EXPOLANKA HOLDINGS PLC

INTEGRATED ANNUAL REPORT 2021/22

SYNERGISED TO SUCCEED

SYNERGISED TO SUCCEED

In a year that demanded resilience, resistance and adaptability, we looked to leverage on the strengths that we had been afforded in order to solidify our leadership on a global scale. While our stakeholders run the gamut of diversity and may be oceans apart, our dedication to bringing comprehensive products and services, thereby adding value to customer lives, connected us and helped us to reach our growth potential. Driven by our innate need to carry on the story begun more than four decades ago, this year also saw us making significant strides in ensuring that our framework of sustainability is placed front and centre in all that we do.

We're striving to strengthen our unified whole, bringing us ever closer to our aspirations.
We are synergised to succeed.

CONTENTS

OVERVIEW

About the Report / 4
Expolanka Holdings PLC Integrated Report / 7
About Us / 8
Highlights of the Year / 9
Group Strategy / 18
Business Model / 22
Group Milestones / 24
Geographic Footprint / 26
Financial Highlights / 27
Board of Directors / 28
Senior Management Team / 31
Chairman's Message / 34
Group CEO's Review / 38
Financial Indicators / 44
Group Performance / 46

INTEGRATED MANAGEMENT DISCUSSION AND ANALYSIS

Sustainability Strategy / 51
Stakeholder Engagement / 53
Materiality Analysis / 59
Capital Management Reports / 65
Financial Capital / 65
Manufactured Capital / 72
Intellectual Capital / 73
Human Capital / 80
Social And Relationship Capital / 93
Natural Capital / 101

OPERATIONAL REVIEW

Organisational Structure / 111
Sector Report / 112
Logistics / 112
Leisure / 128
Investment / 138

COMPLIANCE REPORT

Corporate Governance / 148
Risk Management Report / 171
Related Party Transactions Review Committee Report / 183
Remuneration Committee Report / 186
GRI Index / 187
Independent Assurance Report / 191

FINANCIAL REPORT

Annual Report of the Board of Directors on the Affairs of the Company / 194
The Statement of Directors' Responsibility / 200
Audit Committee Report / 201
Independent Auditors' Report / 204
Statement of Financial Position / 209
Statement of Profit or Loss / 211
Statement of Comprehensive Income / 212
Statement of Changes in Equity / 213
Statement of Cash Flows / 215
Notes to the Financial Statements / 217

SUPPLEMENTARY INFORMATION

Group Real Estate Portfolio / 297
Ten Year Summary / 298
Share Information / 302
Financial Calendar / 306
Corporate Information / 307
Notice of Meeting / 308
Form of Proxy / 309
Notes / 311

OVERVIEW

ABOUT THE **REPORT**

GRI 102-10, 102-12, 102-46, 102-48-56

Upholding our commitment to responsible reporting, Expolanka Holdings PLC (Expolanka) is pleased to present its 8th integrated annual report themed Synergized to Succeed'. Our report focuses on how we allocate and leverage on our core capitals to create sustainable value in the short, medium to long-term across our businesses.

Reporting Guidelines and Frameworks

Overall Reporting
- Integrated Reporting <IR> Framework, 2021, Integrated Reporting Council

Sustainability Reporting
- Consolidated Set of GRI Sustainability Reporting Standards, 2020, this report has been prepared in accordance with the GRI Standards: "Core option" (GRI content index: refer page 187)
- Most recent integrated report for the year ended 31st March 2021
- UN Global Compact Principles

Financial/Operational
- Company's Act No. 07 of 2007
- International Financial Reporting Standards, IFRS Foundation
- Sri Lanka Accounting Standards (SLFRSs/ LKASs), Institute of Chartered Accountants of Sri Lanka

Corporate Governance
- Code of Best Practice on Corporate Governance 2017 - Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka
- Continuous Listing Rules of the Colombo Stock Exchange

REPORT SCOPE AND BOUNDARY

Following a 12-month reporting cycle, this annual report is published for the financial year 1st April 2021 to 31st March 2022. The report also includes material events up until the Board approval date of 16th June 2022.

This annual report covers the operations at the holding company level and subsidiary companies across three business sectors located across its global operations. This includes the operations of our flagship sector, and logistics along with leisure and investments sectors. The report presents the consolidated results for the Expolanka Group unless otherwise stated. The report does not cover entities that are not operationally controlled by the Group.

Aligned with the integrated reporting principles, this year, we continue to build and refine our reporting process to disclose a balanced account of how we create value to meet our stakeholder expectations. Our report content is developed on the premise of 'materiality' from an economic, environmental, social and governance perspective. Accordingly, we focus on both financial and non-financial results.

The report sets out our business model, highlighting on how we blend in our capitals to create and preserve value. Our strategy in response to risks and opportunities, both at the group level and the sectors, are broadly discussed whilst reporting on the measures we have adopted in risk management and corporate governance. We aim to provide direction of our strategies as we forge ahead in to the future.

ABOUT THE REPORT

Wherever relevant, we draw comparative data vis-à-vis the trends and results of the preceding financial year, 2020/21. There are no material changes to the scope of the report nor restatements of information provided in the preceding year annual report. There were no significant changes in the organization's size, structure or ownership. The past annual reports for 10 years are available on our website: www.expolanka.com.

TARGETED READERS

Our annual report is primarily targeted to meet the information requirements of our valued shareholders and prospective investors. This report is also prepared to address other stakeholders including our employees, customers, business partners, regulators and members of the communities in which we operate.

COMBINED ASSURANCE

Following best and current practices in reporting, we continue to be steadfast in our efforts to present our information with integrity, credibility, completeness, and conciseness. Internally, the integrated reporting process and content are assured by the internal auditors, senior management, and the Board of Management. Our consolidated financial statements and notes along with sustainability information aligned with GRI Standards are assured by our external auditors—Ernst & Young.

REPORTING METHODOLOGY

The report content is developed on the information and data gathered from management information reports and financial statements of the Expolanka Group. The information is also ascertained through structured discussions with the senior management and relevant teams representing the holding company as well as from the respective sector companies. We also carried out desk research for publicly available information. The accuracy, completeness and relevance of content are verified and validated by the respective sector heads and the Senior Management Team.

FORWARD-LOOKING STATEMENTS

The Annual Report herein contains forward-looking statements and information. However, the reality of the operational backdrop may change our business expectations, future outlook, plans and forecasts. Shareholders and other stakeholders are advised to be cautious on placing too much emphasis on such statements as the reality may materially differ with the projected and anticipated information. The Company does not undertake to publicly update the forward-looking statements to reflect the changes after the date of this report, except, in compliance with the applicable rules and regulations set by relevant statutory and regulatory bodies.

Board Responsibility Statement

The Board of Directors of Expolanka Holdings PLC acknowledges its responsibility to ensure the integrity of this annual report following the Integrated Reporting Framework. The Board assures that the report addresses all material matters significant for the Group's value creation process and presents a balance account of the consolidated performance. This report was approved by the board of directors on 16th June 2022.

Signed for and on behalf of the Board

Chairman - Board of Directors
16th June 2022, Colombo

Feedback

Any queries, clarifications and feedback on this annual report are to be directed to:

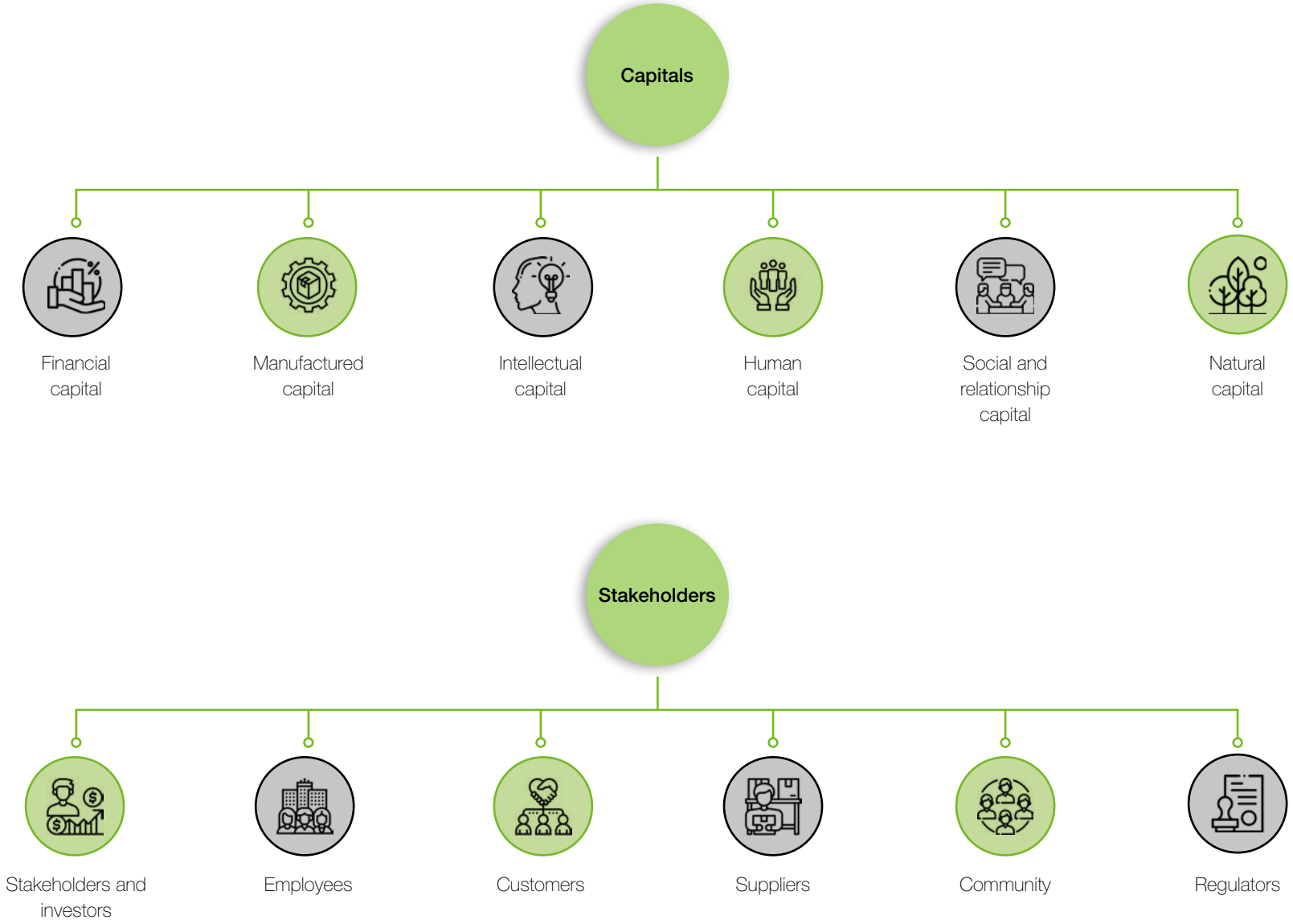
Mushtaq Ahamed
Director - Group Finance, Expolanka Holdings PLC

Address: 15A, CLifford Avenue, Colombo 3

Email: investor@expolanka.com

ABOUT THE REPORT

NAVIGATING THE REPORT



EXPOLANKA HOLDINGS PLC
INTEGRATED REPORT

ClimateSI

CARBON NEUTRAL CERTIFICATE

Climate Smart Initiatives (Pvt) Ltd assures that

Expolanka Holdings PLC's

Integrated Annual Report for the financial year **2021/22**

is a carbon neutral product having offset Integrated Annual Report's carbon footprint of 1.04 tCO_2e by purchasing United Nations Certified Emission Reductions (CERs) from the project activity 6702 registered under UN Clean Development Mechanism.

Product carbon footprint has been measured and reported in accordance with the requirements of
1. ISO 14067: 2018 (E) Standard &
2. Greenhouse Gas Protocol (Life Cycle Accounting and Reporting Standard) developed by World Business Council for Sustainable Development and World Resource Institute.

Certificate No	: ClimateSI/CNP/017
Date of Certification	: 09/ 06/ 2022
Period of Assessment	: 01/04/2021 to 31/03/2022
Period of Validity	: 01/04/2022 to 31/03/2023
Scope of Certification	: Cradle to Gate

Eng.H.M. Buddika Hemashantha
(Bsc (Hons) Eng., M.Eng.)
Chief Executive Officer
Climate Smart Initiatives (Pvt) Ltd

DATE: 1 MAY 2022
REFERENCE: VC23448/2022

VOLUNTARY CANCELLATION CERTIFICATE

Presented to
Expolanka Holdings PLC

Project
Jangi 91.8 MW wind farm in Gujarat

Reason for cancellation
To achieve the carbon neutrality of Expolanka Holdings PLC' s annual report for the year 2021/22, assessed by Climate Smart Initiatives (Pvt) Ltd.

Number of units cancelled: 2 CERs
Equivalent to 2 tonne(s) of CO_2

Start serial number: IN-5-273594446-2-2-0-6702
End serial number: IN-5-273594447-2-2-0-6702

The certificate is issued in accordance with the procedure for voluntary cancellation in the CDM Registry. The reason included in this certificate is provided by the canceller

A CARBON NEUTRAL PUBLICATION

As our Integrated Annual Report has been a carbon neutral publication this year, it stands as an example of our commitment to reduce emissions that could cause irreversible damage to the environment. In order to map the carbon footprint of Expolanka's Integrated Annual Report, comprehensive data was gathered by Climate Smart Initiatives (Pvt) Ltd. Following this in-depth analysis based on the ISO 14067 :2018 (E) methodology, the total amount of Green House Gas (GHG) emissions accumulated at each stage of the product lifecycle of the Integrated Report 2021/22 was then measured in CO2 equivalent.

The contribution we have made to obtain the carbon offset credit will be used for the upkeep of a Wind farm which generates renewable energy. We selected this project which is ultimately the provision of more renewable and sustainable approaches to solving environmental problems.

ABOUT US

GRI 102-16

WHO WE ARE

Expolanka Holdings PLC is headquartered in Sri Lanka with interests in global logistics, travel & leisure and investments. The Group's reputation is built on a track record spanning over 40 years of excellence in serving its chosen markets. Moreover, Expolanka Companies are widely regarded as game changers known for their ability to seize potential opportunities for growth and innovation and thereby remain a cut above the rest.

PURPOSE

"Building a great business with a dare to do spirit"

OUR VALUES

- To always follow ethical business principles in transacting & managing business
- Caring for stakeholder's interests
- Commitment to Excellence
- Innovation & Entrepreneurship

HIGHLIGHTS OF **THE YEAR**

EFL Global Celebrates 40 years

A story about a dream, built on a vision, fueled by an unshakeable belief - A Journey of steadfast resilience.

In 1982, Hanif Yusoof founded Expolanka Freight as a five -man team in a 300 sq. ft. office. 40 years later, the supply chain and logistics organization - widely known as EFL Global - has expanded to over 70 offices in 34 countries, powered by a team of over 3,000 industry professionals. As we enter our 40th year, we reflect on the growth of our organization and the wide array of opportunities that came with it.

EFL Global offices across the world - from the Indian Subcontinent to Europe, to the Americas, and beyond - have celebrated the start of our 40th Anniversary in business.

EFL Global is ranked #25 in Global Airfreight Forwarders and #36 in Global Ocean Freight Forwarders for 2021 by Transport Topics

EFL Global was listed on the Transport Topics Top 50 Airfreight and Ocean Freight Forwarder lists for the 2022 year. These rankings take a look at the top logistics companies in North America who are leading the charge in their respective logistics sectors.

Expolanka enters the MSCI Frontier Markets Index

MSCI Frontier Market Index has included Expolanka Holdings PLC in its November 2021 index review. The MSCI is considered a global gauge of stock market activity and inclusion in the Index is a further reflection of the fundamentals of the company and the value it offers to its stakeholders.

EFL Sri Lanka honored at the 2022 National Logistics Awards

EFL Sri Lanka took home the Gold Award in the Freight Forwarders Large Category in recognition of performance over the 2019/2020 fiscal year.

EFL Global – Sri Lanka won in the Transport & Logistics category for 2021 at the National Business Excellence Awards.

The National Chamber of Commerce of Sri Lanka (NCCSL), recognizes those organizations that excel in categories such as Corporate Governance, Capacity

Building, Performance Management, Global and Local Market Reach, Corporate Social Responsibility & Environmental Sustainability, and Business and Financial Results.

HIGHLIGHTS OF **THE YEAR**

EFL 3PL wins Gold at the National Logistics Awards organized by SLFFA

EFL 3PL, went beyond expectations, winning Gold in the large category for Warehousing & Distribution at the prestigious National Logistics Awards organized by Sri Lanka Logistics & Freight Forwarders' Association (SLFFA). EFL 3PL shone further by winning the "Outstanding Application" award.

Gold Award for Classic at the National Business Excellence Awards 2021

In recognition of its excellence in business, Classic Travel was awarded a Gold Award under the Other Services category at the National Business Excellence Awards 2021 (NBEA), the annual award competition hosted by the National Chamber of Commerce of Sri Lanka (NCCSL).

Best solution provider of the year award for ITX360

ITX was recognized as the Best solution provider of the year (Overall products) and Principle Recognition Award for Nutanix at the Eguardian Partner conference 2022

EFL 3PL wins SLIM B2B Brand of the Year

EFL 3PL bagged Gold in the B2B Brand of the Year category at the SLIM Brand Excellence Awards 2021. The award further cements EFL 3PL's position as the pioneer in the retail logistics sector.

Fortinet SMB Hero recognition for ITX360

ITX is recognized as the Fortinet SMB Hero 2021 for product loyalty and achieving the highest revenue in all quarters

Great Place to Work Certification

Expolanka Holdings and its subsidiaries EFL, EFL 3PL, Peri Logistics, ITX360, EAM, Tropikal Life, and Classic Travel have been awarded the Great Place to Work® 2021 certification by independent authority Great Place to Work® Sri Lanka, in recognition of their positive workplace culture and employee experiences

HIGHLIGHTS OF THE YEAR

ISO/IEC 27001:2013 standard for Classic

Classic Travel achieved the ISO/IEC 27001:2013 Information Security Management - an international standard for information security, which helps Classic manage its information security by addressing people, processes, and technology

EFL Global opens new Panama facility in Colón Free Zone

EFL Global expanded its presence in Latin America with the addition of a new owned and operated facility in the Colón Free Zone of Panama.

EFL Global acquires IDEA Logistics in Central America

EFL Global has expanded product and service capabilities across the Americas in the last year. EFL Global, a global logistics and supply chain organization, has entered into a 100% ownership purchase agreement with IDEA Logistics LLC. IDEA Logistics LLC provides fully-fledged services across air freight, ocean freight, trucking, and warehousing, with operations spanning across the United States, El Salvador, Guatemala, Nicaragua, and Honduras.

EFL Global achieves 1000+ Charter programs in 2021

In 2021, the EFL Global team executed 1,007 charter programs, including part charters. We plan to grow that number for our customers in 2022 and beyond.

EFL Global expands Americas presence with new Houston facility

EFL Global has opened a new Houston, Texas office and facility, further expanding its Americas presence. The facility is in the Bay Area Business Park, near the Port of Houston, one of the world's largest ports servicing the metropolitan area of Houston. With this new facility, EFL Global will continue to service customers with consolidation, cross-docking, trans-loading, and drayage solutions.

HIGHLIGHTS OF **THE YEAR**

EFL Global adds new facility in Savannah, Georgia

EFL Global has expanded its services into Savannah, Georgia with the addition of a new facility located in the Georgia Commerce Center. The center is positioned directly across from Gate 3 of the Port of Savannah's Garden City Container Terminal, the main container terminal at the port, and less than one mile from I -516, with direct access to I-15 and I-95.

EFL Global acquires Complete Transport Services LLC

EFL Global acquired Complete Transport Services LLC in September 2021. Complete Transport Systems LLC is a bonded container freight station and trucking service provider based in Lawrence, NY, two miles away from John F. Kennedy International Airport. Complete Transport Systems LLC offers a fully racked CFS and a variety of trucks that more than doubles our fleet and bonded warehouse capacity.

New EFL office in Canada

Our new Toronto office is now open for business. Pictured here is Joseph Goldman, our Managing Director - Canada, who leads the local team, our Canada operations, and supply chain initiatives for our customers.

We look forward to continuing to provide the best logistics solutions in the industry with our new office.

HIGHLIGHTS OF **THE YEAR**

New EFL office in the Philippines

To better serve our customers in Manila, the new EFL office is strategically located closer to Ninoy Aquino International Airport and the Port of Manila, creating more opportunities for efficiency and quick handling of air and ocean cargo.

Expolanka Limited new facility

The newly established state-of-art packing center of Expolanka Limited at Mabima has an area of 13,000 sq. ft. and meets all requirements of the various certification bodies. Consequently, the company has been awarded the Organic, BRC, SEDEX, ISO22000, HACCP, and GMP certifications.

EFL 3PL's new state-of-the-art Cold Chamber facility

With market demand for cold storage facilities, our 2° - 8°C Cold Chamber is custom- built to meet the requirements of the pharmaceutical sector. This 120 CBM capacity comprises cutting-edge European technology and modern IoT devices that enable real-time temperature monitoring for clients with distinctive remote -monitoring capabilities.

EFL Kenya Trucking fleet upgrade

EFL Kenya facility in Nairobi serves as a strategic logistics hub for the Africa Region. As we continue to invest in our services to provide our customers with top -tier supply chain operations, we have extended our trucking solutions with new additions to our fleet.

CSR ACTIVITIES

Expolanka Women's Empowerment initiative

Expolanka Holdings PLC partners with Sarvodaya to launch 'Project Empower', under the 'Sabrina Yusoof Women's Empowerment' initiative. The project aims to fund low - income female entrepreneurs to establish their own businesses and enable more Sri Lankan women to gain financial independence, by generating their own stable, sustainable incomes. A total of Rs. 24 million has been allocated for the project.

HIGHLIGHTS OF **THE YEAR**

Donation of a state-of-the-art PCR testing machine

As an ongoing initiative to uplift healthcare services, Expolanka Holdings handed over a state-of-the-art PCR testing machine to the Lady Ridgeway Hospital in Colombo. This PCR system is inclusive of an easy-to-do testing procedure with ready-made reagents and cartridge-based automated extraction in just 20 mins. In addition, the real-time PCR is inclusive of ready-made reagents with 40 mins time consumption with fewer infrastructure requirements. All samples run with internal quality controls and require no external verification. This in turn will help the LRH to quickly assess in- house patients without any delays.

Donation of High-End ICU ventilators

During the pandemic crisis, Expolanka Holdings PLC together with the Fight Cancer Team donated High-End ICU ventilators worth over Rs. 11 million to the Ministry of Health. Three high-end ICU ventilators originating from Switzerland were handed over to the ministry of Health to be distributed at the General Hospital - Colombo, Colombo South Teaching Hospital – Kalubowila, and General Hospital – Gampaha.

Dry ration packs distribution

The CSR team distributed dry ration packs to 1500 families who had lost their livelihood and were greatly impacted due to the COVID lockdown in Digana (Kandy District), Ratnapura, and Nuwara Eliya. This was distributed by identifying the most vulnerable communities with the help of the local Grama Niladari and District Secretariat offices. At Expolanka Holdings, we believe that hope is not about seeing the light amidst the darkness, but about creating light in our own little way.

HIGHLIGHTS OF **THE YEAR**

EFL 3PL's Gammedda Project to support rural communities

Together with the support of Capital Maharaja, EFL 3PL was able to support the indigenous communities in Sri Lanka.

Bundala Primary School Project

As an extension of our commitment to reviving Bundala, EFL is working hand in hand with the Bundala Primary School, one of the oldest educational institutes in Sri Lanka . As part of our effort, we distributed stationery supplies to students who were returning to school physically after a lapse of nearly two years owing to the pandemic.

Oki Doki Sathkara project

Oki Doki Sathkara's 3rd Initiative, 'Make a difference to our neighborhood' was organized in December 2021, distributing schoolbooks and dry ration packs for more than 100 low-income families in Welewatte and Kuruniyawatte areas. The project cost was approximately Rs.1.5 million and was sponsored by Quickee and EFL Care.

SUSTAINABILITY & GREEN INITIATIVES

1st carbon neutral logistics company in Sri Lanka

EFL 3PL started the fiscal year by successfully offsetting the carbon footprints through renewable energy projects, biodiversity conservation, and other sustainability initiatives. EFL 3PL holds utmost honor in setting the benchmark and becoming the 1st carbon-neutral logistics company in Sri Lanka.

HIGHLIGHTS OF **THE YEAR**

EFL 3PL expands their solar power generation capacity

EFL 3PL is in the process of further building on its solar power generation capacity to 1,828.74 kWp collectively via expansion of the existing capacity in wellampitiya and the new installation of a solar roof in their Freeport facility in Katunayake.

Revive Bundala

In 2019, EFL adopted 600 acres of the Bundala National Park in Sri Lanka with the aim of replanting 125,000 trees over a period of 5 years to revive the depleted ecosystem. Bundala National Park is a Ramsar site and a hotspot for migratory birds. The project is currently in its 3rd year with 70,000+ saplings planted, and 200 acres of land covered.

Protecting Our Oceans project by EFL Relocations

EFL Relocations team carried out a beach clean-up in Bundala in an effort to reduce environmental degradation which in turn helps conserve the environment. The clean - up was carried out within 5km of the beach and involved the process of removing solid litter and organic debris weighing over 1000kg.

EFL 3PL Plant Nursery initiative for Revive Bundala

EFL 3PL used its own facilities to build 6 plant nurseries to support the revival of biodiversity in Sri Lanka.

Play Pump Project

Following the resounding success of the first 'Play Pump' that was installed in a Primary School in South Africa, EFL adopted 6 more play pumps situated across the North-Western Province in July 2021 and undertook the responsibility long -term maintenance and upkeep. Currently, all play pumps provide easy access to clean drinking water to over 2600 individuals including students and local community members.

HIGHLIGHTS OF **THE YEAR**

Ocean Conservation Awareness through EFL NextGen

EFL NextGen initiative was launched under EFL's Global Goodness brand to inspire the next generation of leaders - our children. The first project of EFL NextGen was an awareness session on the importance of preserving marine life and was organized in December 2021. Several employees and their children travelled to a Sea Turtle Conservation Centre in Southern Sri Lanka for this project.

X-Press Pearl Disaster Relief - Phase 1

Following the disaster, EFL partnered with the National Fisheries Solidarity Organization (NAFSO) and the Sri Vimukthi Fisher-women Organization to identify 70 families in Munnakari, a local fishing village whose livelihoods were. We then provided them with basic food supplies including dry rations in June 2021.

X-Press Pearl Disaster Relief - Phase 2

In June 2021, we handed over essential equipment and safety gear to the Sri Lanka Coast Guard to assist recovery efforts at Sri Lanka's beaches polluted with nurdles and harmful chemicals which washed up on our coasts following the X -Press Pearl disaster.

X-Press Pearl Disaster Relief - Phase 3

Phase 3 of the project saw EFL organize a voluntary program in July 2021 to assist the Sri Lanka Coast Guard to rid our coastline of nurdles and other harmful material. The group of volunteers included several employees and their children who were educated on the detrimental effects of marine pollution .

GROUP STRATEGY

DELIVERING A CONSISTENT, COMPREHENSIVE AGILE AND CONGRUENT STRATEGY

Strategic Initiatives

Pre IPO (2011)

- Business re-organization
- Private Placement

2011 - 2014

- Portfolio Restructure
- Focus on Logistics

2014 - 2017

- Entry of Parent company
- Establishing growth framework
- Continued Portfolio Restructure

2017-2022

- Expansion Strategy
- Building Market Share, focused on customer centricity
- Building Infrastructure & Enhancing Capabilities
- Digital Enablement
- Stregthening Leadership
- Agile Operations
- Optimizing Capital Structures
- Enhanced Service Portfolio
- Improved governance & Organization structure

Outcomes

- Global Organization – 34 International Locations,
- Improved Business Profile with over 95% of Revenue derived from International markets.
- Diversified large customer base, supported by global carrier partnerships
- Positioned amongst the leading logistics companies in the world
- Enhanced Digital Capabilities
- Global Sustainability Program
- Sustained Revenue growth +217%, with High Returns (ROE 95%) & High operating leverage (EBIT Margins 12.5%)

GROUP STRATEGY

STRATEGY JOURNEY

The Origins

Following a dynamic strategy, the Expolanka Group has made significant progress for over four decades from its inception in 1978. The strategic focus in the initial years revolved around a diversification-led growth, leading the Group to venture into a gamut of entrepreneurial investments across a range of sectors. Although successful in its own right, the orgnization faced capital constraints to pursue scaleable, high-return ventures whilst saddled with low-return businesses. This impeded on setting the Group on a sustainable growth trajectory.

Restructure & Focus

It is in this backdrop, that our group embarked on a series of restructuring endeavours before and after the listing on the Colombo Stock Exchange in 2011. Initially, we looked at restructuring volatile businesses. Subsequently, from the period 2012 to 2017, the group undertook a portfolio restructure initiative and exited from several non-core businesses. This enabled the group to reallocate Reserves to higher ROE businesses, paving the way for growth in the logistics sector.

SG Holdings acquisition of Expolanka

In 2014, SG Holdings (Sagawa) acquired 51% of Expolanka, which created the foundation for the group to pursue its growth initiatives. Sagawa has since increased it's stake in Expolanka to 75.6%. Sagawa aided Expolanka' s growth through facilitating working capital funding, improved governance structures and policy frameworks.

Expansion Strategy

Since 2017, we have been striving to build and position our brand at the top across our business verticals; and generate solid top-line growth with strong returns and margins on a sustainable manner. As an organization focused on creating shareholder value, we embarked on our current growth-based strategy, focused on Revenue Growth, Efficient operations, holistic, unified business model, augmented through sustainability and technology. Our focused execution of this strategy has enabled the company to achieve significant sustainable growth, with improved margins and high returns. A pivotal success of our strategy has been our agile approach which has enabled us to effectively respond to market challenges. The strength of our leadership team has supported this growth journey effectively.

Our strategic delivery has been consistent, comprehensive, agile and congruent—seeking to achieve rapid top-line growth; build efficient support structures and internal processes including procurement, team development, capacity building, network infrastructure; investment in digital technology across our respective industries; and integrate governance, environmental and social considerations into core operations. Our efforts have culminated into outstanding results,. This reporting year, our financial results were exceptional, led by the logistics sector. We are now better positioned on a solid strategic platform—to scale up our core business verticals on a steady growth trajectory, well into the next level.

Going forward, we will continue to bolt on best-fit market opportunities for long-term value creation. Navigating market complexities in a fast-evolving business environment, we will seek to remain agile and smart in our strategy making and delivery. We will continue to drive for sustainable growth whilst being efficient and leaner in managing our overhead costs, thereby, securing stronger margins and returns. This strategy will be periodically assessed, reviewed and adjusted if and when necessary, factoring in changing business dynamics over the short, medium to long-term.

GROUP STRATEGY

Our flagship, logistics vertical is our forte. We will continue to scale up and invest in growth—striving to position and gain share as a digitally-driven the top-tier logistics companies in the world. With much potential for further market expansion, we intend to consolidate our footprint in the North American trade lane, whilst taking on opportunities to grow our presence in Europe and intra-Asia . Apart from our key products, air and ocean freight—which amount to almost 95 percent of the sector revenue—we expect to aggressively expand our portfolio of other services, less penetrated thus far, across the value chain—thus, offering a total solution. With the ongoing market disruptions, we are hopeful to penetrate in to domestic logistics space, both as a complementary service to our core business in freight—as was the case with our recent acquisitions in the USA—as well as independently, in international markets. This is aside the consolidation of our local businesses under EFL 3PL, Oki Doki and GSA segment. Increased concentration will be placed in further developing our digital capabilities and sustainability.

Our leisure sector is adopting a consolidation strategy focusing on the long term. The Industry is in a transitionary state, impacted by the Pandemic and other socio economic factors. However, medium term prospects are exciting with viable opportunities for sustainable growth. In this regard, too, we will continue to focus on growing our core corporate travel business, which contributes almost 80 percent of the sector revenue. We will continue to build on our expertise and capacity to offer attractive travel solutions to both 'business to consumer' and 'business to business' customers. Aside, we are optimistic in growing our exposure in terms of inbound operations and as a destination management company. We are also proactively looking at capitalising on emerging international market opportunities in Bangladesh, with strong demand trends and dearth of local expertise in travel solutions.

In the case of our export operations, we have already initiated a pragmatic restructuring programme in terms of rationalising the product portfolio, mitigating high risk profiles and streamlining factory processes to scale up and generate adequate returns on investment.

The Technology business has a strong business case, there is merit in concentrating on strengthening our expertise and growing our exposure with strategic tie-ups with leading tech-companies in the world. Clearly, this business is gaining ground within our portfolio, becoming the third in line of our sector priorities, following logistics and leisure.

Whilst we pursue these business strategies, the group will concentrate on continuing to enhance its capital structure to facilitate value creation for its stakeholders. Top of the mind concentration will be placed on governance structures and policy framework which augment the operations of the company in an effective and efficient manner.

GROUP STRATEGY

Key Performance Indicators

Revenue Growth +217%
FY 2021/22 (Actual): **Rs. 694 Bn**
FY 2020/21(Actual): **Rs. 218 Bn**

EBIT Margin
FY 2021/22 (Actual): **12.50%**
FY 2020/21(Actual): **7.72%**

Net Profit
FY 2021/22 (Actual): **Rs. 72.7 Bn**
FY 2020/21(Actual): **Rs. 14.8 Bn**

Return on Equity
FY 2021/22 (Actual): **95.95%**
FY 2020/21(Actual): **74.01%**

Return on Capital Employed
FY 2021/22 (Actual): **56.41%**
FY 2020/21(Actual): **42.91%**

Debt to Equity
FY 2021/22 (Actual): **74.09%**
FY 2020/21(Actual): **67.15%**

RESOURCE ALLOCATION AND TRADE-OFF

The Board and the senior management are fully engaged, conscientious and prudent in capital planning—structuring and utilising the available capital, aligning the business objectives to meet broad orgnisational goals. With rapidly changing market dynamics, stakeholder priorities and expectations, we give careful consideration to strike an effective balance between capital allocation and trade-offs. Returns on equity and capital employed underscore our decision-making process. A well-focused strategy is followed through to make our balance sheet more robust and resilient with healthy debt-equity levels and positive cashflows—underlining our ability to honor dividends to our shareholders; share value with other stakeholders; and reinvest in our core businesses for future expansions and growth.

BUSINESS MODEL

Input	Indicator
Manufactured Capital	• Total Equity : Rs. 124,353,939,626 • Total Debt - Rs. 92,131,573,047 • Percentage of revenue from International markets: 95% • Efficient Capital Structure • Centralized Treasury Management • Versatile and focused investment portfolio • Strategically aligned investment decisions • Group risk management framework • A structured and well planned working capital model • Backed by strong parent balance sheet • Business model with high operating leverage
Financial Capital	• Asset lite operating model • Mixture of owned and leased infrastructure • Global network across 34 countries • Optimum fleet management capability supporting transport operations in several countries • Infrastructure facility and equipment to support value added exports • Warehousing equipment to supplement 3PL operations
Intellectual Capital	• A leading global freight forwarding brand • Sri Lanka's leading travel brand • Amongst Sri Lanka's largest domestic logistics brand • Globally renowned ERP platforms • Strategic partnerships with international players, airlines, shipping lines, customers, brands, technology companies • Experienced and Diverse Leadership Team • Strong internal control processes • Governance Framework
Human Capital	• No of Employees : 3,202 • Strict adherence Child Labour Policy • Whistelblower policy • Zero-policy on discrimination or harassment with regard to religious beliefs, race, colour, gender, political ideologies or any other social prejudices • Strong COVID response • Anti corruption & Bribery policy • HR governance and compliance • Employee wellness programs • Career development reviews & initiatives
Natural Capital	• Environmental compliance and certifications • Carbon emission reduction programmes • Environmental & bio-diversity revival initiatives focusing on life on land and life below water (land & ocean) • Waste management • Creation of environmental awareness internally and across our supply chain via stakeholder engagement • Promotion of environment friendly business practices

BUSINESS MODEL

Sectors :

Logistics

Leisure

Investments

Business facilitations :

Information technology

Legal, Governance, Security & Compliance

Sustainability and Corporate Communication

Risk Management

Strategy

Financial Management

Human Resource Management

Investor Relations

Outputs for the group

- Continuous market development initiatives resulting in expansion in to new international markets
- Enhancing service portfolio
- Improving supply chain capabilities
- Strengthen infrastructure capabilities
- Improved technology footprint
- Development of an experienced and diverse workforce
- A strong and aligned corporate governance structure
- An integrated sustainability framework
- Revenue : Rs. 694,157,420,841
- Gross profit : Rs. 121,908,158,361
- PAT : Rs. 72,791,721,345

Stakeholder outcomes

Shareholders

- ROE 95.95%
- ROCE : 56.48%
- Earnings per share Rs. 37.24
- Net asset per share Rs. 63.39
- Increased shareholder awareness through clear and precise IR initiatives
- Consistent and sustainable earnings
- Increase in Shareholder value

Customers and Business Partners

- Reliable, dependable on time delivery across all networks
- Wide service offering
- Established strong relationships
- Innovative agile solution portfolio
- Enhanced visibility and customer centric approach

Regulators

- Compliance across statutory reporting
- Meeting all licensing requirements across global networks
- Participation in industry development initiatives

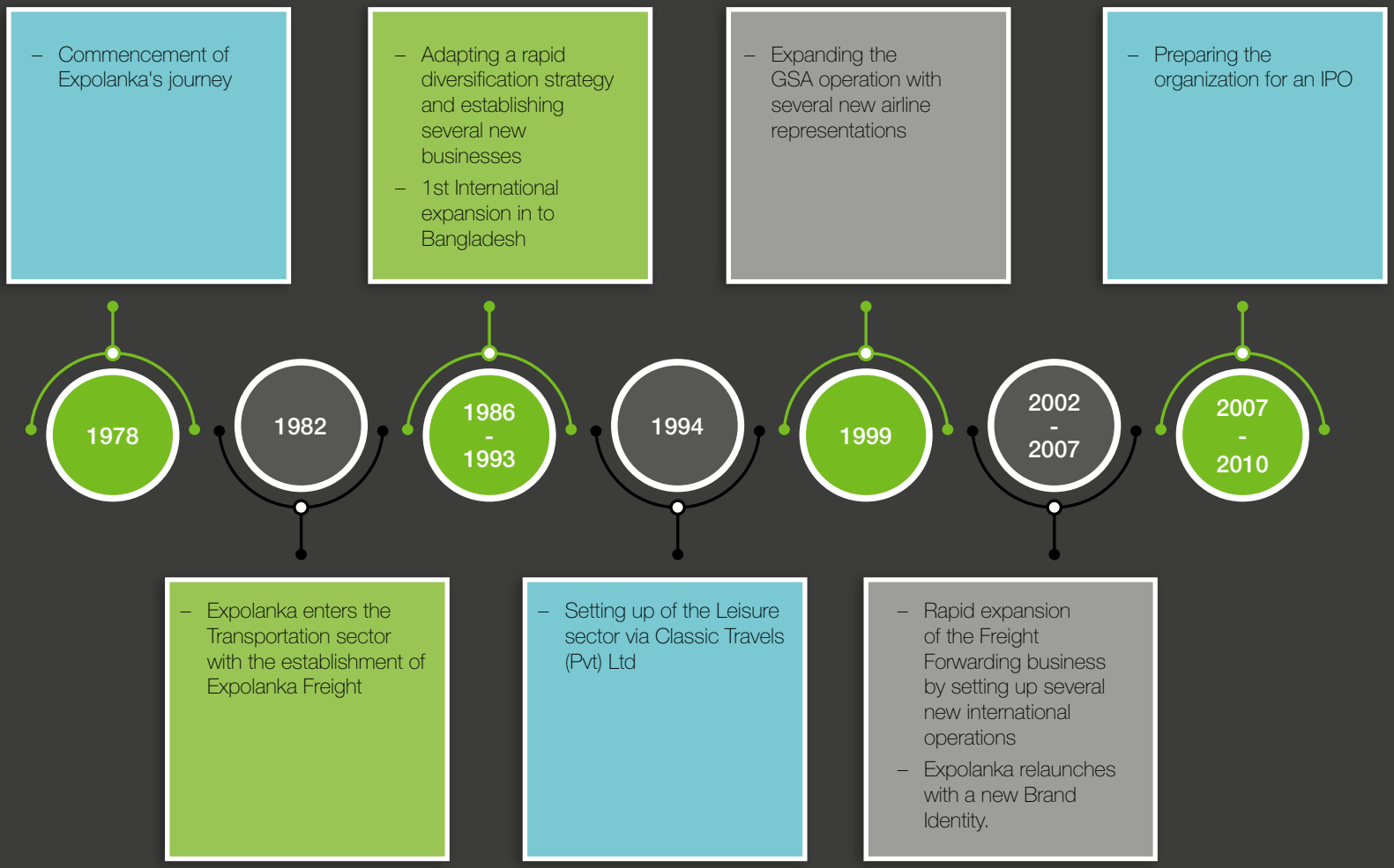
Employees

- Inclusive and Diverse work culture across the global network
- Emphasis on employee wellness and well being
- Increased focus on womens empowerment and female representation
- Focused training and development initiatives
- Leadership building exercises
- An efficient work life balance
- A motivated and driven work force
- Rewarding market driven pay structures

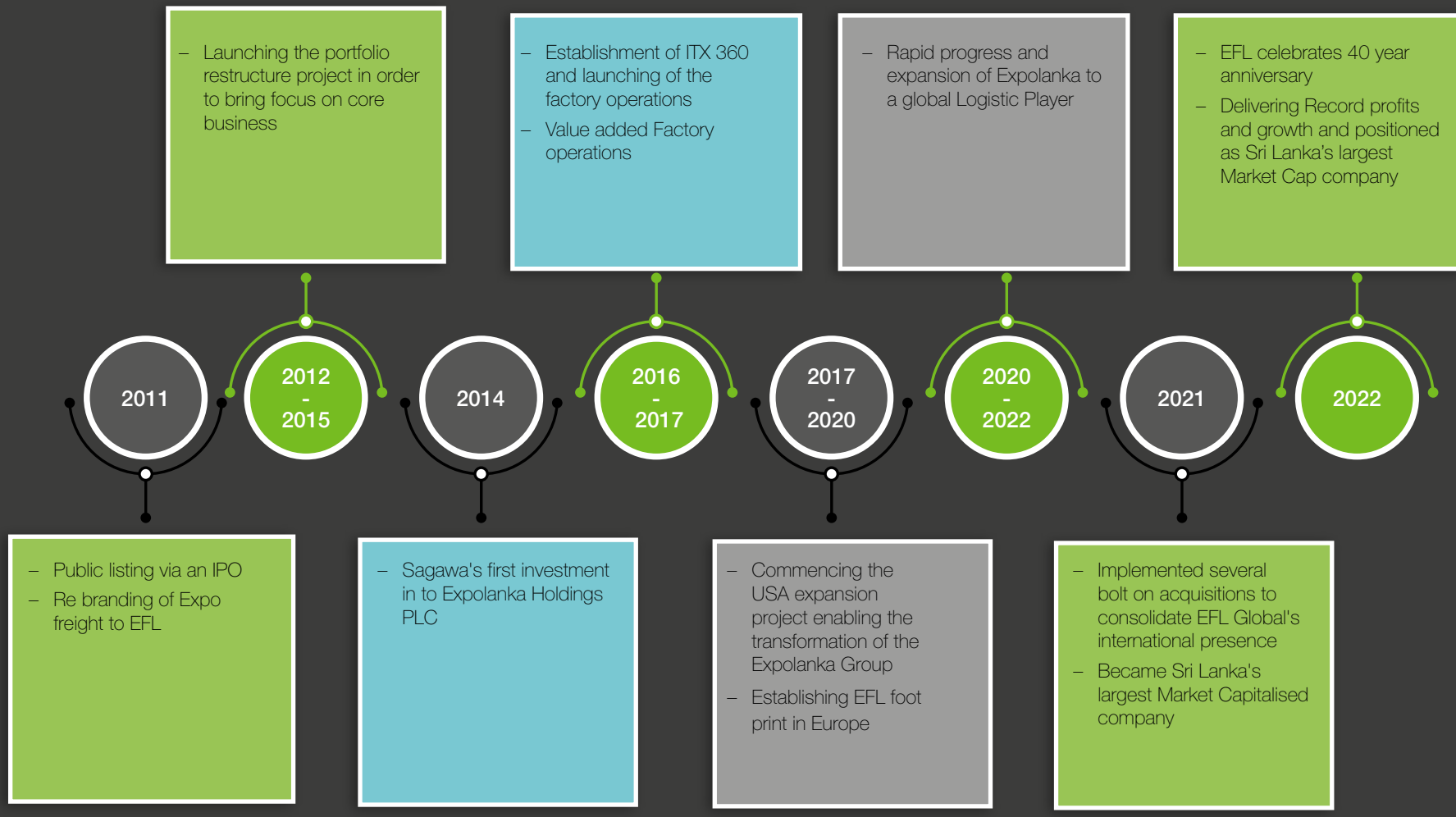
Community and Environments

- Local community uplifter & empowerment
- Swift natural disaster response mechanisms to uplift external communities' resilience
- Carbon emission reduction programmes for a green supply chain
- Sustainable supply chain and offering green solutions
- Increase in environmental consciousness amongst all stakeholders

GROUP MILESTONES

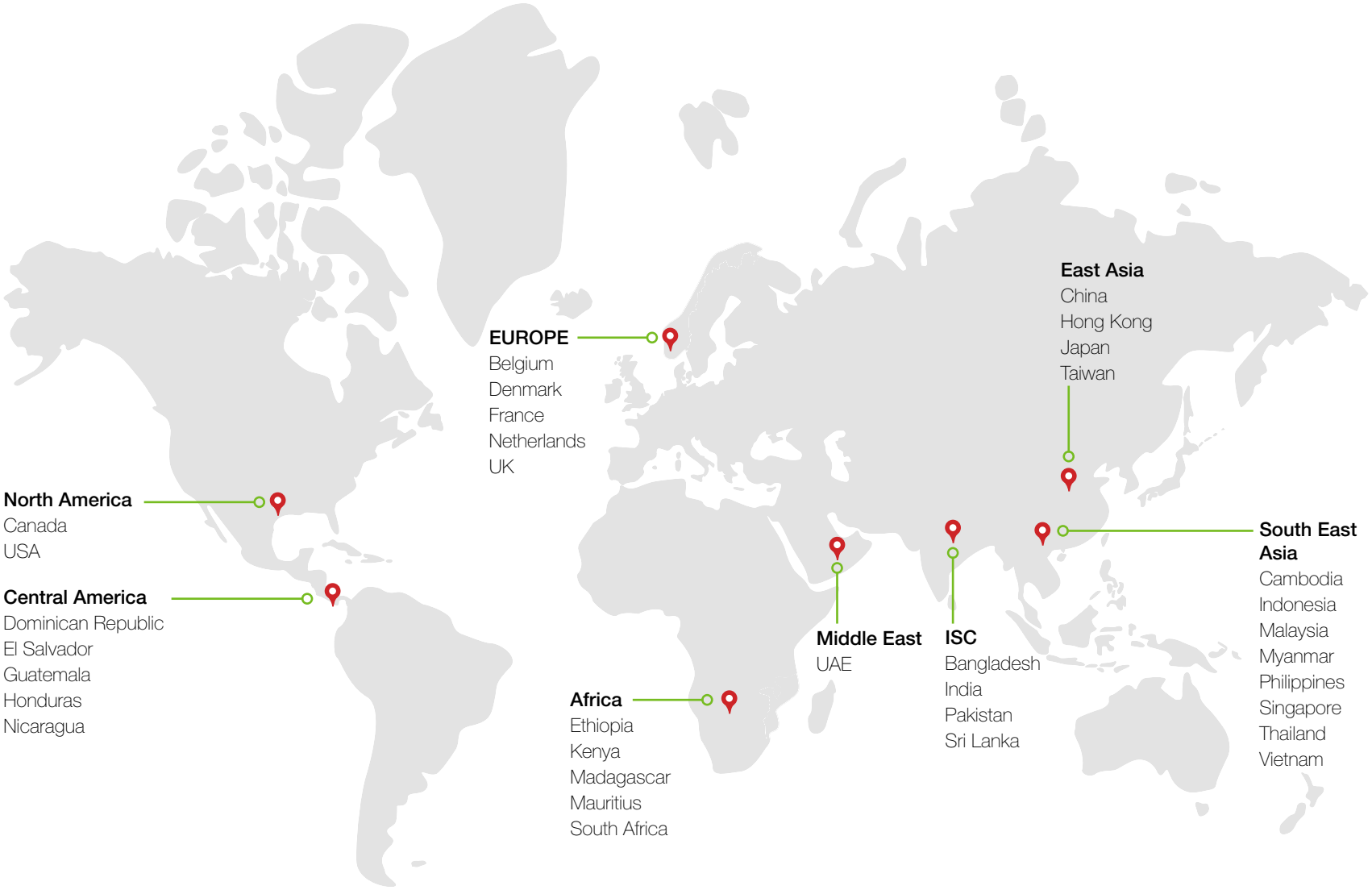


GROUP MILESTONES



GEOGRAPHIC **FOOTPRINT**

GRI 102-4



FINANCIAL HIGHLIGHTS

GRI 102-7

Over **95%** of revenue is derived from international operations

Revenue:
Rs. 694.2 Bn (+217%)

GP:
Rs. 121.9 Bn (+217%)

EBIT:
Rs. 86.8 Bn (+412%)

PAT:
Rs. 72.7Bn (+389%)

ROCE:
56.41%

ROE:
95.95%

Global network spanning **34** countries

BOARD OF **DIRECTORS**

Hitoshi Kanahori
Executive Chairman

A graduate in faculty of Commerce from the prestigious Keio University in Japan; Mr. Kanahori has deep experience in managing Asian business with a global presence, having worked in Japan, Hong Kong, Shanghai,Pakistan and Malaysia.

As the Executive Chairman of Expolanka Holdings PLC, Mr. Kanahori is based in Colombo, working closely with the Group CEO in the corporate strategy, governance and investments of the company. Prior to his appointment, for about 30 years, he was a member of the regional leadership team at MUFG Bank – the largest bank in Japan and ranked top 5 bank in the world in 2021 with assets of over USD 2.6 Trillion.

Hanif Yusoof
Executive Director and Group CEO

Mr. Hanif Yusoof is one of the founding members of the Expolanka organization. His dedicated and visionary leadership has been instrumental in transforming the organization as a global leader in international freight and Logistics. He is an alumni of the prestigious Stanford-NUS (National University of Singapore) executive program in international management.

He has served as President of the Freight Forwarders Association of Sri Lanka, in addition to being on the UN/ESCAP panel of trainers for freight forwarding. In continuation of his contribution to the Logistics industry in Sri Lanka, he was conferred the coveted Legend of Logistics award by the Sri Lanka Freight forwarders association in 2022 (SLFFA)

His entrepreneurship nature has led him to become a well admired industry professional and is the recipient of the “Asia Pacific Entrepreneurship Special Achievement Award” by Enterprise Asia 2013. For his contribution to the Sri Lankan economy, in 2012 he was awarded the “Global Commerce Excellence” award by the Central bank of Sri Lanka.

He also received “The Outstanding young Persons” (TOYP) award in 1998. In 2013, he was among the ten individuals recognised by LMD magazine in their coverage of “Business People of the Year” and has also been consecutively listed among LMD’s A-List in 2019 and 2020 in testament to his hard work and commitment towards developing the supply chain industry in Sri Lanka.

A strong advocate of social enterprises, he has championed several initiatives to contribute and uplift the society and environment. Being a logistics veteran for over 40 years, he functions as an advisor and a speaker at various local and international forums.

BOARD OF **DIRECTORS**

Ha Yo

Non-Executive, Non-Independent Director

Mr. Ha Yo is a Masters holder in Business Administration from Waseda University, Japan and holds 18 years of experience. He is currently the CEO of SG Sagawa AMEROID Pte. Ltd, Singapore and has gained specialized experience in the Sales and Marketing industry both in Japan and Singapore.

Akira Oyama

Non-Executive, Non-Independent Director

Resigned 7th June 2022

Mr. Akira Oyama, effective 1st of April, 2022 stepped down as the president of SGH Global Japan Co. Ltd., but still functions as the director of the said company. He started his illustrious career with Sagawa Express Co., Ltd in 1989. He has over 30 years of experience in the logistics business, having held several senior executive positions and directorship within the Sagawa group.

Sanjay Kulatunga

Non-Executive, Independent Director

Mr. Sanjay Kulatunga has an established record as a founder and as an Executive Director in industries ranging from Finance to Export manufacturing. He is currently the CEO of LYNEAR Wealth Management, a boutique investment house that he co-founded in 2013. He has served on the Financial Sector Stability Consultative Committee of the Central Bank of Sri Lanka, the Board Of Investment (BOI) of Sri Lanka and the Securities Exchange Commission (SEC) of Sri Lanka. Mr. Kulatunga serves as a Trustee of the Geoffrey Bawa and Lunuganga Trust.

Mr. Sanjay Kulatunga is a Chartered Financial Analyst (CFA), Associate Member of Chartered Institute of Management Accounting (CIMA) and holds an MBA from the University of Chicago's Booth School of Business.

BOARD OF **DIRECTORS**

Harsha Amarasekera P.C.
Non-Executive, Independent Director

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

Bokuto Yamauchi
Non-Executive, Non-Independent Director

Appointed on 7th June 2022

Mr. Bokuto Yamauchi, currently operates as the CEO of SG Global Japan. He started his illustrious career with Sagawa express in the year 2003. He has close to 20 years of experience in the logistics business across multiple disciplines.

SENIOR MANAGEMENT **TEAM**

Senthilnathan Shanmugam
Group CEO – EFL Global

Mr. Senthilnathan Shanmugam has been an instrumental force in EFL's rise to becoming a global supply chain giant. With a career spanning over 35 years, he joined EFL in 1996 as the Founder and Managing Director of EFL India, which he built into one of the leading freight operations in India and one of EFL's largest logistics networks in Asia. In 2012, Senthil was appointed as Chief Operating Officer for the Group, where his guidance ushered the company into the digital age and helped EFL become one of the top 25 logistics companies in the world.

Today, as Group CEO, Senthil oversees the centralized management and operations of over 32 countries and over 2400 employees. Senthil is committed to developing the future of the industry by sharing his knowledge to mentor the next generation of leaders across the EFL Group, and is dedicated to various philanthropic and social projects within the community. His journey is an inspiration to logistics and supply chain professionals at EFL and beyond.

Mushtaq Ahamed
Director – Group Finance, Expolanka Holdings PLC

Mr. Mushtaq Ahamed is an Associate Member of both the Institute of Chartered Accountants (CA) Sri Lanka and Chartered Management Accountants of Sri Lanka. He also holds Bachelor of Science Honors degree in Business Administration (Finance Special) from University of Sri Jayewardenepura, Sri Lanka and also holds an MBA from University of Colombo. He has over 20 years of professional experience in financial reporting, mergers and acquisitions, corporate finance, governance, general administration and legal functions in number of different industries.

He has been instrumental in transforming and providing leadership to the corporate finance function of the group and has steadfastly undertaken several roles in facilitating the growth of Expolanka to its current position. Undertaking the IPO process in taking Expolanka from a privately held enterprise to a listed entity, providing strategic direction and support in several corporate restructure initiatives and being at the forefront of various stakeholder engagements in uplifting Expo Lanka's profile and position are amongst his many notable achievements.

Shantanu Nagpal
Chairman – Investment Committee, Expolanka Holdings PLC and Non-Executive Director, EFL Headquarters (Pvt) Ltd

Mr. Shantanu Nagpal holds a Bachelor's degree in Philosophy Politics and Economics at Oxford (Chevening Scholar) and holds a MBA from INSEAD in France (Misys Scholar). He has been engaged in asset management and equity research industry for the period exceeding 20 years, gaining an extensive knowledge and experience by working as a Portfolio Manager of entities in Singapore and London such as UBS Asset Management, Ellerston Asset Management and Brevan Howard Asset Management.

He a Co-Founder of Bluestone Capital (Pvt) Ltd, a Private Equity firm based in Sri Lanka.

SENIOR MANAGEMENT **TEAM**

Evan Rosen

President – Americas Region, Global Chief Commercial Officer

Mr. Evan Rosen is the President – Americas Region and Global Chief Commercial Officer of the EFL Global organization. He is a supply chain and logistics leader with over 25 years of experience across the international supply chain industry. Having lived and worked in various supply chain roles from the Asia Pacific to the Americas, he acquired a truly global understanding of the shipping community. Over the last five years, he has contributed to the tremendous growth and global expansion of the organization. A key decision maker, he has a proven track record of customer acquisition and retention, successful commercial delivery, and creating value throughout supply chains.

Chris Robeson

Chief Operating Officer – Asia

Mr. Chris Robeson is the Chief Operating Officer of EFL Global's Asia Region. He has spent over 30 years in logistics, operations, and project management roles across the Asia Pacific and Americas regions, with a notable focus on the development of solutions that deliver speed-to-market for specialty retail products. He has held board positions on the Columbus roundtable of the Council of Supply Chain Management Professionals, and has provided insights and expertise as a guest lecturer at Miami University of Ohio and The Ohio State University. He also is a former member and speaker of the Hong Kong chapter of the American Chamber of Commerce.

Saif Yusoof

Managing Director – EFL Sri Lanka, Classic Travel & ITX360

Mr. Saif Yusoof currently serves as the Managing Director of Expolanka Freight, Logistics Park, ITX360, Peri Logistics, Oki Doki & Classic Travel. He started his career as a Supply Chain Analyst and has over 15 years' experience in Freight & Logistics.

Saif attended the Business Studies Program at Sunway College, Malaysia soon after High School.

He holds a Bachelor of Business Administration with a specialization in Integrated Supply Management from the Haworth College of Business at Western Michigan University, USA. He has also participated in Executive Education Programs at the Indian School of Business, Harvard, MIT and INSEAD.

SENIOR MANAGEMENT **TEAM**

Kanishka Wijesinghe
CEO- EAM (Expo Airline Management)

Mr. Kanishka Wijesinghe is a qualified Airline Marketing professional certified by IATA. He has obtained certifications in Airline Management, Marketing, Sales, Operations, Customer relations and in Human relations with several International Airlines. He holds a Fellow (FCMI) Membership award status - Charted Management Institute CMI- UK and Fellow (FSCM) Membership award status- Institute of Supply Chain Management IoSCM-UK. He is also a Certified International Supply Chain Professional (CISCP- USA). He has over 35 years' experience in the Airline industry and was a former President of the Sri Lanka Airline Cargo Association (SLACA)

Shiham Imamudeen
Chief Executive Officer – Classic Travel (Pvt) Ltd

Mr. Shiham Imamudeen is the CEO of Classic Travel - the Spearhead of the Expolanka Leisure Group Cluster. His Industry Experience spans over 25 years and has greatly transformed processes at Classic Travel over the past 10 years. His Accounting Background and drive for innovation has paved the way for many company accolades in Business Excellence and Employee Experience. He is a participant of the 'Enterprise Leadership for Transformation' programme awarded by the National University of Singapore. Through his Expertise in Strategic Planning and Technology, he established a new Scope to the Leisure Group by Automating Finance Processes, Streamlining Operational Workflows, Implementing Internal Compliance and Risk Management, and Initiating Companywide Welfare Programmes to enhance Employee Experience.

Silmy Ahamed
Chief Executive Officer-ITX 360

Mr. Silmy Ahmed carries over 27 plus years of experience in the IT industry with 15 plus years of senior managerial experience, of which over he served over 6 years as chief executive officer of a highly reputed information technology organization. He has also held board level positions in other reputed organizations in Sri Lanka. He has a reputation for achieving corporate growth and profitability through visionary leadership, strategic direction, and an ability to develop high performing teams.

He played an important role in setting the stage for transforming the company to a customer centric, solutions based organization, whilst playing a significant impact on growing the company's revenue and profitability ratio. He is also leading the charge of fulfilling the potential of ITX as an independent, full-fledged technology company that will be geared to offer solutions in Sri Lanka and the region.

CHAIRMAN'S **MESSAGE**

CHAIRMAN'S MESSAGE

Dear Stakeholder,
It is with great pleasure that I present to you the annual report and financial statements of Expolanka Holdings PLC for the year ending 31st March 2022.

Challenges bring out the best in people and this is reflected in the exceptional performance that was delivered by Expolanka Holdings PLC. During the concluded financial year, the company overcame with a great degree of success, several factors which had impacted the business. The diligent and resilient approach adopted by Expolanka enabled the company to deliver its best-ever historical financial results. I strongly believe these results are a culmination of a very consistent long term strategy adopted by the company, which has been executed effectively and efficiently whilst this is also a strong validation of our decision to adopt a growth-based strategy focused on our logistics sector, which has remained the key driver of our business over the last several years.

The macro-environment remained dynamic throughout the year with global markets adopting to pandemic impacts, geopolitical tensions, and several localized and regional economic challenges. Given the above, it was important to ensure that Expolanka as a global organization was able to steer its business operations effectively and efficiently.

The tremendous response to the above reflects the hard work, effort, and spirit demonstrated by the leadership team and our entire workforce which I believe was a defining factor enabling us to go from strength to strength in delivering these results. I would like to place on record my sincerest appreciation to all "Expolankians" for this remarkable effort in bringing this success to our organization.

Whilst the financial results speak volumes of our success, the holistic approach to our business cannot be underscored, where our attention towards our organizational profile, governance framework, policies, and sustainability has paved the way for Expolanka to create true stakeholder value.

BUSINESS PERFORMANCE

Represented by EFL, our largest business, the logistics sector was the catalyst of the performance of the group. Our robust, steadfast, and consistent strategies were instrumental in enabling EFL to perform exceptionally well, producing yet another record-breaking performance during the year under review. Our key market, North America operations were once again the largest contributor to the business. Our commercial initiatives were well supported by our procurement function and our origins across the globe enabling the sector to optimize its performance. The entire EFL network banded together as one unified, global company in working tirelessly, enabled with a singular goal in mind to create value for all our stakeholders, including customers, partners, shareholders, and employees alike.

EFL is essentially, a people business, and our investments over the years to ensure we have the right people across our network in various roles and capacities, performing their responsibilities in the best and most efficient manner truly paid off this past year. I believe it was the strength of our people at EFL and our inherent "dare to do" spirit, that was the key driving force behind the success witnessed by the organization during the year.

The strategy implemented by the group's Leisure sector last year to build toward the future has enabled the sector to deliver stable results during the year under review. "Classic", the Group's iconic leisure brand focused its effort to become more efficient, and leaner and undertook key restructuring initiatives to improve its internal efficiencies to tap into opportunities that will open up in time to come. Focusing on its core business, the sector was able to capture market share whilst continuing to innovate new products and solutions focused on delivering an experiential travel offering to its customers.

Meanwhile, it is also very pleasing to note that the Investment Sector made satisfactory progress despite pandemic-related constraints.

A KEY CONTRIBUTOR TO THE NATIONAL ECONOMY

Expolanka's business interests span several key industries of the national economy. Being amongst Sri Lanka's largest logistics companies Expolanka plays a pivotal role in facilitating the growth of the export industry in Sri Lanka. Furthermore, the company operates as a net foreign exchange earner which generates a significant share of its revenues from international markets. The company also plays a leadership role in the Leisure industry across both its inbound and outbound operations facilitating the tourism industry as well as the corporate travel market. In its Investment sector Expolanka operates as one of the leading exporters of coconut based products and value added products to international markets whilst its technology arm provides a range of technology solutions to various organizations further contributing towards the digitalization of the local economy.

ENVIRONMENT, SOCIAL, GOVERNANCE

As a holistic organization, Expolanka has developed an evolving Environment, Social & Governance framework (ESG). Special emphasis was placed on

CHAIRMAN'S **MESSAGE**

renewing our framework on corporate governance, risk management, sustainability, and business facilitation, which enabled the group to augment its overall performance during the year.

Whilst last year, the focus of the Board was initially directed towards leading on the Pandemic front, during the current year, the focus of the Board shifted towards delivering sustainable returns to the company. To that end, the Board worked closely with the leadership team in assessing and reviewing strategies, performance, and results. The board evaluated several new initiatives of the company including several acquisition opportunities, market expansion initiatives, and various other plans which were directed toward business growth. The Board continued to observe and assess the consequences of the dynamic environment that the group was operating in and how it may impact our business. Whilst the group continued to implement its overall strategy, certain tactical observations of the board further strengthened the business operations of the company, reflecting the nimble and agile approach of the organization.

The Board of Directors has always recognized the importance of sound governance structures and best practices, which strengthens and augments the business performance of the group. Over the years we have established high corporate governance standards going beyond legal and regulatory frameworks and adopting global best practices. As part of this commitment, the Expo Group's governance frameworks have been aligned to the rigorous governance standards of SG Holdings Ltd - the Group's Japan-based parent, in particular the stringent internal control mechanisms and financial reporting principles of Japan's Financial Instruments and Exchange Act. As an organization, Expolanka continues to surpass expectations and has been able to successfully over three years, achieve self-compliance on internal controls and governance tests carried out as part of the Sarbanes-Oxley act-based audit procedures on the company. The principles of good governance and transparency outlined by these standards have further strengthened the Expo Group's credibility this past year.

The board continued to monitor the pandemic environment across the globe, both from an employee safety perspective as well as continuing business operations, a balance the Board was able to achieve successfully. To support and meet both objectives, the board reviewed the progress of various BCP initiatives undertaken by the company on a global scale whilst closely monitoring the overall performance of the group.

As always, the Group's foundational values continued to underpin our commitment to doing business in the right way by always acting lawfully and responsibly. I believe it was the ideal time to showcase how the Expo Group lives up to its core values; "To always follow ethical business principles in transacting & managing the business" "Caring for stakeholder's interests", "Commitment to Excellence", "Innovation & Entrepreneurship".

Throughout this past year, the Board focused on reinforcing and sustaining this culture across the business to encourage sound decision-making while managing risk and upholding business ethics. The Board remained in constant touch with the leadership teams around the world, actively participating in the decision-making process and providing guidance and inspiration to teams during these challenging times.

Although much of our attention was directed towards giving leadership to the growth strategy of the company, we did not lose sight of our sustainability goals. We at Expo consider sustainability a natural component and extension of our business, we view it holistically and continue to embed it into our operational framework to achieve sustainable competitive advantage.

Our sustainability strategy encompasses a broad range of stakeholders including our business partners (customers & suppliers), our most vital asset which is our employees, the environment we operate in, and the community. The sustainability strategies that we have adopted, cover each of the above areas.

As an organization, we have committed to enacting green logistics to offset carbon emissions and revive the planet. To realize this, we maintain constant stakeholder engagement, particularly our customers, to work together to prioritize sustainability and advance today's environmental and social needs.

By aligning ourselves to the United Nations Sustainable Development Goals (SDGs) a few years ago and having gained a deeper understanding of how the Expo Group can make a meaningful difference, we were keen to maintain our focus on contributing to the SDGs that were most relevant in the current context and were in par with our business practices. Further to our commitment to the SDGs, we continue to encourage greater stakeholder engagement and seek out partnerships to add value to our efforts. Each employee is encouraged to embrace passion projects and learn more about being more conscious each day in sustainable ways.

Through the company's 'Global Goodness' initiative, we encourage our employees to be more mindful of the impact they leave on the environment and to participate in projects to advance SDGs in each country.

CHAIRMAN'S **MESSAGE**

I am also very glad that despite the pandemic, we were able to proceed to phase 3 of the Revive Bundala initiative under EFL Sri Lanka's flagship, undertaking to replant and restore 600 acres of the Bundala Forest reserve. Keen to ensure the project went ahead as planned, we mobilized the support of local communities to carry out planting activities in a manner that remains sustainable even upon completion of this project.

Another key project that continued under the Global Goodness initiative was the Play Pump Project in South Africa, which contributes toward SDG Goal 6. EFL now holds custody of 7 Play Pumps across South Africa that continue to give clean water access to vulnerable communities and local schools.

Taking yet another major step toward advancing its sustainability agenda, EFL renewed its commitment to the Science-Based Targets Initiative (SBTi) to set science-based targets in line with the latest climate science to reduce our greenhouse gas emissions. With this new commitment, we now have a clear baseline target to work towards in aiming to reduce emissions across EFL's global freight operations.

Women's empowerment was another important agenda item of the organization. The group observed that due to Pandemic related impacts, several micro, small and medium enterprises run by women were facing several challenges. Expolanka partnered with the Sarvodaya organization to implement Project Empower, under the Sabrina Yusoof Women's Empowerment Initiative. This project aims to provide funding, support, facilitation, and training for women entrepreneurs to grow their businesses. The project was kicked off in Dec 2021 and is expected to proceed for two years.

OUTLOOK AND PROSPECTS

The global marketplace has seen a rapid transformation, particularly post the pandemic environment. Businesses with strong fundamentals with agile & innovative operations have been able to adjust to this new normal environment successfully.

Having weathered the initial challenges successfully, the world as a whole is now more informed and certainly better equipped to deal with and prepare for their future. However, with time, the challenges faced by the world continue to evolve. Geo-Political tensions and potential economic reactions to post-pandemic recovery are in the mind of all organizations as they aim to tackle what lies ahead. Whilst we can be buoyant at what we achieved, as we achieved during the last year, as an organization, we will continue to look at how we can maintain this strong momentum and drive forward with our business operations.

For the Expo Group, I believe the future holds much promise. The Group's strong foundations, solid strategy as well as resilience, and agility of its business models, which proved to be vital in bringing success this past year, will remain the key pivots in the Group's future growth trajectory as well. The Group will look to build on the success that was achieved during the past year and focus on accelerating our growth plans - firstly to grow more firmly in our existing markets and businesses, and secondly to expand into new geographies of strategic importance. At the same time, we expect to, further invest Assets in our brand and strengthen our off-balance sheet factors, to facilitate our growth journey. Let me also reiterate that the Expo Group will maintain its holistic focus to ensure each of the businesses continues to deliver sustainable value to shareholders while strengthening its identity as a socially and environmentally responsible organization.

CHANGE OF DIRECTORATE

I would like to express my sincere appreciation to Mr. Akira Oyama as he brings to an end his tenure on the Board of Expolanka Holdings PLC. His support and commitment in guiding the organization through a challenging environment was exemplary and I would like to take this opportunity to wish him well in his future endeavors.

I would also like to welcome Mr. Bokuto Yamauchi who was elected to the Board with effect from 7th June 2022.

ACKNOWLEDGMENTS

My appreciation to the Expo Group Board of Directors for their insightful leadership always. On behalf of the Board, I wish to thank the leadership team of the organization, and all employees of the Expo Group across our network for their hard work, resilience, and commitment to helping the Group achieve its best-ever results despite the challenges presented by the COVID-19 pandemic.

I would like to conclude by expressing my thanks to the our shareholders for their ongoing support and our customers for the opportunity to serve them. On behalf of the Board, I wish to assure you that the Expo Group will continue to strive to maintain your support and trust in the years ahead as well.

Hitoshi Kanahori
Executive Chairman

GROUP CEO'S **REVIEW**

GROUP CEO'S **REVIEW**

Dear Stakeholder,

It is with a sense of honor that I pen my thoughts for the Annual Report for the financial year 2021/22. A year that has seen Expolanka grow from strength to strength, solidifying our position amongst the leading logistics is an outcome of your organization's transformative journey over the last several years companies globally. The outstanding financial results are among many of your organization's transformative journeys over several years.

Since inception in 1978, your company has always strived to operate with one clear vision, to create sustainable value for all our stakeholders, be it shareholders, employees, business partners, or regulators. This simple, clear objective has been the benchmark of our decision-making process, guiding us over this 44-year journey through various development, growth, consolidation, and expansion phases.

Today, your company is among the select few Sri Lankan entities with a global footprint in 34 countries. Over 95% of our group revenue is generated from international markets, showcasing our profile as a truly global enterprise.

Our consistent, comprehensive, agile, and congruent strategy has been the hallmark of our success, supported by our dare-to-do spirit, grit, determination, and unyielding focus in executing our strategic initiatives. This holistic unified approach to carrying out our business operations has manifested our DNA as a company. The results we see today reflect the diligence, hard work, and efforts that have been put in place, particularly over the last several years.

OPERATING ENVIRONMENT

Operating on a global scale, our business witnessed the headwinds of the resurgence of international trade as major global economies opened up post-pandemic. Market conditions have evolved but remain very dynamic. Our key market, the United States, saw visible growth in trade led by consumer spending due to high disposable income and increased inventory replenishments due to low inventory levels. Changes in consumer spending patterns and demands were experienced by several businesses which had to adopt to these changing trends. The resurgence in consumer spending was visible throughout the year and was at its peak during Q3 of the financial year; however, with slight corrections during Q4, which is traditionally considered an off-peak season for the retail industry.

During the year, global supply chain challenges persisted due to growth in demand, stretched capacity, port congestions, and various challenges in transport and warehouse space, all contributing to severe pressure on supply chain and logistics capabilities. This resulted in increased freight rates which peaked during Q3 of the financial year.

Key origins such as India, Vietnam, Sri Lanka, China & Hong Kong experienced pandemic-related restrictions during a significant part of the year.

The global marketplace continues to face several disruptions, including geopolitical tensions, regional economic challenges, inflationary impacts, and various other dynamic factors, which Expolanka as a company will navigate through with our spirit, determination, and agility.

GROUP RESULTS

Led by our Logistics sector and, more particularly, EFL Global, The Group posted record revenue of Rs. 694.2 Bn (YoY +217%). Growth in base volumes across both air freight & ocean freight verticals and elevated freight rates was the catalyst for this substantial revenue growth achieved by the company.

The Group recorded a gross profit of Rs. 121.9 Bn (YoY + 217%) resulting from the significant growth in business and supported by adopting innovative & proactive procurement strategies.

Our efficient business model, overhead structure, and effective capital management strategies allowed the business to witness strong operating leverage, resulting in the Group's outstanding Profit after Tax of Rs. 72.8 Bn (YoY +389%).

Demonstrating the efficacy of our capital structure, asset utilization, and quality of earnings, the Group generated above industry returns on ROE of 95.9% and ROCE of 56.4%, respectively. These returns indicate the strength of your organization's profile, the efficiency of its business model, and the effectiveness of its business strategy in creating shareholder wealth.

The logistics sector was the single most significant contributor to group Revenue & profits, accounting for 99% of the overall performance of the Group. While most of our concentration was directed towards enhancing and growing the logistics business, we saw visible progress in our leisure sector, which saw a recovery of its business in post-pandemic market conditions. The reorganization of our investment sector has resulted in the stability of the company's business operations.

GROUP CEO'S REVIEW

BUSINESS REVIEW

The growth of your organization was based on a well-thought-out long-term strategy that involved several integrated factors. Our growth journey commenced with restructuring our overall business portfolio in 2012, resulting in increased capital allocation to grow the logistics business. This was further expedited with the entry of our parent company Sagawa Group in 2014, which provided confidence and facilitated our growth requirements. The USA expansion project we entered in 2017 brought about the shift in the business profile, enabling us to transform into the organization that we are today. Our excellence in service delivery and the dependability of our operations during the pandemic ensured the strength of our brand name, enabling us to leverage opportunities presented to us today. This quantum leap in performance that is visible today is a culmination of the efforts that have been in place since our IPO and has propelled the Expolanka Group and, more particularly, EFL Global to the forefront of the global logistics industry. The discussion below covers several critical areas of business that we excelled in to deliver this holistic performance.

CUSTOMERS, VOLUME & PRODUCT PORTFOLIO

The nucleus of our strategy has always remained developing customers and growing volumes. To this end, your organization has expanded its strategic customer base across a diverse range of industries. The core Air Freight product saw a growth of 51% (YoY) in volumes to record 198Mn KGs of Air Freight, while the Ocean Freight product delivered 281K TEU (YoY +49%). The volumes generated during the year under review have been the highest in the company's history. In terms of our customer profile, we have expanded our customer base to multiple industries covering, Apparel, Tech, Home Furnishing, Auto Spares, Pharma, and Perishables. While we have made substantial progress with our anchor customers, we have onboarded several new customers who have contributed to the growth achieved by the organization during the year.

We are pleased to see the progress of our Ocean product, a result of our increased concentration and focus. While we continue to remain a dominant Air Freight company, the improvement on the Ocean Portfolio is encouraging. Ocean Freight contributes 42% of the core product revenue.

We have also made headway in developing our domestic logistics capabilities in the US. The supply chain pressures necessitated logistics players to access and control warehousing & trucking capabilities to provide uninterrupted services to customers. Recognizing this requirement early, EFL Global embarked on building these capabilities over the last year. In March 2021 (Related to FYE 20/21), the group acquired Seville CFS and further acquired Complete Transport in September 2021 (Related to FYE 21/22). Apart from the acquisitions, the group expanded its 3PL footprint in the US with increasing organic capacity in the market. These operations ensure that EFL Global will be able to provide enhanced services to customers and increase customer stickiness and wallet share. Further substantial contributions were visible in the 3PL operations such as in Sri Lanka, where the organization provides bespoke 3PL solutions to customers.

NETWORK INFRASTRUCTURE & MARKET DEVELOPMENT

EFL Global further expanded its international network operations during the year under review. During FYE 21, we entered new markets in Canada, Taiwan, Thailand, Denmark, and Belgium. These were established at the peak of the pandemic. Initially, the focus of the business was to integrate and consolidate these markets while driving growth. Through the acquisition of Idea LLC and its subsidiary companies, EFL entered Central American markets and established operations in Honduras, Nicaragua, El Salvador, and Guatemala. This acquisition was part of our strategy to service nearshoring demand requirements of several of our customers. Based on a careful study constructed over several months, EFL identified potential growth opportunities in these markets, and the strategic acquisition will enable EFL to fulfill this requirement.

While we entered and consolidated new markets, our existing origins saw significant growth in its business operations. It was heartening to note the performance of our traditional markets in South Asia, Southeast Asia, the Far East, and Africa. The standard of service and delivery was exceptional, leading these markets to deliver strong results.

The network infrastructure which EFL possess is one of the critical strengths of the organization. The strengths and capabilities of our origins lead to facilitating and servicing the business generated from our commercial teams, primarily in the US. We continue to develop our network capabilities by strengthening leadership teams, enhancing processes, and improved coordination. Our ability to operate in challenging markets has enabled EFL to gain ground as a top-of-the-mind, reliable brand.

GROUP CEO'S **REVIEW**

EFL Global's operations have invariably remained predominantly North America-centric. The growth in this trade lane during the year was phenomenal. North America contributed 84% of EFL revenue during the year under review, an increase of 223% from the previous year. Noticeable progress was made on both the European & Intra Asia trade lanes, combining 12% of EFL revenue.

The sustained growth in the North American trade lane results from the unified approach to business adopted by the company. We will look to consolidate and grow this trade lane which we feel would remain the largest in our portfolio.

Despite the slow recovery post-pandemic, the European trade lane made satisfactory progress, particularly with our traditional businesses. Initial investments into Denmark and Belgium performed creditably during this period. We have long-term aspirations in growing this market, which we feel will be a critical component of success in the future.

The Intra Asia trade lane also saw satisfactory growth during the year, and we are optimistic about the prospects of trade within this region.

PROCUREMENT

Capacity availability played a crucial role in the volume growth the organization delivered during the year. Lack of capacity, elevated & fluctuating prices, pandemic-induced restrictions, and port congestions were among a slew of Factors EFL procurement team had to contend with during the year. The Group remained steadfast and adopted innovative and proactive procurement strategies to overcome these challenges.

EFL was able to leverage its collaborative and long-term relationships built over the last several years with carrier partners. Supported by a data-driven approach enabled us to efficiently secure capacity and optimize our procurement costs in challenging conditions. Meanwhile, focused efforts to broad base the carrier networks paved the way for EFL to augment its customer offerings through more flexible, bespoke solutions to meet customer demands. Servicing over 1,000 charter operations during the year under review, reflected EFL agility to adjust to market conditions. This reflects that EFL undertook over 1000 charter programs during the year under review. EFL's ability to shift from a scheduled flight operation to a charter operation speaks volumes of the company's ability to be agile in challenging conditions.

The Ocean Freight market, too, remained very dynamic and was impacted by container shortages and port congestions, resulting in relatively higher rates. Despite lower capacity and higher rates, EFL was able to could tap into its long-term carrier partnerships, supported by proactive procurement strategies, to maintain healthy profitability during the year.

DIGITIZATION & TECHNOLOGY

Understanding the strategic importance of our technology & digital capabilities, we progressed expeditiously in generating value from our digital platforms. The primary focus was on operational efficiency, workflow standardization, and data integrity. We focused on developing our data strategy with more new and agile technology solutions. Furthermore, we recognized the importance of cyber security, and EFL Global was able to implement a globally synergized program to integrate this aspect into our business operations further.

Being a global organization, we adopted best practices by implementing ISO 27001 certification and GDPR compliance. On the development front, I am happy to note that we have made progress on our freight forwarding suite, which aims to increase our customers' visibility; we hope this will be rolled out within FY 22/23.

PEOPLE

Our people are our greatest asset. It is through their tireless efforts, dedication, determination, and hard work that we have achieved this success as a service organization. This past year has brought out the very best in our people. I am exceptionally proud of how our employees worldwide worked tirelessly to ensure that our operations continue to function, even amidst pandemic-related limitations. The spirit and determination shown by each employee is a true manifestation of what Expo Group stands for; our values, the dedication to excellence, the willingness to innovate, and our commitment to upholding stakeholder interest. This show of strength and resilience has made it clear that we are indeed "one team pursuing one dream."

ENVIRONMENT SOCIAL & GOVERNANCE (E S G)

E S G remains a critical strategic element in our overall growth plan as we prioritize expanding EFL's global operations. We consider E S G an extension of our business and strive to holistically embed this into our operational framework. We have adopted an integrated E S G model to bind the organization towards delivering sustainable returns. The E S G framework encompasses stakeholders, regulators, shareholders, business partners (customers & suppliers), employees, environment, and community.

GROUP CEO'S REVIEW

Working closely with our stakeholders, we aim to align our goals better to take cognizance of the key environmental, social & governance areas across the organization.

Over the years, we have established high corporate governance standards going beyond legal and regulatory frameworks and adopting global best practices. As part of this commitment, the Group has enacted several policies and procedures that formulate much of the company's governance framework. The success of these policies is reflected in the Group's ability to meet 100% self-compliance on governance tests carried out on the Sarbanes Oxley-based audit procedures of the company. Good governance and transparency principles of these standards have further strengthened the Expo Group's credibility this past year.

OTHER SECTORS

I am encouraged by the immense progress made by our leisure sector, which operated in trying conditions. Once again, the sector has navigated its way through a very challenging year for the industry. Our strategy of taking a longer-term perspective has enabled the sector to deliver growth during the year under review. The reorganization initiatives undertaken by the sector have resulted in the sector transitioning into a more efficient and lean organization. The recovery of its core corporate travel business was supported by the innovative solutions offered by the company. The experiential travel business was able to garner increased interest during the year.

Our early investments in digital technology have, without a doubt, been a significant advantage in creating solutions geared toward travel during a pandemic environment.

We expanded our footprint and established an operation in Bangladesh, which we believe will be an important market to grow. Signaling our interest and confidence in the leisure industry, the group made headway and completed the acquisition of a leading travel brand, Gabo Travels Overseas (Pvt) Ltd, on the 1st of April 2022.

Our investment sector businesses reported a satisfactory performance for the year under review amidst stable results from the export businesses. The restructuring initiatives undertaken by the sector have paved the way for improving performance over the last few months of the year under review. Our IT solutions business, ITX360, made significant progress in delivering outstanding results for FY 2021/22.

BALANCE SHEET & CAPITAL STRUCTURE

Adopting an Asset lite operating model has enabled the Group to see improved returns and enhanced shareholder value. The largest asset on our balance sheet is the working capital asset, and the Group has been able to manage this asset diligently. The support provided by our parent company; Sagawa cannot be underscored. They provided a significant component of our working capital finance, which provided us the comfort and confidence to drive forward our growth journey.

Strengthening our balance sheet and having the optimum capital mix was a critical component of our strategy, which paved the way for the Group to deliver these outstanding results. Preserving growth capital, improving the debtor profile, and enhancing cash flow position enabled the facilitation of our growth.

SYNERGIZED TO SUCCEED - FUTURE DIRECTION

All in all, this past year has been remarkable in many ways. It has been a year of solid growth, where we saw the results of our sustained strategy over the past few years coming to fruition. The outstanding financial performance gives me a reason to believe that the investments and strategies adopted during the last several years, along with our ability to demonstrate our strengths as a trusted, reliable, and dependable logistics partner during the current year, have laid the foundation for the company to further expedite its growth initiatives into the future which will be holistically supported by Financial Capital, Human Capital, and our strong technology platform. This gives me a reason to be very excited for the future and growth of our organization.

For EFL, the focus in the next few years would be to firm up its presence across all its global stations and expand its footprint. We expect to adopt a multipronged strategy to grow the customer base and increase captive market share. We hope our decision to move into the USA domestic logistics area will also give us the necessary leverage to position EFL as an end-to-end solution-based supply chain company in North America. We will also pursue several initiatives to grow our reach in the European market. EFL will look to leverage its strong brand presence, market acceptance, and network operations to pursue potential opportunities in this market as it continues to recover. As always, we will continue to work towards building on EFL's stronghold markets in Asia while keeping a keen eye on emerging opportunities that complement EFL's strategic objectives. I expect our focus on digital technology adoption to gather momentum as EFL strives to position itself as a critical partner across all major global supply chain networks.

GROUP CEO'S **REVIEW**

As Sri Lanka's travel industry moves towards more significant consolidation with smaller players exiting the market over the longer term, I believe it will allow more prominent players to gain captive market share. Classic Travel will continue to focus on maintaining the highest customer service standards and building on its core strength of being the most reliable travel partner.

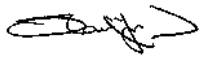
This is only the start of our journey, and I sincerely believe that the Expo Group has much more to achieve over the next several years as we surge ahead with our growth plans. We will continue our growth journey focusing on developing our infrastructure, further strengthening our competencies, expanding into new markets, deploying our technology competencies, and attracting the right resources across the organization to deliver solid and sustainable returns to all our stakeholders.

APPRECIATIONS

I would like to thank the Board for their insight, vision, and leadership in enabling the Expo Group to deliver its best-ever performance to date amid a pandemic. I would like to express my gratitude to Mr. Akira Oyama for his service as a Director of Expolanka Holdings PLC and wish him all the best in his future endeavors. I also extend a warm welcome to Mr. Bokuto Yamauchi to the Board of Expolanka Holdings PLC.

Let me also take this opportunity to thank all our leadership teams and our employees worldwide who have worked tirelessly under challenging conditions with sincere dedication and commitment. I am immensely proud of how you have risen to the challenge to do what is needed to support your respective companies in these unprecedented circumstances.

I am equally grateful for the ongoing support received from our customers, business partners, and shareholders. This past year has only strengthened our ties which I hope will pave the way for us to work together to meet our stakeholder commitments while always being conscious of the environmental and our commitment to social responsibility.

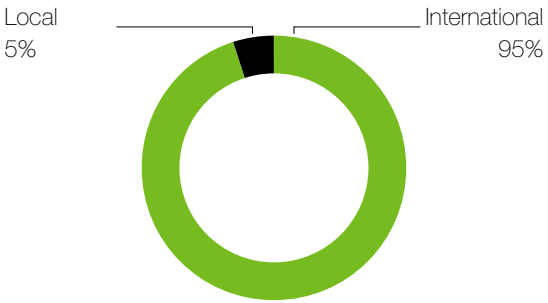


Hanif Yusoof
Executive Director and Group CEO

FINANCIAL INDICATORS

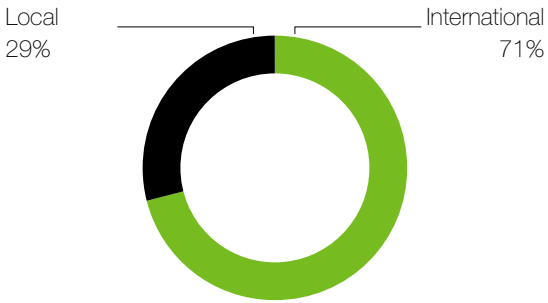
Revenue

Majority of Revenue derived from International Markets



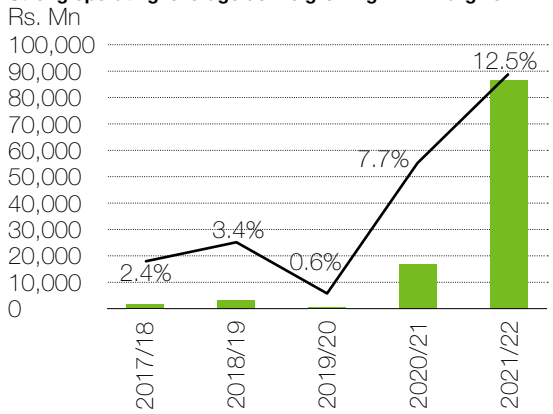
Net Profit

Majority of Profits derived from International Markets



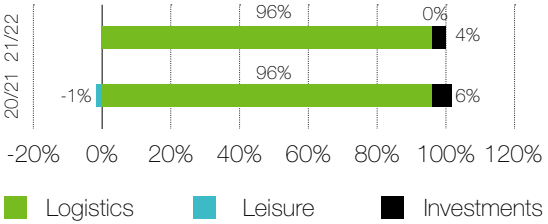
EBIT & EBIT Margin

Strong operating leverage derive growing EBIT margins

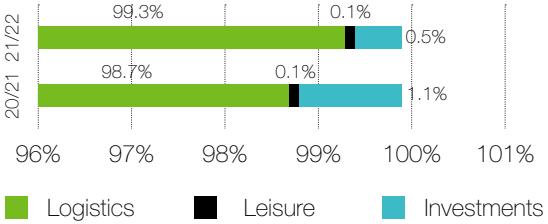


Logistic Sector led business performance

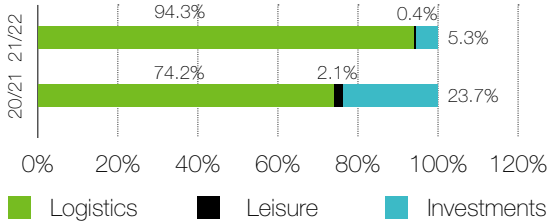
EBIT Composition



Revenue Composition

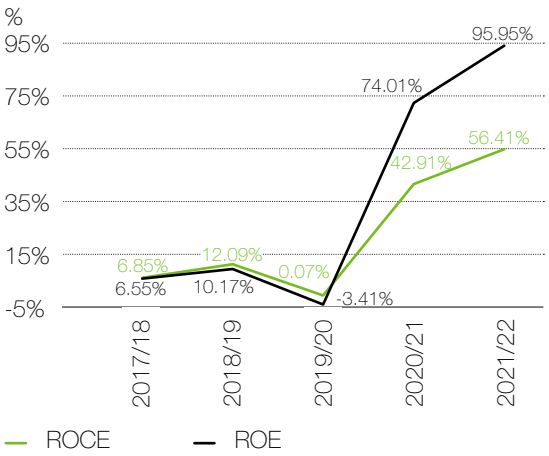


Finance Cost Composition

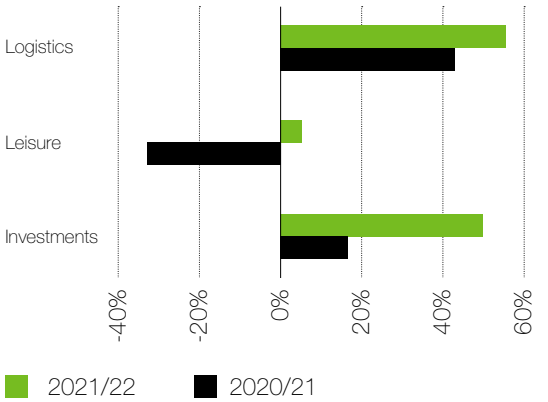


An efficient Capital structure generating strong return

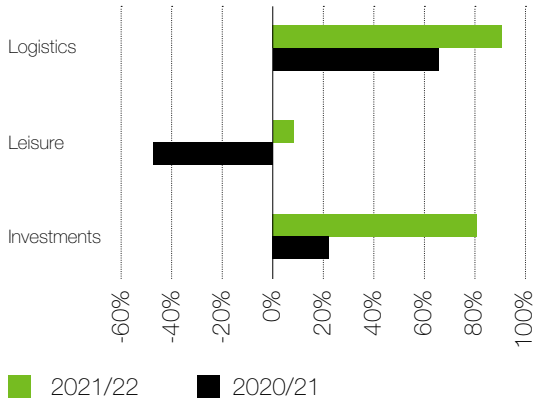
ROE Vs ROCE



Sector ROCE Comparison



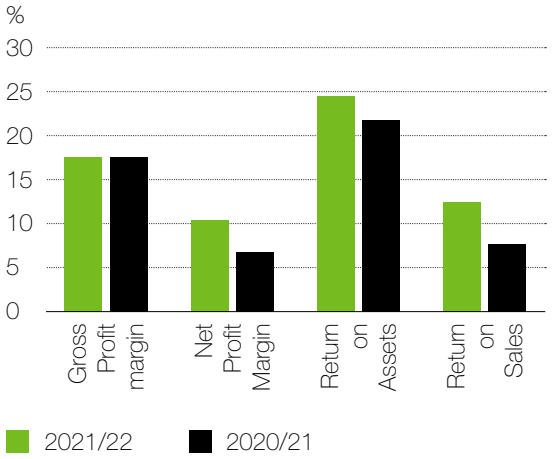
Sector ROE Comparison



FINANCIAL INDICATORS

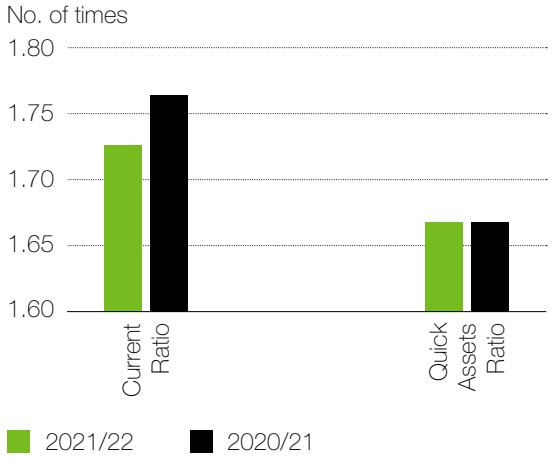
Overall Profitability

Consistent Margins, Improved efficiency enhances overall profitability



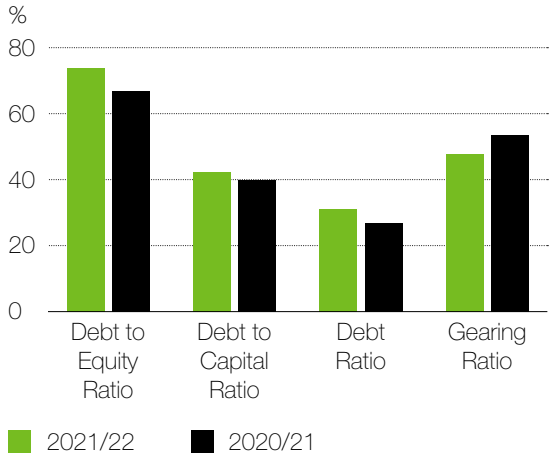
Liquidity

Efficient working capital practices stabilizes overall liquidity position



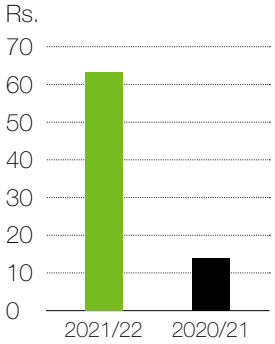
Leverage

Capital Structure geared for growth & sustainable earnings

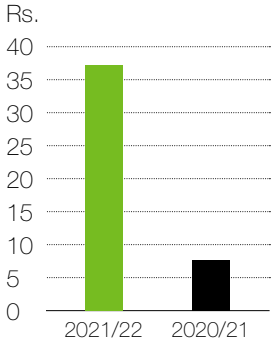


Optimum Capital Structure, Improved efficiencies enhances overall profitability

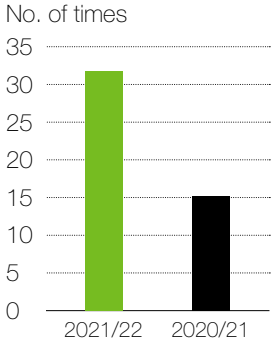
Net Assets Value per Share



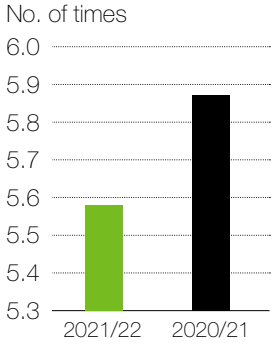
Earnings Per Share



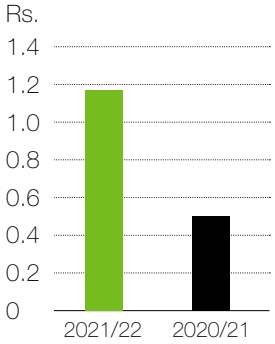
Dividend Cover



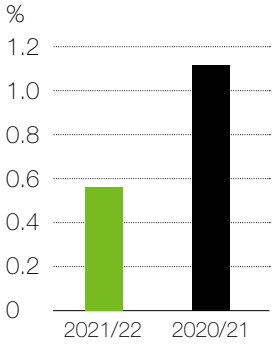
Price Earnings Ratio



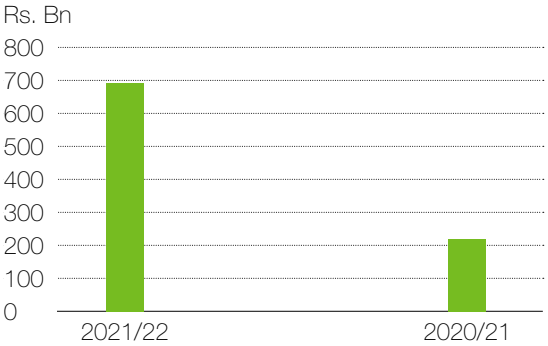
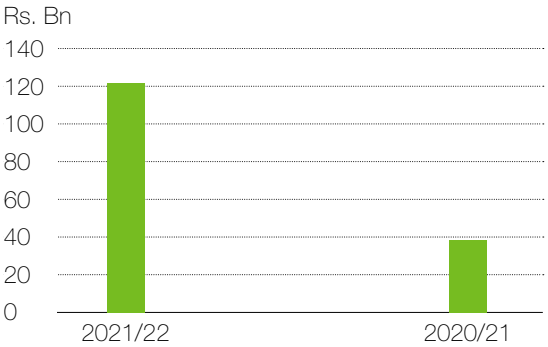
Dividends per Share



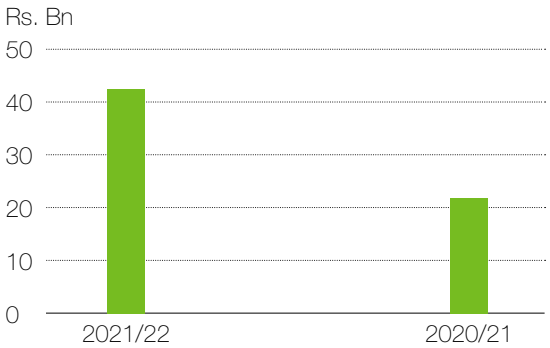
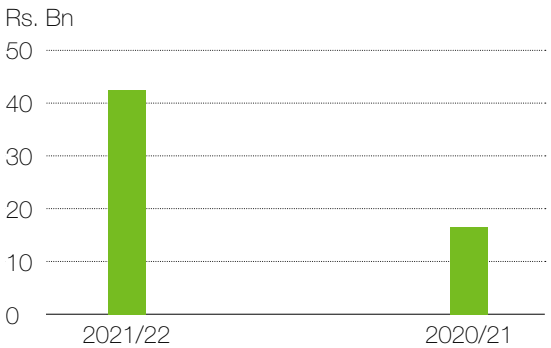
Dividend Yield



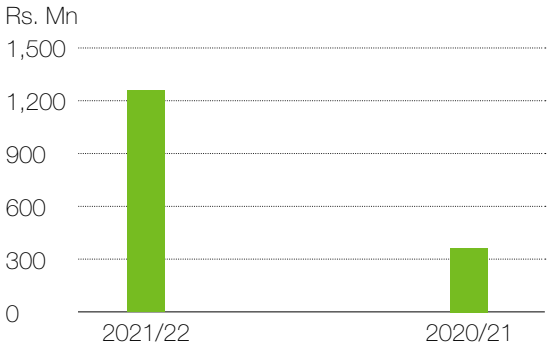
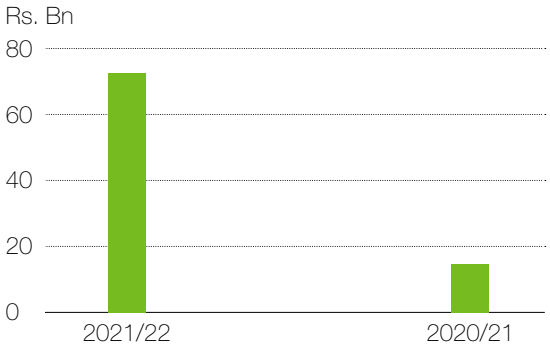
GROUP PERFORMANCE

Description	Comments
Revenue  **217.35%** **Change (%)**	Revenue growth during the year was predominantly derived from the Logistics Sector, which contributed 99.2% of the group Revenue. This was driven by significant growth in base business volumes across both Freight and Ocean Freight Products. Air Freight remained the largest contributor of revenue, whereas the importance and significance of the Ocean Business grew during the year. The industry experienced several supply chain disruptions particularly during the first 3 quarters of the year, with freight rates peaking during quarter 3, whilst market conditions continued to evolve. The North American trade lane was the key driver of growth with strong contributions coming from all key origins in the Indian sub-continent market as well as the Southeast Asian and the Far East Markets. The European Trade Lane too experienced visible growth during the year, whilst the Intra Asia Trade Lane supported the Revenue growth achieved by the company. The group continued to expand its customer portfolio which saw contributions from a range of customers across diverse industry verticals. Whilst the Apparel vertical continued to remain the largest contributor to the business profile of the group, robust progress was seen in other verticals such as Home Improvements, Electronics, Auto Spares, and other retail verticals. The leisure sector, which was impacted by the Pandemic, experienced a recovery during the year, reflecting the resilient nature of its business operations, whilst the Investment sector saw stable growth. Over 95% of the Revenue of the group is derived from its international operations, reflecting the organization's global profile and international presence. The business benefited from a depreciation of the reporting currency (LKR), which contributed to the growth in Revenue. The Revenue generated by the business is from its continued business operations and is a result of the consistent strategy followed and implemented by the organization.
Gross Profit  **217.21%** **Change (%)**	The growth in Gross Profits was largely driven by the growth in revenue, however, the business was able to adopt several smart and proactive procurement strategies to ensure that the organization was able to secure capacity efficiently. This was an outcome of the business remaining agile and adopting to market conditions such as executing several charter programs during the year. In a period when capacity was constrained and pricing at a premium, the company was able to leverage its long-term carrier partnerships and expanded relationships with existing and new carriers to successfully enhance its Capacity planning efficiencies. Implementing a network-wide approach to the execution of its business, the organization was able to leverage its strength in its origins in serving business efficiently augmenting the aggressive sales strategies implemented by its commercial teams.

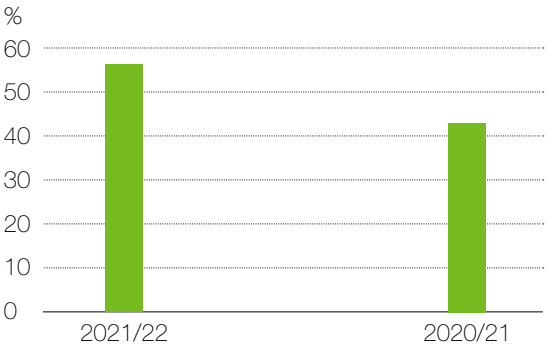
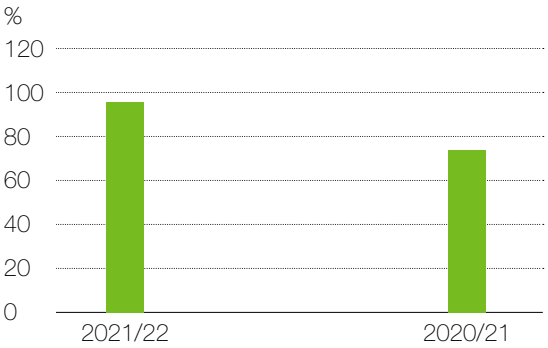
GROUP PERFORMANCE

Description	Comments
Overhead  **94.84%** **Change (%)**	The organization has maintained its focus on building infrastructure and capabilities to ensure sustained business growth. The business has adopted a range of policies including variable overhead models to ensure that expenses are aligned with revenue and profitability. Furthermore, on a reporting currency basis, the depreciation of the rupee had an impact on the increase in overheads during the year. The organization has been able to establish sufficient operating leverage, ensuring improved Profit margins and overall returns. The organization is expending continuous focus on optimizing its technology capabilities, to bring in more efficiencies, and improved processes to drive the organization toward a lean and efficient organizational structure
EBIT  **413.65%** **Change (%)**	EBIT for the current year has grown 5X on a YoY basis, which is a substantial improvement from an already large EBIT base from the previous year. This growth is a clear demonstration of the company's strong operating leverage and its ability to convert revenue into profits. Increased activity levels resulting in growth in volumes were complemented by efficient operating models driving strong profit growth.

GROUP PERFORMANCE

Description	Comments
Finance Charges  **243.84%** **Change (%)**	The group has continued to focus on maintaining an optimum capital structure, with an ideal mix of equity and debt. The growth in Finance charges is a result of the higher working capital needed to sustain the rapid revenue growth witnessed during the year. Strong negations coupled together with optimum borrowing structures supported by the parent company enabled the group to maintain its finance cost at efficient levels. Working Capital is the biggest asset in the organization and has been managed proficiently by the group.
Profit for the year  **389.19%** **Change (%)**	Substantial improved growth in Gross Profits & EBIT with optimized capital structures and effective borrowing rates contributed strongly to the exceptional growth in PAT.

GROUP PERFORMANCE

Description	Comments
ROCE  **31.47%** **Change (%)**	The group has generated above industry returns with an enhanced Capital structure model facilitating the growth of business and improved profitability.
ROE  **29.64%** **Change (%)**	The exceptionally high returns generated by the group reflect the holistic management approach undertaken by the organization in relation to the growth of its business, operational efficiency, working capital management, and effective resource allocation. The investments made over the years in developing infrastructure, and capabilities with the long-term sustainability of the business in mind have enabled the organization to generate these strong returns.

YEAR IN REVIEW

SUSTAINABILITY **STRATEGY**

Aligned with the Expolanka Group vision, GRI guidelines and as our pledge to work towards United Nations Sustainability Development Goals (UNSDGs), we have in place a holistic sustainability strategy. This encompasses shared value creation, with benefits trickling down to all our stakeholders. This is not just confined merely to profit-based growth, but, covers environmental, social and governance aspects. Followed by our business verticals, this strategy is internalized at all operational locations under a five-tier framework of strategic drivers. Our flagship company, EFL, plays a major role in rolling out this agenda.

Our sustainability focus, this year, was to operationalise UNSDGs at different EFL locations whilst taking proactive measures to improve and meet our customer, employee and community perceptions and expectations of our Group's sustainability agenda.

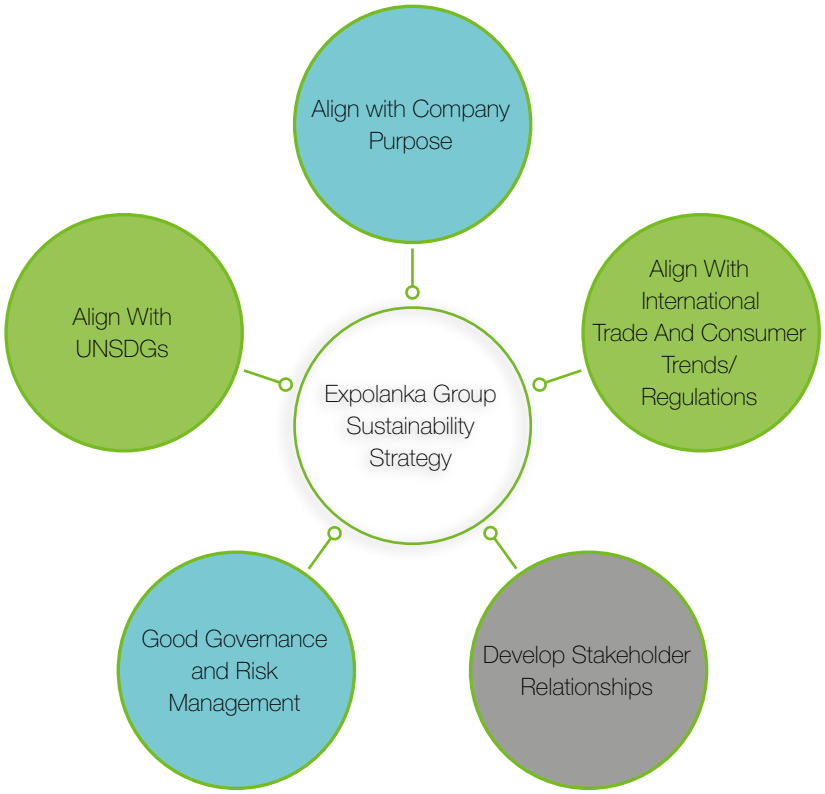
SUSTAINABILITY GOVERNANCE

GRI 102-18

Guided by the Chairman, Group Chief Executive Officer and the Board, we have in place an integrated governance structure to give leadership to sustainability policy making and strategy. Spearheaded by the Chief administration Officer along with the Sustainability Lead, our Group Sustainability and CSR Team is responsible to implement our sustainability agenda across the group companies in keeping with internationally accepted best practices. The team identifies, assesses and monitors risks and opportunities that may impact the Group from a sustainability perspective. Accordingly, the findings along with necessary recommendations are tabled quarterly to the senior management and the Board for their deliberations and actions. The team also supports the annual reporting process to disseminate key information to our stakeholders, on the Group's progress in terms of achieving sustainability goals.

GRI 102-11

Our sustainability strategy encompasses a wide range of stakeholders and we have adapted a precautionary based approach (To be explained in more detail where we have aligned expectations and deliverables for each stakeholder, while integrating each of these initiatives in order to build a sustainably conscious organization).



SUSTAINABILITY STRATEGY

OUR SUPPLY CHAIN

GRI 102-9, 10

We engage with many suppliers across various sectors operations in the sectors of Logistics, Leisure and Investments.

Significant changes in the supply chain

During the current financial year, the group experienced changes to Suppliers with the inclusion of new suppliers and exit of others. However, we Did not experience any significant changes to our supply chain in itself.

Significant Suppliers	Logistics	Leisure	Investments
Airlines	✓	✓	
Shipping Lines	✓		
Transporters	✓	✓	✓
Warehouse & Office Space Providers	✓	✓	✓
Equipment/Machinery & Spare Parts	✓		✓
Fruit & Vegetable Farmers			✓
Hotels		✓	
IT Equipment & Services	✓	✓	✓
Packaging Material	✓		✓
Printers	✓	✓	✓
Coconut Suppliers			✓

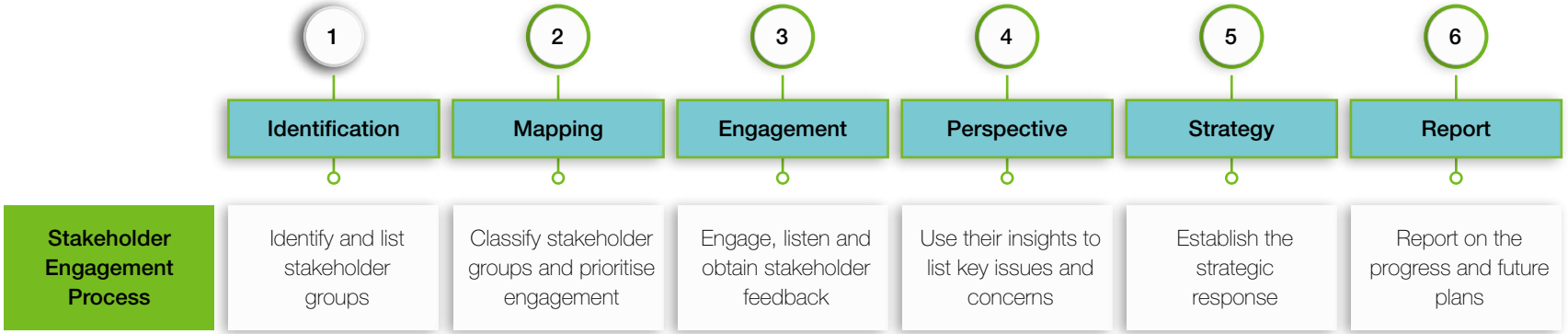
GRI 308-1

As part of the sustainability framework, we are actively working with all suppliers to ensure sustainability of the supply chain. In future we are planning to assess all the suppliers we work with through a Sustainability Code of Conduct which includes Environmental criteria.

STAKEHOLDER ENGAGEMENT

GRI 102-40, 42, 43, 44

Our Approach



As a diversified group, building meaningful relationships and engaging with our stakeholders warrant strategic precedence, underlining our long-term success. In line with current best practices, we have in place a blueprint for stakeholder engagement—setting out a structured way to communicate and obtain their feedback as an ongoing process. This forms the basis for decision making in all our businesses across the Group, in creating shared value and meeting diverse stakeholders' expectations. This gives us a clear perspective on how we could improve our key stakeholder deliverables.

We use a general stakeholder mapping tool to identify and prioritise our stakeholder groups on the basis of their level influence or power, and their level of interest on the organisation. The stakeholder groups that fall under 'high power/influence and high interest' category are given top priority with close engagement.

STAKEHOLDER ENGAGEMENT

Our Stakeholders

Shareholders/Investors
A diverse range of International, Local, Institutional and Individual shareholders

Employees
A multicultural, multi ethnic work force spanning 34 international countries

Customers
Leading international & domestic customer base across three sectors across the globe

Suppliers
Leading International & domestic supplier base across the three sectors

Regulators
Statutory and regulatory bodies that prescribe guidelines and frameworks to ensure responsible governance

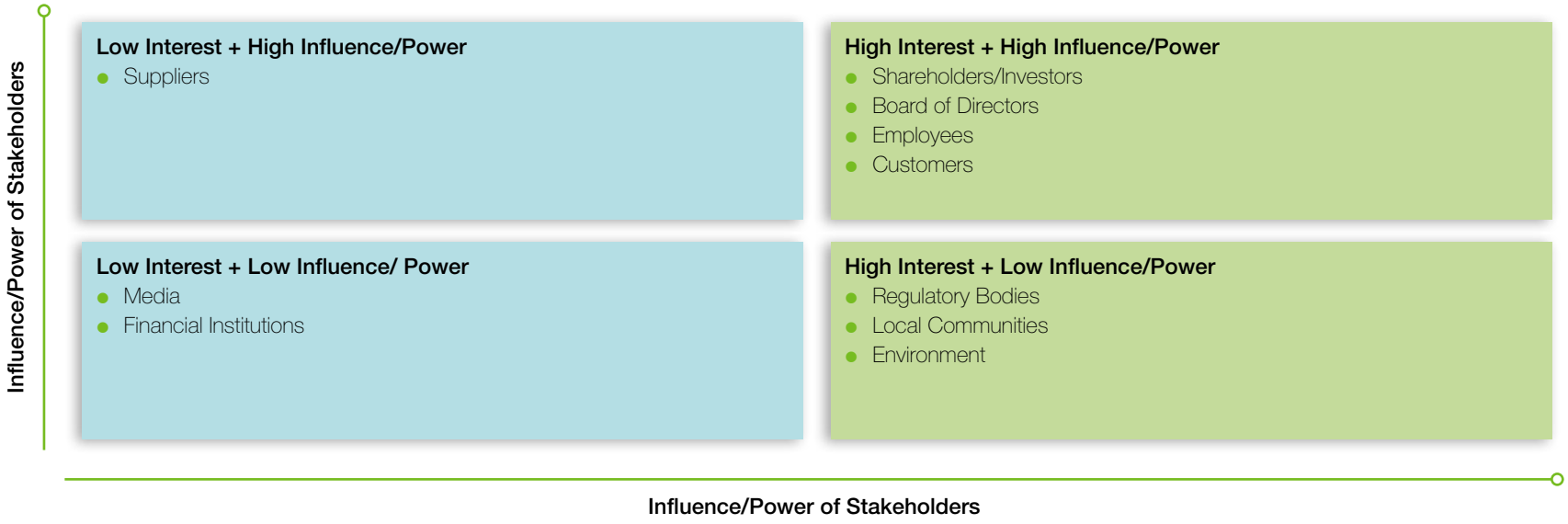
Local Communities
Diverse communities living in areas we operate across the globe

Environment
Wider society that benefits from reducing Expolanka Group's environmental footprint

Media
Public and private electronic and print media institutions and social media

Financial Institutions
Banks and finance companies that provide financial services

STAKEHOLDER ENGAGEMENT



Key Stakeholder Engagement

Shareholders/Investors Engagement Strategy: Closely Engage and Manage

Sustainable Business Objectives: *Build investor confidence and maintain a balance between profits and environmental, social and governance performance to ensure long-term sustainability.*

Method/Frequency of Engagement	Key Topics/Concerns/Issues	Strategic Response
• Annual general meeting • Extraordinary general meeting – as required • Interim financial statements – quarterly • Corporate disclosures – as required • Annual report • Interaction with the investor relations team – as required • Investor relations forums – as required • Group website - ongoing • Press releases – as required	• Profitability, returns on investment and wealth creation • Risk management • Responsible governance • Environmental and social considerations • Timely corporate disclosures • Better interaction	• Implement a perceptive strategy and closely monitor performance indicators • Follow best management practices • Comply with regulatory requirements on governance • Maintain an updated and interactive website • Engage in CSR initiatives • Organise investor forums periodically and respond to investor queries on performance

STAKEHOLDER ENGAGEMENT

Key Stakeholder Engagement

Customers Engagement Strategy: Closely Engage and Manage

Sustainable Business Objectives: *Partner and support customers in their business endeavours whilst ensuring customer service excellence.*

Method/Frequency of Engagement	Key Topics/Concerns/Issues	Strategic Response
• Interactions with the customer relations team – ongoing • Communication materials - as required • Customer visits and review - periodically • Social media - ongoing • Customer surveys – periodically • Group website – ongoing • Social events – periodically	• Product accessibility • Comprehensive business solutions • Fair pricing • Quality and prompt service • Responsive interaction	• Customer-specific service adaptations and business solutions • Wide distribution network with overseas offices in 29 countries • Affiliations with joint ventures and strategic partnerships locally and internationally • Adopting best business practices • Training on customer service

Employees Engagement Strategy: Closely Engage and Manage

Sustainable Business Objectives: *Nurture an empowered workplace culture, focusing on developing skills, performance evaluations, employee wellbeing and work ethics aligned to the Expolanka Group values.*

Method/Frequency of Engagement	Key Topics/Concerns/Issues	Strategic Response
• Open door policy for communication – daily • Team meetings – as required • Cross functional committees – as required • Video conferencing – as required • Performance reviews – bi-annual • Training initiatives – periodically • Grievance handling procedure – as required • Employee suggestion scheme – as required • Employee surveys – periodically	• Equal opportunity • Skills training • Quality of work-life • Fair remuneration and benefits • Career planning and advancement • Occupational health and safety • Performance management • Group exposure and networking • Employee creativity and innovation	• Uphold best and current HR practices • Industry competitive remuneration and benefits • Comprehensive health and safety programme • Strategic training initiatives for all staff grades • Rewards and recognition based on performance merits • Group wide networking events • Group-wide committees with job rotations • Programmes for employee suggestions and involvement in terms of system and process innovation

STAKEHOLDER ENGAGEMENT

Key Stakeholder Engagement

Suppliers Engagement Strategy: Meet Their Needs

Sustainable Business Objectives: *Build loyal and mutually beneficial relationships with like-minded suppliers; upholding sustainable procurement practices in line with our work ethics.*

Method/Frequency of Engagement	Key Topics/Concerns/Issues	Strategic Response
• Registration of suppliers - annually • Supplier correspondence and meetings – as required • Supplier surveys - periodic • Supplier feedback evaluations – as required • Site visits to evaluate supplier operations – annually/as required • Supplier training - periodically • Procurement committees – Monthly • Committees to address supplier appeals and grievances - as required	• Supplier contracts • Prompt payments and business opportunities • Ethical business practices • Handling appeals and other grievances • Supporting micro suppliers	• Maintain a regular dialogue with suppliers • Follow best practices in procurement • Draw up supplier contracts with fair terms and conditions • Monitor and evaluate suppliers on their business practices including compliance with laws and regulations • Appointment of committees to address supplier issues • Review supplier registration criteria periodically • Extend fair referrals

Regulators Engagement Strategy: Comply and Keep Informed

Sustainable Business Objectives: *Ensure full and timely compliance with regulatory directives at all operational locations, thereby eliminating the risk of non-compliance penalties, loss of licenses and negative reputational impacts.*

Method/Frequency of Engagement	Key Topics/Concerns/Issues	Strategic Response
• Meetings with legal team – as required • Correspondence - as required • Corporate disclosures - as required • Annual report • Press Releases – as required • Directives and circulars – periodically	• Responsible corporate management and governance • Risk management and internal controls • Compliance with statutory and regulatory requirements	• Group legal team ensures compliance with statutory and regulatory requirements • Uphold sustainable operations and disciplined financial management • Timely disclosures of corporate information and responsible reporting

Community Engagement Strategy: Show Consideration

Sustainable Business Objectives: *Align operations with UNSDGs and the UN Global Compact to support and build loyalty and trust with local communities in areas in which we operate.*

STAKEHOLDER ENGAGEMENT

Key Stakeholder Engagement

Method/Frequency of Engagement	Key Topics/Concerns/Issues	Strategic Response
• Group sustainability team community-based projects and campaigns – as required • Employee volunteerism – as required • Dialogue with community leaders, government and non-governmental organisations - periodically • Social media - ongoing • Corporate website - ongoing	• Community recruitment opportunities • Community business opportunities • Community development and support for natural disasters and emergencies • Philanthropy	• Implementing well-planned community development projects and campaigns • Recruiting youth from local communities • Extending business opportunities to micro and small and medium enterprises

Environment Engagement Strategy: Show Consideration

Sustainable Business Objectives: *Align operations with the United Nations Sustainable Development Goals and the United Nations Global Compact and take proactive measures to minimise our Group's environmental footprint.*

Method/Frequency of Engagement	Key Topics/Concerns/Issues	Strategic Response
• Group sustainability team – as required • Employee volunteerism – as required • Staff training and awareness programmes - periodically • Meetings, consultancy and collaborations with government and non-government bodies - periodically • Report on progress of UNSDGs - annually • Environmental audits – periodically	• Group's carbon footprint • Environmental conservation • Alternative energy • Resource utilisation efficiency • Progress on UNSDGs • Environmental best practices • Compliance with environmental laws and regulations	• Integrate environmental-friendly practices into daily operations including 3R and 5R implementation • Track, monitor and calculate green-house-gas emissions • Shift to alternative energy sources • Organise environmental awareness programmes across the Group • Implement dedicated environmental campaigns • Comply with environmental laws, regulations and directives in all operational locations • Comply with international environmental certifications

MATERIALITY **ANALYSIS**

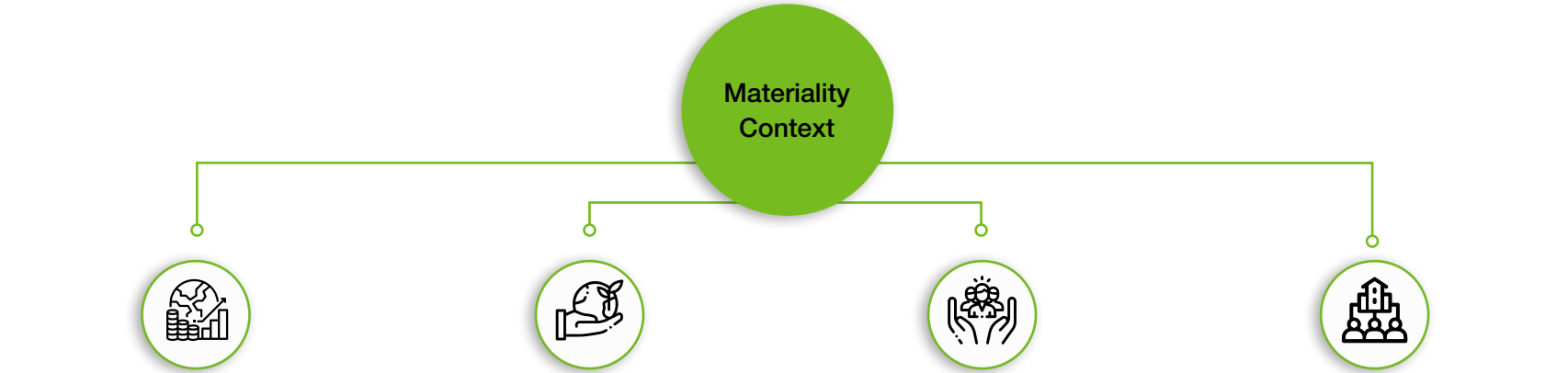
GRI 102-46, 47

Our report content is developed on the principle of materiality. Accordingly, we prioritise and report on topics that are material to our value creation process encompassing the economic, environmental and the societal aspects. This is determined from both the Expolanka Group's standpoint including internal stakeholders as well as external stakeholders' standpoint. The report focuses on 21 key material topics deemed as high to medium in significance. These topics are in turn, harmonised with the topics prescribed by the GRI Standards and the UNSDGs. There are no major changes to the material topics compared to the preceding financial year. Material topics cover our businesses in the three sectors including our supply chains.

In deciding the material topics, we have accounted for the latest developments in our operating environment; principal risks and opportunities; findings ascertained during the stakeholder engagement process; along with our core values and strategic goals. All topics selected for disclosure are validated by the senior management, under the guidance of the Group Chief Executive Officer.

	1	2	3	4
	Materiality Context	**Define Topic Boundaries**	**Align with GRI Standards**	**Reporting**
Materiality Assessment Process	Identify material topics to the Group and external stakeholders from an economic, environmental, social and governance perspectives	Establish boundaries based on the significance or where the impacts occur in terms of internal and external stakeholders	Match material topics against the GRI Standards disclosures and UNSDGs	Develop the materiality matrix and determine the reporting focus for content development

MATERIALITY ANALYSIS



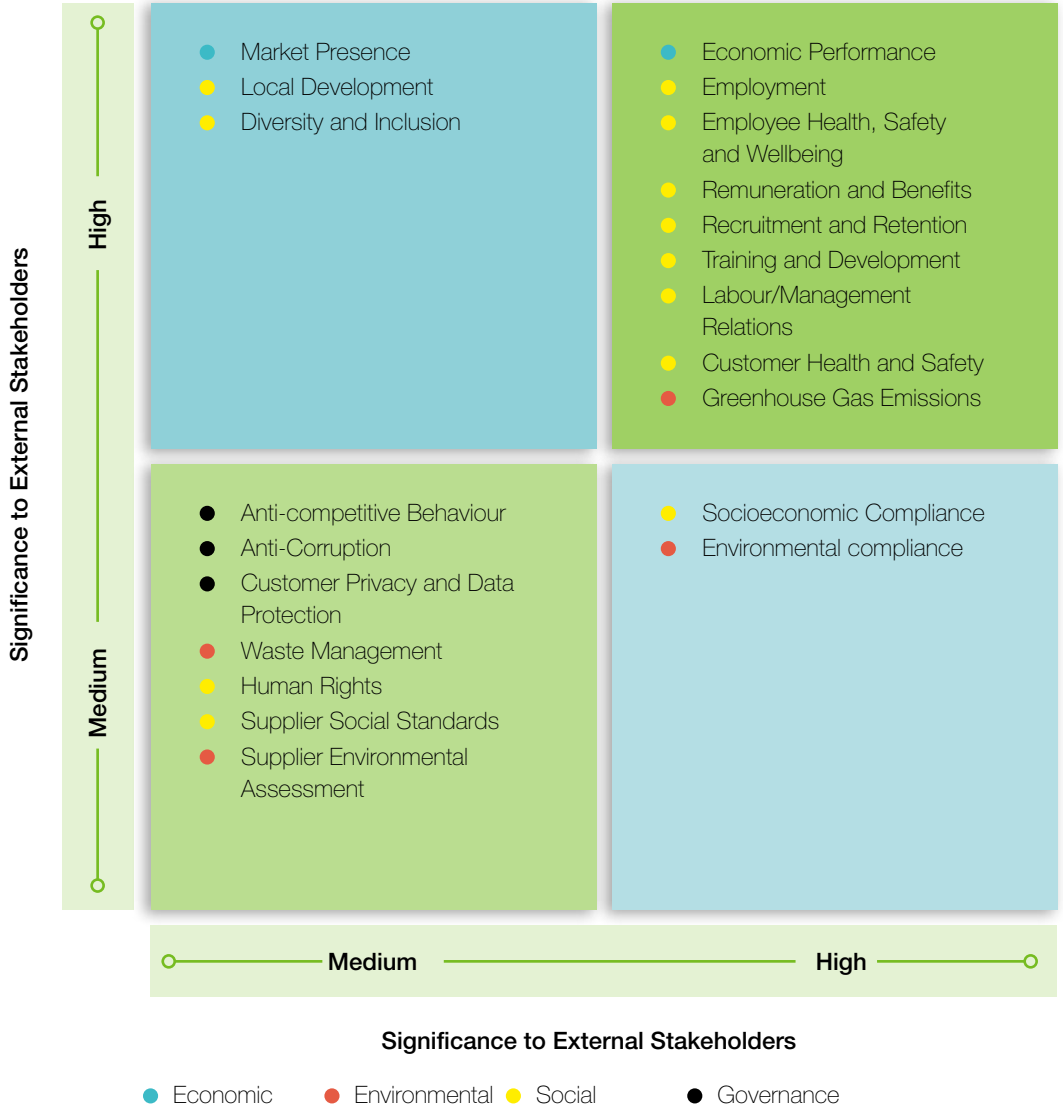
Economic
- Economic Performance
- Market Presence

Environment
- Greenhouse Gas Emissions
- Waste Management
- Supplier Environment Assessment
- Environmental Compliance

Social
- Employment
- Training and Development
- Customer Health and safety
- Labour/Management Relations
- Employee Health, Safety and Wellbeing
- Remuneration and Benefits
- Recruitment and Retention
- Diversity and Inclusion
- Human Rights
- Local Development
- Supplier Social Standards
- Socioeconomic Compliance

Governance
- Anti-Corruption
- Anti-competitive Behaviour
- Customer Privacy and Data Protection

MATERIALITY ANALYSIS

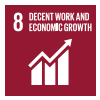


MATERIALITY ANALYSIS

GRI 102-47, 103-1,2,3

Materiality Topic, Boundary and Reporting Focus						
GRI	Material Topic/Rationale	Topic boundary		Related Capital	Related UNSDG	Reporting Focus
		Internal	External			
GRI 200: Economic						
201	**Economic Performance** As a diversified conglomerate, we contribute extensively to the economy—with value creation across three key sectors, with benefits reaching diverse stakeholder groups.	• Expolanka Group – Shareholders – Employees	• Customers • Suppliers • Local communities	Financial, manufactured, human & social and relationship capitals		High
205	**Anti-Corruption** Complying with the guidelines set by our regulatory bodies, we are concerned and have taken proactive measures to uphold best practices in all business transactions.	• Expolanka Group – Shareholders – Employees	• Customers • Suppliers • Local communities	Social and relationship capital		Medium
GRI 300: Environment						
305	**Emissions** With freight and logistics sector at the fore along with the leisure sector, we strive to reduce our carbon footprint to mitigate our impacts on climate change and global warming.	• Expolanka Group	• Environment	Natural capital		High
307	**Environmental Compliance** As a responsible conglomerate, compliance with environmental laws, rules and regulations, is warranted to safeguard our good corporate reputation and brand image.	• Expolanka Group	• Environment	Natural capital		Medium
308	**Supplier Environmental Assessment** Monitoring our suppliers to ensure that they comply with relevant environmental laws, rules and regulations is significant to meet sustainability goals and maintain our good reputation and brand image.	• Expolanka Group	• Suppliers	Natural capital		Medium

MATERIALITY ANALYSIS

Materiality Topic, Boundary and Reporting Focus						
GRI	Material Topic/Rationale	Topic boundary		Related Capital	Related UNSDG	Reporting Focus
		Internal	External			
GRI 400: Social						
401	**Employment** As a leading conglomerate in the country, we employ and rely on a large workforce both locally and internationally. Their skills, talent and loyalty are our forte.	• Expolanka Group – Employees	• Local communities	Natural capital		High
402	**Labour/Management Relations** As an employer of a large workforce, it is critical that we maintain good employee relations, in turn underlining employee team spirit, motivation, higher productivity and lower turnover.	• Expolanka Group – Employees	• Local communities	Human capital		High
403	**Occupational health and safety** Extending a safe and healthy workplace is critical to ensure employee wellbeing in turn, enabling them to deliver their job roles with higher productivity, motivation and loyalty.	• Expolanka Group – Employees	-	Human capital		High
404	**Training and education** Developing skills and nurturing a performance-oriented work environment will strengthen the group's ability to move forward strategically.	• Expolanka Group – Employees	-	Human capital		High
406	**Non-discrimination** As a principled employer, it is in line with our ethos to extend an inclusive work culture without prejudices across our businesses.	• Expolanka Group – Employees	• Local communities • Suppliers	Human capital		Medium
408	**Child Labour** Upholding best practices in HR, it is important to ensure that we have no incidences of child labour within our businesses and across our supply chains.	• Expolanka Group – Employees	• Suppliers	Human capital		Medium

MATERIALITY ANALYSIS

Materiality Topic, Boundary and Reporting Focus						
GRI	Material Topic/Rationale	Topic boundary		Related Capital	Related UNSDG	Reporting Focus
		Internal	External			
409	**Forced or Compulsory labour** Building strong ties with our employees and ensuring that we treat them fairly with due compensation are well aligned with our group ethos.	• Expolanka Group – Employees	• Suppliers • Local communities	Human capital		Medium
413	**Local Communities** Maintaining good relations with our local communities in areas in which we operate is in line with our integrated approach to value creation and with our pledge to adopt UNSDGs.	• Expolanka Group	• Local communities	Social and relationship capital		Medium
414	**Supplier Social Assessment** Supplier assessments to ensure that they comply with relevant societal laws, rules and regulations warrant our focus to maintain our good reputation and brand image.	• Expolanka Group	• Suppliers	Social and relationship capital, supplier		Medium
416	**Customer Health and Safety** Delivering a quality service to ensure health and safety of our customers is critical to maintain our good reputation as a leading conglomerate.	• Expolanka Group	• Customer	Social and relationship capital, customer		Medium
418	**Customer Privacy** Upholding contractual obligations to safeguard customer privacy warrants our focus; to maintain our good reputation and brand image.	• Expolanka Group	• Customer	Intellectual capital, social and relationship capital, customer		Medium

CAPITAL MANAGEMENT REPORTS

FINANCIAL CAPITAL

"A holistic approach to deliver sustainable value to shareholders"

Overview

Operating in a fast-evolving business backdrop, perceptive financial capital management across our line businesses, is critical to generate sound returns for our valued shareholders. With a focused approach, our aim is to optimise financial resources to consolidate growth gains in the short-term; whilst pursuing well-deliberated expansions, in both, products and markets, to meet our long-term corporate goals.

HUMAN CAPITAL DEVELOPMENT MODEL

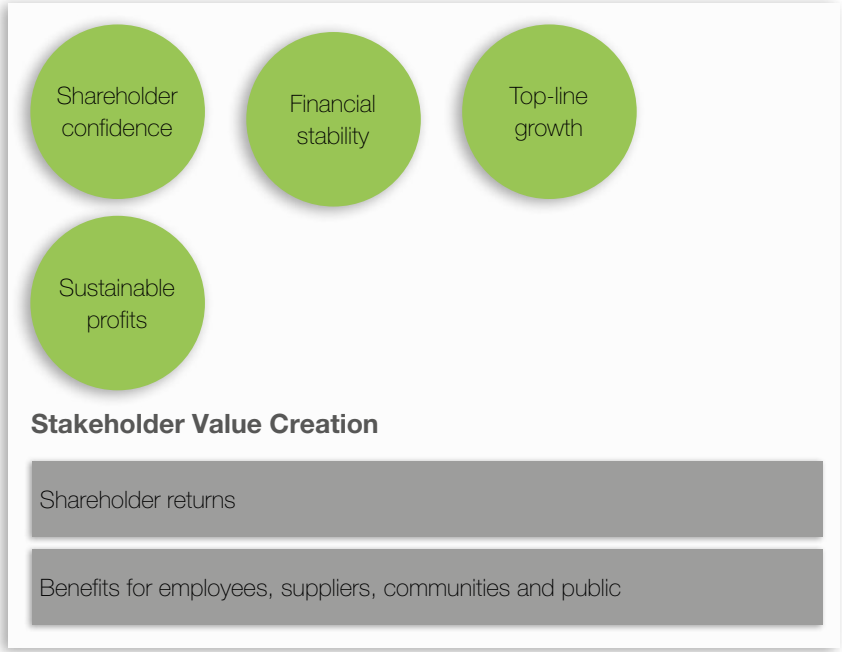
Strategic Priorities

Top-line Growth and Profits
- Plan and allocate financial resources to meet growth targets, whilst maintaining a lean and efficient overhead structure to optimise profits.

Financial Position
- Maintain the financial wellbeing of the organisation by managing assets over liability obligations, capital structure and gearing.

Cash Flow Management
- Track and optimise cash flows to ensure adequate liquidity to cover working capital obligations and secure viable investments.

Compliance
- Comply with standards, laws, rules and regulations in accounting, auditing and financial reporting.



CAPITAL MANAGEMENT REPORTS

Financial Capital - Key Performance Indicators			
FY	**2021/22**	**2020/21**	**Variance**
Revenue growth (%)	**217.35**	111.86	94.31
EBIT margin (%)	**12.50**	7.72	61.85
Net profit margin (%)	**10.49**	6.80	54.15
Return on equity (%)	**95.95**	74.01	29.64
Return on capital employed (%)	**56.41**	42.91	31.47
Current ratio (times)	**1.76**	1.73	2.22
Gearing ratio (%)	**47.81**	53.55	-10.71

MANAGEMENT APPROACH

Compliance

- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995
- Sri Lanka Accounting Standards set by the Institute of Chartered Accountants of Sri Lanka
- International Financial Reporting Standards
- Companies Act No 07 of 2007
- Continuous Listing Rules, Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka

Taking up the most pivotal role, financial capital management aims to allocate our scarce financial resources to optimise the value we create overtime across our business verticals and thereby, maximise shareholder returns.

Aligned with the Group's short, medium to long-term strategic direction, our line businesses formulate their respective corporate strategies and plans with necessary allocation of budgets, financial controls and management. Line companies are responsible to closely monitor their corporate financial performance in terms of output, outcomes and impacts against key indicators, both in terms of individual corporate goals as well as at the Group level. They are responsible to duly report to the senior management and to the Board of Directors at the holding company, for their deliberations, guidance and necessary direction. The holding company is hands-on in this process, meticulously tracking and coordinating the success of the line businesses. It provides a stable platform with key processes for managing risks and removing barriers, driving growth opportunities and managing trade-offs between financial capital and other capitals; thus, achieving a coherent impact on the Group performance.

Our approach to financial management is systematic and responsible. Internationally accepted best practices and standards are followed in terms of accounting, auditing, management and financial reporting. Our Group risk management and internal audit functions play an essential role within our financial decision making and management process.

Our management approach is bullish on driving for revenue growth across our vast footprint. Our asset-light business model, particularly, within the freight and logistics sector, underpins our agility and flexibility in a fast-changing business backdrop. We are also able to keep our overhead cost lean, thereby, enabling us to translate top-line gains into higher profits and earn higher returns on assets. We are disciplined in maintaining a robust financial position, with sound asset performance and levels. We take due care in our treasury operations and cash flow management to maintain adequate liquidity for our working capital needs and to keep our cost of funds intact.

FINANCIAL PERFORMANCE REVIEW

Notwithstanding the market imbalances, macroeconomic challenges and geopolitical turmoil, the Expolanka Group delivered a focused strategy in the financial year 2021/22, with accountability and professionalism. Led by our flagship sector, freight and logistics, we performed exceptionally well, recording outstanding financial results in terms of top-line growth, profitability and financial stability.

CAPITAL MANAGEMENT REPORTS

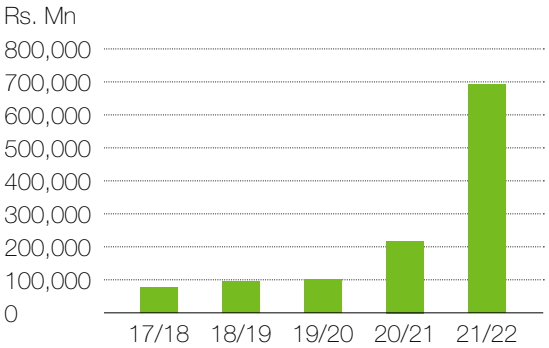
Top-line Growth and Profits

Revenue

Our consolidated revenue for the year ended 31st March 2022 recorded an impressive increase of 217 percent year-on-year, to touch Rs. 694 billion. Taking up the bulk of the consolidated revenue, 99.8 percent, our core business sector, freight and logistics, delivered a strong performance despite the complexities that prevailed in the operating environment. Following a multi-pronged strategy on markets, products and brands, the sector was able to drive for scale and capacity which together with an unprecedented spike in freight rates boosted its top-line performance. Both air freight and ocean freight recorded strong results. Source markets in the North American trade lane continued to take up the centre-stage whilst driving for greater presence in origin markets, particularly, in the emerging Far-East.

We posted an exceptional top-line growth in the FY 2021/22, led by our flagship business, freight and logistics.

Revenue



Compared to our core business, the contribution to the Group revenue from the other two business verticals, leisure and investment, remained relatively low—less than one percent. Despite the difficult market conditions, both sectors performed creditably—posting a noteworthy increase in revenue of 210 percent and 354 percent respectively over the preceding year.

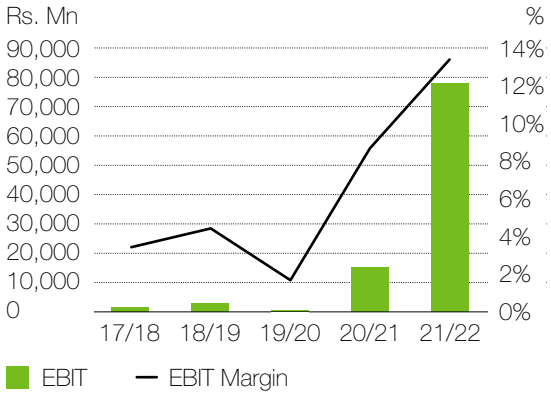
Gross Profit

With smart procurement strategies, our freight and logistics sector was able to be garner capacity in both airlines and shipping lines to meet the growing demand, even amidst serious supply side disruptions, particularly, within ocean freight. We also made key investments in digitalisation of cargo processes which enabled the sector to bolt on operational efficiency. This coupled with the strong top-line performance in the reporting year, buttressed our gross profit—reaching to Rs. 121.9 billion, up by 217 percent year-on-year.

Earnings Before Interest and Tax

Despite increased overheads in the FY 2021/22, higher gross profit propped the EBIT result.

EBIT and EBIT Margin



The Group continued to give precedence to invest in process improvements to maintain a lean cost structure. However, with the higher scale in operations, the overheads saw a considerable increase as against the previous year. Yet, cushioned by higher gross profit, our earnings before interest and tax (EBIT) recorded a significant increase of 414 percent to Rs 86.7 billion in the year under review. EBIT margin improved by 62 percentage points to 12.5 percent.

CAPITAL MANAGEMENT REPORTS

Finance Costs

In keeping with the significant growth achieved during the year, our working capital requirements particularly within the logistics sector increased in the reporting year. The group has always aimed to maintain optimum capital structures to ensure best returns to all our stakeholders. The overall borrowings of the group stood at Rs. 92 billion as of March 2022, largely growing as a result of working capital borrowing to facilitate the growth objectives of the company.

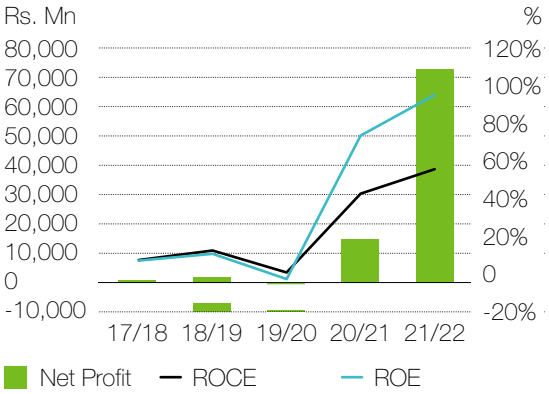
The group continued to take several proactive steps to increase efficiencies in its borrowings and improve its overall working capital requirement. Optimized debtor collections and improved payment structures resulted in improved cashflows at the latter part of the year.

The vast majority of our borrowings was provided by our parent company, SG Holdings which enabled us to borrow at competitive rates, whilst our efficient treasury operations augmented the above to ensure that our finance cost was optimized during the year under review.

Given that majority of our Revenue is in US$, the majority of our borrowings and finance cost was also in US$. The total finance cost for the year stood at Rs. 1.2 billion.

With improved profitability results combined with effective treasury operations, we posted higher returns in the FY 2021/22.

PAT, ROE & ROCE



Profitability

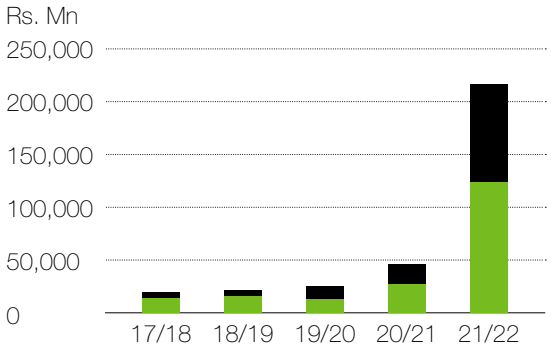
Propped by a strong EBIT growth combined with lean and well-managed finance costs, Expolanka posted record profits in the reporting financial year. Consolidated profit before tax reached Rs. 85.5 billion, corresponding to a 416 percent year-on-year growth.

Our Group paid corporate taxes of Rs. 5.8 billion in the year under review. This is a considerable increase of 535 percent over the preceding year. Anyhow, our net profits after taxation stood at Rs. 72.7 billion, a significant growth of 389 percent year-on-year.

Typically, the freight and logistics sector led the Group's profitability with a share of 98.7 percent. The leisure sector turned around in the year, from the pandemic-induced losses posted in the preceding year. The investment sector, led by export operations, continued to face challenges on its bottom-line performance, albeit, an improvement compared to the preceding year losses.

With high working capital requirements, our borrowings were skewed towards short-term facilities in the FY 2021/22.

Total Capital Employed



FINANCIAL POSITION

Assets

The group's financial position as at 31st March 2022 was robust, with total assets at Rs. 296 billion. Assets within the freight and logistics sector took up a 96 percent share of the consolidated asset base. With an asset lite operating model, our fixed assets share was relatively small at 2 percent whilst current assets, led by trade and other receivables, took up the larger share of 72 percent. The asset base adequately covered our liability obligations. The current ratio of 1.76 times was healthy, reflecting well on our financial stability.

CAPITAL MANAGEMENT REPORTS

Equity and Liabilities

With higher retained earnings, our equity position as at 31st March 2022 stood at Rs. 124 billion, corresponding to a 354 percent improvement compared to the previous year's position. This covered 42 percent of the Group's assets.

Group liabilities stood at Rs. 172 billion as at the reporting year-end, recording a 322 percent increase over the position as at the previous year-end. Current liabilities, comprising mainly trade and other payables along with financing and leasing payables, dominated the total liability position—taking up a 53 percent share. The gearing ratio including both long and short-term debt, stood at 47.81 percent, lower than the ratio of 53.33 percent in the preceding year-end.

Cash Flow Management

As discussed above, our working capital requirement increased in the reporting year. The cash used in operations increased significantly compared to the preceding year. Net cash outflows from operating activities increased by 2,234 percent year-on-year to Rs 6.4 billion. Cash outflows for investment activities were low at Rs. 4.7 billion. Net cash inflows from financing activities increased significantly by 2,437 percent to 41 billion. Overall, the group recorded positive cash flows in the year. Cash and cash equivalent stood at Rs 42 billion, compared Rs 6 billion in the previous year.

Share Performance

Following through a focused and a well-defined strategy, the Group delivered an outstanding performance in the year under review—adding significant value to the shareholder. Reflecting the strength of the financial results, Expolanka share price on the Colombo Stock Exchange has been on an upward trend in the year, with the highest share price recorded on at Rs. 405.00 and the lowest at Rs. 43.10 The share price as of 31st March 2022 stood at Rs 207.75, a significant increase of Rs 163.05 from the previous year. Earnings per share increased by 389 percentage points to Rs. 37.24, whilst the price earning (PE) ratio was 5.58 times and was lower than the ratio of 5.87 times in the previous year.

Market Capitalization increased to Rs. 406 billion in the year from Rs. 87 billion in the previous year, up by 365 percent year-on-year.

With core fundamentals in place, Expolanka share recorded a strong performance in the FY 2021/22.

ECONOMIC VALUE CREATION

GRI 201-1

With conglomeratic operations in three key sectors in the economy, the value we create is extensive, with positive socio-economic impact; reaching out and meeting the expectations of our shareholders, employees, suppliers and other key stakeholders. Our integrated business thinking combined with strong financial management, underscores our value creation process. All our businesses strive to balance economic gains with social, environmental and governance considerations. Our corporate decision making is based on this approach.

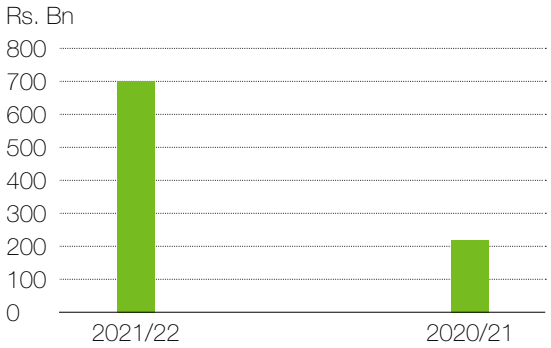
The economic value we created in the year at a consolidated level reached Rs. 702 billion. Out of the value created, we distributed over 90 percent amongst our key stakeholders whilst retaining Rs. 73 billion within the business, corresponding to a 10 percent share.

CAPITAL MANAGEMENT
REPORTS

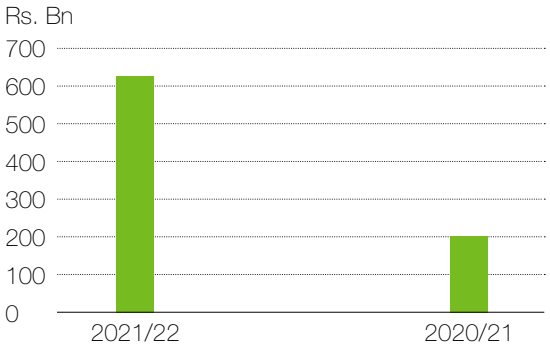
GRI 201-1

Expolanka
Economic Value Creation

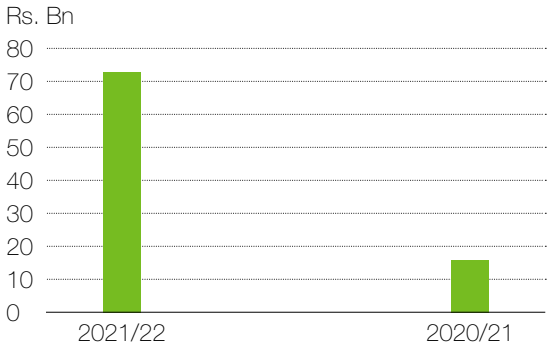
Value Created



Value Distributed



Value Retained



Value Distributed
FY 2021/22

0.3%
Dividends
Shareholders

4.3%
Remuneration
Employees

82.9%
Payments
Suppliers

1.8%
Corporate taxes
Government

0.02%
CSR Investment
Society

CAPITAL MANAGEMENT REPORTS

For the year ended 31st March 2022 In Rs. Mn	Group total	%	Logistics	Leisure	Investments	Gross group total	Eliminations/ Adjustments	Consolidated group total
Direct economic value generated								
Revenue	**694,157**	**98.9%**	**689,928**	**974**	**3,644**	**694,546**	**(389)**	**694,157**
Dividend income	**10**	**0.0%**	**10.00**	**-**	**2,784**	**2,794**	**(2,784)**	**10**
Other operating and finance income	**7,553**	**1.1%**	**5,848**	**13**	**1,700**	**7,561**	**(8)**	**7,553**
Share of profit of an associate and joint ventures	**116**	**0.0%**	**-**	**-**	**-**	**-**	**116**	**116**
Total value added	**701,836**	**100.0%**	**695,786**	**987**	**8,128**	**704,901**	**(3,065)**	**701,836**
Economic value distributed								
Operating costs	**581,875**	**82.9%**	**577,998**	**579**	**3,688**	**582,265**	**(390)**	**581,875**
Employee wages & benefits	**30,215**	**4.3%**	**29,197**	**307**	**711**	**30,215**	**-**	**30,215**
Payments to providers of funds	**3,356**	**0.5%**	**1,020**	**-**	**2,343**	**3,363**	**(7)**	**3,356**
Payments to government	**12,925**	**1.8%**	**12,908**	**12**	**5**	**12,925**	**-**	**12,925**
Total distributed	**628,371**	**89.5%**	**621,123**	**898**	**6,747**	**628,768**	**(397)**	**628,371**
Economic value retained								
Depreciation & amortisation	**2,961**	**0.4%**	**2,783**	**51**	**127**	**2,961**	**-**	**2,961**
Profit after dividends	**70,504**	**10.0%**	**71,880**	**38**	**1,254**	**73,172**	**(2,668)**	**70,504**
Retained for reinvestment/growth	**73,465**	**10.5%**	**74,663**	**89**	**1,381**	**76,133**	**(2,668)**	**73,465**

All the inter-segment eliminations are reflected in eliminations/adjustment column.

CAPITAL MANAGEMENT REPORTS

MANUFACTURED CAPITAL

"Strategically investing for the long-term"

Overview

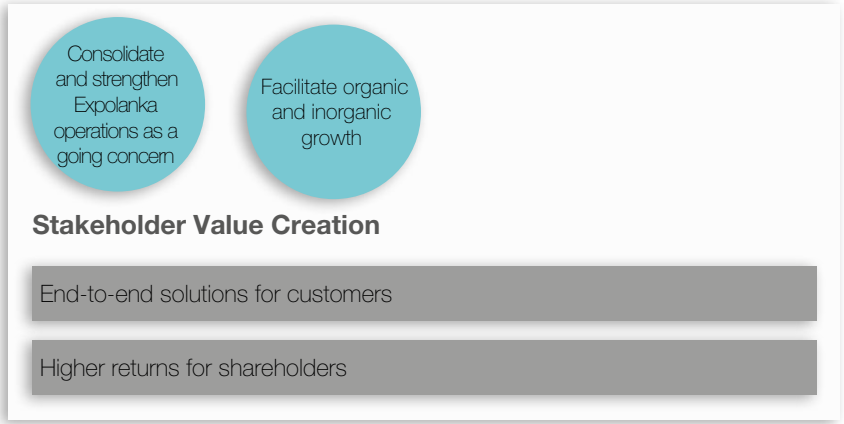
Expolanka Group's operation is primarily driven by an Asset lite model which has enabled the company to function in an agile, flexible and lean manner. The Group does not invest in constructing or acquiring premises and instead strategically procures physical assets via long term rental agreements to sustain and grow its business operation in a flexible, efficient and profitable manner.

Our flagship company, EFL, having operations across 34 international markets, takes up the major share of these physical resources, followed by investment and leisure sectors. Our physical assets comprise both moveable and immovable assets including rented/leased office buildings, warehouses, processing plants, machinery, equipment and computer hardware & technology related Investments.

MANUFACTURED CAPITAL DEVELOPMENT MODEL

Strategic Priorities

Outcomes – Group



Manufactured Capital – Key Performance Indicators

FY	2021/22	2020/21
Property Plant & Equipment (Rs. Mn)	**5,750.7**	3,413.3
Right of Use Assets (Rs. Mn)	**10,837.1**	3,717.6
Total capex (Rs. Mn)	**1,958.16**	426.55
Capex Growth (%)	**359%**	-29%

CAPITAL MANAGEMENT REPORTS

INTELLECTUAL CAPITAL

"Nurturing our intangibles to reach business excellence"

Overview

As a world-class organisation, Expolanka has a wide ranging & diverse intellectual capital base. This capital, encompassing intangible assets, is a key enabler, differentiating and giving our business verticals a competitive advantage in the marketplace. The strength of our corporate image, our expertise—as a logistician in particular—key investments in digitalisation along with right fundamentals, have set out a strong platform for us to ascend and reach for excellence in all what we do.

INTELLECTUAL CAPITAL DEVELOPMENT MODEL

Strategic Priorities

Corporate Brand
- Reinforce and leverage on Expolanka's brand strength to gain market confidence.

Knowledge Management
- Strengthen and share market knowledge for perceptive management decision making.

Digitalisation
- Invest in smart digital solutions to streamline systems and processes for greater efficiency and returns.

Best Practices
- Follow best practices and certification guidelines to maintain quality and standards in product and service delivery.

Outcomes – Group

Competitive advantage

Brand leadership

Stronger bargaining power

Stakeholder Value Creation

Consistent long-term returns to shareholders

Best in-class experience for customers

CAPITAL MANAGEMENT REPORTS

MANAGEMENT APPROACH

The strength of our intangible assets plays a critical role in our success as a renowned globalised conglomerate against a dynamic and competitive business backdrop. These are long-term assets which are essential to create value overtime. Recognising the significance, we give top priority to build, optimise, leverage and manage our intellectual assets, in turn, underscoring our strategic delivery.

Our approach is well-thought-out under four strategic priorities, identified based on our core competencies. Accordingly, we draw up our annual plans and allocate necessary budgets to add and strengthen the quality, scale and value of these assets including their future potential. Our Board and the senior management are fully aware of the significance of keeping track and accounting for the intellectual capital base within the strategic decision-making process. We have identified a set of key performance indicators, which are monitored consistently and are duly tabled for management deliberations on a regular basis.

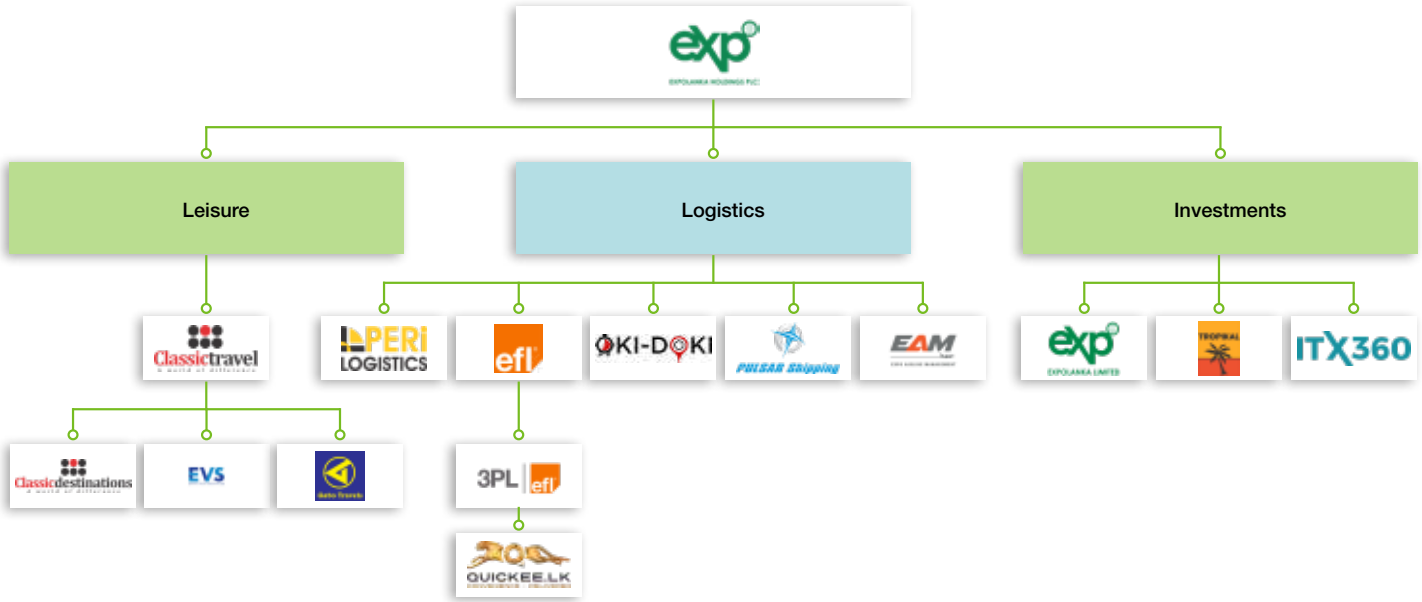
Corporate Brand

GRI 102-2

From modest beginnings nearly four decades ago, Expolanka has made its mark as a leading multinational organisation, with a strong presence in three business sectors and the footprint reaching out to 34 international markets around the world. With our listing on the Colombo Stock Exchange in 2011, the subsequent restructuring and the strategic partnership with SG Holdings Group in Japan, we have consolidated our positioning in our core businesses. Today, we are amongst the most respected in the country's business arena and amongst the most recognized on a global front.

Our corporate brand strength and recognition stand as a pillar against the present market complexities. It is also one of the largest influencers on our customers in terms of gaining market share. Our commitment to ethical best practices in terms of environmental, social and governance considerations have further added on to our brand repute, gaining stakeholder trust and confidence. It is in this light that we continue to give time, effort and capital to further our corporate social responsibility. The EFL Global Goodness initiative along with Sabrina Yusoof Women Empowerment Initiative, among others, have added significant value to our brand standing.

The Group has several brands as depicted below.



CAPITAL MANAGEMENT
REPORTS

As a parent company, Expolanka Holdings PLC has been able to build successful businesses on a global scale. Expolanka has been synonymous with creating value for all its stakeholders which is reflected in the Brand purpose of the organization, "Building a great business with a dare to do spirit". Whilst doing so, the company has also been able to establish strong brands. The most prominent of its Brand's is EFL Global, which is its premier freight forwarding Brand.

EFL Global today as a Brand is recognized amongst the Top 25 Air Freight forwarders and amongst the Top 35 Ocean Freight forwarders in the world.

The brand represents, the organization DNA and communicates the purpose which is Transforming Supply Chains and Growing Businesses. The Values and Disciplines of the brand are aptly summarized as "Intimate", "Flexible", "Creative", "Conscious", "Future Ready"

The logistics sector consists of several other key brands such as EFL 3PL, Oki Doki and EAM which have been gaining prominence both in domestic and international markets.

The leisure sector businesses consist primarily of the "Classic" brand which is a homegrown brand and recognized as a leading travel company in Sri Lanka. The strength of the Brand and its service delivery has enabled Classic to navigate through a challenging operating environment particularly over the last three years and continue to remain as a market leader in the Travel market in Sri Lanka.

The Investment sector consists of two key brands in Tropikal Life and ITX360, which are fairly recent additions to the Expolanka group portfolio. These brands have continued to gain traction over the last several years.

The importance given to sustainability initiatives across the group is well reflected in "Global Goodness" which is the umbrella brand under which all major sustainability initiatives are undertaken. The "Sabrina Yusoof women's empowerment initiatives", is another key platform which drives the sustainability and social agenda of the organization.

Knowledge Management

Our strategic far-sightedness is our forte. Our leadership is both visionary and pragmatic. The Board and the senior management are solid, with a strong sense of business acumen to steer the Group through barriers widespread in today's operating landscape and take on the opportunities to realise futuristic goals. The management teams across our business verticals have the expertise, with tacit market knowledge in their respective sectors, to deliver a focused strategy for sustainable returns.

We have in a place a well-structured knowledge management process, underlining our dynamic performance. Conscious of the fact that expertise and institutional knowledge could be siloed to individuals or teams; we encourage the senior and middle level management to come together and share their knowledge, experience and market insight with each other. Our strategic planning sessions play a pivotal part in this regard. Furthermore, our investments in training management staff, Group wise and foreign exposure, well-structured management trainee programmes, mentoring high achievers and succession planning—led at the Board level—are key elements of our knowledge management process.

Digitalisation

As a progressive Group, our success is closely tied to our efforts on leveraging on technology as a business enabler. With Industry 4.0, coming into the forefront, we have been investing smartly on moving towards greater automation and digitalisation of our operational processes; enabling our businesses to be agile and responsive in a rapidly evolving operating backdrop. The group has undertaken several initiatives across its various business units, whilst several initiatives have been led by the group's technology service provider ITX360.

Logistics Sector

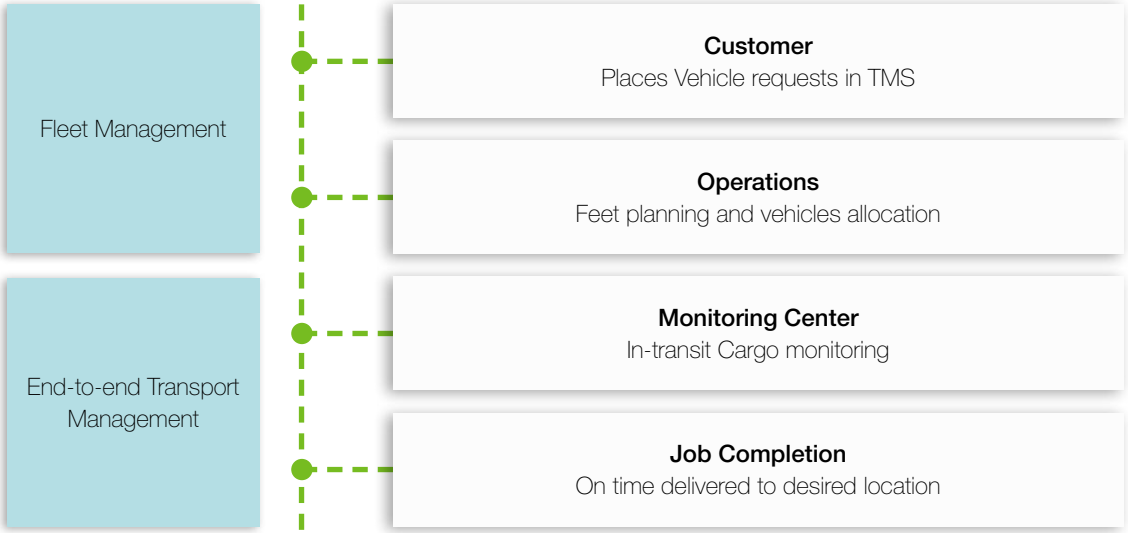
- The primary focus was directed towards building on the success of the global roll out of Cargowise by focusing on operational efficiency, workflow standardization and data integrity.
- Continued to engage with global technology organisations to enhance our technology and data strategy with new and more agile technology solutions.
- Another important area of focus was the increased emphasis on cyber and data security. EFL implemented a globally synergised program covering cyber and data security, identity, data, device, and systems.
- Being a global organization, we continued to adopt to best practices by taking preparatory steps by adopting ISO 27001 certification and GDPR compliance.
- On the development front, EFL also completed development and testing of its digital freight forwarding suite which includes features such as traceability, online booking, vendor management, automated customer reporting etc. The suite is planned for customer roll out in 22/23.

CAPITAL MANAGEMENT
REPORTS

- Integration plays an important role in our customer centric strategy and EFL entered into a partnership with a global integration technology partner providing the company with the ability to integrate seamlessly with customers, service providers and carrier partners.
- EFL 3PL developed on its RPA technology implementations and Bots to carry out inbound & outbound data entry operation, inter-department email sharing, daily KPIs dashboard updating, identifying deviations & generating emails to overseas parties, pick list generation and sharing with picking team, and milestone update in clients' ERP etc.
- EFL 3PL deployed "CLASS" Software to design, test and re-design complex warehousing solutions in a virtual computer environment by changing many different parameters and measuring the impact.
- Over the past year, EFL 3PL has reduced physical document storage space, enhanced security and user permissions, resulted in easier document retrieval as well as improved backup and disaster recovery of documents.

Oki Doki Technology Platform

The Oki Doki Technology platform is an in house built technology solution utilized by the Expolanka group's transport management company in Sri Lanka. The platform operates as a Digital Transport Management systems and aims to cater to a wide range of services and solutions to our discerning customer base.



Evolution of Technology & Process Efficiency

EFL 3PL has adopted modern warehousing using, tier 1 warehouse management system "Korber" at the heart of their operations and sets the standard for the industry.

RPA – Hyper Automation

EFL 3PL uses RPA technology, and Bots to carry out inbound & outbound data entry operation, inter-department email sharing, daily KPIs dashboard updating, identifying deviations & generating emails to overseas parties, pick list generation and sharing with picking team, and milestone update in clients' ERP etc.

CLASS – Digital Twin

EFL 3PL utilizes "CLASS" Software to design, test and re-design complex warehousing solutions in a virtual computer environment by changing many different parameters and measuring the impact.

E-Document Flow

Over the past year, EFL 3PL has reduced physical document storage space, enhanced security and user permissions, resulted in easier document retrieval as well as improved backup and disaster recovery of documents.

CAPITAL MANAGEMENT **REPORTS**

Evolving Lean Culture at EFL 3PL

EFL 3PL is on the drive to implement a lean environment which will enable us to reduce operational waste and cost by becoming leaner and more efficient. We have secured the services of an external consultancy firm to aid us in implementing a lean culture within the organisation and achieve our long-term project objectives.

Innovation will continue in line with Industry 4.0, enabling the business to be a trend setter in adopting new technology and being agile in navigating the rapidly changing marketplace. EFL 3PL is going to continue this focus by leverage on new technological innovations such as hyper automation, autonomation and e-docs to continue delivering true value to their clients.

Leisure Sector

- Classic Travel continued in the year to strategically invest in strengthening its digital capability for back-end functions. A significantly large percentage of operational processes have been digitally transformed, thus far, enabling significant cost efficiencies.
- The company also invested in and launched a cloud-based business-to-business (B2B) platform, enabling consolidator operations as discussed above. The scalability of the system is expected to support the company to expand this operation in the ensuing years, with a lesser capital trade-off.

Group Initiatives

- Group Virus Guard upgrade to the next generation Anti-virus - ITX360 successfully rolled out the second phase of the next generation ani virus guard deployment across the EFL global stations.
- A steering committee was formed for monitoring Cyber Security for the entire group in January 2021 and the committee conducts monthly meetings in order to re-evaluate cyber risks and implement necessary controls for risk mitigation.
- Frequent awareness campaigns based on cyber security risks management is circulated to all group companies in Sri Lanka and the global stations to protect each user from cyber risks.
- Strengthening of Cloud security infrastructure within the group
- Development and implementation of a Compliance Management System to effectively monitor several key compliance matters
- As Group shared service for HR and Finance, ITX 360 continues to be involved in the broader transformation efforts for the HR and Finance related functions within the Expolanka group. The use of the Shared Services model is aimed at supporting the broader transformation within the group through more efficient HR and Finance functions.

ITX360 - Strategic Partnerships

Expolanka's IT arm, ITX360, has entered into several strategic partnerships with globally renowned IT solution providers with trademarked products and proprietary systems and processes. These partnerships have served the company well, giving a competitive edge to expand its portfolio within IT solutions marketplace.

UI Path - Silver

World's leading robotic process automaton software company

CrowdStrike

World-renowned endpoint protection solutions provider
One of the world's best Next Generation Anti-Virus products

ZUTEC

A cloud-based software provider for the construction industry.
ITX360 is the only reseller for ZUTEC in Sri Lanka.

Huawei

Leading global provider of ICT infrastructure and smart devices.
Offers building, marketing and sales and industry solutions.

CAPITAL MANAGEMENT
REPORTS

IT Security and Business Continuity

As the IT arm of the Expo Group, ITX360 took proactive measures in the year under review to strengthen its information security and business continuity planning programme. This was done primarily to protect the Group's information assets and increase the Group's overall resilience levels. ITX360 have completed the process of attaining the certification in I ISO 9001:2015 Quality Management Systems and ISO 14001: 2015 Environmental Management System. These standards will greatly improve information security and business continuity of the Expo Group. It will also provide ITX 360 clients with the assurance that the Company is equipped to offer the best in-class protection to secure their information assets.

Best Practices

Excelling in our product and service delivery across our core sectors, is a prerogative for a topnotch group such as ours. This in effect is our value proposition. Our management systems that we have adopted and internalised within our businesses, look into integrating best and responsible practices into our operational processes; taking into account socio-economic and environmental considerations. Our certifications which we have obtained under internationally and locally renowned certification bodies, guide our businesses to stay current, follow through and sustain high quality and standards. The independent audits carried out on certification compliance are well noted by the management to make further improvements to our processes.

GRI 102-13

Expolanka Group – Certifications, Accreditations and Ratings FY 2021/22

Freight and Logistics	**Leadership in Energy Environmental Design (LEED)** (Green building certification - environmental sustainability aspects of buildings and infrastructure) Company certified: EFL 3PL Certification coverage CFS Orugodatwatte (% of operations): 100 % Certification validity: FY 2021/22 Certification audits FY 2021/22	International Organisation for Standardization: ISO 14064:2006 (Guidance for quantification and reporting for green-house-gas emissions and removals) Company certified: EFL 3PL Certification coverage (% of operations): 100% Certification validity: 2020/2022 Certification audits FY 2020/21
	International Organisation for Standardization: ISO 14001 Company certified: EFL 3PL Certification coverage (% of operations): 100% Certification validity: FY 2021/22 Certification audits FY 2021/22	

CAPITAL MANAGEMENT
REPORTS

Expolanka Group – Certifications, Accreditations and Ratings FY 2021/22		
Leisure Sector	**IATA Accreditation** **Benefits** ● Access to IATA member airlines ● Access to IATA billing/settlement system ● Professional recognition and accreditation logo ● Unique identification for global travel industry ● Standardised procedures **Companies accredited:** Classic Travels, Travel Bridge, Bongo IATA License No. 07301092 07301803 07303984 (Approval for Associate Entity) 07300436 07302912 07300075 Accreditation validity FY 2021/22 IATA audits FY 2021/22	
Investment Sector	Expolanka LTD Organic, HACCP, GMP, ISO22000, BRC, SEDX Tropikal Life ISO22000, ISO 14001, BRC, FSSC 22000, SA 8000, ORGANIC, FIARTRADE, KOSHER Company certified: Expolanka Limited Certification coverage (% of operations): 100% Certification validity: FY 2021/22 Certification audits FY 2021/22	
	International Organisation for Standardization: ISO 9001:2015 (Standard on information security management system) Company certified: ITX360 Certification coverage: Expolanka Group Certification validity: FY 2021/22 Certification audits FY 2021/22	International Organisation for Standardization: ISO 14001:2015 (Standard on security and resilience – business continuity management system) Company certified: ITX360 Certification coverage: Expolanka Group Certification validity: FY 2021/22 Certification audits FY 2021/22

CAPITAL MANAGEMENT REPORTS

HUMAN CAPITAL

"Moving forward as an employer of choice"

Overview

Qualified, experienced, and well trained across multiple sectors, our talented and passionate team is the core strength of the Expolanka Group. As a service-oriented business, our team is central to operationalise our strategy and meeting our corporate targets. Therefore, we are committed and focused on our efforts to build an inclusive and enabling work environment, where we promote continuous learning to realise our employees' full potential and thereby, deliver outstanding shareholder value.

HUMAN CAPITAL DEVELOPMENT MODEL

Strategic Priorities

Recruitment
- Recruit right-profiled employees through a merit-based recruitment process.

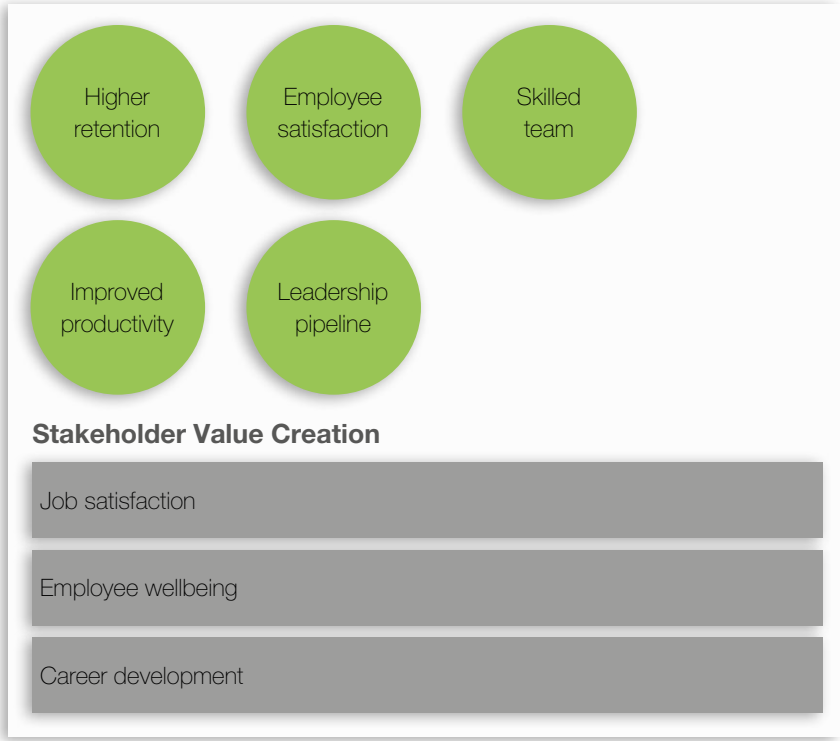
Retention
- Extend a performance-oriented workplace with fair compensation, recognition and rewards.

Learning and Development
- Nurture a well-rounded team with structured training opportunities for career development.

Health, Safety and Wellbeing
- Take proactive steps to extend a healthy and safe work environment and ensure employee wellbeing.

Employee Relations and Compliance
- Uphold best practices in managing employee relations and ensure compliance with laws, rules and regulations.

Outcomes – Group



CAPITAL MANAGEMENT REPORTS

Human Capital – Key Performance Indicators			
FY	**2021/22**	**2020/21**	**Variance (%)**
Recruitments to the permanent cadre	**747**	383	49%
Training investment (Rs. Mn)	**14**	3	77%
Average training hours per employee	**6.74**	2.63	61%
Employees evaluated on performance (%)	**100%**	100%	0%
Overall retention rate (%)	**82%**	86%	-4%
Average turnover rate (%)	**16%**	16%	0%

MANAGEMENT APPROACH

Operating on a global scale, managing our workforce effectively is key to our strategic delivery. Each of our business verticals manage their cadre with a top-down approach and focused engagement; as guided by the HR policies set at the Group level and aligned with the labour laws, rules and regulations, as applicable to the respective operational locations, be it Sri Lanka or abroad. We also comply with the directives and guidelines set by the International Labour Organisation Convention and the United Nations Global Compact. Accordingly, we are an 'equal opportunity' employer, with ethical and responsible workplace practices. Our management approach encompasses five strategic priorities as discussed in detail below.

The Group has in place a code of conduct, the 'Pledge', which is applicable to all employees, at all levels. It guides our employees on their work ethics, responsibilities, dress code, and whistle-blower conduct. Our code also covers employees' environmental and social obligations.

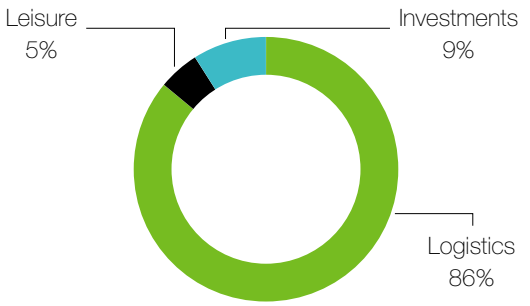
Team Structure and Profile

GRI 102-8

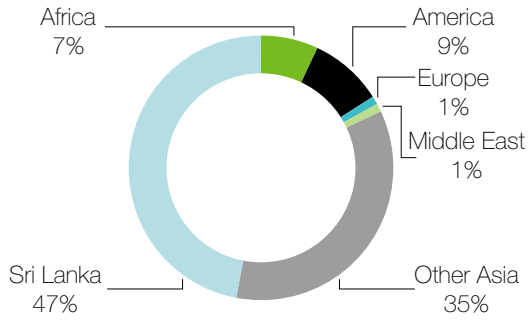
Our total workforce, spanning 34 countries worldwide, stood at 3202 as at the reporting year-end, 31st March 2022. Out of the total, 2799 are employed on a permanent basis whilst the balance 403 are on contract. As our dominant sector, the freight and logistics accounted for the largest share, 74 percent of the permanent cadre, followed by leisure and investments sectors. All employees of the Group were employed as full-time employees.

3,202 Expolanka Cadre FY 2021/22

Total Carder – Sector Wise



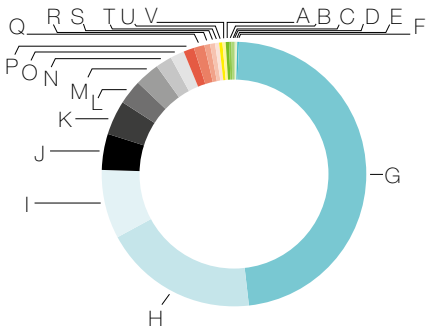
Total Carder – Region Wise



CAPITAL MANAGEMENT
REPORTS

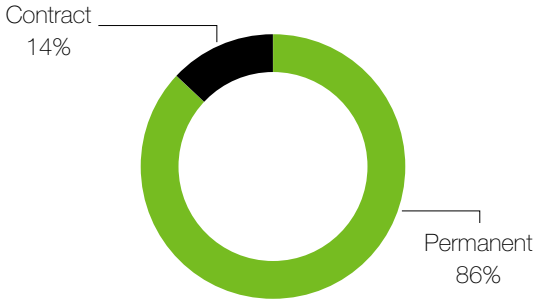
3202 as at 31st March 2022

Carder Geographic Representation
Total Carder 2821 as at 31st March 2021

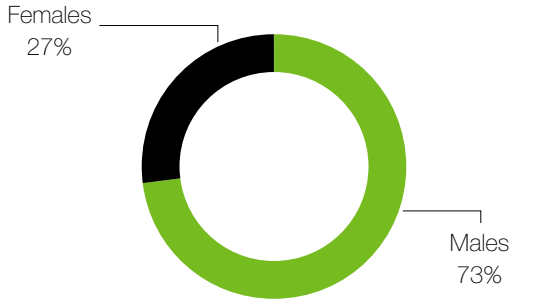


A. Canada – 0.2%
B. Denmark – 0.2%
C. Thailand – 0.2%
D. Sri Lanka – 47.5%
E. India – 18.9
F. USA – 8.4%
G. China – 4.4%
H. Vietnam – 4.2%
I. Indonesia – 3.0%
J. Kenya – 2.9%
K. Hong Kong – 2.0%
L. Bangladesh – 1.7%
M. Pakistan – 1.3%
N. UAE – 1.3%
O. Cambodia – 0.7%
P. Malaysia – 0.6%
Q. Philipines – 0.5%
R. South Africa – 0.4%
S. Taiwan – 0.4%
T. Mauritius – 0.4%
U. Belgium – 0.3%
V. Madagascar – 0.3%

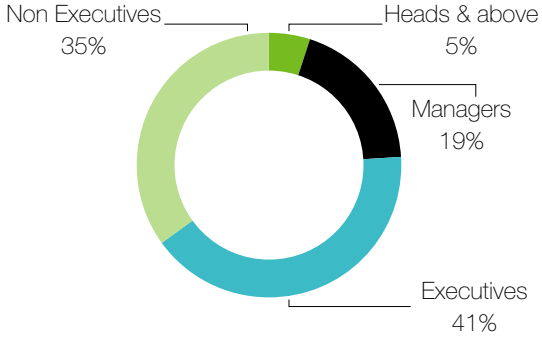
Employee Type



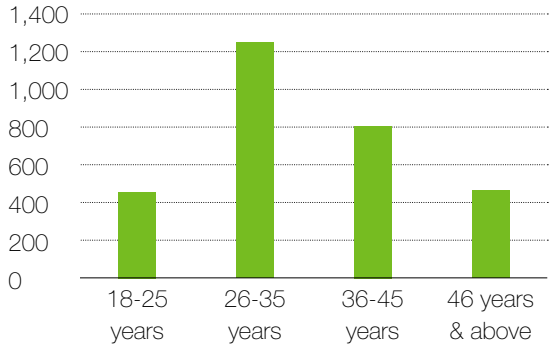
Total Carder – Gender Wise



Total Carder – Category Wise



Total Carder – Age Analysis



GRI 102-8

Sectors	Permanent	Contract
Logistics	2,363	378
Leisure	159	1
Investments	277	24
Total Carder	2,799	403

CAPITAL MANAGEMENT
REPORTS

Recruitment

GRI 401-1

747 49% Increase (y-o-y) Recruitment FY 2021/22	**10** Heads & Above	**89** Managers	**274** Executives	**374** Non-Executives	Recruitments age group gender and region
1% Holding Company	80% Male 20% Female	69% Male 31% Female	57% Male 43% Female	64% Male 36% Female	62% Male 38% Female
84% Freight and Logistics	59% Sri Lanka 41% Abroad	44% Sri Lanka 56% Abroad	42% Sri Lanka 58% Abroad	54% Sri Lanka 46% Abroad	42% Sri Lanka 58% Abroad
3% Leisure	Age 0% 18-25 10% 26-35 35% 36-45 55% > 46	Age 0.5% 18-25 30% 26-35 47.5% 36-45 22% > 46	Age 15% 18-25 53% 26-35 24% 36-45 8% > 46	Age 24% 18-25 48% 26-35 16% 36-45 12% > 46	Age 36% 18-25 37% 26-35 17% 36-45 10% > 46
12% Investment					

Child Labour

GRI 408-1

As guided by Expolanka's child labour policy, the minimum age of employment is 18 years and above. We categorically eschew child labour and we have never employed minors in any of our operations in over three decades. We are conscious and even demand this vital practice from our suppliers and outsourced service providers. There were no incidents of child labour recorded in the reporting year across the group companies as well as across our value chains.

As an equal opportunity employer, our recruitment strategy seeks to recruit the right individuals with the necessary credentials and a 'best-fit' to Expolanka's core values and unique work ethic. We seek to attract professionals with key competencies needed to deliver, and to give leadership to meet our corporate objectives. Based on merit, our recruitment process is well-structured, competitive and transparent. Due consideration is given to internal candidates including promotions and cross placements amongst the Group companies. In the year under review, we recruited 747 new employees to the Group, mainly to the freight and logistics sector. This corresponded to an increase of 11.9 percent year-on-year.

CAPITAL MANAGEMENT
REPORTS

Retention

GRI 401-1

Amidst a competitive business environment, it is essential that we retain the best talent within our organisation. Our focused strategy and our efforts to be a progressive employer with best practices in managing human resources, stand significant and highly warranted. It is in this light that we offer a competitive remuneration package, performance incentives, well-planned out training opportunities, along with a healthy, safe and a rewarding workplace. In the year under review, our overall retention rate stood at 82% Percent and the average turnover rate at 17% Percent. We also maintain a healthy service record, with 42% Percent of our cadre serving the Group between 26 to 35 years.

747 Recruitments
513 Resignations
FY 2021/22

82%
Retention Rate

16%
Turnover Rate

Staff Turnover

14%
Freight and Logistics

13 %
Leisure

36%
Investment

Staff Turnover

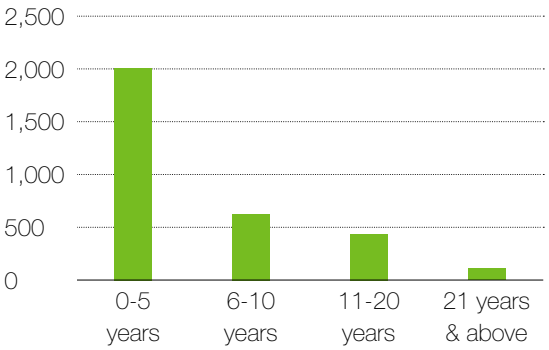
10% Male
6% Female

51% Sri Lanka
49% Abroad

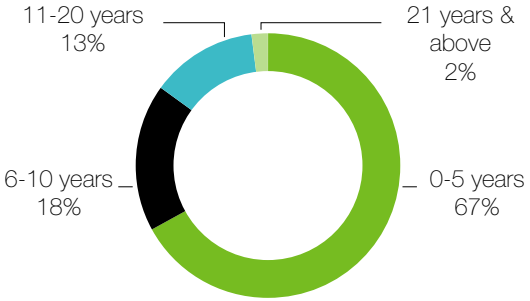
Age
29% 18-25
36% 26-35
19% 36-45
16% > 46

CAPITAL MANAGEMENT
REPORTS

Total Carder – Service Year Analysis



Service Year Analysis



Forced Labour

GRI 409-1

Over three decades in operations, we have always respected our employees and stood committed to ensure their wellbeing. The level of wages paid to employees are just, equitable and on par with industry standards and regulations, which is most often considered to be a benchmark in the industry. We advocate and even demand this from our suppliers and outsourced service providers. There were no incidents reported in the year, of forced or compulsory labour across our businesses and our value chains.

Maternity Leave

GRI 401-3

All female employees at Expolanka are entitled to obtain maternity leave in keeping with the guidelines set by the Shop and Office Employees Act. They are given 14 working days leave with full pay, immediately preceding the expected date of confinement they are also allowed to take the feeding entitlement of one hour after returning from maternity leave. In the year under review. The retention rate after maternity leave corresponded to 100 percent. Some employees are currently on maternity leave and the remaining employees are still currently employed as of the end of the financial year.

Remuneration

Aligned with industry standards and applicable labour laws, our remuneration package is fair and structured to attract, motivate, and retain talented employees within the Group. We follow a two-pronged reward mechanism—the fixed remuneration including the basic salary and perks coupled with the variable remuneration linked to performance as discussed below.

The Group abides by the national minimum wage requirements for entry level employees as stipulated by the Minimum Wages Act No.03 of 2016. Our female employees are entitled to a basic wage/ salary equivalent to male employees. Executive and managers basic salaries are determined on their level of qualifications, experience and industry norms. On average, female employees within this category earn nearly 80% percent of the male salaries.

CAPITAL MANAGEMENT
REPORTS

GRI 401-2

Benefits – Permanent Employees			
	Managers and above	Executives	Non-executive
Medical insurance for employee and immediate family – OPD, surgical and hospitalisation	✓	✓	✓
Workmen compensation – duty related accidents	✓	✓	✓
Vehicle and fuel allowance	✓	✓	✓
Travel allowance for work outside standard working hours	✓	✓	✓
Staff loans – bike loans, distress loans, festival advances and personal short-term loans	✓	✓	✓
84-days full paid maternity leave	✓	✓	✓

Defined Benefits

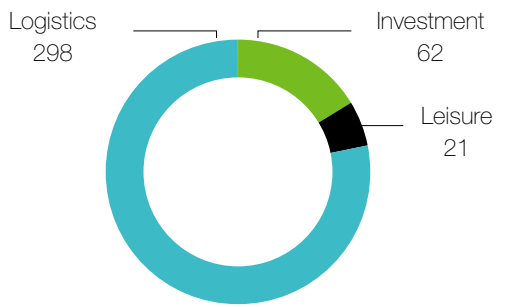
GRI 201-3

We are conscientious and timely in meeting our defined benefit obligations; ensuring that our employees have full access to all benefits mandated by laws in their respective operational locations including leave entitlements, provident fund contributions and gratuity payments.

Performance Management

GRI 404-3

Promotions



In keeping with current best practices in HR management, we have a comprehensive three-step performance management scheme in place— encompassing goal setting, performance monitoring and performance review. Carried out annually, this is a highly transparent and interactive platform for employees and their immediate managers to review performance against a set of pre-defined key indicators, in line with the corporate plans of individual business lines as well as the Group's collective goals.

This process entails identifying and giving feedback on skills gap along with coaching, counseling and training as deemed necessary. All training and development activities are based on these deliberations whilst earmarking potential candidates for leadership pipeline and succession planning process. Individual accomplishments are recognised through differentiated pay, bonuses and opportunities for career growth within the group. All performance evaluations and disputes/grievances are managed centrally at the group level. In the reporting year, 100 percent of the permanent cadre were given performance reviews. Out of the total, 22 percent were female employees (Sri Lanka). Due promotions were given to high achiever employees along with necessary skills training to meet their new job roles . All the permanent and contract employees are subjected to performance evaluations.

CAPITAL MANAGEMENT REPORTS

Learning and Development

GRI 404-1 & 404-2

Expolanka Learning Culture					
Simplified purpose	All-inclusive people experience	Thriving people-led system	Creativity and continuous engagement	Agile, digitally-enabled infrastructure	Digitalisation and transformation
Vision to be people-centric aligned to the group strategic direction	Develop innovative, viable and continuous learning opportunities	Empower teams to learn, linked to common goals and values	Problem-solving and engaging to build on business relationships	Simulated learning platform to support fluid exchange of knowledge and ideas	Platform of artificial and business intelligence and Internet of things

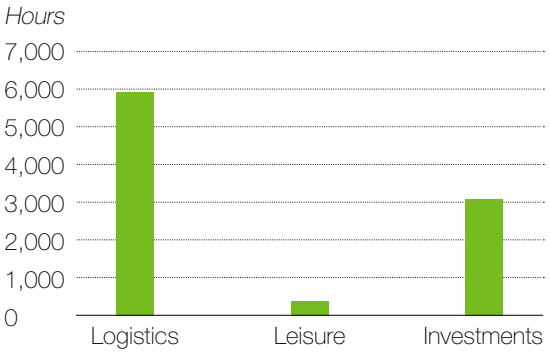
Developing a well-rounded team—with multi-disciplinary skills, agility, discernment and professionalism—to deliver our ambitious goals in a volatile business backdrop, is a critical part of our corporate strategy. In this regard, building and nurturing a learning work culture where our teams are enabled to upskill, is highly warranted. This is now more significant than ever before, particularly, considering the new work parameters including digitalisation of operational processes and remote working arrangements. Accordingly, we continued to invest our time and capital on innovative learning intiaitives to broaden team skills in technical, business, people, leadership and management along with the much-needed soft skills.

Our focus is on both on-the-job training as well as structured programmes including traditional class-room training, online training and outbound training. As a conglomeratic operation in diverse geographic locations, we are also able to give our employees cross sector as well as extensive foreign training. Our strategic links with renowned business partners also open up opportunities for our employees to gain and adopt international best practices. In the reporting year, we trained 1197 employees for 7.8 average training hours. Our training investment touched Rs. 14 million, corresponding to an increase of 77 percent year-on-year.

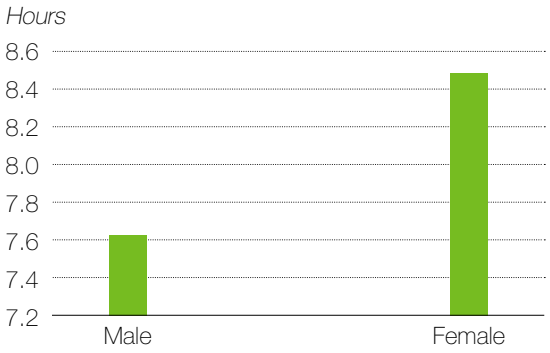
156 Training Programmes	1,197 Employees Trained	9,447 Training Hours	Rs. 14 Mn Training Investment	Average Training Hours
8% Internal	70% Female 30% Male	67% Female 33% Male	0.1% Holding Company	7.63 hours Male 8.49 hours Female
92% External	17% Heads and Above 30% Managers 39% Executives 14% Non-executives	16% Heads and Above 29% Managers 47% Executives 8% Non-executives	77% Freight and Logistics	7.56 hours Head and Above 7.49 hours Manager 9.47 hours Executive 4.69 hours Non Executive
		6.74 Average Training Hours Per Employee	1% Leisure	
			22% Investment	

CAPITAL MANAGEMENT
REPORTS

Training Hours



Average Training Hours by Gender



Average Training Hours by catogory

Expolanka Key Training Initiatives FY 2021/22

Holding Company
- Motivational Sessions
- Leadership Programmes
- Awareness Sessions on COVID-19
- Awareness sessions on remote working
- Innovation and Transformation in Financial Services programme
- Business English Course

Freight and Logistics
- Motivational Sessions
- Leadership Programmes
- Awareness Sessions on COVID-19
- Awareness sessions on remote working
- Implement 5S in your warehouse
- Business English Course
- Logistics and Freightforwarding certifications

Leisure
- Motivational Sessions
- Leadership Programmes
- Awareness Sessions on COVID-19
- Awareness sessions on remote working

Investment
- Motivational Sessions
- Leadership Programmes
- Awareness Sessions on COVID-19
- Awareness sessions on remote working
- Business English Course

Mentoring and Succession Planning

As a leading organisation with an extensive footprint worldwide, mentoring and succession planning requires strategic precedence. The Board of Directors of the holding company is directly involved in earmarking and mentoring for succession at the senior management level. They guide and support the respective line companies on this endeavour. High achievers who are identified at the performance management process, are also mentored by senior and middle managers, with focused career planning. They are given an exposure with special training opportunities on leadership and management. We also have in place a comprehensive management trainee programme with on-the-job exposure and focused management training. Currently, no management trainees are employed across the group network.

CAPITAL MANAGEMENT
REPORTS

Health, Safety and Wellbeing

GRI 403-1 to 403-9

Risk Mitigation
Freight and Logistics
warehouse Operations
- C&HSES gets involved centrally at Strategic Level for Policy formation & Audit and verification
- Respective SBUs are decentralized and getting involved with their own structure & Resources

Operational Coverage
OHSAS Certification
Respective SBUs are accountable for nomination

Compliance Officer
Respective SBUs are accountable for nomination

Health and Safety Committees
Respective SBUs are accountable for nomination

Health & Safety Training Programme

(Fire Training, First-Aid, Usage of personnel, Protective Gears, Awareness on COVID 19 and Non-communicable deceases)

Fire training is conducted by centrally (C&HSES) Rep (Thushara Priyankara)

Training schedule – Indicated in the annual C&HSES activity calendar

Usage of personnel – Allocate by the respective SBU with the Operational & HR representatives' involvement

COVID 19 awareness was handled by centrally through a special committee with the participation of the top management. Initial plan was communicated through the BCP follow-up periodic meeting minutes and central communications.

Injuries
Freight and Logistics
Warehouse Operations
(Slips, trips and falls, muscle strains, toxic chemicals exposure, accidents by trucks/forklifts)

zero
Injury Rate

zero
Work Related Fatalities

zero
Lost Working Days

zero
Total Work-related Injuries

CAPITAL MANAGEMENT
REPORTS

As a responsible corporate, we have taken necessary steps to ensure health and safety in our workplaces across key business verticals. We advocate and support employee wellbeing, encouraging them to strike a balance in work-life and to stay fit, both, physically and mentally. It is in this light that we organise key employee wellbeing intiaitives including annual medical camps with leading hospitals in the country, guidance from visiting trained counselors to manage every-day stress and after work fitness programmes in collaboration with the fitness company, 'sweatshop'.

Our exposure to warehouse operations within the freight and logistics sector is subject to specific safety hazards. Our approach to health and safety management in warehouses is aligned with internationally accepted best practices as guided by OHSAS 18000:2007—Occupational Health and safety Management Systems certification.

There is a full-time compliance officer working closely with health and safety committees across warehouses. These committees have the representation of a team members from each department in locations complying with OHSAS standards. The compliance officer monitors compliance with the standards on a quarterly basis. The Committee is also responsible to engage employees; monitor the health and safety measures; assess the gaps; make necessary improvements; train employees; and review incident reports generated by the workforce. Regular committee meetings are held to deliberate such incident reports and to take necessary mitigatory action to manage health and safety risks including occupational diseases, workplace accidents and fatalities. Periodic audits are also carried out on all health and safety processes by the compliance officer and the internal audit team. The audit findings are deliberated at the committee level as well as at the management level for necessary actions. The key findings are also reported to the senior management and to the Board, as deemed fit.

COVID-19 Status Report – FY 2021/22

- Central COVID response team continued to support employees.
- Closed down operations as per COVID-19 lockdown regulations.
- Enabled employees to 'work from home' and encouraged online meetings.
- Proactive communication on COVID-19 protocols, 'back to work' policies and vaccination drives.
- Made available personal protective gear.
- Voluntary PCR testing across the Group.
- Provided relief and aid to staff and family members impacted by the pandemic.
- Dedicated hotline in place to provide employee counselling.

Employee Relations and Compliance

GRI 402-1, 412-1

As an 'employer of choice', we seek to maintain best employee relations across our businesses with open workplace practices. We maintain a continuous dialogue with our employees on any significant operational changes and decisions. Although there is no set notice period regarding the communication of such changes, the management on average give minimum of two-weeks' notice on any material change to operations.

We are also concerned and are prompt in redressing employee grievances and issues. Our regular staff meetings at the team level as well as at the annual performance management platform, are used effectively to engage all employees. Our HR departments at the line companies have a formal process to address unresolved grievances. Our whistleblower policy also encourages employees to address any violations of their fundamental rights or even expose any wrong-doings under utmost confidentiality. In the reporting year, we did not record any formal grievances nor lawsuits filed related to violations of human rights. The Group did not record any fines or non-monetary sanctions with regard to labour management practices.

Diversity and Inclusion

GRI 406-1

Upholding our employees' right to equality, we work towards creating an inclusive and engaging workplace across all our operations. Diversity is valued, encouraged and fostered across the Group as an integral part of our corporate culture. Well aligned with international labour laws and globally accepted human rights principles, we are committed to ensure that our workplace follows a zero-policy on discrimination or harassment with regard to religious beliefs, race, colour, gender, political ideologies or any other social prejudices, as per the applicable laws of the country. This underpins our much-acclaimed status as an 'employer of choice'. In the reporting year, our Group did not encounter or record any incidents of discrimination. Procedures are set out in our 'Pledge' on dealing with such incidents if and when they occur.

CAPITAL MANAGEMENT REPORTS

ANTI-BRIBERY & CORRUPTION POLICY (ABC)

The Policy

As part of the Expolanka Group's corporate governance initiatives, the group has initiated and implemented an Anti-Bribery & Corruption Policy (ABC). As a responsible global organization, the Expolanka group believe in the importance of maintaining transparency and good governance practices in carrying out its business operations.

As a company, we do not engage in the practice of giving any form of gifts, favors or monetary benefits that may influence the decision-making process (except company branded merchandise given as compliments).

The company strictly prohibits any provision of secret commission to any customers or suppliers and if found, relevant disciplinary action will be taken and this may even result in termination. It is extremely important that the employee follow a strict code of ethics in order to maintain the integrity of the company and the employee

Policy Coverage

The Policy will cover all of Expolanka group's local and International operations and will apply to all employees, Directors and senior Management. (Expolanka Group).

This policy will be considered as an addendum and part of the "Pledge", the Employee handbook provided to all Expolanka Staff.

Training & Improvement

The Expolanka group will conduct regular training programs which will aim to educate the employees and all parties involved in ensuring compliance to the above.

COMPLIANCE & HEALTH, SAFETY, ENVIRONMENT AND SECURITY (C&HSES)

Expolanka Holdings PLC governs the company's C&HSES strategy under four main pillars: Health, Safety, Environment, Security, and related compliance. Expolanka has adopted through its structure, the activities of internal controls and compliance to identify and control correct measurement of risk and performance in accordance with parameters, methods and standards established internally and by regulations.

At the highest level, the Chairman and Group CEO provides stewardship and guidance whilst the Group Head of C&HSES provides strategic leadership to the central and decentralized C&HSES departments and its sub-units worldwide.

The organization has developed and adopted strategies, policies, processes, and internationally accepted best practices inline with the Group's vision for the future and considering customer expectations.

Our core business and the largest economic entity within the Group – EFL plays a key role in the group Supply Chain Security Strategy. Expolanka and its logistics subsidiary EFL, is actively involved in industry organizations and government initiatives such as United States Customs Trade Program Against Terrorism (CTPAT). EFL is a certified and validated member of CTPAT programme since 2007.

As a business that is heavily engaged in global logistics and international business, being adapt and compliant with international sanctions regimes plays an important role in managing and mitigating related risks of the business. In line with the above, the organization has developed the relevant policy frameworks to ensure the businesses are committed to meet with the compliance requirements, Laws and regulations pertaining to sanction laws prescribed by HM Treasury, the European Union, the United States Treasury Department's Office of Foreign Assets Control (OFAC), the Hong Kong Monetary Authority, the United Nations Security Council, as well as applicable sanctions laws and regulations in the jurisdictions in which Global Banks/Global Customers/ Suppliers operate.

CAPITAL MANAGEMENT
REPORTS

To ensure physical security across business units the Organization has adopted and introduced the Baseline Security standards (BSS) consistent with international security best practices to demonstrate its concerns on security of people, products, properties, processes and information.

The organization also recognizes and accepts its health, safety, including fire safety, emergency response duties, for providing a safer working environment for all its workers and other visitors to its premises under Health, Safety and fire regulations and other relevant legislation and common law duties of care, through decentralized teams across business units.

Periodic Fire Safety awareness programmes, academic and practical training sessions, periodic Fire Safety inspections, Fire Safety Audits, Risk Assessments & gap analysis along with preventive maintenance of all Fire safety resources and agreements are performed regularly in line with the business continuity planning efforts of the Group.

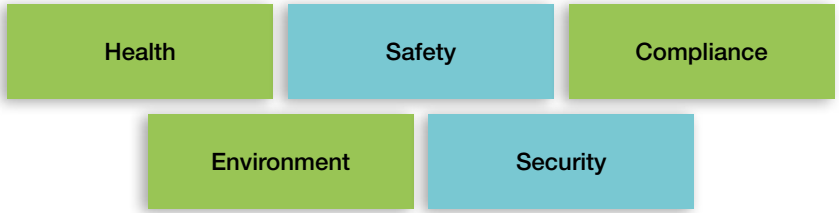
Expolanka environmental policy implementation set the tone for the organization, facilities and departments regarding environmental protection and sustainability, it is clearly articulated and driven in line with the sustainability agenda of the Group.

Publications and Literature Updates Released during FY 21/22

- C&HSES Compliance Policy
- C&HSES Compliance Pol Internal Audit Policy
- Updated Sanction Country Policy
- CTPAT Minimum Security Requirements and related Literature
- Baseline Security Standards
- HSES Handbook

In the next financial year, the focus is to release the Security, Heath, Safety and Environment policies more elaboratively than explained in the handbook. It is also intended to commence virtual training on CPD on Compliance & Supply Chain Security Best Practices and to execute internal auditing of all SBUs periodically.

All employees at Expolanka have pledged and committed to comply with all C&HSES terms, conditions and policies not limited to but including code of ethics regulations and procedures to make Expolanka one of the resilient, robust and well-established organization in the modern era of business.



CAPITAL MANAGEMENT REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

"Fostering relationships is what we do best"

Overview

As a leading globalised conglomerate, it is imperative that we build solid relationships with our stakeholders. We are responsible and stand committed to uphold ethical business practices in engaging and managing these relationships, be it with our customers, suppliers or local communities. This is what drives our group, underlining the way we create value for long-term sustainability.

SOCIAL AND RELATIONSHIP CAPITAL CAPITAL DEVELOPMENT MODEL

Strategic Priorities

Customer Relationship Management
- Engage customers and respond to their needs with a responsible product and service.

Supplier Integration and Relationship Management
- Enable supply chain integration, build loyal relationships with suppliers and collaborate with well-reputed partners.

Local Community Engagement
- Engage local communities and empower them to uplift their living standards.

Outcomes – Group

- Increase captive market share
- Improve the sustainability of the supply chain
- Strengthen the Group image as a responsible corporate steward

Stakeholder Value Creation

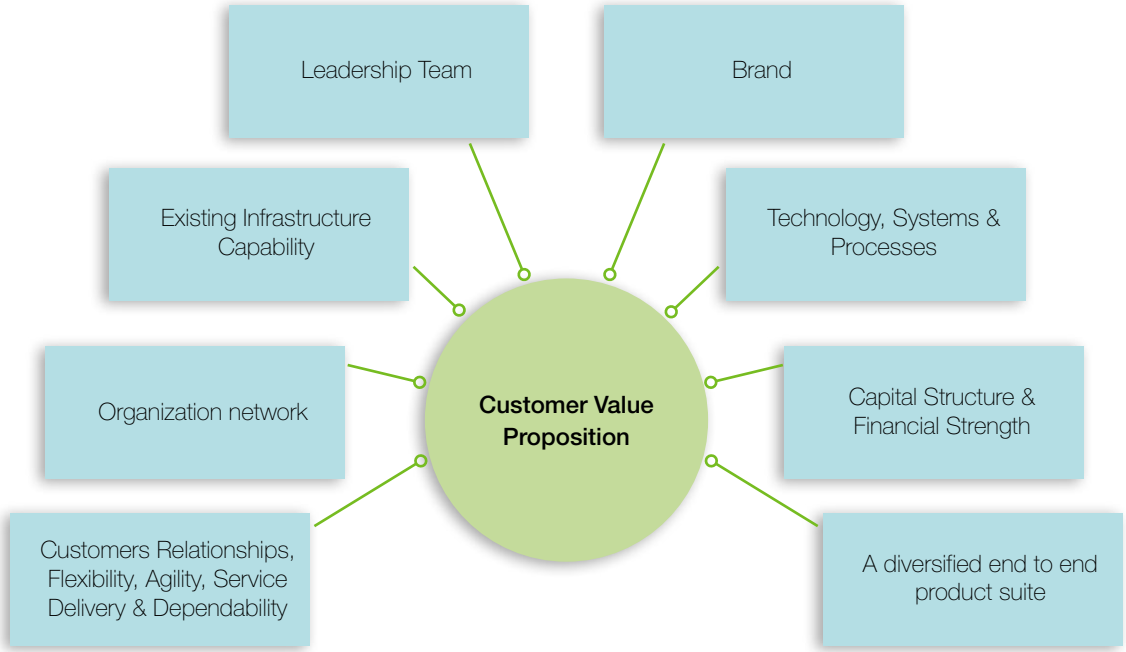
- Access to the best in-class product solutions (customer)
- Sustainable long-term business relationships (Supplier)
- Reduce social inequalities (Community)

CAPITAL MANAGEMENT REPORTS

CUSTOMER RELATIONSHIP MANAGEMENT

Management Approach

With extensive operations in key business verticals and in diverse geographical locations, we understand the criticality of customer relationship management. We are focused, proactive and well-structured in our approach to identify, attract, develop and sustain longstanding customer relationships. We are responsible in our engagement—seeking to build and nurture trust and confidence. This essentially underlines our success today, more so, as a globalised player in the freight and logistics sector. Our approach encompasses three key elements: product outreach, service standards, and product responsibility as discussed herein.



Product Outreach

With globalised operations, we give top priority with necessary capital allocation to scale up and strengthen our reach across target markets. Our freight and logistics arm has a solid presence with a widespread reach, managing complex supply chains across the globe for leading fashion apparel brands. Our presence is considerable in both source and origin markets from Asia, Far-East, Middle East, to America and Europe. This reporting year, we continued to focus on increasing our footprint in the United States of America and in the Far-East. We also took on the pandemic-induced opportunities to foray into other industry verticals including technology products, household equipment and automotive spares.

Apart from our flagship company, other businesses are also well-positioned with established distribution channels in their respective markets. We also rely on our e-commerce platforms to strengthen our outreach.

Service Standards

GRI 418-1

Aligned to our customer centric approach, we give top strategic precedence to extend and maintain high quality and standards in our service delivery. We meet customer needs with efficiency, effectiveness and flexibility, in turn, giving us a significant competitive edge in the marketplace. Our investments in training employees on relationship management, integrating technology into back-end business processes, innovation to extend tailor-made product solutions, serve us well in this regard.

Periodic customer surveys for feedback, call centres, official websites, inter-alia, further complement our service delivery standards. In this regard, we are conscientious and have key measures in place to ensure customer privacy—safeguarding the confidentiality and the security of personal data. This reporting year, our businesses did not record any substantiated complaints on breaches of customer privacy and loss of customer data.

In the global arena, within the freight and logistics sector, our service delivery is exceptional—ensuring minimum lead times in moving cargo, enabling track and trace features, and flexibility in managing any setbacks. In effect, it is our service standards that supported our customers with continuous supply solutions in the midst of the pandemic. This has opened further opportunities to expand and strengthen our customer relationships. Today, our portfolio has grown from just around five key brands few years ago, to secure stronger ties with nearly 50 brands including blue-chip brands and rising stars.

CAPITAL MANAGEMENT
REPORTS

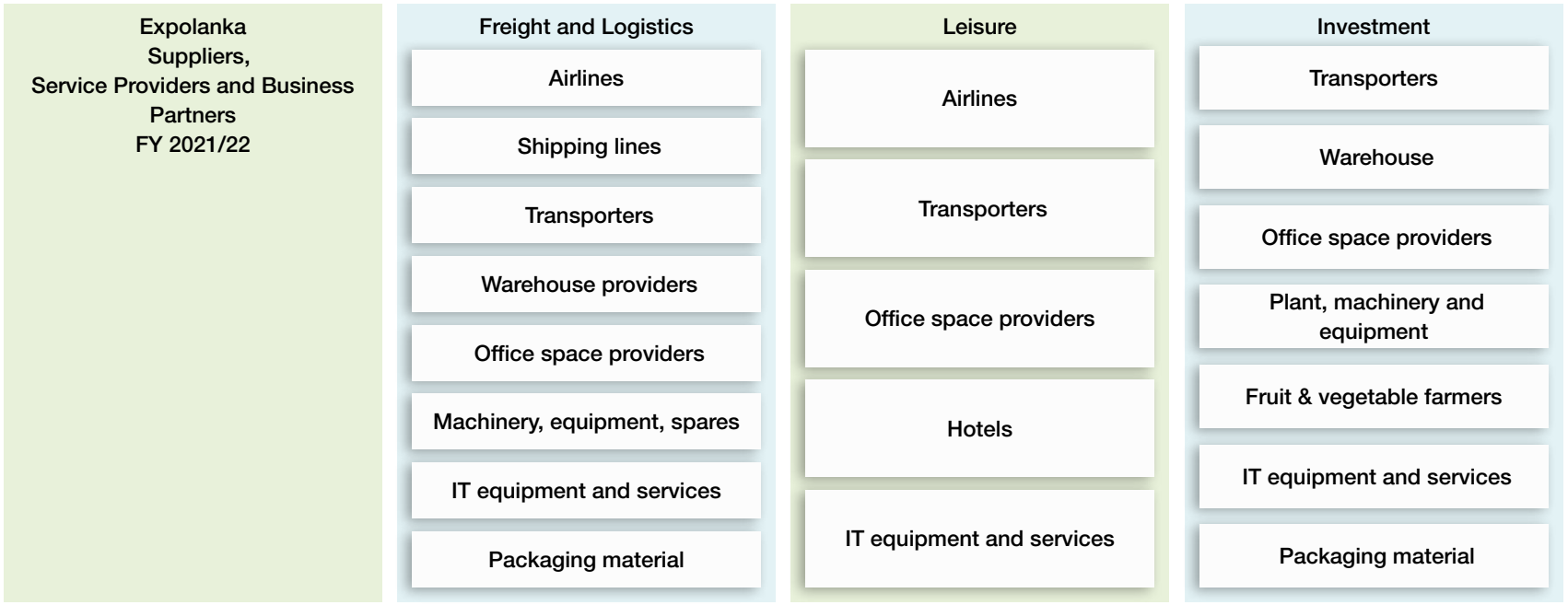
Product Responsibility

GRI 206-1, 416-1 and 416-2

Upholding best practices across our business verticals, we take due care to ensure that our operational processes and products meet the required quality standards including customer health and safety. We closely monitor customer feedback and respond swiftly to address customer complaints, grievances and mitigate any risks and legal concerns. We have in place necessary certification from well renowned certification bodies, both local and international to further support our efforts. We comply with all relevant product and customer related laws, rules and regulations. In the year under review, our Group did not record any incidents, fines or warnings for non-compliance with respect to products and services including customer health and safety impacts.

Further, our marketing practices are transparent and fair. As a globalised player, we ensure that our businesses are competitive in line with market dynamics. We invest well in our product delivery, bringing in innovation, effective pricing and excelling in customer service. We do not advocate nor resort to forming monopolies or cartels. All our mergers and acquisitions follow market best practices and comply with relevant regulatory and legal requirements. In the reporting year, our businesses were not subject to legal actions, pending or completed, for anti-competitive behavior, violations of anti-trust and monopoly legislation, both nationally and internationally.

SUPPLIER INTEGRATION AND RELATIONSHIP MANAGEMENT



Note: The Expolanka Group did not record any material change or impact on the overall supply chain in the year under review.

CAPITAL MANAGEMENT
REPORTS

Management Approach

Operating in three key business verticals, we engage and work closely with a diverse network of suppliers, service providers and business partners. Building and managing an integrated supplier chain is a strategic imperative for our value creation process; and therefore, warrants a focused approach on supplier engagement, due diligence and responsible transactions as discussed below.

Supplier Engagement

Open communication and close engagement with our suppliers and business partners have enabled us to set our expectations, meet the timelines and deliverables, and resolve any grievances upfront. In our predominant role as a logistician, we ensure that we are well-connected with all our suppliers across the chain, in turn, enabling better communication, coordination and collaboration to meet the end-customer requirements. Our freight sourcing and procurement team is critical in this process with expertise in managing the carriers and optimising the trade routes to obtain best value—including cost-effective rates and quality service.

Due Diligence

GRI 414-1

It is important to identify and select the right suppliers who have a good-fit with our processes as well as with our corporate culture and ethos. Upfront evaluation is carried out prior to selection and engagement to ascertain their level of expertise, track record, responsiveness to our business expectations and their commitment to uphold quality and standards.

Our procurement teams are consistent in carrying out due diligence across the supply chain through site visits, reviews, assessments and audits. This includes quality checks, social and environmental risk assessments and their compliance with relevant laws, rules and regulations.

Responsible Transactions

GRI 205-1, 3

We are fair and responsible in all our dealings with our suppliers and business partners. We ensure that we make timely payments and meet our contractual obligations. All procurement is undertaken on a well-structured mechanism with integrity, transparency and accountability. This year under review, there were no reported incidents where supplier/business partner contracts were terminated or not renewed, due to corrupt procurement practices and transactions.

LOCAL COMMUNITY ENGAGEMENT

Management Approach

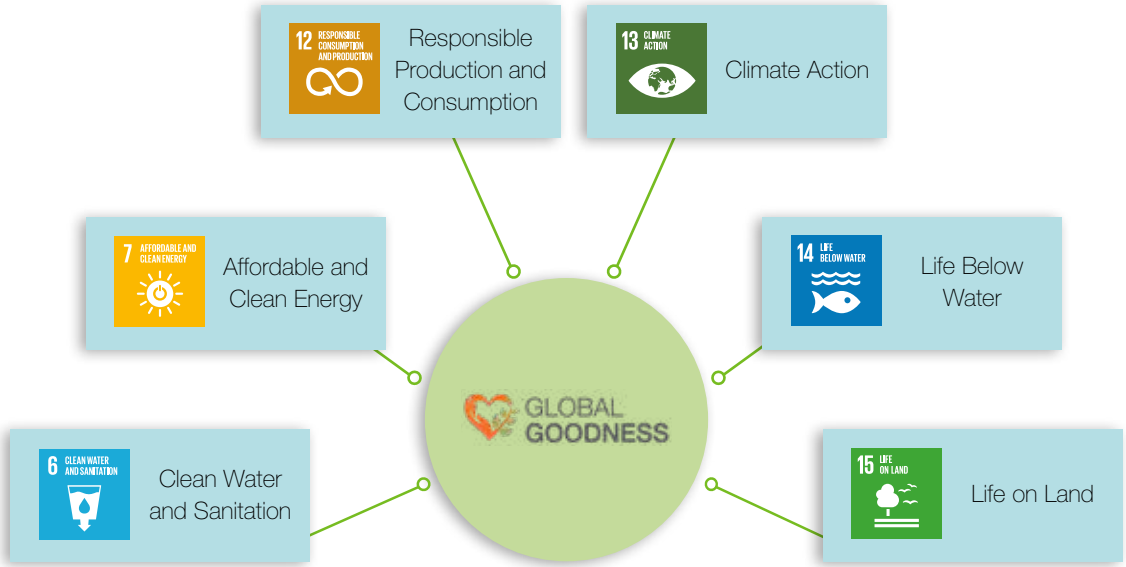
In keeping with our integrated thinking business approach and our allegiance to work towards UNSDGs,
we at Expolanka are committed to give back to society. Engaging to build strong ties with local communities, especially, supporting those underprivileged, is close to our corporate ethos. It is in this spirit that we allocate time and resources for social responsibility initiatives, with benefits trickling down to the society at large.

Our approach is well structured—thoughtfully and carefully planned out to deliver dedicated and focused campaigns and projects, along with key initiatives to support social causes and exigencies of the day. The Board is directly responsible at the highest level for setting the vision and allocating the related budgets for our sustainability agenda. This is led by the Head of Sustainability, and supported by a dedicated team under our flagship, EFL. All other Group companies carry out their respective initiatives, however, aligned to the overall vision of the Group sustainability agenda.

CAPITAL MANAGEMENT
REPORTS

EFL Global Goodness

"Of the people, by the people and for the people"



Launched in 2019, our flagship business, EFL Global, spearheaded 'Global Goodness'—an all-encompassing initiative aim to deliver our Group's sustainability agenda. Advocating social and environmental consciousness amongst our employees, at all levels, this initiative is dedicated to its founder Sabrina Yusoof whose passion to empower people socially and build awareness on the impacts of our business on the planet helped formulate the global goodness program at EFL Global. engages the team and encourages volunteerism in actioning the identified environmental and local community projects. These projects are long-term, developed on the platform of six UNSDGs which are relevant to our operations, particularly within the freight and logistics sector. Since the inception, EFL Global Goodness has successfully rolled out multiple large-scale projects, both locally and internationally, mainly in countries where we operate.

CAPITAL MANAGEMENT
REPORTS

EFL Global Goodness Dedicated to Sabrina

In loving memory of the late Ms. Sabrina Yusoof, who endeavored to transform the world into a better place by putting her heart and soul into projects carried out under the Global Goodness initiative for EFL Global. She was passionate about creating a greener and more sustainable world for everyone through her tireless efforts. She made a profound impact on the future direction of sustainability programs by launching EFL Next Gen, a considerable effort made to invest in enlightening the future generations on sustainable development.

A spirited personality, with a tender heart whose generosity was a light we lost too soon. May her soul live on through the many precious memories we have treasured over the years. As she passes from this life, those of us who are left behind can see all that she achieved. We celebrate her extraordinary life, through the many initiatives initiated by her, remembering her legacy through the inextinguishable eternal flame burning through every project henceforth.

Local Community Projects

GRI 413-1

PlayPump Project
"Playing with a purpose"
Impact Summary

- Number of PlayPumps: 07
- Location: Schools in North Western Province, South Africa
- Community Outreach: 2600+ students, teachers and local residents
- Project Investment (to date): Rs. 2,215,459
- Benefits: Facilitates access to clean water for drinking and sanitation, thereby, preventing water borne diseases and curbing the community spread of COVID-19

We consider access to clean water as an important right of all humans and have identified the African content as a key market where this problem is more critical and prevalent. These communities have to trek for miles in search of clean and hygienic water. It was identified that children, especially young girls, most often, are forced to stay back from school to fetch water for their families.

Recognising the dire impact of water scarcity on the lives of these communities, EFL team in South Africa initiated a 'PlayPump' project in 2019 at the Khubamelo Primary School, situated in the North-Western Province. The 'PlayPump'—a 'merry-go-round' type of a device—generates kinetic energy as the children play, pumping clean ground water to a tank. This water is subsequently distributed to the school and to the neighbouring residents.

CAPITAL MANAGEMENT
REPORTS

EFL was able to observe the impact the project had on the communities and inspired EFL to further invested in repairing six more 'PlayPumps' which were in a ramshackle state in six other schools in the province. EFL has now taken up the responsibility of maintaining and upkeeping these 'PlayPumps'. The success of this projects was demonstrated during the pandemic period where the risk to various communities were mitigated as mingiling amongst communities was reduced due to more availability of this facility. EFL continues to look at how this project can be further expanded in the future as well. This year under review.

Project Empower

"Dedicated to the late Sabrina Yusoof, Global Lead - Sustainability, for her vision, passion and perseverance to build a better and an inclusive Sri Lanka"

Sabrina Yusoof Women's Empowerment

Impact Summary

- Targeted Outreach: 90 female micro/small and medium entrepreneurs
- First Batch: Over 30 female entrepreneurs
- Location: Western Province, Sri Lanka
- Fund Allocation: Rs. 24 million in grants
- Disbursements as at date: Rs. 2,649,230
- Technical Support: Sarvodaya, Colombo
- Benefits: Empower female entrepreneurs, with positive ripple effect benefits to permeate across society.

As part of an independent exercise focused on advocating women's empowerment, Expolanka in collaboration with Sarvodaya, a self-governance movement , launched the "Project Empower" as part of "Sabrina Yusoof Women's Empowerment Initiative" in December 2021. The project primarily aims at empowering the micro/small and medium female entrepreneurs in the Western Province, with financial assistance in the form of grants to establish and develop their business ventures. Our partner, Sarvodaya, extends technical assistance with training opportunities to build capacity and guide the entrepreneurs to strengthen their business performance and outcomes.

This reporting year, we selected the first batch of 31 eligible entrepreneurs within the Colombo district, taking into account their business goals, ideas, challenges they have faced due to the pandemic, and the funding gaps. They operate across diverse industries including food, garments, handicrafts, tailoring, footwear, stationary, beauty care to ornamental fish. The Sarvodaya project management team will closely monitor their performance and ensure accountability on the use of funds.

COVID-19 Relief

"The need of the hour"

The outbreak and the spread of COVID-19 coupled with movement restrictions and lockdowns had serious implications on our lives and our businesses. The low-income communities were the hardest hit including women and children. The resource constrained health care sector also came under heavy pressure, managing the demand for health services as the virus spread intensified.

Rising up to the need of the hour, our Group led by Expolanka rolled out a comprehensive relief programme to support those vulnerable local communities and donated medical equipment to the national health care sector. The total standing at Rs. 26,017,425 since the start of the pandemic.

COVID-19 – Key Initiatives

- Donated a ventilator to the COVID Emergency Unit, National Hospital, Colombo.

CAPITAL MANAGEMENT
REPORTS

- Donated an oxygen therapy machine to the COVID Emergency Unit, Ampara Base Hospital.

- Donated hospital equipment to the Infectious Diseases Institute (IDH).

- Donated three high-end ventilators, worth Rs. 11 million to the Ministry of Health.

- Installed a mobile toilet at the COVID-19 treatment centre, Malwana.

- Donated a state-of-the-art PCR testing machine to the Lady Ridgeway Hospital, Colombo.

- Distributed dry-rations to lockdown affected families in Digana and Ratnapura, to the estate workers in Nuwara Eliya and to the local community who partners our 'Revive Bundala' initiative.

** Digana*

** Ratnapura*

Socio-economic Compliance

GRI 419-1

In the year under review, Expolanka Group did not record any fines or non-monetary sanctions for non-compliance with laws, rules and regulations from a socio-economic standpoint.

CAPITAL MANAGEMENT REPORTS

NATURAL CAPITAL

"A quest towards balancing our environmental footprint"

Overview

With extensive worldwide operations, mainly within the carbon-intensive freight and logistics sector coupled with the exposure to leisure travel, Expolanka's environmental footprint is significant and considerable. As a responsible corporate citizen, it is important that we find the right balance to achieve our growth targets whilst reducing our carbon emissions. It is in this light that we take the initiative to be efficient and optimise the way we use our resources in value creation, whilst striving to manage our operational impacts on the environment; thereby, contributing to action on climate change and global warming.

NATURAL CAPITAL DEVELOPMENT MODEL

Strategic Priorities

Energy Management
- Monitor and manage energy usage and move towards renewable energy sources.

Waste Management
- Follow 3R practices and bring in process improvements to cap paper waste.

Emissions Management
- Track and monitor greenhouse gas emissions and spearhead focused biodiversity projects.

Environmental Compliance
- Comply with relevant environment related laws, rules and regulations.

Outcomes – Group

Gain a competitive advantage in the marketplace

Reinforce Expolanka's reputation and image as a responsible corporate citizen

Stakeholder Value Creation

Conservation of the environment for future generations

CAPITAL MANAGEMENT REPORTS

Natural Capital - Key Performance Indicators			
FY	**2021/22**	**2020/21**	**Variance (%)**
GHG emissions (tCO2e)	**4,385.55**	3,710.59	15%
GHG emissions intensity per employee (tCO2e)	**1.58**	2.18	-38%
Carbon emissions reduction due to solar (tCO2e)	**396.03**	398.3	-1%
Trees planted (number)	**70,000**	45,000	N/A
Paper recycled (kilograms)	**20,247**	19,554	3%

MANAGEMENT APPROACH

We have in place a Board-approved environmental policy for the Group, which sets out our commitment to work towards environmental sustainability. As guided and in compliance with this policy, which is well- internalised, we follow a low-carbon strategy, blending in best environmentally responsible practices into our globalised operations. Our approach is aligned with the UNSDGs as well as national level polices and legislative requirements.

Accordingly, our Group companies roll-out their respective action plans, with key measures and initiatives, to meet our environmental objectives. The focus is on four strategic priority areas including energy management, waste management, emissions control and environmental compliance. A well-structured mechanism is in place, to track, measure and monitor the environmental performance. Our Sustainability Team under EFL plays a critical role in this regard—championing dedicated environmental campaigns to reduce the Group's emission footprint.

Expolanka Environment Policy

"The resources we use now are a loan that we have taken from Future generations" in that context we cannot just use the resources at our disposal but got to pay back the loan for future generations, through conserving existing resources for the benefit of future generations though a way of life that is environmentally responsible.

We at Expolanka recognize the importance of the global environment to mankind and give priority to its protection and committed to minimize the impact of its activities on the environment.

It is spirited to adopt sustainability in to Expolanka's business strategy and for the requirement to carry out a comprehensive group wide "Go Green" campaign which will complement groups sustainability efforts and projecting our group as a "Green Conglomerate"

To achieve the above;

1. We will comply with environment regulations, legal legislations and agreements to protect the environment at all times.
2. We are committed to protect the environment and minimize the impact of our corporate activities on the environment by setting up environmental objectives and review such objectives periodically.
3. We will create Awareness & Consciousness on the overall environmental considerations among our employees & Monitor all processes and their impact on the environment.
4. We will promote environmental friendly business practices which will improve the Environmental footprint of our group by;
   a. Minimizing waste by evaluating operations and ensuring they are as efficient as possible.
   b. Minimise harmful emissions through the selection and use of our transport fleet efficiently.
   c. Actively promote recycling both internally and to external stakeholders.
5. Communicate the policy to all relevant employees and continuously train them on the best environment practices.

CAPITAL MANAGEMENT REPORTS

Energy Management

GRI 302-1 to 302-4

Freight and Logistics - Energy Usage and Intensity			
Energy Source - Non-renewable	Usage Level		
	2021/22	2020/21	Variance (%)
Within organisation			
Electricity (Giga joules)	**9175.122051**	10826.17	-18%
Fuel (Giga joules)	**8551.14**	2149.77	75%
Energy intensity			
Electricity usage per employee (Giga joules/ Employee)	**3.30**	6.37	-93%
Fuel usage per employee (Giga joules/ Employee)	**3.07**	1.26	59%

Our primary source of energy is electricity sourced from the national grid which is used for air conditioning, lighting of our office buildings and for operations at our warehouses. We use diesel and petrol to power our fleet of vehicles for our logistics operations as well as employee business travel.

With the present energy challenges, it is imperative to bring down our energy intensity and shift towards renewable energy sources. To this end, we consistently track, measure and monitor the usage at individual operational locations across the Group. Our businesses have in place key measures to streamline work processes and thereby, bring in greater efficiency in energy usage. Our digitalisation initiatives, along with employee support, have complemented our efforts in this regard.

We have already taken proactive steps to adopt renewable energy, investing in roof-top solar projects in key operational locations. As initiated in 2016, EFL Campus in Wellampitiya, has the country's second largest solar plant, generating 65,000 kilowatt-hours per month. EFL's 3PL operations have also invested heavily in solar panels, in Orugodawatta, generating 100,000 kilowatt hours. Our plans to further invest in solar in the coming years, will reinforce our move towards renewable energy, and closer towards being carbon neutral in operations.

Our investments in solar along with focused initiatives to be energy efficient, in effect, have resulted in energy usage reduction of 70 percent over the previous year.

Paper Waste Recycling

As a service organisation, the Group's core businesses are highly paper-intensive, generating large volumes of paper waste on a daily basis. However, in recent times, the Group has been reporting a steady decline in the volume of paper waste, following our strict policies on paper usage alongside our investments in streamlining processes with digitalisation across the value chain.

We continued in the year under review to be responsible in disposing paper waste. With a long-standing partnership with Neptune Recyclers (Pvt) Ltd, this year, we recycled 20.2 metric tons of paper waste.

CAPITAL MANAGEMENT
REPORTS

Emissions Management

GRI 305 - 1 to 305-5

Freight and Logistics – Green House Gas Emissions – 2021/22			
	Scope 1 Direct	**Scope 2 Indirect**	**Scope 3 Third-party/ outsourced**
	(Metric tons of carbon dioxide equivalent (tCO2e)		
Local operations	**771.81**	**1262.45**	**854.91**
Global Offices	**189.19**	**601.64**	**705.55**
Total emissions	**961.00**	**1864.08**	**1560.46**
Emissions Intensity			
tCO2e per employee	**0.35**	**0.67**	**0.56**

Emissions Reduction

	FY 2021/22	FY 2020/21	Difference	variances
Electricity generated from solar (KWh)	**781,164.816**	876,017.04	-94,852.654	-12%
Carbon emissions reduction due to solar (tCO2e)	**396.03**	398.3	-2.27	-1%

CAPITAL MANAGEMENT REPORTS

Total GHG Emissions

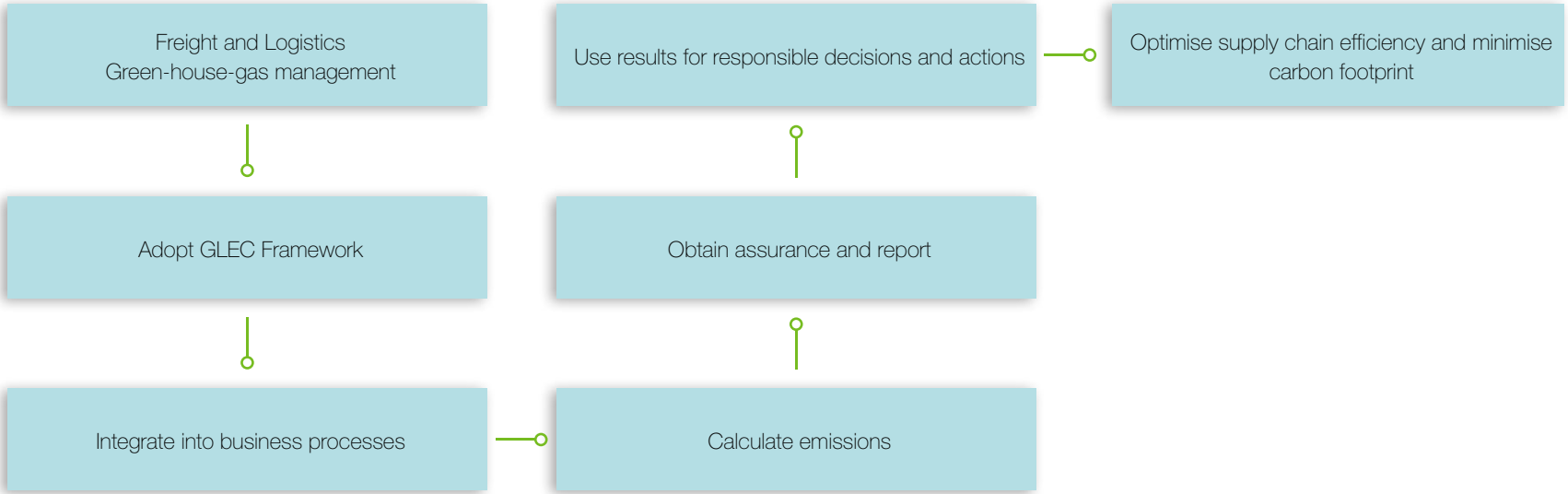
	FY 2021/22			
	Scope 1	Scope 2	Scope 3	Total gross emissions
India	84.04	273.90	329.29	687.23
Malaysia	0.00	2.14	15.21	17.35
Hong Kong	0.00	0.06	23.24	23.30
China	0.00	9.55	30.92	40.47
South Africa	0.00	14.26	36.03	50.29
Cambodia	0.00	11.48	12.73	24.21
Maurutius	1.19	35.31	2.19	38.68
Philippines	0.02	16.12	26.01	42.15
Indonesia	4.28	59.73	108.21	172.23
Kenya	48.11	123.86	57.69	229.66
Madagascar	2.04	0.02	3.01	5.06
Vietnam	0.00	31.39	51.09	82.48
UAE	49.51	23.82	9.93	83.27
Sri Lanka	771.81	1,262.45	854.91	2,889.17
Total	961.00	1,864.08	1,560.46	4,385.55

Freight De-Carbonisation Process

Contributing to the Paris Climate Agreement, our core business, freight and logistics, adopted the framework set by the Global Logistics Emissions Council (GLEC) to track, monitor and calculate the sector's green-house gas emissions across our multi-modal supply chain. This reporting year, we completed four steps of the framework with the next two steps to be addressed in the ensuing year.

Our carbon emissions, Scopes 1, 2 and 3 are tracked monthly on a cloud-platform with quarterly reporting. Our carbon footprint within the sector stood at 4385.55 tCO2e. Scope 1 emissions, taking up 21.9 percent of the total emissions, were from combustion of fuel in operating our own fleet of vehicles and powering our generators. Scope 2 emissions represent purchased electricity from the national gird. This accounted for the largest share, 42.5 percent of total emissions. Scope 3 emissions accounted for third-party transport, warehousing and employee travel.

CAPITAL MANAGEMENT
REPORTS



EFL 3PL – Carbon Neutral

Raising the bar for sustainable logistics

Following through a sustainable operational model, EFL 3PL, the logistics and 3PL arm of the Group, was steadfast in its mission to be 'carbon neutral'. In line with the Global Goodness Initiative, the Company aggressively embraced renewable energy—through its solar powered state-of-the-art finished good warehouse facility at Orugodawatta. With 2,551 solar panels, the facility has the capacity to generate 100,000 kilowatt-hours of energy per month, covering almost 80 percent of its energy requirement. With LEED Gold Accreditation, partnering with UN Carbon Offset Platform and certified by ISO 14064:2006, EFL 3PL received its carbon neutral status as of 1st April 2021. It is the first carbon neutral 3PL operations in the country.

Science Based Target Initiative

Science Based Target Initiative (SBTi), is a collaboration between CDP, UN Global Compact, World Resources Institute and the World-Wide Fund for Nature. As an organization we have established the infrastructure and platform for Science Based Target Initiative which we hope to launch during the next financial year.

BIODIVERSITY ACTION
Revive Bundala

Impact Summary

Location: Bundala National Park, covering 6,216 hectares

Project: Clear alien invasive plant species and increase the natural forest cover

CAPITAL MANAGEMENT **REPORTS**

Tree planting

- 5-year target: 125,000 trees covering 600 acres
- Trees planted as at 31st March 2022: 65,330 trees covering 210 acres
- Survival rate of trees: Impact assessment yet to be conducted
- Local employment opportunities: 11
- Investment as at 31st March 2022:
  Session 3-1 (November 2021) - Rs. 594,903/-
  Session 3-2 (December 2021) - Rs. 656,295/-
  Total - Rs.1,251,198/-

Turtle conservation

- Number of nests protected: 4 hatcheries
- Number of hatchlings saved: 6,947
- Local employment opportunities:
  5 currently (11 overall)
- Number of volunteers: 10
- Investment as at 31st March 2022:
  October '21 - Rs.168,600/-
  November '21 - Rs.149,700/-
  December '21 - Rs.151,000/-
  January '22 - Rs.161,100/-
  February '22 - Rs.111,900/-
  March '22 - Rs.126,600/-
  Total - Rs. 868,900/-

Bundala Primary School

- Number of students benefitted: 54
- Investment as at 31st March 2022: Rs. 90,275/-

Overall

- Number of staff volunteers: 15
- Staff volunteer hours: 8

Revive Bundala (Sri Lanka)

Multi-faceted approach, covering land, marine and social goals

Launched in 2019 under the aegis of EFL Global Goodness, 'Revive Bundala' is a holistic project covering land, marine life and communities in the area. Bundala National Park, a wetland, is a Ramsar site and a biosphere reserve as declared by UNESCO. The Park is rich in biodiversity and a hotspot for birds including migratory water birds like the greater flamingo. Due to the rapid spread of alien invasive plant species, the park's natural ecosystem has come under threat over the years. In this light, eradicating the invasive species to conserve and preserve the Park, warrants our focus, time and investment under our environmental responsibility agenda.

Environmental Conservation

Our project aims to revive the forest cover spanning over 600 acres of land, corresponding to nearly four percent of the park area. The project entails to plant 125,000 native plants over a five year period in order to restore the natural habitat of the Bundala National Park.

Local Community Engagement

With the pandemic we saw an opportunity to work and to engage the local community in our project by actively involving them in support of our endeveours. The sustainability team closely engaged them, creating awareness on the need for reforestation

CAPITAL MANAGEMENT **REPORTS**

and on the role, they can play in strengthening the outcomes of the project. Accordingly, we hired community members like the Safari jeep drivers and shop owners who have lost their livelihoods due to the collapse of the tourism sector. This not only empowered the community, but reinforced their engagement which proved invaluable in terms of sustaining the project.

Supporting the Bundala Primary School

Building a stronger relationship with the local community, we initiated a parallel project to uplift the underprivileged Bundala Primary School—one of the oldest schools in the country, built in 1864. The school is run-down with no proper infrastructure and other facilities to extend quality education for its students. As the first step, we distributed stationery to the students who have been away from school for nearly two years due to the pandemic, along with office supplies and class-room desks and chairs. We also engaged the children, creating awareness on the reforestation efforts, the pressing issues of climate change and global warming. We intend to continue with this initiative in the ensuing years including providing internet facilities and building better sanitary facilities, among others.

Turtle Conservation - Saving the Turtles

The Bundala National Park is situated in the Southern coastline, bordering the Indian Ocean. Well aligned to our commitment to work towards UNSDG 'Life Under Water', a project titled "Saving the Turtles" was inaugurated with the aim of turtle conservation at the borders of the Bundala Park, a rich nesting ground for five endangered turtle species out of seven. Collaborating with the Department of Wild Life Conservation, the Park officials and the local community, we have set up four turtle hatcheries to safeguard the nesting sites and nurture the hatchlings until they are released back to the ocean. We have recruited members from the local community to support this initiative along with volunteers including our team members.

Future Plans

As the Southern-most point, the Bundala coast is prone to get polluted, with the collection of urban waste material including plastics. Complementing our Bundala initiative, we are also planning in the coming year, to clean up the coast. This will be carried out in collaboration with our sister companies, across the group.

Badulla Reforestation

Partnering with customers

As a role-model in championing action on climate change, we have been engaging our customers in our quest to minimise the carbon footprint across the value chain. This is in line with our commitment to deliver on the SBTi for emission reductions.

We have signed a five-year memorandum of understanding with the Department of Forest to officiate this initiative. Under this programme, we intend to plant 10,000 trees where tree cover has been destroyed by climate change. Our aim is to plant five trees for every shipment made to our customer. Already, 6,000 trees have been planted since 2021 to date.

CAPITAL MANAGEMENT
REPORTS

Eco for Echo

Furthering our commitment towards ocean conservation, Peri Logistics, a subsidiary of Expolanka partnered with the Rotaract Clubs of Colombo, Colombo West, Colombo Uptown, Colombo North and the Interact Club of Carey College Colombo to support Eco for Echo.

The project focuses on creating awareness on coral preservation and promoting a greener Sri Lanka.

The first phase of the project was conducted in December 2021, where members of the relevant Rotaract clubs and volunteers from Peri Logistics engaged in an effort to replant the Seenigama coral reef.

EFL NextGen

The Bundala Primary School and Saving the Turtles project is structured under EFL NextGen which is an initiative that has been established to inspire and educate the next generation–our children—on environmental challenges, conservation and sustainable practices. We have lined several key programmes under this initiative, which will foster a more conscious society—with a greater impact on protecting and conserving our planet and its resources.

As our first project under this initiative, we organised an awareness session on preserving marine life, for a group of 10 Employees' children in December 2021. Subsequently, we took the children to visit the Sea Turtle Conservation Centre During their visit, the children had a first-hand experience on identifying different turtle species and how to safeguard the endangered marine life.

Special Project

X-Press Pearl Disaster

Lending a helping hand

The fire onboard and the sinking of the X-press Pearl in the Sri Lankan waters, near Negombo, in June 2021, was one of the worst-ever environmental disasters in the country's history. There was incalculable damage done to the marine ecosystem, with devasting implications on the lives and the livelihoods of the local fishing communities.

With our core business in the logistics sector and our exposure to ocean freight, it was relevant and significant for us to step-in and support the recovery efforts by the authorities, whilst lending a helping hand to those affected communities.

CAPITAL MANAGEMENT **REPORTS**

- Phase 1: Partnered with the National Fisheries Solidarity Organisation and the Sri Vimukthi Fisher-women Organisation to identify and provide dry-rations for 70 families—most of them women led households—in Munnakari, a local fishing village.

- Phase 2: Handed over essential equipment and safety gear to the Sri Lanka Coast Guard to assist in cleaning the polluted beaches from plastic spills with toxic 'nurdles' and chemicals.

- Phase 3: Organised a voluntary programme in collaboration with the Sri Lanka Coast Guard to remove plastic nurdles off the polluted coastline. Our volunteers included several employees and their children, who were educated on the detrimental effects of this disaster on marine life.

Environmental Compliance

GRI 307-1

Following best practices in environmental management across all business lines, our Group is fully compliant with applicable environmental laws, rules and regulations. During the reporting financial year, there were no fines or non-monetary sanctions recorded for non-compliance, in any of our group companies in this regard.

ORGANISATIONAL **STRUCTURE**

1 ORGANISATION - 3 SECTORS - 34 COUNTRIES - GLOBAL OPERATIONS

EXPOLANKA HOLDINGS PLC

Logistics

- Freight forwarding
- 3PL solutions
- Transport services
- Airline representation
- Delivery services
- Marine logistics

Leisure

- Corporate travel
- Destination management services
- Visa solutions

Investments

- Commodity exports
- Value added exports
- Technology solutions
- Corporate services

SECTOR
REPORT

LOGISTICS

A leader in global supply chain solutions, the logistics sector, primarily represented by EFL an asset lite, international logistics company spanning a network of 34 countries, offers a wide array of services including air freight, ocean freight, warehousing and other solutions. The sector offers an extensive service menu, backed by a network of owned offices and innovative facilities. Our innovative approach to freight forwarding combined with our willingness to embrace digital is the recipe for your business' success.

EFL is a recognized leader in freight forwarding across many verticals, including Apparel, electronics, automotive spares, home improvements, pharmaceuticals and more. The Sector also has interests in Domestic Logistics in key global markets, Warehousing and Airline Representation businesses.

SECTOR REPORT

SECTOR REPORT

LOGISTICS

OVERVIEW

In a span of four decades, our freight and logistics sector has made its mark as a leading global logistics company. With a significant presence in 34 countries worldwide, the sector, led by our flagship brand EFL Global, offers a gamut of services including Air Freight, Ocean Freight, Customs brokerage, 3PL & contract logistics services, Overland Transport, and related value-added supply chain services. Specializing in logistics within the retail industry, EFL has gained the confidence of top brands in key destination markets - primarily North America and has been augmented by our network presence in Asia, Africa, the Middle East, and Central America. The international reach and profile of the organization are such that the company is effectively a dollar earning company, and a vast majority of the P&L and balance sheet are in USD terms, thus mitigating the company from any including local currency exposure and other domestic challenges in Sri Lanka..

Highlights FY 2021/22

- Stellar performance, with top-line growth of 219% yoy which was underpinned by a focused & consistent strategy of growing volumes
- Headway in the expansion of Air & Ocean Vertical
- International operations (i.e., outside of Sri Lanka) contribute to over 95% of Revenue
- Adopting proactive & smart procurement strategies to build capacity and service customer demand in an effective manner.
- Bolt-on acquisitions to augment operational requirements and enhance service capability
- Strengthened network origins, Expanded Digital capabilities & built Infrastructure to support commercial initiatives
- Further integration of sustainability initiatives on a global scale to supplement business operations
- Strong operating leverage drives improved margins and exceptional profits
- Optimum Capital Structure drives Strong Returns

SECTOR REPORT

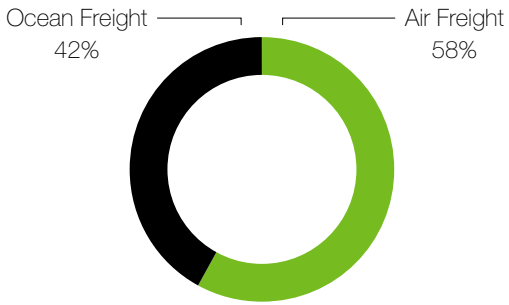
Expolanka Group Freight and Logistics Sector FY 2021/2022	+219% Rs. 689,928 Mn Revenue	+361%% Rs. 71,880 Mn Profit after tax	+347% Rs. 214,901 Mn Capital Employed	+348% Rs. 284,910 Mn Assets	ROE 90.6%

EFL'S POSITION IN THE VALUE CHAIN

Shipper → Freight Forwarding → Transport → Logistics → Consignee

NORTH AMERICA CONTRIBUTES 84% OF REVENUE

Revenue by Main Products



YoY Revenue Growth

+131%

+370%

SECTOR REPORT

Strategic Focus - FY 2021/22

Broad-base Customer Portfolio
Enhanced Customer relationships & partnerships to grow strategic customer base. EFL now services several large international brands across a diverse range of industry verticals

Network Presence
Strengthened Origins and expanded network development during the year. Entered Central America through a bolt-on acquisition and developed new markets such as Thailand, Taiwan, and Malaysia whilst consolidating operations in Denmark & Belgium Continued to develop Agent network in key markets to augment the overall network presence

Growing Multiple Industry Verticals
Consolidated the apparel customer base, whilst driving growth across other industry verticals such as Electronics, Home Furnishing, Auto repairs, etc.

Service Offer
Expanding both the Air & Ocean Product Portfolio with sustained growth in the Ocean Vertical
Increase service offering via growing domestic logistics capabilities & augmenting capabilities through bolt-on acquisitions

Smart Procurement
Build and sustain strong relationships with airlines and ocean lines to manage capacity constraints.
Agile adoption to market conditions by executing charter operations

Digitization
Step up digitization initiatives to increase visibility, scalability, and efficiency of operational processes, improve employee workload and enhance customer experience

People
Strengthened leadership team to support growth initiatives of the organization and recruitment of right profiled talent, whilst enabling an inclusive workplace with learning opportunities, industry competitive remuneration, and performance-based work ethic

Cost Optimization
Maintain an asset lite business model and bring efficiency to operational processes to optimize costs for a stronger bottom line

Capital Structure
Established an efficient capital structure model with an optimum mix to ensure high returns to stakeholders

Sustainability
Deliver an integrated strategy, balancing commercial goals with environmental, social, and governance aspects

SECTOR REPORT

MACRO-ECONOMIC ENVIRONMENT

International Trade experienced a resurgence during the year under review with major economies recording higher imports and exports, rising above pre-pandemic levels. The global trade value stood at record levels - US dollars 28.5 trillion in 2021, rebounding by 25 percent compared to the year 2020, and 13 percent compared to 2019. (Global Trade Update, UNCTAD, February 2022).

The United States which operates as EFL Global's core market saw visible growth in trade, a result of increased consumer confidence and spending. Consumer spending is an important barometer that provides an indication of demand patterns in the company's key market. Spending trends have seen a resurgence during the year, albeit experienced a slight correction during Q4 of the year, which is traditionally considered an off-peak quarter.

The Purchasing manager's index (PMI) also remained stable during the year. The index which captures data across various key considerations reflects the prevailing direction of economic trends in the manufacturing and service sectors.

Many retail brands continued to place orders to replenish inventory which was at moderate levels during the year. This further impacted already constrained capacity which was relatively in short supply.

Consumption patterns changed significantly in our key markets, particularly in the USA, with the focus shifting towards goods from services. With the government stimulus in place, consumers' disposable income was higher, despite the pandemic-induced job losses. There was a major demand for goods manufactured in Asia including leisure apparel as well as tech products. E-commerce platforms were thriving, shifting away from brick-and-mortar delivery channels.

Global supply chain challenges were very much visible during the year as a result of a multitude of factors. Growth in demand heightened already stretched capacity constraints leading to elevated freight rates across both Air & Ocean Portfolios.

The ocean freight portfolio was undergoing severe disruptions due to port congestions in key US ports, shortage of containers, labour shortages, and lack of warehouse space. This situation was further exacerbated due to the Suez-canal crisis which created further challenges. This led to a significantly large increase in Ocean Freight rates. Of late China's Zero Covid policy has resulted in reduced port activity due to various restrictions imposed. Accordingly, the market witnessed significant imbalances in demand-supply conditions, leading to a large surge in ocean freight rates.

In the case of air freight, capacity issues continued to disrupt supply chains in the year under review. The cancellation of passenger flights - given the pandemic-related restrictions on travel - dampened the cargo capacity performance. In contrast, with the upturn in the global economy and strong cross-border trade, the demand for air cargo was strong. There was an unexpected spike in demand from stay-at-home consumers, seasonal holidays, and disruptions in the ocean freight as discussed above. This was further exacerbated by low inventory levels which needed to be replenished. In this scenario, air freight rates recorded a significant increase over the previous year.

Warehouse and Trucking capacity in key markets continued to be challenged amidst the growth in demand that was witnessed during the year along with several of the factors identified above. All the above factors resulted in Supply Chain pressures being at their peak as identified in the Global Supply chain pressure index. Domestic logistics is a critical component of the supply chain that has been significantly impacted. Market conditions, particularly in North America continue to evolve. Inflationary impacts have resulted in interest rate hikes which are aimed at curbing the rise in prices. Geo Political tensions too may create further supply chain challenges during the year.

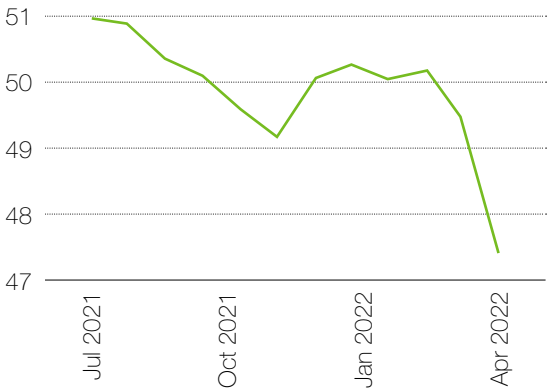
SECTOR REPORT

The European & Intra Asian markets too saw growth with these markets gradually opening post-pandemic. However, challenges of inflationary impacts and shortages too hover over these markets as well.

Consumer Spending

Consumer Spending in the United States increased to 13911.55 USD Billion in the first quarter of 2022 from 13818.36 USD Billion in the fourth quarter of 2021- Source: U.S. Bureau of Economic Analysis

Manufacturing PMI for China



The official NBS Manufacturing PMI for China was at 49.5 in March 2022
Source: National Bureau of Statistics of China

Standard deviations from average value

Sources: Bureau of Labor Statistics; Harper Petersen Holding GmbH; Baltic Exchange; IHS Markit; Institute for Supply Management; Haver Analytics; Bloomberg LP; authors' calculations.
Note: Index is scaled by its standard deviation.

BUSINESS PERFORMANCE

The sector has been operating on a consistent multi-pronged strategy over the last several years as detailed above and has always remained agile and flexible in meeting market demands and conditions. Proactively responding to the disruptions and immense changes taking place within the business landscape, our freight and logistics sector delivered impressive results in the year under review - with growth in volumes, stable margins, strong operating efficiencies supported by an optimum capital structure which resulted in the business delivering a significant top-line performance, profits and returns. Whilst growth was primarily organic, EFL Global executed two bolt-on M&A opportunities in line with its strategy to fulfill market demands and expand its network presence. This strong performance was supported by the strength of our brand, enabling the company to gain the confidence of both, customers and business partners alike, whilst the assistance and facilitation of our parent company SG Holdings cannot be underscored for the contribution made to the performance during the year.

- Customer Focus: Following through with our customer-centric approach, EFL was progressive and succeeded in the reporting year, to meet dynamic customer expectations—reinforcing its market positioning and growing market share across both, air freight and ocean freight products. Growth in volumes was an important objective of the company and EFL was able to ensure that it delivered 51% YoY growth in Air Volumes (Total Volume for the Year 198MN Kgs) whilst delivering a 49% growth in Ocean volumes (Total Volume for the year 281K TEU's). Consolidating Air Freight and growing the Ocean Freight vertical was a key deliverable of the company and the business

SECTOR REPORT

succeeded in sustained growing the Ocean Freight product which was a result of a focused strategy adopted by the company in enhancing capabilities and growing relationships on the Ocean Freight portfolio, particularly in growing customer base ad securing capacity with carriers.

Growth in volumes was achieved through EFL delivering unparallel service to its customers, particularly during trying conditions, where obtaining capacity was challenging for any forwarder. This spoke volumes for the EFL brand as a reliable, customer-centric forwarder, resulting in EFL experiencing visible wallet share growth from several key customers. The commercial teams were also able to approach several new customers as part of its broad-based customer strategy. This was not just within our main target industry - the apparel forwarding business - but also in other industry verticals within the retail sector. At present, the customer portfolio is well-diversified, servicing more than 50 leading global brands, across a range of verticals including tech products, pharmaceuticals, household equipment, and automotive spares. The growth in Strategic customers across a diverse industry vertical remains the most critical factor which has transformed the growth of Logistics business.

This year, too, the North American trade lane remained central to the sector strategy, contributing 84% (YoY +233%) of the sector revenue. With greater consolidation, EFL continued to pursue growth opportunities in this trade lane. Much emphasis was placed on time, effort, and due financial capital allocation to strengthen the US brand portfolio. The investments made into origins were essential to complement this growth. The acquisitions made in Central America were another important initiative to support the growth of the North America Trade Lane. The development of infrastructure and strengthening of capabilities and resources continued to support the business growth on the North America Trade Lane. The Southeast Asian & Far East origins were the largest contributors to the growth of the North American trade lane performance. The European business also witnessed strong growth contributing 9% (YoY +114%) of Revenue with positive contributions from the recently established European operations.

EFL USA OFFICES

Whilst strong gains were made on the core Freight portfolio, the business also saw growth and improvement in the Domestic Logistics space. Given Warehousing and Trucking services were hard to come by, the business continued to build on its capacity by taking several new facilities in the year. This was in addition to the acquisitions undertaken by EFL in this space.

SECTOR REPORT

- Smart Procurement: In tandem with the proactive top-line strategy, EFL followed a proactive procurement strategy to ensure capacity in both air freight and ocean freight portfolio. Our procurement teams in the headquarters operations and across origin markets were swift, smart, and efficient in building and sustaining strong relationships with carriers to secure cargo space. There were intense negotiations on pricing to offer a better service to customers, even against short-supply market conditions which prevailed in the year. Charter flights were also increased significantly to manage the demand - that is, more than 1000 charters were undertaken during the year. EFL's ability to shift from a scheduled flight operation to a charter operation speaks volumes of the company's ability to be agile in the face of challenging conditions. The disruptions in the market resulted in significant price increases during the year and the procurement team worked through these challenges to ensure the business established required capacity. The team was also able to develop its relationship with several new airfreight & ocean freight carriers showing the growing scale of the business operations of the company.

- Digitization: A critical component of the overall strategy, EFL was able to make strong headway in its Digitization journey. The primary focus was directed on building on the success of the global rollout of CargoWise by focusing on operational efficiency, workflow standardization, and data integrity. We continued to engage with global technology organizations to enhance our technology and data strategy with new and more agile technology solutions. Another important area of focus was the increased emphasis on cyber and data security. EFL implemented a globally synergized program covering cyber and data security, identity, data, device, and systems. Being a global organization, we continued to adopt best practices by taking preparatory steps by adopting ISO 27001 certification and GDPR compliance. On the development front, EFL also completed the development and testing of its digital freight forwarding suite which includes features such as traceability, online booking, vendor management, automated customer reporting etc. The suite is planned for customer rollout in 22/23. Integration plays an important role in our customer-centric strategy and EFL entered into a partnership with a global integration technology partner providing the company with the ability to integrate seamlessly with customers, service providers, and carrier partners.
- Enhanced Operating Leverage: Advocating and upholding an asset lite model, EFL operations were able to ensure growth in Revenue translated to significant growth in profitability thereby bringing in greater impact from top-line gains. Besides, this model enabled the sector scalability - underpinning the ability to stay agile and leverage on marketplace shifts including capitalizing on growth opportunities without compromising on profits and margins. The cost structure of the company which is a mix of variable and fixed pay models ensures the organization can maintain stable margins going forward as well.
- Capital Structure: The strength of EFL's balance sheet has enabled it to ensure that its growth objectives have been pursued most effectively. Maintaining optimum gearing levels, whilst supporting business growth has enabled EFL to improve the quality of its earnings. The significant growth in Revenue had resulted in a proportionate growth in working capital requirements, however, the company was able to meet this demand through the strength of its balance sheet with the facilitation of its parent company. The company also took several steps to improve its cash flow position given the growth that was achieved and the changes to the business model. Increased attention was placed on Account receivables which resulted in the company stabilizing its Debtor days. All the above factors together with the strong profitability enabled the company to generate ROE of ~ 95% and ROCE of ~55% which reflects the quality of earnings and efficiency of operations.
- People Factor: Top strategic priority was given to developing a right-profiled team to support operations which is in effect a people-oriented, relationship-based business. Whilst the company took steps to develop the leadership team, emphasis was also placed on developing the 2nd tier and middle management as well. Employee training and development programs were carried out to complement to build skill and capability, particularly with the long term in mind. In this regard, EFL invested well in developing a progressive workplace with close engagement and strategic training to upskill the team at all levels, from non-executives to senior management.

SECTOR REPORT

- Sustainability: With a holistic management approach, EFL continued in the year to integrate environmental, social, and governance aspects into the sector's strategic delivery. The dedicated social responsibility campaign, 'Global Goodness' reinforces EFL's commitment to creating value from a long-term standpoint. This underscores EFL's brand and its visibility within the global logistics domain. Sustainability is a critical part of the organization and is an important aspect of the competitive advantage EFL provides to its partners. Several timely social initiatives too were undertaken by the company during the year in review, particularly given the challenges faced by various communities. EFL has championed several governance initiatives in enhancing its processes and improving its structures, policies, and risk management measures.

STRATEGIC ACQUISITIONS

The company undertook two bolt-on acquisition during the current year, which was focused on building capabilities and growing infrastructure initiatives. These acquisitions were part of our strategic initiatives in expanding our footprint and further extending our service portfolio to our customers. The acquisitions were timely and undertaken with the mid to long term in mind.

The acquisition of Idea Logistics was part of EFL's plan to strengthen its footprint in Central America which is fast becoming an Apparel Sourcing hub gaining traction due to demand for near sourcing capabilities. Idea was EFL's partner and agent in the region and had familiarity with EFL Customers and processes. Furthermore, the company had built infrastructure with its Warehouse operations and overland trucking capabilities which proved to be an important advantage to complement EFL's operations in Central America.

The acquisition of Complete Transport was part of the company's plan to enhance service capabilities to customers and to cover key gateway hubs. Domestic logistics is an important aspect of the logistics portfolio to strengthen EFL's service offering as an end-to-end, total logistics solutions provider for its customers.

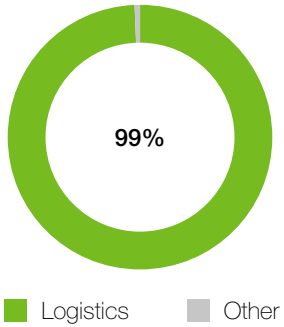
SECTOR REPORT

Company	IDEA Global LLC (and its subsidiaries)	Complete Transport System LLC
Date	10th August 2021	9th September 2021
Equity stake	100%	100%
Investment	US dollars 9.7 million	US dollars 6.1 million
Location	Central America, headquartered in the US	New York
Type of business	Freight forwarding, warehousing, and trucking services	Bonded container freight station and trucking services
Expected return on investment		

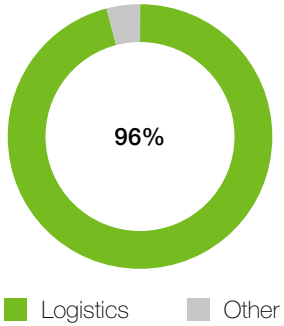
BUSINESS PERFORMANCE

Key Performance Indicators	FY 2021/22	FY 2020/21	% Change
Revenue (Rs Mn)	689,928	216,516	219%
Gross Profit (Rs Mn)	121,016	38,104	218%
Earnings Before Interest and Tax (Rs Mn)	85,800	17,519	390%
Profit Before Tax (Rs Mn)	84,694	17,297	390%
Profit After Tax (Rs Mn)	71,880	15,592	361%
Total Assets (Rs Mn)	284,910	63,577	348%
Total Equity (Rs Mn)	126,777	31,959	297%
Total Debt (Rs Mn)	88,124	16,081	448%
Total Capital Employed (Rs Mn)	214,901	48,040	347%
Return on Equity (%)	90.6%	65.5%	38%
Return on Capital Employed (%)	55.5%	42.8%	30%

Revenue Contribution



EBIT Contribution



Well-positioned in the marketplace, the freight and logistics sector - following EFL's impressive performance - succeeded in achieving strong and stable financial results amidst a complex operating backdrop.

Supported by growth in Volumes across its core products along with elevated freight rates enabled the sector to record an exceptional Revenue of Rs 689.9 Bn. during the year. Importantly volume growth witnessed by the organization was part of EFL's base business portfolio. The product mix shifted patterns, with ocean freight increasing its share in the total

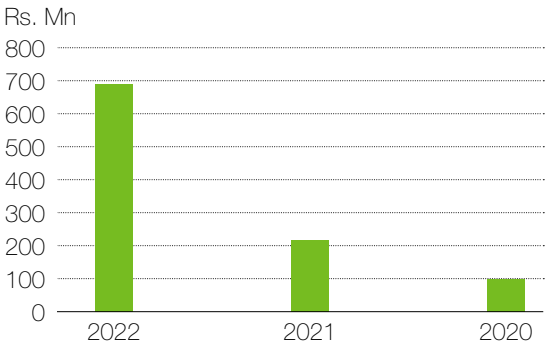
SECTOR REPORT

sector revenue to 42%. percent. Airfreight contribution was at 58% of total core Freight revenue. The North American trade lane continued to dominate with 84%. revenue share followed by a stable performance in European markets.

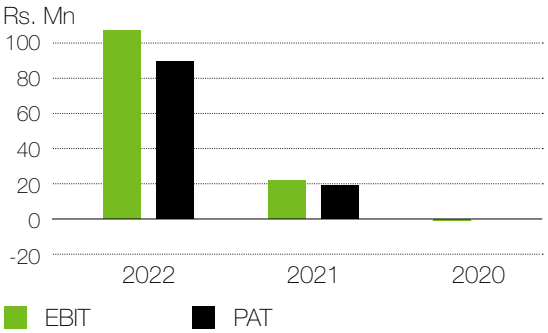
The apparel industry business especially remained the key vertical serviced by the business, however strong headway was made in Electronics, Home Furnishing, Auto Spare, and other retail verticals, which were all part of the overall EFL Strategy. Unlike the previous year, business from personal protective equipment was subdued.

Led by impressive top-line gains along with lean overheads and cost controls, the bottom-line profits increased notably. The group delivered a Profit after Tax of Rs. 71.8 Bn

Revenue



EBIT Vs PAT



FUTURE OUTLOOK

There is much potential to be tapped in North America, our primary consumer market as well as Europe and emerging Asia. However, market conditions remain dynamic in light of the potential inflationary impacts in the US and geopolitical upheaval in Europe. Global supply chains are expected to be disrupted although some correction on Freight rates may take place as Capacity returns. However, continued port congestions and domestic challenges are expected to remain in the near-term period.

Against this backdrop, EFL will remain agile and flexible, continuing to adapt and meet the challenges of the evolving market dynamics. The company will follow through with its focused strategy for top-line growth - in terms of meeting customer expectations; increased customer penetration, selective onboarding of customers, growing domestic logistics operations, increasing its footprint in selective markets, and enhancing procurement capabilities, whilst operating in an efficient and optimum manner. These strategies will be enabled by the technology initiatives enabled by the company aimed at supporting growth and improving efficiencies. Furthermore, the company will look to strengthen its capital structures, and cashflows and augment the above through its ESG Strategies.

The critical success factors have been nurtured over the past ten years since our restructuring in 2012 and the advent of our ultimate parent company, SG Holdings, in 2014. The platform for future growth is now well in place, to take the company to the next level amidst uncertainties in our operating environment. Key strategies and plans for the financial year 2022/23 are listed out below:

- Growing Volumes through increased customer penetration, selective onboarding of customers, and identified new markets. Growing domestic logistics operations will increase and enhance customer stickiness.
- North American business will continue to take center-stage, focusing on expanding the network presence in multiple strategic locations where customers operate.
- Network infrastructure development initiatives will continue focusing on key Far east markets to support and augment business growth including Taiwan, Malaysia, and Vietnam.
- Strengthen the procurement process with smart sourcing tactics and goodwill with airlines and shipping lines.
- Selectively pursue strategic mergers and acquisitions with due consideration to financial resources, network capacity, and operational viability.
- Restructure the balance sheet and build financial capital capacity to strengthen the financial health of the organization.
- Digitalisation agenda will remain, enabling the entire organization to be future-ready with digital and data maturity.

SECTOR REPORT

- Continue to upskill and look into the well-being of the EFL team covering all business units and at all levels.
- Build and strengthen the leadership team with a strong succession planning process.
- Strengthen capital structures, and cashflows to ensure optimum returns to shareholders.
- Develop and expand its ESG framework and further integrate sustainability, environmental and consciousness are further entrenched in the organization whilst the governance framework is optimized through the adoption of best practices.

THIRD PARTY LOGISTICS

3PL | efl

Critical Success Factors
Technology enabled, best in class, 3PL operation
End to end integrated service offering
Experienced & qualified Management Team
Continuous process optimisation

Service Menu
Distribution centre management
Freeport services
Bonded warehousing
Client Warehouse management services
Value added services
System process outsourcing
Consultancy services
E-commerce
Clearance and Brokerage
Transportation

1. Business Background

EFL 3PL is a trend setting, modern third-party logistics solutions provider catering to a diverse B2B and B2C clientele. With expertise and decades of experience, EFL 3PL has a strong strategic network of distribution centres, with a total capacity of 45,000+ Cubic Meters (CBM) across the Sri Lanka. With state-of-the-art facilities on a highly technology driven operating platform, the company offers a truly end-to-end portfolio of services including 3PL solutions, Freeport solutions, bonded and non-bonded warehousing, client warehouse management services, a variety of value-added solutions, system process outsourcing, consultancy services, e-commerce, and transportation. The business has stayed true to its brand promise of innovative service quality and strengthened its phenomenal capabilities by continuing to invest in technology and augmenting its service portfolio.

2. Business Performance

The 3PL arm, registered an outstanding performance during the financial year 2021/22. The growth in revenue is a result of a combination of aggressive client acquisitions, enhancement of existing client value, client rationalisation, and capacity expansion. The company was able to combine efforts to efficiently manage its operations, optimizing its warehouse space, increasing throughput capabilities, and providing a range of value-added services.

During the year in review, the business faced a multitude of challenges stemming from global supply chain disruptions which resulted in the business having to increase its service capacity to meet customer demands on one spectrum, whilst the business had to realign its operations to service customers due to the pandemic and resulting lockdown measures witnessed during the year. The business was able to work through

SECTOR REPORT

the above challenges efficiently and effectively, whilst always ensuring the health and safety of its employees received paramount importance. Throughout the whole pandemic EFL 3PL ensured that the chain of supply never broke, in providing uninterrupted services to its wide range of clientele across all its sites and service offerings. One critical success factor of EFL 3PL during the pandemic was the set of innovative and agile solutions that they were able to deploy to support in mitigating the unprecedented challenges faced by their clients.

Although the apparel sector remained its significant portfolio, the business was able to enhance its industry exposure across, pharmaceutical and hi-tech verticals as well.

2.1 Best in Class Compliance

EFL 3PL obtained a comprehensive list of international & local compliance standards; Amfori Business Social Compliance Initiative (BSCI), ISO 9001:2015 (QMS), ISO 14001:2015 (EMS), SLS 1672:2020 (CSMS), ISO 45001:2018 (OH&S), Global Organic Textile Standard, SCAN Certified, Goods Manufacturing Practices and Goods Distribution Practices. In addition to the above, Global Recycle Standard, Organic Content Standard and Responsible Wool Standard was also obtained in partnership with some of their clients.

3. Future Outlook and Plans

Driving for business consolidation in the domestic market, EFL 3PL is initially focused to strengthen and grow its operations in Sri Lanka by increasing capacity and service offering. Whilst building capacity and improving technology, the business will look to increase its capabilities to derive further improvements in its operational efficiencies which would make the business more sustainable.

In the medium to long term, the business wishes to expand its international reach to identified key growth markets in Asia and Africa. Leveraging on the synergies with EFL's vast network coupled with its positive brand image, the Company will focus on market development. New opportunities will also be pursued to grow the market share in other industry verticals, thereby, opening opportunities across a multitude of industry verticals.

4. Quickee.lk – Our online marketplace

E-commerce is a fast-growing phenomenon globally as well as in Sri Lanka and received a major boost during the lock downs that ensued due to the outbreak of Covid-19. Quickee.lk has been added to the service portfolio, revamped and repositioned as an online marketplace to capitalize on this trend.

Quickee.lk is being introduced to the market with a wide range of products complemented by a range of unique services.

TRANSPORT

OKI-DOKI

Critical Success Factors

- Asset Lite, Technology-driven, Transport Solutions company
- +20 years experience and expertise
- Islandwide outreach in multiple business verticals
- +1,200 fleet
  7.5 - 40 feet container vehicles
- Integrated Transport Management Platform providing visibility,transparency & business intelligence
- Compliance to international standards and best practices

Service Offering

- End to end Transport management Solutions
- Fleet Management Solutions (For those customers who own a fleet)

SECTOR REPORT

BUSINESS BACKGROUND

With over twenty years in the industry, Oki Doki (Pvt) Ltd (Oki Doki), our transport arm, is a well-established holistic, asset lite, transportation solutions company within the logistics industry in Sri Lanka. Managing the largest digitally operated fleet in the country, the company offers value-added transport solutions to support and facilitate the supply chain needs of its wide and diversified customer base across several industry verticals. The fleet, mostly outsourced, is equipped with an integrated technology platform including tracking systems to track and monitor cargo and vehicle movements with real-time business intelligence. This gives greater visibility to the customers along with access to compliance-related documents including vehicle licenses, insurance, and drivers' details.

BUSINESS PERFORMANCE

Delivering on its core operations with a focus on an agile strategy, Oki Doki was able to register an improvement in its business performance during the financial year 2021/22. Driven by service excellence and a value-added solution portfolio ably supported by its integrated technology platform, Oki Doki was able to grow revenue, improve operational efficiencies and deliver strong results during the year.

The lean and efficient operating model was able to navigate through the challenging environment present in the country by ensuring uninterrupted services to its customers. The focus of the business during the year was initially to consolidate its business given the pandemic environment which was present in Sri Lanka during the first half of the year. With the easing of the restrictions, the business was able to explore growth opportunities and was able to focus on selective customer expansions.

During the latter part of the financial year, the business was impacted by several macroeconomic factors present in the country, such as fuel shortages, increased fuel costs, and availability of spares. However, utilizing its technology capabilities and adopting a speedy business continuity plan the business remained agile and was able to deliver on its service capabilities to its customers whilst minimizing the impact on the overall financial position of the company.

FUTURE OUTLOOK AND PLANS

The transport sector is highly susceptible to the present economic pressures. Foreign exchange shortage coupled with the fuel crisis will dampen the near-term prospects. Much hope is placed in the medium-term. With an asset lite business model, Oki Doki has much potential to grow and scale up the business, in the medium to long term. The company's business model and agile operating framework will be critical in driving the success and strategy of the business in the short to medium term.

The company will look to focus on operational efficiencies by further developing and optimizing its technology platform which will play a decisive role in overcoming the current challenges. Notwithstanding the current environment, the company will pursue its expansion strategy focusing on growing market share, increased service integration, selective customer acquisition, and industry diversification.

Whilst consolidating the present positioning within the apparel and fast-moving consumer goods industries, the company will focus on diversifying operations to take up growing opportunities within other business segments like pharmaceuticals and construction.

Making inroads into identified international markets leveraging on it's technology platform.

GENERAL SALES AGENT

Critical Success Factors	Service Offering
• International Reach • Partnership with international Carriers • Experienced Management Team • Diversified Service Portfolio • Great Place to Work certification	• General sales and services agent, • passenger sales agent and • cargo sales agent management • Ground support services and fixed base operator • Road feeder services • Total cargo management • R&D facilitator

BUSINESS BACKGROUND

With well over two decades in operations, Expolanka Airline Management (EAM) is a top-tier regional general sales agent (GSA), representing over 16 leading international airlines in over 10 countries, with the main focus on remaining on cargo GSA operations. Headquartered in Colombo and operating its own business units as well as in collaboration with strategic partnerships in selected international markets, EAM is well-positioned to offer customized and value-added, efficient total cargo solutions as a 'one-stop shop' service offering. The company has gone beyond the traditional GSA business and

SECTOR REPORT

positions itself as a niche, value-based operation offering a wide range of GSA services to its Airline Principles. industry acumen, wide service portfolio, experienced management team, strong alliances together with the backing of the parent company, underscore EAM's value proposition.

BUSINESS PERFORMANCE

Our GSA performance in the financial year 2021/22 was Strong, the best year since its inception. A strategy focused on growth and efficiency paved the way for the success of the operations during the current year. An agile approach enabled the business to understand the challenges and opportunities in the market, ensuring the business was able to deliver timely solutions to its customers. The supply chain disruption caused due to the Pandemic created several challenges for the business, however, the business was able to work in close partnership with its principles and was able to deliver sufficient capacity to meet customer demands.

EAM adopted a multi-pronged approach to ensure that margins and profitability were optimized. The business was able to take advantage of its high operating efficiency to improve margins, displaying its high operating leverage.

FUTURE OUTLOOK AND PLANS

The business has been constantly investing in developing its infrastructure, particularly building capability and international relationships with a view to driving forward the current operating advantage. The strong economic rebound that is expected with global markets opening after the pandemic abodes well for the business. Airlines gradually increasing capacity enables EAM to be able to service this capacity in its respective markets, which augurs well for the short to medium-term prospects of the business.

Whilst consolidating its current operations, the business will look to continuously develop its overall relationship with its key airline partners. EAM will pursue expanding its network with selective airlines and look to partner with other newly selected airlines with its international and global reach. The company is keen to develop its key operating markets viz; Indian sub-continent, Africa, Far East, and its latest market entry, Europe. The company will look to reinforce its capabilities and strengths with a particular focus on bringing on board the best and the right talent in the industry to complement its growth plans.

SECTOR
REPORT

LEISURE

A leader in Corporate Travel Solutions, the leisure sector of Expolanka is represented by the Classic Travel Brand. It is positioned amongst Sri Lanka's leading Travel Solutions companies. Renowned for excellence in customer service, Classic Travel prides itself in offering innovative, experiential products. Offering a range of services, the Leisure sector is a fully fledged end to end Travel solutions company.

SECTOR **REPORT**

SECTOR REPORT

LEISURE

Classictravel
A world of difference

OVERVIEW

With 25 years in the industry, Classic Travel, representing the leisure cluster, is a premier IATA accredited travel agent in the country. Maintaining market leadership for over 15 years, the company operates as an end-to-end travel solutions company, in corporate travel, value-added services, and outbound travel, across both the corporate and leisure travel markets. Its sister company, branded as Classic Sri Lanka, is a destination management company that offers niche travel solutions to inbound travellers as well as domestic travellers. Strategically placed with the headquarters in Colombo, the Classic cluster has two branches in Beruwala and Rathnapura whilst having an international partnership in Bangladesh.

Airline Tickets

Worldwide Hotel Reservations

Travel Insurance

Meet and Assist Services

Worldwide Airport Transfers

Worldwide Lounge Access

Outbound Holiday and Cruise Packages

Coach Tours and Rail Tickets

Mice Travel and Event Management

Forex Management

Crisis Management

Travel Alerts

Visa Assistance (all Long-term, Short-term & Immigration

In-House Photo studio & E-Studio

Document Tracking Facility

Door to Door Collection

We have a dedicated team an office in India to assist with the processing of Visas

B2B Booking Portal

CRM system - Storing customer details and sending out personalized mailers

QC - Automated system to ensure very single air ticket meets the minimum service standards

BI information reports classic travel offers real time data via oracle ERP finance and oracle BI tool for real time data to be provided

Document Tracking system - Track any customer property idling location example passport comes to our possession

SECTOR REPORT

Highlights FY 2021/22

Resilience in motion - Strong recovery during the year with revenue growing 210%. Bringing to fruition the strategic focus of the company. Growth in revenue complemented the growth in profits

Product repositioning strategy focused on Value-added and experiential travel solutions

Setting the platform to launch a B2B system to offer a total solution to customers

Entered into a franchising agreement with an international independent travel house to grow the destination management portfolio.

Received the coveted certification as a 'Great Place to Work in Sri Lanka' for the seventh consecutive year and ranked amongst the top hundred 'Great place to Work Asia 2021

Obtained ISO 27001 for information security management - the first travel company in the country to receive this certification.

SECTOR REPORT

Expolanka Group Leisure sector
FY 2021/2022

210%
Rs. 974 Mn
Revenue

118%
Rs. 49 Mn
Profit before tax

46%
Rs. 947 Mn
Capital Employed

ROE
8.2%

Leisure Sector Profile

Product Mix

- Corporate Travel
- Destination Management
- Experiantel Travel
- Outbound Travel
- Value-added services

Global Locations

- Sri Lanka
- Bangladesh

Key Industry Verticals

- Technology
- Apparel, Other Manufacturers & Exporters
- Listed Corporates
- BOI Companies
- International Conglomerates
- Embassies

SECTOR REPORT

Strategic Focus - FY 2021/22

Portfolio Focus
Continued re-alignment of portfolio to focus on Corp. Travel & experiential travel solutions

Market expansion
Expanding into selective new market expansion

Differentiation
Augment service suite to position as a end to end value-added travel solutions company

Digitalisation
Invest and leverage digitalization to achieve business scalability - to expand existing markets and foray into new markets cost efficiently.

Capability development
Leverage on industry expertise to innovate and create value to customers and business partners.

SECTOR REPORT

BUSINESS BACKDROP

After a debilitating year with the pandemic raging on, leading to lockdowns and movement restrictions, the leisure sector rebounded in the year 2021/22 and delivered a resilient performance. The continued uncertainties which prevailed particularly during the first half of the year took a toll on the industry's turnaround prospects. Yet with markets gradually opening and with improved conditions, global business travellers were more confident and moderately bullish with pent-up demand, to spend on travel and leisure activities. International tourist arrivals in 2021 increased by 4.0 percent over 2020, although 72 percent below 2019, the pre COVID year. In Sri Lanka, inbound arrivals gradually and modestly picked up from January 2022.

The importance and prominence of travel agents once again took center stage as travellers, reversing trends for online bookings with constantly changing COVID-19 restrictions worldwide, and consumers were finding it stressful to plan their travel online. Henceforth, they were opting to engage agents, leading to a surge in demand for their service offerings. This trend benefited the leisure sector which has competed on providing unparallel service to its customers, resulting in the sector being able to increase market share across many of its service portfolios. The sector was able to optimize its value offering of being a 24/7 operation and its superior technology capabilities to penetrate further into several new accounts during the year as well.

Increased demand for corporate travel and gradual opening of borders saw demand for overall travel increasing particularly during the 2nd half of the year. Although domestic market challenges continued to loom on the business, the sector was able to navigate through these challenges by offering innovative services.

From a business perspective, all the above enabled the sector to amply demonstrate its capabilities to remain resilient and post encouraging results during the year. Delivering a Revenue of Rs. 974Mn (+210% YoY) the sector saw growth primarily in its core corporate travel business. The Destination management business together with the outbound leisure business delivered encouraging results.

The strategy adopted in 2020/21 to prepare the organization for future growth has delivered positive results with the sector steering its business operations successfully.

(Source: UNWTO Barometer 18 Jan 2022; Monthly Tourist Arrivals Report, December 2021, Sri Lanka Tourism Development Authority)

BUSINESS STRATEGY

Amidst the multitude of challenges with COVID-19 still at large, albeit, weaker in its impact, Classic Travel sustained its solid market positioning as the number one travel agent amongst all airlines in the year under review. With lessons learned and the proactive strategies adopted to meet the new operating dynamics in the preceding year, including capitalizing on its focused product portfolio, and leveraging on its competitive capabilities and strengths; Classic Travel in the year remained agile and smart in its strategic delivery - differentiating the value proposition; diversifying markets and products; developing the team; and driving digitalization in operational processes to achieve scalability within a lean and an effective cost structure.

2021 Best Workplaces in Asia

Classic Travel was recognized as one of the first hundred Best Workplaces in Asia in 2021 under the small and medium workplaces category. The company contended among 100 small and medium-sized companies in Asia and the Middle East to achieve this accolade—as the only travel agency in the country and one out of just 14 Sri Lankan organizations. Classic Travel was also recognized as a 'Great Workplace' in Sri Lanka for the 7th consecutive year. The recognition gained stands as a testament to the progressive work values of the organization.

SECTOR REPORT

Inbound Travel

As the second-largest contributor, Classic inbound operations were at the standstill during the pandemic. With COVID restrictions easing out towards the second half of 2021 and the vaccinations rolled out successfully, the inbound segment started to rally with gradual optimism. Accordingly, following through with a well-planned out strategy, key investments were made along with time and effort to strengthen the destination offer, focusing on experiential travel in four niche markets.

With expertise and specialist knowledge, Classic destination Travel looked at building the wildlife and adventure portfolio in terms of both, outbound and inbound operations. The brand 'Classic Wildlife' was launched, promoting a value-added product offer–differentiated to stand apart from the competitor agencies. The sector is also bullish on weddings and events; meetings, incentives, conferences, and exhibitions (MICE) segment, targeting the high-end Indian travellers as well as Spain and France markets in Europe.

Strategic Partnerships have been formalized with overseas partners to promote the targeted niche products. Classic destinations also entered into a franchising agreement with a leading destination management company, which is expected to open up opportunities and speed up its growth in 190 countries including Australia, Europe and East European markets.

Much progress is expected for the inbound operations in the ensuing year. The sector is confident to be amongst the top-tier inbound travel solutions provider in the next several years.

Classicdestinations
A world of difference

ClassicWild

Product Realignment: Whilst Classic Travel was predominantly driven by the corporate market, the sector operated a slew of different businesses before the pandemic. To concentrate on its core operations, the sector realigned its portfolio to focus on Corporate Travel & Experiential travel offerings. The focus firmly remained on growing its core competencies and strengthening its market position to ready the organization for future expansion. Within this segment, the business was able to optimize its capabilities in growing certain sub-segments such as Student migrations, and domestic tourism all the while strengthening its augmented service portfolios such as Travel Insurance, VISA services, and medical facilitation services. In the reporting year, the company entered the consolidator operations - facilitating competitive net airfares to B2B agents and small to medium scale travel agencies. The services offered under this model encompass a total solution in terms of airline tickets, hotel net rates, credit card offers, travel insurance, and inter-alia. The company was able to attract new market segments such as retail and the growing gem market.

- Differentiation: Operating in a limited market space and enhancing the customer value proposition remained a critical part of the overall strategy. To this end, customer-centricity continued to take center stage, with focused efforts to develop loyal relationships, and bring in greater innovation and value-addition to extend a quality service offer. Necessary steps were taken to reinforce ancillary services at the airport, call center, and the visa section. The company also tied up with Expedia, an international full-service online travel company, facilitating the outbound clients with access to attractive travel deals including an inventory of hotels, bookings, vacation packages et cetera.

SECTOR REPORT

- Digitalisation: Following through with the roadmap for digitalization, Classic Travel continued in the year to strategically invest in strengthening its digital capability for back-end functions. A significantly large percentage of operational processes have been digitally transformed, thus far, enabling cost efficiencies.

  Aside, the company also invested in and launched a cloud-based business-to-business (B2B) platform, enabling consolidator operations. The scalability of the system is expected to support the company to expand this operation in the ensuing years, with a lesser capital trade-off.

- Partner development: Procurement continued to be an important aspect of the business. The company continued to remain with a top of the mind service provider to various leading international airlines whilst developing capabilities on other services such as Accommodation, Insurance, and other value-added services, establishing both local and international partnerships.

- Team Development: As an employer of choice, the company continued to strategically prioritize the Classic team - developing employees, motivating them, and giving them leadership to build an inclusive and performance-based work culture. In this regard, a well-planned out strategy was followed through, focusing on the team aligned with the new work norms; retaining the right talent with knowledge within the organization.

- Channel expansion: The concept of travel is gradually shifting towards building experiences, journeys & stories. The sector enhanced its social media capabilities by engaging with multiple influencers to bring awareness to the country and the company. This is part of a larger plan adopted by the sector to increase its capabilities across various channels.

Business Performance

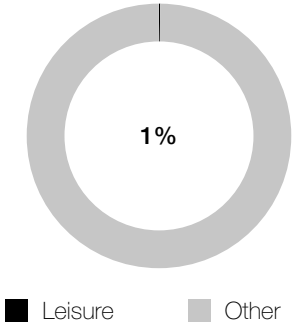
Key Performance Indicators	FY 2021/22	FY 2020/21	% Change
Revenue (Rs. Mn)	**974**	314	210%
Gross Profit (Rs. Mn)	**635**	263	141%
Earnings Before Interest and Tax (Rs. Mn)	**54**	(269)	120%
Profit/(Loss) Before Tax (Rs. Mn)	**49**	(276)	118%
Profit/(Loss) after Tax (Rs. Mn)	**38**	(276)	114%
Total Assets (Rs. Mn)	**1,363**	798	71%
Total Equity (Rs. Mn)	**486**	441	10%
Total Debt (Rs. Mn)	**461**	209	121%
Total Capital Employed	**947**	650	46%
Return on Equity (%)	**8.2%**	-47.1%	117%
Return on Capital Employed (%)	**5.4%**	-32.7%	116%

Notwithstanding market uncertainties that prevailed in the first three quarters of the year, our leisure sector picked up in the financial year 2021/22. The outbound segment registered a creditable performance. With interest building up for travel including new customers and markets, Corporate Travel saw the largest growth. The pricing strategy was on top, with effective procurement. The good relationships maintained with airlines enabled the company to offer competitive pricing offerings to customers. Airfare was at a premium with increased rates visible across all markets and carriers.

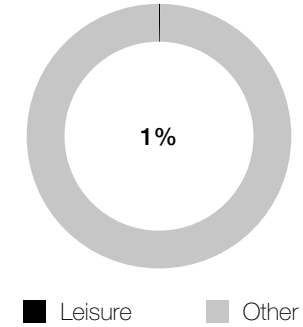
Complemented by an effective cost structure resulting from rightsizing, disciplined cost management, and higher productivity measures adopted in the previous year, the company was able to deliver strong operating leverage with improved margins. In this context, bottom-line losses incurred in the previous year were reversed, with net profits after taxation reaching Rs. 38Mn in the year under review.

SECTOR REPORT

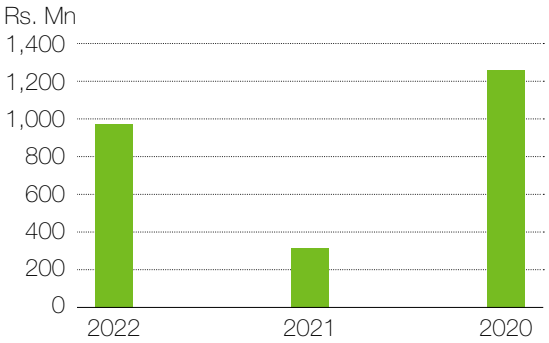
Revenue Contribution



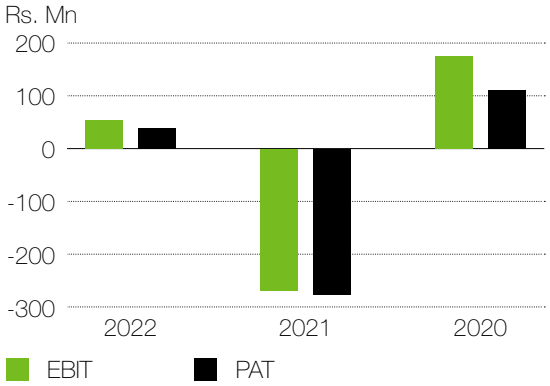
EBIT Contribution



Revenue



EBIT Vs PAT (Rs. Mn)



FUTURE OUTLOOK AND PLANS

The near-term prospects for the leisure sector are exciting. The business has been able to gain significant traction in its operation with increased market share, improved brand position, expanded partner network, and a strong digital footprint.

The current market conditions may have a multitude of impacts on the business. The demand for corporate travel appears to be encouraging as corporate houses in the country look to expand their operations further. The Inbound business may be somewhat impacted given the uncertainty in the country. However, as an agile operator, the leisure sector plans to consolidate its current position initially and will look to invest and drive for scale and growth. ion strategy and the business will and the business will The company embarked on an international expansion plan over the last year, which will look to augment its current portfolio. This timely strategy adopted by the organization will further aid in the growth of the business. The company will continue to look at key market opportunities to further strengthen its international presence. Initially targeting Bangladesh, capitalizing on the market potential, Classic Travel intends to partner with already established entities within the leisure marketplace.

Product enhancement and innovation will continue to take center stage as the business looks to encapsulate its value offering with experiential elements.

Digital capabilities will be implemented to amplify the service offering improving visibility, efficiency, and customer reach.

The Asset lite operating model will augment all of the above, enabling the company to remain efficient, lean, and deliver improved returns.

Since Classic Travel has already restructured and streamlined its operations, the platform is now set for the Group's leisure sector to move to the next level, navigating today's business challenges. Under the direction of an experienced leadership team, Classic Travel will continue to deliver a focused strategy of differentiation, experience, and value.

SECTOR
REPORT

INVESTMENT

Consisting of an International trading operations focused on the Export market and a technology service company servicing leading corporates in Sri Lanka, the Investment Sector operates in key growth verticals of the local economy.

SECTOR REPORT

SECTOR REPORT

OVERVIEW

The Investment sector is led by two business verticals - export operations and IT solutions. The export operation was the pioneering business of the group which commenced operations in 1978 and operates as a leading exporter of selected fresh produce, Value added fruit exports, and a range of coconut-based products. The IT solutions vertical, a relatively new venture of the Group, supports innovation and digital transformation including business solutions and a range of shared services across diverse enterprises.

Highlights FY 2021/22

Export Operations

- Notwithstanding supply-side disruptions and elevated freight rates, the export operations arm consolidated its portfolio to post a resilient performance.
- Sustained the positioning as one of the leading exporters of desiccated coconut in the country.
- Expanding the dried fruit operations to a modern processing and packing facility in Biyagama.
- Establishing a sales partnership in Rotterdam to promote and grow the coconut water operation across key European markets.

IT Solutions

- Reinforced its positioning as an integrated IT solutions provider and posted strong top-line gains.
- Strengthened strategic ties with leading international IT brands.
- Made headway in driving sales growth.

SECTOR REPORT

Expolanka Group Investment Sector
FY 2021/2022

48%
Rs. 3,644 Mn
Revenue

274%
Rs. 3,519 Mn
Profit before tax

58%
Rs. 8,856 Mn
Capital Employed

113%
Rs. 6,138 Mn
Assets

Investment Sector Profile

Product Mix

- Export Operations
- IT Solutions

Export Operations

- Product Portfolio
  Desiccated Coconut, Dried Fruits, Coconut Water
- Key Markets
  Europe, USA, Middle East

IT Solutions

- Product Portfolio
  Business Solutions
  Logistics Solutions
  Shared Services

SECTOR REPORT

Highlights FY 2021/22

Export Operations

Refocusing Portfolio
Continue with portfolio restructuring initiatives to refocus business towards higher-yielding product portfolio

Sourcing Materials
Build capacities through a multi origin procurement operation

Building Team
Continuous capability development to support growth and operational initiatives.

Quality and Standards
Maintaining international compliance standards and requirements

Infrastructure Development
Develop & extend current facilities to meet the expansion requirement of the company

IT Solutions

Product Portfolio
Bring focus to the IT Portfolio to consolidate operations and set the platform for growth.

Service Capability
Leverage service standards to drive quality

SECTOR REPORT

BUSINESS REVIEW

The sector experienced growth during the current financial year,

The focus for the businesses within the sector during the year was to build stable growth and improved earnings, which, the operating businesses were able to achieve.

EXPORT OPERATIONS

Business Backdrop

The export operations were able to make headway and deliver steady growth during the year despite multitudinous challenges in its operating environment. The growing distress in the macroeconomic fundamentals combined with the evolving socio-political unrest and the pandemic implications did not bode well on industry and trading activities. An ad-hoc ban on chemical fertilizer leading to an unprecedented agriculture sector crisis, seasonal fluctuations, and climate change, had serious ramifications on the supply-side, disrupting trading as well as processing and packaging operations. This together with sharp increases in freight rates, cargo capacity issues in both air and ocean, dollar crisis, and import restrictions, exerted excessive pressure on the export operations performance.

The business was nevertheless able to see through these challenges and deliver satisfactory results during the year, adopting a core strategic framework. however, the business was able to mitigate many of these challenges. At the forefront of, whilst competitors gained ground in Indonesia and Malaysia.

Export of fresh produce to the Middle East moderated in the year review. The company was selective in its customer engagement to ensure a fit for a growing customer profile.

Relocated to a new factory, with efficient processes and internal controls on quality in place, the dried fruit operation posted a resilient performance in the year under review. This is despite the supply shortfall issues that were witnessed during the year.

Amongst the largest exporter in the country, the desiccated coconut vertical was well managed, sustaining its performance supported by multi-origin sourcing measures. The Coconut water portfolio had to grapple with several challenges primary amongst them was the supply shortage faced by the industry and sluggish demand witnessed in key exporting markets due to Pandemic induced restrictions. This combined with sluggish demand amid a pandemic, coconut water performance was mediocre—below break-even levels.

Business Strategy

Following through with the restructuring strategy initiated in the preceding year, the export business adopted a consolidation approach to maintain and grow its market share, in key markets. The business was able to deliver growth by refocusing its efforts on several key product verticals.

Streamlining Product Portfolio

The increased concentration on its core products saw visible growth being achieved in the export of desiccated coconut and dried fruits. The business was able to secure increased orders from existing customers and also made further headway in developing its international markets.

Enhancing Infrastructure capabilities

To facilitate growth, the company undertook several initiatives to expand its infrastructure capabilities. The company expanded its dried fruit operation to position it as a modern processing and packing facility, enabling the business to increase its output and meet the growing demand of its customers. Process improvements and investments were further made to enrich the operations of the coconut water plant particularly focusing on its supply chain processes in relation to the collection and storage of coconut water, addressing some of its key requirements to bring in improved output, cost efficiencies, and quality.

Sourcing Materials:

Access to good quality supplies remained a significant challenge in the export operations, particularly, in a short-supply marketplace. Following through with its multi-origin sourcing strategy, the company focused on building strong relationships with local suppliers as well as partner networks in selected overseas markets to fulfil demand requirements. The company was All contracted suppliers were conscientiously engaged and screened to ensure that their operational processes and their supplies, met the stringent quality and standard requirements as discussed below.

SECTOR REPORT

Quality and Food Safety Standards:

As a leading exporter, servicing key international markets, the company continued to prioritize product quality and food safety standards. The company invested in processes to enhance its certification requirements which required improvements to the processing plants, equipment, and more important processes to ensure that the final product meets the required standards.

Building Competencies:

As a specialist, value-added manufacturer operating in international markets, the business continued to upskill its employees in meeting global customer demands. Consistent training, particularly, on maintaining stringent quality, and driving for higher productivity, was given precedence within the HR strategy. Ensuring employee health, safety and well-being were also given precedence, especially in terms of preventing COVID-19 spread among employees. Special protocols were adopted including working in a bubble environment; encouraging work-from-home; providing transport; and supporting the afflicted staff and their families.

Future Outlook and Plans

With healthy lifestyle trends and consumption patterns globally, the market potential for the company's export product offer remains significant and lucrative. With the restructuring initiatives carried out in the past two years, the export portfolio is now well-rationalized along with efficient factory systems and processes—leading to an effective cost structure. The platform is well set for the company to take the next steps toward sustainable growth across its product portfolio.

With bullish demand trends, dried fruit operation and desiccated coconut are expected to perform strongly However, supply constraints will remain a serious challenge, impeding their growth prospects. The elevated freight rates—although expected to gradually stabilize in the coming year—will continue to challenge and erode the export operation margins.

Amidst the backdrop of macro challenges, the company will have to deliver a fully focused strategy, giving precedence to the multi-origin supply model; branding, aggressive marketing, and promotions; and disciplined cost management. Aside, policy advocacy will also play a pivotal role—collaborating with trade associations and chambers of commerce to iron out macro issues hindering export growth—especially in terms of local supply constraints; import restrictions; foreign currency issues; and institutional support with a consistent policy framework.

IT SOLUTIONS

'Great Place to Work' Certified

BUSINESS BACKDROP

With the advent of industry 4.0, businesses across the board have been increasingly moving towards integrating technology into their operational processes inter-alia for greater efficiency, higher productivity, cost benefits, and new revenue streams. This was more pronounced particularly over the last few years as global businesses had to adapt to new business models and changing consumer demands. Today, most businesses have recognized, and are taking proactive and focused steps towards greater automation and digital transformation. The demand for services of IT solutions providers in the year under review was definite, evident, and more intense.

BUSINESS STRATEGY

Functioning initially as an IT support service arm for the Expolanka Group, ITX 360 has evolved over the past five years as an emerging fully-fledged integrated IT solutions provider in the country. This includes IT infrastructure support, programming development and software, enterprise resource planning solutions, process automation, and total business transformation. This is apart from the finance and HR back-end services provided internally across the Expolanka Group.

Consolidating its service offer in the reporting year, ITX 360 focused on strengthening its core competencies and transforming its operations as a futuristic organization to meet the challenges of a dynamic marketplace, under a 'new normal'. Managing the intense competition, the company delivered on its holistic strategy during the year, to differentiate its value proposition—focusing on its versatile and smart product portfolio and its service capability.

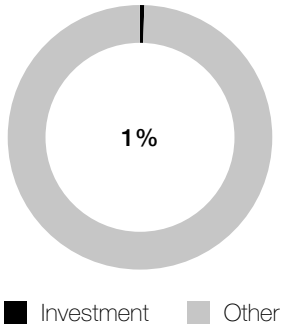
SECTOR REPORT

- Product Portfolio: In keeping with market trends, the company sought to strengthen its product offer which was restructured and re-organized in the preceding year. Strategic partnerships entered with leading International Technology brands were central to the product strategy and warranted focused engagement. Necessary certifications were obtained on products as per the guidelines set by the principals. The company has also obtained ISO certification—ISO 9001 for quality management and ISO 14001 for environmental management. Currently, the company is working towards obtaining ISO 27001 for information security management.
- Service Capability: The company has in place an experienced team, highly talented with multi-disciplinary skills in business, IT, engineering, and project management ITX360 continued to invest time and effort to upskill the team following a well-structured training plan with the support of both internal and external resource personnel. The team strength was used as a point of leverage over its competition.

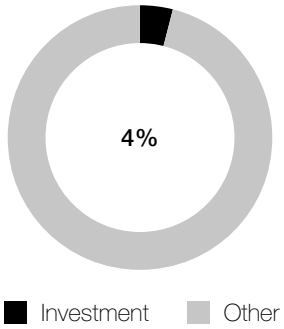
BUSINESS PERFORMANCE

In the reporting year, ITX 360 was able to service top projects of leading organizations covering a wide range of industries including financial, logistics, retail and other conglomerates as well. The focused approach enabled the company to increase its turnover two folds compared to the previous year.

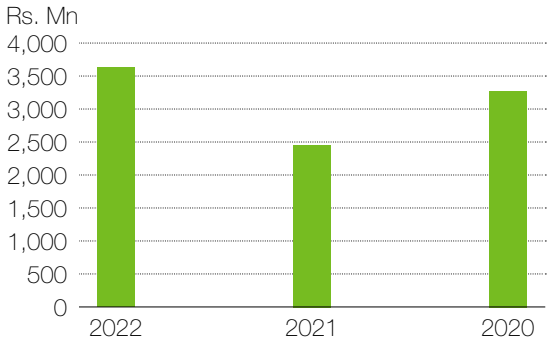
Revenue Contribution



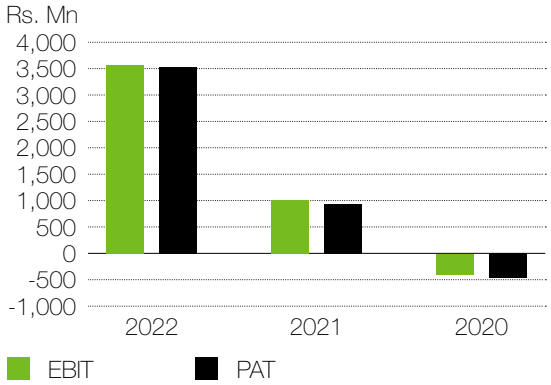
EBIT Contribution



Revenue



EBIT Vs PAT



SECTOR REPORT

FUTURE OUTLOOK AND PLANS

Moving towards a digital economy, the country has significant market opportunities for innovative IT solutions providers. This is more so in the post-pandemic environment, where businesses are pushed to adopt and embrace digitalization. With the revamped and re-organized product portfolio combined with the Expolanka brand support, ITX 360 is well placed to take on the emerging growth opportunities and support digitalization initiatives within the country's business arena.

To this end, the company will continue to deliver its differentiated strategy as a premier and skill-based integrated cloud platform enabler. A focused approach will be adopted to build the brand for greater visibility; and invest in its service capability along with top-notch IT brands. This combined with key measures in place to streamline the cost structure will underscore profitability and returns in the ensuing years.

OVERALL PERFORMANCE

Key Performance Indicators	FY 2021/22	FY 2020/21	% Change
Revenue (Rs. Mn)	**3,644**	2,466	48%
Gross Profit (Rs. Mn)	**647**	626	3%
Earnings Before Interest and Tax (Rs. Mn)	**3,583**	1,021	251%
Profit Before Tax (Rs. Mn)	**3,519**	942	274%
Profit After Tax (Rs. Mn)	**3,541**	943	276%
Total Assets (Rs. Mn)	**6,138**	2,875	113%
Total Equity (Rs. Mn)	**5,309**	3,470	53%
Total Debt (Rs. Mn)	**3,547**	2,122	67%
Total Capital Employed	**8,856**	5,592	58%
Return on Equity (%)	**80.7%**	22.2%	263%
Return on Capital Employed (%)	**49.9%**	16.6%	201%

Note - The above performance includes a foreign exchange income of Rs. 1.6Bn which was generated as a result of the depreciation of the LKR.

The overall investment sector revenue stood at Rs. 3,644 Mn, corresponding to a 48% percent growth year-on-year. Net profits after taxation were impressive recording a PAT of Rs. 3,541 Mn, increasing by 276% percent year-on-year.

GOVERNANCE AND RISK

CORPORATE GOVERNANCE

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE REPORT

The Board is committed to the highest standards of corporate governance and recognizes its responsibility to serve the interests of stakeholder by creating sustainable growth and stakeholder value over the medium to long term, whilst adopting proactive risk mitigation strategies. The responsibility for good governance lies with the Board, and we take a strong interest in ensuring the principles of sound corporate governance are disseminated throughout the organization.

GOVERNANCE FRAMEWORK

The Group believes that the governance principles of trusteeship, transparency, accountability, control and ethical corporate citizenship are fundamental in maintaining competitiveness, growth and sustainability and that the practice of each of these principles create the right corporate culture that fulfils the true purpose of Corporate Governance. It is vital to maintain the trust of investors, customers, our colleagues and other stakeholders in an environment where expectations, as well as regulations, continue to grow.

Expolanka has designed its' Corporate Governance policies and practices to ensure that the Company is focused on its responsibilities to its stakeholders and on creating long term shareholder value. Our Board-approved governance framework is fit for purpose and is designed to provide clear direction for decision-making and support responsible behavior. We continuously review the framework within which we operate to ensure that it complements the pace of our business growth and changing business requirement and aligned to evolving best practices.

The challenges presented by macro-economic factors underscored the importance of a robust framework. The Board has been mindful of ensuring the long-term resilience and strength of the business and to position the Group to capitalize on opportunities emerging from uncertain external factors during the year. As a Board, we have adapted to reflect and accommodate the dynamic but challenging times we have all experienced. We leveraged on technology and digitalization to help boost our productivity, compliance and resilience. The Board was also active in determining the Group's sustainability approach and in ensuring that Environmental, Social and Governance (ESG) considerations are embedded into our decision-making.

Our Corporate Governance framework and a status of compliance can be found in our Corporate Governance Report, starting on page 149.

PURPOSE, VALUES & CULTURE

The Board acknowledges that it has the responsibility to "set the tone from the top" in terms of overall culture and the organizational behavior and strives to promote a culture that is based on sound ethical principles & values. Groups' Core Values and the Code of Conduct, through which employees are guided to meet the values and standards that we believe in, together with other policies, govern how we conduct our business and set the standards that drive performance.

BEST PRACTICES

This report sets out the Group's approach to Corporate Governance Practices, which are mostly principle based and have been formulated in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Securities and Exchange Commission of Sri Lanka (SEC), Companies Act No.7 of 2007, Listing Rules of the Colombo Stock Exchange (CSE) and Code of Business Conduct and Ethics.

DECLARATION

My fellow directors and I fully appreciate and recognize the importance of, and is committed to, high standards of Corporate Governance, in managing the Company in an ethical, efficient and effective manner whilst nurturing an entrepreneurial culture. The Board plays a critical role in shaping the culture of the Group underpinned by the Group's Code of Ethics & Business Conduct and directors are conscious of their duty to comply with the laws, regulations, internal controls and approved policies.

As required by the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka, I hereby confirm that I am not aware of any material violations to the Code of Ethics and Business Conduct within the Expolanka Group having appointed as the Chairman of the Board on the 1st of July 2020.

Hitoshi Kanahori
Chairman
16th June 2022

CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE

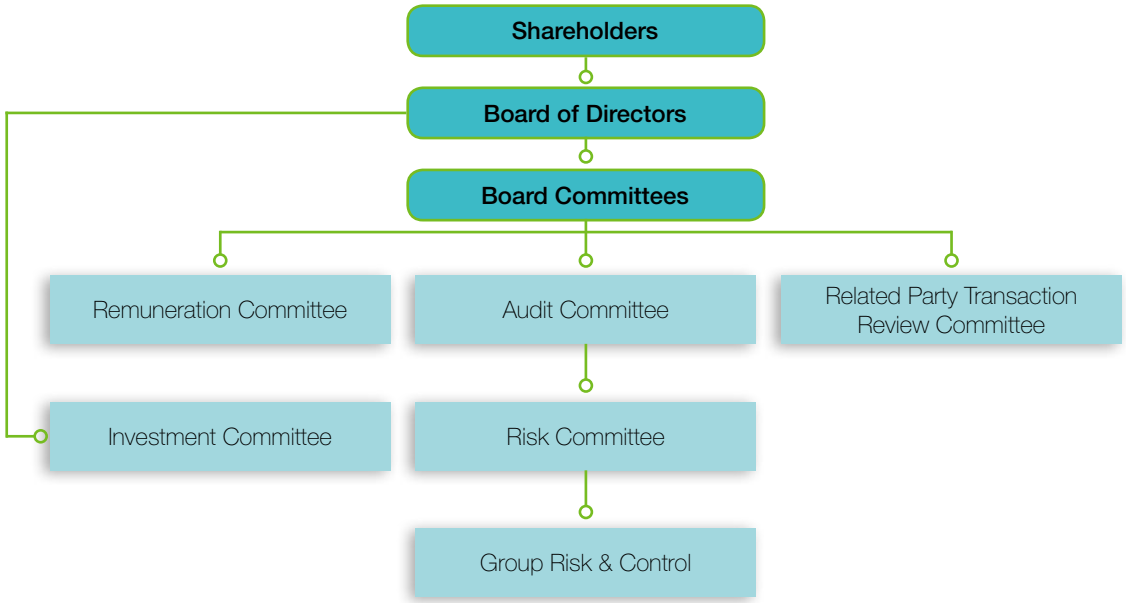
GRI 102-18

The Board of Directors of Expolanka identifies and accepts that good governance, accomplished through an ethical culture, effective control, competitive performance and legitimacy is able to enhance long term equity performance and to build sustainable value. In order to achieve the same, Expolanka has designed its governance structure based on principles of accountability, transparency, ethical management and fairness; and has been evolving throughout the years, to keep in line with the changes in the business, regulatory developments and best practices.

Accordingly, the Board of Directors, including the Chairman, is the apex body responsible for the stewardship function of the Company and is the top most unit which assumes responsibility and accountability for the continuance and development of premier standards of corporate governance.

Expolanka Holdings PLC Board provides direction and leadership to the Group and assumes collective responsibility for the overall governance, performance, strategy and affairs of the Group. The Board has delegated functions warranting greater attention, to three Board Sub-Committees in line with its mandate as set out in the Corporate Governance Charter. However, the Board retain the right of concluding a final decision of matters under the purview of Sub Committees, which is in line with the business strategy and objectives.

Further details of Board sub committees are provided in respective sub-committee reports.



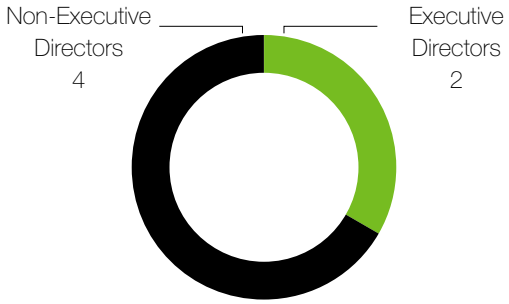
BOARD MEETING AND ATTENDANCE

Name of the Director	29.04.2021	26.07.2021	26.10.2021	27.01.2022	Attendance Eligibility	Attended
1. Mr. Hitoshi Kanahori	●	●	●	●	4	4
2. Mr. Hanif Yusoof	●	●	●	●	4	4
3. Mr. Harsha Amarasekera	●	●	●	●	4	4
4. Mr. Sanjay Kulatunga	●	●	●	●	4	4
5. Mr. Ha Yo	●	●	●	●	4	4
6. Mr. Akira Oyama	●	●	●	●	4	4

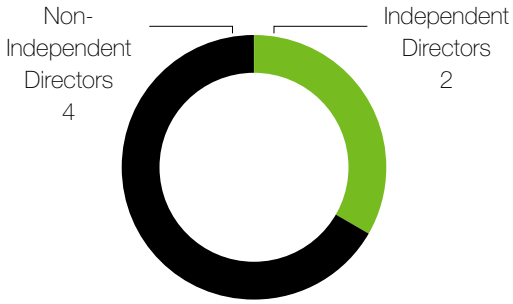
● Present ● Excused

CORPORATE GOVERNANCE

Directorship Status



Independent Statuts



GOVERNANCE FRAMEWORK

A robust framework of structures, policies, procedures and processes ensure that the standards and values are upheld throughout the group thereby supporting good governance practices, leading to greater transparency within the group.

The Corporate governance framework of the Company comprise of the following:

- Articles of Association
- Terms of reference of Board and Board Sub Committees
- Code of Business Conduct & Ethics
- Policies and Procedures
- Organization Structure
- Risk Management framework

The Board takes into account, Code of Best Practice in Corporate Governance jointly issued by the Institute of Charted Accountants of Sri Lanka, Securities and Exchange Commission and Listing Rules of Colombo Stock Exchange in setting the Governance Framework. The disclosures below indicate the level of conformance pertaining to the same.

GOVERNANCE CHECKLIST

This section of the annual report outlines the system of governance at Expolanka and its adherence to the requirements of the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission which comprises of eight fundamental aspects namely:

A. Directors
B. Directors' Remuneration
C. Relationship with Shareholders
D. Accountability and audit
E. Institutional investors
F. Other investors
G. Internet of things and Cyber security
H. Environment, Society and Governance (ESG)

CORPORATE GOVERNANCE

SECTION 1 – THE COMPANY

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A. Directors			
A.1. The Board **The Code prescribes the Board to effectively direct and control the affairs of the company. Expolanka is led by a professional, multi-disciplined and experienced Board of Management comprising of the Chairman, Chief Executive Officer (CEO) and Executive and Non-Executive Directors including two Independent Non-Executive Directors as at the 31st March 2022. The profiles of the Board of Directors are set under the Directors Profiles in this Annual Report.**			
A.1.1	Board Meetings	Compliant	The Board meetings are held periodically to decide on the strategic direction and review the performance of the Group aligned to the aspired corporate goals. The meetings are structured with an agenda and minutes of previous meeting along with other related board papers which are circulated to all board members, well in advance to facilitate informed and effective decision making. Additional meetings are also convened to deliberate on issues that demand immediate decisions. The attendance of the Board of Directors is given in the Corporate Governance Report of this Annual Report.
A.1.2	Responsibilities of the Board	Compliant	The Board is responsible to lead the strategic and business direction of the Group as described below. ● Formulates and implements a sound business strategy with a structured monitoring process to ensure sustainability of the Group. ● Evaluates and takes responsible decisions in relation to new business ventures or restructuring of existing companies, if necessary. ● Ensures the CEO and the management team possess the right skills, experience and knowledge to implement the formulated strategy effectively with proper succession planning. ● Appoints suitable members to the Board Sub Committees ● Ensures effective systems to secure integrity of information, internal controls and risk management through delegation to the Audit Committee. (Compliance checklist is provided to all Board members to ensure compliance with applicable laws and regulations.) ● Ensures all stakeholder interests are considered in corporate decisions making. ● Accounting policies are reviewed annually to ensure compliance to evolving accounting standards including convergence towards the new Sri Lanka Financial Reporting Standards (SLFRS).

CORPORATE GOVERNANCE

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.1.3	Compliance with laws and seek independent professional advice	Compliant	Board is collectively and individually committed to ensure compliance with all applicable laws and regulations and adheres to best governance practices. The Directors obtain independent professional advice if required for decision making.
A.1.4	Company Secretary	Compliant	SSP Corporate Services (Pvt) Ltd is appointed as the Group's Company Secretary to ensure that matters concerning the Companies Act, Board procedures and other applicable rules and regulations are followed. All Directors have access to the advice and services of the Company Secretary.
A.1.5	Independent judgment of the Directors	Compliant	All Directors exercise independent judgment and opinions on issues that are discussed and considered at the Board.
A.1.6	Dedicate adequate time and effort by the Directors	Compliant	Board Meetings are held on a periodic basis. The Chairman and the Board Directors dedicate adequate time for the affairs of the Group by attending Board and Sub Committee meetings assiduously. In addition, the Board Directors meet and discuss with the senior management on operational and strategic issues as and when required.
A.1.7	Decision on calling for a resolution	Compliant	Where necessary, in the best interest of the company, one-third of the Directors call for a resolution to be presented to the Board. Depending on the business demand, specific resolutions are approved through circulation and detailed board papers will be forwarded to support the same.
A.1.8	Training for new and existing Directors	Compliant	The Board recognizes the need for continuous training. Adequate knowledge sharing opportunities are provided to acquire requisite skills and exposure to effectively discharge their duties.
A.2. Chairman and CEO **The Code prescribes to clearly differentiate the roles between the Chairman and the CEO to ensure balance of authority and good governance. The Chairman of the Group is responsible to effectively lead and guide the Board whilst the CEO is responsible to lead the senior management to ensure effective functioning of day-to-day operations of the Group, in consultation and guidance of the Chairman and the Board.**			
A.2.1	Segregated roles and responsibilities of the Chairman and CEO	Compliant	The position of the Chairman and CEO are separated in order to prevent unfettered powers of decision making to a sole individual.

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.3. Chairman **As prescribed by the Code, the Chairman of the Group with his integrity and experience in corporate governance is responsible to lead the strategic direction of the Board. The Chairman guides the Board in all decisions and presides and maintains order at Board meetings.**			
A.3.1	Role of the Chairman	Compliant	The Chairman is responsible for the efficient conduct of Board meetings and to ensure, inter alia: ● The agenda for Board meetings is developed in consultation with the CEO, Directors and the Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance. ● Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner. ● All Directors are made aware of their duties and responsibilities and the Board and committee structures through which it will operate in discharging its responsibilities. ● The effective participation of both Executive and Non-Executive Directors is secured; All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company. ● All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda. ● The views of Directors of issues under consideration are ascertained and a record of such deliberations reflected in the minutes. ● The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders,
A.4. Financial Acumen **As per the Code, the Board is to be represented by some members with financial acumen and knowledge to advice on matters related to finance.**			
A.4	Availability of sufficient financial acumen and knowledge	Compliant	The Board is made up of knowledgeable and experienced individuals for guidance on matters of finance and Management. One of the Directors is an Associate Member of Chartered Institute of Management Accounting as well as a Chartered Financial Analyst and chairs the Audit Committee.

CORPORATE GOVERNANCE

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.5. Board Balance			
The Code stipulates that the Board has to be fairly represented with a balance between Executive and Non-Executive Directors.			
A.5.1	Presence of Non-Executive Directors	Compliant	Out of a total of six Directors in the Board, four are Non-Executive Directors. Names of the Directors category-wise are set out in the Annual Report under Board of Directors profiles.
A.5.2	Independent Non-Executive Directors	Compliant	Out of the four Non-Executive Directors, two are Independent Non-Executive Directors complying with the requirement to have the higher of two, or two third of Non-Executive Directors, as Independent Non- Executive Directors.
A.5.3	Independence of Non-Executive Directors	Compliant	There are two Independent Non-Executive Directors and they are construed to be independent of management and free of any business or other relationship that could materially impair their independent judgment.
A.5.4	Declaration of Independence	Compliant	Each Independent Non-Executive Director submits a declaration of independence in a prescribed format.
A.5.5	Determination of independence of the Directors	Compliant	The Board has determined the independence of Directors based on the declarations submitted by the Independent Non-Executive Directors as to their independence, as a fair representation and the Board will continue to evaluate their independence on this basis annually.
A.5.6	Appointment of an Alternate Director	Compliant	An Alternate Director has not been appointed by a Non-Executive or an Independent Director.
A.5.7	Appointment of a Senior Independent Director	Compliant	The roles of the Chairman and the CEO are separated negating the applicability of this requirement.
A.5.8	Confidential discussions with Senior Independent Director	Compliant	Independent Directors participate in all meetings where confidential matters which the other Directors believe have not been properly considered, are discussed. However, no such matters have been brought up to conduct separate discussions.
A.5.9	Chairman's meetings with Non-Executive Directors	Compliant	The Chairman meets with Independent Non-Executive Directors as deemed necessary.
A.5.10	Recording of concerns in the Board Minutes	Compliant	All concerns that are not unanimously resolved will be recorded in the Board Minutes as per Company Policy. However, all decisions of the Board were taken unanimously and there were no concerns raised by the Directors which needed to be recorded in the Board Minutes during the reporting period.

CORPORATE GOVERNANCE

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.6. Supply of Information			
The Code stipulates the management to supply all relevant and timely information to the Board in order to make effective decisions for the company.			
A.6.1	Management's obligation to provide appropriate and timely information to the Board	Compliant	The Management ensures that a set of timely, accurate, relevant and comprehensive information is provided to the Directors by way of a Board Paper prior to the Board Meeting, with adequate time for review and prepare for discussions.
A.6.2	Timely distribution of documents for Board meetings	Compliant	All papers related to the Board and Sub-Committee meetings are circulated at least seven days prior to the meetings.
A.8 Re-Election			
All Directors should be required to submit themselves for re-election at regular intervals			
A.8.1	Re-election of Non-Executive Directors	Compliant	Non-Executive Directors are subjected to a re-election process as specified by the Companies act and the re-appointment is not automatic.
A.8.2	Re-election of Chairman and Board Directors	Compliant	All Directors including the Chairman are subjected for election after their first appointment and have been re-elected at intervals of no more than three years.
A.8.3	Resignation	Compliant	In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.
A.10 Disclosure of information in respect of Directors			
The Code specifies Disclosure of relevant details regarding Directors to all shareholders through the Annual Report.			
A.10.1	Details of Directors	Compliant	This Annual Report discloses the relevant details of the Board in the Board of Directors profiles and Corporate Governance sections.
A.11 Appraisal of CEO			
The Board is required to carry out an appraisal on the CEO's performance in relation to the Company's performance and set annual targets.			
A.11.1 & A.11.2	Setting annual targets and appraisal of the performance of the CEO by the Board	Compliant	The Board appraises the performance of the CEO against a prior set of agreed financial and non-financial, short to medium and long-term objectives and targets. The Board carried out the CEO evaluation at the end of the financial year.

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
B. Directors' Remuneration			
B.1 Procedure			
The Code specifies that a Remuneration Committee to be established formerly and transparently to independently determine the Remuneration Policy and the Remuneration of the Directors.			
B.1.1	Establishment of a Remuneration Committee	Compliant	A Remuneration Committee is appointed to assist the Board in establishing remuneration policy and guidelines for the remuneration of directors. As per the policy, no Director or employee are involved in deciding his/her own remuneration.
B.1.2	Composition of the Remuneration Committee	Compliant	Both members of the Remuneration Committee are Independent Non- Executive Directors.
B.1.3	Chairman and the members of the Remuneration Committee	Compliant	The Remuneration Committee composition is listed out in the Remuneration Committee report in this Annual Report.
B.1.4	Determination of remuneration of Non-Executive Directors	Compliant	The Board determines the remuneration of the Non-Executive Directors to ensure that it is aligned to the current market practices.
B.1.5	Consultation with the Chairman, CEO and access to professional advice	Compliant	The Remuneration Committee consults the Chairman and the Group CEO and has access to professional advice from within and outside the Company.
B.2 The level and make up of Remuneration			
The Code stipulates that the level of Remuneration for Directors to be sufficient to attract and retain the best in the industry and a portion of Remuneration of Executive Directors to be linked to performance.			
B.2.1 & 2.2	Executive Directors' remuneration package	Compliant	The Remuneration Committee reviews industry and market practices and norms when setting the remuneration of Executive Directors.
B.2.2	Executive Directors' remuneration package	Compliant	The Company has a competitive directors' remuneration package which promotes long-term success.
B.2.3	Comparison of remuneration with other companies	Compliant	The Remuneration Committee compares the remuneration levels of the company with comparable industry norms.
B.2.4	Comparisons of remuneration with other companies in the Group	Compliant	The Remuneration Committee reviews and compares executive remuneration across the Group companies.
B.2.5	Performance related elements of remuneration of Executive Directors	Compliant	The Remuneration Committee reviews CEO's performance aligned to the pre agreed targets and goals in the best interest of the Company and the stakeholders. There are no performance related elements of remuneration for the Non-Executive Directors.

CORPORATE GOVERNANCE

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
B.2.6	Executive share Options	Not Applicable	Presently the Group does not have Executive share option schemes.
B.2.7 & 2.8	Executive Directors' Remuneration	Compliant	The Company does not have any long-term incentive share option schemes. Non-Executive Directors are not eligible for performance-based remuneration. A report from the Remuneration Committee is given in this Annual Report.
B.2.9	Early termination of Executive Directors	Compliant	There are no terminal compensation commitments other than gratuity in the company's contracts of service.
B.2.10	Remuneration for Non-Executive Directors	Compliant	Non-Executive Directors are remunerated in line with market practices and norms.
B.3 Disclosure of Remuneration **As per the Code, the Company has to contain a statement of the Remunerations Policy and details of Remuneration of the Directors as a whole in the Annual Report.**			
B.3.1	Disclosure of Remuneration	Compliant	A statement on Company's remuneration policy is set out in the Remuneration Committee Report in this Annual Report. The details of aggregate Remuneration of the Executive and Non-Executive Directors are disclosed in this Annual Report.
C. Relations with Shareholder **C.1. Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings** **The Code stipulates that the Board shall convene an Annual General Meeting (AGM) to have a dialogue on company matters with the shareholders.**			
C.1.1	Adequate notice of the AGM	Compliant	The notice of AGM is circulated together with the Annual Report and Accounts which includes information relating to any other resolutions that will be set before the shareholders at the AGM 15 working days in advance as per Section 135 of the Companies Act No. 07 of 2007.
C.1.2	Separate resolution for all separate issues at the AGM	Compliant	Each substantial issue is proposed as a separate resolution. The adoption of the Annual Report of the Board of Directors, along with the Financial Statements, is also proposed as a separate resolution.
C.1.3	Use of proxy votes	Compliant	A Form of Proxy accompanies the Annual Report, when they are dispatched to the shareholders. The Company has a mechanism to record all proxy votes and proxy votes lodged on each resolution.
C1.4	Board Sub-Committee Chairman to be present at the AGM	Compliant	The Chairman of the Board ensures that the Chairman of Board Sub-Committees are present at the AGM to respond to any queries posed by the shareholders.

CORPORATE GOVERNANCE

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
C.1.5	Procedures of voting at the AGM	Compliant	The proxy form including a summary of the procedures governing voting at the AGM is circulated to all shareholders.
C.2 Communication with Shareholders **The Code stipulates that the Board should implement effective communication with Shareholders**			
C.2.1	Dissemination of timely information	Compliant	All information pertaining to the Annual Report and Quarterly Financial statements will be disseminated through Corporate Communications of Expolanka Holdings PLC and the Company Secretary, SSP Corporate Services (Pvt) Ltd will circulate any other information.
C.2.2	Disclosure of Method of communication with Shareholders	Compliant	Expolanka Holdings PLC maintains an 'Open Door' Policy with regard to communication with shareholders and shareholders are welcome to direct their suggestions / inquiries to the Group CEO and Board Secretary.
C.2.3	Implementation of Policy and Method of communication	Compliant	Multiple channels of communication are available. The Feedback form in the Annual Report / the Group websites' contact us link, and the contact person details in the Annual Report are the main methods of communication. However, interaction through investor meetings also serve as engaging forms of interaction.
C.2.4	Disclosure of Contact Person	Compliant	The contact person for shareholder engagement is disclosed in the Annual Report whilst a contact link in the website also serves as a conduit for interaction.
C.2.5	Process and Disclosure of Director's awareness of concerns of Shareholders	Compliant	Concerns are raised to the Group CEO for discussion with the Board, as and where the issues raised are deemed critical or noteworthy.
C.2.6	Requirements for the Contact Person	Compliant	Contact person details are clearly communicated in the inner cover page of this annual report. The contact person is well versed with the requirements of the role.
C.2.7	Process of Responding to Shareholder's matters	Compliant	Shareholder matters are to at the first line of interaction by the key contact person, if issues / suggestions / inquiries are raised to the Group CEO or the Board, resolutions or clarifications are made by the office of the Group CEO.
C.3 Major Transactions **All major transactions that will materially impact on the net asset base of the Company or the Group are to be disclosed to the shareholders.**			
C.3.1	Disclosure on major transactions	Compliant	Procedures are in place to disclose major transactions that will materially alter the net asset base. During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which had a material impact on the net asset base of the Company and the consolidated Group.
C.3.2	Public listed companies disclosures	Compliant	Procedures are in place to comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission and by the Colombo Stock Exchange.

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D. Accountability and Audit			
D.1 Financial Reporting			
The Code requires a fair and a balance report on the organization's financial position, performance, and prospect.			
D.1.1	Present a balanced and understandable assessment of the Company's financial position complying to relevant laws and regulations	Compliant	All efforts are taken to ensure that the Annual Report presents a balanced assessment of the Company's Financial position. Care has been exercised to ensure that all statutory requirements are complied.
D.1.2	Board's responsibility for statutory and regulatory reporting	Compliant	The Company's Interim and Annual Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards and the Company's Act No. 7 of 2007 and duly audited. The Interim and Annual Financial statements were published on time during the reporting period. All Regulatory Reports were filed by the due dates. Price sensitive information were disclosed to the Colombo Stock Exchange (CSE) on a timely basis during the financial year 2021/22.
D.1.3	Declaration by the Chief Executive and Chief Financial officer on the financial statements	Compliant	The declaration is available under the Statement of Directors' Responsibility and Statement of Financial Position.
D.1.4	Directors' Report in the Annual Report	Compliant	The Annual Report of the Board of Directors on the Affairs of the Company containing the subject declarations is given in page 194 of this Annual Report.
D.1.5	Statement of Directors' and Auditor's responsibility for the Financial Statements	Compliant	A Report on the Statement of Directors' Responsibilities is given in page 200 of this Annual Report. The Auditor's Report on the financial statements for the year ended 2021/22 is given on page 204.
D.1.6	Management Discussion and Analysis	Compliant	Management Discussion and Analysis is presented on the Company together with the subsidiaries as separate sections in this Annual Report.
D.1.7	Summon an Extra Ordinary General Meeting (EGM) to notify serious loss of capital	Compliant	EGMs are held for companies complying with the requirements.

CORPORATE GOVERNANCE

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D.1.8	Disclosure of Related party transactions in the Annual Report	Compliant	Related party Transactions have been disclosed in note – 28 - Related Party Disclosures (page 282) under Notes to the Financial Statements.
D.2 Internal Control **The Board is required to maintain a comprehensive system of Internal Controls and Risk Management to safeguard the shareholder's wealth and Company's sustainability.**			
D.2.1	Review the effectiveness of internal controls	Compliant	The Board has the overall responsibility for the system of internal controls covering financial, operational, compliance and risk management. The Board has delegated these responsibilities to the Audit Committee. Systems have been designed to provide the Directors with the reasonable assurance that assets are safeguarded; transactions are authorized and recorded properly whilst material errors and irregularities are prevented, detected and rectified effectively.
D.2.2	Review and Confirm on the assessment of the principal risk faced by the company and how they are being mitigated	Compliant	Please refer Annual Report of the Board of Directors on the Affairs of the Company on page 194 for the declaration.
D.2.3	Internal Audit function	Compliant	Internal Audit Function is available in the Organization.
D.2.4	Review the process of Internal Control and Risk Management	Compliant	Internal audit function has been outsourced to Messrs. PricewaterhouseCoopers Advisory Services (Pvt) Ltd and independent internal teams work closely with the auditors to ensure that the audits are conducted and completed efficiently. Group's Risk & Control Department coordinates and ensures that recommendations are implemented conscientiously apart from carrying out various other audits and special assignments across the Group. The effectiveness and the scope of the Internal Audit Function is assessed periodically.
D.2.5	Director's responsibility on maintaining a system of Internal Control and Contents of the Statement of Internal Control	Compliant	Audit Committee statement on Internal Controls and contents of the Statement of Internal Control have been highlighted in the Annual Report under the Annual Report of the Board of Directors on the Affairs of the Company.

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D.3 Audit Committee **The Board is responsible to appoint an Audit Committee to establish a formal and transparent process to select Accounting Policies, Financial Reporting and Internal Controls and to maintain a good Relationship with the Auditors.**			
D.3.1	Composition of the Audit Committee	Compliant	The Audit Committee comprises of two Independent Non-Executive Directors. Please refer the Audit Committee Report in this Annual Report.
D.3.2	Terms of Reference of the Audit Committee	Compliant	The Audit Committee operates on a clearly defined Terms of Reference which focuses on the purpose of the Committee, its duties and responsibilities including the scope and functions of the Committee.
D.3.3	Duties of the Audit Committee and disclosures of the Audit Committee	Compliant	Please refer the Audit Committee Report on page 201. The Audit Committee Report highlights the names of the members, determination of independence of auditors and other relevant information.
D.4. Related Party Transactions Review Committee **The Code requires the Company to not engage in transaction with related parties in a manner that would grant such parties more favorable treatment.**			
D.4.1	Related Party and Related Party transactions	Compliant	The Company's related party and related party transactions are defined as per LKAS 24
D.4.2	Composition of the Related Party Transactions Review Committee	Compliant	The Related Party Transactions (RPT) Review Committee comprises of two Independent Non-Executive Directors and the Chairman is an Independent Non-Executive Director appointed by the Board. Please refer the RPT Review Committee report.
D.4.3	Disclosure of RPT Review Committee	Compliant	• Related Parties documentation is done as per the definition of LKAS 24 and the CSE Listing Rules and to comply with the requirement under section D.4.2 of the code. • A procedure to obtain a statement of related party interest from each such related party at least once in each quarter, when there's a change in the status and in any event prior to entering into any transaction between such related parties and the company, its parent or any of subsidiaries, sub-subsidiaries, fellow subsidiaries, associates, joint ventures and any other entries which are considered related parties as defined as LKAS 24 unless they are exempted related party transactions as defined in CSE listing Rules. • Key Management personnel of the company responsible for contracting, procurement, payments, and any other channel through which have an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any related party transaction within their area of responsibility. • A procedure to inform all related parties of what constitutes exempted related party transactions.

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
			• A procedure to identify and for directors to report recurrent and non-recurrent related party transactions and to obtain Board or Shareholder approval by special or ordinary resolution as required by the CSE Listing Rules. • A procedure and guideline to delegate to Key Management Personnel to deal with recurrent related party transactions as defined in the CSE Listing Rules. • A procedure for the RPT Review Committee to review and recommend to the Board matters relating to such transactions. • Any interested Director should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/information. • A procedure and definition of disclosures required to be made by the company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval. • A procedure to identify related party transactions which require immediate disclosures as per the CSE listing rules and to ensure that required disclosures are made by the Company to the Colombo Stock Exchange in accordance with the CSE Listing rules. • A procedure to identify related party transactions which require shareholder approval by special resolution at an extra-ordinary general meeting. • The Company secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals and minutes. • Review and recommend to the Board the related party disclosures to be made in the Annual report of the Company.
D.5. Code of Business Conduct and Ethics **The Code stipulates the Company may adopt a Code of Business Conduct and Ethics Directors and key Management Personnel and to declare any material violations.**			
D.5.1	Disclosure of Code of Business Conduct and Ethics	Compliant	The Company has adopted and is in compliance to the Code of Business Conduct and Ethics applicable to Directors and all employees across the Group. Any violation of the Code is taken for consideration.
D.5.2	Process to ensure the material and price sensitive information is promptly identified and reported	Compliant	The Company has a process in place to ensure material and price sensitive information is promptly identified and reported in accordance with relevant regulations.

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D.5.3	Disclosure on Key Management/ any other employees involved in financial reporting personnel shares	Compliant	All the Directors, Key Management Personnel and employees of the Company are required to declare details of their dealings in shares of the Company in a prescribed format to the Company Secretary. Shares pertaining to the Key Management Personnel information are duly disclosed.
D.5.4	Affirmation of the Code of Business Conduct and Ethics	Compliant	Please refer the Chairman's Statement on Corporate Governance and the Annual Report of the Board of Directors which affirm that there are no material violations of the Company's Code of Business Conduct and Ethics during the reporting period.
D.6 Corporate Governance Disclosures **The Code requires the Company to disclose the extent to which the Company adheres to established practices and principles good Corporate Governance.**			
D.6.1	Disclosure of Corporate Governance	Compliant	The Corporate Governance Report herein sets out the manner in and the extent to which the Company has complied with the Code of Best Practice on Corporate Governance jointly issued by the CA Sri Lanka and SEC.

SECTION 2 – SHAREHOLDERS

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
E. Institutional Investors **E.1 Shareholder Voting** **The Code specifies the Company to engage the institutional shareholders and encourage them to exercise their voting rights in key decision making.**			
E.1.1	Communication with shareholders	Compliant	The AGM provides an ideal forum for shareholders to express their views and vote for key decisions. The Chairman ensures that any view expressed by investors at the AGM is discussed at the Board level. Shareholders are provided with Quarterly Financial Statements and the Annual Report including the operational and financial performance of the reporting year. These reports are also made available on the Group's official website and are provided to the Colombo Stock Exchange.

CORPORATE GOVERNANCE

SEC & CA Sri Lanka Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
E.2 Evaluation of Governance Disclosures			
The Code specifies obtaining feedback from institutional investors on the governance structure, composition and practices.			
E.2.1	Due weight by institutional Investors	Compliant	The Corporate Governance Report contains the Company's governance arrangements and Institutional investors are encouraged to give feedback on the governance arrangements.
F. Other Investors			
F.1	Individual Shareholders	Compliant	The Annual Report contains sufficient information in order to carry out adequate analysis or seek independent advice regarding Investing / Divesting decisions. Following are the main reports included in this Annual Report which provide an overall assessment of the Company's affairs during the financial year 2021/22 and the way forward: ● Chairman's Review ● CEO's Review ● Management Discussion and Analysis ● Annual Financial Statements
F.2	Shareholder voting	Compliant	All shareholders are encouraged to participate at the AGM and cast their votes or exercise their proxy for decision making.
H. Environment Society and Governance			
H.1 ESG Reporting			
H.1.1	ESG reporting		A holistic framework covering: ● Environment Capital, Social Capital, Governance, is discussed in the report . Further content is provided in CEO's Review & Chairman's Review.
H.1.2	The Environment	Compliant	The environment has been discussed in the Natural Capital Report in the Annual Report.
H.1.3	Social Governance	Compliant	Engagement with the Society and Labor practices have been discussed under the Integrated Management Discussion and Analysis section which is available from page 80 to page 100 in this Annual Report
H.1.4	Governance	Compliant	Please refer the Corporate Governance section in this Annual Report for the governance structure
H.1.5	Board's role on ESG factors	Compliant	● The independent Directors chair the Audit Committee, Related Party Transaction Committee & the Remuneration Committee ● The Investment Committee reports to the Board. The CEO who is a Board member oversees Sustainability & Governance areas in the organization ● The Board periodically reviews various subject matters pertaining to Governance & Compliance

CORPORATE GOVERNANCE

SECTION B

This section covers the extent of Group's commitment and compliance to the Continuing Listing Requirements Section 7.10 of the Rules on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange under the following headings:

A. Non- Executive Directors
B. Independent Directors
C. Disclosures relating to Directors
D. Remuneration Committee
E. Audit Committee

CSE Rule No.	Subject	Requirement	Compliance	Details
7.6 (i)	Contents of Annual Report	Names of persons who during the financial year were directors of the Entity.	Compliant	List of Directors with their profiles are available on page 28 of this annual report
7.6 (ii)	Contents of Annual Report	Principal activities of the Entity and its subsidiaries during the year and any changes therein.	Compliant	Principal activities of the company are explained on pages 111-146
7.6 (iii)	Contents of Annual Report	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Compliant	As of the end of the financial year 2021/22, Expolanka Holdings PLC has only issued voting shares and the top 20 shareholders are available on Share Information note on page 305
7.6 (iv)	Contents of Annual Report	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Compliant	Information on float adjusted market capitalization and related information are available under the Share Information note on page 303
7.6 (v)	Contents of Annual Report	A statement of each director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year.	Compliant	Opening and closing balances of shares held by the Directors and the CEO are available on page 304
7.6 (vi)	Contents of Annual Report	Information pertaining to material foreseeable risk factors of the Entity.	Compliant	Information on material risk factors is discussed under the Risk Management Report on page 171
7.6 (vii)	Contents of Annual Report	Details of material issues pertaining to employees and industrial relations of the Entity.	Compliant	Information on Human Resources of the company are discussed under the Human Capital section on page 80
7.6 (viii)	Contents of Annual Report	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Compliant	Information on lands and buildings held by the company are available on page 297, Group Real Estate Portfolio
7.6 (ix)	Contents of Annual Report	Number of shares representing the Entity's stated capital.	Compliant	Available under Share Information on page 302

CORPORATE GOVERNANCE

CSE Rule No.	Subject	Requirement	Compliance	Details
7.6 (x)	Contents of Annual Report	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the prescribed manner.	Compliant	Information is available under Share Information on page 303
7.6 (xi)	Contents of Annual Report	Prescribed Equity and Debt ratios with market price information.	Compliant	Equity and Debt ratios are available on page 45 and share price related information are available on page 302
7.6 (xii)	Contents of Annual Report	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value;	Compliant	Significant changes have not occurred to the Company's fixed assets and market value of lands
7.6 (xiii)	Contents of Annual Report	If during the year the Entity has raised funds either through a public issue, Rights Issue, and private placement; a. a statement as to the manner in which the proceeds of such issue has been utilized. b. if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and, c. any material changes in the use of funds raised through an issue of Securities.	Compliant	During the financial year 2021/22, the company has not raised funds through a public issue, Rights Issue or through a private placement
7.6 (xiv) (a)	Employee Share Option Schemes	The following information shall be disclosed in the Annual Report of the Listed Entity in respect of each ESOS: a. The number of options granted to each category of Employees during the financial year. b. Total number of options vested but not exercised by each category of Employees during the financial year. c. Total number of options exercised by each category of Employees and the total number of shares arising therefrom during the financial year. d. Options cancelled during the financial year and the reasons for such cancellation. e. The exercise price. f. A Declaration by the directors of the Entity confirming that the Entity or any of its subsidiaries has not, directly or indirectly, provided funds for the ESOS.	Not Applicable	No Employee Share Option Schemes are available

CORPORATE GOVERNANCE

CSE Rule No.	Subject	Requirement	Compliance	Details
7.6 (xiv) (b)	Employee Share Purchase Scheme	The following information shall be disclosed in the Annual Report of the Listed Entity in respect of each ESPS: a. The total number of shares issued under the ESPS during the financial year. b. The number of shares issued to each category of Employees during the financial year. c. The price at which the shares were issued to the Employees. d. A Declaration by the directors of the Entity confirming that the Entity or any of its subsidiaries has not, directly or indirectly, provided funds for the ESPS.	Not Applicable	No Employee Share Purchase Schemes are available
7.6 (xv)	Corporate Governance Practices	Disclosures pertaining to Corporate Governance practices	Compliant	Disclosures relating to Corporate Governance practices are available from page 147 and 170
7.6 (xvi)	Related Party Transactions	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower to be disclosed	Compliant	Please refer to the commentary of Section 9.3.2 (a)
7.10 (a)	Corporate Governance - Compliance	A Listed Entity shall publish in the annual report relating to the financial year commencing on or after 01st April 2007 a statement confirming that as at the date of the annual report they are in compliance with the Corporate Governance Rules and if they are unable to confirm compliance, set out the reasons for its inability to comply.	Compliant	Statement on Corporate Governance is available on page 198
7.10 (c)	Corporate Governance - Compliance	Listed Entity shall make disclosures of compliance with Corporate Governance Rules applicable to that sector and the annual report must contain the relevant affirmative statements.	Compliant	Compliance status of Corporate Governance Rules are available from pages 165 to 170
7.10.1(a)	Non-Executive Directors	Two or one third of the total number of Directors, whichever is higher, shall be Non-Executive Directors.	Compliant	The Board comprises of four Non-Executive Directors out of the total of six Directors.
7.10.2 (a) & (b)	Independent Non-Executive Directors	Two or one third of Non-Executive Directors, whichever is higher, shall be independent. Declaration of Independence by Non-Executive Directors	Compliant	The Board comprises of two independent Non-Executive Directors. Independent Non-Executive Directors have submitted a declaration of Independence

CORPORATE GOVERNANCE

CSE Rule No.	Subject	Requirement	Compliance	Details
7.10.3 (a)	Disclosure relating to Directors	The names of all Independent Directors shall be disclosed in the Annual Report.	Compliant	Please refer Directors Profiles section in this Annual Report on page 28 for Directors' disclosures
7.10.3 (b)	Disclosure relating to Directors	In the event a Director does not qualify as "independent" as per the rules of Corporate Governance but if the Board is of the opinion that the Director is nevertheless independent, it shall specify the basis of the determination in the Annual Report.	Compliant	Both Independent Directors have been serving the Board for a period exceeding 9 years, disqualifying them as Independent Directors. However, the Board has reviewed their independence status against other criteria set out in the rule and have determined that they are continued to be independent. Accordingly, the Independent Directors have been re-appointed to the Board. Please refer Chairman's Statement on Corporate Governance on page 148
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director which includes information on the nature of his/her expertise in relevant functional areas is to be published in the Annual Report.	Compliant	Directors Profiles are disclosed on page 28 of this Annual Report
7.10.3 (d)	Disclosure relating to Directors	Upon appointment of a new Director to its Board, the Company shall forthwith provide to the CSE a brief resume of such Director.	Compliant	Information on Directors have been shared with the CSE as per the requirement
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Compliant	Refer Remuneration Committee Report of this Annual Report.
7.10.5 (a)	Remuneration Committee – Members	The Remuneration Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non- Executive Directors, whichever is higher.	Compliant	The Remuneration Committee comprises two Independent Non-Executive Directors.
7.10.5 (b)	Remuneration Committee Functions	The Remuneration Committee shall recommend to the Board remuneration payable to the Executive Directors and to the CEO.	Compliant	Refer Remuneration Committee Report of this Annual Report.
7.10.5 (c)	Disclosure in the Annual Report	The Annual Report should set out: ● Names of the Directors of the Remuneration Committee ● The statement of Remuneration Policy ● Aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	All related information has been disclosed under the Remuneration Committee Report of this Annual Report on page 186. Remuneration paid to Executive and Non-Executive Directors are mentioned under the Annual Report of Board of Directors on the Affairs of the Company on page 194

CORPORATE GOVERNANCE

CSE Rule No.	Subject	Requirement	Compliance	Details
7.10.6	Audit Committee	A listed company shall have an Audit Committee.	Compliant	Refer Audit Committee Report of this Annual Report.
7.10.6 (a)	Composition of the Audit Committee	• The Audit Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors, whichever is higher. • One of the Non-Executive Directors shall be appointed as the Chairman of the Committee by the Board of Directors • The CEO and CFO shall attend the Audit Committee meetings • The Chairman or one member of the Audit Committee shall be a member of a recognized professional accounting body	Compliant	• The Audit Committee comprises of two Independent Non-Executive Directors • Mr. Sanjay Kulatunga (Independent Non-Executive Director) acts as the Chairman of the Committee • The Group CEO and Director - Group Finance attend meetings by invitation • The Chairman is an Associate Member of the Chartered Institute of Management Accountants and is a Charter holder from CFA
7.10.6 (b)	Functions of the Audit Committee	The Audit Committee shall oversee the following functions. • Preparation, presentation, and disclosure of the financial statements and ensure they are in line with the Sri Lanka Accounting Standards • Compliance with financial reporting, Companies Act and other financial reporting regulations and requirements • Processes to ensure that Internal Controls and risk management are adequate to meet the requirements of Sri Lanka Accounting Standards • Assessment of the independence and performance of external auditors • Appointment, re-appointment, and removal of external auditors and approve the terms of remuneration and terms of engagement.	Compliant	Refer the Audit Committee report on this Annual Report on page 201
7.10.6 (c)	Disclosure in the Annual Report	The Annual Report shall disclose: • Names of the Directors of the Audit Committee • The determination of the independence of the Auditors and the basis for such determination • A report by the Audit Committee setting out the manner of compliance with the listing rule 7.10 on Corporate Governance	Compliant	Refer the Audit Committee Report on this Annual Report on page 201

CSE Rule No.	Subject	Requirement	Compliance	Details
9.3.2 (a)	Related Party Transactions - Disclosures in the Annual Report	In the case of Non-recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements information listed out in the rule must be presented in the Annual Report:	Compliant	There were no non-recurring transactions during the year under review.
9.3.2 (b)	Related Party Transactions - Disclosures in the Annual Report	In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented	Compliant	Information pertaining to recurrent related party transactions during the financial year 2021/22 have been disclosed under note 15.6 - Recurrent Related Party Transactions on page 263
9.3.2 (c)	Annual Report disclosure	Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: a. Names of the Directors comprising the Committee b. A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors. c. The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. d. The number of times the Committee has met during the financial year	Compliant	Please refer page 183 for the Report on Related party Transactions Review Committee
9.3.2 (d)	Declaration by the Board of Directors	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions or a negative statement in the event the entity has not entered into any Related Party Transaction/s.	Compliant	Please refer page 194. The Affirmative statement is given in the Report on Board of Directors on the Affairs of the Company.

RISK MANAGEMENT **REPORT**

The Expolanka organization operates in a proactive and agile manner, understanding and adapting its operations to various macro environmental variables. The company's consistent and comprehensive strategy and its DNA has enabled it to successfully overcome a variety of externalities which would otherwise have impacted its operations. Being a global organization, where over 95% of the company' revenue is derived from International markets, Expolanka recognized the need to adopt a versatile and well thought out Risk Management framework to preemptively respond to the a multitude of Risk factors affecting its business operations. The organization acknowledges that Risks and opportunities are inherent to entrepreneurial businesses and therefore a conscious and balanced approach to risk management is required to ensure the organization is able to remain competitive, achieve growth whilst generating sustainable earnings.

The organization recognizes that strategic, commercial and investment risks need to be managed effectively to seize opportunities to achieve its strategic goals. The year in review was once again crucially shaped by many external factors, which presented us with challenges posing both risk and opportunities. The Group believe that the effective management of these risks and opportunities is a significant success factor for the sustainable enhancement of enterprise value.

From a Risk management perspective, the focus of the organization was primarily centered on facilitating and driving growth, ensuring the quality of its earnings to generate strong returns to its stakeholders, whilst navigating through a variety of market factors such as Supply chain disruptions, Geo Political tensions, Digital and compliance considerations and Pandemic induced challenges to name a few. The dynamic nature in the global market space is inevitable and has changed the way businesses operate in its current context. The success at Expolanka has been the company's ability to steer the business operations over these challenging times in the most effective and efficient manner.

Expolanka continued to rely on its market insight and risk management strategies and process to anticipate and mitigate risk, navigate market volatility to meet the customer expectations and secure exceptional financial results in 2021/22 despite the ongoing challenges. The profile of the organization in itself functions as an optimum risk management framework viz a vis; the organization is a Dollar based earning company with international presence, mitigating impacts of particular country risks and exchange impacts, the customer profile serviced by the company are all leading international brands, operating across a multitude of industries and markets, countering any risk associated to dependencies of customers and / or particular industry patterns, the service portfolio offered by the company is evolving, resulting in the business being able to optimize its services to customers. The organization has also implemented a sustainability strategy which is aligned with the key initiatives of the overall organizational framework. On the digital front, the organization has implemented a slew of initiatives aimed at overcoming some of the key challenges such as managing cyber security and compliances related challenges, whilst looking to optimize on several opportunities related to internal processes and efficiencies. All this together with the experienced and exceptionally talented leadership teams across its network operates as one of the key strengths of the company to ensure sustainable operations. This holistic and integrated approach where risk management goes hand in hand with the development of business strategies and initiatives, highlights the comprehensive approach adopted by the company, which has led the organization towards this exceptional performance

The company's transformation is accelerated through our focus on key levers such as technology, processes and people. It is essential that risks inherent to the business activities and risks associated with the transformation are managed well to keep the potential financial and reputational impact of such risks within acceptable levels.

We have a risk management approach which is efficient, agile and evolving. We constantly review and evaluate risks so that the management team is aware and able to make decisions more effectively. Our risks mitigation strategies address a fairly large risk universe, thereby allowing us to develop policies more coherently giving us better focus and visibility.

We are prepared and committed to make further financial and operational investments in pursuit of growth objectives in commensurate with the underlying risk. Our acceptance of risk is subject to ensuring that potential benefits and risks are fully understood and appropriate measures to mitigate those risks are established.

RISK MANAGEMENT REPORT

Risk management is a fundamental element of the Group's business practice on all levels and an integral part of groups' various workflows. We are committed to ensuring that systematic, holistic and proactive management of risks and opportunities is among its organizational core capabilities, and that a culture is fostered where both are carefully considered in all business decisions.

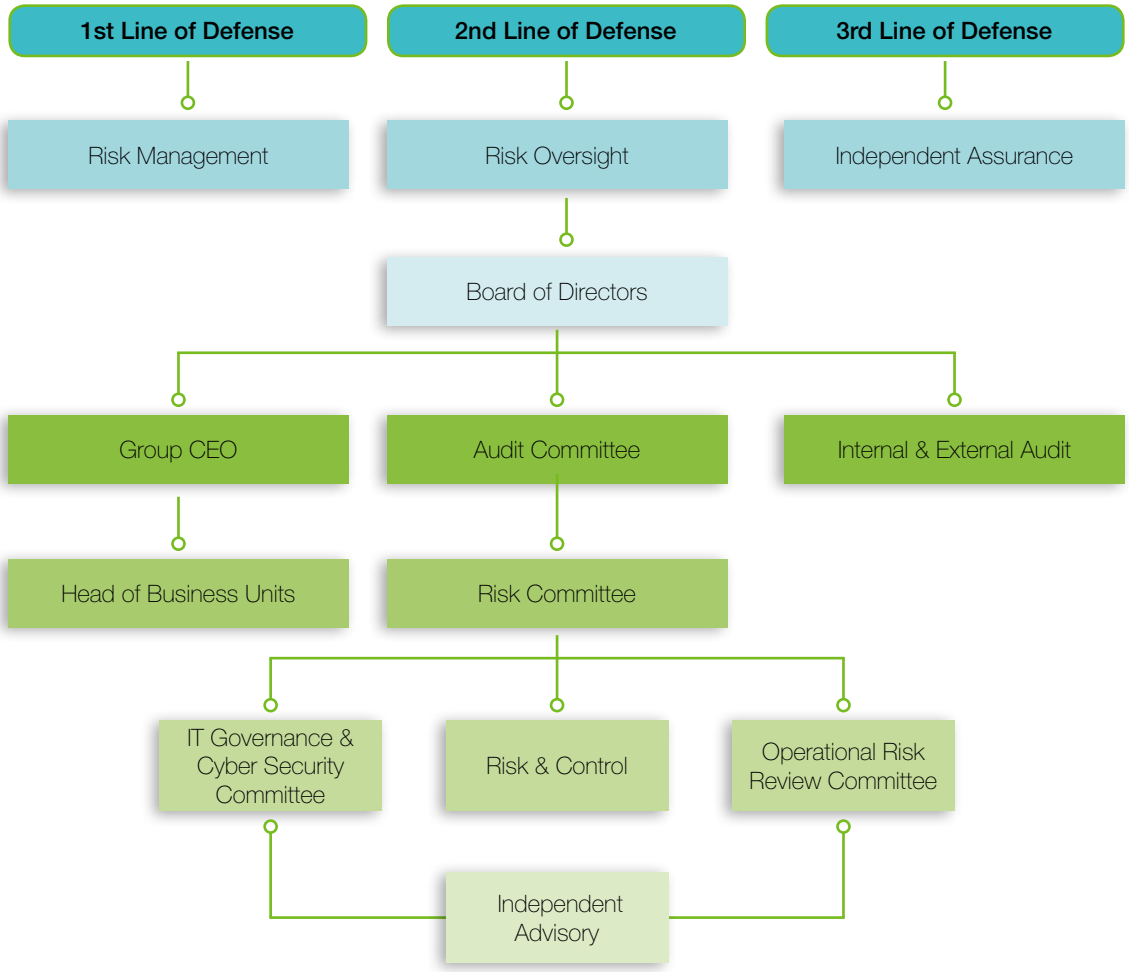
Our Risk Management Framework consists widely based on the following core elements;

1. Risk Governance Structure
2. Risk Management Approach
3. Reporting & Measurement Systems

RISK GOVERNANCE STRUCTURE

Expolanka has established risk governance that is consistent with the size and complexity of the organization and the risk profile of the Company. Expolanka's governance identifies, establishes and reinforces the importance of oversight responsibilities for risk management and also ensures accountability for managing risk is embedded into our management structures.

Expolanka applies a differentiated governance approach at the legal entity level, depending on the materiality of individual entities where companies with high risk profiles are subject to enhanced governance.



We remain strongly committed to maintaining and strengthening a workplace culture in which employees uphold the highest standards of behavior and aim to continually increase risk awareness to make it an integral part of the company culture. The Code of Conduct of the Group articulates the values that staff are expected to demonstrate and form the basis of all behaviors and actions. It is actively promoted by Management and cascaded through the organization and all staff abide by the Code of Conduct and values of the organization.

RISK MANAGEMENT REPORT

RISK MANAGEMENT FRAMEWORK

Expolanka's risk management framework consists of systems, structures, policies, processes and people that identify, monitor, report and control or mitigate internal and external sources of material risks.

Expolanka has adopted the three-lines-of-defense model, which reflects the segregation between Business (first line), Oversight functions (second line), and the independent audit function (third line) where;

- As the first line of defense, Business Units own and manage risks and is responsible for maintaining effective internal controls
- Audit Committee and Risk Committee forms the second line of defense and provides independent and objective review and challenge, oversight, monitoring and reporting in relation to Group's material risks
- Independent audits, as the third line, provides independent and objective risk based assurance on the compliance with, and effectiveness of, Expolanka's risk management systems and processes

The three lines of defense model adopted sets responsibilities across the organization and ensures each group understands the boundaries of their responsibilities and how their position fits into the organization's internal control and risk management system. This approach is designed to achieve a strong, coherent and Group-wide risk culture built on the principles of ownership and accountability.

Role	Responsibility	Line of Defense	Scope
Risk Management	Group CEO, Business Unit Heads & Individuals	1st Line of Defense	Primary responsibility for risk management lies at the business level. Part of the role of all business managers is to ensure they manage risks appropriately. As the first line of defense, heads of individual divisions and departments manage risks faced by their business units/functions. As the risk owners, they identify and evaluate the risks which may potentially impact the achievement of their business objectives, mitigate and monitor the risks by designing and executing control procedures in their day-to-day operations complying with specific risk instructions as well as the Group's other guidelines.
Risk Oversight	Board Oversight - Audit Committee	2nd Line of Defense	Audit Committee acting on behalf of the board is charged with supervising, monitoring, and advising the Board in relation to the functioning of the internal risk management and control systems. It also oversees risk mitigation efforts of the management to manage the significant risks of the group.
	Risk Committee		The Risk Committee assists the Audit Committee in discharging its Corporate Governance responsibilities for risk management and internal controls. It monitors the Group's overall risk profiles by reviewing the key risks. The Risk Committee meets at least four times each year and keeps the Audit Committee informed about its activities.

RISK MANAGEMENT REPORT

Role	Responsibility	Line of Defense	Scope
Independent Assurance	Internal Audit/ External Audit	3rd Line of Defense	The third line consists of independent audit of processes and procedures carried out by Internal and External Audit Internal Audit plans engagements through conducting necessary consultation sessions with the Risk Committee and Senior management to identify the relevant risks faced by the Group. As the 3rd line of defense, Internal Audit adopts a risk based approach in undertaking the internal audits to provide independent assurance to Senior Management and the Board on the adequacy and operational effectiveness of internal control, risk management, and governance systems and processes. Internal Audit assesses whether risks have been adequately identified, appropriate internal controls are in place to manage those risks and whether those controls are working effectively. Issues identified by Internal Audit are followed up to validate remediation. The risk assessment results are also mapped to the internal audit plan to ensure the audit performed systematically covers all the significant risks and the corresponding key controls.

The Risk Management Framework operates in concurrence with the Group's corporate governance structure and is linked to Internal Audit function, Compliance, Health, Safety, Environment and Security (HSES) and integrated seamlessly across businesses when identifying risks and opportunities.

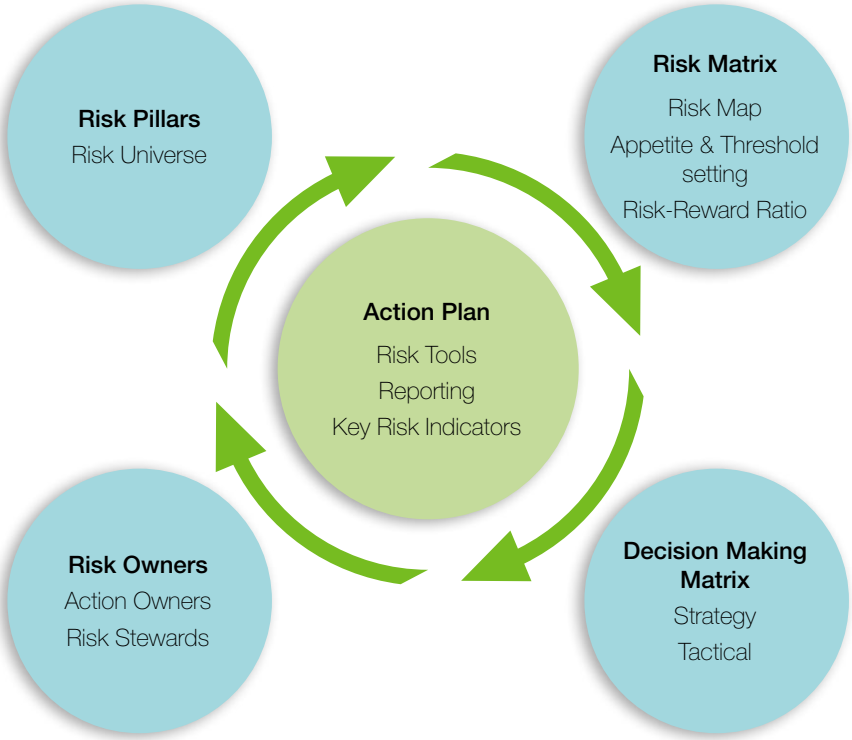
RISK MANAGEMENT PROCESS

Through our internally defined processes, risk management is integrated into all business and decision-making processes including strategy formulation, business development, business planning, capital allocation, investment decisions, internal control, and day-to-day operations.

The diverse business sectors of the Group have high levels of autonomy in driving their businesses with Group governance structures playing a key role in harmonizing policies, sharing best practice, guiding strategic direction, managing risks and optimizing resource allocation across the Group.

One of Expolanka's core priorities is to continuously strengthen the risk management processes which would enable to maintain our medium-low risk profile in the face of an ever-changing economic, social and regulatory environment. In line with the commitment, group is actively working towards improving the existing practices and has adopted the below risk management process with a cohesive approach.

RISK MANAGEMENT **REPORT**



We use internal and external data to monitor our risks and to make proactive interventions. We also establish cross-functional working groups and draw on the advice of experts where necessary to ensure significant risks are effectively managed. The main strategic risks identified by the Group are regularly monitored by senior management, including any mitigating actions and appropriately escalated to the Executive and Board for consideration as necessary.

The Risk Committee assists the Audit Committee in discharging its Corporate Governance responsibilities for risk management and internal controls by monitoring the Group's risk profile. The Risk Committee meets at least four times each year and keeps the Audit Committee informed about its activities on a quarterly basis. The Risk Committee being part of the operational eco system of the business also engages with Senior Management, Functional Heads and other stakeholders of the Group to ensure operational and functional risk aspects are duly discussed and escalated for direction.

Sub committees of Risk Committee namely Operational Risk Committee and IT Governance & Cyber Security Committee ensure deeper review of key areas of risk and duly supported and empowered with external independent professionals with industry expert advice. Key matters of discussion from the sub committees are reviewed at the Risk Committee for deliberation and direction as applicable.

The Group considers compliance pertaining to all the laws and regulations to be imperative. We have deployed Compliance Management System (CMS) to periodically report and monitor the statutory and regulatory compliance status across the group. The status of compliance and effectiveness of the Compliance Management System (CMS) is overseen by the Risk Committee.

A clearly defined and documented authority matrix has been rolled out across the group to govern the business which is reviewed and updated periodically to ensure continuous improvements, to reflect changing risks and to resolve operational requirements. The authority matrix establishes a sound framework of authority and accountability within the Group, including segregation of duties which facilitates effective and quality decision making at the appropriate levels in the Group's hierarchy.

RISK MANAGEMENT REPORT

The increased risk to our workforce due to the covid-19 pandemic was well managed by COVID Task Force through a coordinated response plan with daily monitoring of external and internal developments. Increasing awareness of health and safety risks to employees, implementation of robust Health & Safety protocols at business locations, and PCR testing ensured continuity of business with minimum disruptions. Stringent adherence to the recommended protocols ensured safe return to work for employees.

INSURANCE AS A RISK MANAGEMENT TOOL

Expolanka has tailored insurance covers that transfer the risks associated with operations (cargo and liability), property and people. Insurable risks are continuously evaluated, and actions are taken to reduce these insurable risks, as part of its loss-prevention strategy. The insurance covers help reduce the potential for business interruption and to ensure the Group's ability to deliver to its customers.

BUSINESS CONTINUITY AND CRISIS MANAGEMENT

Our global risk management process and related procedures for business continuity and crisis management set the requirements for local management teams to ensure their ability to successfully respond to disruptive events and continue their business operations on an acceptable level. The improvements made during the year ensure a swift return to normal activities and reduce any significant damage to the business.

The Risk Committee and Audit Committee periodically review significant risks and provide complementary insights into existing and emerging risks. A continuous dialogue between the Board, Audit Committee and the Management is maintained in order to assure the Group's effectiveness in this area.

RISK FACTORS

Principal risks include those that would materially threaten the Group's business model, its future performance, solvency or liquidity and reputation. The perceived principal risks the Group is exposed to is identified through the risk assessment process, the mitigating controls in place to manage and further reduce residual risk levels and an update on the change in the profile of each risk during the year have been provided in the below table. The list do not comprise of all our risks and are not set out in order of priority. The Principal Risk identified helps bring governance and management focus to the key risks which may prevent the Group from achieving its stated goals and objectives.

These identified risks are considered and reviewed at various stages within our business process and appropriate risk responses and strategies implemented to reduce these risks to an acceptable level. The effectiveness of these mitigation strategies can change over time, some of these risks remain beyond the direct control of management.

No new risks with a potentially critical impact upon the Group's result have been identified according to current assessments. While there has been no significant change in the principal risks in the last year, the Group operates in a dynamic environment where risks continue to evolve and the Group continues to develop mitigation measures to address them.

RISK MANAGEMENT **REPORT**

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 21/22	Risk Grading 20/21	Risk Grading 19/20
Business Partner Risk	Loss of principals/ business partners, customers, suppliers, JV partners due to global mergers and acquisitions, intense competition, service level gaps	• Transitioning the businesses of the group to a more solution-based value driven, partner centric business portfolio • Developing and delivering strong service KPI's and Service Level Agreements • Utilizing technology and digital tools to enable and facilitate the business operations of the various sectors. • High level of integration, visibility and awareness between the company & partners • Working with customers as a partner to fulfill and meet respective compliance and service standards • Adopting a flexible and agile operating model with the customer at the forefront of the business execution plan • Optimizing branch and network strength to offer a wholesome service • Enhancing capability, competencies, and service portfolios to offer a wider more comprehensive solution • Continue to invest in people, technology and processes to establish an experiential engagement to all parties	Medium	Medium	Medium
Product & Market Dependency Risk	Loss of market share or market leadership in relevant segment due to intense competition from existing and potential competitors, changes in customer attitudes due to adverse economic and social conditions.	• Synergistic acquisitions to broaden the product and market range • Enhanced overall supply chain management to provide a comprehensive value added solutions to the customer • Customer broad basing and providing additional services to increase the wallet share • Strengthening of core product market verticals • Broadening the reach through branch operations • Product diversification through active venturing into other verticals apart from our specialized area of apparels • Increasing footprint in the other regions thus reducing concentration risk	Medium	Medium	Medium

RISK MANAGEMENT **REPORT**

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 21/22	Risk Grading 20/21	Risk Grading 19/20
Credit risk	Probable income loss arising due to the probability of default by the company's debtors.	• Credit Evaluation and Approvals • Company wise credit policies • Improved invoicing efficiency and increased focus and follow up on debtor outstanding through dedicated corporate team focusing on debt collection • Credit default recoveries through centralized legal department • Monitoring of market on customer's and agent's credit profiles • Deeper credit monitoring for certain business segments and extensive reporting • Online screening for bad/ sanctioned customers • Review of quarterly published financials of listed entities to understand risk profile • Monitoring of change in S&P and Moody's credit rating of key customers	Medium	Medium	Medium
Investment and resource Management Risk	The future profitability of the group is affected by the degree of realization of expected earnings on investments	• Investment appraisal based on strategic, commercial, and financial viabilities by the Investment Committee • Investment focused on key growth verticals focusing on strategic fit, returns and ROE's • Third -party expertise in undertaking investment transactions • Careful and considerate due diligence process with an in-depth study on Financial, Commercial and Legal aspects prior to decision making • Strong governance structure for project approvals • Continuous review from project implementation to maturity • Post-merger integration to maximize synergies	Medium	Medium	Medium
Regulational, Legal and Compliance Risk	Non-compliance pertaining to statutory and regulatory provisions could bring adverse effect on our businesses.	• Monthly Report and review of Statutory Compliance • Legal Policies and Procedures • Screening process to avoid dealing with sanctioned customers/ countries • Improvements to tighten data protection of stakeholders • Improved governance structure pertaining to legal and compliance • Periodic self-evaluation and legal audit on compliance • Process automation on risk and compliance related reporting	Medium	Medium	Medium

RISK MANAGEMENT **REPORT**

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 21/22	Risk Grading 20/21	Risk Grading 19/20
Human Capital Risk	Risk arising as a result of failure to attract, develop and retain a skilled workforce.	• Improved performance evaluation and measurement process • Increased HR engagement to drive the culture across the group • Working towards building a strong succession plan through the leadership development programme called "EFL Leap" • Enhanced sources of recruitment	Low	Low	Low
System & Technology Risk	Potential for system failures, Inaccuracy or delays in decision making due to inaccurate or non-availability of timely information from key computer systems and cyber attacks	• Periodic Independent ITGC Audit • Improved security over IT systems and processing information to increase confidentiality and integrity of data. • Implementation of Disaster Recovery with latest technologies to support business continuity. • Improvement of existing IT security infrastructure and implementation of new firewall system to support branch network. • Continuous user awareness sessions and trainings on existing and latest best suited technologies and adaptation of available IT best practice • Specialized systems to cater to respective business requirements • Cybersecurity steering committee to provide oversight over management and mitigation of security risk • Continuous monitoring for end devices for cyber security incidents and periodic system penetration test to identify system vulnerabilities	Medium	Medium	High
Foreign Currency and Financial Risk	Potential losses as a result of high volatility in foreign currency exchange rates against the Sri Lankan Rupee and risk of business having insufficient funds to meet its financial commitments in a timely manner	• Group Treasury Policy • Natural Hedging through receivables and payables matching. • Leading and Lagging in the conversion of foreign currency based on exchange rate movement projections. • Entering into SWAP & Forward Contracts to mitigate the FOREX risk. • Incorporating the projected downswing in exchange rates to the pricing of goods and services • Securing debt funding diversity and maintaining an appropriate mix of committed credit facilities • Reviewing liquidity, maintaining investment grade credit ratings and preserving a healthy capital structure • Taking pre-emptive action for early completion of major financings with preferential terms	Medium	Medium	Medium

RISK MANAGEMENT **REPORT**

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 21/22	Risk Grading 20/21	Risk Grading 19/20
Internal Controls and Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events	• Group Policies and Procedures • Periodic audit performed by Internal Auditors to ensure compliance and the effectiveness of operational controls. • Strengthening of Business continuity plans to ensure smooth operations • Systemizing and monitoring of operational KPI's to bring service enhancement through technology • Improved internal efficiencies by strengthening roles and responsibilities • Robust documentation process supported through technology • Implementation of HSE to build and promote a sound safety culture across the Group Strengthening security surveillance at high-risk facilities • Maintaining emergency response, crisis management, disaster recovery and business continuity plans with periodic drills to enable effective recovery from a major disruption. • Maintaining appropriate response levels and control measures in response to the COVID-19 pandemic • Experienced customer service teams enable a responsive and agile operation.	Medium	Medium	Medium
Country, Geo Political & Economic Downturn Risk	Risk of operating in new markets, political risks	• Continuous and proactive evaluation of factors which effect the macroeconomic environment of the business • Monitoring of country specific legal & regulatory requirements • Enhanced organizational structure to minimize risk exposure • Diversification and strengthening of origin markets thus reducing the dependency on any single origin • Market entry strategy with captive business and local know how through engagement with teams and structures which are familiar	Medium	Medium	Medium
Reputational Risk	Reputational risk results from damage to the group's image among stakeholders, which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.	• Channeling of all media communications through Group's Corporate Communication department • Customer feedback system implemented to gauge customer satisfaction as a part of continuous development • Brand monitoring and approval process to mitigate potential brand threats • Communication of Code of Ethics to all recruits • Strict adherence to statutory and regulatory compliance • Rollout of a revised media policy and an update to the EFL brand manual to ensure consistency in communication • Align PR strategy of the organization with the business strategy • Proactive customer service engagement	Medium	Medium	Medium

RISK MANAGEMENT REPORT

EMERGING RISKS

Emerging risks are considered as part of the risk assessment process and are identified through horizon scanning, continual dialogue with the business and keeping abreast of market and industry changes. As part of the ongoing risk management process, below emerging risks are assessed and monitored by the Group's management and key stakeholders to determine the impact of such risks to the business to take appropriate actions. Although none of these risks are deemed to be significant and are consequently not listed as one of the Group's principal risks, they are tracked in case they evolve to become more significant.

- The COVID-19 pandemic which was identified and reported as emerging risk during last year continued to create uncertainty. However, the outlook is more optimistic with understanding and agility in managing it through preventative measures and vaccination rollouts.
- Cyber risk and information security are a key focus of our operational risk controls. The Group performs periodic cyber risk assessment to determine the current maturity of controls. The overall risk level for a major cyber-attack has decreased due to the enhanced capability to control impact through preparedness and response activity procedure, however the likelihood of an attack has increased amid developments in the external threat environment and expansion of the attack surface due to digitization, vulnerabilities across IT landscape and newly acquired companies. Further legal and regulatory compliance requires compliance with data privacy regulations across different geographies resulting in increased risk exposure.
- Geo-Political Tension- Being a global organization, Expolanka is exposed to risks revolving around Geo-Political implications. These tensions may have an effect of creating more disruptions to supply chains which have been stressed as a result of the COVID 19 Pandemic. These tensions may result in impacts to global trade, freight rate movements, further capacity challenges and inflationary challenges globally. The Company is closely monitoring the above crisis and evaluating its implication to business and continue to adopt an agile approach in mitigating such risks where prevalent.

INFRASTRUCTURE RISK

This risk is mainly applicable for Sri Lankan based entities which are exposed to infrastructure related challenges in the current environment, mainly arising out of the power and energy crisis prevalent in the country. In order to provide uninterrupted services to our its customers, the Expolanka group of companies has taken several proactive steps as part of its much wider business continuity plans to ensure that the organization overcomes these challenges. Leveraging on its technology capabilities the group has implemented work from home operating models, roster based operations, mechanisms to ensure uninterrupted power supply, planned and coordinated activities to meet fuel requirements for its various businesses, sustainable initiatives to conserve energy, utilization of multiple sites to mitigate impacts to businesses. These initiatives are continuously monitored and refined to ensure that operations take place seamlessly in the most efficient manner.

The risks described above are not an exhaustive list of the risks faced by the group. There are additional risks which are not yet considered material, or which are not yet known, which could become significant in the future adversely affecting the financial position, results, operations, or liquidity if they are to materialize. The Group will continue to monitor risk in the context of relevant factors such as the ongoing impact of the COVID-19 pandemic, growth through geographic expansion and ongoing acquisitions, as well as other changes in the external environment, which may create future risks which could have a significant impact on its operational and strategic environment.

The company emphasizes that risk management and internal control systems are designed to manage rather than eliminate the risk of failure in achieving our strategic and business objectives and can only provide reasonable but not absolute assurance that risks are managed to an acceptable level.

SUMMARIZED ASSESSMENT OF THE RISK SITUATION

The Group continued to benefit through the risk management strategies and early crisis management in 2021/22 resulting in exceptional financial performance. The Board and the Management continue to actively monitor the situation and adapt our response as required to meet the goals and objectives of the group. Overall, there were no identifiable risks for the Group in the current forecast period which, individually or collectively, cast doubt upon the Group's ability to continue as a going concern. Nor are any such risks apparent in the foreseeable future. The Group is confident that it will be able to exploit any future opportunities while avoiding exposure to unacceptably high risks.

RISK MANAGEMENT **REPORT**

CONCLUSION

Successful management of existing and emerging risks is critical to the long-term success of our business and to the achievement of our strategic objectives. The focus of the risk management function has remained on building an integrated and cohesive strategy which aids in the growth of the organization, whilst ensuring sufficient and relevant processes have been established to ensure that the risk profile of the company is mitigated to the greatest extent possible. An approach which is proactive, aligned and agile, enabling the company to respond effectively towards existing and emerging risks. The global operating landscape is expected to remain dynamic & uncertain, posing new challenges to the organization. The successful link between business strategies and risk management has aided the organization in navigating challenging times successfully. Despite the challenges the Group further strengthened its business and managed to deliver exceptional performance by leveraging on the scalable business model, improved and efficient procurement strategies and by executing on the business opportunities which emerged from the distortion to the global supply chains wrought by the pandemic. Continuous geographic, product and customer expansion has made the group less vulnerable to concentration risk and be better equipped to face global downturns. Group remains very confident about future growth prospects based on attractive end markets and the efficiency measures initiated.

Risk Management framework and processes adopted within the group continue to evolve to effectively respond to uncertainties and meet the challenges and requirements of the global markets in which the business operates. The Group is committed towards continuous improvement to the way in which risk is being managed in relation to the operating environment to ensure long term resilience and growth of the business.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

Related Party Transactions Review Committee was established by the Board to ensure compliance with the rules and regulations governing Related Party Transactions for Listed Entities as per the requirement of Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules").

The purpose of the Committee as set out in its Terms of Reference (TOR), is to conduct an appropriate review of company's related party transactions and to ensure that the company complies with the rules set out in the Code. The primary objective of the rules is to ensure that the interests of the shareholders as a whole are considered when entering into related party transactions.

COMPOSITION

The Committee comprised of two (2) Independent Non-Executive Directors as of 31st March 2022 and is chaired by Mr. Sanjay Kulatunga. Brief profiles of the members are given on the pages 28 of this annual report.

Company Secretaries, S.S.P. Corporate Services (Pvt) Ltd act as the Secretary to the Related Party Transactions Review Committee.

SCOPE OF THE COMMITTEE

Scope of the Committee include the following:
Formulate and recommend a policy for adoption on related party transactions for the Group which is consistent with the Code whilst ensuring that related party transactions are transacted at arm's length and are not prejudicial to the interests of the entity and its minority shareholders.

Review proposed related Party Transactions of the company other than those transactions which are explicitly exempted in the Listing Rules. Further seek information the Committee requires from management with regard to any transaction that are entered into with a related party and ensure immediate market disclosures are made as required by the Continuing Listing Requirements of the CSE.

Ensure that no Director of the company shall participate in any discussion of a proposed related party transaction for which he is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee.

Include appropriate disclosures on related party transactions in the annual report as required by the Continuing Listing Requirements of the CSE.

To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining independent advice from independent professional experts.

MEETINGS

The Related Party Transactions Review Committee convened 4 meetings during the financial year ended 31st March 2022 and the attendance of the members of the Related Party Transactions Review Committee was as follows:

	29th April 2021	26th Jul 2021	27th Oct 2021	27th Jan 2022	Attendance Eligibility	Attended
Mr. Sanjay Kulatunga	●	●	●	●	4	4
Mr. Harsha Amarasekera	●	●	●	●	4	4

● Present ● Excused

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The committee has reviewed the related party transactions during the financial year and has communicated its observations to the Board of Directors as per the CSE Listing Rules 9.3.2 (c)

The Group Chief Executive Officer, Chief Executive Officer – Freight & Logistics, Director – Group Finance, Manager – Treasury and Chief Financial Officer – Freight & Logistics also attended the meeting by invitation. The Company Secretary functions as the Secretary to the Related Party Transactions Review Committee.

Below table depicts the date of the meetings and the key areas of discussion;

Meeting Date	Key Points of Discussion
29th April 2021	• Update on the Related Party Borrowings as at 29th April 2021. The funding requirements for the 1st Quarter was discussed giving adequate justifications with the increase in business. Comparison was made between the borrowing rates for the related party and financial institution. Decision was made to borrow from the related party since the terms and rates were in favour in comparison to the financial institution. • Discussion on the rational to increase the Credit Facility with Parent entity to accommodate working capital requirements stemming from increase in business. Growth achieved in the business was compared with the last year and projections made in the financial year 2021/22. Management made a formal request to the related party giving justifications for the business increase. • Update on the current status of compliance pertaining to foreign subsidiaries in line with BEPS Actions 13.
26th July 2021	• Update on the Related Party Borrowings made from April 2021 to July 2021 for working capital and strategic investments. It was brought to the notice of the committee that the rates offered by the related party was much cheaper despite the increase in the benchmark market rates and in the backdrop of uncertainties plaguing the country's economy and its risk profile. • Management has made another request to increase the Credit facility to USD 450Mn given the projected increase anticipated in the 2nd Quarter and 3rd Quarter of the financial year. • Tabling the Transfer Pricing Compliance Requirements for Local Subsidiaries for the Financial Year 2020/21. In line with Sri Lanka's Transfer Pricing regulations in concurrence with the Extraordinary Gazette No.2104 dated 31st December 2018 issued under the Inland Revenue Act No.24 of 2017 (the Act), the companies that need to comply with the Transfer pricing compliance requirements for the FY 2020/21 were identified and necessary steps were taken to complete these requirements by 30th of November 2021. • Update on the current status of compliance pertaining to foreign subsidiaries established and acquired in the past year in line with BEPS Actions 13.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Meeting Date	Key Points of Discussion
27th October 2021	• Update on Related Party Borrowings as at 25th October 2021 and review of comparative funding rates. The committee re-evaluated the current position of the credit facility lines with the related party and its adequacy for the 3rd and 4th Quarter of the financial year. • Status update on conclusions reached pertaining to Transfer Pricing Compliance Requirements for Local Subsidiaries. The companies which were required to comply with the local transfer compliance requirements had maintained required benchmarks to establish arm's length principle. • Discussion on the findings pertaining to Transfer Pricing Compliance Requirements for International Subsidiaries. The respective companies which were required to comply with their local transfer compliance requirements had maintained required benchmarks to establish arm's length principle. • Update on the current status of compliance pertaining to BEPS Actions 13.
27th January 2022	• Update on Related Party Borrowings as at 27th January 2022. Committee was appraised on the profit realization to aid repayment of the borrowings made in the first two Quarters of the financial year. • Discussion on the adequacy of credit facility lines with Related Parent entity to cater future business requirements. The committee evaluated the current requirement in line with the projected collections for the revenue generated in the previous quarters and the growth anticipated in the future. A Review was done on the repayment plan for the working capital borrowings made during the year. • Update on the current status of compliance pertaining to foreign subsidiaries in line with BEPS Actions 13.

On behalf of the Related Party Transaction Review Committee.

Sanjay Kulatunga
Chairman
Related Party Transactions Review Committee
16th June 2022

REMUNERATION COMMITTEE REPORT

COMPOSITION

During the financial year 2021/22, the Remuneration Committee of Expolanka Holdings PLC comprised two Independent Non-Executive Directors appointed by the company's Board of Directors. The committee's composition meets the requirement stipulated under the Listing Rule No. 7.10.5 of the Colombo Stock Exchange.

List of members of the committee are as below;
- Mr. Harsha Amarasekara - Independent Non-Executive Director (Chairman)
- Mr. Sanjay Kulatunga - Independent Non-Executive Director

A brief profiles of the Directors are given on page 28 of the Annual Report.

SCOPE OF THE COMMITTEE

The scope and the responsibilities of the Remuneration Committee include;
- To suggest recommendations to the Company Board on the remuneration structure of directors and senior management while maintaining a formal and transparent process in determining the remuneration.
- To review and approve the management's remuneration packages concerning the Board's corporate goals and objectives.
- To make recommendations to the Board on the remuneration packages of all executive directors and senior management, including any compensation payable for loss or termination of their office or appointment.
- To ensure that the CEO's performance is evaluated against pre-agreed targets and goals that are in the best interest of the company and the stakeholders
- Consider other topics as defined by the Board.

REMUNERATION POLICY

The remuneration policy of Expolanka has been designed to attract, motivate, and retain the company's executive team by offering market-competitive remuneration and benefits packages that will assist in achieving the company's objectives. To ensure that the said objective is met, salaries and other Executive team benefits are reviewed periodically, considering the performance of the individual and industry standards.

The remuneration packages are linked to the performance of the individuals, which are aligned with the short and long-term strategy of the company. The committee will make every endeavor to ensure that the remuneration packages are adequate to attract and retain the Executive Directors, CEO, and senior management team members.

MEETINGS

The Remuneration Committee of Expolanka meets as and when a need arises. The committee formally met once during the financial year under review, where both members were present. The attendance of the Remuneration Committee meeting is as below;

Name of Member	5th January 2022
Mr. Harsha Amarasekera	Present
Mr. Sanjay Kulatunga	Present

The Remuneration Committee reviewed the existing remuneration and benefits scheme of the Executive team to ensure that it is in line with the company's overall aims and objectives. Further, it was also made sure that the policy was competitive, formal, and transparent.

The committee also discussed the Compensation Guidelines, which are in place to confirm whether they are fair & equitable remuneration packages while maintaining ethical and corporate governance standards of the Group. Furthermore, the existing remuneration and benefits packages of the senior management team were evaluated to ensure that it is competitive and transparent. Necessary changes have been suggested and implemented as and where required.

During the financial year under review, Rs. Thirty Three Million Thirty Five Thousand Six Hundred and six only (Rs. 33,035,606.00) paid as remuneration for Executive Directors and Rs. Nineteen Million Two Hundred Thousand Only (Rs.19,200,000.00) was paid as remuneration for Non-Executive Directors of Expolanka Holdings PLC.

No Director was involved in deciding his/her remuneration package.

Mr. Harsha Amarasekera
Chairman – Remuneration Committee
16th June 2022

GRI INDEX

GRI 102-55

GRI Disclosure	Description	Page number(s)/ Director response
GRI 102: General Disclosures		
102-1	Disclosure Name of the organization	307
102-2	Activities, brands, products, and services	74
102-3	Location of headquarters	307
102-4	Location of operations	26
102-5	Ownership and legal form	307
102-6	Markets served	26
102-7	Scale of the organization	27
102-8	Information on employees and other workers	81-82 Partial Reporting
102-9	Supply chain	52
102-10	Significant changes to the organization and its supply chain	52
102-11	Precautionary Principle or approach	51
102-12	External initiatives	4
102-13	Membership of associations	78-79
102-14	Statement from senior decision-maker	34-37
102-16	Values, principles, standards, and norms of behavior	8
102-18	Governance structure	149
102-40	List of stakeholder groups	53-58
102-41	Collective bargaining agreements	None
102-42	Identifying and selecting stakeholders	53
102-43	Approach to stakeholder engagement	55-58
102-44	Key topics and concerns raised	55-58
102-45	Entities included in the consolidated financial statements	219-222
102-46	Defining report content and topic Boundaries	4 and 59-64
102-47	List of material topics	60-64
102-48	Restatements of information	5
102-49	Changes in reporting	5
102-50	Reporting period	4

GRI INDEX

GRI Disclosure	Description	Page number(s)/ Director response
102-51	Date of most recent report	5
102-52	Reporting cycle	4
102-53	Contact point for questions regarding the report	5
102-54	Claims of reporting in accordance with the GRI Standards	4
102-55	GRI content index	187-190
102-56	External assurance	5 and 191-192
GRI 103: Management Approach		
103-1	Explanation of the material topic and its Boundary	62-64
103-2	The management approach and its components	62-64
103-3	Evaluation of the management approach	62-64
GRI 200: Economic Topics		
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	70-71
GRI 205: Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	None
GRI 300: Environmental Topics		
GRI 305: Emissions		
305-1	Disclosure Direct (Scope 1) GHG emissions	104
305-2	Energy indirect (Scope 2) GHG emissions	104
305-3	Other indirect (Scope 3) GHG emissions	104
305-4	GHG emissions intensity	104
305-5	Reduction of GHG emissions	104

GRI INDEX

GRI Disclosure	Description	Page number(s)/ Director response
GRI 307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	None
GRI 308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	52
GRI 400: Social Topics		
GRI 401: Employment		
401-1	New employee hires and employee turnover	83-84 Partial Reporting
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	86
401-3	Parental leave	85 Partial Reporting
GRI 402: Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	90
GRI 403: Occupational Health and Safety		
Management Approach		
403-1	Occupational health and safety management system	89
403-2	Hazard identification, risk assessment, and incident investigation	90
403-3	Occupational health services	89
403-4	Worker participation, consultation, and communication on occupational health and safety	89
403-5	Worker training on occupational health and safety	89
403-6	Promotion of worker health	90
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	90
Topic-specific disclosures		
403-8	Workers covered by an occupational health and safety management system	89
403-9	Work-related injuries	None
403-10	Work-related ill health	None

GRI INDEX

GRI Disclosure	Description	Page number(s)/ Director response
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	87
404-2	Programs for upgrading employee skills and transition assistance programs	87
404-3	Percentage of employees receiving regular performance and career development reviews	86
GRI 406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	None
GRI 408: Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	83
GRI 409: Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	85
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	98-100
GRI 414: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	96
GRI 416: Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	95
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	95
GRI 418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	94

INDEPENDENT ASSURANCE REPORT

GRI 102-56

Building a better working world

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Independent Assurance Report to the Board of Directors of Expolanka Holdings PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2021/22

SCOPE

We have been engaged by the management of Expolanka Holdings PLC ("the Company") to perform an independent assurance engagement, as defined by the Sri Lankan Standard on Assurance Engagements, on the sustainability reporting criteria presented in the Integrated Annual Report for the year ended 31 March 2022 (the "Report").

- Reasonable assurance on the information on financial performance as specified on page 70-71 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the GRI Standards: Core option.

CRITERIA APPLIED BY EXPOLANKA HOLDINGS PLC

The sustainability reporting criteria presented in the Report has been prepared in accordance with The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

This Report has been prepared in accordance with the GRI Standards: Core option (the "criteria").

EXPOLANKA HOLDING PLC'S RESPONSIBILITIES

Expolanka Holdings PLC's management is responsible for selecting the criteria, and for presenting the Report in accordance with the said criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to support the sustainability reporting process of the Report, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Report in accordance with the GRI Standards: Core option based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka and the terms of reference for this engagement as agreed with Expolanka Holdings PLC in the engagement letter dated 22 April 2022.

The standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Report in order for it to be in accordance with the criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our independent assurance conclusion.

OUR INDEPENDENCE AND QUALITY CONTROL

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

Partners: H M A Jayesinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunaselera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

INDEPENDENT ASSURANCE REPORT

EY also applies Sri Lanka Standard on Quality Control (SLSQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

We performed our procedures to provide an independent assurance engagement in accordance with SLSAE 3000.

Procedures performed in the reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the reasonable assurance Indicators in order to design the assurance procedures that are appropriate in the circumstances. Our procedures also included assessing the appropriateness of the reasonable assurance indicators, the suitability of the criteria in preparing and presenting the reasonable assurance indicators within the Report and obtaining an understanding of the compilation of the financial information to the sources from which it was obtained.

Procedures performed in the limited assurance engagement consisted of making inquiries, primarily of persons responsible for preparing the Report and related information and applying analytical and other appropriate procedures. These procedures vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems

We also performed the below procedures as we considered necessary in the circumstances:

- Perform a comparison of the content of the Report against the Global Reporting Initiative (GRI) - GRI Standards guideline.
- Interviewing relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Review and validation of the information contained in the Report.
- Check the calculations performed by the organization on a sample basis through recalculation.
- Advice, make recommendations and suggestions on the Sustainability Reporting indicators to improve the presentation standard.
- Independently review the content of the Report and request changes if required.
- Express an independent assurance conclusion on the performance indicators presented in the Sustainability Reporting criteria.

EMPHASIS OF MATTER

Social, natural and intellectual capital management data/information are subjected to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Report.

RESTRICTED USE

This report is intended solely for the information and use of Expolanka Holdings PLC and is not intended to be and should not be used by anyone other than the specified party.

CONCLUSION

Based on our procedures and the evidence obtained, we conclude that:

- The information on financial performance as specified on page 70-71 of the Report is properly derived from the audited financial statements of the Company for the year ended 31 March 2022.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from the GRI Standards: Core option.

Chartered Accountant
Colombo
10th June 2022

FINANCIAL REPORTS

Annual Report of the Board of Directors on the Affairs of the Company / 194
The Statement of Directors' Responsibility / 200
Audit Committee Report / 201
Independent Auditors' Report / 204
Statement of Financial Position / 209
Statement of Profit or Loss / 211
Statement of Comprehensive Income / 212
Statement of Changes in Equity / 213
Statement of Cash Flows / 215
Notes to the Financial Statements / 217

ANNUAL REPORT OF THE BOARD OF DIRECTORS **ON THE AFFAIRS OF THE COMPANY**

The Directors have pleasure in presenting the Annual Report on the State of Affairs, together with the Audited Financial Statements for both the company and the group pertaining to the financial year ended 31st March 2022 of Expolanka Holdings PLC, a Diversified Holding Company listed on the Colombo Stock Exchange and the Auditors' Report on Financial Statements. Expolanka Holdings PLC which was incorporated in Sri Lanka on the 05th March 2003 as a Private Limited Liability Company under the Companies Act No. 17 of 1982 and Re-registered on 11th November 2008 a Public Limited Liability Company under the Company's Act No 07 of 2007 and the Company's Re-registration Number is PB 744.

The contents of this Report are in accordance with the statutory requirements, the requirements of relevant regulatory authorities and best accounting practices which have been brought to the notice of the shareholders and other stakeholders. These Audited Financial Statements were approved by the Board of Directors on the 10th June 2022.

COVENANT AND CORE VALUES

Covenant of Expolanka: 'Building a great business with a dare to do spirit'

Core values of Expolanka;
Follow ethical business principles in transacting and managing business

- Caring for stakeholder's interests
- Commitment to excellence
- Innovation and entrepreneurship

The business activities of the Company and the Group are conducted maintaining the highest levels of ethical standards in achieving its corporate objectives. All new staff absorbed to the permanent cadre of the Company are briefed on the requirements of the code of conduct and ethics.

PRINCIPAL ACTIVITIES

Expolanka Holdings PLC, the Group's holding Company manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Expolanka Group, and provides numerous function based services to its Group Companies. The Companies within the Group and its holding percentages are described on page 219 of this Annual Report. The principal activities of the Group are categorized into three sectors namely, Logistics, Leisure and Investments.

BUSINESS REVIEW AND OUTLOOK

A review of both financial and operational performances during the year under review along with financial highlights and also future business developments and strategies of the Group Sectors and Individual Business Units are described in the Management Discussion and Analysis section, Chairman's Message and CEO's Review of the Annual Report. These reports together with the Audited Financial Statements reflect the state of the affairs of the Company and the Group.

The Directors, to the best of their knowledge and belief confirm that the Company and the Group have not engaged in any activities that contravene the laws and regulations of the country and any regulatory institutions.

FINANCIAL STATEMENTS

The Audited Financial Statements of the Company and the Group are given on pages 204 to 296.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 204.

ACCOUNTING POLICIES

Details of accounting policies have been discussed in Note 02 of the financial statements. There have been no changes in the accounting policies adopted by the group during the year under review.

REVENUE

Revenue generated by the Company amounted to Rs. 92,740,000 (2021 – Rs. 91,915,000) whilst Group revenue amounted to Rs. 694,157,420,841 (2021 – Rs. 218,735,345,230). Contribution to the group revenue from the different business segments is provided in page 280.

RESULTS AND DIVIDENDS

The profit after tax of the holding Company was Rs. 3,736,326,373 (2021 - Rs. 1,439,108,568) whilst the Group profit attributable to equity holders of the parent for the year was Rs. 72,791,721,345 (2021 - Rs. 14,880,018,747). Results of the Company and of the Group are given in the income statement in the audited financial statement.

The Company declared an interim dividend of Rs. 2,287,250,550 at Rs. 1.17 per share for the financial year 2021/22. Dividend per share has been computed based on the amount of dividends recognised as distribution to the equity holders during the period. As required by Section 56 (2) of the

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Companies Act No 7 of 2007, the Board of Directors has confirmed that the company satisfies the solvency test in accordance with Section 57 of the Companies Act No 7 of 2007, and has obtained a certificate from the auditors, prior to declaring the dividend.

DONATION

The Company made a total donation of Rs. 47,246,680 (2021 – nil) and the Group made a total donation of Rs. 144,568,477 (2021 - Rs. 28,988,209) during the financial year 2021/22. The amounts do not include contributions on account of Corporate Social Responsibility (CSR) initiatives. The CSR initiatives, including completed and on-going projects, are detailed in the sustainability report of the annual report.

PROPERTY, PLANT AND EQUIPMENT

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 22,612,805 (2021 - Rs. 25,959,281) and Rs. 5,750,794,286 (2021 - Rs. 3,413,329,344) for the Company and the Group respectively. Capital expenditure for the Company and the Group amounted to Rs. 5,886,103 (2021 - Rs. 2,005,226) and Rs. 1,958,160,799 (2021 -Rs. 426,553,735) respectively. The Board believes the carrying value of properties are approximately reflecting of the fare value. Details of Property, Plant and Equipment and their movements are given in Note 03 to the financial statements.

INVESTMENTS

Investments of the Company in subsidiaries, associates, joint ventures and other external equity investments amounted to Rs. 4,646,972,116 (2021 - Rs. 4,646,972,116) respectively. Detailed description of the short and long term investments held as at the balance sheet date, are given in pages 247 to 250 the financial statements.

STATED CAPITAL MOVEMENTS

There was no movement in the stated capital during the year under review and is given below;

Stated Capital	Rs.
As at 01 April 2021	4,097,985,000
Movements during the year	-
As at 31 March 2022	4,097,985,000

DIRECTORATE

The names of the Directors who held office at the end of the financial year are given below.

- Hitoshi Kanahori - Chairman
- Hanif Yusoof - CEO / Executive Director
- Ha Yo - Non-Executive Director
- Akira Oyama - Non-Executive Director
- Sanjay Kulatunga - Non-Executive Independent Director
- Harsha Amarasekera - Non-Executive Independent Director

Note: Mr. Akira Oyama resigned with effect 7th June 2022 and Mr. Bokuto Yamauchi was appointed as his replacement on the 7th of June 2022

The Directors' brief profiles are given in the Board of Directors section of the Annual Report. The section also includes names of persons holding office as Directors of the company and all its subsidiary and associate companies as at 31 March 2022.

DIRECTORS REMUNERATION

Directors' remuneration, in respect of the Company for the financial year 2021/22 is Rs. 52,235,606 (Rs. 33,035,606.00 was paid as remuneration for Executive Directors and Rs. 19,200,000.00 was paid to Non-Executive Directors of the Company). Directors' remuneration in respect of the Company's Subsidiaries for the financial year 2021/22 is Rs. 47,053,357.

AUDIT COMMITTEE

The following Directors serve the Audit Committee;

- Sanjay Kulatunga - Chairman
- Harsha Amarasekera - Member

The report of the Audit Committee is given under the section of Corporate Governance of the Annual Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

REMUNERATION COMMITTEE

The following Directors serve the Remuneration Committee;

- Harsha Amarasekera - Chairman
- Sanjay Kulatunga - Member

The report of the Remuneration Committee is given under the section of Corporate Governance of the Annual Report

RELATED PARTY TRANSACTION REVIEW COMMITTEE

The following Directors serve the Related Party Transaction Review Committee;

- Sanjay Kulatunga - Chairman
- Harsha Amarasekara - Member

The report of the Related Party Transaction Review Committee is given under the section of Corporate Governance of the Annual Report. Further, the Board confirms that the transactions incurred between Related Parties which are listed in Note 28 are in compliance with Colombo Stock Exchange Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

SHARE INFORMATION

The distribution and composition of shareholders and the information relating to share trading is given in the Share Information section of the Annual Report. Given below, are details of shareholding, pertaining to the Directors of Expolanka Holdings PLC, as at 31 March 2022.

Name of Director	No of Shares
Hitoshi Kanahori	Nil
Hanif Yusoof	147,021,464
Ha Yo	Nil
Akira Oyama (Resigned wef 7th June 2022	Nil
Bakauto Yamauchi (Appointed wef 7th June 2022)	Nil
Sanjay Kulatunga	Nil
Harsha Amarasekera	Nil

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

EQUITABLE TREATMENT OF SHAREHOLDERS

It is the Group's policy to endeavour to ensure equitable treatment to its shareholders at all times.

MAJOR SHAREHOLDING

No.	Shareholder	31.03.2022		31.12.2021	
		Shares	Holding %	Shares	Holding %
1	SG HOLDINGS GLOBAL PTE.LTD	**1,478,251,204**	**76%**	1,478,251,204	76%
2	MR. H. YUSOOF	**147,021,464**	**8%**	147,021,464	8%
3	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	**15,916,553**	**1%**	12,762,290	1%
4.a	AMANA BANK PLC/FAROOK KASSIM	**15,000,000**	**1%**	15,000,000	1%
4.b	MR. F. KASSIM	**3,404,254**	**0%**	1,361,105	0%
5.a	ACUITY PARTNERS (PVT) LIMITED/MR.ELAYATHAMBY THAVAGNANASOORIYAM/MR.ELAYATHAMBY THAVAGNANASUNDARAM	**6,620,655**	**0%**	6,620,655	0%
5.b	HATTON NATIONAL BANK PLC/ELAYATHAMBY THAVAGNANASUNDARAM	**2,852,955**	**0%**	5,385,630	0%
6	HATTON NATIONAL BANK PLC/ALMAS ORGANISATION(PVT) LTD	**6,619,539**	**0%**	5,874,729	0%
7	HATTON NATIONAL BANK PLC/SUBRAMANIAM VASUDEVAN	**5,930,122**	**0%**	5,517,141	0%
8	COMMERCIAL BANK OF CEYLON PLC/G.S.N.PEIRIS	**5,375,168**	**0%**	6,585,948	0%
9	PEOPLES LEASING & FINANCE PLC/MRS. M.E.AMARASINGHE	**5,212,000**	**0%**	6,900,000	0%
10	SEYLAN BANK PLC/S.R. FERNANDO	**4,736,734**	**0%**	4,510,385	0%
11.a	HATTON NATIONAL BANK PLC/CAPITAL TRUST HOLDINGS LIMITED	**4,608,643**	**0%**	5,875,236	0%
11.b	SEYLAN BANK PLC/CAPITAL TRUST HOLDINGS LIMITED	**4,012,530**	**0%**	2,714,133	0%
12	NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	**4,101,753**	**0%**	4,282,179	0%
13	SEYLAN BANK PLC/ARRC CAPITAL (PVT) LTD	**4,034,165**	**0%**	4,890,392	0%
15	MR. S. SENTHILNATHAN	**3,654,011**	**0%**	3,445,562	0%
16	SEYLAN BANK PLC/HOTEL INTERNATIONAL (PVT) LTD	**3,422,712**	**0%**	2,925,000	0%
17	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	**3,150,966**	**0%**	2,390,000	0%
18	HATTON NATIONAL BANK PLC/RIZMY AHAMED RISHARD	**2,650,087**	**0%**	4,460,015	0%
19.a	SAMPATH BANK PLC/MR. GERARD SHAMIL NIRANJAN PEIRIS & MRS. INDRANI ROSHANI PEIRIS	**2,647,000**	**0%**	2,427,277	0%
19.b	HATTON NATIONAL BANK PLC/MR.GERAD SHAMIL NIRANJAN PERIS	**2,642,906**	**0%**	2,642,906	0%
20	AMANA BANK PLC/HI-LINE TRADING PVT LTD	**2,506,387**	**0%**	2,747,890	0%

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

CORPORATE GOVERNANCE

The Board of Expolanka Holdings PLC is committed towards ensuring that the company has necessary processes in place to enable good governance practices. Accordingly, the Board confirm that the Company has complied with the Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange and further details are available under the Governance section of this Annual Report which is available from page 149 to 170.

AUDITORS

Messrs Ernst & Young, Chartered Accountants, are deemed reappointed, in terms of Section 158 of the Companies Act No. 7 of 2007, as Auditors of the Company. A resolution proposing the Directors be authorized to determine their remuneration will be submitted at the Annual General Meeting. Details of audit fees are set out in Note 22 of the financial statements. In addition to the above, Group companies, both, local and overseas, engage with other audit firms. The Auditors of the Company and its Subsidiaries have confirmed that they do not have any relationships (other than that of Auditor) with, or interests in, the Company or any of its Subsidiaries.

The Auditors Report is found in the Financial Information section of the Annual Report. The Audit Committee reviews the appointment of the Auditor, its effectiveness, its independence and its relationship with the group, including the level of audit and non-audit fees paid to the Auditor. The details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report.

EMPLOYMENT

The Company and its Subsidiaries have equal opportunity policy and such employee related codes are protected in the respective selection, training, development and promotion policies, ensuring that all related decisions are purely based on merit. In this regard the Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. The number of persons employed by the Company and its Subsidiaries at year-end was 3202 (2021 - 2,821). The details of the Group's employment, human resources initiatives and employees are included under the group Human Resources section of the Annual Report. There have been no material issues pertaining to the employees and employee relations of the Company and its Subsidiaries.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the company and its subsidiaries, and all other known statutory dues as were due and payable by the company and its subsidiaries as at the balance sheet date have been paid or, where relevant provided for, except as specified in the financial statements covering contingent liabilities.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms that there is an established process in place for identifying, evaluating and managing any significant risks faced by the group. Risk assessment and evaluation for each business unit takes place as an integral part of the annual strategic planning cycle and the major risks and mitigating actions in place are reviewed on a periodic basis by the Board and the Audit Committee. The Board, through the involvement of the Internal Audit and Risk Committee takes steps to gain assurance on the effectiveness of internal controls in place. The Audit Committee receives reports on the results of independent Internal Audits and recommendations are made to constantly enhance the internal control system. The Risk Management report is given under the Governance Section of the Annual Report.

EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the Reporting date that would require adjustment, other than those disclosed in Note 30 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

GOING CONCERN

The Directors are satisfied that the company, its subsidiaries and associates, have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis. The Directors after making necessary inquiries and reviews including reviews of the group's budget for the ensuing year, capital expenditure requirements, future prospects and risks and cash flows, and such other matters are satisfied that the Company and the Group have adequate resources to continue operations into the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

ENVIRONMENTAL PROTECTION

The group complies with the relevant environmental laws, regulations and endeavours to comply with best practices applicable in the country of operation. A summary of selected group activities in the above area is contained in the Sustainability Report.

SUSTAINABILITY

The Group pursues its business goals under corporate business governance and the group has taken numerous steps, particularly in ensuring the conservation of its natural resources and environment. These steps have been encapsulated in a group-wide sustainability programmes that were launched and are being launched on a continuous manner and immense progress have been made in various projects. The Sustainability Report form part of this annual report and could refer on page 51.

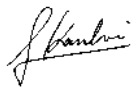
ANNUAL REPORT

The Board of Directors has approved the Company and the Consolidated Financial Statements on 10th June 2022. Further to the circular issued dated 27th May 2022 by the Colombo Stock Exchange, a digital copy shall be made available for download on www.expolanka.com and appropriately made available on the Colombo Stock Exchange website www.cse.lk.

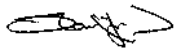
ANNUAL GENERAL MEETING

The Annual General Meeting of the company will be held at the Bougainvillea Ballroom, Hotel Galadari, No. 64, Lotus Road, Colombo 01, on Tuesday 26th July 2022 at 4.00 pm.

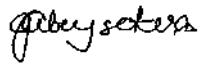
By Order of the Board



Hitoshi Kanahori
Chairman



Hanif Yusoof
Director



SSP Corporate Services (Pvt) Ltd
Secretaries

16th June 2022

THE STATEMENT OF **DIRECTORS' RESPONSIBILITY**

The Responsibility of the Directors in relation to the financial statements is set out in the following statement. The responsibility of the auditors, in relation to the financial statements prepared in accordance with the provisions of the Companies Act No 7 of 2007, is set out in the Report of the Auditors.

The Directors are responsible under the Companies Act No 7 of 2007, to ensure compliance with the requirements set out therein to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year. The Directors are also responsible under Section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the financial statements. The Directors have taken adequate steps to ensure that the Company and its subsidiaries maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company and its subsidiaries.

The financial statements comprise of;

1. Balance sheet which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.
2. Income statement of the Company and its subsidiaries, which presents a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year.

The Directors are required to confirm that the financial statements have been prepared;

3. Using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and
4. Presented in accordance with the Sri Lanka Accounting Standards; and that
5. Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and
6. Provides the information required by and otherwise comply with the Companies Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange

The Directors are also required to ensure, based on their knowledge of the Company and the key operations, 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.

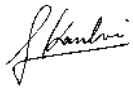
The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The External Auditors, Messrs. Ernst & Young, reappointed in terms of Section 158 of the Companies Act were provided with every opportunity to take whatever steps and undertake whatever inspections that they considered being appropriate to enable them to give their audit opinion on the financial statements. The Report of the Auditors, shown on page 204 sets out their responsibilities in relation to the financial statements.

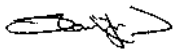
Further the Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payment, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the balance sheet date have been paid or where relevant provided for, except as specified in Note 31.1.3 to the financial statements covering contingent liabilities.



Hitoshi Kanahori
Chairman



Hanif Yusoof
Director

16th June 2022

AUDIT COMMITTEE **REPORT**

ROLE OF THE COMMITTEE

The Audit Committee is a formally constituted sub-committee of the Board of Directors which operates under a written charter adopted by the Board of Directors. The Committee is empowered by the Board to assists the Board of Directors in fulfilling its oversight responsibilities relating to:

- Ensure adequacy and effectiveness of the Company's internal controls over financial reporting systems to provide accurate, appropriate and timely information to the stakeholders.
- Review the appropriateness of accounting policies and their adherence to statutory and regulatory compliance requirements and applicable accounting standards.
- Review the quality and integrity of interim and annual financial statements prepared for publication prior to submission to the Board of Directors
- Ensure the adequacy, design and operating effectiveness of risk management measures, internal control and governance processes in place to identify, avoid and mitigate risks.
- The selection and performance of the Company's independent Internal and External auditors; and independent auditors' qualifications and independence.

Rules on Corporate Governance under listing rules of the Colombo Stock Exchange and Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka further regulate the composition, role and functions of the Audit Committee.

COMPOSITION

The composition of the Committee, which remained unchanged during the financial year is constituted of two Independent Non-Executive Directors. The Committee is chaired by Mr. Sanjay Kulatunga who is an Associate Member of the Chartered Institute of Management Accountants (ACMA) as well as a Chartered Financial Analyst (CFA).

The composition of the Committee fulfilled the requirements of the Listing Rule No 7.10.6 of the Colombo Stock Exchange. Brief profiles of the members are given on the page 28 of this annual report.

Company Secretaries, S.S.P. Corporate Services (Pvt) Ltd act as the Secretary to the Audit Committee.

MEETINGS

The Audit Committee functioned throughout and convened four meetings during the financial year ended 31st March 2022. The attendance of the members of the Audit Committee was as follows:

	29th April 2021	26th Jul 2021	27th Oct 2021	27th Jan 2022	Attendance Eligibility	Attended
Mr. Sanjay Kulatunga	●	●	●	●	4	4
Mr. Harsha Amarasekera	●	●	●	●	4	4

● Present ● Excused

The agenda and the papers for the meetings are circulated among the members with sufficient notice. The Group CEO, Group Finance Director, CFO and Risk & Control division attended the Audit Committee meetings by invitation. The CEO of Freight & Logistics Sector and Senior Management also attended as and when required. The External Auditors and the Internal Auditors were also invited to attend meetings when necessary.

The Board is apprised of the significant issues deliberated through verbal briefings and audit committee meeting minutes and considers and adopts, the recommendations of the Audit Committee as applicable.

AUDIT COMMITTEE **REPORT**

Below table depicts the date of the meetings and the key areas of discussion;

Meeting Date	Key Points of Discussion
29th Apr 2021	• Discussion on credit exposure from key accounts, credit ratings and safeguards in place for recovery • Review of Quarterly Financials for the period ending 31st March 2021 • Review of Consolidated Financial Statements for the year ending 31st March 2021 and recommendation to the Board for approval • Meeting with external auditors, Ernst & Young Partner and the team to review Key Audit Matters, Key Audit Considerations and Audit Deliverable Status of component auditors • Discussion on divestment and equity consolidation of overseas entities • Status and progress update on the income tax assessments of the group
26th July 2021	• Discussion on revenue mix, volume, rates and yields of key products and its impact on current and forecasted growth • Review of Financial Statements for the quarter ending 30th June 2021 and recommendation to the Board for approval • Review of credit exposure from accounts receivables, customer credit ratings, internal control mechanism in place to mitigate the risk • Status and progress update on the income tax assessments of the group.
27th Oct 2021	• Discussion on the efficiencies resulting from the implementation of ERP system and meeting of original set objectives and targets • Review of Financial Statements for the quarter ending 30th September 2021 and recommendation to the Board for approval • Discussion on commercial and legal due diligence process and assessment of operational capabilities, cultural fit and strategic alignment of new acquisitions • Discussion on the existing capital structure, working capital requirement and funding strategy to support the significant business growth • Discussion with PwC Director and the team on the internal audits performed for 2020/21, key findings, status of closure, follow ups and the internal audit plan for next year • Status and progress update on the income tax assessments of the group
27th Jan 2022	• Discussion on comparison of the company performance versus industry peers against key financial ratios • Discussion on changes to the business model, cash flow and working capital management and operating profit optimization • Update on the initiatives undertaken to improve the internal control environment of the group including cyber security. • Review of Financial Statements for the quarter ending 31st December 2021 and recommendation to the Board for approval. • Discussion and review of External Audit Plan, Audit Approach, Timelines, Key Audit Matters and Areas of Focus with EY Engagement Partner and Director • Status and progress update on the income tax assessments of the group

FINANCIAL REPORTING

The Committee oversees the Company's financial reporting on behalf of the Board of Directors as part of its responsibility and review the Quarterly and Annual Financial Statements with the management and the external auditors and recommends them to the Board for its deliberations prior to their issuance. Accordingly the committee reviewed the following;

- Adequacy and effectiveness of the internal controls, systems, and procedures to provide reasonable assurance on the reported financials.
- Appropriateness of the accounting policies adopted, key judgments and estimates used in preparation of financial statements
- Compliance with Sri Lanka Accounting Standards (SLFRSs & LKASs) and other regulatory provisions relating to financial reporting and disclosures and monitored the progress on the implementation of New Accounting Standards
- Quarterly financial reports and Annual financial reports prior to the recommendation of the same to the Board for approval.

AUDIT COMMITTEE **REPORT**

The Committee is satisfied that the Company and its subsidiaries are able to continue as a going concern. Further, the Committee is also satisfied that the Company has made adequate disclosures in the financial statements in relation to the same.

INTERNAL AUDIT, INTERNAL CONTROLS AND RISK MANAGEMENT

The Audit Committee, sub-committee of the Main Board exercises oversight over the Internal Audit function. The risk based internal audit plans are approved by the Audit Committee which reviews the internal audit findings, recommendations and action plans with the management and the internal auditors.

The Committee reviewed the ongoing effectiveness of the company's processes as a part of its wider review of the effectiveness of internal controls. Review of risks and internal controls encompassed periodic discussions with senior management, meetings with External and Internal Auditors. The Committee is also updated on the business risk, legal & compliance risk, operational risk etc. of the Group through the Risk Committee minutes which is tabled at the Audit Committee meeting quarterly and provided advice as necessary. The key risks associated with the business are given in the Risk Management Report on pages171 – 182.

Internal control self-assessment for the companies within Expolanka Group and compliance audit on the same was carried out twice during the year to ensure internal controls specified by Japan's Financial Instruments and Exchange Law are being established group-wide as part of continuous listing requirement of the ultimate parent company. The Committee noted that all the internal controls assessed under the scope for the period 2021/22 was reported as effective in the assessment report issued by the auditors of the ultimate parent company.

Further, the Committee noted that Deloitte, Japan is performing an in-depth review of internal controls pertaining to Business Processes & Management Review Processes of key entities and Application Controls and Information Technology General Controls (ITGC) of key systems within the Group to identify areas of internal control improvement. This special assignment commenced in January 2022 and is expected to be completed by March 2023.

EXTERNAL AUDIT

The Audit Committee met the company's Principal auditors Messrs. Ernst & Young along with the management prior to the commencement of external audit and discussed the external auditor's audit plan, audit approach and scope of the audit.

The Committee reviewed the quality of the financial reporting, the reasonableness of significant accounting judgments and estimates and the clarity of disclosures in the financial statements, and the assessment of the Company's internal controls over financial reporting with the auditors and the management. The interim financial statements of the Company have been reviewed by the Audit Committee Members at Audit Committee Meetings, prior to release of same to the Regulatory Authorities and to the shareholders.

Further, quarterly accounts review engagement is performed by Ernst & Young for the key entities of the group in collaboration with the component auditors as per the requirement of the auditors of the parent company of Expolanka Holdings PLC to provide greater assurance on the reported financials.

The Committee reviewed the results of the external audit and the recommendations arising from the audits of the Annual Financial Statements with the management.

The Committee reviewed the nature of services provided by the auditors, and has determined that the auditors were independent on the basis that they did not carry out any management related functions of the company. The Committee has recommended to the Board, having considered their independence and performance Messrs.' Ernst & Young (EY), re-appointed as the Lead/ Consolidation auditors of the group for the financial year ending 31 March 2023 subject to the approval by the shareholders at the forthcoming Annual General Meeting.

CONCLUSION

The Audit Committee is of the view that the internal control environment within the company is satisfactory and provides reasonable assurance that the financial position of the company is adequately monitored based on the reports submitted by the external auditors and the internal auditors of the company, assurance provided by the senior management, and the discussions with the management and the auditors.

On behalf of the Audit Committee

Sanjay Kulatunga
Chairman
Audit Committee

16th June 2022

INDEPENDENT AUDITORS' **REPORT**

Building a better working world

Ernst & Young
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TO THE SHAREHOLDERS OF EXPOLANKA HOLDINGS PLC

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Expolanka Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2022, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our 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.

Partners: H M A Jayesinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITORS' **REPORT**

Key audit matter	How our audit addressed the key audit matter
Revenue During the financial year 2022, the Group recognised revenue of Rs. 694,517 Mn which represent 217% increase when compared to the previous financial year, which was generated from several geographical segments. We selected revenue as a key audit matter due to; ● Significance of the amount and geographical spread of the group operations. ● Significant increase in revenue resulting from price increases. The accounting policy on revenue recognition and other related disclosures are stated in the notes 2.2.14 and 18 to the financial statements.	Our audit procedures amongst others included the following; ● We identified the operating segments that generated significant revenues and performed the following key procedures, with the involvement of component auditors, where relevant; – assessed the appropriateness of revenue recorded in respective segments in accordance with the accounting policy for revenue recognition. – evaluated the design of internal controls and tested the operating effectiveness of key controls relevant to service arrangements. – performed analytical review procedures to understand and assess the reasonableness of the reported revenues. – tested the appropriateness of revenue recognised for the period by reviewing the relevant service arrangements and other related supporting documents. – reviewed service arrangements and related supporting documents near and after the reporting date. ● We also assessed the adequacy of the related financial statement disclosures in notes 2.2.14 and note 18.
Cost of Sales During the financial year 2022, the Group incurred cost of sales of Rs. 572,249 Mn which represent 217% increase when compared to previous financial year, which was incurred from several geographical segments, as disclosed in note 27.2. We selected cost of sales as a key audit matter due to; ● Significance of the amount and geographical spread of the group operations including cost increases. ● Complexity of terms and conditions included in service arrangements.	Our audit procedures amongst others included the following; ● We identified the operating segments that incurred significant cost of sales and performed the following key procedures, with the involvement of component auditors, where relevant; – evaluated the design of internal controls and tested the operating effectiveness of key controls. – performed analytical review procedures and assessed the reasonableness of significant changes in cost. – tested the appropriateness of cost of sales incurred for the period by reviewing the relevant service arrangements and other related supporting documents. ● We also assessed the adequacy of the related financial statement disclosures in notes 2.2.14 and note 27.2.

INDEPENDENT AUDITORS' **REPORT**

Key audit matter	How our audit addressed the key audit matter
Recoverability of Trade Receivables As detailed in Note 10 to the financial statements, Trade Receivables as at 31st March 2022 which represent 72% of the total assets of the Group amounted to Rs. 213,107 Mn net of a provision for impairment of Rs. 2,834 Mn. Recoverability of trade receivables was considered a key audit matter due to; ● Significance of the trade receivable balance. ● The degree of assumptions and judgements associated with evaluating the probability of recoverability as disclosed in note 32.4.	Our audit procedures amongst others included the following; ● We identified the operating segments that generated significant revenues and performed the following key procedures, with the involvement of component auditors. where relevant; – obtained an understanding of and evaluated the process used by the management to assess impairment of trade receivables. – assessed the reasonableness of the age analysis of trade receivables by referring to the service arrangements and related supporting documents. ● We also assessed the adequacy of the related disclosures provided in note 10 and 32.4 to these financial statements.
Recognition and measurement of Goodwill Goodwill as at 31 March 2022 of the Group amounts to Rs. 2,125 Mn. It includes Rs. 1,257 Mn recognised from the acquisition of IDEA Global LLC (and its subsidiaries) and Complete Transport Solutions LLC, USA during the year as disclosed in Note 34. We considered the recognition and measurement of goodwill as a key audit matter due to: ● Magnitude of the balance, and ● The degree of judgement and assumptions used in – determining the fair value of assets acquired and liabilities assumed at recognition. – deriving the estimated future cashflows used in measurement of goodwill at period end. as more fully described in Note 5.1.5 to the financial statements.	Our audit procedures amongst others included the following; ● Checked the sale and purchase agreement and related documents to obtain an understanding of the terms and conditions of the acquisition transaction. ● Understood and evaluated management process of accounting for goodwill. ● We checked the computation of goodwill and tested key data, as relevant. ● Assessed the reasonableness of the significant judgements and assumptions used when determining acquisition – date fair values of assets acquired and liabilities assumed and when deriving the estimated future cashflows, as disclosed in Note 5.1.5 to the financial statements. ● Assessed the adequacy of the disclosures made by management in note 5.1.5 to the financial statements.

INDEPENDENT AUDITORS' **REPORT**

OTHER INFORMATION INCLUDED IN THE GROUP'S 2021/22 ANNUAL REPORT

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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 MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

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.

INDEPENDENT AUDITORS' **REPORT**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

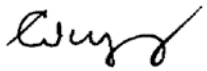
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1884.



10th June 2022
Colombo

STATEMENT OF **FINANCIAL POSITION**

As at 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	3	**5,750,794,286**	3,413,329,344	**22,612,805**	25,959,281
Right of use assets	4	**10,837,147,918**	3,717,652,775	**61,981,499**	31,445,651
Intangible assets	5	**3,835,125,688**	1,039,413,373	**2,981,990**	4,325,605
Investments in subsidiaries	6	**-**	-	**4,525,482,116**	4,525,482,116
Investment in an associate and joint ventures	7	**392,222,671**	288,160,986	**111,490,000**	111,490,000
Other financial assets	8	**18,925,709**	12,731,840	**10,000,000**	10,000,000
Deferred income tax assets	23	**347,788,615**	170,296,117	**-**	-
		21,182,004,887	8,641,584,435	**4,734,548,410**	4,708,702,653
Current assets					
Inventories	9	**291,593,049**	148,911,083	**-**	-
Trade and other receivables	10	**213,106,510,675**	49,223,750,894	**47,293,174**	272,991,196
Prepayments and other assets	11	**14,258,827,284**	1,869,186,630	**27,651,620**	22,652,298
Other financial assets	8	**225,982,529**	342,756,064	**5,959,514**	1,408,002
Income tax recoverable		**4,096,562,968**	347,370,073	**-**	-
Cash and cash equivalents	12	**43,192,921,348**	7,610,756,231	**3,758,302,668**	631,106,637
		275,172,397,853	59,542,730,975	**3,839,206,976**	928,158,133
Total assets		**296,354,402,740**	68,184,315,410	**8,573,755,386**	5,636,860,786
EQUITY AND LIABILITIES					
Stated capital	13	**4,097,985,000**	4,097,985,000	**4,097,985,000**	4,097,985,000
Reserves	14	**27,986,114,800**	1,614,493,928	**-**	-
Retained earnings		**91,847,724,125**	21,436,678,529	**1,969,955,169**	516,916,031
Equity attributable to equity holders of parent		**123,931,823,925**	27,149,157,457	**6,067,940,169**	4,614,901,031
Non-controlling interest		**422,115,701**	231,434,840	**-**	-
Total equity		**124,353,939,626**	27,380,592,297	**6,067,940,169**	4,614,901,031

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Non-current liabilities					
Financing and lease payables	15	**15,134,573,848**	5,532,778,654	**2,377,779,260**	899,157,734
Deferred income tax liabilities	23	**18,414,550**	20,928,710	**-**	-
Retirement benefit obligation	16	**929,802,260**	764,523,925	**34,056,859**	43,605,913
		16,082,790,658	6,318,231,289	**2,411,836,119**	942,763,647
Current liabilities					
Financing and lease payables	15	**76,996,999,199**	12,854,627,585	**12,281,968**	24,732,281
Trade and other payables	17	**64,995,563,827**	20,791,127,327	**81,697,130**	54,463,827
Income tax liabilities		**13,925,109,430**	839,736,912	**-**	-
		155,917,672,456	34,485,491,824	**93,979,098**	79,196,108
Total equity and liabilities		**296,354,402,740**	68,184,315,410	**8,573,755,386**	5,636,860,786
Net assets per share		**63.39**	13.89	**3.10**	2.36

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Mushtaq Ahamed
Director - Group Finance

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by,

Hanif Yusoof **Sanjay Kulatunga**

The accounting policies and notes on pages 217 through 296 form an integral part of the financial statements.

10th June 2022
Colombo

STATEMENT OF **PROFIT OR LOSS**

As at 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue from contracts with customers	18	**694,157,420,841**	218,735,345,230	**92,740,000**	91,915,000
Cost of sales		**(572,249,262,480)**	(180,304,428,192)	**-**	-
Gross profit		**121,908,158,361**	38,430,917,038	**92,740,000**	91,915,000
Other operating income and gains	19	**7,474,872,616**	329,973,580	**4,150,973,586**	1,608,839,640
Selling and distribution expenses		**(2,796,763,175)**	(1,432,647,597)	**(19,273,353)**	(9,740,277)
Administrative expenses		**(39,932,916,532)**	(20,497,654,151)	**(482,481,636)**	(232,446,365)
Operating profit		**86,653,351,270**	16,830,588,870	**3,741,958,597**	1,458,567,998
Finance costs	20	**(1,262,725,264)**	(367,260,544)	**(8,553,736)**	(19,476,892)
Finance income	21	**87,975,300**	59,325,762	**2,921,512**	17,462
Share of result of equity accounted investees (net of tax)	7	**116,356,558**	62,292,852	**-**	-
Profit before tax	22	**85,594,957,864**	16,584,946,940	**3,736,326,373**	1,439,108,568
Income tax expense	23	**(12,803,236,519)**	(1,704,928,193)	**-**	-
Profit for the year		**72,791,721,345**	14,880,018,747	**3,736,326,373**	1,439,108,568
Attributable to:					
Equity holders of the parent		**72,742,531,301**	14,830,187,824		
Non-controlling interest		**49,190,044**	49,830,923		
		72,791,721,345	14,880,018,747		
Earnings per share	24				
Basic		**37.24**	7.61	**1.91**	0.74
Diluted		**37.24**	7.61	**1.91**	0.74
Dividend per share	25			**1.17**	0.50

The accounting policies and notes on pages 217 through 296 form an integral part of the financial statements.

STATEMENT OF **COMPREHENSIVE INCOME**

As at 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Profit for the year		**72,791,721,345**	14,880,018,747	**3,736,326,373**	1,439,108,568
Other comprehensive income					
Other comprehensive income to be reclassified to statement of profit or loss in subsequent periods					
Net exchange differences on translation of foreign operations		**26,513,111,689**	687,875,260	**-**	-
Net other comprehensive income to be reclassified to statement of profit or loss in subsequent periods		**26,513,111,689**	687,875,260	**-**	-
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods					
Actuarial gain/(loss) on defined benefit plans	16	**(53,532,253)**	(16,511,054)	**3,963,315**	2,623,514
Income tax effect		**9,297,098**	-	**-**	-
Net other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods		**(44,235,155)**	(16,511,054)	**3,963,315**	2,623,514
Other comprehensive income for the year, net of tax		**26,468,876,534**	671,364,206	**3,963,315**	2,623,514
Total comprehensive income for the year, net of tax		**99,260,597,879**	15,551,382,953	**3,740,289,688**	1,441,732,082
Attributable to:					
Equity holders of the parent		**99,069,917,018**	15,487,584,996		
Non-controlling interest		**190,680,861**	63,797,957		
		99,260,597,879	15,551,382,953		

The accounting policies and notes on pages 217 through 296 form an integral part of the financial statements.

STATEMENT OF **CHANGES IN EQUITY**

Group	Note	Attributable to Equity holders of parent				Non-controlling interest	Total equity
		Stated capital	Foreign currency translation reserve	Retained earnings	Total		
As at 1 April 2020		4,097,985,000	940,585,702	7,600,459,259	12,639,029,961	191,512,037	12,830,541,998
Profit for the period		-	-	14,830,187,824	14,830,187,824	49,830,923	14,880,018,747
Other comprehensive income		-	673,908,226	(16,511,054)	657,397,172	13,967,034	671,364,206
Total comprehensive income		-	673,908,226	14,813,676,770	15,487,584,996	63,797,957	15,551,382,953
Dividends paid	25.	-	-	(977,457,500)	(977,457,500)	(10,287,038)	(987,744,538)
Disposal of subsidiaries		-	-	-	-	(13,588,116)	(13,588,116)
As at 31st March 2021		4,097,985,000	1,614,493,928	21,436,678,529	27,149,157,457	231,434,840	27,380,592,297
Profit for the period				72,742,531,301	72,742,531,301	49,190,044	72,791,721,345
Other comprehensive income			26,371,620,872	(44,235,155)	26,327,385,717	141,490,817	26,468,876,534
Total comprehensive income		-	26,371,620,872	72,698,296,146	99,069,917,018	190,680,861	99,260,597,879
Dividends paid	25.	-	-	(2,287,250,550)	(2,287,250,550)	-	(2,287,250,550)
As at 31st March 2022		4,097,985,000	27,986,114,800	91,847,724,125	123,931,823,925	422,115,701	124,353,939,626

STATEMENT OF **CHANGES IN EQUITY**

Company	Note	Stated capital	Retained earnings	Total
As at 1 April 2020		4,097,985,000	52,641,449	4,150,626,449
Profit for the period		-	1,439,108,568	1,439,108,568
Other comprehensive income		-	2,623,514	2,623,514
Total comprehensive income		-	1,441,732,082	1,441,732,082
Dividends paid	25.		(977,457,500)	(977,457,500)
As at 31st March 2021		4,097,985,000	516,916,031	4,614,901,031
Profit for the period		-	3,736,326,373	3,736,326,373
Other comprehensive income		-	3,963,315	3,963,315
Total comprehensive income		-	3,740,289,688	3,740,289,688
Dividends paid	25.	-	(2,287,250,550)	(2,287,250,550)
As at 31st March 2022		4,097,985,000	1,969,955,169	6,067,940,169

The accounting policies and notes on pages 217 through 296 form an integral part of the financial statements.

STATEMENT OF **CASH FLOWS**

As at 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash flows from/(used in) operating activities					
Profit before tax		**85,594,957,864**	16,584,946,940	**3,736,326,373**	1,439,108,568
Adjustments for,					
Depreciation of property, plant and equipment and right of use assets	22.1	**2,769,066,361**	2,069,641,937	**35,935,734**	34,569,122
Amortization of intangible assets	5	**191,974,509**	87,444,775	**1,343,615**	1,850,308
Amortization of non-current prepayments and other assets		**-**	1,323,317,823	**-**	-
Investment income	21	**(78,158,718)**	(54,268,600)	**(2,921,512)**	(17,462)
(Profit)/loss on sale of property, plant and equipment	19. & 22	**23,667,964**	(7,192,488)	**(12,000)**	(15,000)
Profit on disposal of subsidiaries	19	**-**	(92,854,764)	**-**	(58,892,762)
Remeasurement of investment in joint venture	19	**-**	-	**-**	(58,892,762)
Dividend income	19. & 22	**(9,816,582)**	(5,057,162)	**(2,784,295,046)**	(1,491,039,116)
Finance cost	20	**1,262,725,264**	367,260,544	**8,553,736**	19,458,808
Share of results of equity accounted investees	7.4	**(116,356,558)**	(62,292,852)	**-**	-
Provision for assets held for sale	19. & 22	**(229,645,328)**	274,883,413	**-**	-
Allowances for expected credit losses	10.1	**1,267,054,406**	975,496,457	**-**	-
Provision for defined benefit plans	16.1	**164,665,432**	215,847,156	**5,065,851**	6,327,101
Expense relating to leases of low-value assets and short term leases	22	**117,626,245**	180,350,167	**-**	-
Operating profit before working capital changes		**90,957,760,859**	21,857,523,346	**999,996,751**	(107,543,195)
(Increase)/decrease in inventories		**(141,547,588)**	3,553,651	**-**	-
(Increase)/decrease in trade and other receivables		**(109,941,519,275)**	(30,211,563,692)	**225,698,024**	47,654,925
(Increase)/decrease in prepayments		**(8,798,055,590)**	(241,725,526)	**(4,999,322)**	(6,548,243)
Increase/(decrease) in trade and other payables		**28,970,845,384**	9,753,595,672	**27,233,303**	(6,419,859)
Net change in working capital due to group structure change		**(283,789,930)**	18,713,779	**-**	-
Cash generated from/(used in) operations		**763,693,860**	1,180,097,230	**1,247,928,756**	(72,856,372)
Finance cost paid	20.	**(1,068,625,796)**	(256,410,824)	**(6,589,134)**	(16,608,460)
Income tax paid		**(5,899,559,478)**	(928,622,420)	**-**	-
Defined benefit plan costs paid	16.	**(169,455,705)**	(92,851,101)	**(10,651,590)**	-
Net cash from/(used in) operating activities		**(6,373,947,119)**	(97,787,115)	**1,230,688,032**	(89,464,832)

STATEMENT OF CASH FLOWS

As at 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Cash flows from/(used in) investing activities					
Investment income received	21	**78,158,718**	54,268,600	**2,921,512**	17,461
Dividend received		**22,111,455**	13,680,947	**2,784,295,046**	1,491,039,116
Acquisition of property, plant and equipment	3	**(1,958,160,799)**	(426,553,735)	**(5,886,105)**	(2,005,225)
Acquisition of intangible assets	5	**(9,083,089)**	(17,179,870)	**-**	(1,195,233)
Proceeds from sale of property, plant and equipment		**183,303,708**	40,084,946	**413,044**	15,000
Other current investments (net)		**140,552,514**	(180,063,755)	**(4,551,512)**	(1,005,355)
Other non current investments (net)		**(437,713)**	(9,690,279)	**-**	-
Net acquisition of subsidiaries, net of cash acquired	34	**(3,439,774,481)**	(446,498,219)	**-**	-
Proceeds from sale of subsidiaries	35	**229,645,328**	20,593,650	**-**	67,500,000
Investment in equity investment		**-**	(70,219,222)	**-**	-
Additions to prepayment and other asset		**-**	(878,739,923)	**-**	-
Net cash flows from/(used in) investing activities		**(4,753,684,359)**	(1,900,316,860)	**2,777,191,985**	1,554,365,764
Cash flows from/(used in) financing activities					
Proceeds from financing	15.3.3	**89,648,623,215**	11,241,407,294	**1,443,096,352**	157,499,807
Repayment of financing	15.3.4	**(43,760,118,802)**	(7,016,066,935)	**-**	-
Repayment of lease	15.3.5	**(2,153,605,003)**	(1,779,868,290)	**(36,529,788)**	(36,307,495)
Dividends paid to non-controlling interests		**-**	(10,287,038)	**-**	-
Dividends paid to equity holders of the parent	25	**(2,287,250,550)**	(977,457,500)	**(2,287,250,550)**	(977,457,500)
Net cash flows from/(used in) financing activities		**41,447,648,860**	1,457,727,531	**(880,683,986)**	(856,265,188)
Effect of exchange rate changes		**5,259,628,717**	317,906,759	**-**	-
Net increase/(decrease) in cash and cash equivalents		**35,579,646,099**	(222,469,685)	**3,127,196,031**	608,635,744
Cash and cash equivalents at the beginning of the year	12	**6,431,596,639**	6,654,066,324	**631,106,637**	22,470,893
Cash and cash equivalents at the end of the year	12	**42,011,242,738**	6,431,596,639	**3,758,302,668**	631,106,637

The accounting policies and notes on pages 217 through 296 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Expolanka Holdings PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 10, Mile Post Avenue, Colombo 03 and the principal place of business is situated at No. 15 A, Clifford Avenue, Colombo 03.

Ordinary shares of the company are listed on the Colombo Stock Exchange.

The financial statements for the year ended 31 March 2022, comprises "the Company" referring to Expolanka Holdings PLC as the holding company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.2 Principal Activities and Nature of Operations

Holding Company

Expolanka Holdings PLC, the group's holding company, manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Expolanka group and provides management and administration services to its subsidiaries and related companies.

Subsidiaries, Joint Ventures and Associates are grouped into 3 sectors namely Logistics, Leisure and Investments.

Logistics Sector

The logistics sector consists mainly of the group freight forwarding business represented by the EFL brand. The company engages in providing air freight, ocean freight and other contract logistics services such as warehousing & transport services. The sector also includes a GSA operations representing key strategic airlines.

Leisure Sector

The leisure sector consists mainly of corporate travel business which provides airline ticketing, hotel reservations, leisure services, inbound operations and event management services.

Investment Sector

The sector includes the export of commodities (desiccated coconut, a selection of fruits & vegetables), value added processing operation & IT services.

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

1.3 Parent and Ultimate Parent Entity

The Company's parent entity is SG Holdings Global Pte Ltd. In the opinion of the directors, the Company's ultimate parent undertaking and controlling party is SG Holdings Co., Ltd, which is incorporated in Japan.

1.4 Date of Authorisation for Issue

The Financial Statements for the year ended 31 March 2022 were authorized for issue by the Board of Directors on 10th June 2022.

2. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The Financial Statements of the Company and the Group, which comprise the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the accounting policies and notes 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 in compliance with the Companies Act No. 7 of 2007.

2.1.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for:

- Financial instruments reflected as fair value through profit or loss which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value.
- Retirement benefit obligations which are determined based on actuarial valuations.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

2.1.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs), which is also the Company's functional currency. Subsidiaries whose functional currencies are different as they operate in different economic environments are reflected in Note 2.2.1 to the Financial Statements.

2.1.4 Materiality and Aggregation

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

2.1.5 Comparative information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statement of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.1.6 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.2 Significant Accounting Policies

2.2.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company 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 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 into 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.

NOTES TO THE FINANCIAL STATEMENTS

Analysis of subsidiaries of the group based on sectors which are incorporated in Sri Lanka:

GRI 102-45

Name of the Company	Holding Percentage	
	2022	2021
Logistics		
Direct		
A V S Cargo International (Private) Limited	**100%**	100%
EFL Global HQ (Private) Limited (E F L Headquarters (Private) Limited)	**100%**	100%
E F L Transport (Private) Limited	**100%**	100%
Excelsior Logistics (Private) Limited	**100%**	100%
Expolanka Freight (Private) Limited	**100%**	100%
Freight Care (Private) Limited	**100%**	100%
International Airline Services (Private) Limited	**100%**	100%
Logistics Park (Private) Limited	**100%**	100%
SG Logistics (Private) Limited	**100%**	100%
UCL Logistics (Private) Limited	**100%**	100%
Indirect		
Alpha Air Solutions (Private) Limited	**100%**	100%
Alpha Aviation (Private) Limited	**100%**	100%
E A M Global (Private) Limited	**100%**	100%
E F L Global Freeport (Private) Limited	**100%**	100%
E F L Hub (Private) Limited	**100%**	100%
Oki Doki (Private) Limited	**100%**	100%
Peri Logistics (Private) Limited	**100%**	100%
Pulsar Marine Services (Private) Limited		100%
Pulsar Shipping Agencies (Private) Limited	**100%**	100%
Quickee Delivery Services (Private) Limited	**100%**	100%
Leisure		
Direct		
Classic Destinations (Private) Limited	**100%**	100%
Classic Travel (Private) Limited	**100%**	100%
Expo Visa Services (Private) Limited	**100%**	100%

NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Holding Percentage	
	2022	2021
Indirect		
Bongo (Private) Limited	**100%**	100%
Liberty Tourism Lanka (Private) Limited (Classic Fun Time (Private) Limited)	**100%**	100%
Sunpower Travels (Private) Limited	**100%**	100%
Travel Bridge (Private) Limited	**100%**	100%
Investment		
Direct		
Expolanka (Private) Limited	**100%**	100%
I T X 360 (Private) Limited	**100%**	100%
Tropikal Life International (Private) Limited	**100%**	100%

Analysis of subsidiaries of the group based on sectors which are incorporated outside Sri Lanka:

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2022	2021
Logistics				
Direct				
EFL Global Logistics (Pte.) Ltd	Singapore	USD	**100%**	100%
Indirect				
Air Sea Logistics Limited	Kenya	KES	**100%**	100%
Airline Cargo Resources FZCO	Dubai	AED	**100%**	100%
AMZ Logistics Solutions Private Limited	India	INR	**50.96%**	50.96%
AVS Cargo Management Services Private Limited	India	INR	**51%**	51%
Complete Transport Solutions Inc	USA	USD	**100%**	-
Corporación K&C, S.A. de C.V	El Salvador	USD	**100%**	-
EFL Brokerage LLC	USA	USD	**100%**	100%
EFL Container Lines LLC	USA	USD	**100%**	100%
EFL Europe B.V.	Netherlands	EUR	**100%**	100%
EFL Express Private Limited	India	INR	**100%**	100%
EFL Global (Thailand) Ltd	Thailand	THB	**73.99%**	73.99%
EFL Global B.V.	Belgium	EUR	**100%**	100%

NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2022	2021
EFL Global LLC (Expolanka USA LLC)	USA	USD	**100%**	100%
EFL Global Logistics Canada Ltd	Canada	CAD	**100%**	100%
EFL Malaysia Sdn. Bhd	Malaysia	MYR	**100%**	100%
EFL Taiwan (Private) Limited	Taiwan	TWD	**100%**	100%
EFL Transportation LLC	USA	USD	**100%**	100%
Expo Freight (Hong Kong) Limited	Hong Kong	HKD	**100%**	100%
Expo Freight (Shanghai) Limited	China	CNY	**100%**	100%
Expo Freight (Shenzhen) Limited	China	CNY	**100%**	100%
Expo Freight Denmark ApS	Denmark	DNK	**100%**	100%
Expo Freight Holdings (Thailand) Limited	Thailand	THB	**49%**	49%
Expo Freight Limited	Myanmar	MMK	**100%**	100%
Expo Freight Private Limited	India	INR	**100%**	100%
Expolanka Freight (Cambodia) Limited	Cambodia	PNH	**100%**	100%
Expolanka Freight (Philippines) Inc.	Philippines	USD	**100%**	100%
Expolanka Freight (Proprietary) Ltd	South Africa	ZAR	**100%**	100%
Expolanka Freight (Vietnam) Ltd	Vietnam	VND	**99%**	99%
Expolanka Freight Dubai LLC	Dubai	AED	**100%**	100%
Expolanka Freight FZCO	Dubai	AED	**100%**	100%
Expolanka Freight Ltd	Kenya	KES	**100%**	100%
Expolanka Freight Ltd	Mauritius	MUR	**100%**	100%
Expolanka Madagascar S.A.U	Madagascar	MGA	**100%**	100%
IDEA El Salvador S.A. de C.V	El Salvador	USD	**100%**	-
IDEA Global LLC	USA	USD	**100%**	-
IDEA Guatemala S.A	Guatemala	USD	**100%**	-
IDEA Honduras, S. de R.L. de C.V	Honduras	USD	**100%**	-
IDEA International LLC	USA	USD	**100%**	-
IDEA Nicaragua de S.A	Nicaragua	USD	**100%**	-
Interconexion: Distribuir Y Enviar Para Las Americas, LLC d/b/a IDEA ,LLC	USA	USD	**100%**	-
International Sky Services India Private Limited	India	INR	**100%**	100%
PT. EFL Global Indonesia (PT. Expo Freight Indonesia)	Indonesia	USD	**90%**	90%
Seville Container Freight Station Inc	USA	USD	**100%**	100%
Seville Freight Systems Inc	USA	USD	**100%**	100%
Seville Transfer Ltd	USA	USD	**100%**	100%

NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2022	2021
Leisure				
Indirect				
Classic Travel Maldives (Private) Limited	Maldives	MVR	**49%**	49%
Investment				
Indirect				
Expolanka Agri Exports (Private) Limited	India	INR	**100%**	100%

Consolidation of entities in which the Group holds less than 50% share holdings

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; and
- The Group's voting rights and potential voting rights

The following companies, with equity control equal to or less than 50%, have been consolidated as subsidiaries based on above criteria.

	Holding Percentage	
	2022	2021
Classic Travel Maldives (Private) Limited	**49%**	49%
Expo Freight Holdings (Thailand) Limited	**49%**	49%

Acquisition of Subsidiaries

The assets and liabilities as at the acquisition date are stated at their provisional fair values and may be amended in accordance with SLFRS 3 - Business Combination.

Investment subsidiaries are carried at cost less impairments (if any) in the separate financial statements.

Equity Accounted Investees (Investment in associates and joint ventures)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in its associate and joint venture are accounted at cost in the Company financial statements.

The Group's investments in its associate and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture 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 the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture,

NOTES TO THE FINANCIAL STATEMENTS

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 or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint ventures of the Group are;

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2022	2021
Globe Air (Private) Limited	Sri Lanka	LKR	**50%**	50%
Caliber Global India Private Limited	India	INR	**50%**	50%

Associate of the Group/Company is;

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2022	2021
Amana Takaful (Maldives) PLC	Maldives	LKR	**22.73%**	22.73%

Principle business activities of the above Associate is provision of Takaful Insurance.

2.2.2 Business combinations and goodwill

Business Combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquire either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent

NOTES TO THE FINANCIAL STATEMENTS

settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of Profit or Loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the Statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of 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 the cash-generating unit retained.

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under the heading "Non-controlling Interest".

2.2.3 Foreign Currency

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss. Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss. Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using 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 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).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Foreign operations

The results and financial position of all Group entities that have a functional currency other than the Sri Lankan Rupee are translated into Sri Lankan Rupees as follows:

- Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition are translated to Sri Lankan Rupees at the exchange rate prevailing at the reporting date;
- Income and expenses are translated at the average exchange rates for the period.

The exchange differences arising on translation for Consolidation are recognised in Other Comprehensive Income. On disposal of a foreign operation, the relevant amount in the translation reserve is transferred to the Statement of Profit or Loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative

NOTES TO THE FINANCIAL STATEMENTS

amount is reattributed to non-controlling interest in that foreign operation. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to the Statement of Profit or Loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation, and translated at the spot rate of exchange at the reporting date.

2.2.4 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.
- A liability is current when:
- It is expected to be settled in a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- It does not have a right at the reporting date to defer settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period.

The Group classifies all other liabilities as non- current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.5 Property, Plant and Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Basis of measurement

Items of property, plant & equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment losses, if any.

Owned assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. 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 includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Subsequent costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant & equipment are recognised in the Statement of Profit or Loss as incurred.

Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

Depreciation

Depreciation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

NOTES TO THE FINANCIAL STATEMENTS

The estimated useful lives for the current and comparative periods are as follows:

Freehold buildings	2.5% - 10%
Plant and machinery	12.5% - 33.33%
Furniture and fittings	5% - 25%
Technological equipment	20% - 33.33%
Office and factory equipment	10% - 33.33%
Motor vehicles	20%
Tools and equipment	25% - 33.33%
Leased improvements	20%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

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. 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.

2.2.6 Right of use assets and lease liabilities

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Basis of recognition

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Properties – 1 to 10 Years

Motor vehicles – 5 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a

NOTES TO THE FINANCIAL STATEMENTS

change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

Short-term leases and leases of low-value assets

The Group applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions during the year for any lease contracts.

2.2.7 Intangible Assets

Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful life of intangible asset is assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

The useful life of intangible asset is as follows;

Software Over 4 Years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognized.

2.2.8 Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model

NOTES TO THE FINANCIAL STATEMENTS

determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments) 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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an employees included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

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.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e: removed from the Group's consolidated financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or
(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

NOTES TO THE FINANCIAL STATEMENTS

- Trade receivables,

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and

NOTES TO THE FINANCIAL STATEMENTS

- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 26 to the Financial Statements.

2.2.9 Inventories

Inventories are valued at the lower of cost and net realisable value except commodity broker – traders. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

a) Raw materials:
Purchase cost on a weighted average basis.

b) Finished goods and work in progress:
Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

c) Other inventories:
At actual cost
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.2.10 Impairment of non-financial assets

The Group assesses, 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 CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group 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 exceed 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 recognized in the statement of profit or loss.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment

loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.2.11 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.2.12 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where 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. When the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

2.2.13 Employee Benefits

a) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

b) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by 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.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 16. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The gratuity liability is not funded.

2.2.14 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services 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 or services.

The Group has several operating segments which are described In Note 27 to these financial statements. In all operating segments, the Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount

NOTES TO THE FINANCIAL STATEMENTS

of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing component

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. Where long-term advances are received from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Rendering of Services (Logistics Sector)

The Group generates its revenues from four principal services: 1) Sea freight, 2) Air freight, 3) Overland, and 4) Contract Logistics.

Revenues reported in each of these reportable segments include revenues generated from the principal service as well as revenues generated from ancilliary services like customs clearance, export documentation, import documentation, door-to-door service, and arrangement of complex logistics supply movement, that are incidental to the principal service.

In Sea freight, Air freight and Overland the Group generates the majority of its revenues by purchasing transportation services from direct (asset-based) carriers and selling a combination of those services to its customers. In its capacity of arranging carrier services, the Group issues a contract of carriage to customers. Revenues related to shipments are recognised based upon the terms in the contract of carriage and to the extent a service is completed. The Group measures the fulfilment of its performance obligations as services are rendered based on the status of a shipment.

There are no significant judgements involved in the measurement of the performance of its obligations and the Group's contracts do not include any material variable considerations.

The Group elects to use the practical expedient regarding the disclosure requirement of the transaction price allocated to unsatisfied performance obligations. In nearly all customer contracts either the original expected duration is one year or less or the revenue is recognised at the amount to which the Group has a right to invoice.

Agency Services

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount that it retains for its agency services.

Contract assets

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.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental cost that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income is presented in finance income in the Statement Profit or Loss.

Dividend

Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

NOTES TO THE FINANCIAL STATEMENTS

Gains and losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within "other income" in profit or loss.

Other income

Other income is recognized on an accrual basis.

2.2.15 Expenses

Expenses are recognized in the profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. For the purpose of presentation of the Statement of Profit or Loss, the function of expenses method is adopted.

Repairs and renewals are charged to profit or loss in the year in which the expenditure is incurred.

Finance income and finance cost

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in the Statement of Profit or Loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the Statement of Profit or Loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Foreign currency gains and losses are reported on a net basis.

2.2.16 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in Equity or in Other Comprehensive Income.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. 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, equity accounted investee 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 temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit 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, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will

NOTES TO THE FINANCIAL STATEMENTS

reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that 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 it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the Statement of Profit or Loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables that are stated with the amount of sales tax.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

2.3 General

2.3.1 Events Occurring After the Reporting Date

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

2.3.2 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.3.3 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the “indirect method”.

Interest paid is classified as an financing cash flow. Grants received, which are related to purchase and construction of property, plant & equipment are classified as investing cash flows. Dividend and interest income are classified as cash flows from investing activities.

Dividends paid are classified as financing cash flows. Dividends received by Expolanka Holdings PLC, which is an investment company, are classified as operating cash flows.

2.3.4 Segment Reporting

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 and the Board 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.

2.3 Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Management has assessed that the application of these standards and amendments do not have material impact on the financial statements of the Company and Group.

Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets:

Onerous Contracts – Costs of Fulfilling a Contract

On 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (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. Earlier application is permitted.

Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

On 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 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 management. Instead, an entity recognizes 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.

Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework

On 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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Significant Accounting Estimates and Judgements

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

Going Concern

In determining the basis of preparing financial statements for the year ended 31 March 2022, based on available information, the management has assessed the existing and anticipated effects on COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis. In March 2022, each sector evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios, relating to expected revenue streams, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedule, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue at least impacted as possible.

Having presented the outlook for each sector to the holding company Board and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries and associates have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting financial statements.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

Measurement of the Employee Benefit Obligations
The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 16 to the Financial Statements. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

Measurement of the Recoverable Amount of Cash-Generating Units Containing Goodwill

The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 2.2.9. The basis of determining the recoverable amounts of cash generating units and key assumptions used are given in Note 5.1.5 to the Financial Statements.

Provision for expected credit losses (ECL) of trade receivable

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

NOTES TO THE FINANCIAL STATEMENTS

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 10.

Fair value measurement

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;

- In the principal market for the asset or liability;
  Or
- 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 valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's senior management and Board determines the policies and procedures for fair value measurement, such as land and buildings and biological assets.

Involvement of external valuers is determined annually by the senior management and the board after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an annual basis, the senior management presents the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Group

	Freehold land Rs.	Freehold buildings Rs.	Plant and machinery Rs.	Furniture and fittings Rs.	Office and factory equipment Rs.	Technological equipment Rs.	
3.1.1 Cost							
As at 1 April 2021	748,331,636	1,262,457,873	637,381,349	1,011,553,146	450,059,746	771,653,372	
Additions	-	12,750,000	1,102,393,347	153,561,055	153,240,418	245,154,447	
Disposals	(3,500,000)	(14,246,007)	(23,944,341)	(89,024,087)	(44,038,833)	(13,902,239)	
Transfers from/to others	-	-	(166,736,126)	(68,502,489)	-	3,187,895	
Acquisition of subsidiaries	-	-	529,239,283	61,682,943	251,403	64,015,476	
Exchange difference	-	179,059,457	709,142,257	432,050,777	150,369,344	286,398,657	
As at 31st March 2022	744,831,636	1,440,021,323	2,787,475,769	1,501,321,345	709,882,078	1,356,507,608	
3.1.2 Accumulated depreciation							
As at 1 April 2021	-	323,003,554	400,808,100	474,067,951	261,761,444	513,283,554	
Charge for the year	-	43,562,344	177,326,805	140,512,273	63,327,749	151,743,427	
Disposal	-	(3,264,711)	(23,221,034)	(88,844,880)	(8,340,891)	(12,093,828)	
Transfers from/to others	-	-	(172,649,768)	(36,280,029)	(450,723)	2,690,818	
Acquisition of subsidiaries	-	-	367,492,806	56,891,162	251,403	51,018,809	
Exchange difference	-	36,961,552	277,387,691	210,946,992	64,922,626	176,174,389	
As at 31st March 2022	-	400,262,739	1,027,144,600	757,293,469	381,471,608	882,817,169	
3.1.3 Carrying value							
As at 31st March 2022	744,831,636	1,039,758,584	1,760,331,169	744,027,876	328,410,470	473,690,439	
As at 1 April 2021	748,331,636	939,454,319	236,573,249	537,485,195	188,298,302	258,369,818	

3.1.4 During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 1,958,160,799/- (2021 - Rs. 426,553,735/-). Cash payments amounting to Rs 1,958,160,799/- (2021 - Rs.426,553,735/-) were made during the year ended for purchase of Property, Plant and Equipment.

NOTES TO THE FINANCIAL STATEMENTS

	Motor vehicle Rs.	Tools and equipment Rs.	Leasehold improvements Rs.	Capital work in progress Rs.	Total Rs.
	625,027,617	21,789,137	461,286,148	13,030,570	6,002,570,594
	101,604,935	6,598,327	159,474,176	23,384,094	1,958,160,799
	(184,108,245)	(51,224)	(47,825,269)	-	(420,640,245)
	138,185,283	25,589,590	68,502,489	(226,642)	-
	10,574,021	19,223	23,989,868	-	689,772,217
	175,237,679	8,543,537	149,611,895	112,460	2,090,526,063
	866,521,290	62,488,590	815,039,307	36,300,483	10,320,389,428
	371,995,987	16,395,063	227,925,597	-	2,589,241,250
	71,132,589	2,818,731	87,676,608	-	738,100,526
	(62,417,165)	(50,803)	(15,435,261)	-	(213,668,573)
	148,143,744	22,759,146	35,786,812	-	-
	7,325,203	-	19,084,597	-	502,063,980
	107,709,892	7,514,584	72,240,233	-	953,857,959
	643,890,250	49,436,721	427,278,586	-	4,569,595,142
	222,631,040	13,051,869	387,760,721	36,300,483	5,750,794,286
	253,031,630	5,394,074	233,360,551	13,030,570	3,413,329,344

NOTES TO THE FINANCIAL STATEMENTS

3.1.5 Acquisition of subsidiaries - property, plant and equipment

During the year, the Group has acquired IDEA Global LLC (and its subsidiaries) and Complete Transport Solutions LLC. Detailed disclosure is set out in Note 34.
The aggregate values of the property, plant and equipment of above companies as at the date of acquisition were as follows:

	Cost	Accumulated depreciation	Carrying value
Plant and machinery	529,239,283	367,492,806	161,746,477
Furniture and fittings	61,682,943	56,891,162	4,791,781
Office and factory equipment	251,403	251,403	-
Technological equipment	64,015,476	51,018,809	12,996,667
Motor vehicle	10,574,021	7,325,203	3,248,818
Leasehold improvements	23,989,868	19,084,597	4,905,271
	689,772,217	502,063,980	187,708,237

3.2 Company

	Furniture and fittings Rs.	Office and factory equipment Rs.	Technological equipment Rs.	Motor vehicle Rs.	Leasehold improvements Rs.	Total Rs.
3.2.1 Cost						
As at 1 April 2021	10,973,994	6,913,322	53,977,491	49,211,450	25,776,711	146,852,968
Additions	111,900	348,490	4,968,693	-	457,020	5,886,103
Disposals	-	(1,013,232)	(12,987,597)	-	-	(14,000,829)
As at 31st March 2022	11,085,894	6,248,580	45,958,587	49,211,450	26,233,731	138,738,242
3.2.2 Accumulated depreciation						
As at 1 April 2021	6,528,734	4,689,633	51,270,902	35,040,492	23,363,926	120,893,687
Charge for the year	1,298,548	459,623	1,583,853	3,435,958	2,053,553	8,831,535
Disposal	-	(612,187)	(12,987,598)	-	-	(13,599,785)
As at 31st March 2022	7,827,282	4,537,069	39,867,157	38,476,450	25,417,479	116,125,437

NOTES TO THE FINANCIAL STATEMENTS

	Furniture and fittings Rs.	Office and factory equipment Rs.	Technological equipment Rs.	Motor vehicle Rs.	Leasehold improvements Rs.	Total Rs.
3.2.3 Carrying value						
As at 31st March 2022	3,258,612	1,711,511	6,091,430	10,735,000	816,252	22,612,805
As at 1 April 2021	4,445,260	2,223,689	2,706,589	14,170,958	2,412,785	25,959,281

3.2.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 5,886,103/- (2021 - Rs. 2,005,226/-). Cash payments amounting to Rs 5,886,103/- (2021 - Rs.2,005,226/-) were made during the year ended for purchase of Property, Plant and Equipment.

4. RIGHT OF USE ASSETS

The Group/Company has lease contracts for property and vehicles used in its operations. Leases of property generally have lease terms between 1 and 10 years, while motor vehicles generally have lease terms between 1 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group/Company also has certain leases of property, machinery and vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Group/Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group			Company	
	Property Rs.	Motor vehicles Rs.	Total Rs.	Property Rs.	Total Rs.
4.1 Cost					
As at 1 April 2021	5,707,853,802	94,477,579	5,802,331,381	64,837,090	64,837,090
Additions	6,058,850,805	42,271,028	6,101,121,833	57,640,047	57,640,047
Derecognition	(575,870,421)	(924,461)	(576,794,882)	(39,318,166)	(39,318,166)
Exchange difference	4,353,027,117	20,697,433	4,373,724,550	-	-
As at 31st March 2022	15,543,861,303	156,521,579	15,700,382,882	83,158,971	83,158,971

NOTES TO THE FINANCIAL STATEMENTS

	Group			Company	
	Property Rs.	Motor vehicles Rs.	Total Rs.	Property Rs.	Total Rs.
4.2 Accumulated depreciation					
As at 1 April 2021	2,018,067,808	66,610,798	2,084,678,606	33,391,439	33,391,439
Charge for the year	1,996,643,220	34,322,615	2,030,965,835	27,104,199	27,104,199
Derecognition	(575,870,421)	(924,461)	(576,794,882)	(39,318,166)	(39,318,166)
Exchange difference	1,312,328,161	12,057,244	1,324,385,405	-	-
As at 31st March 2022	4,751,168,768	112,066,196	4,863,234,964	21,177,472	21,177,472
4.3 Carrying value					
As at 31st March 2022	10,792,692,535	44,455,383	10,837,147,918	61,981,499	61,981,499
As at 1 April 2021	3,689,785,994	27,866,781	3,717,652,775	31,445,651	31,445,651

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings):

4.4 Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company's incremental borrowing rate.

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current portion of lease liability	15.1	**3,079,132,134**	1,423,959,117	**12,281,968**	24,732,281
Non-current portion of lease liability	15.2	**7,684,458,632**	2,084,917,758	**40,389,930**	4,864,756
Total lease liability/lease creditor		**10,763,590,766**	3,508,876,875	**52,671,898**	29,597,037

The maturity analysis of lease liabilities are disclosed in Note 15.4.

NOTES TO THE FINANCIAL STATEMENTS

4.5 Amounts recognised in profit or loss

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Total depreciation expense of right-of-use assets	22.1	**2,030,965,835**	1,582,398,943	**27,104,199**	23,462,680
Interest cost on lease liabilities	20	**194,099,468**	110,849,720	**1,964,602**	2,850,349
Total expense relating to leases of low-value assets and short term leases	22.2	**117,626,245**	180,350,167	**-**	-
Total amount recognised in profit or loss		**2,342,691,548**	1,873,598,830	**29,068,801**	26,313,029

5. INTANGIBLE ASSETS

5.1 Group

	Computer software Rs.	Goodwill Rs.	Brand value Rs.	Customer list Rs.	Total Rs.
5.1.1 Cost					
As at 1 April 2021	319,539,558	867,722,754	-	-	1,187,262,312
Additions	9,083,089	1,257,477,406	422,827,589	1,282,563,611	2,971,951,695
Derecognition	(28,716,865)	-	-	-	(28,716,865)
Exchange difference	38,332,015	-	-	-	38,332,015
As at 31st March 2022	338,237,797	2,125,200,160	422,827,589	1,282,563,611	4,168,829,157
5.1.2 Accumulated amortization					
As at 1 April 2021	147,848,939	-	-	-	147,848,939
Amortization for the year	65,596,934	-	56,377,012	70,000,563	191,974,509
Derecognition	(28,716,865)	-	-	-	(28,716,865)
Exchange difference	22,596,886	-	-	-	22,596,886
As at 31st March 2022	207,325,894	-	56,377,012	70,000,563	333,703,469
5.1.3 Carrying value					
As at 31st March 2022	130,911,903	2,125,200,160	366,450,577	1,212,563,048	3,835,125,688
As at 1 April 2021	171,690,619	867,722,754	-	-	1,039,413,373

NOTES TO THE FINANCIAL STATEMENTS

5.1.4 Goodwill

Goodwill acquired through business combinations have been allocated to cash generating units (CGU's) for impairment testing as follows;

	Country	Note	2022 Rs.	2021 Rs.
EFL Global B.V.	Belgium		**50,125,352**	50,125,352
EFL Global Freeport (Private) Limited	Sri Lanka		**206,922,113**	206,922,113
Expo Freight (Shanghai) Limited	China		**6,664,711**	6,664,711
Expofreight (Hong Kong) Limited	Hong Kong		**6,016,298**	6,016,298
Expolanka Freight (Vietnam) Limited	Vietnam		**33,262,114**	33,262,114
Expolanka USA LLC	Americas		**121,654,555**	121,654,555
Quickee Delivery Solutions (Private) Limited	Sri Lanka		**13,004,083**	13,004,083
Seville Container Freight Station Inc	Americas		**430,073,528**	430,073,528
			867,722,754	867,722,754
Acquired during the period ended 31 March 2022:		34.1.		
Complete Transport Solutions LLC	Americas		**882,339,720**	-
Corporación K&C, S.A. de C.V	Americas		**2,964,894**	-
IDEA El Salvador S.A. de C.V	Americas		**41,060,495**	-
IDEA Global LLC	Americas		**222,046,787**	-
IDEA Guatemala S.A	Americas		**22,189,558**	-
IDEA Nicaragua de S.A	Americas		**86,875,952**	-
			1,257,477,406	-
			2,125,200,160	867,722,754

The recoverable amount of all CGUs have been determined based on the value in use (VIU) calculation.

5.1.5 Key assumptions used in the VIU calculations

The Group performed its annual impairment test in 31 March 2022 and 2021. Impairment test was based on the VIU calculation of respective companies. The value in use calculation is based on a discounted cash flow model. Management has considered 5 years free cash flows for this purpose.

The cash flows are derived from the most recent budget and do not included the restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generated unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

NOTES TO THE FINANCIAL STATEMENTS

Gross margins

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. (5.3%).

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 1% growth rate.

The volume growth of the respective countries are as follows:

	Volume growth rates	
	1 to 5 years	Beyond 5 years
Americas	5% - 30%	1%
Belgium	15% to 60%	1%
China	1% - 5%	1%
Hong Kong	1% - 5%	1%
Sri Lanka	10% - 30%	1%
Vietnam	1% - 5%	1%

5.1.6 Brand Value

	Useful Life	Cost	Accumulated amortization	Carrying value
IDEA Global LLC	5 Years	191,723,974	25,563,197	166,160,777
IDEA Honduras, S. de R.L. de C.V	5 Years	136,114,630	18,148,618	117,966,012
IDEA Nicaragua de S.A	5 Years	53,369,872	7,115,983	46,253,889
IDEA Guatemala S.A	5 Years	19,268,751	2,569,167	16,699,584
IDEA El Salvador S.A. de C.V	5 Years	21,217,018	2,828,936	18,388,082
Corporación K&C, S.A. de C.V	5 Years	1,133,344	151,111	982,233
		422,827,589	56,377,012	366,450,577

NOTES TO THE FINANCIAL STATEMENTS

5.1.7 Customer List

	Useful Life	Cost	Accumulated amortization	Carrying value
IDEA Global LLC	12.5 Years	337,657,489	18,008,400	319,649,089
IDEA Honduras, S. de R.L. de C.V	12.5 Years	409,103,328	21,818,845	387,284,483
IDEA Nicaragua de S.A	12.5 Years	121,567,530	6,483,602	115,083,928
IDEA Guatemala S.A	12.5 Years	43,890,952	2,340,850	41,550,102
IDEA El Salvador S.A. de C.V	12.5 Years	48,328,774	2,577,535	45,751,239
Corporación K&C, S.A. de C.V	12.5 Years	2,581,563	137,684	2,443,879
Complete Transport Solutions LLC	10 Years	319,433,975	18,633,647	300,800,328
		1,282,563,611	70,000,563	1,212,563,048

5.2 Company

Computer Software	2022 Rs.	2021 Rs.
5.2.1 Cost		
At the beginning of the year	**8,294,663**	7,099,430
Additions	**-**	1,195,233
Derecognition	**(725,200)**	-
At the end of the year	**7,569,463**	8,294,663
5.2.2 Accumulated amortization		
At the beginning of the year	**3,969,058**	2,118,750
Charge for the year	**1,343,615**	1,850,308
Derecognition	**(725,200)**	-
At the end of the year	**4,587,473**	3,969,058
5.2.3 Carrying value		
As at 31st March	**2,981,990**	4,325,605
As at 1 April	**4,325,605**	4,980,680

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES

6.1 Company

	Note	2022		2021	
		Holding %	Amount Rs.	Holding %	Amount Rs.
Non - Quoted					
A V S Cargo International (Private) Limited		**100**	**1,679,053**	100	1,679,053
Classic Destinations (Private) Limited		**100**	**30**	100	30
Classic Travel (Private) Limited		**100**	**25,597,538**	100	25,597,538
EFL Global HQ (Private) Limited (E F L Headquarters (Private) Limited)		**100**	**1,924,090,988**	100	1,924,090,988
E F L Transport (Private) Limited		**100**	**260,000**	100	260,000
EFL Global Logistics (Pte) Ltd		**100**	**211,016,250**	100	211,016,250
Excelsior Logistics (Private) Limited		**100**	**100,000**	100	100,000
Expo Visa Services (Private) Limited		**100**	**1,173,555**	100	1,173,555
Expolanka (Private) Limited		**100**	**596,111,561**	100	596,111,561
Expolanka Freight (Private) Limited		**100**	**292,098,014**	100	292,098,014
Freight Care (Private) Limited		**100**	**4,423,590**	100	4,423,590
International Airlines Services (Private) Limited		**100**	**10,027,726**	100	10,027,726
ITX 360 (Private) Limited		**100**	**100,000,000**	100	100,000,000
Logistics Park (Private) Limited		**100**	**1,250,000,000**	100	1,250,000,000
SG Logistics (Private) Limited		**100**	**79,105,042**	100	79,105,042
Tropikal Life International (Private) Limited		**100**	**41,000,050**	100	41,000,050
UCL Logistics (Private) Limited		**100**	**17,631,222**	100	17,631,222
			4,554,314,619		4,554,314,619
Less - Provision for impairment of investments in subsidiaries	6.1.1.				
International Airlines Services (Private) Limited		**100**	**(10,027,726)**	100	(10,027,726)
Expo Visa Services (Private) Limited		**100**	**(1,173,555)**	100	(1,173,555)
UCL Logistics (Private) Limited		**100**	**(17,631,222)**	100	(17,631,222)
Total carrying value of investments in subsidiaries			**4,525,482,116**		4,525,482,116

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

6.1.1 Provision for impairment of investments in subsidiaries

Impairment provision is recognized to the extent that exceeds the carrying value over the investee's recoverable value as at the reporting date. Note 2.2.9 provides further details on Group's policy of assessing the recoverable value.

The provision for impairment of investments in International Airlines Services (Private) Limited, Expo Visa Services (Private) Limited and UCL Logistics (Private) Limited have been recognised in prior periods as the operations of these entities have been discontinued.

At each reporting date, the Company determines whether there is an indication that the above provision for impairment of investments recognised in prior periods needs to be reversed, based on the changes in the estimates used to determine the recoverable amount.

7. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES

	Group					Company			
	Country	No of Shares	Effective Holding %	2022 Rs.	2021 Rs.	No of Shares	Effective Holding %	2022 Rs.	2021 Rs.
7.1 Investment in an associate									
Quoted									
Amana Takaful Maldives PLC	Maldives	4,600,000	22.73%	**43,990,000**	43,990,000	4,600,000	22.73%	**43,990,000**	43,990,000
7.2 Investment in joint ventures									
Unquoted									
Caliber Global India Private Limited	India	100,000	50%	**2,719,222**	2,719,222	-	0%	**-**	-
Globe Air (Private) Limited	Sri Lanka	250,001	50%	**67,500,000**	67,500,000	250,001	50%	**67,500,000**	67,500,000
Cumulative profit accruing to the Group net of dividend				**252,631,201**	148,569,516			**-**	-
Share of net assets of equity accounted investees				**25,382,248**	25,382,248			**-**	-
				392,222,671	288,160,986			**111,490,000**	111,490,000

7.3 Market value of quoted investments

The market price of a share of Amana Takaful Maldives PLC amounts to MVR 10.00 equivalent to Rs. 193.40 (2021 - MVR 7.00 equivalent to Rs. 90.58). The investment in equity accounted investees in separate financial statements are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS

7.4 Summarised financial information of equity accounted investees:

	Associate		Joint Ventures		Total	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	**712,267,995**	533,234,584	**61,743,390**	1,164,026	**774,011,385**	534,398,610
Other income	**198,791,723**	181,920,691	**34,026,823**	15,839,072	**232,818,546**	197,759,763
Administrative expenses, including depreciation	**(339,426,989)**	(311,315,984)	**(53,352,534)**	(16,876,580)	**(392,779,523)**	(328,192,564)
Selling and distribution cost	**(83,474,584)**	(87,503,177)	**(1,140,801)**	(53,936)	**(84,615,385)**	(87,557,113)
Net finance costs, including interest expense	**(6,482,776)**	(5,855,396)	**(34,018)**	(49,833)	**(6,516,794)**	(5,905,229)
Profit before income tax	**481,675,369**	310,480,718	**41,242,860**	22,749	**522,918,229**	310,503,467
Income tax	**(60,491,347)**	(36,475,099)	**-**	-	**(60,491,347)**	(36,475,099)
Other comprehensive income	**-**	-	**-**	-	**-**	-
Total comprehensive income for the year	**421,184,022**	274,005,619	**41,242,860**	22,749	**462,426,882**	274,028,368
Share of result of equity accounted investees	**95,735,128**	62,281,477	**20,621,430**	11,375	**116,356,558**	62,292,852
Dividends received	**(12,294,873)**	(8,623,785)	**-**	-	**(12,294,873)**	(8,623,785)
Profit accruing to the Group net of dividend	**83,440,255**	53,657,692	**20,621,430**	11,375	**104,061,685**	53,669,067
Total assets	**4,856,927,632**	2,662,159,098	**112,684,114**	99,479,946	**4,969,611,746**	2,761,639,044
Total liabilities	**(1,937,619,712)**	(1,285,284,263)	**(96,268,550)**	(93,797,162)	**(2,033,888,262)**	(1,379,081,425)
Net assets	**2,919,307,920**	1,376,874,835	**16,415,564**	5,682,784	**2,935,723,484**	1,382,557,619
Share of capital reserve	**111,692,855**	111,692,855	**-**	-	**111,692,855**	111,692,855
Net carrying value of the investments	**3,031,000,775**	1,488,567,690	**16,415,564**	5,682,784	**3,047,416,339**	1,494,250,474
Fair value of goodwill	**(26,774,795)**	(26,774,795)	**134,728,346**	134,728,346	**107,953,551**	107,953,551
Exchange fluctuation	**(1,678,329,891)**	(503,014,241)	**(1,206,188)**	50,064	**(1,679,536,079)**	(502,964,177)
Net assets	**1,325,896,089**	958,778,654	**149,937,722**	140,461,194	**1,475,833,811**	1,099,239,848
Group carrying amount of investment	**301,376,181**	217,930,388	**74,968,861**	70,230,598	**376,345,042**	288,160,986
Cash flows from/(used in) operating activities	**608,327,823**	328,176,312	**19,935,542**	22,009,467	**628,263,364**	350,185,779
Cash flows from/(used in) investing activities	**(407,427,425)**	(324,861,590)	**1,096,152**	(792,781)	**(406,331,273)**	(325,654,371)
Cash flows from/(used in) financing activities	**(67,321,352)**	(41,491,000)	**(8,831,729)**	(102,455,478)	**(76,153,081)**	(143,946,478)

Total assets, include cash and cash equivalents of Rs. 308,541,244 (2021 - Rs. 477,219,004/-) and prepayments of Rs. 56,344,706 (2021 - Rs. 52,382,254/-).

Total liabilities, include tax payable of Rs. 55,000,229 (2021 - Rs. 211,213,807/-).

Profit before income tax is stated after charging depreciation & amortization of Rs. 34,642,504 (2021 - Rs. 54,565,698/-) and interest expense of Rs. 6,516,794 (2021 - 5,905,229).

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER FINANCIAL ASSETS

8.1 Other financial assets - non current

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Equity instruments at fair value though OCI	8.1.1				
Investments in non-quoted securities					
SLFFA Cargo Services Limited		**717,922**	717,921	**-**	-
Peri Logistics (Private) Limited		**-**	-	**10,000,000**	10,000,000
Other non-equity investments					
Bank deposits (more than 1 year)		**18,207,787**	12,013,919	**-**	-
Total non-current other financial assets		**18,925,709**	12,731,840	**10,000,000**	10,000,000

8.1.1 Investments in non-quoted securities

Fair value of the unquoted ordinary shares has been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

8.2 Other financial assets - current

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Debt instruments at amortised cost					
Loans given to employees		**217,368,519**	341,756,732	**5,959,514**	1,408,002
Other non-equity investments					
Bank deposits (between 3 months and 1 year)		**8,614,010**	999,332	**-**	-
Total current other financial assets		**225,982,529**	342,756,064	**5,959,514**	1,408,002

**Trade receivables included in Note 10 also classify as 'Debt Instruments at amortised Cost'*

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORIES

	Group	
	2022 Rs.	2021 Rs.
Raw materials	**289,723**	882,462
Packing materials	**92,013,227**	53,349,999
Finished goods	**195,429,652**	89,758,316
Consumables	**2,178,435**	3,238,294
Stationeries	**1,682,012**	1,682,012
Total of inventories lower of cost and net realisable value	**291,593,049**	148,911,083

9.1 The carrying amount of inventories carried at fair value less costs to sell of revolving perishable goods amounts to Rs. 267,100,946/- (2021 - Rs. 138,387,548/-). Other inventories are carried at cost.

9.2 The amount of inventories recognized as an expense during the period amounts to Rs. 724,898/- (2021 - Rs. 13,875,417/-.).

NOTES TO THE FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade debtors		**189,687,104,454**	49,927,060,196	**-**	-
Less: Allowances for expected credit losses	10.1.	**(2,833,692,938)**	(1,304,913,417)	**-**	-
	10.2.	**186,853,411,516**	48,622,146,779	**-**	-
Other debtors		**26,189,374,408**	467,292,568	**2,000,000**	2,609,074
Amounts due from related parties	10.3.	**63,724,751**	134,311,547	**45,293,174**	270,382,122
		213,106,510,675	49,223,750,894	**47,293,174**	272,991,196

10.1 Allowances for expected credit losses

	Group	
	2022 Rs. Collectively impaired	2021 Rs. Collectively impaired
At 01 April	**1,304,913,417**	705,672,185
Charge for the year	**1,267,054,406**	975,496,457
Written off during the year	**(385,627,261)**	(396,564,846)
Disposal of subsidiaries	**-**	(13,080,906)
Exchange fluctuation	**647,352,376**	33,390,527
At 31 March	**2,833,692,938**	1,304,913,417

No provision is recognized for amounts due from related parties (Note 10.3.) based on the expected credit loss (ECL) calculation as the required provision under ECL is immaterial to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

10.2 As at 31 March, the ageing analysis of trade receivables, is as follows:

	Group	
	2022 Rs.	2021 Rs.
Neither due nor past impaired	**155,629,993,750**	46,057,789,139
Past due but not impaired		
0 - 180 days	**27,740,442,991**	1,586,158,287
181 - 360 days	**3,482,974,775**	978,199,353
> 360 days	**-**	-
Allowance for expected credit losses	**2,833,692,938**	1,304,913,417
Gross carrying value	**189,687,104,454**	49,927,060,196
Allowance for expected credit losses	**(2,833,692,938)**	(1,304,913,417)
Total	**186,853,411,516**	48,622,146,779

Information on credit risk exposure are disclosed in Note 32.4.

10.3 Amounts due from related parties

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Subsidiaries	10.3.1.	**-**	-	**17,809,278**	177,851,162
Equity accounted entities	10.3.2.	**11,936,131**	89,949,691	**8,847,945**	87,847,945
Other related parties	10.3.3.	**51,788,619**	44,225,894	**18,635,951**	4,683,015
		63,724,750	134,175,585	**45,293,174**	270,382,122

These outstanding balances are short term and revolving balances which are unsecured.

NOTES TO THE FINANCIAL STATEMENTS

10.3.1 Subsidiaries

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
A V S Cargo International (Private) Limited		-	-	-	2,941
Alpha Air Solutions (Private) Limited		-	-	-	7,296,214
Alpha Aviation (Private) Limited		-	-	-	5,459,447
Bongo (Private) Limited		-	-	-	1,785
Classic Destinations (Private) Limited		-	-	-	279,402
Classic Travel (Private) Limited		-	-	-	108,402,627
Classic Vacation (Private) Limited		-	-	-	278,471
EFL Global Freeport (Private) Limited		-	-	**25,000**	75,000
EFL Global HQ (Private) Limited (E F L Headquarters (Private) Limited)		-	-	**1,368,028**	13,726,332
EFL Transport (Private) Limited		-	-	-	371,159
Expo Visa Services (Private) Limited		-	-	-	60,391
Expolanka (Private) Limited		-	-	-	7,252,022
Expolanka Freight (Private) Limited		-	-	**191,250**	26,783,768
ITX 360 (Private) Limited		-	-	-	2,310,421
Logistic Park (Private) Limited		-	-	**25,000**	3,020,458
Oki Doki (Private) Limited		-	-	-	67,625
Peri Logistics (Private) Limited		-	-	-	96,992
Pulsar Shipping Agencies (Private) Limited		-	-	-	512,624
Quickee Delivery Solutions (Private) Limited		-	-	**16,200,000**	-
SG Logistics (Private) Limited		-	-	-	4,000
Sun Power (Private) Limited		-	-	-	414,726
Tropikal Life International (Private) Limited		-	-	-	1,434,757
		-	-	**17,809,278**	177,851,162

NOTES TO THE FINANCIAL STATEMENTS

10.3.2 Equity accounted entities

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Joint Ventures					
Globe Air (Private) Limited		**11,936,131**	87,444,310	**8,847,945**	87,847,945
Caliber Global India Private Limited		**-**	2,505,381	**-**	-
		11,936,131	89,949,691	**8,847,945**	87,847,945

10.3.3 Other related parties

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Ultimate Parent					
SG Holdings Co., Ltd.		**32,398**	4,592,373	**164,728**	4,683,015
Fellow Subsidiaries					
Sagawa Express (H.K.) Co., Ltd.		**-**	3,597,934	**-**	-
Sagawa Express International Taiwan Corp		**-**	403,942	**-**	
Sagawa Express Philippines Inc.		**-**	9,712	**-**	-
Sagawa Express Vietnam Co.Ltd		**-**	3,187	**-**	
Sagawa Global Logistics Co., Ltd.		**2,895,955**	3,630,342	**-**	-
Sagawa Logistics Korea Co.Ltd		**-**	49,429	**-**	
SG Sagawa (Thailand) Co., Ltd.		**328,101**	3,007,115	**-**	-
SG Sagawa Ameroid Pte. Ltd.		**-**	1,785,196	**-**	-
SG Sagawa USA Inc.		**1,133,593**	-	**-**	-
SG Sagawa Vietnam Co., Ltd.		**16,526,942**	1,147,331	**-**	-
SGH Global Japan Co., Ltd.		**12,410,407**	25,999,333	**10,000**	-
Other Related Parties – Foundation					
Yahaguna Padanama		**18,461,223**	-	**18,461,223**	-
		51,788,619	44,225,894	**18,635,951**	4,683,015

NOTES TO THE FINANCIAL STATEMENTS

11. PREPAYMENTS AND OTHER ASSETS

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Advances	11.1	**11,718,198,355**	108,018,751	**2,830,943**	214,006
Deposits	11.2	**1,203,440,968**	897,621,824	**4,971,600**	4,931,580
Prepaid Expenses		**911,164,582**	556,429,853	**18,869,749**	16,597,228
Statutory Receivables		**426,023,379**	307,116,202	**979,328**	909,484
Total Prepayments		**14,258,827,284**	1,869,186,630	**27,651,620**	22,652,298

11.1 Group advances include advance payments related to Charter Flights in current year.

11.2 Group deposits include rental deposits of Rs.778,652,109/- (2021 - Rs. 456,741,064/-.)

12. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Component of Cash and Cash Equivalents					
Cash at banks and on hand		**43,192,921,348**	7,610,756,231	**3,758,302,668**	631,106,637
Bank overdrafts	15	**(1,181,678,613)**	(1,179,159,592)	**-**	-
Cash & Cash Equivalents for the Purpose of the Cash Flow Statement		**42,011,242,735**	6,431,596,639	**3,758,302,668**	631,106,637

13. STATED CAPITAL

	Note	Number	Rs.
Fully Paid Ordinary Shares	13.1	1,954,915,000	4,097,985,000

13.1 Fully paid ordinary shares

As at 1 April 2021		1,954,915,000	4,097,985,000
As at 31st March 2022		1,954,915,000	4,097,985,000

NOTES TO THE FINANCIAL STATEMENTS

14. FOREIGN CURRENCY TRANSLATION RESERVE

	Note	Group	
		2022 Rs.	2021 Rs.
As at 1 April		**1,614,493,928**	940,585,702
Currency translation difference during the year		**26,371,620,872**	673,908,226
As at 31st March		**27,986,114,800**	1,614,493,928

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.

15. FINANCING AND LEASE PAYABLES

	Note	Group		Company	
		2022 Rs.	2021 Rs.	**2022 Rs.**	2021 Rs.
15.1 Current finance cost bearing loans and borrowings					
Leases		**3,079,132,134**	1,423,959,117	**12,281,968**	24,732,281
Bank financing					
Short term bank financing		**1,363,939,638**	1,059,005,512	**-**	-
Current portion of long term bank financing		**35,832,151**	57,471,327	**-**	-
Related party borrowings					
Short term related party borrowings		**69,667,000,003**	8,570,320,970	**-**	-
Current portion of long term related party borrowings		**1,669,416,660**	564,711,067	**-**	-
Bank overdrafts	12.	**1,181,678,613**	1,179,159,592	**-**	-
		76,996,999,199	12,854,627,585	**12,281,968**	24,732,281
15.2 Non-current finance cost-bearing loans and borrowings					
Leases		**7,684,458,632**	2,084,917,758	**40,389,930**	4,864,756
Bank financing		**2,360,636,888**	935,560,993	**2,337,389,330**	894,292,978
Related party borrowings		**5,089,478,328**	2,512,299,903	**-**	-
		15,134,573,848	5,532,778,654	**2,377,779,260**	899,157,734
Total finance cost-bearing loans and borrowings		**92,131,573,047**	18,387,406,239	**2,390,061,228**	923,890,015

NOTES TO THE FINANCIAL STATEMENTS

15.3 Movement of finance cost bearing loans and borrowings

15.3.1 Group

	Leases	Bank financing	Related party borrowings	Total
As at 1 April 2021	3,508,876,875	2,052,037,832	11,647,331,940	17,208,246,647
Finance obtained	6,101,121,833	10,772,040,465	78,876,582,750	95,749,745,048
Repayment	(1,841,879,290)	(9,317,344,333)	(34,442,774,469)	(45,601,998,092)
Exchange difference	2,995,471,348	253,674,713	20,344,754,770	23,593,900,831
As at 31st March 2022	10,763,590,766	3,760,408,677	76,425,894,991	90,949,894,434
Non-current	7,684,458,632	2,360,636,888	5,089,478,328	15,134,573,848
Current	3,079,132,134	1,399,771,789	71,336,416,663	75,815,320,586
Bank overdrafts				1,181,678,613
Total current finance cost bearing loans and borrowings				76,996,999,199

15.3.2 Company

	Leases	Bank financing	Total
As at 1 April 2021	29,597,037	894,292,978	923,890,015
Finance obtained	57,640,047	1,443,096,352	1,500,736,399
Repayment	(34,565,186)	-	(34,565,186)
As at 31st March 2022	52,671,898	2,337,389,330	2,390,061,228
Non-current	40,389,930	2,337,389,330	2,377,779,260
Current	12,281,968	-	12,281,968

NOTES TO THE FINANCIAL STATEMENTS

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
15.3.3 Proceeds from financing - as per cash flow statement					
Bank financing	15.3.1.	**10,772,040,465**	3,587,516,841	**1,443,096,352**	151,719,844
Related party borrowings	15.3.1.	**78,876,582,750**	7,653,890,453	**-**	-
		89,648,623,215	11,241,407,294	**1,443,096,352**	151,719,844
15.3.4 Repayment of financing - as per cash flow statement					
Bank financing	15.3.1.	**(9,317,344,333)**	(3,318,629,232)	**-**	-
Related party borrowings	15.3.1.	**(34,442,774,469)**	(3,697,437,703)	**-**	-
		(43,760,118,802)	(7,016,066,935)	**-**	-
15.3.5 Repayment of lease - as per cash flow statement					
Lease - principle payment	15.3.1.	**(1,841,879,290)**	(1,488,668,403)	**(34,565,186)**	(27,677,184)
Lease Interest on operating leases	20	**(194,099,468)**	(110,849,720)	**(1,964,602)**	(2,850,349)
Expense relating to leases of low-value assets and short term leases	22	**(117,626,245)**	(180,350,167)	**-**	-
		(2,153,605,003)	(1,779,868,290)	**(36,529,788)**	(30,527,533)

15.4 Maturity analysis

15.4.1 Group

	2022			
	Current - within 1 year	Non-Current - between 1 and 5 years	Non-Current - more than 5 years	Total
Gross lease liability	**3,462,917,866**	**6,628,156,170**	**1,349,361,276**	**11,440,435,312**
Interest in suspense	**(383,785,732)**	**(238,085,483)**	**(54,973,331)**	**(676,844,546)**
Net lease liability	**3,079,132,134**	**6,390,070,687**	**1,294,387,945**	**10,763,590,766**
Bank financing	**1,399,771,789**	**2,360,636,888**	**-**	**3,760,408,677**
Related party borrowings	**71,336,416,663**	**5,089,478,328**	**-**	**76,425,894,991**
Bank overdrafts	**1,181,678,613**	**-**	**-**	**1,181,678,613**
	76,996,999,199	**13,840,185,903**	**1,294,387,945**	**92,131,573,047**

NOTES TO THE FINANCIAL STATEMENTS

	2021			
	Current - within 1 year	Non-Current - between 1 and 5 years	Non-Current - more than 5 years	Total
Gross lease liability	1,531,517,444	2,168,684,659	23,387,123	3,723,589,226
Interest in suspense	(107,558,327)	(106,792,991)	(361,033)	(214,712,351)
Net lease liability	1,423,959,117	2,061,891,668	23,026,090	3,508,876,875
Bank financing	1,116,476,839	935,560,993	-	2,052,037,832
Related party borrowings	9,135,032,037	2,512,299,903	-	11,647,331,940
Bank overdrafts	1,179,159,592	-	-	1,179,159,592
	12,854,627,585	5,509,752,564	23,026,090	18,387,406,239

15.4.2 Company

	2022			
	Current - within 1 year	Non-Current - between 1 and 5 years	Non-Current - more than 5 years	Total
Gross lease liability	**14,838,198**	**39,713,930**	**6,537,010**	**61,089,139**
Interest in suspense	**(2,556,230)**	**(5,672,790)**	**(188,221)**	**(8,417,241)**
Net lease liability	**12,281,968**	**34,041,140**	**6,348,790**	**52,671,898**
Bank financing	**-**	**2,337,389,330**	**-**	**2,337,389,330**
	12,281,968	**2,371,430,470**	**6,348,790**	**2,390,061,228**

	2021			
	Current - within 1 year	Non-Current - between 1 and 5 years	Non-Current - more than 5 years	Total
Gross lease liability	25,561,942	4,898,040	-	30,459,982
Interest in suspense	(829,661)	(33,284)	-	(862,945)
Leases	24,732,281	4,864,756	-	29,597,037
Bank financing	-	894,292,978	-	894,292,978
	24,732,281	899,157,734	-	923,890,015

NOTES TO THE FINANCIAL STATEMENTS

15.5 Security and repayment terms

15.5.1 Terms with external financial institution

Company	Lending Institution	2022 Rs.	2021 Rs.	Repayment	Security
EFL Global B.V. - Belgium	ING Bank	33,402,790	-	Revolving Overdraft facility	None
Expo Freight (Private) Limited - India	Axis Bank Limited - India	-	4,447,929	Repayable in 60 monthly installments	Vehicle hypothecation
Expo Freight (Private) Limited - India	HDFC Bank Limited	35,549,170	35,435,658	Repayable in 60 monthly installments	Vehicle hypothecation
Expo Freight (Private) Limited - India	HDFC Bank Limited	746,887,967	522,749,220	Repayable in 3 months	Secured against the current assets of the company
Expolanka (Private) Limited - Sri Lanka	Amana Bank PLC	-	120,000,000	Repayable in 90 days from the borrowing date	None
Expolanka (Private) Limited - Sri Lanka	Amana Bank PLC	205,000,000	187,956,879	Repayable in 90 to 180 days from the borrowing date	None
Expolanka (Private) Limited - Sri Lanka	Amana Bank PLC	3,025,000	15,125,000	Repayable in 24 months days from borrowing date	None
Expolanka (Private) Limited - Sri Lanka	National Development Bank PLC	105,000,000	41,103,457	Repayable in 90 days from borrowing date	Corporate guarantee from Expolanka Holdings PLC
Expolanka Holdings PLC - Sri Lanka	National Development Bank PLC	2,337,389,330	894,292,978	Revolving Overdraft facility under the Pooling Arrangement	None
Logistics Park (Private) Limited - Sri Lanka	Commercial Bank Ceylon PLC	12,833,317	24,679,500	Monthly Installments ending in June 2023	Corporate guarantee from Expolanka Freight (Pvt) Ltd
Logistics Park (Private) Limited - Sri Lanka	Commercial Bank Ceylon PLC	5,555,556	22,222,222	Repayable in 24 months days from borrowing date	Corporate guarantee from Expolanka Freight (Pvt) Ltd
Tropical Life International (Private) Limited - Sri Lanka	Amana Bank PLC	240,000,000	160,000,000	Repayable in 90 days from borrowing date	None
Tropical Life International (Private) Limited - Sri Lanka	Amana Bank PLC	2,116,667	10,583,333	Repayable in 24 months days from borrowing date	None
Tropical Life International (Private) Limited - Sri Lanka	Amana Bank PLC	-	11,510,130	Repayable in 90 to 180 days from the borrowing date	None

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending Institution	2022 Rs.	2021 Rs.	Repayment	Security
Tropical Life International (Private) Limited - Sri Lanka	National Development Bank PLC	33,648,880	1,931,526	Repayable in 90 days from borrowing date	Corporate guarantee from Expolanka Holdings PLC
		3,760,408,677	2,052,037,832		
Non Current portion of bank financing		2,360,636,888	935,560,993		
Short term bank financing		1,363,939,638	1,059,005,512		
Current portion of long term bank financing		35,832,151	57,471,327		
		3,760,408,677	2,052,037,832		

15.5.2 Terms with related parties

Company	2022 Rs.	2021 Rs.	Repayment	Security
Interest bearing borrowings from SG Holdings Co. Ltd (Japan) - Ultimate Parent				
EFL Global Logistics Pte. Ltd - Singapore	69,666,999,991	8,570,320,970	Revolved Annually	None
EFL Global Logistics Pte. Ltd - Singapore	261,625,000	290,660,110	Equal Bi- Annual Installments ending in 2023 September	None
EFL Global Logistics Pte. Ltd - Singapore	1,360,450,000	1,126,100,314	Bi- Annual Installments ending in 2025 March	None
EFL Global Logistics Pte. Ltd - Singapore	562,120,000	444,460,832	Bi- Annual Installments ending in 2026 March	None
EFL Global Logistics Pte. Ltd - Singapore	1,584,700,000	1,215,789,714	Bi- Annual Installments ending in 2027 March	None
EFL Global Logistics Pte. Ltd - Singapore	2,990,000,000	-	Bi- Annual Installments ending in 2025 December	None
	76,425,894,991	11,647,331,940		
Non Current portion of related party borrowings	5,089,478,328	2,512,299,903		
Short term related party borrowings	69,667,000,003	8,570,320,970		
Current portion of long term related party borrowings	1,669,416,660	564,711,067		
	76,425,894,991	11,647,331,940		

NOTES TO THE FINANCIAL STATEMENTS

15.6 Recurrent related party transactions

Name of the related party entity	Relationship	Nature of transactions	Aggregate value of related party transactions entered into during the financial year	Aggregate value of related party transactions as a % of net revenue of 2020/21 audited financials	Terms and conditions of the related party transactions
SG Holdings Co., Ltd - Japan	Ultimate Parent	Working capital funding for the Group	Rs. 76,622,966,100	35%	Revolving working capital loan, borrowed at Lendors funding cost +0.70% per annum

During the Financial year the Group has additionally borrowed USD 340 Mn (2021 - USD 39.4 Mn) equivalent to LKR 76,622,966,100/- (2021 - LKR 7,653,890,453/-) from SG Holdings Co., Ltd to fund its working capital requirements and repaid back USD 150 Mn (2021 - USD 17 Mn) equivalent to LKR 28,774,082,848/- (2021 - LKR 3,302,440,043/-).

16. RETIREMENT BENEFIT OBLIGATION

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 1 April		**764,523,925**	616,995,166	**43,605,913**	26,994,225
Current service cost	16.1	**141,296,864**	168,109,909	**2,762,246**	3,735,655
Past service cost	16.1	**(14,285,143)**	-	**(753,170)**	-
Finance charge for the year	16.1	**37,653,711**	47,737,247	**3,056,775**	2,591,447
Acturial (gain)/loss		**53,532,253**	16,511,054	**(3,963,315)**	(2,623,514)
Payments during the year		**(169,455,705)**	(92,851,101)	**(5,653,450)**	-
Transfers during the year		**-**	-	**(4,998,140)**	12,908,100
Disposal of subsidiaries		**-**	(2,713,704)	**-**	-
Exchange difference		**116,536,355**	10,735,354	**-**	-
As at 31st March		**929,802,260**	764,523,925	**34,056,859**	43,605,913

NOTES TO THE FINANCIAL STATEMENTS

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
16.1 The expenses recognised in the income statement in the following line items:					
Administrative expenses					
Current service cost		**141,296,864**	168,109,909	**2,762,246**	3,735,655
Past service cost		**(14,285,143)**	-	**(753,170)**	-
Finance charge for the year		**37,653,711**	47,737,247	**3,056,775**	2,591,447
		164,665,432	215,847,156	**5,065,851**	6,327,102

16.2 Accounting judgements, estimates and assumptions

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialists. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Retirement Benefit Plan of the Group and the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

The principal assumptions used in determining post employment benefit obligation are shown below:

Discount rate:		**11% - 12%**	7.25% - 7.01%	**12.00%**	7.01%
Salary increment rate		**10%**	8%	**10%**	8%
Expected remaining working life (years)		**3.44 - 14.52**	3.76 - 6.90	**6.73**	5.44

16.3 Sensitivity of assumptions used

16.3.1 Group

	Discount rate		Salary increment rate	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Effect on the defined benefit obligation liability				
Increase by one percentage point	**(33,847,898)**	(29,471,577)	**40,981,320**	33,922,599
Decrease by one percentage point	**37,842,032**	32,003,237	**(37,217,666)**	(31,766,569)

NOTES TO THE FINANCIAL STATEMENTS

16.3.2 Company

	Discount rate		Salary increment rate	
	2022 Rs.	2021 Rs.	**2022 Rs.**	2021 Rs.
Effect on the defined benefit obligation liability				
Increase by one percentage point	**(1,944,875)**	(2,119,400)	**2,338,180**	2,507,808
Decrease by one percentage point	**2,169,812**	2,362,389	**(2,127,827)**	(2,293,934)

Sensitivity information of the Group represent the local subsidiaries data.

16.4 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years:

	Group		Company	
	2022 Rs.	2021 Rs.	**2022 Rs.**	2021 Rs.
Less than or equal 1 year	**150,880,980**	126,337,093	**4,305,985**	14,842,947
Over 1 year and less than or equal 5 years	**397,172,357**	298,953,276	**14,439,248**	9,201,387
Over 5 year and less than or equal 10 years	**222,053,847**	197,395,565	**8,438,871**	6,989,381
Over 10 years	**159,695,076**	141,837,991	**6,872,755**	12,572,198
Total expected payments	**929,802,260**	764,523,925	**34,056,859**	43,605,913

17. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2022 Rs.	2021 Rs.	**2022 Rs.**	2021 Rs.
Trade payables		**47,777,989,537**	16,463,881,455	**10,378,036**	5,844,662
Sundry creditors including accrued expenses		**17,120,712,518**	4,265,382,812	**63,447,694**	19,465,727
Amounts due to related parties	17.1	**96,861,772**	61,863,060	**7,871,400**	29,153,438
		64,995,563,827	20,791,127,327	**81,697,130**	54,463,827

Trade and other payables are non-interest bearing and are normally settled on 30 - 120 day terms.

NOTES TO THE FINANCIAL STATEMENTS

17.1 Amounts due to related parties

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Subsidiaries	17.1.1.	**-**	-	**-**	19,088,201
Equity accounted entities	17.1.2.	**7,038,115**	2,957,293	**-**	-
Other related parties	17.1.3.	**89,823,657**	58,905,767	**7,871,400**	10,065,237
		96,861,772	61,863,060	**7,871,400**	29,153,438

17.1.1 Subsidiaries

Classic Travel (Private) Limited		**-**	-	**-**	18,152,864
EFL Headquarters (Private) Limited		**-**	-	**-**	935,337
		-	-	**-**	19,088,201

17.1.2 Equity accounted entities

Joint Ventures

Globe Air (Private) Limited		**7,038,115**	451,912	**-**	-
Caliber Global India Private Limited		**-**	2,505,381	**-**	-
		7,038,115	2,957,293	**-**	-

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.

17.1.3 Other related parties

Ultimate Parent

SG Holdings Co., Ltd.		**14,613,279**	10,181,232	**655,950**	4,161,687

Parent

SG Holdings Global Pte. Ltd.		**3,609,568**	1,843	**3,607,725**	2,951,775

NOTES TO THE FINANCIAL STATEMENTS

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Fellow Subsidiaries					
Sagawa Express (H.K.) Co., Ltd.		**14,073,053**	9,819,457	**-**	-
Sagawa Express Philippines Inc.		**32,564**	31,582	**-**	-
Sagawa Express International Taiwan Corp.		**36,355**	440,297	**-**	-
Sagawa Express Vietnam Co.Ltd		**620,600**	3,187	**-**	-
Sagawa Global Logistics Co., Ltd.		**2,924,589**	3,642,690	**-**	-
Sagawa Logistics Korea Co.Ltd		**514,280**	49,429	**-**	-
SG Sagawa (Thailand) Co., Ltd.		**4,988,251**	4,491,436	**-**	-
SG Sagawa Ameroid Pte. Ltd.		**2,078,363**	1,942,266	**-**	-
SG Sagawa Vietnam Co., Ltd.		**12,669,364**	2,316,016	**-**	-
SG Sagawa USA Inc.		**10,046**	-	**-**	-
SGH Global Japan Co., Ltd.		**33,653,345**	25,986,332	**3,607,725**	2,951,775
		89,823,657	58,905,767	**7,871,400**	10,065,237

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
18.1 Timing of revenue recognition				
Goods transferred at a point in time	**2,579,490,784**	2,133,007,654	**-**	-
Services tendered over time	**691,577,930,057**	216,602,337,576	**92,740,000**	91,915,000
Total revenue from contracts with customers	**694,157,420,841**	218,735,345,230	**92,740,000**	91,915,000

18.2 Disaggregation of revenue

The Group presented disaggregated revenue with Group's reportable segments based on the timing of revenue recognition and geographical region in the operating segment information section.

NOTES TO THE FINANCIAL STATEMENTS

19. OTHER OPERATING INCOME AND GAINS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Bad debts recovery	**75,437,991**	4,206,067	**-**	-
Creditors forfeited	**127,290,584**	6,286,911	**-**	-
Government subsidies	**18,502,519**	2,158,969	**-**	-
Dividend income	**-**	-	**2,784,295,046**	1,491,039,116
Exchange gain	**6,870,237,173**	27,695,842	**1,366,666,540**	-
Profit on disposal of property, plant and equipment	**-**	7,192,488	**12,000**	15,000
Profit on disposal of subsidiaries	**-**	92,854,764	**-**	58,892,762
Remeasurement of investment in joint venture	**-**	-	**-**	58,892,762
Reversal of provision for assets held for sale	**229,645,328**	-	**-**	-
Sundry income	**153,759,021**	189,578,539	**-**	-
	7,474,872,616	329,973,580	**4,150,973,586**	1,608,839,640

Current year dividend income includes the dividends received from EFL Global HQ (Private) Limited (E F L Headquarters (Private) Limited) and Amana Takaful (Maldives) PLC.

20. FINANCE COSTS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Finance charges on bank financing	**310,373,879**	94,311,032	**6,589,134**	16,626,543
Finance charges on related party borrowing	**758,251,917**	162,099,792	**-**	-
Interest expense on lease liabilities	**194,099,468**	110,849,720	**1,964,602**	2,850,349
	1,262,725,264	367,260,544	**8,553,736**	19,476,892
Finance charges paid during the year				
Finance charges on bank financing	**310,373,879**	94,311,032	**6,589,134**	16,626,543
Finance charges on related party borrowing	**758,251,917**	162,099,792	**-**	-
Total finance charges paid as per Cash Flow Statement	**1,068,625,796**	256,410,824	**6,589,134**	16,626,543
Lease interest on operating leases	**194,099,468**	110,849,720	**1,964,602**	2,850,349
Total finance costs	**1,262,725,264**	367,260,544	**8,553,736**	19,476,892

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCE INCOME

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Investment income	**78,158,718**	54,268,600	**2,921,512**	17,462
Dividend income	**9,816,582**	5,057,162	**-**	-
	87,975,300	59,325,762	**2,921,512**	17,462

22. PROFIT BEFORE TAX

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Included in cost of sales				
Employees benefits including the following				
Defined contribution plan costs - EPF and ETF	**2,814,684**	3,253,569	**-**	-
Depreciation				
Depreciation expense of property, plant and equipment	**51,621,181**	42,456,134	**-**	-
Depreciation expense of right-of-use assets	**206,684,018**	200,621,618	**-**	-
Expense relating to leases of low-value assets and short term leases	**-**	-	**-**	-
Included in administrative expenses				
Employees benefits including the following				
Defined benefit plan costs - Gratuity	**164,665,432**	215,847,156	**5,065,851**	6,327,102
Defined contribution plan costs - EPF and ETF	**807,284,567**	617,949,911	**14,079,235**	10,451,981
Depreciation				
Depreciation expense of property, plant and equipment	**686,479,345**	444,786,860	**8,831,535**	11,106,442
Depreciation expense of right-of-use assets	**1,824,281,817**	1,381,777,325	**27,104,199**	23,462,680
Directors' emoluments	**5,376,814,776**	1,981,682,732	**52,235,606**	47,053,357
Auditors' remuneration (fees and expenses)	**194,477,757**	105,133,728	**7,010,100**	4,300,000
Donations	**144,568,477**	28,988,209	**47,246,680**	-
Expense relating to leases of low-value assets and short term leases	**117,626,245**	180,350,167	**-**	-
Provision for assets held for sale	**-**	274,883,413	**-**	-
Loss on disposal of property, plant and equipment	**23,667,964**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Included in selling and distribution costs				
Advertising costs	**91,434,166**	42,012,459	**2,181,606**	501,660
Allowances for expected credit losses	**1,267,054,406**	975,496,457	**-**	-

22.1 Depreciation of property, plant and equipment and right of use assets as per Cash Flow Statement

Total depreciation expense of property, plant and equipment				
Included in cost of sales	**51,621,181**	42,456,134	**-**	-
Included in administrative expenses	**686,479,345**	444,786,860	**8,831,535**	11,106,442
	738,100,526	487,242,994	**8,831,535**	11,106,442
Total depreciation expense of right-of-use assets				
Included in cost of sales	**206,684,018**	200,621,618	**-**	-
Included in administrative expenses	**1,824,281,817**	1,381,777,325	**27,104,199**	23,462,680
	2,030,965,835	1,582,398,943	**27,104,199**	23,462,680
Total Depreciation of property, plant and equipment and right of use assets as per Cash Flow Statement	**2,769,066,361**	2,069,641,937	**35,935,734**	34,569,122

22.2 Total expense relating to leases of low-value assets and short term leases:

Included in cost of sales	**-**	-	**-**	-
Included in administrative expenses	**117,626,245**	180,350,167	**-**	-
	117,626,245	180,350,167	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

23. INCOME TAX EXPENSE

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Current income tax	23.1.				
Current tax expense on ordinary activities for the year		**12,805,985,126**	1,659,136,259	**-**	-
Under Provision of current taxes in respect of prior years		**89,838,455**	38,037,694	**-**	-
Withholding tax on inter-company dividends		**-**	5,827,835	**-**	-
Deferred income tax	23.2.				
Deferred taxation charge/(reversal)		**(92,587,062)**	1,926,405	**-**	-
		12,803,236,519	1,704,928,193	**-**	-

23.1 Current income tax

23.1.1 A reconciliation between tax expense and the product of accounting profit /(loss)

Accounting profit before income tax		**85,594,957,864**	16,584,946,940	**3,736,326,373**	1,439,108,568
Exempt income		**(37,085,095,844)**	(6,718,683,674)	**(2,599,422,971)**	(1,897,883,305)
Aggregate disallowable items		**1,274,978,907**	2,241,439,158	**277,157,749**	168,159,542
Aggregate allowable expenses		**(666,233,753)**	(732,270,915)	**(227,671,792)**	(30,812,829)
Aggregate allowable income		**(1,473,484,657)**	(46,550,000)	**(1,308,193,591)**	-
Tax loss utilized		**(284,703,873)**	(349,960,246)	**(2,921,512)**	(289,041,206)
Taxable profit/(loss)		**47,360,418,645**	10,978,921,263	**(124,725,744)**	(610,469,230)
Income tax expense on local operations		**671,049,044**	237,435,838	**-**	-
Income tax on international operations		**12,134,936,082**	1,421,700,421	**-**	-
Statutory income tax rates - Local subsidiaries		**14% - 24%**	14% - 24%		
Statutory income tax rates - International subsidiaries		**7%-30%**	7%-30%		
Income tax expense on local operations		**671,049,044**	237,435,838		
Income tax on international operations		**12,134,936,082**	1,421,700,421		

NOTES TO THE FINANCIAL STATEMENTS

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
23.1.2 Tax losses carried forward					
Tax losses brought forward		**(1,443,347,355)**	(955,897,112)	**(183,027,604)**	(442,301,093)
Tax losses incurred during the year		**(164,706,159)**	(338,607,548)	**(124,725,742)**	(32,386,818)
Tax loss utilized		**284,703,873**	349,960,246	**2,921,512**	289,041,206
Tax loss readjustment		**(65,823,016)**	(498,802,941)	**2,994,124**	2,619,101
Tax losses carried forward		**(1,389,172,657)**	(1,443,347,355)	**(301,837,710)**	(183,027,604)

The Group's tax losses amounting to Rs. 1,389,172,657 (2021 - Rs. 1,443,347,355) are available to offset against future taxable profits of the companies in which the tax losses arose.

23.2 Deferred income tax

23.2.1 Deferred taxation charge/(reversal)

Included under income statement					
Accelerated depreciation for tax purposes		**(29,388,511)**	4,064,807	**-**	-
Employee benefit Liability		**34,609,392**	(11,781,292)	**-**	-
Foreign exchange gain/loss		**(24,221,437)**	3,458,740	**-**	-
Impairment of doubtful debts		**(3,068,453)**	(218,297)	**-**	-
Leave encashment		**(4,633,500)**	(2,279,276)	**-**	-
Interest receivable and interest expense of unremitted interest income		**(7,972,392)**	7,972,392	**-**	-
Losses available for offset against future taxable income		**(34,637,132)**	(28,217,063)	**-**	-
Provision for diminution in value of non current investments		**(28,394,332)**	(3,096,350)	**-**	-
Unclaimed right of use rental		**(6,494,216)**	6,948,907	**-**	-
Others		**11,613,519**	25,073,837	**-**	-
		(92,587,062)	1,926,405	**-**	-
Included under other comprehensive income statement					
Employee benefit liability		**(9,297,098)**	-	**-**	-
		(9,297,098)	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
23.2.2 Deferred income tax assets					
As at 1 April		**170,296,117**	146,784,043	**-**	-
Charge (release) to income statement		**82,968,363**	17,874,380	**-**	-
Charge (release) to OCI statement		**8,975,497**	-	**-**	-
Disposal of subsidiary		**-**	(12,204,505)	**-**	-
Exchange difference		**85,548,638**	17,842,199	**-**	-
As at 31st March		**347,788,615**	170,296,117	**-**	-
The closing deferred tax asset balance relate to following;					
Accelerated depreciation for tax purposes		**(29,142,040)**	(56,068,051)	**-**	-
Employee benefit Liability		**86,423,034**	120,167,940	**-**	-
Foreign exchange loss		**37,521,399**	509,564	**-**	-
Impairment of doubtful debts		**4,066,859**	538,136	**-**	-
Leave encashment		**10,024,364**	2,279,276	**-**	-
Losses available for offset against future taxable income		**184,967,549**	99,564,044	**-**	-
Provision for diminution in value of non current investments		**45,665,305**	3,096,350	**-**	-
Unclaimed right of use rental		**(658,577)**	(7,978,991)	**-**	-
Others		**8,920,722**	8,187,849	**-**	-
		347,788,615	170,296,117	**-**	-

Expolanka Holdings PLC has not recognized net deferred tax asset as at 31 March 2022 due to the Company being unable to assess with reasonable certainty that taxable profits would be available to recover the asset in the foreseeable future, against which the tax losses amounting to Rs. 183,027,604/- (2021 - Rs. 183,027,604/) can be utilized.

NOTES TO THE FINANCIAL STATEMENTS

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
23.2.3 Deferred income tax liabilities					
As at 1 April		**20,928,710**	728,696	**-**	-
Charge or release to income statement		**(9,618,699)**	19,800,785	**-**	-
Charge (release) to OCI statement		**321,601**	-		
Exchange difference		**6,782,938**	399,229	**-**	-
As at 31st March		**18,414,550**	20,928,710	**-**	-
The closing deferred tax asset and liability balance relate to following;					
Accelerated depreciation for tax purposes		**7,892,702**	6,344,018	**-**	-
Employee benefit Liability		**-**	(321,601)	**-**	-
Foreign exchange gain		**5,206,202**	3,458,740	**-**	-
Impairment of doubtful debts		**-**	(218,297)	**-**	-
Interest receivable and interest expense of unremitted interest income		**-**	7,972,392	**-**	-
Unclaimed right of use rental		**-**	(26,758)	**-**	-
Others		**5,315,646**	3,720,216	**-**	-
		18,414,550	20,928,710	**-**	-

Group has determined that the undistributable profit of its subsidiaries, joint ventures or associates will not be distributed in foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

24. EARNINGS PER SHARE

Basic Earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted Earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for outstanding share options) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group		Company	
	2022 Rs.	2021 Rs.	**2022 Rs.**	2021 Rs.
Number of ordinary shares used as the denominator:				
Opening balance	**1,954,915,000**	1,954,915,000	**1,954,915,000**	1,954,915,000
Weighted average number of ordinary shares	**1,954,915,000**	1,954,915,000	**1,954,915,000**	1,954,915,000
24.1 Basic earnings per share				
Profit attributable to ordinary shareholders for basic earnings per share	**72,742,531,301**	14,830,187,824	**3,736,326,373**	1,439,108,568
Weighted average number of ordinary shares	**1,954,915,000**	1,954,915,000	**1,954,915,000**	1,954,915,000
Basic earnings per share	**37.21**	7.59	**1.91**	0.74
24.2 Diluted earnings per share				
Profit attributable to ordinary shareholders for basic earnings per share	**72,742,531,301**	14,830,187,824	**3,736,326,373**	1,439,108,568
Adjusted weighted average number of ordinary shares	**1,954,915,000**	1,954,915,000	**1,954,915,000**	1,954,915,000
Diluted earnings per share	**37.21**	7.59	**1.91**	0.74

NOTES TO THE FINANCIAL STATEMENTS

25. DIVIDEND PER SHARE

	2022		2021	
	Per share Rs.	Amount Rs.	2022 Rs.	2021 Rs.
Declared and paid during the year				
Interim dividend	**1.17**	**2,287,250,550**	0.50	977,457,500

26. FAIR VALUE MEASUREMENT

Set out below is a comparison by class of the carrying amounts and fair values of the Group that are carried in the financial statements.

26.1 Financial assets

26.1.1 Group

	Note	Financial assets at amortised cost		Financial assets at fair value through OCI	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Financial instruments in non-current assets					
Other financial assets	8.1.	**18,207,787**	12,013,919	**717,922**	717,921
Financial instruments in current assets					
Trade and other receivables	10.	**213,106,510,675**	49,223,750,894	**-**	-
Other financial assets	8.2.	**217,368,519**	341,756,732	**-**	-
Cash and short-term deposits	12.	**43,192,921,348**	7,610,756,231	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

26.1.2 Company

	Note	Financial assets at amortised cost		Financial assets at fair value through OCI	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Financial instruments in non-current assets					
Other financial assets		**-**	-	**10,000,000**	10,000,000
Financial instruments in current assets					
Trade and other receivables	10.	**47,293,174**	272,991,196	**-**	-
Other financial assets	8.2.	**5,959,514**	1,408,002	**-**	-
Cash and short-term deposits	12.	**3,758,302,668**	631,106,637	**-**	-

26.2 Financial liabilities

	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Financial instruments in non-current liabilities					
Financing and lease payables	15.	**15,134,573,848**	5,532,778,654	**2,377,779,260**	899,157,734
Financial instruments in current liabilities					
Financing and lease payables	15.	**76,996,999,199**	12,854,627,585	**12,281,968**	24,732,281
Trade and other payables	17.	**64,995,563,827**	20,791,127,327	**81,697,130**	54,463,827

The Management assessed that the fair value of cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO THE FINANCIAL STATEMENTS

27. SEGMENT INFORMATION

27.1 Operating segment	Logistics		Leisure	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Property, plant and equipment	**5,058,954,633**	2,668,376,901	**39,394,123**	46,341,480
Right of use assets	**10,625,301,350**	3,560,102,390	**41,918,426**	51,349,184
Intangible assets	**118,100,753**	150,337,713	**8,460,742**	15,657,607
Other financial assets	**18,925,709**	12,731,840	**-**	-
Deferred tax assets	**299,489,766**	131,961,606	**12,879,945**	25,630,404
Segment non-current assets	**16,120,772,211**	6,523,510,450	**102,653,236**	138,978,675
Investments in equity accounted investees				
Goodwill				
Brand value				
Customer list				
Total non-current assets				
Inventories	**22,827,589**	10,866,475	**-**	-
Trade and other receivables	**211,358,113,605**	48,027,659,641	**998,047,118**	322,956,380
Prepayments and other assets	**13,757,277,290**	1,561,609,184	**170,828,602**	130,360,921
Other financial assets	**146,942,342**	295,380,736	**65,361,022**	40,056,591
Income tax recoverable	**4,093,136,890**	346,592,765	**3,426,078**	777,308
Cash and bank balances	**39,411,355,333**	6,811,268,989	**22,696,692**	164,964,941
Segment current assets	**268,789,653,049**	57,053,377,790	**1,260,359,512**	659,116,141
Financing and lease payables	**12,653,539,113**	4,534,300,696	**20,877,588**	42,404,653
Deferred income tax liabilities	**18,414,550**	20,928,710	**-**	-
Retirement benefit obligation	**738,518,707**	561,191,734	**88,512,137**	89,248,203
Segment non-current liabilities	**13,410,472,370**	5,116,421,140	**109,389,725**	131,652,856
Eliminations / adjustments				
Total non-current liabilities				
Financing and lease payables	**75,470,842,954**	11,547,073,234	**439,770,220**	166,526,767
Trade and other payables	**63,793,305,386**	19,526,324,295	**326,751,221**	58,185,769
Income tax liabilities	**13,922,799,966**	837,694,398	**694,560**	1,001,414
Segment current liabilities	**153,186,948,306**	31,911,091,927	**767,216,001**	225,713,950
Eliminations / adjustments				
Total current liabilities				
Total liabilities				
Total segment assets	**284,910,425,260**	63,576,888,240	**1,363,012,748**	798,094,816
Total segment liabilities	**166,597,420,676**	37,027,513,067	**876,605,726**	357,366,806

Inter company investments made by the Group of companies have not been considered for the calculation of segment assets.
Inter segment receivable and payable balances are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

	Investments		Total	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
	652,445,530	698,610,963	**5,750,794,286**	3,413,329,344
	169,928,142	106,201,201	**10,837,147,918**	3,717,652,775
	4,350,409	5,695,299	**130,911,904**	171,690,619
	-	-	**18,925,709**	12,731,840
	35,418,904	12,704,107	**347,788,615**	170,296,117
	862,142,985	823,211,570	**17,085,568,432**	7,485,700,695
			392,222,671	288,160,986
			2,125,200,160	867,722,754
			366,450,577	-
			1,212,563,048	-
			21,182,004,888	8,641,584,435
	268,765,460	138,044,608	**291,593,049**	148,911,083
	902,389,086	1,094,796,671	**213,258,549,809**	49,445,412,692
	330,721,392	177,216,525	**14,258,827,284**	1,869,186,630
	13,679,165	7,318,737	**225,982,529**	342,756,064
	-	-	**4,096,562,968**	347,370,073
	3,760,442,090	634,522,301	**43,194,494,115**	7,610,756,231
	5,275,997,193	2,051,898,842	**275,326,009,754**	59,764,392,773
			(153,611,901)	(221,661,798)
			275,172,397,853	59,542,730,975
	2,460,157,147	981,073,305	**15,134,573,848**	5,557,778,654
	-	-	**18,414,550**	20,928,710
	102,771,416	114,083,988	**929,802,260**	764,523,925
	2,562,928,563	1,095,157,293	**16,082,790,658**	6,343,231,289
			-	(25,000,000)
			16,082,790,658	6,318,231,289
	1,086,386,024	1,141,027,584	**76,996,999,198**	12,854,627,585
	1,272,833,062	1,433,942,709	**65,392,889,669**	21,018,452,773
	1,614,904	1,041,100	**13,925,109,430**	839,736,912
	2,360,833,990	2,576,011,393	**156,314,998,297**	34,712,817,270
			(397,325,841)	(227,325,446)
			155,917,672,456	34,485,491,824
			172,000,463,114	40,803,723,113
	6,138,140,178	2,875,110,412		
	4,923,762,553	3,671,168,686		

NOTES TO THE FINANCIAL STATEMENTS

27.2 Operating segment	**Logistics**		**Leisure**	
	2022 Rs.	**2021 Rs.**	**2022 Rs.**	**2021 Rs.**
Timing of revenue recognition				
Goods transferred at a point in time	-	-	-	-
Services tenderred over time	689,928,375,094	216,516,088,360	973,806,712	314,437,030
	689,928,375,094	216,516,088,360	973,806,712	314,437,030
Cost of sales	(568,912,752,475)	(178,412,387,153)	(339,134,641)	(51,584,437)
Other operating income and gains	5,766,657,691	150,810,861	12,418,714	10,872,892
Depreciation and amortisation	(2,782,560,069)	(1,998,070,157)	(51,404,678)	(48,914,989)
Overhead	(38,199,401,637)	(18,737,328,725)	(541,346,806)	(493,984,919)
Finance costs	(1,196,905,570)	(292,537,566)	(5,095,167)	(7,055,031)
Finance income	91,363,369	70,169,837	279,552	-
Share of result of equity accounted investees (net of tax)	-	-	-	-
Profit/(loss) before tax	84,694,776,403	17,296,745,457	49,523,686	(276,229,454)
Income tax expense	(12,814,468,773)	(1,704,928,193)	(11,175,200)	-
Profit/(loss) for the year	71,880,307,630	15,591,817,264	38,348,486	(276,229,454)

Inter-segment revenues are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

	Investments		Eliminations/adjustments		Total	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
	2,579,490,784	2,133,007,654	-	-	2,579,490,784	2,133,007,654
	1,064,818,876	333,118,056	(389,070,625)	(561,305,870)	691,577,930,057	216,602,337,576
	3,644,309,660	2,466,125,710	(389,070,625)	(561,305,870)	694,157,420,841	218,735,345,230
	(2,997,375,365)	(1,840,456,602)	-	-	(572,249,262,481)	(180,304,428,192)
	4,480,766,967	1,608,729,232	(2,784,970,756)	(1,440,439,405)	7,474,872,616	329,973,580
	(127,076,123)	(110,101,566)	-	-	(2,961,040,870)	(2,157,086,712)
	(1,417,636,728)	(1,103,207,262)	389,746,334	561,305,870	(39,768,638,837)	(19,773,215,036)
	(67,313,661)	(78,529,484)	6,589,134	10,861,537	(1,262,725,264)	(367,260,544)
	2,921,512	17,462	(6,589,133)	(10,861,537)	87,975,300	59,325,762
	-	-	116,356,558	62,292,852	116,356,558	62,292,852
	3,518,596,262	942,577,490	(2,667,938,488)	(1,378,146,553)	85,594,957,863	16,584,946,940
	22,407,454	-	-	-	(12,803,236,519)	(1,704,928,193)
	3,541,003,716	942,577,490	(2,667,938,488)	(1,378,146,553)	72,791,721,344	14,880,018,747

NOTES TO THE FINANCIAL STATEMENTS

27.3 Segments based on geographical location

	2022			2021		
	Timing of revenue recognition			Timing of revenue recognition		
	Goods transferred at a point in time Rs.	Services tenderred over time Rs.	Non current assets* Rs.	Goods transferred at a point in time Rs.	Services tenderred over time Rs.	Non current assets* Rs.
Americas	**-**	**529,258,142,551**	**10,378,041,067**	-	138,038,422,962	1,840,678,903
China	**-**	**18,752,700,400**	**462,914,267**	-	12,932,261,575	307,382,527
Hong Kong	**-**	**11,168,932,913**	**337,138,841**	-	5,573,964,221	354,680,237
India	**-**	**37,303,209,215**	**995,142,776**	-	18,107,827,403	931,019,090
Indonesia	**-**	**6,869,573,662**	**45,921,849**	-	6,301,016,291	27,332,099
Sri Lanka	**2,579,490,784**	**30,531,133,721**	**3,686,524,007**	2,133,007,654	14,588,311,460	3,318,471,850
UAE	**-**	**4,588,489,122**	**32,960,160**	-	2,700,637,763	28,616,942
Vietnam	**-**	**25,358,639,839**	**287,302,944**	-	6,365,877,568	224,527,196
Others	**-**	**27,747,108,634**	**492,908,196**	-	11,994,018,333	269,963,894
Total	**2,579,490,784**	**691,577,930,057**	**16,718,854,107**	2,133,007,654	216,602,337,576	7,302,672,738

* excluding goodwill, financial assets and deferred tax asset

28. RELATED PARTY DISCLOSURES

The group/company carried out transactions in the ordinary course of business with the following related entities at an arms length transaction. The list of directors at each of the subsidiary, joint venture and associate companies have been disclosed in the group directory.

28.1 Transactions with related entities

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
28.1.1 Subsidiaries				
Rendering of services	**-**	-	**92,740,000**	91,915,000
Receiving of services	**-**	-	**(17,795,042)**	(31,862,739)
Dividends received	**-**	-	**2,772,000,173**	1,473,791,546
Settlements	**-**	-	**2,864,740,172**	1,631,375,106

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
28.1.2 Equity accounted entities				
Associate				
Dividends received	**12,294,873**	8,623,785	**12,294,873**	8,623,785
28.1.3 Other related parties				
Ultimate Parent				
Rendering of services	**2,741,380**	1,194,218	**-**	-
Receiving of services	**-**	-	**-**	-
Secondment fees	**(10,689,441)**	(14,327,684)	**(10,689,441)**	(14,327,684)
Director fees	**(9,035,606)**	(6,253,357)	**(9,035,606)**	(6,253,357)
Settlements	**-**	-	**19,069,097**	16,419,354
Interest cost	**758,251,917**	162,099,792	**-**	-
Loan repayment	**(34,442,774,469)**	(3,311,128,712)	**-**	-
Loans obtained	**78,876,582,750**	7,653,890,453	**-**	-
Parent				
Rendering of services	**-**	-	**-**	-
Receiving of services	**-**	-	**-**	-
Secondment fees	**(4,800,000)**	(3,600,000)	**(4,800,000)**	(3,600,000)
Rent paid	**-**	(5,261,130)	**-**	-
Settlements	**-**	-	**1,192,275**	-
Loan repayment	**-**	(386,308,991)	**-**	-
Dividends paid	**(1,729,553,909)**	(739,125,602)	**(1,729,553,909)**	(739,125,602)
Fellow Subsidiaries				
Rendering of services	**473,207,806**	87,095,767	**-**	-
Receiving of services	**(121,460,814)**	(78,195,395)	**-**	-
Secondment fees	**(4,800,000)**	(3,600,000)	**(4,800,000)**	(3,600,000)
28.1.4 Key management personnel (KMP)	**-**	-	**-**	-
28.1.5 Close family members of KMP	**-**	-	**-**	-
28.1.6 Companies controlled/jointly controlled/significantly influenced by KMP and their close family members	**-**	-	**-**	-
Compensation of key management personnel				

NOTES TO THE FINANCIAL STATEMENTS

28.2 Compensation of key management personnel

For the year ended 31 March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Short-term employee benefits	**(5,376,814,776)**	(1,981,682,732)	**(52,235,606)**	(47,053,357)
Post employment benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-

Key management personnel include members of the Board of Directors of Expolanka Holdings PLC and its subsidiary companies.

29. ASSETS PLEDGED

Assets pledged for facilities obtained is given in note 15.5. to the financial statements.

30. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that required adjustments to or disclosure in the financial statements other than below:

30.1 Expolanka Holdings PLC acquired 100% of the shares of Gabo Travels Overseas (Pvt) Ltd on 1st of April 2022.

30.2 Foreign Exchange Rate

In March 2022, the Central Bank of Sri Lanka abandoned the temporary peg on US Dollar / LK Rupee (USD / LKR) Exchange Rate. The resulting impact of exchange rate movement during the period have been adjusted to these financial statements. The USD / LKR exchange rate continued to substantively increase subsequent to the period end. However, no adjustments to these financial statements were necessary, as such large increases arose only after the period end. The financial effects of the exchange rate movement have been more fully described in note 32.7.

31. COMMITMENTS AND CONTINGENCIES

31.1 Group

31.1.1 Income Tax Assessment on SG Logistics (Pvt) Ltd for Y/A 2011/12 & 12/13

The company has filed an appeal at Tax Appeal Commission (TAC) against IT assessments for 2011/12 & 12/13 relating to exemptions claimed under the section 13 ddd of Inland Revenue Act on income received in foreign currency. Having discussed with independent legal and tax experts and based on information available, the contingent liability as at 31st March 2022 is estimated at Rs. 54Mn. Accordingly, the company had paid Rs.13Mn income tax in 2020 with the dismissal of appeal by TAC stated hereafter. The company has therefore acknowledged with the determination of income for the above tax appeal received by the TAC as the Company is not entitled to the exemption claimed under section 13(ddd). However, the company has made a request to transmit the case stated to the courts of appeal for further assessment. The above court of appeal case was mentioned on 31st March 2022. State Counsel appeared on behalf of the Attorney General's Department informed the courts that there are several documents missing in the list of documents which company filed with the motion dated 13th December 2022. State Counsel was directed to file a motion requesting the missing documents.

NOTES TO THE FINANCIAL STATEMENTS

31.1.2 Pulsar Shipping Agencies (Pvt) Ltd assessment for Y/A 13/14

The Company received as assessment for Y/A 13/14 from the Department of Inland Revenue for exemptions claimed under the section 13 ddd of Inland Revenue Act on income received in foreign currency. The company has filed appeals against these assessments with the Inland Revenue Department. Having discussed with independent legal and tax experts and based on information available, the contingent liability as at 31 March 2022 is estimated at LKR 17Mn and is currently at the Tax Commissioner second hearing stage at Appeal branch. Two written submission was given by Tax Consultants based on the request by the commissioner explaining the nature of income and commission and how current income generated is in line with the 13ddd Act. Another assessment was issued during the current year relating to the same exemptions claimed for the period 14/15 for LKR 11Mn for which a tax appeal has been made by the company and a reply is pending from the assessor.

31.1.3 Contingent liabilities

The Group has given corporate guarantees to the following parties on behalf of the group companies to obtain finance facilities. Based on the information currently available, Directors do not expect a Liabilities to arise from this guarantee.

	2022 Rs.	2021 Rs.
Institution		
Sampath Bank PLC	**19,950,000**	19,500,000
Standard Chartered Bank	**227,522,669**	178,079,687
National Development Bank PLC	**138,648,881**	43,034,983
Others	**195,000,000**	155,000,000
	581,121,550	395,614,670

31.1.4 Capital Expenditure Commitments

The Group does not have significant capital commitments as at the Reporting date.

31.2 Company

The Company does not have significant capital commitments as at the reporting date.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities primarily comprise of short term borrowings for working capital requirements, long term borrowings for project financing and strategic investments , trade and other payables, and trade and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations, acquire strategic assets and to provide guarantees to support its operations. The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

The Board of Directors and Group's senior management oversee the management of these risks. Further they review and agree policies for managing each of these risks, which are summarized below.

32.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: finance rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include: loans and borrowings, deposits and available for sale investments.

32.2 Finance rate risk

Finance rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The rates applied to Groups long term and short term borrowings are fixed periodically. The Group manages its finance rate risk by aggressively negotiating rates for short and long term borrowings and having a portfolio of facilities from various financial institutions which gives avenues to use the facility based on competitive rates. As Majority of the Groups revenue is generated in USD, this helps the group in securing short and long term borrowings in USD at competitive rates.

Finance rate sensitivity

The finance rate sensitivity determines the impact of a change in the finance rate to the group's profit before tax.

The table demonstrates the sensitivity to a reasonable possible change in interest rates with all other variables hold constant of the Group and profit before tax through the impact of floating rate borrowings.

	Increase/ (decrease) in basis points		Effect on profit before tax	
	Rupee borrowings	Other currency borrowings	Group Rs.	Company Rs.
2022	+100	+100	777,968,765.91	-
	-100	-100	(777,968,765.91)	-
2021	+100	+100	(128,156,280.62)	-
	-100	-100	128,156,280.62	-

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk through natural hedging mechanism where it has implemented techniques of leading and lagging of FOREX transactions, SWAP & forward contracts.

NOTES TO THE FINANCIAL STATEMENTS

32.3 Equity price risk

The Group's unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities.

At the reporting date, the Groups exposure to non-quoted equity securities at carrying value was Rs. 717,922 (2021 - Rs. 717,921).

32.4 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a robust policy to assess the creditworthyness of the parties it transact with. The parties who aspire to trade in credit terms have to go through a credit verification process. The Group also has continuous dialogue with the respective parties to monitor the receivables position.

Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available).

Following table shows the maximum risk positions.

2022	Deposits with bank Rs.	Trade and other receivables Rs.	Amounts due from related parties Rs.	Cash in hand and at Bank Rs.	Total credit risk exposure Rs.
Non current financial assets	**18,207,787**	**-**	**-**	**-**	**18,207,787**
Cash in hand and at bank	**-**	**-**	**-**	**43,192,921,348**	**43,192,921,348**
Trade and other receivables	**-**	**213,042,785,924**	**-**	**-**	**213,042,785,924**
Short term investments	**8,614,010**	**-**	**-**	**-**	**8,614,010**
Amounts due from related parties	**-**	**-**	**63,724,751**	**-**	**63,724,751**
Total	**26,821,797**	**213,042,785,924**	**63,724,751**	**43,192,921,348**	**256,326,253,820**
Total % of allocation	**0.01%**	**83.11%**	**0.02%**	**16.85%**	**100.00%**

NOTES TO THE FINANCIAL STATEMENTS

2021	Deposits with bank Rs.	Trade and other receivables Rs.	Amounts due from related parties Rs.	Cash in hand and at Bank Rs.	Total credit risk exposure Rs.
Non current financial assets	12,013,919	-	-	-	12,013,919
Cash in hand and at bank	-	-	-	7,610,756,231	7,610,756,231
Trade and other receivables	-	49,089,439,347	-	-	49,089,439,347
Short term investments	999,332	-	-	-	999,332
Amounts due from related parties	-	-	134,311,547	-	134,311,547
Total	13,013,251	49,089,439,347	134,311,547	7,610,756,231	56,847,520,376
Total % of allocation	0.02%	86.35%	0.24%	13.39%	100.00%

Cash in hand and bank balances

In order to mitigate the concentration, settlement and operational risks related to cash and cash equivalents, the Group consciously manages the exposure to a single counterparty taking into consideration, where relevant, the rating or financial standing of the counterparty, where the position is reviewed as and when required, the duration of the exposure in managing such exposures and the nature of the transaction and agreement governing the exposure.

Trade and Other receivable

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.

An impairment analysis is performed at each reporting date using a provision matrix (simplified approach) to measure expected credit losses. The Group has received all the dues within agreed credit period in the past without any delays. The management also considered the credit ratings of individual customers, the local and global economic indicators and the results of negotiations and subsequent cash receipts in determining the provision for impairment.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	0 - 180 days	181 - 360 days	> 360 days	Total
Expected credit loss rate	0%	35%	100%	
Estimated total gross carrying amount at default	27,740,442,991	5,333,931,364	982,736,349	34,057,110,704
Expected credit loss	-	1,850,956,589	982,736,349	2,833,692,938

Refer Note 10. for analysis of debtors.

NOTES TO THE FINANCIAL STATEMENTS

32.5 Liquidity risk

The Group manages liquidity risk exposure through effective working capital management. The Company also has guidelines in place to ensure that the short term and medium term liquidity is managed at acceptable levels.

The table below summarises the maturity profile of groups financial liabilities based on contractual undiscounted payments.

Year ended 31 March 2022	On Demand Rs.	Less than 1 year Rs.	1-5 year Rs.	Above 5 year Rs.	Total Rs.
Bank financing	**-**	**1,399,771,789**	**2,360,636,888**	**-**	**3,760,408,677**
Related party borrowing	**-**	**71,336,416,663**	**5,089,478,328**	**-**	**76,425,894,991**
Leases	**-**	**3,079,132,134**	**6,391,539,152**	**1,292,919,480**	**10,763,590,766**
Trade and other payables	**64,995,563,827**	**-**	**-**	**-**	**64,995,563,827**

Year ended 31 March 2021	On Demand Rs.	Less than 1 year Rs.	1-5 year Rs.	Above 5 year Rs.	Total Rs.
Bank financing	-	1,116,476,839	935,560,993	-	2,052,037,832
Related party borrowing	-	9,135,032,037	2,512,299,903	-	11,647,331,940
Leases	-	1,423,959,117	2,061,891,668	23,026,090	3,508,876,875
Trade and other payables	20,791,127,327	-	-	-	20,791,127,327

32.6 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of the business. The Group's objectives when managing capital are to;

(i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders, and

(ii) Maintain an optimal capital structure to reduce the cost of capital.

Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio at minimum level. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

	Note	2022 Rs.	2021 Rs.
Financing and lease payables	15.	**92,131,573,047**	18,387,406,239
Trade and other payables	17.	**64,995,563,827**	20,791,127,327
		157,127,136,874	39,178,533,566
(Less)			
Cash and cash equivalents	12.	**43,192,921,348**	7,610,756,231
Net debt		**113,934,215,526**	31,567,777,335
Equity as shown in the statement of financial position		**124,353,939,626**	27,380,592,297
Total equity and net debt		**238,288,155,152**	58,948,369,632
Gearing ratio		**47.81%**	53.55%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 2021.

32.7 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

NOTES TO THE FINANCIAL STATEMENTS

	Change in USD Rate	Effect on profit before tax Rs.	Effect on profit after tax Rs.
2022	+50%	14,741,896,207	12,763,161,565
	-50%	(14,741,896,207)	(12,763,161,565)
2021	+5%	733,855,814	554,344,836
	-5%	(733,855,814)	(554,344,836)

The assets and liabilities of foreign entities are translated at Rs. 299 per USD (2021 - 199.31 per USD) which was the indicative rate of the Central Bank of Sri Lanka. Further, the average exchange rates used for translation of income and expense line items was Rs. 225.36 (2021 - 194.26 per USD).

Given the fact that the functional currency base has significantly increased when compared to the prior year by 50%, the intensity and the exchange impact is severe than the prior year. Further, 95% out of group revenue is derived outside of Sri Lanka and 62% of the Sri Lankan entities also generates revenue in USD. Accordingly, as the Group's base and the quantum in the income statement have lead to a 217% growth in revenue and 354% in net asset base, the exchange impact in current year is larger than the last year.

33. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

33.1 Proportion of equity interest held by non-controlling interests:

Company name	Country of incorporation and operation	2022	2021
AVS Cargo Management Services (Private) Limited	India	**49%**	49%
EFL Global (Thailand) Ltd	Thailand	**26%**	26%
Expo Freight Holdings (Thailand) Limited	Thailand	**51%**	51%
PT. EFL Global Indonesia (PT. Expo Freight Indonesia)	Indonesia	**10%**	10%

NOTES TO THE FINANCIAL STATEMENTS

33.2 Accumulated balances of material non-controlling interest

	2022 Rs.	2021 Rs.
AVS Cargo Management Services (Private) Limited	**131,949,061**	94,987,000
EFL Global (Thailand) Ltd	**1,025,081**	(1,189,119)
Expo Freight Holdings (Thailand) Limited	**7,490,742**	5,677,523
PT Expo Freight Indonesia	**255,424,304**	133,546,038
Accumulated material non - controlling interest	**395,889,188**	233,021,442
Profit allocated to material non - controlling interest	**31,884,061**	49,919,616

33.3 The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

33.3.1 Summarised statement of profit or loss

	2022 Rs.	2021 Rs.
Revenue from contracts with customers	**16,147,665,606**	6,640,641,730
Cost of Sales	**(14,574,240,128)**	(5,608,543,275)
Overheads	**(1,011,014,630)**	(646,111,886)
Other Income	**27,345,386**	38,048,932
Finance Income	**14,110,015**	1,786,814
Finance costs	**(4,783,534)**	(427,511)
Profit before tax	**599,082,715**	425,394,803
Income tax expense	**(205,269,842)**	(131,751,795)
Profit for the year	**393,812,873**	293,643,008
Total comprehensive income	**-**	-
Attributable to non-controlling interests	**31,884,061**	49,919,616
Dividends paid to non-controlling interests	**-**	10,287,038

NOTES TO THE FINANCIAL STATEMENTS

33.3.2 Summarised statement of financial position

	2022 Rs.	2021 Rs.
Current assets	**5,175,043,682**	2,363,594,482
Non-current assets	**140,767,307**	59,687,399
Total assets	**5,315,810,989**	2,423,281,882
Current liabilities	**1,927,244,575**	831,855,101
Non-current liabilities	**124,969,249**	48,757,192
Total liabilities	**2,052,213,824**	880,612,293
Total equity	**3,263,597,165**	1,542,669,588
Attributable to:		
Equity holders of parent	**2,867,707,978**	1,309,648,147
Non-controlling interest	**395,889,187**	233,021,442

33.3.3 Summarised cash flow information

	2022 Rs.	2021 Rs.
Operating	**(91,675,365)**	(383,164,687)
Investing	**(18,151,252)**	(15,158,611)
Financing	**287,346,515**	(40,791,081)
Net increase / (decrease) in cash and cash equivalents	**177,519,898**	(439,114,379)

NOTES TO THE FINANCIAL STATEMENTS

34. BUSINESS COMBINATIONS

34.1 Acquisitions of subsidiaries during the period ended 31st March 2022

Acquisition of IDEA Global LLC and its subsidiaries

On 10th August 2021, the Group acquired 100% of the voting shares of IDEA Global LLC (and its subsidiaries), a non-listed group of companies and US headquartered Central American Freight Forwarding, Warehousing & Trucking services companies.

The subsidiaries of IDEA Global LLC acquired are Corporación K&C, S.A. de C.V, IDEA El Salvador S.A. de C.V, IDEA Guatemala S.A, IDEA Honduras, S. de R.L. de C.V, IDEA International LLC, IDEA Nicaragua de S.A and Interconexion: Distribuir Y Enviar Para Las Americas, LLC d/b/a IDEA ,LLC.

Acquisition of Complete Transport LLC

On 8th September 2021, the Group acquired 100% of the voting shares of Complete Transport LLC, a non-listed and US based bonded CFS and Trucking company.

Both acquisitions described above have been accounted for using the acquisition method.

Assets acquired and liabilities assumed

The aggregate fair values of the identifiable assets and liabilities of above companies as at the date of acquisition were:

	Note	Fair value recognised on acquisition of;		
		IDEA Global LLC and its subsidiaries Rs.	Complete Transport LLC Rs.	Total Rs.
Assets				
Property, plant & equipment	3.1.5.	155,276,911	32,431,326	187,708,237
Trade and other receivables		563,852,962	-	563,852,962
Other current assets		71,099,944	2,211,322	73,311,266
Cash & bank balances		134,233,573	20,300,000	154,533,573
		924,463,390	54,942,648	979,406,038

NOTES TO THE FINANCIAL STATEMENTS

	Note	Fair value recognised on acquisition of;		
		IDEA Global LLC and its subsidiaries Rs.	Complete Transport LLC Rs.	Total Rs.
Liabilities				
Trade and other payables		320,981,405	32,392,893	353,374,298
		320,981,405	32,392,893	353,374,298
Exchange Difference		(2,686,298)	(2,721,410)	(5,407,708)
Net Assets		606,168,283	25,271,165	626,031,740
Goodwill	5.1.4.	827,403,878	430,073,528	1,257,477,406
Brand value	5.1.6.	422,827,589	-	422,827,589
Customer list	5.1.7.	963,129,636	319,433,975	1,282,563,611
Purchase consideration		2,819,529,386	774,778,668	3,594,308,054
Analysis of cash flows on acquisition:				
Transaction costs of the acquisition (included in cash flows from operating activities)				-
Net cash acquired with the subsidiary (included in cash flows from investing activities)				3,439,774,481
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)				-
Net cash flow on acquisition			-	3,439,774,481

From the date of acquisition, IDEA Global LLC (and its subsidiaries) and Complete Transport LLC contributed Rs. 3,021 million of revenue and Rs. 377 million to profit before tax from continuing operations of the Group. If the combinations had taken place at the beginning of the financial year, revenue from continuing operations would have been Rs. 8,053 million and profit before tax from continuing operations for the Group would have been Rs. 724 million.

34.2 Acquisitions of subsidiaries during the period ended 31st March 2021

On 01 March 2021, the Group acquired 100% of the equity interest of Seville Container Freight Station Inc, Seville Freight Systems Inc and Seville Transfer Ltd which are non-listed companies based in United States of America (USA). Seville is a Bonded Container Freight Station (CFS) and a Bonded Trucking company located in the strategically important John F. Kennedy Airport in the USA.

The Group has elected to measure the non-controlling interests in the acquiree at fair value.

NOTES TO THE FINANCIAL STATEMENTS

Assets acquired and liabilities assumed

The aggregate fair values of the identifiable assets and liabilities of above companies as at the date of acquisition were:

	Fair value recognised on acquisition Rs.
Assets	
Property, plant & equipment	16,424,691
Other non current assets	104,762,107
Trade and other receivables	15,755,439
Other current assets	49,652,071
Income tax receivable	21,095,745
Cash & bank balances	33,738,510
	241,428,563
Liabilities	
Trade and other payables	144,641,574
Net Assets	96,786,989
Goodwill	430,073,528
Purchase consideration	427,772,114
Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	-
Net cash acquired with the subsidiary (included in cash flows from investing activities)	(446,498,219)
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	-
Net cash flow on acquisition	(446,498,219)

35. DISPOSAL OF SUBSIDIARIES

In January 2022, the Group have realized and amount of LKR 229,645,328 from the sales transaction of Expo Freight Limited (Bangladesh), as disclosed in Note 13 of the annual financial statement for the year ended 31st March 2021. Accordingly, the impact on the cash flow statement is as follows:

Operating Activities	
Reversal of provision for assets held for sale	-229,645,328
Investing Activities	
Proceeds from sale of subsidiaries	229,645,328

GROUP REAL ESTATE **PORTFOLIO**

Owning Company & Location	Number of buildings	Buildings in SQ.FT	Freehold land in Perches	Net book value Mar-22
Properties in Colombo				
Expolanka (Private) Limited			23.50	108,298,125
No 10, Mile post Avenue, Kollupitiya , Colombo 3				
E F L Hub (Private) Limited	1	5,942		123,475,506
No 10, Mile post Avenue, Kollupitiya , Colombo 3				
Properties Outside Colombo				
Expolanka Freight (Private) Limited	2	20,881	302.75	253,944,221
No 69, Ramyaweera Mawatha, Kittampahuwa, Wellampitiya				
Expolanka Freight (Private) Limited			30.97	14,736,910
No 73/2,Ramyaweera Mawatha, Kittampahuwa, Wellampitiya				
Expolanka (Private) Limited	1	135,609	555.26	979,517,092
No 390, Avisawella Road, Orugodawatte, Wellampitiya				
Pulsar Shipping Agencies (Private) Limited	1	1,200	15.75	5,780,300
2/24th Portion of Bogahawatta, Galu Piyadda, Galle				
E F L Global Freeport (Private) Limited	1	240,000		298,838,066
Lot No. 117, Spur Road 3, Phase 1, Export Processing Zone (EPZ), Katunayake, Sri Lanka				
				1,784,590,220

TEN YEAR SUMMARY

In Rs. Mn	2021/22	2020/21	2019/20	2018/19	2017/18
OPERATING RESULTS					
Revenue from contracts with customers	**694,157**	218,735	103,246	95,455	77,533
Share of result of equity accounted investees (net of tax)	**116**	62	31	60	44
EBIT	**86,770**	16,893	652	3,263	1,864
Net finance costs	**(1,175)**	(308)	(372)	(190)	(195)
Profit before tax	**85,595**	16,585	280	3,073	1,669
Income tax expense	**(12,803)**	(1,705)	(718)	(1,164)	(708)
Profit for the year	**72,792**	14,880	(438)	1,909	961
Attributable to:					
Equity holders of the parent	**72,743**	14,830	(737)	1,448	711
Non-controlling interest	**49**	50	299	461	250
CAPITAL EMPLOYED					
Stated capital	**4,098**	4,098	4,098	4,098	4,098
Reserves	**27,986**	1,614	941	984	604
Retained earnings	**91,848**	21,437	7,600	9,194	8,075
Non-controlling interest	**422**	231	192	1,512	1,251
Total equity	**124,354**	27,380	12,831	15,788	14,028
Total debt	**92,132**	18,387	12,196	5,332	4,945
Capital employed	**216,486**	45,767	25,027	21,120	18,973
ASETS EMPLOYED					
Property, plant and equipment	**5,751**	3,413	3,405	3,846	3,643
Right of use assets	**10,837**	3,718	3,023	116	105
Intangible assets on business combinations	**3,704**	868	438	375	375
Other non-current assets	**890**	643	862	1,064	656
Current assets (including assets held for sale)	**275,172**	59,543	28,295	28,196	23,929
Liabilities net of debt	**(79,868)**	(22,417)	(10,996)	(10,764)	(8,284)
Assets employed	**216,486**	45,768	25,027	22,833	20,424

TEN YEAR SUMMARY

	2016/17	2015/16	2014/15	2013/14	2012/13
	63,492	56,015	52,652	53,319	50,075
	22	37	12	35	15
	2,061	2,134	1,454	2,179	1,836
	(369)	(88)	(140)	(242)	(166)
	1,692	2,046	1,314	1,937	1,670
	(463)	(601)	(266)	(367)	(392)
	1,229	1,445	1,048	1,570	1,278
	955	1,113	886	1,426	1,061
	274	332	162	144	217
	4,098	4,098	4,098	4,098	4,098
	477	409	11	36	73
	7,675	7,348	6,518	5,702	4,910
	1,127	1,265	991	929	1,156
	13,377	13,120	11,618	10,765	10,237
	2,402	1,792	1,819	2,701	2,663
	15,779	14,912	13,437	13,466	12,900
	3,557	3,423	3,177	3,384	3,927
	75	138	199	282	294
	375	383	457	457	492
	526	645	811	736	770
	18,809	18,086	17,348	17,007	16,865
	(7,563)	(7,763)	(8,555)	(8,400)	(9,448)
	15,779	14,912	13,437	13,466	12,900

TEN YEAR SUMMARY

In Rs. Mn	2021/22	2020/21	2019/20	2018/19	2017/18
CASH FLOW					
Cash flows from/(used in) operating activities	**(6,374)**	(98)	1,949	832	(1,180)
Cash flows from/(used in) investing activities	**(4,754)**	(1,900)	(648)	(830)	(157)
Cash flows from/(used in) financing activities	**41,448**	1,458	612	742	1,040
Net increase/(decrease) in cash and cash equivalents	**35,580**	(222)	2,438	1,423	(214)
KEY INDICATORS					
Basic earnings per share (Rs.)	**37.24**	7.61	(0.22)	0.74	0.36
Finance cost cover (no. of times)	**68.72**	46.00	1.43	13.60	8.03
Net assets per share (Rs.)	**63.39**	13.89	6.47	7.30	6.54
Debt/equity ratio (%)	**74.09%**	67.15%	95.05%	33.77%	35.25%
Dividend payout (Rs. Millions)	**2,287.25**	977.46	-	293.24	293.24
Dividend payout ratio (%)	**3.14%**	6.57%	0%	15.36%	30.51%
Current ratio (no. of times)	**1.76**	1.73	1.64	1.75	1.81
Market price per share (Rs.)	**207.75**	44.70	2.00	4.00	4.90

TEN YEAR SUMMARY

	2016/17	2015/16	2014/15	2013/14	2012/13
	367	316	320	373	1,064
	(42)	(338)	399	417	(1,172)
	168	210	(941)	(431)	(46)
	523	581	(268)	340	(186)
	0.49	0.57	0.45	0.73	0.54
	5.20	22.45	9.53	8.25	8.36
	6.27	6.06	5.44	5.03	5.24
	17.96%	13.66%	15.66%	25.09%	26.01%
	293.24	234.59	-	645.12	234.59
	23.86%	16.23%	0.00%	41.09%	18.36%
	2.17	2.04	1.83	1.77	1.53
	6.00	7.00	8.50	8.70	6.80

SHARE INFORMATION

A trading summary of the Expolanka Holdings PLC shares for the financial year ended 31st March 2022 is given as below;

Trading Summary 1st April 2021 – 31st March 2022	
Number of shares in issue	1,954,915,000
Market Capitalization as of 31st March 2022 (Rs.)	406,133,591,250
Stated Capital as of 31st March 2022 (Rs.)	4,097,985,000

Expo Share Performance

An analysis of the Expo Share performance over the last three years is reflected in the below table.

	31-Mar-2022	31-Mar-2021	31-Mar-2020
Highest (Rs.)	405.00	64.60	6.80
Lowest (Rs.)	43.10	1.70	1.80
Closing (Rs.)	207.75	44.70	2.00

The movement of the Expo Share price during the 4 quarters is given below.

	High	Low	Closing	Volume of shares Traded
1st Quarter	53.60	43.10	50.10	190,547,855
2nd Quarter	201.25	48.50	199.25	784,458,580
3rd Quarter	390.00	185.25	375.25	211,232,182
4th Quarter	405.00	200.00	207.75	129,113,824

Share Valuations

The Share Valuations are provided below for Expolanka Holdings PLC consolidated performance.

	2021/22	2020/21	2019/20	2018/19
Net Asset Per Share	63.39	13.89	6.47	7.30
Earnings Per Share	37.24	7.61	-0.22	0.74
Trailing P/E Multiple	5.57	5.89	-5.31	5.40
ROE	95.95%	74.01%	-3.41%	12.09%

SHARE INFORMATION

Share Distribution

The Expo Share is owned by a base of 22,674 voting registered shareholders as at 31st March 2022. The Distribution of the Shares is reflected below;

Range of Shareholding	No. of Shareholders	No. of Shares	% of Shareholding
1 – 1,000	13,801	4,667,130	0.23
1,001-10,000	6,582	23,890,710	1.22
10,001 – 100,000	1,941	59,101,425	3.02
100,001 – 1,000,000	297	89,372,116	4.58
Over 1,000,000	53	1,777,883,619	90.95

Float adjusted Market Capitalization

As at	31.03.2022	31.03.2021
Public shareholding (%)	16.674%	16.527%
No. of public shareholders	22,670	13,592
Float adjusted market capitalization	67,702,469,661	14,442,069,452

Expolanka Holdings PLC is in compliant with the Minimum Public Holding requirement under option 1 as listed out in section 7B (a) of CSE Listing Rules.

Analysis of Shareholding

Resident/Non Resident

	No. of Shareholders	No. of Shares	% of Shares
Resident	22,581	471,331,865	24.10
Non-Resident	93	1,483,583,135	75.90

Individuals/Institutional

	No. of Shareholders	No. of Shares	% of Shares
Individuals	21,494	279,110,074	14.28
Institutional	1,180	1,675,804,926	85.72

SHARE INFORMATION

Public Holding of Shares

As of 31st March 2022, number of shares held by the public was 325,964,321 shares which is 16.674% of the issued Share Capital. The total No. of Shareholders representing the public Holdings as at 31st March 2022 was 22,670.

Shareholding by Directors

The Following table indicates the Number of Shares held by the Board of Directors of the company

Name	No. of Shares – 31st March 2022	No. of Shares – 31st March 2021
Mr. H Kanahori	**NIL**	N/A
Mr. H Yusoof	**147,021,464**	147,021,464
Mr. Ha Yo	**NIL**	N/A
Mr. Akira Oyama*	**NIL**	N/A
Mr. S Kulatunga	**NIL**	NIL
Mr. H Amarasekera	**NIL**	NIL
Mr. Bokuto Yamauchi**	**NIL**	NIL
Total	**147,021,464**	147,021,464

** Resigned with effect 7th June 2022*
*** Appointed with effect 7th June 2022*

The Shareholding of the Spouses and Children under 18 years of the Directors

There is no shareholding of Spouses and children of Directors, aged under 18 years and dependent

SHARE INFORMATION

Twenty Largest Shareholders as at 31st March 2022

The below table provides the details of the 20 Top Shareholders of Expolanka Holdings PLC as at 31st March 2022

No.	Shareholder	31.03.2022		31.12.2021	
		Shares	Holding %	Shares	Holding %
1	SG HOLDINGS GLOBAL PTE.LTD	1,478,251,204	75.62%	1,478,251,204	75.62%
2	MR. H. YUSOOF	147,021,464	7.52%	147,021,464	7.52%
3	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	15,916,553	0.81%	12,762,290	0.65%
4.a	AMANA BANK PLC/FAROOK KASSIM	15,000,000	0.77%	15,000,000	0.77%
4.b	MR. F. KASSIM	3,404,254	0.17%	1,361,105	0.07%
5.a	ACUITY PARTNERS (PVT) LIMITED/MR.ELAYATHAMBY THAVAGNANASOORIYAM/ MR.ELAYATHAMBY THAVAGNANASUNDARAM	6,620,655	0.34%	6,620,655	0.34%
5.b	HATTON NATIONAL BANK PLC/ELAYATHAMBY THAVAGNANASUNDARAM	2,852,955	0.15%	5,385,630	0.28%
6	HATTON NATIONAL BANK PLC/ALMAS ORGANISATION(PVT) LTD	6,619,539	0.34%	5,874,729	0.30%
7	HATTON NATIONAL BANK PLC/SUBRAMANIAM VASUDEVAN	5,930,122	0.30%	5,517,141	0.28%
8	COMMERCIAL BANK OF CEYLON PLC/G.S.N.PEIRIS	5,375,168	0.27%	6,585,948	0.34%
9	PEOPLES LEASING & FINANCE PLC/MRS. M.E.AMARASINGHE	5,212,000	0.27%	6,900,000	0.35%
10	SEYLAN BANK PLC/S.R. FERNANDO	4,736,734	0.24%	4,510,385	0.23%
11.a	HATTON NATIONAL BANK PLC/CAPITAL TRUST HOLDINGS LIMITED	4,608,643	0.24%	5,875,236	0.30%
11.b	SEYLAN BANK PLC/CAPITAL TRUST HOLDINGS LIMITED	4,012,530	0.21%	2,714,133	0.14%
12	NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	4,101,753	0.21%	4,282,179	0.22%
13	SEYLAN BANK PLC/ARRC CAPITAL (PVT) LTD	4,034,165	0.21%	4,890,392	0.25%
14	MR. S. SENTHILNATHAN	3,654,011	0.19%	3,445,562	0.18%
15	SEYLAN BANK PLC/HOTEL INTERNATIONAL (PVT) LTD	3,422,712	0.18%	2,925,000	0.15%
16	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	3,150,966	0.16%	2,390,000	0.12%
17	HATTON NATIONAL BANK PLC/RIZMY AHAMED RISHARD	2,650,087	0.14%	4,460,015	0.23%
18.a	SAMPATH BANK PLC/MR. GERARD SHAMIL NIRANJAN PEIRIS & MRS. INDRANI ROSHANI PEIRIS	2,647,000	0.14%	2,427,277	0.12%
18.b	HATTON NATIONAL BANK PLC/MR.GERAD SHAMIL NIRANJAN PERIS	2,642,906	0.14%	2,642,906	0.14%
19	AMANA BANK PLC/HI-LINE TRADING PVT LTD	2,506,387	0.13%	2,747,890	0.14%
20	COMMERCIAL BANK OF CEYLON PLC/CAPITAL TRUST HOLDINGS LIMITED	2,430,691	0.12%	2,873,391	0.15%

FINANCIAL CALENDAR

Important Events related to FYE2021/22	Date
Interim Financial Statements Three months ended 30 June 2021	30th July 2021
Interim Financial Statements Six months ended 30 September 2021	29th October 2021
Interim Financial Statements Nine months ended 31st December 2021	28th January 2022
3rd Quarter Investor Conference	28th January 2022
Interim Financial Statements Twelve months ended 31st March 2022	28th April 2022
4th Quarter Investor Conference	4th May 2022
Annual report 2021/22	17th June 2022
17th Annual General meeting	26th July 2022

Important Events related to FYE2022/23	Indicative Date
Interim Financial Statements Three months ended 30 June 2022	On or before 30th July 2022
Interim Financial Statements Six months ended 30 September 2022	On or before 31st October 2022
Interim Financial Statements Nine months ended 31st December 2022	On or before 31st January 2023
Interim Financial Statements Twelve months ended 31st March 2023	On or before 30th April 2023
Annual Report 2022/23	On or before 30th June 2023
18th Annual General Meeting	On or before 31st July 2023

DIVIDEND POLICY

The company will continue to adopt a dividend policy of 22% per annum of profit attributed to equity holders subject to availability of free cashflow, requisite board approvals and other necessary approvals.

CORPORATE INFORMATION

GRI 102-1, 102-3, 102-5

NAME OF COMPANY

Expolanka Holdings PLC

LEGAL FORM

The Company is a Public Limited Liability Company. Incorporated in Sri Lanka on 05th March 2003 as a Private Limited Liability Company under the Companies Act No. 17 of 1982, 2003 – Private Limited Company under Companies Act No. 17 of 1982, 2008 – Limited Liability Company under Companies Act No 07 of 2007, 2011 – Public Limited Company under Companies Act No 07 of 2007. Currently ordinary shares have been listed on the Colombo Stock Exchange.

COMPANY REGISTRATION NUMBER

P B 744

BOARD OF DIRECTORS

Hitoshi Kanahori – Chairman
Hanif Yusoof – Chief Executive Officer
Harsha Amarasekera
Sanjay Kulatunga
Ha Yo
Akira Oyama

AUDIT COMMITTEE

Sanjay Kulatunga – Chairman
Harsha Amarasekera

RELATED PARTY TRANSACTION REVIEW COMMITTEE

Sanjay Kulatunga – Chairman
Harsha Amarasekera

REMUNERATION COMMITTEE

Harsha Amarasekera – Chairman
Sanjay Kulatunga

REGISTERED OFFICE OF THE COMPANY

10, Milepost Avenue,
Colombo 03
Sri Lanka

CONTACT DETAILS

P. O. Box 1162
10, Milepost Avenue
Colombo 03
Sri Lanka

Telephone : +94 11 4659500
Facsimile : +94 11 4659565
Internet : www.expolanka.com

CONTACT FOR MEDIA

Marketing & Corporate Communications
Expolanka Holdings PLC
15 A, Clifford Avenue
Colombo 03
Sri Lanka

Telephone : +94 11 4659500
Facsimile : +94 11 4659565
Web : www.expolanka.com

INVESTOR RELATIONS

Expolanka Holdings PLC
15 A, Clifford Avenue
Colombo 03
Sri Lanka

Telephone : +94 11 4659500
Facsimile : +94 11 4659565
Web : www.expolanka.com
E mail : investor@expolanka.com

BANKERS

Amana Bank
Bank of Ceylon
Commercial Bank
Habib Bank
Hatton National Bank
Hong Kong and Shanghai Banking Corporation
ICICI Bank Limited
National Development Bank
Nations Trust Bank
Pan Asia Bank Corporation
Peoples Bank
People's Leasing Finance PLC
Sampath Bank
Seylan Bank
Standard Chartered Bank

COMPANY SECRETARIES

SSP Corporate Services (Private) Limited
P V 931
101, Inner Flower Road
Colombo 03
Sri Lanka

Telephone : +94 11 2573894, +94 11 2576871
Facsimile : +94 11 2573609

COMPANY AUDITORS

Messrs Ernst & Young
Chartered Accountants
No. 201, De Saram Place
Colombo 10
Sri Lanka.

NOTICE OF **MEETING**

Notice is hereby given that the seventeenth Annual General Meeting of Expolanka Holdings PLC will be held at Bougainvillea Ballroom, Hotel Galadari, No. 64, Lotus Road, Colombo 01, on Tuesday 26th of July 2022 at 4.00 p.m. for the following purposes

AGENDA

1. To consider and adopt the Annual Report of the Board of Directors on the Affairs of the Company and the Statements of Accounts for the financial year ended 31st March 2022 with the Report of the Auditors thereon
2. To re-elect Mr. Shiran Harsha Amarasekera, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director
3. To re-elect Mr. Sanjay Sumanthri Kulatunga, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director
4. To re-elect Mr. Bokuto Yamauchi, who in terms of Article 94 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director
5. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors and authorize the Directors to determine their remuneration
6. To authorize the Directors to determine contributions to charities for the financial year ending 31st March 2023

By Order of the Board of Expolanka Holdings PLC

S S P Corporate Services (Private) Limited
Secretaries

No.101, Inner Flower Road,
Colombo 03
17th June 2022

Note:-
A member is entitled to appoint a proxy to attend and vote instead of himself/herself and a Proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Head Office of the Company, No.15A, Clifford Avenue, Colombo 03.

Further to the circular issued by the Colombo Stock Exchange dated 27th May 2022 in light of the current prevailing conditions, Expolanka Holdings PLC shall make available the Integrated Annual Report on the affairs of the company for the financial year ending 31st March 2022 only in digital form which can be downloaded from the following websites:
Expolanka Corporate Website : www.expolanka.com
The Colombo Stock Exchange : www.cse.lk

Should you require any further information or clarifications pertaining to the above you may contact the following members of the company:

Rushani Pathirana or Umesha Chamindi
Email : investor@expolanka.com
Tel : 0114 659 500
Expolanka Holdings PLC, 15/A, Clifford Avenue, Colombo 3

Furthermore, our Integrated Annual Report has been certified as a carbon neutral publication this year, which stands as an example of our commitment to reduce emissions that could cause irreversible damage to the environment.

Members may also access the Integrated Annual Report and Financial Statements on their mobile phones by scanning the following QR code:

FORM OF **PROXY**

I/We ..... of .....

..... being a member /members of Expolanka Holdings PLC hereby appoint (i) .....

..... of

..... failing him/her

(ii). Mr. Hitoshi Kanahori, Chairman of Expolanka Holdings PLC or failing him any one of the Directors of the Company as *my/our proxy to vote as indicated hereunder for *me/us and on *my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Tuesday, 26th July 2022 as a physical meeting at the Bouganvillea, Galadari Hotel, No 64, Lotus Road, Colombo 01 at 4.00 P.M. and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

Please indicate your preference by placing a "X" against the resolution Number

	For	Against
1. To consider and adopt the Annual Report of the Board of Directors on the Affairs of the Company and the Statements of Accounts for the financial year ended 31st March 2022 with the Report of the Auditors thereon.		
2. To re-elect Mr. Shiran Harsha Amarasekera, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.		
3. To re-elect Mr. Sanjay Sumanthri Kulatunga, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.		
4. To re-elect Mr. Bokuto Yamauchi, who in terms of Article 94 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.		
5. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors and authorize the Directors to determine their remuneration.		
6. To authorize the Directors to determine contributions to charities for the financial year ending 31st March 2023.		

Signed this ..... day of ..... Two Thousand and Twenty Two.

Signature: .....

Note:
(a) *Please delete the inappropriate words.
(b) Instructions are noted on the reverse hereof.

.....
NIC Number / Reg. No

.....
(Signatures)

FORM OF **PROXY**

Please provide the following details:

Full Name of the Shareholder : .....

CDS A/C No/ NIC No/Company Reg No : .....

E – Mail address : .....

Folio No/No of Shares held : .....

Full Name of the Proxy holder : .....

Proxy holder's ID No (if not a Director) : .....

Proxy holder's E – Mail address : .....

Instructions as to Completion

1. Kindly perfect the form of proxy by filling in legibly your full name and address, your instruction as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Secretaries at No.101, Inner Flower Road, Colombo 03 at least 48 hours before the time appointed for the holding of the Meeting.
4. If the form of proxy is signed by an attorney, the relative power of attorney should accompany the form of proxy for registration, if such power of attorney has not already been registered with the Company

Note:

If the shareholder is a Company or body corporate, Section 138 of Companies Act No.7 of 2007 applies to Corporate Shareholders of Expolanka Holdings PLC. Section 138 provides for representation of Companies at meetings of Companies. A Corporation, whether a Company within the meaning of this act or not, may-where it is a member of another Corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorized as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represent as that Corporation could exercise if it were an individual shareholder.

NOTES

NOTES

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www.expolanka.com

EXPOLANKA HOLDINGS PLC
INTEGRATED ANNUAL REPORT 2021/22