Dynamic. Vibrant. Impactful.

Vallibel | ONE

Integrated Annual Report 2022/23

Dynamic.

As the world around us continues to transform, at Vallibel One, we continue to rely on dynamic systems and structures to remain in motion. Armed with a passion for continuous improvement, we offer an ever-evolving value proposition, in line with stakeholder needs.

Vibrant.

At Vallibel One, we are overflowing with energy and vitality; equipped with an inherent optimism and positivity that enables us to discover opportunities in the midst of adversity. Our vibrant team relies on a spirit of creativity and innovation to look beyond the challenges of today and seek the possibilities of the future.

Impactful.

Our far-reaching presence and our partnerships enable us to drive impactful outcomes across individuals from all walks of life. As a responsible corporate, we pledge to drive unmatched value throughout our sphere of influence and inspire the power of positive change within every stakeholder group we serve – both now, and into the future.

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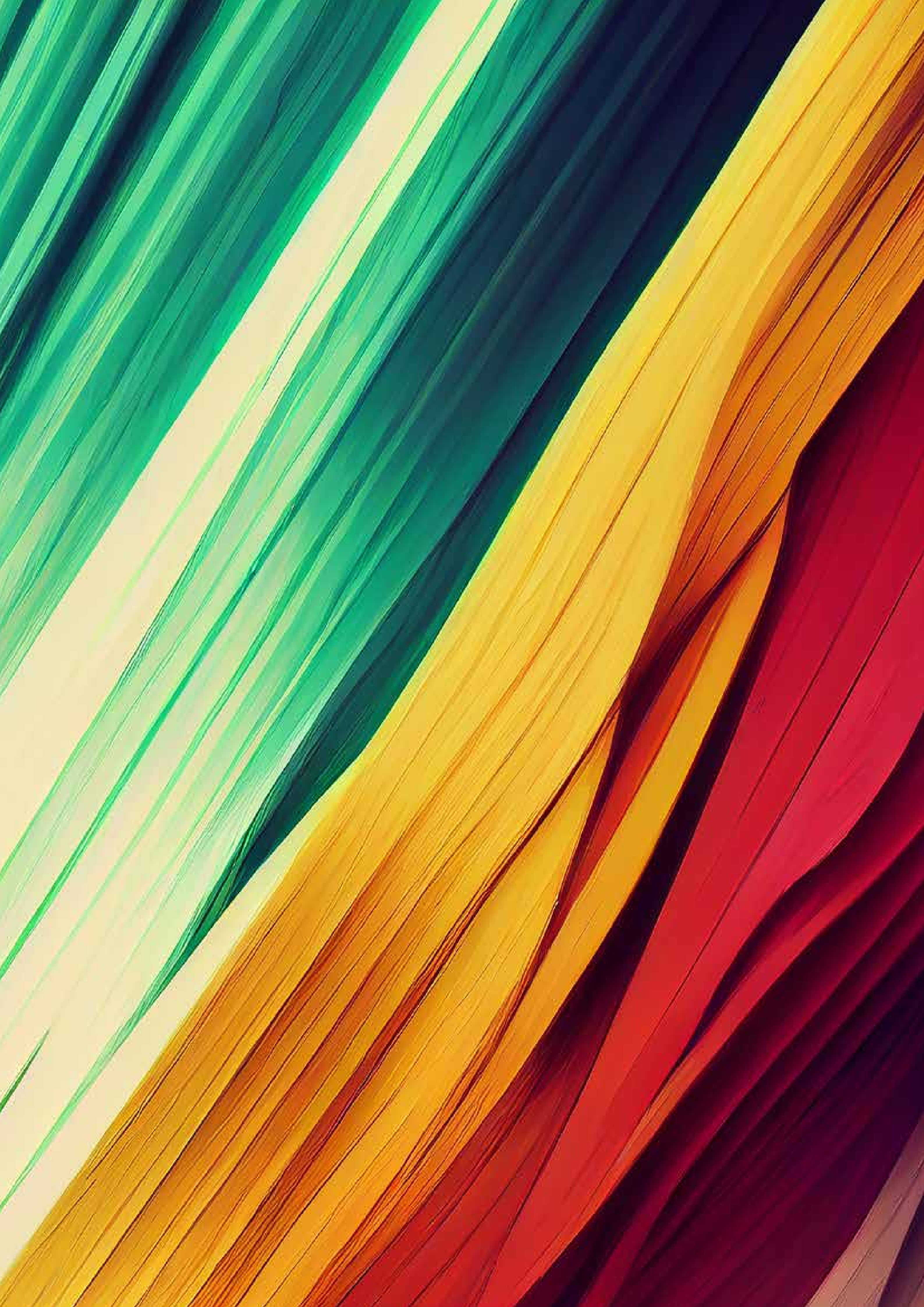


Spirited.
Bold.
Resilient.

OVERVIEW

The Cherished Moments of the Year

April 2022

Swisstek Aluminium a proud recipient of the overall Best Stall & Best Display on Aluminium Products at Kedella Construction Expo 2022.

June 2022

Change in The Directorate at Vallibel One PLC

Appointment of New Chairman

Mr. Harsha Amarasekera

June 2022

LB Finance opened its 185th branch in Nochchiyagama

July 2022

LB Finance has been certified as a GreatPlacetoWork- The prestigious certificate is undoubtedly a testament to LB Finance PLC's relentless efforts in creating and sustaining our culture and core values which have defined us since the inception.

August 2022

Transcend with SAP- we celebrated the successful go-live of SAP S/4HANA to accelerate business transformation by Lanka Walltiles PLC, Lanka Tiles PLC and Swisstek Aluminium Ltd.

Our Tile Manufacturing Facility in Horana is certified ISO 45001:2018. This recognition of quality standards was awarded to the state-of-the-art facility for its Occupational Health and Safety Management System.

September 2022

LANKATILES launch their new astonishing showroom in Dambulla

LB Finance opened two newest branches in Tellippalai and Digana.

October 2022

Swisstek Aluminium was recognized as the Most Engaged Brand of the Year in Sri Lanka at the Daraz Seller Summit 2022.

Another two new LB Finance branches were added to Pesalai and Trinco City

November 2022

Two achievements in Horana Plantations' Sustainability-

Runner Up Award for its Rooftop Solar PV Bundle Project by 11th Annual North American Tea Conference & the winner of the International Gold Green Apple Environment Award.

Launch of LANKATILES new Showroom in Trincomalee

LB Finance PLC was crowned the GOLD AWARD WINNER in the 'In-House Development' category at NBQSA - The ICT Awards 2022

December 2022

LANKATILES celebrated the opening ceremony of the Flagship Showroom in Nugegoda

LB Finance PLC bags the most number of awards at the TAGS Awards 2022 - CA Sri Lanka's prestigious Annual Report Awards.

LB Microfinance Myanmar celebrated its fifth anniversary at the Head Office in Pyay city in Myanmar.

LB Microfinance Myanmar extended their services in the Ayeyarwady region with yet another branch opening in Kyangin. This marked the 13th branch opening in their network expansion.

February 2023

LB Finance PLC secures 2 prestigious awards at the Digital Excellence Awards Ceremony 2022, depicting its broad vision to adapt to digital transformation.

LANKATILES won the "Overall Best Trade Stall" and "Most Innovative and Informative Trade Stall" at the Architect Exhibition 2023.

LB Finance CIM app surpassed 100,000 users.

March 2023

Group companies garnered the ranks among the Business Today Top 40 corporate performers: Vallibel One PLC, Royal Ceramics Lanka PLC, LB Finance PLC and Lanka Walltiles PLC

Swisstek Aluminium received the prestigious recognition for the "Best Management Practices Company of 2023" by the Institute of Chartered Professional Managers of Sri Lanka.

January 2023

LB Microfinance opens 14th Branch in Myanaung, Myanmar

LB Finance celebrated its 191 branch opening ceremony in Vavunathiv.

Mission

Achieve uniqueness through diversity, leadership, creativity and inspiration.

Vision

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

Core Values

Wealth creation is our reason for being. It drives us to create value for our stakeholders. It is a vision that is powered by our core guiding philosophy; a uniqueness that stems from five core values:

- *Diversity*
- *Innovation*
- *Creativity*
- *Leadership*
- *People*

About This Report

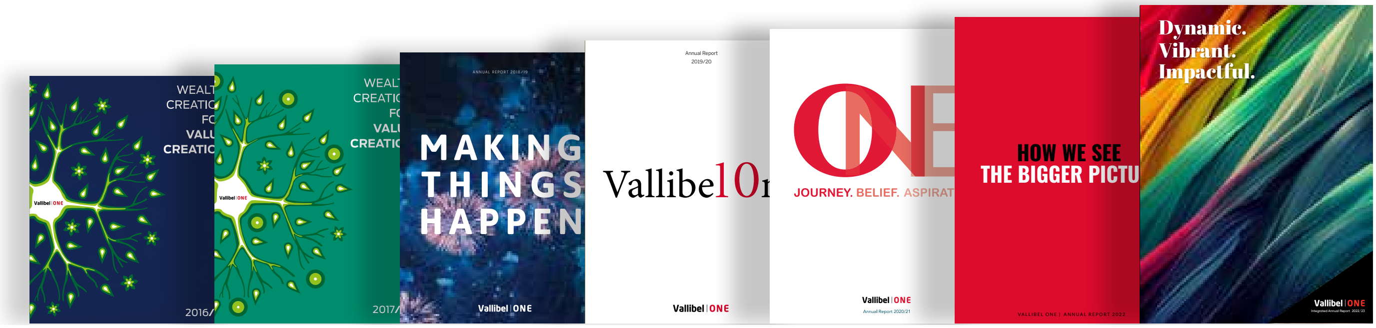
The seventh integrated annual report for Vallibel One PLC, titled "Vibrant. Dynamic. Impactful," outlines the progress made during a particularly challenging year; denoting the adaptive, energetic and influential role of the business throughout the execution of its strategy and vision.

This annual report provides information on the operating environment the Group encountered during the year, as well as pertinent strategies, governance, and risk management tenets, which supported the commendable performance described in these pages.

Aligned with the principles established by the Integrated Reporting Council and the Global Reporting Initiative's guidelines for sustainability reporting, this report offers additional year-over-year improvements to content and overall presentation structure in keeping with our commitment to continuous improvement and overall excellence.

Visit our
Annual Report 2022/23

7th
Integrated Annual Report



2016/17 2017/18 2018/19 2019/20 2020/21 2021/22 **2022/23**

Reporting Scope and Boundary

Reporting Period

This report is produced in accordance with the Group's annual reporting cycle, which spans from 1 April 2022 to 31 March 2023. Where applicable, the Group has compared the performance of the current year to the outcomes of the previous year in order to support the reader with necessary context. As a result, a comparison of the report's audited financial statements and corresponding notes to the results of the 2021–22 fiscal year is provided herein. The Group's methodology for disclosing its future expectations and plans for the fiscal year that ends on March 31, 2023, is described in more detail under the heading "Forward-looking Statements.

Reporting Boundary

The holding company Vallibel One PLC (referred to as "the Group") and its subsidiaries' activities and financial results are examined in this annual report. Due to the divestment of Horana Plantations PLC on 29th March 2023, the financial results reported herein span six industries, namely, lifestyle, finance, aluminium, leisure, consumer, investments, and others. The report includes the consolidated results for the Vallibel One Group unless otherwise noted.

About This Report

Reporting Content and Scope

The content of this integrated annual report was created in accordance with acknowledged reporting and regulatory standards, concepts, frameworks, and regulations with the objective of adhering to best practices in reporting.

Reporting 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
Financial Reporting	
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 Practice 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

Reporting Scope

This report has been prepared in accordance with the GRI standard: Core option. Through an increased focus on issues or topics that have a significant impact or influence on both the process of creating value and the Group's capacity to meet stakeholder expectations over the short, medium, and long terms, all content is derived utilising the double materiality principle.

Management insight, a thorough analysis of stakeholders' concerns, the risk outlook, and trends visible in the operating environment, enables the Group to identify and prioritize its material challenges. The Group's evaluation of materiality is located on page 66 of this report.

The report goes on to detail the Group's value creation methodology, and places special emphasis on how the capitals are integrated into routine operations to benefit both the Group and its shareholders. Where appropriate, the report discusses the strategy and performance at the Group and sector levels while highlighting the organisation's dedication to openness and responsibility through rigorous risk management procedures and robust compliance and governance frameworks.

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

Reporting Improvements

With the aim of improving the clarity, structure and content within this report, the following improvements were made:

- The inclusion of a Board Responsibility Statement to improve accountability for the annual report and its content.
- Incorporating the degree of control and the overall approach towards risk management in assessing significant risks to the Group.
- Including risks pertinent to each stakeholder group to improve the understanding of stakeholder needs.
- Using the double materiality principle to derive material topics.
- Detailing the underlying reason for the year-on-year change in materiality.
- Including a separate section for shareholder information.
- Identifying new and existing strategies deployed within each sector.
- Including the tangible outcomes of the sector-specific strategies, and their impact on the UN SDGs.
- Including the macroeconomic impact on each capital and the Group's corresponding response.
- Linking materiality to performance

Data and Information Collection

The data, information and figures utilised for this report were gathered and compiled from the organisations' relevant departments as well as from the companies in the relevant sectors that were pertinent to its operations. The Vallibel One Sustainability Portal enabled the collection and compilation of the necessary information.

Interviews and questionnaires served as additional channels for obtaining supportive information to complete the content within the report. These were conducted with the assistance of the management personnel at both Group and sector level. Governmental and international publications, management information reports, audited financial statements, and their corresponding notes were all utilised to determine past, present and emerging trends in the external environment. The Group is reasonably assured that all pertinent information has been addressed and reported in this report, and that the accuracy of the data and information has been confirmed at both Company and Group levels.

Targeted Audience

The primary goal of this report is to assist current and potential investors in making educated decisions regarding the Vallibel One Group. The report additionally contains information relevant to capital providers, and serves to satisfy the information needs of other important stakeholders, such as clients, staff members, business partners, and regulatory organisations.

Quality Assurance

The report is meticulously crafted in accordance with best reporting methods, guaranteeing the accuracy, reliability, comprehensiveness, and clarity of the information provided. The Group has received independent assurance on both the financial and sustainability reporting from the external auditors, Messrs. Ernst & Young. Page 218 contains the independent assurance on the Group and its consolidated financial statements and notes, while Page 358 contains the assurance regarding sustainability reporting, which is based on the Sri Lanka Standard on Assurance Engagements. These guarantees demonstrate the report's quality and attest to the lack of any significant inaccuracies..

Forward-looking Statements

The report contains forward-looking statements about the Group's activities that describe Vallibel One's goals, plans, and projected financial and operational results. Despite the responsible use of futuristic statements, the Group advises the reader to exercise caution and consider the possibility that the final outcome may be subject to change. Following the date of this report's publication, we neither assume responsibility for nor are we obligated to publicly update or alter these statements.

The Group welcomes your comments on its 7th Integrated Annual Report 2022/23, 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 Center,
Echelon Square, Colombo 1.

Telephone: 0112445577
Fax: 0112445500
Email Address: info@vallibel.com
Our feedback form can be found on page 383 of this report.

Directors' Statement of Responsibility

Dear Stakeholder,

This integrated report serves as a comprehensive account of the financial year from 01st April 2022 to 31st March 2023, and reflects on the manner in which Vallibel One PLC disseminated value across its diverse business sectors and stakeholder groups, even amid a challenging year. The pages that follow expand on the strategies and holistic growth achieved through the combined strength of the Group's people, partnerships and resources, and further outline the strategies adopted by each sector to stand steadfast against a constantly changing operating landscape. The report describes Vallibel One's outlook and strategic commitments in the context of the emerging risks and opportunities that may arise in the short, medium and long-term.

Vallibel One's established market position, consistent returns, prudent strategies, quest for process excellence and presence across key economic thrust sectors have enabled the Group to grow to become one of Sri Lanka's leading diversified conglomerates in a relatively short period of time.

Furthermore, the Group's commitment towards achieving excellence in environment, social and governance aspects has enabled Vallibel One to garner a reputation for trust and stability across the nation.

The Board of Directors at Vallibel One PLC assume complete responsibility for overseeing the integrity and completeness of this integrated annual report. Therefore, the Board has applied its collective mind towards the report's preparation and presentation, while guiding the organisation towards utilising the appropriate reporting frameworks and ensuring compliance with the same.

The Board has considered the content within the report and its related material matters, and believes the report serves as an accurate representation of the Group's performance and strategy for the year under review.

All the details herein were prepared under the guidance and supervision of the Group's management, and were reviewed by internal staff members and external consultants to ensure the accuracy and validity thereof. All matters material to the business and ability to create value over time have been disclosed in this report, thereby enabling accurate and informed decision-making among key stakeholder groups.

The Board is therefore of the opinion that this integrated annual report complies in all material respects with the relevant statutory and regulatory requirements – including the International Integrated Reporting Council (IIRC)'s Integrated Reporting <IR> Framework, the Companies Act No. 7 of 2007 and the Global Reporting Initiative (GRI) Standards 2021.

Therefore, under the guidance and recommendation of the Board Audit Committee, the Board of Directors approved Vallibel One PLC's Integrated Annual Report 2022/23 on 7 June 2023.

Harsha Amarasekera
Chairman

7 June 2023

R N Asirwatham
Chairman – Audit Committee

7 June 2023

Shyamalie Weerasooriya
Chief Financial Officer

7 June 2023

About Us & The Group

Vallibel One PLC was established in 2010 and listed on the Colombo Stock Exchange in 2011. Over a relatively short period, this vibrant entity has grown to be one of the nation's leading diversified conglomerates, with a distinctive approach to doing business. With 54 subsidiaries within its portfolio, the Group possesses a significant presence across key thrust sectors, and maintains market leadership in tiles and sanitaryware and a leading market position in financial services and a number of other key sectors. Over the years, the Group has consistently sought out new avenues to deliver long-term value to its stakeholders with the support of a sustainable operating framework that is underpinned by responsible stewardship and good governance. Our unique capabilities and strengths have driven us onward amid challenging circumstances, and we continue to rely on these same differentiators to deliver steadfast value to people and planet.

WHAT MAKES US ONE OF A KIND

MARKET LEADERSHIP

A wide array of much-loved brands within the Group's portfolio, many of which enjoy market leadership in their respective sectors.

Refer Intellectual Capital (Pages 176 to 181) for details

STRONG PARTNERSHIPS

An island-wide presence that reaches individuals from all walks of life, and enables the Group to serve as an intrinsic part of Sri Lanka's growth and progress.

Refer Social and Relationship Capital (pages 182 to 193) for details.

A VAST PRESENCE

A wide array of much-loved brands within the Group's portfolio, many of which enjoy market leadership in their respective sectors.

Refer Our Portfolio (page 16) and Manufactured Capital (pages 158 to 163) for details

INNOVATION AND TALENT

The strength and capabilities of a dynamic workforce to foster a spirit of creativity and innovation.

Refer Human Capital (pages 16 -175) and Intellectual Capital (pages 176 - 181) for details.

A SOLID REPUTATION

A legacy of success, strong partnerships, good governance and business acumen have created an entity synonymous for trust and excellence.

Refer Intellectual Capital (pages 176 to 181) for details

DECISIVE STRATEGIES

A strategic responsiveness to market trends have ensured the timely delivery of objectives that drive success.

Refer Strategy and Resource Allocation (page 171) and Sector Reviews (page 84) for details.

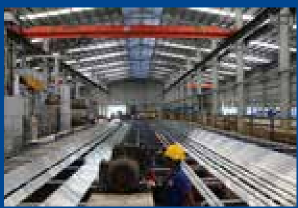
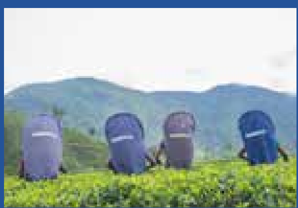
Our Awards

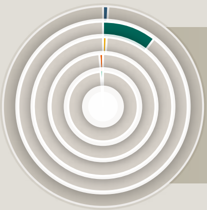
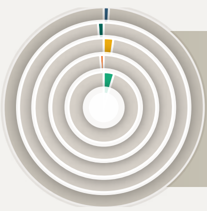
Our overarching commitment to excellence has led us to garner recognition across various disciplines spanning operations, sustainability, transparency, quality and innovation.

Refer page 176 for more details on our awards and accolades.

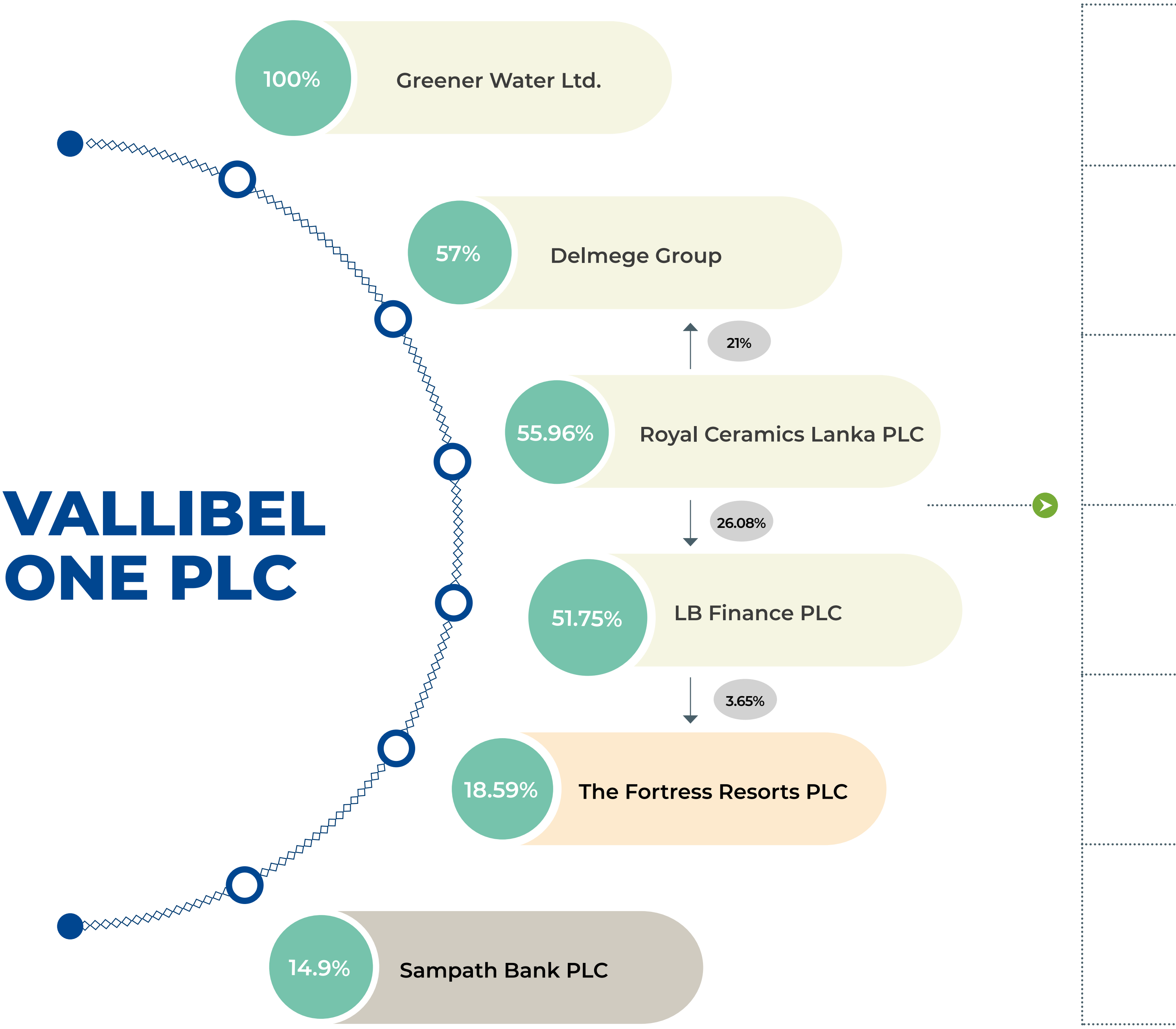

TAGS
DIGITAL EXCELLENCE
AWARDS

A Diverse Presence

	Key Differentiators	Product Mix
LIFESTYLE *(Refer pages 84-94)* 	As market leaders in the nation's tile and sanitaryware industry, and with a presence in interior décor solutions, the sector offers an extensive range of lifestyle products and solutions.	Tiles Sanitaryware Kitchen Cabinets and Sinks Grout and Mortar Interior Décor Solutions Furniture
FINANCE *(Refer pages 95-102)* 	Through the strength of L B Finance PLC, one of Sri Lanka's non-banking financial institutions, the sector provides a solid foundation for the Group, while delivering unmatched versatility and innovation through its products and services.	Leasing Fixed Deposits Gold Loans Mortgage loans Savings Cash in Mobile Money Exchange
ALUMINIUM *(Refer pages 103-112)* 	A powerful presence in the aluminium extrusion market and a spirit of entrepreneurship enables the delivery of customised products and services and the nurturing of strong partnerships.	Aluminium Extrusions Folding Sliding Doors Sliding Windows and Doors Partitions Swing Doors Multi-Purpose Ladders Solar Railings and Accessories
PLANTATIONS *(Refer pages 113-123)* 	Armed with of the oldest plantation companies within its portfolio, the sector's contribution towards the nation's agricultural industry is significant.	Tea Rubber Oil Palm Coconut Minor Crops and Others
LEISURE *(Refer pages 124-134)* 	Providing unmatched service on par with international standards, while pursuing new avenues of growth.	Boutique Hotel Resort Operations Spa and Travel
CONSUMER *(Refer pages 135-142)* 	A unique mix of much-loved household brands including 'Delmege', 'Motha', 'Kelloggs' and 'Ferrero', the sector has made strides in the consumer market while representing excellence in medical equipment.	FMCG Pharma Medical Equipment
INVESTMENTS AND OTHERS *(Refer pages 143-151)* 	Our investments in other sectors enable synergies, while reinforcing and augmenting the overall value proposition of the Group.	Packaging Mining Insurance brokering Travel Shipping

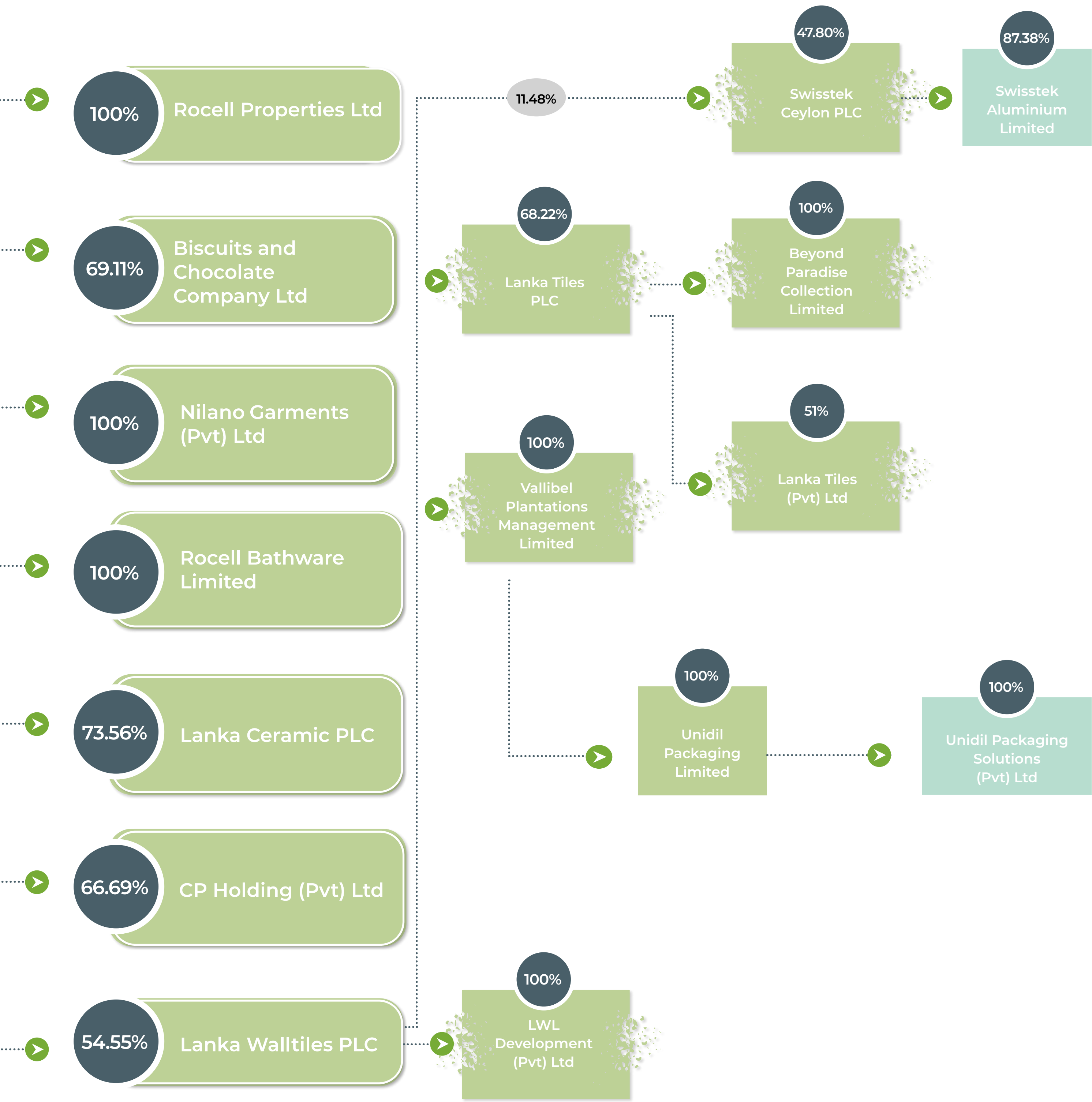
Performance			Composition
18% Turnover	**5%** Profit Before Tax	**14%** Assets	 Carbon Footprint : **92.5%**; CAPEX : **48%**; Employees : **44%**; PBT : **45%**; Revenue : **45%**; *Refer pages 84 - 94*
43% Turnover	**1%** Profit Before Tax	**11%** Assets	 Carbon Footprint : **1.6%**; CAPEX : **21%**; Employees : **41%**; PBT : **43%**; Revenue : **37%**; *Refer pages 95-102*
28% Turnover	**340%** Profit Before Tax	**4%** Assets	 Carbon Footprint : **3.5%**; CAPEX : **3%**; Employees : **4%**; PBT : **-5%**; Revenue : **4%**; *Refer pages 103-112*
Note; As at 31st March 2023 Group does not hold stake in plantations sector			
160% Associate Profit share	**183%** Profit Before Tax	**9%** Assets	 Carbon Footprint : **0.04%**; CAPEX : **15%**; Employees : **0.4%**; PBT : **0.01%**; Revenue : **0.%**; *Refer pages 124-134*
8% Turnover	**151%** Profit Before Tax	**9%** Assets	 Carbon Footprint : **0.1%**; CAPEX : **0%**; Employees : **2.4%**; PBT : **-0.7%**; Revenue : **6%**; *Refer pages 135-142*
50% Turnover	**24%** Profit Before Tax	**2%** Assets	 Carbon Footprint : **2.26%**; CAPEX : **13%**; Employees : **8.2%**; PBT : **17.62%**; Revenue : **8%**; *Refer pages 143-151*

Structured for Stability



Holding Company
Subsidiary Company
Sub-subsidiary Company
Associate Company
Long Term Investment

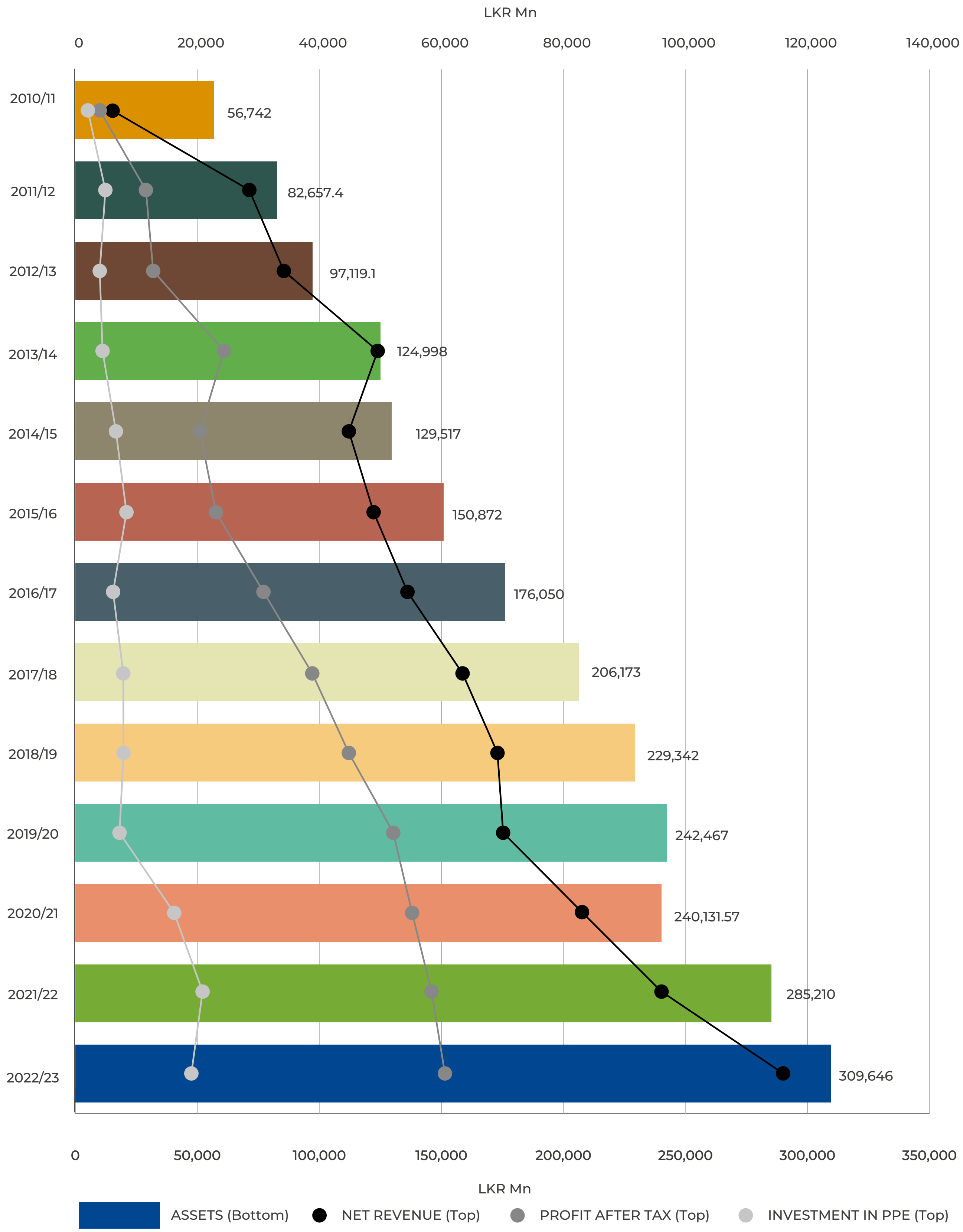
The Group Structure as at 31st March 2023.


100%
Rocell Properties Ltd
69.11%
Biscuits and Chocolate Company Ltd
100%
Nilano Garments (Pvt) Ltd
100%
Rocell Bathware Limited
73.56%
Lanka Ceramic PLC
66.69%
CP Holding (Pvt) Ltd
54.55%
Lanka Walltiles PLC
11.48%
47.80%
Swisstek Ceylon PLC
87.38%
Swisstek Aluminium Limited
68.22%
Lanka Tiles PLC
100%
Beyond Paradise Collection Limited
51%
Lanka Tiles (Pvt) Ltd
100%
Vallibel Plantations Management Limited
100%
Unidil Packaging Limited
100%
Unidil Packaging Solutions (Pvt) Ltd
100%
LWL Development (Pvt) Ltd

A Journey of Value Creation

Over the years, Vallibel One has grown from strength to strength, delivering multifaceted value through its long-term investments and quest for excellence.

Our Growth since the inception



2010/11

- Incorporated as a public limited company on 9th June 2010.
- The acquisition of Royal Ceramics Lanka PLC, L B Finance PLC and Greener Water Ltd. as subsidiary companies.
- A stake obtained in Sampath Bank as a long-term strategic investment.

2011/12

- Listed on the Colombo Stock Exchange on 8th July 2011.
- The acquisition of the Delmege Group, a highly diversified conglomerate

2012/13

- The acquisition of Grip Nordic through Delmege Ltd.

2013/14

- Acquired Lanka Ceramic Group through Royal Ceramics Lanka PLC.
- LB Finance PLC becomes the first finance company to obtain Carbon Conscious Status by the Sri Lanka Carbon Fund (SLCF) under Ministry of Environmental and Renewable Energy.

2014/15

- Royal Ceramics Lanka PLC invested LKR 170 Mn. to increase its tile mortar manufacturing capacity.

2015/16

- An agreement was signed with the BOI, and the construction of the Greener Water Hotel Project commenced.

2016/17

- Total Productive Maintenance (TPM) is rolled out across Royal Ceramics Lanka PLC, Royal Porcelain (Pvt) Ltd. Rocell Bathware Ltd., Lanka Walltiles PLC and Lanka Tiles PLC.

2017/18

- LB Finance PLC opened its first overseas branch named LB Microfinance Myanmar Company Limited (LBMM) in Pyay Township, Myanmar.

2018/19

- Driven by Italian technology, a state-of-the-art floor tile manufacturing unit was commissioned at the Lanka Tiles PLC Ranala factory.

2019/20

- Royal Porcelain (Pvt) Ltd was amalgamated with Royal Ceramics Lanka PLC.
- Royal Ceramics Lanka PLC (Rocell) celebrates 30 years in business.

2020/21

- Vallibel One PLC celebrates a decade of business excellence.
- LB Finance launched LB Cash in Mobile to revolutionise cash payments in Sri Lanka.
- The Vallibel One Sustainability Portal was launched to collect non-financial information.

2021/22

- Vallibel One PLC marked a record-breaking consolidated performance with net profits increasing by a noteworthy 133%.
- Delmege Forsyth acquires Ferrero into its range of brands.
- ·L B Finance acquires Multi Finance PLC.

2022/23

- Vallibel Plantations Management Ltd disposed of its shares in Horana Plantations PLC.
- Lanka Tiles PLC, Lanka Walltiles PLC and Swisstek Aluminium implemented SAP S/4 HANA.

Economic Value Added

As a socially responsible entity, Vallibel One's business performance results in direct and indirect socio-economic contributions that feed value into society, while ensuring economic and national development.

90.5%

ECONOMIC VALUE DISTRIBUTED

LKR 117.7 Bn

(LKR 84.2 Bn in 2021/22)

9.6%

EMPLOYEE REMUNERATION AND BENEFITS

LKR 11.3 Bn

(LKR 11.0 Bn in 2021/22)

64.8%

PAYMENTS TO SUPPLIERS

LKR 76.3 Bn

(LKR 51.3 Bn in 2021/22)

19%

PAYMENTS TO THE GOVERNMENT

LKR 22.3 Bn

(LKR 13.4 Bn in 2021/22)

6.6%

PAYMENTS TO SHAREHOLDERS AND LENDERS

LKR 7.8 Bn

(LKR 8.5 Bn in 2021/22)

100%

ECONOMIC VALUE GENERATED

LKR 130.2 Bn

(LKR 101.1 Bn in 2021/22)

95.7%

GROSS REVENUE

LKR 124.7 Bn

(LKR 98.4 Bn in 2021/22)

4.3%

OTHER INCOME

LKR 5.5 Bn

(LKR 2.7 Bn in 2021/22)

9.5%

ECONOMIC VALUE RETAINED

LKR 12.3 Bn

(LKR 16.9 Bn in 2021/22)

24.4%

DEPRECIATION

LKR 3.0 Bn

(LKR 2.9 Bn in 2021/22)

75.6%

RETAINED PROFIT

LKR 9.3 Bn

(LKR 14.0 Bn in 2021/22)

An Impactful Presence

The Group's diversity has strengthened its ability to deliver sustainable value across its key stakeholder groups including its customers, employees, business partners and wider communities.

13
Years in Business

12,174
Employees

7 Sectors
(Including Plantations Sector)

LKR 309 Bn
In Assets

12+
Presence in Industries

54
Subsidiaries/
Associate Companies

Contributing to 15 of 17 UN SDGS

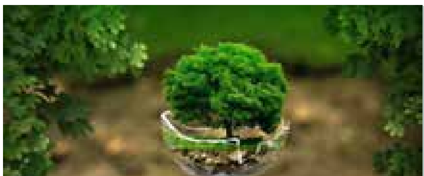
Driving Sustainable Development

SDGS	RELEVANCE/ PRIORITY	MAJOR ACTIVITIES
1 NO POVERTY	60%	Employment created for 12,174 individuals in total Business opportunities for 4,028 local suppliers Tax payments of LKR 22,380 Mn to support public finance Providing living facilities to 4,886 family units New job opportunities offered to 2,254 employees
2 ZERO HUNGER	60%	LKR 29.93 Mn invested in welfare and nutrition programmes for factory and estate workers and communities Building income opportunities for 3,103 plantation workers
3 GOOD HEALTH AND WELL-BEING	100%	Key health and safety programmes and protocols established, with employee engagement implemented across the businesses Training Initiatives for mental health of the employees - SMILE Programme Procurement of key medical equipment via our consumer sector
4 QUALITY EDUCATION	80%	Employees trained for 67,136 hours for a total investment of LKR 46 Mn A reimbursement scheme for professional studies Support educational needs of children living within estate communities
5 GENDER EQUALITY	100%	An equal opportunity employer, with 35% female cadre Following best labour practices
6 CLEAN WATER AND SANITATION	50%	Clean water and sanitation facilities provided within workplaces and monitor our effluents Invested LKR 221.37 Mn on water and sanitation infrastructure
7 AFFORDABLE AND CLEAN ENERGY	50%	Implementing renewable energy projects across factory premises Contributing 2,180,000+ KWh towards the national grid

SDGS	RELEVANCE/ PRIORITY	MAJOR ACTIVITIES
8 DECENT WORK AND ECONOMIC GROWTH	100%	Job opportunities across seven growth sectors Following best practices in labour relations and management
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	100%	Prioritising product innovation across operations Invested LKR 134.11 Mn on research and development
10 REDUCED INEQUALITIES	80%	A strong island-wide distribution network Community recruitment Uplifting SMEs and entrepreneurs 35,836 Microfinance customers
11 SUSTAINABLE CITIES AND COMMUNITIES	30%	Invested LKR 99.17 Mn on developing infrastructure including roads surrounding estates and factories 69.61 Mn spent on philanthropic initiatives to uplift the living areas of underprivileged communities
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	100%	Maximising resource utilization to minimize wastage 22,652.21 MT of recycled materials used in production Consumed 40,057 MT of renewable materials
13 CLIMATE ACTION	90%	Reducing emissions by 8% during the year Minimizing our energy consumption by 8% through our initiatives across sectors
15 LIFE ON LAND	30%	Invested LKR 0.5 Mn on biodiversity initiatives to increase forest cover and to protect habitats
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	100%	Instilling practices of anti-corruption, bribery and transparency across all businesses Being a responsible and ethical organisation

Our Capitals

Vallibel One's six capitals are the key components of its value creation process. These tangible and intangible resources serve as the primary input at the commencement of the year, and enable the Group to conduct its operations, deploy its strategy and invest in the long-term growth of the organisation and its stakeholders Throughout this process, the capitals are either enhanced, preserved or eroded with the purpose of delivering value, and emerge in the form of outputs at the close of the year.

Capitals	Input	Output
 Financial Capital	The funds or monetary resources obtained through debt, equity, retained earnings and various investments.	➤ The development of products and services ➤ Achieving organisational growth ➤ The distribution of wealth and value among employees, service providers and the surrounding communities.
 Manufactured Capital	The tangible assets and physical infrastructure available to the organisation, including its property, plant, equipment and manufactured assets.	➤ Drives streamlined manufacturing processes ➤ Supports essential business functions
 Human Capital	Employee competencies, capabilities, experience, and alignment with the organisation's values and ethical standards of governance.	➤ Enabling the achievement of organisational strategy ➤ Driving elevated customer service standards, ➤ Realising improved efficiencies ➤ Nurturing product and service innovation
 Intellectual Capital	The knowledge base, tacit knowledge, systems and protocols unique to the organisation, and its brand and reputation.	➤ Driving enhanced process efficiency and productivity, ➤ Enabling enhanced customer experience ➤ Creating unmatched value.
 Social and Relationship Capital	The quality of partnerships built over the years with customers, suppliers and business partners and communities.	➤ Nurturing long-term, mutually-beneficial partnerships to drive collective well-being. ➤ Delivering unmatched service to customers ➤ Providing opportunities for progress to suppliers, business partners and communities
 Natural Capital	Renewable and non-renewable resources that are utilised in business processes, and present within our surroundings.	➤ Sustains the organisation's continuity and growth ➤ Supporting future development

Our Investment Case

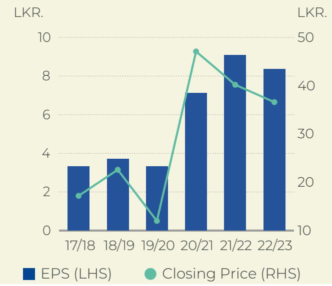
CONTINUOUS RETURNS

Delivering sustainable value amid a challenging environment

13.5%
5-Year CAGR - Revenue

20.7%
5-Year CAGR - Profit After Tax

Shareholder Returns

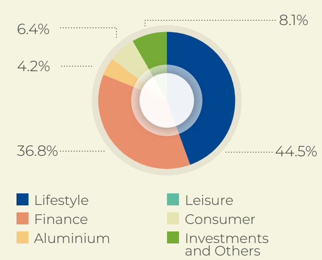


A DIVERSE PRESENCE

A balanced portfolio, with a presence across seven key economic thrust sectors

- LIFESTYLE
- FINANCE
- ALUMINIUM
- LEISURE
- PLANTATIONS
- CONSUMER
- INVESTMENTS AND OTHERS

Revenue By Sector



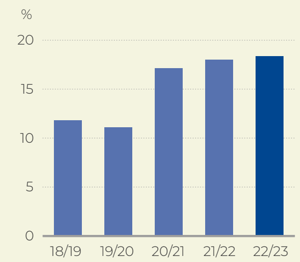
STRATEGIC MANAGEMENT

Prudent deployment of capital and assets to deliver returns

18.37%
Return On Capital Employed

LKR 309.6 Bn
Total Asset Base

5-year Return on Capital Employed



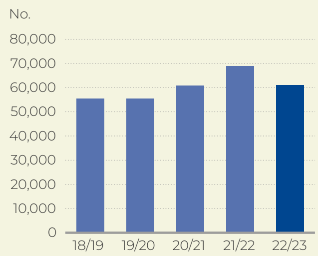
ESTABLISHED MARKET PRESENCE

A strong brand equity and island-wide reach

2,640+
Direct Customer Touchpoints

17+
Number of Own Brands

Dealers & Distributors



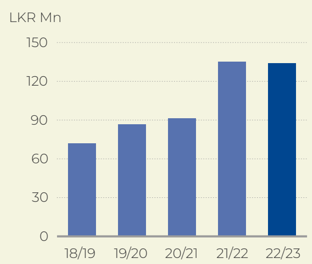
A COMMITMENT TO EXCELLENCE

Continuous improvement of products and processes

LKR 644 Mn
Saved from TPM

89
New Products

Research and Development Investment



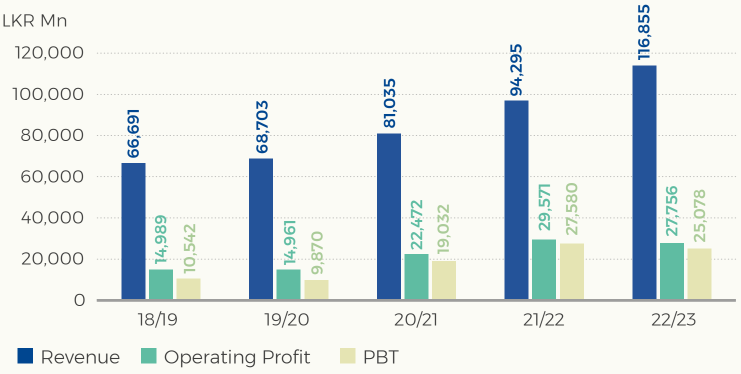
Financial Highlights

Profitability		Change%	2022/23	2021/22	2020/21
Revenue	LKR Mn.	24	**116,855**	94,295	81,035
Earnings before interest, tax, depreciation and Amortization (EBITDA)	LKR Mn.	2	**33,211**	32,605	24,859
Results from Operating Activities	LKR Mn.	2	**30,671**	30,139	22,472
Profit Before Tax	LKR Mn.	(9)	**25,078**	27,512	19,032
Profit After Tax	LKR Mn.	(13)	**17,809**	20,580	14,689
Profit Attributable to the Owners of the Parent	LKR Mn.	(8)	**9,524**	10,353	8,118
Dividends	LKR Mn.	(100)	**-**	1,708	3,855
Gross Profit Margin	%	(5)	**43.3**	48.3	45.3
Operating Profit Margin	%	(5)	**26.9**	32.0	27.7
Net Profit Margin	%	(6)	**15.6**	21.8	18.1
Return on Assets (ROA)	%	(2)	**5.8**	7.2	6.1
Return on Equity (ROE)	%	(4)	**14.6**	18.9	15.6
Interest Cover	Number of times	(75)	**7.4**	29.1	11.9

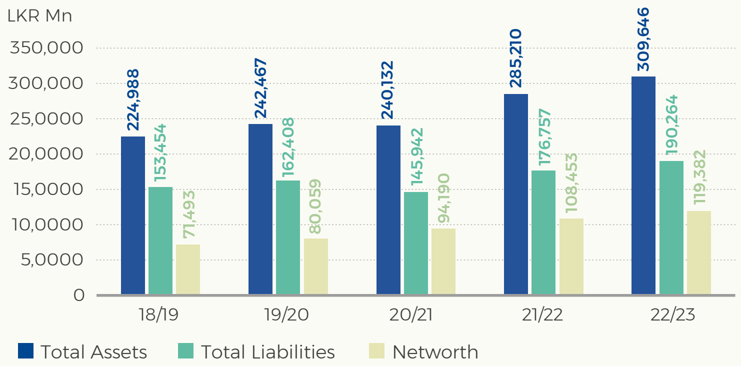
Financial Position		Change%	2022/23	2021/22	2020/21
Total Assets	LKR Mn.	9	**309,646**	285,210	240,132
Total Debt	LKR Mn.	(15)	**47,879**	56,047	37,290
Total Liabilities	LKR Mn.	8	**190,264**	176,757	145,942
Equity attributable to equity holders of the parent	LKR Mn.	10	**76,925**	69,965	62,556
Net Worth	LKR Mn.	10	**119,382**	108,453	94,190
Debt/Equity	%	(12)	**40.11**	51.68	39.59
Equity Asset Ratio	%	(13)	**24.84**	38.03	39.22
Current Ratio	Number of times	(13)	**1.28**	1.47	1.24
Quick Asset Ratio	Number of times	(18)	**1.09**	1.33	1.12

Market and Shareholder Information		Change%	2022/23	2021/22	2020/21
Shares in Issue	Number Mn	-	**1139**	1139	1139
Market Value per share	LKR	(9)	**36.6**	40.20	47.10
Earnings per share	LKR	(8)	**8.36**	9.09	7.13
Dividends per share	LKR	(100)	**-**	1.50	3.50
Net Asset per share	LKR	10	**67.54**	61.43	54.93
Company Market Capitalization	LKR Mn	(9)	**41,684**	45,784	53,643
Price Earnings ratio	Number of times	(1)	**4.38**	4.42	6.61
Dividend yield ratio	%	(100)	**-**	3.73	7.43

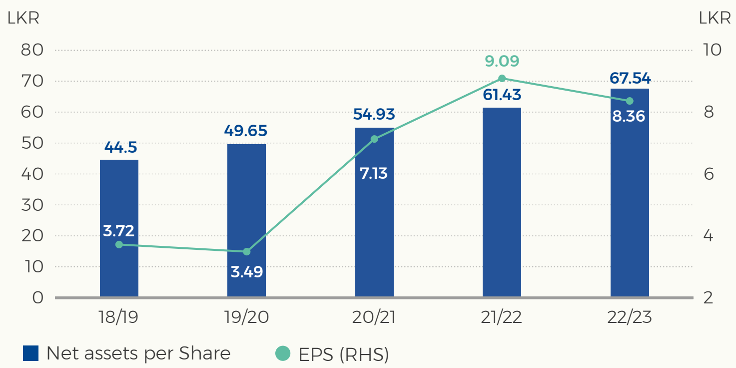
Profitability



Financial Position



Shareholder Returns



24%
Revenue

(9%)
Profit Before Tax

8%
Liabilities

9%
Assets

0.8%
Intangible Assets

LKR 22.3 BN
Direct and Indirect Taxes

26%
Value Added by the Group

10%
Shareholders Equity

LMD Top 20
corporate leaders by profit, by assets and by Shareholders' funds.

Non-Financial Highlights

Manufactured Capital		2022/23	2021/22	2020/21
Property Plant and Equipment	LKR Mn.	**60,336**	56,939	52,595
Capital Expenditure	LKR Mn.	**8,088**	5,309	3,876
Depreciation and Amortization	LKR Mn.	**3,290**	3,209	3,108
Investment in Research and Development	LKR Mn.	**134**	135	91

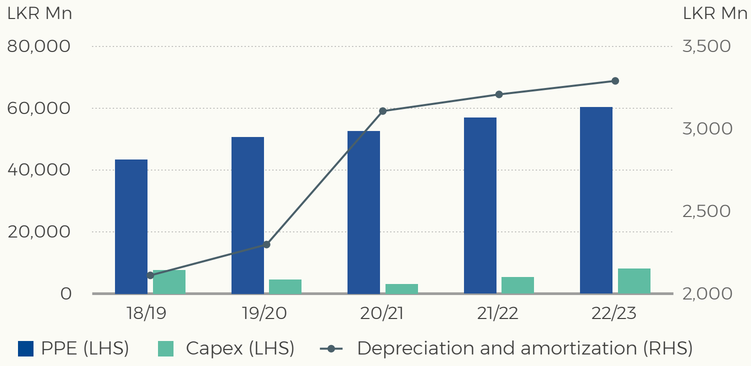
Human Capital		2022/23	2021/22	2020/21
Total Employees	Number of:	**12,174**	13,244	13,519
Female workforce	Number of:	**4,207**	4,698	4,873
Male workforce	Number of:	**7,967**	8,546	8,646
New recruitments	Number of:	**2,254**	2,896	2,567
Employees represent outside the western province	Number of:	**5,323**	6,542	6,807
Productivity (revenue/employee)	LKR Mn.	**9.6**	7.3	6
Investment in Training	LKR Mn.	**45.57**	11.33	6
Total Training hours	Hours	**67,136**	43,021	18,310
Employees trained	Number of:	**18,233**	8,476	4,677
Retention rate	%	**72**	78	81
Jobs created to young employees (under 30 years)	Number of:	**4,575**	5,133	5,211
Occupational Injuries	Number of:	**420**	184	250

Natural Capital		2022/23	2021/22	2020/21
Energy consumption	GJ	**1,098,151**	1,199,172	1,247,878
Raw material consumption	MT	**380,660**	1,432,030	6,331,115
Total water usage	Litres Mn	**705**	593	447.50
Water recycle	%	**22.30**	20.40	28.80
Carbon footprint	tCo2	**143,352**	156,034	100,280
Total wastage	MT	**47,163**	60,886	35,553

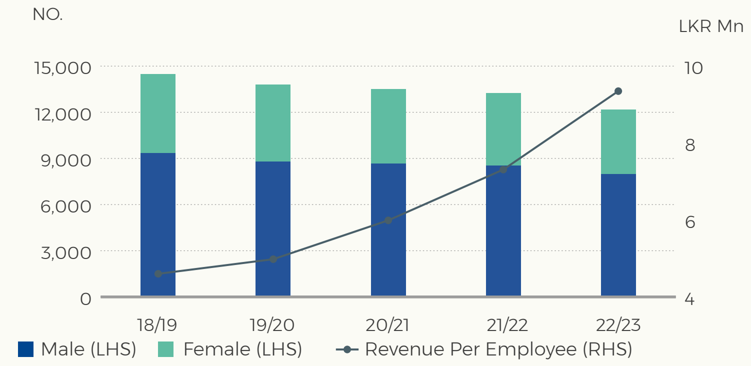
Social and Relationship Capital		2022/23	2021/22	2020/21
Rocell own Showrooms	Number of:	**74**	74	73
Lanka Tiles own showrooms and outlets	Number of:	**22**	21	21
LB Finance Branches	Number of:	**192**	181	169
New products launched	Number of:	**176**	210	560
Suppliers	Number of:	**4,389**	4,503	5,378
Small and Medium suppliers	Number of:	**3,568**	3,150	3,504
Payments to suppliers	LKR Mn.	**89,057**	57,289	31,860
Investment in CSR Initiatives	LKR Mn.	**125**	52	75
Estimated beneficiaries from CSR initiatives	Number of:	**170,000 +**	100,000+	50,000+

Governance		2022/23	2021/22	2020/21
Total Companies (Subsidiaries and Associates)	Number of:	**54**	55	47
Directorships (Company)	Number of:	**7**	6	6
Female held Directorships (Company)	Number of:	**4**	1	1
Shares held by Twenty Largest Shareholders	%	**92.54**	91.51	92.92

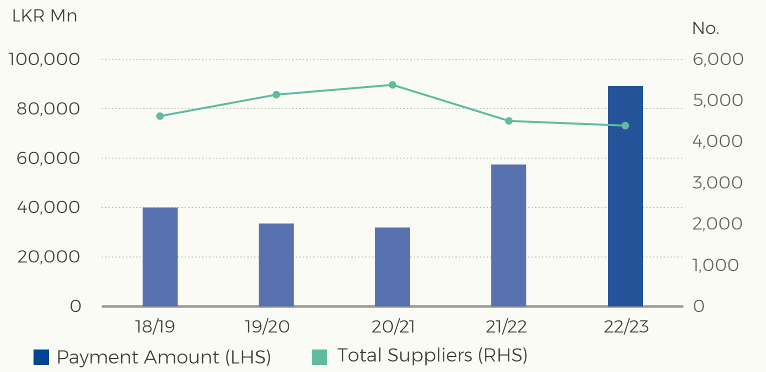
Property, Plant and Equipment



Total Employees and Revenue Per Employee



Total Suppliers and Payments to Suppliers



73% Average capacity Utilization across 7 Manufacturing Plants

LKR. 644 Mn
TPM Savings

2,640+
of Customer Touchpoints

1.9 : 1
Gender Ratio (Men to women)

817
Outstation Recruitments

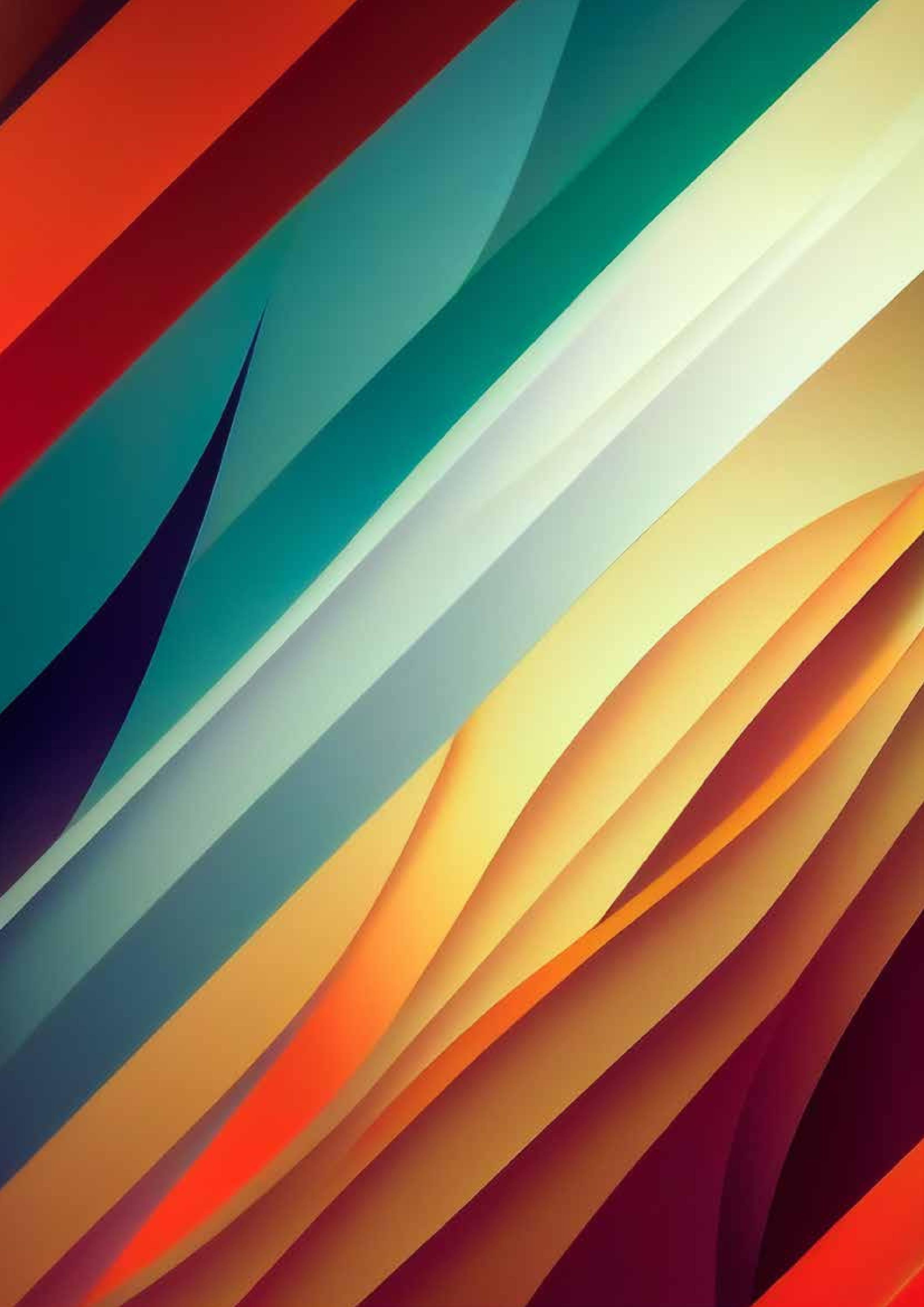
7
Of Subsidiaries Certified to Great Place To Work

2,180,000+ kwh
Annual Solar Power Energy Generation in 7 Factories

55%
Increase in Value Created to Suppliers

9
Quoted Companies across the Group

932
Women in executive and above roles



Visionary. Strategic. Transformative.

OUR LEADERSHIP

Chairman's Message

Dear Shareholder,

It gives me great pleasure to present Vallibel One PLC's 7th integrated annual report, which provides a comprehensive account of the Group's activities amid a particularly tumultuous year. The year under review saw the nation face its most debilitating period in its post-independence history. However, I am proud to state that your Group weathered the storm and remained resilient and steadfast, strengthened by its vibrant and dynamic approach towards value creation.

Throughout its 13-year journey, Vallibel One has demonstrated a spirit of continuous progress, and maintained its stability even through times of challenge and change. The Group's core strengths lie in its commitment to quality, innovation, accountability and sustainability, which have collectively supported our quest to create long-term value for each and every stakeholder. .

Responsiveness and Resilience

The economic crisis that came about during the year 2021/2022 threw the nation into a state of disarray, as its people faced severe hardships that had far-reaching impacts on their everyday lives. Mobility restrictions, the lack of foreign exchange, supply chain disruptions, high levels of inflation and the shortage of essential goods and services continued to be a mainstay during the year under review. The drastic measures in economic, monetary and fiscal policies that were undertaken to curtail the effect of these dynamics resulted in constraints across many business activities. .

The preceding years highlighted the importance of integrating adaptive, responsive mechanisms with business strategy in order to maintain business continuity amid a disruptive environment. The structures and systems previously developed to address these impacts continued to support our position, while ensuring we were able to proactively respond to the wide-ranging challenges that posed potentially devastating impacts to an already weakened economy, and impeded the progress of businesses across the island.

"The Group's core strengths lie in its commitment to quality, innovation, accountability and sustainability, which have collectively supported our quest to create long-term value for every stakeholder we serve."

Stability and Strength

Business units across the Group continued to deploy prudent risk management, cost rationalisation initiatives, responsible resource management and productivity improvements to mitigate the impact of the steep increase in operating costs that dominated the period under review. Faced with a weakened business environment, the sectors also pursued new market opportunities and diversification, while elevating their value propositions through product innovation, brand building and quality assurance.

Reinforced by these strategies, Vallibel One recorded a 24% growth in top-line performance year-on-year to achieve a consolidated revenue of LKR 116,855 Mn during the year under review. Unfortunately, the increase in operating costs led the Group's profit before tax to exhibit a slight decline of 9% to reach LKR 25,078 Mn in comparison to the preceding year's result of LKR 27,512 Mn. An 9% growth in taxation saw the Group's profit after tax reach LKR 17,809 Mn — a decline of 13% over the previous year, and a commendable performance in the wake of the harsh macroeconomic conditions that defined the year under review.

Despite the constraints, the Group continued to invest in expansion, as evidenced by LKR 8 Bn in capex, that translated into a 52% increase year-on-year. The Group's assets displayed a growth of 9% to reach LKR 309,646 Mn, with return on equity recorded at 14.6% during the year.

Sustainability and Stewardship

We, at Vallibel One, believe in cultivating a spirit of sustainable growth and progress that extends beyond mere profitability while continuing to engage with our diverse stakeholder groups to identify their needs. Our desire to create equitable growth is underpinned by our strong governance practices, commitment to employee welfare and our contribution towards the surrounding communities in which we operate. As in the past, we continued to rely on technology and sustainable energy sources to maintain seamless operations and drive responsible resource consumption across all our business sectors. As an entity, we remain mindful of the Group's significant impact on the economy, environment

Chairman's Message

and society and we continue to adhere to principles of corporate responsibility and good governance at every stage of our journey. Each business within the Group's sphere of influence is built in line with the same values that exemplify our operations, and translates into every action we undertake.

As we look to the future, we believe that following the gradual stabilisation of the economy, our future-oriented strategies and sustainable agenda will position Vallibel One to deliver even greater value in the years ahead. Our inherent agility, dynamism and strength will support us in achieving our objectives, even as we pursue holistic growth that inculcates positive transformation across the board.

Appreciations

In closing I would like to place on record my appreciation and that of the Board to our founder and Chairman, Mr. Dhammika Perera, who resigned from his position on 10th June 2022. His tireless efforts shaped this vibrant and dynamic conglomerate into what it is today, and played a formative role in establishing the Group's status as an entity that poses a positive impact across people, profit and planet. We will continue to abide by the overarching principles and values instituted by Mr. Perera, in order to carry on his legacy, and deliver even greater value in the years ahead.

I would further like to welcome to the Board our two newest members, Ms. Kawshi Amarasinghe and Ms. Brindhiini Perera, and look forward to working with them as they provide invaluable insights that will undoubtedly take the Group to greater heights in the years to come. I thank the members of the Board for their strong commitment and guidance in navigating a complex, challenging year. My most sincere thanks to the management and the staff for their unwavering dedication and pursuit of excellence which has enabled our success over the years. In conclusion, I would like to extend my thanks to our stakeholders for their continued confidence and trust which has served as a source of strength through every eventuality.

Chairman

7 June 2023

Managing Director's Review

Managing Director's Review

Dear Shareholder,

I warmly welcome you to the 13th Annual General Meeting of Vallibel One PLC, and present herewith the annual report, which outlines the Group's holistic performance for the financial year ended on 31st March 2023. The wide-ranging impacts of the nation's political and economic crisis placed considerable pressures on society and businesses alike — yet the Vallibel One Group continued to rely on its diverse portfolio and adaptive strategies to exhibit stability in the face of disruption and volatility. The Group was further strengthened by prudent risk management, responsible governance and farsighted perspectives that insulated us against the uncertain climate that prevailed during the year.

"Our reliance on technology, our strong stakeholder engagement and our flexible structures have enabled us to anticipate and respond to changing dynamics with ease."

A Dynamic Approach

Even as the world around us came to a standstill, we continued to remain in motion; pursuing new avenues of growth, and venturing into new territories in order to expand our sphere of influence and deliver consistent value. Our reliance on technology, our strong stakeholder engagement and our flexible structures have enabled us to anticipate and respond to changing dynamics with ease. We continue to monitor the environment for potential risks and threats, while identifying potential opportunities for growth and progress.

Over the years, the Vallibel One Group has demonstrated resilience against all odds, underpinned by its commitment to excellence and a tireless quest for continuous improvement. To this end, Lanka Tiles PLC, Lanka Walltiles PLC and Swisstek Aluminium Ltd launched the SAP S4/HANA Enterprise Resource Planning System during the year under review, and the necessary steps have been taken to commence deployment across the remaining companies within the lifestyle sector and the other Group subsidiaries.

An Impactful Presence

The Group has continued to integrate quality and sustainability across its business units — thereby providing a unique proposition that delivers unmatched value to each stakeholder group, and enabling us to function as an entity that prioritises the triple bottom line of people, profit and planet. We believe our wholehearted focus on generating holistic wealth will hold us in good stead in the years ahead.

Our far-reaching, diverse sectors enable us to serve individuals from all walks of life — thereby positioning us as an influential and impactful organisation that generates and distributes unmatched economic value to the environment in which we operate.

Consolidated Results

Even amid unprecedented inflation rates and a corresponding decline in discretionary income, the Group recorded a 24% year-on-year increase in revenue to reach LKR 116,855 Mn, in comparison to the previous year's LKR 94,295 Mn. The lifestyle sector continued to hold its position as the highest contributor towards the Group's revenue, while the finance sector ranked second in terms of its overall contribution towards the consolidated revenue, collectively accounting for 82% of the overall results.

A commendable top-line coupled with responsible resource management, productivity improvements and well-balanced strategies enabled the Group to record only a marginal 9% decline in profitability, despite the hard-hitting increase in cost of operations that came into effect during the year. Resultantly, the Group delivered a profit before tax of LKR 25,078 Mn, in comparison to the LKR 27,512 Mn recorded in the previous year. Owing to an increase in taxation of 9%, the Group's profit after tax was further eroded to record a year-on-year decline of 13% to reach LKR 17,808 Mn. The Group's earnings per share reached LKR 8.36 during the year, and the organisation was able to adequately address its liabilities as at the close of the year.

Sector Performance

Lifestyle Sector

The sector was challenged by constraints with respect to both demand and supply, which in turn impacted business continuity and performance. However, owing to strong relationships, optimised channel management, innovation and prudent planning mechanisms, the Group's lifestyle sector successfully achieved an 18% increase in revenue to reach LKR 52 Bn, while recording a profit after tax of LKR 8.56 Bn.

"We believe that going forward, a stronger focus on the export market and improvements in cost efficiency will enable the sector to regain its stance and realise an improved performance in the years ahead."

The sector remained undeterred even amid a constricted operating environment, as evidenced by LKR 4.8 Bn investments dedicated solely towards capacity expansion during the year under review. While these capacity enhancements will enable the sector to serve any potential post-crisis demand and address the import ban on tiles that remains in effect to date, each business within the segment remains committed towards expanding its export market potential in order to provide a diverse, balanced portfolio and mitigate risks.

Finance Sector

The significant tightening of monetary policy in April 2022 led to a sharp increase in interest rates, which in turn impacted the sector's operating environment during the year. The sector relied on its balanced product portfolio and responsive strategies to drive demand even amid the economic downturn. The sector therefore recorded a 43% increase in revenue to reach LKR 42,960 Mn in comparison to the LKR 29,981 Mn during the year.

L B Finance continued to invest in expanding its presence during the year to introduce a total of 11 branches to its local network during the year. The company's fully owned subsidiary L B Microfinance Myanmar (LBMF) has continued to make strides in its vision of promoting greater financial inclusion in Myanmar.

L B Finance continued to maintain its stability and remain a step ahead of its peers, as evidenced by its strong NPL ratio of 4.4% maintained during the year — a result of the company's strong recoveries and quality of credit. Furthermore, the company's Myanmar operations continued to exhibit growth during the year, recording a positive performance for the first time since its inception in 2017, with a profitability of LKR 99.91 Mn against the loss of LKR 31.84 Mn witnessed in the previous year. Overall, the sector successfully recorded a profit after tax of Rs. 8.5 Bn — a marginal increase of 0.9% from the Rs. 8.4 Bn witnessed in the year prior.

Aluminium Sector

Due to the multiple effects of the double-digit decline witnessed within the construction industry, the lack of foreign exchange, loss of consumer confidence and the sharp depreciation of the rupee, the aluminium sector recorded a 28% decline in revenue to reach LKR 5.3 Bn in the year under review. The cost rationalisation initiatives and productivity improvements adopted during the year were supported by the enterprise resource planning solution that came into effect in 2022, and saw the sector record a 32% decline in cost of sales. Finance costs rose by LKR 1246 Mn, and the company therefore recorded a loss of LKR 1.06 Bn during the period under consideration.

We believe that going forward, a stronger focus on the export market and improvements in cost efficiency will enable the sector to regain its stance and realise an improved performance in the years ahead.

Plantations Sector

Adverse and restrictive policies continued to govern the plantations sector, underpinned by the blanket ban on chemical fertilizer, resource shortages and the rising cost of operations. Conversely, the sharp increase in depreciation favoured the sector's progress, resulting in a 48% increase in revenue to reach a performance of LKR 3,794 Mn. The sector continued to rely on mechanisation, automation and connectivity to maintain its resilience. Finance costs rose by 153% year-on-year, primarily owing to the high interest rates that were in effect during the year. The sector reached a net profit of LKR 170 Mn during the year.

On the 29th of March 2023, Vallibel One divested its shareholdings in Horana Plantations PLC for a sum of LKR 700 Mn.

Leisure Sector

The Group's leisure sector constitutes its subsidiary, The Greener Water Hotel which is currently in development, and the sector's associate company, The Fortress Resort and Spa. While the industry faced a relatively short period of revival, the economic crisis placed a pin in post-COVID recovery.

Against this backdrop, The Fortress Resort and Spa recorded a 24% increase in revenue to reach LKR 434.7 Mn during the year, owing to increased occupancy levels. The hotel continues to attract loyal, high-end clientele through a commitment to the highest standards in quality and its global recognition. The Greener Water Hotel's facade is currently complete, with the remaining components of the project slated to be completed by 2025. This landmark development project is designed to transform the landscape of the Negombo coastline and will undoubtedly contribute towards the Group's long-term value creation.

Managing Director's Review

24%

Revenue

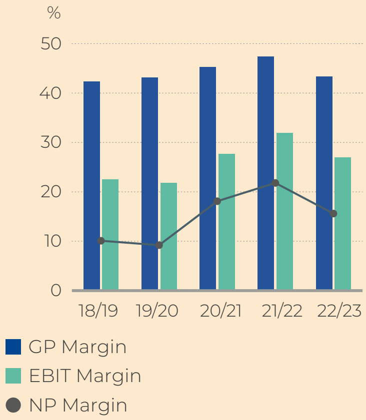
16

New LB Finance Branches and strategic relocations

Recognised with in the
Top 50 LMD 100 Sri Lanka's leading listed companies for 11 consecutive years.

Adjudged with in the
Top 30 Business Today
for 11 consecutive years.

Margin Growth



Consumer Sector

The high inflationary environment translated into a decline in consumer spending; however, the high cost of goods negated this impact, which resulted in the sector recording a 7.8% increase in revenue to reach Rs. 7.4 Bn, in comparison to the previous year's Rs. 6.9 Bn. Gross profit for the year under review achieved a marginal increase to reach LKR 1.3 Bn in comparison to the LKR 1311 Mn during the previous year,

A strong marketing mix, customer engagement and a renowned, much-loved portfolio of brands continue to contribute toward's the sector's success. The Group's consumer sector continued to evolve and redesign its products in line with emerging needs, which in turn contributed towards sales, even amid a constrained climate. We will continue to pursue opportunities to enhance the sector's manufacturing capabilities, while building its products in line with ever-changing customer dynamics.

Investments and Others Sector

Our 'Investments and Others' sector constitutes the Group's interests in investments, insurance brokering, travel, transportation, mining and packaging. As in the previous year, disruptions in supply and escalating costs drove down the performance of the packaging industry as a whole; yet, during the year under review, Vallibel One's packaging cluster relied on export market capabilities and cost rationalisation initiatives to maintain strong levels of business continuity and growth. The mining sector faced a severe decline in demand due to the downturn in the construction industry, and is therefore in the process of restructuring and seeking out opportunities for growth in the years ahead.

The aforementioned dynamics led the sector to record a revenue of LKR 11,365 Mn, exhibiting a growth of 51% year-on-year. The sector further recorded a profit after of LKR 1,366 Mn, to reach a 69% increase against the previous year.

Future Outlook

We believe that in going forward, as a Group we must remain prepared for every eventuality, and therefore Vallibel One will continue to focus on expanding and building its capabilities to meet the needs of the present and the future. Our diverse products, vibrant partnerships and dynamic approach towards doing business will enable us to retain stability and longevity in the years ahead.

Managing Director

7 June 2023

Board of Directors

Mr Harsha Amarasekera

Chairman/Independent Non-Executive Director

Appointed to the Board in November 2010 as an Independent Non-Executive Director and thereafter was appointed as Chairman on June 16th, 2022.

Membership of Board Subcommittees:

Serves as the 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 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. He also has significant experience in arbitration and cross-national disputes. 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 Chairman in several companies listed on the Colombo Stock Exchange including Sampath Bank PLC, CIC Holdings PLC, Royal Ceramics Lanka PLC, Swisstek (Ceylon) PLC, Vallibel Power Erathna PLC.
He is also the Chairman of CIC Agri Business (Private) Limited and Swisstek Aluminium Limited.

He is also a Non-Executive Independent Director of Expolanka Holdings PLC, Ambeon Capital PLC and Hayleys Leisure PLC.

Mrs. Dinusha Bhaskaran

Managing Director

Appointed to the Board in June 2022

Membership of the Board Subcommittees:

Serves as a member of the Nomination Committee since June 2022.

Skills and Expertise:

Ms. Dinusha Bhaskaran is a Financial and Accounting professional, Fellow of the Chartered Institute of Management Accountants UK (FCMA), Fellow of CPA Australia (FCPA) and a Fellow Member of the Institute of Bankers, Sri Lanka.

She has previously worked as a Financial Controller with several Australian companies in Melbourne for a number of years and was the Assistant General Manager (Finance & Planning) at Pan Asia Banking Corporation PLC.

Current Appointments:

She serves in the capacity of Director on the Boards of Delmege Ltd, Country Energy (Private) Limited and Chairperson/Director Greener Water Ltd. A Non – Executive Director of LB Finance PLC, Multi Finance PLC and Vallibel Power Erathne PLC.

Board of Directors

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

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 44 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 Multi Finance PLC, 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.

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:

Nil

Ms Kawshi Amarasinghe

Executive Director

Appointed to the Board in June 2022

Membership of Board Subcommittees:

Nil

Skills and Expertise:

Ms Kawshi Amarasinghe serves as Group Director, International Business Development & CSR at Vallibel One PLC, where she contributes to the overall strategic development of ensuring sustainable business growth across the subsidiaries of Vallibel One PLC. In addition, Ms Amarasinghe is the Chief Executive Officer of the Dhammika Priscilla Foundation where she leads the mission of providing equitable access to free quality education and healthcare for all.

Prior to joining Vallibel One, Ms Amarasinghe was an intern at the strategic policy division at the Department of Community Safety in Queensland, Australia. She earned a bachelor's degree in International Studies from the University of Queensland in Brisbane, Australia and a specialization in French Studies at the University of Lausanne, Switzerland. In addition, she holds a certificate in management acceleration from INSEAD business school in Fontainebleau, France and hotel revenue management from Cornell University, USA.

Current Appointments:

She is a director at Greener Water Ltd. In addition, Ms Amarasinghe is the Chief Executive Officer of the Dhammika & Priscilla Perera Foundation, where she leads the mission of providing equitable access to free quality education and healthcare for all.

Board of Directors

Ms Brindhiini Perera

Non-Executive Director

Appointed to the Board in October 2022

Membership of Board Subcommittees:

Nil

Skills and Expertise:

Ms. Brindhiini Perera has earned a Masters in Mechanical Engineering from Imperial College London. Her studies included comprehensive coverage of subjects such as Manufacturing Technology and Management, Entrepreneurship, Corporate Finance, Statistics, and Mathematics.

Current Appointments:

She serves as a Non-Executive Director in several companies listed on the Colombo Stock Exchange including Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, The Kingsbury PLC, Hayleys Leisure PLC and Singer (Sri Lanka) PLC. She also serves on the Board of Eurocarb Products Ltd (UK), Delmege Limited, Otwo Biscuit (Private) Limited, The Canbury Biscuit Company Limited, Manatee Clothing Company (Pvt) Ltd and Dhammika & Priscilla Perera Foundation.

Insightful. Adaptive. Innovative.

STRATEGY AND VALUE CREATION

Navigating a Complex Environment

Ad-hoc decisions and abrupt policy changes are inherent to Sri Lanka's political landscape, which may pose challenges for business operations. Additionally, extended budgetary imbalances have led to unsustainable public debt levels and the disastrous macroeconomic effects that prevailed during the year under review. To improve fiscal sector performance and resolve macro-fiscal imbalances, the Government of Sri Lanka embarked on a vigorous journey of fiscal consolidation and debt restructuring. The following revenue-enhancing measures were introduced in 2022, with the aim of reversing the significant decline in government revenue that has been visible over the past two years.

January 2022

- For the tax assessment year 2020–2021, individuals, partnerships, and businesses with taxable income above Rs. 2 Bn were subject to a retrospective one-time surcharge tax of 25%.
- The Value Added Tax (VAT) on financial services was raised from 15% to 18%.

April 2022

- The Government announced a temporary suspension of specific foreign debt service payments on April 12, 2022, due to the upcoming large foreign debt service payments and the inadequacy of liquid foreign reserves to honour the same, owing to the lack of forex liquidity in the domestic foreign exchange market

June 2022

- The Value Added Tax (VAT) rate was raised from 8% to 12% and the Telecommunication Levy was increased from 11.25% to 15%.
- A surcharge on a number of imported goods for a period of six months was introduced, taking into account the country's lack of foreign exchange liquidity and the challenges involved in granting import licenses.

Impact on the Group	Response
The import ban on certain items continued to pose positive and negative connotations to Group activities.	An increased focus on alternate sources of supply, while seeking new opportunities to meet gaps in the market.
The upward revision of fuel and electricity prices negatively impacted operational expenses, while the energy shortage impacted business continuity and the supply chain.	Reducing a reliance on traditional energy sources, while focusing on sustainable initiatives to conserve energy. The Group engaged in negotiations with suppliers where necessary to obtain resources essential for business continuity.
Increased taxation placed intense pressures on corporate profitability, while driving down consumer spending.	A focus on maintaining competitive pricing, expanding market presence and exploring the export market to improve top-line performance. Ensuring compliance with policies and regulations.

Outlook

In keeping with the medium- to long-term debt sustainability goals set forth in the IMF-EFF agreement, Sri Lanka is anticipated to complete its debt restructuring process in 2023. A surplus in the primary balance is anticipated from 2024, thereby ensuring medium to long-term public debt sustainability, owing to the ongoing efforts to increase revenue and reduce spending.

Economic Growth (%)	2021	2022	2023 (Projected)	2024 (Projected)
World	6.0	3.4	2.8	**3.0**
Advancing Economies	5.1	2.7	1.3	**1.4**
Emerging Market and Developing Economies	6.6	4.0	3.9	**4.2**

Source: IMF, April 2023 World Economic Outlook.

October 2022

- A Social Security Contribution Levy of 2.5% on turnover was introduced, and made applicable to importers, manufacturers, service providers, wholesalers, and retailers whose annual turnover surpasses Rs. 120 Mn.
- Several reforms relating to income taxes and Value Added Tax (VAT) came into effect from October 2022.

September 2022

- The downward revision of the personal income tax exemption threshold, the elimination of the Rs. 1.2 Mn expenditure relief for expenses incurred on particular sectors or transactions, the implementation of the upward revision of personal tax rates, the removal of all sector-specific corporate income tax exemptions and concessionary rates granted to businesses, and the downward revision of the threshold for VAT registration were approved by the Cabinet of Ministers in September 2022.
- A comprehensive macroeconomic reform program has been launched to restore macroeconomic stability and ensure public debt sustainability in the medium to long term. In early September 2022, negotiations with the IMF for a staff level agreement were successfully concluded.

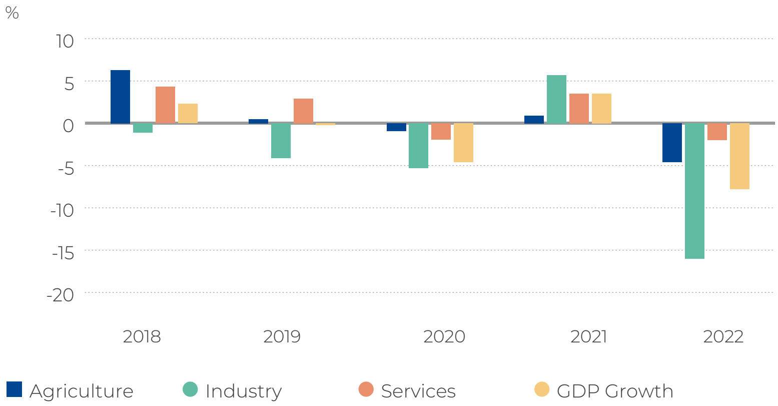
On the surface, the pandemic's catastrophic impacts and Russia's aggressive attack on Ukraine seem to be settling; thereby positioning the world economy for a slow but steady recovery. Following the reopening of its economy, China is making a strong comeback, resulting in reduced pressure on the global supply chain. While the interruptions witnessed within the energy and food markets are fading, supply chain disruptions are winding down. In parallel, the widespread and coordinated tightening of monetary policy by most central banks should begin to show results, with inflation returning to its desired levels in the near future.

SRI LANKAN ECONOMY

In 2022, the Sri Lankan economy shrank by 7.8% year over year, to achieve its largest annual decline, against the backdrop of the biggest economic crisis to hit the country since independence. However, prudent policy intervention prevented the crisis from potentially worsening. Initial supply disruptions prompted by the economic crisis included severe shortages of consumer goods, energy sources such as fuel and electricity, and inputs for various industries. This was primarily due to a sharp decline in market liquidity for foreign exchange, which resulted in a significant escalation in prices.

In order to prevent the crisis from exacerbating further, the Central Bank and the Government of Sri Lanka were compelled to implement challenging yet necessary policy measures. With the aim of reducing inflationary pressures, policy interest rates were adjusted to record historic highs, while the prioritisation of essential imports were made to reduce foreign exchange outflows. These actions helped to reduce supply-side disruptions, reduce demand pressures, and increase access to vital imports including fuel and industrial materials, which in turn helped to gradually stabilise the economy. All three of the nation's

Annual GDP Growth Rate



Navigating a Complex Environment

primary economic sectors—Industry, Services, and Agriculture experienced downturns in 2022— a clear indication of the severity of the effects of economic pressures experienced during the year.

Source: Annual Report 2022, Central Bank of Sri Lanka

Services activities saw a 2.0% value-added contraction in 2022 compared to a 3.5% expansion in 2021, mostly due to the protracted fuel crisis, limited supply of commodities, and rising inflation. Most of 2022 saw industry activity hampered by the ongoing energy crisis, a shortage of essential raw materials caused by a lack of foreign exchange liquidity in the financial system, and deteriorating demand conditions brought on by a decline in purchasing power. Despite the fact that policy intervention helped alleviate supply shortages to a certain degree in the latter half of the year, industry operations shrank by 16.0% in 2022, compared to the 5.7% growth recorded in 2021, as a result of numerous obstacles originating from both the local and international arena.

The decline in manufacturing, construction, and mining and quarrying activity were attributable to the downturn in industry activities, while a drop in real estate activities, such as home ownership, insurance, and financial services outweighed the positive spillovers of the increase in visitor arrivals that was observed on a year-on-year basis, thereby adversely impacting service activity. The overall expansion in agricultural operations was slowed down by poor performance in the fishing sector triggered by fuel shortages, while the animal sector faced a lack of animal feed, and the rice and vegetable sectors were hampered by a lack of fertilizer. Despite the positive changes in key labour market indicators, these circumstances led to a drop in labour productivity.

Due to the higher price levels in 2022, consumption and investment both increased significantly in terms of expenditure. At constant prices, however, both investment and consumption decreased as a result of declining purchasing power and the suspension of investments in the face of rising inflation and high borrowing costs. On the other hand, net external demand at current prices increased as a result of a significant increase in exports of goods and services, which outpaced increases in imports of goods and services and benefited from the rapid depreciation of the Sri Lankan rupee. The limits on non-essential imports, the steep devaluation of the rupee, and the considerable tightening of monetary policy contributed significantly towards the considerably slower growth in imports.

INFLATION

Commencing from January 2022 to September 2022, a sharp increase in headline inflation was observed, and reached an all-time high before starting to decline. This phenomenon was attributable to a number of factors including: a notable increase in food prices and other supply related disruptions, the sharp depreciation of the Sri Lankan rupee against the US dollar and the ensuing adjustments in administered prices (including energy and transport prices and their spillover effects), as well as relentless aggregate demand pressures resulting from the long-term effects of past monetary accommodation policies.

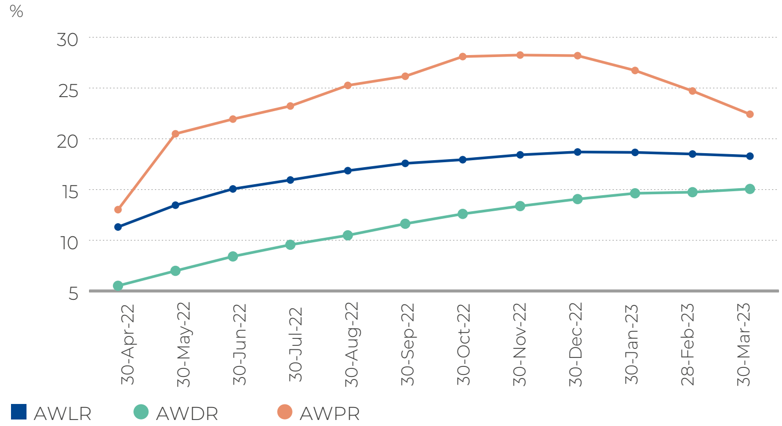
As a result, headline inflation, as measured by the Colombo Consumer Price Index (CCPI), increased from 12.1% at the end of 2021 to 69.8% in September 2022 before decreasing to 57.2% by the end of 2022. Similar to the previous pattern, the National Consumer Price Index (NCPI, 2013=100) moderated to 59.2 percent by the end of 2022 after peaking at 73.7 percent in September 2022, up from 14.0 percent at the end of 2021.

MONETARY AND FISCAL POLICY

In order to limit inflationary pressures and perhaps de-anchor inflation expectations, the Central Bank maintained its tight monetary policy stance from August 2021 through August 2022. Since the monetary tightening cycle started in August 2021, the Central Bank's key policy interest rates, the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR), were each raised by 10 percentage points until the end of 2022. This is due to the significant acceleration of inflation in the country and the large anomaly that existed between policy interest rates and market interest rates amid external and fiscal sector imbalances.

The sharp depreciation of the Sri Lankan rupee against the US dollar in March 2022 and the prolonged period of monetary accommodation since the COVID-19 pandemic's onset in early 2020 created significant upside risks to the inflation outlook, leading the Central Bank to increase policy interest rates by 7 percentage points in April 2022 and another 100 basis points in July 2022. In addition to easing pressure on the external sector and preventing the expansion of unfavourable inflationary expectations, this tightening of monetary conditions additionally served to correct the anomaly in the interest rate structure and limit the buildup of demand-driven inflationary pressures.

Interest Rate Movement



Source: Annual Report 2022, Central Bank of Sri Lanka

In comparison to 2021, the external current account deficit shrank in 2022 due to a large decline in the merchandise trade deficit, a rebound in the trade in services, and a minor decrease in the primary income account deficit despite a decline in the secondary income account surplus. The overall current account deficit decreased from USD 3,284 Mn (3.7%) in 2021 to USD 1,453 Mn (1.9% of GDP) in 2022.

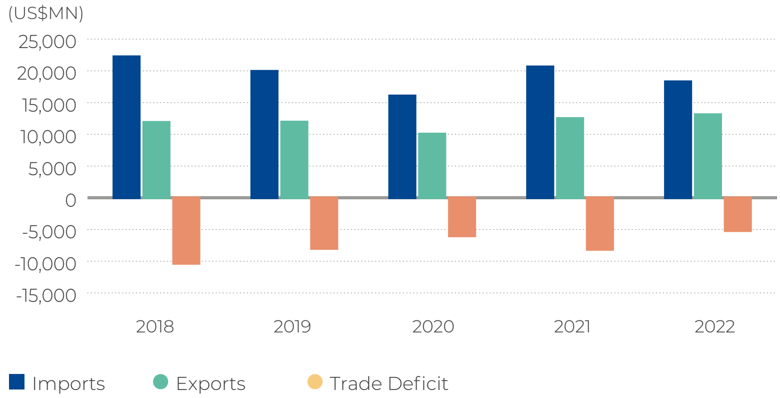
In 2022, the merchandise trade deficit stood at its lowest level since 2010, which largely accounted for the fall in the current account deficit that year. Due to both the large decline in expenditure on goods imports and the noticeable increase in earnings from merchandise exports, the trade imbalance decreased from USD 8,139 Mn in 2021 to USD 5,185 Mn in 2022.

A number of factors contributed to the decline in import spending in 2022, including significant forex liquidity constraints experienced within the domestic forex market, the impact of the rapid depreciation of the Sri Lankan rupee against the US dollar, weakened activity and aggregate demand conditions in the context of the significant decline in credit to the private sector corresponding to the high interest rates and degradation of real income in the wake of a high inflationary environment, and other administrative constraints.

A significant growth in export earnings was witnessed, owing to multiple factors including the significant depreciation of the currency, which increased the rupee earnings garnered by exporters, a increased focus of the import of input materials for export industries, the elevated cost of commodities on the international market, the high demand for major export items evidenced during the first half of the year, and administrative measures to taken to streamline specific export procedures.

The trade deficit shrunk to 6.7% of the nation's GDP in 2022, in comparison to the 9.2% recorded in the previous fiscal year

External Trade



Source: Annual Report 2022, Central Bank of Sri Lanka

The Sri Lankan rupee experienced a severe decline against the US dollar in 2022, falling by 44.8% from Rs. 200.43 at the end of 2021 to Rs. 363.11 at the close of 2022. After the provision of greater flexibility on the currency rate on March 7, 2022, the

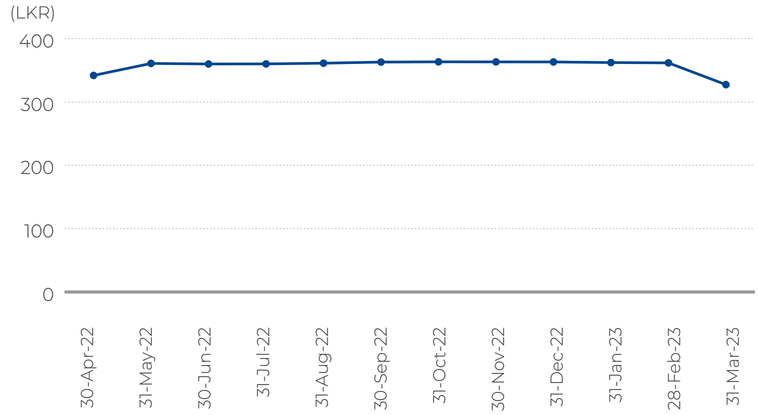
Navigating a Complex Environment

exchange rate, which varied between Rs. 200.00 and Rs. 203.00 at the beginning of the year, experienced a rapid depreciation.

However, the ongoing foreign exchange liquidity shortage that had persisted in the domestic forex market since the COVID-19 pandemic reached an unprecedented level in early 2022 due to demand for FX in the wake of difficulties in raising foreign funds as a result of persistent sovereign rating downgrades by international rating agencies and a lack of foreign currency inflows, which led to a rapid drop in CBSL's usable foreign reserves.

Effective as of May 13, 2022, the issuance of a daily exchange rate guide to licensed banks with a variation margin, as required by the forex conditions in existence at the time, significantly eased the pressure of depreciation. As a result, throughout the second half of 2022, the exchange rate began to gradually stabilise at approximately Rs. 363.000. At the end of 2022, commercial banks' average purchasing and selling exchange rates for US dollars for telegraphic transfers were Rs. 360.41 and Rs. 371.61, compared to Rs. 198.50 and Rs. 203.00 at the end of 2021. The Sri Lankan rupee, however, lost value against all major currencies in 2022, including the Australian dollar, the British pound sterling, and the Indian rupee.

Exchange Rate Movement (USD)



Source: Annual Report 2022, Central Bank of Sri Lanka

FISCAL PERFORMANCE

In anticipation of the impending large foreign debt service payments amid depleted gross official reserves and limited foreign exchange inflows to the nation, the Sri Lanka Government announced a temporary debt standstill on April 12, 2022.

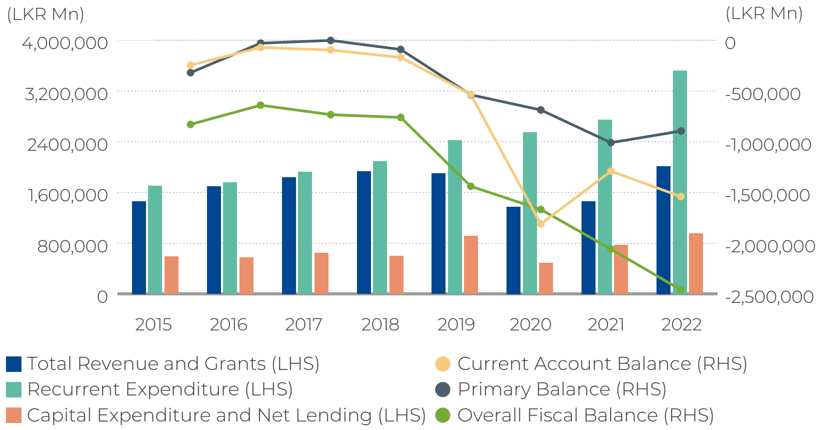
The Government simultaneously declared its plan to restructure its international bilateral and commercial debt. In order to implement an EFF arrangement, the government requested support from the IMF, which necessitated rapid interventions to assure debt sustainability through a process of debt restructuring.

Significant reforms were introduced by the Sri Lankan Government with the primary assistance of the IMF-EFF budget support programme, with the goal of fiscal consolidation and debt sustainability. Ambitious targets of 12.0% and 20.8% of GDP for government revenue and spending respectively were proposed in the 2022 Budget. These goals, however, proved challenging to accomplish owing to the lacklustre revenue collection in the first two quarters of the year, which reflected the impact of economic disruption, and expenditure overruns in the midst of high domestic interest payments. The latter was due to a significant increase in domestic borrowing at high interest rates that were impacted by high risk premiums arising from debt restructuring concerns.

The revenue-based fiscal consolidation measures established during the year, coupled with the strong rise in the price level led to government revenue and grants improving in 2022 in nominal terms. These measures served as the primary contribution towards the decline in primary deficit, which was recorded at 3.7% of GDP (Rs. 894.8 Bn) in 2022 from 5.7% (Rs. 1,009.5 Bn) recorded in 2021.

Followed by the Government entering into a staff-level agreement with the IMF in early September for a budget support EFF arrangement, on March 20, 2023, the IMF Executive Board approved SDR 2.286 billion (about $3 billion) under the EFF for Sri Lanka.

Summary of Fiscal Sector Performance



Following the pre-emptive default of a few selected foreign debt service payments in 2022, Sri Lanka's sovereign credit ratings, which had already been lowered in recent years, were downgraded further. Due to the non-payment of International Sovereign Bond (ISB) coupons in April 2022, S&P Global Ratings lowered Sri Lanka's sovereign credit rating from "CCC (Negative)" to "CC (Negative)" on April 13, 2022, and to "SD" (Selective Default) on April 25, 2022. Furthermore, Sri Lanka's sovereign credit rating was reduced by Moody's Investor Service on April 18, 2022, from "Caa2 (Stable)" to "Ca (Stable). On May 19, 2022, Fitch Ratings reduced the nation's long-term foreign currency Issuer Default Rating (IDR) from 'C' to 'RD' (Restricted Default). Additionally, on December 1, 2022, Fitch Ratings lowered the long-term local currency IDR from "CCC" to "CC" due to the likelihood of a local currency debt default.

Impact on the Group	Response
Cost structures and product demand across key Group sectors continued to be impacted by rising prices and foreign exchange volatility.	To seek alternate sources of supply and reduce reliance on international supply chains, and drive production in line with demand patterns. An increased focus on export markets enabled the Group to capitalise on the currency depreciation, while cost rationalisation measures would reduce expenses.
A declining purchasing power owing to high levels of inflation and a high interest rate environment that discourages consumption and expenditure.	A focus on maintaining competitive pricing, expanding market presence and exploring the export market to improve top-line performance. An increased reliance on quality, innovation and new product development to provide an attractive customer proposition. A greater focus on short-term investments and a drive towards digitalisation to improve cost-efficiency.
Outlook	
The debt restructuring discussions with the bilateral and commercial creditors are anticipated to be concluded in 2023 with the EFF's consent, thereby enabling a return to stability.	

SOCIAL

Amid high inflation, increased interest rates and government taxation, individuals from all walks of life experienced intense pressures during the year. These were further exacerbated by the energy crisis and political instability, which in turn led to subdued demand across many sectors. Increased resignation rates remained a concern, which led to more workers leaving their places of employment as a result of the economic crisis' disruptive effects. Many customers sought increased comfort, accessibility, and affordability from the comfort of their homes due to lockdowns and mobility restrictions arising from political and social unrest and the high cost of transport. A greater demand towards healthier lifestyles and a desire for environmentally friendly products continued to be in effect.

Navigating a Complex Environment

Impact on the Group	Response
Subdued demand and a shift towards cost-effective substitutes reducing sales.	To leverage on loyalty, trust, quality and reputation to retain customers, while engaging in competitive pricing and enhancing products to improve the customer value proposition.
An increased demand for convenience and accessibility following mobility restrictions and high transport costs.	A focus on digitalisation and process improvements to improve service standards and accessibility.
Growing employee turnover levels and migration.	To foster mental health and well-being, while providing support to employees amid a challenging time.
Outlook	
The aforementioned conditions are anticipated to stabilise following recovery from the economic crisis and its associated impacts.	

TECHNOLOGY

Although the pandemic served as the catalyst for the digital revolution, other recent innovations and cutting-edge technology are still changing the way we work, play, and live. Robotic process automation (RPA), the Internet of Things (IoT), artificial intelligence (AI), and machine learning (ML) may all be used to differentiate a company's value proposition and are essential for utilising the full potential and power of cutting-edge technology in the next years. The need for technology continued to be a prerequisite for business success amid the throes of the economic crisis and its impact on mobility during the year.

Cybersecurity and data privacy have become a top priority for corporate operations as a result of the movement of numerous platforms to the digital sphere, leaving many organizations vulnerable to potential security breaches.

Impact on the Group	Response
Technologies that are intuitive have the power to change the value proposition and result in significant cost savings.	The use of digital platforms to enable increased accessibility and implement AI, ML, and RPA to streamline Group-wide procedures.
Security breaches could potentially impair both the Group's brand and the privacy of its customers.	Adopt and improve strict cybersecurity precautions.
Outlook	
As new innovations and technology evolve, ongoing adaption will be necessary. In the future, new types of malware and ransomware may emerge.	

ENVIRONMENT

Due to altered weather patterns, rising sea levels, and extreme weather events, climate change continues to have a negative influence on people's lives and businesses all across the world. In order to lessen their influence and create more sustainable operations, organisations around the world are assuming the responsibility of climate action. Consumers and investors are still looking for companies with sustainability commitments that are evident across their operations.

A transition to renewable energy sources is not merely sustainable but also timely in consideration of the prevailing fuel and electricity shortage. While producing cost savings across the board, responsible consumption and production ensure that businesses can protect precious resources for future generations.

Impact on the Group	Response
Production within the plantation sector was hampered by disruptive weather patterns, disease, and impromptu policies.	The sector continued to expand its products and branching out into crops with greater economic potential while relying on organic fertilizer and sustainable agriculture. Greater levels of resilience were made possible by the development of weather forecasting technology.
A shortage of essential resources such as fuel and electricity impacted operations across the Group.	Adopt and improve strict cybersecurity precautions.
Outlook	
Despite escalating cost structures and resource shortages, the Group will continue to leverage on its sustainability measures as a key strength in the years ahead. As a responsible entity, the Group has consistently sought out sustainable practices that are consistent with its values. The Group continued to engage in practices too improve resource efficiency while incorporating renewable energy sources into its facilities to support the national grid.	

LEGAL

The year saw the introduction of certain statutory and regulatory developments that contributed to the ongoing evolution of the legal system. Businesses today are now being asked to exhibit responsibility, transparency, and ethical ideals with greater frequency.

Many businesses within the Group are currently beginning to take concrete actions toward adopting the Data Protection Act which was introduced during year.

Impact on the Group	Response
Regular legislations being introduced	Continuously monitoring the environment for changes in the regulatory and statutory landscape.
Outlook	
Additional reforms and laws could be enacted in response to shifting socioeconomic realities.	

Managing Risks and Opportunities

Risk Governance

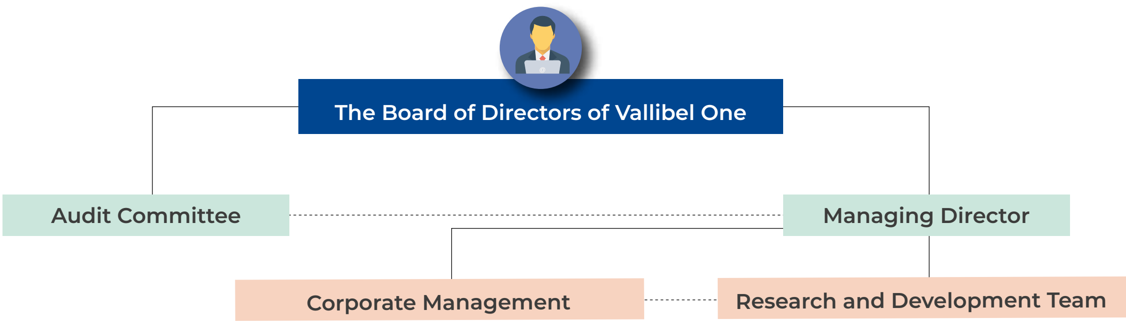
The Group's continuity and long-term performance depend on its ability to assess possible threats in a dynamic, constantly changing environment.

The primary risks for Vallibel One PLC, as a diversified conglomerate, originate from its investee companies. Every business unit within the Group has its own internal auditing department, which in turn reports to its own Audit Committee. The Audit Committee is in charge of overseeing the risk management process, which entails the assessment and management of risks, while the Board of Directors of Vallibel One PLC prioritises and monitors the management of risks relevant to the activities of the Group. 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.

The Internal Audit, Compliance, and Risk Management divisions within L B Finance provide the requisite support for the company's risk management function in accordance with the relevant regulatory standards.

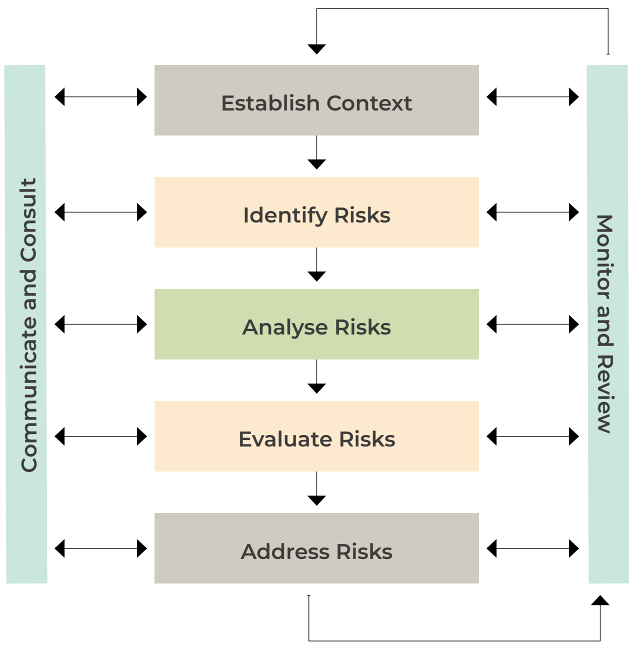
The diagram below outlines the possible avenues made available for communicating risks to Vallibel One's Audit Committee and Board.

The Research and Development team and the Managing Directors are responsible for constantly examining the risk profiles of the subsidiaries. Additionally, a number of Group Directors sit on the boards of the subsidiaries and are armed firsthand knowledge of all Group operations, making them well-suited to evaluate risk across the entirety of the Group. The major risks that affect the Group's seven thrust sectors are described in the pages that follow.



Risk Management Process

A robust risk management procedure is in place, and emphasises the value of ongoing observation and evaluation at every stage of the organisation's risk process. The Group is empowered to remain in sync with shifting dynamics and make appropriate adjustments by virtue of continuous communication and interaction with key stakeholders.



Risk Strategy

The following interconnected risks were identified and categorized in accordance with their relevance, degree of potential impact on the performance and the Group's ability to control its occurrence. Owing to the economic crisis and its associated impacts, many of these risks came into greater focus during the year, thereby driving the Group to further reinforce and intensify its risk mitigatory strategy.

Risk	Relevance	Risk Rating		Degree of Control	Approach	Mitigating Processes and Activities
		Impact	Likelihood			
Economic Risk	An unstable local and global economy creates uncertainty for market-driven factors and could consequently have an impact on business models across the Group.	●	●	Low	Respond	Subsidiaries of the Group continue to evaluate the effects of new trends and global forces on their operations in light of the unstable and evolving operating environment to maintain business continuity. The Corporate Management Team scans and assesses operations and performance indicators across all industries. To balance risk and provide stability, strategic investments and diversification strategies are conducted, while exploring new, lucrative markets to maintain top-line growth.
Demand Risk	A decline in purchasing power could potentially affect demand in some industries and lead to stock accumulation and idle resources. Inability to fuel demand due to a shortage of goods and services brought on by the absence of essential raw material.	●	●	Medium Medium	Respond	In order to rationalise the portfolio and its investments, the Group evaluates demand variations for each component of the portfolio and offers strategic precedence to identified areas. The Group's firms remained committed to their strategic deliverables in order to secure market positioning and modify their market strategies and presence to leverage on emerging opportunities. Adjusting production lines to meet demand and differentiating the product pitch in terms of customer involvement, product accessibility, brand, quality, and standards, as well as product innovation and responsibility. The Group can take advantage of rising demand by leveraging on prior investments in capacity building.
Political Risk	Ad-hoc changes to policy may exert negative impacts on business activities and alter market dynamics. Non-compliance with the most recent regulatory regulations could pose a risk. Political instability may result in the weakening of international partnerships, and essential industries such as tourism may decline.	●	●	Low Low	Respond	Playing a significant role in industry associations to jointly address important issues with governmental and regulatory bodies. Monitoring regulatory changes on a regular basis to maintain compliance. Pursuing new, profitable investment opportunities while capitalising on high-performing industries to boost profits.

Managing Risks and Opportunities

Risk	Relevance	Risk Rating		Degree of Control	Approach	Mitigating Processes and Activities
		Impact	Likelihood			
Market Risk	A volatile exchange rate environment may have a negative effect on profitability, due to a reliance on international partners and clients. The Group is impacted by interest rate fluctuations owing to their impact on both the asset and liabilities portfolios.	●	●	Low Low	Respond	Identifying and relying on local manufacturing capabilities and alternative suppliers to reduce exposure to foreign markets. Any capacity upgrades would be suspended in order to maintain favourable long-term returns. Macroeconomic developments are continuously monitored for changes in market dynamics. Placing greater emphasis on short-term investments to reduce interest rate risk.
Supply Chain Risk	Mobility and import restrictions, a shortage of foreign exchange and an energy shortage could result in disruptions to the supply chain and logistical capabilities. The escalating war between Russia and Ukraine could reduce the supply of necessities and have a negative impact on supply chain activities.	●	●	Low	Respond	Taking active steps to control and manage the supply and need for raw materials while taking reasonable precautions to accommodate for longer lead times. Identifying alternative markets to guarantee a continuous supply of basic materials.
Credit Risk	The risk of default driven by borrowers' incapacity or reluctance to pay back capital and/or interest on loans in line with the terms and conditions set forth in the contract. Loan default rates may rise as a result of the effects of the economic crisis and any associated debt moratoria.	●	●	Medium	Insulate	Utilising preventative and proactive measures to safeguard the Group's portfolio, and ensuring that prompt recoveries are made to reduce defaults, while following clearly established credit policies and procedures.
Liquidity Risk	The risk that the entity would be hard-pressed to meet its short-term financial obligations due to the likelihood that counterparties who supply short-term funding may withdraw or fail to renew that funding, or when liquid assets lose their liquidity as a result of an interruption in asset markets.	●	●	Medium	Insulate	The Group systematically readjusted its funding mix to emphasise longer-term, larger contributions. The extensive efforts to manage clients' decreased cashflows have further enabled the maintenance of a stable liquidity position.
Human Resource Risk	High levels of resignation and turnover may arise due to increased migration in response to political and economic instability.	●	●	Medium	Insulate	Providing competitive pay and benefits while fostering a positive workplace culture and improving quality of life throughout the Group's enterprises.

Risk	Relevance	Risk Rating		Degree of Control	Approach	Mitigating Processes and Activities
		Impact	Likelihood			
Operational Risk	Supply chain related disruptions and the shortage of essential resources could impact business continuity and operations.	●	●	Low	Respond	The Group remains in a position to provide value in the face of adversity by adhering to the flexible methods and procedures enforced by its business units to counteract COVID-19 waves. The Group is therefore strengthened by remote functionality, business continuity planning and seamless operations through disruptive conditions. The productivity management initiatives and sustainable practices support the organisation with respect to resource efficiency and alternate sources of energy.
Environmental Risk	Business performance can be affected by unpredictable weather patterns and the onset of natural disasters. The Group's manufacturing operations have the potential to produce potentially hazardous byproducts that could have a negative effect on the environment.	●	●	Low High	Respond Prevent	The diversification of crops has been employed to insulate the plantations sector against unpredictable events, while a range of cutting-edge weather prediction platforms are utilised to mitigate risk. Furthermore, business continuity planning is in place to institute emergency preparedness within the Group. Promoting sustainable, green strategies across all corporate sectors.
Security Risk	Many firms are now more vulnerable to cybersecurity assaults as a result of the increased migration to digital platforms, which could lead to a decline in customer confidence as well as data privacy and confidentiality concerns.	●	●	High	Prevent	Across the Group, measures have been taken to protect its systems against malware, ransomware, and other security threats. The pertinent businesses engage in ongoing investments to remain relevant and updated.
Reputation Risk	The potential for poor brand reputation and image to be triggered by unforeseeable events.	●	●	High	Prevent	All employees adhere to the values, ethics, and principles that the Group upholds, and a solid policy framework is in place to enforce the same.
Legal Risk	The possibility of legal action or financial damage resulting from unintentional negligence in adhering to pertinent laws or regulations.	●	●	High	Prevent	To prevent any oversights, the Group continues to monitor legal and regulatory compliance at every level.

Pursuing Opportunities

The risk management framework of the Group supports the identification of opportunities emerging from external dynamics, from which the Group could potentially benefit. In order to exploit possible opportunities and consequently build sustainable, lasting value through adaptable, responsive methods, the Group engages in the continuous analysis of emerging trends and changes.

Extending unmatched convenience	Employing technology and digital platforms to extend greater convenience and accessibility to customers and employees.
Building greater business resilience	Creating resilient and adaptive systems and procedures to respond to volatile and disruptive conditions.
Achieving efficiency and cost optimisation	Utilising artificial intelligence, machine learning, and technology to automate processes and minimise costs.
Pursuing sustainable operations	Facilitating the renewal and preservation of essential resources while taking advantage of the cost savings attained through such measures.

Managing Stakeholder Relationships

In order to derive sustainable value, an organisation must focus on generating long-term, inclusive growth for its stakeholders. Enterprise growth and stakeholder growth are deeply intertwined, and as such, Vallibel One engages and collaborates with its stakeholder groups to identify material concerns that may potentially create or erode value. The Group defines as its key stakeholders those who are pertinent to the scope of business operations — spanning the individuals, entities or groups that impact the company, or who are in turn impacted by the company's actions.

OUR STAKEHOLDER MANAGEMENT PROCESS

Vallibel One identifies and engages with its stakeholders in six key stages that collectively enable strong, long-term partnerships that drive mutually beneficial outcomes. Due to the sheer scale and diversity of the Group's operations, Vallibel One's stakeholder groups are widespread and varied, necessitating a comprehensive and ongoing assessment of their needs and concerns to ensure organisational activities are aligned accordingly. The process is built to safeguard transparency and accountability and enable increased responsiveness to changing dynamics, while maintaining clear communication throughout.

IDENTIFYING AND PRIORITISING OUR STAKEHOLDERS AND THEIR NEEDS

The Group's key stakeholders and their reason and purpose for engagement are defined as follows:

Stakeholder	Purpose of Engagement	Scope
Shareholders **16,370+** Number of shareholders	**Relevance:** Individuals or organisations that own shares, and therefore are considered partial owners of the Group **Expectation:** Long-term, consistent and sustainable financial returns	Internal
Employees **12,170+** Number of employees	**Relevance:** Permanent staff of the organisation that drive and enable company-wide operations **Expectation:** Attractive remuneration, benefits and career progress	Internal
Customers **1.2 Mn+** Number of customers	**Relevance:** Primary revenue providers for the Group, hailing from all walks of life **Expectation:** Product and service excellence	External
Business Partners **4,380+** Number of business partners	**Relevance:** External suppliers who provide quality raw materials, products and services that support the Group's activities **Expectation:** Timely payments, and ethical, mutually beneficial partnerships.	External
Government, Regulatory and Statutory Bodies **15+** Number of governing bodies	**Relevance:** Governing bodies and associations providing regulatory guidance, legal frameworks and tax guidelines within which the Group must operate **Expectation:** Compliance, accountability and good governance practices	External
Community **180+** Community projects	**Relevance:** The diverse communities impacted by the Group's operations **Expectation:** Positive, purposeful outcomes that enable collective growth and progress.	External
Environment **143,352 tCo2** Carbon footprint	**Relevance:** The environment and resources consumed or impacted by the Group's operations **Expectation:** Preserving, sustaining and renewing resources for future generations	External

Managing Stakeholder Relationships

In order to determine key stakeholders, priority is given based on their degree of impact and the influence they hold over the company's operations. The matrix below identifies how the Group prioritises its stakeholders:

	Consult	Obtain stakeholder feedback to support the decision-making processes
	Involve	Directly interact with the stakeholder to ensure that their concerns are considered
	Collaborate	Partner with the stakeholder in developing alternatives and solutions
	Support	Monitor needs and provide support to ensure continuity and progress

DEFINING THE METHODOLOGY AND FREQUENCY OF ENGAGEMENT

The dialogue we maintain with stakeholders benefits the organisation in more ways than one. Continuous engagement enables the organisation to identify emerging opportunities, while understanding and mitigating any risks and challenges potentially impacting the organisation. It also empowers the organisation to anticipate and address any shortcomings, concerns and negative perceptions held by our stakeholders, and ensure continuous improvement that drives organisational excellence and sustainable operations.

Therefore, the Group utilises the following framework to define its stakeholder engagement methodologies and frequency. This process encourages stakeholder feedback to be obtained via a range of channels, and sees the company engage in proactive engagement to enable responsiveness and agility.

Stakeholder	Engagement Methodology and Frequency																					
	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	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
Shareholder	A AR	A Q	O	AR						Q	AR				AR							
Customers			O		O		P O	AR	O	A BA	O							P				
Employees								O AR	O	O	M O		O						O A AR	BA		
Business Partners	A					O		AR		A P	AR	O		AR				P AR	P	O		
Government, Statutory and Regulatory Bodies								AR			AR				P AR O	A AR					P	
Community	A		O					P	O	AR							AR P					AR
Environment																	O P					AR

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

Managing Stakeholder Relationships

PLANNING, IMPLEMENTING AND MONITORING OUR STRATEGIES

Amid a changing environment, Vallibel One reassessed its stakeholder needs and expectations and responded accordingly. In order to determine the effectiveness of these strategies, the company measured its outcomes with respect to each stakeholder group.

Quality of Engagement	
●	No existing relationship
●●	Relationship is established, but quality is not substantially improved
●●●	Relationship is established and adding value, but there remains room for improvement
●●●●	Good quality, mutually beneficial relationships with some room for improvement
●●●●●	Strong relationship with mutual benefits

Capitals	
Financial	Intellectual
Social and Relationship	Manufactured
Human	Natural

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 : **14.6%** + ROA : **5.8%** +	
		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 : **70** + New designs and sizes introduced : **87** + Data breaches : **Nil** + Customer complaints resolved : **411** +	
		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	Total salaries paid : **LKR 11,239 Mn** + Number of promotions : **1.,387** +	

Risks					
1	Economic	6	Credit	11	Security
2	Demand	7	Liquidity	12	Compliance
3	Political	8	Human Resource	13	Reputation
4	Market	9	Operational	14	Legal
5	Supply Chain	10	Environmental		

Level of Engagement
Consult
Involve
Collaborate
Support

Outcomes	
+	Positive
–	Negative

	Impacted Capitals		Associated Risks	Linked SDGs	Quality of Engagement	References
	Financial Capital		1, 5, 6, 7, 12	8, 9, 12, 16	●●●●○	Financial capital 154-157 Sector reviews 84-151 Corporate governance 202-208 Risk Management 54-57
	Financial Capital Social and Relationship Capital Intellectual Capital	Human Capital Manufactured Capital	2, 3, 4, 11, 13	9, 10, 11	●●●●●	Social and relationship capital 182-193 Sector reviews 84-151
	Financial Capital Social and Relationship Capital	Intellectual Capital Manufactured Capital	1, 4, 5, 8, 9, 14	3, 5, 8, 9	●●●●●	Human Capital 164-175 Sector Reviews 84-151

Managing Stakeholder Relationships

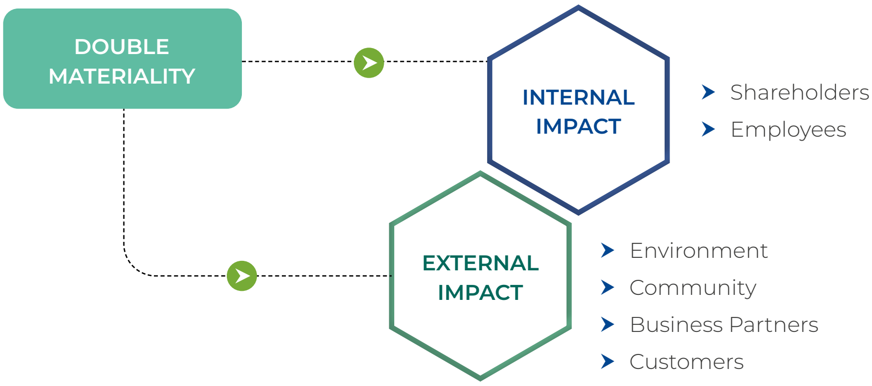
Level of Engagement		Stakeholder Group	Key Expectations	Strategic Response	Outcome
Level of Engagement	Collaborate	Business Partners	• Payment and business opportunities • Maintaining sound, ethical relationships	• Timely payment of invoices • Procurement from local suppliers • Supplier development initiatives • Fair referrals and transparent processes	• Number of suppliers : **4,389** + • Payments made : **LKR 89,057 Mn** +
	Consult	Government, Statutory and Regulatory Bodies	• Compliance with statutory and regulatory requirements • Good governance • Risk management and internal controls	• 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 22,380 Mn** +
	Support	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	• Number of beneficiaries from CSR : **170,000+** +
		Environment	• Responsible consumption of natural resources	• Minimizing environmental impact and relying on sustainable resources • Stakeholder awareness on sustainable practices • Sustainable manufacturing and process efficiencies	• Total Emissions : **143,352 tCO2** - • Emissions Reduced : **12,682 tCO2** +

	Impacted Capitals		Associated Risks	Linked SDGs	Quality of Engagement	References
	Financial Capital Social and Relationship Capital		2, 4, 5, 6, 10, 12, 13, 14	8, 9, 10, 12, 16	●●●○○	Social and Relationship Capital 182-193 Sector Reviews 84-151
	Financial Capital Social and Relationship Capital	Intellectual Capital	3, 10, 11, 12, 13, 14	16	●●●●○	
	Financial Capital Social and Relationship Capital		1, 10, 12, 13, 14	1, 3, 4, 9, 10, 11	●●●○○	Social and Relationship Capital 182-193 Sector Reviews 84-151
	Natural Capital Financial Capital	Human Capital Manufactured Capital	10, 12, 13, 14	7, 12, 13	●●●○○	Natural Capital 194-200 Sector Reviews 84-151

Materiality Assessment

Vallibel One PLC relies on a materiality assessment to determine the topics most material to its operations, which in turn determine contents of this annual report. In line with the Group's reporting guidelines, material topics are defined as the aspects that pose a significant impact towards the economy, the environment and its stakeholders, while influencing the organisation's ability to derive value over time.

The Group adheres to a structured approach towards determining materiality, aligned with principles recommended by the Global Reporting Initiative (GRI) Sustainability Reporting Standards, and in accordance with the International Integrated Report Council's (IIRC's) Integrated Reporting Framework. The materiality determination process relies on the results determined from the Group's stakeholder engagement and the operating environment, and considers the driving factors of the organisation, namely its vision and values. These are then prioritised based on their potential impact on operations and key stakeholders. Therefore, Vallibel One follows a double materiality principle to determine and manage the topics that deliver value internally (i.e., to investors and employees) and externally (i.e., to the environment and society).



ANALYSE
- Analyse internal and external stakeholder feedback
- Analyse the operating context

IDENTIFY
- Identify stakeholder needs and concerns
- Identify risks, opportunities and challenges

PRIORITISE
- Prioritise matters material to the Group, and its continuity and purpose
- Prioritise matters material to stakeholders

INTEGRATE
- Integrate material matters into the organisation's strategy and processes

REPORT
- Report on material topics to the Board and stakeholders through regular meetings and publications

REVIEW
- Review progress on the identified material topics and determine any areas for improvement

Accordingly, the Group utilises the materiality determination process outlined below:

Importance or scale of impact	A significant degree of impact to the Group's daily operations
Frequency of occurrence	A perceived low degree of impact but high degree of occurrence
Compliance and regulatory implications	Pertinence to regulatory mechanisms to drive good governance
Potential risk to stakeholders	The tendency to disrupt operations and/or expose stakeholders to adversity

DETERMINING MATERIALITY

The following parameters are utilised to determine the materiality of the range of topics that are identified from Vallibel One's external and internal assessments.

REVISIONS AND IMPROVEMENTS

The Group continued to reassess and analyse its material topics in line with the changing environment and its corresponding organisational and stakeholder related needs. As mentioned previously, the Group focused on utilising the double materiality principle, which maps out each topic's internal impact or financial materiality, as well as its external impact, i.e., its environmental and social materiality. Additionally, the Group focused on assessing any changes in the year-on-year ranking of materiality, while reporting on the underlying reasons for any revisions that took place during the year.

MATERIAL THEMES AND TOPICS

Based on the preceding materiality assessment, Vallibel One derived 9 material topics. The Group's response is detailed throughout the report, and the relevant sections are denoted for easy reference.

Material Topic	Focus Areas	Internal Materiality	External Materiality	Change in Materiality	Reason for Change	Impacted Stakeholders	Strategic Response	GRI
1. **Sustainable business performance**	Consistent financial returns Ensuring business continuity Establishing strategies that drive growth Good governance and ethical conduct	Safeguards the Group's ability to maintain continuity in the long-run and deliver continuous value.	Enables the organisation to address the needs of its employees, customers and other stakeholders in a timely manner.	–	-	Shareholders Customers Employees	Pages 154-157 and 164-175	203
2.. **Employee welfare, well-being and progress**	Attraction and retention of the right talent Developing employee skills and capabilities Ensuring employee health, safety and welfare Enabling inclusive policies	Empowering sales agents and employees through a competitive rewards system, training and development and improved upward mobility create an expert, knowledgeable workforce.	Creating a conducive environment for work drives innovation, enables improved outcomes for customers and improves business performance.	▲	The pressures of the economic crisis led to greater levels of attrition and negative impacts on employee well-being	Employees Customers	Pages 164-175	401, 402, 403, 404, 408, 409,
3. **Responsible resource management**	Effective energy management Responsible resource consumption Preserving and conserving biodiversity	The opportunity to derive business long-term sustainability by realising cost-efficiencies and minimising a reliance on scarce resources	Minimised wastage and green practices can positively impact and sustain the planet and reduce the cost of goods, while safeguarding resources for future generations	●	A shortage of essential resources and escalating prices required the prudent management of resources to enable business continuity and minimise the impact on the bottom-line.	Environment Shareholders Customers	Pages 182-194 and 76-81	301, 302, 303, 305, 306

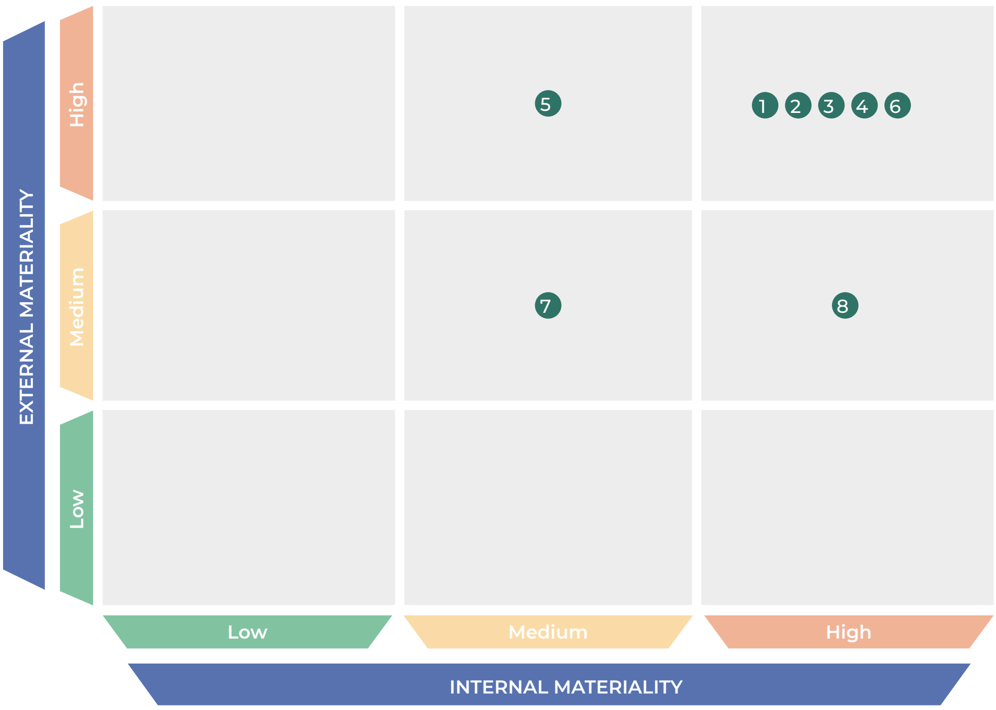
Materiality Assessment

Material Topic	Focus Areas	Internal Materiality	External Materiality	Change in Materiality	Reason for Change	Impacted Stakeholders	Strategic Response	GRI
4. Product quality and responsibility	Sustainable local sourcing practices Maintaining quality standards Building brand reputation and trust	Maintains strong levels of trust and reputation, thus building a strong customer perception and driving business growth.	Following ethical processes and quality standards creates an improved value proposition, and supports the communities in which we operate.	▲	The shortage of foreign exchange led to an increased demand for local sourcing practices	Customers Business Partners	Pages 182-193	201, 204, 207, 308, 407, 414, 416, 417
5. Cybersecurity and data privacy	Protecting systems against malware and cyberattacks Preventing data breaches	Ensuring we uphold the highest levels of confidentiality and security builds trust and brand reputation	Safeguarding customers' and other stakeholders' sensitive information ensures their privacy and security	—		Customers Employees	Pages 164-175	406, 418
6. Process excellence	Ensuring process efficiencies Implementing process automation and machine-based learning	Streamlined systems and reduced human intervention promote speed, cost-effectiveness, agility and responsiveness	Improves customer satisfaction and efficiency	—		Customers Employees	Pages 158-164	416
7. Community engagement	Ensuring community involvement Community investment Providing employment opportunities	Securing community support and trust contributes towards business performance and longevity	Enables the socioeconomic growth and nurtures community welfare	—		Community	Pages 182-193	413
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.	Maintaining good governance ensures stakeholders are not exposed to fraudulent, unfair or unethical practices, thereby safeguarding their welfare and upholding societal justice	—		Government, Statutory and Regulatory Bodies	Pages 202-208	417, 418

MATERIALITY MATRIX

Based on the aforementioned assessment, the Group mapped out and prioritised its material topics based on external and internal materiality as follows:

▼	▲	—	●
Decreased materiality	Increased materiality	No change	New/modified material topic
High	Moderate	Low	



Materiality Assessment

CONNECTING MATERIALITY TO PERFORMANCE

Material Topic	Contribution to SDGs	Key performance indicators	2022/23 performance	2021/22 performance
1 Sustainable business performance		Net profit margin (%)	15.6	21.8
		Income (LKR Mn)	116,855	94,925
		Net Assets per share (LKR Mn)	67.54	61.43
		Total assets (LKR Mn)	309,646	285,210
2 Employee welfare, well-being and progress		Employee remuneration (LKR Mn)	11,238	11,080
		Number of workplace accidents	420	185
		Number of promotions	1,387	349
		Total training hours	67,136	43,021
3 Responsible resource management		Amount of recycled materials (MT)	22,652	22,803
		Water consumption (Litres Mn)	780	593
		Energy consumption (GJs)	1,098,151	1,199,021
		Carbon footprint (Tco2)	143,352	156,034
		Number of trees planted	334,000+	100,000+
		Renewable energy generated (Kwh)	2,180,000	712,335
4 Product quality and responsibility		New product development (LKR Mn)	35	30
		Local sourcing (LKR Mn)	63,038	38,167
		Number of customer touchpoints	2,640+	300+
5 Cybersecurity and data privacy		Number of data breaches	Nil	Nil
		Number of cyberattacks	Nil	Nil
6 Process excellence		Savings from TPM (LKR Mn)	644	870
		Number of process improvements	8	17
7 Community engagement		Outstation recruitment	817	1,133
		Investment in community projects (LKR Mn)	69.61	52
		Local suppliers	4,028	3,593
8 Compliance		Incidents of non-compliance with regulations	Nil	Nil
		Lawsuits filed	Nil	Nil
		Incidents of corruption	Nil	Nil
		Incidents of child labour	Nil	Nil
		Violations of human rights	Nil	Nil
		Taxes paid (LKR Mn)	22,381	13,339

Strategy and Resource Allocation

The strategies employed at Vallibel One are based on the prudent management of its resources and formulated to address emerging local and international trends and dynamics that have an impact on the Group's various business divisions. The prudent allocation and management outline the course for the future, while enabling the Group to navigate through an environment of unpredictability and disruption, while facilitating the organisation to fulfil its overarching vision.

THE STRATEGY PROCESS

The strategy development and management process at Vallibel One is based on a tried-and-true method that fundamentally synchronizes the company's vision and mission with its stakeholders and strategy. Since strategy cannot be formed in a vacuum, the Group's overall course is dictated by its response to shifts in the external environment, while retaining its focus on delivering consistent value to every stakeholder.

OUR PURPOSE

OUR VISION

Achieve uniqueness through diversity, leadership, creativity and inspiration.

OUR MISSION

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

GUIDANCE AND DIRECTION	PLANNING AND MONITORING	VALUE DRIVERS
STEP 01: ANALYSIS		
INDUSTRY AND MARKET INSIGHTS	**STAKEHOLDER FEEDBACK**	**INTERNAL CAPABILITIES**
Identify opportunities and threats in the operating environment (pages 46-53)	Assess stakeholder's current and future needs (pages 58-65)	Identify available resources and internal strengths (pages 54-57)
STEP 02: STRATEGY		
STRATEGIC INTENT	**STRATEGIC DRIVERS**	**STRATEGIC ENABLERS**
What needs to be done (page 08)	What needs to be focused on (page 27)	The key differentiators, skills and resources that can be deployed (pages 84-151)
STEP 03: EXECUTION		
ESTABLISH OBJECTIVES	**TARGETS AND INITIATIVES**	**BUDGET ALLOCATION**
Develop plans for the short, medium and long-term (pages 64-151)	Set KPIs and performance measures to track progress (pages 66-70)	Allocate resources to support execution of strategy (pages 84-151)

Strategy and Resource Allocation

STEP 04: MANAGEMENT		
COMMUNICATE	ESTABLISH TIMELINES	LEVERAGE
Raise awareness regarding strategy and share progress (pages 58-65)	Ensure KPIs are achieved in a timely manner (pages 84-151)	Utilise core competencies to achieve a competitive advantage (pages 84-151)

STRATEGIC IMPERATIVES	
ACHIEVING TOP-LINE GROWTH	MAINTAINING SUSTAINABLE OPERATIONS
Product Diversification Market Development Capacity Development	Environmental Commitment Community Development Human Resource Development Business Continuity Management
DRIVING OPERATIONAL EXCELLENCE	CAPITALISING ON SYNERGIES
Technology and Innovation Process Improvements	Group Synergies Synergies with Business Partners

Resource Allocation

Strategic Imperative	Resource Allocation	Capital Trade-Offs		Impacted SDGs
		Short-term Investment	Long-term Outcome	
Achieve Top-line Growth	Investments in product diversification, market development and capacity improvements	Investing in product development branding, marketing and promotions and capital expenditure.	Achieving customer satisfaction, growth and profitability in the medium to long-term	8, 9
Drive Operational Excellence	Investments in innovation, technology and Investments in innovation, technology and process improvements	Investing in innovation, technology, and process improvements.	Minimising costs, strengthening the intellectual capital base and improving customer-centricity.	8, 9

Strategic Imperative	Resource Allocation	Capital Trade-Offs		Impacted SDGs
		Short-term Investment	Long-term Outcome	
Capitalise on Synergies	Investment in supply chain and business partners			
Maintain Sustainable Operations	Investments in environmental initiatives and community development			
		Investing in training Ensuring fair compensation, benefits and welfare	Developing employee skills and expertise that will support in the delivery of corporate goals. Boosting employee morale and productivity and securing employee loyalty.	

Capital Erosion

Capital Enhancement

Value Creation Model

Strategic Direction — Vision, Mission and Values *(Page 08)* — Organisational Strengths *(Pages 18 to 19)*

8 Material Topics that Drive Our Strategy: Sustainable Business Performance — Employee Welfare, Well-being and Progress — Product Quality and Responsibility

Capitals	Activities / Processes	Outputs

Capitals

Financial Capital
(Pages 154 to 157)

Shareholders' Funds: **LKR 119,382 Mn**
Debt: **LKR 47,877 Mn**
Cash Flow from Operations: **LKR 11,141 Mn**
Stated Capital: **LKR 29,337 Mn**
Retained Earnings and Other Reserves: **LKR 90,044 Mn**

Manufactured Capital
(Pages 158 to 163)

Investment in PPE: **LKR 60,336 Mn**
Investment in CAPEX: **LKR 8,088 Mn**

Human Capital
(Pages 164 to 175)

Workforce: **12,174**
New recruitments: **2,254**
Investment in training: **LKR 45.57 Mn**
Flexible working environment
Specialized business development team
Payments to employees: **LKR 11,239 Mn**

Social & Relationship Capital
(Pages 182 to 193)

Cost of sales: **LKR 66,202 Mn**
Total Suppliers: **4,389**
Investment in Community Development Projects: **LKR 91.33 Mn**
Sustainable CSR Projects
Stakeholder Management

Intellectual Capital
(Pages 176 to 181)

Devoted & Experienced team for Research & Development
Tacit Knowledge
Investment in R&D: **LKR 134 Mn**
Intangible Assets: **LKR 12,931 Mn**
Brand Stewardships

Natural Capital
(Pages 194 to 200)

Energy Consumption: **1,098,151 GJ**
Waste Consumption: **47,163 MT**
Cultivated area (agricultural): **4,399 Ha**
Investments in Long-Term Renewable energy across all manufacturing plants

Activities / Processes

Sector Activities

Lifestyle
Manufacturing tiles & bathware and providing interior solutions (Pages 84 to 94)

Finance
Financial services - leases, loans & deposits (Pages 95 to 102)

Aluminium
Manufacturing aluminium extrusions (Pages 103 to 112)

Plantations
Producing tea, rubber & other crops (Pages 113 to 123)

Leisure
Managing Boutique Hotel Resorts (Pages 124 to 134)

Consumer
Manufacturing & retailing fast-moving goods, pharma & medical equipment (Pages 135 to 142)

Investments and Others
Packaging, mining, insurance brokering, travel, shipping (Pages 143 to 151)

Outputs

Lifestyle
- **11,935,827 Sq. Meters** of Tiles
- **148,387 Pieces** of Sanitary Ware
- **166,297 Units** of Bath Ware Accessories
- **48,888 MT** of Grout and Mortar

Finance
- Lease granted: **LKR 34,096 Mn**
- Gold loans and other advances granted: **LKR 95,157 Mn**
- Number of depositors: **59,690**

Aluminium
- Powder coat and wood finish **1,303 MT**
- Architectural applications: **105 MT**
- Other Aluminum extrusions: **1,536 MT**

Plantations
- **2,178 MT** of Tea
- **630 MT** of Rubber

Consumer
- General trade: **61%**
- Modern trade: **30%**
- HORECA: **5%**
- Exports: **2%**
- Whole sale & Others:**2%**

Leisure
- Guest services: Room nights **5,167**
- Completed super structure of Greener Water project

Investments & Others
Mined Output
- Kaolin **6,736 MT**
- Feldspar **29,850 MT**

Responsible Stewardship: Corporate Governance *(Pages 202 to 208)* — Risk Management *(Pages 54 to 57)*

Operating Environment *(Pages 46 to 53)* Stakeholder Needs *(Pages 58 to 65)*

Cybersecurity & Data Privacy | Process Excellence | Community Engagement | Preserving the Environment | Governance and Compliance

Outcomes to Group | Outcomes to Stakeholders | Impact

Financial Capital

Ensuring Profitability

- EBITDA : **LKR 33,211 Mn**
- **LKR 656 Mn** cost saving from all cost rationalisations
- **0** penalties/fines incurred

Delivering shareholder returns

- Net profits: **LKR 17,809 Mn**
- Earnings per share : **LKR 8.36**

Manufactured Capital

Enhanced Efficiency

- Return on assets : **5.8%**

Enhanced customer reach

- LB Finance new branches : **11**
- Strategic relocations : **5**
- Island-wide footprint

Human Capital

Increased Productivity

- Staff turnover : **28%**
- Retention Rate : **72%**
- Revenue per employee : **LKR 9.35 Mn**
- Profit per employee : **LKR 1.43 Mn**

Employee skills and Benefits

- Employee satisfaction survey score : **90%**
- Training hours : **67,136**
- Employee remuneration : **LKR 11,239 Mn**

Social & Relationship Capital

A Trusted Reputation

- New customers : **44,004**
- New suppliers : **4,389**
- Awards received : **50+**

High customer satisfaction

- Customer satisfaction survey score : **92%**
- Net promoter score : **64%**

Strong supplier partnerships

- Payments to suppliers: **LKR 89,057 Mn**

Community engagement

- Beneficiaries from CSR initiatives: **170,000+**
- Tiler club members: **5,000+**
- Plantation workers: **3,103**

Intellectual Capital

Innovative Solutions

- **8** process improvements
- **55** new products
- **19** own brands
- **84** new designs and sizes

Unmatched stakeholder value

- New products developed : **55**
- No data breaches
- Savings from process improvements : **Rs. 656 Mn**

Natural Capital

Resource Optimisation

- **20,216 GJ** saved energy from energy reduction initiatives
- **269 Mn** cost savings from energy reduction
- **Zero** environmental fines incurred

Environmental footprint

- Carbon footprint : **143,352 tCO2e**
- Wastewater discharged : **231 Mn litres**
- No. of trees planted and cultivated crops : **334,487**
- Solid waste : **47,163 MT**
- Paper recycled : **880,643 Kg**
- Renewable energy generated : **4,230 GJ**

Sustainability Commitment *(Pages 194 to 200)* Regulatory Frameworks *(Pages 202 to 215)*

Positive Increase | Negative Increase | Unchanged
Positive Decrease | Negative Decrease

Shareholder Information

GLOBAL MARKET REVIEW

The year 2022 was challenging for stock markets globally, with various factors contributing to the negative performance. Sticky inflation and aggressive rate hikes by the Federal Reserve had a significant impact on growth and technology stocks, leading to a decline in investor sentiment. Geopolitical concerns, such as the war in Ukraine and fears of a global recession, also contributed to market volatility.

In the United States, the Dow Jones Industrial Average closed the year down about 8.8%, marking its worst year since 2008. The S&P 500 experienced a more significant decline of 19.4% and was more than 20% below its record high. The tech-heavy Nasdaq Composite suffered the most, tumbling 33.1%.

On a global scale, the MSCI World Index (USD) recorded a negative performance of -17.7%, in contrast to the significant gain of 21.8% in 2021. The Nikkei stock index in Japan also experienced its first yearly fall in four years, dropping 9%. The war in Ukraine and concerns over a global recession, coupled with the yen's decline, affected the Japanese market. However, the FTSE 100 index in the UK managed to end the year slightly up, despite the global turmoil.

European markets had a challenging year as well. The pan-European Stoxx 600 index lost 12.4%, reflecting the overall negative sentiment. Germany's DAX fell 12.3%, its largest annual drop since 2018, due to the impact of the Ukraine war, energy crisis, and double-digit inflation. France's CAC index also experienced a decline of 9.5%, despite briefly surpassing London as Europe's biggest stock market. Overall, the year 2022 was characterized by significant market challenges, with multiple factors contributing to the decline in stock markets globally..

LOCAL MARKET REVIEW

During the ten months leading up to October 2022, the equity market experienced a decline in price indices and higher volatility. Several factors contributed to this trend, including ongoing economic contraction, high inflation, both domestic and international moves to raise policy rates, a slowdown in net profit growth in the corporate sector, and anticipated declines in corporate bottom lines due to tax adjustments. Additionally, the adverse global economic conditions resulting from Russia's invasion of Ukraine had cross-border effects that impacted the equity market.

The stock market's performance in the first nine months of 2022 was mixed. However, from early July 2022, there were signs of recovery as both the All Share Price Index (ASPI) and the Standard & Poor's (S&P) SL 20 Index started gaining upward momentum. By the end of March 2023, the Colombo stock market remained positive for the year, with the ASPI increasing by 4.46% to 9,301.09 points and the S&P SL 20 Index decreasing by 11.49% to 2,682.83 points compared to the previous financial year's index values.

Market capitalization also saw marginal growth, reaching LKR 3,904 billion at the end of March 2023, compared to LKR 3,827 billion at the end of March 2022. It's worth noting that foreign investors showed increased appetite for government securities, but there was a marginal net outflow of net foreign investments to the Colombo Stock Exchange (CSE) during March 2023. Overall, the equity market in Colombo experienced volatility and mixed performance, with some signs of recovery in the latter part of the period mentioned.

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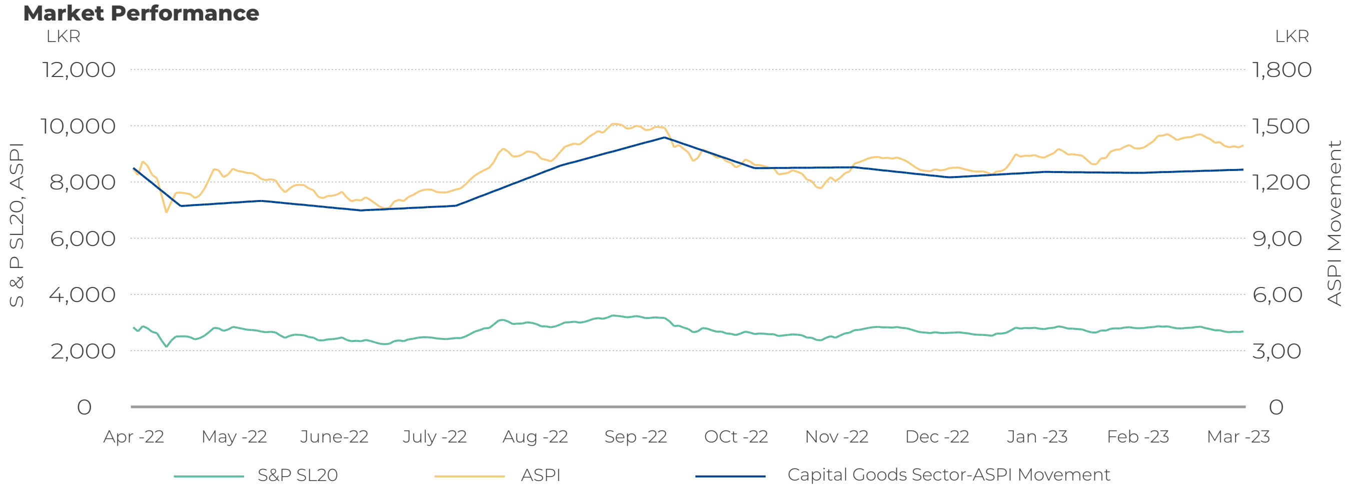
Market Performance



PERFORMANCE AND MARKET INFORMATION ON OUR SHARE

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.

Public Holding

Shares held by the public as at 31st March 2023 was 19.40% comprising of 16,849 shareholders. The percentage of public holding as at 31st March 2022 was 19.41% and was represented by 16,362 shareholders.

	%	No of Shares
Public Holding	19.40%	16,849
Directors' & MD's Shareholding (Includes shareholding of Spouse)	1.861%	1,219,968

Market Capitalisation

The Float adjusted market capitalization as at 31st March 2023 – LKR 8,088,798,189.00 (As at 31st March 2022 – LKR 8,884,594,241.40)

The Float adjusted market capitalization falls under Option 2 of Rule 7.14.1(i) (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under said option.

	As at 31st March		
	2023	2022	2021
Total Market Capitalisation of CSE (LKR Bn)	3,903.54	3,826.50	3,111.26
Total Market Capitalisation of Capitals Goods Industry Group (LKR Bn)	600.50	606.56	562.69
Company Market Capitalisation (LKR Bn)	41.68	45.78	53.64
Percentage of Total Market Capitalisation (%)	1.07	1.20	1.72
Percentage of Total Market Capitalisation: Capital Goods (%)	6.94	7.55	9.53

Share Prices for the Year

Market price per share	2022/23		2021/22	
	Date	Price	Date	Price
Highest during the year	17/08/2022	LKR 56.00	19/01/2022	LKR 102.5
Lowest during the year	07/07/2022	LKR 26.90	01/04/2021	LKR 38.60
As at end of the year	31/03/2023	LKR 36.60	31/03/2022	LKR 40.20

During the Year Price Movement

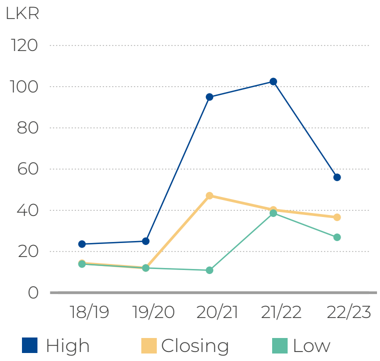
Shareholder Information

Share Trading Snapshot

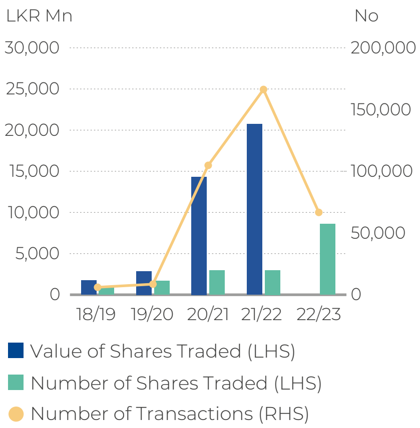
CIGS Industry Group	Capital Goods
CSE Ticker	VONE.N0000
ISIN	LK0389N00003

	31st March 2023	31st March 2022
No. of transactions	66,704	166,262
No. of Shares traded	85,793,977	299,253,988
Value of Shares traded (LKR)	3,266,133,510	20,748,511,061

Market Value Per Share

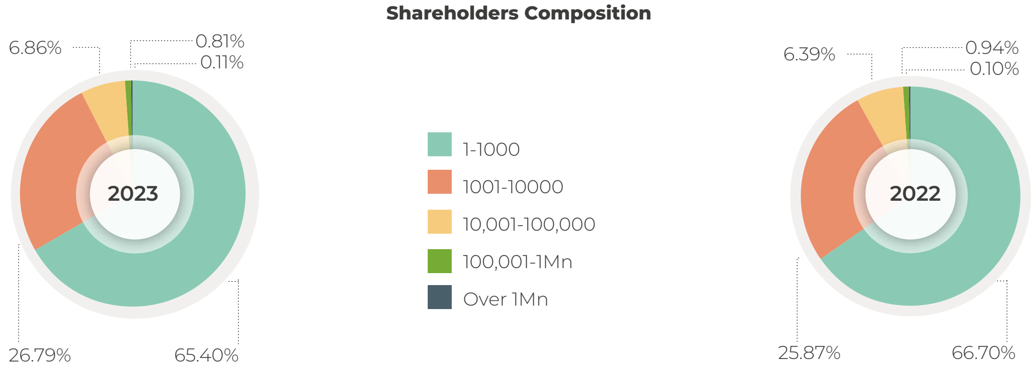


Share Trading



		31st March 2023			31st March 2022		
From	To	No of Holder	No of Shares	%	No of Holder	No of Shares	%
1	1,000	11,036	3,164,827	0.28	10,920	3,124,566	0.27
1,001	10,000	4,517	14,588,866	1.28	4,235	13,432,585	1.18
10,001	100,000	1,156	33,216,071	2.92	1,047	30,560,722	2.68
100,001	1,000,000	136	35,889,879	3.15	154	40,932,872	3.59
Over	1,000,000	18	1,052,056,001	92.37	17	1,050,864,899	92.27
		16,863	1,138,915,644	100.00	16,373	1,138,915,644	100.00

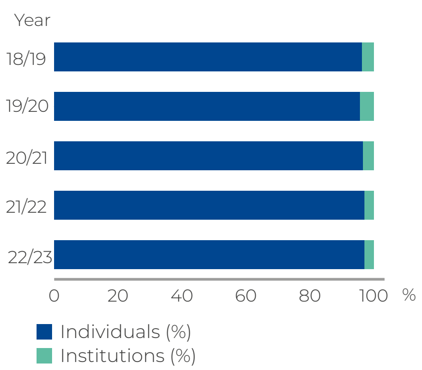
Shareholders Composition



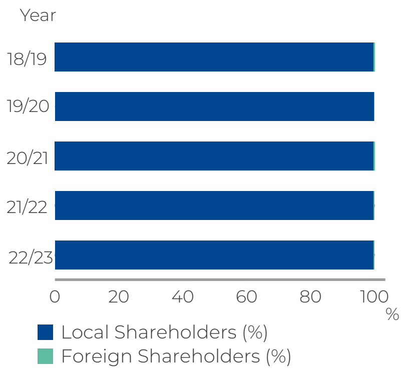
ANALYSIS OF SHAREHOLDERS

	31st March 2023			31st March 2022		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Local						
Individuals	16,164	787,782,071	69.17	15,595	780,829,925	68.56
Institutions	643	346,305,468	30.41	727	353,892,167	31.07
Total Local	16,807	11,340,877,539	99.58	16,322	1,134,722,092	99.63
Foreign						
Individuals	50	2,423,402	0.21	48	2,246,649	0.20
Institutions	6	2,404,703	0.21	3	1,946,903	0.17
Total Foreign	56	4,828,105	0.42	51	4,193,552	0.37
Total	16,863	1,138,915,644	100.00	16,373	1,138,915,644	100.00

Individuals Vs Institutions



Local Vs Foreign Shareholders



Name of Director	31st March 2023		31st March 2022	
	No of Shares	%	No of Shares	%
Mr. S H Amarasekara				
Shares held in the following manner				
Pan Asia Banking Corporation PLC / Mr. S H Amarasekara	1,048,192	0.092	1,048,192	0.09
Mrs. Y Bhaskaran (MD)	Nil	-	Nil	Nil
Mr. J A S S Adhihetty	104,819	0.009	104,819	0.01
Mr. R N Asirwatham	838	0.000		
Mrs. Shirani Jayasekera				
Shares held in the following manner				
Mrs. Shirani Jayasekera	41,927	0.004	41,927	0.00
Mr. T L F Jayasekera and Mrs. Shirani Jayasekera	20,000	1.756	41,927	0.00
Ms. A A K Amarasinghe	4,192	0.000		
Ms. K A D Brindhiini Perera	Nil	-		

Shareholder Information

Directors' and MD's Shareholding in Group Companies

Name of the Director	Number of shares as at 31st March 2023							
	Royal Ceramics Lanka PLC	Lanka Tiles PLC	Lanka Walltiles PLC	Swisstek Ceylon PLC	L B Finance PLC	Horana Plantations PLC	Lanka Ceramics PLC	The Fortress Resorts PLC
Mr. S H Amarasekara	-	-	22,500	-	79,640	-	-	-
Mrs. Y Bhaskaran (MD)	-	-	-	-	-	-	-	-
Mr. J A S S Adhihetty	6,600	-	5,250	-	424,480	-	-	13,741
Mr. R N Asirwatham	-	3,015	-	-	-	-	-	-
Mrs. Shirani Jayasekera	-	-	-	-	-	-	-	-
Ms. Kawshi Amarasinghe	-	-	-	-	-	-	-	-
Ms. K A D Brindhiini Perera	-	-	-	-	-	-	-	-

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	Employee's Provident Fund	106,443,137	9.346	106,443,137	9.346
3	Vallibel Investments (Pvt) 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	5,471,735	0.480
6	Hatton National Bank PLC/Subramaniam Vasudevan	3,968,924	0.348	4,799,905	0.421
7	Mr. K D H Perera	3,413,718	0.300	2,777,773	0.244
8	Merrill J Fernando & Sons (Pvt) Limited	2,313,005	0.203	2,313,005	0.203
9	DFCC Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	2,000,000	0.176	1,275,000	0.112
10	Mellon Bank N.A.-UPS Group Trust	1,922,903	0.169	1,922,903	0.169
11	National Savings Bank	1,688,128	0.148	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	1,648,469	0.145	1,658,469	0.146
14	Mr. B W Kundanmal	1,533,724	0.135	530,000	0.047
15	Renuka Consultants & Services Limited	1,095,361	0.096	1,095,361	0.096
16	International Construction Consorrtium (Private) Limited	1,095,361	0.096	1,095,361	0.096
17	Pan Asia Banking Corporation PLC/Mr.Shiran Harsha Amarasekera	1,048,192	0.092	1,048,192	0.092
18	Hatton National Bank PLC/Palaniyandy Muralitharan	1,010,000	0.089	960,000	0.084
19	Mackenzie Capital Ltd	1,000,000	0.088	500,000	0.044
20	Mr. K D A Perera	898,285	0.079	898,285	0.079
		1,053,954,286	92.540	1,051,962,743	92.364
	Others	84,961,358	7.460	86,952,901	7.636
	Total	1,138,915,644	100	1,138,915,644	100.00

Dividends

Year ended 31 March	Dividend declared per share (LKR)	Total Dividends (LKR Mn)
2012/13	0.30	326
2013/14	0.70	761
2014/15	0.40	435
2015/16	0.50	543
2016/17	0.50	543
2017/18	0.50	543
2018/19	-	-
2019/20	0.50	543
2020/21	2.39	2,716
2021/22	2.50	2,847
2022/23	-	-

Share Capital

Year ended 31st March	Number of Shares in Issue (LKR Mn)
2011/12	1,086,559,353
2012/13	1,086,559,353
2013/14	1,086,559,353
2014/15	1,086,559,353
2015/16	1,086,559,353
2016/17	1,086,559,353
2017/18	1,086,559,353
2018/19	1,086,559,353
2019/20	1,086,559,353
2020/21	1,138,915,644
2021/22	1,138,915,644
2022/23	1,138,915,644

Diverse. Distinctive. Balanced.

SECTORS REVIEW

Lifestyle

Vallibel One's lifestyle sector continues to lead the market with a wide-ranging collection of unparalleled interior solutions, including tiles, tiling accessories, bathware, kitchen sinks and design solutions. The sector's tile segment holds a leading position in the market, with the brands 'Rocell' and 'Lanka Tiles' contributing towards 62.1% of the market share. The bathware segment holds a notable 52% of the market share, while the Delmege Group of Companies offers a range of interior building and design solutions.

Scope and Structure

Royal Ceramics Lanka PLC

Production capacity of 6,500 sq.m. per day at Eheliyagoda and 10,500 sq.m per day at Horana

Rocell Bathware

35,000 pcs per month production capacity at Homagama

Delmege Forsyth and Company Ltd

Interior and Construction Products

Lanka Tiles PLC

Production capacity of 16,500 sq.m. per day at Ranala

Swisstek Ceylon PLC

Mortar: 85,000 MT p.a production capacity at Balummahara factory

Grip Delmege (Pvt) Ltd

Panel furniture and interior design solutions

Lanka Walltiles PLC

Production capacity of 2.8 mn sq.m. p.a. at Meepe

Timber Flooring Solutions (Imported Wood)

Grip Nordic (Pvt) Ltd

Layer glued furniture

Tiling

Sanitaryware

Grout

Interior and Building Solutions

Products and Services

Operating Context

- Despite the import ban on tiles creating a lucrative market for domestic tile manufacturers, the downturn in the construction industry restricted progress during the year.
- The industry faced numerous challenges including difficulties in sourcing imported raw materials and fuel, in addition to extended power outages leading to production delays and disruptions.
- A high inflationary environment, significant increases in energy and fuel costs and increased taxation levels also resulted in an intense pressure on profit margins.
- Construction activities suffered a severe setback owing to impediments in both supply and demand. The sector witnessed a contraction of 20.9% in 2022 in value-added terms, in comparison to the growth of 4.4% recorded in 2021. From a supply perspective, shortages of raw materials and fuel, escalating input costs, the loss of supplier credit and overdue payments on completed state-funded projects negatively impacted the sector's activities. In terms of demand, the contraction in purchasing power, the suspension of government-funded projects and a high interest rate environment served as combined effects that impeded construction-related investments.
- In Sri Lanka, the tile manufacturing industry in particular is predominantly led by four major organisations, namely Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, and Mactiles Lanka (Pvt) Ltd.
- Following the ban on tile imports, a majority of manufacturers have increased their capacities which has translated into local manufacturers being able to meet 100% of the domestic demand for tiles. However, the slowdown witnessed in the construction industry hampered such manufacturers from fully realising the benefits of this investment.

Market Dynamics

Challenges and Risks

- Challenging macroeconomic conditions due to socio-political instability and market restrictions
- Declined consumer confidence and the unprecedented high cost of living
- Shortage of essential raw materials and services owing to disruptions to the supply chain
- Intense competition from small-scale suppliers
- Loss of supplier credit owing to the depletion of foreign exchange
- Increase in taxation impacting consumer spending and corporate profitability

Opportunities

- Post-crisis growth
- Export demand

Strategic Response

- Innovation and research and development
- Strengthening distribution
- Prudent cost management
- Building relationships

New strategy | Existing strategy

Value Enablers

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

Lifestyle

Strategy Execution

The dynamics within the lifestyle sector remained largely the same as the preceding year, but were further exacerbated by the decline in demand experienced during the period under review, and escalating costs. The sector responded through focused strategies designed to maintain business continuity, mitigate the impact of disruption and reduce costs, while relying on its reputation for quality to cement its place in the market.

Strategic Response	Innovation and Research and Development	Strengthening Distribution
CAPITALS	Financial Capital Manufactured Capital Intellectual Capital Social and Relationship Capital	Natural Capital Intellectual Capital Manufactured Capital Social and Relationship Capital
PRINCIPLE	Utilising innovation to remain adaptive and competitive, while engaging in research to develop new, lucrative products and expand the range of existing products to cater to new markets.	Improving channel management through focused allocation of products, while exploring the export market.
INITIATIVES FOR 2022/23	➤ Investing in new technologies while expanding capacities to remain competitive in a rapidly changing market, while enabling design flexibility and automation. ➤ Focusing on developing products and technologies that offer a competitive advantage in the market, such as engaging in testing and production using new supplier materials, manufacturing process improvements, and enhancing TPM practices. ➤ Develop new products and expanding existing product line to target new markets, such as introducing large format tiles, developing a range of glossy tiles and new bathware for middle and upper market segments. Additionally there will be a greater focus on creating more designs for the price-sensitive segment. ➤ Swisstek launched the ROOFMASTER brand during the year.	➤ Expanding into the export market to explore opportunities for growth. ➤ Relocating Rocell showrooms in Gampaha and Wattala, and launching a dealership for a new bathware accessory brand. ➤ Lanka Tiles predominantly focused on channel management and the allocation of products considering prospective channels which enabled profitability and performance. The company also supplied to major importers in the market due to the import ban.
OUTCOMES	**26** New products launched **46** New designs and sizes introduced **2** Process improvements	**LKR 43,929 Mn** Distribution channels **668** New customers

	Prudent Management	Building Relationships
	Financial Capital Manufactured Capital Natural Capital Social and Relationship Capital	Social and Relationship Capital Human Capital
	Rationalising costs and exploring high quality alternatives, in addition to engaging in sustainable practices to optimise resource consumption.	Enhancing stakeholder relationships to build continuity, support and trust.
	➤ Developing environmental footprint and sustainability initiatives to minimise environmental impact, appeal to eco-conscious consumers, and potentially reduce costs in the long run. ➤ Rocell is exploring the possibility of re-using remaining fired rejects in the process, or as a raw material for other products to maximise resource consumption and reduce wastage. ➤ Rocell focused on limiting importing high inventory materials while testing raw materials from regional suppliers to realise cost benefits. ➤ 95% of semi products and material waste at Lanka Tiles are recycled and reused within the system. 50% of rejected final products are used to produce value-added products, thereby reducing wastage. ➤ Annual waste reduction projects are conducted at Lanka Tiles under TPM (Total Productive Maintenance) focused improvement projects. ➤ Maintaining sufficient stocks of raw materials and resources to mitigate the impact of disruption.	➤ Minimising foreseeable disruptions in the supply chain by building a pool of alternate suppliers. ➤ Nurturing strong relationships with suppliers built on trust to obtain credit terms and support negotiations, thereby ensuring a reliable supply of raw materials. ➤ Lanka Tiles supports its suppliers via interest-free loans designed to develop their businesses and enhance their capacity. ➤ Lanka Tiles engages in managing and building relationships with customers and business partners through various dedicated clubs in order to manage demand.
	LKR 644 Mn Savings **7,209 MT** Waste recycled **15,029 GJ** Energy savings	**2,668** New suppliers **5,000+** Tiler club members Continuous operations maintained
	SDG 7, 9, 12, 13, 15	SDG 8, 9, 10

Lifestyle

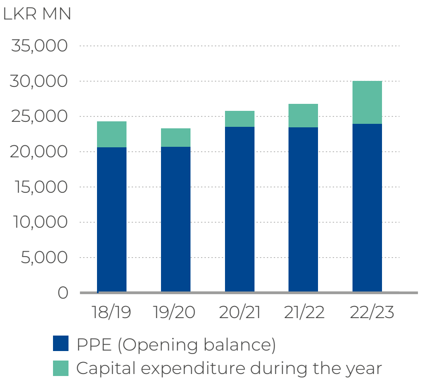
IMPACT ON CAPITALS

Manufactured Capital

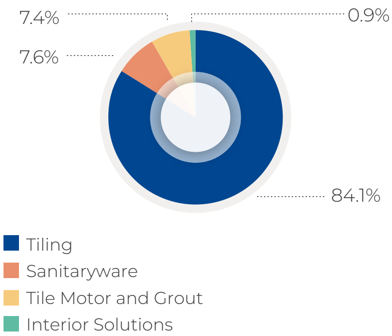
The lifestyle sector's manufactured capital primarily constitutes its factories and showrooms situated across the island. The sector invested LKR 131 Mn in capacity expansion during the year, owing to Rocell increasing the Horana plant capacity by 30%, while Lanka Tiles focused on increasing its mosaic capacity by 400 sq.m. per day, and Lanka Walltiles increased capacity by 6,000 sq.m. per day.

Bathroom Solutions-Royal Ceramics Lanka PLC

Capex Investment



Capex Investment - Breakdown



113 Main showrooms

30 Factory outlets

7 Manufacturing plants

5 Hybrid showrooms

Social and Relationship Capital

Customers and Business Partners

The sector focuses on building customer loyalty and trust through a wide-ranging offering of high quality products and exceptional service. These are underpinned by stringent systems and processes that facilitate customer relationship management, and ensure all customer complaints and needs are met. The range of products offered by the sector support the needs of customers from all walks of life, and offer competitive pricing strategies that reflect the products' quality and unique designs.

Rocell recently implemented the Oracle NetSuite CRM platform to facilitate end-to-end customer relationship management, commencing from lead generation to final execution and beyond. The company has established performance-driven KPI's focused on qualitative aspects including lead nurturing and service excellence. Rocell further maintains a strong presence via an omni-channel media strategy including TV, radio, print, outdoor, events and digital platforms driving strong top of mind brand awareness.

Lanka Tiles continued to nurture relationships with its stakeholders through dedicated clubs, while engaging with other influencers/ stakeholders such as export buyers, designers, shop assistants, regulatory bodies, financial institutes, suppliers and the media.

While enjoying a local presence, the sector is pursuing opportunities overseas to capitalise on opportunities and mitigate the impact of the volatile conditions on the domestic front. At present, Lanka Tiles has an established

Group	Relevant Stakeholder
LankaTiles Premier Club	Architects
LankaTiles Tilers' Club	Tilers
LankaTiles Elite Club	Dealers

presence in 29 destinations in the global market including countries such as USA, Australia, Canada, Hong Kong, the Netherlands, New Zealand, Singapore, Taiwan, Maldives, Oman, Pakistan, Bangladesh, and India.

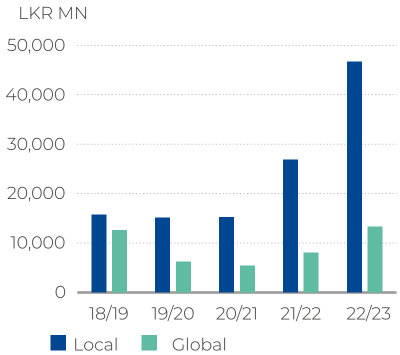
Despite economic constraints, two new products were launched under the Swisstek brand during the year. The waterproofing product improves the company's upselling capabilities, while the imported silicone solution can be utilised across a range of functions. A new brand 'Roofmaster' was launched to cater to the roofing category during the year.

Suppliers

Across the sector, the various business units focused on engaging with its suppliers to source essential raw materials, even amid disruptive events. The long-term relationships built with suppliers enabled the sector to withstand macroeconomic conditions and obtain supplier credit where required, while the various companies engaged in expanding its supplier base to source high quality materials at an optimised cost.

Bathroom Interior Solutions-Lanka Tiles PLC

Local Vs International Supplier Payments



688
dealers and distributors

5,000+
members in the tilers' club

Intellectual Capital

The sector upholds the highest levels of quality standards and certifications, listed below::

- SO 14001:2015- Environmental Management Systems
- 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
- ISO 9001: 2015 quality management system
- SLS certification
- ISM ISO 27001:2013-Information Security Management Systems

Lifestyle

Digitalisation and Innovation

The sector continues to promote automation and process improvements to drive efficiency across a range of functions including sales, administration, finance, and logistics and warehousing, to name a few.

LKR 12 Mn was invested in automation and process improvements during the year.

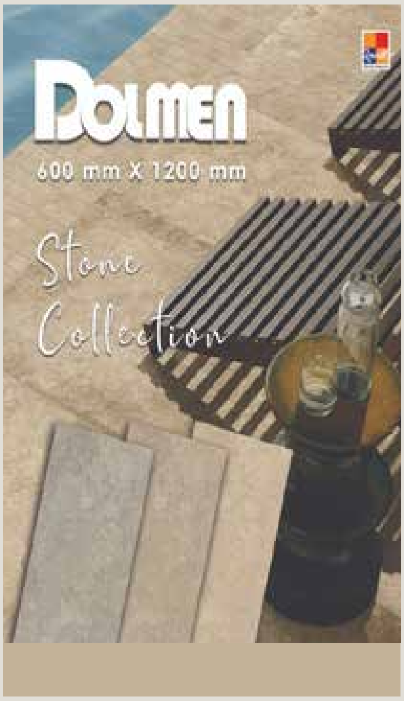
Rocell adheres to a comprehensive intellectual property policy that addresses all procedures related to innovations and new product developments. Additionally, all companies within the sector value data privacy and security, and therefore remain aligned with stringent protocols in this regard to mitigate the risk of data breaches and cyberattacks.

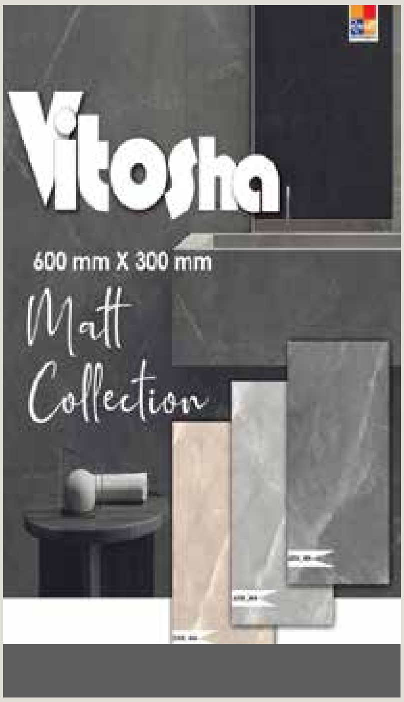
Each brand within the sector is positioned with their own unique identities that have won a place in the hearts and minds of the people over the years. An identity revamp for the brand Lanka Tiles was conducted during the year, including revisions to the brand logo which led to changing the interior and exterior branding across all showrooms, factory outlets, and distributor and dealer outlets island-wide. The revamp saw the introduction of a new brand personality focusing on the following characteristics: Youthful, Cheerful, Contemporary and Conversational. The company introduced six underlying themes, namely Urban, Island Living, Heritage, Spiritual, Mountains and Forests, that served as inspirations for product designs. The company is currently developing more executions in line with the new brand identity.

Royal Ceramics Lanka PLC - Galle Showroom

In year 2021/2022, the leadership of the Vallibel One Group decided to implement a new Enterprise Resource Planning (ERP) system that would integrate their existing systems and processes and provide real-time data insights. In the first phase, the Group's leadership decided to implement the SAP S/4 HANA ERP system across Lanka Walltiles PLC and Lanka Tiles PLC. During the year under review, both companies commenced the ERP system, and implementation was a resourcing success, with the new system integrating seamlessly with existing systems, and employees quickly adapting to its use.

New Products





New Products innovations - Royal Ceramics Lanka PLC - Horana Factory

Lifestyle

Natural Capital

The year under review placed significant pressures on essential resources including fuel and electricity. The sector relied on sustainable principles and responsible practices to optimise consumption of resources, while relying on renewable energy supplied through previously installed solar panels to offset the company's impact. All factories are governed by ISO14001: 2015 (Environmental & Safety) standard and conform with CEA regulations.

The sector's strategies to manage energy is aimed at reducing consumption through the introduction of state-of-the-art technology, in addition to re-using energy via modern heat recovery systems. One such system has been installed in the Horana factory, and served to save 2,010 MT of LPG in the past four years, of which 455 tons were saved during the year under review. Lanka Tiles PLC has invested in a similar heat recovery system which will be operational from the year 2023/24. Two other projects are slated to commence in the Eheliyagoda and Meepe factories, and will serve to reduce heat emissions and GHG emissions to the atmosphere.

533 Mn litres
Water consumption
(52.4% increase)

20,755 MT
Recycled materials
(3.9% increase)

242,049 GJ
Electricity
(4.3% decrease)

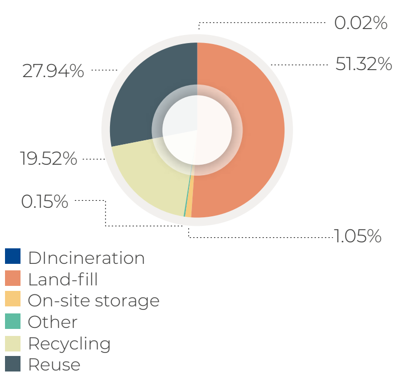
36,929 MT
Waste
(4.6% increase)

The sector further relies on energy-efficient electronic modifications to drive reduced electricity consumption, while setting targets to eliminate non-productive, idle operations through the Total Productive Maintenance (TPM) practices established across all factories.

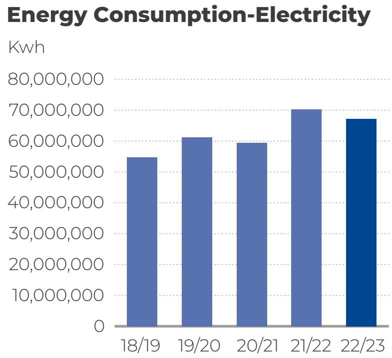
The sector prioritises minimising wastage and the reuse of non-renewable materials, which support a majority of its operations. This commitment is underpinned by the effective implementation of TPM and other productivity initiatives.

Many minerals utilised in the tile manufacturing process are recycled and reused, while the remainder is used to refill clay mines. The sector engages in optimising its water consumption and waste disposal through treatment and recycling. At present, the tile manufacturing cluster recycles 100% of its processed water and unfired materials, with plans in place to recycle fired waste in the year ahead.

Waste Disposal Methods



Energy Consumption-Electricity



Human Capital

The sector continued to support its employees amid the crisis by ensuring job stability, offering a range of benefits and supporting their mental health and well-being through a range of programmes.

Due to the nature of its operations, each organisation within the sector works towards maintaining high levels of safety and security, particularly at its factory premises. During the year 139 accidents took place.

The company further focused on training and development activities even amid a challenging year, thereby enabling their development and progress.

33,656

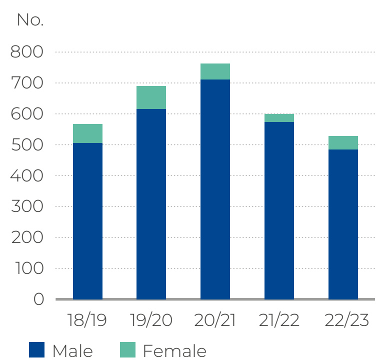
Training hours

LKR 32.3 Mn

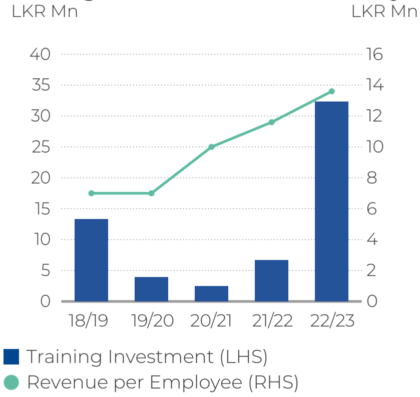
invested in training and development

Interior Solutions by GRIP Delmege

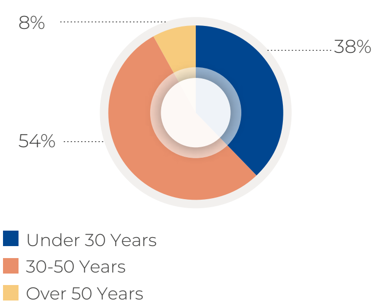
Employee Turover



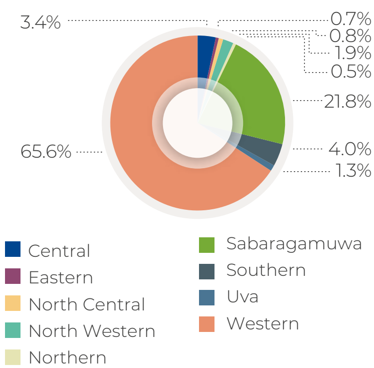
Training Investment & Productivity



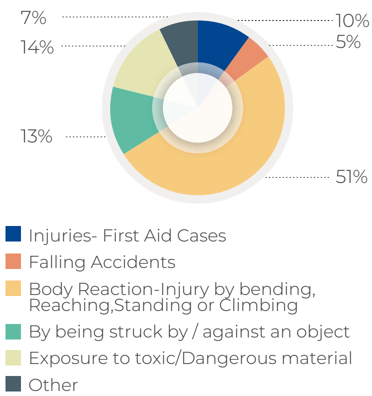
Employees By Age



Employees By Region



Work Place Accidents



Lifestyle

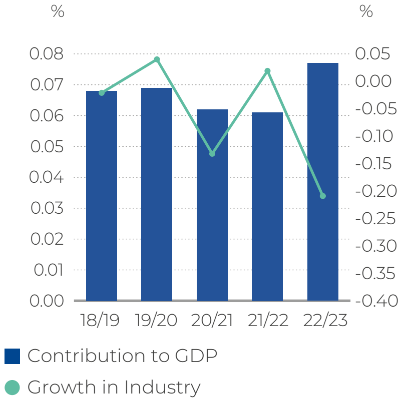
Financial Capital

Amid the constraints experienced during the year under review primarily arising from the downturn in construction activities and the decline in discretionary spending, the lifestyle sector recorded an 18% growth in revenue to reach LKR 52 Bn, compared to the 20% increase recorded in the previous year. The tiles segment accounted for 87% of the sector's revenue, while bathware contributed towards 7%, while grout and interior solutions contributed towards 2% and 4% of revenue respectively.

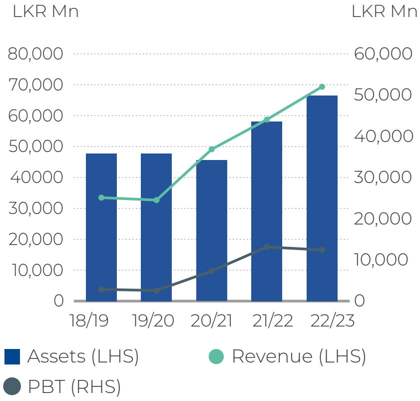
A gross profit of LKR 22.4 Bn was recorded during the year; however the escalating cost of energy, raw materials and goods essential for operations led to a 27% increase in costs during the corresponding period. This was further exacerbated by a 37% increase in taxation that came into effect during the year, which led to the sector recording a profit after tax of LKR 8.56 Bn; a 17% decline against the previous year's figure of LKR 10.3 Bn.

Key Performance Indicators	2022/23	2021/22	%change
Net operating income (LKR Mn)	12,418	13,131	(5)
Profit after tax (LKR Mn)	8,563	10,323	(17)
Return on equity (%)	24	31	(7)
Operating margin (%)	25	30	(5)
Net profit margin (%)	16	23	(7)

Construction Sector Performance



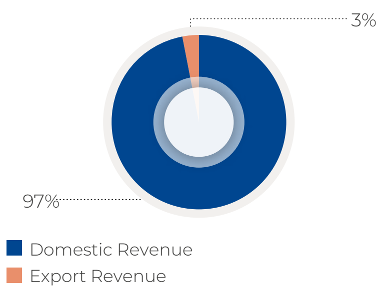
Revenue,PBT,Assets



Going Forward:

Overall, the sector will continue to seek out the potential of export markets, while continuing to leverage on previously achieved capacity expansion initiatives to address demand in the years ahead. A strong reliance on sustainable principles, technology and the strong brand values nurtured over the years will continue to hold the sector in good stead, and enable cost-efficiencies and improved productivity in the coming years.

Market Mix



Finance

Licensed under the Finance Act No. 42 of 2011 and listed on the Colombo Stock Exchange, over the course of 50 years, L B Finance has earned a reputation as one of the nation's largest and most trusted non-banking financial institutions. The company is strengthened by a strong island-wide presence, a range of financial solutions spanning leases, loans, micro facilities and deposits, and unmatched digital solutions

Scope and Structure

LB FINANCE

Sri Lanka

LB Finance PLC and Multi Finance PLC

LKR 182,022.76 Mn
Asset Base

Local Branches

- 192 - LB Finance Branches
- 8 - Multi Finance Branches

Products and Services

- Investing
- Value Added Services
- Financing

Overseas

LB Microfinance Myanmar Company Ltd

LKR 995.3 Mn
Asset Base

14
Branches

Operating Context

Sri Lanka's economy experienced a significant decline during the year, thereby dampening prospects of post-pandemic recovery.

- The decline in disposable incomes arising from the newly introduced personal income tax regime negatively impacted repayments from borrowers, which in turn led to the increase of the NBFI sector's credit risk. An increase in corporate taxation further eroded profitability during the year.
- Amid a high inflationary environment, an acute shortage of foreign exchange, import restrictions, a decline in credit quality, and pressures on liquidity continued to impact the financial services industry.
- The willingness to lend declined during the year, owing to the aforementioned conditions, resulting in the financial services sector experiencing a decline of 11.0% during the year.
- Despite the headwinds experienced within the economy, the finance sector retained stability during the year, owing to prudent regulatory measures and timely interventions.
- The industry gross non-performing loan (NPL) ratio stood at 17.45% during the year (as at 31st December 2022), while the capital adequacy ratio (Tier II) was recorded at 22.02%. An industry-wide drop in volumes was witnessed with respect to vehicle financing; however gold loans exhibited a notable growth during the period.
- Furthermore, an unprecedented increase in policy interest rates was adopted to mitigate the impact of inflationary pressures, leading to an increase in interest income within the sector. The volatile environment and high interest rates curtailed private investments and led to a greater demand for short-term investments across the board. In view of the adverse economic conditions, the CBSL requested NBFIs to provide appropriate credit concessions to affected borrowers in all economic sectors including MSMEs for a period of six months from July 2022.

Market Dynamics

Challenges and Risks

- Challenging macroeconomic conditions due to socio- political instability and market restrictions
- Declined consumer confidence and the unprecedented high cost of living
- Market volatility and exchange rate fluctuations
- Intense competition
- Import restrictions and the shortage of foreign exchange affecting the vehicle financing market
- Ad-hoc policy changes including the rise in interest rates

Opportunities

- Post crisis growth
- Digitalisation and innovation

Strategic Response

- Prudent portfolio management
- Innovation and technology
- Market presence
- Service quality

New strategy | Existing strategy

Value Enablers

- Solid brand and market reputation
- Strong distribution channels
- Resilient and adaptive digital infrastructure
- Corporate stewardship
- A skilled, dedicated workforce

Finance

Strategy Execution

L B Finance relied on its farsighted strategies, prudent, responsive policies and digitalization initiatives to drive a strong performance amid an adverse environment characterized by declining volumes and a reduced affinity towards investment.

Strategic Response	Prudent Portfolio Management	Innovation and Technology
CAPITALS	Financial Capital Manufactured Capital Intellectual Capital Social and Relationship Capital	Natural Capital Intellectual Capital Manufactured Capital Social and Relationship Capital
PRINCIPLE	Employing adaptive strategies and policies to maintain a strong portfolio, respond to changes in the environment and minimise risk.	Relying on innovation and technological capabilities to improve the customer value proposition, improve accessibility and productivity and optimise resource consumption.
INITIATIVES FOR 2022/23	➤ Engaging in refinancing, repricing and adjustments to address policy changes and market dynamics. ➤ Prioritising the gold loan products to capitalise on market dynamics and address consumer needs. ➤ Implementing excess provisions for bad debts and utilising strong credit controls to maintain a strong NPL rate that far surpasses industry standards. ➤ Exhibiting a marginal increase in the cost-to-income ratio despite a high inflationary environment. ➤ Maintaining capital adequacy well above industry requirements.	➤ The Digital Personal loan was launched during the year, and gained significant traction since its introduction. ➤ The launch of the fully integrated fixed deposit solution empowered customers to activate eKYC, and instantly create FDs and receive the digital FD certificate in an easily downloadable format. ➤ Gold Loan top-ups offered via CIM continued to exhibit growth during the year. ➤ Exploring opportunities to modernise and hybridise channel architecture at physical touchpoints. ➤ Realising savings in resource consumption through minimised travel and digitalisation.
OUTCOMES	Capital adequacy ratio **30.50%** Tier 1 **31.13%** Tier 1 **4.45%** Gross NPL ratio **LKR 114.01 Bn** Deposit portfolio **2** Process improvements **0.65** Net NPL ratio	**LKR 2.55 Mn** in savings **LKR 20,661 Mn** CIM Wallet transactions **180,000+** CIM App downloaded

Market Presence	Service Quality
Intellectual Capital Social and Relationship Capital	Manufactured Capital Social and Relationship Capital
Expanding and maintaining a strong market reach through an extensive branch network and diverse digital channels.	Delivering the highest service standards aligned with the people's needs to build customer loyalty and trust.
➤ Expansion of the branch network from 181 branches to 192 branches despite challenges in infrastructure development. ➤ Engaging in the development of the branch network in the Northern and Eastern regions of the country. ➤ A number of branches were relocated to drive improved accessibility. ➤ Continuing to penetrate the market through digital channels. ➤ Strengthen the Myanmar Operations and branch network	➤ Engaging continuously with customers through an omni-channel approach, and ensuring uninterrupted connectivity and capabilities amid disruptive conditions. ➤ Introducing new short-term investment products to address consumer sentiments. ➤ The company continued to service its overseas loans despite the unprecedented increase in inflation and the lack of foreign exchange reserves.
11 new branches **5** branch relocations Strong engagement on social media platforms	**LKR 24.87 Bn** growth in deposits

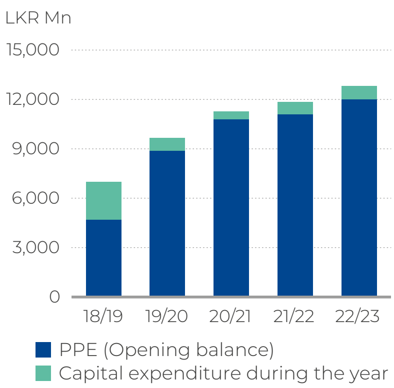
Finance

IMPACT ON CAPITALS

Manufactured Capital

L B Finance accelerated its physical expansion strategy to reach new territories in the North and East, with a total of 11 branches introduced during the year. The company's geographical presence further extends to Myanmar, with an established presence of 14 branches serving over 800,000 customers. 5 branches were relocated to optimise location and accessibility to customers, and owing to these strategies, the company lays claim to one of the industry's most extensive and far-reaching branch networks in the island today. While making an allowance for inflation, the company utilised cost-control mechanisms and stringently monitored all activities to ensure they remained within set parameters.

CAPEX Investment



11 New branches	**24** CDMs	**LKR 183 Bn** Asset value
192 Total network	**04** Premier branches	**14** Branches in Myanmar

Social and Relationship Capital

Customer

L B Finance continued to offer a range of unique, differentiated solutions designed to elevate the customer proposition through its flagship CIM (Cash-in-Mobile) app. The sector further launched a number of short-term investment products to address the volatile market conditions and high interest rate climate. The company engaged in repricing its deposit portfolio as and when required in order to remain competitive in a challenging market space and retain customers. Accordingly, the following tenure options were introduced: 50 days, 150 days, 330 days, 5 months and 8 months.

Notably, following the launch of the fully functional FD platform on the L B CIM app, the number of deposits initiated via the platform reached a record-high — a significant achievement amid a constrained environment. The company further recorded its highest-ever deposit volumes in the year under review, and accordingly crossed the historic LKR 100 Bn mark.

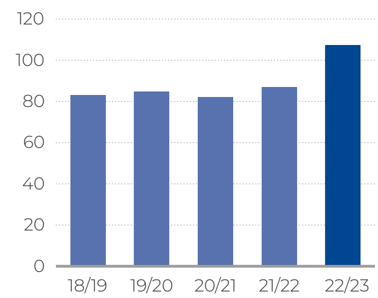
Product	Year Introduced	Description	Performance in 2022/23
Digital Personal Loan	2022	The only fully digitised loan facility in the market designed specifically for salaried employees	60,011,701 volume 884 personal loans
Gold Loan Top-Ups	2021	The first financing facility offered through the CIM app	877,716,436 volume 49,974 count
Fully integrated FD solution	2022	Utilising eKYC capabilities, customers can instantly create FDs and generate the digital FD certificate in an easily downloadable format.	2929 fixed deposits created 561,576,956 volume
L B CIM Business Loan	2022	Convenient digital bank account for all banking transactions through CIM App.	1,823,262,574 volume 7465 business loans

LKR 114,011 Mn
Highest - ever deposit base

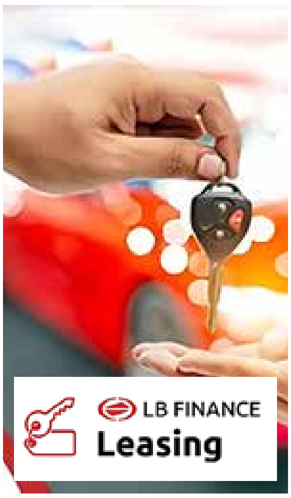
79.02%
Renewal ratio

192
Sri Lanka's second largest branch network in NBFIs sector

Customer Volume Growth



L B Finance's microfinance operation in Myanmar indicates the company's long term commitment to female empowerment. The lending operations within the country focuses on supporting female-based micro entrepreneurs involved in small-scale farming, animal husbandry, and cottage industries. The loan book is therefore primarily dominated by women-led businesses.



Community

L B Finance supported surrounding communities to navigate a challenging year through a range of programmes and initiatives, including donations of school items, distribution of dry rations, awareness programmes and blood donation campaigns. Additionally, the company offered opportunities for career development during the year.

The company raised awareness on the following key topics to elevate and build community knowledge and capabilities:

- Environment Protection
- Cybersecurity
- Entrepreneurship and Business Development
- Automotives
- Gardening and Agriculture
- Healthcare
- Women Empowerment
- Financial Management
- Education

LKR 10.34 Mn
Total investment in CSR

Finance

Intellectual Capital

A Reputed Brand

Since its establishment in 1971 L B Finance has continued to be driven by its core purpose to bring prosperity to people and businesses across the island, and more recently in Myanmar. Across the entire gamut of its operations, the company adheres to its overarching brand values of Excellence. Quality, Innovation, Professionalism, Ethics and Transparency, which has in turn garnered a reputation for stability and trust among diverse stakeholder groups.

Today, L B Finance stands strong as a top-tier financial services institution in Sri Lanka and has now earned the status of one of the fastest growing microfinance companies in Myanmar. Its resilient, consistent performance has enabled the company to maintain A- (lka) by Fitch Ratings for the past 5 years — a testament to its stability and trust.

Digitalisation and Innovation

The company's IT systems and infrastructure are developed via a combination of in-house developments and licensed software sourced from renowned global experts. With respect to in-house development capabilities, the company's dedicated Digital Financial Services (DFS) team is responsible for building functional interfaces that support alternative revenue streams and assist in achieving growth objectives.

The team was integral in developing the company's flagship product, namely the LB CIM Wallet app which was launched in 2020 and gained a leading position in the delivery of financial products in the digital space in a short period of time. This highly versatile digital financial tool is equipped with end-to-end functionality that supports an unparalleled customer experience. The distinctive application is built with a high level of integration with the company's core banking system, empowering the delivery of a seamless omni-channel environment that enables uninterrupted access to leases, loans, and deposit accounts, all from a single digital platform.

The company has continued to maintain the ISO 27001 Information Security Standard certification, in line with its commitment to mitigate cyber risks and maintain data privacy. However, the company's cybersecurity commitment transcends beyond the standard, via a dedicated internal Information Systems (IS) audit team that is responsible for the ongoing and continuous assessment of the systems and processes established to safeguard information assets. L B Finance has commenced the early adoption of the mandates outlined within the Personal Data Protection Act No. 9 of 2022.

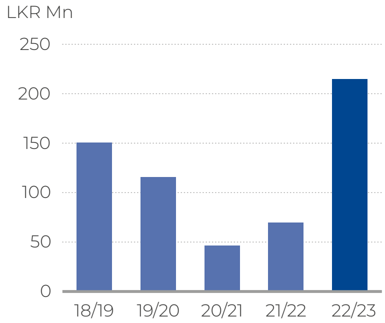
The company continues to rely on Robotic Process Automation to achieve internal efficiencies that enable streamlined, affordable products and solutions. L B Finance has formulated an adaptive AI and machine learning infrastructure to drive ongoing data-driven insights and their real-time delivery to key stakeholders, in order to address their needs with relevant recommendations and offers.

Recognition for Innovation:

Category Winner in Business Model Innovation in Digitized Product/ Service category at the FITIS Digital Excellence Awards 2022.

Bronze Award for the Most Innovative Digital Service Offering

Investment on IT software and Hardware



LKR 198.86 Mn
Invested in Digitalisation and IT Development

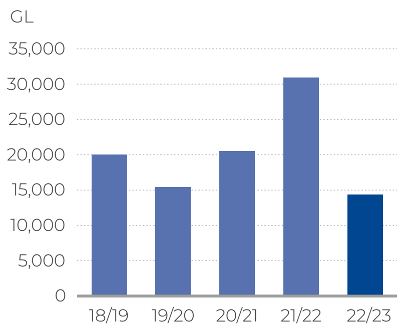
168,000+
Facebook/Instagram/Youtube followers

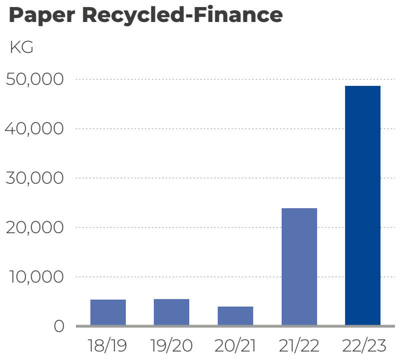
Natural Capital

The sector focused on engaging with the community to conduct awareness campaigns in relation to environmental protection and conservation.

L B Finance's 'Thuru Wawamu' project remained in effect during the year with the objective of enhancing Sri Lanka's forest coverage and encouraging the habit of tree planting among corporates and individuals alike.

Energy Consumption-Finance



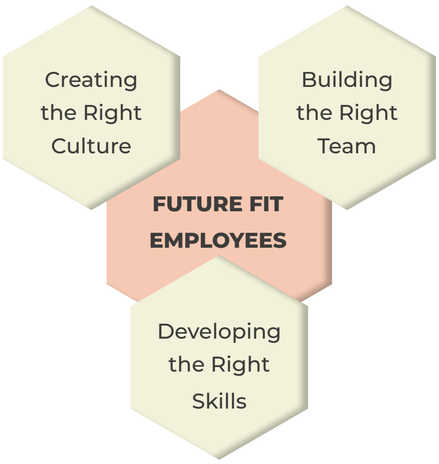


Human Capital

L B Finance's HR strategies and policies are built around building and nurturing a team of future-fit employees ready to take on the challenges of the future.

During the year, the company's orientation programme was revamped and relaunched using the theme "Golden 360o" in order to create an interactive environment with the aim of enhancing the engagement between the management and new recruits.

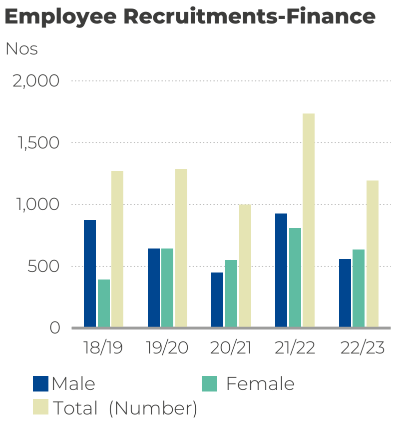
The company further focused on training and development activities even amid a challenging year, thereby enabling their development and progress.



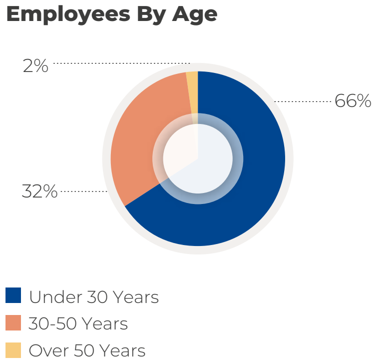
24,015
Training hours

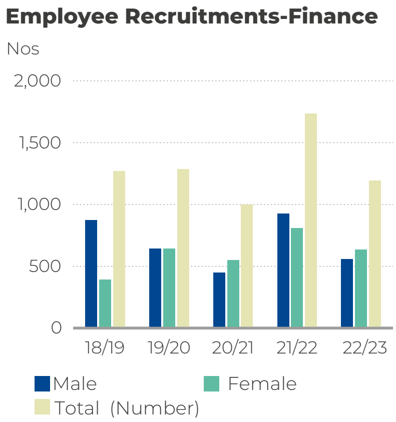
LKR 6.86 Mn
Invested in training and development

In the wake of the challenging socio-economic dynamics that placed immense pressure on individuals, L B Finance continued to implement a range of initiatives to support employee well-being. 'The SMILE' counselling hotline launched at the commencement of the pandemic remained active throughout the year, and offered 24/7 assistance to employees in need of support and counselling.



L B Finance is an equal opportunity employer, and therefore does not discriminate against any employee, regardless of their gender, race, age, socio-economic status or any other factor. The company has established predefined gender parity thresholds at every stage of the employment lifecycle.





Finance

Financial Capital

The sector's revenue for the year stood at LKR 42,960 Mn in comparison to the LKR 29,981 Mn recorded in the previous year. The year under review witnessed a sharp increase in interest rates which came into effect from April 2022, which in turn posed challenges to the financial services sector. Vehicle financing volumes therefore experienced an industry-wide decline.

Against this backdrop, L B Finance relied on its diverse product portfolio to remain resilient amid a challenging economic climate, and continued to promote short-term products to drive an improved performance.

A key contributor in this regard was the company's Gold Loan product, which contributed towards 62.03% of the company's overall business, in comparison to the 48.18% contribution maintained in the previous year. Due to its nature as a short-term investment, the product gained popularity among consumers, and facilitated repricing and adjustment of a majority of the company's lending base in line with market dynamics. Furthermore, the company relied on repricing variable rates, and encouraged refinancing where feasible. The increase in interest income was therefore ideally positioned to offset the interest cost experienced by the company.

The company experienced a growth in deposits amounting to LKR 24.87 Bn and an 10.94% growth in assets. A 50% drop in impairment charges was recorded during the year, owing to excess provisioning for bad debts. This was evidenced by the company recording a negative NPL ratio of (0.07%) during the year. The sector further relies on the combined strength of quality credit maintenance with strong recoveries in order to drive its success.

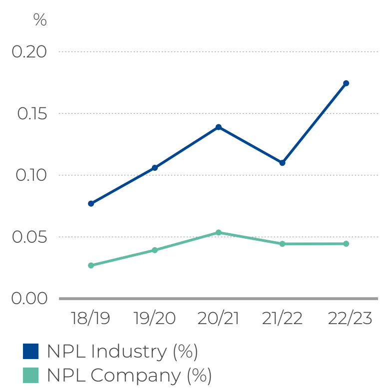
Despite a high inflationary environment, the sector curtailed its cost-to-income ratio to 32%, in comparison to the rate of 29% achieved during the previous year, indicating the successful deployment of the L B Finance's cost-effective strategies, even amid increased investment in remuneration and advertising.

The sector faced additional taxes including increase in income tax from 24% to 30%, social security contribution levy (SSCL) Introduced during the year and increase in VAT on Financial services, which further hampered profitability during the year.

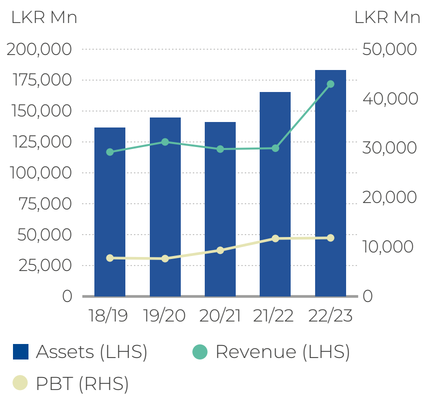
Key Performance Indicators	2022/23	2021/22	% change
Net operating income (LKR Mn)	14520	13857	(5)
Profit after tax (LKR Mn)	8552	8476	(1)
Return on equity (%)	22	25	(3)
Operating margin (%)	34	46	(12)
Net profit margin (%)	20	28	(8)

The aforementioned dynamics enabled the company to achieve a profit after tax of LKR 8.5 Bn, in comparison to the LKR 8.4 Bn achieved in the prior year — a notable achievement despite the numerous constraints witnessed during the year under review. The company's Myanmar operations recorded a profitability of LKR 99.91 Mn against the loss of LKR 31.84 Mn witnessed in the preceding year.

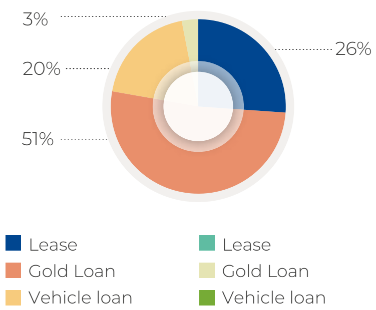
Industry NPL and LB NPL



Revenue, PBT, Assets



Loans and Leases-Product Mix



Going Forward:

The sector seeks to leverage on digitalisation in the years ahead to further build on the customer proposition, and augment value with increased security, convenience and accessibility. L B Finance will continue to leverage on short-term products such as gold loans, while bringing vehicle financing into greater focus in the years ahead.

Aluminium

The Group's aluminium sector falls under the purview of Swisstek Aluminium, renowned both locally and internationally for its premium quality aluminium extrusions. With a 41% market share, this undisputed leader in the local market has now ventured into the export of aluminium products. Aligned with British standards, the sector engages in manufacturing an array of aluminum profiles spanning hardware, general applications and architectural solutions.

Scope and Structure

7,000 MT per month
Production Capacity in Dompe

07
Reality Centres

Products

- Accessories
- Doors
- Prefabricated Windows
- Partitions

Operating Context

- The unprecedented economic crisis resulted in the aluminium sector experiencing intensified pressure during the year under review.
- The construction industry plummeted by 20.9% during the year, due to a subdued demand. This was primarily influenced by diminished disposable incomes arising from accelerated inflation and taxation.
- The lack of foreign exchange liquidity in the banking system led to a loss of supplier confidence, thus placing constraints in obtaining imported raw materials essential for the manufacturing process.
- The non-acceptance of credit facilities compelled the sector to borrow from local banks to fulfil working capital requirements. The subsequent upward revisions to the Prime Lending Rate further exacerbated the sector's borrowings.
- The sharp depreciation of the Sri Lankan rupee led to a steep increase in the cost of importation.
- The energy crisis further dampened manufacturing activities, leading to a quest for alternate energy sources

Market Dynamics

Challenges and Risks

- Macroeconomic imbalances and socio-political instability
- Import constraints due to insufficient foreign exchange
- A subdued demand due to a downturn in the construction industry
- Unprecedented increases in lending rates
- Escalating import costs

Opportunities

- Engaging in local procurement
- Exploring the export market

Strategic Response

- Export development
- Cost rationalisation
- Brand building
- Product diversification and innovation
- Contingency planning

- New strategy
- Existing strategy

Value Enablers

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

Aluminium

Strategy Execution

In order to mitigate the debilitating impacts experienced within the local market , the sector focused on activities related to export development, brand development and contingency planning. These strategies were performed in conjunction with cost rationalisation initiatives and activities related to product diversification and innovation.

Strategic Response	Export Development	Cost and Liquidity Rationalisation	
CAPITALS	Financial Capital Social and Relationship Capital	Financial Capital Manufactured Capital Natural Capital	
PRINCIPLE	To engage in focused export development to seek new opportunities for growth	To seek out, implement and monitor cost-saving initiatives to improve margins, while improving the organisation's liquidity status	
INITIATIVES FOR 2022/23	➤ The company has a presence in 7 countries, and continued to capitalise on its reputation for quality and innovation to further expand its export presence. ➤ Due to its alignment with international standards, the company serves as the exclusive supplier of a wide range of profiles with multiple finishes for many globally renowned brands positioned across the world. ➤ A balanced supplier management approach enabled the company to leverage on global opportunities.	➤ Data analytics, and optimisation of transportation and warehousing operations were implemented to minimise costs, reduce lead times, and enhance overall supply chain performance. Collaboration and coordination with internal and external stakeholders were also strengthened to achieve operational excellence. ➤ The company focused on inventory reduction and improved debt collections. ➤ All SAP modules were successfully implemented during the year. ➤ The renewable energy project continued to benefit the organisation. ➤ Flexible and effective shift closure and time management was supported, with a positive response from all employee, thereby enabling significant energy savings without compromising on productivity.	
OUTCOMES	6 customers secured in 12 months despite the nation's negative credit rating in the international market	Cost savings of LKR 300 Mn achieved Inventory reduction by LKR 1 Bn from its highest level Debt reduction by 40% from its highest level	
	8 DECENT WORK AND ECONOMIC GROWTH	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	

	Brand Building	Product Diversification and Innovation	Contingency Planning
	Intellectual Capital; Social and Relationship Capital	Intellectual Capital; Manufactured Capital; Social and Relationship Capital	Intellectual Capital; Social and Relationship Capital; Human Capital
	To build top of mind awareness, gain market share and establish the overarching brand among the customer base	To engage in research and development, launch new products to build a diverse portfolio, and leverage on innovation to drive productivity	Building resilience and contingencies to address disruptions in the operating environment
	➤ Extensive brand building activities, loyalty building and perceived quality building strategies commenced at the peak of COVID-19 . ➤ The company relied on the synergies offered by Lanka Tiles and the Vallibel One Group to reinforce the equity in its communications. ➤ The company focused on building its B2C presence by raising awareness among home builders and renovators on its product capabilities. ➤ In terms of reinforcing its B2B presence, the company continued to engage with architects and engineers, while connecting with over 1,200 aluminium fabricators through alupenters.lk, supported by dedicated social media channels. ➤ Integrated marketing campaigns with measurable KPIs were enforced across traditional and digital channels.	➤ The company offers a wide range of surface finishes including wood finish powder coating, anodizing, and mill finish, with multiple colours available in each finish. ➤ A new C-groove system was launched under the category Swisstek Superior Class, offering superior structural stability, unmatched corner precision and an advanced drainage system compared to other corresponding products in the market.	➤ The company engaged in contingency planning, diversification of transportation modes, and alternative sourcing. During logistics and mobility challenges including natural disasters or geopolitical events, the company swiftly adapted its operations to ensure continuity of supply, minimise delays, and mitigate risks to the supply chain. ➤ Diesel storage capacity was increased in the fourth quarter of the previous financial year. This initiative, together with the PVDG (Photo Voltaic Diesel Generator) system supported the continuity of plant operations during the severe power outages and diesel shortages experienced during the year.
	80% + share of voice on Facebook and Instagram 1.2 Mn reach on social media 250% ROI per month via e-commerce 2.5 Mn reach on alupenters.lk every month	06 new products launched 24 new designs and sizes introduced	Maintenance of a resilient supply chain despite disruptions
	SDG 8, SDG 10	SDG 9	SDG 11, SDG 12

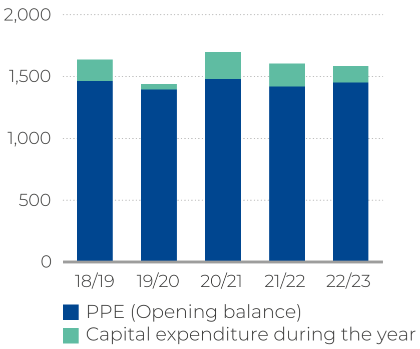
Aluminium

IMPACT ON CAPITALS

Manufactured Capital

The sector's manufactured capital comprises its property, plant and equipment. Due to the constrained operating environment, the sector did not embark on capacity expansion during the year under review. However, the existing production capacity of 8,400 Mn MT per annum at Dompe continued to serve the organisation during the period under consideration. Furthermore, the Swisstek Aluminium's 07 Reality Centres continued to remain in operation during the year.

CAPEX Investment
LKR Mn



Social and Relationship Capital

Customers

Building Customer Relationships

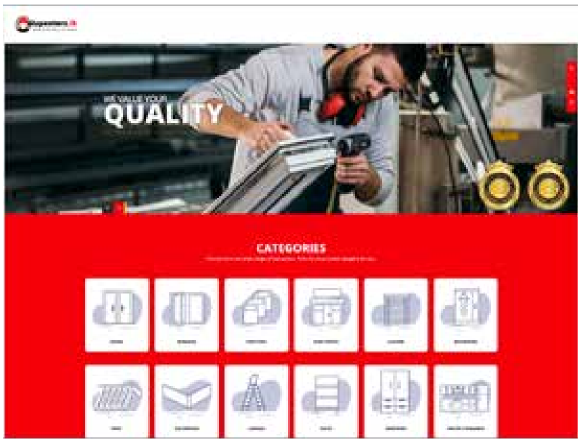
At present, Swisstek Aluminium is conducted integrated marketing campaigns to drive prospective leads and inquiries from its target audience. The company hopes to rely on Group synergies to expand its prospects by utilising customer databases from other corporate entities to promote its products.

Furthermore, in order to streamline operations, enhance monitoring capabilities and establish improved controls, the company initiated a CRM system to achieve the following objectives:

- To establish a call centre operation to manage customer inquiries, campaigns and complaints.
- To introduce a comprehensive CRM solution commencing with a Lead Management System to monitor the effectiveness of any generated leads, which could subsequently be expanded into other modules related to operations and expansion.

alupenters.lk

alupenters.lk is Sri Lanka's first and only web platform dedicated towards connecting aluminium fabricators with customers seeking their services. The website connects over 1,200 fabricators across the island who possess skills in fabricating aluminium doors, windows, partitions, shop fronts, louvres, bathrooms, roofs, tile skirting, ladders, racks, wardrobes and pantry cupboards, etc., with a large clientele base in need of their expertise. The website is further supported by a Facebook and Instagram page.



1,200
fabricators

2.5 Mn
reach per month

500,000
Total reach

25,000+
followers

Product Diversity

SWISSTEK PRODUCT CLASSES

Premier class	Superior class		Classic class
1) SA 1000 Series 2) SA 3000 Series 3) Panel Door	1) S46 C-Groove Tilt & Turn Window 2) S46a C-Groove Casement Window 3) S100 C-Groove swing Door 4) S100a C-Groove Casement Door 5) S54 C-Groove Door 6) S60a Lapped Door	7) S70 Lapped Casement Window 8) S60 Folding Door 9) S100c C-Groove Sliding Door 10) S113 Lift & Sliding Door 11) S98 Comdoor Slide 12) S80 Lite Slide 13) S31 Louvers 14) S16 Kitchen Cabinet	1) All Standard Architectural Series 2) All Hardware Series

Swisstek Aluminium offers a wide range of products under three categories :

- **Classic Class** - General Profiles
- **Superior Class** Doors and Windows
- **Premium Class** Allura Proprietary System

Swisstek Aluminium engaged in brand building activities to achieve the following objectives:

- Create top of mind awareness across key stakeholders
- Gain market share from competitors
- Establish the master brand

Accordingly, the company has commenced the execution of integrated marketing campaigns over traditional and digital channels including Facebook, Instagram, e-commerce platforms, events and activations, Out-of-Home (OOH) advertising, radio, press advertisements and articles. The company will also enhance its website's visibility and build brand CSR via an MoU signed with the Vocational Training Authority to train apprentices and provide materials for 12 aluminium courses.

Improved Accessibility

Accessibility and availability are two key strategies that have supported customers, and ensured an island-wide presence.

Dealer Network

117
Direct dealers

16
Franchise dealers

18
Distributors

Project Business

90
customers

Export Business

7
countries

e-commerce Platforms

6
platforms

Aluminium

Suppliers

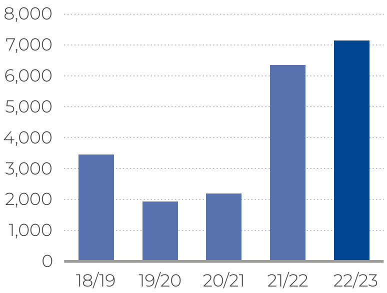
Supplier Engagement

The company engages with both local and internationally renowned suppliers in order to remain aligned with high quality standards. As in the past, a 1:3 spending ratio was maintained for local suppliers and international suppliers respectively, thereby enabling the company to leverage on global opportunities.

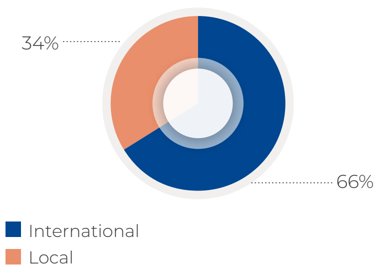
Supplier relationship management was a key focus area for the supply chain department. Regular reviews, feedback, and engagement processes were established to maintain strong partnerships with suppliers and promote sustainable practices across the supply chain.

The company is in the process of exploring new sources and suppliers with the ability to procure alternative solutions or cost-effective products. Going forward, the company will focus on a solutions-based approach rather than on product development.

Procurement Expenses



Expenditure on international and Local Suppliers



232 local suppliers

634 international suppliers

LKR 6,347 Mn Invested in suppliers

Quality Assurance

With respect to quality assurance, the company has established a policy across all items, with responsibilities assigned to the respective process owners across various item categories. Furthermore, robust screening and assessment methodologies were implemented to ensure that suppliers meet the company's standards.

Compliance with ethical standards, labour, health and safety, and environmental legislation remained a top priority for the supply chain department. All suppliers underwent a comprehensive screening process to determine their compliance with relevant laws and regulations. Continuous monitoring and audits were conducted to ensure compliance was maintained, while mitigating any potential risks.

Process Excellence

Streamlined processes and strategic sourcing initiatives were implemented to optimise costs, reduce lead times, and improve supplier performance. This resulted in increased considerable savings and an improved supply chain agility.

Despite the prevailing uncertainties in the market, the company implemented proactive measures to safeguard its supply chain operations by optimising inventory levels, seeking avenues for low cost sourcing, and strengthening collaboration with key stakeholders.

Community

The company remains committed towards community well-being and engagement, and therefore engaged in the maintenance of the main factory access routes, in addition to initiating a blood donation programme during the year. Due to budget constraints and challenges in the macroeconomic environment, the renovation of the 'Budu Medura' at the Pahala Dompe Temple was delayed. The company is currently exploring the possibility of completing the project in the upcoming financial year. With respect to the future, the Swisstek Aluminium is planning to conduct an additional blood donation programme, and invest in the renovation of a ward at the Dompe Hospital.

Intellectual Capital

Operational Excellence

The sector is dedicated towards enhancing its intangible resources, and therefore invested in a range of solutions to drive operational excellence:

- Swisstek Aluminium is in the process of implementing a production and machine data capturing system to improve process controllability, and thereby ensure final product quality.
- The Swisstek Aluminium Limited Digital Platform (SAL-DP) was introduced to digitise a range of manual operations across the organisation to improve operational excellence.
- Internally developed and modified Microsoft List Solutions were implemented to cater to the Safety System and Kaizen System, with both solutions supporting the reduction of manual processes and minimising time consumption.
- The company implemented a stock count web application to manage finished inventory.

- The company relied on data sharing solutions and platforms to improve collaboration.
- The company plans to adopt hybrid cloud infrastructure, which will offer multiple benefits including cost-efficiency, flexibility, and scalability.

Cybersecurity

Cutting edge cybersecurity and data protection solutions were in place during the year, including:

- The Falcon Crowd Strike Solution was implemented for Swisstek Aluminium in order to enable improved end-point security.
- The company has mechanisms in place to restrict access to unauthorised users, by limiting access to data or services through application controls. Additional restrictions are in place to monitor and safeguard data from being copied from the system and exported to external devices. The company limits the sharing and dissemination of specified email attachments.
- Swisstek Aluminium is at present aligning its operations to adhere with the ISO 27001:3000 certification to improve IT governance.
- The company's Disaster Recovery (DR) is stored in the cloud to enhance safety measures. Financial and other critical information is stored within the system, with only authorised and designated officers provided access to the same.

Awards, Accolades and Standards

For Swisstek Aluminium:

- 2021- 2030 Corporate Partner — Sustainability Initiatives by SUNFO- UNSDG.
- The Most Engaged Brand of the Year at the Daraz Sales Summit 2022.
- Awarded the ISO 50001 : 2018 certificate by the Sri Lanka Standards Institute.
- The Best Trade Stall at the Architect Exhibition 2023.
- Merit Award - Best Management Practices Company of 2023 by the Institute of Chartered Professional Managers of Sri Lanka.
- Sri Lanka Architect Awards 2023: Merit Awards for (SA3000) Sliding Door and Multipurpose Ladder, and the Appreciation Award for the versatile (SA1000) Swing Door.

For Alupenters:

- Ranked as the overall best .LK Website, and received the Gold Award - Advertising and Marketing at the 'Best Web Awards 2022' hosted by LK Domain Registry.

Aluminium

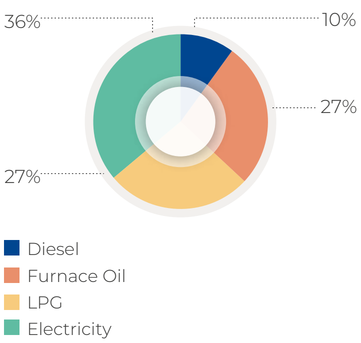
Natural Capital

Due to the challenges faced during the year with respect to scarcity of resources and the escalation of operating costs, the sector focused on optimising its resource usage, in addition to seeking alternative sources and adopting industry best practices to minimise waste. The company has no significant impact on biodiversity, and no instances of non-compliance with regulations took place during the year. Furthermore, no fines with respect to environmental impact were incurred.

Energy Consumption

Swisstek Aluminium achieved the ISO 50001: 2018 (EnMS) standard during the year, which enables effective energy management. This supported the organisation, particularly amid the energy crisis faced within the period under review. An energy audit was conducted in parallel with the certification process, with actions implemented for all identified gaps and possible interventions.

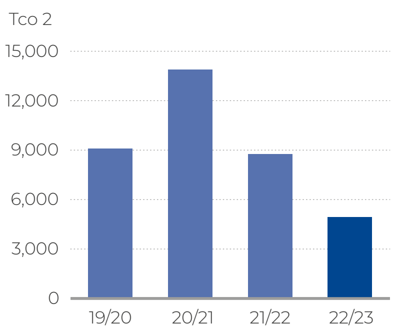
Energy Consumption



The company's diesel storage capacity was increased in the fourth quarter of 2022, and with the additional support of the company's PVDG (Photo Voltaic Diesel Generator) system, the plant was successfully able to remain operational during the power outages and diesel scarcity that prevailed during the year. The adoption of flexible and effective shifts and time management enabled the sector to achieve significant energy savings while maintaining its productivity levels.

Swisstek Aluminium became a member of the Aluminium Stewardship Initiative during the year, thus cementing its commitment towards responsible production, sourcing and stewardship in line with global standards. The Initiative's four priorities relate to emerging issues to be addressed across the global aluminium supply chain, namely, climate action, circularity, nature-positive action and human rights.

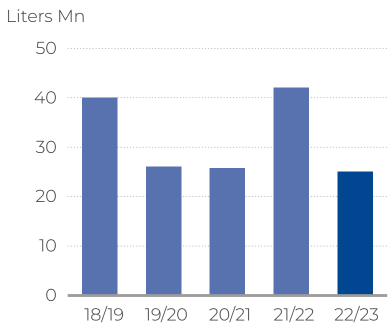
Emissions



Water Consumption

Swisstek Aluminium successfully commissioned a system to recover 40% of its wastewater via the introduction of a Reverse Osmosis (RO) system and biological treatment mechanisms to its wastewater treatment plant. The initiative served to provide a positive impact on resource consumption, and benefited the organisation financially.

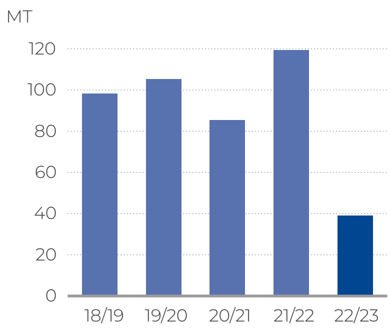
Water Consumption



Waste Consumption

Swisstek Aluminium's ongoing cost-saving projectiles and the Kaizen suggestion system enabled the company to address waste disposal at the point of generation. The company therefore was able to achieve savings of LKR 1.2 Mn per annum through the reuse of polythene.

Waste Disposal

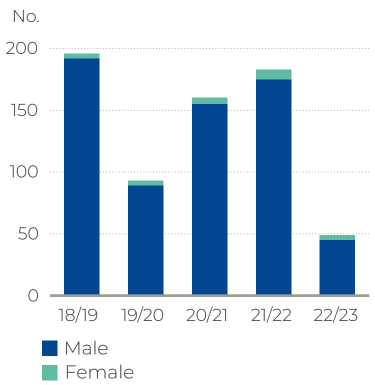


Human Capital

Swisstek Aluminium employs staff on contract, probation, casual, permanent, outsourced, and trainee basis. The organisation does not employ staff on a part-time basis. The company adheres to all domestic labour regulations, and as such does not engage in child labour, and has mechanisms in place to verify a candidate's age during the recruitment process.

Over the years, the company has steadily invested resources towards becoming an employer of choice. As the brand continues to grow in the market, the company foresees a reasonable trend of attracting suitable employees, and has therefore made a conscious effort towards building employer branding and enhancing the employee value proposition.

Employee Recruitments



Equal Opportunity

The company is an equal opportunity employer and does not discriminate based on factors including but not limited to employee gender, sexual orientation, marital conditions, disability level, ethnicity, race or religion. Accordingly, remuneration and benefits do not differ based on gender across the organisation.

Engagement and Communication

Swisstek Aluminium follows an open-door policy, with all employees offered the opportunity to directly approach the company CEO and all department heads to voice their concerns, bring notice to any wrongdoing, or seek guidance as and when required. In addition to a monthly employee forum that is conducted to respond to grievances, the human resource department serves as the central division that addresses all employee grievances. The company is taking steps to initiate a proactive approach towards managing employee grievances.

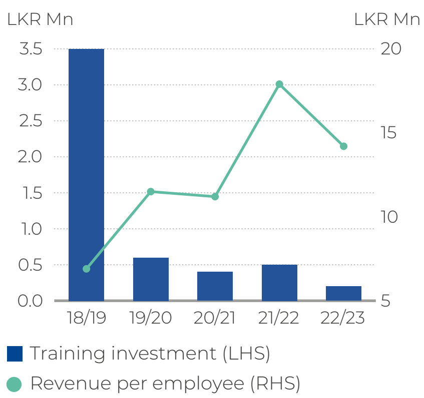
Freedom of association is entertained to the highest level within the organisation, with all employees offered the opportunity to avail themselves of the right of association through union activities.

The company is in the process of creating an annual event calendar to facilitate a structured approach to employee engagement and foster an ongoing dialogue with its staff.

Training and Development

Swisstek Aluminium places a significant emphasis on employee learning and development, as evidenced by its policy to complete 4 hours of training per employee per month.

Training Investment and Productivity



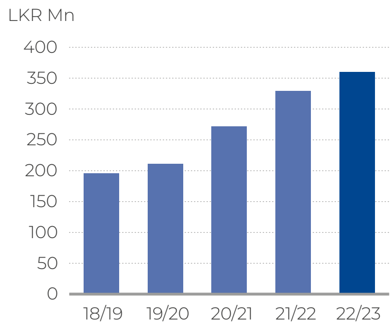
The company is taking steps to introduce an internal trainer team, which is currently in its development stage. Furthermore, a training need identification process has been implemented in order to identify areas for attention.

During the year, the company increased the overall number of training hours to enhance employee engagement. Furthermore, a personalised series of sessions was conducted with respect to employee vision development and ensuring alignment with the company's vision.

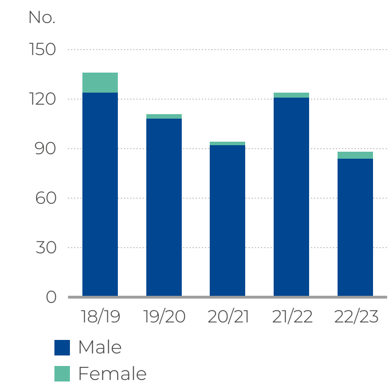
Remuneration, Benefits and Career Progression

Annual performance evaluations are conducted out to determine annual increments, bonuses and employee promotions. Furthermore, the organisation firmly believes in enabling internal mobility, and therefore has clearly defined career development paths within each department.

Employee Remuneration



Employee Turnover



Aluminium

The company currently adheres to the regulations pertaining to maternity leave under the Shop and Office Act and the Maternity Benefits act. The company is partaking in discussions to implement parental leave in the future.

Health and Safety

Employee safety and health is of paramount importance at Swisstek Aluminium. Therefore, the company continues to strive towards fostering a zero accident culture within the organisation. The Continuous Improvement Department and the Engineering and Maintenance Department collaborated with departments across the organisation to build an atmosphere that identifies and solves potential health and safety hazards on a proactive basis

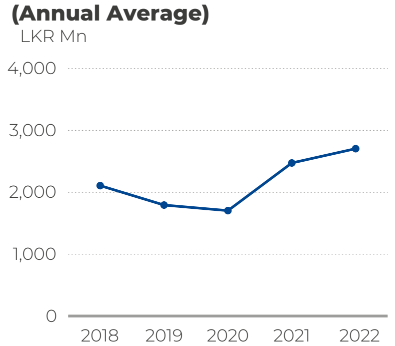
Financial Capital

Key Performance Indicators	2022/23	2021/22	%change
Net operating income (LKR Mn)	66	696	(91)
Profit after tax (LKR Mn)	(1,068)	454	(335)
Return on equity (%)	(189)	28	(217)
Operating margin (%)	1	10	(9)
Net profit margin (%)	(20)	6	(26)

Due to the constrained environment and subdued demand, the sector recorded a 28% decline in revenue year on year, to reach a performance of LKR 5.3 Mn during the period under review. Due to the cost rationalisation initiatives adopted during the year, the sector successfully recorded a 32% decrease in the cost of sales.

Despite this performance, an exponential year-on-year increase in finance costs of approximately LKR 1,246 Mn impacted profitability, leading to the company recording a loss of LKR 1.06 Bn during the year under review.

Global Aluminum Prices (Annual Average)

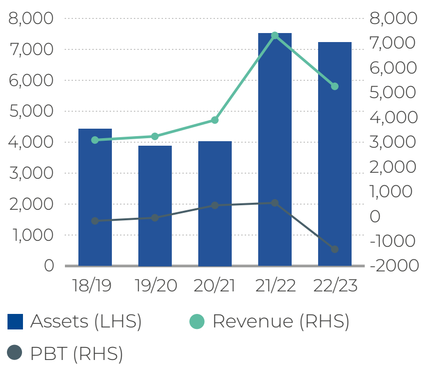


Outlook for the Sector

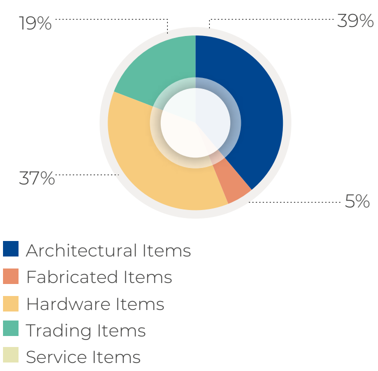
The positive sentiments surrounding the appreciation of the Sri Lankan Rupee in the market, increased tourist arrivals, improved foreign remittances and the attenuated Prime Lending Rate supported by the IMF loan inflow, the sector envisions an uptick in the construction industry, which will undoubtedly result in a gradual recovery for the aluminium industry, particularly in the local market.

Swisstek Aluminium hopes to leverage on these opportunities, while continuing to build the export market in order to minimise its dependency on the local market. The company has successfully fostered stable partnerships in a few markets including the USA, Australia , India, and the UK. The company will further pursue the development of value-added services to enhance profitability.

Revenue, PBT, Assets



Sector Revenue Composhition



Plantations

The Group's plantations sector comprises Horana Plantations PLC. As one of Sri Lanka's leading diversified regional plantation companies, Horana Plantations has interests in tea, rubber, oil palm, coconut, cinnamon and other minor crops which are cultivated across 14 estates covering an extent of 4,399 hectares.

Scope and Structure

LKR 247 MN	LKR 118 MN	LKR 162 MN
Infrastructure and Buildings	Plant and Machinery	Furniture, Fixtures and Equipment

Crops

2,003 Ha	1,051 Ha	250 Ha	379 Ha	89 Ha	541 Ha	85 Ha
Tea	Rubber	Oil Palm	Coconut	Cinnamon	Timber	Other Crops

Operating Context

The blanket ban on chemical fertiliser towards the commencement of the year posed negative connotations to plantation sector activities during the year under review. This was further exacerbated by the resource shortages and escalating costs arising from the economic crisis and its associated impacts.

- The agriculture industry contracted by 4.6% in 2022, primarily due to the acute shortage of agricultural inputs such as fertilisers and agrochemicals. Sector activities were further underpinned by mounting production costs and disruptions in fuel supply. Resultantly, the Volume Index of Agricultural Production declined by 19.4% year-on-year, compared to the previous year's growth of 2.1%.
- The production of tea recorded a significant year-on-year decline of 16% in 2022, due to the staggered effect of the domestic shortage of agri-inputs. The rubber sector faced a decline for the second consecutive year to reach an output of 70.9 Mn kilograms due to fertiliser shortages, adverse weather and the continued spread of the Pestalotiopsis disease. Conversely, spices and other crops registered growth in 2022. The ban on oil palm continued to remain in effect during the year.
- The depreciation of the rupee had a positive impact on tea and rubber prices during the year. However, the interest rate hikes implemented to curtail inflationary pressures severely impaired sector profitability within the period under review. Fertiliser costs reached unprecedented heights, thereby impacting cost of production.

Market Dynamics

Challenges and Risks

- Volatile weather conditions, and risk of disease
- A ban on the importation of chemical fertiliser and agrochemicals
- A ban on oil palm cultivation
- Disruptions to energy supply and the escalating cost of resources
- High labour turnover and wage increases
- Unprecedented adjustments to policy interest rates
- A competitive market

Opportunities

- Local sourcing and new product development
- Investing in new, lucrative crops

Strategic Response

- Sustainable practices
- Productivity and efficiency improvements
- Quality improvement
- Diversification
- Responsible partnerships

- New strategy
- Existing strategy

Value Enablers

- A reputation for quality
- Upgraded, state-of-the-art facilities
- Strong, long-term partnerships with stakeholders
- Proactive, farsighted strategies
- Diversified operations
- A commitment to sustainability
- Community trust and support

Plantations

Strategy Execution

In order to mitigate the debilitating impacts experienced within the local market , the sector focused on activities related to export development, brand development and contingency planning. These strategies were performed in conjunction with cost rationalisation initiatives and activities related to product diversification and innovation.

Strategic Response	Sustainable Practices	Productivity and Efficiency Improvements
CAPITALS	Financial Capital Social and Relationship Capital Natural Capital Intellectual Capital	Financial Capital Manufactured Capital Natural Capital
PRINCIPLE	Engaging in principles of circular economy and sustainability to enable responsible consumption and ensure long-term growth and resilience.	Enhancing productivity and cost efficiency through process improvements and technological advancements.
INITIATIVES FOR 2022/23	➤ The company continued to make strides with the Go Green Energy Project with the installation of solar energy panels. ➤ Invested to upgrade the old hydropower plants at two estates. ➤ The weed buyback programme continued to generate organic fertiliser. ➤ Utilising Vermi-compost and Vermi-wash as an environmentally-friendly, user-friendly alternative for synthetic agri inputs. ➤ Aligning with globally renowned sustainability certifications to promote responsible production and thereby elevate pricing. ➤ Working in collaboration with experts to implement a bio-char and carbon credit project. ➤ Engaging in activities including rainwater harvesting and greenhouse cultivations to improve productivity.	➤ Introducing end-to-end automation and mechanisation across all factories to facilitate greater precision and productivity, while to addressing the massive exodus experienced within the workforce. ➤ Digitisation of processes and the introduction forecasting systems to enable improved planning and decision-making functions.
OUTCOMES	705,000 KWh of renewable energy added to the system 2% of rainwater harvested	Cost savings of LKR 9.46 Mn achieved

Quality Improvement	Diversification	Responsible Partnerships
Intellectual Capital Social and Relationship Capital	Natural Capital Manufactured Capital	Social and Relationship Capital Intellectual Capital Human Capital
Continuing to enhance and build high quality, internationally recognised standards and certifications to achieve greater demand.	Exploring lucrative crops and other avenues to drive greater profitability and demand, and phasing out low-performing, commercially unviable cultivations.	Closely engaging with employees, the community and the supply chain to ensure alignment with the sector's vision and objectives.
➤ Adhering to a range of industry best standards and practices across all operations for process excellence, sustainable practices and social responsibility, thereby building trust among customers and other key stakeholders. ➤ Focusing on automation and process improvements to drive quality across all factories.	➤ The company continued to expand into alternate crops with low labour involvement and higher returns, such as coconut, cinnamon and other spices. ➤ The company further ventured into coffee cultivation in a small scale, and due to its success, hopes to pursue this avenue further in the coming years. ➤ A greenhouse cultivation was initiated in the Stockholm, Mahanilu and Tillicoultry estates to cultivate vegetables and other short-term crops. ➤ The company has ventured into value-added products such as cinnamon, cloves, coffee, white coconut oil, and bee's honey ➤ The rainwater harvesting ponds are utilised for fish farming, and inland fishing in large ponds within the estate is encouraged, thereby encouraging fish production.	➤ A well-structured programme enables the company to support the estate community with housing, water and sanitation facilities, while supporting healthcare and youth empowerment. ➤ The company continued to nurture a safe and inclusive working environment, while seeking to uplift welfare and well-being and build opportunities for growth. ➤ Partnerships with like-minded institutions to pursue opportunities for responsible resource management, conservation and sustainable initiatives.
10 awards Only 10 claims on product quality Ranked among the first 5 in terms of Gross Sales Average in RPCs	334,347 new crops cultivated over 4,399 ha 17 new products launched	7,520+ community members impacted 4,880+ Living facilities provided for family units For 290+ children meals provided

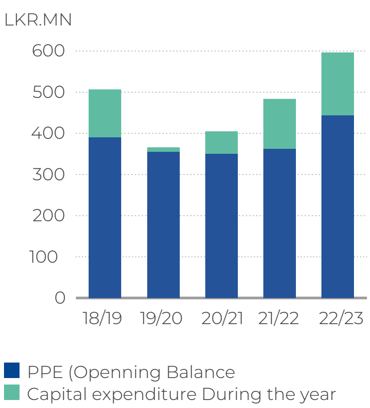
Plantations

Manufactured Capital

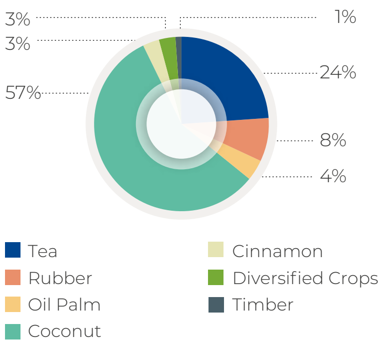
The plantations sector derives value from its manufactured capital, which spans its factories and estates. During the year, Horana Plantations continued to maintain its tea plantations, while phasing out certain portions of its rubber cultivations to make way for alternate crops such as coconut, cinnamon and coffee in order to limit the risks arising from a dependency on certain crops with unpredictable outcomes.

The company accordingly invested further its crop diversification efforts during the year, while significantly investing in capacity expansion despite the constraints faced during the period under consideration.

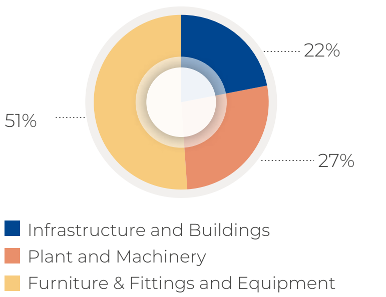
CAPEX Investment



Biological Asset Additions in 2022/23



Fixed Assets Additions in 2022/23



Social and Relationship Capital

Customers

Horana Plantations continues to adhere to the highest quality standards, and has continued to garner global and local accolades and recognition in this regard. Due to the company's efforts, quality claims related to tea have been minimised to greater extent, with only 10 claims registered during the year, serving as a clear testimony towards product quality.

Community

The sector remains committed towards community development and knowledge sharing and therefore engages in various initiatives to drive social responsibility across the regions in which it operates.

Enhancing Living Environments	Building Health and Nutrition	Community Capacity Building	Youth and Community Empowerment
➤ New houses for workers via the 'Safe Haven' housing project ➤ Upgrading existing worker houses ➤ Development of roads and access roads ➤ Implementation of playgrounds for creches ➤ Sanitation programmes conducted during COVID-19 and water projects to facilitate clean conditions	➤ Mid-day meals are provided across 17 creches located across five estates, comprising 291 children ➤ Conducting maternity clinics and post-natal and antenatal clinics ➤ Conducting cataract operations, immunisation clinics, medical camps and eye clinics ➤ Conducting nutritional programmes ➤ Conducting first aid training programmes ➤ Conducting dengue prevention programmes ➤ Free feeding programmes for pregnant mothers	➤ Creches for children in estates ➤ School items and stationery donation programmes ➤ Online educational facilities ➤ Conducting alcohol and drug prevention programmes ➤ Vocational training programmes and English classes	➤ Home gardening project to facilitate the development of entrepreneurial skills, job opportunities and familiarisation with modern cultivation techniques ➤ The Pekoe Trail project conducted with various stakeholders to build the tourism industry in Sri Lanka ➤ Bridal & Beauty Care workshops and tailoring and sewing training for estate women ➤ Automobile repairs training ➤ Computer Classes ➤ Training on Environment Protection ➤ Vocational training programmes ➤ Bamboo planting programmes conducted with the assistance of the Mahaweli Authority

Partnerships for Growth

Horana Plantations signed a Memorandum of Understanding (MoU) with the Faculty of Agriculture, Wayamba University of Sri Lanka to strengthen its Research and Development Programmes, to determine possible interventions and best practices with respect to process improvements and resource optimisation across various cultivations.

Horana Plantations engages with various non-governmental institutions and professional bodies to fund an implement a range of CSR activities including:

LKR 69.61 MN
invested into community activities

The Plantation Human Development Trust actively engaged with Horana Plantations in aspects of funding, advisory, training and technical support, while enabling the construction of 20 new houses, sanitation facilities for 40 families, 2 water schemes and the re-roofing of 40 house units.

The Save the Children Fund collaborated with Horana Plantations to enable children's well-being. School bags and stationery worth LKR 1.5 Mn were donated during the year.

The ADRA Organisation provided their expertise and support with the water project on the Gouravilla, Stockholm and Alton estates.

Plantations

World Vision provided funds and supported the company in the installation of recycle bins and the distribution of dry rations.

The Sunera Foundation assisted the company in training for children with special needs.

Additionally, the company adheres to the Child Policy of the UNGC through its alignment with the Global Compact's 5th Principle for the Abolition of Child Labour.

Intellectual Capital

Process Excellence

Horana Plantations seeks to introduce cutting-edge systems and capabilities to drive greater efficiency and streamlined processes. The process of establishing end-to-end automation in factories was commenced during the year.

Accordingly, the following activities were pursued during the year under review:

- **A tea collection automation solution** was implemented, utilising state-of-the-art technology such as IoT solutions and artificial intelligence. This cloud-based solution would enable field-to-factory traceability, thereby minimising the overall cost of production and improving proactive management oversight due to greater visibility in field collection activities from any location.
- **The tea plucking function was mechanised** to overcome the worker shortage experienced during the year.
- **Monitoring of on-grid solar generation** was conducted via real-time monitoring software, and distributed via a WhatsApp online web portal.
- **A temperature controlling system** was installed in the Bambarakelly factory to enhance the efficiency of withering. The project is at present in an experimental stage, with data collected periodically to measure efficiency levels. The installation will be expanded across the factories based on the results and progress made.
- **A dry tea machine** was installed at the Stockholm Estate to weigh fired tea at the discharge mouth of the dryer in order to determine accurate gross weights. The unit is capable of weighing fired dhools according to category and engages in continuously recording and monitoring the data, which can be linked to an ERP system for increased visibility and management.
- **Digital weighbridges** were installed to enable optimal weighing accuracy and minimise delays, while enabling greater levels of control using a range of interfaces.
- **Android tablets were provided to plantation executives** to facilitate greater accessibility to the company's Performance Management System, and thereby enable improved visibility and productivity.
- The company is currently in the research and development stage of **a latex collection and digitalisation process,** using the latest IoT technology and UV scanners and sensors to measure volume and computer-powered vision to identify density from the lactometer. This would enable greater accuracy and minimise data input from the field.
- **Accurate monitoring of weather conditions** was conducted using the Accu Weather App and the Nowcast App, in order to enable improved operational decision-making capabilities.
- **Drone technology** was utilised as a pilot project in partnership with the RAPTOR 300 Company in the USA. This breakthrough technology solution leverages customised aerial drones and analytics to improve agriculture yields, with the potential to provide highly efficient, quality controlled spraying services while mitigating the labour and health and safety concerns arising from manual spraying.
- **The OLAX dashboard system** was implemented in combination with the Harvest IT ERP. This user-friendly application supports real-time data and insights, thereby enabling the Corporate Management and Estates Management to make timely, informed decisions.

Awards, Accolades and Standards

The company obtained a number of awards and accolades on the global and local stage in recognition of its efforts towards sustainability, overall business excellence and responsible practices.

Refer Intellectual Capital on pages 176-181 for more details.

Mahanilu Estate - Horana Plantations PLC

Horana Plantations remains aligned with the following certifications:

Rainforest Alliance

Scope

Ecosystem conservation, wildlife protection, climate change, fair labour practices, human rights, food and farming and communities.

Certified Estates

Alton, Stockholm, Gouravilla, Mahanilu, Fairlawn, Eildon hall, Tillicoultry, Bambarakelly

Ethical Tea Partnership

Scope

Raising social and environmental and standards of tea estates and processing factories, enabling the well-being of tea workers and communities, management of climate and environment, engagement with tea smallholders..

ISO 22000: 2018 and HACCP

Scope

Food safety, hazardous analysis and critical control points, food hygiene, food quality management

Certified Estates

Alton, Stockholm, Gouravilla, Mahanilu, Fairlawn, Eildon hall, Tillicoultry, Bambarakelly, Millakanda

Eco Label Certification

Scope

A globally renowned voluntary environmental performance certification and labelling that identifies products proven to be environmentally preferable overall. Horana Plantations was the first plantation company to obtain this certification.

Certified Estates

Alton, Stockholm, Gouravilla, Mahanilu, Fairlawn, Eildon hall, Tillicoultry, Bambarakelly

ISO 9001:2015

Scope

Commitment to meeting customer and stakeholder needs and expectations through quality and continual improvement.

Certified Estates

Neuchatel, Frocester

Fair Trade Certification

Scope

Outlines rigorous social, environmental and economic standards such as Safe working conditions, environmental protection, sustainable livelihood and funds for community development.

Fair Rubber Certification

Scope

Aims to improve the working and living conditions of the primary producers of natural latex (rubber) as well as promote environmentally friendly production of natural rubber.

Forest Stewardship Council Certification

Scope

A voluntary programme that sets standards for responsible forest management.

GHG Inventory Verification Certification - ISO 14064-1

Scope

The ISO 14064 Greenhouse Gas (GHG) validation and verification helps organisations highlight their climate change and sustainability credentials.

ISO 14001:2015

Scope

Environmental management system, lifecycle aspect impacts, legal compliance, continual improvement

Certified Estates

Gouravilla

Plantations

Natural Capital

As an organisation deeply intertwined with nature, Horana Plantations continued to pursue global standards pertaining to sustainability. Therefore, the company implemented several green initiatives designed to preserve the environment and its biodiversity supported by partnerships with local communities and other stakeholders. In addition, the organisation promoted green practices within the estates, enabling its ongoing transition towards sustainable agriculture. The company initiated several projects to drive energy conservation, water conservation and responsible waste management, while from engaging with surrounding communities to raise awareness and integrate environmental responsibility into their way of life.

Horana Plantations is signatory to the following global initiatives:

- United Nations Global Compact
- Climate Neutral Now
- Science-Based Targets
- UNGC CEO Water Mandate

705 MWh
Of renewable energy generated

58 mn litres
Of rainwater harvested

4,390 Ha
Cultivated area

113 Ha
Biodiversity protected within estates

Aligned with these global movements, the company hopes to achieve carbon neutral status by 2050, as stipulated by the Paris Agreement, the international treaty on climate change. The company's adoption of the science-based targets in 2022 will see it make a conscious effort to limit the rise of mean global temperature to well below 2°C above pre-industrial levels and driving the effort to limit the increase to 1.5°C, which will, in turn, reduce the effects of climate change. The various certifications outlined in page 119 of this report state the scope of environmental activities monitored and managed by the company.

Biodiversity and Ecosystem Management

The company conducts periodic biological impact assessments to determine its influence on the surrounding flora and fauna. Horana Plantations believes in fostering a spirit of coexistence, and therefore has made considerable strides in minimising its impact and dedicating areas for wildlife conservation and ecosystem regeneration.

- The Green Planet Tree Planting Programme was launched in 2022, commencing with the planting of 1000 native plants within the estates situated in the Central Hills and Horana regions. The eventual goal is to successfully plant 500,000 trees by 2030.
- The Ministry of Environment and the Ministry of Plantation Industries collaborated with UNDP Sri Lanka to develop the "Partnerships and Innovative Financing to Mainstream Biodiversity and Sustainable Land Management in the Wet Climatic Zones" project, which has been endorsed by the GEF VII.
- The Peak Ridge Forest Corridor was established via a collaboration between several estates, the Wilderness and Wildlife conservation Trust (WWCT) and several other stakeholders to drive a ground-breaking, private-sector led conservation effort to protect the Sri Lankan leopard and other vulnerable species.
- An MoU was signed with PLANT (Preserving Land and Nature (Guarantee) Ltd.), an initiative of the Wildlife and Nature Protection Society, dedicating a 100 acre forest block at Halwatura Estate to establish and administer natural sanctuaries and reserves, to prevent the destruction and harmful commercial exploitation of species of wild animals and plants and preserve wildlife in natural conditions to the greatest degree possible.

The Go Green energy solar project is slated to provide 58, grid-connected and off-grid, rooftop solar PV projects at the Horana Plantations tea and rubber factories across its 14 estates, with a projected capacity of 2,000 Mwh to be reached by 2030. As at end of the current financial year, the following were incorporated into the system:

58
Solar projects in all factories

Installation across 5 tea factories and 18 bungalows

02
solar powered water pumps

705 MWh
Total on-grid solar generation

- The company practiced beekeeping alongside its oil palm cultivation in order to increase pollination and maintain honeybee colonies.

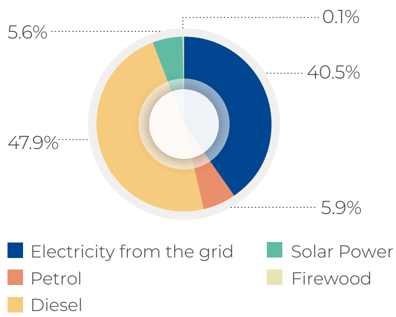
Energy Consumption

The organisation has made conscious efforts to manage its energy consumption through the introduction of renewable energy, while continuing to prudently manage its impacts.

The fuel shortage caused considerable disruptions to activity, and the company managed to mitigate its effects by relying on generators to maintain continuous supply. The company is further pursuing the usage of fuel-efficient transport, and implemented hot water plants, solar water pumps and energy-efficient panels to overcome the resource shortages that prevailed during the year.

The company is further exploring the recomissioning of its hydropower plants in the Fairlawn and Bambrakelley estates with a collective capacity of 120 Kwh , and invested LKR 20 Mn in this regard during the year.

Energy Consumption by Source



Water Consumption

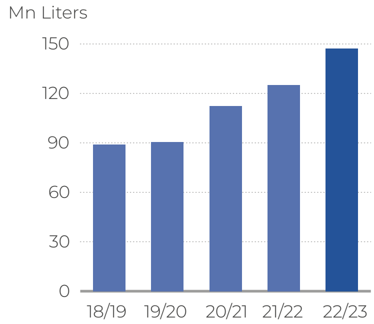
The plantations sector comprises rich, natural water streams that serve as primary sources for some of the main river bodies in Sri Lanka. The following measures are taken to ensure the integrity of the water sources during the year:

- Regular water testing is conducted through accredited laboratories to ensure their quality is maintained.
- All wastewater is treated and purified in its processing centres prior to their release to the environment.
- Riparian buffer zones, chemical free zones and vegetative barriers are maintained, while bamboo is planted along reservation areas.

Efficient usage of water:

A number of initiatives were introduced to increase efficiency of water consumption across factories and on the field, including the use of pressure guns to facilitate cleaning, the utilisation of drip and sprinkler irrigation, and the re-use of water in rubber manufacturing. 22 rainwater harvesting ponds are situated across the estates, resulting in the collection of 58 Mn litres of water during the year. Water management committees were established on an estate basis, to improve monitoring and management capabilities with respect to this scarce resource.

Water Consumption

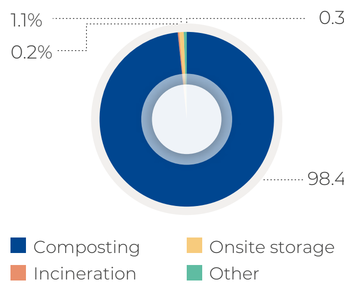


Additionally, Rainforest Alliance funded the water conservation project that was conducted in the Tillicoultry estate, Lindula. The company remains aligned with the UNGC CEO Water Mandate in all its activities.

Waste Management

All hazardous waste including e-waste is handed over to CEA-approved and licensed waste disposal entities. All clinical waste is dispatched to Government hospitals for disposal by the Environmental Management Authority. All third-party arrangements are facilitated by formal agreements. Oil, grease and industrial waste is treated at onsite effluent treatment plants.

Waste Disposal Methods



Plantations

All non-hazardous waste is separated through the application of the 3R principle of reducing, reusing or recycling. Polythene, plastic, metal, glass and organic kitchen waste are segregated responsibly for collection by the local authorities.

Material Consumption

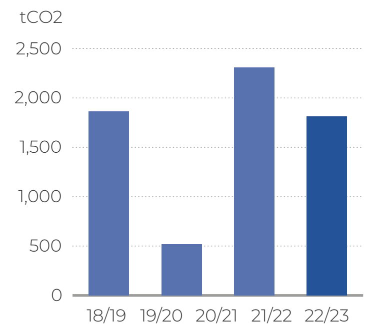
The plantation sector engages in circularity and the responsible use of its resources in order to optimise usage and minimise impact. Furthermore, the introduction of alternative, organic interventions enabled the organisation to remain resilient even amid the chemical fertilizer and agri-input shortages and their unprecedented prices.

- The weed buyback programme continued to be in effect, enabling the transformation of weeds collected from estate grounds into compost-generating organic fertilizer, while supporting an additional income for workers. The initiative has produced 3 Mn kgs of compost to be utilised in its estates thus far.
- **The Vermiwash project** is an experimental initiative which pertains to the extraction of the nitrogen-rich secretion of worms to produce a type of organic soil nutrient. This globally accepted, environmentally-friendly and user-friendly initiative serves as an alternative to synthetic agricultural inputs. Due to its significant amounts of macro and micronutrients, natural growth hormones, beneficial microbes, vitamins, amino acids and nematicidal properties, improved outcomes have been registered, as evidenced by a 10-14% increase in crop yield and the resilient, healthier plant conditions including extra tender tea flush that could withstand drought.
- The company commenced a collaboration with a Swedish and New Zealand advisory team on the implementation of a Bio-char and Carbon credit project which will reduce environment deterioration and carbon foot print supporting a circular economy. As such, the company will produce bio-char by using its own resources and materials such as bamboo like woody biomass, agricultural plant waste, etc.

Emissions Management

The Sector calculates its GHG inventory in line with the guidelines of ISO 14064-1:2018 and the Intergovernmental Panel on Climate Change (IPCC).

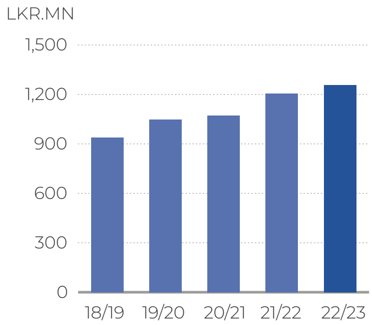
Total Emmisions



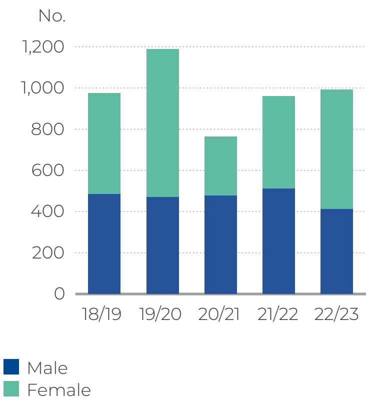
Human Capital

The sector faced many challenges due to the economic crisis and its impact on retention. However, Horana Plantations continued to maintain the highest standards in employee welfare, safety and progress, and as such was adjudged a Great Place to Work in 2023, and thus became one of the top 15 companies to achieve this accolade. The company became the only plantation company to be recognised for this award within the manufacturing and production industry.

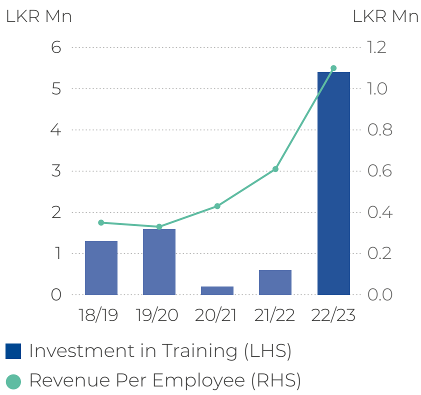
Employee Remuneration



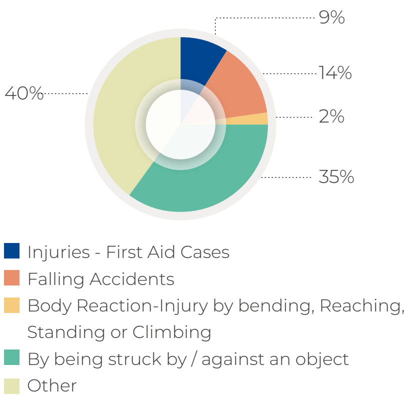
Employee Turnover By Gender



Investment in Training



Workplace Accidents



The company has in place the following policies to ensure worker rights are safeguarded at all stages, and works closely with union representatives, associations and government entities to address any points of concern and participate in industry-level forums.

- Gender Equality Policy
- Sexual Harassment Policy
- Child Labour 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
- Employees categories
- Accidents in the workplace

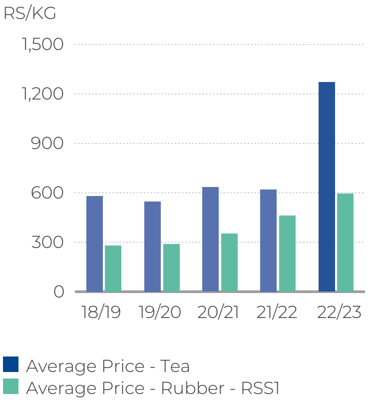
Financial Capital

The sector recorded a 48% increase in revenue to reach a performance of LKR 3,794 Mn primarily due to the high Net Sales Average achieved for tea. Finance costs increased by 153% year-on-year, primarily owing to the high interest rates that were in effect during the year.

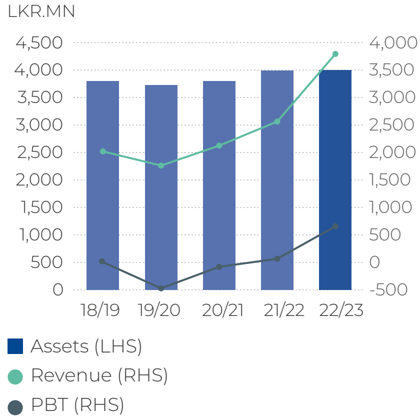
Despite challenging and volatile operating conditions, the sector successfully leveraged on its strengths and process excellence to reach a net profit of LKR 170 Mn during the year under review, in comparison to the LKR 42 Mn achieved in the previous year.

Key Performance Indicators	2022/23	2021/22	%change
Net operating income (LKR Mn)	992	201	393
Profit after tax (LKR Mn)	170	42	304
Return on equity (%)	18	5	13
Operating margin (%)	26	8	18
Net profit margin (%)	4	2	2

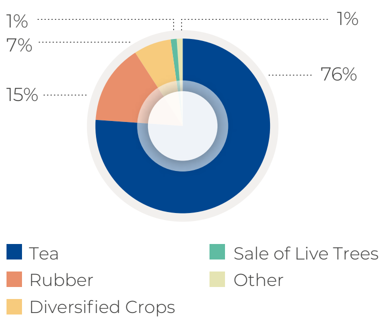
Average Price - Tea & Rubber



Revenue, PBT, Assets



Sector Revenue Composition



Outlook for the Sector

The plantations sector will continue to explore diversification in order to mitigate risks and provide a resilient and balanced performance. It is anticipated that the oil palm ban will be lifted in the future, thereby posing positive implications for the sector.

On the 29 of March 2023, Vallibel One divested its shareholdings in Horana Plantations PLC for a sum of LKR 700 Mn to Hayleys Plantation services (Pvt) Ltd.

Leisure

Vallibel One's leisure sector comprises its associate company The Fortress Resort and Spa, and Greener Water Limited, the Group's fully-owned subsidiary. The Group possesses a 21.18% stake in the globally renowned The Fortress Resort and Spa, a luxury boutique hotel catering to the up-market tourist segment. The Greener Water project is a proposed integrated resort complex slated to transform the landscape of Negombo's beachfront, and is currently under construction.

Scope and Structure

The Fortress Resort & Spa
(Associate Company)

53-roomed, 5 star Boutique Resort in Koggala

The Greener Water Hotel
(Fully-owned Subsidiary)

Proposed 500-roomed integrated resort in Negombo, under construction

Services

Operating Context

- The tourism sector continued to face momentous challenges during the year under review.
- With the easing of the COVID-19 restrictions, the sector faced a short-lived revival towards the latter part of 2021; however, following the onset of the economic crisis towards the close of March 2022, tourist arrivals began to decline.
- Traditional tourist markets underperformed until November 2022, owing to a range of factors, including:
  - The travel restrictions imposed across the United Kingdom and other European source markets,
  - The skyrocketing price of airfare in the wake of the Russia-Ukraine conflict,
  - Limited flights in operation due to low demand.
- Conversely, the Russian market exhibited a significant demand during the year, which led to intense competition from other players that shifted towards this market in order to address the shortfall from the other market segments.
- The dwindling socio-economic conditions in Sri Lanka led to the decline of disposable income, thereby negatively impacting the domestic market.
- Operational constraints due to the fuel crisis and shortage of essential goods continued to underpin sector performance.
- The high cost of imported goods and bans on certain imported items essential for hotel operations.

Market Dynamics

Challenges and Risks

- Mobility restrictions and the economic crisis impacting domestic tourism
- Travel bans and the negative sentiments associated with the economic crisis creating a slowdown in traditional tourist markets
- The escalating cost of goods and services impacting cost structures and refurbishment and construction activities
- Disruptions to energy supply
- High labour turnover

Opportunities

- Sri Lanka's unmatched status as a tourist hotspot
- Emerging markets in Asia
- A growing Russian tourist market

Strategic Response

- Optimising operations
- Product responsibility
- Market diversification

New strategy | Existing strategy

Value Enablers

- Service excellence
- Global reputation
- Standards and certifications
- The highest standards of safety and security
- Strong brand equity
- Sustainable processes and policies
- A scenic location

Strategy Execution

Despite the challenging dynamics experienced during the year, the sector focused on retaining quality, while seeking opportunities to rationalise costs across its supply chain and operations. Furthermore, the Fortress Resort and Spa continued to seek out emerging, lucrative tourist markets to enable an improved performance.

Strategic Response	Optimising Operations	Product and Service Responsibility	Market Diversification
CAPITALS	Financial Capital Natural Capital Manufactured Capital Intellectual Capital Human Capital Social and Relationship Capital	Natural Capital Manufactured Capital Human Capital Intellectual Capital Social and Relationship Capital	Social and Relationship Capital Financial Capital
PRINCIPLE	Pursuing opportunities for consolidation, innovation and operational efficiencies across various business functions and goods.	Nurturing sustainable principles and processes, while enforcing best practices and standards recommended by the relevant authorities and awarding bodies.	Exploring lucrative, emerging markets to maintain continued momentum amid a disruptive environment.
INITIATIVES FOR 2022/23	➤ Planning and implementing initiatives to minimise electricity and fuel consumption. ➤ Deploying staff according to occupancy levels to achieve savings on transport, meals and electricity consumption. ➤ Strengthening digital marketing and analytical capabilities in order to effectively reach target segments. ➤ Implementing automation capabilities and process improvements to improve efficiency. ➤ All capacity expansions and construction-related activities pertaining to the associate company and the subsidiary were placed on hold in order to rationalise costs.	➤ The Fortress Resort and Spa is the first Sri Lankan member and a stakeholder of Small Luxury Hotels of the World (SLH). ➤ This ensures that all functions spanning sourcing, procurement and customer service, etc., are sustainable, and are aligned with the globally accepted guidelines set out by the SLH. ➤ The highest levels of good governance, ethics and sustainable standards are maintained to ensure responsible management of people and resources. ➤ The hotel also relied on local sourcing to bridge the supply gap resulting from bans on imported goods and the shortage of foreign exchange.	➤ The Fortress Resort and Spa initiated more local market driven campaigns to attract the domestic market. ➤ As the traditional markets were not performing, the hotel carried out promotional campaigns targeting the growing Russian market.
OUTCOMES	9% increase in direct bookings	Engaging with 39 local suppliers 20% of total occupancy from repeat business No data and cybersecurity breaches	3% increase in occupancy 4% increase in guest nights sold 55% increase in contribution from the local market 132% increase in contribution from the Russian market

Leisure

IMPACT ON CAPITALS

Manufactured Capital

The Fortress Resort and Spa

The Fortress Resort and Spa's valuation stands at LKR 6,000 Mn. The property in Koggala stands at 3.5 acres, and possesses 53 rooms, comprising 2 suites and 51 guest rooms. All rooms are classified according to four key room categories and two suite categories. A 3.3 acre property in Mirissa is slated for development in the future, and will commence following the easing of the impacts from the economic crisis.

The Fortress Resorts PLC

The Greener Water Hotel

The Greener Water Hotel project's civil, structural and façade works have been completed, with the landscaping, mechanical, electrical and plumbing aspects currently in progress. The completion of the overall project has been severely impacted over the past few years, owing to constrained macroeconomic conditions. The shortage of construction materials and fuel and the power outages that prevailed during the period under review unfavourably impacted the project's continuity. These conditions were further exacerbated by import restrictions and the lack of foreign exchange reserves, resulting in the inability to obtain imported materials essential towards the project's completion.

The property will be equipped with a water park, pool bar, beach club, spa, and a multi-functional ballroom. Comprising 18 acres along the coastal belt, the Hotel will be spread across 74,567 sq. m of building area and possess 03 restaurants and 500 proposed rooms spanning deluxe suites, twin suites, junior suites, presidential suites and luxury rooms.

GREENER WATER LIMITED

The Fortress Resort and Spa

3.5 Acres in Koggala

3.3 Acres in Mirissa

LKR 1,827 Mn asset value

92 rooms to be added

53 rooms and suites

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

The Greener Water Hotel

18 acres along the coastal belt

03 restaurants

500 proposed rooms

74,567 sq. m of building

Social and Relationship Capital

Customers

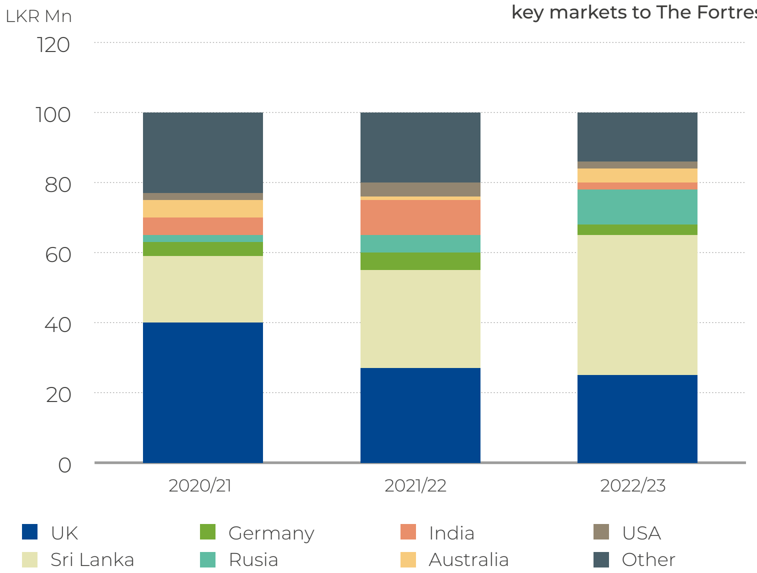
Due to the economic crisis, travel restrictions in the key tourist markets of the UK and Europe prevailed for the third quarter of the fiscal year, until November 2022. These markets have traditionally been responsible for over 40% of the sector's revenue.

In view of these developments, the Fortress Resort and Spa increased the hotel's domestic contribution by 12%. Furthermore, Russia served as the top market to the destination in 2022/23, enabling the hotel to increase the overall contribution from 5% to 10% during the year.

Amid a rapidly evolving environment, digital marketing has become a crucial tool that enables connectivity with potential customers across the world. The hotel has therefore engaged in closely monitoring these trends and has made significant strides in incorporating digital marketing strategies into its overall marketing plan.

Market Mix by Country of Residence

Room night contribution % from top 6 key markets to The Fortress Resort



Website Visits by Country

	Country	Sessions	% Sessions
1.	Sri Lanka	41,842	42.16%
2.	Russia	16,110	16.23%
3.	Germany	8,852	8.92%
4.	United Kingdom	6,852	6.90%
5.	United States	4,520	4.55%
6.	India	3,766	3.79%
7.	Australia	2,608	2.63%
8.	United Arab Emirates	2,283	2.30%
9.	France	1,501	1.51%
10.	Singapore	630	0.63%

Enhancing Digital Marketing Capabilities

Digital marketing provided The Fortress Resort and Spa with powerful tools to reach specified target audience, resulting in increased direct bookings and revenue since the relaxing of travel advisories in Oct 2022. The following steps were taken to augment the hotel's digital marketing capabilities:

- The hotel hired a dedicated team of trained personnel specialised in digital marketing.
- With the increased use of search engines, The Fortress Resort and Spa recommenced 'Pay-per-Click' (PPC) in key markets.
- The hotel improved the reach of social media platforms by creating visually appealing and engaging content that resonates with The Fortress Resort and Spa to build brand loyalty and attract repeat business.
- Implemented data analysis through digital marketing channels such as Google analytics to obtain insights on emerging trends. Assessments were conducted on a daily basis to enable informed decision making and support refined strategies.

Leisure

The Fortress Resort and Spa focuses on creating memories that last a lifetime through impeccable service. The hotel offers a holistic experience, supported by the following goods and services:

- Luxury Accommodation and Spaces
- Unique Gastronomical and Beverage Experiences
- Ayurveda, Wellness & Rejuvenation
- Excursions and Tours
- Authentic Lifestyle Experiences & Activities.
- Ancillary Services

A key indicator of brand loyalty, awareness and perceived quality in a luxury boutique resort is the repeat guests. The Fortress Resort and Spa continued to maintain strong levels of customer loyalty during the year under review, with 20% of the hotel's total occupancy contributed by both domestic and foreign repeat guests.

Channels for Customer Marketing and Relationship Management

B2B:

- Weekly, Monthly Sales Visits and Calls
- Presence in Domestic and International Tourism Trade Fairs and Trade Shows
- Product Familiarization Tours

B2C:

- Product updates and newsletters
- Social Media organic and boosted posting
- SEM & SEO
- Influencer and Key Opinion Leader Marketing

Suppliers and Business Partners

The import restrictions that were in place during the year saw The Fortress Resort and Spa divert its sourcing activities to local suppliers. The hotel enforces stringent procurement process, which is overlooked by a dedicated purchasing committee, comprising the Purchasing Manager, the respective Head of the Department, the Chief Financial Officer and the General Manager.

A comprehensive screening process is in place to ensure the hotel's quality standards are met. The supplier's experience and capabilities are evaluated, while reference checks are obtained from other hotels to ensure the supplier's ability to maintain continuous supply, while assessing their dependability and price. At present 90% of the hotel's supplier base represents well-established corporate entities, while the rest comprise individual suppliers who reside in close proximity to the hotel.

All suppliers are required to comply with the standards relevant to their respective goods and services. Furthermore, they are assessed to ensure they abide by health and safety precautions and prevailing labour laws while adhering to the hotel's environmental and ethical standards.

Regular supplier meetings are conducted to address key issues that arise with respect to daily operations. Delivery times and dates are closely monitored to ensure the availability of stock, while all supplier payments are processed within the stipulated credit period to ensure their satisfaction is maintained. A number of initiatives were implemented during the year to enhance supplier health and safety and streamline operations. Due to the disruptive impacts of the crisis, purchasing trips were planned in advance to minimise diesel consumption.

LKR 36 Mn
spent on local suppliers

39
local suppliers

The Fortress Resort and Spa continues to work closely with the following global brands to improve performance, enable mutual growth and drive organisational efficiency:

Tour Operators

Online Travel Agents

Property and Channel Managers

Community

Many of the hotel's CSR activities remained constrained during the year, primarily owing to the impact of the economic crisis. However, The Fortress Resort and Spa conducted a few programmes, as follows:

- The hotel donated 50 plants for the tree planting program organised by Kathaluwa Central College in Ahangama during the year. The hotel additionally sponsored the refreshments of the students and teachers during the event.
- Three beach cleaning programmes were organised by the hotel staff during the year.
- The hotel also sponsored one beach cleaning programme organised by school children in honour of World Environment Day.

Leisure

Intellectual Capital

Process Automation and Improvements

The Fortress Resort and Spa engaged in continuously improving its systems during the year to enable greater efficiencies. As such, the hotel migrated from the My Fidelio Oracle Hospitality Distribution Connector to the Oracle Hospitality OPERA Cloud Service Distribution Channel in order to automate online reservations. This development facilitated direct bookings without any human interference through the Opera Property Management system, conducted via Site Minder which includes the property's own website and another 14 channel managers.

Furthermore, the payroll system and accounting package were integrated to avoid manual entries, thereby minimising errors and increasing accuracy. Plans are in place to deploy an integrated system to replace the current property management system encompassing all key functions.

The hotel continued to maintain strong cybersecurity measures through the use of firewalls and email security mechanisms. Internal training was conducted in relation to cybersecurity for client users, and the hotel is currently taking steps to align with the ISO 27001 certification requirements in the near future.

LKR 1 Mn
invested on process improvements

No
cybersecurity breaches during the year

Unrivalled Industry Knowledge

The Fortress Resort and Spa continues to maintain its synergy with Small Luxury Hotels of the World (SLH). As a local stand-alone hotel, the SLH has proven to be a catalyst that strengthens the hotel's standing in the international market. As first Sri Lankan member and a key stakeholder in the SLH, the hotel continued to play a vital role in shaping the industry, fuelled by a spirit of participation, collaboration and involvement.

The hotel was recognised by Trip Advisor for excellence in service, quality, and experience as evidenced by the following accolades:

Traveler's Choice Best of The Best 2022 - Awarded to the Top 1% of World Hotels

Ranked as one of the Top 20 Most Romantic Hotels in Asia

Natural Capital

The Fortress Resort and Spa has long been synonymous with sustainable principles and responsible resource management. The year under review saw this area reach a greater focus during the year, as resource shortages and escalating costs placed greater pressures on operations and business continuity. No instances of non-compliance were reported and no fines were incurred during the year in review.

Energy Consumption

As a responsible entity, the hotel did not compromise on standards and services, and therefore relied on generators to provide air conditioning, electricity, hot water and other related services even amid the power outages and fuel shortages experienced during the year. As a standard practice, the hotel maintains a two month stock of diesel at any given period, which enabled continuity amid the disruptive impacts of the year. The tourism industry received priority status for both diesel and gas procurement during the year, and therefore was able to maintain smooth operations.

A number of initiatives supported the hotel in minimising its energy consumption:

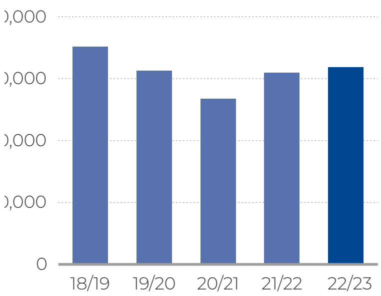
- Optimising room air conditioning temperatures during periods of non-occupation.
- Switching off all lights in non-guest areas by 10 p.m. daily.
- Managing the hot water requirement of the hotel by relying on solar power, thereby enabling reduced diesel consumption. At present solar energy supports 100% of the requirement at an occupancy of 20% or less.

Electricity consumption (Kwh)	2022/23	2021/22
Electricity units	**1,562,769**	1,545,950
Room nights	**5,164**	4,636
Consumption per room night	**303**	333

Diesel consumption (Litres)	2022/23	2021/22
Diesel consumed	**72,503**	58,284
Room nights	**5,164**	4,636
Consumption per room night	**14**	13

Energy Consumption

Kwh



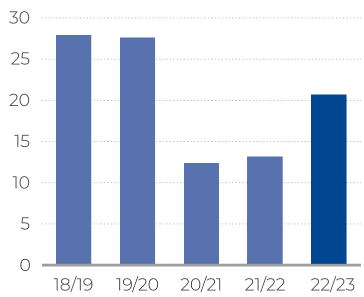
Water Consumption

Water consumption increased during the year under review, primarily due to increased occupancy levels.

Water consumption (Litres)	2022/23	2021/22
Water consumed	**20,680,000**	13,157,000
Room nights	**5164**	4636
Consumption per room night	**4005**	2838

Water Consumption

Mn Liters



Leisure

Material Consumption

The shortage and escalating prices of paper that prevailed during the year saw The Fortress Resort and Spa introduce a number of policies to minimise consumption. Accordingly, the hotel was able to reduce its paper consumption from 40 packets to 25 packets per month. The following initiatives aided in this regard:

- All internal communications were conducted via WhatsApp and email channels
- All backup documents were stored in an electronic format.
- Where printed documents were necessary, the unused side of the paper was used for internal communications wherever possible.

The hotel continued to rely on principles of circular economy, while minimising the consumption of materials that pose harmful impacts to the environment.

In view of this commitment, the hotel eliminated the use of plastic straws and offered paper straws to guests upon request, and substituted plastic bags with paper bags for takeaway orders. Liquid soaps are created using waste soap in order to minimise wastage.

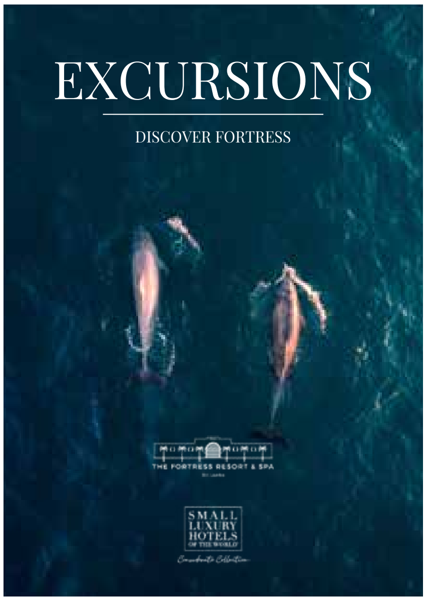
Waste Disposal

The hotel's waste is managed by a third-party service provider in the community. The service provider is approved by the Central Environment Authority, and is responsible for the daily collection of all forms of dry and wet waste with the exception of e-waste.

Human Capital

Energy and vibrancy remain at the core of the team at The Fortress Resort & Spa. The hotel provides preference to applicants from neighbouring districts, thereby providing invaluable employment opportunities to the surrounding community. The hotel is an equal opportunity employer, and does not discriminate on the basis of age, religion, gender, ethnicity and other factors.

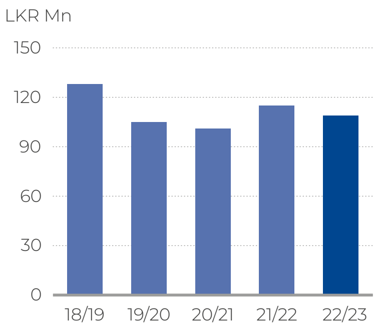
The debilitating challenges that took place in quick succession commencing from 2019 caused a significant downturn in the tourism industry, thereby negatively impacting the mental and physical health of the workforce. In order to mitigate the effects of the economic crisis provide an immediate relief to its resulting impact on individual's incomes, the hotel provided additional allowances to its staff. Furthermore, the hotel's welfare society initiated a special grant for every team member. The hotel's staff were deployed according to occupancy levels, thereby enabling team members to stay at home, thereby creating a mutually beneficial partnership. The hotel continued to support the training and development needs of its staff. Following a comprehensive analysis of training needs, the Fortress Resort and Spa offered a range of training sessions spanning on-the-job training, online training, classroom training, and external seminars and conferences.



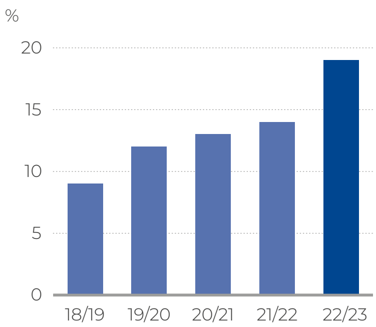
Key areas of focus	No of sessions
Customer Service & Service Standards	7
Food Hygiene & Food Safety	7
Time & Motion Studies (On-the-Job)	6

Key areas of focus	No of sessions
First Aid Training	1
Fire Safety Training	1
Induction Training for new recruits	8

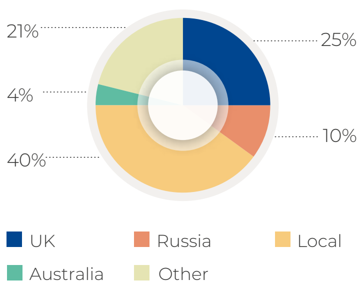
Employee Remuneration



Employee Turnover Ratio



Markets



Leisure

Financial Capital

Despite the challenging environment experienced during the year, the sector recorded a 24% increase in revenue to reach a performance of LKR 434.7 Mn, due to the increased occupancy levels registered during the period under review.

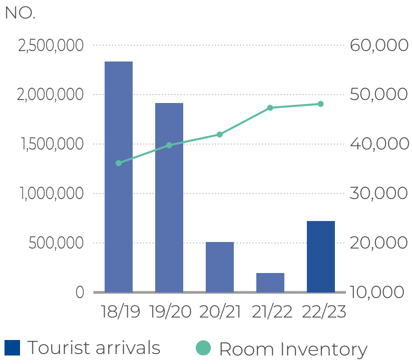
Key Performance Indicators	2022/23	2022/21	%change
Net operating income (LKR Mn)	(680)	27,284	(102)
Profit after tax (LKR Mn)	(19,842)	33,048	(160)
Return on equity (%)	(1)	2	(1)
Operating margin (%)	(0.1)	8	(8.1)
Net profit margin (%)	(5)	9	(14)

Outlook for the Sector

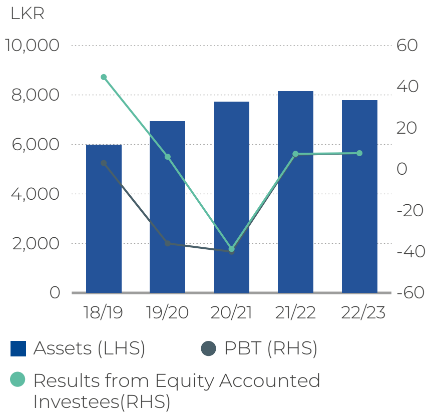
Worldwide tourism reached approximately 63% of the performance recorded prior to the pandemic, and is expected to increase by another 30% in 2023 following the reopening of the Chinese market. However, tourist arrivals are still anticipated to remain below pre-pandemic levels. Sri Lanka tourism targets 1.7 Mn arrivals in the 2023/24 financial year, and will be seeking to regain its share from the key markets of the UK, Europe and India.

The Greener Water Hotel project will undoubtedly capitalise on the ensuing recovery of the industry, and is slated to be completed in 2025, following the stability of the nation's economy, and Sri Lanka's return to normalcy.

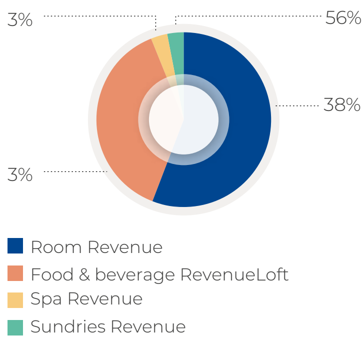
Tourist Arrivals



Revenue, PBT, Assets



Revenue Composition



Consumer

Over the course of 173 years, Delmege Forsyth & Co. Ltd has cemented its position as one of the largest companies within the Fast-Moving Consumer Goods (FMCG) sector, with a wide range of trusted household brands within its portfolio, including 'Motha,' 'Delmege,' 'Kelloggs,' 'Ferrero Rocher,' 'Kinder Joy,' 'Nutella' and 'Tic Tac'. The company has further transitioned into adjacent business verticals such as medical equipment and pharmaceuticals which caters to both public and private sector healthcare organisations, and personal care.

Scope and Structure

Delmege Forsyth & Co. Ltd

Products

- Food and Beverage
  - Deserts and Ingredients
  - Soya
  - Canned Fish/ Vegetables
  - Noodles and Pasta
  - Chocolates and Confectionery
  - Essence and Food Colouring
  - Beverages
  - Cereal and Oats
- Medical Equipment and Pharmaceuticals
  - Medical and Laboratory Equipment
  - Eye Care
  - Surgical Disposables
  - Pharmaceuticals
- Personal Care
  - Hair Care

Operating Context

The consumer sector's performance was underpinned by escalating prices and disruptions to regular lifestyles. While country indices began to pick up towards the close of the year, challenges to consumer lifestyles persisted.

- The prices of imported food items grew substantially in 2022, owing to the increase in global commodity prices and the depreciation of the Rupee witnessed during the year. Furthermore, the lack of foreign exchange reserves placed considerable constraints on import capabilities during the year.
- Private consumption expenditure exhibited a notable growth, and contributed towards 89.7% of total consumption owing to the increasing prices of goods. However, household consumption in real terms displayed a contraction due to reduced consumer purchasing power and shortages in supply.
- Year-on-year headline inflation as measured by the CCPI was recorded at 12.1% towards the close of 2021, and accelerated to 69.8% in September 2022. However, the CCPI moderated to 50.3% by March 2023, owing to tight monetary policies, prioritisation of essential imports and the moderation of food and energy prices. NCPI displayed a similar trend, growing from 14% as at December 2021 to 73.7% in September, and eventually reached 53.6% by February 2023.
- While the volumes of postponable / luxurious food categories such as desserts, breakfast cereals, and chocolates declined, the General Trade segment began to grow, particularly with respect to economical categories of food items. Trade in services began to register growth both from earnings from tourism and workers remittances which in turn positively impacted consumption patterns and foreign exchange reserves.

Market Dynamics

Challenges and Risks

- Challenging macroeconomic conditions due to socio- political instability and market restrictions
- Declined consumer confidence and the unprecedented high cost of living
- The escalating cost of goods and services impacting cost structures
- Volatile market conditions and exchange rate fluctuations
- Import restrictions and the shortage of foreign exchange
- Disruptions to the supply chain

Opportunities

- Export market potential
- Local and regional sourcing

Strategic Response

- Product innovation
- Cost-effective operations
- Marketing and distribution
- Strong portfolio and partnerships

New strategy | Existing strategy

Value Enablers

- A strong brand equity
- A versatile portfolio with powerful brands
- A reputation for excellence
- Strong distribution channels
- A skilled sales force
- Solid local and global partnerships
- Powerful synergies

Consumer

Strategy Execution

The Fast-Moving Consumer Goods (FMCG) sector was compelled to navigate through many challenges in Sri Lanka, including political instability, natural disasters, and economic downturns. However, through its wide-ranging strengths, Delmege successfully demonstrated resilience and sustainability over the period under review.

Strategic Response	Product and Process Innovation	Cost-effective Operations
CAPITALS	Financial Capital Financial Capital Manufactured Capital Intellectual Capital Social and Relationship Capital	Financial Capital Human Capital Intellectual Capital Manufactured Capital Social and Relationship Capital
PRINCIPLE	Innovation that drives new products, services, and technologies that improve the overall customer experience.	Optimising operations, responsibly managing resources and streamlining processes to achieve cost-efficiencies and thereby maintain profitability.
INITIATIVES FOR 2022/23	➤ Innovative product design, packaging, and marketing to enable the development of affordable, attractive, need-oriented product categories. ➤ Using data analytics to optimise logistics and improve productivity. ➤ Producing smaller, more affordable pack sizes to cater to consumers who are seeking to save money. ➤ Developing easy-to-prepare, ready-to-eat or instant cooking product options to drive customer convenience.	➤ Relying on local and regional sourcing to minimise the impact on costs, while ensuring continued operations amid disruptive events. ➤ Creating synergies by consolidating operations, sharing resources, and collaborating with other companies within the Group, thereby reducing costs, increasing efficiency, and improving product quality. ➤ A greater focus on cost-cutting measures, such as reducing advertising and marketing spends, negotiating better deals with suppliers, and streamlining the supply chain to reduce costs.
OUTCOMES	Achieved new consumer segments Product variations : smaller packs in salt and soya Product innovation	**227** local and regional suppliers Negotiations with manufactures and retailers
	SDG 9, 12, 15	SDG 12, 8

	Marketing and Distribution	Strong Portfolio and Partnerships
	Financial Capital Human Capital Social and Relationship Capital	Manufactured Capital Intellectual Capital Social and Relationship Capital
	A robust distribution network that enables islandwide accessibility even amid mobility constraints. Strong marketing strategies that resonate with the public.	A strong brand identity, with a balanced portfolio of globally and locally renowned associated brands, reputed for quality and trust.
	➤ Pursuing strong engagement with customers through personalised marketing, loyalty programmes, customer service and social media channels. ➤ Ongoing partnerships with retailers and other points of sale materials continues to secure a strong presence in both urban and rural areas. ➤ Marketing and promotion campaigns served to build greater brand awareness and differentiation, while addressing consumer touchpoints. ➤ Highlighting the pride and quality of local brands, and offering the same at an effective price point in comparison to other imported categories. ➤ Tailoring marketing strategies and new product extensions cater to local cultural and social norms and better resonate with local consumers. ➤ Offering competitive pricing to ensure customers can continue to purchase products amid the crisis.	➤ Prioritising core, lucrative products that retain stability and demand amid challenging economic conditions. ➤ Product rationalisation strategies implemented to evaluate the entire product portfolio and eliminate any products that are not profitable or have a low demand in order to reduce costs and improve overall profitability. ➤ In terms of healthcare, the sector focused primarily on maintaining adequate stocks to address demand. Furthermore, the sector partnered with device and diagnostic companies which hold the potential to generate consistent revenue rather than depend solely on government tenders.
	Engagement on social media platforms : Facebook, Instagram, Tiktok to connect with customers and receive feedback on produces	**3163** supermarkets and hypermarkets **60,202** dealers and distributors **09** own brands Strong associated brands
	2 Zero Hunger, 10 Reduced Inequalities	2 Zero Hunger, 8 Decent Work and Economic Growth, 10 Reduced Inequalities, 3 Good Health and Well-Being

Consumer

IMPACT ON CAPITALS

Manufactured Capital

As a sector primarily engaged in trading activities, manufactured capital comprises the goods and services delivered by the consumer sector to the market, in addition to the various properties under its purview. The scope of each vertical within the sector is outlined on page 162 of this report.

LKR 3,752 Mn
total assets

LKR 15 Mn
total capex

Social and Relationship Capital

Customers

Delmege continuously invests in market research to identify emerging trends and consumer preferences and stay ahead of its competition. Furthermore, the company engages in collaborations with partners including suppliers, retailers, and technology providers, to remain apprised of market insights and trends, and adapts its strategies accordingly. This has enabled the organisation to remain flexible and agile in the face of disruption and ever-changing dynamics.

In order to anticipate and address industry trends amid a constrained environment, the sector identified and focused on offering an elevated customer proposition during the year. A few focus areas include:.

Health and Wellness	The FMCG sector continued to offer healthier products, while providing information on the nutritional value of products through wide-ranging communication materials and mediums. The healthcare sector continued to support healthcare, diagnostics and wellness through its products, despite challenging market conditions.
Sustainability	Due to greater consumer consciousness regarding the environmental impact of their food choices, the FMCG sector relied on eco-friendly packaging, while sourcing ingredients from established companies reputed for trust, sustainability and quality.
Convenience	Amid dynamic and drastic transformation in consumer lifestyles, consumers were seeking added convenience — therefore the FMCG sector focused on developing easy-to-cook meals and other on-the-go options in order to cater to demand.

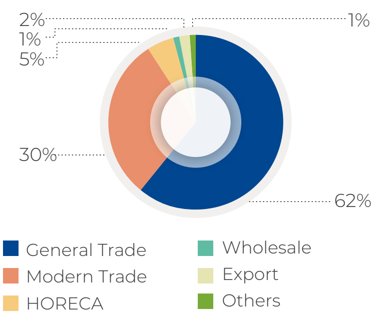
Customer marketing and relationship management

In order to address the declining consumer sentiment, the sector continued to seek out new opportunities through marketing and relationship management. In addition to the initiatives outlined below, the healthcare cluster ventured into new partnerships with device and diagnostic organisations, in order to maintain performance.

- **Personalised marketing:** Customer data was used to create targeted marketing campaigns designed to resonate with the needs and preferences of a wide-ranging consumer base.
- **Loyalty programmes:** The programmes offered rewards including discounts, free products, and exclusive access to promotions, and were implemented to incentivise repeat purchases and build customer loyalty at both trade level and shopper level.

- **Customer service:** Striving to achieve excellence in customer service and build strong relationships by providing timely and helpful responses to customer inquiries and resolving customer complaints in a prompt and efficient manner.
- **Social media engagement:** Engaging with customers on social media to build relationships and generate dialogue and interest in products and brands. Social media platforms such as Facebook, Instagram, and Tik Tok provided opportunities to connect with customers and receive feedback on products.
- **Sampling programmes:** Sampling programmes enable customers to experience the products prior to committing to a purchase, thereby building trust and encouraging purchases.
- **Customer engagement:** The customer engagement campaigns conducted across many social and cultural networks and among local and ethnic group communities helped nurture relationships. These were achieved through initiatives such as the sponsorship of events both locally and overseas, partnerships with local organisations, and the support of local charities.
- **Product innovation:** Introducing new products based on customer feedback and preferences thereby helping engage with customers and provide opportunities for cross-selling and upselling.

Revenue By Channels



Customers rewarded through loyalty programmes

LKR 96 Mn

invested in promotional activities

Data Loss Prevention and Data Privacy Mechanisms

Delmege focused on enhancing data privacy by integrating cloud-based data management and fully systemised data transmissions. Furthermore, drivers have been developed in-house to secure data backups, access controls, data retention policies and employee training. These mechanisms are reinforced by regular security audits and data retention policies. Additionally, the following policies were strengthened to elevate system security and data protection:

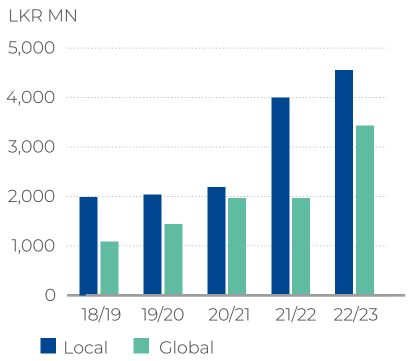
- Access Control Policy
- Software & Hardware Management policy
- Data Backup and Disaster Recovery Policy
- Information Security Policy

Suppliers

The consumer sector's partnerships with its local and global suppliers are a key strength that enables success, and ensures that high quality products are available to consumers through every eventuality, even amid a competitive market. The sector therefore continuously engaged with its supplier base to ensure business continuity was maintained.

LKR 5,960 Mn was invested on procurement activities during the year, and a marked shift was witnessed towards local and regional sourcing due to disruptions witnessed within the supply chain and the escalating cost of goods. In contrast, the healthcare cluster partnered with many overseas suppliers to source new devices, equipment and diagnostics in a cost-efficient manner, while remaining aligned with all regulatory requirements.

Local Vs Global Supplier Payments



227

Number of local suppliers

25

Number of international suppliers

118

Number of SMEs

Consumer

Intellectual Capital

A Reputation for Quality and Trust

The Delmege brand has long been synonymous with quality and trust. Additionally, all associate brands within the sector enable the sector to achieve market differentiation, and nurture customer loyalty and trust. The following brands are currently within the sector's portfolio and are currently taking steps to align with the ISO 27001 certification requirements in the near future.

Delmege - with a brand legacy

Kellogg's - world renowned consumer brand

Motha - popular household brand

Ferrero

Tic Tac & Kinder Joy

ALCON

Process Excellence

The following process development initiatives drove efficiency and productivity during the year under review.

Integrating Automation

The sector envisions that the incorporation of dynamic sales force automation (SFA) is the key to achieving success in a competitive environment — relying on rich data that drives unmatched information, insight and knowledge. The solution is intended to be utilised by all field employees, distributors, and back-office staff in the General Trade channel.

With the new system rollout, systemisation of sales administration monitoring systems, multi-functional customer account handling systems, commercialised resource monitoring and reporting systems and user-friendly application on mobile devices. The new version of the system will further ensure enhancements for future business plans, enabling automated data-driven Sales Administration & Logistics Operations.

Fuelling Collaboration and Productivity

The Microsoft 365 solution comprising the latest productivity apps including Microsoft Teams, Word, Excel, PowerPoint, Outlook and OneDrive, to name a few was implemented by Delmege during the year. The journey commenced as a means of replacing the MS Exchange server mail solution, in order to drive continuous improvement across the organisation.

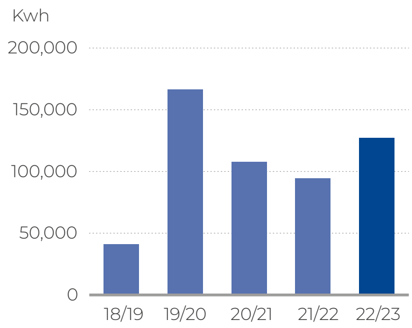
Data Analysis and Improved Visibility

Power BI is a leading global platform developed by Microsoft to enable interactive data visualisation with a primary focus on business intelligence. At present, the first phase of the implementation process has been completed, while the dashboard-driven culture is being cultivated to optimise data-based decision making.

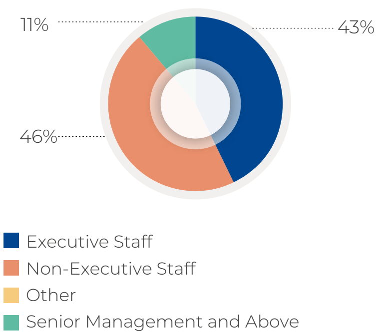
Natural Capital

The sector focused in implementing sustainable practices in the business operations such as using eco-friendly packaging and sourcing ingredients from well-established best partners who can build the trust and assured quality..

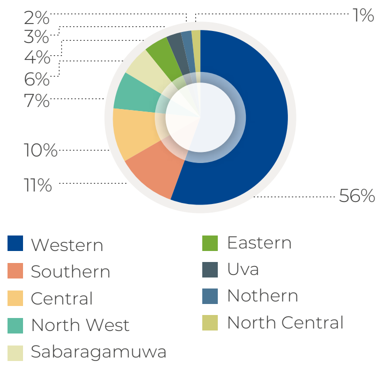
Energy Consumption Within the Organization



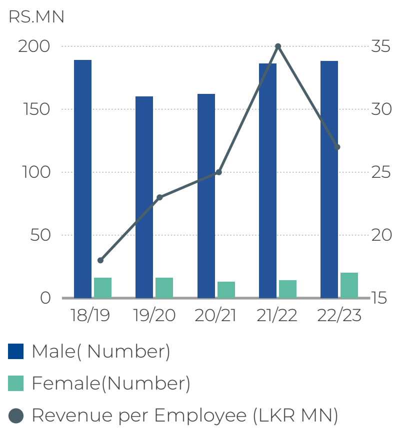
Employees By Category



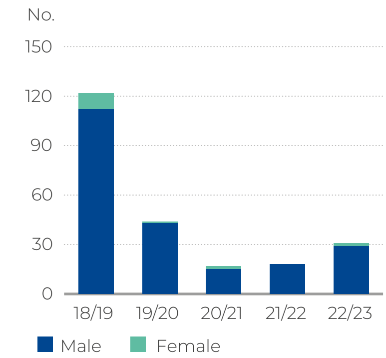
Employees By Provinces



Employee Productivity



Employee Turnover



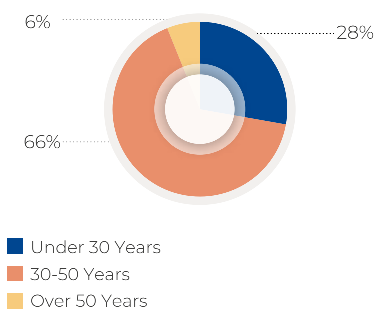
Human Capital

The overall consumer cluster workforce stood at 208 as at the end of the financial year. Over 80% of the workforce are aged 30 years or older, and hail from diverse geographical, ethnic, religious and socioeconomic backgrounds — providing unmatched skills, knowledge and experience that contribute towards the overall success of the business.

Staff Turnover

The sector's vision is to create a competent, committed and contented workforce that values diversity, encourages creativity and innovation, and fosters teamwork, employee engagement and empowerment in order to create a conducive environment for personal and organisational growth. The cluster maintained a healthy staff turnover rate in a volatile, ambiguous, uncertain and complex environment.

Employees By Age



Training and Development

Investment in training and development is key to sustaining business performance, growth and success. Moreover, such activities enable the sector to gain and retain top talent, increase job satisfaction and morale and improve productivity.

Focused training and development opportunities were extended throughout the year to the sales force to ensure that they were exposed to global best practices.

Consumer

Competencies	Training Hours				
	Sales Officers	Merchandisers	Area Sales Managers	Office Admin staff	Kelloggs team
IT skills (Sales Force Automation system)	2	-	20	8	6
Merchandising (Modern trade)	-	14	-	-	-
Merchandising Training (Kellogg's Modern Trade)	-	11	-	-	-
Sales Training (Range Selling)	2	-	2	-	-
Sales Training (Distributor Management)	-	-	3	-	-
Sales Training (Profiles, Roles and Responsibilities)	-	-	3	-	-
Sales monitoring	-	-	-	4	-
Sales Training (Motivation)	2	-	2	2	-
Kellogg's Outbound Training	8	-	8	-	-
Total	**14**	**25**	**38**	**14**	**6**
					97 hours

Financial Capital

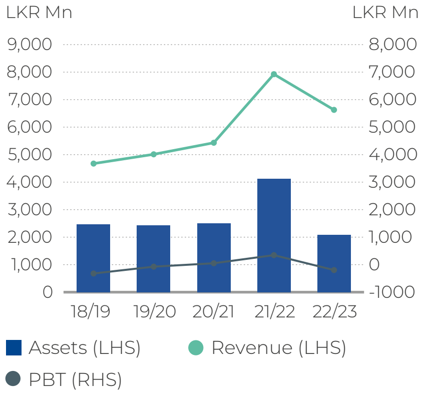
Revenue for the year under review stood at LKR 7.4 Bn, recording a 7.8% increase in comparison to the LKR 6.9 Bn recorded in the previous fiscal year. The performance was primarily attributable to the increasing prices of goods — a dynamic which led to a decline in sales volumes during the year. However, the net impact remained positive due to the higher price increase surpassing the drop in sales.

The sector's operating profit decreased by 7.5% to reach 517.2 Mn, from the 559 Mn achieved in the previous year, primarily due to the escalating cost of resources. Incremental distribution and administrative cost too exhibited an increase of LKR 121 Mn.

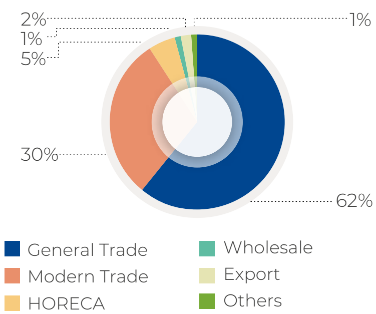
Key Performance Indicators	2022/23	2022/21	%change
Net operating income (LKR Mn)	517	559	(7)
Profit after tax (LKR Mn)	(136)	263	(151)
Return on equity (%)	-	-	-
Operating margin (%)	7	8	(1)
Net profit margin (%)	(2)	4	(8)

Gross profit for the financial year under review stood at LKR 1,396 Mn, in comparison to the previous year's performance of LKR 1,311 Mn.

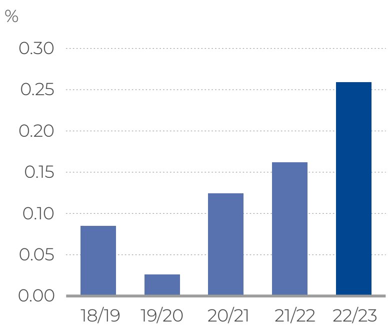
Revenue, PBT, Assets



Revenue By Channels



Growth in Private Consumption Expenditure(PCE) On Food and Beverages



Outlook for the Sector

The sector seeks to leverage on a number opportunities and trends for the future, such as digitisation, e-commerce, health and wellness, sustainability, effective sourcing practices, convenience, and premiumisation. By investing in these areas and adapting to changing consumer preferences and dynamics, the sector will position itself for long-term success.

The sector is further seeking on opportunities for growth and expansion by means of improving reach, engaging in new product development and relying on new agencies. Furthermore, the FMCG division is aggressively pursuing opportunities to build in-house manufacturing capabilities to improve stability and nurture sustainable operations even amid a disruptive environment.

Investments & Others

This sector pertains to Vallibel One's investments and exposure to other industries, and accounts for 8% of the Group's consolidated revenue. The sector comprises the long and short-term investment of the Group and its exposure to the industries of packaging, mining, insurance brokering, travel and transport. In line with the principle of materiality, this section outlines the impact of the packaging and mining sectors, owing to their combined 93% contribution towards the sector's revenue.

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

Scope and Structure

Corrugated Packaging and Paper Sacks

- Uni-Dil Packaging Ltd
  - 2,250 MT per month Corrugated Packaging
  - Dekatana Factory
- Uni-Dil Packaging Solutions Ltd
  - 1.8 Mn per month Paper Sacks
  - Dekatana Factory

Mining Industrial Minerals

- Lanka Ceramic PLC
  - 30,000 MT p.a. Production capacity Feldspar, Owala
  - 14,000 MT p.a. Production capacity Kaolin, Meetiyagoda
  - 296 acres Ball clay mining property in Akuressa

Operating Context

The packaging industry in particular was characterised by escalating material costs and the scarcity of fuel and electricity essential for manufacturing operations. Furthermore, owing to the contraction in the construction industry, the mining sector faced a constrained environment during the year.

- The mining industry exhibited a significant de-growth of 31% in 2022, compared to the growth of 1.4% recorded in the previous year, as the demand for mining materials significantly decreased.
- The non-conducive business environment arising from various macroeconomic factors, the demand for packaging and paper sacks experienced a down-turn during the year.
- The high international paper prices which commenced in 2021 continued to hamper progress within the packaging sector. The cost of overheads remained at an all-time high, while the scarcity of resources in the market led to significant disruptions.
- The depletion of foreign exchange reserves led to challenges in procurement of essential raw materials, leading to disruptions to the supply chain during the year.

Market Dynamics

Challenges and Risks

- Volatile world market price trends and exchange rate fluctuations
- Macroeconomic imbalances and sociopolitical instability
- Declined consumer spending
- The escalating cost of goods and services impacting cost structures
- The depletion of foreign exchange impacting procurement
- Disruptions to the supply chain
- Increase in taxation

Opportunities

- Export market potential
- Investments and diversification

Strategic Response

- Product and service excellence
- Market diversification and expansion

New strategy | Existing strategy

Value Enablers

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

Strategic Response for Mining

- Responsible mining operations
- Cost rationalisation global partnerships

Value Enablers

- A strong brand equity
- A versatile portfolio with powerful brands
- A reputation for excellence
- Strong distribution channels
- A skilled sales force

Investments & Others

PACKAGING CLUSTER - STRATEGY EXECUTION

The packaging sector primarily relied on its reputation for excellence to capture a presence in the global market, in order to mitigate the challenges faced on a domestic front.

Strategic Response	Product and Service Excellence	Market Diversification and Expansion
Capitals	Natural Capital Manufactured Capital Intellectual Capital Human Capital Social and Relationship Capital	Financial Capital Social and Relationship Capital
Principle	Engaging closely with customers and investing in optimising operations to achieve the highest standards in product and service excellence	Venturing into the global market and engaging in the expansion of the customer base through alternative products
Initiatives for 2022/23	➤ Engaging in machine upgrades and investing in new equipment to streamline processes and achieve operational excellence. ➤ Maintaining stringent approval processes and quality assurance across suppliers, while adhering to ISO 9001 and ISO 14001. ➤ Engaging in ethical sourcing practices, and obtaining FSC certified material as per customer request. ➤ A Semi Auto Gluing Machine was introduced to mechanise the manual pasting operation of die-cut cartons. ➤ Ensuring business continuity amid disruptions, while maintaining the Uni-Dil customer proposition of timely deliveries and effective complaint management.	➤ Increasing dollarised revenue to reduce the impact of the exchange loss resulting from the devaluation of the rupee, and finance foreign supplier payments. ➤ Pursuing business opportunities in foreign markets to maintain business continuity. ➤ Seeking out viable products and alternative products to improve performance. ➤ The corrugated vertical has undertaken several international brand nominations in the apparel sectors, including Decathlon, Amazon, etc., ➤ The company has recruited a new manager on a contract basis to drive new business development in the export market for paper sacks. ➤ Engaging in competitive pricing to regain market share.
Outcomes	Adhering to **9** quality standards Storage capacity increased by **100%** Speed increased by **186%** for the **60x60 mm** multipack tile trays Tuber Overall Equipment Effectiveness increased by **56%** Production speed increased by **35%** **7** gold awards at National Convention on Quality & Productivity **NCQP 2022** conducted by SLAAQP	
	SDG 9, 12, 13	SDG 8

PACKAGING CLUSTER - IMPACT ON CAPITALS

Manufactured Capital

The sector relies on its manufactured capital for its success and continuity — therefore the companies within the cluster engaged in upgrading and improving its machinery to improve efficiency. These initiatives enabled the cluster to achieve resource efficiency, particularly amid a period defined by scarcity of resources and harsh macroeconomic conditions..

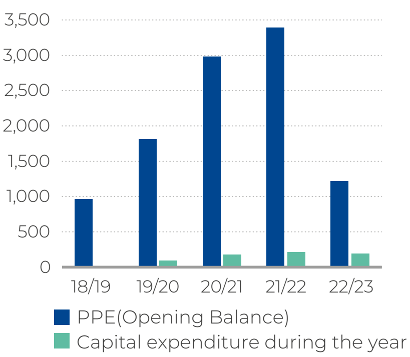
LKR 1,316 Mn
total capex

LKR 5,279 Mn
total assets

57,000 MT
produced per year - paper sacks

75%
capacity utilization

Packaging Sector CAPEX
LKR Mn



Social and Relationship Capital

Customers

Each company within the cluster caters to a B2B market. The cluster's key products exhibited a drop in demand, particularly following the down-turn in the tea and construction industries during the year.

Due to the decline witnessed in the local market, the packaging cluster focused on building its export presence during the year. However, despite the monumental challenges witnessed within the macroeconomic space, the cluster ensured the uninterrupted supply of goods to its customers. The sector focused on-time delivery and a commitment to quality to fulfil customer needs.

2,750 MT
of corrugated packaging per month

1.8 Mn
paper sacks per month

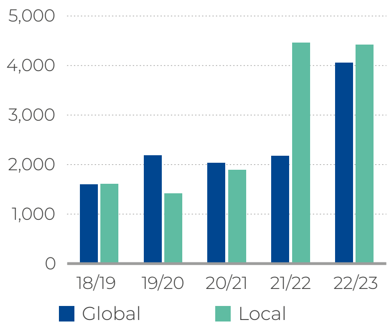
48%
market share - corrugated packaging

75%
market share - desiccated coconut sacks

65%
market share - skim coat sacks

30%
market share - tea sacks

Global Vs Local Supplier Payments
LKR Mn



Investments & Others

488
local suppliers

22
international suppliers

LKR 8,482 Mn
disbursed to suppliers

Intellectual Capital

The packaging cluster relies on a number of automated systems and processes to drive efficiency and excellence. The plants engage in developing unique product designs and systems that ensure an unmatched proposition in the market. Furthermore, in order to ensure cybersecurity and data privacy was maintained, the cluster conducts security vulnerability audits with the support of third-party experts.

The cluster maintains the following internationally recognised standards across its operations:

- **ISO 9001:2015** - Quality Management Systems
- **ISO 14001:2015** - Environmental Management Systems
- **ISO 22000:2018** - Food Safety Management
- **FSSC 22000** - Food Safety System Certification
- **FSC Certification** - Forest Stewardship Council
- **SLS 1474**
- **SMETA 4** Pillars (Sedex Members Ethical Trade Audit)
- **WRAP** (Worldwide Responsible Accredited Production)

Natural Capital

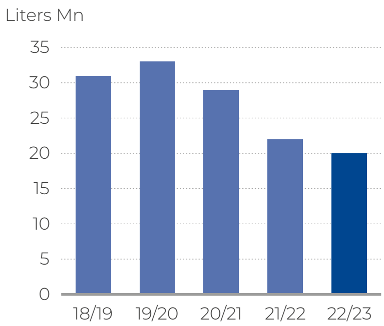
The unprecedented shortage of fuel and energy and escalating cost of energy led to the cluster adopting a range of initiatives to improve resource efficiency and reduce expenses.

The packaging cluster's fuel storage capacity was increased from 3,000 l to 50,000 l, and all fuel was sourced directly from the fuel supplier. Furthermore, logistics were optimised to reduce the usage of fuel, and plant operations were rescheduled in accordance with the power interruption plans to minimise generator usage. The 725 kW solar power generation unit was maintained during the year, which in turn supported the energy shortage experienced during a greater part of the year.

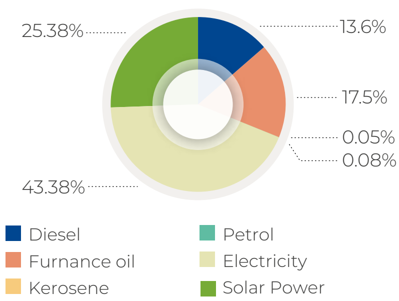
The main water withdrawal takes place via tube wells, with an overall consumption of 80 m3 per day. A project team is dedicated towards monitoring and minimising water consumption where deemed applicable. Furthermore, processed waste water is chemically and biologically treated through an effluent treatment plant, and is utilised for gardening purposes.

All solid waste is separated and treated using the 3R principle of recycling, reusing and reducing. Materials for recycling are submitted to certified collectors.

Water Consumption



Energy Consumption by Source-Packaging Sector



1,025,105 Kwh
Annual generation of solar power

13 Mn litres
Of effluents treated

Human Capital

As in the previous year, Uni-Dil Packaging Limited was awarded the status of 'A Great Place to Work' during the year. The accolade assesses the employee experience based on five principles, namely 'Credibility,' 'Respect,' 'Fairness,' 'Pride' and 'Camaraderie.'

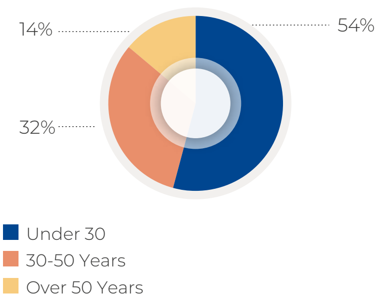
The company maintains the highest standards of health and safety through comprehensive audits, risk assessments, emergency preparedness training and regular inspections. 27 health and safety related accidents/ injuries were recorded during the year.

In addition to being governed by policies related to human rights, non-discrimination and freedom of association, the packaging cluster adheres to a range of policies that encompass a range of functions including recruitment, grievance handling, quality, environment, human rights, security, In addition, the cluster focuses on training and development to build employee skills and capabilities. The following aspects were covered during the training and development process during the year:

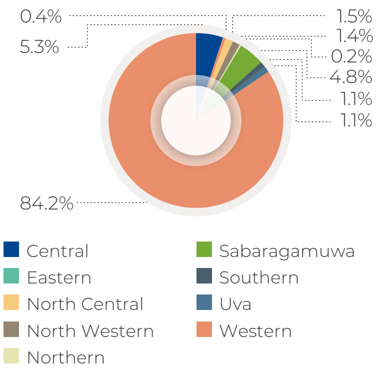
Die Cut Machine - Unidil Packaging Ltd

- Orientation Training
- Chemical Handling Training
- 5S Training
- Motivational & Attitude Change Programme
- Corporate Law and Practice
- First aid, Chemical handling, Ergonomics, Health and safety
- Autonomous maintenance
- TPM
- TQM
- ISO 9001, ISO 22000, ISO 14000
- On-the-job training
- Problem solving techniques- eg: quality cycles

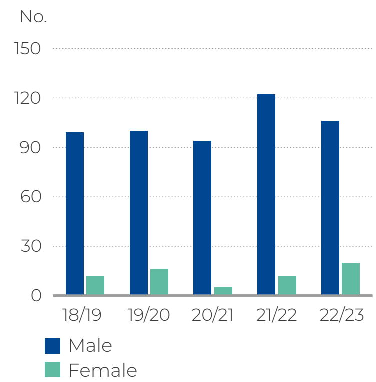
Employees by Age



Employees By Region



Employee Turnover



Investments & Others

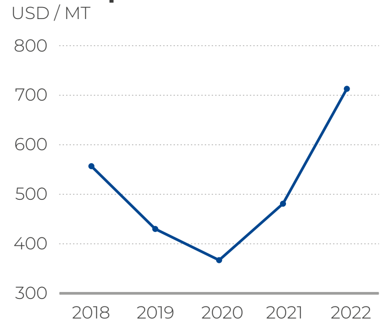
Financial Capital

Due to economic constraints, overall volumes decreased by 25%; however, the selling price increased in comparison to the previous period, resulting in a 23% increase in turnover to reach a performance of LKR 8,062 Mn for the year 2022/23. This in turn led to the cluster recording a 126% increase in gross profit to reach LKR 2,288 Mn during the period under consideration. In addition to the increase in paper prices, the scrap sale prices escalated, resulting in a 34% upturn in other income during the year. However, the finance cost exhibited an unprecedented increase of 755% to reach LKR 674 Mn owing to the increase in interest rates and facility utilisation.

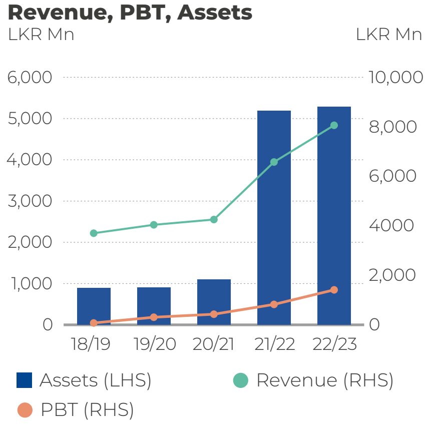
Despite the challenging conditions experienced during the year, the cluster recorded a 49% increase in profitability, to reach a profit after tax of LKR 922 Mn.

Key Performance Indicators	2022/23	2022/21	%change
Net operating income (LKR Mn)	1,888	722	161
Profit after tax (LKR Mn)	922	596	54
Return on equity (%)	40	30	10
Operating margin (%)	23	30	(7)
Net profit margin (%)	11	9	(2)

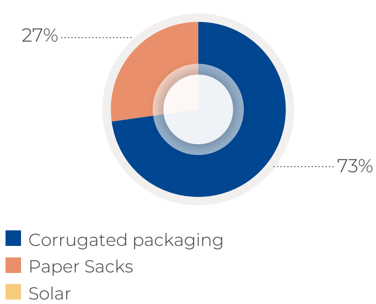
World Paper Prices



Revenue, PBT, Assets



Revenue Composition



Going Forward:

The Group will continue to engage in accounting for emerging risks through continuous assessment and the prudent management of funds, in order to optimise resources and maintain stability amid a volatile environment through the following activities::

- Consolidating operations and delivering growth strategies in line with emerging trends, while effectively insulating against risks.
- Exercising austerity measures across the businesses to control costs and reduce wastage in order to build greater degrees of profitability.
- Seeking out alternative sources of supply and minimising reliance on foreign exchange to nurture diverse, balanced operations designed to minimise costs and ensure business continuity.

MINING CLUSTER - IMPACT ON CAPITALS

The mining sector engaged in sustainable, responsible practices, while discontinuing non-viable, depleted mines during the year to rationalise costs and operations during the year..

Strategic Response	Responsible Mining Practices	Cost Rationalisation
Capitals	Natural Capital, Manufactured Capital, Human Capital, Social and Relationship Capital	Financial Capital, Manufactured Capital, Natural Capital, Intellectual Capital
Principle	Adopting sustainable mining practices including the rehabilitation of mines, adhering to all relevant regulations and guidelines with respect to people and operations.	Discontinuing non-viable mines, relying on innovation and automation to optimise resources, and seeking opportunities to increase revenue in the future.
Initiatives for 2022/23	➤ Rehabilitation of discontinued mines in accordance with regulatory guidelines in order to mitigate any adverse impacts to the natural environment and the surrounding communities. ➤ Upholding principles of employee health and safety, while ensuring the people's well-being and development amid a challenging year.	➤ Initiating the process to close the mine in Meetiyagoda due to decreased demand for Kaolin, and discontinue the mine in Akuressa due to the depletion of reserves. ➤ Engaging in strategic acquisitions and investments to improve future prospects. ➤ Investing in a feldspar sorting machine to preserve and optimise a vital raw material essential to the company's operations.
Outcomes	**NO** accidents and hazardous incidents **400** training hours	**52%** revenue increased in mining operations An additional **1,500 MT** of feldspar per month

Manufactured Capital

The cluster's mining properties comprise its manufactured capital, which are the key enablers of operations, and offer a high-quality output. Lanka Ceramic PLC is in the process of obtaining the necessary licensing for the Akuressa property, while kaolin exhibited a progressive decline in demand, thereby leading the cluster to take steps towards closing discontinuing the Meetiyagoda mine, which is slated to take place in April 2023.

During the year, Lanka Ceramic PLC invested LKR 165 Mn to enhance its fixed asset base, of which LKR 159 Mn was directed towards the Owala Mine to deploy a Feldspar Sorting Machine, in addition to engaging in the purchase and upkeep of other machines in order to enable the project's success. This would ensure the maximisation of resources and thereby result in sustainable operations. By re-sorting the abandoned feldspar in the mined tailings which has accumulated over the years, an additional 1,500MT will be added to monthly production, while contributing 18,000MT per annum in order to increase the profitability level significantly.

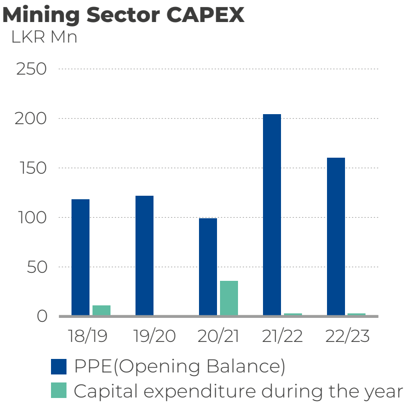
LKR 81 Mn

Invested in capacity expansion (Feldspar Sorting Machine)

LKR 165 Mn

Invested in Fixed assets

Mining Sector CAPEX



Investments & Others

Social and Relationship Capital

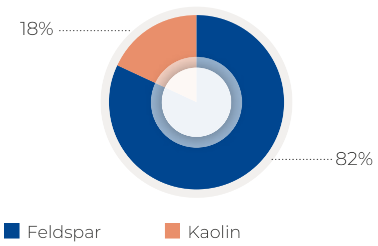
Customers

The sole company within the cluster, namely Lanka Ceramic PLC, primarily engages in the sale of sanitary ware and the sale of raw materials necessary for tile manufacturing. The output from the mining cluster primarily caters to organisations within the Group, and all products and materials meet the highest quality specifications.

100%
Group Synergies

LKR 221 Mn
Sanitaryware Sales

Product Mining



Intellectual Capital

With over three decades of experience, the cluster possesses unmatched industry expertise and a reputation for quality and trust. Lanka Ceramic PLC's associated brand 'Deluxe' comprises the sanitaryware arm, and is marketed via the parent entity of Royal Ceramic Lanka PLC.

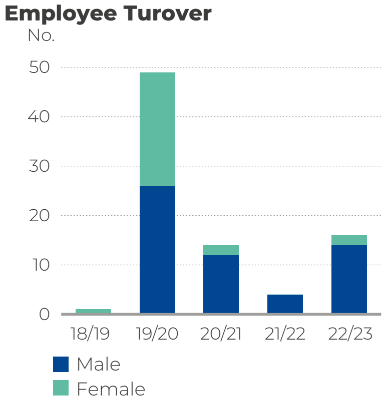
Natural Capital

As an entity that is wholly reliant on natural resources for its continuity, the cluster partners closely with the Geological Survey and Mines Bureau to safeguard the quality of its mining properties. Furthermore, the feldspar re-sorting project reaped benefits through the year, thereby minimising waste and ensuring the mine's longevity.

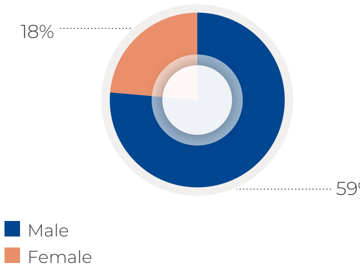
Human Capital

Due to its nature as a people-centric business, the cluster fosters an environment of equal opportunity within the workplace, while meeting and identifying training and development needs and nurturing the highest degrees of health and safety in the workplace. A strict code of conduct governs all operations to ensure all responsibilities are discharged in a fair, equitable and transparent manner.

Employee Turover



Employees By Gender



Financial Capital

The financial year was particularly challenging for the mining cluster, with revenue increasing by a mere 4% to reach LKR 447 Mn from the LKR428 Mn achieved in the previous year.

Revenue from mining operations increased from LKR 148 Mn to LKR 226 Mn to record a growth of 52% during the year, primarily owing to the impact of inflation on the price of materials. Production at the Owala mine was hampered in comparison to the budgeted production — an impact attributable towards the fuel shortages that prevailed during the year in addition to the non-availability of explosives as a result of the import restrictions caused by the forex shortage and the delays experienced in commissioning the new sorting machine as planned during the year. Demand for kaolin has declined over the years due to the Group companies transitioning into alternate raw materials sourced at a lower cost. This resulted in the closure of the Meetiyagoda Kaolin Mine in April 2023. Revenue from the sanitaryware arm decreased from LKR 279 Mn to LKR 221 Mn as a result of the import restrictions imposed during the year.

The Company's profitability drastically reduced 68%, exhibiting a decline from LKR 122 Mn in the previous year to LKR 38 Mn in the year under review. This performance was the result of the combined impact of the decrease in the Fair Value Gains recorded from the investment property, the increase in net finance costs and the decline in other income, net profit margins and escalating overheads.

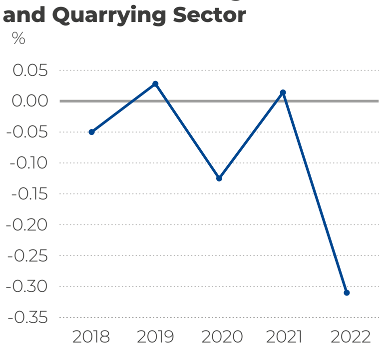
Mining cluster

Key Performance Indicators	2022/23	2021/22	%change
Net operating income (LKR Mn)	56	126	(55)
Profit after tax (LKR Mn)	(44)	75	(158)
Return on equity (%)	(4.5)	7.5	(12)
Operating margin (%)	13	29	(16)
Net profit margin (%)	(10)	18	(28)

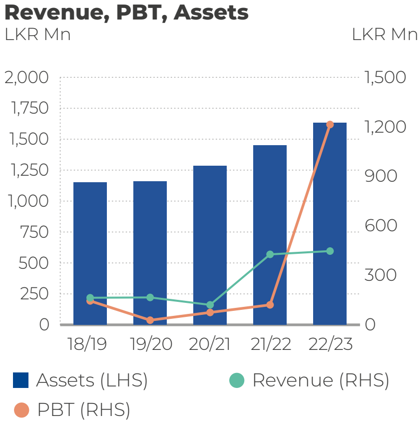
Going Forward:

The company is in the process of restructuring its operations, and will continue to seek out new opportunities for investments in the year ahead.

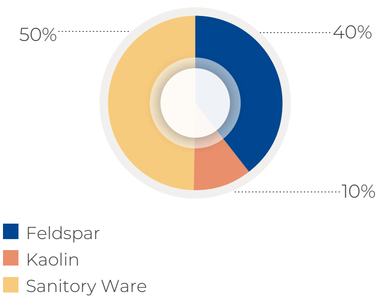
Growth in the Mining and Quarrying Sector



Revenue, PBT, Assets



Composition of Income



Prudence.
Foresight.
Strength.

CAPITAL REPORTS

Financial Capital

Vallibel One's key responsibility lies in creating consistent, sustainable returns for its shareholders. The effective and farsighted management of the Group's financial capital, namely, its equity, debt and income, enables the organisation to realise long-term growth and profitability.

Strategic Value Drivers	Activities	Benefit
Corporate Planning and Budgetary Controls	Monitoring and assessing the external environment and potential risks to formulate strategy and allocate resources	- Financial stability and resilience - Increased profitability - Consistent returns - Effective risk management - Good governance
Cost Controls	Engaging in cost optimisation and responsible resource management, while minimising waste.	
Procurement	Engaging in the efficient procurement of essential materials by balancing quality and cost	
Cashflow Management	Analysing and monitoring cash inflows and outflows to derive a net positive result.	
Investment Management	Balancing risks and maintaining a prudent, diverse investment portfolio.	
Financial Stability	Maintaining a healthy financial position with a solid asset base, and ensuring adequacy to address liabilities.	
Best Accounting Practices	Adhering to regulatory policies and standards including Sri Lanka's Accounting Standards and the International Financial Reporting Standards.	

Contribution to the SDGs:

Outcomes

- Stakeholder confidence
- Stock market positioning
- Business continuity

The Group's approach to financial capital:

Financial capital remains at the core of the business process. Due to its inherent nature as an enabler of wealth creation, it remains intertwined with the other five capitals that empower the organisation's success, and drives their progress. Therefore, the Vallibel One Group remains aligned with best practices in accounting and management, and prudently manages its finances in accordance with the relevant rules and regulations established to promote sound financial accounting, risk and governance.

Impact During the Year	The Group's Response
Adverse macroeconomic conditions including a high inflationary environment, unprecedented interest rates and the depletion of foreign exchange reserves brought about significant pressures on costs, investments and operations.	Engaging in prudent cost management initiatives and farsighted strategies, while relying on a stable asset base to maintain stability amid a disruptive environment.

24%

Revenue growth

((19.53% in 2021/22)

LKR 8.36

Earnings per share

(LKR 9.09 Mn in 2021/22)

1.28 Times

Current ratio

(1.47 times in 2021/22)

62.24

Gearing ratio

(LKR 80.11 Mn in 2021/22)

LKR 30,671 Mn

Earnings before interest and tax

(LKR 30,139 Mn in 2021/22)

Highlights for the year:

- Despite the debilitating impacts of the economic crisis, the Group recorded a consolidated revenue of Rs. 116,855 Mn to reach a growth of 24% in comparison to the previous year.
- Contribution to Group performance was led by the lifestyle sector, which contributed towards 46% of the Group's revenue, while the finance sector contributed towards 35% of the overall results.
- The Group was successful in recording a profit before tax of Rs. 25,078 Mn, despite the challenging conditions that were in effect during the year.
- The Group's asset position grew by 9% to reach Rs. 309,636 Mn, and was strongly positioned to meet its liability position of Rs. 190,264 Mn during the year.
- The Group divested its shareholdings in Horana Plantations PLC for a sum of LKR 700 Mn, on 29th of March 2023.

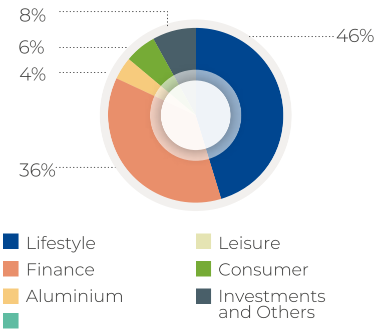
Financial Capital

Financial Performance

The year under review saw the nation face its deepest economic contraction post-independence, impeding any possibility of post-pandemic recovery. The challenges arising from the lack of foreign exchange in the market negatively impacted a range of businesses, while inflation reached an all-time high, thereby impacting consumer spending and operational costs. The sharp depreciation of the rupee and revisions to taxation structures further posed negative connotations to performance during the year.

Despite facing challenges on multiple fronts, the Group remained resilient; relying on its diverse interests and prudent policies to record a commendable performance, while building on its proposition to deliver value in the years ahead.

Revenue Composition



Revenue

In terms of consolidated revenue, the Vallibel One Group recorded a significant increase of 24% year-on-year to reach a performance of LKR 116,855 Mn, in comparison to the LKR 94,295 Mn witnessed in 2021/22. As in the previous year, the main contributor to performance was the lifestyle sector, which contributed towards 45% of the Group's revenue, preceded by the finance sector, with a contribution of 37% to the consolidated results

The lifestyle sector recorded a year on-year revenue growth of 18%, while the finance sector achieved a top-line growth of 45% in comparison to the previously recorded year-on-year growth of 0.6%. The investments and other sector earns the distinction of achieving the highest year-on-year revenue growth of 51%, while the investments and other sector recorded a revenue increase of 7.8% against the previous year. Unfortunately, owing to a drop in demand and reduced discretionary spending, the Group's aluminium sector recorded a de-growth 24% year-on-year..

Operating Costs

Underscored by the escalating cost of essential resources and raw materials, the Group's overall administrative expenses grew by 25% during the year. Furthermore, the Group recorded a 28% increase in distribution costs, attributable to the mobility restrictions and unprecedented increase in the cost of transportation experienced during the year. It is heartening to note that other operating expenses declined by 43% over the preceding year. Overall, the Group's operating costs recorded an increase of 22% in comparison to the previous year's 18% to reach LKR 21,311 Mn.

Operating Profits

Despite the debilitating impacts of the crisis and their resultant increase in operating expenses, Vallibel One's operating profits, or its earnings before interest and taxes realised a marginal 2% increase year-on-year increase to reach LKR 30,670 Mn. A sector-wide reduction in operating profits was witnessed, with the sole exception of the finance sector and the investments and other sector, which posted a year-on-year growth in operating profit of 5% and 16% respectively. The compound annual growth rate for the past five years stood at 17.5% during the year. The Aluminium sector exhibited a notable 90% decline in operating profits, primarily due to the downturn in revenue and a 28% increase in operating costs.

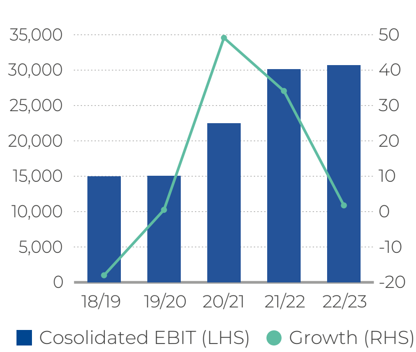
Net Finance Cost

The Group recorded a net finance cost of LKR 2,910 Mn during the year, in comparison to the previous year's net finance cost of LKR 498 Mn. The aluminium sector contributed LKR 1,391 Mn in terms of net finance costs, with the other sectors collectively contributing towards LKR 1,518 Mn of the overall figure during the year.

Profitability

Owing to the harsh conditions witnessed during the year, the Group recorded a marginal 9% decline in profit before tax to reach LKR 25,078 Mn. While the finance sector served as the primary contributor towards profitability in the previous year, the year under review saw the lifestyle sector come into the forefront, offering a share of 45% of the total profit before tax. The finance sector contributed towards 43% of the Group's profitability, while investments and others displayed a 17.72% contribution towards consolidated profits. The aluminium, leisure and consumer sectors contributed towards a drop in profitability of 5%, 0.02% and 0.7% respectively.

Cosolidated EBIT



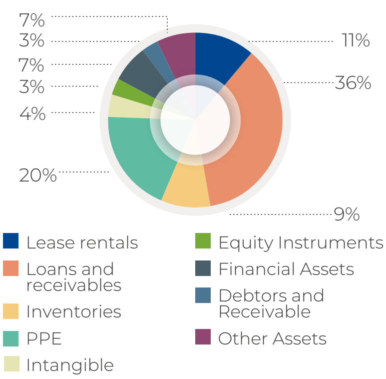
Corporate taxation posted a 9% increase during the year to reach LKR 7, 645 Mn, which led the Group to record a net profit after tax of LKR 17,808 Mn, resulting in a 13% decline against the previous year.

Financial Position

Assets

The Group's financial position remained stable during the year under review, with a 9% growth recorded in total assets to reach LKR 309,646 Mn. As in the past year, finance sector assets comprised the majority of the Group's asset base at 56%, while lifestyle sector and investment and other sector assets were recorded at 21% and 17% respectively. Group-wide property, plant and equipment contributed towards 19.5% of the total asset base, while credit assets including lease rentals grew by 8%. The Group's assets were well positioned to meet its liability position of LKR 190,264 Mn during the year under review.

Asset Composition

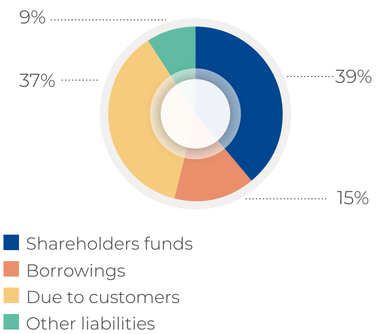


Funding

Vallibel One's shareholders' funds recorded a 10% increase to reach LKR 119,382 Mn against the previous year's LKR 108,453 Mn. Group liabilities registered an 8% against the previous year's results, with deposits contributing towards 60% of the total figure, and Bank and other borrowings recorded a contribution of 25%. The Group's gearing ratio comprising deposits stood at 57.5% during the year.

The Group divested its shareholdings in Horana Plantations PLC for a sum of LKR 700 Mn, on 29th of March 2023.

Funding Composition



Cashflow

The cashflows generated from operations exhibited a moderate decline of 150% during the year to reach LKR 11,141 Mn, owing to the numerous constraints that hampered growth and progress across business activities. Cash outflows for investment activities stood at LKR 7,217 Mn, registering a 88% year-on-year decline, while net cash outflows from financing activities recorded a significant increase to reach LKR 3,951 Mn, in comparison to the net cash inflow of LKR 113 Mn recorded in 2021/22. Resultantly, the Group recorded a outlow of LKR 22,310 Mn, to reach a 221% decrease against the previous year's results.

Earnings per share stood at LKR 8.36, while the market price per share stood at LKR 36.60, denoting a year-on-year decline of 8% and 9% respectively. Furthermore, the net asset value per share was recorded at LKR 67.54, in comparison to the LKR 61.43 recorded in the previous year.

Going Forward:

The Group will continue to engage in accounting for emerging risks through continuous assessment and the prudent management of funds, in order to optimise resources and maintain stability amid a volatile environment through the following activities::

- Consolidating operations and delivering growth strategies in line with emerging trends, while effectively insulating against risks.
- Exercising austerity measures across the businesses to control costs and reduce wastage in order to build greater degrees of profitability.
- Seeking out alternative sources of supply and minimising reliance on foreign exchange to nurture diverse, balanced operations designed to minimise costs and ensure business continuity.

Manufactured Capital

Vallibel One possesses a strong and extensive manufactured capital base, as evidenced by its wide-ranging physical presence and multi-faceted manufacturing capabilities. The net book value of the Group's manufactured capital stands at LKR 60,336 Mn, and each element supports the organisation's ability to create and distribute value, and includes its office premises, state-of-the-art manufacturing plants, island-wide distribution outlets and warehousing facilities.

Strategic Value Drivers	Activities	Benefit
Upgrades and Maintenance	Investing in upgrading, maintaining and refurbishing existing property, plant and equipment	Improved efficiency Business continuity
Expansions and New Projects	Engaging in the expansion of production capacity and new facilities	Increased market presence Address consumer demand
Digital Infrastructure	Investing in IT hardware across factories, delivery networks and offices	Improved efficiency Simplified, streamlined processes

Contribution to the SDGs:

Outcomes

- Financial Stability
- Strong Return on Investment
- Improved Performance

The Group's approach to manufactured capital:

Across the Group, manufactured capital is meticulously maintained to ensure its continuity, while capital expenditure and new projects are strategically and prudently planned in consideration of current and emerging trends to optimise value generation. These investments fuel the Group's expansion by empowering higher production capacities and a growing distribution network, thereby enabling a stronger presence in the market. The Group prioritises upgrades and refurbishments of the existing capital base to improve productivity, efficiency and improved quality, in order to derive cost savings and elevate the overall customer proposition.

Impact During the Year

The economic crisis severely hampered the opportunity for investments and expansion due to the escalating cost of goods, scarcity of resources, mobility restrictions, import restrictions, inflation, and the decline in demand for several goods across key sectors due to a downturn in discretionary income.

The Group's Response:

Relying on cost rationalisation strategies to invest in essential upgrades and expansion of the Group's manufactured capital despite the unprecedented increase in costs and disruptions in logistics and the supply chain.

LKR 60,336Mn

Total capex

(LKR 56,939 Mn in 2021/22)

6%

Average return on assets

(7% in 2021/22)

LKR 36,576 Mn

Capex - land and buildings

(LKR 35,539 Mn in 2021/22)

LKR 11,466 Mn

Capex - plant, machinery and equipment

(LKR 11,488 Mn in 2021/22)

Highlights for the year:

- L B Finance added 11 new branches to its network during the year and 5 branches were relocated to optimise accessibility.
- The lifestyle sector invested LKR 131 Mn in capacity expansion during the year. Rocell increased the Horana plant's capacity by 30%, while Lanka Tiles focused on increasing its mosaic capacity by 400 sq.m. per day, and Lanka Walltiles increased capacity by 6,000 sq.m. per day.
- Lanka Ceramic PLC invested LKR 165 Mn to enhance its fixed asset base, of which LKR 159 Mn was directed towards deploying a Feldspar Sorting Machine in the Owala mine. The residual investment was utilised in purchasing and maintaining other machinery to support the project's success.

Manufactured Capital

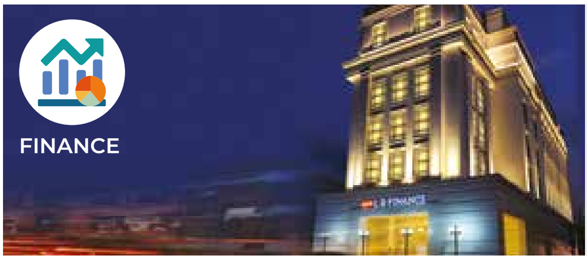
Vallibel One's Manufactured Capital at a Glance

Tiles and Bathware:
- Royal Ceramics Lanka PLC
- Lanka Tiles PLC
- Lanka Walltiles PLC
- Rocell Bathware Ltd
- Swisstek Ceylon PLC

LKR 29,256 Mn
Asset value

7 factories and their equipment

Eheliyagoda, Horana, Ranala, Meepe, Balummahara, Mabima and Homagama



Non-banking Financial Institution:
- L B Finance PLC

LKR 12,625 Mn
Asset value

192 Branches

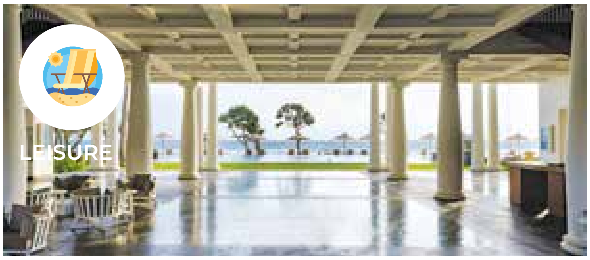
Island-wide presence

Aluminium Extrusions:
- Swisstek Aluminium Ltd

LKR 1,611 Mn
Asset value

Property, plant, equipment and materials

Dompe



Hotel, resort and spa
- The Fortress Resort and Spa
- Greener Water Ltd

LKR 8,842 Mn
Asset value

Hotel property, fixed assets and building under construction

Koggala and Negombo

Consumer goods and medical equipment
- Delmege Forsyth

22
Office premises
Head office in Maradana, Colombo

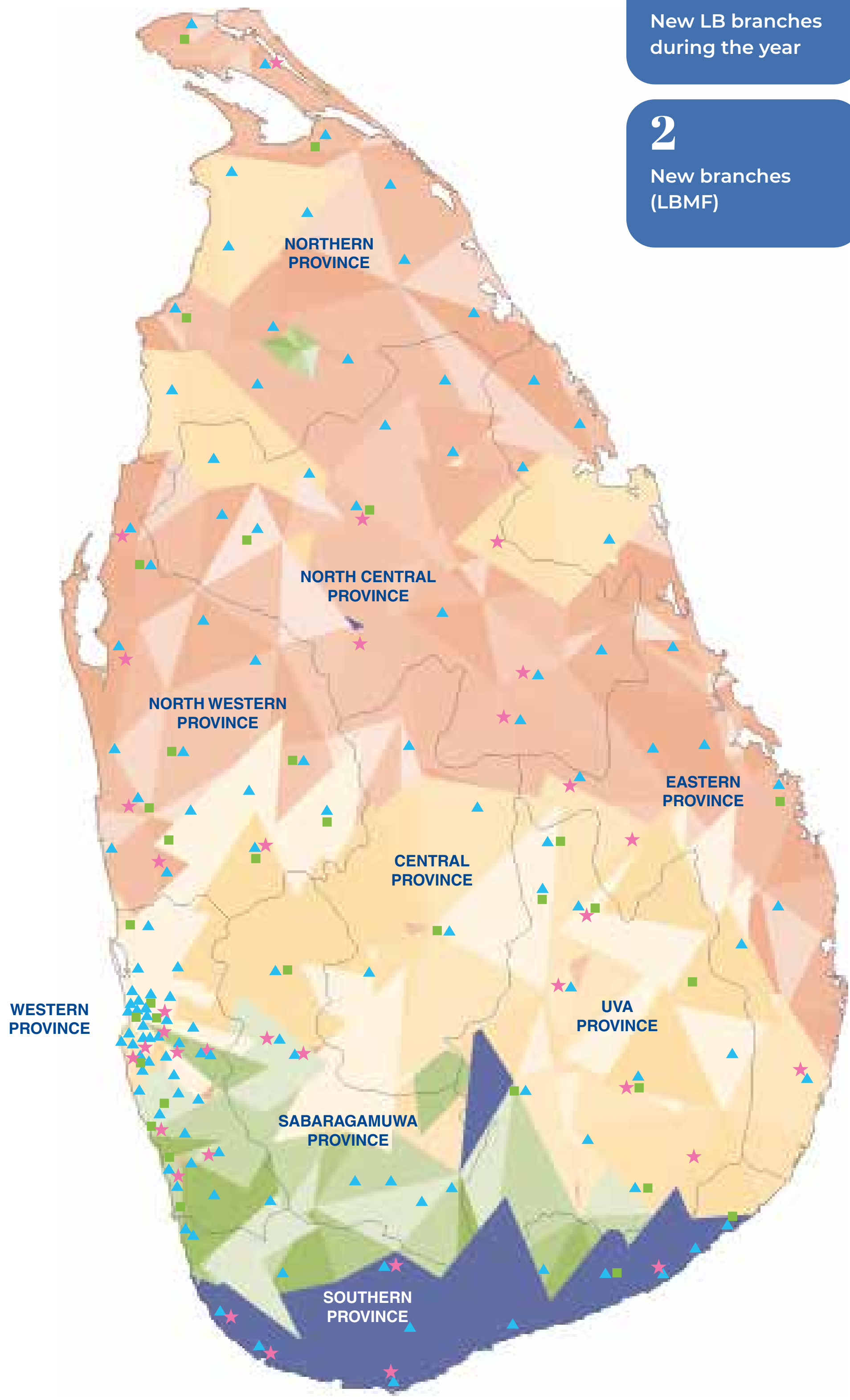
Corrugated packaging, paper sacks and mining
- The Unidil Group of Companies
- Lanka Ceramic PLC

LKR 7,977 Mn
Asset value

Properties, plant and equipment

Dekatana, Owala, Akuressa

Our Presence



11
New LB branches during the year

2
New branches (LBMF)

★ **ROCELL**

Showrooms	57
Hybrid showrooms	05
Factory outlets	10
Mini Cube	1

▲ **LB FINANCE**

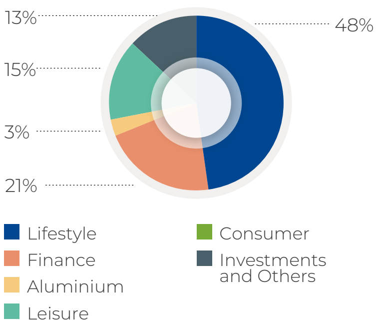
LB Finance branches	192
Multifinance branches	08
LB Micro Finance (Myanmar Company -LBMF)	14

■ **LANKA TILES**

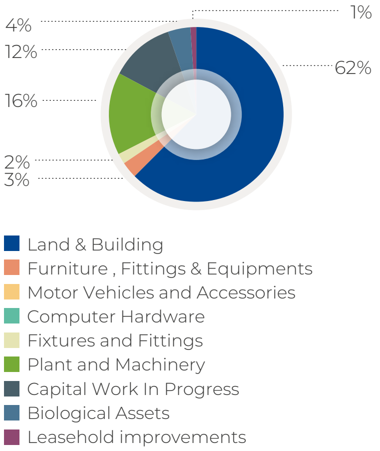
Showrooms	52
Factory outlet	20
Concept stores	02

Manufactured Capital

Total CAPEX by sector



CAPEX Components



Upgrades and Maintenance

The Group's various sectors and business units maintain and upgrade all equipment to ensure they remain relevant amid a rapidly changing environment. These activities are conducted in a timely and feasible manner to deliver product and service excellence, and meet current and future customer needs and expectations.

All upgrades and asset development activities are performed in line with business objectives and the availability of resources. Unfortunately, the year under review saw construction and infrastructure development face great pressures due to the unprecedented economic conditions that resulted in the scarcity of resources while impacting cost structures.

Flexo Printing Machine-Unidil Packaging LTD

During the year, despite the challenging environment, the Group's business units focused primarily on essential upgrades and maintenance, while investing in automation to streamline processes and enable efficiency. Certain projects were placed on hold, and are slated to be resumed following a return to stable economic conditions.

A team of engineers and technical staff are in place to oversee all maintenance related aspects, and the respective manufacturers and suppliers are consulted to drive optimised performance, receive after-sales service and make timely claims in accordance with warranty periods as and when required.

Refer Sector Reviews, pages 84-151 for more information

Expansions and New Projects

The Group's investments are conducted in response to changing dynamics and emerging socio-economic trends, and are aligned with the Group's overarching value and strategic direction.

While the year under review and future prospects remain clouded by volatility and uncertainty, the Group continued to rely on prudent, farsighted strategies to determine short, medium and long-term initiatives for development. All projects are implemented following the completion of the necessary due diligence, with all procurement practices conducted in a transparent, responsible and ethical manner, reinforced by structured policies and processes.

All raw material and resources are obtained at an optimised cost to generate maximised value and long-term sustainability and returns — and mindful of the dynamics witnessed within the year under review, the Group moderated its investments to ensure only critical activities took place during the year, while adopting a delayed approach for many initiatives in order to rationalise costs and source the highest quality raw materials.

A range of factors including are considered with respect to sourcing, including supplier credentials, delivery timelines, availability of after-sales support, and their adoption of sustainable practices, provision of training and utilisation of technology at a viable cost.

The Group's iconic Greener Water Hotel project is projected to serve as a defining feature of Negombo's shoreline, however, the project continued to face significant impediments owing to import restrictions, mobility restrictions and the escalating cost of energy and materials. All civil, structural and façade works have been completed to date. Horana Plantations continued to invest into the diversifying into more viable crops to ensure long-term success.

Digital Infrastructure-Rocell Bathware Ltd

Digital Infrastructure

Digitalisation continued to serve as a prerequisite for success, particularly amid the disruptive conditions and mobility restrictions witnessed during the year under review. Customers continue to seek improved convenience, accessibility and speed, leading many organisations to integrate technology into the overall business.

Refer Sector Reviews, pages 84-151 for more information

Refer Social and Relationship Capital, pages 185-193 for more information

Royal Ceramics Lanka PLC - Tile Factory

The Group continued to reinforce its existing digital infrastructure in order to support automation and process improvements, while enabling remote functionality amid the lockdowns that were in effect for a majority of the year. The energy outages experienced during the year placed pressure on technology usage, and several initiatives were taken to ensure continuity during the year. During the year under review, LKR 224 Mn was invested in the procurement, maintenance and upgrade of IT hardware.

Going Forward:

Due to a pick-up across numerous industries, the Group will continue to leverage on its manufactured capital base to deliver value through the following strategies:

- Maintaining and upgrading the existing asset base
- Engaging in capacity expansion to meet changes in market demand
- Establishing new outlets and branches to enable greater accessibility
- Divesting non-performing assets to rationalise costs
- Exploring lucrative opportunities and acquisitions to drive growth
- Investing in digital infrastructure to support digitisalisation activities
- Ensuring a streamlined service delivery at customer touchpoints

Human Capital

Vallibel One relies on a workforce comprising 12,174 dynamic and highly skilled individuals, who contribute towards the progress and continuity of the Group's seven thrust sectors. In nurturing and developing the Group's human capital to face the future, Vallibel One is able to navigate through an environment of complexity and offer an unmatched proposition of collective growth.

Strategic Value Drivers	Activities	Benefit
Talent Development	Relying on a fair recruitment process to acquire the best talent in the industry Building and nurturing employee skills and talent through structured training and development programmes Nurturing a performance-driven work culture that recognises and rewards employees for their progress and achievements	Skilled Employees Higher Productivity Higher Employee Retention Improved Employee Well-Being
Remuneration and Benefits	Safeguarding employee well-being and offering competitive benefits and remuneration	
An Enabling Workplace	Empowering employees through career development and involvement in operations and strategy Providing equal opportunities for growth and nurturing an inclusive workplace	

Contribution to the SDGs:

Outcomes

- Employee satisfaction and loyalty
- Business growth and stability
- An inclusive society

The Group's approach to human capital:

Vallibel One is founded upon the spirit of fostering an environment that nurtures employee growth and progress. Across the Group, each business unit strives to instill innovation, creativity and a commitment towards continuous improvement in every employee. Each organisation within the Group manages its human resource function via dedicated HR departments which adhere to comprehensive policies, practices and procedures aligned with the respective dynamics and requirements of each organisation, and formulated in consideration of the overarching values ethical principles of the Group.

Impact During the Year		The Group's Response
The harsh conditions that prevailed during the year impacted employees' ability to report to work, while negatively impacting employee mental health and welfare. Employee retention remained a significant challenge across the board, owing to the impact of the economic crisis.		The Group continued to support its employees by providing job stability and economic support amid a volatile period. Certain organisations provided transport amid mobility restrictions and escalating fuel prices to alleviate the burden on employees to a certain degree. Training and development activities continued despite the crisis, while mental health support was extended across many organisations within the Group.

2,254
Employees recruited
(2,896 in 2021/22)

LKR 45.57 Mn
Training investment
(LKR 11.33 Mn in 2021/22)

67,136
Training hours
(43,021 Training hours in 2021/22)

Highlights for the year:

- 2,254 new employees joined the Vallibel One Group during the year, with 36% of new recruits employed outside the Western Province. 78.8% of recruits were under the age of 30.
- Training opportunities were spanning a total of 67,136 training hours.
- An average retention rate of 72% was visible across the Group.
- A 28% increase in revenue per employee was witnessed during the year.
- An 302% increase in training investment was recorded to reach a total investment of Rs. 45.57 Mn.

LKR 9.6 Mn
Revenue per employee
(LKR 7.3 Mn in 2021/22)

72%
Overall retention rate
(78% in 2021/22)

LKR 11,239 Mn
Value created to employees
(LKR 11,074 Mn in 2021/22)

Human Capital

The Vallibel One Group that its diverse, inclusive and highly skilled workforce remains its greatest strength, and therefore strives to promote an environment of equal opportunity, reinforced by responsible practices that enables collaboration, innovation and excellence. The Group's overarching policies stem from the Board level and cascade towards the management and their respective teams.

The Group's diverse, well-balanced team of 12,174 employees across its seven sectors, comprising all genders and age groups, and representing regions from across the island. The management and executive workforce constitute 34% of female employees, and are guided by an experienced and accomplished female Managing Director whose primary role lies in driving the Group's overarching strategy and navigating the organisation through a rapidly changing environment.

The Group focuses on maintaining a balance between the dynamism and creativity of a youthful cadre and the maturity and experience offered by senior employees. 56% of the Group's employees originate from the Western Province, while 22% and 8% hail from the Central and Sabaragamuwa Provinces respectively. Vallibel One solely employs full-time employees, with no employees hired on a part-time basis

Non-Discrimination :

The Group advocates a culture of inclusivity in line with its position as an equal opportunity employer. Vallibel One offers employees the freedom to operate within a non-discriminatory workplace, while maintaining fair, ethical, and responsible workplace.

No incidents were reported pertaining to discrimination or any form of social prejudice during the year under review. The Human Resource departments of each business unit adhere to the relevant guidelines, policies and mechanisms that are in place to address any incidences in this regard, and take corrective action as and when they occur.

4,207 Female

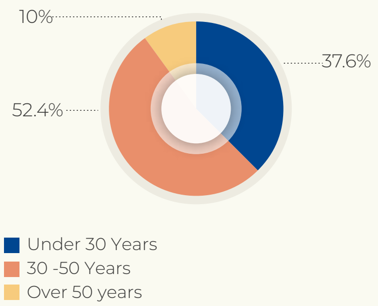
7,967 Male

Region and Type

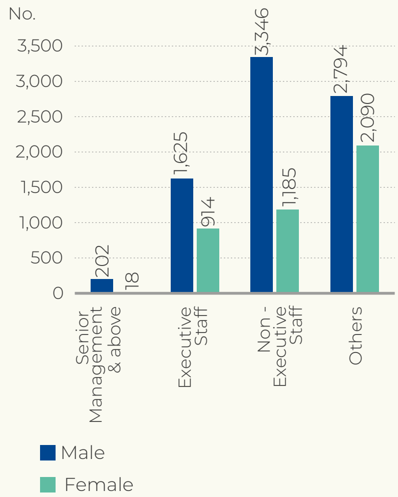
Region	Permanent	Contract	Outsourced	Total
Central	2,617	60	0	2,677
Eastern	315	5	0	320
North Central	168	1	2	171
North Western	306	4	2	312
Northern	207	1	5	213
Sabaragamuwa	898	60	58	1,016
Southern	422	18	0	440
Uva	167	7	0	174
Western	5,992	638	221	6,851
Total	**11,092**	**794**	**288**	**12,174**

Team Profiles:

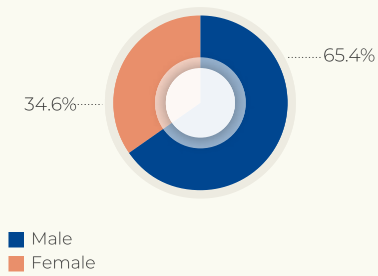
Team by Age



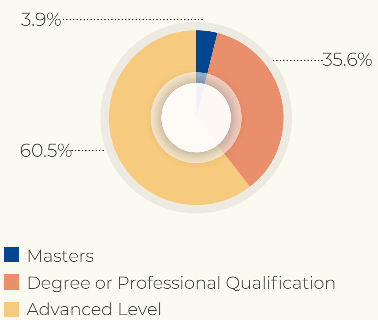
Employees by Employee Category



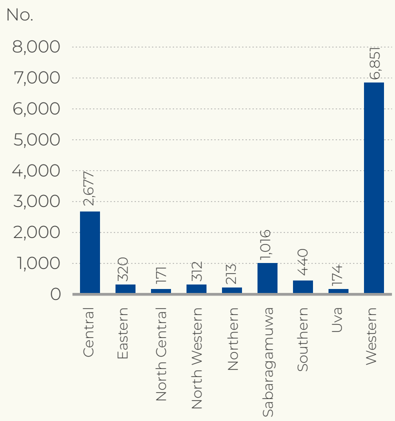
Team by Gender



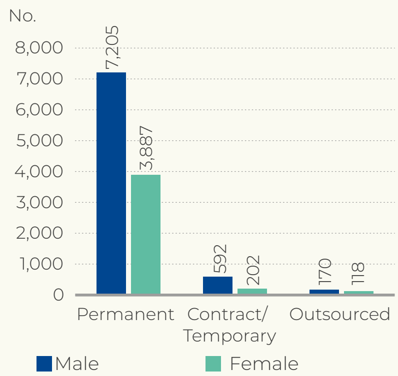
Team by level of education



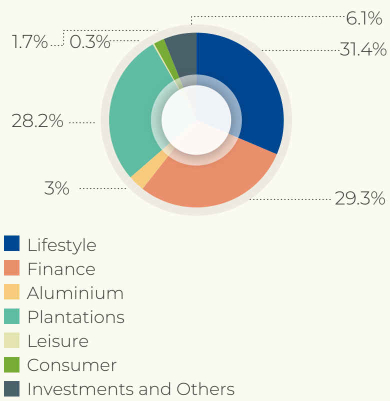
Team by Region



Employees by Type of Employment



Team- By sector



2,254

Employees recruited

36%

Recruitments from outside Western province

78.8%

Of Young employees under 30 years were joined

Human Capital

Talent Development

Every company under the Group's purview considers talent development to be a leading strategic priority. The Group's approach to this aspect is common across all sectors, and is outlined below:

Training and Development

Training and development is integral to the success of every company within Vallibel One's sphere of influence, and all activities in this regard are centred around elevating and expanding the Group's collective knowledge base to drive professional development and organisational growth.

The Group's training initiatives are wide-ranging and constitute on-the-job training and structured programmes that are conducted in-house or via external partners. Additionally, the Group offers opportunities for cross-sectoral exposure, and overseas training is extended to employees as and when required.

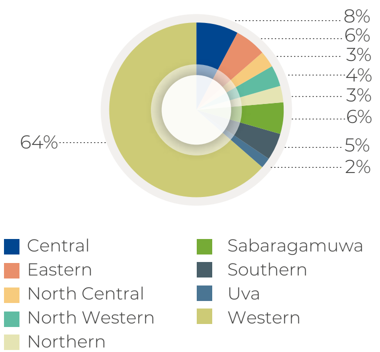
Training needs are identified via systematic and regular performance evaluations, which are curated to address any training gaps and remain aligned with the strategic direction of the Group and the company to which the employee belongs. The hybrid training methodology (both online and onsite training) which was established during the pandemic remained beneficial during the year under review, which was characterised by lockdowns, volatility and mobility restrictions.

Recruiting the Right Talent

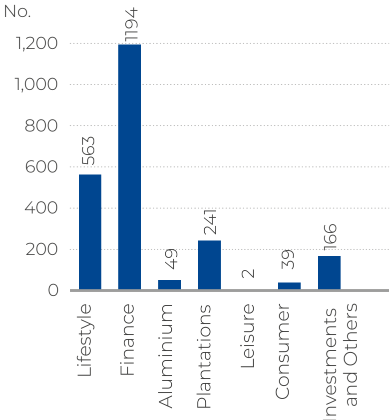
The Group ensures that the company's recruitment policies and procedures are aligned with Sri Lanka's labour regulations and laws. The relevant policies are enforced at the recruitment stage across all companies to ensure all employees fall within the age of 18 and above. During the reporting year no incidents of child labour were recorded within the Group nor with respect to supplier operations.

Vallibel One's recruitment policy seeks to nurture an inclusive environment that does not tolerate any form of discrimination. A structured, transparent recruitment process based on stringent selection criteria has been established to ensure each new hire is aligned with the respective role's specifications and the company's work culture. The reporting year saw the Group recruit 2,254 employees, denoting a year-on-year increase/decrease.

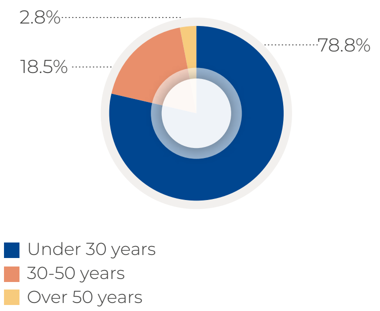
Recruitment by Region



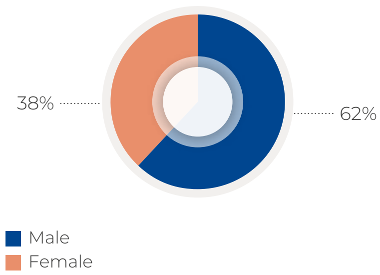
Recruitment by Sector



Recruitment by Age

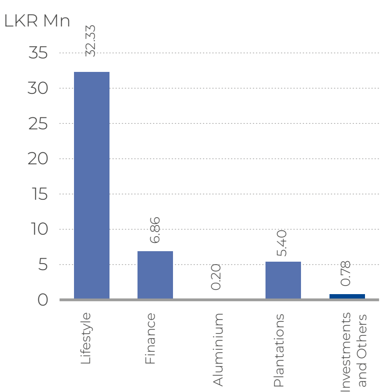


Recruitment by Gender

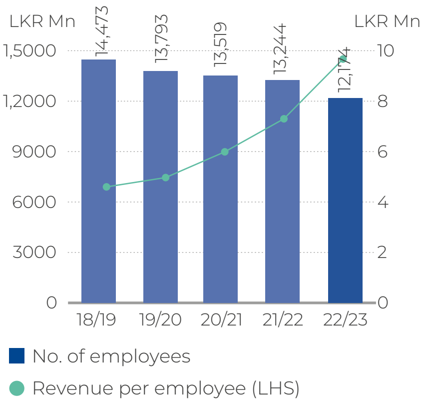


Employee Training - by LB Finance PLC

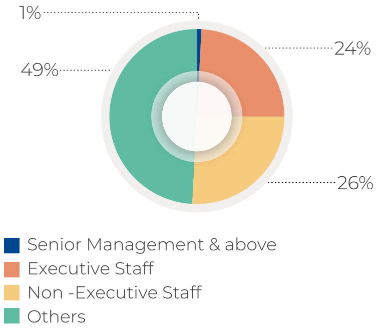
Investment in Training by sector



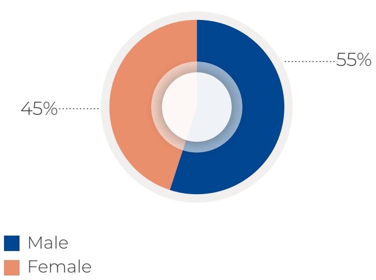
Revenue per employee



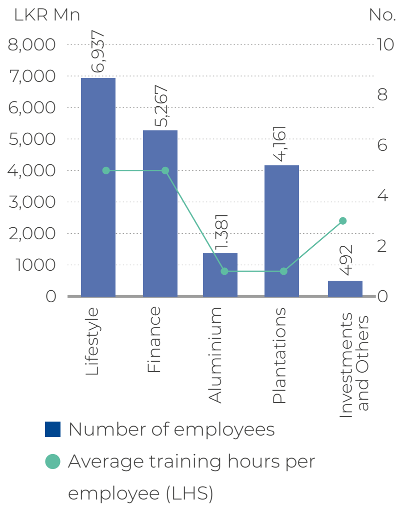
Training hours by employment category



Training hours by gender



Total employees trained by sector



The Group prioritised its training in line with emerging trends and surrounding dynamics, outlined below:

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

The Group invested LKR 45.57 Mn in training and development to realise an increase/decrease against the previous year's figure.

Employee Induction

All new recruits undergo a comprehensive induction programme that serves as an orientation into each company's daily operations. Insights and valuable exposure are provided in order to support new recruits to become familiarised with their organisation's ethics and work values. Additionally, the recruits are made aware of Vallibel One's overarching vision, and values, in addition to the policies, practices and procedures that govern the parent organisation.

Remuneration and Benefits – Permanent Cadre

KPIs	2022/23	2021/22	% change
Salaries and related expenses (LKR Mn)	9,944	9,463	5
Employers' contribution to EPF and ETF (LKR Mn)	818	1,331	(39)
Gratuity (LKR Mn)	476	286	(66)
Average turnover rate (%)	28	22	6

Human Capital

Professional Development

The Group encourages employees to pursue higher education at renowned universities and educational institutions in order to build on their academic, professional and/or technical qualifications, thereby serving to further enhance each company's talent base. This is further reinforced by the partial reimbursement of course fees by the Group, with the necessary support extended to enable employees to obtain and maintain memberships in renowned professional institutions or bodies. The Group invested LKR 1 Mn in this regard during the year.

Remuneration and Benefits

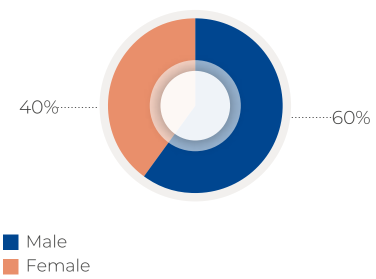
Vallibel One's remuneration packages are formulated in accordance with the relevant industry standards pertinent to each organisation, and the labour laws and regulations applicable to each business line. The Group believes in delivering fair and adequate compensation to employees in an equitable manner, while ensuring all remuneration remains in accordance with the job responsibilities, skills and experience of each employee in question.

The companies across the Group determine appropriate salary increments, incentives and rewards via a structured evaluation scheme.

Performance Management

All companies within the Group have established a structured performance management scheme, which monitors and assesses employee performance either annually or bi-annually. The scheme relies on a transparent system that collates employee progress on predetermined targets which are aligned with the company's goals, as well as the Group's overarching strategy.

Promotions by Gender



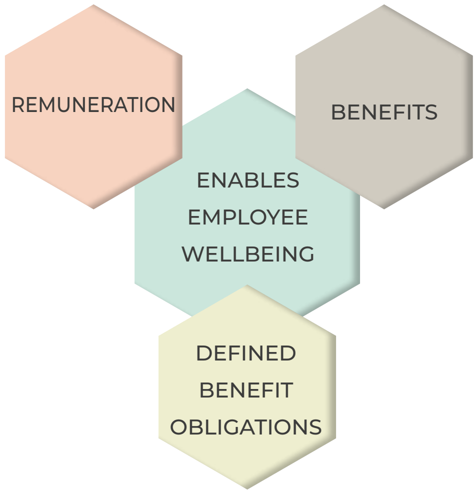
Every employee within the Group faces performance assessments, with the results of the assessments serving as the foundation for the Group's training calendars, while determining the rewards and recognition to be extended to each individual. Any high achievers thus identified receive due recognition through promotions, and face the necessary training to equip themselves for their new positions within the organisation.

Succession Planning and Mentoring

Many of the companies within the Group support employee growth and development through their mentoring and succession planning efforts. The Vallibel One Group these initiatives, and delivers the highest levels of support in this regard.

The Board of Directors within each organisation play a key role in identifying any leadership gaps and selecting employees with the potential to succeed in these roles, while aiding in creating succession pathways at senior and middle management levels.

The Group's high achievers experience mentorships under the oversight of the management team, and are supported by focused career planning. The Group invests in management trainee programmes to ascertain entry-level talent, and extend the requisite training and exposure to integrate management-level skills within participants. 67 management trainees were inducted during the year.



Benefits

The Group's permanent employees are able to access a wide range of welfare and benefits, detailed below:

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

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

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

The Group's compensation and benefits for the year 2022/23 was recorded at LKR 11,239 Mn, indicating a year-on-year growth of 1%.

Defined Benefit Obligations

The Group met its defined benefit obligations during the year, comprising its contributions towards the Employee Provident Fund (EPF), Employee Trust Fund (ETF) and gratuity. Vallibel One contributed LKR 818 Mn towards EPF and ETF contributions, while the gratuity provision was recorded at LKR 476 Mn.

Forced or Compulsory Labour

In discharging its duty as a responsible employer, the Vallibel One Group remains wholly opposed to any form of exploitation in the workplace. Therefore, to the best of the Group's knowledge, no incidences of forced or compulsory labour were recorded across any level of operations or among the Group's supplier base.

An Enabling Environment

The Vallibel One Group remains aware of the degree of importance attributable to employee well-being, owing to its direct impact on employee motivation, productivity and retention in the workplace. The Group therefore offers a holistic approach towards fostering an enabling environment for the staff, outlined below:

Human Capital

Addressing Grievances

An open-door policy enables the organisation to promote the power of continuous communication between employees and their management to identify and address any gaps or grievances that may arise during operations.

The Group engages in positive dialogue with its employees, supported with stringent mechanisms that enable the responsible parties to attend to any concerns and grievances in a timely and effective manner.

Regular performance appraisals play a vital role in enabling grievance management and identifying concerns. However, if the first level of communication is deemed ineffective, employees are encouraged to seek remedial action with the support of a structured, dedicated process, conducted under the oversight of the organisation's HR department.

A number of the Group's organisations have established whistle-blower processes that allow employees to report any instances of discrimination or wrongdoing in the workplace and bring up any infringement of their rights as employees while retaining their anonymity. The Group did not note any legal action taken throughout the year to address violations of human rights.

Team Building

The Group tirelessly strives to foster and instill a sense of team spirit within each employee by providing a platform for cooperation and collaboration. Vallibel One therefore continuously works towards fostering a sense of mutual trust and confidence among its employees, while placing a strong emphasis on the value of teamwork and cooperation in attaining real, optimal results.

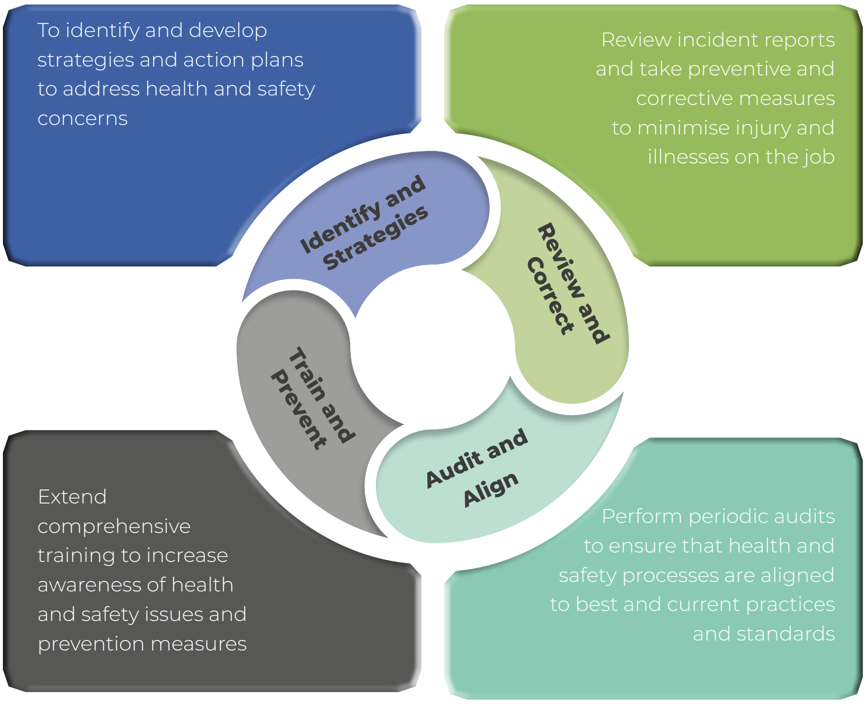
The numerous welfare societies set up across all of our business units support this goal. While many such societies were compelled to scale back their yearly events due to the economic crisis, the Group continued to conduct activities through a hybrid mechanism.

Vollyball Tournament among the employees of Lanka Walltiles PLC

Occupational Health and Safety

Sectors	Initiatives	Key Indicators
All sectors	First aid in factories	Occupational injuries: 420
	Fire equipment and fire drills	Work-related fatalities: 1
	Training on health and safety	
	Personal protective gear	
Lifestyle, Aluminium	OHSAS 18001 Certification	
Plantations	Ergonomic tea plucking baskets	

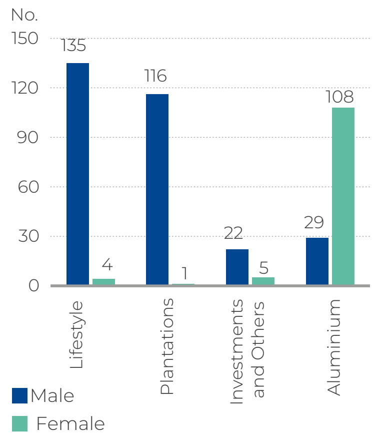
Fostering a safe and healthy workplace is an imperative acknowledged at every level of the Group's operations, in part due to its significant presence in the manufacturing industry. Across its 7 plants, the Group employs 77% of the workforce, which is made up of permanent, temporary, and contract workers. A hands-on approach towards health and safety management is deployed, supported by the integration of preventative measures which are aligned with best practices, regulations, and standards instituted by the regulatory organisations relevant to each sector's operations. The Group companies within the plantation and manufacturing sectors further manages their health and safety in accordance with the standards set forth in the collective bargaining agreements that are upheld between the trade unions which represent the employees' interests and the company itself.



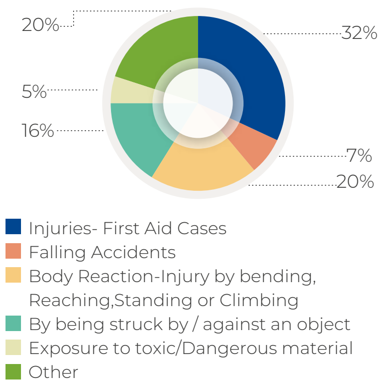
A Structured health and safety committees with cross-sectional participation of the workforce across all employee grades are present within the Group's various enterprises. The committees rely on a structured procedure based on best practices to track, identify, evaluate, and reduce any possible risks to health and safety, including workplace hazards, accidents, and fatalities.

Regular meetings held by the appropriate committee members to review incident reports, identify any gaps, and implement necessary adjustments serve to reinforce the aforementioned procedure. The committees, in conjunction

Occupational injures by Sector and gender



Occupational injures by type



with the internal audit teams, are in charge of performing routine audits on the health and safety procedures implemented at the respective workplaces. In order to encourage appropriate and fast action and engage in continuous improvement, the results of these audits are recorded at frequent management meetings. Any important discoveries are escalated to higher levels of the organisation when appropriate, and can be presented to senior management or even the Board of Directors for top-level deliberation, which would help to strengthen internal controls.

Human Capital

A structured method for reporting health and safety incidents has been established and internalised by the majority of operational units. As and when an incident occurs, the department or the operational units are urged to report it via their immediate supervisor or department head. In order to launch an investigation, file for workers' compensation insurance, and take preventive measures, the report is escalated to health and safety committees.

The Group maintained its focus on health and safety initiatives for the entire workforce throughout the year. All work-related injuries were effectively managed, with necessary medical costs covered by the insurance of the relevant company and due leave granted with no notable change in the employees' pay.

Work-life Balance

The Group values maintaining a healthy work-life balance and works diligently to give workers at all levels the tools they need to handle their respective responsibilities without experiencing excessive stress. As a result, the management throughout the Group is urged to maintain fairness when assigning tasks and granting vacation time, while assisting employees to manage their time effectively.

With the onset of the economic crisis, the Group encouraged its workers to work remotely where possible and made sure that everyone had access to the appropriate support and deadlines in order to achieve work-life balance and preserve mental health and wellbeing.

Industrial Relations

More than 6,283 employees in the lifestyle, aluminum, and plantations sectors are union members, which indicates the degree to which Vallibel One respects its workers' right to freedom of association. Collective bargaining agreements covering these workers are in turn renewed every three years. In the agreements, it is stated that management must be open, transparent, and accountable on any changes that could materially affect the organisation's operations. The pertinent agreements specify the required minimum notice period in this regard. Throughout the year, the Group kept friendly contacts with union leaders.

Maternity Leave

All female employees are eligible for maternity leave benefits amounting to 84 working days under the Shop and Office Employees Act, with an additional 42 days for the third child. Additionally, the required arrangements have been made to provide female employees with their hourly meal entitlement after they return from maternity leave.

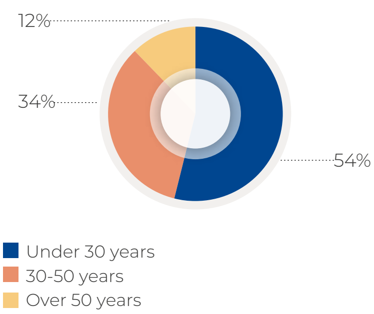
	Number of employees
Total number of female employees	4,207
Employees on parental leave	132
Employees who returned to work during the period after parental leave	142
Employees still in employment 12 months after returning from parental leave	115

Sinhala and Hindu New Year Celebration-Vallibel One PLC

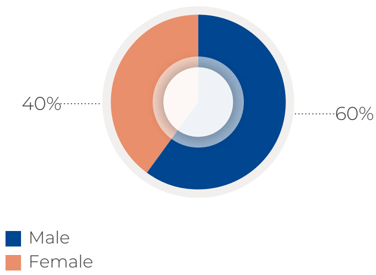
Retention and Turnover

The dynamic HR policies and procedures established to guarantee continued employee welfare and well-being are the major underlying factors that enable the retention of the diverse personnel within the Vallibel One Group. The Group recorded a staff turnover rate of 3,370 employees at a ratio of 72%, with an overall retention rate of 28%.

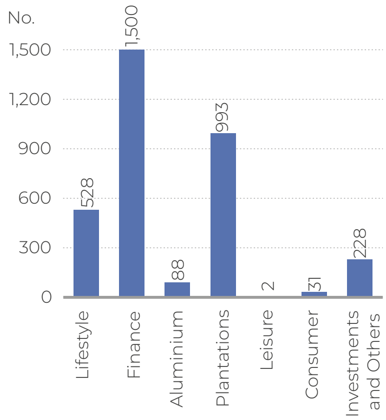
Employee turnover by Age



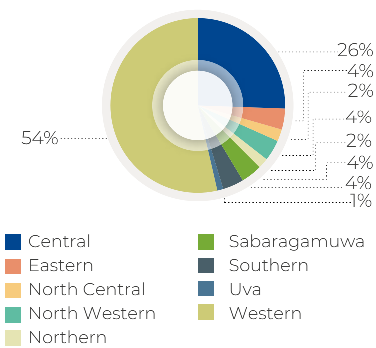
Employee turnover by Gender



Employee turnover by sector



Employee turnover by Region



20 years of service appreciation-Lanka Walltiles PLC

3,370
Staff turnover

40%
Female Turnover

46%
Outstation staff Turnover

Compliance

The Group's businesses are fully dedicated towards maintaining their adherence to Sri Lanka's labour laws, rules, regulations, and directives. Additionally, a number of businesses follow the best practices in labour management recommended by well-known certification organisations and other institutions, such as "Great Place to Work." Throughout the year, the Group did not record any fines or other types of sanctions related to the improper management of labour.

Going Forward :

The adaptability, dynamism, and expertise of the Vallibel team remains crucial to the Group's survival in the midst of the intensely volatile and complex environment of today. In order to represent the Group's goals and values, the Group will continue to:

- Consolidating and coordinating HR policies, procedures, and practices across the many business sectors.
- Ensuring the proper fit for the organisation is recruited by attracting and hiring the necessary skills for the right job, and following through with internal hiring and cross-sector transfers.
- Guaranteeing that a strong work environment is created across the Group to guarantee that it is recognised as a "Great place to Work."
- Strengthening employee engagement and well-being.
- Ensuring employee growth and advancement. organised processes for compensation and succession planning.

Intellectual Capital

Despite a relatively short period since its inception, Vallibel One's sectors possess decades of expertise and knowledge in their respective industries. The Group and its sectors rely on a robust intellectual capital base that comprises its corporate reputation, brand equity, unique processes and a range of qualities and standards, which in turn play an integral role in deriving value. The effective management of intellectual capital enables the Group to achieve differentiation in an extremely competitive landscape.

Strategic Value Drivers	Activities	Benefit
Corporate Reputation	Adhering to best business practices to foster integrity and a strong corporate reputation	Stakeholder confidence and trust Improved loyalty and demand
Institutional Expertise	Leveraging on decades of insights and expertise to drive strategy	Effective risk management Prudent, farsighted strategies
Brand Building	Investing in building a range of brands to sustain or achieve market leadership and nurture their unique identities through strategic marketing and promotions	Stakeholder confidence and trust Market differentiation
Quality and Standards	Ensuring compliance with quality standards and guidelines	A reputation for quality Improved loyalty and demand
Technology, Research and Development	Investing in state-of-the-art technology, and research and development to elevate the overall product and service proposition	Streamlined processes Cost-efficiencies Improved productivity Quality and innovation

Contribution to the SDGs:

Outcomes

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

The Group's approach to intellectual capital:

Intellectual capital is intangible and the degree of its impact on value creation is often challenging to quantify; however, the Group believes that its distinctive knowledge, expertise and reputation help to set its businesses apart from its peers. Therefore, each business unit invests in building its reputation in order to maintain and grow its market share, and thereby garner the trust and acceptance of communities from all walks of life. The countless awards and accolades achieved by the Group's companies are a testament to the holistic commitment towards excellence across all operations. Furthermore, unique systems, processes and technology provide a unique and superior customer proposition that builds demand, while enabling responsible resource consumption.

Impact During the Year

The economic crisis and its associated impacts led to many consumers seeking out cheaper products and services in the wake of unprecedented price hikes. The scarcity of resources further impacted various industries' ability to deliver cost-effective solutions.

The Group's Response

A strong brand reputation enabled various business units to leverage on customer loyalty even amid challenging times. Robust processes and policies enabled the company to address macroeconomic conditions, thereby enabling the company to prudently manage cost structures to retain certain customers and mitigate adverse impacts.

62.1%
Market share (tiles)
(71% in 2021/22)

52%
Market share (bathware)
(39% in 2021/22)

LKR 134 Mn
R&D investment
(LKR 135 Mn in 2021/22)

LKR 104Mn
Software investment
(LKR 177 Mn in 2021/22)

LKR 10 Mn
NPD investment
(LKR 65 Mn in 2021/22)

Highlights for the year:

- The Group's subsidiaries received a combined 50+ awards and accolades in recognition of excellence, innovation, quality and sustainability across a range of industries.
- Rs. 218.41 Mn was invested to deploy process improvements across all sectors to achieve Rs. 455.42 Mn in cost savings.
- Rs. 134.11 Mn was invested in research and development to achieve differentiation and improve the overall value proposition.
- The SAP S/4 HANA ERP system implementation was successfully completed across Lanka Walltiles PLC, Lanka Tiles PLC, and Swisstek Aluminium Ltd.
- Companies across the Group continued to invest in integrating digitalisation, machine learning, robotic process automation, and artificial intelligence to improve productivity and seamless operations. Horana Plantations commenced the end-to-end automation of its factories during the year.
- Group-wide efforts were evident with respect to improving cybersecurity and data privacy. A number of companies commenced the process to become aligned with the newly introduced Data Protection Act No. 9 of 2022.

Intellectual Capital

List of Awards and Accolades Received in 2022/23

Corporate Reporting and Transparency	
TAGS Awards- Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) 57th Annual Report Awards	
LB Finance PLC (The highest number of awards achieved by a single entity at the TAGS Awards 2022)	➤ Overall Excellence – Bronze Award ➤ Finance and Leasing Companies (Sector) – Gold Award ➤ Most Transformative and Digital Report – Gold Award ➤ Sustainability Reporting – Silver Award ➤ Corporate Governance Disclosure – Bronze Award
Royal Ceramics Lanka PLC	➤ Manufacturing Sector- Group Turnover above LKR10 billion- Silver Award
Horana Plantations PLC	➤ Plantations sector- Bronze Award
South Asian Federation of Accountants (SAFA) competition held in Nepal	
LB Finance PLC	➤ SAARC Anniversary Award for Corporate Governance Disclosures - Bronze Award ➤ Financial Services category- Bronze Award
CMA Sri Lanka Annual Reports Awards	
LB Finance PLC	➤ Best Integrated Report – Finance and Leasing Sector ➤ Ten Best Integrated Reports
Digital Transformation and Innovative Solutions	
Dare To Dream Awards 2023-Sri Lankan Edition	
Vallibel One PLC	➤ Dare to Dream Awards 2023- Sri Lankan Edition- Winner of the "SAP Special Recognition Customer Success Award"
FITIS Digital Excellence Awards	
LB Finance PLC	➤ Innovative Digital Service, Corporate IT Awards Category - Bronze Award ➤ Business Model Innovation, Digitized Products Services Category - Silver Award
NBQSA - The ICT Awards 2022	
LB Finance PLC	➤ In-House Development category – Gold Award
Overall Corporate Excellence	
Business Today- Top 40 Corporate Performers-2021-2022	
Vallibel One PLC	➤ Adjudged 8th among Top 40 Corporates
Royal Ceramics Lanka PLC	➤ Adjudged 9th among Top 40 Corporates
LB Finance PLC	➤ Adjudged 15th among Top 40 Corporates
Lanka Walltiles PLC	➤ Adjudged 20th among Top 40 Corporates
Business World International Awards(BWIO) 2022	
Vallibel One PLC	➤ Business Excellence- Jury Award
The Best Management Practices Company Awards 2023 by the Institute of Chartered Professional Managers of Sri Lanka	
Swisstek Aluminium Limited	➤ Best Management Practices Company- Merit award

Excellence in Human Resource Practices	
Great Place To Work Certification	
LB Finance PLC	GPTW-Certified from June 2022 to June 2023
Horana Plantations PLC	Certified and recognized as one of the 15 Best Workplaces in the Manufacturing and Production industry Sri Lanka- 2023
Unidil Packaging PVT Ltd	Recognized as one of the Best 50 Workplaces Sri Lanka-2022
Lanka Tiles PLC	GPTW-Certified for 2022
Lanka Walltiles PLC	GPTW-Certified for 2022
Swisstek Ceylon PLC	GPTW-Certified for 2022
Swisstek Aluminium Ltd	GPTW-Certified for 2022
Excellence in Manufacturing Processes and Service Standards, Productivity and Quality	
Ceylon National Chamber of Industries (CNCI) Achiever Awards	
Royal Ceramics Lanka PLC	Manufacturing (Provincial) (Extra Large) 2022- Silver Award Manufacturing (National) (Extra Large) 2022- Merit Award Excellence in manufacturing processes and service standards, Productivity and Quality
National Convention on Quality & Productivity (NCQP) conducted by SLAAQP	
Unidil Packaging (Pvt) Ltd	Seven Gold Awards 2022
Environmental Initiatives and Sustainability	
Presidential Environment Awards by the Ministry of Environment	
Royal Ceramics Lanka PLC	Commendation in the Chemical Industries Category 2021-2022- Eheliyagoda Factory- Bronze Award Commendation in the Chemical Industries Category 2021-2022- Horana Factory- Merit Award
International Green Apple Environment Award by the Green Organization	
Horana Plantations PLC	Gold Award for low carbon emissions and carbon foot print-2022
Annual North American Tea Conference by the Tea and Herbal Association of Canada	
Horana Plantations PLC	Sustainability award for Go Green Energy" solar project 2022- Runners-up
Sustainability Awards by Delegation of German Industry and Commerce in Sri Lanka and the Friedrich Naumann Foundation for Freedom	
Horana Plantations PLC	Selected for best top three in the category of Agriculture Sector – Large Enterprise category
Excellence in Marketing and Promotional initiatives	
Sri Lanka Architects Awards 2023	
Swisstek Aluminium Ltd	Merit Awards for (SA3000) Sliding Door and Multipurpose Ladder Appreciation Award for the versatile (SA1000) Swing Door
Architect Exhibition 2023	
Swisstek Aluminium Ltd	The Best Trade Stall
Lanka Tiles PLC	Overall Best Trade Stall Most Innovative and informative Trade Stall
Daraz Sales Summit	
Swisstek Aluminium Ltd	The Most Engaged Brand of the Year in Sri Lanka 2022
Best Web Awards hosted by LK Domain Registry	
Swisstek Aluminium Ltd	Overall the best .LK website and Gold Award for Advertising and Marketing for Alupenters.lk website

Intellectual Capital

Corporate Reputation

Vallibel One ranked 34th among LMD's Most Respected Entities 2022

With a little over a decade since its inception, Vallibel One has continued to maintain a reputation for business excellence, as evidenced by ranking 34th among the nation's Most Respected Entities according to LMD in 2022. The Group has long served its stakeholders with steadfast value in a highly competitive environment; ensuring stability and delivering a balanced performance even amid times of adversity, strengthened by its diverse interests in key thrust sectors.

The Group's wide-ranging presence equates to a significant impact on society and the nation's economy, and therefore engages in contributing towards sustainable development and economic growth across the many industries in which it operates.

Vallibel One remains committed towards serving as a responsible entity, and therefore integrates principles of accountability, integrity and sustainability across all levels of its operations, while adhering to a strong value system that governs all its business units. The Group ensures it complies with all legislative and regulatory frameworks that are relevant to its operations.

An extensive list of awards and accolades received at Group and organisational level are listed within this report, and represent Vallibel One's journey as a good corporate citizen with a commitment to excellence.

Refer pages 14-15 for more information on awards and accolades

Refer pages 202-215 for information on governance

Refer page 22 for economic contribution

Institutional Expertise

The Group possesses an unmatched collective institutional expertise that drives its progress and growth as an entity. The knowledge and foresight of the Group's Board and Senior Management steer the organisation's journey, while providing the requisite guidance and vision to attain corporate excellence. The Group's management teams are armed with the necessary capabilities, skills and expertise to implement and achieve their assigned strategies.

A proactive platform that fuels collaboration across the Group's business units continues to be in effect, driving a spirit of shared learning, ideation and insights that enable continuous improvement across strategies, systems and processes. The platform is designed to support business leaders to develop prudent management decisions that align with the Group's overall growth agenda and value system.

All management teams undergo training, reinforced with invaluable exposure to learning opportunities across the Group and worldwide. Mentoring programmes are in place, supported by structured succession planning frameworks that motivate and enable the progress of business leaders and high achievers to rise in the ranks and reach excellence in their respective fields.

Brand Building

Vallibel One possesses a diverse, balanced portfolio of trusted brands that are loved by individuals from across the island and renowned for their quality. The Group engages in the continuous pursuit of excellence, service quality and innovation to maintain a strong brand equity across each business unit, thereby delivering a strong portfolio that is valued by the general public and sought after by Sri Lankans from every walk of life.

The Group's investment in brand building are driven by branding initiatives and campaigns that are achieved through a range of targeted above-the-line and below-the-line communications. These serve to reinforce and raise awareness on brand values, and garner a greater top-of-mind recall among key consumer groups.

During the year under review, the Group invested LKR 1,064 Mn on brand building initiatives.

LKR 1,064 Mn

Invested in brand building initiatives

(LKR 682 Mn in 2021/22)

LB FINANCE	**24th** Ranked	**LKR 5,821 Mn** brand value	**AA** brand rating
LANKATILES	**48th** Ranked	**LKR 2,084 Mn** brand value	**AAA-** brand rating
Rocell Eternal elegance	**67th** Ranked	**LKR 962 Mn** brand value	**AAA-** brand rating

Vallibel One
Valuing diversity

Lanka Tiles
A local identity

Delmege
A legacy for quality

Rocell Bathware
Bathware masterpieces

Rocell
Premium brand in the lifestyle sector

Swisstek Aluminium
Pioneer 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

Quality and Standards

Operational excellence is a vital step in realising resource efficiencies, while elevating the customer proposition through a range of aspects encompassing safety, security, sustainability and quality, to name a few.

The Group's business units continuously pursue new globally and locally acclaimed certifications and reaffirm existing standards. Despite a challenging economic climate, LKR 9.64 Mn was invested in this regard during the year.

Refer page 180 for more information on brand building activities

Intellectual Capital

Group-wide Certifications and Standards

Sector/Cluster	SLS	ISO	Other
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

LKR 9.64 Mn

Invested in obtaining and maintaining certifications

(LKR 11 Mn in 2021/22)

Refer Sector Reviews from pages 84-151 for more information

Research and Development-Royal Ceramics Lanka PLC

Technology, Research and Development

All systems and processes undergo continuous improvement across the Group to ensure they are upgraded and aligned with the latest technology, which in turn supports each business vertical to remain resilient and achieve business continuity amid a disruptive environment.

While the economic crisis placed pressures on expenditure, the Group continued to pursue initiatives related to digitalisation, automation, machine learning and artificial intelligence to improve speed, productivity, quality and responsible usage of resources. Furthermore, the implementation of SAP solutions across various business units continued to derive benefits during the year.

The Group invested LKR 12.41 Mn on process improvements during the period under consideration.

LKR 352.5 Mn

Invested on process improvements

(LKR 1,302 Mn in 2021/22)

LKR 134 Mn

Invested on research and development

(LKR 135 Mn in 2021/22)

Refer Sector Reviews, pages 84-151 for more information

Due to the decline in consumer spending and discretionary income, new product development was largely constrained during the year. The Group focused primarily on rationalising and modifying its existing products to drive value and respond to changing consumer dynamics and needs.

These activities are supported by dedicated research and development units within each organisation or cluster. Particularly in the instance of the plantations sector, partnerships with international organisations and local educational institutions serve to further enhance the sector's knowledge base contribute towards expansion and growth. The Group invested LKR 134 Mn on research and development activities during the year.

With digitalisation underpinning the activities of many business and industries in the world today, cybersecurity continued to retain its status as a key priority during the year under review. Therefore, the various business units that comprise the Vallibel One Group continued to engage in upgrading and strengthening its data privacy and security mechanisms to safeguard valuable information.

Corporate Memberships and Associations

LIFESTYLE

- Sri Lanka Customs
- Ceylon Chamber of Commerce
- Ministry of Industries
- Geological Survey and Mines Bureau
- Department of Commerce
- National Wood Floors Association
- ISSM (Institute of Supply and Materials Management –Sri Lanka)
- The National Chamber of Commerce.
- Sri Lanka Italy Business Council.
- Ceylon Chamber of Industries
- Sri Lanka - Nordic Business Council
- Exporters Association of Sri Lanka
- Sri Lanka Ceramics and Glass Council

FINANCE

- The Finance Houses Association of Sri Lanka
- Leasing Association of Sri Lanka
- The Ombudsman Sri Lanka (Guarantee) Limited
- Mercantile Cricket Association Mercantile Football Association

ALUMINIUM

- Aluminium Stewardship Initiative (ASI)

PLANTATIONS

- Sri Lanka Tea Board
- National Institute of Plantation Management
- Ceylon Chamber of Commerce
- Plantation Human Development Trust (PHDT)
- Labour Department
- Save the Children
- Ceylon Tea Traders Association
- Ceylon Rubber Traders Association
- The Employer's Federation of Ceylon
- The Planter's Association of Ceylon
- Palm Oil Industry Association of Sri Lanka
- Tea Research Institute in Sri Lanka
- Rubber Research Institute in Sri Lanka
- Coconut Research Institute in Sri Lanka
- Coconut Cultivation Board
- Ministry of Plantation Industries

LEISURE

- Tourist Hotel Association of Sri Lanka (THASL)
- Hoteliers of South (HOST)
- Ceylon Chamber of Commerce

INVESTMENT AND OTHERS

- Lanka corrugated Cartons Manufacturers Association
- Geological Survey and Mines Bureau
- The Ceylon Chamber of Commerce
- SLAAQP Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP)

Intellectual Capital

New Products Developed

LIFESTYLE

- Lanka Tiles PLC
- Lanka Walltiles PLC
- Swisstek Ceylon PLC

- Local FT 14, MT 06
- Pool Copping (3 new products),

- Waterproof 5kg (AQUASHIELD) & All-Purpose Silicone

PLANTATIONS

- Horana Plantations PLC

- Black Tea 6 in one pack
- Stockholm Black Tea Pack
- Mincinglane Tea Bags Pack
- Stockholm Special blend Pack
- Tillicoultry Handmade Green Tea Packs
- White sole crepe-pebbly, smooth
- Color sole crepe-black, green, yellow, honey, red
- Pale crepe
- Scrap crepe

- White coconut Oil-(500ml Bottle)
- Coconut Trickle-(750ml bottle)
- Full City Roasted coffee beans & powder 100g pack
- Cinnamon Oil 50ml Bottle
- Cinnamon 150g stick pack
- Black Pepper 100g pack
- Scotch bonnet 100g pack
- Bell pepper 500g pack

ALUMINIUM

- Swisstek Aluminium Ltd

- Allura - SA2000 Series Triple Track
- Allura SA1000 Series 100mm Range
- Allura SA1000 Series 150mm Range
- Inbuilt mosquito screen for sliding door

- Openable mosquito screen system for casement
- 30mm Solar clamping system

Going Forward:

The Group will continue to engage in building its intellectual capital base, supported by the following initiatives:

- Relying on an optimised mix of communication channels and targeted campaigns to nurture brand equity and retain or build market share
- Leveraging on digital channels and social media platforms to build brand awareness and loyalty
- Pursuing the expansion of the Group's knowledge base via structured training programmes and partnerships with recognised institutions
- Seeking and achieving continuous improvement by means of quality standards, certifications and initiatives for process optimisation
- Investing in expansion and venturing into new markets through the development of new products

Social and Relationship Capital

Any organisation is based on the strength of its partnerships, and Vallibel One relies on these self-same partnerships to achieve continuity and success. The size and diversity of the Group's businesses ensure that its social and relationship capital base is large and varied in nature. The Group therefore continues to map, monitor, and engage with its clients, business partners, and the communities in which it operates; considering such activities to be a vital component of Vallibel One's overarching strategy.

Strategic Value Drivers	Activities	Benefit
Product Innovation	Create and expand a flexible, cutting-edge product offering in accordance with shifting client dynamics.	Quality products and services New products and value additions Unmatched service Improved top-line performance
Increased Accessibility and Reach	Utilise a variety of offline and online distribution channels to increase customer convenience and market reach. Pursue lucrative markets locally and overseas.	
Service Quality	Offer a high-quality service and collect and act upon client feedback to enhance the customer experience and increase loyalty.	
Marketing and Communications	Engage customers and market items in accordance with ethical marketing principles.	
Product Responsibility	Follow best practices to guarantee ethical, moral production with little impact. Observe all relevant consumer laws and regulations and protect client privacy.	

Contribution to the SDGs:

Outcomes

- Customer satisfaction and loyalty
- Top-of-mind brand recall
- Business success

Social and Relationship Capital

The Group's approach to customers:

Overall, the Group's companies are built around continuously assessing customer needs and improving their products and services to elevate the customer value proposition, and thereby drive customer loyalty and trust. Each sector seeks to achieve market differentiation through robust mechanisms that support product development, responsibility and accessibility, which are in turn enabled by strong engagement and an unmatched service.

Impact During the Year

The economic downturn led to a decline in consumer spending, owing to the higher cost of living. Accessibility remained a concern owing to lockdowns and fuel shortages, while many products reached unprecedented increases in costs due to varying macroeconomic factors Furthermore, import restrictions led to the shortage of certain items during the year.

The Group's Response

A greater focus on improving accessibility and seeking to maintain product quality even amid resource shortages. Continuous engagement with customers was maintained to ensure their changing needs would be addressed in a timely manner. Product innovation and diversification enabled companies within the Group to seek out new lucrative, markets and expand the customer base to improve the top-line.

192

L B Finance Branches

(181 in 2021/22)

148

Tiles and showroom outlets

(144 in 2021/22)

LKR 134 Mn

R&D investment

(LKR 135 Mn in 2021/22)

Nil

Customer privacy breaches

(Nil in 2021/22)

Nil

Instances of non-compliance in relation to product labelling and communications

(Nil in 2021/22)

Highlights for the year:

Customers

- 89 new products were introduced during the year to cater to emerging market demand.
- L B Finance introduced 3 new products, namely Digital Personal Loan, Business Loan and a fully integrated FD solution via the CIM app, which gained significant traction during the year.
- The consumer sector relied on product improvements and modifications to address evolving consumer needs of convenience and cost-efficiency.
- Swisstek Ceylon launched two new products during the year.
- To increase forex inflow and improve top-line performance, a number of companies began to explore export market opportunities during the year.
- The Group leveraged on a range of communication channels, with a greater focus on digital marketing to improve connectivity and market reach.

Responsible Sourcing

With an array of goods encompassing seven thrust sectors, Vallibel One delivers a robust business portfolio to its customers, who hail from different segments of society. In order to increase the value propositions of our goods and subsequently satisfy the requirements and aspirations of our customers, the Group undertakes significant investments in its efforts to conduct research and development. At the Group level, LKR 150 Mn was invested in product development during the year under review.

Refer sector reviews from pages 84 -151 for more information

Refer intellectual capital from pages 176-182 for more information

Product Accessibility

To better meet the needs of consumers and expand market reach, the Group places significant emphasis on maintaining the accessibility of its products. To this end, Vallibel One is strengthened by a robust island-wide distribution network made up of showrooms and branches.

The extensive distribution network provided by the Group's lifestyle segment is bolstered by synergies between the showrooms and outlets under the purview of Lanka Tiles and Rocell. While the finance sector relies on a strong network of fully-fledged branches and gold lending centres, the aluminium and consumer sectors depend on long-standing alliances with their island-wide distributors. The Group continued to grow its network even amid a constrained environment and in doing so, successfully established 12 new branches during the year.

Digital channels dominated the Group's business activities, even as the organisation continued to navigate an environment rife with socio-economic constraints and debilitating conditions. Many of the businesses within the Group continued to develop and improve their official websites, online distribution channels, and social media presence in order to gain a wider reach, and establish and improve remote accessibility amid lockdowns and mobility restrictions.

LIFESTYLE

148

Showrooms and outlets

Lifestyle Sector
(144 in 2021/22)

FINANCE

192

Branches

Finance Sector
(181 in 2021/22)

ALUMINIUM

178

Dealers and distributors

Aluminium Sector
(399 in 2021/22)

CONSUMER

60,218

Dealers and distributors

Consumer Sector
(67,921 in 2021/22)

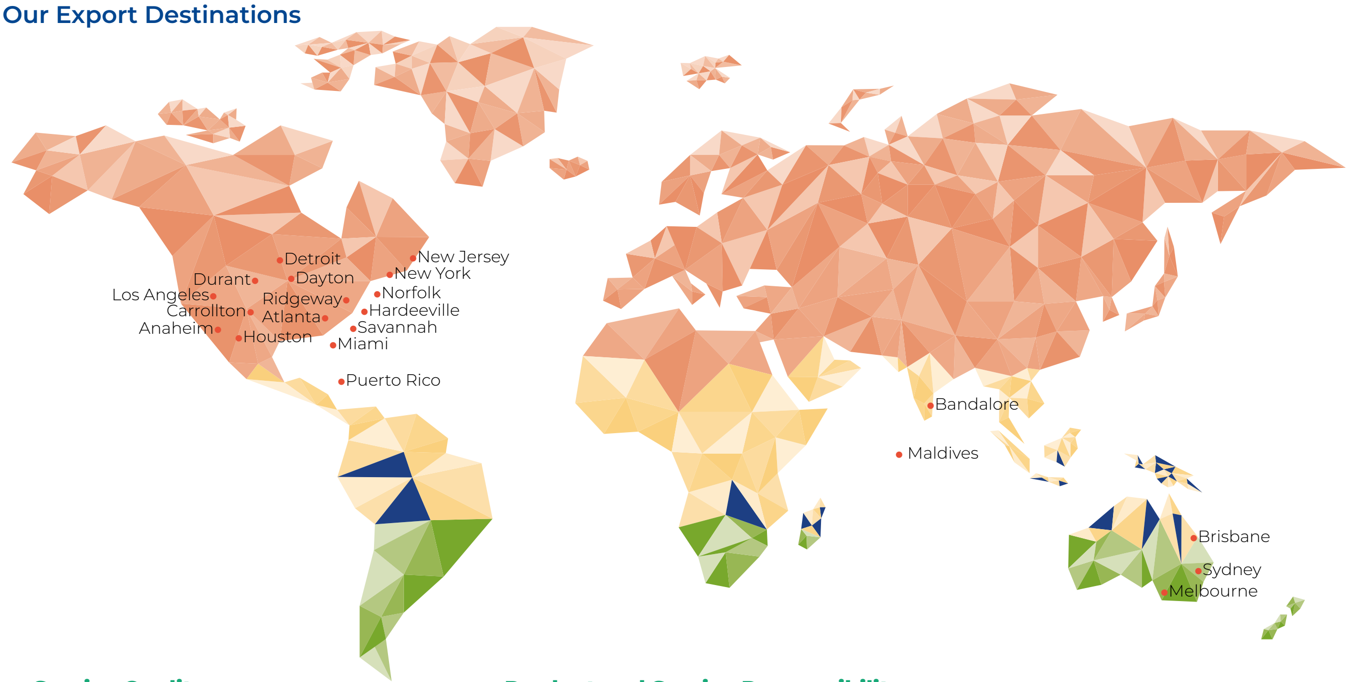
Sector	Online Channels		
Lifestyle	**Lanka Tiles :**		
	Amazon retails for USA	Mobile app	www.lankatile.com
	Rocell :		
	Virtual tour design hub	www.rocell.com	Facebook
Aluminium	Online shopping portal	daraz.lk	
Finance	www.lbfinance.com	Cash-in-Mobile app	

Refer sector reviews from pages 84-151 for more information

Refer intellectual capital from pages 176-184 for more information

Social and Relationship Capital

Our Export Destinations



Service Quality

As an entity built on the principle of client-centricity, service excellence remains at the heart of the Group's value proposition. With the purpose of improving every aspect of customer experience, each business that constitute the Group works tirelessly to provide best-in-class service.

Refer sector reviews from pages 84-151 for more information

Product and Service Responsibility

The Group is steadfastly committed to upholding the highest standards and quality at every level of its operations, and endeavours to adhere with and abide by the pertinent rules established by widely recognised local and international certification authorities. The Group continues to comply with all laws, guidelines, and regulations, particularly those established in relation to products and consumers. Furthermore, all products and services are assessed to determine their health and safety impacts.

There were no incidents, fines, or warnings of non-compliance connected to products or services during the year, in keeping with Vallibel One's commitment to product responsibility. In terms of the health and safety impacts of the Group's products and services, no instances of non-compliance were recorded during the year. Additionally, during the reporting year, there were no instances of non-compliance with regulations pertaining to customer privacy, product and service information, labelling, or marketing communications.

Refer sector reviews from pages 84-151 for more information

Refer intellectual capital from pages 176-184 for more information

Marketing and Communication

Group-wide initiatives to develop and improve each brand's value within its specific target segments rely heavily on branding, marketing communications, and promotions.

For above-the-line advertising, the Group uses a well-balanced combination of print and electronic media and, when appropriate, direct marketing initiatives including roadshows and door-to-door promotions that are aimed at consumers and traders Our industries use a variety of internet channels and social media platforms, in addition to brochures and booklets describing product information, to promote our brand-building initiatives. The Group expended LKR 1,064 Mn on branding, marketing, and promotional initiatives during the year under review.

Business Partners

Strategic Value Drivers	Activities	Benefit
Business Partner/Supplier Engagement	• Collaborating with supply chain partners to expand capacity and implement best business practices at every stage. • Negotiating with suppliers to ensure continued supply and improved costs. • Seeking out alternate suppliers to mitigate risks.	• Quality sourcing • Responsible supply chain management • Mutually beneficial business support
Supporting Local Suppliers	• Giving preference to local suppliers in the procurement process.	
Fair, Ethical Dealings	• Maintaining timely and fair transactions with suppliers and business partners	

Contribution to the SDGs:

Outcomes
- Uninterrupted supply of goods
- Improved profitability
- Loyal business partners and suppliers

The Group's approach to business partners and suppliers:

The Group's suppliers and business partners support the supply of raw materials, goods and services that are essential towards daily operations. The Group is wholly focused on nurturing strong relationships that drive mutual growth and progress.

Impact During the Year

Import restrictions, a high inflationary environment, the foreign exchange crisis and mobility constraints led to considerable disruptions within the supply chain. Many suppliers remained vulnerable, while the continuity of business operations remained under threat.

The Group's Response

An increased shift towards local and regional suppliers was witnessed owing to import restrictions, and the organisation continued to engage and negotiate with its supplier base to ensure uninterrupted supply of goods and services. The Group continued to seek alternate sources of supply and expand its supplier base to insulate against risk and ensure business continuity.

LKR 89 Bn
Total supplier payments
(LKR 53 Bn in 2021/22)

71%
Local supplier payments
(67% in 2021/22)

42%
Payments to SMEs
(37% in 2021/22)

3,568
Small and medium suppliers
(3,150 in 2021/22)

Highlights for the year:

Suppliers

- The lifestyle sector continued to engage with its partners via dedicated clubs for architects, tilers and dealers.
- The alupenters.lk platform continued to support aluminium fabricators during the year.
- A greater shift towards regional and local sourcing was witnessed due to the supply chain disruptions witnessed during the year.
- The packaging cluster integrated digitalisation into its procurement process to improve productivity and efficiency.

Social and Relationship Capital

Business Partner/Supplier Engagement

Vallibel One has established a solid network of principals, business partners, and suppliers across its range of industries, including both large corporations and small and medium-sized businesses (SMEs). Due to the trust and dedication upheld in its business relationships, a number of the Group's companies possess the exclusive agency rights and marketing and distribution rights for a number of well-known brands in Sri Lanka.

The Group's business model is heavily dependent on the resources, finance, technological expertise, inventiveness, and unrivalled insights that serve as the fundamental tools for achieving its operating objectives. In order to establish mutually advantageous long-term collaborations, Vallibel One believes in playing an active role with respect to collaboration and capacity building across all business sectors.

During the reporting period, there were no substantial organisational changes noted across the business verticals and their supply chains.

In order to minimise the risk of disruptive effects on the supply chain, the Group maintains a comprehensive base of leading vendors and alternate suppliers. The Group further actively seeks out the foremost industry specialists and experts to ensure the best results are maintained every step of the way. Vallibel One's ability to maintain best-in-class products and services and uphold ethical business practices has been facilitated by the solid relationships built over the years with suppliers and business partners who share the Group's overarching values. Additionally, the Group companies often work alongside reputable institutions in order to increase their capacity for innovation by leveraging expertise and fostering collaboration.

Prior to onboarding a supplier or business partner the respective organisations conduct the appropriate due diligence on their credentials to ensure alignment with the Group's needs and to assess their adherence to quality and standards. All suppliers are screened using environmental and social criteria.

Through procurement committees, Vallibel One maintains close working relationships with all of its suppliers, by encouraging and facilitating the exchange of insights and experiences, observing their adherence to contractual obligations, and enforcing responsible behaviour in terms of managing the Group's combined impact on people and the environment as well as ensuring compliance with all applicable laws, rules, and regulations. As part of the organisation's engagement, training opportunities are extended to help suppliers develop their capacity, while commercial opportunities are extended to support growth. Furthermore, routine site inspections, periodic evaluations, and assessments are conducted across the supply chain.

Supplier engagement mechanisms

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

Supplier responsibilities

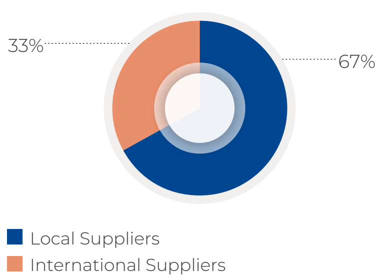
- Sharing knowledge and experiences
- Monitoring contract fulfilment
- Advocating environmental and social responsibility
- Compliance with legislation

Refer sector reviews from pages 84-151 for more information

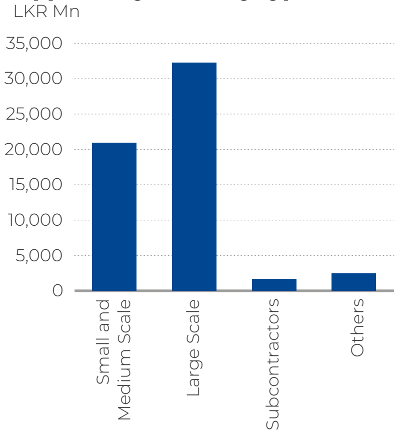
Supporting Local Suppliers

As a general rule, the Group prioritises engaging in partnerships with local suppliers, with the provision that the suppliers in question satisfy the strict procurement requirements that are in place across the relevant business sectors Commencing from the COVID-19 pandemic, the organisation sought to broaden its local supplier base in order to combat the impact of import bans and challenges in sourcing materials. The overall number of suppliers in the Group stood at 4,389 during the year, and as a result, supplier payments totalled LKR 89,057 Mn. Vallibel One's local supplier base accounts for 71% of its total suppliers, with 42% of the whole base consisting of small- and medium-sized business suppliers.

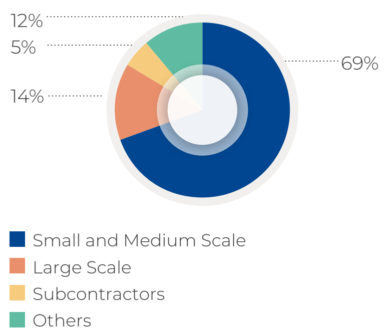
Geographical breakdown of supplier payments



Supplier Payments by type



Supplier Profile



Community Engagement

Strategic Value Drivers	Activities	Benefit
Estate Community Development	Uplifting the living standards and the quality of life of the plantation estate communities.	Community well-being; Societal growth and progress
Engaging with Neighbouring Communities	Closely engaging with and supporting neighbouring communities in their activities and creating awareness on social issues and themes.	
Community Recruitment	Providing due preference to community recruitment.	
Philanthropy	Supporting underprivileged communities with philanthropic initiatives.	

Contribution to the SDGs: 1, 8, 9, 10, 12

Outcomes

- Community trust, loyalty and respect
- An inclusive, progressive society
- Positive word of mouth

The Group's approach to community engagement:

The Group values its surrounding community, and as a responsible corporate, seeks to contribute towards uplifting their way of life through tangible, impactful initiatives. As Vallibel One firmly believes in its responsibility to positively impact its surrounding communities, and therefore Group undertakes significant investments designed towards building and maintaining meaningful partnerships across every aspect of its business.

Impact During the Year

The economic crisis posed far greater impacts to vulnerable communities during the year, impacting their ability to meet their daily needs.

The Group's Response:

Contributing towards community well-being and progress through donations, partnerships and capacity building.

LKR 69.61 Mn

Total community investments

(LKR 52 Mn in 2021/22)

120,000+

Total beneficiaries

(30,800 in 2021/22)

Highlights for the year:

Community

- The finance sector continued to engage with the community to deliver awareness on a range of topics spanning sustainability, finance, education, cybersecurity and health and wellness, to name a few. The sector further engaged in blood donation campaigns and the donation of school items and dry rations.
- Companies across the Group donated essential dry rations to support surrounding communities in a challenging year.
- The Fortress Resort and Spa engaged in beach cleaning activities and a tree planting programme during the year.
- The plantations sector provides a holistic and comprehensive programme that supports the growth and welfare of the estate communities. These initiatives were further enhanced during the year.

Social and Relationship Capital

Estate Community Development

The plantation sector remains intrinsically linked with the 29,000+ residents who reside within its tea and rubber estates, which are situated in the Central and Western Provinces . Continuous engagement with these communities is crucial and intertwined with the Group's strategy.

As a result, the sector operates an organised programme (detailed on pages 116-117 of this report) that provides housing, water and sanitation, healthcare, and youth development to the populations living within these estates.

In order to strengthen these communities, the Estate Worker Housing Cooperative Societies founded within the respective estates provide additional financial support, while facilitating the sector's programmes. Horana Plantations PLC, the Group's plantation company, invested LKR 69.61 million in community-based projects during the year under review.

Refer sector reviews from pages 84-151 for more information.

Engaging Neighbouring Communities

The Group's manufacturing and leisure sectors have maintained connections with the neighbouring local communities in recognition of the value of local community involvement in preserving public confidence and goodwill. The organisations within these segments, namely the leisure, lifestyle, aluminium, and packaging companies, continuously engage in consistent dialogue with local leaders with regard to their business activities or any changes to the same, while further providing support for community-based activities including religious, cultural, and recreational events.

The Group further empowers local communities through its socio-cultural and environmental programmes to contribute to the advancement of people and the environment. A comprehensive list of programmes can be found on page 117 of this report.

Community Recruitment

The local community is given priority with respect to the Group's recruitment efforts. The organisation's talent sourcing and recruitment strategy focuses primarily on the youth market, which has produced excellent outcomes across the board and helped the Group to forge close links with the local communities in which business activities take place.

Community recruitment occurs primarily in industries such as consumer goods and banking, which hire employees (particularly with respect to the marketing and sales department) from neighbouring vicinities. In order to develop unrivalled expertise and dynamism within the industry, the Group's associate company in the leisure sector continues to hire a young workforce from nearby regions.

The plantation industry is completely integrated within the estates and the surrounding communities, as previously stated.

Socioeconomic Compliance

In terms of social and economic factors, the Group did not record any fines or other non-monetary sanctions for breaching laws, rules, or regulations.

Philanthropy

The Group invested a total of LKR 124.62 million on philanthropic activities and community service in order to anticipate and support community needs.

LKR 124.62 Mn

CSR Investment

(LKR 52 Mn in 2021/22)

170,000+

Beneficiaries

180+

Number of Projects

CSR Project in Embilipitiya by LB Finance PLC

Going Forward:

The Group will strive to maintain and grow its social and relationship capital by constantly communicating with its clients, trading partners, suppliers, and the local community:

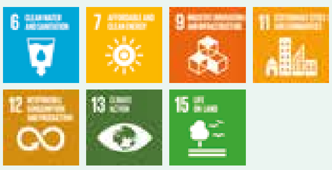
- Strengthen, expand, and consolidate the Group's means of distribution to offer a wide-ranging, optimal client reach.
- Assure that all products and services continue to be of the highest calibre, while upholding principles related to product responsibility.
- Improve the standard of the supply chain and thereby guarantee company continuity, and expand prospects for collective growth.
- Providing commercial opportunities to regional vendors.
- Work with neighbouring communities to promote their welfare, growth, and well-being.
- Prioritise community recruitment.

Natural Capital

The Group's natural capital comprises its utilisation, conservation and preservation of renewable and non-renewable resources. Due to its scale of operations as a conglomerate with a diverse presence, the Vallibel One Group possesses a sizeable environmental footprint. The responsible management of natural capital enables organisations to sustain both business operations, minimise costs, negate their impact on the surrounding environment and ensure resources are preserved for future generations.

Strategic Value Drivers	Activities	Benefit
Responsible Resource Consumption	➤ Resource efficiency and responsible sourcing ➤ Conserving water and minimising withdrawal ➤ Engaging in lean energy management practices ➤ Monitoring consumption for corrective action	➤ Reduced costs ➤ Resource efficiency ➤ Minimised impact ➤ Safeguarding communities
Impact Management	➤ Following green principles to responsibly manage solid waste ➤ Monitoring GHG emissions to minimise the Group's carbon footprint	
Compliance	➤ Adopting best practices and complying with applicable environmental laws, rules and regulations.	

Contribution to the SDGs:



Responsible environmental values

Reduced consumption

Reduced carbon footprint

Outcomes

The Group's approach to natural capital:

Vallibel One is focused on integrating a structured approach to environmental management. The Group's businesses prioritise the strengthening of its existing collective resource base, while minimising its impact on the planet. The entity is built around contributing towards the UN Sustainable Development Goals, and therefore prioritises increasing its reliance on renewable energy, while minimising its contribution towards the emerging threats of climate change and global warming. The Group adheres to all relevant local regulatory standards and guidelines, while ensuring compliance with a range of international certifications.

Impact During the Year

The energy crisis placed considerable constraints on resource availability, which in turn impacted business continuity. Furthermore the cost of energy, paper and other raw materials reached unprecedented heights during the year, thereby placing pressures on profitability.

The Group's Response

Alternate energy sources negated the impact of resource shortages experienced during the year, while responsible practices minimised and optimised consumption in order to reduce the rising cost of operations.

22,052 MT

Recycled material used in production

(22,803 MT in 2021/22)

143,352 tCO2e

Carbon emissions

(156,034 tCO2e in 2021/22)

1,098,151 GJ

Energy consumption

(1,199,172 GJ in 2021/22)

242.78 ha.

Biodiversity protected within estates

(211.48 ha. in 2021/22)

40,057 MT

Renewable material consumption

(55,472 MT in 2021/22)

90.2 GJ

Energy intensity - usage per employee

(90.5 GJ in 2021/22)

Highlights for the year:

- The aluminium sector commissioned a wastewater recovery system during the year, which served to recover 40% of its wastewater.
- The lifestyle sector relies on re-using energy via modern heat recovery systems. The Horana heat recovery system enabled savings of 455 tons of LPG during the year. Lanka Tiles PLC has invested in a similar heat recovery system which will be deployed in 2023/24.
- The tile manufacturing cluster recycles 100% of its processed water and unfired materials.
- The plantations sector is working towards recomissioning its hydropower plants in the Fairlawn and Bambrakelley estates with a collective capacity of 120 Kwh , using an investment of Rs. 20 Mn in this regard.
- The Group collectively generated 2,180,000+ kWh of renewable energy during the year.
- Companies within the Group invested in realising optimised resource management and reduced consumption through sustainable principles and responsible practices.

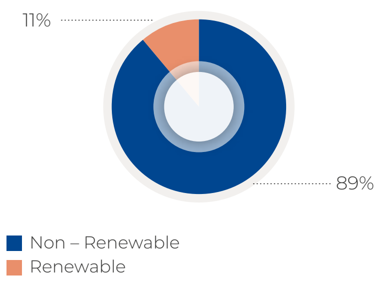
Natural Capital

Responsible Resource Consumption

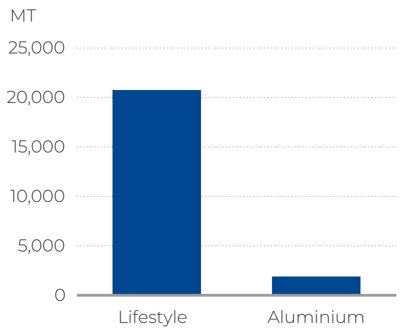
Material Consumption

A number of the Group's businesses including tiles, aluminium, packaging, plantations and mining are reliant on natural resources to obtain essential raw materials for operations. During the year under review, the Group consumed 380,660.20 metric tonnes of raw material, of which 89.5% comprised of non-renewable resources, with the remainder constituting renewable resources. Vallibel One utilised 22,052 MT of recycled input materials in production, which comprised 6% of the year's total material consumption.

Renewable and Non renewable materials

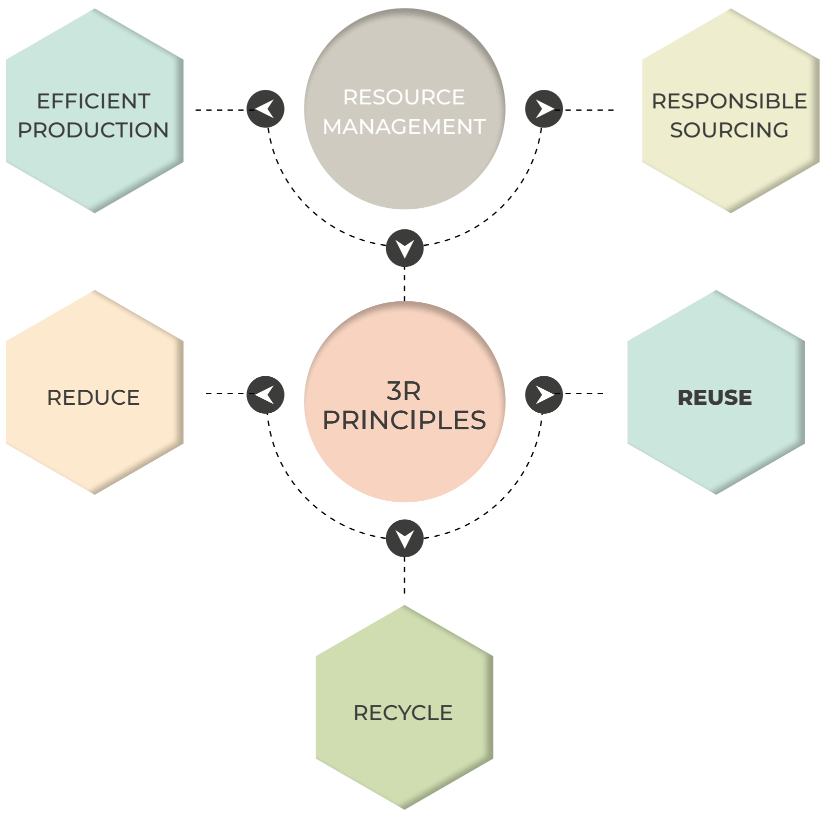


Recycled input materials in production



Non-Renewable Materials	Renewable Materials
Feldspar - 158,247 MT	Bought Leaf - 9,930 MT
Kaolin - 22,529 MT	Paper - 23,154 MT
Silica Sand - 44,886 MT	Latex Rubber - 785 MT
Aluminium Billets - 3,641 MT	
Ball Clay - 86,088 MT	

The Group utilises a three-pronged approach with respect to resource management, outlined below:



Squaring waste water treatment plant- Royal Caramics Lanka PLC_Horana Factory

Rain Water Harvested-Horana Plantations PLC

Responsible Sourcing

- Adhering to responsible agricultural practices within the plantations sector including soil conservation, water management and replanting, while developing the sector's own organic fertilizer. The sector engages in the conservation, preservation and enrichment of biodiversity and habitats.
- The mining cluster collaborates with the Geological Survey and Mines Bureau to maintain the quality of existing mines and rehabilitate discontinued mines through back-filling and recultivation.
- Advocating best practices in environmental management and ensuring compliance with laws, rules and regulations across the supply chain.
- Advocating for best practices in environmental management and ensuring compliance with relevant laws, rules and regulations.
- Growing and utilising organic produce within hotel premises in the leisure sector to arrive at backward integration.
- Screening suppliers for environmental compliance and sustainability practices.
- Ensuring the paper sourced for the packaging cluster is aligned with sustainability principles.

Efficient Production

- Investing digital solutions to drive process improvements and enhance productivity.
- Utilisation of renewable resources within the tile manufacturing process.
- The 'Total Productive Maintenance' programme is maintained across the Group's manufacturing operations to improve productivity.
- Deploying the SAP programme across various organisations to improve enterprise resource planning and improve resource productivity and efficiency.

3R Practices

- Utilising regenerative agriculture practices in the plantations sector.
- Reusing tiling and ceramic waste to refill mines.
- Using the waste heat recovery system to save thermal energy.
- Aluminium scraps are recycled in- house for reuse in the production process.
- Recycling paper waste across a number of sectors.
- Utilising a dry squaring machine for use in tile production to drive greater resource optimisation.
- Investing in a resorting machine in the mining cluster to maximise resources.
- Utilising wet waste as compost and recycling soap within the leisure sector.
- Recycling and reusing waste material in the tile manufacturing process.

Refer sector reviews on pages 84-151

Water Consumption

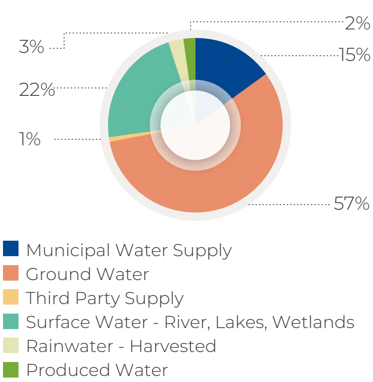
The Group consumed 705 Mn litres of water, translating into a 19% increase against the previous year. 76% of the Group's total water consumption was attributable to the lifestyle sector, while plantations accounted for 21%. The businesses primarily rely on ground water and water supplied by the municipality, which account for 59% and 12% of the Group's water withdrawal respectively.

The factories and plants within the Group promote the conservation of water, and therefore engage in recycling and reusing purified water. Recycled water was utilised across operations and for ancillary purposes, and accounted for 22.3% of the total water consumption.

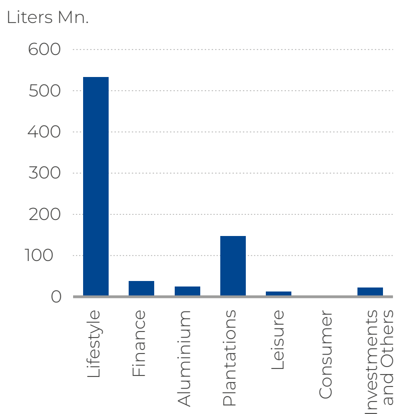
Estates within the plantation sector continue to engage in rainwater harvesting, supported by precautionary principles designed to safeguard water quality. The Group harvested 19 Mn litres of water via this process during the year.

The aluminium sector commissioned a wastewater recovery system during the year, which served to recover 40% of its wastewater through the installation of a Reverse

Volume of water withdrawn – by source



Water consumption by sector



Natural Capital

Protecting Water Sources

Water flow control system Lifestyle	Chemical buffer zones Plantations	Water retention areas Plantations
Track and monitor water consumption — 2 factories	Protecting water sources from chemical contamination — 15 factories	**5%** land protected in 15 factories

Effluent Treatment Plants

Lifestyle Aluminium Packaging Plantations

2 water treatment plants across factories and 2 estates

Osmosis system and biological water treatment mechanisms

Energy Management

The Group primarily relies on electricity from the national grid as its main energy source, which in turn caters to the electricity requirements for factory operations, air conditioning and lighting across company premises. Other non-renewable energy sources utilised in operations, comprise diesel, petrol, LP gas, and furnace oil.

The plantations and packaging operations utilise bio-mass/ firewood and hydropower, which classify as renewable energy sources. External energy sources for the Group constitute fuel for logistical purposes which support product distribution, and employee transport and travel.

Energy prices soared during the year, while the Group continued to face severe resource scarcity — dynamics that were supported by initiatives designed to maximise resource efficiency and minimise consumption. The Group continued to nurture a culture of conservation among employees, while utilising technology to drive process improvements and relying on previously implemented energy conservation projects to reduce electricity and fuel consumption.

Mega Roof Solar Project-Swissteck Aluminium Ltd

An 8.4% reduction/increase in energy consumption was registered during the year, in comparison to the 3.9% decline recorded in the previous year.

Energy Consumption and Intensity	
Energy Source	**Consumption Level 2022/23**
Internal – non-renewable sources	
Electricity (GJ)	286,573
LP Gas (kg)	27,557,357
Diesel (litres)	2,053,006
Furnace oil (litres)	355,156
Kerosene (litres)	419,440
Internal – renewable sources	
Biomass / firewood (kg)	10,944,541
Solar power - KWh	1,175,055
External	
Diesel and petrol (litres)	1,778,306
Energy intensity – electricity usage per employee (KWh)	6,539

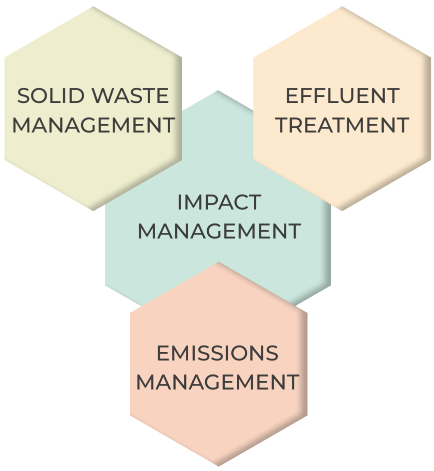
Renewable Energy

The Group was strengthened by its solar powered installations deployed across a range of factories and business premises, which served to support the organisation and the national grid amid dire resource shortages and interruptions in power supply.

2,180,000+ kWh of renewable energy is generated Group-wide, thereby contributing towards a pressing national need, while driving sustainable energy consumption.

Impact Management

Due to the sheer scale of its operations and the resulting impact on the planet, Vallibel One undertakes a conscious effort to mitigate its effects across three key areas; namely solid waste, effluents and emissions.

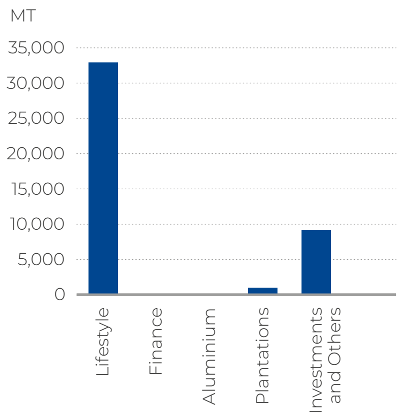


Solid Waste Management

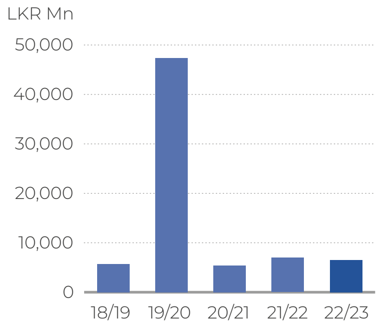
The Group manages its solid waste by means of focusing on waste segregation, storage and the responsible disposal of both hazardous and non- hazardous waste. The aforementioned process is managed in accordance with the relevant best practices for each particular business function, often utilising third party suppliers to aid the journey.

The year under review saw the Group responsibly dispose of 47,163 metric tonnes of waste in a responsible manner, a majority of which were generated from the Group's manufacturing activities. 98% of the waste was classified as non-hazardous and included waste material spanning paper, aluminium scraps and tile rejects.

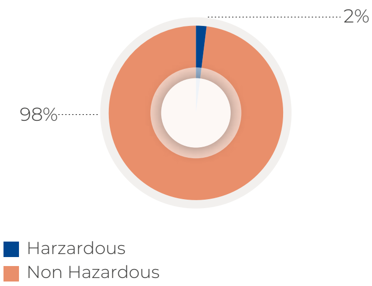
Waste Generation by sector



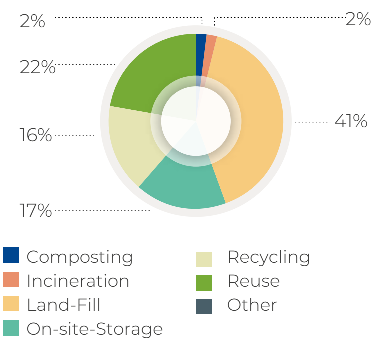
Energy Intensity per Employee



Type of Waste



Waste Disposal By Methods



Effluent Treatment

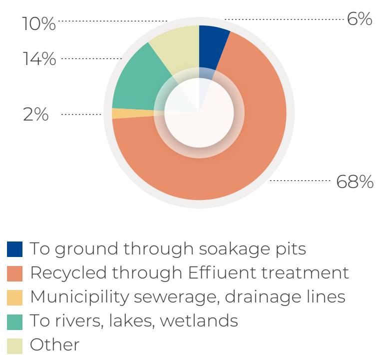
Vallibel One's effluents are primarily attributable to the by-products of its manufacturing operations. As a mitigatory measure, the Group relies on systems and procedures to treat effluents prior their discharge into any surrounding water bodies to avoid contamination and any resulting harmful impacts thereof.

Several factories within the Group possess fully-functional effluent treatment plants, each of which are equipped with the facilities required to monitor water quality in accordance with national environmental standards and best practices.

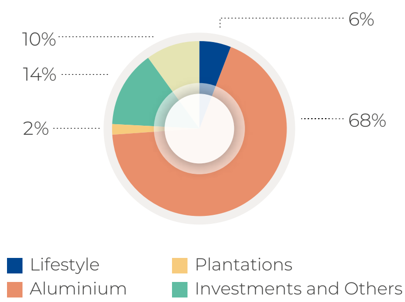
The reporting year saw 238 Mn litres of effluent water discharged into the environment across the Group, of which 159 Mn litres were purified via treatment plants, thereby amounting to 69% of the total discharge.

The lifestyle sector is responsible for 71% of the Group's impact in this regard, closely followed by the plantations and aluminium sectors, which contribute toward 19% and 4% of the total discharge respectively.

Effluent treated water discharge



Effluent water discharged by manufacturing sectors



Natural Capital

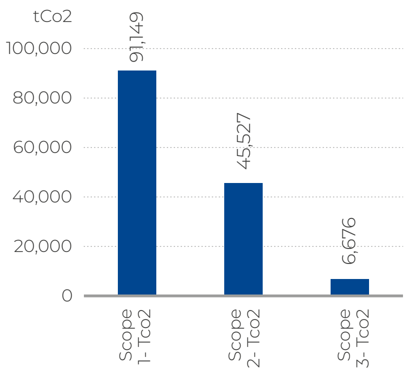
Effluent Treatment

Lifestyle	Aluminium	Plantations
6 effluent treatment plants Rocell and Lanka Tile factories	**2** On-site sludge yard	**2** effluent treatment plants at estates

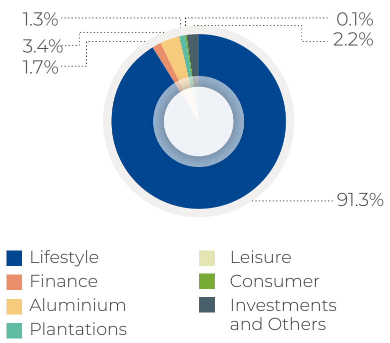
Emissions Management

The Group's carbon footprint for the year under review was recorded at 143,351.86 tCO2e, resulting in a 8.1% increase against the previous year's 156,034 tCO2e. The Group's Scope 01 Emissions account for 64% of its total footprint, and largely represent the combustion of fuel within the lifestyle sector, which accounted for 60% of the total emissions. In terms of overall contribution towards Group-wide GHG emissions, the aluminium and investments and others sectors follow, ranked at second and third position in terms of their respective impact.

GHG Emissions Scope 1,2,3



GHG Emissions by sectors



Environmental Compliance

In managing its resource consumption and impact across its diverse business sectors, the Group remains aligned with best practices and standards, and guided by internationally acclaimed certification bodies to ensure all duties are discharged in an effective and responsible manner. The Group did not record any fines and non-monetary sanctions for non-compliance with environmental laws, rules and regulations during the period under review.

Thuru Wawamu Project by LB Finance PLC

Going Forward:

As an entity intrinsically linked with the surrounding environment and communities across the island, the Group pledges to nurture and utilise its natural capital base in a responsible and sustainable planet for the foreseeable future.

- Seeking out renewable and alternative material sources to integrate sustainability into the manufacturing process.
- Investing in digitisation to improve processes and efficiencies and reduce overall resource consumption.
- Investing in establishing green principles to support a structured approach towards solid waste disposal across the Group.
- Advocating for lean energy management practices and encouraging a continued transition towards renewable energy sources across other sectors
- Improving and investing in the stringent treatment and testing of effluents to prevent contamination.
- Assessing and monitoring greenhouse gas emissions and taking the necessary remedial action to reduce the Group's carbon footprint.

Transparency. Accountability. Trust.

GOVERNANCE

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 Ceramics 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 8 public listed companies as at 31st March 2023, 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. On 29th March 2023, Vallibel Plantation Management Ltd, (a subsidiary of Lanka Walltiles PLC) disposed of its shareholding in Horana Plantations PLC to Hayleys Plantation Services (Pvt) Ltd, whereby Horana Plantations PLC ceased to be a subsidiary of the Company. 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.

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 two Executive Director's and five 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 41 to 44.

Vallibel One's Board had four Female Directors, accounting for 57% female representation, which may be the highest percentage of female representation on the Board of a listed Company in Sri Lanka.

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.

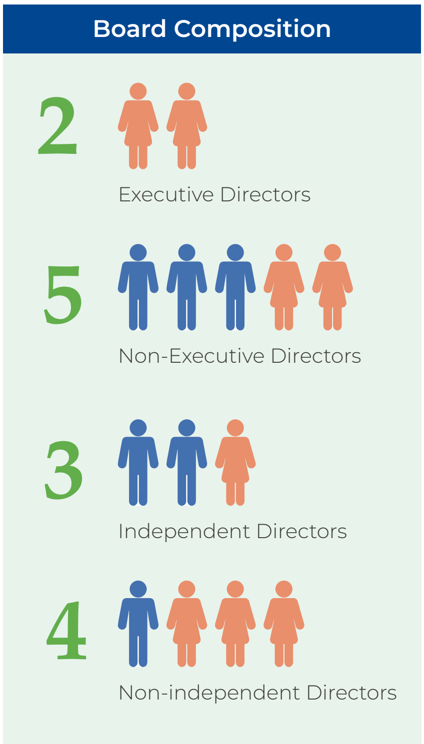
The roles of the Chairman and Managing Director which were merged prior to 10th June 2022, for alignment of Vallibel One's wide ranging businesses, driving Group synergies are now separated in a clear distinction being drawn between responsibilities, there by ensuring balance of power and authority Mr S H Amarasekera Independent non-executive director serves as the chairman of the Board while Mrs. Yogadinusha Bhaskaran functions as the Managing Director. 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

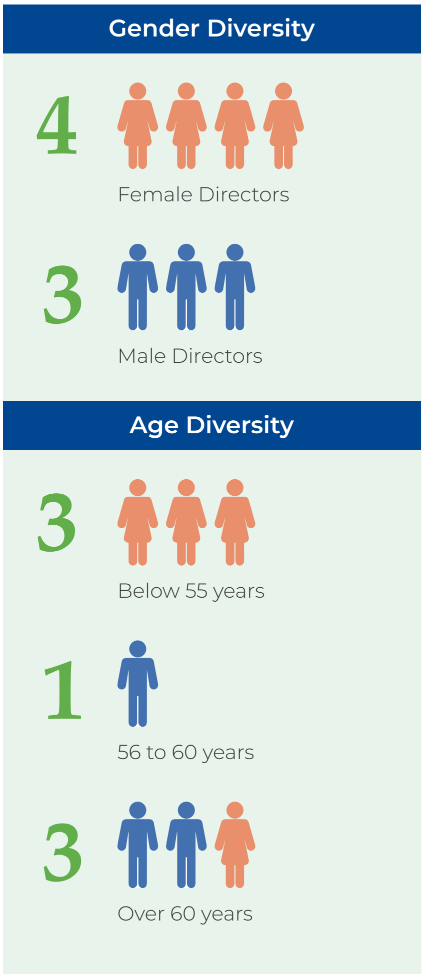
- Investment decisions
- Monitoring performance of investments
- Divestments
- Delegation of authority
- Voting at key AGMs of investee companies
- Policy formulation
- Directors' remuneration
- Compliance and risk-related matters as reported by the Audit Committee
- Matters escalated to the Board by 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 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."



Corporate Governance



Diversity of Thought

- Economics
- Risk Management
- Accounting and Finance
- Entrepreneurship
- Banking and Management
- Marketing and Sales
- Corporate and Commercial Law

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, 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 Ms. A A Kawshi Amarasinghe 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 Ms. A A Kawshi Amarasinghe 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 Ms. A A Kawshi Amarasinghe/ 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 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 215 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 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 214 for more information.
Nomination Committee	Comprises three Directors with a combination of independent non-independent executive Directors: ➤ Mr S H Amarasekera (Chairman) ➤ Mr J A S S Adhihetty ➤ Mrs Y Bhaskaran	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 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 S H Amarasekera *(appointed on 16th June 2022)*	4/4	4/4	4/4	1/1	1/1
Mrs Y Bhaskaran *(appointed on 15th June 2022)*	3/3	-	-	-	-
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	-
Ms A A Kawshi Amarasinghe *(appointed on 15th June 2022)*	3/3	-	-	-	-
Ms K D Brindhiini Perera *(appointed on 19th October 2022)*	2/2	-	-	-	-
Mr K D D Perera *(resigned 10th June 2022)*	1/1	-	-	-	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 PLC 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 J A S S Adhihetty (Managing Director) ➤ Mrs Y Bhaskaran (Non-Executive Director)
Royal Ceramics Lanka PLC	Subsidiary	➤ Mr S H Amarasekera (Chairman, Independent Non-Executive Director) ➤ Mr R N Asirwatham (Independent Non-Executive Director) ➤ Ms K D Brindhiini Perera (Non-Executive Director)
Delmege Limited	Subsidiary	➤ Mrs Y Bhaskaran
Greener Water Ltd	Subsidiary	➤ Mrs Y Bhaskaran (Chairperson) ➤ Mr J A S S Adhihetty ➤ Ms. A A Kawshi Amarasinghe
The Fortress Resorts PLC	Associate	➤ 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 44.1 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 Managing

Board Highlights 2022/23

- Shift from Executive Chairman to Non Executive Chairman.
- Change In the Board diversity with a majority representation (57%) by female Directors.
- The Board's maturity coupled with the energy and new perspectives that young Board members offer, resulting from new appointments made to the Board during the year under review.
- As recommended by the Best Practices on Corporate Governance, a scheme of self assessment was undertaken by each Director.

Corporate Governance

Director 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 209 to 212 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 213.
- Auditor's Report on Financial Statements is set out on page 218 of this report.
- Sector Review from pages 84 to 151.
- Related party transactions disclosures in Note 44 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 2023

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 2023 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.

[On 29th March 2023, Vallibel Plantation Management Ltd, (a subsidiary of Lanka Walltiles PLC) disposed of its shareholding in Horana Plantations PLC to Hayleys Plantation Services (Pvt) Ltd, whereby Horana Plantations PLC ceased t be a subsidiary of the Company]

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 pages 260 and 261.

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 35 to 36, Managing Director's Review on pages 38 to 40 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 41 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.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Chief Financial Officer and two Directors on behalf of the Board 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 218 to 220

Accounting Policies and changes during the year

The accounting policies adopted in the preparation of the Financial Statements are given on pages 228 to 351. 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 221 to 351 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 213.

Net Revenue, Results and Appropriations

The net revenue of the Group during the year under review was LKR 117 Bn. (LKR 94 Bn in the year 2021/22).

Annual Report of the Board of Directors on the Affairs of the Company

The Net Profit before tax of the Group and the Company amounted to LKR 25 Bn and LKR 3.1 Bn respectively in the year under review [LKR 27.6 Bn and LKR 5.3 Bn respectively in 2021/22].

The Net Profit after tax of the Group and the Company amounted to LKR 17.8 Bn and LKR 3 Bn respectively in the year under review [LKR 20.6 Bn and LKR 4.7 Bn respectively in 2020/21].

Details of Appropriations are given in the Statement of Changes in Equity on pages 225 and 227.

Dividends on Ordinary Shares

The Board does not recommend a dividend for the year under review.

Reserves

A summary of the Group's Reserves is given in Note 28 to the Financial Statements on page 306.

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 and 15 of Financial Statements on pages 267 to 279 and 265 to 266 respectively.

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 and 12 on pages 258 and 261 respectively.

Stated Capital

The Stated Capital of the Company as at 31st March 2023 was LKR 29,337,102,427/- represented by LKR 1,138,915,644 Ordinary Shares. There were no changes in the Stated Capital of the Company during the year.

Share Information

Distribution Schedule of Shareholding

Information on the distribution of shareholding and the respective percentages and analysis of shareholders are given on page 76 to 81 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 354.

Major Shareholders

Information on the twenty largest shareholders of the Company is given on page 80 under Shareholders' Information.

Public Holding

Information on public holding in terms of the Listing Rules is given on page 77 under Shareholders' Information.

Information on the Directors of the Company and Directors of Group Companies as at 31st March 2023

The Board of Directors of the Company as at 31st March 2023 consisted of Seven (7) 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 page 41 to 44.

Names of the Directors who held office during the year and as at 31st March 2023 as required by section 168 (1) (h) of the Companies Act are given below :

Name of Director	Executive	Non-Executive	Independent Non-Executive
Mr. S H Amarasekera			✔
Mrs Yogadinusha Bhaskaran	✔		
Mr. J A S S Adhihetty		✔	
Mr. R N Asirwatham			✔
Mrs Shirani Jayasekara			✔
Ms A A Kawshi Amarasinghe	✔		
Mr K A D Brindhiini Perera		✔	

Changes in the directorate during the year

Mr K D D Perera, Chairman / Managing Director of the Company resigned from the office of Director / Managing Director / Chairman with effect from 10th June 2022.

Mrs Yogadinusha Bhaskaran and Ms A A Kawshi Amarasinghe were appointed to the Board with effect from 15th June 2022, and were designated as the Managing Director and Executive Director respectively.

Mr Harsha Amarasekera, Independent Non Executive Director was appointed the Chairman of the Board of Directors with effect from 16th June 2022.

Directors of the subsidiaries and the associate company as at 31st March 2023

Names of the Directors of the subsidiaries and the associate company are given on pages 358 to 364.

Recommendation for re-election of Directors who retire by rotation

Ms A A Kawshi Amarasinghe 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 80 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.07 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 72 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.

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 206.

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 pages 205 and as required by the Listing Rules, the Reports of the Audit Committee and the Related Party Transactions Review Committee are on pages 214 and 215 respectively, whilst the remuneration policy is on page 205.

In line with the best practices on Corporate Governance, the Board has also formed a Nomination Committee.

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 2023.

Directors' Interests in Shares

The information pertaining to the Directors' Shareholding in the Company is given on page 79.

Directors' Remuneration

The Directors' remuneration is disclosed under Key Management Personnel Compensation in Note 44.1 to the Financial Statements on page 330.

Directors Interests in Contracts or Proposed Contracts and Interests Register Directors Interests in Contracts

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 47 on page 338 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 33 to the Financial Statements on page 313.

Annual Report of the Board of Directors on the Affairs of the Company

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 3,037,175/- is payable by the Company to the Auditors for the year under review comprising LKR 307,358/- as audit fees and LKR 2,729,817/- 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 33 to the Financial Statements on page 313.

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 2023 are given in Note 42 to the Financial Statements on pages 328 to 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 43 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 2023 at 3.30 p.m. which will be a Virtual Annual General Meeting held by way of electronic means centered at No. 20, R A De Mel Mawatha, Colombo 03.

The Notice of the Annual General Meeting appears on page 380.

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 7 June 2023

This Annual Report is signed for and on behalf of the Board of Directors by

Scanned signature

Harsha Amarasekera
Chairman

Yogadinusha Bhaskaran
Managing Director

Anusha Wijesekara
P W Corporate Secretarial (Pvt) Ltd

Secretaries

7 June 2023
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 218 to 220 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

P W Corporate Secretarial (Pvt) Ltd
Secretaries

7 June 2023

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

Meetings

The Committee met 04 times during the financial year under review and attendance of the members is given on page 206:

Name of Director	Attendance
Mrs Shirani Jayasekara	4/4
Mr. S H Amarasekera	4/4
Mr. R N Asirwatham	4/4

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 two Non-Recurrent RPTs which were reviewed and recommended by the Committee and approved by the Board. The said Non Recurrent RPTs did not require an immediate market announcement 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 two (2) 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 two non-recurrent RPTs during the year under review, whereby the Company issued two Letters of Comfort on behalf of Delmege Forsyth and Company Limited to two commercial banks against Banking Facilities extended by the said Banks to the said company.

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 330 of the Annual Report.

Shirani Jayasekara
Chairperson

Related Party Transactions Review Committee

7 June 2023

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 profile of each member are given on page 42 of this report.

The Company Secretary acts as the Secretary to the Audit Committee.

The Managing Director 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. Evaluating internal controls and risk management processes within the Company to provide a reasonable assurance that the Company's assets are safeguarded.

Financial Reporting

The Committee reviewed and discussed the un-audited 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 and 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.

Independent 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.

During the year the Committee considered the Non Assurance Services to be provided by Messrs Ernst & Young under different Partners distinct from the Partner in charge of the Audit, and the fee structure therefore and granted its pre-concurrence for Messrs Ernst & Young to perform Non Assurance Services at a pre agreed fee structure whilst ensuring that the provision of those services does not impair the independence of the Auditors.

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), to the extent that the Audit Committee is aware, the Auditors do not have any relationship with (other than that of the Auditor and provider of non assurance services as aforesaid) 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

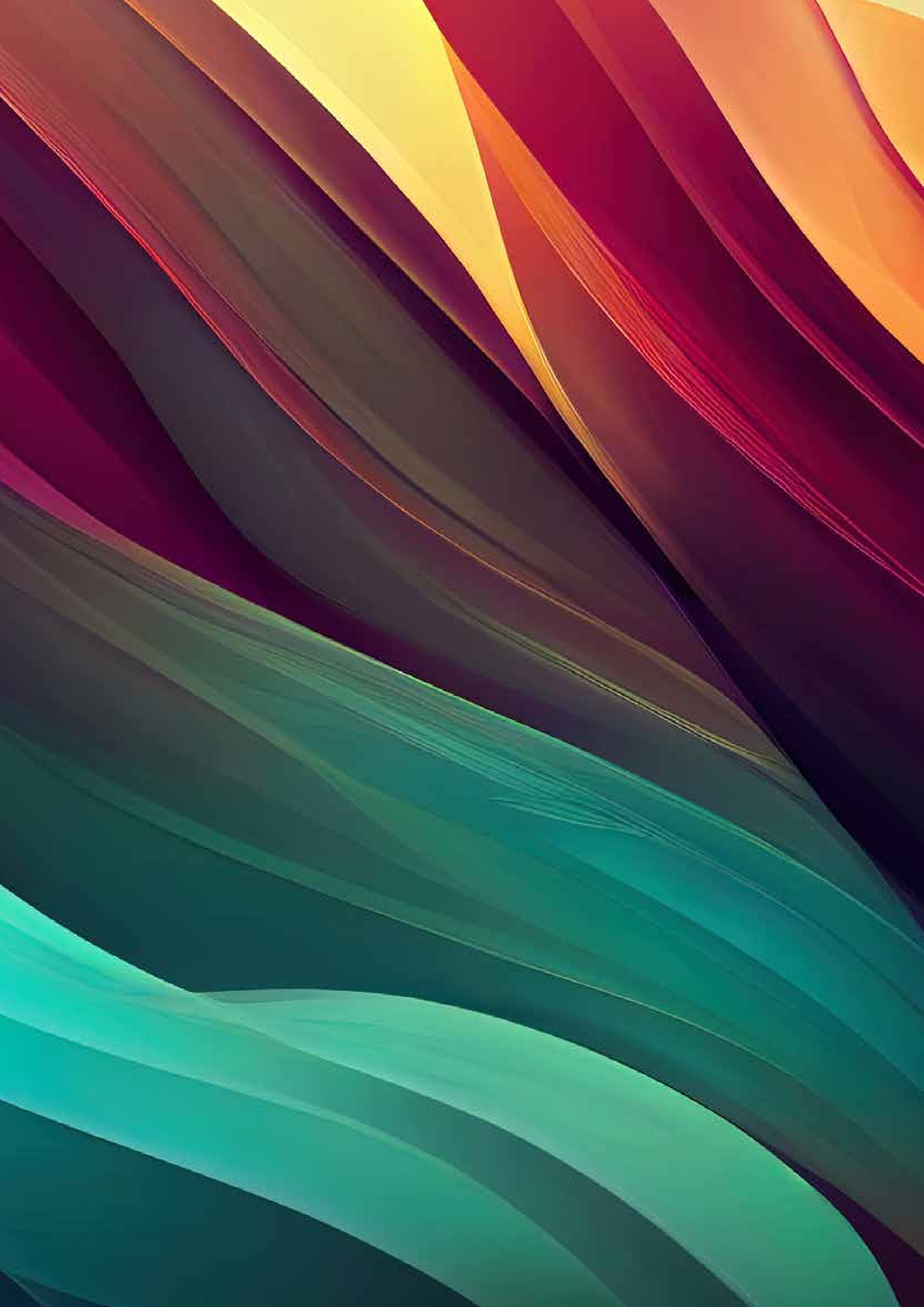
The Audit Committee having evaluated the performance of the Independent Auditors, has decided to recommend to the Directors the re-appointment of Messrs Ernst & Young, Chartered Accountants for the financial y ear ending 31st March 2024 up to the next Annual General Meeting, subject to the approval of 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 2023



Robust. Stable. Progressive.

Financial Calender

Interim Financial Statements - 2022/23 1st quarter	15th Aug 2022
Interim Financial Statements - 2022/23 2nd quarter	15th Nov 2022
Interim Financial Statements - 2022/23 3rd quarter	14th Feb 2023
Interim Financial Statements - 2022/23 4th quarter	31st May 2023
Annual Report 2022/23	07th June 2023
13th Annual General Meeting	30th June 2023

FINANCIAL REPORTS

Independent Auditor's Report

Building a better working world

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Chartered Accountants
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Colombo 10, Sri Lanka

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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 2023, and the statement of profit or loss, 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 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 Matter
Assessment of Impairment of Goodwill	
Intangible assets include an amount Rs. 11.1 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 15 to financial statements. Assessment of impairment 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. Key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the value- in- use calculations and estimated cash flows, long term growth rates and discount rate including the potential impact of the current economic conditions.	Our audit procedures included the following; • We gained an understanding of how management has developed its estimation of future cash flows which included the consideration of the impacts of current economic conditions, • we checked the calculations of the discounted cashflows • we assessed the reasonableness of significant assumptions including long term growth rates and discount rate, and • 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 have also assessed the adequacy of the disclosures made in Note 15 in the financial statements

Provision for credit impairment on financial assets carried at amortized cost

As at 31 March 2023, provision for credit impairment on financial assets carried at amortized cost net of impairment allowances amounted to LKR 146 Bn as disclosed in notes 5 & 6 to the financial statements.

This was a key audit matter due to the materiality of the reported provision for credit impairment which involved complex calculations; degree of significant judgements and assumptions and level of estimation uncertainty associated with estimating future cashflows management expects to receive from such financial assets.

Key areas of significant judgments, estimates and assumptions used by management in the assessment of the provision for credit impairment included the following:

management overlays to incorporate the current economic contraction;

the Incorporation of forward-looking information such that expected cashflows reflect current and anticipated future external factors evaluated under different economic scenarios and the probability weighting determined for each of these scenarios.

In addressing the adequacy of the provision for credit impairment on financial assets carried at amortized cost, our audit procedures included the following key procedures:

- We assessed the alignment of the Group's provision for credit impairment computations and underlying methodology including responses to market economic volatility with its accounting policies, based on the best available information up to the date of our report.
- We evaluated the Internal controls over estimation of credit impairment, which included assessing the level of oversight, review and approval of impairment allowances policies and procedures by the Board and management.
- 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 inputs as disclosed in notes 5 & 6 and the calculations used in the provision for credit impairment.
- We assessed whether judgements used in assumptions and estimates made by the management when estimating future cashflows, in the underlying methodology and management overlays were reasonable. Our assessment included portfolio segmentation, elevated risk industries, evaluating the reasonableness of forward-looking information, different economic scenarios and probability weighting assigned to each scenario.

We assessed the adequacy of the related financial statement disclosures as set out in notes, 5 and 6 of the financial statements.

Existence and carrying value of Inventories

As at 31 March 2023, the carrying value of inventories amounted to Rs. 27.4 Bn net of a provision of Rs.1 Bn for slowing-moving inventory as disclosed in note 14 to the financial statements.

Existence and carrying value of inventories was a key audit matter due to:

- Materiality of the reported amount, which represents 9% of the Group's total assets
- Inventories being held at multiple locations
- Judgements applied by the management in determining the provision for slow-moving inventory on account of ageing and prevailing economic conditions.

Our audit procedures included the following:

- Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the reporting date.
- Tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices of such items.
- Understood the process followed by the management for the measurement of inventory and tested the relevant controls.
- Tested the accuracy and completeness of inventory age reports used in the estimation of allowances
- Assessed the reasonableness of management judgements applied in determining provision for slow-moving inventory.

We also assessed the adequacy of disclosures made in relation to the valuation of inventories in Notes in 14 to the financial statements.

Independent Auditor's Report

Other Information included in the 2023 Annual 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 overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 2023

Statement of Financial Position

As at 31 March	Note	COMPANY 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
ASSETS					
Cash and Cash Equivalent	3	1,366,913	904,727	10,042,529	32,068,507
Financial Assets Measured at Fair Value Through Profit or Loss	4.1	55,313	48,608	244,464	94,039
Financial Assets At Amortised Cost- Loans and Advances	5	-	-	112,231,789	93,897,204
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire	6	-	-	34,139,807	41,640,197
Equity Instruments measured at Fair Value through OCI	4.2	8,983,647	7,837,162	9,004,200	7,860,693
Other Financial Assets	8	-	-	21,792,561	5,691,763
Trade and Other Debtors, Deposits and Prepayments	9	1,055,928	1,038,869	10,493,206	10,048,943
Contract Asset	9.2	-	-	32,343	46,463
Other Non Financial Assets	10	5,811	5,562	4,774,098	2,967,993
Investments in Subsidiaries	11	23,234,324	21,299,324	-	-
Investment in Associate	12	413,068	413,068	593,932	598,333
Deferred Tax Assets	13	8,580	7,003	966,225	70,607
Income Tax Recoverable		-	-	3,038	31,847
Inventories	14	-	-	27,398,634	15,033,590
Intangible Assets	15	-	-	12,931,130	12,820,049
Consumable Biological Assets	18.2	-	-	-	595,643
Investment Property	19	-	-	2,074,213	2,116,204
Property, Plant and Equipment	16	21,185	26,170	60,336,193	56,939,413
Right of use assets	17	108,754	21,903	2,544,947	2,626,494
Assets held for sale	38.5	-	-	42,861	62,502
Total Assets		35,253,523	31,602,396	309,646,170	285,210,484
LIABILITIES					
Due to Banks	20	490	155	23,661,702	29,518,650
Due to Customers	21	-	-	114,248,253	89,478,506
Interest Bearing Loans and Borrowings	22	115,502	29,259	24,216,840	26,528,792
Trade and Other Payables	23	44,711	53,529	10,004,071	12,252,645
Other Non Financial Liabilities	24	-	-	1,919,070	771,895
Contract Liabilities	24.2	-	-	2,831,092	6,474,167
Dividend Payable	25	11,113	13,372	516,111	145,153
Employee Benefit Liabilities	26	25,722	24,553	1,659,197	1,944,313
Income Tax Liabilities		33,649	375,094	3,557,745	3,862,564
Deferred Tax Liabilities	13	-	-	7,449,283	5,566,274
Liabilities directly associated with the assets classified as held for sale	38.6	-	-	200,657	214,476
Total Liabilities		231,187	495,962	190,264,021	176,757,435

Statement of Financial Position

As at 31 March	Note	COMPANY 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Shareholders' Funds					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	27	**29,337,103**	29,337,103	**29,337,103**	29,337,103
Retained Earnings		**8,014,503**	5,245,086	**33,720,011**	28,346,306
Other components of equity	28	**(2,329,270)**	(3,475,754)	**13,867,502**	12,282,036
Total Equity Attributable to Equity Holders of the Parent		**35,022,336**	31,106,434	**76,924,616**	69,965,445
Non Controlling Interest	29	**-**	-	**42,457,533**	38,487,604
Total Equity		**35,022,336**	31,106,434	**119,382,149**	108,453,049
Total Equity and Liabilities		**35,253,523**	31,602,396	**309,646,170**	285,210,484

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.

Yogadinusha Bhaskaran
Managing Director

Sumith Adihetty
Director

7th June 2023
Colombo

The accounting policies and notes on pages 228 through 351 form an integral part of these Financial Statements.

Statement of Profit or Loss

As at 31 March	Note	COMPANY 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Revenue from Contracts with Customers		-	-	76,881,129	66,789,080
Interest Income		-	-	39,973,555	27,506,107
Total Revenue	30	-	-	116,854,684	94,295,187
Cost of Sales		-	-	(66,202,342)	(48,765,087)
Gross Profit		-	-	50,652,342	45,530,100
Dividend Income	31	3,092,306	5,338,464	568,541	727,988
Other Operating Income	32	433,784	366,064	761,428	1,447,115
Administrative Expenses		(391,965)	(331,393)	(11,231,204)	(8,969,398)
Distribution Expenses		-	-	(9,358,517)	(7,315,909)
Other Operating Expenses		-	(39,390)	(721,656)	(1,280,494)
Result from operating activities	33	3,134,125	5,333,745	30,670,934	30,139,402
Finance Cost	34	(19,763)	(7,949)	(4,159,420)	(1,035,465)
Finance Income	35	71,801	35,397	1,248,782	536,978
Net Finance Income/ (Cost)		52,038	27,448	(2,910,638)	(498,487)
Share of results of equity accounted Investees	12.2	-	-	(4,473)	7,451
Operating Profit before Tax on Financial Services		3,186,163	5,361,193	27,755,823	29,648,366
Tax on Financial Services	36	-	-	(2,677,605)	(2,136,551)
Profit before tax		3,186,163	5,361,193	25,078,218	27,511,815
Income Tax Expense	37	(132,806)	(568,490)	(7,645,506)	(6,990,191)
Profit for the year from continuing operations		3,053,357	4,792,703	17,432,712	20,521,624
Discontinued Operation					
Profit/ (Loss) after tax for the year from discontinued operations	38	-	-	375,988	58,597
Profit for the year		3,053,357	4,792,703	17,808,700	20,580,221
Attributable to :					
Equity holders of the Parent		3,053,357	4,792,703	9,524,006	10,352,614
Non Controling Interests		-	-	8,284,694	10,227,607
		3,053,357	4,792,703	17,808,700	20,580,221
Earnings Per Share	39	2.68	4.21	8.36	9.09
Dividend Per Share	39.1	-	2.50	-	2.50

The accounting policies and notes on pages 228 through 351 form an integral part of these Financial Statements.

Statement of Other Comprehensive Income

For the year ended 31 March	Note	Company 2023 LKR '000	Company 2022 LKR '000	Group 2023 LKR '000	Group 2022 LKR '000
Profit for the year		**3,053,357**	4,792,703	**17,808,700**	20,580,221
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		-	-	**(62,996)**	59,564
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		-	-	**(62,996)**	59,564
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Acturial Gain/(loss) on retirement benefit obligation	26	**6,710**	(4,853)	**26,953**	238,065
Less: Deferred tax charge/ reversal on Acturial Gain/(loss) on retirement benefit obligation		**(2,013)**	1,165	**(5,525)**	(48,415)
Acturial Gain/(loss) on retirement benefit obligation - Net of tax		**4,697**	(3,688)	**21,428**	189,650
Revaluation of Property, Plant and Equipment		-	-	**1,388,461**	2,366,424
Less: Deferred tax charge revaluation		-	-	**(1,431,551)**	(431,526)
Revaluation - Net of tax		-	-	**(43,090)**	1,934,898
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		**1,146,484**	(1,368,937)	**1,143,466**	(1,369,917)
Share of other comprehensive income of an associate		-	-	**72**	(262)
Net Other Comprehensive Expense from Discontinued Operation		-	-	**(36,231)**	-
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**1,151,181**	(1,372,625)	**1,085,645**	754,369
Other comprehensive income/(loss) for the year, net of tax		**1,151,181**	(1,372,625)	**1,022,649**	813,933
Total Comprehensive Income for the year, net of tax		**4,204,538**	3,420,078	**18,831,349**	21,394,154
Total Other Comprehensive Income attributable to :					
Equity holders of the Parent		**4,204,538**	3,420,078	**10,701,509**	10,244,592
Non - Controlling Interests		-	-	**8,129,840**	11,149,562
		4,204,538	3,420,078	**18,831,349**	21,394,154

The accounting policies and notes on pages 228 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 2021	29,337,103	(2,106,817)	3,303,359	30,533,645
Profit for the Period	-	-	4,792,703	4,792,703
Other Comprehensive Income/ (Expense), 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	29,337,103	(3,475,754)	5,245,085	31,106,434
Balance as at 01st April 2022	29,337,103	(3,475,754)	5,245,085	31,106,434
Surcharge Tax	-	-	(288,636)	(288,636)
Adjusted balance as at 01st April 2022	29,337,103	(3,475,754)	4,956,449	30,817,798
Profit for the Period	-	-	3,053,357	3,053,357
Other Comprehensive Income, Net of Tax	-	1,146,484	4,697	1,151,181
Total Comprehensive Income	-	1,146,484	3,058,054	4,204,538
Balance as at 31st March 2023	29,337,103	(2,329,270)	8,014,503	35,022,336

The accounting policies and notes on pages 228 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 2021	29,337,103	(44,112)	6,152,845	(2,178,413)
Profit for the Period	-	-	-	-
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)
Balance as at 01st April 2022	29,337,103	(44,112)	6,585,938	(3,547,525)
Surcharge tax	-	-	-	-
Adjusted balance as at 01st April 2022	29,337,103	(44,112)	6,585,938	(3,547,525)
Profit for the Period	-	-	-	-
Other Comprehensive Income, Net of Tax	-	-	-	1,144,482
Total Comprehensive Income	-	-	-	1,144,482
Dividend Write back of unclaimed dividend	-	-	-	-
Transfer	-	-	423,016	10
NCI on acquisition of subsidiary	-	-	-	-
Dividend Paid	-	-	-	-
Subsidiary Dividends to Minority Shareholders	-	-	-	-
Change in Non controlling Interest with disposal of a sub-subsidiary				
Change in ownership without change in control	-	-	-	-
Balance as at 31st March 2023	29,337,103	(44,112)	7,008,954	(2,403,033)

The accounting policies and notes on pages 228 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
100,704	7,458,538	578,449	21,151,234	62,556,348	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
146,252	8,563,034	578,449	28,346,306	69,965,446	38,487,604	108,453,049
-	-	-	(3,745,312)	(3,745,312)	(223,424)	(3,968,736)
146,252	8,563,034	578,449	24,600,994	66,220,134	38,264,180	104,484,313
-	-	-	9,524,006	9,524,006	8,284,694	17,808,700
(42,582)	60,540	-	15,063	1,177,503	(154,855)	1,022,648
(42,582)	60,540	-	9,539,069	10,701,509	8,129,839	18,831,348
-	-	-	11,207	11,207	393	11,600
-	-	-	(423,026)	-	-	-
-	-	-	-	-	(388)	(388)
-	-	-	(39)	(39)	-	(39)
-	-	-	-	-	(3,669,593)	(3,669,593)
					(455,677)	(455,677)
-	-	-	(8,194)	(8,194)	188,779	180,585
103,670	8,623,574	578,449	33,720,011	76,924,617	42,457,533	119,382,149

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 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Net Profit before Taxation		3,186,163	5,361,193	25,078,218	27,511,815
Profit/ (Loss) from Discontinued operation	38	-	-	863,018	84,465
ADJUSTMENTS FOR					
Net Gain on Financial Assets Recognised Through Profit or Loss	32	(6,705)	-	(7,024)	(4,810)
Impairment Provision/ (Reversal) of Financial Assets At Amortised Cost- Loans and Advances		-	-	613,547	1,200,908
Impairment Provision/ (Reversal) of Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire		-	-	(268,143)	44,402
Impairment Provision/ (Reversal) of Trade and Other Debtors, Deposits and Prepayments		-	-	102,780	28,061
Share of profits of equity accounted Investees		-	-	4,473	(7,451)
Provision for inventory	14.1	-	-	276,682	337,245
Amortization Intangible assets	15	-	-	91,279	88,132
Change in fair Value of Consumable Biological Assets	18.2	-	-	14,224	(23,335)
Change in Fair Value of Investment Property	19	-	-	(22,672)	(46,573)
Depreciation on Property, plant and equipments	16	11,220	10,897	2,449,114	2,377,279
Loss/ (Profit) on sale of Property,plant & equipment	32	-	-	(16,385)	18,058
Amortisation of biological assets	18.1	-	-	121,966	135,304
Bearer biological assets Write off during the year		-	-	33,792	18,996
Impairment of Leasehold Rights Over Mining Lands	19	-	-	-	475
Depreciation of Right of Use Assets	17	38,023	37,549	628,302	608,506
Provision For Employee Benefit Liabilities	26	7,879	5,011	480,311	286,409
Amortization of Capital Grant	24.1	-	-	(7,670)	(7,565)
Dividend income	31	(3,092,306)	(5,338,464)	(568,541)	(727,988)
Finance Cost	34	19,763	7,949	4,159,420	1,168,395
Finance Income	35	(71,801)	(35,397)	(1,248,782)	(1,306,394)
Operating Profit before Working Capital Changes		92,236	48,738	32,777,909	31,784,334
(Increase)/Decrease in Financial Assets At Amortised Cost- Loans and Advances		-	-	(18,948,132)	(27,631,532)
(Increase)/Decrease in Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire		-	-	7,768,533	5,675,036
(Increase)/Decrease in Other Financial Assets		-	75,000	(16,100,798)	5,495,435
(Increase)/Decrease in Trade and Other Debtors, Deposits and Prepayments		(17,060)	(375,302)	138,251	(1,819,323)
(Increase)/Decrease in Other Non Financial Assets		(249)	(2,813)	(1,805,217)	(1,865,056)
(Increase)/Decrease in Inventories		-	-	(13,127,959)	(3,052,518)
(Increase)/Decrease in Consumable Biological Assets		-	-	(10,129)	58,270
Increase/(Decrease) in Asset held for Sale		-	-	26,417	(42,379)
Increase/(Decrease) in Due to Banks		-	-	(6,245,479)	10,070,907
Increase/(Decrease) in Due to Customers		-	-	24,769,747	3,538,293
Increase/(Decrease) in Trade & Other Payables		(8,818)	32,666	(2,599,308)	2,451,927
Increase/(Decrease) in Other Non Financial Liabilities		-	-	(2,382,576)	4,689,157
Cash Generated from/ (Used in) Operations		66,109	(221,711)	4,261,259	29,352,551

For the year ended 31 March	Note	COMPANY 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Retirement Benefits Liabilities paid	26	-	-	(284,485)	(197,333)
Finance Cost Paid		(19,763)	(7,949)	(4,123,017)	(1,668,268)
Interest received		71,801	35,397	1,248,782	1,306,394
Taxes Paid		(766,477)	(408,019)	(12,243,940)	(6,710,341)
Net Cash from/ (Used in) Operating Activities		(648,330)	(602,282)	(11,141,401)	22,083,003
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale/(Purchase) of Financial Assets Recognised Through Profit or Loss		-	39,390	(143,401)	47,820
Sale/(Purchase) of Equity Instruments measured at Fair Value through OCI		-	-	(41)	658
Disposal/ (Investment) in Subsidiary		(1,935,000)	(1,068,601)	-	-
Purchase of Intangible assets	15	-	-	(207,325)	(108,680)
Purchase of investment property	19	-	-	(2,337)	(89,324)
Proceeds from disposal of investment property		-	-	67,000	-
Purchase of Property, Plant & Equipment		(6,235)	(4,583)	(7,389,770)	(4,657,406)
Proceeds from Sale of Property, Plant & Equipment	16	-	-	921,665	957,682
Proceeds from Sale of Intangible Assets				4,949	-
Cost on Bearer Biological Assets	18.1	-	-	(278,515)	(171,287)
Acquisition of Right of use assets	17	(124,874)	-	(758,634)	(540,627)
Dividend Received		3,092,306	5,338,464	568,541	727,988
Net Cash from/ (Used in) Investing Activities		1,026,197	4,304,670	(7,217,868)	(3,833,176)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds From Interest Bearing Loans & Borrowings		-	-	17,882,331	53,944,640
Repayment of Interest Bearing Loans & Borrowings		86,243	(38,903)	(18,271,637)	(46,754,545)
Capital Grant Received		-	-	821	1,894
Disposal/ (Acquisition) of Non controlling interest		-	-	(275,480)	278,895
Dividend Paid		(2,259)	(2,847,738)	(3,287,074)	(7,356,948)
Net Cash Generated from/ (Used in) Financing Activities		83,984	(2,886,641)	(3,951,039)	113,936
Net Increase / (Decrease) in Cash & Cash Equivalents		461,851	815,747	(22,310,308)	18,363,763
Net Unrealised Exchange (Gains)/Losses		-	-	(62,730)	53,140
Cash and Cash Equivalents at the beginning of the Year		904,572	88,825	27,573,191	9,156,288
Cash and Cash Equivalents at the end of the Year	3.2	1,366,423	904,572	5,200,153	27,573,191

The accounting policies and notes on pages 228 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 2023 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 2023 were authorised for issue in accordance with a resolution of the directors on 07/06/2023.

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 45.

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 The prevailing economic condition 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 Changes in Accounting Policies

New and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2023, except for the adoption of new standards effective as of 1 April 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.9 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	40
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	26
Taxation	37
Fair value of free hold land and buildings	16.5
Investment properties	19.1
Fair valuation of biological assets	18.2.1
Impairment of goodwill	15.2

Notes to the Financial Statements

2.10 Significant Accounting Policies

2.10.1 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 reattributed 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

Notes to the Financial Statements

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 newly originated or newly purchased financial assets.

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;

Financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification.

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.

2.10.2 Statement of profit or loss

(i) Revenue recognition

Refer note 30 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 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). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

(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.

Notes to the 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 installments. 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.

2.11 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.

2.12 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 2022.

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 Business Combinations: Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively

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.

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.

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

The above amendment had no impact on the financial statements of the Group.

2.13 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.

Insurance Contracts – SLFRS 17

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

A specific adaptation for contracts with direct participation features (the variable fee approach)

A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Notes to the Financial Statements

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgments, provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies

Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non current - Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non--current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period

That classification is unaffected by the likelihood that an entity will exercise its deferral right

That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Cash in hand and at Bank	1,366,913	904,727	7,124,869	18,482,392
Cash in transit	-	-	67,009	81,138
Short Term Bank Deposits	-	-	1,357,186	2,356,956
Treasury Bill Repurchase Agreement	-	-	949,809	10,069,607
Investment in Treasury Bills	-	-	-	1,033,978
Deposits	-	-	543,656	44,436
	1,366,913	904,727	10,042,529	32,068,507

3.1 The collateral value of repurchase agreements reflected on the Statement of Financial Position under cash and cash equivalents as at 31 March 2023 and 31 March 2022 was Rs.1,446,871,393/-/- and Rs.11,823,200,000/- 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 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Cash and Cash Equivalents	1,366,913	904,727	10,042,529	32,068,507
Cash and Cash Equivalents attributable to discontinued operations	-	-	6,861	7,882
Bank Overdrafts (Note 20)	(490)	(155)	(4,761,184)	(4,409,057)
Bank Overdrafts attributable to discontinued operations	-	-	(88,053)	(94,141)
Cash and Cash Equivalents at the end of the Period	1,366,423	904,572	5,200,153	27,573,191

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	2023 Number of Shares	2023 LKR '000	2022 Number of Shares	2022 LKR '000
Hotels and Travels				
Citrus Leisure PLC	8,380,767	55,313	8,380,767	48,608
		55,313		48,608

Notes to the Financial Statements

4.1.2 Investment in Shares - Group

As at 31 March	2023		2022	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Quoted				
Bank, Finance and Insurance				
Seylan Bank PLC (Non- Voting)	109,949	2,474	109,949	2,727
Food Processing				
Bairaha Farms PLC	17,600	2,552	17,600	2,662
Hotels and Travels				
Aitken Spence PLC	225,000	29,475	225,000	16,583
Royal Palms Beach Hotels PLC	4,299	113	4,299	79
John Keels Hotels PLC	45,009	851	45,009	518
Citrus Leisure PLC	11,149,043	73,584	11,149,043	64,664
Serendib Hotels PLC	16,000	157	16,000	256
Hikkaduwa Beach Resort PLC	583,393	2,975	583,393	3,325
Diversified Holdings				
Hayleys PLC	12,220	880	12,220	940
Health Care				
The Lanka Hospital Corporation PLC	45,519	5,144	45,519	2,285
Total Quoted Investments		118,205		94,039
Non-Quoted				
MBSL Insurance	4,666,667	8,667	4,666,667	8,667
Less: Impairment	-	(8,667)	-	(8,667)
Total Non-quoted Investments		-		-

4.1.3 Investment in government securities- Group

As at 31 March	2023		2022	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Treasury bonds		126,259		-
Total		244,464		94,039

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	2023		2022	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Quoted				
Bank, Finance and Insurance				
Sampath Bank PLC	171,117,084	8,983,647	171,117,084	7,837,162
Total Quoted Investments	171,117,084	8,983,647	171,117,084	7,837,162
Total	171,117,084	8,983,647	171,117,084	7,837,162

Notes to the Financial Statements

Investment in Shares - Group

As at 31 March	2023		2022	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Quoted				
Manufacturing				
Central Industries PLC	9,020	760	9,020	885
Samson International PLC	5,881	1,492	5,881	1,087
Bank Finance and Insurance				
Sampath Bank PLC	171,117,084	8,983,647	171,117,084	7,837,162
Seylan Bank PLC	-	-	1,577	50
Softlogic Finance PLC	2,090,000	16,302	2,090,000	19,646
Beverages, Food and Tobacco				
Lanka Milk Foods PLC	5,401	760	5,401	717
Convenience Food (Lanka) PLC	-	-	22	26
Total Quoted Investments		9,002,961		7,859,573
Non-Quoted				
Credit Information Bureau	1,047	107	1,072	107
Finance House Association	20,000	200	20,000	200
National Asset Management Limited	25,000	932	25,000	813
Total Non-quoted Investments		1,239		1,120
Total Carrying Value of Financial Assets - Equity Instruments measured at FVOCI		9,004,200		7,860,693

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 2023	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	55,313	-	-	55,313
	55,313	-	-	55,313
Financial Assets measured at Fair value through OCI				
Quoted equities	8,983,647	-	-	8,983,647
	8,983,647	-	-	8,983,647
Total	9,038,960	-	-	9,038,960

Notes to the Financial Statements

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

Group

As at 31st March 2023	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	118,204	-	-	118,204
Treasury bonds	-	126,259	-	126,259
	118,204	126,259	-	244,463
Financial Assets measured at Fair value through OCI				
Quoted equities	9,002,962	-	-	9,002,962
Un-Quoted equities	-	932	307	1,239
	9,002,962	932	307	9,004,201
Total	9,121,166	127,191	307	9,248,664

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

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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Gold Loans	-	-	67,765,757	46,447,349
Vehicle Loans	-	-	25,968,543	25,166,500
Medium and short term loans	-	-	8,932,668	9,699,218
Mortgage Loans	-	-	4,488,982	4,989,209
Power Drafts	-	-	10,274,135	12,169,949
Factoring Receivable	-	-	59,574	69,302
	-	-	117,489,659	98,541,527
Less : Allowance for Impairment Losses (Note 7)	-	-	(5,257,870)	(4,644,323)
Net Loans and Advances	-	-	112,231,789	93,897,204
Fair Value	-	-	110,059,701	91,972,866

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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
As at 1st April	-	-	345,814	416,446
Acquisition of Subsidiaries	-	-	-	2,039
Add : Loans granted during the year	-	-	447,235	357,060
Less : Repayments during the year	-	-	(402,301)	(429,731)
As at 31st March	-	-	390,748	345,814

Notes to the Financial Statements

5.2 Contractual Maturity Analysis of Loans and Advances- Group

As at 31st March 2023	Within 1 Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Gold Loans	67,765,757	-	-	67,765,757
Vehicle Loans	9,826,952	16,101,702	39,889	25,968,543
Medium and short term loans	3,182,939	3,317,724	2,432,006	8,932,669
Mortgage Loans	2,323,320	1,902,278	263,383	4,488,981
Power Drafts	6,253,042	4,021,092	-	10,274,134
Factoring Receivable	59,575	-	-	59,575
Gross Loans and Receivables	89,411,585	25,342,796	2,735,278	117,489,659
Allowance for Impairment Losses				(5,257,870)
Net Loans and Advances				112,231,789

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
Power Drafts	6,357,792	5,812,157	-	12,169,949
Factoring Receivable	46,855	22,447	-	69,302
Gross Loans and Advances	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

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 2023	Group			
	Stage 01 LKR '000	Stage 02 LKR '000	Stage 03 LKR '000	Total LKR '000
Gross Carrying Amount as at 1 April	83,796,794	8,777,278	5,967,455	98,541,527
Transfer to Stage 01	(5,090,278)	3,579,310	1,510,968	-
Transfer to Stage 02	4,799,713	(8,095,976)	3,296,263	-
Transfer to Stage 03	1,380,813	987,157	(2,367,970)	-
New Assets Originated or Purchased	78,471,238	15,875,554	4,250,422	98,597,214
Financial Assets Derecognised or Repaid	(67,031,096)	(7,379,712)	(5,092,277)	(79,503,085)
Write-offs	-	-	(80,673)	(80,673)
Exchange Rate Variance on Foreign Currency Provisions	(34,641)	(731)	(29,952)	(65,324)
As at 31 March	96,292,543	13,742,880	7,454,236	117,489,659

5.3 Credit Exposure Movement - ECL Stage-wise (Contd.)

Loans and Advances

As at 31 March 2022	GROUP Stage 01 LKR '000	 Stage 02 LKR '000	 Stage 03 LKR '000	 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

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 2023	COMPANY Lease LKR '000	 Hire Purchase LKR '000	 Total LKR '000	GROUP Lease LKR '000	 Hire Purchase LKR '000	 Total LKR '000
Gross Rentals Receivables	-	-	-	48,407,522	82,109	48,489,631
Less: Unearned Income	-	-	-	(11,411,750)	-	(11,411,750)
Net Rentals Receivables	-	-	-	36,995,772	82,109	37,077,881
Less: Rentals Received in Advance	-	-	-	(544)	-	(544)
Less: Allowance for Impairment Losses (Note 7)	-	-	-	(2,855,454)	(82,076)	(2,937,530)
Total Net Rentals Receivable	-	-	-	34,139,774	33	34,139,807
Fair Value			-			29,399,242

Notes to the Financial Statements

As at 31 March 2022	COMPANY Lease LKR '000	COMPANY Hire Purchase LKR '000	COMPANY Total LKR '000	GROUP Lease LKR '000	GROUP Hire Purchase LKR '000	GROUP Total LKR '000
Gross Rentals Receivables	-	-	-	57,065,919	92,571	57,158,490
Unearned Income	-	-	-	(12,308,816)	-	(12,308,816)
Net Rentals Receivables	-	-	-	44,757,103	92,571	44,849,674
Rentals Received in Advance	-	-	-	(3,804)	-	(3,804)
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

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 2023 LKR '000	Company 2022 LKR '000	Group 2023 LKR '000	Group 2022 LKR '000
As at the beginning of the year	-	-	12,345	19,243
Add : Loans granted during the year	-	-	7,914	4,855
Less : Repayments during the year	-	-	(7,522)	(11,753)
As at the end of the year	-	-	12,737	12,345

6.2 Contractual Maturity Analysis of Lease Rentals receivable and Stockout on Hire- Group

As at 31st March 2023	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	23,234,135	25,171,071	2,317	48,407,523	82,109	-	-	82,109
Unearned Income	(6,067,527)	(5,344,088)	(136)	(11,411,751)	-	-	-	-
Net rentals receivables	17,166,608	19,826,983	2,181	36,995,772	82,109	-	-	82,109
Rentals Received in Advance				(544)				-
Allowance for Impairment Losses				(2,855,454)				(82,076)
Total net rentals receivable				34,139,774				33
Total net rentals receivable from lease and hire purchase								34,139,807

6.2 Contractual Maturity Analysis of Lease Rentals receivable and Stockout on Hire - Group (Contd.)

As at 31st March 2022	Lease				Hire Purchase			
	Within one year LKR '000	1 - 5 years LKR '000	Over 5 years LKR '000	Total LKR '000	Within one year LKR '000	1 - 5 years LKR '000	Over 5 years LKR '000	Total 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

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 2023	Group			
	Stage 01 LKR '000	Stage 02 LKR '000	Stage 03 LKR '000	Total LKR '000
Gross Carrying Amount as at 1 April	**28,938,370**	**9,180,739**	**6,726,761**	**44,845,870**
Transfer to Stage 01	**(6,100,665)**	**4,082,280**	**2,018,385**	**-**
Transfer to Stage 02	**5,093,248**	**(9,455,774)**	**4,362,526**	**-**
Transfer to Stage 03	**1,260,411**	**1,804,002**	**(3,064,413)**	**-**
New Assets Originated or Purchased	**9,678,204**	**10,257,503**	**2,857,076**	**22,792,783**
Financial Assets Derecognised or Repaid	**(16,813,652)**	**(6,743,244)**	**(6,814,857)**	**(30,371,753)**
Write-offs	**-**	**-**	**(189,563)**	**(189,563)**
As at 31 March	**22,055,916**	**9,125,506**	**5,895,916**	**37,077,337**

As at 31 March 2022	Group			
	Stage 01 LKR '000	Stage 02 LKR '000	Stage 03 LKR '000	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

Notes to the Financial Statements

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
- Balance of payment
- Budget deficit as a percentage of GDP
- Purchasing managers index - Manufacturing
- Purchasing managers index - Services

Notes to the Financial Statements

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 Statement of Profit or loss.

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 2023 LKR '000	Stage 02 2023 LKR '000	Stage 03 2023 LKR '000	Total 2023 LKR '000	Stage 01 2022 LKR '000	Stage 02 2022 LKR '000	Stage 03 2022 LKR '000	Total 2022 LKR '000
As at 01 April	2,027,393	416,703	5,405,900	7,849,996	1,287,871	456,088	4,860,727	6,604,686
Acquisition of Sub-subsidiary	-	-	-	-	1,898	1,100	278,606	281,604
Charge / (Reversal) for the year	360,703	280,785	(19,389)	622,099	733,958	(43,801)	383,723	1,073,880
Amounts written off	-	-	(270,236)	(270,236)	-	-	(123,344)	(123,344)
Exchange Rate Variance on Foreign Currency Provisions	(3,442)	(72)	(2,945)	(6,459)	3,666	3,316	6,188	13,170
As at 31 March	2,384,654	697,416	5,113,330	8,195,400	2,027,393	416,703	5,405,900	7,849,996
Loans and Advances				5,257,870				4,644,323
Lease Rental receivables and stock out on hire				2,937,530				3,205,673
				8,195,400				7,849,996

7.2

As at 31 March	GROUP							
	Stage 01 2023 LKR '000	Stage 02 2023 LKR '000	Stage 03 2023 LKR '000	Total 2023 LKR '000	Stage 01 2022 LKR '000	Stage 02 2022 LKR '000	Stage 03 2022 LKR '000	Total 2022 LKR '000
Individual Impairment	-	-	5,113,330	5,113,330	-	-	5,405,900	5,405,900
Collective Impairment	2,384,656	697,414	-	3,082,070	2,027,393	416,703	-	2,444,096
Total	2,384,656	697,414	5,113,330	3,082,070	2,027,393	416,703	5,405,900	7,849,996
Gross Amount of Loans Individually Determined to be Impaired, before Deducting the Individually Assessed Impairment Allowance	-	-	13,212,582	13,212,582	-	-	12,556,642	12,556,642
Gross Amount of Loans Collectively Assessed for the Impairment	118,426,683	22,927,730	-	141,354,413	112,813,393	18,017,362	-	130,830,755
Gross Receivables	118,426,683	22,927,730	13,212,582	154,566,995	112,813,393	18,017,362	12,556,642	143,387,397
Gross Amount of Loans Individually Determined to be Impaired				8.55%				8.76%

7.3 Product -wise Analysis of the Allowance for Impairment Losses

As at 31 March	GROUP							
	Stage 01 2023 LKR '000	Stage 02 2023 LKR '000	Stage 03 2023 LKR '000	Total 2023 LKR '000	Stage 01 2022 LKR '000	Stage 02 2022 LKR '000	Stage 03 2022 LKR '000	Total 2022 LKR '000
Gold Loans	881,503	94,251	39,687	1,015,441	496,441	22,617	15,165	534,223
Vehicle Loans	360,423	148,768	472,380	981,571	292,144	76,633	460,240	829,017
Medium and short term loans	407,297	18,015	454,370	879,682	363,288	11,858	474,455	849,601
Mortgage Loans	199,000	109,914	1,581,202	1,890,116	277,577	76,713	1,650,117	2,004,407
Power Drafts	106,916	61,515	263,054	431,485	141,852	37,063	178,857	357,772
Factoring Receivable	-	-	59,575	59,575	-	-	69,303	69,303
Loans and Advances	1,955,139	432,463	2,870,268	5,257,870	1,571,302	224,884	2,848,137	4,644,323
Leases	429,307	265,156	2,160,990	2,855,453	455,882	192,026	2,465,259	3,113,167
Hire Purchase	-	-	82,077	82,077	-	-	92,506	92,506
Lease Rental receivables and stock out on hire	429,307	265,156	2,243,067	2,937,530	455,882	192,026	2,557,765	3,205,673
Total Allowance for Impairment losses	2,384,446	697,619	5,113,335	8,195,400	2,027,184	416,910	5,405,902	7,849,996

Notes to the Financial Statements

7.4 Stage Movements in Allowance for Impairment Losses

As at 31 March	Group							
	Stage 01 2023 LKR '000	Stage 02 2023 LKR '000	Stage 03 2023 LKR '000	Total 2023 LKR '000	Stage 01 2022 LKR '000	Stage 02 2022 LKR '000	Stage 03 2022 LKR '000	Total 2022 LKR '000
Opening Balance	2,027,394	416,701	5,405,901	7,849,996	1,287,871	456,088	4,860,727	6,604,686
Transfer to Stage 01	(1,027,873)	184,538	843,335	-	204,415	(101,599)	(102,816)	-
Transfer to Stage 02	219,038	(4,133,100)	3,914,062	-	(251,244)	275,373	(24,129)	-
Transfer to Stage 03	68,648	77,339	(145,987)	-	(55,640)	(85,559)	141,199	-
New Assets Originated or Purchased	2,125,545	4,469,188	(1,104,942)	5,489,791	1,304,959	253,322	2,066,512	3,624,793
Financial Assets Derecognised or Repaid	(1,028,313)	(317,212)	(3,525,558)	(4,871,083)	(466,634)	(384,239)	(1,418,437)	(2,269,310)
Write-offs	-	-	(270,236)	(270,236)	-	-	(123,344)	(123,344)
Exchange Rate Variance on Foreign Currency Provisions	216	(39)	(3,245)	(3,068)	3,666	3,316	6,188	13,170
Closing Balance	2,384,655	697,415	5,113,330	8,195,400	2,027,393	416,702	5,405,900	7,849,995

7.5 Sensitivity Analysis of Allowance for Impairment Losses

As at 31 March		Sensitivity Effect on Impairment Allowance Increase	
		2023 LKR '000	2022 LKR '000
Changed Criteria	**Changed Factor**		
Loss Given Default (LGD)	Increase by 10%	210,237	291,424
Probability of Default (PD)	Increase by 1%	12,496	8,377

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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Treasury Bill / Repurchases	-	-	4,651,908	31,271
Insurance premium receivables	-	-	501,221	385,657
Investment in Fixed Deposits (Note 8.2)	-	-	9,004,634	5,191,926
Investment in Treasury Bills	-	-	7,546,614	-
Others	-	-	88,184	82,909
	-	-	21,792,561	5,691,763
Fair Value	-	-	21,792,561	5,691,763

8.1 The collateral value of repurchase agreements reflected on the Statement of Financial Position under Other Financial Assets as at 31 March 2023 and 31 March 2022 was Rs. 7,815,600,000/- and Rs. 41,000,000/-, respectively.

8.2 Investment in Fixed Deposits

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
AA-	-	-	4,454	4,723,923
A+	-	-	77,297	184,023
A	-	-	4,626,900	-
A-	-	-	1,862,977	-
BBB-	-	-	2,482,606	351,769
Investment in Fixed deposits	-	-	9,054,234	5,259,715
Less: Impairment Allowance	-	-	(49,600)	(67,789)
	-	-	9,004,634	5,191,926

**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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Gross Trade receivables	-	-	8,707,360	7,940,701
(-) Bad debt provision	-	-	(448,174)	(345,394)
Net Trade receivables	-	-	8,259,186	7,595,307
Amounts due from Related Parties (Note 9.1)	357,988	287,049	22,610	43,558
Deposits	-	23,834	-	566,807
Other Advances	-	-	309,856	28,210
Principle Receivable	-	-	90,995	108,848
Other Receivables	697,940	727,986	1,810,559	1,706,213
	1,055,928	1,038,869	10,493,206	10,048,943

Notes to the Financial Statements

9.1 Amounts due From Related Parties

Related party transactions disclosures in Note 44.

		COMPANY		GROUP	
		2023	2022	2023	2022
Related Party	Relationship	LKR '000	LKR '000	LKR '000	LKR '000
Royal Ceramics Lanka PLC	Subsidiary	42,687	24,171	-	-
Rocell Bathware Ltd	Subsidiary	42,596	22,599	-	-
Lanka Walltile PLC	Subsidiary	34,420	26,226	-	-
Lanka Tiles PLC	Subsidiary	70,293	106,441	-	-
Swisstek Ceylon PLC	Subsidiary	22,258	22,258	-	-
Uni Dill Packaging Ltd	Subsidiary	90,570	22,785	-	-
Singer Sri Lanka PLC	Affiliate	21,968	40,329	21,968	40,329
Singhe Hospital PLC	Affiliate	-	-	-	30
The Kingsbury PLC	Affiliate	-	-	67	-
Delmege Forsyth & Co Ltd	Subsidiary	8,280	4,140	-	-
Fentons Ltd	Affiliate	-	-	294	1,597
Dipped Products PLC	Affiliate	-	-	9	793
Kandyan Resorts (Pvt) Ltd	Affiliate	-	-	139	94
Vallibel Finance PLC	Affiliate	-	-	-	715
Biscuit & Chocolate (Pvt) Ltd	Subsidiary	-	18,100	-	-
Country Energy (Pvt) Ltd	Affiliate	-	-	28	-
Hayleys Fabric PLC	Affiliate	-	-	49	-
Energynet (Pvt) Ltd	Affiliate	-	-	56	-
Uni Dill Packaging Solution Ltd	Subsidiary	24,916	-	-	-
		357,988	287,049	22,610	43,558

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.

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
As at 1st April	-	-	46,464	52,561
During the year recognised	-	-	3,000	(6,098)
Transfers	-	-	(17,121)	-
As at 31st March	-	-	32,343	46,463

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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Advance for Vehicle Stock	-	-	1,800	1,600
Advances & Pre-Payments	5,811	5,562	4,535,727	2,841,940
Gold Stock (Note 10.1)	-	-	1,514	1,514
Stationary Stock	-	-	43,310	30,361
Sundry Debtors	-	-	65,096	40,305
Pre-paid Staff Cost (Note 10.2)	-	-	16,537	6,094
Receivables & Others	-	-	91,607	46,179
Advance Company Tax Receivable	-	-	1,107	-
Withholding Tax Receivable	-	-	17,400	-
	5,811	5,562	4,774,098	2,967,993

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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
As at the Beginning of the Year	-	-	6,094	10,484
Adjustment for New Grants and Settlements	-	-	13,295	(2,334)
Charge to Personnel Expenses	-	-	(2,852)	(2,056)
As at the End of the Year	-	-	16,537	6,094

Notes to the Financial Statements

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	
		2023	2022	2023	2022
Quoted Investments					
Royal Ceramics Lanka PLC	1990/91	**55.98%**	55.98%	**620,026,000**	620,026,000
LB Finance PLC	1971/72	**66.34%**	66.34%	**286,729,600**	286,729,600
Unquoted Investments					
Delmege Limited*	1915/16	**68.75%**	68.75%	**424,674**	424,674
Greener Water Limited	2010/11	**100.00%**	100.00%	**520,305**	326,805,000

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	
	2023	2022	2023	2022
	LKR '000	LKR '000	LKR '000	LKR '000
Royal Ceramics Lanka PLC	**9,920,440**	9,920,440	**17,112,718**	25,235,058
LB Finance PLC	**5,461,361**	5,461,361	**15,770,128**	16,630,317
	15,381,801	15,381,801	**32,882,846**	41,865,375

Unquoted Investments	Cost		Market Value	
	2023	2022	2023	2022
	LKR '000	LKR '000	LKR '000	LKR '000
Delmege Limited	**2,648,126**	2,648,126	**2,648,126**	2,648,126
Greener Water Limited	**5,204,397**	3,269,397	**5,204,397**	3,269,397
	7,852,523	5,917,523	**7,852,523**	5,917,523
Total	**23,234,324**	21,299,324	**40,735,369**	47,782,898

Notes to the Financial Statements

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	
	2023	2022	2023	2022
The Fortress Resorts PLC	**21.18%**	21.18%	**20,618,257**	20,618,257

Quoted Investments	Cost		Market Value	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
The Fortress Resorts PLC	**413,068**	413,068	**453,602**	257,728
	413,068	413,068	**453,602**	257,728

12. INVESTMENT IN ASSOCIATES (CONTD.)

12.2 Group

	2023 LKR '000	2022 LKR '000
Balance at the beginning of the year	598,333	591,144
Share of Profit/ (Loss)	(4,473)	7,451
Share of Other Comprehensive income	72	(262)
Balance at the end of the Year	593,932	598,333

12.3 Summarised financial information of equity accounted investees has not been adjusted for group share,

12.3.1 Statement of profit or loss

	2023 LKR '000	2022 LKR '000
Revenue	434,696	349,167
Cost of sales	(170,082)	(109,416)
Income (Includes Other Income, Finance Income)	88,761	56,010
Expenses (Includes Operating , Administration & Distribution expenses)	(346,232)	(256,742)
Finance Cost	(7,824)	(11,736)
Income Tax	(19,162)	5,765
Profit after Tax	(19,842)	33,049
Other comprehensive income	323	(1,161)

12.3.2 Statement of Financial Positions

	2023 LKR '000	2022 LKR '000
Non current assets	1,200,711	1,251,190
Current assets	625,920	668,076
Non current liabilities	84,712	121,092
Current liabilities	132,773	169,509
Net assets	1,609,145	1,628,665

12.3.3 Commitments and Contingencies

	2023 LKR '000	2022 LKR '000
Commitments		
Lease commitments	61,608	58,255

Notes to the Financial Statements

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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
As at 01 April	7,003	3,954	(5,495,667)	(5,463,867)
Recognized in Profit or Loss	3,590	1,884	(148,869)	448,141
Recognized in Other Comprehensive Income	(2,013)	1,165	(1,421,549)	(479,941)
De-recognition on disposal of subsidiaries	-	-	583,027	-
At the end of the year	8,580	7,003	(6,483,058)	(5,495,667)
Deferred Tax Assets	8,580	7,003	966,225	70,607
Deferred Tax Liabilities	-	-	(7,449,283)	(5,566,274)
	8,580	7,003	(6,483,058)	(5,495,667)

13.1 The closing net deferred tax liability relate to the following ;

As at 31 March	COMPANY 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Property, Plant & Equipments	(1,026)	(655)	(5,457,097)	(4,049,048)
Revaluation surplus on on Investment Property	-	-	(356,163)	(182,354)
Leased Assets	-	-	(224,707)	(332,080)
Right of use assets	2,024	1,765	254,753	101,094
Defined Benefit Obligation	7,582	5,893	478,874	335,550
Unrealised Exchange Gain/(Loss)	-	-	(45,714)	(39,231)
Provisions	-	-	1,306,407	393,691
Deferred Taxation on Un distributed Associate Profit	-	-	(87,371)	(59,851)
Revaluation Surplus	-	-	(2,840,780)	(1,925,556)
Unutilised tax losses	-	-	488,740	262,118
	8,580	7,003	(6,483,058)	(5,495,667)

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.

Notes to the Financial Statements

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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Raw Materials	-	-	8,702,464	5,813,567
Other Consumables	-	-	33,632	24,682
Spares and Consumables	-	-	4,770,131	2,519,378
Accessories	-	-	539,219	-
Non-harvested Produce on Bearer Biological Assets	-	-	-	8,129
Shading Tree Nurseries	-	-	-	3,369
Work In Progress	-	-	2,166,541	610,389
Harvested crops	-	-	-	116,959
Seat Covers and Accessories	-	-	-	570,106
Finished Goods	-	-	12,073,920	5,989,373
Goods in Transit	-	-	141,641	139,591
	-	-	28,427,548	15,795,543
Less : Provision for Obsolete and Slow Moving Inventory (Note 14.1)	-	-	(1,028,914)	(761,953)
	-	-	27,398,634	15,033,590

14.1 Movement of the Provision for Obsolete and Slow Moving Inventory

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Opening Balance	-	-	761,953	608,482
Reversal of Write off	-	-	-	(183,774)
Charge to Profit or Loss	-	-	276,682	337,245
De-recognition on disposal of subsidiaries	-	-	(9,721)	-
Closing Balance	-	-	1,028,914	761,953

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 2023	Group			
	Software	Brand Name	Goodwill	Total
	LKR '000	LKR '000	LKR '000	LKR '000
Cost				
As at 01st April 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
Acquisition of Subsidiaries	-	-	25,000	25,000
Acquired during the year	181,877	-	448	182,325
Disposals/ write-off	-	-	(4,949)	(4,949)
Effect of change in exchange rate	(1,588)	-	-	(1,588)
As at 31st March 2023	760,925	904,891	12,445,876	14,111,693
Amortization				
As at 01st April 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
Acquisition of Subsidiaries	-	-	-	-
Charge for the year	46,034	45,245	-	91,279
Disposals/ write-off	-	-	-	-
Effect of change in exchange rate	(1,572)	-	-	(1,572)
As at 31st March 2023	448,064	561,788	170,710	1,180,563
Net Book Value				
Net book value as at 31st March 2023	312,861	343,103	12,275,166	12,931,130
Net book value as at 31st March 2022	177,034	388,348	12,254,667	12,820,049

Notes to the Financial Statements

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	
	2023 LKR '000	2022 LKR '000
Royal Ceramic Lanka PLC and its Subsidiaries	7,406,032	7,410,981
LB Finance PLC and its Subsidiaries	4,037,876	4,037,428
Greener Water Limited	3,420	3,420
Delmege Limited and its subsidiaries	827,838	802,838
	12,275,166	12,254,667

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% - 17.73%..

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% - 11% growth rate in the cash flow beyond the five-year period.

Impact of Economic Crisis

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.

Notes to the Financial Statements

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 - 2023

Cost	Balance as at 01/04/2022 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2023 LKR '000
Furniture and Fittings	47,530	5,266	-	52,796
Equipment	5,425	271	-	5,696
Motor Vehicles and Accessories	48,861	-	-	48,861
Computer Hardware	26,551	698	-	27,249
	128,367	6,235	-	134,602

Depreciation	Balance as at 01/04/2022 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2023 LKR '000
Furniture and Fittings	37,468	4,457	-	41,925
Equipment	2,925	709	-	3,634
Motor Vehicles and Accessories	38,909	379	-	39,288
Computer Hardware	22,895	5,675	-	28,570
	102,197	11,220	-	113,417
Carrying value	26,170			21,185

16.1 Property, Plant and Equipment- Company (Contd.)

(b) 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**

Carrying Amount - Company	As at 31/03/2023 LKR '000	As at 31/03/2022 LKR '000
Property, plant and equipment	**21,185**	26,170
	21,185	26,170

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. 6,235,072/- (2022 - Rs. 4,582,917/-). Cash payments amounting to Rs.6,235,072/- (2022 - Rs. 4,582,917/-) 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. 62,700,046/- (2022 - Rs. 57,774,928/-).

Notes to the Financial Statements

16.2 Property, Plant and Equipment- Group

(a) Group - 2023

Cost / Valuation	Balance as at 01/04/2022	Additions/ Transfers During	Revaluation	Transfers/ Disposals	Derecognition on disposal of subsidiary	Exchange Translation Difference	Balance as at 31/03/2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Land & Building	35,539,574	481,600	1,365,966	(7,134)	(375,021)	-	37,004,985
Furniture and Fittings	1,592,468	101,284	-	(12,178)	-	(348)	1,681,226
Equipment	2,582,699	353,524	-	(39,885)	(195,632)	(350)	2,700,356
Motor Vehicles and Accessories	1,030,805	95,164	26	(31,953)	-	(71)	1,093,971
Computer Hardware	1,225,787	210,902	-	(27,804)	-	(608)	1,408,277
Leasehold Improvements	851,580	81,045	-	(21,966)	-	-	910,659
Fixtures and Fittings	2,764,692	254,106	-	(16,946)	-	-	3,001,852
Water Supply Scheme	706,213	-	-	-	-	-	706,213
Electricity Distribution	112,481	7,403	-	-	-	-	119,884
Tools and Implements	1,607,857	293,577	-	(13,516)	(200,918)	-	1,687,000
Plant and Machinery	19,451,341	1,049,015	-	(2,121)	(441,198)	-	20,057,037
Moulds	142,388	1,125	-	-	-	-	143,513
Household Item - Light	79	-	-	-	-	-	79
Stores Buildings on Leasehold Land	412,732	-	-	-	-	-	412,732
Capital Work In Progress	7,074,713	5,159,451	-	(1,033,104)	(41,978)	-	11,159,082
	75,095,409	8,088,196	1,365,992	(1,206,607)	(1,254,747)	(1,377)	82,086,866

Accumulated Depreciation	Balance as at 01/04/2022	Charge for the Year	Transfers/ Disposals	Derecognition on disposal of subsidiary	Exchange Translation Difference	Balance as at 31/03/2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Building	335,978	299,553	(52,238)	(155,129)	-	428,164
Furniture and Fittings	1,274,880	124,789	(11,523)	(117,857)	(234)	1,270,055
Equipment	1,978,987	199,967	(34,738)	(539,012)	(305)	1,604,899
Motor Vehicles and Accessories	876,521	58,112	(31,953)	-	(28)	902,652
Computer Hardware	1,006,573	115,838	(27,213)	-	(560)	1,094,638
Leasehold Improvements	555,297	76,858	(20,261)	-	-	611,894
Fixtures and Fittings	1,441,269	273,895	(16,343)	-	-	1,698,821
Water Supply Scheme	425,576	-	-	-	-	425,576
Electricity Distribution	22,982	34,287	-	-	-	57,269
Tools and Implements	1,091,819	167,234	(16,853)	-	-	1,242,200
Plant and Machinery	11,101,254	1,096,890	(3,142)	-	-	12,195,002
Moulds	135,269	1,691	-	-	-	136,960
Household Item - Light	59	-	-	-	-	59
Stores Buildings on Leasehold Land	82,484	-	-	-	-	82,484
	20,328,948	2,449,114	(214,264)	(811,998)	(1,127)	21,750,673
Carrying value	54,766,461					60,336,193

16.2 Property, Plant and Equipment- Group (Contd.)

(b) Group - 2022

Cost / Valuation	Balance as at 01/04/2021 LKR '000	Acquisition Subsidiary LKR '000	Additions/ Transfers During 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
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
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
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	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
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
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
	18,368,866	57,115	2,377,279	(470,716)	(3,596)	20,328,948
Carrying value	50,438,742					54,766,461

Notes to the Financial Statements

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 2023 was Rs. 373,835,864/- (2022 - Rs.187,097,047/-).The rate used to determine the amount of borrowing costs eligible for capitalisation was 8% (2022 - 9%) ,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. 8,088,194,677/- (2022 - Rs. 5,308,517,931/-). Cash payments amounting to Rs.7,389,770,169 /- (2022 - Rs. 4,657,406,487/-) 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. 7,894,619,667/- (2022 - Rs. 9,381,334,704/-).

16.3 Carrying Value of Property, Plant and Equipment- Group

Carrying Amount - Company	As at 31/03/2023 LKR '000	As at 31/03/2022 LKR '000
Property, plant and equipment (Note 16.2)	60,336,193	54,766,461
Bearer Biological Assets (Note 18.1)	-	2,172,952
	60,336,193	56,939,413

16.4 Fair Value Hierarchy - Non Financial Assets

The following properties are revalued and recorded under freehold land & clay mining land. Fair Value meassurement 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	
							2023	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	5,010	4,176
					Building		380	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	78	59
					Building		43	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	6	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	30	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	31	19
					Building		10	12
Royal Ceramics Lanka PLC	Factory at Eheliyagoda	A50-R1-P34.72	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 81,250/- per perch	656	656
	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	505
	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	183
	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	237
	Land at Nattandiya	A10	Mr. A.A.M. Fathihu	31-Mar-22	Market based evidence	Rs. 24,062/- per perch	39	39
	Land at Seeduwa	R1-P12.50	Mr. A.A.M. Fathihu	31-Mar-22	Market based evidence	Rs. 3,200,000/- per perch	168	168
	Land at Narahenpita	P17.02	Mr. A.A.M. Fathihu	31-Mar-22	Market based evidence	Rs. 9,500,000/- per perch	162	162
	Land at Colpetty	P19.97	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 16,000,000/- per perch	349	349
	Land at Panadura	P18.82	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 4,500,000/- per perch	85	85
	Land at Dehiwela	P14.83	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 9,500,000/- per perch	141	141
	Land at Narahenpita	R1-P5.32	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 9,051,192/- per perch	410	410
	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	921

Notes to the Financial Statements

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	
							2023	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	72
	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	540
	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	64
	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	163
	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	55
	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	54
	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	131
	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	376
	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	289
	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	802
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	78
	Land at Meegoda	A1-R3-P04.10	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 320,000/- per perch	91	91
	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	743

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	
							2023	Fair value as per previous revaluation year
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	136
	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	1,019
		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	897
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
	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	1,191
	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	203
	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	49
	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	336
	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	192
	Land at Nugegoda	00A-00R-32.03P	FRT Valuation Services (pvt) Ltd	31 March 2021	Market approach	Rs. 7,500,000/- per perch	240	240
	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	43
	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	334

Notes to the Financial Statements

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	
							2023	Fair value as per previous revaluation year
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	35
	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	66
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	738
	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	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	12
	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	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	139
	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	28
	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	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	87
	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	30
	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	8
	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	218
	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	559

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	
							2023	Fair value as per previous revaluation year
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	23
	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	9
	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	51
	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	35
	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	36
	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	33
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	122	116
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	2,196	2,141

Notes to the Financial Statements

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	
							2023	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	4,527	4,443
	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	1,268	1,223
	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	595	593
	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	91	86
	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	66
	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	47	42
	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	386	371

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	
							2023	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	539	503
	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	245	239
	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	161	150
	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	235	229
	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	281	154

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.

Notes to the Financial Statements

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.

	Building LKR '000	Total LKR '000	Lease Liability LKR '000
Right of Use Asset			
As at 1 April 2021	59,452	59,452	
Less: Depreciation Expense	(37,549)	(37,549)	
As at 31 March 2022	21,903	21,903	
Additions	124,874	124,874	
Less: Depreciation Expense	(38,023)	(38,023)	
As at 31 March 2023	108,754	108,754	
Lease Liability			
As at 1 April 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
Additions	127,032		127,032
Interest Expense	13,089		13,089
Less: Payments	(53,877)		(53,877)
As at 31 March 2023	115,503		115,503

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	Building	Motor Vehicles	Plant & Machinery	* Land & immovable Estate Asset -Plantation	Total	Lease Liability
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Right of Use Asset							
As at 1 April 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	
Remeasurement of leasehold rights	-	-	-	-	13,232	13,232	
Additions	43,265	715,369	-	-	-	758,634	
Disposals / Lease term changes	-	(40,371)	-	-	-	(40,371)	
Less: Depreciation Expense	(6,094)	(607,148)	-	(1,403)	(13,657)	(628,302)	
De-recognition on disposal of subsidiaries	-	(16,245)	-	(352)	(168,143)	(184,740)	
As at 31 March 2023	88,058	2,456,889	-	-	-	2,544,947	
Lease Liability							
As at 1 April 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
Remeasurement of leasehold rights	-	-	-	-	13,232		13,232
Additions	44,220	595,977	-	-	-		640,197
Termination and lease term changes	-	(55,688)	-	-	-		(55,688)
Interest Expense	11,532	381,800	-	93	23,759		417,184
Less: Payments	(6,078)	(783,276)	-	(1,516)	(25,207)		(816,077)
Less: Concessions	-	182	-	-	-		182
De-recognition on disposal of subsidiaries	-	(19,100)	-	-	(175,358)		(194,458)
As at 31 March 2023	102,410	2,927,696	-	-	-		3,030,106

Notes to the Financial Statements

17. RIGHT OF USE ASSETS (CONTD.)

The following are the amounts recognised in profit or loss:

As at 31 March	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Depreciation expense of right-of-use assets	38,023	37,549	628,302	608,506
Interest expense on lease liabilities	13,089	6,372	417,184	364,114
Expense relating to short-term leases (included in cost of sales)	-	-	-	52,529
Expense relating to leases of low-value assets (included in administrative expenses)	-	-	-	18,277
Total amount recognised in profit or loss	51,112	43,921	1,045,486	1,043,426

Cash outflow from short term leases and leases of low-value assets for the year ended 31 March 2023 in Group was Rs. 445,762,202/- (2022 - Rs. 17,625,865/-).

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.

Notes to the Financial Statements

18.1 Bearer Biological Assets (Contd.)

Bearer Biological Assets

	Tea 2023 LKR '000	Rubber 2023 LKR '000	Oil Palm 2023 LKR '000	Diversification 2023 LKR '000	Total 2023 LKR '000	Total 2022 LKR '000
Immature Plantations						
Cost or Valuation :						
At the beginning of the year	123,397	41,968	50,173	205,707	421,245	394,023
Additions	69,090	22,207	9,252	177,966	278,515	171,287
Transfers to Mature	(34,200)	(32,471)	(56,880)	(53,974)	(177,525)	(126,119)
Transfers (from)/to	(15,647)	(6,236)	-	11,428	(10,455)	-
Write off during the year	-	(2,823)	(2,545)	(17,955)	(23,323)	(17,945)
De-recognition on disposal of subsidiaries	(142,640)	(22,645)	-	(323,172)	(488,457)	-
At the end of the year	-	-	-	-	-	421,246
Mature Plantations						
Cost or Valuation :						
At the beginning of the year	868,897	1,589,563	221,313	143,214	2,822,987	2,704,011
Transfers from Immature	34,200	32,471	56,880	53,974	177,525	126,120
Disposal during the year	-	(1,166)	-	-	(1,166)	-
Transfers to	(49,452)	(190,945)	-	(3,217)	(243,614)	-
Write off during the year	-	-	-	(16)	(16)	(7,145)
De-recognition on disposal of subsidiaries	(853,645)	(1,429,923)	(278,193)	(193,955)	(2,755,716)	-
At the end of the year	-	-	-	-	-	2,822,986
Accumulated Amortization						
At the beginning of the year	302,307	695,549	29,937	43,487	1,071,280	942,070
Charge for the year	28,129	74,237	11,090	8,510	121,966	135,304
Disposal during the year	-	(1,166)	-	-	(1,166)	(6,094)
Transfers (from)/to	(49,452)	(190,945)	-	(3,217)	(243,614)	-
Write off during the year	-	-	-	(2)	(2)	-
De-recognition on disposal of subsidiaries	(280,984)	(577,675)	(41,027)	(48,778)	(948,464)	-
At the end of the year	-	-	-	-	-	1,071,280
Written Down Value	-	-	-	-	-	1,751,706
Total Bearer Biological Assets	-	-	-	-	-	2,172,952

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

	2023 LKR '000	2022 LKR '000
Immature Plantations		
Cost :		
At the beginning of the year	39,294	49,463
Additions	3,706	10,507
Transfers to Mature Plantations	(39,617)	(20,078)
Transferred to Statement of Profit or Loss	(370)	(599)
Transfers from/(to)	10,456	-
De-recognition on disposal of subsidiaries	(13,469)	-
At the end of the year	-	39,293
Mature Plantations		
Cost :		
At the beginning of the year	556,350	581,115
Decrease due to Harvest	(3,664)	(68,177)
Increase due to new plantations	39,617	20,077
Change in Fair Value less costs to sell	(14,224)	23,335
De-recognition on disposal of subsidiaries	(578,079)	-
At the end of the year	-	556,350
Total Consumable Biological Assets	-	595,643

Notes to the Financial Statements

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%
2023 (LKR Mn)	(Rs. 28.430Mn)	Rs.28.430 Mn
2022 (LKR Mn)	(Rs. 55.635Mn)	Rs.55.635 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%
2023 (LKR Mn)	Rs. 20.067Mn	(Rs.22.999Mn)
2022 (LKR Mn)	Rs. 32.412Mn	(Rs.20.068Mn)

18.3 The Useful Lives of the Assets are Estimated as Follows

As at 31 March	Group	
	2023	2022
	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		
Bare land	53	53
Mature plantations	30	30
Permanent land development costs	30	30
Buildings	25	25
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.

Notes to the Financial Statements

19. 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
At the beginning of the year	-	-	2,116,203	1,980,308
Additions	-	-	2,338	78,375
Disposals during the Year	-		(67,000)	-
Transfer from property plant and equipment	-	-	-	10,948
Change in Fair Value	-	-	22,672	46,573
At the end of the year	-	-	2,074,213	2,116,204

19.1 Fair Value of Investment Property

"The following Investment properties are revalued during the financial year 2022/2023.

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, Kollupitiya Road, Colombo 03.	1R - 1.12 P	31 March 2023	Mr. A.A.M. Fathihu	Market based evidence	Rs. 21,875,000/- per perch	899,500
	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kollupitiya Road, Colombo 03.	27,712 Sq.ft	31 March 2023	Mr. A.A.M. Fathihu	Depreciated replacement cost	Rs. 8,500/- - Rs. 13,000/- per Sq.ft	99,760
LWL Development Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs. 8,000,000/- per Acre	390,900
	Waradala Village,Divulapitiya,Gampha	4A-01R-15.9P	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-45 P	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.130,000/- per Perch	5,850
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-6.90 P	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.80,000/- per Perch	552
Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs. 8,000,000/- per Acre	390,895
	House	981.sq.ft	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.5,800/- per sq.ft	5,690
CP Holding (Pvt) Ltd	Paraduwa Estate - Akuressa	190A 2R 7.86P	31 March 2023	Mr. A.A.M. Fathihu	Market based evidence	Rs 50,000 - Rs 2,500,000- per Perch	254,715
Multi Finance PLC	Nattarampotha	46.14 P	31 March 2023	H.B. Manjula Basnayaka	Investment Method	Rs. 27,500/- per Perch	1,300
Multi Finance PLC	Doratiyawa	92.50 P	31 March 2023	H.B. Manjula Basnayaka	Investment Method	Rs. 35,000/- per Perch	3,250

Notes to the Financial Statements

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, Kollupitiya 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, Kollupitiya 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, Gampha	48A-03R-17.9P	31 March 2022	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs. 8,000,000/- per Acre	390,900
	Waradala Village,Divulapitiya,Gampha	4A-01R-15.9P	31 March 2022	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-45 P	31 March 2022	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.125,000/- per Perch	5,625
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-6.90 P	31 March 2022	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.70,000/- per Perch	475
Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampha	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

Significant increases/ (decreases) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/ (lower) fair value.

19.2 Rental Income earned from Investment Property by the Group amounted Rs. 37.31 Mn (2022 - Rs. 36. 75 Mn). Direct operating expenses incurred by the Group amounted to Rs. 1.75 Mn (2022 - Rs. 1.61 Mn.).

19.3 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
2023	**37,310**	**37,310**	**-**	**-**	**-**	**-**
2022	36,750	36,750	-	-	-	-

20. 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Bank Overdrafts	**490**	155	**4,761,184**	4,409,057
Syndicated Loans and Other Bank Facilities (Note 20.1)	**-**	-	**18,900,518**	25,109,593
	490	155	**23,661,702**	29,518,650

20.1 Securitised Borrowings and Other Bank Facilities- Group

Cost / Valuation	As at 01.04.2022 LKR '000	Loans Obtained LKR '000	Interest Recognized LKR '000	Repayments Capital LKR '000	Repayments Interest LKR '000	As at 31.03.2023 LKR '000
Term Loans						
Commercial Bank 1	6,659,090	2,500,000	609,356	(5,583,400)	(606,497)	**3,578,549**
Nations Trust Bank 1	-	-	-	-	-	**-**
DFCC Bank 1	1,295,531	-	239,563	(433,929)	(230,773)	**870,392**
Sampath Bank 1	1,837,869	4,990,000	1,031,200	(2,083,428)	(1,013,742)	**4,761,899**
Hatton National Bank 1	7,677,813	4,500,000	1,036,960	(6,791,680)	(1,031,221)	**5,391,872**
National Development Bank 1	2,550,688	-	169,446	(1,800,700)	(169,930)	**749,504**
Seylan Bank 1	1,709,364	-	111,025	(500,400)	(111,013)	**1,208,976**
Pan Asia Bank	1,488,654	-	90,525	(425,000)	(90,574)	**1,063,605**
Peoples Bank	1,636,179	-	97,084	(800,000)	(110,644)	**822,619**
Habib Bank	-	499,242	81,093	(83,333)	(65,495)	**431,507**
UAB Bank	-	21,149	445	-	-	**21,594**
	25,109,593	12,510,391	3,481,057	(18,755,870)	(3,444,654)	**18,900,518**

Notes to the Financial Statements

20.2 Contractual Maturity Analysis of Syndicated Loans and Other Bank Facilities- Group

As at 31st March 2023	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Term Loans	8,737,991	10,162,527	-	18,900,518
	8,737,991	10,162,527	-	18,900,518

As at 31st March 2022	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Term Loans	10,907,548	14,202,045	-	25,109,593
	10,907,548	14,202,045	-	25,109,593

The Group doesn't have pre-termination options for Syndicated Loans and Other Bank Facilities.

21. 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.

	COMPANY		GROUP	
As at 31 March	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Fixed Deposits	-	-	111,616,979	85,568,187
Saving Deposit	-	-	2,631,274	3,910,319
	-	-	114,248,253	89,478,506
Fair Value	-	-	112,236,779	87,316,202

21.1 Contractual Maturity Analysis of Customer Deposits

As at 31st March 2023	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Fixed Deposits	97,207,565	14,409,414	-	111,616,979
Savings Deposits	2,631,274	-	-	2,631,274
	99,838,839	14,409,413	-	114,248,253

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
Savings Deposits	3,910,319	-	-	3,910,319
	78,573,426	10,905,080	-	89,478,506

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.

22 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	2023			2022		
	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)	33,139	82,363	115,502	29,259	-	29,259
	33,139	82,363	115,502	29,259	-	29,259

Group	2023			2022		
	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)	426,533	2,603,573	3,030,106	421,620	2,603,914	3,025,534
Bank Loans / Term Loans	1,604,232	2,772,481	4,376,713	2,521,472	5,989,896	8,511,368
Short Term Loan	12,544,079	-	12,544,079	5,614,868	-	5,614,868
Unsecured Debentures (Note 22.2)	-	-	-	3,116,605	-	3,116,605
Import Loans	383,918	-	383,918	812,405	-	812,405
Borrowings From International Financial Institutions (Note 22.2.2)	2,392,049	1,489,975	3,882,024	1,784,712	3,663,300	5,448,012
	17,350,811	6,866,029	24,216,840	14,271,682	12,257,110	26,528,792

Notes to the Financial Statements

22.1 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

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
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
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

Notes to the Financial Statements

22.1 Details of the Long Term Loans- Group (Contd.)

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
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
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.

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
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.

Notes to the Financial Statements

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
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, Kollupitiya 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.
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

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
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

Notes to the Financial Statements

22.2 Debt Instruments Issued and Other Borrowed Funds

As at 31 March	COMPANY 2023 Rs. '000	COMPANY 2022 Rs. '000	GROUP 2023 Rs. '000	GROUP 2022 Rs. '000
Unsecured Debentures	-	-	-	3,116,605
Borrowings From International Financial Institutions (Note 22.2.1)	-	-	3,882,024	5,448,012
	-	-	3,882,024	8,564,617

22.2.1. Borrowings From International Financial Institutions

As at 31 March	COMPANY 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	-	-	2,557,117	3,061,680
Ability Global Micro and SME Finance Fund	-	-	1,324,907	2,386,332
	-	-	3,882,024	5,448,012

23. TRADE & OTHER PAYABLES

As at 31 March	COMPANY 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Trade & Other Payables	12,886	13,723	4,376,415	5,456,638
Accrued Expenses	13,725	19	707,495	1,438,926
Other Payable	18,100	6,559	239,966	275,104
Payable to Related Parties (Note 23.1)	-	33,228	7,518	189,478
Bills Payables and Current account with principal	-	-	22,948	157,927
Unclaimed Balances	-	-	881,335	737,734
Sundry Creditors	-	-	3,210,725	3,407,155
Insurance Premium Payable	-	-	550,235	552,479
Advances collected from customers	-	-	7,434	37,204
	44,711	53,529	10,004,071	12,252,645

23.1 Payable to Related Parties

As at 31 March		COMPANY 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Royal Ceramics Lanka PLC	Subsidiary	-	33,228	-	-
Singer (Sri Lanka) PLC	Affiliate	-	-	7,011	3,466
Hayleys PLC	Affiliate	-	-	-	18,616
Fentons Ltd.	Affiliate	-	-	-	38,389
Hayleys Agriculture Holding Limited	Affiliate	-	-	-	861
Hayleys Agro Fertilizer (Private) Limited	Affiliate	-	-	-	1
Hayleys Business Solutions International (Pvt) Ltd	Affiliate	-	-	-	312
Hayleys Electronics Lighting (Pvt) Ltd	Affiliate	-	-	5	5
Kelani Valley Plantations PLC	Affiliate	-	-	-	515
Venigros (Pvt) Ltd	Affiliate	-	-	102	102
Puritas (Pvt) Ltd	Affiliate	-	-	103	362
Mabroc Teas (Pvt) Ltd	Affiliate	-	-	-	53
Weerasinghe Property Development (Pvt) Ltd	Affiliate	-	-	-	1,162
Unisyst Engineering PLC	Affiliate	-	-	184	184
Regnis Lanka PLC	Affiliate	-	-	18	18
Talawakelle Tea Estates PLC	Affiliate	-	-	-	6
Hayleys Aventura (Pvt) Ltd	Affiliate	-	-	95	1,559
Country Energy (Pvt) Ltd	Affiliate	-	-	-	43
Payable to Mr. K D D Perera	Chairman	-	-	-	123,824
		-	33,228	7,518	189,478

24. 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 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Provisions	-	-	277,012	393,231
Capital Grants (Note 24.1)	-	-	-	113,324
Refundable Deposits	-	-	15,000	15,000
Accrued Expenses	-	-	898,479	-
Other Payables	-	-	65,283	-
Other Statutory Payables	-	-	650,518	241,166
Impairment provision in respect of Off Balance sheet credit exposure	-	-	12,778	9,174
	-	-	1,919,070	771,895

Notes to the Financial Statements

24.1 Capital grants

Category	Purpose of the grant	Basis of amortisation	Amount received	Opening Balance	Received during the year	Amortised during the year	De-recognition on disposal of subsidiary	Closing Balance
Sri Lanka Tea Board	Tea factory modernisation	Rate of depreciation applicable to plant & machinery (7.5% p.a.)	756	1,059		(96)	(963)	-
Sri Lanka Tea Board	Tea replanting subsidy	Will be amortised at rate applicable to Tea mature plantations, after become mature (3.00%)	2,105	6,929	360	(186)	(7,103)	-
Sri Lanka Tea Board	Farm Waste Shedder	Will be amortised at rate applicable to Tea Mature Plantations, after become mature (3.00% p.a.)	-	-	300	(38)	(262)	-
Plantation development project / Asian Development Bank	Improvement of workers living environment	Rate of depreciation applicable to buildings (2.5% p.a.)	31,588	13,188		(1,128)	(12,060)	-
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	22,336		(1,600)	(20,736)	-
Estate infrastructure development project	Improvement of workers living environment	Rate of depreciation applicable to buildings (2.5% p.a.)	489	219		(17)	(201)	-
Plantation development project	Improvement of workers living environment	Rate of depreciation applicable to buildings (2.5% p.a.)	20,051	11,751		(716)	(11,035)	-
Plantation development project	Internal road development and boundary posts	Rate of depreciation applicable to permanent land development cost (2.5% p.a.)	4,622	2,804		(165)	(2,639)	-
Plantation development project	Minor factory development	Rate of depreciation applicable to buildings (2.5% p.a.)	10,099	6,208		(361)	(5,847)	-
Rubber Development Department	Rubber replanting subsidy	Rate applicable to rubber mature plantations (5% p.a.)	51,311	48,725	161	(3,354)	(45,532)	-
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	110		(9)	(101)	-
Total			166,240	113,328	821	(7,670)	(106,479)	-

24.2 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
As at 1st April	-	-	6,474,167	1,832,902
Advance received	-	-	(3,833,136)	-
During the year recognized	-	-	65,127	4,676,221
Transfers	-	-	124,934	-
Foreign exchange movement	-	-	-	(34,956)
As at 31st March	-	-	2,831,092	6,474,167

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.

25. 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Unclaimed Dividend	11,113	13,372	516,111	145,153
	11,113	13,372	516,111	145,153

Notes to the Financial Statements

26. 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Balance at the beginning of the year	24,553	14,689	1,944,313	2,093,302
Acquisition of subsidiary	-	-	4,204	6,860
Current service cost	4,196	3,831	189,422	177,472
Past Service Cost*	-	5	-	(60,344)
Interest cost	3,683	1,175	286,685	162,959
Actuarial (gain)/loss	(6,710)	4,853	24,806	(238,603)
De-recognition on disposal of subsidiaries			(505,748)	-
Payments made during the year	-	-	(284,485)	(197,333)
Balance at the end of the year	25,722	24,553	1,659,197	1,944,313

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26.1 Actuarial assumptions

An actuarial valuation of the gratuity of subsidiary companies was carried out as at 31st March 20223 and 31st March 2022 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 2023	Company 2022	Group 2023	Group 2022
Discount Rate	18%	15%	8% - 18%	8% - 16%
Future Salary increase	15%	15%	8% - 15%	8% - 15%
Staff Turnover	10%	10%	2% - 30%	2% - 30%
Retirement age	60 years	60 years	50-60 Years	50-60 Years

The Group uses market yields (at the end of the reporting period) on treasury bonds issued by the Government of Sri Lanka (T-bonds) to determine the discount rate, as disclosed in its accounting policy (refer Note 2.3.11). However, due to the economic conditions prevailing in the country as at the period end, the exceptionally high T-bond market yields would not be a reasonable reflection of the time value of money. Therefore, period end T-bond market yields have been adjusted for the credit risk spread to derive the rate used to discount the defined benefit obligation.

Such adjustment has been made based on the method set out in the guidelines published on the use of Discount Rate under the uncertain economic conditions issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Credit risk spread has been calculated based on Sovereign Default and Recovery Rates published by Moody's. Adjusted discount rates have been calculated for tenors available, and estimated using the yield curve for any remaining maturities and corresponds with the remaining average working life of the employees of the Group.

26.2 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 2023		
Effect on DBO due to decrease in the discount rate by 1%	24,261	318,168
Effect on DBO due to increase in the discount rate by 1%	(27,352)	(132,423)
Salary Escalation Rate as at 31 March 2023		
Effect on DBO due to decrease in salary escalation rate by 1%	(27,488)	(137,716)
Effect on DBO due to increase in salary escalation rate by 1%	24,119	323,734
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

26.3 The Expected Benefit Payout in the Future Years for Retirement

As at 31 March	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Within the next 12 months	2,985	2,249	181,652	271,786
Between 1 and 5 years	10,848	9,305	705,542	809,139
Beyond 5 years	11,889	13,000	1,036,025	1,102,063
	25,722	24,554	1,923,219	2,182,988

Notes to the Financial Statements

27. STATED CAPITAL

	2023		2022	
	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	29,337,103	1,138,915,644	29,337,103
Balance as at the end of the year	1,138,915,644	29,337,103	1,138,915,644	29,337,103

27.1 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.

28. OTHER COMPONENTS OF EQUITY

	Company		Group	
As at 31 March	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Treasury shares	-	-	(44,112)	(44,112)
Statutory reserve fund	-	-	7,008,954	6,585,938
Fair value reserve	(2,329,270)	(3,475,754)	(2,403,033)	(3,547,525)
Foreign currency translation reserve	-	-	103,670	146,252
Revaluation reserve	-	-	8,623,574	8,563,034
General Reserve	-	-	578,449	578,449
	(2,329,270)	(3,475,754)	13,867,502	12,282,036

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.

29. 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	
	2023 LKR '000	2022 LKR '000
Adjusted Balance as at 01 April	38,487,604	31,633,592
Non-Controlling Interest contribution for subsidiary share issues	-	154,871
NCI on Acquisition of Subsidiary	(388)	124,024
Surcharge tax	(223,424)	-
Profit for the year	8,284,694	10,227,607
Other Comprehensive Income Net of Tax	(154,855)	921,955
Dividend write back of unclaimed dividend	393	2,174
Subsidiary Dividends to Minority Shareholders	(3,669,593)	(4,576,619)
Change in Non controlling Interest with disposal of a sub-subsidiary	(455,677)	-
Change in ownership without change in control	188,779	-
Balance as at 31 March	42,457,533	38,487,604

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.

	2023			2022		
	LB Finance	Rocell	Delmege	LB Finance	Rocell	Delmege
Non controlling Interests in %	33.66%	44.02%	31.25%	33.66%	44.02%	31.25%
Accumulated Balance of Non Controlling Interest	103,865	13,814,193	403,289	105,689	13,875,753	338,226

Notes to the Financial Statements

29. NON CONTROLLING INTERESTS (CONTD.)

	2023			2022		
	LB Finance	Rocell	Delmege	LB Finance	Rocell	Delmege
Summarised statement of profit or loss for the year ended 31 March						
Revenue	42,959,958	63,206,259	10,727,458	29,981,172	57,544,516	9,428,070
Cost of sales	(20,663,956)	(37,676,083)	(7,890,828)	(8,862,699)	(35,139,108)	(7,030,234)
Administrative expenses	(6,956,185)	(3,267,956)	(971,380)	(5,948,572)	(2,378,711)	(744,425)
Finance cost	-	(3,556,717)	(582,781)	-	(904,645)	(255,737)
Finance Income	-	1,152,595	24,078	-	1,262,648	8,194
Profit before tax	14,520,670	14,447,078	489,365	13,857,503	16,775,541	701,467
Income Tax	(3,290,178)	(4,229,132)	39,275	(3,244,923)	(3,101,607)	(180,324)
Profit for the year from continuing operations	8,552,886	10,217,946	528,640	8,476,030	13,673,933	521,143
Profit/ (Loss) from Discountinuing operations	-	375,988	-	-	15,654	489
Profit:						
Attributable to owners	5,674,358	5,930,010	363,448	5,623,369	7,662,818	358,630
Attributable to non controlling interests	2,878,528	4,663,924	165,192	2,852,661	6,026,769	163,002
Other Comprehensive income	(33,319)	(780,770)	619,873	192,083	1,842,661	6,957
Total Comprehensive income	8,519,567	9,813,163	1,148,515	8,668,113	15,532,248	528,589
Attributable to owners	5,652,253	5,492,970	789,622	5,750,805	8,694,258	331,698
Attributable to non controlling interests	2,867,314	4,320,194	358,893	2,917,308	6,837,991	196,891
Summarised statement of financial position as at 31 March						
Current Assets	129,670,476	39,439,348	6,247,785	101,796,344	37,289,177	6,172,365
Non Current Assets	53,347,591	51,125,797	5,811,629	63,281,931	48,952,071	4,777,863
Current Liabilities	114,543,122	28,201,192	4,755,023	101,197,891	25,695,724	4,875,020
Non current Liabilities	30,046,979	8,958,151	671,729	30,543,276	9,346,400	590,981
Summarised statements of cash flows for the year ended 31 March						
Operating cash flows	3,914,195	(9,360,204)	285,534	(2,842,525)	15,402,354	10,297
Investing cash flows	(607,262)	(4,192,321)	(65,535)	(818,129)	(2,090,232)	(23,820)
Financing cash flows	(11,999,782)	48,529	(441,224)	11,149,753	(4,226,512)	520,533
Net increase/(decrease) in cash & cash equivalents	(8,692,849)	(13,503,996)	(221,226)	7,489,099	9,085,611	507,010

30. 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).

30.1 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.

Notes to the Financial Statements

(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:

30.1.1 Sector-wise Segmentation

As at 31 March	COMPANY		GROUP	
	2023	2022	2023	2022
	LKR '000	LKR '000	LKR '000	LKR '000
Manufacturing Sector	-	-	-	-
Financial Services Sector	-	-	39,973,555	29,981,172
Sale of goods	-	-	76,326,050	62,047,571
Rendering of services	-	-	555,079	2,266,444
Total Revenue	-	-	116,854,684	94,295,187

Geographical Segmentation

As at 31 March	COMPANY		GROUP	
	2023	2022	2023	2022
	LKR '000	LKR '000	LKR '000	LKR '000
Export Sales	-	-	2,139,897	1,742,063
Local Sales	-	-	71,754,829	62,571,952
Total Revenue Contracts with Customers	-	-	73,894,726	64,314,015
Income from financial services	-	-	42,959,958	29,981,172
Total Revenue	-	-	116,854,684	94,295,187

30.1.2 Timing of Revenue Recognition

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Goods/ services transferred at a point in time	-	-	73,339,648	64,522,636
Services transferred over time	-	-	3,541,481	2,266,444
Total Revenue Contracts with Customers	-	-	76,881,129	66,789,080
Interest income	-	-	39,973,555	27,506,107
Total Revenue	-	-	116,854,684	94,295,187

30.2 Contract Balances

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Trade Receivables (Note 9)	-	-	8,259,186	7,595,307
Contract Assets (Note 9.2)	-	-	32,343	46,463
Contract Liabilities (Note 24.2)	-	-	2,831,092	6,474,167

31. 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Dividend income from Associate	-	-	-	-
Other	3,092,306	5,338,464	568,541	727,988
	3,092,306	5,338,464	568,541	727,988

Notes to the Financial Statements

32. 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.

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Profit / (Loss) on Disposal of Property, Plant & Equipment	-	-	16,385	(18,058)
Fee and Commission Income	-	-	43,151	33,261
Hiring Income	-	-	103,728	76,717
Rent income	-	-	57,905	64,100
Change in fair value of investment property	-	-	22,272	42,910
Sundry Income	-	-	494,999	403,599
Net Gain on Financial Assets at FVTPL	6,705	-	7,024	4,810
Exchange Gain	-	-	-	775,934
Technical Fee income	427,079	366,064	15,964	63,842
	433,784	366,064	761,428	1,447,115

33. PROFIT FROM OPERATION STATED AFTER THE FOLLOWING EXPENSES

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Directors' Fees	9,551	9,402	33,954	31,217
Auditors' Remuneration (Fees and Expenses)	307	264	32,350	12,480
Audit-Related Expenses	-	-	2,575	15,311
Non-Audit Fees to Auditors	2,730	1,579	4,095	4,064
Depreciation	49,243	48,446	3,077,416	2,985,785
Amortization	-	-	135,304	129,879
Professional and Legal Expenses	-	-	70,344	56,592
Deposit Insurance Premium	-	-	149,421	125,191
General Insurance Expenses	2,114	2,097	162,575	116,652
Loss on translation of foreign currency	-	-	-	(237,306)
Donation	-	-	347	-
Crop Insurance Levy Expenses	-	-	84,342	86,248
Employee Benefits including the following				
Other Staff Costs	158,159	128,887	9,944,601	9,463,276
Defined Benefit Plan Costs - Gratuity	7,879	5,011	476,107	286,409
Defined Contribution Plan Costs - EPF & ETF	15,867	13,788	818,641	1,331,117

34. FINANCE COST

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Interest on Loans	-	-	3,288,538	770,558
Interest on Bank Overdrafts and Other charges	6,674	1,577	608,635	97,110
Interest on Leases	13,089	6,372	202,217	167,797
RTS international and Trade card charged	-	-	60,030	-
	19,763	7,949	4,159,420	1,035,465

35. FINANCE INCOME

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Interest Income	71,801	35,397	1,241,421	536,978
Appreciation in Market Value of Quoted Shares	-	-	6,713	-
Income on termination of Lease	-	-	648	-
	71,801	35,397	1,248,782	536,978

Notes to the Financial Statements

36. 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Value Added Tax on Financial Services	-	-	2,505,367	2,136,551
Social Security Contribution Levy (SSCL)	-	-	172,238	-
	-	-	2,677,605	2,136,551

37. 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.

37.1 The major components of income tax expense for the years ended 31 March are as follows :

37.1.1 In Statement of Profit or Loss

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Current Income Tax				
Income Tax for the year	130,574	570,374	7,500,379	7,200,979
WHT on Dividend	-	-	409,002	252,263
Under/(over) provision of current taxes in respect of prior years	5,822	-	56,701	(21,283)
Unrecoverable ESC	-	-	-	6,373
Deferred Income Tax				
Deferred tax charge / (reversal) (Refer Note 38.3)	(3,590)	(1,884)	(320,576)	(448,141)
	132,806	568,490	7,645,506	6,990,191
37.1.2 Statements of Other Comprehensive Income				
Deferred tax related to items recognised in OCI during in the year:				
Revaluation of property, plant and equipments	-	-	1,431,551	431,526
Remeasurement (gain)/loss on actuarial gains and losses	2,013	(1,165)	5,525	48,415
	2,013	(1,165)	1,437,076	479,941
37.1.3 Total Tax Expense for the Financial Year	134,819	567,325	9,082,582	7,470,132
37.1.4 Impact on Deferred Tax Charge/ (Reversal) due to Change in Tax Rates				
Charge/ (Reversal) Recognised in Profit or Loss:	(5,709)	(1,884)	(1,509,114)	(448,141)
- Arising on During the Year Movement	2,119	-	1,188,539	
- Due to Change in Tax Rates	(3,590)	(1,884)	(320,575)	(448,141)
Charge/ (Reversal) Recognised in Other Comprehensive Income:	1,610	(1,165)	296,025	479,941
- Arising on During the Year Movement	403	-	1,141,051	-
- Due to Change in Tax Rates	2,013	(1,165)	1,437,076	479,941

Notes to the Financial Statements

37.2 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 2023 LKR '000	COMPANY 2022 LKR '000	GROUP 2023 LKR '000	GROUP 2022 LKR '000
Accounting profit before tax	3,186,163	5,361,193	25,078,218	27,580,137
Less: Share of results of associates	-	-	4,473	(7,451)
	3,186,163	5,361,193	25,082,691	27,572,686
Less: Exempt Profit	(2,375,995)	(1,374,431)	(4,629,166)	(2,235,468)
Add: Non deductible expenses	21,008	99,218	12,780,933	8,140,715
Less: Deductible expenses	(17,687)	(50,376)	(10,105,149)	(6,724,847)
Less: Tax losses utilised	-	-	(367,472)	(529,333)
Add: Income considered as a separate source of income	-	-	3,732,375	4,330,172
Less: Qualifying payment relief	-	-	(171,444)	(1,189,319)
Taxable Income	813,489	4,035,604	26,322,768	29,364,606
Tax on taxable income @ 30%	5,590	-	4,029,995	-
Tax on taxable income @ 28%	-	557,102	-	557,102
Tax on taxable income @ 25%	-	-	-	(3,681)
Tax on taxable income @ 24%	21,006	-	2,193,288	4,256,024
Tax on taxable income @ 22%	-	-	11,137	-
Tax on taxable income @ 20%	-	-	3,446	-
Tax on taxable income @ 18%	-	-	938,298	2,017,696
Tax on taxable income @ 15%	-	-	40,885	51,491
Tax on taxable income @ 14%	103,979	13,272	283,330	574,610
Dividend Tax @ 14%	-	-	409,002	-
Adjustments in-respect of prior years	5,822	-	56,701	(21,283)
Unrecoverable ESC	-	-	-	6,373
	130,807	570,374	7,966,082	7,438,332
Deferred Tax Charge/(Reversal)	(3,590)	(1,884)	(320,576)	(448,141)
Income Tax Expense charged to Profit or Loss	127,217	568,490	7,645,506	6,990,191
Effective Tax Rate	3.99%	10.60%	30.49%	25.35%
Effective Tax Rate (Excluding Deferred Tax)	4.11%	10.64%	31.76%	26.97%
Accounting Profit Before Tax on Financial Services	3,186,163	5,361,193	27,755,823	29,648,366
Effective Tax Rate (Excluding Tax on Financial Services)	3.99%	10.60%	27.55%	23.58%

Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8th April 2022, the Group was liable to pay the surcharge tax of Rs. 3,968,736,000/- (the Company - Rs. 288,636,000/-) pertaining to the year of assessment 2020/21. According to the said Act, the surcharge tax shall be deemed to be an expenditure in the financial statement relating to the year of assessment which commenced on 1st April 2020. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted through the Statement of Changes in Equity as an equity adjustment on the first day of the first reporting period ending after enactment of the said Act, as recommended in the Addendum to Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in August 2022.

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.

Lanka Ceramics PLC

As per the transitional provisions of the Inland Revenue Act No. 24 of 2017, brought forward tax losses can be claimed against the taxable income for a period of six years with effective from 1 April 2018. The Company has a cumulative tax loss of Rs.188,078,868/- (2022- Rs. 222,017,183/-) as at 31 March 2023 which can be carried forward up to the financial year of 2023/2024.

37.3 Deferred Tax

Deferred tax recognised in statements of profit and loss relates to the following:

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Property, Plant & Equipments	371	(153)	891,722	27,792
Leased assets	-	-	(107,373)	(355,054)
Investment Property	-	-	173,809	(73,392)
Right of use assets	(259)	(528)	(153,659)	(44,095)
Defined Benefit Obligation	(3,702)	(1,203)	(148,849)	3,739
Unrealised Exchange Gain/(Loss)	-	-	6,483	39,231
Provisions	-	-	(912,716)	(136,241)
Deferred Taxation on Un distributed Associate Profit	-	-	27,520	44,437
Unutilised tax losses	-	-	(226,622)	45,442
De-recognition on disposal of subsidiaries			129,110	-
	(3,590)	(1,884)	(320,575)	(448,141)

Notes to the Financial Statements

38. 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.

Horana Plantation PLC

On 28th March 2023, the group decided to dispose Horana Plantation PLC, which carried out all the group's plantation operations. The disposal was effected in order to generate cash flows for the expansion of group's other businesses. The disposal was completed on 29 March 2023, on which date control of the Horana Plantation PLC passed to the Hayleys Plantation Management Services (Pvt) Ltd (the acquirer). Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 39.8.

During the year 2022/23, 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 Group.

38.1 Loss on discontinued Operations

As at 31 March	Delmege Coir (Private) Limited		EPCI		Rocell Pty Ltd		Horana Plantation PLC	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Revenue	-	-	-	-	-	-	3,794,035	2,563,636
Cost of Sales	-	-	-	-	-	-	(2,559,346)	(2,192,626)
Gross Profit	-	-	-	-	-	-	1,234,689	371,010
Finance Income	-	491	-	-	8	-	5,097	700
Other Income and Gains	-	-	-	-	-	-	3,404	39,028
Selling and Distribution Costs	-	-	-	(1,476)	(235)	4,373	-	-
Administrative Expenses	-	-	(2,462)	2,578	(36)	(203)	(251,588)	(201,969)
Other Operating Expenses	-	-	-	3,219	-	12,224	-	(7,517)
Finance Cost	-	(2)	-	(14)	(7,303)	(5,047)	(334,515)	(132,930)
Gain on disposal of subsidiary to VPML	-	-	-	-	-	-	215,959	-
Gain/ Loss before tax	-	489	(2,462)	4,307	(7,566)	11,347	873,046	68,322
Tax Expense	-	-	-	-	-	-	(487,030)	(25,868)
Total Gain/(Loss) for the year from discontinued operations	-	489	(2,462)	4,307	(7,566)	11,347	386,016	42,454

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Gain/Loss from discontinued operations for the year ended	-	-	375,988	58,597
	-	-	375,988	58,597

38.2 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Assets						
Property, Plant and Equipment	-	786	36,000	36,000	-	-
Trade and Other Receivables	-	264	-	7,079	-	-
Other Financial assets	-	-	-	-	-	10,491
Cash and Cash Equivalents	-	-	172	829	6,689	7,053
Assets Held for Sale	-	1,050	36,172	43,908	6,689	17,544
Current Liabilities						
Trade and Other Payables	-	(6,246)	(214)	(205)	(17,678)	(21,747)
Interest Bearing Loans & Borrowings	-	-	-	-	(182,765)	(186,278)
Liabilities Directly Associated with the Assets Held for Sale	-	(6,246)	(214)	(205)	(200,443)	(208,025)
Net Assets Directly Associated with Disposal Group	-	(5,196)	35,958	43,703	(193,754)	(190,481)

Notes to the Financial Statements

38.3 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		Horana Plantation PLC	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Operating	-	(491)	(658)	(683)	(11,643)	(2,516)	681,562	245,804
Investing	-	491	-	722	10,498	642	(430,106)	(300,989)
Financing	-	-	-	-	4,299	-	(227,186)	(159,097)
Net cash (outflow)/inflow	-	-	(658)	39	3,154	(1,874)	24,270	(214,282)

38.4 Earnings per Share

As at 31 March	Delmege Coir (Private) Limited		EPCI		Rocell Pty Ltd		Horana Plantation PLC	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Basic earnings/ (losses) for the year from discontinued operations	-	0.14	-	0.22	-	4.55	6.80	1.70

38.5 Asset Held For Sale- Property Plant & Equipment

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Delmege Coir (Private) Limited	-	-	-	1,050
Ever Paint and Chemical Industries (Private) Limited	-	-	36,172	43,908
Rocell Pty Ltd	-	-	6,689	17,544
	-	-	42,861	62,502

38.6 Liabilities directly associated with the assets classified as held for sale

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Delmege Coir (Private) Limited	-	-	-	6,246
Ever Paint and Chemical Industries (Private) Limited	-	-	214	205
Rocell Pty Ltd	-	-	200,443	208,025
	-	-	200,657	214,476

38.7 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.

38.8 Disposal of subsidiary

The net assets of Horana Plantation PLC at the date of disposal were as follows:

For the year ended 31st March 2023		2023 LKR '000
ASSETS		
Cash and Cash Equivalent		37,379
Trade and Other Debtors, Deposits and Prepayments		207,276
Inventories		486,233
Consumable Biological Assets		591,548
Property, Plant and Equipment		
Property, Plant and Equipment		552,281
Bearer biological assets		2,295,709
Right of use assets		184,740
Total Assets		4,355,166
LIABILITIES		
Interest Bearing Loans and Borrowings		1,882,275
Trade and Other Payables		347,692
Contract Liabilities		106,475
Employee Benefit Liabilities		505,748
Deferred Tax Liabilities		583,027
Total Liabilities		3,425,217
Carrying amount of the net assets disposed		929,949
Gain on Disposal of Subsidiary - Group		
Total Cash Consideration Receivable to Vallibel Plantation Management Limited (VPML)		695,180
Net Assets Attributable to Immediate Parent		
Carrying amount of the net assets disposed	929,949	
Goodwill on Acquisition of Horana Plantation PLC (HP PLC)	4,949	
De-recognition of non-controlling interests	(455,677)	479,221
Gain on disposal of subsidiary to VPML		215,959
Attributable to:		
Equity Holders of the Parent - Vallibel One PLC		67,647
Non-Controlling Interest		148,312
		215,959

Notes to the Financial Statements

39. 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Amounts Used as the Numerators:				
Net Profit Attributable to Ordinary Shareholders of the Company/Parent	**3,053,357**	4,792,703	**9,524,006**	10,352,614

As at 31 March	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Amounts Used as the Numerators:				
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**3,053,357**	4,792,703	**9,524,006**	10,352,614

As at 31 March	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Net profit attributable to ordinary equity holders of the parent from continuing operations	3,053,357	4,792,703	9,148,018	10,294,017
Profit/(loss) attributable to ordinary equity holders of the parent from discontinued operations	-	-	375,988	58,597
Net profit attributable to ordinary equity holders of the parent for basic earnings	3,053,357	4,792,703	9,524,006	10,352,614
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	3,053,357	4,792,703	9,524,006	10,352,614

As at 31 March	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Basic Earnings Per Share	2.68	4.21	8.36	9.09
Basic Earnings Per Share for Continuing Operations	2.68	4.21	8.03	9.04
Diluted Earnings Per Share	2.68	4.21	8.36	9.09

39.1 Dividend Per Share

As at 31 March	Company	
	2023 LKR '000	2022 LKR '000
Cash Dividend	-	2,847,289
	-	2,847,289
Weighted average number of ordinary shares	1,138,915,644	1,138,915,644
Dividend Per Share	-	2.50

Notes to the Financial Statements

40. 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.

40.1 Assets Measured at Fair Value:

As at 31 March	Notes	2023				2022			
		Fair Value Measurement Using				Fair Value Measurement Using			
		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	118,204	-	-	118,204	94,039	-	-	94,039
Equity Instruments measured at Fair Value through OCI	4.3	9,002,962	932	307	9,004,201	7,859,573	813	307	7,860,693
Non Financial Assets									
Consumable Biological Assets	18.2	-	-	-	-	-	-	595,643	595,643
Investment Property	19	-	-	2,074,213	2,074,213	-	-	2,116,204	2,116,204
Property, Plant and Equipment	16	-	-	36,576,821	36,576,821	-	-	35,203,596	35,203,596
Leasehold Rights Over Mining Lands	19	-	-	-	-	-	-	-	-
Assets held for sale	38.5	-	-	42,861	42,861	-	-	62,502	62,502
		9,121,166	932	38,694,202	47,816,300	7,953,612	813	37,978,252	45,932,677

Valuation Methodologies and Assumptions

Details of valuation methodologies and assumptions are disclosed in the relevant notes to the financial statements.

40.2 Assets not carrying at fair value in the financial statements and valued using significant unobservable inputs:

	Notes	2023		2022	
		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	110,059,701	112,231,789	91,972,866	93,897,204
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire	6	29,399,242	34,139,807	40,469,193	41,640,197
		139,458,943	146,371,596	132,442,059	135,537,401

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 2023 and 2022 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	3.1-13.6% (2022 : 2-12.9%)	A significant increase in the spread would result in a lower fair value.
		Probability of default	13.9-30.8% (2022 : 16-33.1%)	Significant increases in probability of default isolation would result in lower fair values.
		Loss severity	5-100% (2022 : 5-100%)	A significant reduction would result in higher fair values.
		Expected prepayment rate	0.03-15.8% (2022 : 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	11.8% (2022 : 7.9%)	A significant increase in the spread would result in a lower fair value.
		Probability of default	16.3-28.9% (2022 : 17.1-25.6%)	Significant increases in probability of default isolation would result in lower fair values.
		Loss severity	5-100% (2022 : 5-100%)	A significant reduction would result in higher fair values.
		Expected prepayment rate	0.03-3.2% (2022: 0.03-3.8%)	Correlates with the current interest rates.

40.3 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

Notes to the Financial Statements

41. 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.

41.1 Operating Segment Information

As at 31 March	Lifestyle Sector		Finance Sector		Aluminium Sector		Plantation Sector		Leisure Sector	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Income Statement										
Revenue	52,011,450	44,032,439	42,959,958	29,981,172	4,933,738	6,935,832	-	-	-	-
Intra Group Revenue	14,564	24,542	-	-	323,105	378,917	-	-	-	-
Total Revenue	52,026,014	44,056,981	42,959,958	29,981,172	5,256,843	7,314,749	-	-	-	-
Results										
Gross Profit	22,433,831	20,002,083	22,296,000	21,118,473	1,280,277	1,457,482	-	-	-	-
Dividend Income	992	350	2,770	2,983	-	-	-	-	-	-
Other Operating Income	634,164	1,056,097	170,715	173,250	(68,651)	24,233	-	-	-	-
Administrative Expenses	(2,611,987)	(1,758,757)	(6,956,184)	(5,948,570)	(283,249)	(238,278)	-	-	(1,266)	(878)
Distribution Expenses	(7,621,556)	(6,008,760)	(473,499)	(362,587)	(581,823)	(547,335)	-	-	-	-
Other Operating Expenses	(44,498)	(96,485)	(519,133)	(1,126,044)	(280,102)	-	-	-	-	-
Results from Operating Activities	12,790,946	13,194,528	14,520,669	13,857,505	66,452	696,102	-	-	(1,266)	(878)
Finance Cost	(1,696,818)	(614,524)	-	-	(1,391,619)	(145,565)	-	-	(158)	(65)
Finance Income	1,323,835	551,355	-	-	-	-	-	-	339	155
Net Finance Cost	(372,983)	(63,169)	-	-	(1,391,619)	(145,565)	-	-	181	90
Share of Results of Equity accounted investees	-	-	-	-	-	-	-	-	(4,473)	7,451
Profit Before Tax on Financial Services	12,417,963	13,131,359	14,520,669	13,857,505	(1,325,167)	550,537	-	-	(5,558)	6,663
Tax on Financial Services	-	-	(2,677,605)	(2,136,552)	-	-	-	-	-	-
Profit/(Loss) before tax	12,417,963	13,131,359	11,843,064	11,720,953	(1,325,167)	550,537	-	-	(5,558)	6,663
Tax Expense	(3,855,397)	(2,808,631)	(3,290,178)	(3,244,923)	256,564	(96,394)	-	-	798	-
Profit for the year from continuing operations	8,562,566	10,322,728	8,552,886	8,476,030	(1,068,603)	454,143	-	-	(4,760)	6,663
Assets and Liabilities										
Segment Assets	66,508,026	58,087,342	183,018,067	165,078,282	7,230,678	7,522,471	-	3,989,610	8,861,133	8,138,139
Total Assets	66,508,026	58,087,342	183,018,067	165,078,282	7,230,678	7,522,471	-	3,989,610	8,861,133	8,138,139
Segment Liabilities	31,215,851	24,374,989	144,590,100	131,741,169	6,665,619	5,897,622	-	3,173,063	1,713,862	2,925,339
Total Liabilities	31,215,851	24,374,989	144,590,100	131,741,169	6,665,619	5,897,622	-	3,173,063	1,713,862	2,925,339
Other Segment information										
Total Cost incurred during the period to Acquire,										
Property ,Plant and Equipment"	4,889,654	2,650,137	796,406	742,055	134,792	184,294	-	293,076	726,502	435,902
Intangible Assets	206,270	518	-	107,212	-	-	-	-	-	-
Depreciation and Amortisation PPE, ROUA and Intangible assets	1,892,104	1,986,774	785,806	750,932	194,628	109,391	-	176,375	8,409	-
Provisions for Employment Benefit Liability	209,347	124,702	104,928	53,568	12,707	8,156	-	75,478	1,286	-

	Consumer Sector		Investment Sector		Other Sector		Total Segments		Eliminations / Adjustments		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
	7,470,199	6,925,193	-	-	9,479,339	6,420,551	116,854,684	94,295,187	-	-	116,854,684	94,295,187
	-	-	-	-	1,876,286	1,113,515	2,213,955	1,516,974	(2,213,955)	(1,516,974)	-	-
	7,470,199	6,925,193	-	-	11,355,625	7,534,066	119,068,639	95,812,161	(2,213,955)	(1,516,974)	116,854,684	94,295,187
	1,396,892	1,311,422	-	-	3,216,828	1,661,247	50,623,828	45,550,707	28,514	(20,607)	50,652,342	45,530,100
	-	-	3,092,307	5,338,464	-	1,137	3,096,069	5,342,935	(2,527,528)	(4,614,946)	568,541	727,988
	-	6,995	433,783	366,064	629,059	569,986	1,799,070	2,196,624	(1,037,642)	(749,510)	761,428	1,447,115
	(281,510)	(212,366)	(391,964)	(331,391)	(1,181,771)	(901,737)	(11,707,931)	(9,391,977)	476,727	422,579	(11,231,204)	(8,969,398)
	(598,085)	(546,688)	-	-	(452,261)	(248,527)	(9,727,224)	(7,713,897)	368,707	397,988	(9,358,517)	(7,315,909)
	-	-	-	(39,390)	-	(33,557)	(843,733)	(1,295,476)	122,077	14,982	(721,656)	(1,280,494)
	517,297	559,363	3,134,126	5,333,747	2,211,855	1,048,549	33,240,079	34,688,916	(2,569,145)	(4,549,514)	30,670,934	30,139,402
	(806,248)	(140,017)	(19,764)	(7,949)	(655,212)	(100,150)	(4,569,819)	(1,008,270)	410,399	(27,195)	(4,159,420)	(1,035,465)
	111,180	(73,755)	71,801	35,397	152,026	102,987	1,659,181	616,139	(410,399)	(79,161)	1,248,782	536,978
	(695,068)	(213,772)	52,037	27,448	(503,186)	2,837	(2,910,638)	(392,131)	-	(106,356)	(2,910,638)	(498,487)
	-	-	-	-	-	-	(4,473)	7,451	-	-	(4,473)	7,451
	(177,771)	345,591	3,186,163	5,361,195	1,708,669	1,051,386	30,324,968	34,304,236	(2,569,145)	(4,655,870)	27,755,823	29,648,366
	-	-	-	-	-	-	(2,677,605)	(2,136,551)	-	-	(2,677,605)	(2,136,551)
	(177,771)	345,591	3,186,163	5,361,195	1,708,669	1,051,386	27,647,363	32,167,685	(2,569,145)	(4,655,870)	25,078,218	27,511,815
	41,702	(81,748)	(132,806)	(568,490)	(342,509)	(240,459)	(7,321,826)	(7,040,645)	(323,680)	50,454	(7,645,506)	(6,990,191)
	(136,069)	263,843	3,053,357	4,792,705	1,366,160	810,927	20,325,537	25,127,040	(2,892,825)	(4,605,416)	17,432,712	20,521,624
	3,752,551	4,121,059	35,253,524	31,602,398	19,321,976	17,886,931	323,945,955	296,426,232	(14,299,785)	(11,215,748)	309,646,170	285,210,484
	3,752,551	4,121,059	35,253,524	31,602,398	19,321,976	17,886,931	323,945,955	296,426,232	(14,299,785)	(11,215,748)	309,646,170	285,210,484
	5,555,834	5,822,581	231,187	495,962	5,296,180	6,163,004	195,268,633	180,593,729	(5,004,612)	(3,836,294)	190,264,021	176,757,435
	5,555,834	5,822,581	231,187	495,962	5,296,180	6,163,004	195,268,633	180,593,729	(5,004,612)	(3,836,294)	190,264,021	176,757,435
	-	12,227	6,235	4,583	403,674	335,132	6,957,263	4,657,406	432,507	-	7,389,770	4,657,406
	-	-	-	-	1,055	950	207,325	108,680	-	-	207,325	108,680
	6,238	8,610	50,664	10,896	141,551	120,998	3,079,400	2,987,601	211,261	45,245	3,290,661	3,209,221
	13,174	3,333	7,879	5,011	29,953	16,161	379,274	210,931	101,037	-	480,311	286,409

Notes to the Financial Statements

41. SEGMENT INFORMATION (CONTD.)

41.2 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	
	2023 LKR '000	2022 LKR '000
Segment Net Profit for the year	20,325,537	25,127,039
Profit/ (Loss) after tax for the year from Discontinued Operations	375,988	58,597
Elimination of Intercompany Dividend	(2,527,528)	(4,614,946)
Tax on Intercompany transactions	(323,680)	50,454
Inter/ Intra Segment Elimination	(41,617)	(40,923)
Group Net Profit For the Year	17,808,700	20,580,221

Reconciliation of Assets and Liabilities

As at 31 March	GROUP	
	2023 LKR '000	2022 LKR '000
Segment Assets	323,945,955	296,426,232
Assets of Discontinued Operations	42,861	62,502
Investment in subsidiaries (Elimination)	(23,234,324)	(21,299,324)
Inter company balance (Elimination)	(2,604,048)	(1,761,717)
Financial Assets - Fair Value Through P&L (Elimination)	(47,490)	(14,490)
Financial Assets - Fair Value Through OCI (Elimination)	(97,769)	(33,349)
Intangible Assets recognised/(eliminated)	11,460,121	11,631,985
Share of Associate companies accumilated Profit and OCI net of dividend received	180,864	198,645
Group Assets	309,646,170	285,210,484
Segment Liabilities	195,268,633	180,593,729
Liabilities of discontinued operations	200,657	214,476
Inter company balance (Eliminations)	(5,205,269)	(4,050,770)
Group Liability	190,264,021	176,757,435

42. 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.

42.1 Contingent Liabilities

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Guarantees Issued to Banks and Other Institutions	-	-	6,275	8,000
Counter Indemnity Issued to Banks for Guarantees	-	-	324,000	-
Import LC and Ordinary Guarantees	-	-	51,558	-
Total Contingent Liabilities	-	-	381,833	8,000

42.2 Commitments

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Contracted but not provided for	-	-	1,033,051	2,011,871
Unutilised facilities	-	-	2,441,428	1,686,463
	-	-	3,474,479	3,698,334

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

42.3 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Cases pending against the company (Values claimed)	-	-	186,532	81,700
	-	-	186,532	81,700

43 EVENTS AFTER THE REPORTING PERIOD

No other circumstances have arisen subsequent to the reporting date which would require adjustment to or disclosure in the Financial Statements.

Notes to the Financial Statements

44. 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;

44.1 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Short-Term Employment Benefits	23,269	-	984,917	1,016,537
Directors' Fees and Expenses	9,551	9,042	31,366	-
Post Employment Benefits	-	-	137,497	137,497
	32,820	9,042	1,153,780	1,154,034

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.

44.2 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Statement of Financial Position				
Assets				
Loans against Deposit	-	-	-	29,881
Advance & Prepayments	-	-	-	4,813
	-	-	-	34,694
Liabilities				
Fixed Deposits	-	-	571,491	748,836
Savings Deposits	-	-	12,171	13,208
	-	-	583,662	762,044
Income Statement				
Interest Expense on Customer Deposits	-	-	(75,416)	(1,022)
Interest Income on Loans and Receivables	-	-	424	298
Sale of Goods/Services	-	-	-	123,824
Rent Expenses	-	-	(9,860)	(23,396)
Transport Expenses	-	-	(6,525)	(3,833)
Other Operating Expenses	-	-	(353)	(4,584)
	-	-	(91,731)	91,288
Other Transactions				
Deposits Accepted During the Year	-	-	163,782	41
Dividend Paid on Shareholdings	-	2,289,311	6,413	2,298,930
	-	2,289,311	170,195	2,298,971

44.3 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	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Statement of Financial Position				
Assets				
Due from Other Related Parties	21,968	40,329	21,968	295,267
Money Market Investment	1,300,053	200,000	1,300,053	200,000
Investment in Equity Securities	-	-	880	-
Leasehold Improvements	-	-	84,808	-
	1,322,021	240,329	1,407,708	495,267
Liabilities				
Fixed Deposits	-	-	12,152	-
Due to Other Related Parties	-	-	-	104,441
	-	-	12,152	104,441
Income Statement				
Technical Fees	15,964	46,840	15,964	46,840
Interest Income on repo and Fixed Deposits	70,037	35,397	70,037	35,397
Sale of goods & services	-	-	4,210,989	1,701,338
Purchase of good & services	-	(1,719)	(6,312,779)	(3,234,438)
Income on Operating Lease	-	-	8,842	-
Interest Expense on Customer Deposits	-	-	(570)	-
Administration and Establishment Expenses	-	-	(9,298)	-
Investment FV Adjustment	-	-	865	-
	86,000	80,517	(2,015,950)	(1,450,864)
Other Transactions				
Investment in Fixed Deposits	200,000	485,000	212,151	485,000
Withdrawal of Fixed Deposit	(200,000)	(560,000)	(200,000)	(560,000)
	-	(75,000)	12,152	(75,000)

Notes to the Financial Statements

44.4 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

As at 31 March	COMPANY		GROUP	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Statement of Financial Position				
Assets				
Investment in Equity Securities	23,234,324	21,299,324	-	-
Due from Related Parties	336,020	246,720	-	-
	23,570,344	21,546,044	-	-
Liabilities				
Due to Related Parties	-	33,228	-	-
	-	33,228	-	-
Statement of Profit and Loss				
Dividend Income	2,526,541	4,612,532	-	-
Technical fee income	411,115	302,222	-	-
	2,937,656	4,914,754	-	-
Other Transactions				
Dividend Paid	-	2,415	-	-
	-	2,415	-	-

All related party transactions disclosed under note 45 were identified as arms length transactions and all settlements has been done when payment is due.

45. CURRENT AND NON CURRENT ANALYSIS OF ASSETS AND LIABILITIES

45.1 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.

	2023			2022		
	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	1,366,913	-	1,366,913	904,727	-	904,727
Financial Assets Recognised Through Profit or Loss	55,313	-	55,313	48,608	-	48,608
Equity Instruments measured at Fair Value through OCI	-	8,983,647	8,983,647	-	7,837,162	7,837,162
Trade and Other Debtors, Deposits and Prepayments	1,055,928	-	1,055,928	1,038,869	-	1,038,869
Other Non Financial Assets	-	5,811	5,811	-	5,562	5,562
Investments in Subsidiaries	-	23,234,324	23,234,324	-	21,299,324	21,299,324
Investment in Associate	-	413,068	413,068	-	413,068	413,068
Deferred Tax Assets	-	8,580	8,580	-	7,003	7,003
Property, Plant and Equipment	-	21,185	21,185	-	26,170	26,170
Right of use assets	-	108,754	108,754	-	21,903	21,903
Total Assets	2,478,154	32,775,369	35,253,523	1,992,204	29,610,192	31,602,396

	2023			2022		
	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	490	-	490	155	-	155
Interest Bearing Loans and Borrowings	33,139	82,363	115,502	29,259	-	29,259
Trade and Other Payables	44,711	-	44,711	53,529	-	53,529
Dividend Payable	11,113	-	11,113	13,372	-	13,372
Employee Benefit Liabilities	-	25,722	25,722	-	24,553	24,553
Income Tax Liabilities	33,649	-	33,649	375,094	-	375,094
Total Liabilities	123,103	108,085	231,187	471,410	24,553	495,962

Notes to the Financial Statements

45.2 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.

	2023			2022		
	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	10,042,529	-	10,042,529	32,068,507	-	32,068,507
Financial Assets Recognised Through Profit or Loss	244,464	-	244,464	94,039	-	94,039
Financial Assets At Amortised Cost- Loans And Receivables	86,661,524	25,570,265	112,231,789	64,975,334	28,921,870	93,897,204
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	15,998,232	18,141,575	34,139,807	17,088,221	24,551,976	41,640,197
Equity Instruments measured at Fair Value through OCI	19,621	8,984,579	9,004,200	22,718	7,837,975	7,860,693
Other Financial Assets	21,792,561	-	21,792,561	4,515,292	1,176,471	5,691,763
Trade and Other Debtors, Deposits and Prepayments	10,493,206	-	10,493,206	10,048,943	-	10,048,943
Contract Asset	32,343	-	32,343	46,463	-	46,463
Other Non Financial Assets	4,702,366	71,732	4,774,098	2,907,097	60,896	2,967,993
Investments in Subsidiaries	-	-	-	-	-	-
Investment in Associate	-	593,932	593,932	-	598,333	598,333
Deferred Tax Assets	146,832	819,393	966,225	-	70,607	70,607
Income Tax Recoverable	3,038	-	3,038	31,847	-	31,847
Inventories	27,398,634	-	27,398,634	15,033,590	-	15,033,590
Intangible Assets	11,460,116	1,471,014	12,931,130	11,505,362	1,314,687	12,820,049
Consumable Biological Assets	-	-	-	-	595,643	595,643
Investment Property	-	2,074,213	2,074,213	71,152	2,045,052	2,116,204
Property, Plant and Equipment	-	60,336,193	60,336,193	-	56,939,413	56,939,413
Right of use assets	-	2,544,947	2,544,947	-	2,626,494	2,626,494
Assets held for sale	42,861	-	42,861	61,716	786	62,502
Total Assets	189,038,327	120,607,843	309,646,170	158,470,281	126,740,203	285,210,484

	2023			2022		
	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	13,499,178	10,162,524	23,661,702	9,575,786	14,202,045	29,518,650
Due to Customers	99,838,839	14,409,414	114,248,253	74,783,700	10,905,080	89,478,506
Interest Bearing Loans and Borrowings	17,350,811	6,866,029	24,216,840	14,271,682	12,257,110	26,528,792
Trade and Other Payables	10,004,071	-	10,004,071	6,303,672	-	12,252,645
Other Non Financial Liabilities	1,904,070	15,000	1,919,070	363,819	128,324	771,895
Contract Liabilities	2,831,092	-	2,831,092	634,606	-	6,474,167
Dividend Payable	516,111	-	516,111	81,273	-	145,153
Employee Benefit Liabilities	181,652	1,477,545	1,659,197	271,786	1,944,023	1,944,313
Income Tax Liabilities	1,295,749	2,261,996	3,557,745	955,249	-	3,862,564
Deferred Tax Liabilities	-	7,449,283	7,449,283	-	3,964,711	5,566,274
Liabilities directly associated with the assets classified as held for sale	200,657	-	200,657	14,413	-	214,476
Total Liabilities	147,622,230	42,641,791	190,264,021	107,255,986	43,401,293	176,757,435

Notes to the Financial Statements

46. 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 2023 LKR '000	Carrying Amount Pledged 2022 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	37,150,380	41,225,083	Lease Rentals Receivable and Stock out on Hire / Loans and Advances
Securities under Reverse Repurchase Agreements	Debt Funding from Banks	133,207	-	Other Financial Assets
Investment in Fixed Deposits	Debt Funding from Banks	1,646,315	1,656,267	Other Financial Assets
Freehold Land and Building	Term Loans	844,230	1,232,501	Property, Plant and Equipment
		39,774,132	44,113,851	

*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.

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	1,200,000	Immovable Property
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
Sampath Bank PLC	Import Loan	1,000,000	Corporate Bonds

Uni Dil Packaging Solutions Ltd

Lender	Facility	Limit Rs. '000	Security
Hatton National Bank PLC	Import Loan	570,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Overdraft	40,000	
HSBC	Import Loan	40,000	Corporate Guarantee from Uni Dil Packaging Limited
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	

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 Rs. '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

Notes to the Financial Statements

47. RISK MANAGEMENT DISCLOSURES

47.1 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.

47.2 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.

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.

Notes to the Financial Statements

47. RISK MANAGEMENT DISCLOSURES (CONTD.)

47.2.1 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			
	2023		2022	
	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	1,366,913	-	904,727	-
Financial Assets Recognised Through Profit or Loss	55,313	55,313	48,608	48,608
Equity Instruments measured at Fair Value through OCI	8,983,647	8,983,647	7,837,162	7,837,162
Trade Receivables	1,055,928	1,055,928	1,015,036	1,038,869
	11,461,801	10,094,888	9,805,534	8,924,640

As at 31 March	COMPANY			
	2023		2022	
	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	10,042,529	-	31,987,368	-
Financial Assets Recognised Through Profit or Loss	244,464	244,464	94,039	94,039
Trade Receivables	10,631,523	10,513,177	9,799,320	9,768,342
Financial Assets At Amortised Cost- Loans And Receivables	117,489,659	9,038,005	98,541,527	9,307,690
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	48,489,087	2,695,903	44,845,870	3,075,222
Equity Instruments measured at FVOCI	9,004,200	9,004,200	7,860,693	7,860,693
Other Financial Assets*	21,792,561	9,602,076	5,691,763	5,660,494
Total Financial Assets	217,694,023	41,097,825	198,820,580	35,766,480

** Net exposure of the Other Financial Assets mainly includes investment in fixed deposits in banks and other financial institutions.*

47.2.2 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	1,366,913	-	-	1,366,913
Financial Assets Recognised Through Profit or Loss	55,313	-	-	55,313
Equity Instruments measured at Fair Value through OCI	8,983,647	-	-	8,983,647
Trade Receivables	1,055,928	-	-	1,055,928
	11,461,801	-	-	11,461,801

Comparative 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
	9,805,533	-	-	9,805,533

Current Year	GROUP Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalents	10,042,529	-	-	10,042,529
Financial Assets Recognised Through Profit or Loss	244,464	-	-	244,464
Trade Receivables	10,631,523	-	-	10,631,523
Financial Assets At Amortised Cost- Loans And Receivables	96,292,543	13,742,880	7,454,236	117,489,659
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	22,055,916	9,125,506	5,895,915	37,077,337
Equity Instruments measured at Fair Value through OCI	9,004,200	-	-	9,004,200
Other Financial Assets	21,792,561	-	-	21,792,561
Total Financial Assets	170,063,736	22,868,386	13,350,151	206,282,273

Comparative 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

Notes to the Financial Statements

47.3 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.

47.3.1 Analysis of Liquidity Risk Exposure

47.3.1 (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	1,366,913	-	-	-	-	1,366,913
Financial Assets Recognised Through Profit or Loss	55,313	-	-	-	-	55,313
Equity Instruments measured at Fair Value through OCI	8,983,647	-	-	-	-	8,983,647
Trade and Other Receivables	-	1,055,928	-	-	-	1,055,928
Total Financial Assets	10,405,873	1,055,928	-	-	-	11,461,801
Financial Liabilities						
Due to Banks	490	-	-	-	-	490
Trade and Other Payables	-	44,710	-	-	-	44,710
Interest Bearing Loans and Borrowings	-	15,332	45,995	122,653	-	183,980
Total Financial Liabilities	490	60,042	45,995	122,653	-	229,180
Total Net Financial Assets/(Liabilities)	10,405,383	995,886	(45,995)	(122,653)	-	11,232,621

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	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 Receivables	-	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

Notes to the Financial Statements

47.3.1 Analysis of Liquidity Risk Exposure

47.3.1 (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.

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	8,482,055	1,560,474	-	-	-	10,042,529
Financial Assets Recognised Through Profit or Loss	244,464	-	-	-	-	244,464
Financial Assets At Amortised Cost-Loans And Advances	19,079,222	59,187,216	24,441,497	34,051,145	4,450,598	141,209,678
Financial Assets At Amortised Cost-Lease Rentals Receivable & Stock Out On Hire	3,897,475	5,456,015	14,406,956	25,263,710	2,313	49,026,469
Equity Instruments measured at Fair Value through OCI	9,003,269	-	-	932	-	9,004,201
Other Financial Assets	640,028	9,708,999	11,443,534	-	-	21,792,561
Trade and Other Receivables	3,153,725	3,514,568	3,736,104	235,378	-	10,639,775
Total Financial Assets	44,500,238	79,427,272	54,028,091	59,551,165	4,452,911	241,959,677
Financial Liabilities						
Due to Banks	512,946	7,096,709	7,975,584	11,720,737	-	27,305,976
Due to Customers	2,782,104	57,308,381	47,479,036	20,278,435	-	127,847,956
Trade and Other Payables	-	6,014,878	3,989,193	-	-	10,004,071
Interest Bearing Loans and Borrowings	3,674,731	8,975,269	9,737,743	5,014,755	-	27,402,498
Other Financial Liabilities	1,547,339	304,139	286,000	1,440,688	556,437	4,134,603
Total Financial Liabilities	8,517,120	79,699,376	69,467,556	38,454,615	556,437	196,695,104
Total Net Financial Assets/(Liabilities)	35,983,118	(272,104)	(15,439,465)	21,096,550	3,896,474	45,264,573

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	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 Receivables	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

47.4 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	-	2,000	4,275	-	-	6,275
Counter Indemnity Issued to Banks for Guarantees	-	-	-	324,000	-	324,000
Import LC and Ordinary Guarantees	51,558	-	-	-	-	51,558
Total Contingent Liabilities	51,558	2,000	4,275	324,000	-	381,833
Commitments						
Contracted but not provided for	1,033,051	-	-	-	-	1,033,051
Commitment for Unutilised Facilities	2,441,428	-	-	-	-	2,441,428
Total Commitments	3,474,479	-	-	-	-	3,474,479
Total Commitments and Contingencies	3,526,037	2,000	4,275	324,000	-	3,856,312

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	3,000	-	-	8,000
Counter Indemnity Issued to Banks for Guarantees	-	-	-	-	-	-
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

47.5 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.

47.5.1 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.

47.5.2 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.

47.5.3 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.

Notes to the Financial Statements

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 2022/23	20%	-	20%	(48,645)
	15%	-	15%	(36,484)
	10%	-	10%	(24,323)
	-10%	-	-10%	24,323
	-15%	-	-15%	36,484
	-20%	-	-20%	48,645

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)

Due to the prevailing economic instability, the sensitivity of the exchange rate is presented in the range of negative 20% to positive 20%.

47.5.4 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

47.5.4 (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 2022/23	**+ 600 bps**	**135,728**	**+ 600 bps**	**795,329**
	+ 400 bps	90,486	+ 400 bps	530,219
	+ 200 bps	45,243	+ 200 bps	265,110
	- 200 bps	(45,243)	- 200 bps	(265,110)
	- 400 bps	(90,486)	- 400 bps	(530,219)
	- 600 bps	(135,728)	- 600 bps	(795,329)

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 2020/21	+ 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)

Due to the prevailing economic instability, the sensitivity of the interest rate is presented in the range of negative 6% to positive 6%.

Notes to the Financial Statements

47.5.4 (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	1,366,913	-	-	-	-	-	1,366,913
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	55,313	55,313
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	8,983,647	8,983,647
Trade and Other Debtors, Deposits	1,055,928	-	-	-	-	-	1,055,928
	2,422,841	-	-	-	-	9,038,960	11,461,801
Financial Liabilities							
Due to Banks	490	-	-	-	-	-	490
Interest Bearing Loans and Borrowings	33,139	82,363	-	-	-	-	115,502
Trade and Other Payables	44,710	-	-	-	-	-	44,710
	78,339	82,363	-	-	-	-	160,702
Interest Sensitivity Gap	2,344,502	(82,363)	-	-	-	9,038,960	11,301,099

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	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
Other Financial Assets	-	-	-	-	-	-	-
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

47.5.4 (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 reprising 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	7,825,836	-	-	-	-	2,216,693	10,042,529
Financial Assets Recognised Through Profit or Loss	126,259	-	-	-	-	118,205	244,464
Financial Assets At Amortised Cost- Loans and Advances	86,195,084	10,974,753	12,453,353	2,574,447	34,152	-	112,231,789
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	6,791,554	9,206,679	15,266,059	2,873,518	1,997	-	34,139,807
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	9,004,200	9,004,200
Other Financial Assets	8,079,343	13,090,128	-	8,037	-	615,052	21,792,560
Trade and Other Debtors, Deposits	6,998,075	453,860	15,661	219,718	-	2,944,211	10,631,525
	116,016,151	33,725,420	27,735,073	5,675,720	36,149	14,898,361	198,086,874
Financial Liabilities							
Due to Banks	7,025,065	6,474,112	9,745,916	416,609	-	-	23,661,702
Due to Customers	57,849,525	41,989,314	9,693,039	4,716,375	-	-	114,248,253
Interest Bearing Loans and Borrowings	8,904,952	9,013,720	5,294,924	1,003,244	-	-	24,216,840
Trade and Other Payables	6,306,542	144,130	472,114	450,808	432,643	2,197,834	10,004,071
	80,086,084	57,621,276	25,205,993	6,587,036	432,643	2,197,834	172,130,866
Interest Sensitivity Gap	35,930,067	(23,895,856)	2,529,080	(911,316)	(396,494)	12,700,527	25,956,008

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	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

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ANNEXES

Decade at a Glance

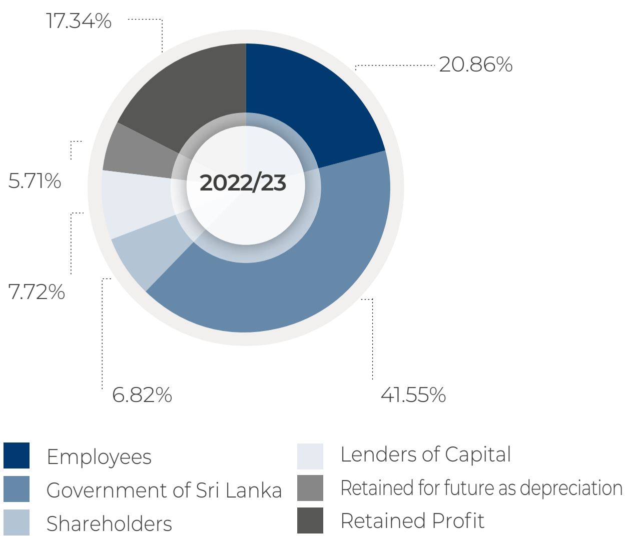
	2023 LKR'000	2022 LKR'000	2021 LKR'000	2020 LKR'000	2019 LKR'000	2018 LKR'000	2017 LKR'000	2016 LKR'000	2015 LKR'000	2014 LKR'000
Group revenue	**116,855**	94,295	81,035	68,569	66,691	60,969	52,936	47,668	43,450	48,331
EBIT	**30,671**	30,139	22,472	15,068	14,989	13,723	10,535	10,975	7,546	5,175
Net Finance Cost	**(2,911)**	(498)	(1,841)	(3,011)	(2,603)	(1,915)	(1,156)	(945)	(1,028)	(1,806)
Share of results of equity accounted investees (net of tax)	**(4)**	7	(39)	6	45	31	687	1,533	1,146	576
Profit before tax	**25,078**	27,512	19,032	9,870	10,542	10,737	8,391	10,970	7,349	3,832
Tax Expense	**(7,466)**	(6,990)	(4,208)	(3,453)	(3,800)	(3,927)	(3,762)	(3,513)	(2,003)	(770)
Profit after tax	**17,433**	20,522	14,823	6,417	6,742	6,810	4,629	7,457	5,202	3,062
Attributable to:										
Equity Holders of the Parent	**9,524**	10,353	8,118	3,794	4,042	3,609	640	4,228	2,891	1,574
Non-Controlling interest	**8,285**	10,228	6,571	2,502	2,692	3,160	3,793	3,229	2,311	1,488
CAPITAL EMPLOYED										
Stated capital	**29,337**	29,337	29,337	27,164	27,164	27,164	27,164	27,164	27,164	27,164
Capital reserves and other components of equity	**13,868**	12,282	12,068	10,025	7,184	9,595	5,377	2,087	834	1,066
Retained Earnings	**33,720**	28,346	21,151	16,755	13,991	11,132	9,041	8,840	6,739	4,262
Equity attributable to equity holders of the Parent	**76,925**	69,965	62,556	53,944	48,339	47,891	41,582	38,091	34,737	32,492
Non-controlling Interest	**42,458**	38,488	31,634	26,116	23,155	20,572	18,931	16,579	13,231	12,101
Total Equity	**119,382**	108,453	94,190	80,060	71,493	68,462	60,512	54,671	47,968	44,593
Total Debt	**47,879**	56,047	37,290	55,565	52,172	48,295	42,792	32,025	26,988	26,868
	167,261	164,500	131,480	135,625	123,665	116,757	103,304	86,695	74,956	71,460
ASSETS EMPLOYED										
Property plant and equipment(PP&E)	**60,336**	56,939	52,595	50,658	43,428	37,480	29,566	22,014	19,718	23,310
Assets other than PP&E	**249,310**	228,271	187,537	191,809	181,560	168,693	146,484	128,858	109,800	101,689
Liabilities net of debt	**(142,385)**	(120,710)	(108,651)	(106,842)	(101,322)	(89,416)	(72,746)	(64,177)	(54,561)	(53,538)
	167,261	164,500	131,480	135,625	123,665	116,757	103,304	86,695	74,956	71,460
CASHFLOW										
Net cash flow from operating activities	**(11,141)**	22,083	19,227	5,214	3,846	5,867	4,080	6,842	7,577	(392)
Ne cash flow from/(used in) investing activities	**(7,218)**	(3,833)	(1,652)	(4,103)	(7,534)	(7,808)	(7,422)	(1,960)	(272)	(6,555)
Net cash flow from /(used in) Financing activities	**(3,951)**	114	(8,839)	(77)	(297)	3,700	(590)	(1,304)	(2,940)	4,557
Net increase /(decrease) in cash and cash equivalents	**(22,310)**	18,364	8,737	1,034	(3,985)	1,759	(3,931)	3,579	4,365	(2,391)
KEY INDICATORS										
Basic earnings per share (Rs.)	**8.36**	9.09	7.13	3.33	3.72	3.32	0.59	3.89	2.66	1.45
Dividend per share (Rs.)	**-**	2.50	3.50	-	-	0.50	0.50	0.50	0.40	0.70
Net assets per share (Rs.)	**67.54**	61.43	54.93	47.36	44.50	44.10	38.30	35.06	31.97	29.90
Market price per share (Rs.)	**36.60**	40.2	47.1	12	14.3	17.2	17.5	17.8	20.3	17
Return on equity (%)	**14.6**	18.9	15.6	7.9	9.4	9.8	7.0	13.6	10.8	6.9
Debt equity ratio (%)	**40.11**	51.68	39.59	69.40	72.97	70.54	70.72	58.58	56.26	60.25
Interest cover (Times)	**7.4**	29.1	11.9	4.9	5.6	6.9	6.3	9.03	5.74	2.47
Price earning ratio (Times)	**4.38**	4.42	6.61	3.60	3.84	5.18	29.66	4.58	7.63	11.72
Revenue growth rate (%)	**23.92**	16.36	18.18	2.82	9.39	15.17	11.05	9.71	(10.10)	45.97

Group Value Added Statement

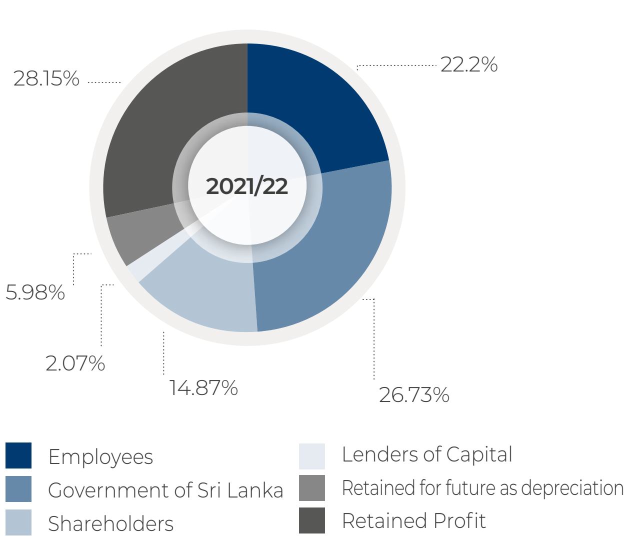
	2023 LKR '000	2022 LKR '000
Gross Turnover	124,668,879	98,481,563
Finance & Other Income	5,565,152	2,712,081
Share of Associate Company's Profit	(4,473)	7,451
	130,229,558	101,201,095
Less: Cost of Material & Services bought in	(76,359,538)	(51,289,478)
	53,870,020	49,911,617

	2023 LKR '000	%	2022 LKR '000	%
Employees	11,239,349	21	11,080,802	22
Government of Sri Lanka	22,380,579	42	13,338,987	27
Shareholders	3,669,632	7	7,421,494	15
Lenders of Capital	4,159,420	8	1,035,465	2
Retained for future as depreciation	3,077,416	6	2,985,785	6
Retained Profit	9,343,624	17	14,049,084	28
	53,870,020	100	49,911,617	100

Value Addition 2022/23



Value Addition 2021/22



Indicative US Dollar Financial Statements

Income Statement
for information purpose only

	Company		Group	
For the year ended 31st March	2023 USD '000	2022 USD '000	2023 USD '000	2022 USD '000
Revenue from contract with customers	-	-	228,806	223,375
Interest income	-	-	118,965	91,994
Total Revenue	-	-	347,771	315,369
Cost of sales	-	-	(197,025)	(163,094)
Gross Profit	-	-	150,747	152,275
Dividend income	9,203	17,854	1,692	2,435
Other operating Income	1,291	1,224	2,266	4,840
Administrative expenses	(1,167)	(1,108)	(33,425)	(29,998)
Distribution expenses	-	-	(27,852)	(24,468)
Other operating expenses	-	(132)	(2,148)	(4,283)
Results from operating activities	9,327	17,839	91,280	100,801
Finance cost	(59)	(27)	(12,379)	(3,463)
Finance income	214	118	3,717	1,796
Net Finance income/cost	155	92	(8,662)	(1,667)
Share of results of quity accounted investees	-	-	(13)	25
Operating profit before tax on financial services	9,482	17,930	82,604	99,158
Tax on financial services	-	-	(7,969)	(7,146)
Profit before tax	9,482	17,930	74,635	92,013
Income tax expenses	(395)	(1,901)	(22,754)	(23,379)
Profit for the year from continuing operations	9,087	16,029	51,882	68,634
Discontinued Operations				
Profit/(loss) after tax for the year from discontinued operations	-	-	1,119	196
Profit for the year	9,087	16,029	53,001	68,830
Attributable to:				
Equity holders of the parent	15,039	16,029	28,344	34,624
Non controlling Interest	-	-	24,656	34,206
	15,039	16,029	53,001	68,830
Earning per share				
Basic earnings per ordinary share	0.01	0.01	0.05	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.336.01 (2022-Rs.299/-) have been used to convert the income statement and statement of financial position.

Statement of Financial Position
for information purpose only

As at 31 March	Company		Group	
	2023 USD '000	2022 USD '000	2023 USD '000	2022 USD '000
ASSETS				
Cash and Cash Equivalent	4,068	3,026	29,888	107,253
Financial Assets Measured at Fair Value Through Profit or Loss	165	163	728	315
Financial Assets At Amortised Cost- Loans and Advances	-	-	334,013	314,037
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire	-	-	101,604	139,265
Equity Instruments measured at Fair Value through OCI	26,736	26,211	26,797	26,290
Other Financial Assets	-	-	64,857	19,036
Trade and Other Debtors, Deposits and Prepayments	3,143	3,474	31,229	33,609
Contract Asset	-	-	96	155
Other Non Financial Assets	17	19	14,208	9,926
Investments in Subsidiaries	69,148	71,235	-	-
Investment in Associate	1,229	1,381	1,768	2,001
Deferred Tax Assets	26	23	2,876	236
Income Tax Recoverable	-	-	9	107
Inventories	-	-	81,541	50,280
Intangible Assets	-	-	38,484	42,876
Consumable Biological Assets	-	-	-	1,992
Investment Property	-	-	6,173	7,078
Property, Plant and Equipment	63	88	179,567	190,433
Leasehold Rights Over Mining Lands	-	-	-	-
Right of use assets	324	73	7,574	8,784
Assets held for sale	-	-	128	209
	104,918	105,694	921,539	953,881
LIABILITIES				
Due to Banks	1	1	70,420	98,725
Due to Customers	-	-	340,014	299,259
Interest Bearing Loans and Borrowings	344	98	72,072	88,725
Trade and Other Payables	133	179	29,773	40,979
Other Non Financial Liabilities	-	-	5,711	2,582
Contract Liabilities	-	-	8,426	21,653
Dividend Payable	33	45	1,536	485
Employee Benefit Liabilities	77	82	4,938	6,503
Income Tax Liabilities	100	1,254	10,588	12,918
Deferred Tax Liabilities	-	-	22,170	18,616
Liabilities directly associated with the assets classified as held for sale	-	-	597	717
	688	1,659	566,245	591,162
Shareholders' Funds				
Equity Attributable to Equity Holders of the Parent				
Stated Capital	87,310	98,117	87,310	147,400
Retained Earnings	23,852	17,542	92,129	142,422
Other components of equity	(6,932)	(11,625)	41,271	61,709
Total Equity Attributable to Equity Holders of the Parent	104,230	104,035	228,935	351,532
Non Controlling Interest	-	-	126,358	193,376
Total Equity	104,230	104,035	355,293	544,908
Total Equity and Liabilities	104,918	105,694	921,539	953,881

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/LKR 336.01 (2022-LKR 299.00) have been used to convert the income statement and statement of financial position.

Subsidiary/Associate Companies of Vallibel One PLC

DETAILS OF SUBSIDIARIES COMPANIES

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 2023
Royal Ceramics Lanka PLC	PQ 125	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. 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 Jayaweera Ms K A D B Perera [Appointed w.e.f 19.10.2022] Mr. Dhammika Perera [Resigned w.e.f. 10.6.2022]
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

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 2023
Lanka Walltiles PLC	PQ 55	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	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 Ms K A D B Perera [Appointed w.e.f 19.10.2022] Mr. Dhammika Perera [Resigned w.e.f 10.6.2022]
Lanka Tiles PLC	PQ 129	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	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. J A N R Adhihetty Mr. S M Liyanage Mr. J R Gunaratne Ms K A D B Perera [Appointed w.e.f 19.10.2022] Mr. Dhammika Perera [Resigned w.e.f. 10..6.2022] Mr. R D P Godawatta Arachchige (Alternate Director to Mr Dhammika [ceased w.e.f 10.6.2022] Perera)
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 Aluminum 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. T G Thoradeniya Mr. C U Weerawardena Mr. S M Liyanage Mr. B T T Roche [Resigned w.e.f.30.9.2022] Dr. S Selliah –[Resigned w.e.f. 27.1.2023]

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 2023
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 Mr A M Weerasinghe
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
Uni Dil Packaging Limited	PB 544	Kosgahalanda Kosgahawatta, Katulanda Narampola Road, Moragala Dekatana	Subsidiary	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. Dhammika Perera [Resigned w.e.f. 10.6.2022]
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 Naraheanpita 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 Naraheanpita, 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 Mr A M Weerasinghe
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

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 2023
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
L B Finance PLC	PQ 156	No. 275/75 Prof. Stanley Wijesundera Mawatha Colombo 07	Subsidiary	Mr. G A R D Prasanna Mr. M A J W Jayasekara Mr. J A S S Adhihetty Mr. N Udage Mr. B D A Perera Mr. R S Yatawara Mrs. Y Bhaskaran Mrs A Natesan Mr. D Rangalle Ms Y Amarasekera Mr. Dhammika Perera [Resigned w.e.f. 10.6.2022]
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. J A S S Adhihetty Mr. B D A Perera Mr. N Udage Mr. R S Yatawara Mr. Dulan R G de Silva Mr. Dhammika Perera [Resigned w.e.f.10.6.2022]
Greener Water Ltd	PB 3837	Level 29, West Tower World Trade Centre Echelon Square Colombo 01	Subsidiary	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 Mr. Dhammika Perera [Resigned w.e.f. 10.6.2022]

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 2023
Delmege Limited	PV 6351 PB	No.101 Vinayalankara Mawatha Colombo 10	Subsidiary	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 Mr. Dhammika Perera [Resigned w.e.f. 10.6.2022]
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. 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. 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
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. 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. G A R D Prasanna Mr. N S L Fernando Mr. S N Wickremasooriya Mr. H.P.G.P.P. De Alwis

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 2023
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. 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 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. H.P.G.P.P. De Alwis Mr. P.G. Welagedara
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 1	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

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 2023
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
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
Eden Pharmaceutical (Pvt) Ltd	PV63595	No.147-B3, 1st Cross Street Kalalgoda Road Pannipitiya	Subsidiary	Ms. E A N Hemali Mr J A N R Adhihetty Mr H P G P P De Alwis Mr A A J Schokman
The Fortress Resorts PLC	PQ 207	Level 29, west Tower World Trade Centre Echelon square Colombo 01	Associate	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 [Resigned w.e.f. 15.12.2022] Mr K D H Perera Mr Jitendra Gunaratne [Appointed w.e.f. 1.2.2023] Mr. R N Malinga (Alternate Director of Mr. M J Fernando Mr. Dhammika Perera [Resigned w.e.f. 10.6.2022] Ms. A A K Amarasinghe (Alternate Director of Mr. Dhammika Perera) [ceased w.e.f. 10.6.2022]

Independent Assurance Report

Ernst & Young
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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF VALLIBEL ONE PLC

Scope

We have been engaged by Vallibel One PLC ("the Entity") to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report (the "Subject Matter") as of 31st March 2023.

Criteria applied by Vallibel One PLC

In preparing the Subject Matter, Vallibel One PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

Such Criteria were specifically designed for purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report FY 2022/23 is in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Vallibel One PLC's responsibilities

Vallibel One PLC's management is responsible for selecting the Criteria, and for presenting the EESG indicators contained in the Integrated Annual Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, 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 Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Vallibel One PLC on 02 May 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented 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 limited assurance conclusions.

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 Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, 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

Procedures performed in a limited assurance engagement 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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

Economic, Environment, Social management data/information are subject 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 Integrated Annual Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report as of 31st March 2023 in order for it to be in accordance with the Criteria.

Ernst + Young

7 June 2023

Colombo

Independent Assurance Report

Building a better working world

Ernst & Young
Chartered Accountants
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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF VALLIBEL ONE PLC ON THE INTEGRATED ANNUAL REPORT- 2022/23

Scope

We have been engaged by Vallibel One PLC ("the Entity") to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, on its Integrated Annual Report for the year ended 31st March 2023.
(the "Subject Matter").

Criteria applied by Vallibel One PLC

In preparing the Subject Matter, Vallibel One PLC applied the Guiding Principles and Content Elements given in the IFRS Foundation/International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework) ("Criteria").

Such Criteria were specifically designed for purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Vallibel One PLC's responsibilities

Vallibel One PLC's management is responsible for selecting the Criteria, preparation and presentation and self-declaration of the information and statements contained within the Integrated Annual Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, 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 Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Vallibel One PLC on 02 May 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented 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 limited assurance conclusions.

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 Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, 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

Procedures performed in a limited assurance engagement 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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

Economic, Natural, Social and Intellectual capital management data/information are subject 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 Integrated Annual Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Entity's Integrated Annual Report as of 31st March 2023 in order for it to be in accordance with the Criteria.

Ernst + Young

7 June 2023

Colombo

GRI Context Index

GRI Standard	Vallibel One PLC has reported in accordance with the GRI Standards for the period from 1st April 2022- 31st March 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standards

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	Corporate Information Cover	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	18			
	2-3 Reporting period, frequency and contact point	9,11			
	2-4 Restatements of information	10			
	2-5 External assurance	11, 365-368			
	2-6 Activities, value chain and other business relationships	16-17			
	2-7 Employees	166,167			
	2-8 Workers who are not employees		2-8	Not applicable	No outsourced workers employes
	2-9 Governance structure and composition	202			
	2-10 Nomination and selection of the highest governance body	205			
	2-11 Chair of the highest governance body	41			
	2-12 Role of the highest governance body in overseeing the management of impacts	203, 205			
	2-13 Delegation of responsibility for managing impacts	203, 205			
	2-14 Role of the highest governance body in sustainability reporting	203, 205			
	2-15 Conflicts of interest	203			
	2-16 Communication of critical concerns		2-16	Information unavailable/ incomplete	Not tracked information
	2-17 Collective knowledge of the highest governance body	204			

GRI Context Index

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	2-18 Evaluation of the performance of the highest governance body	204,207			
	2-19 Remuneration policies	205			
	2-20 Process to determine remuneration	205			
	2-21 Annual total compensation ratio		2-21	Confidentiality constraints	Cannot be disclosed due to confidentiality reasons
	2-22 Statement on sustainable development strategy	35-36			
	2-23 Policy commitments	123,139			
	2-24 Embedding policy commitments	55,57,123,139			
	2-25 Processes to remediate negative impacts		2-25	Information unavailable/ incomplete	Not tracked information
	2-26 Mechanisms for seeking advice and raising concerns		2-26	Information unavailable/ incomplete	Not tracked information
	2-27 Compliance with laws and regulations	70			
	2-28 Membership associations	183-184			
	2-29 Approach to stakeholder engagement	58-65			
	2-30 Collective bargaining agreements	174			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	66	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	67-68			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	22,221,57			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	22			
	201-2 Financial implications and other risks and opportunities due to climate change	57,120,274			
	201-3 Defined benefit plan obligations and other retirement plans	171,221			
	201-4 Financial assistance received from government		201-4	Not applicable	No financial assistance received from the government

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	158			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	158-164			
	203-2 Significant indirect economic impacts	117			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	108			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	302			
GRI 207: Tax 2019	207-1 Approach to tax	302-305			
	207-2 Tax governance, control, and risk management	302-305			
	207-3 Stakeholder engagement and management of concerns related to tax	302-305			
	207-4 Country-by-country reporting		207-4	Information unavailable/ incomplete	Not tracked data
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	196			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	196			
	301-2 Recycled input materials used	196			
	301-3 Reclaimed products and their packaging materials		301-3	Not applicable	No reclaimed products
Energy					
GRI 3: Material Topics 2021 GRI 302: Energy 2016	3-3 Management of material topics	198			
	302-1 Energy consumption within the organization	198			
	302-2 Energy consumption outside of the organization	198			
	302-3 Energy intensity	198			
	302-4 Reduction of energy consumption	198			

GRI Context Index

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	302-5 Reductions in energy requirements of products and services		302-5	Information unavailable/ incomplete	Not tracked data
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	196			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	196			
	301-2 Recycled input materials used	196			
	301-3 Reclaimed products and their packaging materials		301-3	Not applicable	No reclaimed products
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	198			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	198			
	302-2 Energy consumption outside of the organization	198			
	302-3 Energy intensity	198			
	302-4 Reduction of energy consumption	198			
	302-5 Reductions in energy requirements of products and services		302-5	Information unavailable/ incomplete	Not tracked data
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	197			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	197			
	303-2 Management of water discharge-related impacts	197			
	303-3 Water withdrawal	197			
	303-4 Water discharge	199			
	303-5 Water consumption	197			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	200			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	200			
	305-2 Energy indirect (Scope 2) GHG emissions	200			

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	305-3 Other indirect (Scope 3) GHG emissions	200			
	305-4 GHG emissions intensity		305-4	Information unavailable/ incomplete	Not tracked data
	305-5 Reduction of GHG emissions	200			
	305-6 Emissions of ozone-depleting substances (ODS)		305-6	Not applicable	No emission of ozone-depleting substances (ODS)
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7	Not applicable	No emission of Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	199			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	199			
	306-2 Management of significant waste-related impacts	199			
	306-3 Waste generated	199			
	306-4 Waste diverted from disposal	199			
	306-5 Waste directed to disposal	199			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	190			
	308-2 Negative environmental impacts in the supply chain and actions taken		308-2	Not applicable	No negative environmental impacts in the supply chain
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	168,175,174			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	168,175	a,b	Information unavailable/ incomplete	Information was not calculated using values. Only partial reporting

GRI Context Index

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	171			
	401-3 Parental leave	174			
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	174			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	174			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	173			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	173			
	403-2 Hazard identification, risk assessment, and incident investigation	173-174			
	403-3 Occupational health services	173			
	403-4 Worker participation, consultation, and communication on occupational health and safety	173			
	403-5 Worker training on occupational health and safety	173			
	403-6 Promotion of worker health	173			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	173			
	403-8 Workers covered by an occupational health and safety management system	173			
	403-9 Work-related injuries	173-174			
	403-10 Work-related ill health	173-174			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	168-170			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		404-1	Information unavailable/ incomplete	Not tracked data

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	404-2 Programs for upgrading employee skills and transition assistance programs	169			
	404-3 Percentage of employees receiving regular performance and career development reviews	170			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	166			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	166			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	174			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	174			
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	168			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	168			
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	171			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	171			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	116			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	116-118			
	413-2 Operations with significant actual and potential negative impacts on local communities		413-2	Not applicable	No negative impacts on local communities as a result of operations

GRI Context Index

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	190			
	414-2 Negative social impacts in the supply chain and actions taken		414-2	Not applicable	No negative social impacts in the supply chain
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	188			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	188			
Marketing and labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	188			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		417-1	Information unavailable/ incomplete	
	417-2 Incidents of non-compliance concerning product and service information and labeling	188			
	417-3 Incidents of non-compliance concerning marketing communications	188			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	186			

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.

Glossary of Financial Terms

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 Thirteenth (13th) Annual General Meeting of the Company will be held by electronic means on 30th June 2023 at 3.30 p.m. centered at No. 20, R A De Mel Mawatha, Colombo 03 for the following purposes:

1. To receive and consider 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 2023 with the Report of the Auditors thereon.
2. To re-elect as a Director, Ms. Amarasinghe Arachchige Kawshi Amarasinghe 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 re-appoint Mr. Rajanayagam Nalliah Asirwatham who is 80 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. Rajanayagam Nalliah Asirwatham who is 80 years of age and that he be and is hereby re-appointed a Director of the Company."
4 To pass the ordinary resolution set out below to re-appoint Mr. John Anthony Sunil Sumith Adhihetty who is 72 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. John Anthony Sunil Sumith Adhihetty who is 72 years of age and that he be and is hereby re-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 2024 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
07 June, 2023

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 and the Registration Form 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. S H Amarasekera or failing him*
Mrs. Yogadinusha Bhaskaran or failing her*
Mr. J A S S Adhihetty or failing him*
Mr. R N Asirwatham or failing him*
Mrs. Shirani Jayasekara or failing her*
Ms. A A Kawshi Amarasinghe or failing her*
Ms. K A D Brindhiini Perera

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirteenth (13th) Annual General Meeting of the Company to be held by electronic means on 30th June 2023 at 3.30 p.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 Ms. A A Kawshi Amarasinghe 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 re-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 re-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 2024 and up to the date of the next Annual General Meeting.		

Signed this .... day of .... Two Thousand and Twenty Three.

....

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, please follow the **Guidelines for Registration and the Registration Form, 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

Your valued views are welcome to improve our reporting process. 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. S H Amarasekera (Chairman)
Mrs. Y Bhaskaran (Managing Director)
Mr. J A S S Adhihetty
Mr. R N Asirwatham
Mrs. Shirani Jayasekera
Ms. K Amarasinghe
Ms. K A D B Perera

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

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