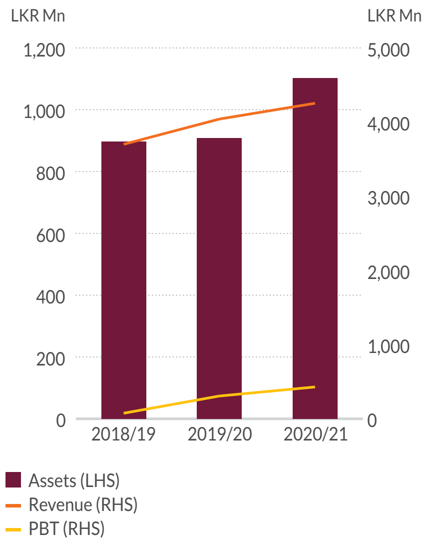
Key Performance Indicators	2021/22	2020/21	% change
Net operating income (LKR Mn)	722	408	76
Profit after tax (LKR Mn)	596	345	73
Return on equity (%)	30	22	8
Operating margin (%)	30	22	8
Net profit margin (%)	9	8	1

The food and beverage sector continued along its trajectory of growth, by recording a revenue growth of 54% to reach LKR 4.9 Bn. However, unavoidably, cost of sales increased by 61%, resulting in a profit of LKR 222 Mn. Our primary contributor to revenue was the local market, led by the strong performance of the Motha brand, closely followed by that of canned fish and cornflakes. The international market contributed merely LKR 750 Mn to the overall top-line.

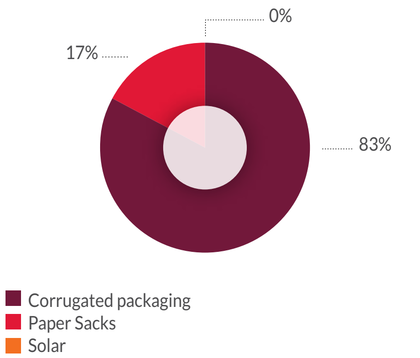
With respect to the healthcare sector, the company recorded a 70% growth in revenue, resulting in a 360% growth in profitability during the year.

Overall Performance

Revenue, PBT, Assets



Products-Packaging



Outlook and Plans

We foresee that the year ahead will pose many challenges to the company, and therefore will engage in rationalising and prudently managing our production volumes in line with the available supply of materials in order to fulfil customer expectations and sustain long-term performance. Our focus will remain on further enhancing our efficiencies through the holistic upgrades of our business processes. These include the automation of our delivery system to drive cost optimisation and efficient delivery routes, while upgrading our order tracking system to enable customers to easily identify their order status and access essential information in a timely manner. We will further invest in upgrading our supplier system to identify accurate delivery times and improve supplier engagement, while striving to uplift quality and service delivery year-on-year.

INVESTMENTS AND OTHERS

MINING SECTOR

Operating Context

Fuelled by demand

- The industry value-added sector exhibited a 5.3% growth, in comparison to the 6.9% decline witnessed in 2020, due to a renewed interest in construction activities following the impacts of the COVID-19 pandemic.
- Mining and quarrying activities recorded a moderate expansion of 2.8%, in comparison to the decline observed in 2020.
- The import ban imposed on tiles caused an unprecedented demand for local tile manufacturers, thereby creating a notable demand for raw materials.

Scarcity of raw material

- Despite the high level of demand for raw material, the industry continues to face constraints in terms of sourcing high quality, commercially mineable raw material.
- A large shift towards individual miners is evident within the sector, due to their ability to offer attractive prices to landowners. This is primarily in line with the low cost of operations associated with their irregular discharge of duties.

Market Dynamics

Challenges and Risks

- Scarcity of raw material
- Ad-hoc government policy and regulations on mining
- COVID-19 impact on health and safety
- Exposure to exchange rate fluctuations in terms of sanitaryware imports
- Intense industry competition
- Potential fluctuations in market demand

Opportunities

- Growing demand from local manufacturers

Our Response

Strategic Response

- Product optimisation
- Cost rationalisation
- Responsible mining

Value Enablers

- Unmatched expertise
- Group synergies
- Solid brand and market reputation
- Responsible mining practices

Creating Value...

Following the import ban on tiles, and the subsequent demand for local manufacturers to fill the gap, the mining sector to be characterized by an unprecedented demand for raw material. This was further exacerbated by the capacity expansions undertaken by tile manufacturers. However, quality deposits are challenging to acquire due to the prevailing competition and irregularities witnessed among competitors, while licensing properties for mining is often a time-consuming process. This led to Lanka Ceramic focusing on optimising and maximising the efficiency of existing mines, while focusing on the more lucrative sanitaryware segment in order to improve profitability.

...by Enforcing our Strategies

Strategic Response	Product optimisation	Resource acquisition	Responsible mining
Capitals			
Principle	Expand our capacity and increase the utilisation and efficiency of our asset base to optimise the value of our existing mineral sources, while seeking and capitalising on new opportunities for growth.	Acquiring new commercially mineable properties and obtaining the necessary approvals to source raw materials and thereby fulfil market demand.	Engaging in sustainable mining practices through the rehabilitation of mines, while adhering to all relevant regulations and guidelines with respect to our people and operations.
Initiatives for 2021/22	• Maximising the utilisation of the Owala mine to ensure continuous production even amid adverse weather conditions, in order to increase production by 10,078 MT. • Focusing on our sanitaryware arm to capitalize on the relaxation of the ban on its importation.	• Seeking new mining properties with high quality deposits, in order to ensure demand is met. • Initiating the process to license our Akuressa property to engage in mining activities in the future.	• Rehabilitation of the Dediyawala mine in order to ensure we adhere to regulatory guidelines and mitigate any adverse impacts to the surrounding region. • Upholding employee health and safety, while ensuring all individuals were fully vaccinated. • Engaging with surrounding communities and ensuring our impact is minimized.

INVESTMENTS AND OTHERS

by Enforcing our Strategies

MANUFACTURED CAPITAL

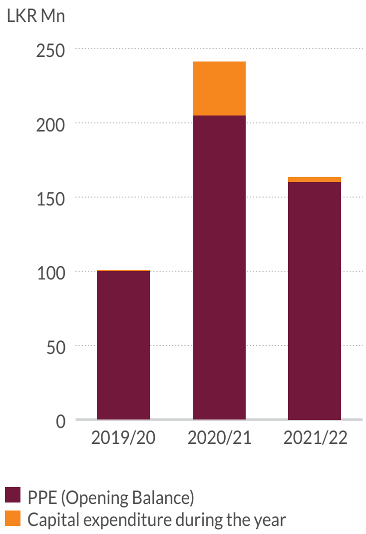
Our manufactured capital consists of our mining properties, which provide high quality output and serve as the key enabler for our operations. The year saw the closure of the Dediyawala property due to the depletion of resources, while the Akuressa property acquired in 2019 is at present undergoing evaluation for licensing, and we anticipate the mine to be fully functional in the near future. During the year, the company engaged in optimising capacity through a range of initiatives, while investing in a resorting machine to maximise feldspar utilization in the near future.

LKR 1,285 Mn
in asset value

LKR 3.15 Mn
invested in expansion

36,397 MT
produced per annum

Mining Sector CAPEX



INTELLECTUAL CAPITAL

The company's three decades in operation has built us a reputation for unmatched expertise and responsibility in the industry. Our associated brand 'Deluxe', falls within the purview of our sanitaryware arm, and is marketed through our parent entity, Royal Ceramic Lanka PLC.

NATURAL CAPITAL

Lanka Ceramics ensures we work in close collaboration with the Geological Survey and Mines Bureau to safeguard the quality of our mines. During the year we closed the Dediyawala mine in line with the relevant guidelines, and ensured its rehabilitation. The previously mentioned resorting machine ensures we utilize discarded material in order to drive greater maximisation of resources.

SOCIAL AND RELATIONSHIP CAPITAL

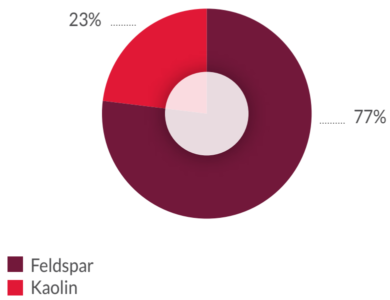
Customers

We ensure only the highest quality materials are sourced and supplied to our customers. The company primarily relies on group synergies to drive demand for both sanitaryware and raw materials essential for tile manufacturing.

100 %
Group Synergies

LKR 297 Mn
Sanitaryware sales

Product Mining

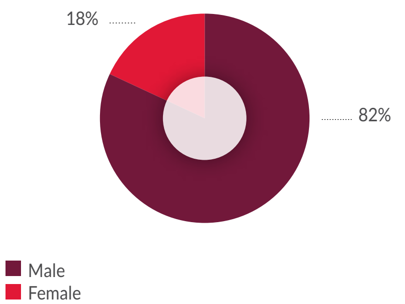


HUMAN CAPITAL

We continue to nurture our workforce year-on-year to improve their knowledge, skills and well-being. The company ensures we adhere to all health and safety regulations with the relevant policies in place to support our commitment.

Our human resource management further encompasses a strict code of conduct, in addition to enforcing policies related to gender parity, equal opportunity and diversity.

Employees by gender



100 %
of employees fully vaccinated

15
PCR tests conducted

LKR 0.5 Mn
Invested in COVID-19 initiatives

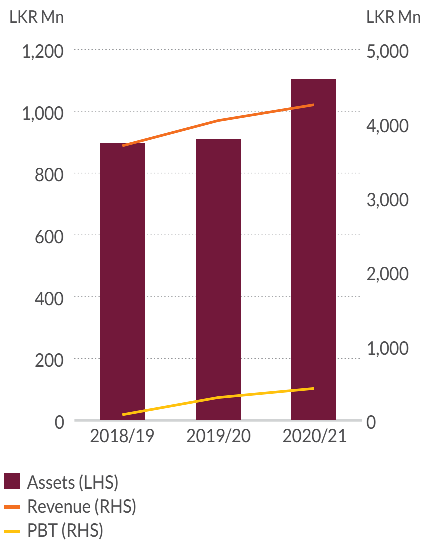
FINANCIAL CAPITAL

The company was able to capitalize on market demand during the year despite a shortage of raw material to record an overall revenue growth of LKR 427 Mn as at the end of the year, displaying a 253% increase from 2020's results. The main contributor to our strong performance was our sanitaryware arm, which benefited from the relaxed import restrictions to record sales amounting to LKR 279 Mn – generating approximately 65% of our total revenue, which was negatively impacted by the depreciation of the rupee at year-end. In turn, the company's mining operations witnessed an uptick in revenue of 35% year-on-year, with feldspar contributing towards 78% of the overall output in terms of mining operations. The overall profitability of the company therefore reached LKR 122 Mn, which was a 61% growth against the previous year's bottom-line of LKR 76 Mn.

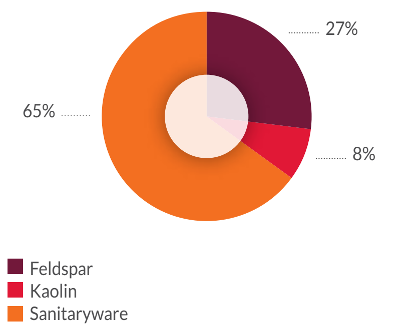
Key Performance Indicators	2021/22	2020/21	% change
Net operating income (LKR Mn)	126	83	52
Profit after tax (LKR Mn)	75	67	12
Return on equity (%)	7.5	7	-
Operating margin (%)	29	68	(38)
Net profit margin (%)	18	55	(37)

Overall Performance

Revenue, PBT, Assets



Composition of Income



Outlook and Plans

While future dynamics pertinent to the sector remain largely cloudy and uncertain, with the potential of diminished purchasing power and a declining demand for construction projects, the segment will continue to rely on Group synergies, prudent planning and robust processes in order to sustain its operations into the year ahead. We eagerly anticipate obtaining a license to operate and utilize our Akuressa property to fulfil market demand, while investing in new machinery to drive responsible resource usage. We will continue to seek out new avenues for growth and drive transformation across all business activities to serve our partners with high quality output in every eventuality.

INVESTMENTS AND OTHERS

Snapshot of Value Creation

Capital	Capital Input	Activities
FINANCIAL CAPITAL	**Packaging:** **LKR 1,995 Mn** equity **LKR 2,013 Mn** debt **Mining:** **LKR 1,050 Mn** equity **LKR 61 Mn** debt	• Disciplined financial • Management with cost rationalisation
MANUFACTURED CAPITAL	**Packaging:** Property, plant and equipment in Dekatana **LKR 1,218 Mn** CAPEX	• Selective CAPEX investments to maintain property, plant and equipment • Manufacture of corrugated packaging and sacks
	Mining: Machinery and equipment in 2 mining facilities **LKR 160 Mn** CAPEX	• Selective CAPEX investments to maintain property, plant and equipment • Mining raw material for tile and ceramic industries
INTELLECTUAL CAPITAL	**Packaging:** Brand equity Certifications, quality and standards	• Improve product quality and standards as per certification guidelines and regular audits • Branding, marketing and promotions
	Mining: Mining technology and expertise Mining licenses, clearances and certifications	• Value additions to products • Branding and marketing • Certification activities
HUMAN CAPITAL	**Packaging:** **521** members in the workforce **LKR 0.14 Mn** investment in training **Mining:** **68** members in the workforce	• Recruitment • Skills development • Maintaining health and safety protocols • Employee compensation, benefits and performance incentives
SOCIAL AND RELATIONSHIP CAPITAL	**Packaging:** **755** local suppliers **LKR 1.1 Mn** community investment **Mining:** **102** local suppliers	• Community recruitment • Community engagement • Community sourcing and partnerships
NATURAL CAPITAL	**Packaging:** Non Hazardous waste disposal **3,464 MT** **21 Mn** litres Water **18,014 GJ** Energy **2,157 GJ** solar-powered energy	• Solid waste management • Energy management • Obtaining and maintaining environmental certifications and clearances
	Mining: Engaging in responsible management of our mines	• Rehabilitation of closed mines • Optimising resources

Sector Contribution to the Group

LKR 49.40 Bn
18% of Assets

LKR 7.53 Bn
7% of Revenue

LKR 6.41 Bn
19.8% of PBT

Output/Outcome	UNSDGs	Stakeholders
57% y-o-y growth in revenue **357%** y-o-y growth in profit before tax	8	Shareholders and Investors
253% y-o-y growth in revenue **13%** y-o-y growth in profit before tax		
LKR 5,189 Mn in asset value **27,300 MT** of corrugated packaging with **65%** capacity utilization **8.8 MT** of paper sacks with **50%** capacity utilization	9, 11	Customers, Business Partners, Employees, Society, Environment
36,397 MT of industrial minerals with **100%** capacity utilization of mining assets		
Market leadership in corrugated packaging Quality certifications	9, 8	Employees, Customers, Environment
Quality raw material Cost efficiencies		
Employee well-being Higher productivity Service-oriented workforce	3, 4, 5, 8, 10	Employees
Loyal relationships with local suppliers Community trust and support	1, 8, 10, 17	Customers, Business Partners, Society
Cost savings Responsible disposal	7, 12, 13	Environment
Minimal societal impact Cost efficiencies and resource management	12	

LKR 5.61 Bn
11% of CAPEX

804
6.1% of Employees

3,410 tCO_2
2.2% of Carbon footprint

4

Exceptional Ideologies

FINANCIAL CAPITAL

Relevant SDG:

8 DECENT WORK AND ECONOMIC GROWTH

At Vallibel One, we consider it our primary responsibility to generate consistent and sustainable returns for our shareholders. The effective and efficient management of our financial capital, namely, our equity, debt and income, enables the Group to optimise our growth and profitability in the long run. Amid the context of the present operating environment, we continue to adhere to best practices in accounting and management, and prudently managing our finances in accordance with the relevant rules and regulations in place pertaining to financial accounting, risk and governance.

STRATEGIC VALUE DRIVERS	ACTIVITIES
Corporate planning and budgetary controls	• Monitoring and assessing the external environment and formulating strategies to maximise wealth creation, and allocating resources accordingly to meet targets.
Cost controls	• Optimising costs and minimising waste, while utilizing resources responsibly.
Procurement	• Ensuring efficient procurement of essential materials by balancing quality and cost.
Cashflow management	• Assessing and monitoring cash inflows and outflows to derive a net positive result.
Investment management	• Balancing risks and maintaining a diverse investment portfolio to maximise returns.
Financial Stability	• Maintaining a healthy financial position with a solid asset base, and ensuring they remain adequate for addressing liabilities.
Best practices in accounting	• Adhering to Sri Lanka's Accounting Standards and the International Financial Reporting Standards.

OUTPUTS			
Cashflows	Dividends	Returns on investment	Financial stability

OUTCOMES		
Shareholder confidence	Stock market positioning	Business continuity

KEY PERFORMANCE INDICATORS

19.53 %
Revenue growth
(18.18% in 2020/21)

LKR 9.09
Earnings per share
(LKR 7.13 in 2020/21)

1.13 times
Current ratio
(1.24 times in 2020/21)

34.07 %
Gearing ratio
(28.36% in 2020/21)

LKR 29,571 Mn
Earnings before interest and tax
(LKR 22,472 Mn in 2020/21)

Highlights for the Year

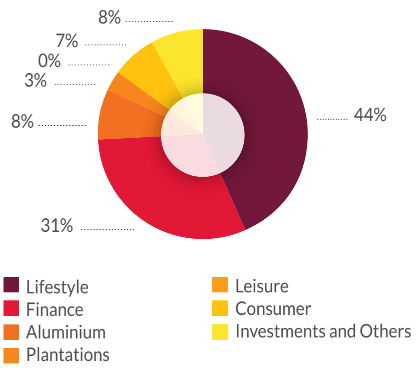
- All thrust sectors recorded a positive performance during the year, leading consolidated revenue to reach a growth of 19.53% in comparison to the previous year.
- As in the past year, the lifestyle sector continued to dominate performance, contributing towards 45% of total revenue, while the finance sector accounted for 31% of the Group's revenue.
- All segments invested in cost-efficiencies and farsighted strategies, enabling every sector to record operating level profits that reached LKR 29,571 Mn.
- The Group's profit before tax reached LKR 27,580 Mn, denoting a growth of 45% year-on-year, while profit after tax was recorded at LKR 20,580 Mn, a 40% increase against the previous financial year.
- Vallibel One's asset position grew by 19% to reach LKR 285,210 Mn, and met the liability position of LKR 176,757 Mn.

FINANCIAL CAPITAL

Financial Performance

Even as the nation's economy began to register growth following the negative impact of the pandemic, the recovery was impeded by the resurgence of the COVID-19 virus during the second and third quarters of the year, in addition to the challenges associated with the rupee's rapid depreciation and the short-fall of foreign exchange witnessed during the close of the year. Notwithstanding the disruptive and challenging atmosphere, the Group's diversified presence and the prudent policies adopted across all key sectors enabled Vallibel One to record a strong performance during the year.

Revenue Composition



Revenue

Vallibel One's consolidated revenue recorded a significant growth of 19.53% year-on-year, reaching LKR 96,859 Mn, in comparison to the LKR 81,035 Mn witnessed in 2021/22, with all business sectors recording growth in top-line performance. Group revenue was primarily led by the lifestyle sector, which contributed towards 45% of the total revenue, followed closely by the finance sector, which contributed towards approximately 31% of the consolidated results. The lifestyle sector witnessed a top-line growth of 19.6%, while the finance and plantations sector recorded growths of 0.6% and 20.62% respectively, despite the challenging industry dynamics observed during the year. The most notable year-on-year revenue growth was evident in the aluminium sector, with an 87.9% uptick in performance, while the investment and others sector and the consumer sector recorded top-line growths of 56.25% and 63.16% respectively.

Operating Costs

The Group's overall administrative expenses grew by 23% during the year, while distribution costs increased by 16% and other operating expenses declined by 42% over the preceding year. Overall, the Group's operating costs recorded an increase of 11% to reach LKR 17,768 Mn.

Operating Profits

Despite the increase in operating expenses, the Group's operating profits, or its earnings before interest and taxes realised an increase of 31.5% year-on-year, to reach LKR 29,571 Mn. The lifestyle sector posted a 49.8% increase in operating profits, while the finance sector saw a growth in operating profitability of 26%, due to a reduction in operating expenses achieved during the year. Despite recording a significant increase in revenue, the aluminium sector's operating profits increased by a mere 12% due to the loss incurred by the depreciation of the rupee at the close of the year. Despite the continued impact of the pandemic, the leisure sector recorded a moderate growth, while the consumer sector, and the investment and other sectors recorded growth in operating profit of 19.69% and 77% respectively. The compound annual growth rate for the past five years was recorded at 26%.

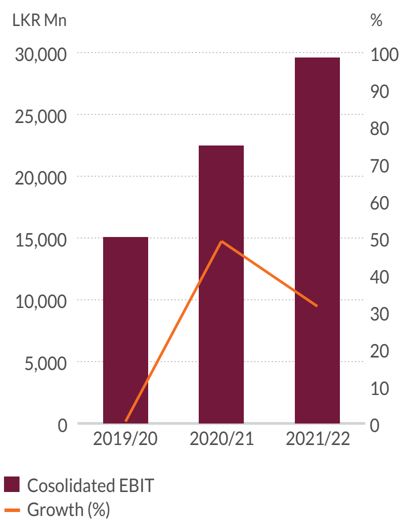
Net Finance Income

The Group recorded a net finance income during the year of LKR 137 Mn in comparison to the net finance income of LKR 1,732 Mn. The lifestyle sector contributed LKR 705 Mn in terms of finance income, while the other sectors contributed towards LKR 842 Mn of the finance cost during the year.

Profitability

The Group achieved a profit before tax of LKR 27,580 Mn, denoting a growth of 45% year-on-year. As in the past, the finance sector continued to be the leading contributor towards Vallibel One's profitability, contributing 42% towards the Group's profit before tax, despite the muted top-line growth. The lifestyle sector followed closely, with a share of 47% of the total profit before tax. The consumer sector continued to display positive results, with a contribution of 1.28% to the consolidated profits, while the aluminium sector accounted for 1.85% of the profit before tax. The investments and other sector contributed towards 6% of the Group's profit prior to taxation, while a 0.2% contribution was recorded from the plantation sector, and 0.02% from the leisure sector.

Cosolidated EBIT



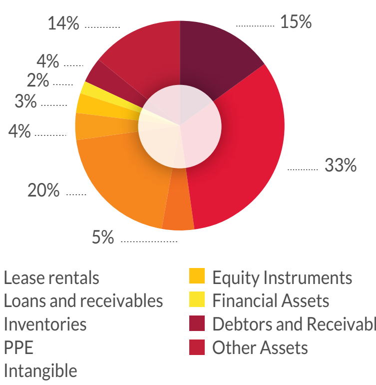
Corporate taxation grew significantly during the year by 67% to reach LKR 7,016 Mn during the year, leading the Group to post a net profit after tax of LKR 20,580 Mn, a 40% increase as against the previous year's figure.

Financial Position

Assets

The Group maintained a healthy financial position as at the close of the year. Vallibel One's asset position grew by 19% to reach LKR 285,210 Mn. Finance sector assets constituted 75% of the consolidated asset base, while credit assets including lease rentals grew by 18%. Lifestyle sector assets increased to reach 20% of the Group's total asset base during the year. Property, plant and equipment across all sectors contributed towards 19.96% of the total asset base. The Group's assets adequately met the liability position of LKR 176,757 Mn during the year.

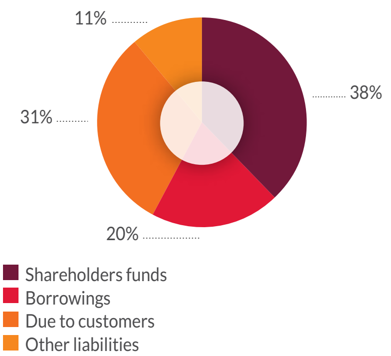
Asset Composition



Funding

The funding composition as at the close of the 2021/22 financial year was similar to that of the previous year. Shareholders' funds recorded an increase of 15% over the previous year's position to reach LKR 108,453 Mn, thereby accounting for 38% of the Group's total assets. The Group's liabilities registered a 21.1% increase against that of the previous year. Deposits contributed towards 50.6% of the total liabilities, while Bank and other borrowings stood at 31.7%, an increase of 50.3% over the previous year's position. The Group's gearing ratio, comprising its deposits was recorded at 57.3 times during the year.

Funding Composition



Cashflow

The cash flows generated from operations continued to grow, albeit at a moderate pace compared to the previous year, recording an increase of 5.65% to reach LKR 20,314 Mn, in comparison to the 268% growth witnessed in the previous year. Cash outflows for investment activities increased by 115%, primarily led by a 62% increase in the purchase of property, plant and equipment. Net cash outflows from financing activities were recorded at LKR 164 Mn, registering a 98% decline year-on-year. As a result, the Group recorded a net positive cashflow of LKR 18,364 Mn, representing a 100% increase as against the previous year.

Earnings per share and market price per share were recorded at LKR 9.09 and LKR 40.20 respectively, displaying an improvement of 27% and a decline of 14% respectively. Net asset value per share shifted from LKR 54.93 to LKR 61.43 during the year.

Future Focus

As the economic landscape continues to be characterized by constriction and disruption, Vallibel One pledges to engage in the responsible, resilient and prudent management of risks and funds, ensuring we continue to navigate through challenges and maximise our resources to generate consistency to our shareholders in the medium-term. The Group will continue to take the following steps in order to drive consistent value delivery:

- To consolidate operations and deliver growth strategies in a cautious and selective manner.
- To exercise austerity measures across the businesses to control costs and wastage, thereby improving profitability and margins.
- To continue to seek out alternative sources of supply and minimize reliance on foreign exchange in order to minimize costs and ensure business continuity.

MANUFACTURED

Relevant SDG:

Due to its vast presence and manufacturing capabilities, Vallibel One possesses an extensive manufactured capital base which reinforces how we create and distribute value. Our manufactured capital includes office premises, modern manufacturing plants, our island-wide distribution outlets and warehousing facilities. We continue to ensure the upkeep of our resources through careful maintenance and strategically planned capital expenditure; which in turn fuel our expansion through higher production capacities and a wider distribution network, and enables a stronger presence in the market. We further prioritise upgrading and refurbishment of our existing capital base to drive greater levels of quality, productivity and cost-efficiency. Our manufactured capital also comprises of the new projects that enable us to tap into new avenues of growth and contribute towards higher returns. The net book value of the Group's manufactured capital stands at LKR 56,936 Mn.

CAPITAL

STRATEGIC VALUE DRIVERS	ACTIVITIES
Upgrades and maintenance	• Engage in upgrading, maintaining and refurbishing existing property, plant and equipment to drive greater efficiencies and ensure business continuity.
Expansions and new projects	• Drive business growth through the expansion of production capacities and increased distribution in the market.
	• Investing in new ventures and explore new market opportunities for growth, and thereby enable diversification and minimize risk.
Digital infrastructure	• Investment in IT hardware to strengthen organisational processes, particularly across factories and delivery networks.

OUTPUTS			
A well-maintained asset base	Greater production capacity	Increased market reach	Efficient operational processes

OUTCOMES		
Financial stability	Returns on investment	Improved performance

KEY PERFORMANCE INDICATORS

LKR 56,936 Mn
Total capex
(LKR 52,595 Mn in 2020/21)

7 %
Average return on assets
(6% in 2020/21)

LKR 35,204 Mn
Capex–land and buildings
(LKR 32,456 Mn 2020/21)

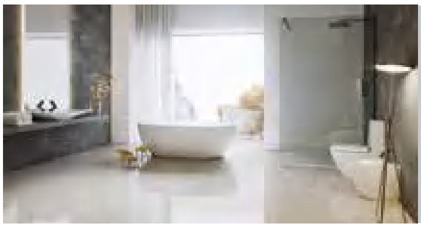
LKR 11,488 Mn
Capex – plant, machinery and equipment
(LKR 9,827 Mn in 2020/21)

Highlights for the Year

- Rocell launched two new concept stores during the year in Anuradhapura and Galle.
- L B Finance upgraded its service centres into fully-fledged branches. The company also acquired Multi Finance PLC, resulting in expanding its network by 8 branches.
- Swisstek Aluminium invested LKR 40 Mn into upgrading its facilities, expanding its storage capacity by 40,000 square feet, and on expanding the powder coating building by 15,000 square feet.
- The plantations sector invested in diversifying into coconut and other crops, while upgrading its plant, machinery and infrastructure during the year.
- Lanka Tiles invested in a state-of-the-art dry squaring machine, enabling resource optimisation.

MANUFACTURED CAPITAL

Our Manufactured Capital at a Glance:

LIFESTYLE		Tile and Bathware **Rocell and Lanka Tiles**	**LKR 23,924 Mn** 7 factories, plants and machinery *Eheliyagoda, Horana, Ranala, Meepe, Balummahara, Mabima and Homagama*
FINANCE		Non-banking finance institution **L B Finance**	**LKR 12,005 Mn** Branches of Head Office *Island-wide presence*
ALUMINIUM		Aluminium extrusions **Swisstek Aluminium**	**LKR 1,599 Mn** Factory, building, plant and material *Dompe*
PLANTATIONS		Tea, rubber, oil palm, coconut and other **Horana Plantations**	**LKR 2,616 Mn** 7 tea factories, 2 rubber factories, plant and machinery *Horana, Maskeliya, Lindula*
LEISURE		Hotel, resort and spa **The Fortress and Greener Waters**	**LKR 8,111 Mn** Hotel property, fixed assets and building under construction *Koggala and Negombo*
CONSUMER		Office building **Delmege Forsyth**	**LKR 22 Mn** Consumer goods and medical equipment *Office premises*
INVESTMENTS AND OTHERS		Corrugated packaging, paper sacks, and mining **Unidil and Lanka Ceramic**	**LKR 8,662 Mn** Factory building, plant, land and machinery *Dekatana, Owala, Meetiyagoda, Akuressa*

Maintenance and Upgrades

Across the Group, our business units ensure we maintain and upgrade our equipment and properties in a timely, feasible manner to improve the delivery of goods and services in line with customer expectations. We ensure that all our upgrades and asset development is performed with our business objectives and the availability of resources, while considering changing dynamics, and our ability to sustain our performance in the years ahead.

Despite challenges faced with COVID-19 lockdowns, we continued to invest in the upkeep of our existing resource base. A team of engineers and technical staff oversee all maintenance work, and we engage with our respective manufacturers and suppliers to benefit from after-sales services while monitoring warranty periods in order to make timely claims where necessary.

Automatic Palletizer

Many of our factories implemented 'Total Productive Maintenance' or TPM, which inspires the workforce to take ownership of their equipment and ensure maintenance work is performed on a regular basis. L B Finance invested in upgrading its service centres to fully-fledged branch status in order to drive improved customer service.

Refer: Sector reviews, pages 65-159

Expansions and New Projects

The year 2021/22 was challenging in terms of obtaining essential resources and equipment for capacity expansion and the development of new infrastructure. Despite these constraints, the Group remained committed towards building new capabilities, while expanding our existing facilities to better meet demand.

Our investment strategies are aligned with changes and emerging trends witnessed on a socio-economic scale, underscored by our Group values and overall strategic direction. All projects are implemented following the necessary due diligence, and we ensure that our procurement practices are transparent, responsible and ethical, with structured processes in place to uphold the same. We ensure we obtain the best quality raw material and resources at an optimised cost to generate maximised value and long-term returns; considering a range of factors including supplier credentials, delivery timelines, availability of after-

Rectification and Chamfering of tiles

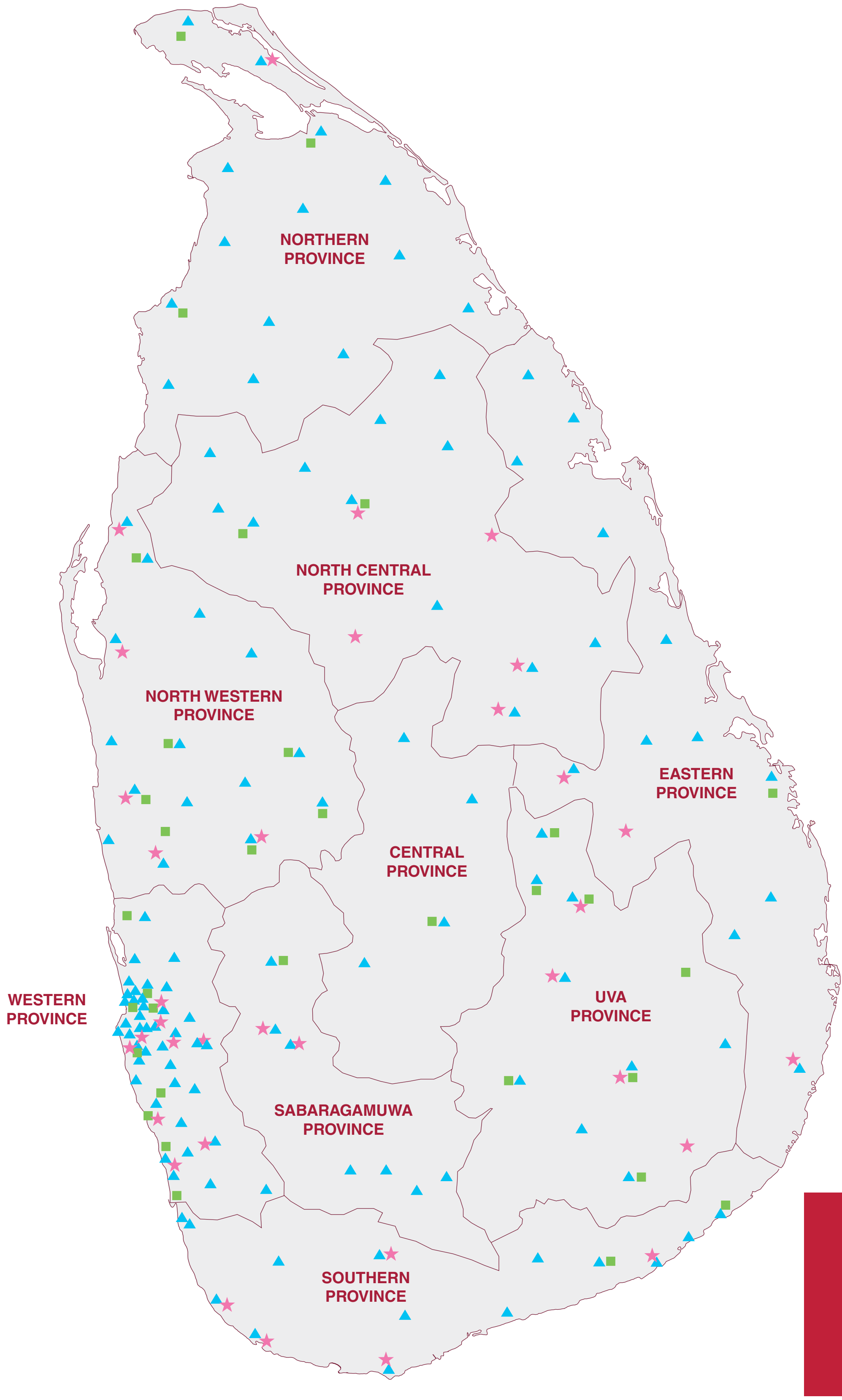
sales support, and presence of sustainable practices, training, technology at a viable cost, prior to arriving at a decision.

Our Greener Water Hotel project is slated to become a landmark on Negombo's shores, however, it continued to be negatively impacted by the short-fall of resources essential towards the project's completion. Given the market dynamics, Horana Plantations began to invest in diversifying into more lucrative crops such as coconut and cinnamon. Our various expansion projects are captured in the relevant sector reviews within this report, and we continued to invest in expanding our branch network during the year.

MANUFACTURED CAPITAL

Our Presence

GRI Disclosure: 102 - 4, 6



★ **ROCELL**

Showrooms	56
Hybrid showrooms	05
Factory outlets	11

▲ **LB FINANCE**

LB Finance branches	181
Multifinance branches	08

■ **LANKA TILES**

Showrooms	47
Factory outlet	19
Concept stores	02

12 branches in Myanmar

LB Microfinance Myanmar Company (LBMF)

Investing in Digital Infrastructure

As we transition into the new normal, digitalisation is fast becoming essential to business continuity. As customers continue to seek out greater convenience, accessibility and a streamlined service, many organisations integrate technology into their systems. It is of vital importance that we engage in the pursuit of cutting-edge technology and digital infrastructure.

Particularly during the third wave of the pandemic which dominated the year under review, many of our business lines continued to adopt remote working functionality for non-essential services. The company had in place the necessary infrastructure to support this movement, following the mechanisms implemented in the previous year.

We continued to invest in the necessary digital infrastructure including computers, laptops, tabs, printers and smartphones, in order to support our automations and process improvements, with the added incentive of enhancing product and service quality and build greater levels of productivity. During the year under review, we invested LKR 248 Mn in the procurement, maintenance and upgrade of IT hardware.

Refer: Sector reviews, pages 65-159 *Refer: Social and relationship capital, pages 194-201*

Future Outlook

We will continue to leverage on our manufactured capital base to ensure continued growth, by:

- Maintaining and upgrading our existing asset base
- Continuing to expand our capacity to meet changes in market demand
- Ensuring we establish new outlets and branches within our network to enable greater accessibility
- Investing in digital infrastructure to support our digitisation activities
- Ensuring a streamlined service delivery at customer touchpoints

HUMAN CAPITAL

Relevant SDGs:

A highly skilled workforce of 13,244 individuals serves as the underlying strength that drives the Group's seven thrust sectors; shaping and leading business operations through a complex operating environment. Vallibel One believes in creating an environment conducive for their growth and progress, while instilling a spirit of innovation, creativity and a pursuit of excellence in every employee. Our human resource functions are managed by each individual organisation through dedicated HR departments which follow robust, comprehensive policies, practices and procedures curated for the respective organisation and their requirements, while remaining founded on the values and ethical principles that define the Group.

GRI Disclosure: 103 - 2, 103 - 3

STRATEGIC VALUE DRIVERS	ACTIVITIES
Talent development	• Attracting the best talent in the industry, following a fair recruitment process.
	• Building employee skills and nurturing talent through focused training and development plans.
	• Driving a performance-driven work culture that recognises and rewards employees for their achievements.
Remuneration and benefits	• Ensuring employee well-being, while offering competitive compensation and benefits.
An enabling workplace	• Engaging closely with employees to empower them and deliver best practices in human resource management.

OUTPUTS			
Skilled Employees	Higher Productivity	Higher Employee Retention	Improved Employee Well-Being

OUTCOMES

Employee satisfaction and loyalty

KEY PERFORMANCE INDICATORS

2,896
Employee recruitment
(2,567 in 2020/21)

LKR 11.33 Mn
Training investment
(LKR 6.3 Mn in 2020/21)

43,021 hours
Total training
(18,310 Hours in 2020/21)

LKR 7.3 Mn
Revenue per Employee
(LKR 5.9 Mn in 2020/21)

78 %
Overall retention rate
(81% in 2020/21)

LKR 11,074 Mn
Value created to Employees
(LKR 9,856 Mn in 2020/21)

Highlights for the Year

- 2,896 new employees joined the Vallibel One group, including 39% outside the Western Province
- Training opportunities extended to 64% of the cadre covering 43,021 training hours
- Average retention rate of 78% across the Group
- 12% year-on-year increase in total value created to one employee

HUMAN CAPITAL

> "Vallibel One stands as a responsible conglomerate that promotes equal opportunity within the workforce and thereby nurtures an inclusive workplace.

Region and Type

GRI Disclosure: 102 - 2, 3

Region	Permanent	Contract	Outsourced	Total
Central	3,723	35	0	3,758
Eastern	301	1	0	302
North Central	179	7	0	186
North Western	326	5	0	331
Northern	221	3	0	224
Sabaragamuwa	924	69	52	1,045
Southern	475	27	0	502
Uva	185	9	0	194
Western	6,031	422	249	6,702
Total	12,365	578	301	13,244

GRI Disclosure: 102 - 8 and 405 - 1

Team Profile

Vallibel One stands as a responsible conglomerate that promotes equal opportunity within the workforce and thereby nurtures an inclusive workplace. Our ethos encourages Group-wide efforts to respect diversity and foster a collaborative spirit, beginning from Board level, and cascading down to the management and their respective teams.

The Group comprises a diverse, well-balanced team of 13,244 employees across seven sectors, that represent all genders, age groups and regions across the island. Vallibel One's management and executive workforce comprises 32% of female employees, who are led by an accomplished female chief executive officer who has continued to drive strategy and enable the Group's continued growth.

With respect to age, the Group ensures a fair balance is maintained between the fresh, modern and creative insights offered by a youthful workforce, while offering maturity and stability through the senior cadre. In terms of regional representation, nearly 51% of the Group hails from the Western province, while 28% and 8% originate from the Central province and the Sabaragamuwa provinces respectively.

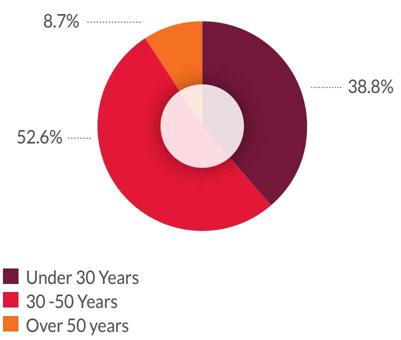
The Group's employees are all hired on full-time basis, with no employees present on part-time basis.

GRI Disclosure: 406 - 1

Non-Discrimination

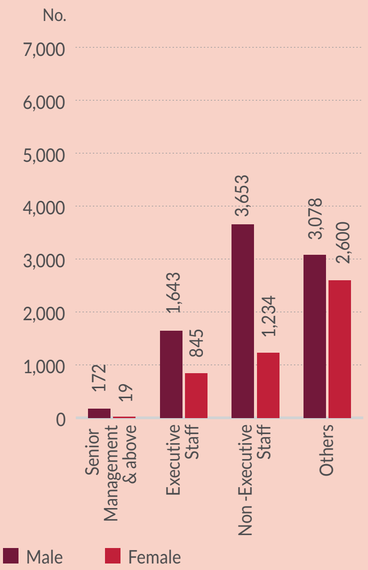
As an advocate of inclusivity in the workplace, and as an equal opportunity employer, we offer employees a non-discriminatory workplace built on fair and responsible work ethics. During the year, no incidents were reported across the Group with respect to discrimination related to any form of social prejudice. The HR departments of each business unit have incorporated the relevant guidelines, policies and mechanisms to address such incidences, as and when they occur.

Team by Age

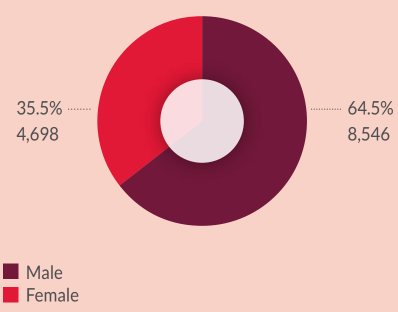


HUMAN CAPITAL

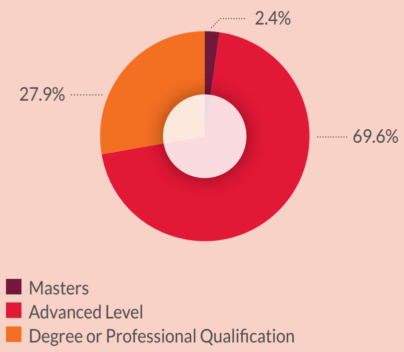
Team by Employee Category



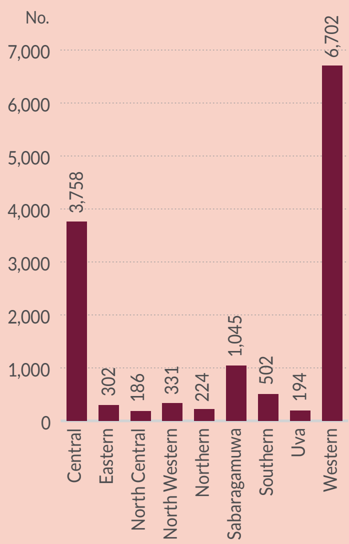
Team by Gender



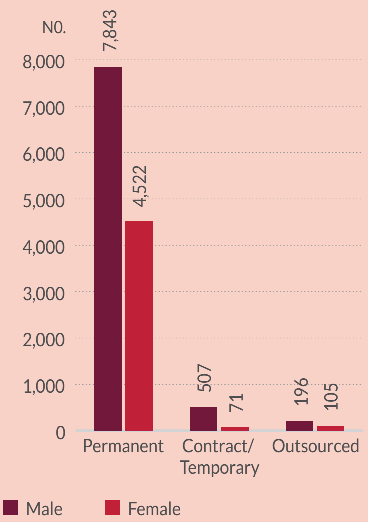
Team by Level of Education



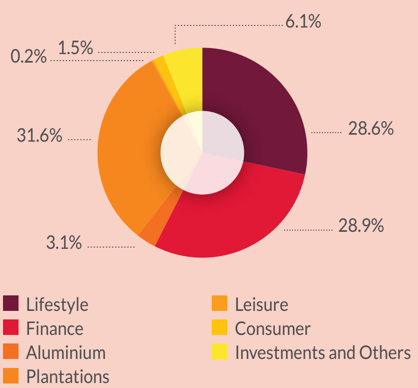
Team by Region



Team by Type of Employment



Team - by Sector



2,896
New Employees

39%
Recruits from outside Western Province

85%
Of young employees under 30 Years were joined

GRI Disclosure: 409 - 103 - 2, 103 - 3

Talent Development

In order to create a skilled and knowledgeable workforce, talent development remains a top strategic priority maintained by all companies across the Group. Our approach is common to all sectors and focuses on recruiting the right talent, while training and developing a well-rounded, agile team of industry experts, and maintaining a performance-driven culture.

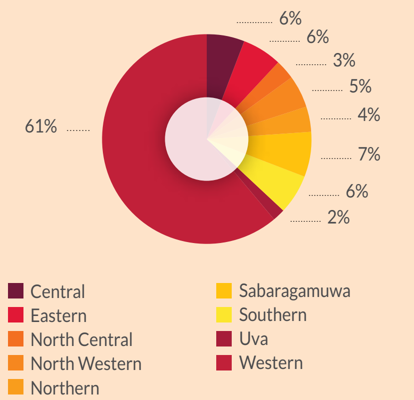
GRI Disclosures: 408-1, 401-1

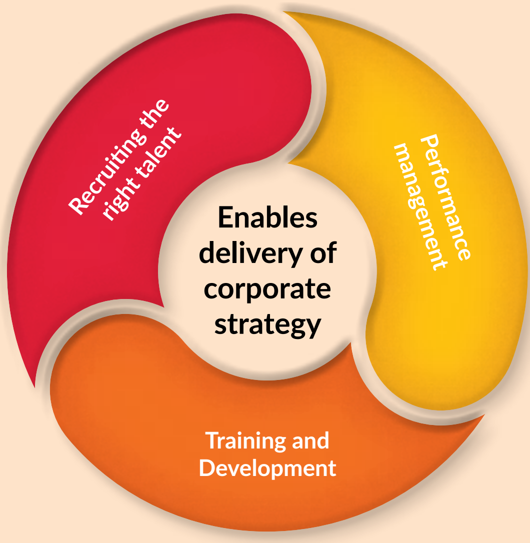
Recruiting the Right Talent

We ensure the company's recruitment is maintained in line with Sri Lanka's labour laws, with a minimum age of employment at 18 years and above. No incidents of child labour were recorded during the reporting year across the Group, and with respect to supplier operations.

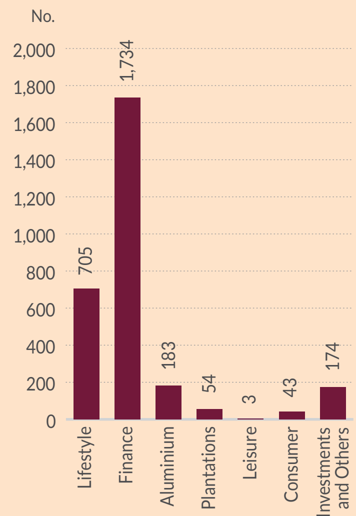
Our recruitment policy seeks to build an inclusive workplace unimpeded by any form of discrimination, and continues to be guided by the principles of equal opportunity. We follow a structured, transparent recruitment process based on predetermined selection criteria that aligns with the job's specifications and the organisation's work culture. During the reporting year, in consideration of the surrounding dynamics, the company recruited 2,896 employees to the Group, an increase/decrease of 12.8% as against the previous year.

Recruitment by Region

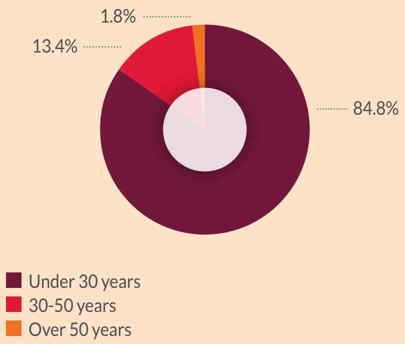




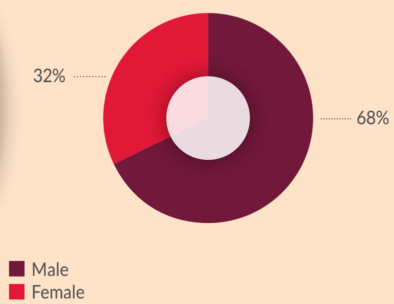
Recruitment by Sector



Recruitment by Age



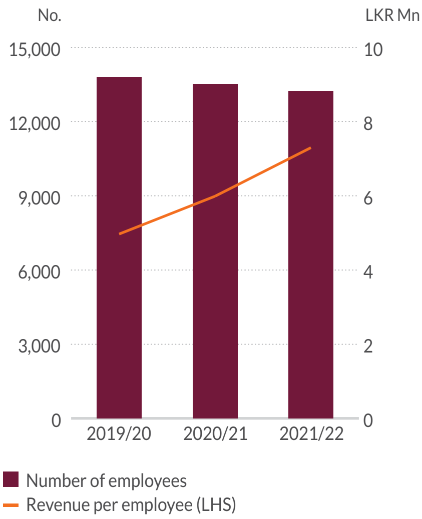
Recruitment by Gender



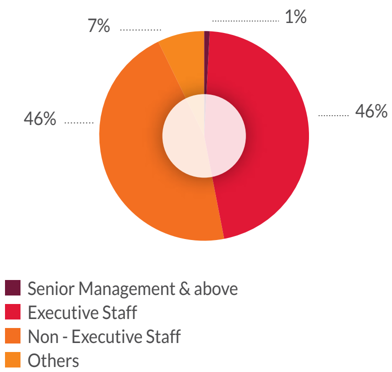
HUMAN CAPITAL

Training and Development

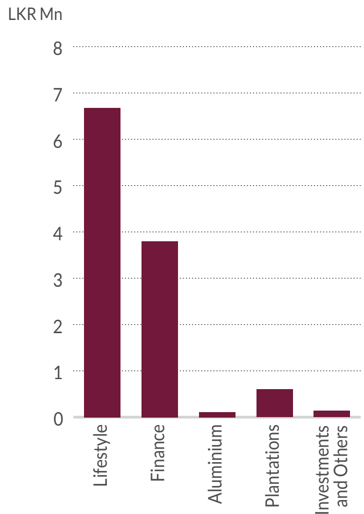
Revenue per employee



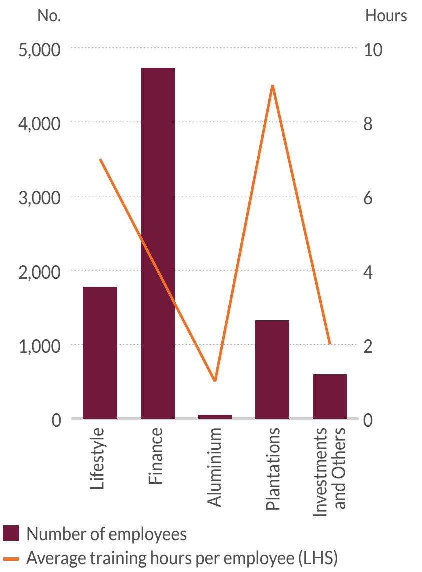
Training hours by employment category



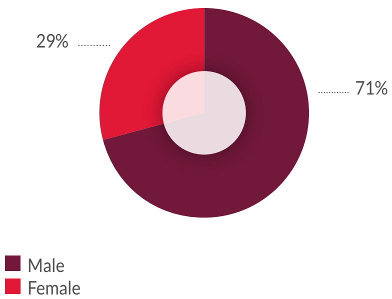
Investment in Training by sector



Total employees trained by sector



Training hours by gender



LKR 11.3 Mn
Training Investment

8,476
Employees Trained

43,021
Training Hours

GRI Disclosure: 103 - 2, 103 - 3, 404 - 1, 404 - 2

Our training and development activities have long been a cornerstone of our human capital function, and we continue to invest in programmes designed to uplift and elevate our knowledge base to ensure professional development and corporate growth.

Our training initiatives encompass on-the-job training and structured programmes that are conducted on an in-house basis or via external partners, in addition to offering opportunities for overseas training where deemed pertinent. All employees are afforded the opportunity to gain cross-sectoral exposure. All training needs are identified in a systematic manner via regular performance evaluations, and remain aligned to the strategic direction of the Group and the relevant company to which the respective employee belongs.

Due to the re-emergence of the COVID-19 pandemic, training typically took place via a hybrid model, combining both online and on-site training. In consideration of the surrounding dynamics and the Group's priority areas during the year, our training primarily focused on the following aspects:

- Quality Management
- Productivity Development
- Management and Leadership
- Personal Development
- Health and Safety Awareness

The Group's total investment on training stood at LKR 11.3 Mn, thus recording an increase of 80% year-on-year.

Employee Induction

All new recruits are required to follow a comprehensive induction programme that provides insights and exposure into the company's daily operations, thereby supporting new recruits in becoming acclimatized to the company's ethics and work values, while raising awareness on the Group's overarching vision, policies, practices and procedures.

Professional Development

In order to further nurture and build on the talent base within the Group, we encourage our employees to pursue higher education at recognised universities and institutions, to grow their academic, professional and/or technical qualifications. The Group provides partial reimbursement of course fees, while supporting employees to obtain and maintain memberships in renowned professional institutions or bodies. The Group invested LKR 1 Mn in this regard during the year under review.

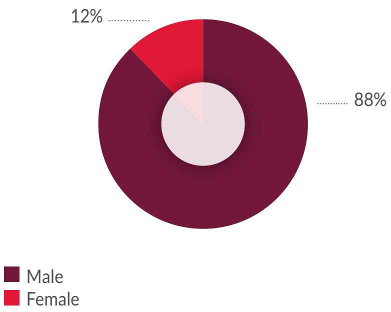
Motivational Programme done for LB Finance staff

HUMAN CAPITAL

GRI Disclosure: 103 - 2, 103 - 3, 404 - 3

Performance Management

Promotions by gender



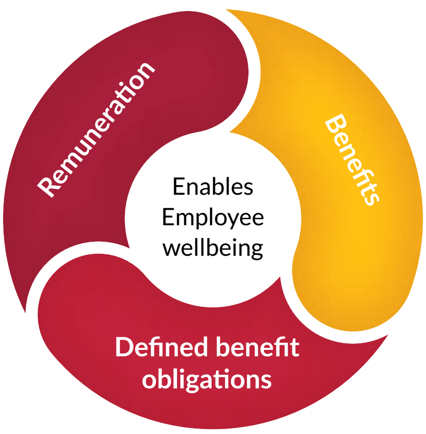
A structured performance management scheme is in place, established by all companies within the Group. The scheme monitors and evaluates employee performance on an annual or bi-annual basis, utilizing a transparent system built on predetermined targets that align with goals relevant to the company and the Group as a whole. All employees within the Group receive performance assessments; the results of which serve as a basis for the Group's training calendars, as well as rewards and recognition extended to each individual. Any high achievers identified via this process are recognised through promotions, and trained to obtain the relevant skills required to take up their new positions within the organisation.

Succession Planning and Mentoring

Many of our companies extend mentoring and succession planning to the workforce. The holding company itself gives due precedence towards these processes, and provide our utmost support in this regard. The Boards of each organisation are instrumental in identifying leadership gaps and selecting employees with the potential to succeed, while paving the path to succession at senior and middle management levels.

Furthermore, our high achievers undergo mentoring under the purview of our management, with focused career planning in place, to support the process. We continue to invest in our management trainee programmes in order to identify entry-level talent, and provide the necessary training and exposure to instill management-level skills within each participant. At present 140 management trainees follow such programmes across the Group.

Remuneration and Benefits



The Group's remuneration packages are built in line with the industry standards applicable to each organisation, and the labour laws and regulations pertinent to the respective business line. We believe in offering fair and adequate compensation in an equitable manner, corresponding to the job responsibilities, skills and experience displayed by the respective employee.

A structured evaluation scheme enables the Group's companies to ascertain appropriate salary increments, incentives and rewards. Our permanent employee base remains entitled to a range of welfare and benefits, outlined on the following page. Group-wide compensation and benefits for the year 2021/22 stood at LKR 9,463 Mn, recording a growth of 9% year-on-year.

GRI Disclosure: 409 - 1

Forced or Compulsory Labour

As a responsible employer, Vallibel One is wholly opposed to any form of exploitation in the workplace. No incidences of forced or compulsory labour were recorded at any level of the Group's operations or among our supplier base, to the best of our knowledge.

Remuneration and Benefits – Permanent Cadre

KPIs	2021/22	2020/21	% change
Salaries and related expenses (LKR Mn)	9,463	8,671	9
Employers' contribution to EPF and ETF (LKR Mn)	1,331	618	115
Gratuity (LKR Mn)	286	379	(25)
Average turnover rate (%)	22	19	3

GRI Disclosure: 103 - 2, 103 - 3, 401 - 2

Benefits offered to Permanent Employees

LIFESTYLE

- Medical insurance
- Reimbursement of fees for professional studies/ memberships
- Facilities to buy consumer items at special rates
- Staff loans at concessionary interest

FINANCE

- Life and medical insurance
- Disability and invalidity coverage
- Staff loans at concessionary interest
- Employee stock options

ALUMINIUM

- Workmen compensation
- Medical insurance
- Reimbursement of fees for professional studies/ memberships
- Fuel reimbursements

PLANTATIONS

- Subsidised meals
- Estate housing facilities
- Day care facilities for estate workers
- Healthcare and nutrition support

LEISURE

- Medical Insurance

CONSUMER

- Medical insurance
- Consumer goods at discounted prices

INVESTMENTS AND OTHERS

- Medical insurance
- Transport facilities
- Medical and casual and vacation leave payments

The Group continues to meet its defined benefit obligations, which encompass contributions towards the Employee Provident Fund (EPF), Employee Trust Fund (ETF) and gratuity. During the year under review, our contributions towards these defined benefit obligations reached LKR 1,331 Mn, while the gratuity provision was recorded at LKR 286 Mn.

Employee Engagement

Fostering an environment that is conducive to growth and empowerment is an underlying strength and contributor towards our success as a respected organisation within the business world. The company remains cognizant of the importance of employee well-being in the workplace, due to its direct impact on levels of motivation, productivity and retention.

We offer a comprehensive management approach towards creating an enabling environment for our staff, by prioritising occupational health and safety, maintaining harmonious

HUMAN CAPITAL

industrial relations, encouraging work-life balance, and building team spirit, while engaging with employees and addressing their grievances.

Addressing Grievances

We maintain an open-door policy and encourage continuous communication between employees and their management to ensure any gaps or grievances are identified. We continue to engage in positive dialogue with our employees across the Group, with stringent mechanisms in place to attend to such concerns and grievances in a timely and effective manner.

Our performance appraisals play an integral role in grievance management; however, if the first level of communication is ineffective, employees are encouraged to seek remedial action through a more structured, dedicated process, under the purview of their respective HR departments. A number of organisations within the Group have established whistle-blower mechanisms that enable the staff to speak up against any forms of discrimination or misdeeds observed within the workplace, and address any violations of their rights as an employee, while maintaining complete anonymity. The Group did not record any lawsuits filed against the violation of human rights during the year.

Team Building

In creating a space for collaboration, the Group strives to encourage and inspire a sense of team spirit within each employee. We continuously work towards building a sense of mutual confidence and trust among our workforce, and consistently stress upon the importance of teamwork and cooperation in achieving tangible, optimised results.

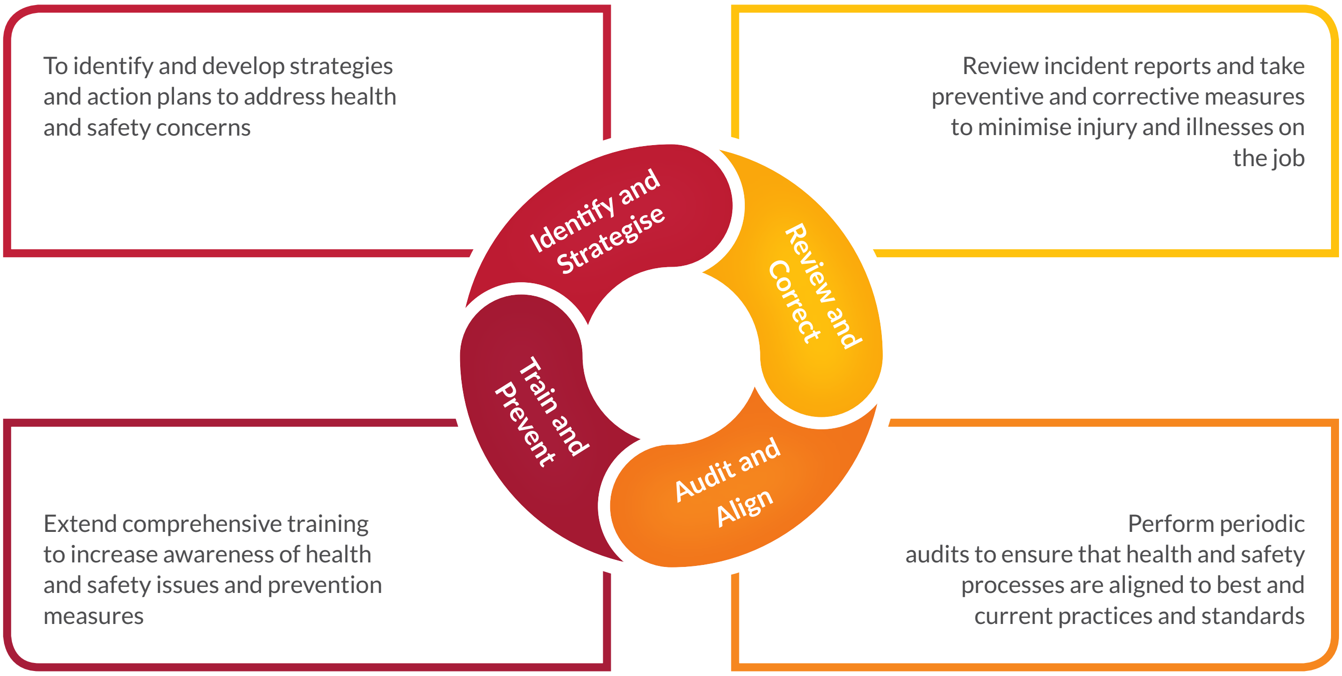
The numerous welfare societies installed across our business lines complement this objective. While many of the societies had to curb their annual activities, we extend online programmes and deliver our agendas in accordance with health guidelines.

Occupational Health and Safety

GRI Disclosure: 103 - 2, 103 - 3, 403 - 1 to 9

Occupational Health and Safety 2021/22		
Sectors	Key Initiatives	Key Indicators
All sectors	Followed COVID-19 health protocols	COVID- positive cases: **1,920**
	First aid in factories	
	Fire equipment and fire drills	Vaccinated individuals: **9,700+**
	Personal protective gear	
	Training on health and safety	Occupational injuries: **185**
Lifestyle, Aluminium	OHSAS 18001 certification	
Plantations	Ergonomic tea plucking baskets	Work-related fatalities: **No**

Fostering a healthy and safe work environment is a fundamental need recognised at every level of the Group's operations, particularly due to our extensive presence in the manufacturing sector. The Group comprises over 19 factories employing 68% of the total cadre, spanning permanent, temporary and contract-based employees. We adopt a hand-on health and safety management policy, instituting proactive measures aligned to best practices, codes and standards that are advocated by regulatory bodies across each business sector. We further manage health and safety in line with the collective bargaining agreements maintained between the Group companies in the plantation and manufacturing sectors and their trade unions, which stipulate conditions with respect to the health and safety of the workers.

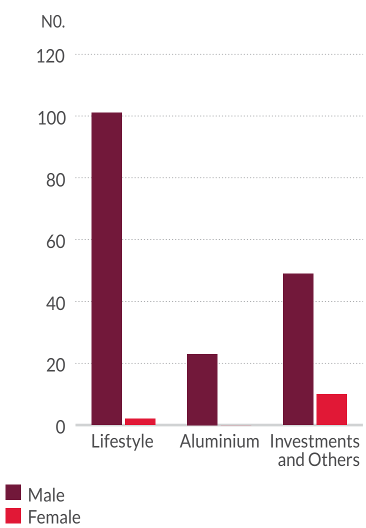


HUMAN CAPITAL

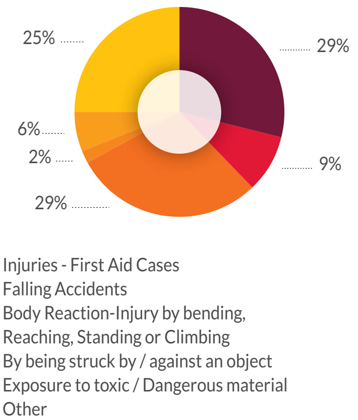
The Group companies have incorporated structured health and safety committees with a cross-sectional representation of the workforce across all employee grades. The committees adhere to a systematic process based on best practices, in order to monitor, identify, assess and mitigate any potential risks to health and safety, comprising occupational hazards, workplace accidents and fatalities.

The aforementioned process is reinforced by regular meetings held by the relevant committee members, in order to assess incident reports, identify any gaps and implement the necessary improvements. The committees hold responsibility for conducting regular audits on the health and safety processes adopted within the respective workplaces, and work in collaboration with the internal audit teams in this regard. The results of these audits are recorded at periodic management meetings, to drive necessary and prompt action, and engage in continuous improvement. Any significant discoveries are escalated to higher levels of the organisation where relevant, and can be placed before the senior management and even the Board of Directors for top-level deliberation, which would in turn contribute towards stronger internal controls.

Occupational injures by Sector and gender



Occupational injures by type



Most operational units have established and internalised a formal health and safety incident reporting process. In the event of an incident, the department or the operational units are encouraged to originate the report through the immediate supervisor and/or the head of department. The report is escalated up to health and safety committees, to open an inquiry, apply for workman compensation insurance and to adopt preventive measures.

During the year, the Group continued to focus on health and safety initiatives across the workforce, with all work-related injuries including the spread of COVID-19 being well managed—with necessary medical expenses covered by the respective company's insurance, and due leave granted without any material variation to the employees' remuneration.

COVID-19 RESPONSE

As the third wave of the COVID-19 pandemic took its toll on the nation during the second and third quarters of the period under review, the Group continued to adhere to the many of the previously established guidelines, which drove our success in the preceding year. However, due to the continued rollout of the vaccine, factories remained operational through a large part of the year, in line with the Government's improved guidelines.

- Creating awareness through structured training programmes on the disease and the spread of infection.
- Advising employees to self-quarantine if they were exposed to the virus or if there was a possibility of infection.
- Encouraging front-office staff to work remotely from home.
- Creating awareness on hand washing and basic hygiene, and ensured cleanliness with the necessary sanitisation made available at the workplace.
- Distributing personal protective gear including surgical masks, gloves, tissues and hand sanitizers to promote good respiratory hygiene.
- Discouraging unnecessary face-to-face meetings; rather, encouraging online meetings and issuing guidelines on maintaining social distancing practices during essential meetings.
- Encouraging social distancing and continuous protection with face masks within the workplaces at all times.
- Encouraging all employees to take the vaccine under the national programme being rolled out by the Government, and initiating vaccination drives to reinforce the process.
- There were 1,920 active cases recorded within the Group.

Work-life Balance

The Group recognises the value of striking a balance between work and life, and therefore earnestly seeks to ensure that employees at every level are empowered to manage their relevant responsibilities without facing undue stress. Therefore, we encourage the management across the Group to maintain fairness in delegating responsibilities, providing leave and supporting the staff to manage their time in a productive manner. With the return of the COVID-19 pandemic, the Group encouraged the staff to work remotely where feasible, and ensured all employees were given the necessary guidance and structured timelines to improve work-life balance.

GRI Disclosure: 402-1 and 102-41

Industrial Relations

We respect our employees' right for freedom of association, and as testament, over 6,283 employees within the lifestyle, aluminium and plantations sectors are members of trade unions. These employees are in turn covered by collective bargaining agreements, renewable every three years.

The agreements stipulate employee rights and management's responsibility for openness, transparency and accountability, inter alia, on any changes that may materially impact the organisation's operations. The minimum notice period in this regard is set out in the relevant agreements. We continued to maintain cordial relations with union representatives during the year.

GRI Disclosure: 401-3

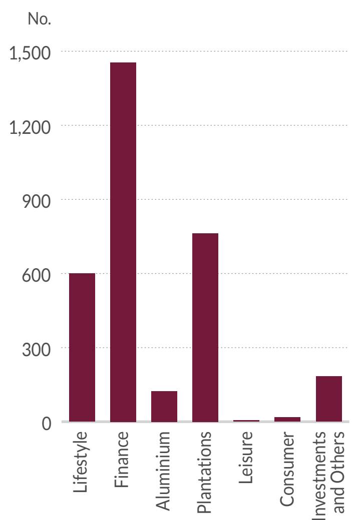
Maternity Leave

In accordance with the Shop and Office Employees Act, we afford all female employees maternity leave benefits amounting to 84 working days, and 42 days for the third child. In addition, we have made the necessary provisions to give our female employees their feeding entitlement of one hour, following their return from maternity leave.

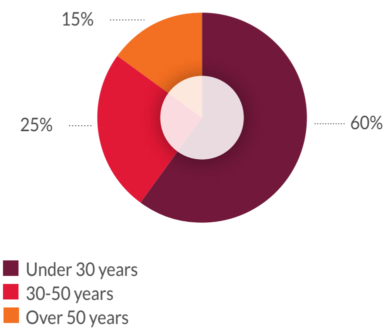
Total number of female employees	4,698
Employees on parental leave	131
Employees who returned to work during the period after parental leave	83
Employees still in employment 12 months after returning from parental leave	72

HUMAN CAPITAL

Employee turnover by sector



Employee turnover by Age



GRI Disclosure: 103 - 2, 103 - 3, 401 - 1

Retention and Turnover

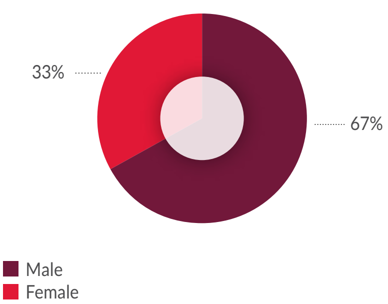
The progressive HR policies and measures established to ensure employee well-being and welfare is maintained are the underlying contributors towards the retention of our multi-faceted workforce found within the Vallibel One Group.

In the reporting year, with the complexities that prevailed, we had to lay off contract and temporary staff in some of the sectors including leisure, aluminium and investments and others. We also had to adjust the remuneration levels of the management cadre and temporary stop the incentives and some of the benefits. However, our overall retention rate stood at 78% whilst staff turnover was 3,150 employees with a ratio at 22%.

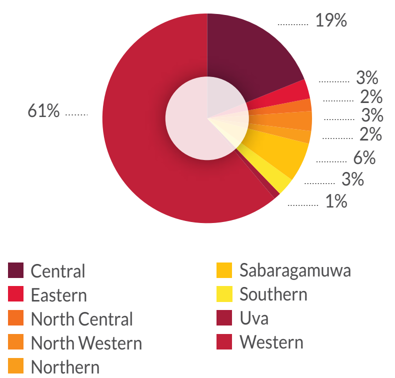
Compliance

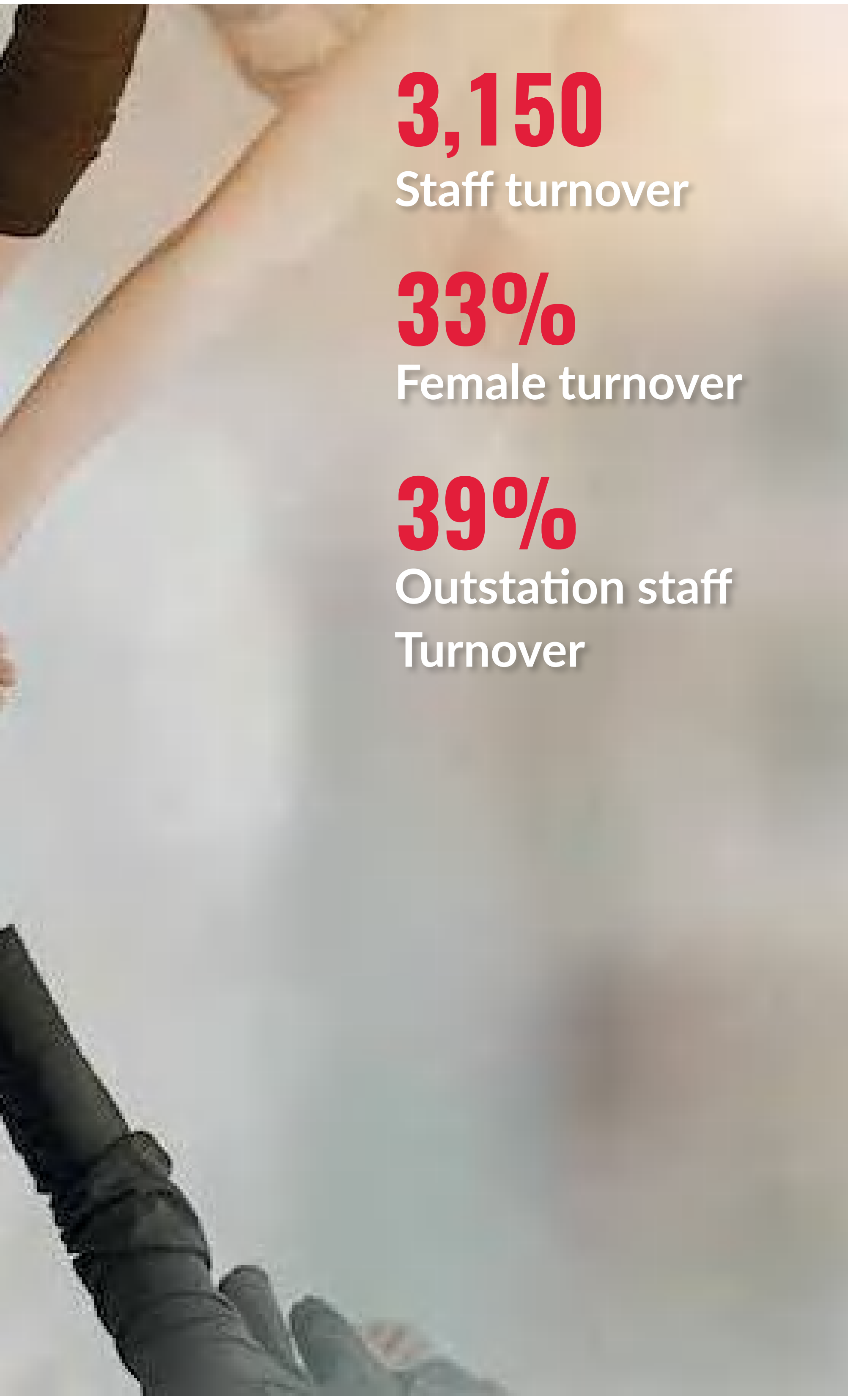
The businesses found within the Group remain wholly committed towards ensuring compliance with Sri Lanka's labour laws, rules, regulations and directives. Furthermore, a number of companies adhere to best practices in labour management outlined by renowned certification bodies and other institutions including 'Great Place to Work'. The Group did not record any fines or non-monetary sanctions with respect to mismanagement of labour practices during the year.

Employee turnover by Gender



Employee turnover by Region





3,150
Staff turnover

33%
Female turnover

39%
Outstation staff Turnover

Future Outlook

In the midst of the highly complex environment we face today, the agility, dynamism and skill of our team remains integral to our survival. Therefore, the Group will continue to:

- Consolidate and synchronize HR policies, processes and practices across the business verticals to reflect Group aspirations and values.
- Attract and recruit the right skills for the right task, follow through with internal recruitment and cross-sector transfers to ensure the right fit is achieved.
- Strengthen employee engagement and well-being, and ensure a positive work environment is built across the Group to ensure its recognition as a 'Great place to Work'.
- Ensure employee growth and progress through structured remuneration and succession planning processes.

INTELLECTUAL CAPITAL

Relevant SDG:

With a diverse presence across multiple sectors, Vallibel One possesses a robust intellectual capital base comprising intangible assets including our corporate reputation, brand equity, qualities and standards, and the time-tested processes and expertise that play a key role in our value creation framework. In prioritising and managing this capital efficiently, we build a strong foundation that drives differentiation, and thus strengthens our position in a competitive market.

STRATEGIC VALUE DRIVERS	ACTIVITIES
Corporate reputation	• Maintain best business practices to foster integrity and a strong corporate reputation, thereby reinforcing stakeholder confidence and trust.
Institutional expertise	• Leverage on years of expertise gained across business sectors to ensure risks are managed effectively, and proactively respond through insightful strategy to secure opportunities for growth.
Brand building	• Build and invest in a range of brands to sustain market position and nurture unique identities to enhance connections with consumers through strategic marketing and promotional activities.
Quality and standards	• Adhere to quality standards and guidelines, while obtaining recognised certification to maintain best-in-class operations and products.
Technology, research and development	• Invest in state-of-the-art technology and research and development to streamline processes, improve productivity and lead the way in innovative products and service offerings.

OUTPUTS			
Increased brand equity	High quality products and services	New product development	Streamlined processes

OUTCOMES		
Top-of-mind brand recall	A strong corporate reputation	Customer loyalty and trust

KEY PERFORMANCE INDICATORS

71 %
Market share (tiles)
(60% in 2020/21)

39 %
Market share (bathware)
(40% in 2020/21)

LKR 135 Mn
R&D investment
(LKR 91.4 Mn in 2020/21)

LKR 177 Mn
Software investment
(LKR 181 Mn in 2020/21)

LKR 65 Mn
NPD investment
(LKR 496.5 Mn in 2020/21)

Highlights for the Year

- Our subsidiaries were recognized with awards and accolades
- Invested LKR 1,300 Mn across all sectors on process improvements, resulting in the achievement of LKR 934 Mn in cost savings.
- Introduced the landmark 'Asuru Sanin Ran Nayak' feature, enabling gold loan top-ups within 30 seconds via the CIM mobile wallet app from L B Finance.
- Invested in incorporating machine learning, robotic process automation, and artificial intelligence to improve organisation-wide productivity.
- The introduction of Vermi-wash, an environmentally friendly alternative for crop protection, developed in collaboration with the Wayamba University.
- Commencing the implementation of SAP across Group companies.

INTELLECTUAL CAPITAL

Corporate Standing

With only 12 years since our inception, Vallibel One has risen steadily in the ranks to reach the forefront of business excellence; serving its stakeholders with steadfast value and stability in an intensely competitive environment. As a conglomerate with a presence in diverse sectors, our impact on society and the economy is far-ranging, and therefore we continue to maintain principles of accountability, integrity, and sustainability at every level of our operations. Accordingly, the Group ensures it instills a strong value system across all business units, in addition to enforcing all legislative and regulatory frameworks that govern us.

The multiple awards and accolades we have received at both Group and organisational level are listed in page 193, and are a testament to our journey as a good corporate citizen.

Refer: Corporate Governance, pages 214-219

Institutional Expertise

The Group's collective institutional expertise is a key pillar that underlies our progress and strength as an entity; providing us the strategic guidance and vision to reach corporate excellence in a relatively short span of time. The Board and Senior Management's foresight and knowledge have been honed and perfected over time, resulting in an unerring sense of direction that enables us to journey steadfastly onward, even amid challenging times.

Our management teams possess the necessary capabilities, skills and know-how to deliver on and execute their respective strategies. Furthermore, a proactive platform enables the management teams across all business units to join forces in order to inspire a spirit of shared learning achieved through collaboration, ideation and supportive insights. This platform empowers the organisation's leadership to arrive at smart management decisions in line with the Group's growth agenda and value system.

We continue to invest in training our management teams, while providing invaluable exposure to learning opportunities within the Group and across the globe. We continue to drive mentoring programmes with structured succession planning frameworks to support and motivate high achievers to achieve leadership positions in their respective fields.

Brand Building

Vallibel One
Valuing diversity

Lanka Tiles
A local identity

Delmege
A legacy for quality

Rocell
Premium brand in the lifestyle sector

Swisstek Aluminium
A market leader in the industry

Uni-Dil
The leader in corrugated cartons

LB Finance
A strong financial tradition

Horana Plantations
Ceylon's finest tea and rubber

The Fortress Resort and Spa
A luxury beach escape

Most Valuable Consumer Brands
(Brands Annual 2022 Brand Finance):

LB FINANCE	24th Ranked	LKR 5,821 Mn Brand Value 2%	AA Brand Rating
LANKATILES	67th Ranked	LKR 962 Mn Brand Value 32%	AAA- Brand Rating
Rocell Eternal elegance	48th Ranked	LKR 2,084 Mn Brand Value 48%	AAA- Brand Rating

Rocell Bathware
Bathware masterpieces

Kellogg's
World-renowned consumer brand

Motha
Loved household brand

Our Memberships and Associations

1. The National Chamber of Commerce
2. The Ceylon Chamber of Commerce
3. Sri Lanka Italy Business Council
4. National Chamber of Exporters
5. Ceylon Chamber of Industries
6. Sri Lanka - Nordic Business Council
7. Exporters Association of Sri Lanka
8. Sri Lanka Ceramics and Glass Council
9. Ceylon Tea Traders Association
10. Ceylon Rubber Traders Association
11. The Employers' Federation of Ceylon
12. Planters Association
13. Palm Oil Industry Association of Sri Lanka
14. Plantation Human Development Trust
15. Sri Lanka Tea Board
16. Lanka Corrugated Cartons Manufacturers Association
17. Sri Lanka Association for the Advancement of Quality and Productivity
18. National Wood Flooring Association
19. Board of Investment
20. The Finance Houses Association of Sri Lanka
21. Leasing Association of Sri Lanka

We possess a solid business portfolio comprising brands that epitomise quality and trust, many of which are market leaders in their respective sectors. Our continuous pursuit of excellence, service quality and innovation ensure our brand equities remain strong; ensuring that the entirety of our portfolio is valued and sought after by the general public.

Our investments in brand building primarily constitute branding initiatives and campaigns that utilise above-the-line and below-the-line communications that are targeted towards the relevant audiences in order to share our brand values and thus create greater awareness and top-of-mind recall among consumer groups. Accordingly, during the year under review, the Group expended a total of LKR 682 Mn on brand building exercises.

Refer: Sector Reviews, pages 65-159
Social and Relationship Capital, pages 194-201

INTELLECTUAL CAPITAL

Quality and Standards

Maintaining operational excellence is integral to drive resource efficiencies and ensure our customer value proposition remains unmatched. Therefore, we uphold globally and locally acclaimed certification programmes across our key business units, and reaffirmed our commitment to these standards during the year under review. We invested LKR 11 Mn on obtaining and maintaining certifications across various disciplines including quality management, cybersecurity and sustainability.

Occupational Health and Safety

Business Unit	SLS	ISO	Other certifications/programmes
Lifestyle	✓	✓	Green Label, CE Marking, Water mark, OHSAS
Aluminium	✓	✓	GreenSL, QUALICOAT
Plantations		✓	Ethical Tea Plantation, Rainforest Alliance, Forest Stewardship Council
Leisure			Wellness and Spa Europe, GMP Certificate
Packaging	✓		HACCP, 5S Programme, Quality Circle

Refer: Sector Reviews, pages 65-159

Technology, Research and Development

Our systems and processes undergo continuous improvement to ensure they are in line with the latest technologies, enabling each business vertical within the Group to remain adaptive and responsive to change. At present, the Group remains focused on adopting automation, machine learning and artificial intelligence capabilities to build streamlined, robust operations that augment organisational productivity, improve quality and foster cost-efficient operations. We are at present in the process of rolling out SAP solutions in order to provide a more holistic approach to operations. In line with this commitment, the Group invested LKR 1,302 Mn on process improvements.

Furthermore, as cybersecurity concerns became a rising concern following the pandemic, our business units continued to prioritise upgrading data security and maintaining privacy of sensitive data through the implementation of the latest cybersecurity standards and systems and antivirus software, while ensuring the existing software was kept up-to-date.

Our investments in new product development ensure we respond to consumer needs and emerging trends. The dedicated research and development units within our various businesses are key contributors towards this process, while we continue to partner with international organisations and local educational institutions to further elevate our knowledge and contribute towards our expansion and growth. The company invested LKR 135 Mn on research and development during the year.

New Products Launched in 2021

LIFESTYLE
- Products from homogeneous and glazed porcelain

ALUMINIUM
- Construction profiles

FINANCE
- CIM Digital Roller
- Asuru Sanin Ran Nayak

PLANTATIONS
- Launch of Vermi-Wash

Refer: Sector Reviews, pages 66-144

Future Outlook

We will continue to build on our intellectual capital base via the following initiatives:

- To use an optimised mix of communication platforms and campaigns to build our brand equity and maintain market share
- To continue to pursue online channels and social media platforms to efficiently build brand awareness and loyalty
- To continue to elevate our knowledge base through structured training programmes and partnerships with recognised institutions
- To pursue continuous improvement through quality standards and certifications and process optimisation initiatives
- To invest in expansion and growth through the development of new products.

Our Awards and Accolades

Royal Ceramics Lanka PLC	1. 56th CA Sri Lanka Annual Report Awards 2021- Manufacturing Sector-Turnover above LKR 5 Bn- Gold Award 2. CNCI ACHIEVER AWARDS 2021- Silver Award-Provincial level-Eheliyagoda Factory
LB Finance PLC	**56th CA Sri Lanka Annual Report Awards** 1. Overall Excellence in Annual Financial Reporting Award - Bronze Award 2. Special Recognition Award for Most Transformative and Digitalised Annual Report - Gold Award 3. Finance Companies & Leasing Companies (Total Asset Above LKR 20 Bn) - Gold Award 4. Corporate Social Responsibility Reporting Award - Gold Award 5. Corporate Governance Disclosure Award - Silver Award 6. Integrated Reporting: Best Disclosure on Capital Management - Silver Award 7. Management Commentary Award - Bronze Award **CMA Sri Lanka Annual Report Awards** 1. Overall Excellence – Gold Award 2. Top Five Excellence Report Award 3. Winner Best Integrated Report – Finance and Leasing Sector 4. Winner Special Award – Best Disclosure on Capital 5. Winner Special Award – Best SDG Reporting 6. CMA CFO Excellence Award **LankaPay Technnovation Awards** 1. The Most Popular Digital payment product (Banks & NBFIs) - Gold award 2. Excellence in Customer Convenience (NBFIs) - Silver Award 3. Overall Excellence in Interbank Digital Payments (NBFIs) - Silver Award 4. Financial Inclusivity – Merit Award **FITIS Digital Excellence Awards** 1. Business Model Innovation - Category Winner **National ICT Awards – NBQSA** 1. In-House category (ECLIPSE Credit Appraisal System) – Silver Award
Lanka Walltiles PLC	1. 56th CA Sri Lanka Annual Report Awards 2021- Manufacturing Sector-Turnover above LKR 5 Bn- Silver Award
Swisstek Aluminium Limited	1. Awarded by the CPM and ranked among the Top 10 Best Management Practices
Horana Plantations PLC	1. 56th CA Sri Lanka Annual Report Awards 2021- Plantations Sector- Bronze Award 2. National Business Excellence Awards 2021 • Runners Up- Agriculture and Plantations Sector • Merit Award- Excellence in Corporate Social Responsibility 3. National Cleaner Production Awards 2021 • Merit Award- Gouravilla Estate- Tea Industry Sector (Manufacturing Large)

SOCIAL AND

Relevant SDGs:

Any organisation is built on the strength of its partnerships, and Vallibel One is no exception. The scale and diversity of our operations ensures that our social and relationship capital is vast and varied in nature, and therefore, we continue to map, monitor and engage with our customers, business partners and the communities in which we operate, as a key element of our ongoing strategy. Such mechanisms ensured we remained aligned to emerging trends and needs, which experienced significant transformation following the re-emergence of the COVID-19 pandemic, in addition to the economic downturn and their associated impacts.

RELATIONSHIP CAPITAL

STRATEGIC VALUE DRIVERS	ACTIVITIES
Product innovation	• Develop and extend a versatile, innovative product offering in line with changing customer dynamics.
Increased accessibility	• Rely on a wide array of distribution channels and online channels to improve market reach and customer convenience.
Service quality	• Extend a high-quality service, while obtaining and addressing feedback in order to build an enhanced customer experience and improve loyalty.
Marketing and communications	• Engage with customers and promote products in line with responsible marketing practices.
Product responsibility	• Adhere to best practices in order to ensure responsible, ethical production with minimal impact
	• Comply with applicable consumer rules and regulations, and ensure customer privacy.

OUTPUTS		
Quality products	New products and value additions	Exceptional service

OUTCOMES	
Customer satisfaction and loyalty	Top-of-mind brand recall

KEY PERFORMANCE INDICATORS

181
L B Finance branches
(169 in 2020/21)

144
Tile showrooms and outlets
(141 in 2020/21)

LKR 65 Mn
Product innovation
(LKR 254 Mn in 2020/21)

No
Customer privacy breaches
(Nil in 2020/21)

No
Instances of non-compliance in relation to product labelling and communications
(Nil in 2020/21)

Highlights for the Year

- 92 new products developed during the year
- Shifting to larger tiles to meet market trends
- Developing new aluminium products and improving our online presence
- Acquiring the marketing rights for Ferrero chocolate and confectionery products.
- Adding new features and developments to the ‘Cash-in-Mobile’ app by L B Finance.
- Diversifying into mass-market furniture with Grip Delmege and Grip Nordic in order to meet customer demand.
- Providing medical equipment essential for combating the COVID-19 pandemic.

SOCIAL AND RELATIONSHIP CAPITAL

Customer Relationship Management

Product Innovation

Vallibel One offers a comprehensive business portfolio, with a range of products spanning seven thrust sectors. The organisation invests considerably in research and development activities to drive product improvements and innovation, in order to enhance our products' value propositions and thereby fulfil customer needs and aspirations. During the year under review, LKR 65 Mn was invested in product development at the Group level.

Refer: Sector Reviews, pages 65-159
Intellectual Capital, pages 188-193

Product Accessibility

144
showrooms and outlets
Lifestyle Sector

181
branches
Finance Sector

399
dealers and distributors
Aluminium Sector

67,921
dealers and distributors
Consumer Sector

Sector	Online channels		
Lifestyle	Lanka Tiles:		
	• Amazon retailing for USA	• Mobile App	• www.lankatile.com
	Rocell:		
	• Virtual tour design hub	• www.rocell.com	
Aluminium	• Online shopping portal	• daraz.lk	• Facebook
Finance	• www.lbfinance.com	• Cash-in-Mobile app	

We give precedence to ensuring our products remain accessible, in order to offer greater convenience to our customers, and enhance our market reach. To this effect, the Group possesses a strong island-wide distribution network comprising showrooms and branches.

Our lifestyle segment offers an extensive delivery network, reinforced by synergies achieved between Rocell and Lanka Tiles showrooms and outlets. The aluminium and consumer sectors rely on established partnerships with island-wide distributors, while our finance sector possesses a robust network of fully-fledged branches and gold loan centres. During the year, we continued to expand on our network, and added 12 new branches in this regard.

As we continued to face an ever-transforming transition into the new normal, digital channels came into the forefront of our operations. Therefore, many of our sectors continued to establish and enhance their online presence, through the development of official websites, online distribution platforms and social media presence to garner a greater reach.

Refer: Sector Reviews, pages 65-159 / Manufactured Capital, pages 166-171

Service Quality

As an organisation founded on customer-centricity, service excellence lies at the core of our value proposition. We therefore strive towards extending best-in-class service to all customers to elevate their experience at every stage of their interaction with the companies under the Group's purview.

In order to maintain exceptional service standards, our employees undergo meticulous training on a regular basis, and are encouraged to build positive relationships to further nurture customer loyalty and trust. We remain open to receiving and responding to customer feedback and grievances in a timely and proactive manner. These activities are supported by periodic customer surveys and any communications received via the respective company's official website or customer service hotline.

Refer: Sector Reviews, pages 65-159

GRI Disclosure: 402-1 and 102-41

Marketing and Communication

Branding, marketing communications and promotions play a key role in our Group-wide efforts to build and enhance each brand's value among their respective target segments. The Group relies on a balanced mix of print and electronic media for above-the-line advertising, and where applicable, utilizes direct marketing initiatives including roadshows and door-to-door promotions, which target consumers and traders. In addition to brochures and leaflets outlining product information, our sectors leverage on a range of online channels and social media platforms to promote our brand-building exercises. During the year under review, the Group invested LKR 682 Mn on branding, marketing and promotional activities.

Refer: Sector Reviews, pages 65-159

Intellectual Capital, page 188

"In order to maintain exceptional service standards, our employees undergo meticulous training on a regular basis, and are encouraged to build positive relationships to further nurture customer loyalty and trust.

GRI Disclosure: 417 -1 - 103 - 2, 103 - 3

Product Responsibility

The Group is deeply committed towards upholding the highest quality and standards throughout every stage of our operations; ensuring we adopt and adhere to the relevant guidelines outlined by locally and internationally renowned certification bodies. We continue to abide by all product and consumer-specific laws, rules and regulations.

In line with Vallibel One's commitment for product responsibility, no incidences, fines or warnings of non-compliance related to products and services were recorded during the year. The Group did not face any incidences of non-compliance related to the health and safety impacts of the products and services under our purview. Furthermore, no instances of non-compliance related to product and service information, labelling, marketing communications and customer privacy arose during the year under review.

Refer: Sector Reviews, pages 65-159 / Intellectual Capital, pages 188-193

SOCIAL AND RELATIONSHIP CAPITAL

Business Partner Management

STRATEGIC VALUE DRIVERS	ACTIVITIES
Business partner/supplier engagement	• Engaging with supply chain partners in capacity building, and instilling best business practices across the board.
Supporting local suppliers	• Prioritising local suppliers within the procurement process.
Fair dealings	• Ensuring timely and fair transactions.

OUTPUT		
Quality sourcing	Responsible supply chain management	Mutually beneficial business support

OUTCOME	
Loyal business partners and suppliers	Continuous supply of quality raw material

KEY PERFORMANCE INDICATORS

LKR 53,385 Mn
Total supplier payments
(LKR 48,580 Mn in 2020/21)

67 %
Local supplier payments
(70% in 2020/21)

37 %
Payments to SMEs
(40% in 2020/21)

3,150
Small and medium suppliers
(3,504 in 2020/21)

Highlights for the Year

- Launched an online directory of aluminium fabricators 'alupenters.lk'.
- Closely engaged with and supported the members of the tiler club.
- Maintained strong ties with the general and modern trade network along with focused promotional activities and incentives.
- Acquired marketing and distribution rights/agency rights for key brands across the consumer sector, spanning food and beverage items and medical equipment.
- Continued to seek alternate sources of supply to mitigate the risk arising from supply chain disruptions.

GRI Disclosure: 102 - 9, 102 - 10, 103 - 2, 103 - 3

Business Partner/Supplier Engagement

Across our scope of businesses, Vallibel One has built a strong group of business partners, principals and suppliers, spanning large-scale entities to small and medium enterprises (SMEs). Our partnerships are built on the trust and loyalty we exude, and as a result, some of the companies within the Group even hold the sole agency rights and/or marketing and distribution rights for a range of renowned brands in Sri Lanka.

LIFESTYLE

LKR 20 Mn 9,286 hrs
Technical training and financial assistance

5,000+
Members in the Tiler Club

660+
Distributors and franchisees engaged island-wide

ALUMINIUM

730+
Aluminium fabricators hosted on the alupenters.lk platform

CONSUMER

67,900+
Distributors engaged island-wide

The products, services, capital, technical knowledge, innovation and unmatched insights play an integral role in our business model, and are the underlying means to achieving our operational goals. Therefore, across our business sectors, Vallibel One chooses to actively engage in collaboration and capacity building to create mutually beneficial long-term partnerships.

No significant changes to the organisation took place across our business verticals and their supply chains during the period under review.

We maintain a pool of the finest suppliers in order to mitigate risk of disruption, and continue to seek out the most qualified experts within the market to drive the best possible outcome at every stage. The strong relationships we have crafted over the years with like-minded suppliers and business partners have enabled us to maintain best-in-class products and services, and uphold responsible practices throughout the process. We further partner with reputed institutes to harness knowledge and drive collaboration to enhance our capabilities for innovation.

In order to ensure alignment with our requirements, the respective companies perform the necessary due diligence on supplier credentials and determine their commitment to quality and standards prior to their being onboarded as a supplier or business partner.

SOCIAL AND RELATIONSHIP CAPITAL

The Group works closely with all suppliers via procurement committees, advocating the sharing of knowledge and experiences, monitoring their fulfilment of contractual obligations, while enforcing responsible practices in terms of managing our collective impact on people and planet, and ensuring compliance with the relevant laws, rule and regulations. Our engagement takes place via regular site visits, periodic reviews and assessments across the supply chain whilst extending training opportunities to build their capacity, and provide business opportunities to promote growth.

Supplier engagement mechanisms

- Regular site visits
- Periodic reviews and assessments
- Training opportunities
- Capacity building exercises
- Providing business opportunities

Supplier responsibilities

- Sharing knowledge and experiences
- Monitoring contract fulfilment
- Advocating environmental and social responsibility
- Compliance with legislation

Refer: Sector Reviews, pages 65-159

Fair Dealings

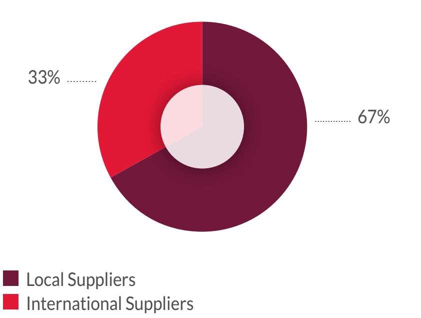
The Group ensures that all transactions and dealings with our suppliers and business partners are conducted in a fair and conscientious manner. Driven by an ethical approach to business, we ensure our payments and contractual obligations are addressed in a transparent, timely and disciplined manner, underscored by principles of integrity and accountability. Our procurement committees are responsible for ensuring we follow best practices across our respective business lines in this regard.

GRI Disclosure: 204 - 1

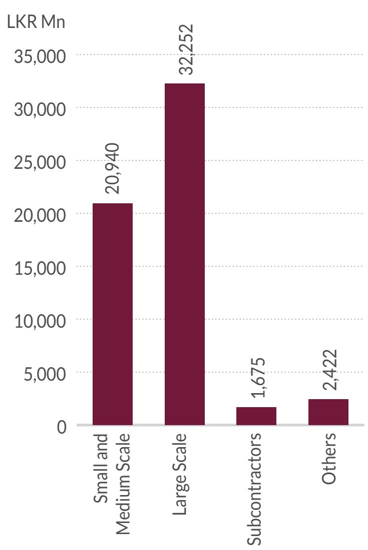
Supporting Local Suppliers

As a policy, the Group gives precedence to local suppliers, on the basis that they meet our well-defined procurement criteria. The Group's total supplier base stands at 4,503, resulting in our supplier payments reaching LKR 53,383 Mn during the year. Our local supplier base constitutes 80% of our total suppliers, and 70% of our entire base comprises suppliers hailing from the small and medium sector.

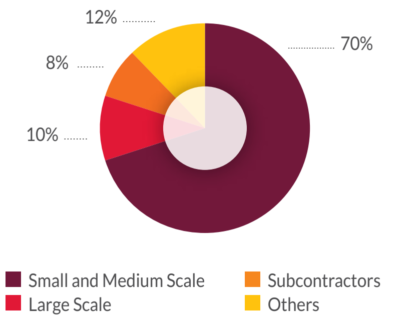
Geographical breakdown of supplier payments



Supplier Payments by type



Supplier Profile



Community Relationship Management

STRATEGIC VALUE DRIVERS	ACTIVITIES
Estate community development	• Engaging with supply chain partners in capacity building, and instilling best business practices across the board.
Engaging with neighbouring communities	• Prioritising local suppliers within the procurement process.
Community recruitment	• Ensuring timely and fair transactions.
Philanthropy	• Support underprivileged communities with philanthropic initiatives.

OUTPUTS	
Community well-being	Community growth and progress

OUTCOMES	
Community trust, loyalty and respect	Positive word of mouth

KEY PERFORMANCE INDICATORS

LKR 52 Mn

Total community investments

(LKR 75.3 Mn in 2020/21)

30,800+

Total beneficiaries

Highlights for the Year

- Extended a well-structured welfare and development programme to support estate communities.
- We invested LKR 52 Mn for supporting our local communities

SOCIAL AND RELATIONSHIP CAPITAL

We believe that it is our duty to exert a positive influence on our surrounding communities – and therefore Vallibel One invests considerably in engaging and building purposeful, meaningful partnerships across our scope of operations. Our efforts span the estate communities in which we operate, in addition to the neighbouring communities.

GRI Disclosure: 103 - 2, 103 - 3, 413 - 1

Estate Community Development

LKR 29 Mn
Total community investments

29,000+
Total beneficiaries

A HOME FOR E VERY WORKER

MOTHER & CHILD FRIENDLY PLANTATION

QUALITY EDUCATION FOR CHILDREN

Living Environment

- New Houses for Workers
- Upgrading Existing Workers' Homes
- Access Roads
- Playgrounds
- Sanitation
- Water Projects

Health and Nutrition

- Post and Antenatal Clinics
- Cataract Operation
- Nutritional Clinics
- Immunization Clinics
- Medical Camps
- Eye Clinics

Community Capacity Building

- Daycare Centres
- Schools & Nurseries
- Online Educational Facilities
- Alcohol Prevention Programs
- Vocational Training
- English Language Education

Youth Empowerment

- Home Gardening
- Bridal & Beauty Care
- IT Education
- Small Business Management
- Sports
- Training on Environment Protection

Our tea and rubber estates situated in the Central and Western Provinces are intrinsically linked with our plantation sector's operations, and therefore our engagement with the 29,000+ individuals living within these lands are essential and interwoven with our strategy.

Therefore, we engage in a structured programme (featured above), which rolls out a range of benefits to the communities residing within our estates, including housing, water and sanitation, healthcare and youth development.

The Estate Worker Housing Cooperative Societies established within the respective estates extend additional financial assistance to empower these communities, thereby further reinforcing the programmes initiated by the sector. During the year under review, our plantation company, Horana Plantations PLC invested LKR 29 Mn on community-based initiatives.

Engaging Neighbouring Communities

Our manufacturing and leisure operations remained interconnected with surrounding local communities, and understand the significance of local community engagement in securing societal trust and goodwill. The organisations within these segments, namely the leisure, lifestyle, aluminium and packaging companies continually engage in consistent dialogue with community leaders with respect their business activities or any changes to the same, while extending support towards community-based activities, including religious, cultural and recreational events.

The Group further empowers our surrounding communities to play a role in positively shaping people and planet through our socio-cultural and environmental campaigns. During the year, Swisstek Aluminium engaged in a range of such activities and spearheaded a tree-planting initiative with the villagers in the vicinity.

Community Recruitment

The Group prioritises driving recruitment within the local community. Our recruitment and talent sourcing strategy primarily targets the youth market – and has in turn reaped positive results across the board, and help build strong ties within the communities in which we operate.

Community recruitment is primarily witnessed in sectors including the consumer and finance sectors, which recruit staff (particularly those within the marketing and sales force) from local areas. Our associate company in the leisure sector continues to recruit a youthful workforce from surrounding communities, in order to build unmatched insight and dynamism within the sector.

As mentioned previously, our plantation sector is fully integrated within both the estates and their neighbouring communities.

Philanthropy

In supporting and enabling communities and responding to their needs, the Group invested a total of LKR 52 Mn on community service conducted via philanthropic initiatives.

GRI Disclosure: 419 - 1

Socioeconomic Compliance

The Group did not record any fines and non-monetary sanctions for non-compliance with laws, rules and regulations with respect to social and economic aspects.

Future Focus

The Group will continue to devote significant efforts towards sustaining and nurturing our social and relationship capital base by engaging regularly with our customers, business partners and suppliers, and our community. These will be broadly shaped as follows:

- Consolidate, strengthen and expand our distribution channels to ensure optimised, extensive customer reach.
- Ensure best-in-class quality and standards are maintained across our products and services, and uphold principles of product responsibility.
- Strengthen the quality of our supply chain, ensure business continuity and extend opportunities for learning, development and collective progress.
- Supporting our locally-based suppliers with business opportunities.
- Engage surrounding communities to seek out their welfare, development and well-being.
- Prioritise community recruitment.

Donation of Ventilator for COVID-19 treatment by Unidil Packaging Ltd.

NATURAL CAPITAL

Relevant SDGs:

7 AFFORDABLE AND CLEAN ENERGY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

As a conglomerate with a wide-ranging presence in the manufacturing sector, we possess a significant environmental footprint. Our businesses therefore prioritise the integration of robust, structured environmental practices into our operations, thereby enabling the Group to strengthen our existing collective resource base, while minimizing our impacts on the planet. Our focus remains on contributing towards the global goals, in terms of increasing our reliance on renewable energy sources, while mitigating our impact on emerging concerns of climate change and global warming. We continue to adhere to the regulatory guidelines and standards issued by local governing bodies and international certifications.

STRATEGIC VALUE DRIVERS	ACTIVITIES
Responsible resource consumption	• Efficiency in sourcing and utilizing raw materials.
	• Conserving and minimizing water withdrawal.
	• Tracking, monitoring and following lean energy management practices.
Impact management	• Following green principles to responsibly manage solid waste.
	• Tracking and monitoring greenhouse gas (GHG) emissions to minimize the Group's carbon footprint.
	• Taking precautionary measures to treat and neutralise the negative impacts of any effluents prior to disposal.
Compliance	• Adopting best practices and complying with the relevant environmental laws, rules and regulations.

OUTPUTS			
Finished products	Solid waste	Greenhouse gas emissions	Effluents

OUTCOMES	
Reduced carbon footprint	Responsible environmental values

KEY PERFORMANCE INDICATORS

22,803 MT
Recycled material used in production
(19,169 MT in 2020/21)

156,034 tCO_2e
Carbon emissions
(100,280 tCO_2e in 2020/21)

1,199,172 GJ
Energy consumption
(1,247,878 GJ in 2020/21)

211.48 ha.
Biodiversity protected within estates
(211.48 ha. in 2020/21)

55,472 MT
Renewable material consumption
(175,537 MT in 2020/21)

90.5 GJ
Energy intensity - usage per employee
(92.3 GJ in 2020/21)

Highlights for the Year

- Investing in a dry squaring machine in the tile segment to enable the utilization of waste for production purposes.
- Investing in a resorting machine in the mining operations to maximise the feldspar output and minimize wastage.
- Installation of solar panels across the Group, by our manufacturing segment as a long term renewable energy contributed towards the national grid.
- Engaging in regenerative agricultural practices across the plantations sector.

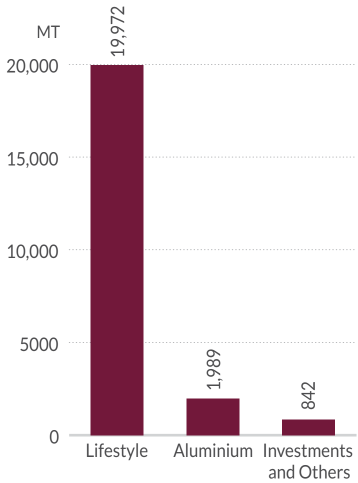
NATURAL CAPITAL

GRI Disclosure: 103 - 2, 103 - 3, 301 - 1, 301 - 2

Responsible Resource Consumption

Material Consumption

Recycled input materials in production



Non-renewable

- Feldspar - **465,066 MT**
- Ballclay - **455,102 MT**
- Silica Sand - **40,218 MT**
- Kaolin - **395,077 MT**
- Aluminium Billets - **8,302 MT**

Renewable

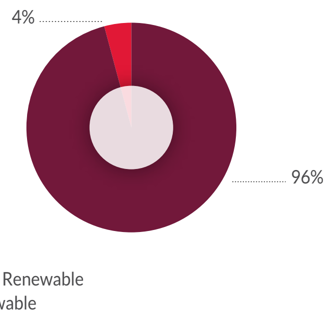
- Bought Leaf - **12,932 MT**
- Paper - **30,540 MT**
- Latex Rubber - **747 MT**

1,432,032 MT

Material Consumption

(2021/22)

Renewable and Non renewable materials



Several of the Group's businesses rely on natural resources to generate essential raw materials, particularly with respect to the production of tiles, aluminium, packaging, plantations, and mining activities. In the reporting year, the Group utilised 1,432,030 metric tonnes as raw material, of which 96% constitute non-renewable resources. Therefore, the Group continues to adopt and follow principles pertaining to the sustainable and responsible use of resources, relying on a three-pronged approach, related to responsible sourcing, efficient production, and following the 3R practices of reducing, reusing and recycling our resources. The extent of recycled input materials utilized in production reached 22,803 MT, and comprised of 1.6% of the year's total material consumption.

GRI Disclosure: 103 - 2, 103 - 3, 303 - 1, 303 - 3

Water Consumption

The Group's water consumption during the year under review was recorded at 593 Mn litres, representing a 33% increase/decrease against the previous year's measurement. Within the manufacturing operations, the lifestyle sector accounted for 59% of the total water consumption, while plantations accounted for 21%. Our businesses primarily relied on ground water and on the municipality water supply, which in turn accounted for 61% and 27% of the Group's water withdrawal.

In promoting the conservation of water, some of the factories within the Group engaged in recycling and reusing purified water across operations and for ancillary purposes, which accounted for 20.4% of total water consumption.

Responsible Sourcing

- Following good agricultural practices within the plantations sector, including soil conservation, water management, replanting and enriching biodiversity and habitats, while developing our own organic fertilizer.
- Collaborating with the Geological Survey and Mines Bureau to maintain the quality of mines and rehabilitate used mines through back-filling and recultivation.
- Advocating best practices in environmental management and ensuring compliance with laws, rules and regulations across the supply chain.
- Growing and utilizing organic produce within our own premises in the leisure sector to ensure backward integration.
- Ensuring our sourced paper stocks for the packaging sector are aligned with sustainability principles.

Efficient Production

- Invest in process improvements through digital solutions to enhance productivity.
- Invest in research and development to increase the use of renewable resources within the tile manufacturing process.
- The 'Total Productive Maintenance' programme is maintained across the manufacturing operations to improve productivity.

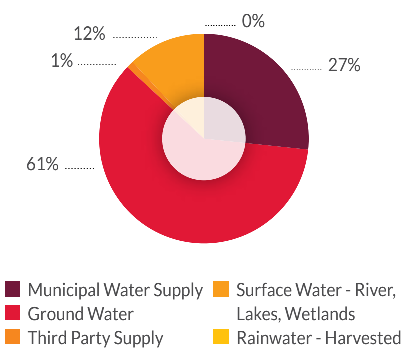
3R Practices

- Utilising regenerative agriculture practices in the plantations sector.
- Tiling and ceramic waste is reused to refill mines.
- Using the waste heat recovery system to save thermal energy.
- Aluminium scraps are recycled in-house for reusing in production.
- Recycling of paper waste in the packaging sector.
- Investing in a dry squaring machine in terms of tile production to ensure greater resource optimisation.
- Investing in a resorting machine in the mining operations to maximise resources.
- Utilizing wet waste as compost and recycling soap within the leisure sector.

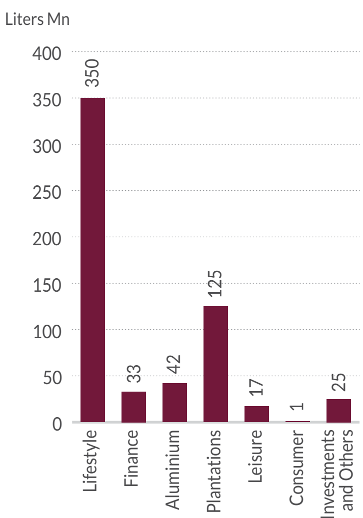
Refer: Sector Reviews, pages 65-159

Estates within the plantation sector engaged in rainwater harvesting, with precautionary principles in place to safeguard water quality. During the year, the Group harvested 2.4 Mn litres of water through this process. The Aluminium sector is currently in the process of installing a wastewater recycling project which will be deployed in the next year.

Volume of water withdrawn – by source



Water consumption by sector



NATURAL CAPITAL

Protecting Water Sources

WATER FLOW CONTROL SYSTEM

Lifestyle

Track and monitor water consumption

2 factories

CHEMICAL BUFFER ZONES

Plantations

Protecting water sources from chemical contamination

15 factories

WATER RETENTION AREAS

Plantations

5% land protected in

15 factories

EFFLUENT TREATMENT PLANTS

Lifestyle Aluminium Packaging Plantations

8 water treatment plants at factories and 2 estates

2 water treatment plants across factories and 2 estates

GRI Disclosure: 103 - 2, 103 - 3, 302 - 1 to 4

Energy Management

The Group relies on electricity from the national grid as its primary energy source – which supports factory operations, air conditioning and lighting across our premises. Furthermore, we utilize other non-renewable sources in our operations, including diesel, petrol, LP gas, and furnace oil. In terms of renewable energy sources, the plantations and packaging operations utilize bio-mass/ firewood and hydropower. The Group's external energy sources include fuel for logistical purposes, including product distribution, and employee transport and travel.

Outside the organisation, the main energy source is fuel for office transport purposes, logistics and employee business travel. We continue to implement measures to reduce electricity and fuel consumption, including instilling a mindset for conservation within employees and deploying technology for process improvements, while reaping the benefits of previous energy conservation projects to drive optimised results.

The Group recorded a 3.9 decrease in energy consumption during the year, in comparison to the 68% reduction recorded in the previous year.

Energy Consumption and Intensity

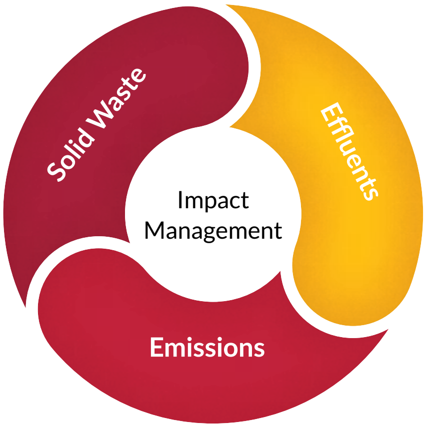
Energy Source	Consumption Level 2021/22
Internal – non-renewable sources	
Electricity (GJ)	332,591
LP Gas (kg)	27,471,701
Diesel (litres)	1,432,082
Furnace oil (litres)	573,519
Kerosene (litres)	2,502.039
Internal	
Internal – renewable sources	
Biomass / firewood (kg)	11,040,532
Solar power - KWh	727,698
External	
Diesel and petrol (litres)	1,671.275
Energy intensity – electricity usage per employee (KWh)	6,975.7

Renewable Energy

The Group continues to roll-out solar powered installations across our factories and other premises. At present the Group generates a total of 727,698 KWh of renewable energy, thereby contributing towards the national grid and driving sustainable energy usage.

Impact Management

The Group's extensive scale results in a considerable operational impact on the environment. Therefore, Vallibel One makes conscious interventions to manage our impacts across three key areas; namely solid waste, effluents and emissions.

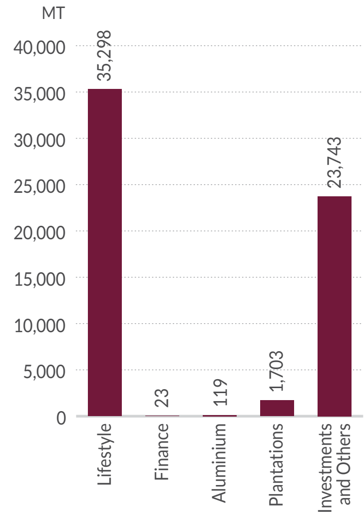


GRI Disclosure: 103 - 2, 103 - 3, 306 - 2

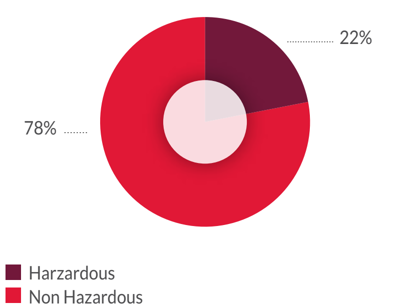
Solid Waste Management

The Group continued to pursue its solid waste management programme, encompassing hazardous and non-hazardous waste – focusing on waste segregation, storage and responsible disposal of waste material, managed in accordance with best practices related to the relevant business function. During the year under review, the Group disposed of 60,887 metric tonnes of waste in a responsible manner, which was primarily generated from the manufacturing operations within the Group. 78% of this waste was non-hazardous in nature, and comprised paper, aluminium scraps and tile rejects.

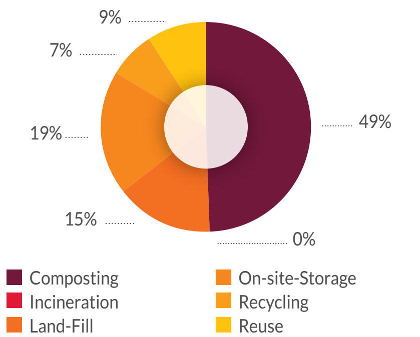
Waste generation by sector



Type of Waste



Waste Disposal By Methods



BIO fertilizer, composting yard - Horana Plantations PLC

NATURAL CAPITAL

Effluent Treatment

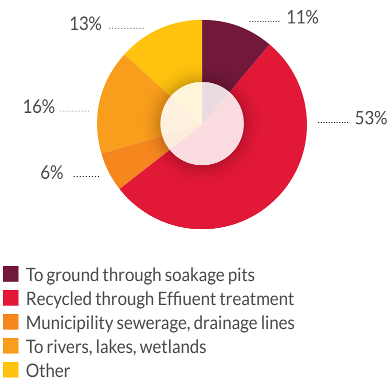
GRI Disclosure: 103 - 2, 103 - 3, 306 - 1

Lifestyle	Aluminium	Plantations
6 effluent treatment plants Rocell and Lanka Tile factories	**2** On-site sludge yard	**2** effluent treatment plants at estates

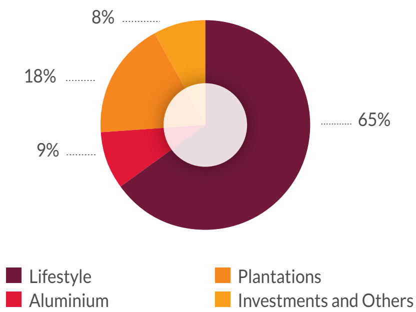
The Group's effluent generation arises primarily from our manufacturing operations. In order to mitigate our impact, we have in place the necessary measures to treat effluents prior to their discharge into water bodies, to avoid any form of contamination.

A number of our factories are equipped with fully functional effluent treatment plants, and furnished with the necessary facilities to monitor water quality in alignment with national environmental standards and best practices. During the reporting year, 228 Mn litres of effluent water were discharged Group-wide, of which 53% were purified via our treatment plants, amounting to 121 Mn litres of treated effluents. The lifestyle sector continues to hold the highest component of discharged effluents, and is responsible for nearly 65% of the Group's impact, followed by the plantations and Aluminium sectors which account for 18% and 9% of the total discharge respectively.

Effluent treated water discharge



Effluent water discharged by manufacturing sectors



Emissions Management

GRI Disclosure: 103 - 2, 103 - 3, 305 - 1 to 4

Lifestyle

A heat recovery system at the Horana Tile Factory

Ambient dust and noise prevention at the mortar and grout factories

Plantations

Protecting water sources from chemical contamination

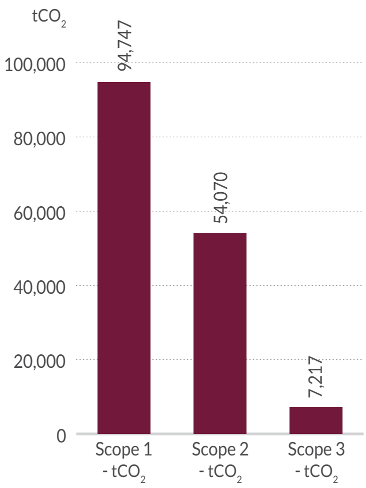
EMISSIONS MANAGEMENT INITIATIVES

Lifestyle Aluminium Packaging Plantations

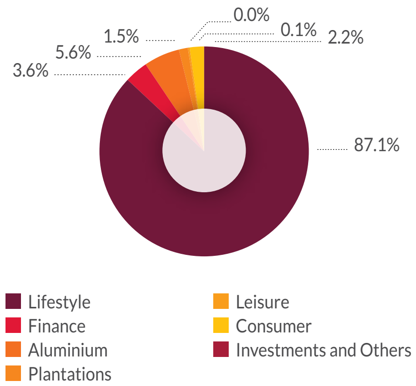
Tracking, monitoring and managing greenhouse gas emissions

GRI Disclosure: 103 - 2, 103 - 3, 305 - 1, 305 - 2, 305 - 3

GHG Emissions Scope 1, 2, 3



GHG Emissions by sectors



Our carbon footprint for the year under review was recorded at 156,034 tCO_2e, an increase against the previous year's 100,279 tCO_2e, primarily led by our manufacturing operations. Accounting for 61% of the total footprint, our Scope 01 GHG emissions were attributable to the combustion of fuel, which was largely dominated by the lifestyle sector, accounting for 87% of total emissions. The aluminium and investments and others sectors followed in terms of their contribution to the Group's GHG emissions.

GRI Disclosure: 307 - 1

Environmental Compliance

We adhere to best practices and standards with respect to managing our resource consumption and impact across our business sectors, guided by internationally acclaimed certification bodies to ensure we discharge our duties effectively and responsibly. During the reporting year, the Group did not record any fines and non-monetary sanctions for non-compliance with environmental laws, rules and regulations.

Future Outlook

As a conglomerate intrinsically linked with people and planet, we believe it to be the utmost importance that we continue to nurture and manage our natural capital in a responsible, sustainable manner, to build long-term value for the generations to come. In this vein, we pledge to:

- Seek out renewable material sources to incorporate sustainable practices into the manufacturing process.
- Invest in digital solutions to improve our processes and efficiencies, and thereby minimize resource consumption.
- Invest in establishing green practices for solid waste disposal in a more structured manner across the Group.
- Advocate lean energy management practices and encourage a transition towards renewable energy sources.
- Improve and invest in effluent treatment processes, while testing the quality of water discharged.
- Continue to track and monitor our greenhouse gas emissions and take action to reduce our carbon footprint.

Corporate Governance

5

Encompassing Brilliance

CORPORATE GOVERNANCE

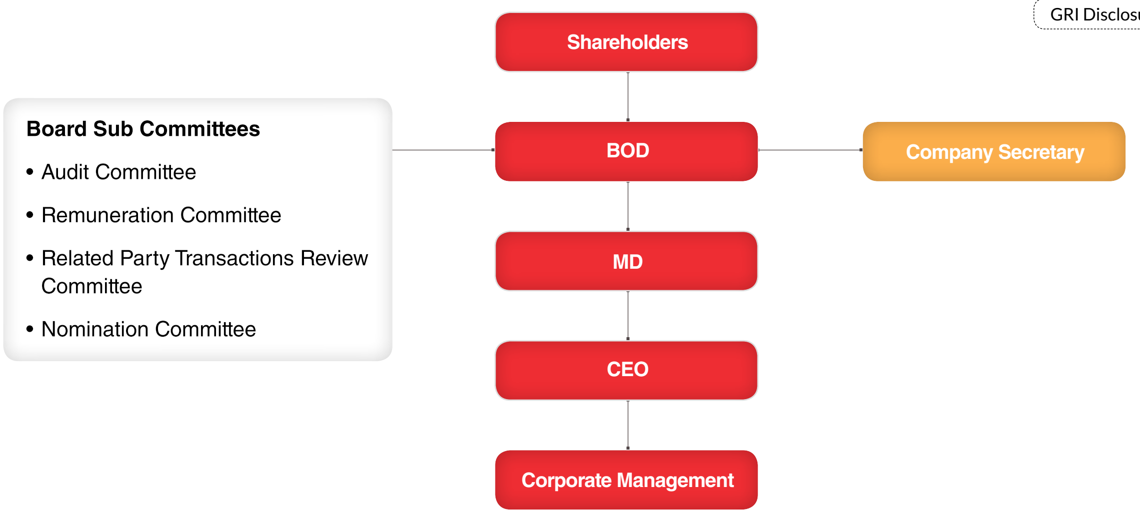
Vallibel One believes that robust corporate governance is vital in reaching our short-term objectives while endeavouring to achieve the Group's long-term vision and places great emphasis on good corporate governance practices. Company Directors are committed to the highest standards of corporate governance within the Group. As a diversified investment holding company with investments across key seven industrial sectors we have fully-fledged through acquisition of stable businesses to which we provide strategic direction to realise their potential. The well-structured corporate governance framework of the Group we have built has been the cornerstone of the Group's steady growth for over ten years.

In our decade of business journey, we have acquired controlling stakes in LB Finance PLC, Royal Ceramic Lanka PLC, Delmege Limited and invested in our first greenfield project, Greener Water Limited. Our portfolio includes a 21.18% stake in The Fortress Resorts PLC which is accounted for as an Associate Company and a 14.95% in Sampath Bank PLC. Vallibel One has 100% ownership stake in Greener Water Ltd which is currently building an integrated resort complex—'Greener Water Hotel' in Negombo. The Group has 9 public listed companies which have their own governance framework in place and at least one member from the Vallibel One Board also sits on these Boards facilitating communication and oversight. Additionally, L B Finance conforms to the Corporate Governance Directions issued by the Monetary Board of the Central Bank of Sri Lanka for Non-Bank Financial Institutions as well.

Vallibel One has set in place, a governance structure which is compliant with legal enactments and regulatory requirements with high levels of reliance on corporate governance framework in place at key subsidiaries. Vallibel One unlocks value of the subsidiaries through regular Strategic Meetings of the Centralised Research and Development Team and management of subsidiaries which cover growth and development aspects as well as governance of the subsidiaries.

The Governance structure of Vallibel One is inset. This Report explores the roles and responsibilities of shareholders and the Board and describes the mechanisms set in place by the Board to facilitate discharge of their duties.

GRI Disclosure: 102 - 18



Compliance with Guiding Principles

Mandatory

Companies Act No.07 of 2007

Continued Listing Requirements of the Colombo Stock Exchange

Articles of Association of the respective companies

Voluntary

Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2017 (partial compliance)

An Effective Board

The Board is the highest authority and is responsible for setting in place a sound governance framework to drive performance and safeguard the assets of the Group. It comprises one Executive Director and four Non-Executive Directors of whom three are Independent Non-Executive Directors in accordance with the CSE Listing Rules and the Code of Best Practice on Corporate Governance 2017 issued by The Institute of Charted Accountants of Sri Lanka (Code). The Board collectively possesses a diverse range of skills and competencies including entrepreneurship, financial, legal, marketing and banking. They are all business leaders and professionals of high repute as evinced by their profiles given on pages 32 to 35.

Board members allocate sufficient time to fulfil their duties and express their individual opinions using their professional judgement on matters set before the Board. Other directorships of Directors are disclosed and updated annually to reflect any new appointments through annual declarations. Directors declare their interest on matters set before the Board and excuse themselves from the discussion and abstain from voting on the same, ensuring that their other interests do not conflict or impair the discharge of their duties as Directors of Vallibel One.

The Board is aware of other directorships/substantial shareholdings of its Directors and is satisfied that these neither conflict nor impair their performance of duties as Directors of Vallibel One. Each member allocates sufficient time to fulfil his/her duties.

The roles of the Chairman and Managing Director are merged for alignment of Vallibel One's wide ranging businesses, driving Group synergies. The Board is responsible for providing strategic direction, monitoring performance and ensuring that a system of internal controls is in place to facilitate sound financial reporting and decision-making. As an investment holding company, matters requiring Board attention centre around investment and divestment decisions and monitoring performance of key investments.

Matters addressed by the Board

- Investment decisions
- Monitoring performance of investments
- Divestments
- Delegation of authority
- Voting at key AGMs of investee companies
- Policy formulation
- Directors' remuneration
- Compliance and risk-related matters as reported by the Audit Committee
- Matters escalated to the Board by the Related Party Transactions Review Committee
- Re-election/appointment/ reappointment of Directors as recommended by the Nomination Committee

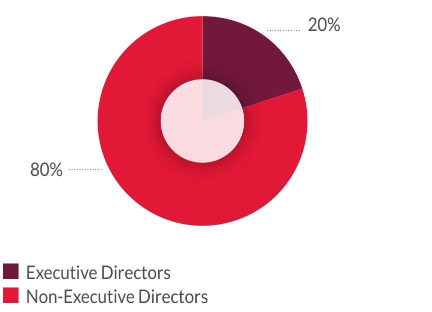
Appointment and re-election of Directors/ appointment of Directors over 70 years of age

The Directors who are initially appointed by the Board are required to seek re-election at the next Annual General Meeting and one third of the Directors retire by rotation and are eligible for re-election at each Annual General Meeting, in terms of the Articles of Association, a Director appointed to the office of Chairman, Deputy Chairman, Chief Executive,

"The Board is the highest authority and is responsible for setting in place a sound governance framework to drive performance and safeguard the assets of the Group.

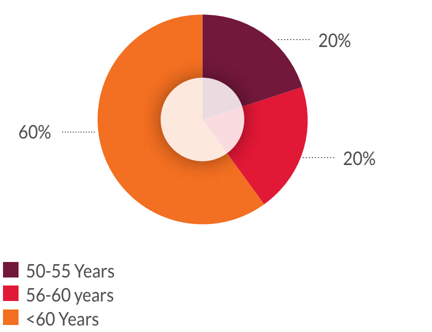
GRI Disclosure: 103 - 2, 103 - 3, 405 - 1

Power Balance



GRI Disclosure: 405 - 1

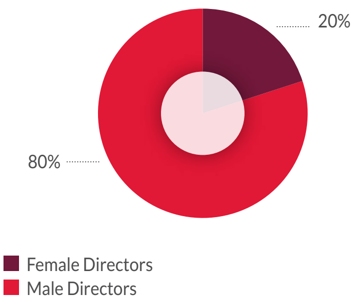
Age



CORPORATE GOVERNANCE

GRI Disclosure: 103 - 2, 103 - 3, 405 - 1

Gender Diversity



Diversity of Thought

- Economics
- Risk Management
- Accounting and Finance
- Entrepreneurship
- Banking and Management
- Marketing and Sales
- Corporate and Commercial Law

Managing or Joint Managing Director or other Executive Officer shall not, whilst holding that office be subject to retirement by rotation. Directors over 70 years of age shall be appointed/ reappointed by the shareholders only. Pursuant thereto, (i) in terms of the Articles of Association Mrs Shirani Jayasekara retires by rotation and (ii) in terms of the provisions of the Companies Act, both Mr R N Asirwatham and Mr J A S S Adhihetty who are over 70 years of age and were re-appointed by the shareholders at the preceding Annual General Meeting, will vacate office at the conclusion of the forthcoming Annual General Meeting unless re-appointed by the shareholders in terms of Section 211 of the Companies Act. The Nomination Committee having reviewed the re-election of Mrs Shirani Jayasekara and the proposed re-appointment of Mr R N Asirwatham and Mr J A S S Adhihetty under Section 211 of the Companies Act at the forthcoming Annual General Meeting, recommended such re-election/re-appointment. Mr. J A S S Adhihetty who is a member of the Nomination Committee did not participate in the deliberations pertaining to his re-appointment and the decision on the matter was made by the remaining two members of the Committee. Accordingly, the Board recommends the re-election/re-appointment of Mrs Shirani Jayasekara/ Mr J A S S Adhihetty and Mr R N Asirwatham, to the shareholders and the said matters will be placed before the shareholders at the forthcoming Annual General Meeting.

Induction and training

The Board is cognizant of the benefits of continuous training and development in corporate governance and in their specialist skills to enhance the collective skills of the Board. Management of the Company also provides information and facilitate visits to project sites and other locations of business operations as may be required or requested. Directors also meet with service providers and other key stakeholders as deemed appropriate or necessary. All Directors are encouraged to attend relevant programmes to sharpen their skills and update their knowledge on matters that are likely to have an impact on the business interests of the Company and the Group.

Independence of Directors

Based on the declarations submitted by the Non-Executive Directors, the Board has determined that three Non-Executive Directors – Mr S H Amarasekera, Mr R N Asirwatham and Mrs Shirani Jayasekara are "Independent" as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

In determining the Directors' independence, the Board has taken into consideration that Mr S H Amarasekera and Mr R N Asirwatham serve as Independent Non-Executive Directors of Royal Ceramics Lanka PLC whilst Mr Dhammika Perera is the Chairman of Royal Ceramics Lanka PLC. Accordingly, the total number of common Directors on the Board of Royal Ceramics Lanka PLC is three (3) being a majority of the Directors of the Company. As such, the said Directors, namely Mr S H Amarasekera, and Mr. R N Asirwatham do not qualify under the criteria set out in Rule 7.10.4 (g) (i) of the Listing Rules.

The Board has decided that those Directors shall nevertheless be treated as Independent Directors, on the basis that the aforesaid factors do not compromise the Independence and objectivity of the said Directors in discharging their functions as Independent Directors.

Additionally the Board has also considered that the period of service as a Board member exceeding nine years rendered by Mr. S H Amarasekera and Mr. R N Asirwatham does not compromise the independence and objectivity in discharging their functions as Independent Directors. Accordingly the Board is of the opinion that Mr. S H Amarasekera and Mr. R N Asirwatham, shall nevertheless be 'independent' as per the Listing Rules.

Board Subcommittees

The Board has appointed four Committees to assist in the discharge of its duties as summarised below:

Board Committee	Composition	Scope
Audit Committee	Comprises three Independent Non-Executive Directors: • Mr R N Asirwatham (Chairman) • Mr S H Amarasekera • Mrs S Jayasekara	Exercising oversight over the following functions: • control environment and risk management, quality, cost and scope of internal and external audits • evaluating and recommending appointment/re-appointment of Auditors, to Board • management and statutory reporting including financial reporting processes • review and approval of accounting policies and implementation of the same • pre-approval of any non-audit services obtained from External Auditors to ensure independence is maintained Please refer the Report of the Audit Committee on page 226 for more information
Remuneration Committee	Comprises three Non-Executive Directors of whom two are independent: • Mr S H Amarasekera (Chairman) • Mrs S Jayasekara • Mr J A S S Adhihetty	Making recommendations to the Board on the following matters: • Remuneration framework of the Company including Senior Management • Senior Management performance incentives • Remuneration of Executive Directors and the Chief Executive Officer The remuneration policy of the Company is to attract and retain a highly qualified and experienced staff
Related Party Transactions Review Committee	Comprises three independent Non-Executive Directors: • Mrs S Jayasekara (Chairperson) • Mr S H Amarasekera • Mr R N Asirwatham	Independent review, approval and oversight of related party transactions Please refer the Report of the Related Party Transactions Review Committee on page 224 for more information.
Nomination Committee	Comprises three Directors of whom two are Non Executive Directors: • Mr S H Amarasekera (Chairman) • Mr K D D Perera • Mr J A S S Adhihetty	Assisting the Board with oversight on competence and composition of the Board of the Company and its subsidiaries and other key personnel. Advise on and recommend appointments and re-appointments/re-election of Directors to the Board including but not limited to: • Ensuring that Directors are fit and proper persons to hold office • Ascertaining eligibility criteria such as qualifications, experience, independence of the Directors and their capability to meet the strategic demands of the Company. Evaluate as to whether each of such nominees or Directors as the case may be is capable of adequately carrying out his/her duties. Regularly review the structure, size, composition and competencies of the Board and recommend changes to the Board; Consider succession plan for the Chief Executive Officer and all other Key Management Personnel.

CORPORATE GOVERNANCE

Meetings and information

The Board, Audit Committee and Related Party Transactions Review Committee meet quarterly with provision to schedule additional meetings if required. The Remuneration Committee and the Nomination Committee meet as and when necessary.

Director	Attendance				
	Board Meetings	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee	Nomination Committee
Mr K D D Perera	4/4	-	-	-	1/1
Mr S H Amarasekera	4/4	4/4	4/4	1/1	1/1
Mr J A S S Adhihetty	4/4	-	-	1/1	1/1
Mr R N Asirwatham	4/4	4/4	4/4	-	-
Mrs S Jayasekara	4/4	4/4	4/4	1/1	-

Board packs for the meetings containing the Notice of Meeting, Agenda and papers relating to Agenda items are circulated prior to the meeting to provide sufficient time for review and clarification from management if required by Directors.

Monitoring investments

Dividends from investments is the principal source of revenue for the Company making monitoring investments a key priority. This is done by judicious exercise of shareholder rights and rigorous analysis of information received from investee companies. Directors of Vallibel One and the Chief Executive Officer also sit on the Boards of subsidiaries and associates as Non-Independent, Non-Executive Directors or Independent Non-Executive Directors (as determine by each Subsidiary) as given below:

Investee	Investment Category	Common Directors
LB Finance PLC	Subsidiary	• Mr K D D Perera (Executive Deputy Chairman) • Mr J A S S Adhihetty (Managing Director) • Mrs Y Bhaskaran (Non-Executive Director)
Royal Ceramics Lanka PLC	Subsidiary	• Mr K D D Perera (Chairman) • Mr R N Asirwatham (Independent Non-Executive Director) • Mr S H Amarasekera (Independent Non-Executive Director)
Delmege Limited	Subsidiary	• Mr K D D Perera (Chairman) • Mrs Y Bhaskaran
Greener Water Ltd	Subsidiary	• Mr K D D Perera (Chairman) • Mr J A S S Adhihetty
The Fortress Resorts PLC	Associate	• Mr K D D Perera (Chairman) • Mr J A S S Adhihetty (Non-Executive Director)

As experienced entrepreneurs and professionals, all Directors are fully aware of the need to act in the best interests of the Company on which they serve in accordance with the Companies Act and recuse themselves from voting on matters which have a potential conflict of interest.

Directors' remuneration

Remuneration for Non-Executive Directors reflect the time commitment and responsibilities of their role, taking into consideration market practice. The Board approves remuneration for the Directors. Directors' remuneration is set out in Note 45.1 to the Financial Statements on page 330.

The Company Secretary

Secretarial services are provided by P W Corporate Secretarial (Pvt) Ltd who have assigned an Attorney-at-Law to provide Secretarial services to the Board. The Board Secretary is responsible for maintaining Board minutes and Board records, support timely circulation of relevant information and advice on matters relating to corporate governance, Board procedures, rules and regulations. All Directors have access to the advice and services of the Company Secretary. Removal and appointment of the Company Secretary is a matter for the Board as a whole.

Shareholder relations

The Annual Report including Financial Statements and Notice of Meeting are made available to the shareholders by hosting those Reports on the websites of the Company and the Colombo Stock Exchange, 15 working days prior to the Annual General Meeting. They vote at the Annual General Meeting to elect/re-elect Directors, on resolutions pertaining to the appointment/ re-appointment of Directors who are over 70 years of age and to appoint Auditors in accordance with the Companies Act and the Articles of Association of the Company and to authorise the Directors to make donations in terms of the Companies (Donations) Ordinance. The Board recommends the election/ re-election/appointment/re-appointment of Directors to shareholders based on the recommendations of the Nomination Committee. They also recommend appointment of Auditors based on the recommendations of the Audit Committee who evaluate the competence, independence and objectivity of the Auditors. Chairman of the Audit Committee and the Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders.

The Company complies with the continuing Listing rules by ensuring that shareholders are kept informed about the performance of the Company on a quarterly basis through press releases (if any) and Interim Financial Statements. Additionally, timely notice is given to the Colombo Stock Exchange on appointment and resignation of Directors and other material developments deemed price sensitive in accordance with the continuing listing requirements, rules on corporate disclosure and related party transactions (as applicable).

Accountability and Audit

Business reporting: The Board presents an Annual Report each year in compliance with the regulatory requirements and voluntary reporting standards such as the Integrated Reporting Framework issued by the International Integrated Reporting Council and the Sustainability Reporting Standards issued by the Global Reporting Initiative. The Board present a balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects in the Quarterly/Annual Financial Statements. A declaration is obtained from the Chief Executive Officer and Chief Financial Officer prior to approval of the Financial Statements by the Board in maintaining financial records, preparing Financial Statements in line with relevant standards and operating effectiveness of the systems of risk management and internal control. The following reports included in the Annual Report also provide information in compliance with the Code of Best Practice on Corporate Governance:

- Annual Report of the Board of Directors on pages 220 to 223 includes a declaration by the Directors setting out the responsibilities of the Board in preparation and presentation of Financial Statements and other representations on the level of compliance with other requirements set out in the Statement of Directors Responsibility for Financial Reporting on page 224.
- Auditor's Report on Financial Statements is set out on page 228 of this report.
- Sector Review from pages 65 to 159.
- Related party transactions disclosures in Note 45 to the Financial Statements on page 330 and the Annual Report of the Board of Directors comply with the requirements of the applicable Listing Rules.

Internet of things and Cybersecurity

The Board has identified the need for management of IT and Cyber risk, and has initiated action towards this endeavour.

Improving governance

Vallibel One is keen to improve its governance processes and mechanisms and commenced its journey to comply with the Code of Best Practice on Corporate Governance during the previous financial year. The Board is committed to driving improvement in its governance processes and with significant achievements made so far, expects to make further progress in the year that has commenced.

Affirmative Statement on Compliance with the Listing Rules on Corporate Governance

Vallibel One PLC has, during the year under review and as at the date of this Report, complied with the Corporate Governance Rules as contained in the Listing Rules of the Colombo Stock Exchange.

By order of the Board

VALLIBEL ONE PLC

P W CORPORATE SECRETARIAL (PVT) LTD

Secretaries

7 June 2022

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Vallibel One PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2022 conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No.07 of 2007, Listing Rules of the Colombo Stock Exchange and the Recommended Best Practices.

General

Vallibel One PLC (the Company) was incorporated as a limited liability company under the name 'Vallibel One Limited' on 9th June 2010 under the Companies Act, No.07 of 2007.

The ordinary shares of the Company are listed on the Diri Savi Board of the Colombo Stock Exchange since 8th July 2011 and consequent thereto its name was changed to Vallibel One PLC on 25th August 2011, under Registration No. PB 3831 PQ.

The Registered Office of the Company is situated at Level 29, West Tower, World Trade Centre, Echelon Square, Colombo 1.

Principal activities of the Company and its subsidiaries

The Company carried on business as a diversified investment holding company during the year under review.

The principal activities of the subsidiary companies are referred to in Note 1.2 to the Financial Statements on page 240.

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

Review of Business

Review of Operations

The Chairman's Message on pages 24 to 26, CEO's Review on pages 27 to 30 provide an overall assessment of business performance of the Company and its subsidiaries (hereinafter sometimes collectively referred to as the Group) and the associate company and future developments. These Reports together with the Financial Statements reflect the state of affairs of the Company and its subsidiary companies.

The segment-wise contribution to Group Results, Assets and Liabilities are provided in Note 42 to the Financial Statements on pages 326 to 328.

Financial Statements

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Accounting Standards (LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Chief Financial Officer, two Directors on behalf of the Board and the Auditors are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

Auditors' Report

The Report of the Independent Auditors on the Group Financial Statements is on pages 228 to 230.

Accounting Policies and changes during the year

The accounting policies adopted in the preparation of the Financial Statements are given on pages 238 to 351. Except as stated in Note 2.8 to the Financial Statements there were no significant changes to the accounting policies used by the Company during the year under review vis-à-vis those used in the previous year.

Directors Responsibilities for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the state of affairs.

The Directors are of the view that the Statement of Financial Position, Statement of Profit or Loss, Statement of Changes in Equity, Cash Flow Statement and Notes to Financial Statements appearing on pages 231 to 239 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 the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 224.

Net Revenue, Results and Appropriations

The net revenue of the Group during the year under review was LKR 96 Bn (LKR 81 Bn in the year 2020/21).

The Net Profit before tax of the Group and the Company amounted to LKR 27.6 Bn and LKR 5.3 Bn respectively in the year under review [LKR 19 Bn and LKR 2.8 Bn respectively in 2020/21].

The Net Profit after tax of the Group and the Company amounted to LKR 20.6 Bn and LKR 4.7 Bn respectively in the year under review [LKR 14.7 Bn and LKR 2.6 Bn respectively in 2020/21].

Details of Appropriations are given in the Statement of Changes in Equity on pages 235 and 237.

Dividends on Ordinary Shares

An Interim Dividend of Rupees One and Cents Fifty (LKR 1.50) per share was paid to the shareholders for the year under review by way of a cash dividend.

Reserves

A summary of the Group's Reserves is given in Note 29 to the Financial Statements on page 309.

Property, Plant & Equipment and Intangible Assets

Information on property, plant and equipment and intangible assets of the Group and the Company are given in Notes 16.2 and 16.1 of Financial Statements on pages 274 to 285.

The Company does not own any land or buildings.

Investments

Information on investments held by the Group and the Company are given in Notes 11, 12 and 4 on pages 247 to 251 and 265 to 266 respectively.

Stated Capital

The Stated Capital of the Company as at 31st March 2021 was LKR 29,337,102,427/- represented by 1,138,915,644 Ordinary Shares.

Share Information

Distribution Schedule of Shareholdings

Information on the distribution of shareholding and the respective percentages and analysis of shareholders are given on page 358 to 359 under Shareholders' Information.

Earnings, Dividends, Net Assets and Market Value of Shares

Information relating to earnings, dividend, net assets and market value per share are given on page 352.

Major Shareholders

Information on the twenty largest shareholders of the Company is given on page 359 under Shareholders' Information.

Public Holding

Information on public holding in terms of the Listing Rules is given on page 358 under Shareholders' Information.

Information on the Directors of the Company and the Group as at 31st March 2022

The Board of Directors of the Company as at 31st March 2021 consisted of five (5) Directors, with a broad range of skills, experience and attributes which include entrepreneurship, finance, audit, legal, marketing and banking, as detailed in the brief Profiles of the Directors on pages 32 to 33.

Names of the Directors who held office during the year and as at 31st March 2022 as required by section 168 (1) (h) of the Companies Act are given below :

Name of Director	Executive	Non-Executive	Independent
Mr. Dhammika Perera (Chairman / Managing Director)	√		
Mr. S H Amarasekera			√
Mr. J A S S Adhihetty		√	
Mr. R N Asirwatham			√
Mrs. Shirani Jayasekara			√

Directors of the subsidiaries and the associate company as at 31st March 2022

Names of the Directors of the subsidiaries and the associate company are given on pages 360 to 365.

Recommendation for re-election of Directors who retire by rotation

Mrs Shirani Jayasekara retires in terms of Articles 87 and 88 of the Articles of Association and being eligible is recommended by the Board for re-election.

Appointment of Directors who are over 70 years of age

Mr R N Asirwatham who is 79 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No.7 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Mr J A S S Adhihetty who is 71 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No.7 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Board Meetings

Four (4) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 218.

Board Sub Committees

The Board of Directors has formed three Mandatory Board Sub Committees in terms of the Listing Rules of the Colombo Stock Exchange, namely, Audit Committee, Remuneration Committee and the Related Party Transactions Review Committee.

The composition of the said Board Sub Committees appears on page 217 and as required by the Listing Rules, the Reports of the Audit Committee and the Related Party Transactions Review Committee is on page 225, whilst the remuneration policy is on page 217.

In line with the Best Practices on Corporate Governance the Board has also formed a Nomination Committee as set out on page 217.

Declaration under Rule 9.3.2 (d) of Listing Rules

The Directors declare that 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 ended 31st March 2022.

Directors' Interests in Shares

The information pertaining to the Directors' Shareholding in the Company is given on page 358.

Directors' Remuneration

The Directors' remuneration is disclosed under Key Management Personnel Compensation in Note 45.1 to the Financial Statements on page 330.

Directors Interests in Contracts or Proposed Contracts and Interests Register

Interests Register

The Company maintains an Interests Register in terms of the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the provisions of the Companies Act.

Material Foreseeable Risk Factors

Vallibel One PLC is a diversified conglomerate of which the primary business line is "Investment Holding".

The Management considers qualitative and quantitative methods to evaluate the likelihood and impact of potential events which might affect the achievement of objectives including the failure to capitalize on opportunities.

Financial Risk Management objectives and policies are set out in Note 48 on page 339 to 351.

Donations

The Company did not make any donations during the year under review. The donations made by subsidiary companies during the year are set out in Note 34 to the Financial Statements on page 315.

Independent Auditors

Company

Messrs Ernst & Young, Chartered Accountants served as the Auditors of the Company and also provided tax compliance services and other permitted non audit services.

A total amount of LKR. 1,842,850/- is payable by the Company to the Auditors for the year under review comprising LKR. 264,000/- as audit fees and LKR. 1,578,850/- for other services.

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

Group

The audits of subsidiary companies are handled by firms of Chartered Accountants in Sri Lanka or their respective countries of incorporation.

Details of payments to such audit firms on account of audit fees and for permitted non audit services, are set out in Note 34 to the Financial Statements on page 315.

Human Resources

The Group continued to invest in Human Capital Development and implement effective Human Resource Practices and Policies to develop and build an efficient and effective workforce and to ensure that its employees are possessed of skills and knowledge required for the future growth of the respective companies of the Group and for their own career development.

Research and Development

The Group has endeavoured to invest in research and development and has made and will continue to make substantial efforts to introduce new products and processes and develop existing products and processes to improve operational efficiency of the relevant Group Companies.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and related to employees have been paid on their due dates or where relevant have been provided for in the Financial Statements.

Contingent Liabilities

The contingent liabilities as at 31st March 2022 are given in Note 43.1 to the Financial Statements on page 329 .

Events occurring after the Reporting Date

No event of material significance that require adjustments to the Financial Statements, has occurred subsequent to the Reporting period other than those disclosed in Note 44 to the Financial Statements on page 328.

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has resources to continue in business for the foreseeable future.

Annual General Meeting

The Annual General Meeting will be held on 30th June 2022 at 10.30 a.m. which will be a Virtual Annual General Meeting held by way of electronic means centred at No. 20, R A De Mel Mawatha, Colombo 03.

The Notice of the Annual General Meeting appears on page 376.

Acknowledgement

The Board of Directors have approved the Audited Financial Statements together with the Annual Report of the Board of Directors and the Reviews which form part of the Annual Report on 7th June 2022.

This Annual Report is signed for and on behalf of the Board of Directors by

Dhammika Perera
Chairman / Managing Director

Sumith Adhihetty
Director

Anusha Wijesekara
P W Corporate Secretarial (Pvt) Ltd
Secretaries

7 June 2022
Colombo

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The following statement sets out responsibility of the Directors in relation to the Financial Statements of the Company and its Subsidiaries prepared in accordance with the provisions of the Companies Act No. 07 of 2007.

The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on pages 154 to 156 of the Annual Report.

As per the provisions of sections 151, 153(1) and (2), 150 (1) and 152(1) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its Subsidiaries as at the reporting date and its profit or loss for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of section 166(1) read together with sections 168(1)(b) and (c) and section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the annual report of the Board of Directors of the Company prepared as per section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting. However, under the prevailing situation in the country and the non-availability of paper and related items, the above obligation is discharged by the Directors by making available the Annual Report on the Company's official website and the Colombo Stock Exchange website in terms of Rule 7.5.b of the Listing Rules of the Colombo Stock Exchange. As per the said Rule printed copies of the Annual Report will made available to the shareholders on request.. In preparing the Financial Statements, the Directors are responsible to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all applicable accounting standards have been complied with.

The Directors are also required to ensure that the Company and its Subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Companies within the Group maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and the Subsidiaries.

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRSs/LKASs) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 directions and the Listing Rules of the Colombo Stock Exchange.

The Directors have also instituted effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee.

The Directors have taken appropriate steps to ensure that the Company and its Subsidiaries maintain proper books of accounts and the financial reporting system is directly reviewed by the Directors at their regular meetings and also through the Board Audit Committee.

The Board of Directors also approves the Interim Financial Statements prior to their release following a review and recommendation by the Board Audit Committee.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

The Financial Statements of the Company and the Subsidiaries have been certified by the Chief Financial Officer of the Company, the officer responsible for their preparation as required by section 152(1)(b) and they have also been signed by two Directors of the Company as required by section 152(1)(c) of the Companies Act.

The Directors to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company and the Subsidiary as at the reporting date have been paid or where relevant, provided for.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board
Vallibel One PLC

PW Corporate Secretarial (Pvt) Ltd
Secretaries

7 June 2022

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee (RPTRC) of the Company was formed by the Board on 12th February, 2016 in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with those Rules facilitating independent review, approval and oversight of Related Party Transactions of the Company.

Composition of the Committee

The Related Party Transactions Review Committee of the Company comprises the following Non-Executive Directors:

Mrs. Shirani Jayasekara	Independent Non-Executive Director (Chairperson)
Mr. Harsha Amarasekera	Independent Non-Executive Director
Mr. R N Asirwatham	Independent Non-Executive Director

Policies and Procedures

The Committee operates within the Charter of the Committee as approved by the Board. It includes a Related Party Transactions (RPT) Policy whereby the categories of persons / entities who shall be considered as 'related parties' have been identified.

- In accordance with the RPT Policy, self-declarations are obtained from each Director for the purpose of identifying parties related to them.
- The RPTRC reviews all the Non Recurrent RPTs of the Company, whilst Recurrent RPTs are entered into on an arm's length basis determined by market forces and details of those Recurrent RPTs are presented to the Committee every quarter. During the year under review, the Company entered into a Non-Recurrent RPT which was reviewed and recommended by the Committee and approved by the Board. The said Non Recurrent RPT did not require an immediate market announcement or disclosure in the Annual Report as per the Listing Rules.
- In its review of RPTs, RPTRC considers the terms and conditions of the RPT, value, and the aggregate value of transactions with the said related party during the financial year, in order to determine whether they are carried out on an arm's length basis, the disclosure requirements as per the Listing Rules of the Colombo Stock Exchange and the level of approval required for the respective RPTs.
- The RPTRC ensures that all transactions with Related Parties are in the best interests of all shareholders, adequate transparency is maintained and are in compliance with the Listing Rules.
- The Committee has established guidelines in respect of Recurrent RPTs to be followed by the management of the Company, in the Company's dealings with Related Parties.
- Reviewing and approval of RPTs are either by meeting of at least members who form the quorum or by circulation, approved by all the members.

Related Party Transactions during the year under review

The aggregate value of recurrent RPTs entered into by the Company during the year were below the threshold for disclosure in the Annual Report as per the Listing Rules.

The Company entered into one non-recurrent RPTs during the year under review, the value of which was below the threshold for disclosure in the annual report as per the listing rules

Meetings

The Committee met 04 times during the financial year under review and attendance of the members is given on page 218.

Name of Director	Attendance
Mrs. Shirani Jayasekara	4/4
Mr. S H Amarasekera	4/4
Mr. R N Asirwatham	4/4

Declaration

In terms of Rule 9.3.2 (d) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on page 223 of the Annual Report.

Shirani Jayasekara
Chairperson

Related Party Transactions Review Committee

7 June 2022

REPORT OF THE AUDIT COMMITTEE

The Audit Committee appointed by and responsible to the Board of Directors comprise the following members :

Mr. R N Asirwatham	Chairman - Independent Non Executive Director
Mr. S H Amarasekera	Independent Non Executive Director
Mrs. Shirani Jayasekara	Independent Non Executive Director

The Chairman, Mr. R N Asirwatham is a Fellow member of The Institute of Chartered Accountants of Sri Lanka. Brief profiles of each member are given on page 33 of this Report.

The Company Secretary acts as the Secretary to the Audit Committee.

The Chief Executive Officer and the Assistant General Manager - Finance attend the meetings by invitation.

Meetings

Four meetings of the Committee were held during the year. The attendance of the members at these meetings is as follows:

Name of Director	Attendance
Mr. R N Asirwatham	4/4
Mr. S H Amarasekera	4/4
Mrs. Shirani Jayasekara	4/4

Role of the Committee

The Committee has a written Terms of Reference which clearly defines the oversight role and responsibility of the Audit Committee as given below

1. The integrity of the Financial Statements in accordance with Sri Lanka Accounting Standards.
2. The Company's compliance with legal and regulatory requirements.
3. Ensuring the External Auditor's independence.
4. The performance of the Company's internal audit functions in order to ensure that the Company's internal controls and risk management initiatives are adequate.

Financial Reporting

The Committee reviewed and discussed the unaudited Interim Financial Statements and the Financial Statements for the year with the management and the External Auditors ensuring that the Company's financial reporting gives a true ad fair view in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 07 of 2007 prior to the recommendation of same to the Board.

External Auditors

The Committee meets the Independent Auditors at least once a year to review their findings, issues raised, as well as the effectiveness of the internal controls in place.

The non-audit services provided by the Independent Auditors were also reviewed to ensure that the provision of these services does not impair their independence

Independence of Auditors

To the extent that the Audit Committee is aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company and the Group, which in the opinion of the Audit Committee, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

Re-appointment of Auditors

The Audit Committee having evaluated the performance of the External Auditors, has decided to recommend to the Directors the re-appointment of Messrs Ernst & Young, Chartered Accountants for the financial year ending 31st March 2023 up to the next Annual General Meeting, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Conclusion

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position and the results disclosed in the Audited Accounts are free from any material mis-statements.

R N Asirwatham

Chairman – Audit Committee

7 June 2022

6

Financial Reports

Financial Calender

Interim Financial Statements - 2021/22 1st quarter	12th Aug 2021
Interim Financial Statements - 2021/22 2nd quarter	15th Nov 2021
Interim Financial Statements - 2021/22 3rd quarter	14th Feb 2022
Interim Dividend	06th Dec 2022
Interim Financial Statements - 2021/22 4th quarter	31st May 2022
Annual Report 2021/22	07th June 2022
12th Annual General Meeting	30th June 2022

Deeply Rooted

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF VALLIBEL ONE PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vallibel One 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 31 March 2022, and the statement of 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.

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 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

Key audit matters -

Key audit matter	How our audit addressed the key audit matter
Recognition of Revenue The Group's Revenue for the year ended 31 March 2022, amounting to Rs. 69.35 Bn is derived from several operating segments as disclosed in note 42.1 to the financial statements Revenue was a key audit matter due to: • the significance of the amount • high volume of transactions and significant increase recorded during the current year	We identified the operating segments that generated significant revenues and our audit procedures amongst others included the following; • Assessed the appropriateness of the Group's revenue recognition accounting policy, • Evaluated the design of internal controls and tested the operating effectiveness of relevant controls relating to revenue recognition • Performed analytical procedures to understand and assess the reasonableness of the reported revenues • Tested the general IT control environment and the key IT application controls relating to the most significant IT systems relevant to revenue recognition • Tested the appropriateness of revenue recognised by reviewing the relevant sales contracts and other supporting documents; and • Assessed the adequacy of the disclosures in respect of revenue in Notes 31 and 42.1 to the financial statements.

Partners: H M A Jayesinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Key audit matters -

Key audit matter	How our audit addressed the key audit matter
Valuation of Land and Buildings Property, Plant and Equipment and Investment Property include land and buildings carried at fair value in accordance with its accounting policies disclosed in notes 16 and 20. The fair values of land and buildings were determined by an external valuer engaged by the Group. This was a key audit matter due to the: • materiality of the reported Land & Buildings within Property, Plant and Equipment and Investment Property which amounted to Rs. 35.95 Bn and Rs. 2.12 Bn respectively as of reporting date • degree of assumptions, judgements and estimation uncertainties associated with the fair valuation of Land and Buildings such as reliance on comparable market transactions and consideration of current market conditions Key areas of significant judgments, estimates and assumptions used in the valuation of the land and buildings as disclosed in notes 16.4 and 20.1 included the following: • Estimate of per perch value of the land • Estimate of the per square foot value of the buildings	Our audit procedures were focused on the valuations performed by the external valuer engaged by the Group, and included the following; • We assessed the competency, capability and objectivity of the external valuer engaged by the Group • We read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property • We assessed the reasonableness of the significant judgements made by the valuer and valuation techniques used, per perch price and value per square foot used by the valuer in the valuation of each property We have also assessed the adequacy of the disclosures made in notes 16, 16.4, 20 and 20.1 in the financial statements
Impairment allowances for loans & receivables and lease rentals **receivable & stock out on hire** As at 31 March 2022, loans & receivables and lease rentals receivable & stock out on hire, net of impairment allowances amounted to LKR 135.4 Mn and is disclosed in note(s) 5 and 6. These collectively contributed 48% to the Group's total assets. Impairment allowances for loans & receivables and lease rentals receivable & stock out on hire is a key audit matter due to: • materiality of the reported provision for credit impairment which involved complex calculations; and • significant judgements used in assumptions and estimates made by the management as reflected in note 7, which in the current year was influenced by the need to assess the change in current economic conditions on forward looking information and the continuing impact of COVID-19 debt moratorium relief measures. Key areas of significant judgments, estimates and assumptions included the following: Key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the value in use computations of future cash flows, growth rates used for extrapolation purposes, discount rates and terminal yield rates including the potential impacts of the prevailing COVID-19 pandemic.	Our audit procedures included amongst others the following: • We assessed the level of oversight, review and approval of impairment allowances policies and procedures by the Board and management. • We evaluated the design, implementation and operating effectiveness of internal controls over estimation of the impairment allowances, including testing of related system controls. • We checked the completeness, accuracy and classification of the underlying data used in the computation of impairment allowances by agreeing details to relevant source documents and accounting records of the Group. • We tested key calculations used in the impairment allowances. • We assessed whether significant judgements used in assumptions and estimate made by the management in the underlying methodology and management overlays were reasonable. We also evaluated the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each of those scenarios. Our procedures were based on the best available information up to the date of our report. • We evaluated the reasonableness of key inputs used in the provision for credit impairment made with the particular focus on current economic conditions. Such evaluations were carried out considering value and timing of cash flow forecasts particularly relating to elevated risk industries, status of recovery action and collateral values. We assessed the adequacy of the related financial statement disclosures as set out in note(s) 5 and 6 of the financial statements
Impairment test of Goodwill The Group's Statement of Financial Position includes an amount of Rs. 12.3 Bn relating to Goodwill acquired on the business combination of the Royal Ceramics Lanka PLC Group, LB Finance PLC, Greener Water Limited and Delmege Limited Group in accordance with its accounting policy disclosed in note 11. Goodwill is tested annually for impairment based on the recoverable amount determined by Management using value in use computations (VIU). Such Management VIU calculations are based on the discounted future cash-flows of each Cash Generating Unit (CGU) to which Goodwill has been allocated. A deficit between the recoverable value and the carrying values of the CGUs including Goodwill would result in an impairment. Impairment testing of Goodwill was a key audit matter due to: • the degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations considering current economic conditions Key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the value in use computations of future cash flows, growth rates used for extrapolation purposes, discount rates and terminal growth rates including the potential impact of the current economic conditions prevailing in the country	Our audit procedures included the following; • We gained an understanding of how Management has forecasted its discounted future cash flows which included consideration of the impacts of the current economic conditions prevailing in the country on its operations; • Based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions including long term growth rates and discount rate. We tested the completeness and accuracy of the underlying data used and performed sensitivity analysis of significant assumptions to evaluate the effect on the value in-use calculations. • We assessed the adequacy of the disclosures made in Notes 11 and 15.2 in the financial statements.

INDEPENDENT AUDITOR'S REPORT

Other Information included in the 2022Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Management is responsible for the other information.

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 the 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 overseein`g 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 internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 relevant 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 1697.

Colombo

7 June 2022

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Company 2022 LKR '000	Company 2021 LKR '000	Group 2022 LKR '000	Group 2021 LKR '000
ASSETS					
Cash and Cash Equivalent	3	904,727	88,931	32,068,507	11,517,402
Financial Assets Measured at Fair Value Through Profit or Loss	4.1	48,608	87,998	94,039	137,049
Financial Assets At Amortised Cost- Loans and Advances	5	-	-	93,897,204	67,466,580
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire	6	-	-	41,640,197	47,359,635
Equity Instruments measured at Fair Value through OCI	4.2	7,837,162	9,206,099	7,860,693	9,231,268
Other Financial Assets	8	-	75,000	5,691,763	11,187,198
Trade and Other Debtors, Deposits and Prepayments	9	1,038,869	663,567	10,048,943	8,257,681
Contract Asset	9.2	-	-	46,463	52,561
Other Non Financial Assets	10	5,562	2,749	2,967,993	1,114,376
Investments in Subsidiaries	11	21,299,324	20,230,723	-	-
Investment in Associate	12	413,068	413,068	598,333	591,144
Deferred Tax Assets	13	7,003	3,954	70,607	37,510
Income Tax Recoverable		-	-	31,847	64,894
Inventories	14	-	-	15,033,590	12,318,317
Intangible Assets	15	-	-	12,820,049	12,798,873
Consumable Biological Assets	18.2	-	-	595,643	630,578
Investment Property	20	-	-	2,116,204	1,980,307
Property, Plant and Equipment	16	26,170	32,484	56,939,413	52,594,706
Leasehold Rights Over Mining Lands	19	-	-	-	1,619
Right of use assets	17	21,903	59,452	2,626,494	2,724,270
Assets held for sale	39.5	-	-	62,502	65,602
Total Assets		31,602,396	30,864,025	285,210,484	240,131,570
LIABILITIES					
Due to Banks	21	155	106	29,518,650	17,904,126
Due to Customers	22	-	-	89,478,506	85,940,213
Interest Bearing Loans and Borrowings	23	29,259	68,162	26,528,792	19,386,131
Trade and Other Payables	24	53,529	20,863	12,252,645	9,150,750
Other Non Financial Liabilities	25	-	-	771,895	729,673
Contract Liabilities	25.2	-	-	6,474,167	1,832,902
Dividend Payable	26	13,372	13,821	145,153	92,161
Employee Benefit Liabilities	27	24,553	14,689	1,944,313	2,093,302
Income Tax Liabilities		375,094	212,739	3,862,564	3,141,752
Deferred Tax Liabilities	13	-	-	5,566,274	5,501,377
Liabilities directly associated with the assets classified as held for sale	39.6	-	-	214,476	169,243
Total Liabilities		495,962	330,380	176,757,435	145,941,630

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Company 2022 LK R '000	Company 2021 LKR '000	Group 2022 LKR '000	Group 2021 LKR '000
Shareholders' Funds					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	28	29,337,102	29,337,102	29,337,103	29,337,103
Retained Earnings		5,245,086	3,303,360	28,346,306	21,151,234
Other components of equity	29	(3,475,754)	(2,106,817)	12,282,036	12,068,011
Total Equity Attributable to Equity Holders of the Parent		31,106,434	30,533,645	69,965,445	62,556,348
Non Controlling Interest	30	-	-	38,487,604	31,633,592
Total Equity		31,106,434	30,533,645	108,453,049	94,189,940
Total Equity and Liabilities		31,602,396	30,864,025	285,210,484	240,131,570

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Shyamalie Weerasooriya
Chief Financial Officer

The Board of Directors are responsible for these Financial Statements. Signed for and on behalf of the Board by.

Dhammika Perera
Chairman/Managing Director

Sumith Adhihetty
Director

7 June 2022
Colombo

The accounting policies and notes on pages 238 through 351 form an integral part of these Financial Statements.

STATEMENT OF PROFIT OR LOSS

For the year ended 31 March	Note	Company 2022 LKR '000	Company 2021 LKR '000	Group 2022 LKR '000	Group 2021 LKR '000
Revenue from Contracts with Customers		-	-	69,352,716	53,424,001
Interest Income		-	-	27,506,107	27,610,976
Total Revenue	31	-	-	96,858,823	81,034,977
Cost of Sales		-	-	(50,957,713)	(44,317,673)
Gross Profit		-	-	45,901,110	36,717,304
Dividend Income	32	5,338,464	2,869,006	727,988	1,144,120
Other Operating Income	33	366,064	373,179	710,209	563,992
Administrative Expenses		(331,393)	(260,617)	(9,171,367)	(7,448,701)
Distribution Expenses		-	-	(7,315,909)	(6,307,351)
Other Operating Expenses		(39,390)	-	(1,280,793)	(2,197,377)
Result from operating activities	34	5,333,745	2,981,568	29,571,238	22,471,987
Finance Cost	35	(7,949)	(93,684)	(1,168,395)	(1,840,668)
Finance Income	36	35,397	-	1,306,394	108,244
Net Finance Income/ (Cost)		27,448	(93,684)	137,999	(1,732,424)
Share of results of equity accounted Investees	12.2	-	-	7,451	(38,654)
Operating Profit before Tax on Financial Services		5,361,193	2,887,884	29,716,688	20,700,909
Tax on Financial Services	37	-	-	(2,136,551)	(1,669,323)
Profit before tax		5,361,193	2,887,884	27,580,137	19,031,586
Income Tax Expense	38	(568,490)	(281,804)	(7,016,059)	(4,208,230)
Profit for the year from continuing operations		4,792,703	2,606,080	20,564,078	14,823,356
Discontinued Operation					
Profit/ (Loss) after tax for the year from discontinued operations	39	-	-	16,143	(134,588)
Profit for the year		4,792,703	2,606,080	20,580,221	14,688,768
Attributable to :					
Equity holders of the Parent		4,792,703	2,606,080	10,352,614	8,117,796
Non Controlling Interests		-	-	10,227,607	6,570,972
		4,792,703	2,606,080	20,580,221	14,688,768
Earnings Per Share	40	4.21	2.29	9.09	7.13
Dividend Per Share	40.1	2.50	2.39	2.50	2.39

The accounting policies and notes on pages 238 through 351 form an integral part of these Financial Statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	Company 2022 LKR '000	Company 2021 LKR '000	Group 2022 LKR '000	Group 2021 LKR '000
Profit for the year		4,792,703	2,606,080	20,580,221	14,688,768
Other Comprehensive Income					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange difference on translation of foreign operations		-	-	59,564	23,948
"Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods"		-	-	59,564	23,948
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Actuarial Gain/(loss) on retirement benefit obligation	27	(4,853)	806	238,065	29,091
Less: Deferred tax charge/ reversal on Acturial Gain/(loss) on retirement benefit obligation		1,165	(193)	(48,415)	(7,004)
Acturial Gain/(loss) on retirement benefit obligation - Net of tax		(3,688)	613	189,650	22,087
Revaluation of Property, Plant and Equipment		-	-	2,366,424	1,198,031
Less: Deferred tax charge revaluation		-	-	(431,526)	318,083
Revaluation - Net of tax		-	-	1,934,898	1,516,114
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		(1,368,937)	108,374	(1,369,917)	106,950
Share of other comprehensive income of an associate		-	-	(262)	156
"Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods"		(1,372,625)	108,987	754,369	1,645,307
Other comprehensive income/(loss) for the year, net of tax		(1,372,625)	108,987	813,933	1,669,255
Total Comprehensive Income for the year, net of tax		3,420,078	2,715,067	21,394,154	16,358,023
Total Other Comprehensive Income attributable to :					
Equity holders of the Parent		3,420,078	2,715,067	10,244,592	9,139,702
Non - Controlling Interests		-	-	11,149,562	7,218,321
		3,420,078	2,715,067	21,394,154	16,358,023

The accounting policies and notes on pages 238 through 351 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Company

For the year ended 31 March	Stated Capital LKR '000	Other Component of Equity Fair Value Reserve LKR '000	Retained Earnings LKR '000	Total Equity LKR '000
Balance as at 01st April 2020	27,163,984	(2,215,191)	3,413,066	28,361,859
Profit for the year	-	-	2,606,080	2,606,080
Other Comprehensive Income/ (Expense), Net of Tax	-	108,374	613	108,987
Total Comprehensive Income	-	108,374	2,606,693	2,715,067
Interim dividend in the form of issue and allotment of new shares	2,173,119	-	(2,173,119)	-
Dividend Paid	-	-	(543,280)	(543,280)
Balance as at 31st March 2021	29,337,102	(2,106,817)	3,303,360	30,533,645
Balance as at 01st April 2021	29,337,102	(2,106,817)	3,303,360	30,533,645
Profit for the year	-	-	4,792,703	4,792,703
Other Comprehensive Income, Net of Tax	-	(1,368,937)	(3,688)	(1,372,625)
Total Comprehensive Income	-	(1,368,937)	4,789,015	3,420,078
Dividend Paid	-	-	(2,847,289)	(2,847,289)
Balance as at 31st March 2022	29,337,102	(3,475,754)	5,245,086	31,106,434

The accounting policies and notes on pages 238 through 351 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Group

For the year ended 31 March	Stated Capital	Other Component of Equity		
		Treasury Shares	Statutory Reserve Fund	Fair Value Reserve
	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01st April 2020	27,163,984	(44,112)	5,115,434	(2,285,842)
Profit for the year	-	-	-	-
Other Comprehensive Income, Net of Tax	-	-	-	107,429
Total Comprehensive Income	-	-	-	107,429
Dividend Write back of unclaimed dividend	-	-	-	-
Transfer	-	-	1,037,411	-
Interim dividend in the form of issue and allotment of new shares	2,173,119	-	-	-
Dividend Paid	-	-	-	-
Subsidiary Dividends to Minority Shareholders	-	-	-	-
Balance as at 31st March 2021	29,337,103	(44,112)	6,152,845	(2,178,413)
Balance as at 01st April 2021	29,337,103	(44,112)	6,152,845	(2,178,413)
Profit for the year	-	-	-	-
Other Comprehensive Income, Net of Tax	-	-	-	(1,369,587)
Total Comprehensive Income	-	-	-	(1,369,587)
Dividend Write back of unclaimed dividend	-	-	-	-
Transfer	-	-	433,093	475
Non-Controlling Interest contribution for subsidiary share issues	-	-	-	-
NCI on acquisition of subsidiary	-	-	-	-
Dividend Paid	-	-	-	-
Subsidiary Dividends to Minority Shareholders	-	-	-	-
Balance as at 31st March 2022	29,337,103	(44,112)	6,585,938	(3,547,525)

The accounting policies and notes on pages 238 through 351 form an integral part of these Financial Statements.

Foreign Currency Translation Reserve	Revaluation Reserve	General Reserve	Retained Earnings	Total Equity Attributable to Equity Holders of the Parent	Non Controlling Interest	Total Equity
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
83,824	6,576,979	578,449	16,754,896	53,943,613	26,115,996	80,059,608
-	-	-	8,117,796	8,117,796	6,570,972	14,688,768
16,880	881,559	-	16,037	1,021,905	647,349	1,669,254
16,880	881,559	-	8,133,833	9,139,701	7,218,321	16,358,022
-	-	-	15,854	15,854	5,915	21,769
-	-	-	(1,037,411)	-	-	-
-	-	-	(2,173,119)	-	-	-
-	-	-	(542,819)	(542,819)	-	(542,819)
-	-	-	-	-	(1,706,640)	(1,706,640)
100,704	7,458,538	578,449	21,151,234	62,556,349	31,633,592	94,189,940
100,704	7,458,538	578,449	21,151,234	62,556,349	31,633,592	94,189,940
-	-	-	10,352,614	10,352,614	10,227,607	20,580,221
45,548	1,104,496	-	111,521	(108,022)	921,955	813,933
45,548	1,104,496	-	10,464,135	10,244,592	11,149,562	21,394,154
-	-	-	9,380	9,380	2,174	11,554
-	-	-	(433,568)	-	-	-
-	-	-	-	-	154,871	154,871
-	-	-	-	-	124,024	124,024
-	-	-	(2,844,875)	(2,844,875)	-	(2,844,875)
-	-	-	-	-	(4,576,619)	(4,576,619)
146,252	8,563,034	578,449	28,346,306	69,965,446	38,487,604	108,453,049

CONSOLIDATED STATEMENT OF CASH FLOWS

Accounting Policy

The Cash flows statement is prepared using the indirect method, as stipulated in LKAS 7- "Statement of Cash Flows". Cash and cash equivalents comprise cash in hand; cash at bank, bank overdrafts and Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

For the year ended 31 March	Note	Company 2022 LKR '000	Company 2021 LKR '000	Group 2022 LKR '000	Group 2021 LKR '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Profit before Taxation		5,361,193	2,887,884	27,580,137	19,031,586
Profit/ (Loss) from Discontinued operation	39	-	-	16,143	(134,588)
ADJUSTMENTS FOR					
Net Gain on Financial Assets Recognised Through Profit or Loss	33	-	(39,390)	(4,810)	(68,634)
Impairment of Financial Assets At Amortised Cost- Loans and Advances		-	-	1,200,908	1,060,377
Impairment of Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire		-	-	44,402	253,238
Impairment Provision/ (Reversal) of Trade and Other Debtors, Deposits and Prepayments		-	-	28,061	(2,291)
Share of profits of equity accounted Investees		-	-	(7,451)	38,654
Provision for inventory	14.1	-	-	337,245	370,448
Amortization Intangible assets	15	-	-	88,132	95,175
Change in fair Value of Consumable Biological Assets	18.2	-	-	(23,335)	(32,089)
Change in Fair Value of Investment Property	20	-	-	(46,573)	(37,576)
Depreciation on Property, plant and equipments	16	10,897	16,164	2,377,279	2,292,220
Loss/ (Profit) on sale of Property,plant & equipment	33	-	-	18,058	(55,072)
Amortisation of biological assets	18.1	-	-	135,304	129,879
Bearer biological assets Write off during the year		-	-	18,996	37,469
Impairment of Leasehold Rights Over Mining Lands	19	-	-	475	-
Depreciation of Right of Use Assets	17	37,549	37,549	608,506	590,883
Provision For Employee Benefit Liabilities	27	5,011	3,454	286,409	379,842
Amortization of Capital Grant	25.1	-	-	(7,565)	(7,386)
Dividend income	32	(5,338,464)	(2,869,006)	(727,988)	(1,144,120)
Finance Cost	35	7,949	93,684	1,168,395	1,840,668
Finance Income	36	(35,397)	-	(1,306,394)	(108,244)
Operating Profit before Working Capital Changes		48,738	130,339	31,784,334	24,530,439
(Increase)/Decrease in Financial Assets At Amortised Cost- Loans and Advances		-	-	(27,631,532)	(9,733,612)
(Increase)/Decrease in Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire		-	-	5,675,036	13,013,797
(Increase)/Decrease in Other Financial Assets		75,000	(75,000)	5,495,435	(1,849,935)
(Increase)/Decrease in Trade and Other Debtors, Deposits and Prepayments		(375,302)	(493,593)	(1,819,323)	(783,384)
(Increase)/Decrease in Other Non Financial Assets		(2,813)	(525)	(1,865,056)	245,858
(Increase)/Decrease in Inventories		-	-	(3,052,518)	5,366,792
(Increase)/Decrease in Consumable Biological Assets		-	-	58,270	33,687
Increase/(Decrease) in Asset held for Sale		-	-	(42,379)	148,150
Increase/(Decrease) in Due to Banks		-	-	10,070,907	(5,425,915)
Increase/(Decrease) in Due to Customers		-	-	3,538,293	(3,374,885)
Increase/(Decrease) in Trade & Other Payables		32,666	359	2,451,927	1,251,556
Increase/(Decrease) in Other Non Financial Liabilities		-	-	4,689,157	1,430,154
Cash Generated from/ (Used in) Operations		(221,711)	(438,420)	29,352,551	24,852,702

For the year ended 31 March	Note	Company 2022 LKR '000	Company 2021 LKR '000	Group 2022 LKR '000	Group 2021 LKR '000
Retirement Benefits Liabilities paid	27	-	-	(197,333)	(168,632)
Finance Cost Paid		(7,949)	(93,684)	(1,668,268)	(3,038,729)
Interest received		35,397	-	1,306,394	108,244
Taxes Paid		(408,019)	(69,347)	(6,710,341)	(2,526,256)
Net Cash from/ (Used in) Operating Activities		(602,282)	(601,451)	22,083,003	19,227,329
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale/(Purchase) of Financial Assets Recognised Through Profit or Loss		39,390	-	47,820	16,215
Sale/(Purchase) of Equity Instruments measured at Fair Value through OCI		-	-	658	(214)
Disposal/ (Investment) in Subsidiary		(1,068,601)	-	-	-
Disposal/ (Investment) in Associate		-	(7,177)	-	(7,177)
Purchase of Intangible assets	15	-	-	(108,680)	(8,505)
Purchase of investment property	20	-	-	(89,324)	(215,430)
Purchase of Property, Plant & Equipment	16	(4,583)	(9,223)	(4,657,406)	(2,871,764)
Proceeds from Sale of Property, Plant & Equipment		-	-	957,682	908,044
Cost on Bearer Biological Assets	18.1	-	-	(171,287)	(114,369)
Acquisition of Leasehold Rights Over Mining Lands	19			-	-
Acquisition of Right of use assets	17	-	-	(540,627)	(502,548)
Acquisition of Non controlling interest		-	-	278,895	-
Dividend Received		5,338,464	2,869,006	727,988	1,144,120
Net Cash from/ (Used in) Investing Activities		4,304,670	2,852,606	(3,554,281)	(1,651,628)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds From Interest Bearing Loans & Borrowings		-	-	53,944,640	41,816,571
Repayment of Interest Bearing Loans & Borrowings		(38,903)	(1,032,395)	(46,754,545)	(48,436,419)
Capital Grant Received		-	-	1,894	3,550
Dividend Paid		(2,847,738)	(536,771)	(7,356,948)	(2,222,450)
Net Cash Generated from/ (Used in) Financing Activities		(2,886,641)	(1,569,166)	(164,959)	(8,838,748)
Net Increase / (Decrease) in Cash & Cash Equivalents		815,747	681,989	18,363,763	8,736,953
Net Unrealised Exchange (Gains)/Losses		-	-	53,140	23,153
Cash and Cash Equivalents at the beginning of the Year		88,825	(593,164)	9,156,288	396,182
Cash and Cash Equivalents at the end of the Year	3.2	904,572	88,825	27,573,191	9,156,288

The accounting policies and notes on pages 238 through 351 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Vallibel One PLC ("Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company is located at 29, West Tower, World Trade Centre, Echelon Square, Colombo – 01.

1.2 Principal Activities and Nature of Operations

A principal activity of the company is holding investments in other companies.

Vallibel One PLC

Group holding company manages a portfolio of diversified business holdings.

Royal Ceramics Lanka PLC Group

Royal Ceramics Lanka PLC (RCL) is engaged in manufacturing and marketing of floor and wall tiles. Subsidiaries of RCL were engaged in the business of property holding, manufacturing and marketing of floor and wall tiles, supply of raw material to the ceramic industry, sanitary ware, cartoons and paper sacks for packing, aluminium extrusions, agricultural production and providing management services to the plantation industry.

LB Finance PLC

LB Finance PLC provides a comprehensive range of financial services encompassing acceptance of deposits, granting lease facilities, hire purchases, mortgage loans, gold loans, personal loans, factoring, margin trading, trade finance loans, microfinance and other credit facilities, real estate development and related services.

Greener Water Ltd

Principal activities of the Company are to engage in the business of leisure sector. However, Company is yet to start its commercial operations.

Delmage Ltd

Delmage Ltd is managing its subsidiaries, carrying out investment activities and providing management and administration services to the companies within the group. Subsidiaries of the group were engaged in the business of manufacturing, trading, shipping, logistics, airline and travel, and insurance brokering.

In addition to the above investments, company holds investment in Fortress Resorts PLC which is accounted as investment in associates.

1.3 Parent Entity and Ultimate Parent Entity

The Group's ultimate controlling party is Mr. K. D. D. Perera

1.4 Consolidated Financial Statements

The Consolidated Financial Statements of Vallibel One PLC, as at and for the year ended 31st March 2022 encompass the Company, its Subsidiaries (together referred to as the "Group") and the Group's interest in Equity Accounted Investees (Associates).

1.5 Date of Authorization for Issue

The Consolidated Financial Statements of Vallibel One PLC and its subsidiaries for the Year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 7 June 2022.

1.6 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements which comprise the Statement of profit or loss, Statements of comprehensive income, statements of financial position, statements of changes in equity and the cash flows statements, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for land & buildings, derivative financial instruments, fair value through profit or loss financial assets and fair value through other comprehensive income financial assets.

The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements are presented in Sri Lankan Rupees except when otherwise indicated.

The Group presents its statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 46.

2.3 Comparative information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.4 Functional & Presentation Currency

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. These Financial Statements are presented in Sri Lankan Rupees, the Group's Functional and Presentation Currency

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on Presentation of Financial Statements.

2.6 Basis of Consolidation

The Group's Financial Statements comprise, Consolidated Financial Statements of the Company and its Subsidiary in terms of the Sri Lanka Accounting Standard - SLFRS 10 (Consolidated Financial Statements).

Details of the Company's subsidiary are set out in Note 11 to these Financial Statements

2.7 Going Concern

The directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the existing and potential implications of COVID 19 pandemic on the business operations and performance of the Group and the measures adopted by the government to mitigate the pandemic's spread and support recovery of the economy. The, Board 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.

2.8 Significant Accounting Judgments, Estimates, Assumptions

The preparation of Financial Statements of the Group in conformity with Sri Lanka Accounting Standards requires the management to make assumptions, judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty involved with estimates, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most significant areas of estimation uncertainties and critical judgments in applying accounting policies that have most significant effect on the amounts recognised in the Financial Statements of the Group are as follows:

Impairment of Non-Financial Assets	- 2.10.1 (i)
Classification of Financial Assets & Liabilities	2.10.1 (vii)
Fair Value of Financial Instruments	41
Allowance for Impairment Losses	7
Deferred Taxation	13
Useful lifetime of the Property, Plant and Equipment	16
Useful lifetime of the Intangible Assets	15
Employee Benefit Liability	27
Taxation	38
Fair value of free hold land and buildings	16.5
Investment properties	20.1
Fair valuation of biological assets	18.2.1
Impairment of goodwill	15.2

2.9 Significant Accounting Policies

2.9.1 Statement of Financial Position

(i) Impairment of Non-Financial Assets

The Group assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement

(ii) Foreign Currency

Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees, using the exchange rates prevailing at the dates of the transactions on which first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign Operations

The results and financial position of overseas operations that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at the rates of exchange ruling as at the Reporting date.

Income and expenses are translated at the average exchange rate for the period, unless this average rate is not a reasonable approximation of the rate prevailing at the transaction date, in which case income and expenses are translated at the exchange rates ruling at the transaction date.

All resulting exchange differences are recognised in the OCI and accumulated in the Foreign Currency Translation Reserve (Translation Reserve), which is a separate component of Equity, except to the extent that the translation difference is allocated to the NCI.

When a foreign operation is disposed of such that the control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to Income Statement as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount of the translation reserve is re-attributed to NCI.

(iv) 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.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in the Income Statement or Loss net of any reimbursement

(v) Employee Benefit Obligations

(1) Gratuity

Refer Note 27 for detailed policy on defined benefit obligation

(2) Defined contribution plan

The Group also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Group by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

The Group contributes to the following Schemes:

- **Employees' Provident Fund**

The Group and employees contribute 12%-15% and 8%-10% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund.

- **Employees' Trust Fund**

The Company contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

(vi) Non-current /distribution to owners and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use. Non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification 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. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of profit or loss. Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortized.

(vii) Financial Instruments

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to depositors, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to depositors when funds are transferred to the Group.

Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables of subsidiaries are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss.

Day 1 Profit or Loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and the fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Classification and Subsequent Measurement of Financial Assets

From 1 April 2018 as per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

Business Model Assessment

Group determines it's business model at the level that best reflects how it manages the financial assets to achieve it's objectives. The Group's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial asset held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flow collected)
- The expected frequency, value and timing of sales

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress Case" scenarios in to account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectation, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing.

Contractual Cash flow Characteristic Test (The SPPI Test)

As the second test of the classification process the Group assesses the contractual terms of the financial asset to identify whether those meet "Solely the Payment of Principle and Interest" (SPPI) criteria.

'Principle for the purpose of this test is defined as the fair value of the financial asset at initial recognition which may change over the life of the financial asset (for example, if there are repayments of principle or amortization of the premium/discount).

'The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make SPPI assessment, the Group applies judgment and considers relevant factors such as currency in which the financial asset is denominated and the period for which the interest rate is set

Classification and subsequent measurement of financial liabilities

As per SLFRS 9, the Group classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

Financial liabilities at fair value through profit or loss, and within this category as

- Held-for-trading; or
- Designated at fair value through profit or loss;

Reclassification of Financial Assets and Financial Liabilities.

As per SLFRS 9, Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

Derecognition of Financial Assets and Financial Liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under LKASs / SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

During the year Group has not offset any financial assets and financial liabilities in the Statement of Financial Position.

2.9.2 Statement of profit or loss

(i) Revenue recognition

Refer note 31 for detailed policy on revenue recognition

(ii) Impairment Charges and Other Losses

The Group recognises the changes to the impairment provision which are assessed based on expected credit loss method in accordance with Sri Lanka Accounting Standard - SLFRS 09 (Financial Instruments). The methodology adopted by the Group is explained in the Note 7 to these financial statements. Recovery of amounts written-off as bad and doubtful debts is recognised on a cash basis.

(iii) Personal Expenses

Personnel Expenses include salaries and bonus, terminal Personnel Expenses include salaries and bonus, terminal benefits and other staff-related expenses. The provision for bonus is recognised when it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation

Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods as defined in the Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense when they become due. Unpaid contributions are recorded as a liability.

The Company and the employees contribute 15% and 10% respectively on the salary of each employee to the Employees' Provident Fund.

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund..

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity was considered as defined benefit plan as per Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

(iv) Other Operating Expenses

Other operating expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earnings of the specific items of the income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement in arriving at the profit for the year

(v) Crop Insurance Levy

As per provisions of the section 14 of the Finance Act No 12 of 2013, the Crop Insurance Levy was introduced with effect from 1 April 2013 and was payable to the National

Insurance Trust Fund. Currently, the Crop Insurance Levy is payable at 1% of profit after tax.

(vi) Directors' Emoluments

Directors' Emoluments include fees paid to Non-Executive Directors. Remunerations paid to Executive Directors are included under Administrative Expenses in these Financial Statements.

(vii) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group/Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalment. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

2.10 Significant Accounting Policies that are specific to the business of plantation

Basis of Preparation

These Financial Statements have been prepared in accordance with the historical cost convention basis except for the following material items in the statement of financial position.

- Consumable Mature Biological Assets are measured at fair value less cost to sell as per LKAS 41 - Agriculture.
- Liability for Retirement Benefit Obligation is recognized as the present value of the defined benefit obligation based on actuarial valuation as per LKAS 19: Employee benefits)
- Agriculture produce harvested from biological assets are measured at fair value as per LKAS 41- Agriculture.
- Investment Properties are measured at fair value as per LKAS 40 – Investment Property.

2.11 Changes in Accounting Policies

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2021.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to SLFRS 3: Definition of a Business

The amendment to SLFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Group but may impact future periods should the Company enter into any business combinations.

Amendments to LKAS 1 and LKAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Group.

Amendments to references to the conceptual framework in SLFRS standards

Revisions to the Conceptual Framework were made because some important issues were not covered and some guidance was unclear or out of date. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

These amendments had no impact on the financial statements of the Group.

Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

In 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 28 June 2021, CA Sri Lanka extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2020

The above amendment had no impact on the financial statements of the Group.

The consolidated financial statements of the Group.

2.12 Standards Issued but not yet Effective

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group in the foreseeable future. The Group intends to adopt these amended standards, if applicable, when they become effective.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. IASB also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

LKAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to LKAS 41 Agriculture (LKAS 41). The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41

The amendment applies prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted

3. CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents are cash at bank and in hand, call deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents are carried at amortized cost in the Statement of Financial Position.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Cash in hand and at Bank	904,727	88,931	18,482,392	8,098,736
Cash in transit	-	-	81,138	19,001
Short Term Bank Deposits	-	-	2,356,956	-
Treasury Bill Repurchase Agreement	-	-	10,069,607	3,399,665
Investment in Treasury Bills	-	-	1,033,978	-
Deposits	-	-	44,436	-
	904,727	88,931	32,068,507	11,517,402

3.1 The collateral value of repurchase agreements reflected on the Statement of Financial Position under cash and cash equivalents as at 31 March 2022 and 31 March 2021 was Rs.11,823,200,000/- and Rs.3,406,500,000/- respectively.

3.2 Cash and Cash Equivalents for the purpose of the Cash Flow Statement

Accounting Policy

For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash in hand, cash at bank deposits in banks net of outstanding bank overdrafts.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Cash and Cash Equivalents	904,727	88,931	32,068,507	11,517,402
Cash and Cash Equivalents attributable to discontinued operations	-	-	7,882	4,453
Bank Overdrafts (Note 21)	(155)	(106)	(4,409,057)	(2,365,567)
Bank Overdrafts attributable to discontinued operations	-	-	(94,141)	-
Cash and Cash Equivalents at the end of the Period	904,572	88,825	27,573,191	9,156,288

4 FINANCIAL INVESTMENTS

4.1 Financial Assets Measured at Fair Value Through Profit or Loss

Accounting Policy

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

4.1.1 Investment in Shares - Company

As at 31 March	2022		2021	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Hotels and Travels				
Citrus Leisure PLC	8,380,767	48,608	8,380,767	87,998
		48,608		87,998

4.1.2 Investment in Shares - Group

As at 31 March	2022 Number of Shares	2022 LKR '000	2021 Number of Shares	2021 LKR '000
Quoted				
Bank, Finance and Insurance				
Seylan Bank PLC (Non-Voting)	109,949	2,727	107,479	4,643
Food Processing				
Bairaha Farms PLC	17,600	2,662	17,600	2,424
Hotels and Travels				
Aitken Spence PLC	225,000	16,583	225,000	12,488
Royal Palms Beach Hotels PLC	4,299	79	4,299	61
John Keels Hotels PLC	45,009	518	45,009	1,080
Citrus Leisure PLC	11,149,043	64,664	11,149,043	110,975
Serendib Hotels PLC	16,000	256	16,000	232
Kalpitiya Beach Resorts PLC	-	-	-	3,092
Hikkaduwa Beach Resort PLC	583,393	3,325	-	-
Diversified Holdings				
Hayleys PLC	12,220	940	1,222	74
Health Care				
The Lanka Hospital Corporation PLC	45,519	2,285	45,519	1,980
Total Quoted Investments		94,039		137,049
Non-Quoted				
MBSL Insurance	4,666,667	8,667	4,666,667	8,667
Less: Impairment	-	(8,667)	-	(8,667)
Total Non-quoted Investments		-		-
Total		94,039		137,049

4.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income

Accounting Policy

Financial assets at fair value through other comprehensive income are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Other Comprehensive Income.

Equity Instruments Measured At Fair Value Through Other Comprehensive Income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 – "Financial Instruments": Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Investment in Shares - Company

As at 31 March	2022		2021	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Quoted				
Bank, Finance and Insurance				
Sampath Bank PLC	171,117,084	7,837,162	171,117,084	9,206,099
Total Quoted Investments	171,117,084	7,837,162	171,117,084	9,206,099
Total	171,117,084	7,837,162	171,117,084	9,206,099

Investment in Shares - Group

As at 31 March	2022		2021	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Quoted				
Manufacturing				
Central Industries PLC	9,020	885	8,569	883
Ceylon Grain Elevators PLC	-	-	44	5
Dankotuwa Porcelain PLC	-	-	32,512	335
Samson International PLC	5,881	1,087	5,899	792
Hotels and Travels				
Aitken Spence Hotel Holdings PLC	-	-	308	9
Hotel Sigiriya PLC	-	-	700	40
Stores and Supplies				
Hunter PLC	-	-	10	6
Bank Finance and Insurance				
Commercial Bank PLC	-	-	349	23
Sampath Bank PLC	171,117,084	7,837,162	171,117,099	9,206,099
Seylan Bank PLC	1,577	50	2,774	136
Softlogic Finance PLC	2,090,000	19,646	2,090,000	20,900
Beverages, Food and Tobacco				
Keels Food Products PLC	-	-	500	81
Lanka Milk Foods PLC	5,401	717	5,500	826
Convenience Food (Lanka) PLC	22	26	22	27
Total Quoted Investments		7,859,573		9,230,162
Non-Quoted				
Credit Information Bureau	1,072	107	1,047	105
Finance House Association	20,000	200	20,000	200
National Asset Management Limited	25,000	813	25,000	801
Total Non-quoted Investments		1,120		1,106
Total Carrying Value of Financial Assets - Equity Instruments measured at FVOCI		7,860,693		9,231,268

4.3 Fair value of financial instruments

The Following Methods & Assumptions were Used to Estimate the Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Group estimate of assumptions that a market participant would make when valuing the financial instruments.

Cash & cash equivalent, trade receivable, trade payable and other financial liabilities, Long term variable-rate borrowing approximate at their carrying amounts due to the short term maturities of these current financial instruments.

Hence the above carrying amounts of Group's financial instruments are reasonable approximation of their fair value.

Financial Assets - Fair Value Through Profit or Loss

Fair value of quoted equity shares is based on price quotations at the reporting date.

Equity Instruments measured at Fair value through OCI

Equity Instruments measured at Fair value through OCI, primarily consist of equity securities and Government debt securities are valued using valuation techniques or pricing models. These assets are valued using models that use observable data. Government debt securities are valued using yield curves published by the Central Bank of Sri Lanka and Fair value of quoted equity shares is based on price quotations at the reporting date.

Determination of Fair Value and Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by Valuation techniques.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group held the following financial instruments carried at fair value in the Statement of Financial position:

Company

As at 31st March 2022	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets - Fair Value Through Profit or Loss				
Quoted equities	48,608	-	-	48,608
	48,608	-	-	48,608
Financial Assets measured at Fair value through OCI				
Quoted equities	7,837,162	-	-	7,837,162
	7,837,162	-	-	7,837,162
Total	7,885,770	-	-	7,885,770

As at 31st March 2021	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets - Fair Value Through Profit or Loss				
Quoted equities	87,998	-	-	87,998
	87,998	-	-	87,998
Financial Assets measured at Fair value through OCI				
Quoted equities	9,206,099	-	-	9,206,099
	9,206,099	-	-	9,206,099
Total	9,294,097	-	-	9,294,097

Group

As at 31st March 2022	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets - Fair Value Through Profit or Loss				
Quoted equities	94,039	-	-	94,039
	94,039	-	-	94,039
Financial Assets measured at Fair value through OCI				
Quoted equities	7,859,573	-	-	7,859,573
Un-Quoted equities	-	813	307	1,120
	7,859,573	813	307	7,860,693
Total	7,953,612	813	307	7,954,732

As at 31st March 2021	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets - Fair Value Through Profit or Loss				
Quoted equities	137,049	-	-	137,049
	137,049	-	-	137,049
Financial Assets measured at Fair value through OCI				
Quoted equities	9,230,163	-	-	9,230,163
Un-Quoted equities	-	801	305	1,106
	9,230,163	801	305	9,231,269
Total	9,367,212	801	305	9,368,318

5. FINANCIAL ASSETS AT AMORTISED COST- LOANS AND ADVANCES

Accounting Policy

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial measurement loans and advances are subsequently measured at amortised cost using the effective interest rate (EIR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Gold Loans	-	-	46,447,349	36,656,594
Vehicle Loans	-	-	25,166,500	17,085,331
Medium and short term loans	-	-	9,699,218	7,549,198
Mortgage Loans	-	-	4,989,209	5,483,381
Power Drafts	-	-	12,169,949	4,052,550
Factoring Receivable	-	-	69,302	82,941
	-	-	98,541,527	70,909,995
Less : Allowance for Impairment Losses (Note 7)	-	-	(4,644,323)	(3,443,415)
Net Loans and Advances	-	-	93,897,204	67,466,580
Fair Value	-	-	91,972,866	68,707,912

5.1 Medium and Short Term Loans include loans granted to Company Officers, the movement of which is as follows :

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
As at 1st April	-	-	416,446	564,853
Acquisition of Subsidiaries	-	-	2,039	-
Add : Loans granted during the year	-	-	357,060	464,052
Less : Repayments during the year	-	-	(429,731)	(612,459)
As at 31st March	-	-	345,814	416,446

5.2 Contractual Maturity Analysis of Loans and Advances- Group

As at 31st March 2022	Within 1 Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Gold Loans	46,447,349	-	-	46,447,349
Vehicle Loans	7,686,066	17,409,243	71,191	25,166,500
Medium and short term loans	4,186,452	2,993,011	2,519,755	9,699,218
Mortgage Loans	2,274,553	2,373,689	340,967	4,989,209
Quick loans	-	-	-	-
Power Drafts	6,357,792	5,812,157	-	12,169,949
Margin trading	-	-	-	-
Factoring Receivable	46,855	22,447	-	69,302
Real estate Loans	-	-	-	-
Gross Loans and Receivables	66,999,067	28,610,547	2,931,913	98,541,527
Allowance for Impairment Losses				(4,644,323)
Net Loans and Advances				93,897,204

As at 31st March 2021	Within 1 Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Gold Loans	36,656,594	-	-	36,656,594
Vehicle Loans	5,301,055	11,745,962	38,314	17,085,331
Medium and short term loans	4,125,871	2,012,700	1,410,627	7,549,198
Mortgage Loans	2,325,310	2,746,738	411,333	5,483,381
Power Drafts	2,330,241	1,722,309	-	4,052,550
Factoring Receivable	77,535	5,406	-	82,941
Gross Loans and Advances	50,816,606	18,233,115	1,860,274	70,909,995
Allowance for Impairment Losses				(3,443,415)
Net Loans and Advances				67,466,580

Loans and advances are prepayable, so prepayments may cause actual maturities to differ from contractual maturities.

5.3 Credit Exposure Movement - ECL Stage-wise

Loans and Advances

As at 31 March 2022	Group			
	2022 Stage 01 LKR '000	2021 Stage 02 LKR '000	2022 Stage 03 LKR '000	2021 Total LKR '000
Gross Carrying Amount as at 1 April	58,745,510	6,270,998	5,893,489	70,909,997
Transfer to Stage 01	1,498,233	(1,078,684)	(419,549)	-
Transfer to Stage 02	(1,608,061)	1,742,840	(134,779)	-
Transfer to Stage 03	(869,083)	(753,432)	1,622,515	-
New Assets Originated or Purchased	41,672,391	6,686,930	2,225,835	50,585,156
Financial Assets Derecognised or Repaid	(15,780,088)	(4,091,373)	(3,179,917)	(23,051,378)
Write-offs	-	-	(40,140)	(40,140)
Exchange Rate Variance on Foreign Currency Provisions	137,892	-	-	137,892
As at 31 March	83,796,794	8,777,279	5,967,454	98,541,527

5.3 Credit Exposure Movement - ECL Stage-wise (Contd.)

Loans and Advances

As at 31 March	Group			
	2022	2021	2022	2021
	Stage 01 LKR '000	Stage 02 LKR '000	Stage 03 LKR '000	Total LKR '000
Gross Carrying Amount as at 1 April	50,799,665	6,104,577	4,272,140	61,176,382
Transfer to Stage 01	1,381,107	(1,225,972)	(155,135)	-
Transfer to Stage 02	(1,506,052)	1,748,495	(242,443)	-
Transfer to Stage 03	(819,185)	(793,698)	1,612,883	-
New Assets Originated or Purchased	21,988,117	5,699,812	3,543,275	31,231,204
Financial Assets Derecognised or Repaid	(13,358,889)	(5,260,957)	(2,786,547)	(21,406,393)
Write-offs	-	-	(121,132)	(121,132)
Exchange Rate Variance on Foreign Currency Provisions	29,934	-	-	29,934
As at 31 March	58,514,697	6,272,257	6,123,041	70,909,995

6. FINANCIAL ASSETS AT AMORTISED COST- LEASE RENTALS RECEIVABLE & STOCK OUT ON HIRE

Accounting Policy

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases. When the Group is the lessor under finance leases the amounts due under the leases, after deduction of unearned charges, are recognised on the Statement of Financial Position. The finance income receivable is recognised in ' interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

Lease and stock out on hire include financial assets measured at amortised cost if both of the following conditions are met:

- Assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows.
- Contractual terms of the assets give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.

After initial measurement, lease receivable and stock out on hire are subsequently measured at amortised cost using the effective interest rate (EIR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest Income' in the Income Statement. The losses arising from impairment are recognised in 'impairment charges and other losses' in the Income Statement.

As at 31 March 2022	Company			Group		
	Lease LKR '000	Hire Purchase LKR '000	Total LKR '000	Lease LKR '000	Hire Purchase LKR '000	Total LKR '000
Gross Rentals Receivables	-	-	-	57,065,919	92,571	57,158,490
Less: Unearned Income	-	-	-	(12,308,816)	-	(12,308,816)
Net Rentals Receivables	-	-	-	44,757,103	92,571	44,849,674
Less: Rentals Received in Advance	-	-	-	(3,804)	-	(3,804)
Less: Allowance for Impairment Losses (Note 7)	-	-	-	(3,113,167)	(92,506)	(3,205,673)
Total Net Rentals Receivable	-	-	-	41,640,132	65	41,640,197
Fair Value			-			40,469,193

As at 31 March 2021	Company			Group		
	Lease	Hire Purchase	Total	Lease	Hire Purchase	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Gross Rentals Receivables	-	-	-	64,551,127	104,480	64,655,607
Unearned Income	-	-	-	(14,131,368)	(25)	(14,131,393)
Net Rentals Receivables	-	-	-	50,419,759	104,455	50,524,214
Rentals Received in Advance	-	-	-	(3,308)	-	(3,308)
Allowance for Impairment Losses (Note 7)	-	-	-	(3,057,037)	(104,234)	(3,161,271)
Total Net Rentals Receivable	-	-	-	47,359,414	221	47,359,635
Fair Value			-			49,448,938

Operating Lease

All other leases are classified as operating leases. When acting as lessor, the Group includes the assets subject to operating leases in 'property, plant and equipment' and accounts for them accordingly. Impairment losses are recognised to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

6.1 Lease & Hire Purchase facilities granted to Company Officers, the movement of which is as follows :

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
As at the beginning of the year	-	-	19,243	35,168
Add : Loans granted during the year	-	-	4,855	6,009
Less : Repayments during the year	-	-	(11,753)	(21,934)
As at the end of the year	-	-	12,345	19,243

6.2 Contractual Maturity Analysis of Lease Rentals receivable and Stockout on Hire- Group

As at 31 March 2022	Lease				Hire Purchase			
	Within one year	1 - 5 years	Over 5 years	Total	Within one year	1 - 5 years	Over 5 years	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Gross rentals receivables	24,435,906	32,616,162	13,851	57,065,919	92,571	-	-	92,571
Unearned Income	(6,216,686)	(6,091,317)	(813)	(12,308,816)	-	-	-	-
Net rentals receivables	18,219,220	26,524,845	13,038	44,757,103	92,571	-	-	92,571
Rentals Received in Advance				(3,804)				-
Allowance for Impairment Losses				(3,113,167)				(92,506)
Total net rentals receivable				41,640,132				65
Total net rentals receivable from lease and hire purchase								41,640,197

6.2 Contractual Maturity Analysis of Lease Rentals receivable and Stockout on Hire - Group (Contd.)

As at 31 March 2021	Lease Within one year LKR '000	Lease 1 - 5 years LKR '000	Lease Over 5 years LKR '000	Lease Total LKR '000	Hire Purchase Within one year LKR '000	Hire Purchase 1 - 5 years LKR '000	Hire Purchase Over 5 years LKR '000	Hire Purchase Total LKR '000
Gross rentals receivables	28,863,006	35,682,196	5,925	64,551,127	104,401	79	-	104,480
Unearned Income	(7,483,700)	(6,647,373)	(295)	(14,131,368)	(24)	(1)	-	(25)
Net rentals receivables	21,379,306	29,034,823	5,630	50,419,759	104,377	78	-	104,455
Rentals Received in Advance				(3,308)				-
Allowance for Impairment Losses				(3,057,037)				(104,234)
Total net rentals receivable				47,359,414				221
Total net rentals receivable from lease and hire purchase								47,359,635

Our lease rentals receivable and stock out on hire are prepayable, so prepayments may cause actual maturities to differ from contractual maturities.

6.3 Credit Exposure Movement - ECL Stage-wise

Lease Rentals Receivable and Stock Out on Hire

As at 31 March	Group 2022 Stage 01 LKR '000	Group 2022 Stage 02 LKR '000	Group 2022 Stage 03 LKR '000	Group 2022 Total LKR '000
Gross Carrying Amount as at 1 April	31,601,449	11,015,890	7,903,567	50,520,906
Acquisition of Subsidiaries	38,952	15,453	59,834	114,239
Transfer to Stage 01	2,854,462	(2,285,363)	(569,099)	-
Transfer to Stage 02	(3,675,998)	4,152,530	(476,532)	-
Transfer to Stage 03	(1,398,019)	(1,806,149)	3,204,168	-
New Assets Originated or Purchased	17,482,482	7,665,800	3,860,670	29,008,952
Financial Assets Derecognised or Repaid	(17,964,958)	(9,577,422)	(7,172,643)	(34,715,023)
Write-offs	-	-	(83,204)	(83,204)
As at 31 March	28,938,370	9,180,739	6,726,761	44,845,870

As at 31 March	Group 2021 Stage 01 LKR '000	Group 2021 Stage 02 LKR '000	Group 2021 Stage 03 LKR '000	Group 2021 Total LKR '000
Gross Carrying Amount as at 1 April	32,481,283	21,984,111	9,069,308	63,534,702
Transfer to Stage 01	6,643,342	(5,895,550)	(747,792)	-
Transfer to Stage 02	(4,471,359)	5,457,333	(985,974)	-
Transfer to Stage 03	(1,315,361)	(2,993,444)	4,308,805	-
New Assets Originated or Purchased	18,672,755	10,189,423	4,825,552	33,687,730
Financial Assets Derecognised or Repaid	(20,409,212)	(17,725,983)	(8,208,391)	(46,343,586)
Write-offs	-	-	(357,941)	(357,941)
As at 31 March	31,601,448	11,015,889	7,903,567	50,520,905

7. ALLOWANCE FOR IMPAIRMENT LOSSES

Accounting Policy

Overview of the Expected Credit Loss (ECL) Principle

The Group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as "financial instruments".

The ECL allowance is based on the credit losses expected to arise over the life of the asset.

The 12 months ECL is the portion of lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both lifetime ECLs and 12 months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on such process Group allocates loans in to stage 1, stage 2, Stage 3 as described below:

Stage 1

When loans are first recognised, the Group recognises an allowance based on 12 months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3

When a loan is considered to be credit impaired/contain objective evidences of incurred loss, the Group records an allowance for the life time ECLs.

Significant Increase in Credit Risk

The Group continuously monitors all assets subject to ECL, in order to determine whether there has been a significant increase in credit risk since initial recognition and whether the instrument or a portfolio of instruments is subject to 12 months ECL or Lifetime ECL. The Group considers an exposure to have a significant increase in credit risk at 30 days passed due.

Individually significant impairment assessment and loans which are not impaired individually Group will individually assess all significant customer exposures to identify whether there are any indicators of impairment. Loans with objective evidence of incurred losses are classified as Stage 3. Loans which are individually significant but not impaired will be assessed collectively for impairment under either Stage 1 or Stage 2, based on the above specified criteria to identify whether there have been a significant credit deterioration since origination.

While establishing significant credit deterioration, Group will consider the following criteria:

- Other changes in the rates or terms of an existing financial instrument that would be significantly different if the instrument was newly originated
- Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instrument
- Other information related to the borrower, such as changes in the price of a borrower's debt/equity instrument
- An actual/expected internal credit rating downgrade for the borrower or decrease in behavioural score used to assess credit risk internally
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its obligation
- An actual or expected significant change in the operating results of the borrower in relation to actual/expected decline in revenue, increase in operating risk, working capital deficiency, decrease in asset quality, increase in gearing and liquidity management problems
- Significant increase in credit risk on other financial instruments of the same borrower
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet the debt obligation

7. ALLOWANCE FOR IMPAIRMENT LOSSES (CONTD.)

Accounting Policy

Grouping Financial Assets Measured on a Collective Basis

As explained above, Group calculates ECL either on a collective or individual basis. Asset classes where the Company calculates ECL on an individual basis includes all individually significant assets which belong to Stage 3. All assets which belong to Stage 1 and 2 will be assessed collectively for impairment.

The Group allocates smaller homogeneous exposures based on a combination of internal and external characteristics such as product type, customer type, days past due etc.

Calculation of ECL

The expected cash shortfalls are calculated by multiplying respective loan level PDs, EADs and LGDs. The cash shortfall is discounted to the Effective Interest Rate (EIR). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

PDs and LGDs are adjusted to the forward-looking information using statistically quantified variance. The mechanics of the ECL calculation are outlined below and the key elements are as follows:

- Probability of Default (PD): PD is an estimate of the likelihood of default over a given time horizon. Hence majority of our client base being retail; we use internal information to estimate the PDs. The client has two credit statuses which can be identified as default or not default. We used Cohort method (CM) to compute the PDs.
- Exposure at Default (EAD): EAD is the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of the principle and interest, whether scheduled by contract or otherwise and expected draw downs on committed facilities.
- Loss Given Default (LGD): LGD is an estimate of the loss arising, where a default occurs at a given time calculated based on historical recovery data. It is usually expressed as a % of the EAD.

For all products, Company considers the maximum period over which the credit losses are determined is the contractual life of a financial instrument.

The published global financial sector credit rating migration matrix Probability of Default used for fixed income (bank deposits) securities expected loss calculation, Value at Risk Methodology (VAR) is used for gold based loan expected loss calculation and bi-nominal distribution model is used for small number of obligors portfolio expected loss calculation. Any Financial Asset, fully secured through a cash collateral, has not taken into the expected loss calculation.

Forward-looking information

Group relies on broad range of qualitative/quantitative forward-looking information as economic inputs in the multiple economic factor model developed to forecast the expected non-performing loans.

The model predicts the one year forward industry NPL levels and which has been used to adjust the Company PD curve using statistically quantified variance. The economic factor model is developed by the University of Colombo, Science and Technology CELL and consent to use with an annual review. The economic factor model predicts the NPL as an output and use some key economic factors as an input to the model. The key variables of the model is as follows;

- Industry NPL
- Business Confidence Index
- All Share Price Index(ASPI)
- Exchange Rates
- Fuel Prices
- GDP Growth Rate
- Interest Rates
- Inflation Rates
- Unemployment Rates
- Rainfall
- Per Capita GDP
- Assets Recovery Ratio
- Company Probability of Default Curve

Accounting Policy

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the financial asset impairment allowance account accordingly. The write-back is recognised in the Income Statement.

Write-off of loans and advances

Financial assets and the related impairment allowance accounts are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realisation of security.

Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, vehicles, gold, securities, letters of guarantees, real estate, receivables, inventories, other non-financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Central Bank of Sri Lanka.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers.

Collateral repossessed

Repossessed collateral will not be taken into books of accounts unless the Group has taken those collaterals into its business operations. However, such additions from the repossessed collaterals to the business operations are not significant.

Non-accrual receivables

Non performing classification point is triggered out when the receivables are more than five months in arrears, receivables are subject to legal action/ongoing legal action, receivables are subject to untraceable or unattainable collaterals, or receivables are determined to be uncollectable. For receivables in non-accrual status, subsequent financing revenue is recognized only to the extent a payment is received. Payments are generally applied first to outstanding interest and then to the unpaid principal balance.

7.1 Stage-wise Analysis of the Allowance for Impairment Losses

As at 31 March	Group							
	Stage 01 2022 LKR '000	Stage 02 2022 LKR '000	Stage 03 2022 LKR '000	Total 2022 LKR '000	Stage 01 2021 LKR '000	Stage 02 2021 LKR '000	Stage 03 2021 LKR '000	Total 2021 LKR '000
As at 01 April	1,287,871	456,088	4,860,727	6,604,686	597,753	529,126	4,164,191	5,291,070
Acquisition of Sub-subsidiary	1,898	1,100	278,606	281,604	-	-	-	-
Charge / (Reversal) for the year	733,958	(43,801)	383,723	1,073,880	689,805	(73,184)	1,174,350	1,790,971
Amounts written off	-	-	(123,344)	(123,344)	-	-	(479,073)	(479,073)
Exchange Rate Variance on Foreign Currency Provisions	3,666	3,316	6,188	13,170	314	145	1,259	1,718
As at 31 March	2,027,393	416,703	5,405,900	7,849,996	1,287,872	456,087	4,860,727	6,604,686
Loans and Advances				4,644,323				3,443,415
Lease Rental receivables and stock out on hire				3,205,673				3,161,271
				7,849,996				6,604,686

7.2

As at 31 March	Group							
	Stage 01 2022 LKR '000	Stage 02 2022 LKR '000	Stage 03 2022 LKR '000	Total 2022 LKR '000	Stage 01 2021 LKR '000	Stage 02 2021 LKR '000	Stage 03 2021 LKR '000	Total 2021 LKR '000
Individual Impairment	-	-	5,405,900	5,405,900	-	-	4,860,728	4,860,728
Collective Impairment	2,027,393	416,703	-	2,444,096	1,287,872	456,086	-	1,743,958
Total	2,027,393	416,703	5,405,900	7,849,996	1,287,872	456,086	4,860,728	6,604,686
Gross Amount of Loans Individually Determined to be Impaired, before Deducting the Individually Assessed Impairment Allowance	-	-	12,556,642	12,556,642	-	-	14,027,867	14,027,867
Gross Amount of Loans Collectively Assessed for the Impairment	112,813,393	18,017,362	-	130,830,755	90,114,218	17,288,816	-	107,403,034
Gross Receivables	112,813,393	18,017,362	12,556,642	143,387,397	90,114,218	17,288,816	14,027,867	121,430,901
Gross Amount of Loans Individually Determined to be Impaired				8.76%				11.55%

7.3 Product -wise Analysis of the Allowance for Impairment Losses

As at 31 March	Group							
	Stage 01 2022 LKR '000	Stage 02 2022 LKR '000	Stage 03 2022 LKR '000	Total 2022 LKR '000	Stage 01 2021 LKR '000	Stage 02 2021 LKR '000	Stage 03 2021 LKR '000	Total 2021 LKR '000
Gold Loans	496,441	22,617	15,165	534,223	373,668	48,518	22,557	444,743
Vehicle Loans	292,144	76,633	460,240	829,017	142,665	49,558	220,557	412,780
Medium and short term loans	363,288	11,858	474,455	849,601	202,375	28,824	227,083	458,282
Mortgage Loans	277,577	76,713	1,650,117	2,004,407	121,911	71,391	1,662,992	1,856,294
Power Drafts	141,852	37,063	178,857	357,772	20,701	10,410	157,264	188,375
Factoring Receivable	-	-	69,303	69,303	-	-	82,941	82,941
Loans and Advances	1,571,302	224,884	2,848,137	4,644,323	861,320	208,701	2,373,394	3,443,415
Leases	455,882	192,026	2,465,259	3,113,167	426,552	247,385	2,383,101	3,057,038
Hire Purchase	-	-	92,506	92,506	-	-	104,233	104,233
Lease Rental receivables and stock out on hire	455,882	192,026	2,557,765	3,205,673	426,552	247,385	2,487,334	3,161,271
Total Allowance for Impairment losses	2,027,184	416,910	5,405,902	7,849,996	1,287,872	456,086	4,860,728	6,604,686

7.4 Stage Movements in Allowance for Impairment Losses

As at 31 March	Group							
	Stage 01 2022 LKR '000	Stage 02 2022 LKR '000	Stage 03 2022 LKR '000	Total 2022 LKR '000	Stage 01 2021 LKR '000	Stage 02 2021 LKR '000	Stage 03 2021 LKR '000	Total 2021 LKR '000
Opening Balance	1,287,871	456,088	4,860,727	6,604,686	597,755	529,126	4,164,190	5,291,071
Transfer to Stage 01	204,415	(101,599)	(102,816)	-	223,511	(151,440)	(72,071)	-
Transfer to Stage 02	(251,244)	275,373	(24,129)	-	(50,367)	119,414	(69,047)	-
Transfer to Stage 03	(55,640)	(85,559)	141,199	-	(18,168)	(82,271)	100,439	-
New Assets Originated or Purchased	1,304,959	253,322	2,066,512	3,624,793	1,017,424	492,567	2,094,385	3,604,376
Financial Assets Derecognised or Repaid	(466,634)	(384,239)	(1,418,437)	(2,269,310)	(482,594)	(451,454)	(879,357)	(1,813,405)
Write-offs	-	-	(123,344)	(123,344)	-	-	(479,073)	(479,073)
Exchange Rate Variance on Foreign Currency Provisions	3,666	3,316	6,188	13,170	314	145	1,258	1,717
Closing Balance	2,027,393	416,702	5,405,900	7,849,995	1,287,875	456,087	4,860,724	6,604,686

7.5 Sensitivity Analysis of Allowance for Impairment Losses

As at 31 March		Sensitivity Effect on Impairment Allowance Increase 2022 LKR '000	2021 LKR '000
Changed Criteria	Changed Factor		
Loss Given Default (LGD)	Increase by 10%	291,424	168,101
Probability of Default (PD)	Increase by 1%	8,377	5,434

8 OTHER FINANCIAL ASSETS

Accounting Policy

These include treasury bills repurchase agreements, where we are the transferee and investments in fixed deposits with banks and other financial institutions. Treasury bills repurchase agreements allow us to offset our entire gross exposure in the event of default or breach of contract. Other financial assets are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (Net of transaction cost) and the receivable amount (including interest income) is recognised in the Income Statement over the period of the assets using effective interest method.

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Treasury Bill / Repurchases	-	-	31,271	3,537,745
Insurance premium receivables	-	-	385,657	331,731
Investment in Fixed Deposits (Note 8.2)	-	75,000	5,191,926	7,257,703
Others	-	-	82,909	60,019
	-	75,000	5,691,763	11,187,198
Fair Value	-	75,000	5,691,763	11,187,198

8.1 The collateral value of repurchase agreements reflected on the Statement of Financial Position under Other Financial Assets as at 31 March 2022 and 31 March 2021 was Rs. 41,000,000/- and Rs. 3,756,500,000/-, respectively.

8.2 Investment in Fixed Deposits

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Counterparty External Credit Rating*				
AA+	-	75,000	-	75,000
AA	-	-	-	604,296
AA-	-	-	4,723,923	4,578,248
A+	-	-	184,023	1,986,144
A	-	-	-	-
A-	-	-	-	30,000
BBB+	-	-	-	-
BBB	-	-	-	812
BBB-	-	-	351,769	-
Investment in Fixed deposits	-	75,000	5,259,715	7,274,500
Less: Impairment Allowance	-	-	(67,789)	(16,797)
	-	75,000	5,191,926	7,257,703

**Fitch Ratings Lanka Ltd*

9. TRADE & OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Gross Trade receivables	-	-	7,940,701	6,075,697
(-) Bad debt provision	-	-	(345,394)	(317,333)
Net Trade receivables	-	-	7,595,307	5,758,364
Amounts due from Related Parties (Note 9.1)	287,049	167,195	43,558	27,791
Deposits	23,834	23,834	566,807	948,588
Other Advances	-	-	28,210	35,522
Principle Receivable	-	-	108,848	112,992
Other Receivables	727,986	472,538	1,706,213	1,374,424
	1,038,869	663,567	10,048,943	8,257,681

9.1 Amounts due From Related Parties

Related party transactions disclosures in Note 44.

		Company		Group	
		2022	2021	2022	2021
Related Party	Relationship	LKR '000	LKR '000	LKR '000	LKR '000
Royal Ceramics Lanka PLC	Subsidiary	24,171	17,137	-	-
Rocell Bathware Ltd	Subsidiary	22,599	9,372	-	-
Lanka Walltile PLC	Subsidiary	26,226	15,951	-	-
Lanka Tiles PLC	Subsidiary	106,441	60,659	-	-
Swisstek Ceylon PLC	Subsidiary	22,258	-	-	-
Uni Dill Packaging Ltd	Subsidiary	22,785	36,669	-	-
Singer Sri Lanka PLC	Affiliate	40,329	27,407	40,329	27,407
Singhe Hospital PLC	Affiliate	-	-	30	-
The Kingsbury PLC	Affiliate	-	-	-	80
Delmege Forsyth & Co Ltd	Subsidiary	4,140	-	-	-
Hayleys Agro Fertilizer	Affiliate	-	-	-	223
Fentons Ltd	Affiliate	-	-	1,597	-
Dipped Products PLC	Affiliate	-	-	793	-
Kandyan Resorts (Pvt) Ltd	Affiliate	-	-	94	-
Vallibel Finance PLC	Affiliate	-	-	715	-
MN Properties (Pvt) Ltd	Affiliate	-	-	-	81
Biscuit & Chocolate (Pvt) Ltd	Subsidiary	18,100	-	-	-
		287,049	167,195	43,558	27,791

9.2 Contract Asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

	Company		Group	
As at 31 March	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
As at 1st April	-	-	52,561	50,476
During the year recognized	-	-	(6,098)	2,085
As at 31st March	-	-	46,463	52,561

The contract assets primarily relate to rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional this usually occurs when the company issues an invoice to the customer.

10. OTHER NON FINANCIAL ASSETS

Accounting Policy

Group classifies all other non financial assets other than Intangible Assets and Property, Plant and Equipment under other non financial assets. Other non financial assets include real estate stock, vehicle stock, gold stock, deposits, advances and prepayments, etc. These assets are non-interest earning and recorded at the amounts that are expected to be received.

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Advance for Vehicle Stock	-	-	1,600	33,100
Advances & Pre-Payments	5,562	2,749	2,841,940	972,940
Gold Stock (Note 10.1)	-	-	1,514	1,514
Stationary Stock	-	-	30,361	15,854
Sundry Debtors	-	-	40,305	16,212
Pre-paid Staff Cost (Note 10.2)	-	-	6,094	10,484
Receivables & Others	-	-	46,179	64,272
	5,562	2,749	2,967,993	1,114,376

10.1 Gold Stock

The gold inventory is valued at lower of cost and net realizable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

10.2 The Movement in the Pre-Paid Staff Cost

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
As at the Beginning of the Year	-	-	10,484	23,153
Adjustment for New Grants and Settlements	-	-	(2,334)	(8,406)
Charge to Personnel Expenses	-	-	(2,056)	(4,263)
As at the End of the Year	-	-	6,094	10,484

11. INVESTMENT IN SUBSIDIARIES

Accounting Policy

The Company recognises investment in subsidiary at cost.

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 March 2022. 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:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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 arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The ownership of the subsidiary companies as at the reporting date are as follows:

	Year of Incorporation	Effective Holding (%)		Number of Shares	
		2022	2021	2022	2021
Quoted Investments					
Royal Ceramics Lanka PLC	1990/91	55.98%	55.98%	620,026,000	62,002,600
LB Finance PLC	1971/72	66.34%	66.34%	286,729,600	286,729,600
Unquoted Investments					
Delmege Limited*	1915/16	68.75%	62.75%	424,674	253,314
Greener Water Limited	2010/11	100.00%	100.00%	326,805,000	326,805,000

*On 25th March 2022, Delmage has issued shares to existing shareholders and Vallibel One PLC has invested 171,360 shares in Delmage of Rs. 1,068,600,960. Therefore effective holding of the Delmage has changed from 62.75% to 68.75% right after the transaction.

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 recognised in profit or loss. Any investment retained is recognised at fair value.

11. INVESTMENT IN SUBSIDIARIES (CONTD.)

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

The Financial Statements of the Subsidiary in the Group has a common financial year which ends on 31 March. The Financial Statements of the Company's Subsidiary are prepared using consistent accounting policies.

There are no significant restrictions on the ability of the Subsidiary to transfer funds to the Parent (the Company) in the form of cash dividend or repayment of loans and advances.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions, income and expenses are eliminated in full.

The cost of an acquisition is measured at fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement, the Company continues to recognise the investments in Subsidiaries at cost.

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 the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree'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."

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest 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 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.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Quoted Investments	Cost		Market Value	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Royal Ceramics Lanka PLC	9,920,440	9,920,440	25,235,058	15,934,668
LB Finance PLC	5,461,361	5,461,361	16,630,317	13,590,983
	15,381,801	15,381,801	41,865,375	29,525,651

Quoted Investments	Cost		Market Value	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Delmege Limited	2,648,126	1,579,525	2,648,126	1,579,525
Greener Water Limited	3,269,397	3,269,397	3,269,397	3,269,397
Total	5,917,523	4,848,922	5,917,523	4,848,922
Total	21,299,324	20,230,723	47,782,898	34,374,573

12. INVESTMENT IN ASSOCIATES

Accounting Policy

The Group investment in associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of associate since acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of profit or loss reflects the Group's share of net of tax results of operations of the associates. When there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an associate is shown on the face of the Statement of Comprehensive Income.

Equity method of accounting has been applied for associates Financial Statements using their corresponding/matching 12-month financial period.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in "share of losses of an associate" in the Statement of Profit or Loss. Upon loss of significant influence over the associate, the Group measures and recognises any retained.

Investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

12.1 Company

Quoted Investments	Effective Holding (%)		Number of Shares	
	2022	2021	2022	2021
The Fortress Resorts PLC	21.18%	21.18%	20,618,257	20,618,257

Quoted Investments	Cost		Market Value	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
The Fortress Resorts PLC	413,068	413,068	257,728	230,924
	413,068	413,068	257,728	230,924

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENT IN ASSOCIATES (CONTD.)

12.2 Group

	2022 LKR '000	2021 LKR '000
Balance at the beginning of the year	591,144	622,465
Investment made during the year	-	7,177
Share of Profit/ (Loss)	7,451	(38,654)
Share of Other Comprehensive income	(262)	156
Balance at the end of the Year	598,333	591,144

12.3 Summarised financial information of equity accounted investees has not been adjusted for group share,

12.3.1 Statement of profit or loss

	2022 LKR '000	2021 LKR '000
Revenue	349,167	74,666
Cost of sales	(109,416)	(66,032)
Income (Includes Other Income, Finance Income)	56,010	69,250
Expenses (Includes Operating , Administration & Distribution expenses)	(256,742)	(244,784)
Finance Cost	(11,736)	(15,711)
Income Tax	5,765	7,005
Profit after Tax	33,049	(175,606)
Other comprehensive income	(1,161)	705

12.3.2 Statement of Financial Positions

	2022 LKR '000	2021 LKR '000
Non current assets	1,251,190	1,318,989
Current assets	668,076	711,869
Non current liabilities	121,092	193,203
Current liabilities	169,509	240,878
Net assets	1,628,665	1,596,777

12.3.3 Commitments and Contingencies

	2022 LKR '000	2021 LKR '000
Commitments		
Lease commitments	58,255	61,419

13. DEFERRED TAX ASSETS (LIABILITIES)

Accounting Policy

Deferred tax is provided on temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible differences. Carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at each financial position date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against which such tax losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with the future tax planning strategies.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the Financial Position date.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
As at 01 April	3,954	2,690	(5,463,867)	(6,313,620)
Recognized in Profit or Loss	1,884	1,458	448,141	538,674
Recognized in Other Comprehensive Income	1,165	(193)	(479,941)	311,079
Deferred tax on acquisition of subsidiaries	-	-	-	-
At the end of the year	7,003	3,955	(5,495,667)	(5,463,867)
Deferred Tax Assets	7,003	3,954	70,607	37,510
Deferred Tax Liabilities	-	-	(5,566,274)	(5,501,377)
	7,003	3,954	(5,495,667)	(5,463,867)

13.1 The closing net differed tax liability relate to the following ;

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Property, Plant & Equipments	(655)	(808)	(4,049,048)	(4,253,766)
Revaluation surplus on Investment Property	-	-	(182,354)	(255,746)
Right of use assets	1,765	1,237	(230,986)	56,998
Defined Benefit Obligation	5,893	3,525	335,550	387,704
Unrealised Exchange Gain/(Loss)	-	-	(39,231)	-
Provisions	-	-	393,691	257,450
Deferred Taxation on Un distributed Associate Profit	-	-	(59,851)	(15,414)
Revaluation Surplus	-	-	(1,925,556)	(1,948,653)
Unutilised tax losses	-	-	262,118	307,560
	7,003	3,954	(5,495,667)	(5,463,867)

14 INVENTORIES

Accounting Policy

Inventories are valued at lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae:

- Raw material – At purchase cost on weighted average cost basis, except for, Vallibel Plantation Management Limited, Swisstek Aluminium Limited and Swisstek (Ceylon) PLC which is on a first in first out basis.
- Consumable and spares – At purchase cost on weighted average cost basis.
- Finished goods and work-in-progress – at the cost of direct material, direct labour and appropriated proportion of production overheads based on normal operating capacity.
- Goods in transit have been valued at cost.
- Trading goods – At purchase cost on weighted average basis except for Lanka Walltiles group which is on first in first out basis.

Agricultural produce harvested from Biological Assets

Agricultural produce harvested from Biological Assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi finished inventories from Agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

Agricultural produce after further processing

Further processed output of Agricultural Produce are valued at the lower of cost and estimated net realizable value, after making due allowance for obsolete and slow moving items. Net realizable value is the price at which stocks can be sold in the normal course of business after allowing for estimated costs of conversion and the estimated costs necessary to bring them to a saleable condition.

The cost incurred in bringing the inventories to its present location and conditions are accounted using the following cost formulas.

Input Material

At actual cost on first-in-first-out basis.

Spares and Consumables

At actual cost on first-in-first-out basis.

Produced Stocks

Valued at cost or NRV.

Accounting Policy

Provision for Slow moving inventories

A provision for slow moving inventories is recognised based on the best estimates available to management on their future usability/sale. As management uses historical information as the basis to determine the future usability and recoverability, actual future losses on inventories could vary from the provision made in these Financial Statements.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Raw Materials	-	-	5,813,567	4,003,037
Other Consumables	-	-	24,682	19,835
Spares and Consumables	-	-	2,519,378	1,670,079
Non-harvested Produce on Bearer Biological Assets	-	-	8,129	7,999
Shading Tree Nurseries	-	-	3,369	128
Work In Progress	-	-	610,389	500,977
Harvested crops	-	-	116,959	206,306
Seat Covers and Accessories	-	-	570,106	569,038
Finished Goods	-	-	5,989,373	5,772,867
Goods in Transit	-	-	139,591	176,533
	-	-	15,795,543	12,926,799
Less : Provision for Obsolete and Slow Moving Inventory (Note 14.1)	-	-	(761,953)	(608,482)
	-	-	15,033,590	12,318,317

14.1 Movement of the Provision for Obsolete and Slow Moving Inventory

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Opening Balance	-	-	608,482	497,542
Reversal of Write off	-	-	(183,774)	(259,508)
Charge to Profit or Loss	-	-	337,245	370,448
Closing Balance	-	-	761,953	608,482

15. INTANGIBLE ASSETS

An intangible asset is an identifiable monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

The Group's intangible assets include the value of computer software, brand name and goodwill on business combination.

Accounting Policy

Basis of Recognition

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

15. INTANGIBLE ASSETS (CONTD.)

Accounting Policy

Useful lives of Intangible Assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible asset.

Amortisation

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

The class of intangible assets	Useful life	Amortisation method
Computer software	5 – 15 years	Straight line method
Brand name	20 years	Straight line method

Derecognition of intangible assets

The carrying amount of an item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from derecognition of an item of intangible asset is included in the Income Statement when the item is derecognised.

Net book value as at 31st March 2022	Group			
	Software LKR '000	Brand Name LKR '000	Goodwill LKR '000	Total LKR '000
Cost				
As at 01st April 2020	517,077	904,891	12,354,095	13,776,064
Acquired during the year	8,505	-	-	8,505
Disposals/ write-off	(9)	-	-	(9)
Effect of change in exchange rate	890	-	58	948
As at 31st March 2021	526,463	904,891	12,354,153	13,785,508
Acquisition of Subsidiaries	14,409	-	-	14,409
Acquired during the year	36,433	-	71,224	107,657
Effect of change in exchange rate	3,331	-	-	3,331
As at 31st March 2022	580,636	904,891	12,425,377	13,910,905
Amortization				
As at 01st April 2020	294,383	426,053	170,710	891,147
Charge for the year	49,930	45,245	-	95,175
Disposals/ write-off	(9)	-	-	(9)
Effect of change in exchange rate	322	-	-	322
As at 31st March 2021	344,626	471,298	170,710	986,635
Acquisition of Subsidiaries	13,386	-	-	13,386
Charge for the year	42,887	45,245	-	88,132
Effect of change in exchange rate	2,703	-	-	2,703
As at 31st March 2022	403,602	516,543	170,710	1,090,856
Net Book Value				
Net book value as at 31st March 2022	177,034	388,348	12,254,667	12,820,049
Net book value as at 31st March 2021	181,837	433,593	12,183,443	12,798,873

15.1 Software

Cost of all computer software licensed for use by the Group, which 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 of intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent Expenditure

Expenditure incurred on software is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

15.2 Goodwill

Goodwill allocated through business combination have been allocated to four Cash Generating Units (CGU) for impairment testing as follows ;

As at 31 March	Group	
	2022 LKR '000	2021 LKR '000
Royal Ceramic Lanka PLC and its Subsidiaries	7,410,981	7,410,981
LB Finance PLC and its Subsidiaries	4,037,428	3,966,204
Greener Water Limited	3,420	3,420
Delmege Limited and its subsidiaries	802,838	802,838
	12,254,667	12,183,443

The recoverable amount of all CGU's have been determine based on the fair value less to cost to sell or the value in use (VIU) calculation.

The key assumptions used to determine the recoverable amount for the significant cash generating units, are as follows;

Gross Margin

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount Rate

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The discount rate applied to cash flow projections range between 15.41% - 17.42% .

Inflation

The basis used to determine the value assigned to budgeted cost inflation, is the inflation rate based on projected economic conditions.

Growth Rate

The Management has estimated 1% - 4% growth rate in the cash flow beyond the five-year period.

Impact of COVID 19

In determining the recoverable value of each cash generating unit, the group has taken into account possible impacts on cash flows due to prevailing economic condition.

16. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Group applies the requirements of the Sri Lanka Accounting Standard - LKAS 16 (Property, Plant and Equipment) in accounting for these assets.

Accounting Policy

Basis of Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be reliably measured.

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are charged to the Income Statement as incurred. Costs incurred in using or redeploying an item is not included under carrying amount of an item.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives and depreciation is charge when the underlying asset is available for use.

The rates of depreciation based on the estimated useful lives are as follows:

Category of asset	Useful life
Building	15 - 50 years
Furniture and fittings	3 - 6.67 years
Equipment	3 - 5 years
Motor vehicles and accessories	4 - 8 years
Computer hardware	4 - 5 years
Motor bike	3 years
Mobile accessories	2 Years
Leasehold improvement	6.67 years
Fixtures and fittings	3 years
Water supply scheme, electricity distribution, household items – heavy	25 - 40 years
Tools and Implements and sundry inventory and household items – light	0-2 years
Factory equipment, plant and machinery and moulds	10 - 20 years

Accounting Estimates

Useful Life of the Property, Plant and Equipment

The Groups reviews the residual values, useful lives and methods of depreciation of Property Plant and Equipment at each reporting date, judgement of the management is exercised in the estimation of these values, methods and hence they are subject to uncertainty.

Accounting Policy

Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Income, in which case the increase is recognised in the Statement of Income. A revaluation deficit is recognised in the statement of income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Cost of repairs and maintenance are charged to the Statement of Income during the period in which they are incurred.

Derecognition

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in "Other operating income" in the Statement of Profit or Loss in the year the asset is derecognised.

Permanent Land Development Cost

Permanent land development costs incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalized and amortized over the remaining lease period. Permanent impairments to land development costs are charged to the Statement of Profit or Loss and Other Comprehensive Income in full and reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

16.1 Property, Plant and Equipment- Company

(a) Company - 2022

Cost	Balance as at 01/04/2021 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2022 LKR '000
Furniture and Fittings	47,530	-	-	47,530
Equipment	5,421	4	-	5,425
Motor Vehicles and Accessories	48,861	-	-	48,861
Computer Hardware	21,972	4,579	-	26,551
	123,784	4,583	-	128,367

Depreciation	Balance as at 01/04/2021 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2022 LKR '000
Furniture and Fittings	36,678	790	-	37,468
Equipment	2,489	436	-	2,925
Motor Vehicles and Accessories	33,234	5,675	-	38,909
Computer Hardware	18,899	3,996	-	22,895
	91,300	10,897	-	102,197
Carrying value	32,484			26,170

16.1 Property, Plant and Equipment- Company (Contd.)

(b) Company - 2021

Cost	Balance as at 01/04/2021 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2022 LKR '000
Furniture and Fittings	40,607	6,923	-	47,530
Equipment	3,121	2,300	-	5,421
Motor Vehicles and Accessories	48,861	-	-	48,861
Computer Hardware	21,972	-	-	21,972
	114,561	9,223	-	123,784

Depreciation	Balance as at 01/04/2021 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2022 LKR '000
Furniture and Fittings	32,935	3,743	-	36,678
Equipment	2,010	479	-	2,489
Motor Vehicles and Accessories	24,566	8,668	-	33,234
Computer Hardware	15,625	3,274	-	18,899
	75,136	16,164	-	91,300
Carrying value	39,425			32,484

Carrying Amount - Company	As at 31/03/2022 LKR '000	As at 31/03/2021 LKR '000
Property, plant and equipment	26,170	32,484
	26,170	32,484

16.1.1 Property, Plant and Equipment Acquired During the Financial Year - Company

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 4,582,917/- (2021 - Rs. 9,222,824/-). Cash payments amounting to Rs. 4,582,917/- (2021 - Rs. 9,222,824/-) was paid during the year for purchases of property, plant and equipment.

16.1.2 Fully-Depreciated Property, Plant and Equipment - Company

The initial cost of fully-depreciated property, plant and equipment, which are still in use as at reporting date is Rs. 57,774,928/- (2021 - Rs. 47,233,409/-).

16.2 Property, Plant and Equipment- Group

(a) Group - 2022

Cost / Valuation	Balance as at 01/04/2021 LKR '000	Acquisition Subsidiary LKR '000	Additions/ Transfers During the Year LKR '000	Revaluation LKR '000	Transfers/ Disposals LKR '000	Exchange Translation Difference LKR '000	Balance as at 31/03/2022 LKR '000
Land & Building	32,925,426	-	801,468	1,883,811	(70,867)	(264)	35,539,574
Furniture and Fittings	1,456,072	24,566	115,159	-	(3,958)	629	1,592,468
Equipment	2,361,090	11,567	225,475	-	(16,042)	609	2,582,699
Fire Protection Equipment	-	-	-	-	-	-	-
Motor Vehicles and Accessories	1,004,940	1,926	23,867	-	-	72	1,030,805
Computer Hardware	1,128,618	22,919	83,766	-	(10,670)	1,154	1,225,787
Air Conditioning	-	-	-	-	-	-	-
Telephone System	-	-	-	-	-	-	-
Leasehold Improvements	693,205	-	159,794	-	(1,419)	-	851,580
Fixtures and Fittings	2,381,654	-	384,859	-	(1,821)	-	2,764,692
Water Supply Scheme	644,793	-	64,364	-	(2,944)	-	706,213
Electricity Distribution	65,203	-	47,278	-	-	-	112,481
Tools and Implements	1,351,860	-	267,852	-	(11,855)	-	1,607,857
Plant and Machinery	18,262,521	-	1,167,202	-	21,618	-	19,451,341
Moulds	140,493	-	1,895	-	-	-	142,388
Household Item - Light	79	-	-	-	-	-	79
Stores Buildings on Leasehold Land	328,390	-	-	84,342	-	-	412,732
Assets on Finance Lease	-	-	-	-	-	-	-
Capital Work In Progress	6,063,264	-	1,961,676	-	(950,227)	-	7,074,713
	68,807,608	60,978	5,304,655	1,968,153	(1,048,185)	2,200	75,095,409

Accumulated Depreciation	Balance as at 01/04/2021 LKR '000	Acquisition Subsidiary LKR '000	Charge for the Year LKR '000	Transfers/ Disposals LKR '000	Exchange Translation Difference LKR '000	Balance as at 31/03/2022 LKR '000
Building	469,698	-	258,441	(392,161)	-	335,978
Furniture and Fittings	1,128,973	22,460	126,925	(3,826)	348	1,274,880
Equipment	1,782,993	11,179	198,006	(8,389)	(4,802)	1,978,987
Fire Protection Equipment	-	-	-	-	-	-
Motor Vehicles and Accessories	798,630	1,780	76,075	-	36	876,521
Computer Hardware	877,508	21,696	116,508	(9,961)	822	1,006,573
Air Conditioning	-	-	-	-	-	-
Telephone System	-	-	-	-	-	-
Leasehold Improvements	485,352	-	71,103	(1,158)	-	555,297
Fixtures and Fittings	1,199,446	-	243,639	(1,816)	-	1,441,269
Water Supply Scheme	385,905	-	40,368	(697)	-	425,576
Electricity Distribution	19,416	-	3,566	-	-	22,982
Tools and Implements	956,369	-	144,136	(8,686)	-	1,091,819
Plant and Machinery	10,048,586	-	1,090,579	(37,911)	-	11,101,254
Moulds	133,253	-	2,016	-	-	135,269
Household Item - Light	59	-	-	-	-	59
Stores Buildings on Leasehold Land	82,678	-	5,917	(6,111)	-	82,484
Assets on Finance Lease	-	-	-	-	-	-
	18,368,866	57,115	2,377,279	(470,716)	(3,596)	20,328,948
Carrying value	50,438,742					54,766,461

16.2 Property, Plant and Equipment- Group (Contd.)

(b) Group - 2021

Cost / Valuation	Balance as at 01/04/2021 LKR '000	Additions/ Transfers During the Year LKR '000	Revaluation LKR '000	Transfers/ Disposals LKR '000	Exchange Translation Difference LKR '000	Balance as at 31/03/2022 LKR '000
Land & Building	31,608,960	503,807	1,198,031	(385,372)	-	32,925,426
Furniture and Fittings	1,382,544	86,699	-	(13,281)	110	1,456,072
Equipment	2,273,688	127,180	-	(39,887)	109	2,361,090
Fire Protection Equipment	-	-	-	-	-	-
Motor Vehicles and Accessories	1,038,445	20,739	-	(54,249)	5	1,004,940
Computer Hardware	1,091,286	50,048	-	(12,950)	234	1,128,618
Air Conditioning	-	-	-	-	-	-
Telephone System	-	-	-	-	-	-
Leasehold Improvements	695,209	65,004	-	(67,008)	-	693,205
Fixtures and Fittings	2,251,177	153,303	-	(22,826)	-	2,381,654
Water Supply Scheme	620,762	24,031	-	-	-	644,793
Electricity Distribution	65,203	-	-	-	-	65,203
Tools and Implements	1,118,291	236,913	-	(3,344)	-	1,351,860
Plant and Machinery	17,430,017	834,806	-	(2,302)	-	18,262,521
Moulds	138,862	1,631	-	-	-	140,493
Household Item - Light	79	-	-	-	-	79
Stores Buildings on Leasehold Land	328,390	-	-	-	-	328,390
Assets on Finance Lease	-	-	-	-	-	-
Capital Work In Progress	5,036,970	1,827,042	-	(800,748)	-	6,063,264
	65,079,883	3,931,203	1,198,031	(1,401,967)	458	68,807,608

Accumulated Depreciation	Balance as at 01/04/2021 LKR '000	Charge for the Year LKR '000	Transfers/ Disposals LKR '000	Exchange Translation Difference LKR '000	Balance as at 31/03/2022 LKR '000
Building	607,373	236,001	(373,676)	-	469,698
Furniture and Fittings	1,013,312	128,152	(12,561)	70	1,128,973
Equipment	1,606,907	193,663	(17,664)	87	1,782,993
Fire Protection Equipment	-	-	-	-	-
Motor Vehicles and Accessories	733,702	95,630	(30,706)	4	798,630
Computer Hardware	772,806	116,789	(12,241)	154	877,508
Air Conditioning	-	-	-	-	-
Telephone System	-	-	-	-	-
Leasehold Improvements	490,408	60,120	(65,176)	-	485,352
Fixtures and Fittings	985,796	234,358	(20,708)	-	1,199,446
Water Supply Scheme	344,505	41,400	-	-	385,905
Electricity Distribution	16,049	3,367	-	-	19,416
Tools and Implements	850,888	108,562	(3,081)	-	956,369
Plant and Machinery	9,001,662	1,065,571	(18,647)	-	10,048,586
Moulds	131,101	2,152	-	-	133,253
Household Item - Light	59	-	-	-	59
Stores Buildings on Leasehold Land	76,223	6,455	-	-	82,678
Assets on Finance Lease	-	-	-	-	-
	16,630,791	2,292,220	(554,460)	315	18,368,866
Carrying value	48,449,092				50,438,742

16.2.1 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

The amount of borrowing costs capitalised during the year ended 31 March 2022 was Rs.187,097,047/- (2021 - Rs.157,341,396/-).The rate used to determine the amount of borrowing costs eligible for capitalisation was 9% (2021 - 8%) ,which is the EIR of the specific borrowing.

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.

16.2.2 Capital work-in-progress

Capital work in progress represents the cost of civil construction work not completed and property, plant and equipment that are not ready for their intended use.

16.2.3 Property, Plant and Equipment Acquired During the Financial Year - Group

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 5,308,517,931/- (2021 - Rs. 3,875,584,982/-). Cash payments amounting to Rs. 4,657,406,487/- (2021 - Rs. 2,871,764,020/-) was paid during the year for purchases of property, plant and equipment.

16.2.4 Fully-Depreciated Property, Plant and Equipment - Group

The initial cost of fully-depreciated property, plant and equipment, which are still in use as at reporting date is Rs. 9,381,334,704/- (2021 - Rs. 8,483,185,013/-).

16.3 Carrying Value of Property, Plant and Equipment- Group

Carrying Amount - Company	As at 31/03/2022 LKR '000	As at 31/03/2021 LKR '000
Property, plant and equipment (Note 16.2)	54,766,461	50,438,742
Bearer Biological Assets (Note 18.1)	2,172,952	2,155,964
	56,939,413	52,594,706

16.4 Fair Value Hierarchy - Non Financial Assets

The following properties are revalued and recorded under freehold land & clay mining land. Fair Value measurement disclosure for revalued land based on un-observable input as follows.

(A) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level -1).

(B) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level - 2)

(C) Input for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level -3).

16.4 Fair Value Hierarchy - Non Financial Assets (Contd.)

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2022	Fair value as per previous revaluation year
Greener Water LTD	Mosque lane, Poruthota, Kochchikade	18 A 2 R 7.8P	H.B. Manjula Basnayaka	31.03.2018	Market Approach valuation method	Estimated price per perch - Rs.900,000/- per perch	2,672	2,672
Delmege Forsyth & Co-Ltd	No 101, Vinayalankara Mawatha, Colombo 10	A - 2 R - 0 P - 14.05	H.B. Manjula Basnayaka	31st March 2020	Land	Rs. 12500000	4,176	4,176
					Building		281	281
Grip Delmage (Pvt) Ltd	No. 125C, Mabima Road, Heiyanthuduwa, Sapugaskanda	A - 0 R - 3 P - 36.25	H.B. Manjula Basnayaka	31st March 2020	Land	Rs. 37,5000	59	59
					Building		29	29
Grip Delmage (Pvt) Ltd	Lot No 170, Ekamuthu Mawatha, Mattegoda, Polgasowita	A - 0 R - 0 P - 14.03	H.B. Manjula Basnayaka 31st March 2020	31st March 2020	Land	Rs. 27,5000	4	4
Grip Delmage (Pvt) Ltd	No 125/55, Sri Bodhiraja Mawatha, Mattegoda, Polgasowita	A - 0 R - 1 P - 5.88	H.B. Manjula Basnayaka	31st March 2020	Land	Rs. 400,000	18	18
					Building		2	2
Grip Nordic (Pvt) Ltd	No 125/26, Sri Bodhiraja Mawatha, Mattegoda, Polgasowita	A - 0 R - 1 P - 7.06	H.B. Manjula Basnayaka	31st March 2020	Land	Rs. 400,000	19	19
					Building		12	12
Royal Ceramics Lanka PLC	Factory at Ehaliyagoda	A50-R1-P34.72	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 81,250/- per perch	656	454
	Showroom and Cutting Centre Land at Kottawa	A1-R1-P24.75	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 1,748,000/- - Rs. 4,000,000/- per perch	505	343
	Land at Meegoda Warehouse	A2-R3-P31.29	Mr. A.A.M. Fathihu	31-Mar-22	Market based evidence	Rs. 389,013/- - Rs. 300,000/- per perch	183	120
	Land at Nawala for Nawala New Showroom	P24.90	Mr. A.A.M. Fathihu	31-Mar-22	Market based evidence	Rs. 9,500,000- per perch	237	174
	Land at Nattandiya	A10	Mr. A.A.M. Fathihu	31-Mar-22	Market based evidence	Rs. 24,062/- per perch	39	30
	Land at Seeduwa	R1-P12.50	Mr. A.A.M. Fathihu	31-Mar-22	Market based evidence	Rs. 3,200,000/- per perch	168	131
	Land at Narahenpita	P17.02	Mr. A.A.M. Fathihu	31-Mar-22	Market based evidence	Rs. 9,500,000/- per perch	162	119
	Land at Colpetty	P19.97	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 16,000,000/- per perch	349	300
	Land at Panadura	P18.82	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 4,500,000/- per perch	85	66
	Land at Dehiwela	P14.83	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 9,500,000/- per perch	141	104
	Land at Narahenpita	R1-P5.32	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 9,051,192/- per perch	410	291
	Factory buildings Eheliyagoda	315,609 sq.ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs.2,766.69 per sq.ftRs.3,500/- to Rs. 4,000/- per sq.ft	921	645

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2022	Fair value as per previous revaluation year
	Showroom Building -Kottawa	9,556sq.ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs.3,000/- - Rs.10,000per sq.ftRs.3,500/- to Rs. 4,000/- per sq.ft	72	54
	Warehouse Building at Meegoda	108,921sq.ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs.2,500/- - Rs.6,000per sq.ftRs.3,500/- to Rs. 4,000/- per sq.ft	540	149
	Showroom Building at Nawala 101	9,216sq.ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs 4,000/- - Rs.12,000per sq.ftRs.3,500/- to Rs. 4,000/- per sq.ft	64	53
	Showroom Building at Narahenpita 100	13,410sq.ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs.13,500 per sq.ftRs.3,500/- to Rs. 4,000/- per sq.ft	163	138
	Showroom Building at Panadura	5,176sq.ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs 11,000 per sq.ftRs.3,500/- to Rs. 4,000/- per sq.ft	55	42
	Showroom Building at Seeduwa	7,320sq.ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs5,000/- - Rs.10,000per sq.ftRs.3,500/- to Rs. 4,000/- per sq.ft	54	39
	Showroom Building at Dehiwela	11,574sq.ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs.9,000/- - Rs.13,500per sq.ftRs.3,500/- to Rs. 4,000/- per sq.ft	131	35
	Head office Building No 20,Colombo	28,278sq.ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs.17,500per sq.ft Rs.3,500/- to Rs. 4,000/- per sq.ft	376	322
	Factory Land at Horana	A.14 - R.1- P.7.36	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 125,000/- per perch Rs. 62,500/- per perch	289	143
	Factory Building at Horana	301.617 sq.ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs.1,350/- to Rs. 8250/- per sq.ft Rs.1,250/- to Rs. 5,000/- per sq.ft	802	566
Rocell Bathware Ltd	Factory land at Homagama	A1- R2-P19.60	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 300,000/- per perch	78	39
	Land at Meegoda	A1- R3-P04.10	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 320,000/- per perch	91	64
	Factory complex at Homagama	206,933 Sq. ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 1,500/- to 7,000/- per Sq. ft	743	633
Lanka Walltiles PLC	Land at No.215, Nawala Road, Narahenpita, Colombo 05.	A1-R1-P2.1	FRT Valuation Services (Pvt) Ltd	31 March 2021	Market based evidence	Rs 7,000,000 Per perch	1,415	1,415
		36,170 Square feet building	FRT Valuation Services (Pvt) Ltd	31 March 2021	Contractor's basis method valuation	Rs.2,000/-to Rs 4,500/- per square feet	136	85
	Plan No 2205 Situated at Mawathagama and Galagedara Village	A25- R1-P37.16	FRT Valuation Services (Pvt) Ltd	31 March 2021	Market based evidence	Rs 250,000 Per perch	1,019	1,123
		308,612 Square Feet building	FRT Valuation Services (Pvt) Ltd	31 March 2021	Contractor's basis method valuation	Rs.2,000/-to Rs 6,000/- per square feet	897	727
Lanka Tiles PLC	Factory Premises , Jaltara , Ranala - Land	28A-02R- 32.69P	FRT Valuation Services (Pvt) Ltd	31 March 2021	Market based evidence	28A-02R-32.69P	518	431

16.4 Fair Value Hierarchy - Non Financial Assets (Contd.)

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2022	Fair value as per previous revaluation year
	Factory Premises , Jaltara , Ranala - Buildings	415,638 sqft	FRT Valuation Services (pvt) Ltd	31 March 2021	Contractor's method	Rs 1000/- to Rs. 4250/- per sq.ft	1,191	930
	Land Adjacent to the Factory Premises , Jaltara , Ranala	08A-02R-08.56P	FRT Valuation Services (pvt) Ltd	31 March 2021	Market based evidence	Rs. 120,000/- to 200,000/- per perch	203	155
	Land Adjacent to the Factory Premises , Jaltara , Ranala	25,604 sqft	FRT Valuation Services (pvt) Ltd	31 March 2021	Contractor's method	Rs 1,200/- to Rs. 4500/- per sq.ft	49	31
	Lanka Tiles Warehouse , Samurdhi Mawatha Biyagama - Land	02A-00R-15.93P	FRT Valuation Services (pvt) Ltd	31 March 2021	Market approach	Rs. 1,000,000/- per perch	336	319
	Lanka Tiles Warehouse , Samurdhi Mawatha Biyagama - Buildings	48,531 sqft	FRT Valuation Services (pvt) Ltd	31 March 2021	Contractor's method	Rs 1500/- to Rs. 4000/- per sqft	192	180
	Land at Nugegoda	00A-00R-32.03P	FRT Valuation Services (pvt) Ltd	31 March 2021	Market approach	Rs. 7,500,000/- per perch	240	232
	Bare Land Henpola road Madampe	13A-0R-02P	FRT Valuation Services (pvt) Ltd	31 March 2021	Market approach	Rs. 3,300,000/- per acre	43	39
	Ball Clay land at Kaluthara	5A-01R-0.83P	FRT Valuation Services (pvt) Ltd	31 March 2021	Market approach	Rs. 10,000/- per acre	0.05	0.05
Uni Dil Packing Ltd.	Land at Narampola road, Moragala, Deketana	A12-R03-P37.1	Mr. D.G.Newton	31 March 2021	Market based evidence	Rs.85,000/- per perch	124	124
	Building and land improvement at Narampola road, Moragala, Deketana	179,357 sq.ft	Mr. D.G.Newton	31 March 2021	Depreciated Replacement cost	Rs.750/- to Rs. 2,000/- per sq.ft	334	179
Uni Dil Packaging Solutions Ltd	Land at Narampola road, Moragala, Deketana	A2-R2-P35	Mr. D.G.Newton	31 March 2021	Market based evidence	Rs. 80,000/- per perch	35	26
	Building at Narampola road, Moragala, Deketana	32103 sq.ft	Mr. D.G.Newton	31 March 2021	Depreciated Replacement cost	Rs.1,750/- to Rs. 2,500/- per sq.ft	66	46
Swisstek (Ceylon) PLC	Factory Complex, Belummahara, Imbulgoda	984.5 Perches	Mr. D.G.Newton	31 March 2021	Market based evidence	Rs. 750,000/- per perch	738	634
	No: 288/26, Colombo Road, Belummahara, Imbulgoda	81.6 perches	Mr. D.G.Newton	31 March 2021	Market based evidence	Rs. 625,000 per perch	51	-
	No:334/5, Colombo Road, Belummahara, Imbulgoda	20.0 Perches	Mr. D.G.Newton	31 March 2021	Market based evidence	Rs. 600,000 per perch	12	11
	No: 177/6, New Kandy Rd., Weliweriya	84.0 Perches	Mr. D.G.Newton	31 March 2021	Market based evidence	Rs. 525,000 per perch	45	-
	Factory Complex, Belummahara, Imbulgoda	62,530 sq.ft	Mr. D.G.Newton	31 March 2021	Contractors Method	Rs. 500/- to 4,000/- per sqft	139	113
	Factory Complex, Belummahara, Imbulgoda- Crushing Plant 2	7,000 sq.ft	Mr. D.G.Newton	31 March 2021	Contractors Method	Rs. 4,000/- per sqft	28	21

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2022	Fair value as per previous revaluation year
	No: 177/6, New Kandy Rd., Weliweriya	27,170 Sq.ft.	Mr. D.G.Newton	31 March 2021	Contractors Method	Rs. 2,750/- to 3,250/- per sq.ft	80	-
	Factory Complex, Belummahara, Imbulgoda-Tiles Stores	27,285 sq.ft	Mr. D.G.Newton	31 March 2021	Income approach	Rs. 3,191/- per sq.ft	87	63
	Factory Complex, Belummahara, Imbulgoda-Sales Centre	4944 sq.ft	Mr. D.G.Newton	31 March 2021	Income approach	Rs. 6,163/- per sq.ft	30	27
	Factory Complex, Belummahara, Imbulgoda-Open shed	3524 sq.ft	Mr. D.G.Newton	31 March 2021	Income approach	Rs. 2,308/- per sq.ft	8	2.68
	Factory Complex, Belummahara, Imbulgoda-Warehouse	4,950 sq.ft	Mr. D.G.Newton	31 March 2021	Income approach	Rs. 4,349/- per sq.ft	22	22
Swisstek Aluminium Ltd.	76/7, Pahala Dompe, Dompe	A11-R1-P22.8	Mr. D.G.Newton	31 March 2021	Market based evidence	Rs.50,000/- to Rs.150,000/- per perch	218	187
	76/7, Pahala Dompe, Dompe	171,861 Sq.ft	Mr. D.G.Newton	31 March 2021	Contractor's method	Rs. 500/- to Rs. 3,250/- per sq.ft	559	465
Lanka Ceramic PLC	Mining Land at Owala	25A-2R-3.5P	Mr. A.A.M. Fathihu	31 March 2021	Market based evidence	Rs. 100,000/- to Rs. 1,000,000/- per acre	23	5
	Land situated at Owala	1A-1R-02.0P	Mr. A.A.M. Fathihu	31 March 2021	Market based evidence	Rs. 1,000,000/- per acre	1	1
	Factory, office building & other infrastructure at Owala mine	10,535 Sq.ft	Mr. A.A.M. Fathihu	31 March 2021	Depreciated Cost method	Rs. 150/- to Rs. 2,500/- per sq.ft	9	5
	Mining Land at Meetiyagoda	43A-3R-24.43P	Mr. A.A.M. Fathihu	31 March 2021	Market based evidence	Rs. 100,000/- to Rs. 2,600,000/- per acre	51	17
	Mining Land at Dediyawala	38A-3R-25.44P	Mr. A.A.M. Fathihu	31 March 2021	Market based evidence	Rs. 500,000/- to Rs. 1,500,000/- per acre	35	10
	Land situated at Meetiyagoda	14A-0R-24.26P	Mr. A.A.M. Fathihu	31 March 2021	Market based evidence	Rs. 100,000/- to Rs. 3,500,000/- per acre	36	13
	Factory building & office building at Meetiyagoda mine	42,189sq.ft	Mr. A.A.M. Fathihu	31 March 2021	Depreciated cost method	Rs. 275/- to Rs. 2,500/- per sq.ft	33	14
Rocell Ceramics Ltd *	Kiriwaththuduwa Estate, Moonamalwatta Road, Kiriwaththuduwa, Homagama	33A-2R-26.0P	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 12,000,000 Per Acre	404	404
CP Holding (Pvt) Ltd	Akuressa	105A 2R 14.94P	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs 200,000 , Rs 2,350,000 , Rs 1,750,000 per perch	116	111
LB Finance PLC	Kollupitiya - No 20, Dharmapala Mawatha, Colombo 03	52.82P , 57020 Sq.ft	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 26,500,000 per perch	2,141	2,129

16.4 Fair Value Hierarchy - Non Financial Assets (Contd.)

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2022	Fair value as per previous revaluation year
	Kollupitiya - No 676, Galle Road, Colombo 03	167.65P , 63251 Sq.ft	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 26,500,000 per perch	4,443	4,359
	Cinnamon Gardens - No 165, Dharmapala Mawatha, Colombo 07	48.95P , 7400 Sq.ft	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 24,000,000 per perch	1,223	1,178
	Kandy - No 115B, Kotugodella Veediya, Kandy	25.76P , 7780 Sq ft	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 22,500,000 per perch	593	580
	Kandy - No 226, D S Senanayake Street, Kandy	7.05P, 3674 Sq.ft	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 11,500,000 per perch	86	83
	Kandy -Moragaspitiyawatta Road, Balagolla, Kengalla	110P, 2400 Sq.ft	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 550,000 per perch	66	60
	Kandy- No 47/10 A, Luwiss Pieris Mawatha, Buwelikada, Kandy.	42.4P	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 1000,000 per perch	42	40
	Maradana- No 104/1, Vipulasena Mawatha,Colombo 10	50.60 P , 5750 Sq.ft	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 7,000,000 per perch	371	359

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2022	Fair value as per previous revaluation year
	Nuwara Eliya- No 35/4, Upper Lake Road, Nuwara Eliya	359P	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 1,400,000 per perch	503	467
	Wellawatta- No 51A, W A Silva Mawatha, Colombo 06	14.23 P	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 14,000,000 per perch	239	225
	Panadura - No 37, Jayathilake Mawatha, Panadura	42P , 1925 Sq ft	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 3,500,000 per perch	150	140
	Kalutara-No 334, Main Street, Kaluthara South	26.27 P, 10620 sq ft	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	6,250,000 per perch	229	219
	Borella - No 1024, Maradana Road, Borella	25.5 P	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 14,500,000 per perch	370	344
	419, Old Kotte Road, Rajagiriya	16.3 P	H.B. Manjula Basnayaka.	31 March 2022	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 7,350,000 per perch	154	128

Significant increases/ (decreases) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/ (lower) fair value.
* Reassessment of the fair valuation was obtained from the same independent professional valuer who determined that there would have been no substantial material change in the fair value between the last valuation date and reporting date.

Valuation Methodology

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets,

Depreciated Replacement Cost Method

This method uses the current cost of reproduction or replacement of the asset less deductions for physical deterioration and all relevant forms of obsolescences.

17. RIGHT OF USE ASSETS

Accounting Policy

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated amortization and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right of use assets are amortised on the straight line basis over the lease term.

The Group provides depreciation for Right of Use Assets as mentioned below:

- If the lease transfers ownership of the underlying asset to the Company/ Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Company/ Group will exercise a purchase option, the Company/ Group provides depreciation on right-of-use asset from the commencement date to the end of the useful life of the underlying asset.
- Otherwise, the Company/ Group provides depreciation on right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group has lease contracts for various items of property, plant & machinery, motor vehicles and land & immovable estate asset used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The lease terms of various items of right of use assets are listed below,

Item	Lease Term
Land	49 years
Building	3- 36 years
Motor Vehicles	5 years
Plant & Machinery	5 years
Land & immovable Estate Asset -Plantation	53 years

Right of Use Assets/ Lease Liabilities - Company

Set below, are the carrying amounts of the Group's right if use assets and liabilities and the movements during the period.

As at 31st March 2022	Building LKR '000	Total LKR '000	Lease Liability LKR '000
Right of Use Asset			
As at 1 April 2020	97,001	97,001	
Less: Depreciation Expense	(37,549)	(37,549)	
As at 31 March 2021	59,452	59,452	
Less: Depreciation Expense	(37,549)	(37,549)	
As at 31 March 2022	21,903	21,903	
Lease Liability			
As at 1 April 2020	100,557		100,557
Interest Expense	11,158		11,158
Less: Payments	(43,553)		(43,553)
As at 31 March 2021	68,162		68,162
Interest Expense	6,372		6,372
Less: Payments	(45,275)		(45,275)
As at 31 March 2022	29,259		29,259

Right of Use Assets/ Lease Liabilities- Group

Set below, are the carrying amounts of the Group's right if use assets and liabilities and the movements during the period.

Cost / Valuation	Land LKR '000	Building LKR '000	Motor Vehicles LKR '000	Plant & Machinery LKR '000	* Land & immovable Estate Asset -Plantation LKR '000	Total LKR '000	Lease Liability LKR '000
Right of Use Asset							
As at 1 April 2020	55,909	2,651,657	3,398	11,502	188,888	2,911,354	
Remeasurement of leasehold rights	-	10,840	-	-	3,495	14,335	
Additions	-	502,548	-	-	-	502,548	
Disposals / Lease term changes	-	(107,645)	-	-	-	(107,645)	
Transfer to property, plant and equipment	-	-	(558)	(4,907)	-	(5,465)	
Effect of Exchange Rate Differences	-	-	26	-	-	26	
Less: Depreciation Expense	(2,511)	(568,405)	(2,866)	(3,437)	(13,664)	(590,883)	
As at 31 March 2021	53,398	2,488,995	-	3,158	178,719	2,724,270	
Acquisition of subsidiary	-	13,687	-	-	-	13,687	
Remeasurement of leasehold rights	-	12,021	-	-	5,516	17,537	
Additions	-	526,940	-	-	-	526,940	
Disposals / Lease term changes	-	(47,434)	-	-	-	(47,434)	
Less: Depreciation Expense	(2,511)	(588,925)	-	(1,403)	(15,667)	(608,506)	
As at 31 March 2022	50,887	2,405,284	-	1,755	168,568	2,626,494	
Lease Liability							
As at 1 April 2020	45,482	2,746,419	3,490	4,461	156,311		2,956,163
Remeasurement of leasehold rights	-	10,839	-	-	-		10,839
Additions	-	416,133	-	-	3,495		419,628
Termination and lease term changes	-	(113,884)	-	-	-		(113,884)
Interest Expense	6,305	351,275	201	511	21,819		380,111
Less: Payments	(1,200)	(690,385)	(3,691)	(2,047)	(22,593)		(719,916)
As at 31 March 2021	50,587	2,720,397	-	2,925	159,032		2,932,941
Acquisition of subsidiary	-	14,459	-	-	-		14,459
Additions	-	467,730	-	-	5,516		473,246
Termination and lease term changes	-	(53,833)	-	-	-		(53,833)
Interest Expense	6,399	335,010	-	317	22,388		364,114
Less: Payments	(4,250)	(675,962)	-	(1,819)	(23,362)		(705,393)
As at 31 March 2022	52,736	2,807,801	-	1,423	163,574		3,025,534

17. RIGHT OF USE ASSETS (CONTD.)

The following are the amounts recognised in profit or loss:

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Depreciation expense of right-of-use assets	37,549	37,549	608,506	590,883
Interest expense on lease liabilities	6,372	11,158	364,114	380,111
Expense relating to short-term leases (included in cost of sales)	-	-	52,529	41,688
Expense relating to leases of low-value assets (included in administrative expenses)	-	-	18,277	48,730
Total amount recognised in profit or loss	43,921	48,707	1,043,426	1,061,412

Cash outflow from short term leases and leases of low-value assets for the year ended 31 March 2022 in Group was Rs. 17,625,865/- (2021 - Rs. 69,151,956/-).

18. BIOLOGICAL ASSETS

A biological asset is a living animal or plant. Biological assets are classified as Bearer Biological assets and Consumable Biological assets.

Biological assets are further classified into Mature Biological assets and Immature Biological assets. Mature Biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature Biological assets are those that have not yet attained harvestable specifications.

18.1 Bearer Biological Assets

A bearer plant is a living plant that:

- is used in the production or supply of agricultural produce;
- is expected to bear produce for more than one period; and
- has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer Biological assets include Oil Palm, tea & rubber trees, those that are not intended to be sold or harvested, but are however, used to grow for harvesting agricultural produce from such Biological assets. Consumable Biological assets include managed timber trees (those that are to be sold as biological assets).

Accounting Policy

Basis of Recognition

Bearer biological assets are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be reliably measured.

Measurement

The Bearer Biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property, Plant and Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversifying, inter-planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations.

Permanent impairments to Bearer Biological assets are charged to the Statement of Profit or Loss and Other Comprehensive Income in full and reduce the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

Accounting Policy

Infilling cost on bearer biological assets

The land development costs incurred in the form of infilling are capitalised when infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance and infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation or unexpired lease period, whichever is lower.

Infilling costs that are not capitalised are charged to the Statement of Profit or Loss and Other Comprehensive Income in the year in which they are incurred.

Growing crop nurseries

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with LKAS 23 - Borrowing Costs.

Borrowing costs incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature plantation. The capitalization will cease when the crops are ready for commercial harvest.

Produce on Bearer Biological Asset

The Company recognizes its agricultural produce prior to harvest separately from its bearer plant. Such agricultural produce prior to harvest continues to be in the scope of LKAS 41 and measured at fair value less costs to sell. Changes in the fair value of such agricultural produce is recognized in profit or loss at the end of each reporting period.

When deriving the estimated quantity the Company limits it to one harvesting cycle and the quantity is ascertained based on the last day of the harvest in the immediately preceding cycle. In order to ascertain the fair value of produce growing on trees, 50% of the estimated crop in that harvesting cycle is considered.

18.1 Bearer Biological Assets (Contd.)

Bearer Biological Assets

	Tea 2022 LKR '000	Rubber 2022 LKR '000	Oil Palm 2022 LKR '000	Diversification 2022 LKR '000	Total 2022 LKR '000	Total 2021 LKR '000
Immature Plantations						
Cost or Valuation :						
At the beginning of the year	87,687	114,036	64,392	127,908	394,023	523,057
Additions	35,710	17,927	15,747	101,903	171,287	114,369
Transfers to Mature	-	(72,560)	(29,305)	(24,254)	(126,119)	(192,143)
Transfers (from)/to	-	(543)	(660)	1,203	-	-
Write off during the year	-	(16,892)	-	(1,053)	(17,945)	(36,165)
At the end of the year	123,397	41,968	50,174	205,707	421,246	409,118
Mature Plantations						
Cost or Valuation :						
At the beginning of the year	868,897	1,524,146	192,008	118,960	2,704,011	2,516,527
Transfers from Immature	-	72,561	29,305	24,254	126,120	192,143
Disposal during the year	-	-	-	-	-	(19,760)
Write off during the year	-	(7,145)	-	-	(7,145)	-
At the end of the year	868,897	1,589,562	221,313	143,214	2,822,986	2,688,910
Accumulated Amortization						
At the beginning of the year	270,530	617,788	20,318	33,434	942,070	830,641
Charge for the year	31,777	83,855	9,619	10,053	135,304	129,879
Disposal during the year	-	(6,094)	-	-	(6,094)	(18,456)
At the end of the year	302,307	695,549	29,937	43,487	1,071,280	942,064
Written Down Value	566,590	894,013	191,376	99,727	1,751,706	1,746,846
Total Bearer Biological Assets	689,987	935,981	241,550	305,434	2,172,952	2,155,964

These are investments in immature/mature plantations since the formation of Horana Plantations PLC. The lease liability over the assets (including plantations) taken over by way of estate leases are set out in Note 17. Further investments in the immature plantations taken over by way of these lease are also shown in the above. When such plantations become mature, the additional investments since take over to bring them to maturity have been (or will be) moved from immature to mature under this category as and when field become mature.

18.2 Consumable Biological assets

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets.

Accounting Policy

Basis of Recognition

The entity recognises the Biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

Accounting Policy

Measurement

A consumable biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. Agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest.

The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41 – "Agriculture". The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using Discounted Cash Flow (DCF) method taking into consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer.

The main variables in DCF model concerns.

Variable	Comment
Currency valuation	Sri Lankan Rupees
Timber content	Estimate based on physical verification of girth, height and considering the growth of each spices.
	Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Group.
Economic useful life	Estimated based on the normal life span of each spices by factoring the forestry plan of the Group.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfil in bringing the trees into saleable condition.
Discount rate	Discount rate reflects the possible variations in the cash flows and the risk related to the biological assets.

The gain or loss arising on initial recognition of Consumable Biological assets at fair value less cost to sell and from a change in fair value less cost to sell of Consumable Biological assets are included in profit or loss for the period in which it arises.

Growing crop nurseries

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

Consumable Biological Assets

	2022 LKR '000	2021 LKR '000
Immature Plantations		
Cost :		
At the beginning of the year	49,463	44,272
Additions	10,507	8,730
Transfers to Mature Plantations	(20,078)	(1,135)
Transferred to Statement of Profit or Loss	(599)	(2,404)
At the end of the year	39,293	49,463
Mature Plantations		
Cost :		
At the beginning of the year	581,115	587,905
Decrease due to Harvest	(68,177)	(40,014)
Increase due to new plantations	20,077	1,135
Change in Fair Value less costs to sell	23,335	32,089
At the end of the year	556,350	581,115
Total Consumable Biological Assets	595,643	630,578

18.2 Consumable Biological assets

18.2.1 Basis of Valuation

Under LKAS 41 the company has valued its managed plantations at fair value less cost to sell, Managed timber plantations as at 31st March 2022 comprised approximately 308 hectares.

Managed trees which are less than three years old are considered to be immature consumable biological assets, mounting Rs. 39.3 Mn as at 31st March 2022 (31st March 2021- Rs. 49.464 Mn). The cost of immature trees is treated as approximate fair value, particularly on the ground that little biological transformation has taken place and the impact of the biological transformation on price is not material. When such plantation become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.

The mature consumable biological assets were valued by Mr. A.A.M. Fathihu - proprietor of FM Valuers for 2020/21 using Discounted Cash Flow (DCF) method . In ascertaining the fair value of timber, physical verification was carried covering all the estates.

Information about fair value measurement using unobservable inputs (Level 3)

Unobservable Inputs	Range of Unobservable Inputs	Relationship of unobservable inputs to fair value
Discounting Rate	13% -15%	The higher the discount rate, the lesser will be the fair value.

The valuation, as presented in the external valuation model based on the net present value, takes into accounts the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisation value. The Board of Directors retains their view that commodity markets are inherently volatile and their long-term price projection are highly unpredictable. Hence, the sensitivity analysis regarding the selling price and discount rate variation as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the valuation against his own assumptions.

The biological assets of the Company are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concession can and will be renewed at normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

Regulatory and Environmental Risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and Demand Risks

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and Other Risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

SENSITIVITY ANALYSIS

Sensitivity Variation on Sales Price

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the average sales price applied. Simulations made for timber show that an increase or decrease by 5% of the estimated future selling price has the following effect on the Net Present Value of the Biological assets.

Managed Timber	-5%	5%
2022 (LKR Mn)	(Rs. 55.635 Mn)	LKR610.17 Mn
2021 (LKR Mn)	(Rs. 29.055 Mn)	LKR 595.93 Mn

Sensitivity Variation on Discount Rate

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the Net Present Value of the Biological assets.

Managed Timber	-1%	1%
2022 (LKR Mn)	Rs. 32.412 Mn	(Rs. 20.068 Mn)
2021 (LKR Mn)	Rs. 23.374 Mn	(Rs. 20.788 Mn)

Capitalisation of borrowing cost

Borrowing costs amounting to Rs.45.808 Million (Rs.41.390 Million in 2020/21) directly relating to investment in Biological Assets (Immature Plantations) have been capitalised during the period, at an average capitalisation rate of 8.54% (9.15% in 2020/21).

18.3 The Useful Lives of the Assets are Estimated as Follows

As at 31 March	Group	
	2022	2021
	No. of Years	No. of Years
Non plantation assets		
Building on free hold land and roadway	25,40-50	25,40-50
Plant and machinery,Other Equipment	5-20	5-20
Water supply and electricity distribution scheme	5-25	5-25
Tools, implements and furniture and fittings,Lab Equipment	2,4,5,&10	2,4,5,&10
Transport and communication equipment	4-12	4-12
Motor Vehicles	5	5
Computer Hardware & Software	8,4	8,4
Communication Equipment,Sundry Equipment,factory equipment	10-50	10-50
Construction equipment	20	20
Plantation assets		
The leasehold rights to JEDB/ SLSPC are amortised in equal amounts over the following years	53	53
Bare land	30	30
Mature plantations	30	30
Permanent land development costs	25	25
Buildings	15	15
Plant and machinery	15	15
Mature Plantation(re-planting and new planting)		
Mature plantations (Tea)	33 1/3	33 1/3
Mature plantations (Rubber)	20	20
Mature plantations (Oil palm)	20	20
Mature plantations (Coconut)	50	50
Mature plantations (Cinnamon)	15	15
Mature plantations (Coffee and pepper)	4	4

No depreciation is provided for immature plantations.

19. LEASEHOLD RIGHT OVER MINING LAND

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Cost				
At the beginning of the year	-	-	15,800	15,800
At the end of the year	-	-	15,800	15,800
Accumulated Amortization				
At the beginning of the year	-	-	14,181	14,181
Charge for the year	-	-	-	-
Disposals	-	-	-	-
At the end of the year	-	-	14,181	14,181
Payable to Lessor	-	-	(1,144)	-
(-) Impairment	-	-	(475)	-
Written Down Value	-	-	-	1,619

20. INVESTMENT PROPERTY

Properties held for capital appreciation and properties held to earn rental income have been classified as investment property.

Accounting Policy

Basis of Recognition

Investment property is recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Group and cost of the investment property can be reliably measured.

Measurement

An investment property is measured initially at its cost. The cost of a purchased Investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment is its cost at the date when the construction or development is complete.

The Group applies the fair value model for Investment Properties in accordance with Sri Lanka Accounting Standard 40 (LKAS 40), - "Investment Property". Accordingly, land and buildings classified as Investment Properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
At the beginning of the year	-	-	1,980,308	1,727,301
Additions	-	-	78,375	215,430
Transfer from property plant and equipment	-	-	10,948	-
Change in Fair Value	-	-	46,573	37,576
At the end of the year	-	-	2,116,204	1,980,307

20.1 Fair Value of Investment Property

The following Investment properties are revalued during the financial year 2021/2022.

Company	Location	Extent	Valuation Date	Valuer	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Significant unobservable inputs (Level 3) LKR'000
Lanka Ceramics PLC	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	1R - 1.12 P	31 March 2022	Mr. A.A.M. Fathihu	Market based evidence	Rs. 21,000,000/- per perch	863,520
	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	27,712 Sq.ft	31 March 2022	Mr. A.A.M. Fathihu	Depreciated replacement cost	Rs. 8,500/- - Rs. 12,000/- per Sq.ft	132,168
LWL Development Limited	Agalagedara Village, Divulapitiya, Gampaha	48A-03R-17.9 P	31 March 2021	FRT Valuation Services (Pvt) Ltd	Market based evidence	LKR 8,000,000/- per Acre	390,900
	Waradala Village, Divulapitiya, Gampaha	4A-01R-15.9P	31 March 2022	FRT Valuation Services (Pvt) Ltd	Market based evidence	LKR5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampaha	00A-00R-45 P	31 March 2022	FRT Valuation Services (Pvt) Ltd	Market based evidence	LKR125,000/- per Perch	5,625
	Agalagedara Village, Divulapitiya, Gampaha	00A-00R-6.90 P	31 March 2022	FRT Valuation Services (Pvt) Ltd	Market based evidence	LKR70,000/- per Perch	475
Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampaha	48A-03R-17.9P	31 March 2022	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs. 8,000,000/- per Acre	390,895
	House	981.sq.ft	31 March 2022	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.4,000/- per sq.ft	3,924
CP Holding (Pvt) Ltd	Paraduwa Estate - Akuressa	190A 2R 7.86P	31 March 2022	Mr. A.A.M. Fathihu	Market based evidence	Rs 50,000 - Rs 2,350,000- per Perch	235,745
Multi Finance PLC	Nattarampotha	46.14 P	31 March 2022	H.B. Manjula Basnayaka	Investment Method	Rs. 25,000/- per Perch	1,150
Multi Finance PLC	Doratiyawa	92.50 P	31 March 2022	H.B. Manjula Basnayaka	Investment Method	Rs. 32,500/- per Perch	3,000
Multi Finance PLC	Rajagiriya	2386 sq.ft	31 March 2022	H.B. Manjula Basnayaka	Investment Method	Rs. 1,512/- per sq.ft.	67,000

Addition of the investment properties represents the property (PARADUWA ESTATE) acquired by C P Holding (Pvt) Ltd, situated at Akuressa. The extent of the land is 184 A 22.8 perches.

The following Investment properties are revalued during the financial year 2020/21

Company	Location	Extent	Valuation Date	Valuer	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Significant unobservable inputs (Level 3) LKR'000
Lanka Ceramics PLC	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	1R - 1.12 P	31 March 2021	Mr. A.A.M. Fathihu	Market based evidence	Rs. 20,000,000/- per perch	822,400
	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	27,712 Sq.ft	31 March 2021	Mr. A.A.M. Fathihu	Depreciated replacement cost	Rs. 8,000/- - Rs. 11,000/- per Sq.ft	128,858
LWL Development Limited	Agalagedara Village, Divulapitiya, Gampaha	48A-03R-17.9P	31 March 2021	Mr. Ranjan J Samarakone	Market based evidence	Rs. 8,000,000/- per Acre	390,900
	Waradala Village,Divulapitiya,Gampaha	4A-01R-15.9P	31 March 2021	Mr. Ranjan J Samarakone	Market based evidence	Rs.5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampaha	00A-00R-45 P	31 March 2021	Mr. Ranjan J Samarakone	Market based evidence	Rs.125,000/- per Perch	5,625
	Agalagedara Village, Divulapitiya, Gampaha	00A-00R-6.90 P	31 March 2021	Mr. Ranjan J Samarakone	Market based evidence	Rs.70,000/- per Perch	475
Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampaha	48A-03R-17.9P	31 March 2021	Mr. Ranjan J Samarakone	Market based evidence	Rs. 8,000,000/- per Acre	390,895
	House	981.sq.ft	31 March 2021	Mr. Ranjan J Samarakone	Market based evidence	Rs.4,000/- per sq.ft	3,924

Significant increases/ (decreases) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/ (lower) fair value.

20.2 Rental Income earned from Investment Property by the Group amounted Rs. 36.75 Mn (2021 - Rs. 36. 75 Mn). Direct operating expenses incurred by the Group amounted to Rs. 1.61 Mn (2021 - Rs. 1.58 Mn.).

20.3 Rental income receivable under the operating lease agreement of investment property as follows;

	Less than 1 year LKR '000	1-2 year LKR '000	2-3 year LKR '000	3-4 year LKR '000	4-5 year LKR '000	Over 5 years LKR '000
2022	36,750	36,750	-	-	-	-
2021	36,750	36,750	36,750	-	-	-

21. DUE TO BANKS

Accounting Policy

These include bank overdrafts, syndicated loans and other bank facilities. Due to bank balances are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (Net of transaction cost) and the repayable amount (including interest) is recognised in the Statement of Comprehensive Income over the period of the loan using effective interest rate method.

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Bank Overdrafts	155	106	4,409,057	2,365,567
Syndicated Loans and Other Bank Facilities (Note 21.1)	-	-	25,109,593	15,538,559
	155	106	29,518,650	17,904,126

21.1 Securitised Borrowings and Other Bank Facilities- Group

Cost / Valuation	As at 01.04.2021 LKR '000	Loans Obtained LKR '000	Interest Recognized LKR '000	Repayments		As at 31.03.2022 LKR '000
				Capital LKR '000	Interest LKR '000	
Term Loans						
Commercial Bank 1	1,407,258	-	88,959	(625,000)	(89,176)	782,041
Commercial Bank 2	168,119	-	6,997	(124,800)	(7,567)	42,749
Commercial Bank 3	-	1,997,500	60,538	(166,500)	(56,740)	1,834,798
Commercial Bank 4	-	1,000,000	4,555	(1,000,000)	(4,555)	-
Commercial Bank 5	-	1,000,000	2,073	-	-	1,002,073
Commercial Bank 6	-	2,996,400	1,027	-	-	2,997,427
Nations Trust Bank 1	454,054	-	24,272	(252,000)	(24,178)	202,148
Nations Trust Bank 2	220,698	-	9,655	(168,000)	(10,095)	52,258

Cost / Valuation	As at 01.04.2021 LKR '000	Loans Obtained LKR '000	Interest Recognized LKR '000	Repayments Capital LKR '000	Repayments Interest LKR '000	As at 31.03.2022 LKR '000
Term Loans						
Public Bank 1	20,022	-	368	(20,000)	(390)	-
Public Bank 2	20,012	-	744	(20,000)	(756)	-
DFCC Bank 1	314,147	-	13,606	(250,000)	(14,722)	63,031
DFCC Bank 2	831,875	-	55,190	(171,429)	(53,868)	661,768
DFCC Bank 3	769,731	-	51,064	(200,000)	(50,063)	570,732
Sampath Bank 1	2,109,563	-	138,534	(1,350,000)	(143,934)	754,163
Sampath Bank 2	1,582,431	-	106,622	(500,100)	(105,246)	1,083,707
Hatton National Bank 1	1,221,303	-	77,441	(375,000)	(75,784)	847,960
Hatton National Bank 2	-	500,000	2,317	(500,000)	(2,317)	-
Hatton National Bank 3	-	1,997,000	78,214	(166,670)	(76,046)	1,832,498
Hatton National Bank 4	-	1,500,000	6,918	(1,500,000)	(6,918)	-
Hatton National Bank 5	-	4,991,000	48,547	-	(42,192)	4,997,355
National Development Bank 1	416,297	-	8,750	(416,200)	(8,847)	-
National Development Bank 2	291,268	-	6,119	(291,200)	(6,187)	-
National Development Bank 3	300,080	-	24,969	(175,000)	(25,016)	125,033
National Development Bank 4	1,500,401	-	124,847	(875,000)	(125,080)	625,168
National Development Bank 5	500,135	-	49,251	-	(49,250)	500,136
National Development Bank 6	1,300,351	-	128,050	-	(128,050)	1,300,351
Seylan Bank 1	-	1,997,415	85,583	(291,900)	(81,734)	1,709,364
Seylan Bank 2	-	500,000	2,622	(500,000)	(2,622)	-
Pan Asia Bank	-	1,698,164	58,958	(212,500)	(55,968)	1,488,654
Peoples Bank	-	1,599,460	36,719	-	-	1,636,179
CB Bank- Myanmar	59,477	-	4,489	(54,733)	(9,233)	-
	13,487,222	21,776,939	1,307,998	(10,206,032)	(1,256,534)	25,109,593
Securitisation Loans						
Sampath Bank	2,051,337	-	174,134	(1,500,000)	(725,471)	-
	2,051,337	-	174,134	(1,500,000)	(725,471)	-
	15,538,559	21,776,939	1,482,132	(11,706,032)	(1,982,005)	25,109,593

NOTES TO THE FINANCIAL STATEMENTS

21.2 Contractual Maturity Analysis of Syndicated Loans and Other Bank Facilities- Group

As at 31st March 2022	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Securitisation Loans	-	-	-	-
Term Loans	10,907,548	14,202,045	-	25,109,593
	10,907,548	14,202,045	-	25,109,593

As at 31st March 2021	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Syndicated Loans	-	-	-	-
Securitisation Loans	5,901,836	7,585,386	-	13,487,222
Term Loans	2,051,337	-	-	2,051,337
	7,953,173	7,585,386	-	15,538,559

The Group has unutilised borrowing facilities of Rs. 4,250,000,000/- as at 31 March 2022 (2021 - Rs. 5,453,000,000/-).

22. DUE TO CUSTOMERS

Accounting Policy

Due to customers comprise of interest-bearing savings deposits and term deposits. Customer deposits are initially recognised at fair value net of transactions cost. Subsequent to the initial recognition they are measured at their amortised cost using the effective interest rate method. Interest expense on these deposits is recognised to the Income Statement.

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Fixed Deposits	-	-	85,568,187	81,916,722
Certificates of Deposit	-	-	-	7,500
Saving Deposit	-	-	3,910,319	4,015,991
	-	-	89,478,506	85,940,213
Fair Value	-	-	87,316,202	87,275,072

22.1 Contractual Maturity Analysis of Customer Deposits

As at 31st March 2022	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Fixed Deposits	74,663,107	10,905,080	-	85,568,187
Certificates of Deposit	-	-	-	-
Savings Deposits	3,910,319	-	-	3,910,319
	78,573,426	10,905,080	-	89,478,506

As at 31st March 2021	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Fixed Deposits	68,380,102	13,536,620	-	81,916,722
Certificates of Deposit	7,500	-	-	7,500
Savings Deposits	4,015,991	-	-	4,015,991
	72,403,593	13,536,620	-	85,940,213

We have raised fixed deposits with a pre-termination option to the customers, so fixed deposit pre-terminations may cause actual maturities to differ from contractual maturities.

23. INTEREST BEARING LOANS AND OTHER BORROWINGS

Accounting Policy

Debt instruments and other borrowings are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (Net of transaction cost) and the repayable amount (including interest) is recognised in the Income Statement over the period of the loan using effective interest rate method.

Under leases, the leased assets are capitalised and included in 'property, plant and equipment' and the corresponding liability to the lessor is included in 'Due to Banks'. At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the incremental borrowing rate. Finance charges payable are recognised in 'Finance Cost' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining period of the liability.

Company	2022			2021		
	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000
Short Term Loan	-	-	-	-	-	-
Lease liability (Note 17)	29,259	-	29,259	38,903	29,259	68,162
	29,259	-	29,259	38,903	29,259	68,162

Group	2022			2021		
	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000
Lease liability (Note 17)	421,620	2,603,914	3,025,534	344,110	2,588,831	2,932,941
Bank Loans / Term Loans	2,521,472	5,989,896	8,511,368	2,809,103	6,562,374	9,371,477
Short Term Loan	5,614,868	-	5,614,868	3,232,590	-	3,232,590
Unsecured Debentures (Note 23.2)	3,116,605	-	3,116,605	116,224	2,997,692	3,113,916
Import Loans	812,405	-	812,405	735,207	-	735,207
Borrowings From International Financial Institutions (Note 23.2.2)	1,784,712	3,663,300	5,448,012	-	-	-
	14,271,682	12,257,110	26,528,792	7,237,234	12,148,897	19,386,131

NOTES TO THE FINANCIAL STATEMENTS

23.1 Details of the Long Term Loans- Group

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
Greener Water Limited				
Hatton National Bank PLC	Rs. 1.7 Bn	AWPLR+1.5%	To be paid over 60 months (5 Years) equal monthly instalments, Grace period - 5 Years (Total Tenure 10 years)	Corporate Guarantee of Vallibel One PLC
Sampath Bank PLC	Rs. 2 Bn	AWPLR+1%	Settlement - To be paid over 72 months (6 Years) 71 equal monthly instalments and separate final instalment, Grace period - 4 Years (Total Tenure 10 years)	Corporate Guarantee of Vallibel One PLC
Delmage Group				
Sampath Bank PLC	Rs. 2.25 Bn	Floating Rate	Within 09 Yrs	Mortgage over Land & Buildings
Royal Ceramics Lank PLC				
Commercial Bank of Ceylon PLC	Rs. 3.0 Bn	Fixed	8 years-(first 48 monthly instalment of Rs. 20Mn each and subsequent 48 monthly instalments of Rs. 42.5Mn each	Tripartite agreement with Company/custodian Company and bank over a portfolio of 29,710,800 shares of Lanka Walltiles PLC and 2,009,036 shares of Lanka Ceramic PLC and 7,545,422 shares of LB Finance PLC
Commercial Bank of Ceylon PLC	Rs. 95Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 1,585,000 each and final instalment of Rs. 1,485,000	Primary mortgage Bond 3180 31/03/2006 fr Rs 50Mn over the property at Baddegedaramulla, Meegoda and Secondary mortgage Bond no 346 dated 02/11/2016 and Primary mortgage bond No 3097 dated 07/12/2005 for Rs 62.5Mn over the property at No 101, Nawala Rd ,Nugegoda/ Secondary mortgage bond No 3912 dated 10/12/2008 for Rs 25 Mn, No 101 , Nawala Rd, Nugegoda/ Primary mortgage bond no 3096 dated 07/12/2005 for Rs 24.5Mn over the property at No 472, Highlevel Rd, Makumbura, Pannipitiya/ Primary mortgage bond No 3823 dated 2/10/2013 for Rs 300Mn over the property at No 20, R.A De Mel Mawatha, Colombo 03.
Commercial Bank of Ceylon PLC	Rs. 200 Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 3335000 and a final instalment of Rs. 3235000 after a grace period of 6 months	Primary mortgage Bond 3180 31/03/2006 fr Rs 50Mn over the property at Baddegedaramulla, Meegoda and Secondary mortgage Bond no 346 dated 02/11/2016 and Primary mortgage bond No 3097 dated 07/12/2005 for Rs 62.5Mn over the property at No 101, Nawala Rd ,Nugegoda/ Secondary mortgage bond No 3912 dated 10/12/2008 for Rs 25 Mn, No 101 , Nawala Rd, Nugegoda/ Primary mortgage bond no 3096 dated 07/12/2005 for Rs 24.5Mn over the property at No 472, Highlevel Rd, Makumbura, Pannipitiya/ Primary mortgage bond No 3823 dated 2/10/2013 for Rs 300Mn over the property at No 20, R.A De Mel Mawatha, Colombo 03. .
Commercial Bank of Ceylon PLC	Rs. 150 Mn	AWPLR plus margin	60 equal monthly instalments of Rs. 2,500,000 after a grace period of 6 months	Secondary Mortgage bond no 266 dated 03/11/2016 over Land and Building at No. 20, R.A De Mel Mawatha, Colombo 03. Rs 110m
Commercial Bank of Ceylon PLC	Rs. 150 Mn	AWPLR plus margin	60 equal monthly instalments of Rs. 2,500,000 after a grace period of 6 months	Primary mortgage bond 1250 dated 12/10/2017 for Rs 150Mn executed over the property at Dehiwela.
Commercial Bank of Ceylon PLC	AUD 2,407,000	MP bid and offer rate plus margin	59 equal monthly instalments of AUD. 40,100 each and the final instalment of AUD 41,100	Additional Mortgage bond for AUD 629030 together with a supplementary mortgage bond to be executed.
Commercial Bank of Ceylon PLC	Rs.500 Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 8,334,000 after a grace period of 6 months	Primary mortgage bond no FCC/18/007 DATED 25/06/2019 for Rs 500Mn over SACMI machine and other related machinery
Commercial Bank of Ceylon PLC	Rs.106 Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 1,766,000 and the final instalment of Rs 1,806,000	Simple deposit of 10,633,974 shares of Swisstek Aluminium Ltd.
Commercial Bank of Ceylon PLC	Rs.100 Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 1,666,000 and the final instalment of Rs 1,706,000	Tertiary Mortgage bond no 3420 dated 12/10/2017 executed over Land and Building at No. 20, R.A De Mel Mawatha, Colombo 03. Rs 100Mn

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
Commercial Bank of Ceylon PLC	Rs.152 Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 2,550,000 each and the final instalment of 1,550,000	Primary mortgage Bond 3180 31/03/2006 fr Rs 50Mn over the property at Baddegedaramulla, Meegoda and Secondary mortgage Bond no 346 dated 02/11/2016 and Primary mortgage bond No 3097 dated 07/12/2005 for Rs 62.5Mn over the property at No 101, Nawala Rd ,Nugegoda/ Secondary mortgage bond No 3912 dated 10/12/2008 for Rs 25 Mn, No 101 , Nawala Rd, Nugegoda/ Primary mortgage bond no 3096 dated 07/12/2005 for Rs 24.5Mn over the property at No 472, Highlevel Rd, Makumbura, Pannipitiya/ Primary mortgage bond No 3823 dated 2/10/2013 for Rs 300Mn over the property at No 20, R.A De Mel Mawatha, Colombo 03. .
Commercial Bank of Ceylon PLC	Rs.500 Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 8,400,000 each and the final instalment of Rs. 4,400,000	Primary mortgage Bond 3180 31/03/2006 fr Rs 50Mn over the property at Baddegedaramulla, Meegoda and Secondary mortgage Bond no 346 dated 02/11/2016 and Primary mortgage bond No 3097 dated 07/12/2005 for Rs 62.5Mn over the property at No 101, Nawala Rd ,Nugegoda/ Secondary mortgage bond No 3912 dated 10/12/2008 for Rs 25 Mn, No 101 , Nawala Rd, Nugegoda/ Primary mortgage bond no 3096 dated 07/12/2005 for Rs 24.5Mn over the property at No 472, Highlevel Rd, Makumbura, Pannipitiya/ Primary mortgage bond No 3823 dated 2/10/2013 for Rs 300Mn over the property at No 20, R.A De Mel Mawatha, Colombo 03.
DFCC Bank PLC	Rs 292 Mn	AWPLR plus margin	60 equal monthly instalment after a grace period of 12 months	Land and building bearing assessment No 223, Nawala Road,Narahenpita containing in extent Ao-Ro-Po5.4 of Royal Ceramics Lanka PLC (Plan no 3534)
Hatton National Bank PLC	Rs. 14 Mn	AWPLR plus margin	59 equal monthly instalment of Rs. 233,330 and a final instalment of Rs. 233,520	Corporate guarantee
Hatton National Bank PLC	Rs. 28.5 Mn	AWPLR plus margin	60 equal monthly instalments of Rs. 475,000	Corporate guarantee
Hatton National Bank PLC	Rs. 5.5 Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 91,600 and a final instalment of Rs. 95,600	Corporate guarantee
Hatton National Bank PLC	Rs. 12.9 Mn	AWPLR plus margin	60 equal monthly instalments of Rs. 215,000	Corporate guarantee
Hatton National Bank PLC	Rs. 130 Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 2.15Mn each and a final instalment of Rs. 3.15 Mn	Tripartite agreement between Royal Ceramics Lanka PLC,HNB and share brokering company along with irrevocable power of attorney over 1,000,000 Nos company shares of Lanka Ceramics PLC
Hatton National Bank PLC	Rs.500 Mn	AWPLR plus margin	47 equal monthly instalments of Rs. 10,400,000 and a final instalment of Rs. 11,200,000	Mortgage of RCL Factory land building and machinery for 350.3 Mn/Negative pledge over machinery 233Mn to be executed.
Hatton National Bank PLC	Rs.175 Mn	AWPLR plus margin	66 months in 59 equal monthly instalments of Rs. 2,900,000 and a final instalment of 3,900,000 with a grace period of 6 months	Negative pledge over Double charge production plant to be executed
Commercial Bank of Ceylon PLC	Rs.114 Mn	AWPLR plus margin	59 equal monthly instalments	Primary mortgage no 1045 dated 12/11/2013 for Rs.200mn over stores at Meegoda owned by Rocell Bathware Ltd
Hatton National Bank PLC	Rs. 300 Mn	AWPLR plus margin	60 equal monthly instalments of Rs. 5,000,000 plus interest commencing after a grace period of six months.	Corporate guarantee/documents of title to goods
Hatton National Bank PLC	Rs. 200 Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 3.33Mn each and final instalment of Rs. 3.53Mn plus interest commencing after a grace period of six month	Corporate guarantee/documents of title to goods
Hatton National Bank PLC	Rs.90 Mn	AWPLR plus margin	60 equal monthly instalments of Rs 1,5Mn each plus interest commencing after a grace period of six months.	Negative Pledge over machinery
Hatton National Bank PLC	Rs.100 Mn	AWPLR plus margin	59 equal monthly instalments of Rs 1,66Mn each and a final instalment of Rs 2.06Mn plus interest commencing after a grace period of six months.	Negative Pledge over Heat Recovery System

23.1 Details of the Long Term Loans- Group (Contd.)

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
Hatton National Bank PLC	Rs.45 Mn	AWPLR plus margin	60 equal monthly instalments of Rs.75Mn each plus interest commencing after a grace period of six months.	Negative Pledge over machinery
Commercial Bank of Ceylon PLC	Rs. 359 Mn	FIXED	Payable in 83 equal monthly instalments of Rs 4,300,000.00 each and final instalment of Rs 2,100,000.00 together with interest thereon.	primary mortgage bond for Rs 359,000,000.00 to be executed over solar panels and related equipment installed on the roofs of Royal Ceramics Lanka factories at Horana and Eheliyagoda.
Commercial Bank of Ceylon PLC	Rs 1 Bn	FIXED	In 59 equal monthly instalments of Rs 16,666,000.00 and a final instalment of Rs 16,706,000.00 each together with interest after the grace period.	General terms and conditions relating to the term loan of Rs 1Bn to be signed by the company.
Rocell Bathware Limited				
Hatton National Bank PLC	Rs 20 Mn	AWPLR plus margin	64 equal monthly instalments	Corporate guarantee of Royal Ceramics Lanka PLC
Commercial Bank of Ceylon PLC	Rs. 25 Mn	AWPLR plus margin	53 equal monthly instalments with a six months grace period	Primary Mortgage bond no FCC/15/109 dated 10/12/2015 over Water Closet casting Machine for Rs 25m
Commercial Bank of Ceylon PLC	Rs. 210 Mn	AWPLR plus margin	60 equal monthly instalment of Rs. 3,500,000 with a grace period of six months	Primary mortgage bond over the shuttle Kiln burner machine for Rs 210 Mn
Commercial Bank of Ceylon PLC	Rs. 57.7 Mn	AWPLR plus margin	59 equal monthly instalment of Rs. 961,600 and a final instalment of Rs.965,600 with a grace period of six months	Primary Mortgage bond no FCC/2016/66 dated 13/9/2016 over Water Closet Machine for Rs.57.7mn
Commercial Bank of Ceylon PLC	Rs. 70 Mn	AWPLR plus margin	59 equal monthly instalment of Rs 1,1165,000 and a final instalment of Rs 1,265,000 with a six months grace period	Corporate guarantee dated 20/06/2016 from Royal Ceramics Lanka PLC and GTC to term loan Rs 70Mn executed 20/06/2016
Commercial Bank of Ceylon PLC	Rs.300 Mn	AWPLR plus margin	60 equal monthly instalment of Rs 5,000,000 with a grace period of 6 months	Primary mortgage bond for Rs 240mn overwater closet,water treatment, ball mill, UPS system and other relevant machinery/goods to be executed / Corporate guarantee of Rs 60Mn dated 16/05/2017 from Royal ceramics Lanka PLC obtained.
Commercial Bank of Ceylon PLC	Rs. 300 Mn	AWPLR plus margin	60 equal monthly instalment of Rs 5,000,000 with a grace period of 6 months	Primary mortgage bond for Rs 240mn overwater closet,water treatment, ball mill, UPS system and other relevant machinery/goods to be executed / Corporate guarantee of Rs 60Mn dated 16/05/2017 from Royal ceramics Lanka PLC obtained.
Peoples Bank	Rs. 160 Mn	AWPLR plus margin	59 equal monthly instalments of Rs. 2.7Mn each and final instalment of Rs. 0.7Mn after a grace period of six months.	Corporate Guarantee-Royal Ceramics Lanka PLC
Commercial Bank of Ceylon PLC	Rs. 138 Mn	Fixed	Repayable in 83 equal monthly instalments of Rs 1,650,000.00 each and final instalment of Rs 1,050,000.00 together with interest thereon.	primary mortgage bond for Rs 138,000,000.00 to be executed over solar panels and related equipment installed on the roof of Rocell Bathware factory at Panagoda.
Commercial Bank of Ceylon PLC	Rs. 200 Mn	Fixed	In 59 equal monthly instalments of Rs 3,333,000.00 and a final instalment of Rs 3,353,000.00 each together with interest after the grace period.	General terms and conditions relating to the term loan of Rs 200Mn to be signed by the company.
Lanka Ceramic PLC				
Hatton National Bank PLC	Rs. 500 Mn	AWPLR plus margin	60 monthly instalments	Mortgage for Rs, 500 Mn over investment property of land and building at No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kollupitiya Road, Colombo 03 (1R - 1,12 P).
Hatton National Bank PLC	Rs. 9.5 Mn	Fixed	17 monthly instalments	Mortgage for Rs, 9.5 Mn over investment property of land and building at No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03 (1R - 1.12 P).
Lanka Walltiles PLC				
Commercial Bank of Ceylon PLC	Rs. 584 Mn	AWPLR plus margin	60 monthly instalments	Tripartite agreement for Rs.392.8 Mn between Bank,Lanka Walltiles PLC & the custodian (Pan Asia Bank) over 7,210,000 share of Lanka Tiles PLC
DFCC Bank PLC	Rs. 100 Mn	AWDR plus margin	48 monthly instalments	Corporate Grantee from Lanka Tiles PLC.

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
Lanka Tiles PLC				
DFCC Bank PLC	Rs. 1500 Mn	AWPLR plus margin	72 monthly instalments, 12 month Grace period	A primary mortgage over land, buildings and plant and machinery located at Ranala amounting to Rs.1500 Mn
Uni-Dil Packaging Limited				
Standard Chartered Bank	USD 310,000	LIBOR plus margin	US $ 114,079 Quarterly instalments	Primary concurrent Mortgage bond for LKR 170 Mn over Property
	USD 200,000	LIBOR plus margin		Mortgage bond for USD 200,00 over Movable Machinery
	USD 500,000	LIBOR plus margin		Mortgage bond for USD 500,00 over Movable Machinery
Commercial Bank of Ceylon PLC	Rs. 70.75 Mn	Fixed	36 monthly instalments	Solar System & related equipment
HNB	Rs. 60 Mn	AWPLR plus margin	54 monthly instalments	Clean
Uni-Dil Packaging Solution Limited				
Commercial Bank of Ceylon PLC	Rs. 17.74 Mn	7.75%(fixed)	54 monthly instalments	Solar System & related equipment
Horana Plantations PLC				
Hatton National Bank PLC	Rs. 150 Mn	AWPLR+ margin	72 monthly instalment	Primary mortgage for 550 million over the leasehold rights of Frocester Estate
	Rs. 200 Mn	AWPLR+ margin		
	Rs. 200 Mn	AWPLR+ margin		Primary mortgage for 400 million over the leasehold rights of Bambrakelly Estate
	Rs. 250 Mn	AWPLR+ margin		
	Rs. 200 Mn	AWPLR+ margin		
	Rs. 200 Mn	AWPLR+ margin		
Hatton National Bank PLC	Rs. 100 Mn	AWPLR plus margin	60 monthly instalments	Primary mortgage over leasehold rights of Bambarakelly,Eildon Hall and Frocester Estates.
Hatton National Bank PLC	Rs. 130.114 Mn	AWPLR plus margin	60 monthly instalments	Primary mortgage over leasehold rights of Bambarakelly Estate
Commercial Bank of Ceylon PLC	Rs.100 Mn	AWPLR plus margin	48 monthly instalments, After a 24 months grace period.	Primary Floating Mortgage for Rs.120.00 Million, over the leasehold rights land and buildings of Stockholm Estate.
Sampath Bank PLC	Rs.100 Mn	AWPLR plus margin	72 monthly instalments, After a 24 months grace period.	Primary Mortgage for Rs.200 Million, over the leasehold rights land and buildings of Gouravilla Estate.
Commercial Bank of Ceylon PLC	Rs.350 Mn	Fixed	60 monthly instalments	Primary mortgage Bond over receivables of Tea sales routed through Forbes and Workers Tea Brokers (pvt) Ltd and John Keels PLC
Seylan Bank PLC	Rs.15 Mn	Fixed	24 monthly instalments	No security has been offered
Commercial Bank of Ceylon PLC	Rs. 43.48 Mn	Fixed Rate	60 monthly instalments	Primary mortgage bond over Solar Panels and related equipments
Swisstek (Ceylon) PLC				
Bank of Ceylon	Rs.170 Mn	AWPLR plus margin	54 monthly instalments	Mortgage over immovable property at Balummahara, Imbulgoda
Commercial Bank of Ceylon PLC	Rs.35 Mn	AWPLR plus margin	60 monthly instalments	Mortgage over immovable property at Balummahara, Imbulgoda
DFCC Bank PLC	Rs.110 Mn	AWPLR plus margin	60 monthly instalments	Mortgage over Land, Building, Plant & Machinery , Stocks and Book debts owned by Swisstek Aluminium Ltd.
Bank of Ceylon	Rs.323 Mn	AWPLR plus margin	60 monthly instalments	Board Resolution
Swisstek Aluminium Limited				
DFCC Bank PLC	Rs.500 Mn	AWPLR plus margin	60 monthly instalments	Mortgage over land, building, plant & machinery
	Rs.200 Mn	AWPLR plus margin	60 monthly instalments	Movable Machinery
Commercial Bank of Ceylon PLC	Rs.156.53 Mn	AWPLR plus margin	60 monthly instalments, After a 6 months grace period.	Mortgage over Solar Panel Equipment

23.2 Debt Instruments Issued and Other Borrowed Funds

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Unsecured Debentures (Note 23.2.1)	-	-	3,116,605	3,113,916
Borrowings From International Financial Institutions (Note 23.2.2)	-	-	5,448,012	-
	-	-	8,564,617	3,113,916

23.2.1 Unsecured Debentures

The terms and features of Unsecured Redeemable Subordinated Debentures are as follows.

Category	Interest payable	Features	Amortized Cost (LKR'000)	Face Value (LKR'000)	Interest rate	Issued date	Maturity Date
Type A (60 Months)	Biannually	Listed	1,037,855	1,000,000	12.75% p.a	11-Dec-17	11-Dec-22
Type B (60 Months)	Biannually	Listed	2,078,750	2,000,000	13.25% p.a	11-Dec-17	11-Dec-22
Total			3,116,605	3,000,000			

23.2.2 Borrowings From International Financial Institutions

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	-	-	3,061,680	-
Ability Global Micro and SME Finance Fund	-	-	2,386,332	-
	-	-	5,448,012	-

24. TRADE & OTHER PAYABLES

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Trade & Other Payables	13,723	9,155	5,456,638	3,595,989
Accrued Expenses	19	5,436	1,438,926	1,291,782
Other Payable	6,559	6,272	275,104	151,862
Payable to Related Parties (Note 24.1)	33,228	-	189,478	54,071
Bills Payables and Current account with principal	-	-	157,927	420,517
Unclaimed Balances	-	-	737,734	678,459
Sundry Creditors	-	-	3,407,155	2,416,175
Insurance Premium Payable	-	-	552,479	495,145
Advances collected from customers	-	-	37,204	46,750
	53,529	20,863	12,252,645	9,150,750

24.1 Payable to Related Parties

As at 31 March		Company 2022 LKR '000	Company 2021 LKR '000	Group 2022 LKR '000	Group 2021 LKR '000
Royal Ceramics Lanka PLC	Subsidiary	33,228	-	-	-
Singer (Sri Lanka) PLC	Affiliate	-	-	3,466	6,021
Hayleys PLC	Affiliate	-	-	18,616	13,358
Fentons Ltd.	Affiliate	-	-	38,389	-
Hayleys Agriculture Holding Limited	Affiliate	-	-	861	1,269
Hayleys Agro Fertilizer (Private) Limited	Affiliate	-	-	1	645
Hayleys Business Solutions International (Pvt) Ltd	Affiliate	-	-	312	13
Hayleys Electronics Lighting (Pvt) Ltd	Affiliate	-	-	5	63
Kelani Valley Plantations PLC	Affiliate	-	-	515	2,350
Venigros (Pvt) Ltd	Affiliate	-	-	102	-
Puritas (Pvt) Ltd	Affiliate	-	-	362	13
Mabroc Teas (Pvt) Ltd	Affiliate	-	-	53	-
Weerasinghe Property Development (Pvt) Ltd	Affiliate	-	-	1,162	-
Unisyst Engineering PLC	Affiliate	-	-	184	-
Regnis Lanka PLC	Affiliate	-	-	18	-
Talawakelle Tea Estates PLC	Affiliate	-	-	6	217
Logiwiz Limited	Affiliate	-	-	-	3
Hayleys Aventura (Pvt) Ltd	Affiliate	-	-	1,559	66
Country Energy (Pvt) Ltd	Affiliate	-	-	43	53
Payable to Mr. K D D Perera	Chairman	-	-	123,824	30,000
		33,228	-	189,478	54,071

25. OTHER NON FINANCIAL LIABILITIES

Accounting Policy

Accounting Policy

Group classifies all non financial liabilities other than post employment benefit liability, Deferred tax liabilities and current tax liabilities under other non financial liabilities. Other non financial liabilities include accruals, advances and provisions. These liabilities are non-interest bearing and recorded at the amounts that are expected to be paid.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

As at 31 March	Company 2022 LKR '000	Company 2021 LKR '000	Group 2022 LKR '000	Group 2021 LKR '000
Provisions	-	-	393,231	292,547
Capital Grants (Note 25.1)	-	-	113,324	118,995
Refundable Deposits	-	-	15,000	15,000
Other Statutory Payables	-	-	241,166	298,756
Impairment provision in respect of Off Balance sheet credit exposure	-	-	9,174	4,375
	-	-	771,895	729,673

NOTES TO THE FINANCIAL STATEMENTS

25.1 Capital grants

Category	Purpose of the grant	Basis of amortisation	Amount received	Opening Balance	Received during the year	Amortised during the year	Closing Balance
Sri Lanka Tea Board	Tea factory modernisation	Rate of depreciation applicable to plant & machinery (7.5% p.a.)	756	258	840	(39)	1,059
Sri Lanka Tea Board	Tea replanting subsidy	Will be amortised at rate applicable to Tea mature plantations, after become mature (3.00%)	2,105	6,992	110	(173)	6,929
Plantation development project / Asian Development Bank	Improvement of workers living environment	Rate of depreciation applicable to buildings (2.5% p.a.)	31,588	14,316	-	(1,128)	13,188
Plantation human development trust	Improvement of workers living environment	Rate of depreciation applicable to buildings and furniture & fittings (2.5% & 10% p.a.)	45,143	23,936	-	(1,600)	22,336
Estate infrastructure development project	Improvement of workers living environment	Rate of depreciation applicable to buildings (2.5% p.a.)	489	236	-	(17)	219
Plantation development project	Improvement of workers living environment	Rate of depreciation applicable to buildings (2.5% p.a.)	20,051	12,467	-	(716)	11,751
Plantation development project	Internal road development and boundary posts	Rate of depreciation applicable to permanent land development cost (2.5% p.a.)	4,622	2,971	-	(167)	2,804
Plantation development project	Minor factory development	Rate of depreciation applicable to buildings (2.5% p.a.)	10,099	6,567	-	(359)	6,208
Rubber Development Department	Rubber replanting subsidy	Rate applicable to rubber mature plantations (5% p.a.)	51,311	51,134	944	(3,355)	48,723
Export Agriculture Department (EAD)	Cinnamon Replanting Subsidy	Will be amortised at rate applicable to Cinnamon Mature Plantations, after become mature (6.67% p.a.)	76	118	-	(10)	108
Total			166,240	118,995	1,894	(7,565)	113,324

25.2 Contract Liability

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services as well as transaction price allocated to unexpired service warranties.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
As at 1st April	-	-	1,832,902	634,606
During the year recognized	-	-	4,676,221	1,813,719
Transfers	-	-	-	(13,893)
Foreign exchange movement	-	-	(34,956)	(601,530)
As at 31st March	-	-	6,474,167	1,832,902

The contract liability primarily relates to the advance consideration received from customers for Supply of timber and installation of timber flooring, for which revenue is recognized overtime. This will be recognized as revenue when the company issues an invoice to the customer, which is expected to occur over the next year.

26. DIVIDENDS PAYABLE

Dividends on ordinary shares are recognised 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 no longer at the discretion of the Company. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Unclaimed Dividend	13,372	13,821	145,153	92,161
	13,372	13,821	145,153	92,161

27. EMPLOYEE BENEFIT LIABILITIES

Accounting Policy

Our end of service benefit obligations are measured based on the present value of projected future benefit payments for all participants for services rendered to date. In Sri Lanka such plans are regulated by Payment of gratuity act no 12 of 1983. The measurement of projected future benefits is dependent on the stipulated formula, salary assumptions, demographics of the group covered by the plan, and other key measurement assumptions. The net periodic benefit costs associated with the Company's defined benefit plans are determined using assumptions regarding the benefit obligations. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company.

Recognition of Actuarial Gains and Losses

The Company recognises the total actuarial gains and losses that arise in calculating the Company's obligation in respect of the plan in Other Comprehensive Income during the period in which it occurs.

Expected Return on Assets

Expected return on assets is zero as the plan is not pre-funded.

Funding Arrangements

The gratuity liability is not externally fund.

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Balance at the beginning of the year	14,689	12,041	2,093,302	1,911,183
Acquisition of subsidiary	-	-	6,860	-
Current service cost	3,831	2,250	177,472	198,043
Past Service Cost*	5	-	(60,344)	-
Interest cost	1,175	1,204	162,959	182,792
Actuarial (gain)/loss	4,853	(806)	(238,603)	(29,091)
Payments made during the year	-	-	(197,333)	(168,632)
Transfer to discontinued Operations	-	-	-	(993)
Balance at the end of the year	24,553	14,689	1,944,313	2,093,302

* The Retirement Benefit Plan was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

27.1 Actuarial assumptions

An actuarial valuation of the gratuity of subsidiary companies was carried out as at 31st March 2022 and 31st March 2021 by a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method", recommended by LKAS 19.

As at 31 March	Company 2022	Company 2021	Group 2022	Group 2021
Discount Rate	15%	8%	8% - 16%	7% - 10%
Future Salary increase	15%	8%	8% - 15%	8% - 10%
Staff Turnover	10%	10%	2% - 30%	5% - 25%
Retirement age	60 years	55 Years	50-60 Years	50-55 Years

27.2 Sensitivity Analysis

In order to illustrate the significance of the salary escalation rates and discount rates assumed in these valuations a sensitivity analysis for all employees of Vallibel One PLC and its subsidiaries is carried out as follows;

	Company LKR '000	Group LKR '000
Discount Rate as at 31 March 2022		
Effect on DBO due to decrease in the discount rate by 1%	26,423	228,995
Effect on DBO due to increase in the discount rate by 1%	(22,903)	(204,439)
Salary Escalation Rate as at 31 March 2022		
Effect on DBO due to decrease in salary escalation rate by 1%	(22,802)	(212,845)
Effect on DBO due to increase in salary escalation rate by 1%	26,507	237,696
Discount Rate as at 31 March 2021		
Effect on DBO due to decrease in the discount rate by 1%	977	203,579
Effect on DBO due to increase in the discount rate by 1%	(1,097)	(118,738)
Salary Escalation Rate as at 31 March 2021		
Effect on DBO due to decrease in salary escalation rate by 1%	(1,141)	(117,461)
Effect on DBO due to increase in salary escalation rate by 1%	1,033	203,155

27.3 The Expected Benefit Payout in the Future Years for Retirement

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Within the next 12 months	2,249	1,201	271,786	350,438
Between 1 and 5 years	9,305	4,183	809,139	720,626
Beyond 5 years	13,000	9,305	1,102,063	1,025,236
	24,554	14,689	2,182,988	2,096,300

28. STATED CAPITAL

	2022		2021	
	Number of Voting Shares	LKR '000	Number of Voting Shares	LKR '000
Fully paid ordinary shares				
Balance as at the beginning of the year	1,138,915,644	29,337,102	1,086,559,353	27,163,984
Scrip dividends paid during the year	-	-	52,356,291	2,173,118
Balance as at the end of the year	1,138,915,644	29,337,102	1,138,915,644	29,337,102

28.1 Rights of Shareholders

The holders of ordinary shares have the right to receive dividends as declared from time to time and are entitled to one vote per share at meetings. All shares rank equally with regard to the Company's residual assets.

29. OTHER COMPONENTS OF EQUITY

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Treasury shares	-	-	(44,112)	(44,112)
Statutory reserve fund	-	-	6,585,938	6,152,845
Fair value reserve	(3,475,754)	(2,106,817)	(3,547,525)	(2,178,413)
Foreign currency translation reserve	-	-	146,252	100,704
Revaluation reserve	-	-	8,563,034	7,458,538
General Reserve	-	-	578,449	578,449
	(3,475,754)	(2,106,817)	12,282,036	12,068,011

Statutory reserve is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank Direction No 1 of 2003.

Fair value reserve of financial assets at FVOCI comprises the cumulative net change in fair value of financial investments available for sale until such investments are derecognised or impaired.

Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operations and equity accounted investees into Sri Lankan rupees.

Revaluation reserve consists of the net surplus on the revaluation of property, plant and equipment and present value of acquired in-force business (PVIB).

General reserves are the retained earnings of a company which are kept aside out of company's profits to meet future (known or unknown) obligations.

30. NON CONTROLLING INTERESTS

Non-Controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

As at 31 March	Group	
	2022	2021
	LKR '000	LKR '000
Adjusted Balance as at 01 April	31,633,592	26,115,996
Non-Controlling Interest contribution for subsidiary share issues	154,871	-
NCI on Acquisition of Subsidiary	124,024	-
Profit for the year	10,227,607	6,570,972
Other Comprehensive Income Net of Tax	921,955	647,349
Dividend write back of unclaimed dividend	2,174	5,915
Subsidiary Dividends to Minority Shareholders	(4,576,619)	(1,706,640)
Balance as at 31 March	38,487,604	31,633,592

NOTES TO THE FINANCIAL STATEMENTS

30. NON CONTROLLING INTERESTS (CONTD.)

PRINCIPLE SUBSIDIARIES WITH NON CONTROLLING INTERESTS

Summarised financial information in respect of Vallibel One PLC's subsidiaries that have non-controlling interest, reflecting amounts before inter-company eliminations, is set out below.

	2022			2021		
	LB Finance	Rocell	Delmege	LB Finance	Rocell	Delmege
Non controlling Interests in %	33.66%	44.02%	31.25%	33.66%	44.02%	37.25%
Accumulated Balance of Non Controlling Interest	105,689	13,875,753	338,226	-	11,580,363	307,121

On 25th March 2022, Delmage has issued shares to existing shareholders and Vallibel One PLC has invested 171,360 shares in Delmage of Rs. 1,068,600,960. Therefore, effective holding of the Delmage has changed from 62.75% to 68.75% right after the transaction. Consequently, non controlling interest has also changed from 37.25% to 31.25%.

	2022			2021		
	LB Finance	Rocell	Delmege	LB Finance	Rocell	Delmege
Summarised statement of profit or loss for the year ended 31 March						
Revenue	29,981,172	57,544,516	9,428,070	29,807,363	44,972,372	6,335,829
Cost of sales	(8,862,699)	(35,139,108)	(7,030,234)	(11,543,326)	(28,168,940)	(4,659,093)
Administrative expenses	(5,948,572)	(2,378,711)	(744,425)	(5,397,832)	(1,743,014)	(605,312)
Finance cost	-	(904,645)	(255,737)	-	(1,406,494)	(340,306)
Finance Income	-	1,262,648	8,194	-	82,887	25,178
Profit before tax	13,857,503	16,775,541	701,467	9,327,812	9,859,753	344,501
Income Tax	(3,244,923)	(3,101,607)	(180,324)	(2,521,006)	(1,308,514)	(140,579)
Profit for the year from continuing operations	8,476,030	13,673,933	521,143	6,806,806	8,551,239	203,921
Profit/ (Loss) from Discontinuing operations	-	15,654	489	-	(133,306)	(1,282)
Profit:						
Attributable to owners	5,623,369	7,662,818	358,630	4,515,932	4,711,983	127,159
Attributable to non controlling interests	2,852,661	6,026,769	163,002	2,290,873	3,705,951	75,480
Other Comprehensive income	192,083	1,842,661	6,957	82,828	1,200,866	1,016
Total Comprehensive income	8,668,113	15,532,248	528,589	6,889,634	9,618,800	203,655
Attributable to owners	5,750,805	8,694,258	331,698	4,570,884	5,384,174	127,797
Attributable to non controlling interests	2,917,308	6,837,991	196,891	2,318,750	4,234,626	75,858
Summarised statement of financial position as at 31 March						
Current Assets	101,796,344	37,289,177	6,172,365	85,789,646	22,304,987	3,897,735
Non Current Assets	63,281,931	48,952,071	4,777,863	55,153,806	43,835,074	4,756,798
Current Liabilities	101,197,891	25,695,724	4,875,020	83,491,333	14,511,396	4,438,825
Non current Liabilities	30,543,276	9,346,400	590,981	29,064,874	9,651,145	861,044
Summarised statements of cash flows for the year ended 31 March						
Operating cash flows	(2,842,525)	15,402,354	10,297	8,353,215	18,436,759	660,206
Investing cash flows	(818,129)	(2,090,232)	(23,820)	(426,286)	(2,162,762)	84,058
Financing cash flows	11,149,753	(4,226,512)	520,533	(8,286,143)	(8,224,517)	(298,733)
Net increase/(decrease) in cash & cash equivalents	7,489,099	9,085,611	507,010	(359,214)	8,049,480	445,532

31. REVENUE

Accounting Policy

The Group is primarily involved in manufacturing and marketing of tiles and associated items, sanitaryware, packing material, aluminium products and agricultural products in Sri Lanka and overseas. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group/Company is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer.

Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods.

Services transferred over time

Under SLFRS 15, the Group determines, at contract inception, whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

Interest Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

The Group use the Effective Interest Rate (EIR) method for recognising the interest income and interest expenses of Financial Assets and Financial Liabilities that are measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income under SLFRS 9 and the same method followed by the Group for the Financial Assets and Financial Liabilities classified as held for trading and as available-for-sale and financial Assets and Liabilities measured at amortised cost under LKAS 39 in the comparative financial year. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation of EIR takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as an impairment charge or reversal to the Income Statement.

Interest income on impaired financial instruments continues to be recognised at original EIR to the unadjusted carrying amount until the financial asset has been classified as fully impaired. Until such the accrued interest added to the unadjusted carrying amount has been impaired to the estimated Loss Given Default (LGD).

31.1 Disaggregation of Revenue

The Group presented disaggregated revenue with Group's reportable segments based on timing of revenue recognition and operating segment information section.

(a) Sale of goods-tiles and associated items,sanitaryware,packing materials,aluminium products.

Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods which include one performance obligation. Control transition point to recognise the revenue on export sales is determined based on the international commercial terms applicable for the respective transactions. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, which is not materially affect on the recognition of revenue.

(b) Sale of plantation produce

The Group is in the business of cultivation, manufacture and sale of black tea, rubber and other crops (plantation produce).

Revenue from sale of plantation produce is recognised at the point in time when the control of the goods are transferred to the customer. Black tea and rubber produce are sold at the Colombo Tea/Rubber Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognised at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods..

(c) Sale of timber with installation services

The supply of timber is recognised at the point of delivery the goods to the customer and the revenue for installation services is recognised over installation period for the transactions that consumes a significant time period for installation. The revenue is recognised at a point in a time either for the transactions which consumes an insignificant installation period or for the transactions where the installation services provided on the same day delivery of goods.

(d) Rendering of services

Revenue from services is recognised as the services are provided. Revenue from service contracts that cover periods of greater than 12 months is recognised in the profit and loss in proportion to the services delivered at the reporting date.

(e) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(f) Net trading income

Net trading income includes all gains and losses from changes in fair value and related dividends for financial assets and financial liabilities "held for trading" other than interest income.

Set out below is the disaggregation of the Group's/ Company's revenue from contracts with customer:

31.1.1 Sector-wise Segmentation

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Financial Services Sector	-	-	29,981,172	29,807,363
Sale of goods	-	-	64,611,207	50,914,240
Rendering of services	-	-	2,266,444	313,374
Total Revenue	-	-	96,858,823	81,034,977

Geographical Segmentation

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Export Sales	-	-	1,742,063	1,336,116
Local Sales	-	-	65,135,588	49,891,498
Total Revenue Contracts with Customers	-	-	66,877,651	51,227,614
Income from financial services	-	-	29,981,172	29,807,363
Total Revenue	-	-	96,858,823	81,034,977

31.1.2 Timing of Revenue Recognition

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Goods/ services transferred at a point in time	-	-	67,086,272	51,536,657
Services transferred over time	-	-	2,266,444	1,887,344
Total Revenue Contracts with Customers	-	-	69,352,716	53,424,001
Interest income	-	-	27,506,107	27,610,976
Total Revenue	-	-	96,858,823	81,034,977

31.2 Contract Balances

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Trade Receivables (Note 9)	-	-	7,595,307	5,758,364
Contract Assets (Note 9.2)	-	-	46,463	52,561
Contract Liabilities (Note 25.2)	-	-	6,474,167	1,832,902

32. DIVIDEND INCOME

Accounting Policy

Revenue is recognised when the Group's/Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Dividend income from Associate	-	-	-	-
Other	5,338,464	2,869,006	727,988	1,144,120
	5,338,464	2,869,006	727,988	1,144,120

NOTES TO THE FINANCIAL STATEMENTS

33. OTHER OPERATING INCOME

Accounting Policy

Income earned on other sources, which are not directly related to the normal operations of the Group is recognised as other operating income on an accrual basis.

Profit / (Loss) on Disposal of Property, Plant & Equipment

The profit/(loss) on disposal of property, plant and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, net of incremental disposal costs. This is recognised as an item of "other operating income" in the year in which significant risks and rewards of ownership are transferred to the buyer.

Fee and Commission Income

The Group earns fee and commission income from a diverse range of services it provides to its customers. These fees include credit-related fees and commission income. All fees and commissions are recognised to the Income Statement on an accrual basis.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

	Company		Group	
As at 31 March	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Profit / (Loss) on Disposal of Property, Plant & Equipment	-	-	(18,058)	55,072
Fee and Commission Income	-	-	33,261	39,416
Hiring Income	-	-	76,717	82,395
Rent income	-	-	64,100	62,173
Change in fair value of consumable biological assets	-	-	31,464	40,089
Change in fair value of investment property	-	-	42,910	37,576
Amortisation of capital & revenue grants	-	-	7,564	7,386
Sundry Income	-	-	403,599	167,070
Net Gain on Financial Assets at FVTPL	-	39,390	4,810	68,634
Management Fee	-	-	-	2,601
Profit / (Loss) on Disposal of Lease Asset	-	-	-	1,580
Technical Fee income	366,064	333,789	63,842	-
	366,064	373,179	710,209	563,992

34. PROFIT FROM OPERATION STATED AFTER THE FOLLOWING EXPENSES

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Auditors' Remuneration (Fees and Expenses)	264	254	12,480	29,913
Audit-Related Expenses	-	-	15,311	3,078
Non-Audit Fees to Auditors	1,579	1,573	4,064	1,855
Depreciation	48,446	53,713	2,985,785	2,883,103
Amortization	-	-	129,879	128,500
Professional and Legal Expenses	-	-	56,592	58,576
Deposit Insurance Premium	-	-	125,191	122,113
General Insurance Expenses	2,097	1,314	116,652	137,267
Loss on translation of foreign currency	-	-	(237,306)	(34,377)
Donation	-	1,300	-	1,574
Crop Insurance Levy Expenses	-	-	86,248	67,711
Employee Benefits including the following	-			
Other Staff Costs	128,887	92,750	9,463,276	8,671,636
Defined Benefit Plan Costs - Gratuity	5,011	3,454	286,409	379,842
Defined Contribution Plan Costs - EPF & ETF	13,788	9,713	1,331,117	618,177

35. FINANCE COST

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Interest on Loans	-	59,278	885,714	1,371,458
Interest on Bank Overdrafts and Other charges	1,577	23,248	134,444	296,262
Interest on Leases	6,372	11,158	194,045	214,338
Less : Capitalisation of borrowing costs on immature plantations	-	-	(45,808)	(41,390)
	7,949	93,684	1,168,395	1,840,668

36. FINANCE INCOME

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Exchange gain	-	-	768,716	12,130
Interest Income	35,397	-	537,678	96,114
	35,397	-	1,306,394	108,244

37. TAX ON FINANCIAL SERVICES

Accounting Policy

Tax on financial services include Value Added Tax on Financial Services.

Value Added Tax (VAT) on financial services

VAT on Financial Services is calculated in accordance with Value Added Tax Act No 14 of 2002 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before VAT on Financial Services and income tax adjusted for the economic depreciation and emoluments payable to employees including cash benefits, non-cash benefits and provisions relating to terminal benefits. VAT on Financial Services was charged at 15% from 1 April 2021 to 31 December 2021 and 18% with effect from 1 January 2022.

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Value Added Tax on Financial Services	-	-	2,136,551	1,669,323
	-	-	2,136,551	1,669,323

38. INCOME TAX EXPENSE

Accounting Policy

As per Sri Lanka Accounting Standard - LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Income Statement except to the extent it relates to items recognised directly in 'Equity' or 'Other Comprehensive Income (OCI)', in which case it is recognised in Equity or in OCI.

Current Taxation

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date. Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No 24 of 2017 and the amendments thereto at the rates specified in Note 38.2 to these Financial Statements.

Accounting Estimates

The Group is subject to income taxes and other taxes. Significant judgment was required to determine the total provision for current, deferred and other taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements. The Company recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and other tax amounts in the period in which the determination is made.

Deferred Taxation

Detailed disclosure of accounting policies and estimate of deferred tax is available in Note 13 to these Financial Statements.

38.1 The major components of income tax expense for the years ended 31 March are as follows :

38.1.1 In Statement of Profit or Loss

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Current Income Tax				
Income Tax for the year	570,374	289,474	7,226,847	4,633,954
WHT on Dividend	-	-	252,263	87,281
Under/(over) provision of current taxes in respect of prior years	-	(6,212)	(21,283)	(43,153)
Unrecoverable ESC	-	-	6,373	68,822
Deferred Income Tax				
Deferred tax charge / (reversal) (Refer Note 38.3)	(1,884)	(1,458)	(448,141)	(538,674)
	568,490	281,804	7,016,059	4,208,230

38.1.2 Statements of Other Comprehensive Income

	Company 2022	Company 2021	Group 2022	Group 2021
Deferred tax related to items recognised in OCI during in the year:				
Revaluation of property, plant and equipments	-	-	431,526	(318,083)
Remeasurement (gain)/loss on actuarial gains and losses	(1,165)	193	48,415	7,004
	(1,165)	193	479,941	(311,079)

38.1.3 Total Tax Expense for the Financial Year

	Company 2022	Company 2021	Group 2022	Group 2021
Total Tax Expense for the Financial Year	567,325	281,997	7,496,000	3,897,151

38.2 Reconciliation between tax charge and the product of accounting profit

A reconciliation between the tax expense and the accounting profit multiplied by relevant tax rate for the years ended 31 March is as follows.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Accounting profit before tax	5,361,193	2,887,884	27,580,137	19,031,586
Less: Share of results of associates	-	-	(7,451)	38,654
	5,361,193	2,887,884	27,572,686	19,070,240
Less: Exempt Profit	(1,374,431)	(910,984)	(2,235,468)	(943,271)
Add: Non deductible expenses	99,218	111,212	8,140,715	8,311,456
Less: Deductible expenses	(50,376)	(48,413)	(6,724,847)	(5,121,140)
Less: Tax losses utilised	-	-	(529,333)	(2,060,155)
Add: Income considered as a separate source of income	-	-	4,330,172	964,894
Less: Qualifying payment relief	-	(1,300)	(1,189,319)	(2,857)
Taxable Income	4,035,604	2,038,399	29,364,606	20,219,167
Tax on taxable income @ 28%	557,102	-	557,102	-
Tax on taxable income @ 25%	-	-	(3,681)	14,369
Tax on taxable income @ 24%	-	9,836	4,256,024	3,248,959
Tax on taxable income @ 18%	-	-	2,017,696	906,479
Tax on taxable income @ 15%	-	-	51,491	21,485
Tax on taxable income @ 14%	13,272	-	600,478	163,024
Dividend Tax @ 14%	-	279,638	-	366,919
Adjustments in respect of prior years	-	(6,212)	(21,283)	(43,153)
Unrecoverable ESC	-	-	6,373	68,822
	570,374	283,262	7,464,200	4,746,904
Deferred Tax Charge/(Reversal) @ 24%	(1,884)	(1,458)	(448,141)	(538,674)
Income Tax Expense charged to Profit or Loss	568,490	281,804	7,016,059	4,208,230
Effective Tax Rate	10.60%	9.76%	25.44%	22.11%
Effective Tax Rate (Excluding Deferred Tax)	10.64%	9.81%	27.06%	24.94%
Accounting Profit Before Tax on Financial Services	5,361,193	2,887,884	29,716,688	20,700,909
Effective Tax Rate (Excluding Tax on Financial Services)	10.60%	9.76%	23.61%	20.33%

Swisstek Aluminium Ltd

Income tax exemption given for the Swisstek Aluminium Ltd has been ended by 01st September 2016 and company liable to pay tax at a rate of 20% on trade profit and 24% on other income.

Horana Plantations PLC

Profit from Agricultural business will be taxed at rate of 14% as per the Inland Revenue Act No. 24 of 2017. Other income will be taxed at the rate of 24%.

Gains and profits earned or derived from the sale of produce of an undertaking for agro farming without subjecting such produce to any process of production or manufacture are exempted within the period of five years of assessment commencing on April 1, 2019. Further, Agro Processing and Other Income liable at the rates of 14% and 24% respectively. Further, a 25% reduction in the tax payable is allowed on the agro-processing component commencing from year of assessment 2021/22.

38.3 Deferred Tax

Deferred tax recognised in statements of profit and loss relates to the following:

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Property, Plant & Equipments	(153)	(870)	(659,341)	(154,509)
Investment Property	-	-	(73,392)	(32,123)
Right of use assets	(528)	(241)	287,984	(1,058,555)
Defined Benefit Obligation	(1,203)	(347)	3,739	51,162
	-	-	39,231	-
Provisions	-	-	(136,241)	44,919
Deferred Taxation on Un distributed Associate Profit	-	-	44,437	15,414
Unutilised tax losses	-	-	45,442	595,018
	(1,884)	(1,458)	(448,141)	(538,674)

39. DISCONTINUED OPERATIONS

Delmege Coir (Pvt) Ltd

On 12th February 2018, the Board of Directors took a decision to cease the operations of Delmege Coir (Private) Limited and to dispose of the assets thereof. Further, the company is available for immediate sale in its current condition and the actions to complete the sale were initiated. Delmege Forsyth & Co. (Exports) Ltd owns 60% and ESNA Exports (Pvt) Ltd owns 40% of Delmege Coir (Private) Limited and both shareholders are incorporated in Sri Lanka. It was engaged in the business of manufacturing and export of Coir.

Ever Paint and Chemical Industries (Pvt) Ltd ("EPCI")

On 25th July 2016, the Board of Directors took a decision to cease the operations of Ever Paint and Chemical Industries (Private) Limited ("EPCI") and to dispose of the assets thereof. EPCI is a fully owned subsidiary of Royal Ceramics Lanka PLC and it was engaged in the business of manufacturing and marketing of paints and allied products. With EPCI being classified as discontinued operations, the paint and allied products segment is no longer presented in the segment note.

Rocell Pty Ltd

On 31st January 2021, the Board of Directors decided to cease the operations of Rocell Pty Ltd ("RPTY") and to dispose of the assets thereof. RPTY is a fully owned subsidiary of Royal Ceramics Lanka PLC and it was engaged in the business of wholesale and retailing of floor tiles and wall tiles in Australia. With RPTY being classified as discontinued operations, its figures are no longer taken to tiles and associated items segment. Accordingly, comparative figures has been reclassified in the Statement of Profit or Loss.

During the year 2021/22, Management has reassessed the recoverability of the remaining assets and liabilities as at the reporting date. Management is continued to take steps to dispose the remaining assets of the Company.

39.1 Loss on discontinued Operations

As at 31 March	Delmege Coir (Private) Limited		EPCI		Rocell Pty Ltd	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Revenue	-	-	-	-	-	84,832
Cost of Sales	-	-	-	-	-	(42,790)
Gross Profit	-	-	-	-	-	42,042
Finance Income	491	719	-	-	-	-
Other Income and Gains	-	-	-	-	-	30,439
Selling and Distribution Costs	-	(281)	(1,476)	(1,331)	4,373	(130,623)
Administrative Expenses	-	(1,720)	2,578	(421)	(203)	(3,030)
Other Operating Expenses	-	-	3,219	-	12,224	(65,319)
Finance Cost	(2)	-	(14)	-	(5,047)	(5,063)
Loss for the year from discontinued operations	489	(1,282)	4,307	(1,752)	11,347	(131,554)

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Loss from discontinued operations for the year ended	-	-	16,143	(134,588)
	-	-	16,143	(134,588)

39.2 The major classes of assets and liabilities is classified as held for sale as at the end of the year:

As at 31 March	Delmege Coir (Private) Limited		EPCI		Rocell Pty Ltd	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Assets						
Property, Plant and Equipment	786	786	36,000	36,722	-	-
Inventories	-	-	-	-	-	-
Trade and Other Receivables	264	264	7,079	12,022	-	23
Other Non Financial Assets	-	-	-	-	-	1,261
Other Financial assets	-	-	-	-	10,491	10,071
Cash and Cash Equivalents	-	-	829	791	7,053	3,662
Assets Held for Sale	1,050	1,050	43,908	49,535	17,544	15,017
Current Liabilities						
Trade and Other Payables	(6,246)	(6,246)	(205)	(7,849)	(21,747)	(29,148)
Other Current Liabilities	-	-	-	-	-	(3,345)
Interest Bearing Loans & Borrowings	-	-	-	-	(186,278)	(122,654)
Liabilities Directly Associated with the Assets Held for Sale	(6,246)	(6,246)	(205)	(7,849)	(208,025)	(155,147)
Net Assets Directly Associated with Disposal Group	(5,196)	(5,196)	43,703	41,686	(190,481)	(140,130)

39.3 The net cash flows incurred by Delmege Coir (Private) Limited and Ever Paint and Chemical Industries (Pvt) Ltd ("EPCI") are as follows:

As at 31 March	Delmege Coir (Private) Limited		EPCI		Rocell Pty Ltd	
	2022	2021	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Operating	(491)	(719)	(683)	179	(2,516)	(9,668)
Investing	491	719	722	-	642	(2,209)
Financing	-	-	-	-	-	(2,320)
Net cash (outflow)/inflow	-	-	39	179	(1,874)	(14,197)

39.4 Earnings per Share

As at 31 March	Delmege Coir (Private) Limited		EPCI		Rocell Pty Ltd	
	2022	2021	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Basic earnings/ (losses) for the year from discontinued operations	0.14	(0.37)	0.22	(0.09)	4.55	(52.75)

39.5 Asset Held For Sale- Property Plant & Equipment

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Delmege Coir (Private) Limited	-	-	1,050	1,050
Ever Paint and Chemical Industries (Private) Limited	-	-	43,908	49,535
Rocell Pty Ltd	-	-	17,544	15,017
	-	-	62,502	65,602

39.6 Liabilities directly associated with the assets classified as held for sale

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Delmege Coir (Private) Limited	-	-	6,246	6,246
Ever Paint and Chemical Industries (Private) Limited	-	-	205	7,849
Rocell Pty Ltd	-	-	208,025	155,147
	-	-	214,476	169,243

39.7 Fair value of land and buildings of Discontinued Operations

The fair value of land and buildings amounting to Rs. 36 Mn was determined by Mr. A.A.M. Fathihu, an independent professionally qualified valuer in reference to market based evidence. (valuation report dated 9 April 2018).

Reassessment of the fair valuation was obtained from the same independent professional valuer who determined that there would have been no substantial material change in the fair value between the last valuation date and reporting date.

Significant increases (decrease) in estimated price per perch/ price per square feet in isolation would result in a significantly higher (lower) fair value.

Price per square feet is in the range of Rs. 3,000/- to Rs.2,000/-
Price per perch is in the range of Rs. 85,000/ to Rs. 5,000/

Significant increases/ (decreases) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/ (lower) fair value.

40. EARNINGS PER SHARE

Accounting Policy

The Group presents Basic and Diluted Earnings per Share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year, as per the Sri Lanka Accounting Standard - LKAS 33 (Earnings Per Share)

Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares, which comprise share options granted to employees. The Group does not have any potentially dilutive shares.

Profit and Shares Details Used in the Basic Earning per Share Computation

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Amounts Used as the Numerators:				
Net Profit Attributable to Ordinary Shareholders of the Company/Parent	4,792,703	2,606,080	10,352,614	8,117,796

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Number of Ordinary Shares Used as Denominators for Basic Earnings per Share				
Weighted Average number of Ordinary Shares in issue	1,138,915,644	1,138,915,644	1,138,915,644	1,138,915,644

Profit and Shares Details Used in the Diluted Earning per Share Computation

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Amounts Used as the Numerators:				
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	4,792,703	2,606,080	10,352,614	8,117,796

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Number of Ordinary Shares Used as Denominators for Diluted Earnings per Share				
Weighted average number of ordinary shares adjusted for the effect of dilution	1,138,915,644	1,138,915,644	1,138,915,644	1,138,915,644

To calculate the earnings per share amounts for discontinued operation the weighted average number of ordinary shares for both the basic and diluted amounts is as per the table above. The following table provides the profit/(loss) amount used:

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Net profit attributable to ordinary equity holders of the parent from continuing operations	4,792,703	2,606,080	10,336,471	8,252,384
Profit/(loss) attributable to ordinary equity holders of the parent from discontinued operations	-	-	16,143	(134,588)
Net profit attributable to ordinary equity holders of the parent for basic earnings	4,792,703	2,606,080	10,352,614	8,117,796
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	4,792,703	2,606,080	10,352,614	8,117,796

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Basic Earnings Per Share	4.21	2.29	9.09	7.13
Basic Earnings Per Share for Continuing Operations	4.21	2.29	9.08	7.25
Diluted Earnings Per Share	4.21	2.29	9.09	7.13

40.1 Dividend Per Share

As at 31 March	Company	
	2022	2021
	LKR '000	LKR '000
Scrip dividend	-	2,173,119
Cash Dividend	2,847,289	543,280
	2,847,289	2,716,399
Weighted average number of ordinary shares	1,138,915,644	1,138,915,644
Dividend Per Share	2.50	2.39

41. FAIR VALUE MEASUREMENT

Accounting Policy

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

01. In the principal market for the asset or liability; or
02. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses various valuation methodologies that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The use of observable and unobservable inputs and their significance in measuring fair value are reflected in our fair value hierarchy assessment.

Level 1 : Inputs include quoted prices for identical instruments,

Level 2 : Inputs include quoted prices for similar instruments and observable inputs such as interest rates, currency exchange rates, and yield curves.

Level 3 : Inputs include data not observable in the market and reflect management judgment about the assumptions market participants would use in pricing the instruments.

Valuation framework

The Company/ Group has an established control framework for the measurement of fair values. Management review the inputs to the fair value measurements to ensure they are appropriately categorized within the fair value hierarchy. Transfers into and transfers out of the hierarchy levels are recognized as if they had taken place at the end of the reporting period.

41.1 Assets Measured at Fair Value:

As at 31 March		2022				2021			
		Fair Value Measurement Using				Fair Value Measurement Using			
	Notes	Quoted prices in active market Level 1 LKR '000	Significant observable inputs Level 2 LKR '000	Significant unobservable inputs Level 3 LKR '000	Total Fair Value LKR '000	Quoted prices in active market Level 1 LKR '000	Significant observable inputs Level 2 LKR '000	Significant unobservable inputs Level 3 LKR '000	Total Fair Value LKR '000
Financial Assets									
Financial Assets Recognised Through Profit or Loss	4.3	94,039	-	-	94,039	137,049	-	-	137,049
Equity Instruments measured at Fair Value through OCI	4.3	7,859,573	813	307	7,860,693	9,230,163	801	305	9,231,269
Non Financial Assets									
Consumable Biological Assets	18.2	-	-	595,643	595,643	-	-	630,578	630,578
Investment Property	20	-	-	2,116,204	2,116,204	-	-	1,980,307	1,980,307
Property, Plant and Equipment									
Land and Building	16	-	-	35,203,596	35,203,596	-	-	32,455,728	32,455,728
Leasehold Rights Over Mining Lands	19	-	-	-	-	-	-	1,619	1,619
Assets held for sale	39.5	-	-	62,502	62,502	-	-	65,602	65,602
		7,953,612	813	37,978,252	45,932,677	9,367,212	801	35,134,139	44,502,152

Valuation Methodologies and Assumptions

Details of valuation methodologies and assumptions are disclosed in the relevant notes to the financial statements.

41.2 Assets not carring at fair value in the financial statements and valued using significant unobservable inputs:

	Notes	2022		2021	
		Fair Value LKR '000	Carrying Value LKR '000	Fair Value LKR '000	Carrying Value LKR '000
Financial Assets At Amortised Cost- Loans and Advances	5	91,972,866	93,897,204	68,707,912	67,466,580
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire	6	40,469,193	41,640,197	49,448,938	47,359,635
		132,442,059	135,537,401	118,156,850	114,826,215

Unobservable Inputs Used in Measuring Fair Value under Level 3 Category

The following table sets out information about significant unobservable inputs used as at 31 March 2022 and 2021 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of Financial Instrument	Valuation Technique	Significant Unobservable Input	Range of Estimates for Unobservable Input	Fair Value Measurement Sensitivity to Unobservable Inputs
Financial Assets At Amortised Cost- Loans and Advances	Discounted cash flow	Spread	2-12.9% (2021 : 2-11.1%)	A significant increase in the spread would result in a lower fair value.
		Probability of default	16-33.1% (2021 : 10.65-25%)	Significant increases in probability of default isolation would result in lower fair values.
		Loss severity	5-100% (2021 : 5-100%)	A significant reduction would result in higher fair values.
		Expected prepayment rate	0.03-15.8% (2021 : 0.03-15.8%)	Correlates with the current interest rates.
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire	Discounted cash flow	Spread	7.9% (2021 : 10.5%)	A significant increase in the spread would result in a lower fair value.
		Probability of default	17.1-25.6% (2021 : 13.5-19.9%)	Significant increases in probability of default isolation would result in lower fair values.
		Loss severity	5-100% (2021 : 5-100%)	A significant reduction would result in higher fair values.
		Expected prepayment rate	0.03-3.8% (2021: 0.5-7%)	Correlates with the current interest rates.

41.3 Other Financial Assets and Financial Liabilities not carried at fair value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Majority of the Interest-bearing loans and borrowings balances comprise floating rate instruments therefore fair value of the value due to banks approximate to the carrying value as at the reporting date.

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

Financial Assets

- Cash and Cash Equivalent
- Other Financial Assets
- Trade and Other Debtors

Financial Liabilities

- Due to Banks
- Due to Customers
- Interest Bearing Loans and Borrowings
- Trade and Other Payables

42. SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

42.1 Operating Segment Information

As at 31 March	Lifestyle Sector		Finance Sector		Aluminium Sector		Plantation Sector	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Income Statement								
Revenue	44,032,439	36,840,290	29,981,172	29,807,363	6,935,832	3,767,191	2,563,636	2,125,306
Intra Group Revenue	24,542	-	-	-	378,917	126,630	-	-
Total Revenue	44,056,981	36,840,290	29,981,172	29,807,363	7,314,749	3,893,821	2,563,636	2,125,306
Results								
Gross Profit	20,002,083	15,105,758	21,118,473	18,264,037	1,457,482	1,075,230	371,010	200,455
Dividend Income	350	281	2,983	3,496	-	-	-	-
Other Operating Income	287,680	537,554	173,250	119,460	24,233	9,531	39,028	47,535
Administrative Expenses	(1,758,757)	(1,461,458)	(5,948,570)	(5,397,814)	(238,278)	(131,596)	(203,056)	(191,644)
Distribution Expenses	(6,008,760)	(5,538,067)	(362,587)	(244,099)	(547,335)	(333,102)	-	-
Other Operating Expenses	(96,784)	(348,392)	(1,126,044)	(1,747,927)	-	-	-	-
Results from Operating Activities	12,425,812	8,295,676	13,857,505	10,997,153	696,102	620,063	206,982	56,346
Finance Cost	(614,524)	(1,155,068)	-	-	(145,565)	(171,234)	(141,066)	(137,363)
Finance Income	1,320,071	160,535	-	-	-	-	-	-
Net Finance Cost	705,547	(994,533)	-	-	(145,565)	(171,234)	(141,066)	(137,363)
Share of Results of Equity accounted investees	-	-	-	-	-	-	-	-
Profit Before Tax on Financial Services	13,131,359	7,301,143	13,857,505	10,997,153	550,537	448,829	65,916	(81,017)
Tax on Financial Services	-	-	(2,136,551)	(1,669,324)	-	-	-	-
Profit/(Loss) before tax	13,131,359	7,301,143	11,720,954	9,327,829	550,537	448,829	65,916	(81,017)
Tax Expense	(2,808,631)	(1,121,959)	(3,244,923)	(2,521,007)	(96,394)	(107,008)	(38,497)	(13,744)
Profit for the year from continuing operations	10,322,728	6,179,184	8,476,031	6,806,822	454,143	341,821	27,419	(94,761)
Assets and Liabilities								
Segment Assets	58,087,342	45,550,077	165,078,282	140,943,452	7,522,471	4,034,450	3,989,610	3,798,373
Total Assets	58,087,342	45,550,077	165,078,282	140,943,452	7,522,471	4,034,450	3,989,610	3,798,373
Segment Liabilities	24,374,989	18,638,264	131,741,169	112,556,207	5,897,622	2,589,180	3,173,063	3,051,100
Total Liabilities	24,374,989	18,638,264	131,741,169	112,556,207	5,897,622	2,589,180	3,173,063	3,051,100
Other Segment information								
Total Cost incurred during the period to Acquire,								
Property ,Plant and Equipment"	2,650,137	1,227,586	742,055	486,102	184,294	216,436	293,076	54,619
Intangible Assets	518	7,847	107,212	658	-	-	-	-
Depreciation and Amortisation PPE, ROUA and Intangible assets	1,986,774	1,843,191	750,932	753,093	109,391	107,156	176,375	206,739
Provisions for Employment Benefit Liability	124,702	154,148	53,568	53,568	8,156	7,281	75,478	92,941

Leisure Sector		Consumer Sector		Investment Sector		Other Sector		Total Segments		Eliminations / Adjustments		Group	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
-	-	6,925,193	4,432,187	-	-	6,445,009	4,062,640	96,883,281	81,034,977	-	-	96,883,281	81,034,977
-	-	-	-	-	-	1,089,057	554,991	1,492,516	681,621	(1,516,974)	(681,621)	(24,458)	-
-	-	6,925,193	4,432,187	-	-	7,534,066	4,617,631	98,375,797	81,716,598	(1,516,974)	(681,621)	96,858,823	81,034,977
-	-	1,311,422	1,004,705	-	-	1,661,247	1,094,020	45,921,717	36,744,205	(20,607)	(26,901)	45,901,110	36,717,304
-	-	-	-	5,338,464	2,869,006	1,137	2,304	5,342,934	2,875,088	(4,614,946)	(1,730,967)	727,988	1,144,120
-	-	6,995	13,021	366,064	373,178	562,469	438,561	1,459,719	1,538,839	(749,510)	(974,848)	710,209	563,992
(878)	(1,018)	(212,366)	(195,497)	(331,391)	(260,619)	(900,650)	(710,993)	(9,593,946)	(8,350,639)	422,579	901,938	(9,171,367)	(7,448,701)
-	-	(546,688)	(354,881)	-	-	(248,527)	(213,448)	(7,713,897)	(6,683,597)	397,988	376,246	(7,315,909)	(6,307,351)
-	-	-	-	(39,390)	-	(33,557)	(2,601)	(1,295,775)	(2,098,920)	14,982	(98,457)	(1,280,793)	(2,197,377)
(878)	(1,018)	559,363	467,348	5,333,747	2,981,565	1,042,119	607,843	34,120,752	24,024,976	(4,549,514)	(1,552,989)	29,571,238	22,471,987
(65)	(185)	(140,017)	(330,147)	(7,949)	(93,684)	(92,014)	(84,639)	(1,141,200)	(1,972,320)	(27,195)	131,652	(1,168,395)	(1,840,668)
155	179	(73,755)	31,776	35,397	-	103,687	28,623	1,385,555	221,113	(79,161)	(112,869)	1,306,394	108,244
90	(6)	(213,772)	(298,371)	27,448	(93,684)	11,673	(56,016)	244,355	(1,751,207)	(106,356)	18,783	137,999	(1,732,424)
7,451	(38,654)	-	-	-	-	-	-	7,451	(38,654)	-	-	7,451	(38,654)
6,663	(39,678)	345,591	168,977	5,361,195	2,887,881	1,053,792	551,827	34,372,558	22,235,115	(4,655,870)	(1,534,206)	29,716,688	20,700,909
-	-	-	-	-	-	-	-	(2,136,551)	(1,669,323)	-	-	(2,136,551)	(1,669,323)
6,663	(39,678)	345,591	168,977	5,361,195	2,887,881	1,053,792	551,827	32,236,007	20,565,792	(4,655,870)	(1,534,206)	27,580,137	19,031,586
-	-	(81,748)	(118,288)	(568,490)	(281,804)	(227,830)	(29,250)	(7,066,513)	(4,193,060)	50,454	(15,170)	(7,016,059)	(4,208,230)
6,663	(39,678)	263,843	50,689	4,792,705	2,606,077	825,962	522,577	25,169,494	16,372,732	(4,605,416)	(1,549,376)	20,564,078	14,823,356
8,138,139	7,710,958	4,121,059	2,505,612	31,602,398	30,864,024	17,886,931	12,019,309	296,426,232	247,426,255	(11,215,748)	(7,294,685)	285,210,484	240,131,570
8,138,139	7,710,958	4,121,059	2,505,612	31,602,398	30,864,024	17,886,931	12,019,309	296,426,232	247,426,255	(11,215,748)	(7,294,685)	285,210,484	240,131,570
2,925,339	2,497,371	5,822,581	4,473,055	495,962	330,379	6,163,004	4,187,208	180,593,729	148,322,764	(3,836,294)	(2,381,134)	176,757,435	145,941,630
2,925,339	2,497,371	5,822,581	4,473,055	495,962	330,379	6,163,004	4,187,208	180,593,729	148,322,764	(3,836,294)	(2,381,134)	176,757,435	145,941,630
435,902	495,596	12,227	10,511	4,583	9,223	335,132	260,591	4,657,406	2,760,664	-	111,100	4,657,406	2,871,764
-	-	-	-	-	-	950	-	108,680	8,505	-	-	108,680	8,505
-	13,029	8,610	11,912	10,896	16,165	120,998	111,627	3,163,976	3,062,912	45,245	45,245	3,209,221	3,108,157
-	930	3,333	4,647	5,011	3,454	16,161	62,873	286,409	379,842	-	-	286,409	379,842

42. SEGMENT INFORMATION (CONTD.)

42.2 Reconciliation of reportable segment profit or loss, assets and liabilities

Reconciliation of reportable segment profit or loss, assets and liabilities

Reconciliation of net profit for the year

As at 31 March	Group	
	2022	2021
	LKR '000	LKR '000
Segment Net Profit for the year	25,169,494	16,372,732
Loss after tax for the year from Discontinued Operations	16,143	(134,588)
Elimination of Intercompany Dividend	(4,614,946)	(1,730,967)
Tax on Intercompany transactions	50,454	(15,170)
Inter/ Intra Segment Elimination	(40,924)	196,761
Group Net Profit For the Year	20,580,221	14,688,768

Reconciliation of Assets and Liabilities

As at 31 March	Group	
	2022	2021
	LKR '000	LKR '000
Segment Assets	296,426,232	247,426,255
Assets of Discontinued Operations	62,502	65,602
Investment in subsidiaries (Elimination)	(21,299,324)	(20,230,723)
Inter company balance (Elimination)	(1,556,265)	1,087,645
Financial Assets - Fair Value Through P&L (Elimination)	(49,906)	(14,490)
Financial Assets - Fair Value Through OCI (Elimination)	(63,386)	(33,349)
Intangible Assets recognised/(eliminated)	11,505,366	11,631,985
Share of Associate companies accumulated Profit and OCI net of dividend received	185,265	198,645
Group Assets	285,210,484	240,131,570
Segment Liabilities	180,593,729	148,322,764
Liabilities of discontinued operations	214,476	169,243
Inter company balance (Eliminations)	(4,050,770)	(2,550,377)
Group Liability	176,757,435	145,941,630

43. COMMITMENTS AND CONTINGENCIES

Accounting Policy

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

43.1 Contingent Liabilities

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Guarantees Issued to Banks and Other Institutions	-	-	8,000	33,800
Counter Indemnity Issued to Banks for Guarantees	-	-	-	138,963
Total Contingent Liabilities	-	-	8,000	172,763

43.2 Commitments

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Contracted but not provided for	-	-	2,011,871	725,024
Unutilised facilities	-	-	1,686,463	2,279,724
	-	-	3,698,334	3,004,748

Lease commitments

a). Lanka Tiles PLC is committed to pay Rs. 14,808,000/- as rent per month for the use of land & buildings situated in Nawala

b). Horana Plantation PLC has commitments under operating lease rentals on Dumbara Estate as given below;

Finance lease rentals payable to the Secretary to the Treasury ;

22.06.2019 to 21.06.2045 (per annum)	Rs. 5.648 million

43.3 Litigation against the Company/ Group

Based on the information currently available, the Board of Directors is of the opinion that the ultimate resolution of the litigations would not likely to have a material impact on the Group.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Cases pending against the company (Values claimed)	-	-	81,700	141,916
	-	-	81,700	141,916

44. EVENTS AFTER THE REPORTING PERIOD

The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a surcharge tax, at the rate of 25% to be imposed on any company/ group of companies that have earned an aggregate taxable income in excess of Rs. 2,000 million for the year of assessment 2020/2021. The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7th April 2022. As the law imposing the surcharge tax was enacted after the reporting period end, the financial statements for the year ended 31 March 2022 do not reflect the tax liability that would arise in consequence. Best estimated impact to the company and the group are Rs.288,635,759/- and Rs.3,961,432,819/- respectively.

No other circumstances have arisen subsequent to the reporting date which would require adjustment to or disclosure in the Financial Statements.

45. RELATED PARTY DISCLOSURES

The Group carried out transactions with key management and their related concerns and other related entities in the ordinary course of its business on an arms length basis at commercial rates except that the key management have availed facilities under the loan schemes uniformly applicable to all the staff.

Details of related party transactions during the year are as follows;

45.1 Transactions with Key Management Personnel (KMPs)

Related party includes KMPs defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Such KMPs include the Board of Directors of the Company (inclusive of executive and non-executive directors), KMPs of the subsidiary and KMPs of the parent company.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Short-Term Employment Benefits	9,042	9,042	1,016,537	815,205
Post Employment Benefits	-	-	137,497	88,419
	9,042	9,042	1,154,034	903,624

In addition to the above, the Company has also paid non-cash benefits such as vehicles and fuel to Key Management Personnel in line with the approved employment benefits of the Company.

45.2 Transactions, Arrangements and Agreements Involving KMPs and Their Close Members of the Family (CMFs)

CMFs of KMPs are those family members who may be expected to influence, or be influenced by, those KMPs in their dealing with the entity.

As at 31 March	Company		Group	
	2022	2021	2022	2021
	LKR '000	LKR '000	LKR '000	LKR '000
Statement of Financial Position				
Assets				
Loans against Deposit	-	-	29,881	8,484
Advance & Prepayments	-	-	4,813	32,068
	-	-	34,694	40,552
Liabilities				
Fixed Deposits	-	-	748,836	686,354
Savings Deposits	-	-	13,208	18,957
	-	-	762,044	705,312
Income Statement				
Interest Expense on Customer Deposits	-	-	(1,022)	(60,221)
Interest Income on Loans and Receivables	-	-	298	46
Sale of Goods/Services	-	-	123,824	7,309
Purchase of Goods/Services	-	-	-	(48,906)
Dividend Income	-	-	-	563
Rent Expenses	-	-	(23,396)	(8,758)
Transport Expenses	-	-	(3,833)	(3,954)
Other Operating Expenses	-	-	(4,584)	(6,425)
	-	-	91,288	(120,346)
Other Transactions				
Deposits Accepted During the Year	-	-	41	297,910
Dividend Paid on Shareholdings	2,289,311	2,189,284	2,298,930	2,189,284
	2,289,311	2,189,284	2,298,971	2,487,194

NOTES TO THE FINANCIAL STATEMENTS

45.3 Transaction, Arrangements and Agreements Involving Entities which are Controlled, and/or Jointly Controlled by the KMPs and Their CMFs.

As at 31 March	Company		Group	
	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Statement of Financial Position				
Assets				
Due from Other Related Parties	40,329	27,407	295,267	27,791
Money Market Investment	200,000	-	200,000	-
Investment in Equity Securities	-	-	-	-
Lease Rentals Receivable	-	-	-	-
Leasehold Improvements	-	-	-	-
	240,329	27,407	495,267	27,791
Liabilities				
Due from Other Related Parties	-	-	104,441	24,071
	-	-	104,441	24,071
Income Statement				
Technical Fees	46,840	56,514	46,840	56,514
Interest Income on repo and Fixed Deposits	35,397	-	35,397	-
sale of goods & services	-	-	1,701,338	5,154
purchase of good & services	(1,719)	(4,961)	(3,234,438)	(49,416)
	80,517	51,552	(1,450,864)	12,252
Other Transactions				
Investment in Fixed Deposits	485,000	75,000	485,000	75,000
Withdrawal of Fixed Deposit	(560,000)	-	(560,000)	-
	(75,000)	75,000	(75,000)	75,000

45.4 Transactions with Group Entities

The Group entities include the Parent, Fellow Subsidiaries and Associate companies of the parent.

Transactions with Parent Company

Vallibel One PLC does not have an identifiable parent of its own. The Group's ultimate controlling party is Mr. K. D. D. Perera and transactions with ultimate controlling party has been disclosed under KMP disclosures.

Transactions with Subsidiaries

	Company		Group	
As at 31 March	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Statement of Financial Position				
Assets				
Investment in Equity Securities	21,299,324	20,230,723	-	-
Due from Related Parties	246,720	139,788	-	-
	21,546,044	20,370,511	-	-
Liabilities				
Due to Related Parties	33,228	-	-	-
	33,228	-	-	-
Statement of Profit and Loss				
Dividend Income	4,612,532	1,728,664	-	-
Technical fee income	302,222	333,789	-	-
	4,914,754	2,062,453	-	-
Other Transactions				
Dividend Paid	2,415	2,304	-	-
	2,415	2,304	-	-

Transactions with Fellow Subsidiaries and Associate Companies of the Parent

	Company		Group	
As at 31 March	2022 LKR '000	2021 LKR '000	2022 LKR '000	2021 LKR '000
Income Statement				
Other Transactions				
Investment in shares	-	7,176	-	7,176
	-	7,176	-	7,176

All related party transactions disclosed under note 45 were identified as arms length transactions and all settlements has been done when payment is due.

46. CURRENT AND NON CURRENT ANALYSIS OF ASSETS AND LIABILITIES

46.1 Company

The table below shows an analysis of assets and liabilities of the Company according to when they are expected to be recovered or settled.

	2022			2021		
	With in 12 months LKR '000	After 12 months LKR '000	Total LKR '000	With in 12 months LKR '000	After 12 months LKR '000	Total LKR '000
ASSETS						
Cash and Bank	904,727	-	904,727	88,931	-	88,931
Financial Assets Recognised Through Profit or Loss	48,608	-	48,608	87,998	-	87,998
Equity Instruments measured at Fair Value through OCI	-	7,837,162	7,837,162	-	9,206,099	9,206,099
Other Financial Assets	-	-	-	75,000	-	75,000
Trade and Other Debtors, Deposits and Prepayments	1,038,869	-	1,038,869	663,567	-	663,567
Other Non Financial Assets	-	5,562	5,562	-	2,749	2,749
Investments in Subsidiaries	-	21,299,324	21,299,324	-	20,230,723	20,230,723
Investment in Associate	-	413,068	413,068	-	413,068	413,068
Deferred Tax Assets	-	7,003	7,003	-	3,954	3,954
Income Tax Recoverable	-	-	-	-	-	-
Property, Plant and Equipment	-	26,170	26,170	-	32,484	32,484
Right of use assets	-	21,903	21,903	-	59,452	59,452
Total Assets	1,992,204	29,610,192	31,602,396	915,495	29,948,529	30,864,025

	2022			2021		
	With in 12 months LKR '000	After 12 months LKR '000	Total LKR '000	With in 12 months LKR '000	After 12 months LKR '000	Total LKR '000
LIABILITIES						
Due to Banks	155	-	155	106	-	106
Interest Bearing Loans and Borrowings	29,259	-	29,259	38,903	29,259	68,162
Trade and Other Payables	53,529	-	53,529	20,863	-	20,863
Dividend Payable	13,372	-	13,372	13,821	-	13,821
Employee Benefit Liabilities	-	24,553	24,553	-	14,689	14,689
Income Tax Liabilities	375,094	-	375,094	212,739	-	212,739
Total Liabilities	471,410	24,553	495,962	286,432	43,948	330,380

46.2 Group

The table below shows an analysis of assets and liabilities of the Group according to when they are expected to be recovered or settled.

	2022			2021		
	With in 12 months LKR '000	After 12 months LKR '000	Total LKR '000	With in 12 months LKR '000	After 12 months LKR '000	Total LKR '000
ASSETS						
Cash and Bank	32,068,507	-	32,068,507	11,517,402	-	11,517,402
Financial Assets Recognised Through Profit or Loss	94,039	-	94,039	137,049	-	137,049
Financial Assets At Amortised Cost-Loans And Receivables	64,975,334	28,921,870	93,897,204	49,077,521	18,389,059	67,466,580
Financial Assets At Amortised Cost-Lease Rentals Receivable & Stock Out On Hire	17,088,221	24,551,976	41,640,197	20,243,990	27,115,645	47,359,635
Equity Instruments measured at Fair Value through OCI	22,718	7,837,975	7,860,693	24,368	9,206,900	9,231,268
Other Financial Assets	4,515,292	1,176,471	5,691,763	9,859,811	1,327,387	11,187,198
Trade and Other Debtors, Deposits and Prepayments	10,048,943	-	10,048,943	8,257,681	-	8,257,681
Contract Asset	46,463	-	46,463	52,561	-	52,561
Other Non Financial Assets	2,907,097	60,896	2,967,993	1,055,016	59,360	1,114,376
Investments in Subsidiaries	-	-	-	-	-	-
Investment in Associate	-	598,333	598,333	-	591,144	591,144
Deferred Tax Assets	-	70,607	70,607	-	37,510	37,510
Income Tax Recoverable	31,847	-	31,847	64,894	-	64,894
Inventories	15,033,590	-	15,033,590	12,318,317	-	12,318,317
Intangible Assets	11,505,362	1,314,687	12,820,049	11,586,739	1,212,134	12,798,873
Consumable Biological Assets	-	595,643	595,643	-	630,578	630,578
Investment Property	71,152	2,045,052	2,116,204	-	1,980,307	1,980,307
Property, Plant and Equipment	-	56,939,413	56,939,413	-	52,594,706	52,594,706
Leasehold Rights Over Mining Lands	-	-	-	-	1,619	1,619
Right of use assets	-	2,626,494	2,626,494	-	2,724,270	2,724,270
Assets held for sale	61,716	786	62,502	65,602	-	65,602
Total Assets	158,470,281	126,740,203	285,210,484	124,260,951	115,870,619	240,131,570

	2022			2021		
	With in 12 months LKR '000	After 12 months LKR '000	Total LKR '000	With in 12 months LKR '000	After 12 months LKR '000	Total LKR '000
Due to Banks	9,575,786	14,202,045	29,518,650	9,575,786	8,328,340	17,904,126
Due to Customers	74,783,700	10,905,080	89,478,506	74,783,700	11,156,513	85,940,213
Interest Bearing Loans and Borrowings	14,271,682	12,257,110	26,528,792	7,237,234	12,148,897	19,386,131
Trade and Other Payables	6,303,672	-	12,252,645	6,303,672	2,847,078	9,150,750
Other Non Financial Liabilities	363,819	128,324	771,895	363,819	365,854	729,673
Contract Liabilities	634,606	-	6,474,167	634,606	1,198,296	1,832,902
Dividend Payable	81,273	-	145,153	81,273	10,888	92,161
Employee Benefit Liabilities	271,786	1,944,023	1,944,313	350,438	1,742,864	2,093,302
Income Tax Liabilities	955,249	-	3,862,564	955,249	2,186,503	3,141,752
Deferred Tax Liabilities	-	3,964,711	5,566,274	-	5,501,377	5,501,377
Liabilities directly associated with the assets classified as held for sale	14,413	-	214,476	14,413	154,830	169,243
Total Liabilities	107,255,986	43,401,293	176,757,435	100,300,190	45,641,440	145,941,630

47. ASSETS PLEDGED

The following assets have been pledged as security for liabilities other than that is disclosed under Note 23.1

Nature of assets	Nature of Liability	Carrying Amount Pledged 2022 LKR '000	Carrying Amount Pledged 2021 LKR '000	Included Under
Delmege Group				
Fixed Deposit	Primary mortgage for Overdraft facility	-	-	Other Financial Assets
Land & Building	Land & Building pledged for loan facility and Corporate Guarantee	65,000,000	65,000,000	Property, Plant and Equipment
Land & Building	Land & Building pledged for LC/ Import Loan, Overdraft, Term Loan & Bank Guarantee facilities.	3,000,000,000	3,000,000,000	Property, Plant and Equipment
Fixed Deposit	Lien over Fixed Deposit Pledged for Bank Guarantee facilities.	10,107,123	10,107,123	Other Financial Assets
Fixed Deposit	Lien over Fixed Deposit Pledged for Overdraft	-	-	Other Financial Assets
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC/Import Loan, Overdraft & Bank Guarantee facilities.	250,000,000	250,000,000	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for Overdraft	-	-	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC/Import Loan, Overdraft & Bank Guarantee facilities.	900,000,000	900,000,000	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC,Short term loan and Guarantee Facilities	350,000,000	350,000,000	Inventories and Trade and Other Debtors
Fixed Deposit	Lien over Fixed Deposit Pledged for Overdraft	21,241,467	21,241,467	Other Financial Assets
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC,Short term loan and Guarantee Facilities	575,000,000	575,000,000	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC,Short term loan and Guarantee Facilities	150,000,000	150,000,000	Inventories and Trade and Other Debtors
		5,321,348,590	5,321,348,590	
LB Finance PLC				
Lease Rentals Receivable and Stock out on Hire/ Loans and Receivables*	Debt Funding from Banks	41,225,083	19,374,902	Lease Rentals Receivable and Stock out on Hire / Loans and Advances
Investment in Fixed Deposits	Debt Funding from Banks	1,656,267	-	Other Financial Assets
Freehold Land and Building	Term Loans	1,232,501	1,601,607	Property, Plant and Equipment
		44,113,851	20,976,509	

*The receivables and cash flows that have been included in bank loans, overdrafts, syndicated loans and securitisation loans are only available for payment of the debt and other obligations issued or arising in such transactions. However, the Group hold the right to the excess cash flows not needed to pay the debt and other obligations issued or arising in each of such transactions. Gross amount of lease rentals receivable, stock out on hire, loans and receivables which have been pledged as at reporting date is Rs. 45,917,334,671/- (2021 - Rs. 25,272,925,414/-).

Royal Ceramics Lanka PLC/Rocell Bathware Ltd

Bank overdrafts and Short term loans are secured primarily over stocks in Trade and over book debts.

Lanka Tiles PLC

Bank overdrafts are secured primarily on inventories.

Uni Dil Packaging Ltd

Lender	Facility	Limit Rs. '000	Security
Hatton National Bank PLC	Import Loan	400,000	Immovable Property
	Import Loan	400,000	Inventories and Debtors
	Over Draft	20,000	
Standard Chartered Bank	Import Loan	70,000	Land and Building, Immovable Machinery and Debtors
	Import Loan	134,000	Inventories and Debtors
DFCC Bank	Import Loan	1,250,000	Inventories and Debtors
	Over Draft	50,000	
Pan Asia Bank	Import Loan	300,000	Inventories and Debtors
	Over Draft	10,000	
Sampath Bank PLC	Import Loan	460,000	Inventories and Debtors
	Over Draft	20,000	
Seylan Bank PLC	Import Loan	250,000	Inventories and Debtors
	Over Draft	30,000	

Uni Dil Packaging Solutions Ltd

Lender	Facility	Limit Rs. '000	Security
Hatton National Bank PLC	Import Loan	600,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Overdraft	30,000	
HSBC	Import Loan	50,000	Corporate Guarantee from Uni Dil Packaging Limited
Pan Asia Banking Corporation PLC	Import Loan	200,000	Series of loan agreement
	Overdraft	10,000	
Seylan Bank PLC	Import Loan	100,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Overdraft	20,000	
DFCC Bank	Import Loan	100,000	Primary concurrent Mortgage Bond for Rs 120,000,000/- ranking equal and parri passu with mortgage bond no 2365.
	Overdraft	20,000	
Sampath Bank PLC	Import Loan	460,000	
	Overdraft	20,000	

NOTES TO THE FINANCIAL STATEMENTS

Horana Plantations PLC

The following securities were offered for bank overdraft facilities.

Financial Institution	Type of Securities	Rate of Interest	Facility Available LKR'000
Seylan Bank PLC	Mortgage over leasehold rights of Mahanilu Estate and including buildings, fixed and floating assets.	AWPLR+2% (with the floor Rate of 8.5%)	100,000
Commercial Bank of Ceylon PLC	Mortgage over leasehold rights of Stockholm Estate and Fairlawn Estate, including buildings, fixed and floating assets.	AWPLR+0.5% (Weekly Review)	250,000
Hatton National Bank PLC	Mortgage over leasehold rights of Eildon Hall Estate, including buildings , fixed and floating assets.	AWPLR+0.75% (Weekly Review)	150,000
Sampath Bank PLC	Primary Mortgage Bond for Rs.100 Million over leasehold rights of Gouravilla Estate.	AWPLR+1.8% (Monthly Review)	100,000

Lanka Walltiles PLC

Hatton National Bank Rs. 100 Mn bank overdraft is secured primarily on register primary floating mortgage bond for Rs.390 Mn over the project assets comprising of land, building and machinery at Meepe.

Swisstek Aluminium Ltd

Financial Institution	Type of Securities	Rate of Interest	Facility Available LKR'000
Hatton National Bank (Import Loan)	Trading Stock and Trade Debtors	AWPLR+0.5%	300,000
DFCC Bank (Term loan)	Primary mortgage over plant and machinery	AWPLR+1.5%	200,000
DFCC Bank (Import loan and Bank Overdrafts)	Secondary mortgage over stock and book debtors	AWPLR+0.5%	800,000

48. RISK MANAGEMENT DISCLOSURES

48.1 Introduction

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for managing the risk exposures relating to his / her functional areas.

The Group identifies the following key financial risks in its business operations.

- Credit Risk
- Liquidity Risk
- Market Risk
- Capital Management

Risk Management Framework

The risk management framework is currently implemented at the individual subsidiary level as described below;

The Risk Management Framework of each subsidiary company has been optimized through the application and the embedment of the risk management process including risk identification, risk analysis, risk measurement, risk management decision and execution, risk monitoring and reporting.

The overall responsibility and oversight of the Risk Management framework of each subsidiary company is vested with the Board of Directors. The Integrated Risk Management Committee (IRMC), a sub-committee appointed by the Board, is responsible for developing and monitoring Group's risk management policies practiced.

The following management committees, each with a defined responsibility, support the IRMC by executing their respective risk management mandates.

- Asset and Liability Committee
- Credit Committee
- IT Steering Committee
- Sustainability Committee

Risk Management Department (RMD)

Whilst the Business units have primary responsibility for Risk Management the RMD provides an independent oversight function acting as a second line of defence. RMD is headed by the CRO who directly reports to the Managing Director and also has a functional reporting to the IRMC. The RMD co-exists with other control functions in the Group that might uncover risk management issues, most notably Internal Audit, Compliance and Finance. Each of the control functions has a different focus and potential overlap between them is kept at a minimum, while ensuring that the approaches taken are complementary and lead to consistent, effective and timely escalation of risks.

48.2 Credit Risk

Credit risk is the risk of financial loss to the Group if a borrower or counterparty to a financial instrument, fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers/other companies and investments in debt securities. Credit risk constitutes the Group's largest risk exposure category. This can be broadly categorized into three types; default, concentration and settlement risk.

Default risk as the risk of the potential financial loss resulting from the failure of customer or counterparty to meet its debt or contractual obligations and arises principally from the Group's loans and advances to customers..

Concentration risk is the credit exposure being concentrated as a result of excessive build-up of exposure to a single counterparty, industry, product, geographical location or insufficient diversification.

48. RISK MANAGEMENT DISCLOSURES (CONTD.)

Settlement risk is the risk of loss arising from trading/investment activities when there is a mutual undertaking to deliver on a progressive basis..

Group manages credit risk by focusing on following steps;

The loan origination stage comprises preliminary screening and credit appraisal. The objective of this process is to assess the borrower's ability to meet its obligations in an objective manner. The Company/Group has clearly defined guidelines for credit approvals where the limits have been set taking into consideration the factors such as maximum counterparty exposures, loan to value ratio and forced sale value. These steps enables the Company/Group in assessing the default risk of the borrower.

A comprehensive set of credit risk indicators are monitored monthly to review credit concentrations, status of loan recoveries and compliance with regulatory and prudent exposure limits.

Post Disbursement Review

Initial monitoring and follow up activities are carried out by the Credit Department. Once a loan is overdue for a period exceeding the tolerance period, responsibility for recovery and collections is transferred to Recoveries Department. Risk Management Department (RMD) reviews asset quality performance regularly. Delinquencies are handled early with effective follow ups and reminders. Swift recovery actions are taken against critical exposures.

Management of Large Exposures

Credit Committee

The Credit Committee consists of the Managing Director, Deputy Managing Director, Executive Directors, Head of Finance and Head of Risk Management. Sanctioning of large exposures are primarily handled by the Credit Committee. RMD independently monitors post sanctioning performance of large exposures.

Impairment Assessment

The methodology of the impairment assessment has been explained in the Note 7 to these financial statements.

Collateral and other credit enhancements

The Group uses collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, vehicles, gold, letters of guarantees, real estate, receivables, inventories and other non-financial assets .The fair value of collateral is generally assessed at the inception based on the guidelines issued by the Central Bank of Sri Lanka and the Central Bank of Myanmar.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers.

Repossession of collaterals is resorted to in extreme situations where action is necessitated to recover the dues. The repossessed assets are disposed, in an orderly and transparent manner through public auctions and the proceeds are used to reduce or recover the outstanding claims and the amount recovered in excess of the dues is refunded to the customer.

Economic Crisis

The Company's Enterprise Risk Management Framework strives to manage the outcomes of adverse economic and market conditions proactively, whilst achieving the risk-return objectives of the Company. This has been proven through the Company's ability to maintain its NPL at a lower level compared to the industry average (LFCs & SLCs). Company has always acted with due care and taken prudent measures to ensure an effective, efficient and healthy repayment behaviour of credit customers while safeguarding the interests of the stakeholders.

Impact to Myanmar Subsidiary Operations

Following the military coup occurred since February 2021, the operations of the Myanmar subsidiary have been disrupted. However, the development of the current situation and its impact to the business operations are being closely monitored by the Management.

48.2.1 Analysis of Credit Risk Exposure

The following table shows the maximum exposure to credit risk by class of financial asset. It further shows the net exposure to credit risk.

As at 31 March	Company			
	2022		2021	
	Maximum Exposure to Credit Risk LKR '000	Net Exposure LKR '000	Maximum Exposure to Credit Risk LKR '000	Net Exposure LKR '000
Cash and Cash Equivalent	904,727	-	88,931	-
Financial Assets Recognised Through Profit or Loss	48,608	48,608	87,998	87,998
Equity Instruments measured at Fair Value through OCI	7,837,162	7,837,162	9,206,099	9,206,099
Trade Receivables	1,015,036	1,038,869	663,567	169,977
Other Financial Assets	-	-	75,000	75,000
	9,805,534	8,924,640	10,121,594	9,539,074

As at 31 March	Company			
	2022		2021	
	Maximum Exposure to Credit Risk LKR '000	Net Exposure LKR '000	Maximum Exposure to Credit Risk LKR '000	Net Exposure LKR '000
Cash and Cash Equivalent	31,987,368	1,059,402	11,517,402	5,044,766
Financial Assets Recognised Through Profit or Loss	94,039	94,039	137,049	137,049
Trade Receivables	9,799,320	9,768,342	7,590,904	7,097,315
Financial Assets At Amortised Cost- Loans And Receivables	98,541,527	9,307,690	70,909,995	6,972,230
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	44,845,870	3,075,222	50,520,906	2,856,391
Equity Instruments measured at FVOCI	7,860,693	7,860,693	9,231,268	9,231,268
Other Financial Assets*	5,691,763	5,660,494	11,187,198	7,649,453
Total Financial Assets	198,820,580	36,825,882	161,094,722	29,844,121

** Net exposure of the Other Financial Assets mainly includes investment in fixed deposits in banks and other financial institutions.*

48.2.2 Credit Quality By Class of Financial Assets

Current Year	Company			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalent	904,727	-	-	904,727
Financial Assets Recognised Through Profit or Loss	48,608	-	-	48,608
Equity Instruments measured at Fair Value through OCI	7,837,162	-	-	7,837,162
Trade Receivables	1,015,036	-	-	1,015,036
	9,805,534	-	-	9,805,534

Comparative Year	Company			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalent	88,931	-	-	88,931
Financial Assets Recognised Through Profit or Loss	87,998	-	-	87,998
Equity Instruments measured at Fair Value through OCI	9,206,099	-	-	9,206,099
Trade Receivables	663,567	-	-	663,567
Other Financial Assets	75,000	-	-	75,000
	10,121,594	-	-	10,121,594

Current Year	Group			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalents	31,987,368	-	-	31,987,368
Financial Assets Recognised Through Profit or Loss	94,039	-	-	94,039
Trade Receivables	7,553,274	304,391	1,941,654	9,799,320
Financial Assets At Amortised Cost- Loans And Receivables	83,796,794	8,777,279	5,967,454	98,541,527
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	28,938,370	9,180,739	6,726,761	44,845,870
Equity Instruments measured at Fair Value through OCI	7,860,693	-	-	7,860,693
Other Financial Assets	5,691,763	-	-	5,691,763
Total Financial Assets	165,922,301	18,262,409	14,635,869	198,820,579

Comparative Year	Group			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalents	11,517,402	-	-	11,517,402
Financial Assets Recognised Through Profit or Loss	137,049	-	-	137,049
Trade Receivables	5,344,859	304,391	1,941,654	7,590,904
Financial Assets At Amortised Cost- Loans And Receivables	50,116,939	12,794,966	7,998,089	70,909,995
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	20,914,856	17,872,363	11,733,687	50,520,906
Equity Instruments measured at Fair Value through OCI	9,231,268	-	-	9,231,268
Other Financial Assets	11,187,198	-	-	11,187,198
Total Financial Assets	108,449,571	30,971,720	21,673,430	161,094,722

48.3 Liquidity Risk and Funding Management

In the context of a financial institution, liquidity risk arises primarily due to mismatches in the maturity profile of assets and liabilities. Liquidity risk for a financial institution can take two forms; market liquidity and funding liquidity risk.

Market liquidity risk is the inability to easily exit a position. Group's market liquidity risk is low if assets can be liquidated without moving the price too much.

Funding liquidity risk means the Group's inability to finance assets continuously at an acceptable borrowing rate. Funding liquidity risk generally arises when creditors either withdraw credit or change the terms on which it is granted in such a way they are no longer profitable. Funding liquidity risk would increase if the Group's credit quality is, or at least perceived to be, deteriorating, but also because financial conditions as a whole are deteriorating.

The Group's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the Group regularly monitors liquidity position and maintain an adequate buffer of liquid assets. Group also maintains access to diverse funding sources to meet unforeseen liquidity requirements. All statutory and prudent liquidity ratios are monitored against tolerance limits and stress testing is carried out regularly to assess the effectiveness of liquidity management. Further, the group has taken prudent measures to increase its liquidity buffers and maintained a strong excess liquidity position throughout the year under review. The Group is comfortable with its existing buffer of liquid assets.

Capital Management

The primary objective of Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintain healthy capital ratios in order to support its business and to maximize shareholders' value.

The Companies with in the Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company/Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

48.3.1 Analysis of Liquidity Risk Exposure

48.3.1 (a) The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at Current Year
The table does not reflect the expected cash flows indicated by its deposit retention history and loan recovery patterns.

Current Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Financial Assets						
Cash and Cash Equivalents	904,727	-	-	-	-	904,727
Financial Assets Recognised Through Profit or Loss	48,608	-	-	-	-	48,608
Equity Instruments measured at Fair Value through OCI	7,837,162	-	-	-	-	7,837,162
Trade and Other Debtors, Deposits	-	1,015,036	-	-	-	1,015,036
Total Financial Assets	8,790,497	1,015,036	-	-	-	9,805,533
Financial Liabilities						
Due to Banks	155	-	-	-	-	155
Trade and Other Payables	-	53,529	-	-	-	53,529
Interest Bearing Loans and Borrowings	-	11,570	17,689	-	-	29,259
Total Financial Liabilities	155	65,099	17,689	-	-	82,943
Total Net Financial Assets/(Liabilities)	8,790,342	949,937	(17,689)	-	-	9,722,590

Comparative Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Financial Assets						
Cash and Cash Equivalents	88,931	-	-	-	-	88,931
Financial Assets Recognised Through Profit or Loss	87,998	-	-	-	-	87,998
Equity Instruments measured at Fair Value through OCI	9,206,099	-	-	-	-	9,206,099
Other Financial Assets	75,000	-	-	-	-	75,000
Trade and Other Debtors, Deposits	-	663,567	-	-	-	663,567
Total Financial Assets	9,458,028	663,567	-	-	-	10,121,594
Financial Liabilities						
Due to Banks	106	-	-	-	-	106
Trade and Other Payables	-	20,863	-	-	-	20,863
Interest Bearing Loans and Borrowings	-	-	68,162	-	-	68,162
Total Financial Liabilities	106	20,863	68,162	-	-	89,131
Total Net Financial Assets/(Liabilities)	9,457,922	642,704	(68,162)	-	-	10,032,463

48.3.1 Analysis of Liquidity Risk Exposure

48.3.2 *(B)* The table below summarizes the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at Current Year

The table does not reflect the expected cash flows indicated by its deposit retention history and loan recovery patterns.

Current Year	On Demand Rs. '000	Less than 03 Months Rs. '000	03-12 Months Rs. '000	01-05 Years Rs. '000	Over 05 Years Rs. '000	Total Rs. '000
Financial Assets						
Cash and Cash Equivalents	20,839,348	11,229,159	-	-	-	32,068,507
Financial Assets Recognised Through Profit or Loss	54,617	-	39,422	-	-	94,039
Financial Assets At Amortised Cost-Loans And Advances	10,115,142	38,753,678	25,880,835	35,220,672	4,391,188	114,361,515
Financial Assets At Amortised Cost-Lease Rentals Receivable & Stock Out On Hire	3,804,362	3,871,625	17,514,301	32,751,124	13,869	57,955,281
Equity Instruments measured at Fair Value through OCI	7,859,880	-	-	813	-	7,860,693
Other Financial Assets	519,925	5,108,578	63,260	-	-	5,691,763
Trade and Other Debtors, Deposits	3,370,045	2,548,896	3,826,052	54,327	-	9,799,320
Total Financial Assets	46,563,319	61,511,936	47,323,870	68,026,936	4,405,057	227,831,118
Financial Liabilities						
Due to Banks	1,752,507	6,164,837	9,286,488	12,314,818	-	29,518,650
Due to Customers	4,164,143	33,547,543	44,378,406	12,140,208	-	94,230,300
Trade and Other Payables	-	10,156,984	2,095,661	-	-	12,252,645
Interest Bearing Loans and Borrowings	1,870,024	3,690,919	10,551,448	10,242,371	174,030	26,528,792
Total Financial Liabilities	7,786,674	53,560,283	66,312,003	34,697,397	174,030	162,530,387
Total Net Financial Assets/(Liabilities)	38,776,645	7,951,653	(18,988,133)	33,329,539	4,231,027	65,300,731

NOTES TO THE FINANCIAL STATEMENTS

Comparative Year	On Demand Rs. '000	Less than 03 Months Rs. '000	03-12 Months Rs. '000	01-05 Years Rs. '000	Over 05 Years Rs. '000	Total Rs. '000
Financial Assets						
Cash and Cash Equivalents	8,104,711	3,412,691	-	-	-	11,517,402
Financial Assets Recognised Through Profit or Loss	91,070	-	45,979	-	-	137,049
Financial Assets At Amortised Cost-Loans And Advances	8,895,653	31,587,748	16,663,261	23,335,362	2,459,566	82,941,590
Financial Assets At Amortised Cost-Lease Rentals Receivable & Stock Out On Hire	4,417,018	6,724,062	18,236,573	35,691,618	5,925	65,075,196
Equity Instruments measured at Fair Value through OCI	9,230,467	-	-	801	-	9,231,268
Other Financial Assets	1,162,444	3,156,308	7,134,955	-	-	11,453,707
Trade and Other Debtors, Deposits	2,970,350	1,963,583	2,579,006	77,965	-	7,590,904
Total Financial Assets	34,871,713	46,844,392	44,659,774	59,105,746	2,465,491	187,947,116
Financial Liabilities						
Due to Banks	1,944,287	1,381,685	8,044,285	8,146,773	-	19,517,031
Due to Customers	12,503,374	16,416,604	46,735,233	15,251,257	-	90,906,468
Trade and Other Payables	-	5,410,256	1,383,973	-	-	6,794,229
Interest Bearing Loans and Borrowings	-	2,148,619	5,421,750	11,641,732	174,030	19,386,131
Total Financial Liabilities	14,447,662	25,357,165	61,585,240	35,039,763	174,030	136,603,859
Total Net Financial Assets/(Liabilities)	20,424,051	21,487,227	(16,925,466)	24,065,983	2,291,461	51,343,257

48.4 Contractual Maturities of Commitments and Contingencies

The table below shows the contractual expiry by maturity of contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Current Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Contingent Liabilities						
Guarantees Issued to Banks and Other Institutions	-	5,000	3,000	-	-	8,000
Total Contingent Liabilities	-	5,000	3,000	-	-	8,000
Commitments						
Contracted but not provided for	2,011,871	-	-	-	-	2,011,871
Commitment for Unutilised Facilities	1,686,463	-	-	-	-	1,686,463
Total Commitments	3,698,334	-	-	-	-	3,698,334
Total Commitments and Contingencies	3,698,334	5,000	3,000	-	-	3,706,334

Comparative Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Contingent Liabilities						
Guarantees Issued to Banks and Other Institutions	-	5,000	28,800	-	-	33,800
Counter Indemnity Issued to Banks for Guarantees	-	-	-	138,963	-	138,963
Total Contingent Liabilities	-	5,000	28,800	138,963	-	172,763
Commitments						
Contracted but not provided for	725,024	-	-	-	-	725,024
Commitment for Unutilised Facilities	2,279,724	-	-	-	-	2,279,724
Total Commitments	3,004,748	-	-	-	-	3,004,748
Total Commitments and Contingencies	3,004,748	5,000	28,800	138,963	-	3,177,511

48.5 Market Risk

Market risk refers to the possible losses to the Group that could arise from changes in market variables like interest rates, exchange rates, equity prices and commodity prices. Among them, interest rate risk has been identified as the most critical risk given Group's nature of business.

NOTES TO THE FINANCIAL STATEMENTS

48.5.1 Commodity Price Risk

Commodity price risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. Given the significance of the Gold Loans business to Group's overall loan book, sharp fluctuations to the gold prices could have an adverse impact to earnings. Gold price fluctuations lead to market risk which is the primary source of credit risk associated with this product.

Group currently manages the credit and market risks arising from adverse movements in Gold prices by adopting the following strategies;

- Shorter product life: Group, as a credit risk management strategy lends for shorter periods allowing it to initiate its recovery process faster.
- Frequent revisions to Loan-to-Value (LTV) ratio : Group practices a process of revising advance offered per gold sovereign to reflect market value fluctuations to maintain the desired loan to value ratio.

48.5.2 Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks.

48.5.3 Exchange Rate Risk

Exchange rate risk is the risk of loss as a result of unhedged exposure to volatility in the local (LKR) exchange rate with other major currencies. Exchange risk could materialize as an indirect risk too, affecting local gold prices resulting in exaggerated commodity risk.

Group is exposed to two types of risk caused by currency volatility.

Transaction risk –This risk arises whenever the Group has contractual cash flows (receivables and payables) whose values are subject to unanticipated changes in exchange rates due to a contract being denominated in a foreign currency. This type of exposure is short-term to medium-term in nature.

Translation risk – This exposure arises from the effect of currency fluctuations on the consolidated financial statements, particularly when it has foreign subsidiaries. This type of exposure is medium-term to long-term.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, AUD, EURO and GBP exchange rates, with all other variables held constant. The Group exposure to all the other currencies are not material. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

As at 31 March	Company		Group	
	Change in exchange rate	Change in Profit before tax LKR '000	Change in exchange rate	Change in Profit before tax LKR '000
Impact to the profit before tax for the year 2021/22	20%	-	20%	153,743
	15%	-	15%	115,307
	10%	-	10%	76,872
	-10%	-	-10%	(76,872)
	-15%	-	-15%	(115,307)
	-20%	-	-20%	(153,743)
Impact to the profit before tax for the year 2020/21	5%	-	5%	607

Due to the prevailing economic instability, the sensitivity of the exchange rate is presented in the range of negative 6% to positive 6%.

48.5.4 Interest Rate Risk

Interest rate risk is a key constitute of the market risk exposure of the Group due to adverse and unanticipated movements in future interest rate which arises from core business activities; disbursing of credit facilities, accepting deposits and issuing debt instruments. Due to the nature of operations of the Group, the impact of interest rate risk is mainly on the earnings of the Group rather than the market value of portfolios.

Excessive movements in market interest rate could result in severe volatility to Group's net interest income and net interest margin. Group's exposure to interest rate risk is primarily associated with factors such as;

- Reprising risk arising from a fixed rate borrowing portfolio, where reprising frequency is different to that of the lending portfolio.
- Yield curve risk arising from unanticipated shifts of the market yield curve.

Interest rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the Group conducts periodic reviews and reprices its assets accordingly

48.5.4 (a) Interest Rate Risk Exposure on Financial Assets and Liabilities

The following table demonstrates the impact on net interest income to a reasonably possible change in interest rates based on the assumption that a rate sensitive asset surplus would be subjected to reinvestment risk whereas a rate sensitive asset deficit would be subjected to funding risk.

Impact on Net Interest Income due to a parallel rate shock of 100 basis points (bps) on rate sensitive assets and liabilities is shown below.

Net Interest Income (NII) Sensitivity by Interest Rate Change

As at 31 March	Company		Group	
	Change in basis points	Change in Profit before tax LKR '000	Change in basis points	Change in Profit before tax LKR '000
Impact to the profit before tax for the year 2021/22	+ 600 bps	110,209	+ 600 bps	1,357,209
	+ 400 bps	73,473	+ 400 bps	904,806
	+ 200 bps	36,736	+ 200 bps	452,403
	- 200 bps	(36,736)	- 200 bps	(452,403)
	- 400 bps	(73,473)	- 400 bps	(904,806)
	- 600 bps	(110,209)	- 600 bps	(1,357,209)
Impact to the profit before tax for the year 2020/21	+ 100 bps	7,145	+ 100 bps	109,462

Due to the prevailing economic instability, the sensitivity of the exchange rate is presented in the range of negative 20% to positive 20%.

48.5.4 (b) The table below analyses the Company's interest rate risk exposure on financial assets & liabilities. The Company's assets & liabilities are included at carrying amount and categorized by the earlier of contractual repricing or maturity dates.

Current Year	Up to 03 Months LKR '000	03-12 Months LKR '000	01-03 Years LKR '000	03-05 Years LKR '000	Over 05 Years LKR '000	Non-Interest Sensitive LKR '000	Total LKR '000
Financial Assets							
Cash and Cash Equivalents	904,727	-	-	-	-	-	904,727
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	48,608	48,608
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	7,837,162	7,837,162
Trade and Other Debtors, Deposits	1,015,036	-	-	-	-	-	1,015,036
	1,919,763	-	-	-	-	7,885,770	9,805,533
Financial Liabilities							
Due to Banks	155	-	-	-	-	-	155
Interest Bearing Loans and Borrowings	11,570	17,689	-	-	-	-	29,259
Trade and Other Payables	53,529	-	-	-	-	-	53,529
	65,254	17,689	-	-	-	-	82,943
Interest Sensitivity Gap	1,854,509	(17,689)	-	-	-	7,885,770	9,722,590

Comparative Year	Up to 03 Months LKR '000	03-12 Months LKR '000	01-03 Years LKR '000	03-05 Years LKR '000	Over 05 Years LKR '000	Non-Interest Sensitive LKR '000	Total LKR '000
Financial Assets							
Cash and Cash Equivalents	88,931	-	-	-	-	-	88,931
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	87,998	87,998
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	9,206,099	9,206,099
Other Financial Assets	75,000	-	-	-	-	-	75,000
Trade and Other Debtors, Deposits	639,733	-	-	-	-	-	639,733
	803,664	-	-	-	-	9,294,097	10,097,761
Financial Liabilities							
Due to Banks	106	-	-	-	-	-	106
Interest Bearing Loans and Borrowings	-	68,162	-	-	-	-	68,162
Trade and Other Payables	20,863	-	-	-	-	-	20,863
	20,969	68,162	-	-	-	-	89,131
Interest Sensitivity Gap	782,695	(68,162)	-	-	-	9,294,097	10,008,630

48.5.4 (c) The table below analyses the Group's interest rate risk exposure on financial assets & liabilities. The Group's assets & liabilities are included at carrying amount and categorized by the earlier of contractual repricing or maturity dates.

Current Year	Up to 03 Months LKR '000	03-12 Months LKR '000	01-03 Years LKR '000	03-05 Years LKR '000	Over 05 Years LKR '000	Non-Interest Sensitive LKR '000	Total LKR '000
Financial Assets							
Cash and Cash Equivalents	29,754,372	44,436	-	-	-	2,269,699	32,068,507
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	94,039	94,039
Financial Assets At Amortised Cost- Loans and Advances	62,092,801	12,796,507	13,577,435	5,333,986	96,475	-	93,897,204
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	6,788,307	10,299,915	18,793,974	5,745,932	12,069	-	41,640,197
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	7,860,693	7,860,693
Other Financial Assets	3,397,006	655,504	1,176,471	-	-	462,782	5,691,763
Trade and Other Debtors, Deposits	6,349,398	182,210	27,163	27,163	-	3,213,386	9,799,320
	108,381,884	23,978,572	33,575,043	11,107,081	108,544	13,900,599	191,051,723
Financial Liabilities							
Due to Banks	7,381,053	7,248,684	12,327,609	2,561,304	-	-	29,518,650
Due to Customers	36,739,797	41,833,603	9,518,720	1,386,386	-	-	89,478,506
Interest Bearing Loans and Borrowings	5,345,581	8,595,311	9,211,562	3,202,308	174,030	-	26,528,792
Trade and Other Payables	7,545,429	128,967	407,884	437,964	484,774	3,247,627	12,252,645
	57,011,860	57,806,565	31,465,775	7,587,962	658,804	3,247,627	157,778,593
Interest Sensitivity Gap	51,370,024	(33,827,993)	2,109,268	3,519,119	(550,260)	10,652,972	33,273,130

Comparative Year	Up to 03 Months LKR '000	03-12 Months LKR '000	01-03 Years LKR '000	03-05 Years LKR '000	Over 05 Years LKR '000	Non-Interest Sensitive LKR '000	Total LKR '000
Financial Assets							
Cash and Cash Equivalents	10,264,487	10,107	-	-	-	1,242,808	11,517,402
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	137,049	137,049
Financial Assets At Amortised Cost- Loans and Advances	43,660,178	10,355,676	9,498,531	3,840,915	111,280	-	67,466,580
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	8,218,233	12,025,759	21,964,625	5,145,758	5,260	-	47,359,635
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	9,231,268	9,231,268
Other Financial Assets	3,285,631	7,509,816	-	-	-	391,749	11,187,196
Trade and Other Debtors, Deposits	4,908,012	145,616	38,983	38,983	-	2,459,310	7,590,904
	70,336,541	30,046,974	31,502,139	9,025,656	116,540	13,462,184	154,490,034
Financial Liabilities							
Due to Banks	8,709,013	4,702,149	4,492,964	-	-	-	17,904,126
Due to Customers	28,164,812	44,238,780	12,034,344	1,502,276	-	-	85,940,212
Interest Bearing Loans and Borrowings	2,098,501	4,502,752	9,721,520	3,063,360	-	-	19,386,133
Trade and Other Payables	5,441,935	113,850	346,231	417,999	531,206	2,299,529	9,150,750
	44,414,261	53,557,531	26,595,059	4,983,635	531,206	2,299,529	132,381,221
Interest Sensitivity Gap	25,922,280	(23,510,557)	4,907,080	4,042,021	(414,666)	11,162,655	22,108,813

Annexures

7

The Sky's the Limit

DECADE AT A GLANCE

	2022 LKR'000	2021 LKR'000	2020 LKR'000	2019 LKR'000	2018 LKR'000	2017 LKR'000	2016 LKR'000	2015 LKR'000	2014 LKR'000	2013 LKR'000
OPERATING RESULTS										
Group revenue	96,859	81,035	68,569	66,691	60,969	52,936	47,668	43,450	48,331	33,110
EBIT	29,571	22,472	15,068	14,989	13,723	10,535	10,975	7,546	5,175	4,257
Net Finance Cost	138	(1,841)	(3,011)	(2,603)	(1,915)	(1,156)	(945)	(1,028)	(1,806)	(993)
Share of results of equity accounted investees (net of tax)	7	(39)	6	45	31	687	1,533	1,146	576	1,004
Profit before tax	27,580	19,032	9,870	10,542	10,737	8,391	10,970	7,349	3,832	4,092
Tax Expense	(7,016)	(4,208)	(3,453)	(3,800)	(3,927)	(3,762)	(3,513)	(2,003)	(770)	(1,083)
Profit after tax	20,564	14,823	6,417	6,742	6,810	4,629	7,457	5,202	3,062	3,009
Attributable to:										
Equity Holders of the Parent	10,353	8,118	3,794	4,042	3,609	640	4,228	2,891	1,574	2,149
Non-Controlling interest	10,228	6,571	2,502	2,692	3,160	3,793	3,229	2,311	1,488	951
CAPITAL EMPLOYED										
Stated capital	29,337	29,337	27,164	27,164	27,164	27,164	27,164	27,164	27,164	27,164
Capital reserves and other components of equity	12,282	12,068	10,025	7,184	9,595	5,377	2,087	834	1,066	127
Retained Earnings	28,346	21,151	16,755	13,991	11,132	9,041	8,840	6,739	4,262	3,372
Equity attributable to equity holders of the Parent	69,965	62,556	53,944	48,339	47,891	41,582	38,091	34,737	32,492	30,663
Non-controlling Interest	38,488	31,634	26,116	23,155	20,572	18,931	16,579	13,231	12,101	5,684
Total Equity	108,453	94,190	80,060	71,493	68,462	60,512	54,671	47,968	44,593	36,347
Total Debt	56,047	37,290	55,565	52,172	48,295	42,792	32,025	26,988	26,868	17,690
	164,500	131,480	135,625	123,665	116,757	103,304	86,695	74,956	71,460	54,036
ASSETS EMPLOYED										
Property plant and equipment(PP&E)	56,939	52,595	50,658	43,428	37,480	29,566	22,014	19,718	23,310	11,814
Assets other than PP&E	228,271	187,537	191,809	181,560	168,693	146,484	128,858	109,800	101,689	85,305
Liabilities net of debt	(120,710)	(108,651)	(106,842)	(101,322)	(89,416)	(72,746)	(64,177)	(54,561)	(53,538)	(43,083)
	164,500	131,480	135,625	123,665	116,757	103,304	86,695	74,956	71,460	54,036
CASHFLOW										
Net cash flow from operating activities	20,314	19,227	5,214	3,846	5,867	4,080	6,842	7,577	(392)	4,118
Ne cash flow from/(used in) investing activities	(1,785)	(1,652)	(4,103)	(7,534)	(7,808)	(7,422)	(1,960)	(272)	(6,555)	(2,944)
Net cash flow from /(used in) Financing activities	(165)	(8,839)	(77)	(297)	3,700	(590)	(1,304)	(2,940)	4,557	1,447
Net increase /(decrease) in cash and cash equivalents	18,364	8,737	1,034	(3,985)	1,759	(3,931)	3,579	4,365	(2,391)	2,621
KEY INDICATORS										
Basic earnings per share (Rs.)	9.09	7.13	3.33	3.72	3.32	0.59	3.89	2.66	1.45	1.98
Dividend per share (Rs.)	1.50	3.50	-	-	0.50	0.50	0.50	0.40	0.70	0.30
Net assets per share (Rs.)	61.43	54.93	47.36	44.50	44.10	38.30	35.06	31.97	29.90	28.22
Market price per share (Rs.)	40.2	47.1	12	14.3	17.2	17.5	17.8	20.3	17	16
Return on equity (%)	19.0	15.6	7.9	9.4	9.8	7.0	13.6	10.8	6.9	8.3
Debt equity ratio (%)	51.68	39.59	69.40	72.97	70.54	70.72	58.58	56.26	60.25	48.67
Interest cover (Times)	26.0	11.9	4.9	5.6	6.9	6.3	9.03	5.74	2.47	3.47
Price earning ratio (Times)	4.42	6.61	3.60	3.84	5.18	29.66	4.58	7.63	11.72	8.08
Revenue growth rate (%)	19.53	18.18	2.82	9.39	15.17	11.05	9.71	(10.10)	45.97	21.61

GROUP VALUE ADDED STATEMENT

	2022 LKR '000	2021 LKR '000
Gross Turnover	100,260,678	84,334,183
Finance & Other Income	2,744,591	1,816,356
Share of Associate Company's Profit	7,451	(38,654)
	103,012,720	86,111,885
Less: Cost of Material & Services bought in	(53,385,494)	(48,585,221)
	49,627,226	37,526,664

	2022 LKR '000	%	2021 LKR '000	%
Employees	11,073,755	22	9,855,615	26
Government of Sri Lanka	13,491,411	27	9,160,259	24
Shareholders	7,421,494	15	4,422,578	12
Lenders of Capital	1,214,203	2	1,882,058	5
Retained for future as depreciation	2,377,279	5	2,292,220	6
Retained Profit	14,049,084	28	9,913,934	26
	49,627,226	100	37,526,664	100

Value Addition

INDICATIVE US DOLLAR FINANCIAL STATEMENTS
INCOME STATEMENT
FOR INFORMATION PURPOSE ONLY

For the year ended 31st March In USD'000s	Company 2022 LKR '000	 2021 LKR '000	Group 2022 LKR '000	 2021 LKR '000
Revenue from contract with customers	-	-	231,949	268,422
Interest income	-	-	91,994	138,728
Total Revenue	-	-	323,943	407,150
Cost of sales	-	-	(170,427)	(222,668)
Gross Profit	-	-	153,515	184,481
Dividend income	17,854	14,415	2,435	5,748
Other operating Income	1,224	1,875	2,375	2,834
Administrative expenses	(1,108)	(1,309)	(30,673)	(37,425)
Distribution expenses	-	-	(24,468)	(31,690)
Other operating expenses	(132)	-	(4,284)	(11,040)
Results from operating activities	17,839	14,980	98,900	112,908
		-		-
Finance cost	(27)	(471)	(3,908)	(9,248)
Finance income	118	-	4,369	544
Net Finance income/cost	92	(471)	462	(8,704)
Share of results of equity accounted investees	-	-	25	(194)
Operating profit before tax on financial services	17,930	14,510	99,387	104,009
Tax on financial services	-	-	(7,146)	(8,387)
Profit before tax	17,930	14,510	92,241	95,622
Income tax expenses	(1,901)	(1,416)	(23,465)	(21,144)
Profit for the year from continuing operations	16,029	13,094	68,776	74,478
Discontinued Operations				
Profit/(loss) after tax for the year from discontinued operations	-	-	54	(676)
Profit for the year	16,029	13,094	68,830	73,802
Attributable to:				
Equity holders of the parent	16,029	13,094	34,624	40,787
Non controlling Interest	-	-	34,206	33,015
	16,029	13,094	68,830	73,802
Earning per share				
Basic earnings per ordinary share	0.01	0.01	0.06	0.06

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. The above should be read together with the Auditors Opinion and the notes to the financial statements. Exchange rate prevailing at year end USD/Rs.305 (2021-199.03) have been used to convert the income statement and statement of financial position.

STATEMENT OF FINANCIAL POSITION
FOR INFORMATION PURPOSE ONLY

	Company		Group	
As at 31 March	2022	2021	2022	2021
In USD'000s	LKR '000	LKR '000	LKR '000	LKR '000
ASSETS				
Cash and Cash Equivalent	4,546	447	107,253	57,868
Financial Assets Measured at Fair Value Through Profit or Loss	244	442	315	689
Financial Assets At Amortised Cost- Loans and Advances	-	-	314,037	338,977
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire	-	-	139,265	237,952
Equity Instruments measured at Fair Value through OCI	39,383	46,255	26,290	46,381
Other Financial Assets	-	377	19,036	56,209
Trade and Other Debtors, Deposits and Prepayments	5,220	3,334	33,609	41,490
Contract Asset	-	-	155	264
Other Non Financial Assets	28	14	9,926	5,599
Investments in Subsidiaries	107,032	101,647	-	-
Investment in Associate	2,076	2,075	2,001	2,970
Deferred Tax Assets	35	20	236	188
Income Tax Recoverable	-	-	107	326
Inventories	-	-	50,280	61,892
Intangible Assets	-	-	42,876	64,306
Consumable Biological Assets	-	-	1,992	3,168
Investment Property	-	-	7,078	9,950
Property, Plant and Equipment	132	163	190,433	264,255
Leasehold Rights Over Mining Lands	-	-	-	8
Right of use assets	110	299	8,784	13,688
Assets held for sale	-	-	209	330
Total Assets	158,806	155,072	953,881	1,206,509
LIABILITIES				
Due to Banks	1	1	98,725	89,957
Due to Customers	-	-	299,259	431,795
Interest Bearing Loans and Borrowings	147	342	88,725	97,403
Trade and Other Payables	269	105	40,979	45,977
Other Non Financial Liabilities	-	-	2,582	3,666
Contract Liabilities	-	-	21,653	9,209
Dividend Payable	67	69	485	463
Employee Benefit Liabilities	123	74	6,503	10,518
Income Tax Liabilities	1,885	1,069	12,918	15,785
Deferred Tax Liabilities	-	-	18,616	27,641
Liabilities directly associated with the assets classified as held for sale	-	-	717	850
Total Liabilities	2,492	1,660	591,162	733,264
Shareholders' Funds				
Equity Attributable to Equity Holders of the Parent				
Stated Capital	147,423	147,400	98,117	147,400
Retained Earnings	26,357	16,597	94,804	106,272
Other components of equity	(17,466)	(10,585)	41,077	60,634
Total Equity Attributable to Equity Holders of the Parent	156,314	153,412	233,998	314,306
Non Controlling Interest	-	-	128,721	158,939
Total Equity	156,314	153,412	362,719	473,245
Total Equity and Liabilities	158,806	155,072	953,881	1,206,509

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. The above should be read together with the Auditors Opinion and the notes to the financial statements. Exchange rate prevailing at year end USD/Rs.305 (2021-199.03) have been used to convert the income statement and statement of financial position

SHAREHOLDER INFORMATION

1. STOCK EXCHANGE LISTING

Vallibel One PLC is a public quoted company, the ordinary shares of which are listed on the Diri Savi Board of the Colombo Stock Exchange. The date of listing was 08 July 2011.

2. PUBLIC HOLDING

2.1 Shares held by the public as at 31st March 2022 was 19.41% comprising of 16,362 shareholders.

2.2 The Float adjusted market capitalization as at 31st March 2022 - Rs. 8,884,594,241.40.

2.3 The Float adjusted market capitalization falls under Option 1 of Rule 7.14.1 (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

3. DISTRIBUTION OF SHAREHOLDERS AS AT 31ST MARCH 2022

From	To	No of Holder	No of Shares	%
1	1,000	10,920	3,124,566	0.27
1,001	10,000	4,235	13,432,585	1.18
10,001	100,000	1,047	30,560,722	2.69
100,001	1,000,000	154	40,932,872	3.59
Over	1,000,000	17	1,050,864,899	92.27
		16,373	1,138,915,644	100.00

4. ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH 2022.

	No of Holder	No of Shares	%
Local Individuals	15,595	780,829,925	68.56
Local Institutions	727	353,892,167	31.07
Foreign Individuals	48	2,246,649	0.20
Foreign Institutions	3	1,946,903	0.17
	16,373	1,138,915,644	100.00

5. DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2022

	No of Shares	%
Mr. K D D Perera	722,966,300	63.48
Mr. S H Amarasekara		
Shares held in the following manner		
Pan Asia Banking Corporation PLC / Mr. S H Amarasekara	1,048,192	0.09
Mr. J A S S Adhihetty	104,819	0.01
Mrs. Shirani Jayasekara Shares held in the following manner Mr. T L F Jayasekara and Mrs. S A Jayasekara	41,927	0.00
Mr. R N Asirwatham	838	0.00
Mrs. Y Bhaskaran (CEO)	Nil	Nil

6. TWENTY MAJOR SHAREHOLDERS

		31st March 2022		31st March 2021	
		No of Shares	%	No of Shares	%
1	Mr. Dhammika Perera	722,966,300	63.478	722,966,300	63.478
2	Employees Provident Fund	106,443,137	9.346	106,443,137	9.346
3	Vallibel Investments (Private) Limited	96,398,569	8.464	96,398,569	8.464
4	Vallibel Leisure (Private) Limited	96,359,379	8.461	96,359,379	8.461
5	Bank of Ceylon A/c Ceybank Unit Trust	5,471,735	0.480	6,204,322	0.545
6	Hatton National Bank PLC/Subramaniam Vasudevan	4,799,905	0.421	53,222	0.005
7	Mr K D H PERERA	2,777,773	0.244	898,285	0.079
8	MERRILL J FERNANDO & SONS (PVT) LTD	2,313,005	0.203	2,313,005	0.203
9	MELLON BANK N. A. -UPS Group Trust	1,922,903	0.169	1,922,903	0.169
10	HATTON NATIONAL BANK PLC/KARUNA RANARAJA EKANAYAKA MUDIYANSELAGE DHARSHAN MADURANGA BANDARA JAYASUNDARA	1,790,441	0.157	668,947	0.059
11	NATIONAL SAVINGS BANK	1,770,273	0.155	-	-
12	MR A SITHAMPALAM	1,679,096	0.147	1,679,096	0.147
13	MR H R S WIJERATNE	1,658,469	0.146	2,168,710	0.190
14	DFCC BANK PLC/ J N LANKA HOLDINGS COMPANY (PVT) LTD	1,275,000	0.112	-	-
15	RENUKA CONSULTANTS & SERVICES LTD	1,095,361	0.096	1,095,361	0.096
16	INTERNATIONAL CONSTRUCTION CONSORTIUM (PVT) LTD	1,095,361	0.096	1,095,361	0.096
17	PAN ASIA BANKING CORPORATION PLC/ MR SHIRAN HARSHA AMARASEKARA	1,048,192	0.092	1,048,192	0.092
18	HATTON NATIONAL BANK PLC/ PALANIYANDY MURULITHARAN	960,000	0.084	-	-
19	MR K D A PERERA	898,285	0.079	898,285	0.079
20	HATTON NATIONAL BANK PLC/ IHALAGAMAGE PUNARJEEVA KARUNANAYAKE	848,600	0.075	-	-
		1,053,571,784	92.507	1,042,213,074	91.509
	Others	85,343,860	7.493	96,702,570	8.491
	Total	1,138,915,644	100.000	1,138,915,644	100.000

7. SHARE PRICES FOR THE YEAR

Market price per share	2021/22		2020/21	
	Date	Price	Date	Price
Highest during the year	19/01/2022	Rs 102.5	29/01/2021	Rs.95.00
Lowest during the year	1/4/21	Rs.38.60	12/5/20	Rs 10.90
As at end of the year		Rs.40.20		Rs.47.10

	31.03.2022	31.03.2021
No. of transactions	166,262	104,800
No. of Shares traded	299,253,988	295,895,735
Value of Shares traded (Rs.)	20,748,511,061	14,337,274,269

SUBSIDIARY/ASSOCIATE COMPANIES OF VALLIBEL ONE PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary Associates	Directors who held Office during the year ended 31st March 2022
Royal Ceramics Lanka PLC	PQ 125	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. Dhammika Perera Mr. A M Weerasinghe Mr. M Y A Perera Mr. T G Thoradeniya Mr. G A R D Prasanna Mr. R N Asirwatham Mr. S H Amarasekera Ms. N R Thambiayah Mr. L N De S Wijeyeratne Mr. N J Weerakoon Mr. S M Liyanage Mr. J R Gunaratne Mr S R Jayaweer
Rocell Bathware Limited	PB 425	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. M Y A Perera Mr. T G Thoradeniya Mr. G A R D Prasanna Mr. R N Asirwatham Mr. D J Silva
Royal Ceramics Distributors (Private) Limited	PV 2524	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. T G Thoradeniya Mr. G A R D Prasanna Mr. K D H Perera
Biscuits and Chocolate Company Ltd	PB 220	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. T G Thoradeniya Mr. A K Dheerasinghe Mr. S M Liyanage Ms A A K Amarasinghe
Ever Paint and Chemical Industries (Private) Limited	PV 2211	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. H Somashantha Mr. M W R N Somaratna Mr. J K A Sirinatha Mr. D B Gamalath
Lanka Ceramic PLC	PQ 157	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. J A P M Jayasekara Mr. T G Thoradeniya Mr. K D G Gunaratne Ms A M L Page Mr. D J Silva Mr. J D N Kekulawala Mr. S M Liyanage Mr. M W R N Somaratne
Lanka Walltiles PLC	PQ 55	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr. Dhammika Perera Mr. A M Weerasinghe Mr. J A P M Jayasekara Dr. S Selliah Mr. T G Thoradeniya Mr. K D G Gunaratne Ms. A M L Page Mr. M W R N Somaratne Mr. J D N Kekulawala Mr. S M Liyanage Mr S R Jayaweera

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary Associates	Directors who held Office during the year ended 31st March 2022
Lanka Tiles PLC	PQ 129	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr. Dhammika Perera Mr. A M Weerasinghe Mr. J A P M Jayasekara Dr. S Selliah Mr. T G Thoradeniya Mr. K D G Gunaratne Ms. A M L Page Mr. R D P Godawatta Arachchige (Alternate Director to Mr Dhammika Perera) Mr. J A N R Adhihetty Mr. S M Liyanage Mr. J R Gunaratne
Swisstek (Ceylon) PLC	PQ 155	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr. S H Amarasekera Mr. A M Weerasinghe Mr. J A P M Jayasekara Dr. S Selliah Mr. J K A Sirinatha Mr. K D G Gunaratne Mr. A S Mahendra Mr. C U Weerawardena
Swisstek Aluminium Limited	PB 3277	No. 76/7, Pahala Dompe Dompe	Subsidiary	Mr. S H Amarasekera Mr. A M Weerasinghe Mr. J A P M Jayasekara Mr. A S Mahendra Mr. B T T Roche Dr. S Selliah Mr. T G Thoradeniya Mr. C U Weerawardena
Swisstek Investments (Pvt) Ltd	PV 00229499	No. 76/7, Pahala Dompe Dompe	Subsidiary	Mr. A M Weerasinghe Mr. J A P M Jayasekara
Swisstek Development Ltd	PB00236125	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr. K D A Perera Mr. J A P M Jayasekara
Vallibel Plantation Management Limited	PB 1030	No.400, Deans Road Colombo 10	Subsidiary	Mr. A M Pandithage Mr. T G Thoradeniya Mr. W G R Rajadurai Mr. J A Rodrigo
Horana Plantations PLC	PQ 126	No. 400 Deans Road Colombo 10	Subsidiary	Mr. Dhammika Perera Mr. A M Pandithage Mr. A N Wickremasinghe Mr. W G R Rajadurai Mr. S C Ganegoda Mr. K D G Gunaratne (also function as the Alternate Director to Mr. Dhammika Perera) Mr. S S. Sirisena Mr. L N De S Wijeyeratne Mr. J A Rodrigo Mr. S M Liyanage

SUBSIDIARY/ASSOCIATE COMPANIES OF VALLIBEL ONE PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary Associates	Directors who held Office during the year ended 31st March 2022
Uni Dil Packaging Limited	PB 544	Kosgahalanda Kosgahawatta, Katulanda Narampola Road, Moragala Dekatana	Subsidiary	Mr. Dhammika Perera Mr. J A P M Jayasekara Mr. D B Gamalath Mr. T G Thoradeniya Mr. H Somashantha Mr. N T Bogahalande Mr. C U Weerawardena Mr. S M Liyanage Mr S Rajapakshe
Uni Dil Packaging Solutions Limited	PV 7976 PB	Narampola Road Moragala Dekatana	Subsidiary	Mr. J A P M Jayasekara Mr. D B Gamalath Mr. K D H Perera Mr. C U Weerawardena
Beyond Paradise Collection Limited	PB 4706	No. 215 Nawala Road Narahenpita Colombo 05	Subsidiary	Mr. M H Jamaldeen Mr .K D H Perera Mr. J A P M Jayasekara
L W L Development (Pvt) Ltd	PV 111856	No. 215, Nawala Road Narahenpita, Colombo 05	Subsidiary	Mr .K D A Perera Mr. J A P M Jayasekara
L T L Development Ltd	PB 235929	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr. K D A Perera Mr. J A P M Jayasekera
L W Plantation Investments Ltd	PB 00229452	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr A M Weerasinghe Mr J A P M Jayasekara
L C Plantation Projects Ltd	PB 00229453	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr A M Weerasinghe Mr J A P M Jayasekara
C P Holdings (Pvt) Ltd	PV 83903	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr A M Weerasinghe Mr J A P M Jayasekara
L C Development (Pvt) Ltd	PV 00229454	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr A M Weerasinghe Mr J A P M Jayasekara
Lankatiles Private Company Limited	Company incorporation in India		Subsidiary	Mr A M Weerasinghe Mr J A P M Jayasekara Mr. Fatheraj Singhvi Mr. Praven Kumar Singhvi
Rocell Pty Ltd	Australian Company No.601612284	1392 Dandenong Road Oakleigh VIC 3166 , Australia	Subsidiary	Mr. T. G. Thoradeniya
Nilano Garments (Private) Limited	PV 14277	No. 20 R. A De Mel Mawatha, Colombo 03	Subsidiary	Mr. A N Seneviratne Ms. K N Suraweera Ms. W S B Gamage Mr. B K G S M Rodrigo Mr. H Somashantha

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary Associates	Directors who held Office during the year ended 31st March 2022
L B Finance PLC	PQ 156	No. 275/75 Prof. Stanley Wijesundera Mawatha Colombo 07	Subsidiary	Mr. G A R D Prasanna Mr. Dhammika Perera Mr. J A S S Adhihetty Mr. N Udage Mr. B D A Perera Mr. R S Yatawara Mrs. Y Bhaskaran Mr. M A J W Jayasekara Mrs A Natesan Mr. D Rangalle Ms Y Amarasekera
L B Microfinance Myanmar Limited	Company incorporated in Myanmar 844 FC of 2016/17 (YGN)	Myawaddy Bank Luxury Complex – 4th Floor, Apt 401, Bo Gyoke Road cnr Wa Dan Street, Lanmadav Township Yangon, Myanmar	Subsidiary	Mr. Dhammika Perera Mr. J A S S Adhihetty Mr. B D A Perera Mr. N Udage Mr. R S Yatawara Mr. Dulan R G de Silva
Greener Water Ltd	PB 3837	Level 29, West Tower World Trade Centre Echelon Square Colombo 01	Subsidiary	Mr. Dhammika Perera Mr. T G Thoradeniya Mr. K D A Perera Mr. K D H Perera Mr. J A S S Adhihetty Mr. R J Karunarajah Ms A A K Amarasinghe Mr. S J Wijesinghe
Delmege Limited	PV 6351 PB	No.101 Vinayalankara Mawatha Colombo 10	Subsidiary	Mr. Dhammika Perera Mr. A M Pandithage Mr. T G Thoradeniya Mr. S Wilson Ms. Y Bhaskaran Mr. D J Silva Mr. N J Weerakoon Mr. S R Jayaweera
Delmege Forsyth & Co Ltd	PB 294	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N S L Fernando Mr. J.A.N.R. Adhihetty Mr. T. N. Abraham Mr. H.P.G.P.P. De Alwis
Delmege Forsyth & Co. (Exports) (Pvt) Ltd	PV 9833	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. T R Mendis Mr. H Somashantha Mr. G A R D Prasanna Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis
Delmege Coir (Pvt) Limited	PV 1489	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. N T Bogahalande Mr. H Somashantha Mr. G A R D Prasanna Mr. H.P.G.P.P. De Alwis
L B Management Services (Pvt) Ltd	PV 3012	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N T Bogahalande Mr. J K A Srinatha Mr. H.P.G.P.P. De Alwis

SUBSIDIARY/ASSOCIATE COMPANIES OF VALLIBEL ONE PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary Associates	Directors who held Office during the year ended 31st March 2022
Delmege Forsyth & Co (Shipping) Ltd	PB 272	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. H Somashantha Mr. G A R D Prasanna Mr. N S L Fernando Mr. S N Wickremasooriya Mr. H.P.G.P.P. De Alwis
Delshipping & Logistics (Pvt) Ltd	PV 95246	101 Vinayalankara Mawatha, Colombo 10	Associate of Delmege Limited	Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis Mr. S N Wickremasooriya
Delmege Freight Services (Pvt) Ltd	PV 3571	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. J K A Srinatha Mr. G A R D Prasanna Mr. N S L Fernando Mr. S N Wickremasooriya Mr. H.P.G.P.P. De Alwis
Lewis Shipping (Pvt) Limited	PV 18008	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. H Somashantha Mr. N S L Fernando Mr. S N Wickremasooriya Mr. H.P.G.P.P. De Alwis
Delmege Air Services (Pvt) Limited	PV 3373	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. H Somashantha Mr. G A R D Prasanna Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis Ms. D.K. Premachandra
Delmege Aviation Services (Pvt) Ltd	PV 99520	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. G A R D Prasanna Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis Ms. D.K. Premachandra
Lewis Brown Air Services (Pvt) Limited	PV 16022	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. L R V Waidyaratne Mr. G A R D Prasanna Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis
Delair Travels (Pvt) Limited	PV 3830	101,Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. H Somashantha Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis Ms. D.K. Premachandra
Grip Delmege (Pvt) Limited	PV 3439	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N S L Fernando Mr. J.A.N.R. Adhihetty Mr. H.P.G.P.P. De Alwis
Grip Nordic (Pvt) Limited	PV 2565	125/26, Sri Bodhiraja Mawatha Mattegoda	Subsidiary	Mr. N S L Fernando Mr. M R K Dias Mr. J.A.N.R. Adhihetty Mr. H.P.G.P.P. De Alwis
Delmege Insurance Brokers (Pvt) Limited	PV 3273	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr S C Ganegoda Mr H Somashantha Mr G A R D Prasanna Mr. H.P.G.P.P. De Alwis Mr. P.G. Welagedara
Delmege Risk Solutions (Pvt) Limited	PV 75927	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr S C Ganegoda Mr. H.P.G.P.P. De Alwis Mr. P.G. Welagedara

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary Associates	Directors who held Office during the year ended 31st March 2022
Delmege Airline Services (Private) Limited	PV 108869	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr G A R D Prasanna Mr. H.P.G.P.P. De Alwis Ms. D.K. Premachandra
Delmege Aero Services (Private Limited	PV121497	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr G A R D Prasanna Mr. H.P.G.P.P. De Alwis Ms. D.K. Premachandra
Delmege Electronics (Private) Limited	PV21430	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr N S L Fernando Mr. H.P.G.P.P. De Alwis
Delmege Financial Services (Private) Limited	PV3398	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr N S L Fernando Mr. H.P.G.P.P. De Alwis
Delmege General Equipment (Private) Limited	PV3550	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr N S L Fernando Mr. H.P.G.P.P. De Alwis
The Fortress Resorts PLC	PQ 207	Level 29, west Tower World Trade Centre Echelon Square Colombo 01	Associate	Mr. Dhammika Perera Mr. J A S S Adhihetty Mr. Malik Joseph Fernando Mr. Merril Joseph Fernando Mr. L N De S Wijeyeratne Mr. Jan Peter Van Twest Mr. C V Cabraal Mr. C U Weerawardena Mr. R E U de Silva Mr K D H Perera Ms. A A K Amarasinghe (Alternate Director of Mr. Dhammika Perera) Mr. R N Malinga (Alternate Director of Mr. M J Fernando
Union Express Tours (Pvt) Ltd	PV3374	101, Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr.N S L Fernando Mr. H P G P P DE Alwis Mrs. D K Premachandra
Delmege Automotive Products (Pvt) Ltd	PV60199	101, Vinayalankara Mawatha, Colombo 10.	Subsidiary	Mr.N S L Fernando Mr. H P G P P De Alwis
Multi Finance PLC	PB 891 PQ	"The Fairways" No.100, Buthgamuwa Road, Rajagiriya now changed to No. 275/75 Prof. Stanley Wijesundera Mawatha Colombo 07	Subsidiary	Mr P Jayasundeera Mr. H F I S Fonseka Mr J P Polwatte Mr. I Ratnasabapathy Ms. D T De Alwis

SUSTAINABILITY ASSURANCE REPORT

GRI Disclosure: 102 - 56

Building a better working world

Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

Independent Assurance Report to Vallibel One PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2021/22

Scope

We have been engaged by the management of Vallibel One PLC ("the Company") to perform an independent assurance engagement, as defined by the Sri Lankan Standard on Assurance Engagements, on the sustainability reporting criteria presented in the Integrated Annual Report for the year ended 31 March 2022 (the "Report").

- Reasonable assurance on the information on financial performance as specified on page 17 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the GRI Standards: Core option.

Criteria applied by Vallibel One PLC

The sustainability reporting criteria presented in the Report has been prepared in accordance with The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

This Report has been prepared in accordance with the GRI Standards: Core option (the "criteria").

Vallibel One PLC's responsibilities

Vallibel One PLC's management is responsible for selecting the criteria, and for presenting the Report in accordance with the said criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to support the sustainability reporting process of the Report, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Report in accordance with the GRI Standards: Core option based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka and the terms of reference for this engagement as agreed with Vallibel One PLC in the engagement letter dated 22 April 2022.

The standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Report in order for it to be in accordance with the criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our independent assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies Sri Lanka Standard on Quality Control (SLSQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

We performed our procedures to provide an independent assurance engagement in accordance with SLSAE 3000.

Procedures performed in the reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the reasonable assurance Indicators in order to design the assurance procedures that are appropriate in the circumstances. Our procedures also included assessing the appropriateness of the reasonable assurance indicators, the suitability of the criteria in preparing and presenting the reasonable assurance indicators within the Report and obtaining an understanding of the compilation of the financial information to the sources from which it was obtained.

Procedures performed in the limited assurance engagement consisted of making inquiries, primarily of persons responsible for preparing the Report and related information and applying analytical and other appropriate procedures. These procedures vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

We also performed the below procedures as we considered necessary in the circumstances:

- Perform a comparison of the content of the Report against the Global Reporting Initiative (GRI) - GRI Standards guideline.
- Interviewing relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Review and validation of the information contained in the Report.
- Check the calculations performed by the organization on a sample basis through recalculation.
- Advice, make recommendations and suggestions on the Sustainability Reporting indicators to improve the presentation standard.
- Independently review the content of the Report and request changes if required.
- Express an independent assurance conclusion on the performance indicators presented in the Sustainability Reporting criteria.

Emphasis of matter

Social, natural and intellectual capital management data/ information are subjected to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Report.

Restricted use

This report is intended solely for the information and use of Vallibel One PLC and is not intended to be and should not be used by anyone other than the specified party.

Conclusion

Based on the procedures performed, as described above, we conclude that;

- The information on financial performance as specified on page 17 of the Report is properly derived from the audited financial statements of the Company for the year ended 31 March 2022.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from the GRI Standards: Core option.

Ernst & Young

Ernst & Young

7 June 2022

Colombo

GRI CONTEXT INDEX

GRI Standard	Disclosure	Reference Number	Omission
GRI 101: Foundation 2016 (does not include any disclosures)			
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of Organisation	Back cover	-
	102-2 Activities, brands, products and services	12	-
	102-3 Location of headquarters	Back cover	-
	102-4 Location of operations	240	-
	102-5 Ownership and legal form	Back cover	-
	102-6 Markets served	170	-
	102-7 Scale of the organisation	20-22	-
	102-8 Information on employees and other workers	174-176	-
	102-9 Supply chain	198	-
	102-10 Significant Changes to the organization and its supply chain	199	
	102-11 Precautionary principle	7	-Not formally adopted
	102-12 External initiatives	6	-
	102-13 Membership of associations	191	
	102-14 Statement from senior decision maker	25-26	-
	102-15 Key Impacts, risks and opportunities	46-49	-
	102-16 Values, principles, norms and standards of behaviour	10	-
	102-18 Governance Structure	46	-
	102-40 List of stakeholder groups	51-55	-
	102-41 Collective bargaining agreements	185	-
	102-42 Identifying and selecting stakeholders	51	-
	102-43 Approach to stakeholder engagement	51-55	-
	102-44 Key topics and concerns raised	51-55	-
	102-45 Entities included in the consolidated financial statements	14-15	-
	102-46 Defining report content and topic boundary	6,56-59	-
	102-47 Material topics	58-59	-
	102-48 Restatement of Information	7	-
	102-49 Changes in reporting	57	-
	102-50 Reporting period	6	-
	102-51 Date of most recent report	6	-
	102-52 Reporting cycle	6	-
	102-53 Contact point for questions regarding Report	7	-
	102-54 Claims of reporting in accordance with GRI Standards	7	-
	102-55 GRI context index	368-370	-
	102-56 External assurance	7,366-367	-
Economic Performance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	17,180	-
	103-3 Evaluation of the Management Approach	17,180	-
GRI 201: Economic Performance 2016	201-1- Direct economic value generated and distributed	17	-
	201-3 Defined benefit plan obligations and other retirement plans	242-244,307	-

GRI Standard	Disclosure	Reference Number	Omission
Procurement practices			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	101	-
	103-3 Evaluation of the Management Approach	101	-
GRI 204: Procurement practices	204-1 Proportion of spending on local suppliers	101	-
Materials			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	74,104,206	-
	103-3 Evaluation of the Management Approach	74,104,206	-
GRI 301: Raw materials	301-1: Raw materials used by weight or volume	206	-
	301-2 Recycled input materials used	206	
Energy			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	102,116-117,152	-
	103-3 Evaluation of the Management Approach	102,116-117,152	-
GRI 302: Energy	302-1 Energy consumption within the organization	208	-
	302-2 Energy Consumption outside of the organization	208	-
	302-3 Energy Intensity	208	
	302-4 Reduction of energy consumption	143	-
Emissions			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	
	103-2 The Management Approach and its components	211	
	103-3 Evaluation of the Management Approach	211	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	211	
	305-2 Energy indirect (Scope 2) GHG emissions	211	
	305-3 Other indirect (Scope 3) GHG emissions	211	
Environment Compliance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	158-159	-
	103-2 The Management Approach and its components	211	-
	103-3 Evaluation of the Management Approach	211	-
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	211	-
Employment			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	177-186	-
	103-3 Evaluation of the Management Approach	177-186	-
GRI 401: Employment 2016	401-1 Employee hires and turnover	177-186	-
	401-2 Benefits Provided to fulltime employees that are not provided to temporary or part time employees	181	-
	401-3 Parental Leave	185	-
Labour/ Management Relations			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	185	-
	103-3 Evaluation of the Management Approach	185	-
GRI 402: Labour Management Relations	402-1 Minimum notice periods regarding operational changes	185	-

GRI CONTEXT INDEX

GRI Standard	Disclosure	Reference Number	Omission
Occupational Health and Safety			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	182-184	-
	103-3 Evaluation of the Management Approach	182-184	-
GRI 403: Health and Safety 2018	403-1 Occupational health and safety management system	182-184	-
	403-2 Hazard identification, risk assessment, and incident investigation	182-184	
	403-3 Occupational health services	182-184	
	403-4 Worker participation, consultation, and communication on occupational health and safety	182-184	
	403-5 Worker training on occupational health and safety	182-184	
	403-6 Promotion of worker health	182-184	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	182-184	
	403-8 Workers covered by an occupational health and safety management system	182-184	
	403-9 Work-related injuries	184	
Training and Education			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	178-180	-
	103-3 Evaluation of the Management Approach	178-180	-
GRI 404: Training and education	404-2 Programs for upgrading skills and transition assistance programmes	179	-
	404-3 Percentage of employees receiving regular performance and career development reviews	180	-
Diversity and Equal Opportunity			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	
	103-2 The Management Approach and its components	175,215-216	
	103-3 Evaluation of the Management Approach	175,215-216	
	405-1 Diversity of governance bodies and employees	175,215-216	
Non Discrimination			
GRI 406: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	
	103-2 The Management Approach and its components	175	
	103-3 Evaluation of the Management Approach	175	
	406-1 Incidents of discrimination and corrective actions taken	175	
Child Labour			
GRI 408: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	
	103-2 The Management Approach and its components	177	
	103-3 Evaluation of the Management Approach	177	
	408-1 Operations and suppliers at significant risk for incidents of child labour	177	

GRI Standard	Disclosure	Reference Number	Omission
Forced or Compulsory Labour			
GRI 409: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	
	103-2 The Management Approach and its components	180	
	103-3 Evaluation of the Management Approach	180	
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	180	
Local Communities			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	201-202	-
	103-3 Evaluation of the Management Approach	201-202	-
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments and development programmes	113,201-202	-
Customer Health and Safety			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-58	-
	103-2 The Management Approach and its components	197	-
	103-3 Evaluation of the Management Approach	197	-
GRI 416 Customer Health and Safety	416-2 Incidents of non -compliance concerning the health and safety impacts of products and services	197	-
Marketing and Labelling			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	197	-
	103-3 Evaluation of the Management Approach	197	-
GRI 417: Marketing and Labelling	417-2 Incidents of non-compliance concerning product and service information and labelling	197	-
	417-3 Incidents of non- compliance concerning marketing communications	197	-
Customer Privacy			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	197	-
	103-3 Evaluation of the Management Approach	197	-
GRI 418: Customer Privacy	418-1 Substantiated complaints	54	-
Socio economic Compliance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	58-59	-
	103-2 The Management Approach and its components	203	-
	103-3 Evaluation of the Management Approach	203	-
GRI 419: Socio economic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	203	-

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES
Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

ACCRUAL BASIS
Recording revenue and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ACTUARIAL GAINS AND LOSSES
Effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

AMORTISATION
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AVAILABLE FOR SALE
Non-derivative financial asset that are designated as available for sale or are not classified as loans and receivable, held-to-maturity investment or financial assets at fair value though profit and loss.

BIOLOGICAL ASSET
A living animal or plant.

CAPITAL EMPLOYED
Shareholders' funds plus non-controlling interests and interest-bearing borrowings.

CAPITAL RESERVES
Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity available for distribution of that entity available for distribution.

CASH EQUIVALENTS
Liquid investments with original maturity periods of three months or less.

CONTINGENCIES
A condition or situation existing at the reporting date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

CURRENT RATIO
Current assets divided by current liabilities. A measure of liquidity.

CURRENT SERVICE COST
Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

DEFERRED TAXATION
The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND COVER
Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT
Dividend per share as a percentage of the earnings per share

DIVIDEND YIELD
Dividend per share as a percentage of the market price. A measure of return on investment.

EARNINGS PER SHARE
Profits attributable to ordinary Shareholders divided by the number of ordinary shares in issue and ranking for dividend

EBIT
Earnings before interest and tax.

EFFECT ON CHANGES IN HOLDING
Financial effect in the non-controlling interest and reserves due to changes in the holding percentages.

EFFECTIVE TAX RATE
Income tax expense divided by profit before tax.

EQUITY
The values of an asset after all the liabilities or debts have been paid.

EQUITY ACCOUNTED INVESTEES
A method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate (investee).

FAIR VALUE
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.

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..

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. 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. Proportion of total interest-bearing borrowings to capital employed.

KEY MANAGEMENT PERSONNEL (KMP)

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

MARKET CAPITALISATION

Number of shares in issue multiplied by the market value of a share at the reported date.

NET ASSETS PER SHARE

Total equity attributable to equity holders divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

NON-CONTROLLING INTEREST

Equity in subsidiary not attributable, directly or indirectly, to a parent.

OTHER COMPREHENSIVE INCOME

Items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRSs.

RELATED PARTIES

A related party is a person or entity that is related to the entity that is preparing its Financial Statements.

RETURN ON CAPITAL EMPLOYED

Profit before tax and net finance cost divided by average capital employed.

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

SEGMENTS

Constituent business units grouped in terms of similarity of operations and location.

SHAREHOLDERS' FUNDS

Total of issued and fully-paid up capital and Reserves.

VALUE ADDITION

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

WORKING CAPITAL

Capital required to financing day-to-day operations, computed as the excess of current assets over current liabilities.

NOTES

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth (12th) Annual General Meeting of the Company will be held by electronic means on 30th June 2022 at 10.30 a.m. centered at No. 20, R A De Mel Mawatha, Colombo 03 for the following purposes:

1. To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mrs. Shirani Jayasekara who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.
3 To pass the ordinary resolution set out below to appoint Mr R N Asirwatham who is 79 years of age, as a Director of the Company;

   "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr R N Asirwatham who is 79 years of age and that he be and is hereby appointed a Director of the Company."

4 To pass the ordinary resolution set out below to appoint Mr J A S S Adhihetty who is 71 years of age, as a Director of the Company;

   "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr J A S S Adhihetty who is 71 years of age and that he be and is hereby appointed a Director of the Company."

5. To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorise the Directors to fix their remuneration.
6. To authorise the Directors to determine donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.

By Order of the Board
VALLIBEL ONE PLC

P W CORPORATE SECRETARIAL (PVT) LTD
Director / Secretaries

7June 2022
Colombo

Notes

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines for Registration for the Annual General Meeting which are made available on the Company's official Website and the CSE Website.

FORM OF PROXY

I/We*...

(NIC/Passport/Co. Reg. No. ....) of ....

.... being a shareholder / shareholders of **VALLIBEL ONE PLC** hereby appoint

....

(NIC/Passport No..) of .... or failing him,

Mr. Dhammika Perera	or failing him*
Mr. S H Amarasekera	or failing him*
Mr. J A S S Adhihetty	or failing him*
Mr. R N Asirwathan	or failing him*
Mrs. Shirani Jayasekara	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Twelfth (12th) Annual General Meeting of the Company to be held by electronic means on 30th June 2022 at 10.30 a.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
1. To re-elect Mrs. Shirani Jayasekara as a Director in terms of Articles 87 and 88 of the Articles of Association of the Company.		
2. To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the appointment of Mr R N Asirwatham as a Director.		
3. To pass the ordinary resolution set out under item 4 of the Notice of Meeting for the appointment of Mr J A S S Adhihetty as a Director.		
4. To re-appoint Messrs Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorize the Directors to determine their remuneration.		
5. To authorize the Directors to determine donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.		

Signed this .... day of .... Two Thousand and Twenty Two.

....

Signature of Shareholder/s

* Please delete as appropriate

Notes: 1. A proxy need not be a shareholder of the Company.

2. Instructions as to completion appear overleaf.

FORM OF PROXY

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 08 (email vone.pwcs@gmail.com, not later than 47 hours before the time appointed for the Meeting.

   In forwarding the completed and duly signed Proxy to the Company, Shareholders are advised to follow the Guidelines for Registration for the Annual General Meeting which are made available on the Company's official Website and the CSE Website.

3. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable).

4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

INVESTOR FEEDBACK FORM

To request information or direct your concerns about this annual report, please complete the following and post or email your feedback to:

Assistant General Manager-Finance

Vallibel One PLC
29th Floor, West Tower,
World Trade Center,
Echelon Square,
Colombo 1.

Telephone: 0112445577
Fax: 011244550
Email Address: info@vallibel.com

Contact Details : ....

Name : ....

Permanent Address : ....

Contact Number : ....

Email : ....

Your relationship with Vallibel One PLC- please mark (√)

Shareholder : ☐

Employee : ☐

Regulatory body/Government : ☐

Customer/Business partner : ☐

Other : ☐

Your comments :

CORPORATE INFORMATION

Name of Company
Vallibel One PLC

Legal Form
A Public Quoted Company with limited liability incorporated under the provisions of the Companies Act No. 07 of 2007

Date of Incorporation
9 June 2010

Company Registration Number
PB 3831 PQ

Nature of the Business
Diversified holding company

Board of Directors
Mr. K D D Perera (Chairman/Managing Director)
Mr. S H Amarasekera
Mr. J A S S Adhihetty
Mr. R N Asirwatham
Mrs. Shirani Jayasekara

Registered Office
Level 29, West Tower,
World Trade Centre,
Echelon Square,
Colombo 1.
Telephone: 011 244 5577
Fax: 011 244 5500
Email: info@vallibel.com
Web: www.vallibelone.com

Company Secretaries
P W Corporate Secretarial (Pvt) Ltd.
No. 3/17, Kynsey Road,
Colombo 8.
Telephone: 011 464 0360
Fax: 011 474 0588
E-mail: pwcs@pwcs.lk

Auditors
Ernst & Young
Chartered Accountants
No. 201, De Saram Place, Colombo 10.

Bankers
Hatton National Bank PLC
Pan Asia Banking Corporation PLC
Sampath Bank PLC
Standard Charted Bank Limited
MCB Bank Limited
National Development Bank PLC
Commercial Bank of Ceylon PLC

Designed & produced by
emagewise
Digital plates and printing by Gunaratne Offset (Pvt) Ltd

Vallibel | ONE

www.vallibelone.com