ROOTED & CONNECTED

Deep-rooted Corporate values keep us grounded as we at Expolanka Holdings PLC move forward in our journey of excellence.

We are keen not to just rest on our laurels but continue to improve and challenge ourselves to do better, year after year, so that we remain connected to current trends and vibes.

Rooted and Connected, we are focused on Expansion and Profitability in a sustainable and efficient manner. Integrating Technology and efficient processes in to our operations, we have been able to positively elevate our business both at home and overseas. Our journey of growth will be supported by the strength and support of our customer, employees and business partners.

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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.

"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

OUR GLOBAL PRESENCE [GRI 102-4]

With a strong regional presence and a rapidly expanding global footprint encompassing 60 + locations in 23 countries, EFL remains one of the region's fastest growing logistics service providers. Expolanka's global expansion strategy has enabled the creation of significant economic value due to increased trade activity, the provision of over 2,925 direct jobs globally, as well as support for countless other indirect employment opportunities across the logistics value chain. Going forward, EFL's global expansion strategy would focus on enhancing both physical and technological infrastructure that will expedite its transformation into a fully integrated fourth-party (4PL) logistics services provider with the capacity to service the needs of the next generation of global businesses.

Belgium
Brussels
Netherlands
Heerlan
Denmark
Copenhagen
Kenya
Mombasa | Nairobi
India
Chennai | Coimbatore | Cochin | Hyderabad | Karur | Krishnapatnam | Tirupur | Tuticorin | Visakhapatnam | New Delhi | Ludhiana | Moradabad | Mumbai | Pune | Nashik | Kandla | Ahmedabad | Kolhapur | Bangalore | Kolkata
Pakistan
Karachi | Lahore
Myanmar
Yangon
Hong Kong
Kowloon
China
Shanghai | Shenzen | Guangzhou | Xi'an
Chongqing | Qingdao | Wuhan
Taiwan
Taipei City
UAE
Al Garhoud | Abu Dhabi |
Dubai | Jebel Ali
Bangladesh
Dhaka |
Chittagong
Malaysia
Subang Jaya |
Penang
Singapore
Sri Lanka
Colombo | Avissawella | Biyagama |
Hambantota | Katunayake |
Orugodawatta | Koggala | Seeduwa
Madagascar
Antananarivo
Mauritius
Port Lous | Plaine Magnien
South Africa
Johannesburg |
Cape Town
Vietnam
Ho Chi Minh | Ha Noi |
Da Nang
Cambodia
Phnom Penh
Indonesia
Jakarta | Semarang |
Surabaya
Phillipines
Manila

ABOUT THIS REPORT

[GRI 102-12, 46, 48, 49, 50, 51, 52, 53, 54, 56]

This Integrated Report published by Expolanka Holdings PLC has been prepared primarily for the benefit of current and prospective investors, representatives from government and regulatory authorities in Sri Lanka and for any other stakeholders who have an interest in the Group's performance.

The report covers business activities over which Expolanka Holdings PLC has operational control, including those outside Sri Lanka for the period 01st April 2019 to 31st March 2020. Entities that are not operationally controlled by the Group are not included in the scope of this Integrated Report.

There are no restatement of information from the previous Integrated Report and no changes to the list of material topics and topic boundaries.

The date of the most recent integrated report of Expolanka Holdings PLC was for the financial year 2018/19.

REPORTING PRINCIPLES

The report has been prepared in compliance with the following frameworks;

1. Listing rules of the CSE
2. The Code of Best Practice on Corporate Governance for public listed Companies, jointly issued by the Institute of Chartered Accountants of Sri Lanka, the Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange.
3. The International Integrated Reporting (IR) framework of 2013
4. GRI - global reporting initiative (in accordance to the "core" option)

FORWARD LOOKING STATEMENTS

This report contains certain forward-looking statements with respect to Expolanka Holdings PLC's financial condition, results, operations and businesses. These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking Statements.

FEEDBACK

For further information or feedback please contact:

Mushtaq Ahamed
Director - Group Finance Expolanka Holdings PLC
Address : 15A Clifford Avenue, Colombo 03.
Email : investor@expolanka.com

DIRECTORS STATEMENT OF RESPONSIBILITY FOR THIS REPORT

We the Board of Directors of Expolanka Holdings PLC acknowledge our responsibility for confirming the integrity of the Group's Integrated Report for the year 2019/2020.

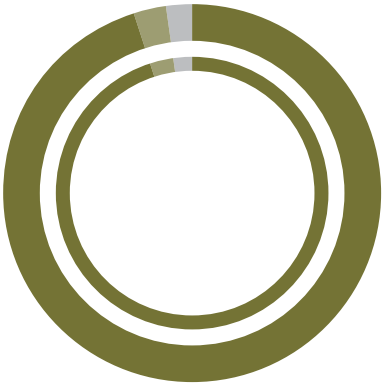
Reflecting on our operating context, strategy and value creation model, we believe this Integrated Report addresses all matters that have, or could have, a material effect on our ability to create value.

We have applied our collective judgment in the preparation and presentation of information in this Report and are satisfied that the aforementioned reporting principles have been applied properly.

FINANCIAL HIGHLIGHTS

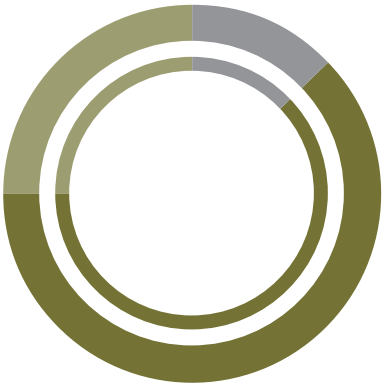
[GRI 102-7]

Revenue



Logistics	95%
Investments	3%
Leisure	2%

EBIT



Logistics	62%
Investments	(25)%
Leisure	13%

REVENUE

LKR 103,246 Mn

8% ↑

GROSS PROFIT

LKR 19,183 Mn

6% ↑

EBIT

LKR 735 Mn

(78)% ↓

PBT

LKR 280 Mn

(91)% ↓

PAT

LKR (438) Mn

(123)% ↓

CHAIRMAN'S MESSAGE

[GRI 102-14]

We will focus on supporting our core businesses to make sure they are geared to serve their chosen markets. In doing so we will look to exercise greater attention in implementing our expansion plans to ensure we invest strategically in areas that present strong opportunities for growth.

Dear Stakeholder

I take great pleasure in presenting the Annual Report and Financial statements of Expolanka Holdings PLC for the financial year ending 31st March 2020, a year in which we were able to make excellent headway in our expansion initiatives whilst we were also able to further consolidate our operations.

As a resilient, nimble and agile organisation, the Group was able to produce satisfactory results amidst the challenges in our immediate environment. The key to our continued progress is the market positioning & value creation that we make for our business partners across each of our business' operations. Our core freight business - EFL, which is now present in almost all key international trade routes, continued to carve out a niche as a highly sought-after bespoke freight operator in the world. This gives me a reason to believe that we are on the right track with our expansion strategy to increase EFL's global presence based on the potential evident in each region. I am pleased to see that in our leisure sector too, the Classic brand continues to hold its position as the market leader in the corporate travel market, which again validates our decision to focus extensively on this niche space.

GOVERNANCE AND STEWARDSHIP

We continue to operate on the premise that good corporate governance is integral to the delivery of our strategy and creating sustainable long-term value for the benefit of the Group's various stakeholders. The Board is committed to maintaining the highest standards of corporate governance at every level across the entire organisation. While the Board remains firmly committed to continually review and update its governance frameworks as part of its ongoing improvement program, our most recent assessment did not indicate the need for any fundamental changes to governance and oversight frameworks in any of our businesses in the current financial year.

Meanwhile, SG Holdings Global Pte Ltd - the Group's Japan-based parent also has a stringent, detailed and rigorous governance framework which is on par with the requirements of a listed Company in Japan. It is the stated objective of the Expolanka Group to emulate, implement and follow the best

Naosuke Kawasaki - *Chairman*

standards and best practices which is implemented across SG Holdings Global Pte. Ltd, with relevance to our business operations. Specifically, we have voluntarily implemented the internal control mechanisms and financial reporting principles promulgated under Japan's Financial instruments and exchange act which further affirms the integrity, transparency and credibility of all Expolanka Group financial disclosures.

SUSTAINABILITY BEST PRACTICES

Sustainability goes hand in hand with our strategy and long-term commercial success. Our sustainability approach focuses on the most material issues for our business - the aspects that underpin our decision-making processes and drive every actionable initiative that we undertake. In recent years, our efforts have been further guided by the Group's commitment to the UN Sustainability Development Goals (SDG's).

In fact, we have now come to view the SDG's as a point of reference to continually reassess the way we manage our business, locally and globally and plays a key part in our overall strategy development framework. Premised on this, we have adopted a multi-pronged strategy to realign our business models to globally accepted management best practices.

We are also increasing our investment in innovation and technology and looking to collaborate with our stakeholders to improve economic, social and environmental outcomes for our various businesses as well as the wider community.

An area we are particularly passionate about is the promotion of diversity and inclusion. It is ingrained in our DNA and cascades through into our work ethic. Given our global footprint, we have begun actively working to promote diversity and inclusion at every level, with special emphasis on improving the Group-wide gender balance. Reducing our emissions is another priority. In this regard, several of our key businesses have already taken action to transform their traditional work methods through digital mediums. Meanwhile, our freight sector recently adopted the Global Logistics Emissions Council (GLEC) Framework, a globally accepted standard which enables logistics businesses to calculate and report their emissions across their multi-modal supply chain. Stemming from this, we have now started forging partnerships to create positive impact through our activities and supply chains.

In the current financial year, the Group also took some notable action to advance its commitment to the SDG's, specifically Clean Water and Sanitation. In July 2019 we launched the first phase of the EFL Global Goodness Project, an ambitious initiative aimed at providing access to clean drinking water to underprivileged communities in Country's where the Group is present. We also launched a long- term initiative in support of Life on Land by undertaking to increase the forest cover within the Bundala

PRESENT IN MOST KEY INTERNATIONAL TRADE ROUTES

THE GROUP RECORDED A 6% YEAR-ON-YEAR INCREASE IN GROSS PROFITS

National Park (Sri-Lanka) as part of the biodiversity restoration programme launched by the Department of Wildlife. Our commitment is to plant 25,000 trees annually over the next five years, which we hope will help to restore the biodiversity and natural habitats destroyed by two invasive alien plant species that have overrun almost 600 acres of park land since 2018.

OUTLOOK AND PROSPECTS

Looking to the future, I expect the Group strategy to remain largely consistent. We will focus on supporting our core businesses to make sure they are geared to serve their chosen markets. In doing so we will look to exercise greater attention in implementing our expansion plans to ensure we invest strategically in areas that present strong opportunities for growth.

At the same time, it is vital that we improve the Group's readiness to face what would be the "new normal" in the post-COVID era. I am confident that the work we have put in over the years will solidify our position in our respective markets and give the Group a firm footing from which to tackle the challenges going forward.

BOARD CHANGES

Three Directors; Mr. Yoshifumi Matsubara who served as an Executive, Non-Independent Director and Mr. Motonori Matsuzono who served in the capacity of a Non-Executive, Non-Independent Director and myself as the Chairman of the Expolanka Group, stepped down from the Expolanka Group Board with effect from 30 June 2020. I thank my two colleagues for their loyal service to the Group and wish them well in their future endeavours.

The three vacancies thus created were filled by Mr. Hitoshi Kanahori, Mr. Ha Yo and Mr. Akira Oyama, all of whom were appointed to the Expolanka Group Board as Directors with effect from 01 July 2020. I take this opportunity to welcome them all to the Board.

CHAIRMAN'S MESSAGE (contd.)

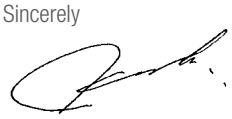
ACKNOWLEDGEMENTS

During my tenure on the Board, the Group's profile changed rapidly and is on a sustainable platform with the ability to expand and grow in value along with the Board leading the charge. As I come to the end of my 3-year tenure as Chairman of the Expolanka Group, I wish to extend my appreciation to my fellow Directors on the Expolanka Holdings PLC Board for dedicating their time and expertise over the years. There can be no doubt that it is their continuous drive and application of their business acumen that has enabled the Group to remain successful. I also wish to extend a warm welcome to Mr. Hitoshi Kanahori to whom I will be handing over the reins as Chairman with effect from 01 July 2020.

I take this opportunity to also acknowledge our 2,900+ employees across the world for their diligence and exceptional commitment towards the Group. I am deeply honoured to have been a part of your team for the past 6 years.

Finally, to our clients and shareholders, thank you for your ongoing support. It was our pleasure and privilege to serve you. We look forward to working together and forging mutually beneficial and long-term relationships with you as we move ahead with our plans for the future.

Sincerely



Naosuke Kawasaki
Chairman

GROUP CEO'S REVIEW

A focused customer acquisition strategy followed by the Group continued to produce excellent results enabling us to increase our reach in existing markets as well as break into new customer verticals.

Dear Stakeholders,

As we look back at the Financial Year 2019/20, an year which has been challenging for the most part, I'm happy to state that Expolanka Holdings PLC continued to make steady progress in our business operations. I believe these results, are a testament to the strength and stability of the Group's core foundations, the resilience of its people and the focus and attention directed towards achieving its strategy.

Globally we witnessed a marked slowdown in trade activity throughout 2019 as the anticipated pickup failed to materialize amidst the escalation in US-China trade tensions. Sri Lanka had its own set of challenges as the economy experienced a significant short term impact from the unfortunate events on Easter Sunday. We concluded the financial year amidst the COVID-19 pandemic with no visibility in sight on the socio-economic consequences for the foreseeable future.

BUSINESS REVEIW

The Group's core logistics business, under the flagship EFL brand, registered promising results in the year under review. At a time when the global freight industry came under pressure due to an extended period of volume contraction, EFL's global volumes remained stable during the year. Reviewing the trade lane performance, the Group continued to see encouraging progress on the Trans Pacific Trade lane whilst maintaining its position in the Indian Sub-Continent operations. The Far East operations too performed satisfactorily during the year, despite all the challenges. Our relentless focus on optimizing customer performance enabled us to retain our market positions. A focused customer acquisition strategy followed by the Group continued to produce excellent results enabling us to increase our reach in existing markets as well as break into new customer verticals. We were able to secure several new strategic customers gaining traction in the technology, automotive, pharmaceutical and perishable verticals. We were able to leverage on EFL's strong ground presence in East Asia to tap into the higher cargo flows originating from regional economies which appeared to be benefitting from the strained US-China trade relations.

Hanif Yusoof - *Group CEO*

GROUP CEO'S REVIEW (contd.)

Meanwhile in the midst of yield volatility caused by price fluctuations and capacity challenges in the global freight industry, we mobilized to consolidate EFL's air freight operations, while applying yield management strategies to safeguard margins in the sea freight operation. Reinforced by these efforts, the Logistics sector recorded a 7% year-on-year increase in gross profits and ended the year with a operating profits (excluding legal settlement expenses) of Rs. 2.2 billion excluding the one-time legal settlement and relevant fees thereon. One of the key developments during the year was the decision the Group took to resolve the legal dispute with RCS Logistics, where a full and final payment of USD 6.75 million was made without the acceptance of any liability. This decision was taken with a view to enable EFL to focus on its core business operations, expansion initiatives and expedite the implementation of the company's key strategic objectives.

Taking steps to expand EFL's global reach, new operations were set up in Denmark and a strategic acquisition was made in Belgium, adding considerable boost to our bandwidth in the European region. EFL was also established an operation in Taiwan, which has enabled the company to optimize its presence in the East Asia market and take advantage of the opportunities in the vibrant and growth-oriented region. The market expansion initiatives were undertaken after careful consideration in order to implement our strategic initiatives accordingly.

The Group also made headway in the implementation of our planned digitization initiatives for the logistics sector, where we completed the implementation of the ERP platform across the network. We are now looking to leverage on the ERP platform to drive greater efficiency across our global logistics management model.

The Group's leisure sector too performed satisfactorily in 2019/20. The Corporate travel segment, which accounts for a larger portion of the leisure sector operation performed as per expectations despite increasing competitive pressure.

However, the leisure sector was unable to overcome negative headwinds in its Inbound and Vacation segments. Both segments suffered due to the slowdown in tourist arrivals after the Easter Sunday attacks in April 2019. The closure of the airport following the COVID-19 pandemic in March 2020 also had a bearing on inbound travel in the last few weeks of the financial year.

The strategy for the Group's Investment sector in 2019/20 was much the same as in the last few years. Continuous reassessment of the sector portfolio was carried out with the aim of driving operational and cost efficiencies for the sector's key business segments - the Group's export operations and ITX 360, the Group's IT arm.

THE GROUP RECORDED A 6% YEAR-ON-YEAR INCREASE IN GROSS PROFITS

Over Rs. 103Bn
REVENUE

SUSTAINABILITY INITIATIVES

Having made a commitment to the UN Sustainability Development Goals (SDG's) in 2018, we made some important strides in advancing our sustainability agenda in the year under review. We launched several major projects under the Global Goodness initiative. Some of them are long-term undertakings which will underpin the Group's contribution to Clean Water and Sanitation, and the 'Revive Bundala Project' which is a significant step in our efforts to support Life on Land.

CURRENT OPERATING CLIMATE

The fight against COVID-19 has also presented EFL with an opportunity to move higher volumes of Personal Protective Equipment (PPE) cargo. Furthermore, the fact that EFL was able to offer an uninterrupted service to all customers despite COVID-19 lockdown restrictions, will no doubt hold the company in a good position as we continue to focus on reinforcing our key markets around the world and optimize business operations by diversifying into different verticals and markets. The negative impact to the Group was greatly mitigated by continuing to be nimble and agile and pursuing available opportunities aggressively. In addition, the Group also undertook several short-term cost containment initiatives which further enabled the organization to overcome the challenges posed.

With the COVID-19 pandemic still evolving, it is difficult to predict the impact on the leisure sector. I am hopeful however that if the travel bans and other restrictions are lifted in the coming months, it will help the Corporate travel segment to normalize by early 2021.

In the Group's investment sector, specifically the export operation continued to function in a volatile operating environment due to lockdown restrictions which were stringent in its key export markets. Our focus here has been to improve liquidity and manage costs.

Expolanka Group will continue to stay agile managing the potential impact of the COVID-19 outbreak on our global and local business operations, while continuing to serve all our customers in the most efficient and effective manner. Our priorities will be to maintain the health & safety of all our employees, while strengthening the core business.

MOVING AHEAD

As we enter the new Financial Year with expected easing of lockdown restrictions in each of our global locations we will align our operations in the most efficient, effective and agile manner to provide services to our customers and business partners.

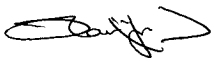
APPRECIATIONS

I wish to express my sincere thanks to the Chairman and the Board of Directors of Expolanka Holdings PLC for their unfailing support and guidance at all times. I would also like to take this opportunity to thank our outgoing Chairman, Mr. Naosuke Kawasaki, who has been at the helm for the past 3 years. His support has been a source of strength to us all these past few years. A warm welcome to our incoming Chairman, Mr. Hitoshi Kanahori, who will lead the Expolanka Group Board from 01 July 2020.

Let me also place on record my appreciation for services rendered by Mr. Yoshifumi Matsubara and Mr. Motonori Matsuzono, who resigned from the Board from 30 June 2020. I wish to welcome Mr. Ha Yo and Mr. Akira Oyama who will join the Board from 01 July 2020.

My sincere appreciation goes to our parent, SG Holdings Global Pte Ltd, for their steadfast support over the years. The commitment they have shown towards the Expolanka Group continues to inspire us to reach for new heights in the years to come.

I wish to extend my heartfelt gratitude to the Expolanka team around the world for their commitment and dedication at all times. My heartfelt gratitude also goes to our shareholders. I am immensely grateful for your continued support and confidence. Finally, I wish to thank the customers, business partners and other stakeholders of the Group for their continued patronage. I look forward to your support in the coming years as well.



Hanif Yusoof
Group CEO

BOARD OF DIRECTORS

[GRI 405-1]

Mr. Naosuke Kawasaki

Chairman

Mr. Naosuke Kawasaki graduated from the Department of Law at Kyoto University in 1977, and started his career at the Bank of Tokyo Ltd. (the MUFG Bank, Ltd). In a career spanning over 40 years, he has held several senior management positions and directorships in financial services and logistics companies. He has been the Managing Director of SG Holdings Global PTE. LTD., Singapore, since March 2013.

Mr. Hanif Yusoof

Executive Director and Group CEO

Mr. Hanif Yusoof is one of the founding members of the group and as the Group CEO helped transform Expolanka into a leading multinational in Sri Lanka. He is also the founder and the President of EFL - an international supply chain company present in 23 countries, generating $725Mn+ in revenue, leading a team of over 2,900 staff with over 25 nationalities. He is a graduate of the Stanford International Management Program. An industry expert, he is an advisor to the government, regulatory authorities & various professional bodies and a key contributor at various business forums providing insights on the industry & economy.

His enterprising nature has led him to be well admired and he was the recipient of the 'Asia Pacific Entrepreneurship Special Achievement Award' by Enterprise Asia. Other notable achievement include receiving the Governor's award for 'Global Commerce Excellence' in light of contributions to the Sri Lankan economy by the Central Bank of Sri Lanka and being awarded the "'The Outstanding Young Persons - TOYP Award" in 1998 for his entrepreneurial accomplishments.

Mr. Yoshifumi Matsubara

Executive, Non-Independent Director

Mr. Yoshifumi Matsubara is a graduate from the Department of Law at Waseda University. He was appointed as a Director of SG Holdings Global PTE., LTD., Singapore, when the Company was established in 2013. He joined SG Holdings, Japan in July 2012. Prior to that Mr. Matsubara has worked for more than 30 years in sales and marketing and has been posted in several countries in Asia, namely Philippines, Vietnam and Thailand.

Mr. Motonori Matsuzono

Non-Executive, Non-Independent Director

Mr. Motonori Matsuzono is a graduate of the Business Administration Department of Kobe University. He is currently the Director of SG Holdings Global PTE. LTD. Prior to joining SG Holdings Global Pte. Ltd, he has held several management positions at Nippon Sheet Glass Group and its overseas subsidiaries in the Finance and Accounting area over a span of 27 years.

Mr. Sanjay Kulatunga

Non-Executive, Independent Director

Mr. Sanjay Kulatunga is a Chartered Financial Analyst (CFA). He also holds an MBA from the University of Chicago 'Booth School of Business'. Mr. Kulatunga has an established record as a founder and an Executive Director in industries ranging from Finance to Export manufacturing and is a member of the Board Of Investment (BOI) of Sri Lanka. He has also served in the Financial Sector Stability Consultative Committee of the Central Bank of Sri Lanka and the Securities Exchange Commission (SEC) of Sri Lanka.

Mr. Harsha Amarasekera P.C.

Non-Executive, Independent Director

Mr. Harsha Amarasekera, President Counsel is a leading light 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 CIC Holdings PLC (Chairman), Swisstek (Ceylon) PLC (Chairman), & Swisstek Aluminium Limited (Chairman) Vallibel One PLC, Royal Ceramics Lanka PLC, Chevron Lubricants Lanka PLC, Ambeon Capital PLC, Amaya Leisure PLC and Vallibel Power Erathna PLC. He is also the Chairman of CIC Agri Business (Private) Limited.

SENIOR MANAGEMENT TEAM

Mr. Jagath Pathirane

Director / CEO – Expolanka Freight (Pvt) Ltd and Chief Administrative Officer of Expolanka Holdings PLC and EFL Headquarters (Pvt) Ltd

Jagath Pathirane is an immediate past Chairman of the Sri Lanka Logistics & Freight Forwarders Association (SLFFA). He is a member of the Advisory Committee on Logistics of the Export Development Board (EDB) taking an active role in the National Export Strategy (NES) on Logistics Policy and Infrastructure Development of the country. He also sits in the logistics advisory panel viz. National Advisory Council (NAC) of the Ceylon Chamber of Commerce. He represents Expolanka Holdings PLC and Sri Lanka Logistics and Freight Forwarding Association (SLFFA) as a member of the Committee of the Ceylon Chamber of Commerce.

He served as a Mentor at the Moratuwa University mentoring programme and has represented the company and the country at many national and international forums.

Mr. Senthilnathan Shanmugam

CEO - EFL Headquarters (Pvt) Ltd

Senthilnathan Shanmugam, Group CEO of EFL is an industry veteran with over 35 years of experience. His career spans across USA, India, Bangladesh and Sri Lanka. Under his leadership, EFL expanded its operational presence to a multitude of markets, including Denmark and Belgium in recent times. Through his guidance and stewardship, EFL India has grown to where it is today. Similarly, between his responsibilities at EFL India, and EFL HQ, he manages critical responsibilities which are directly attributable to the transformation of EFL to a global logistics and supply chain brand.

A visionary with a firm belief in technology and R&D, he invests in future leaders who will shape next-generation supply chain solutions.

Mr. 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 the 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 a number of different industries.

Mr. Saif Yusoof

Managing Director – Expolanka Freight (Pvt) Ltd, Classic Travel (Pvt) Ltd and ITX 360 (Pvt) Ltd

Mr. Saif Yusoof holds industry experience of over 10 years. He holds a Diploma in Business Studies and obtained a BBA from the Western Michigan University specialising in Integrated Supply Management. He also completed executive education at Harvard, INSEAD and MIT. He is a member of the Council of Supply Chain Management professionals.

Mr. Suresh Mendis

CEO - Classic Travel (Pvt) Ltd

Mr. Suresh Mendis has an IATA worldwide qualification issued by Air Lanka, along with an ACMA Foundation 'A' qualification, with a career spanning over 40 years in the industry. He is a Past President of the International Air Transport Association (IATA) Agents Association of Sri Lanka, a post he has held for two consecutive terms. He is also a Council Representative of both IATA Agents Association and the Travel Agents Association for the current period.

Mr. Kanishka Wijesinghe

CEO- E A M Global (Pvt) Ltd (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)

SENIOR MANAGEMENT TEAM (contd.)

Mr. Shantanu Nagpal

Director of Strategic Planning and Business Development, Expolanka Holdings PLC

Mr. Shantanu Nagpal has a Bachelor's degree in Philosophy Politics and Economics at Oxford (Chevening Scholar) and holds an MBA from INSEAD in France (Misys Scholar). He has over 23 years of professional experience.

Mr. Imdadh Marikar

Director/ CEO - Expolanka (Pvt) Limited

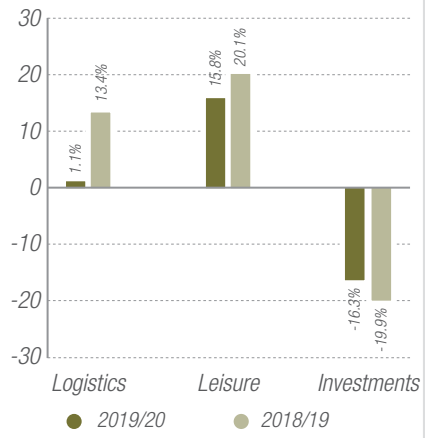
Mr. Imdadh Marikar holds a Professional Post Graduate Diploma from Chartered Institute of Marketing (CIM,UK); a Bachelor's degree on Management & Information Systems from the University of London, UK; and an MBA from the University of Southern Queensland, Australia. He has over 15 years of years' experience in Food Processing & International Trade, exporting products for many regions in the world.

He has been appointed to serve on the Advisory Committee on 'Processed Food & Beverages' for a period of 3 years by the Hon Minister of Development Strategies & International Trade, under the provision of the EDB act.

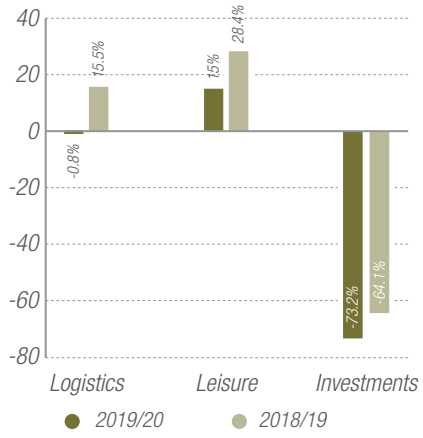
Presently serves as the Vice President to the Lanka Fruit & Vegetable Producers, Processors and Exporters Association (LFVPPEA)

FINANCIAL INDICATORS

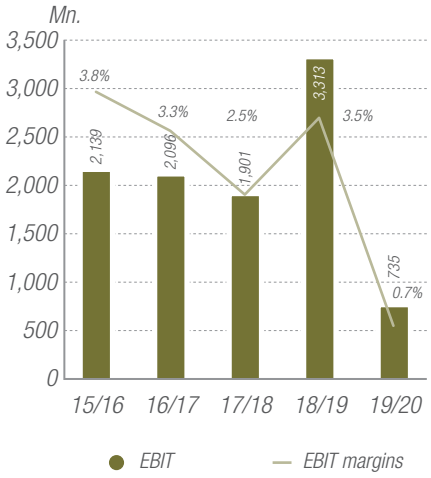
Industry Group ROCE Comparison



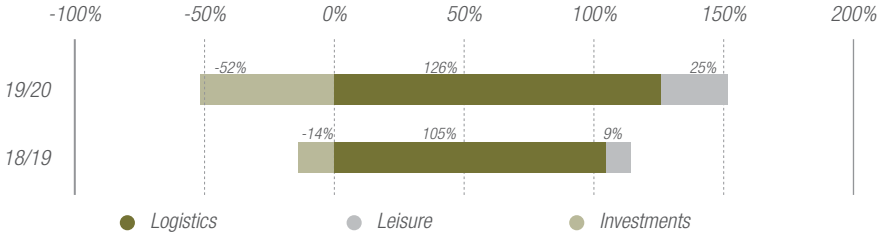
Industry Group ROE Comparison



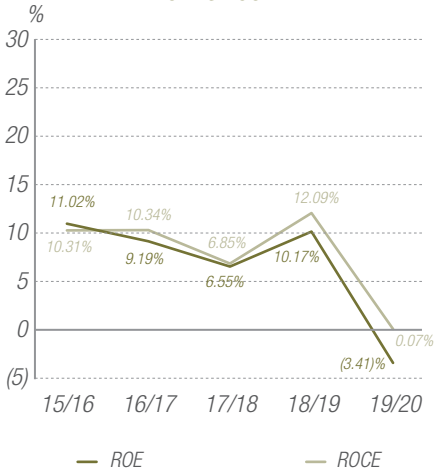
EBIT & EBIT Margin



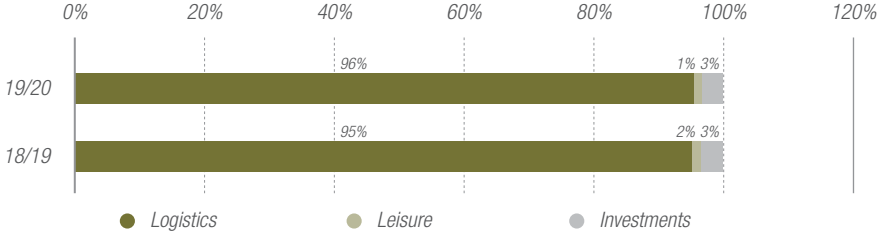
EBIT Composition



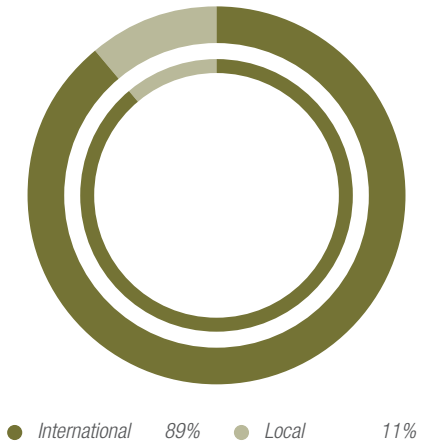
ROE Vs ROCE



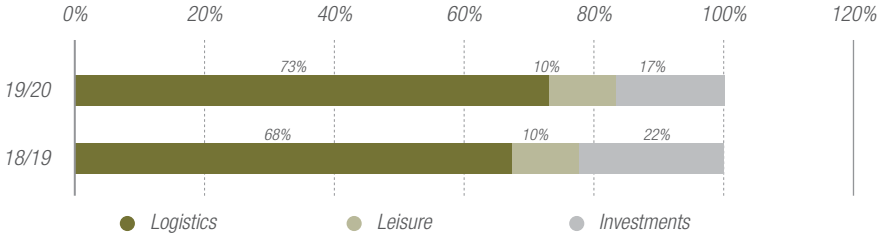
Revenue Composition



Revenue



Finance Cost Composition



GROUP PERFORMANCE

Description	2019/20	2018/19	Change	Comments
Revenue	103,245,670,750	95,454,911,468	8%	The Expolanka Group reached a historically significant milestone as Revenue for the Current financial year crossed the Rs. 100Bn mark to touch Rs. 103BN in 2019/20, which also incidentally signals a 8% YOY Revenue growth over the previous financial year. The performance is a reflection of the Group's consistent and continued strategy in focusing on its core operations. The Logistics Sector was the main contributor to the above, generated Revenue of Rs. 98.7 BN. The sector was able to maintain its growth momentum despite a relatively soft market which was impacted by various external factors causing a drop in global trade growth. The Air Freight segment of the business remained stable, whilst the Ocean Freight segment registered robust growth during the year. The warehouse & transport business also continued to make positive strides during the year. The Group's Leisure Sector meanwhile performed admirably notwithstanding major challenges. The Leisure sectors' core business - the corporate travel segment demonstrated its resilience by continuing to grow during the year. The Investment Sector meanwhile was able to contribute Rs. 3.2 BN of Revenue for the year.
Gross Profit	19,182,682,747	18,099,589,502	6%	Proactive steps to manage margins enabled the Group to generate a Gross Profit of Rs. 19.1BN (+6% YoY). The Logistics Sector was able to retain operating yields across both its key product portfolio's Air & Ocean thanks to the quick action to broad base carrier partnerships and optimize the mix in capacity availability, all of which enabled the sector to mitigate specific challenges and improve yields. Meanwhile, the strong focus on Value-added services allowed the warehouse & transport business to improve its margins during the year, while the Corporate travel business too continued to focus on its service capabilities in order to record stable margins.
EBIT	735,423,582	3,312,929,114	-78%	The Group recorded an EBIT of Rs. 735MN for the year. This is after a one-time legal settlement and fees of Rs. 1.5BN which led to a significant increase in operating overheads for the year. The Legal settlement brought to a conclusion, a 2 year dispute between the Expolanka Group and RCS Logistics, a US based Logistics company. The Settlement was made without accepting any liability and enabled the Group to focus on its expansion and strategic initiatives. The other operating overhead increase was primarily a result of impacts on exchange rate coupled with investments in the far east markets to establish infrastructure for long term growth.
Finance Charges	(455,321,573)	(239,693,976)	90%	A significant component of the increase of Finance charges is a result of adopting SLFRS 16 accounting standards. Higher working capital requirements and increased borrowing to facilitate future expansion initiatives were also partly responsible for the increase in Finance charges.
Profit for the year	(437,936,347)	1,908,844,832	-123%	The reduction in PAT for the year is primarily due to the increase in overheads which has been identified above and the reduction in other income. Steps have been taken by the Group to mitigate some of the above impacts during the current financial year
ROCE	0.07%	10.17%		The drop in ROCE is mainly influenced by the drop in EBIT. Capital infusions made during the year to facilitate future growth, were also partly responsible for lowering the Group's ROCE for 2019/20. Going forward, the Group remains committed to work towards optimizing its capital structure with the aim of delivering improved returns to the shareholders
ROE	-3.41%	12.09%		The drop in ROE is the result of the drop in PAT. As explained above the lower PAT is largely due to the one off legal settlement. The Group will continue to pursue efficiencies, optimize investment returns and improve working capital management to strengthen ROE in the long term

GROUP STRATEGY

Having completed a comprehensive restructuring exercise in 2015, the Expolanka Group strategy has since been firmly anchored to its two core businesses - logistics and travel. The Group's strategy for the medium to long term would continue to focus on scaling up the logistics operation to boost EFL's profile as a fully fledged logistics solutions provider with a strong global reach, alongside efforts to further strengthen the Group's leisure brand "Classic Travel". As part of this overall strategy, the Group will remain open to pursuing both organic and inorganic growth opportunities for EFL and Classic Travel.

Moreover to ensure the focus remains strictly on logistics and travel businesses, the Group will seek to further rationalize its portfolio over the next few years, which may often require divesting from peripheral, non-core businesses that do not complement the Group's broader vision for the future.

OUR GROUP STRATEGY

	Revenue Growth	Profit Growth	Higher ROE
	Sectors	Logistics	Leisure
Strategic Value Drivers	• Client Acquisition • Efficiency Improvement • Margin Management • Network Management • Strategic Investments • Technology Adoption • Trade Lane Optimisation • Working Capital Management		• Consolidate Market Leadership • Cross Selling • New Customer Acquisition • Optimise End-To-End Serviceability • Strengthen Captive Markets • Specialisation In Identified High-Growth Verticals • Technology-Driven Service Model

OUR SUPPLY CHAIN [GRI 102-9]

Through our subsidiaries' operations in the sectors of logistics, leisure and investments, we engage with a large number of suppliers across various sectors. As part of the sustainability framework, we are actively working with all suppliers to ensure sustainability of the supply chain. This is mainly the case in the logistics sector where we partner with carriers to meet the increasing requirements of customers.

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			✓

ORGANISATIONAL STRUCTURE

- Air Freight
- Sea Freight
- Logistics
- Warehousing
- Transportation
- General Sales Agents

- Outbound Leisure and Corporate Travel
- Destination Management
- Corporate Travel

- Corporate Services
- IT Solutions
- Export of;
  - Desiccated Coconut
  - Selected Fruits and Vegetables
  - Value added processing

GROUP REVENUE EXCEEDS

Rs. 100 Bn

REVENUE INCREASE OF

8 %

GROSS PROFIT INCREASE OF

6 %

OPERATING PROFIT

(excluding legal settlement expenses)

Rs. 2.2 Bn

AIR IMPORTS VOLUME GROWTH

6 %

OCEAN EXPORTS VOLUME GROWTH

9 %

EXPORT BUSINESS PROFITABILITY

Rs. 33 Mn

ONE-TIME LEGAL SETTLEMENT & FEES

Rs. 1.5 Bn

EXTERNAL INITIATIVES ADAPTED BY THE GROUP [GRI 102-12]

- The International Integrated Reporting (IR) framework of 2013
- GRI - Global Reporting Initiative
- United Nations Sustainable Development Goals (UNSDGs)
- The Companies Act of 2007 (Sri Lanka)
- Listing rules of the CSE
- The Code of Best Practice on Corporate Governance for public listed companies, jointly issued by The Institute of Chartered Accountants of Sri Lanka, The Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange.

MEMBERSHIP AND ASSOCIATIONS [GRI 102-13]

Expolanka Holdings PLC

- Corporate Social Responsibility - Sri Lanka (CSR - SL)
- Bio Diversity - Sri Lanka

EFL (Expolanka Freight (Pvt) Ltd)

- American Chamber of Commerce in Sri Lanka
- Air and Ocean Partners (AOP)
- Clean Cargo Working Group (CCWG)
- European Chamber of Commerce
- Global Logistics Emissions Council (GLEC)
- International Federation Freight Forwarders Associations (FIATA)
- International Air Transport Association (IATA)
- UNGC - United Nation Global Compact
- Sri Lanka Freight Forwarders Association
- World Cargo Alliance (WCA)
- Sustainable Air Freight Alliance (SAFA)
- Green Freight Asia (GFA)

Expolanka (Pvt) Ltd

- National Chamber of Exporters of Sri Lanka
- The Ceylon Chamber of Commerce
- Sri Lanka - Pakistan Business Association
- Sri Lanka - Indonesia Business Association
- Sri Lanka Food Processors Association
- Lanka Fruits & Vegetables Producers, Processors & Exporters Association
- Sri Lanka Institute of Directors Coconut Products Traders Association

Classic Travel (Pvt) Ltd

- International Air Transport Association (IATA)
- Travel Agents Association of Sri Lanka (TAASL)

CERTIFICATIONS

Expolanka Freight Ltd

- Certified Customs - Trade Partnership against Terrorism (C-TPAT)
- ISO 9001:2008 Quality Management Systems Certification - SGS United Kingdom
- ISO 14001 - Environmental Management Systems
- Green House Gas Emissions Certification
- Leadership in Energy and Environmental Design (LEED) - Gold
- OHSAS 18000: 2007 Occupational Health and Safety Management Systems.

Expolanka (Pvt) Ltd

- Organic EU (European Agricultural Standards)
- USDA (United States Agricultural Standards)

SUSTAINABILITY STRATEGY

EXPOLANKA GROUP SUSTAINABILITY STRATEGY

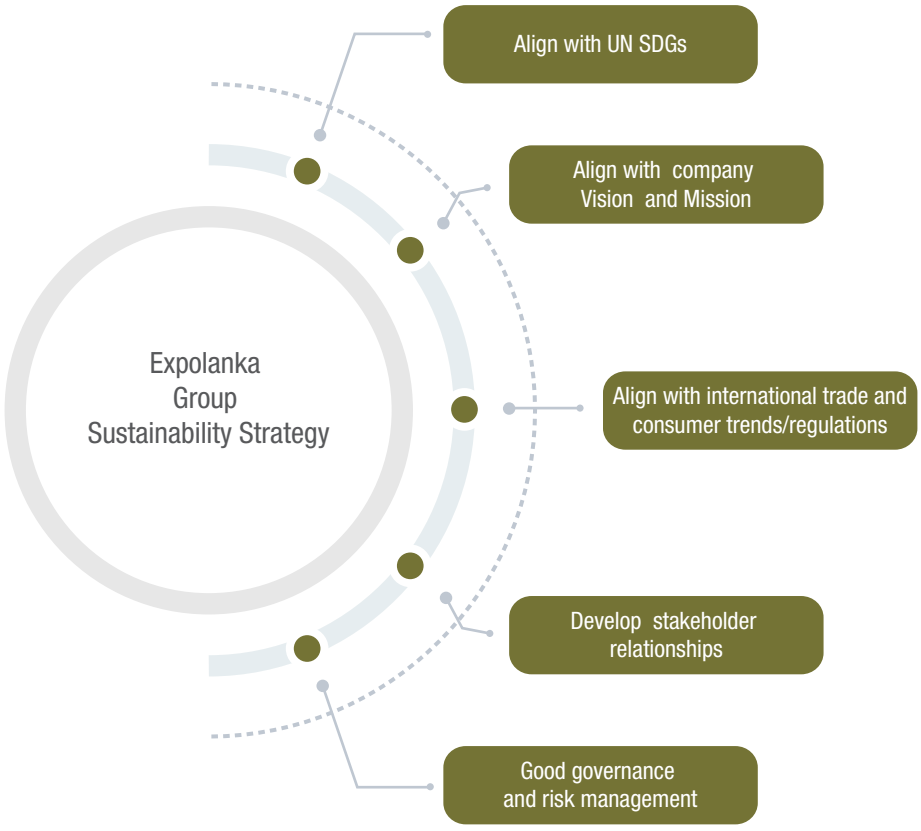
The Expolanka Group sustainability strategy has been developed in line with the Group's vision for the future and also to accommodate the UN SDG expectations from corporates. The Group vision is cascaded down to all companies in the Expolanka Group and is operationalised at all locations through a framework of strategic drivers.

Our key objective is to ensure sustained and sustainable value creation for all stakeholders through greater accountability, not only towards financial growth, but also towards the environment and wider society. As our core business and the largest economic entity within the Group, EFL plays a key role in the Group's sustainability strategy. The sustainability focus for the financial year was to operationalise SDG's at different EFL locations while responding better to customer perceptions and expectations of sustainability.

SUSTAINABILITY GOVERNANCE [GRI 102-18]

In addition to our policies, we also have in place an Integrated Sustainability Governance model to strengthen our overall framework. At the highest-level, The Chairman and CEO provide stewardship and guidance for the Group's sustainability policy, and strategy while the sustainability and CSR team identifies, assesses and implements Expolanka's corporate sustainability agenda and ensures best practices are followed in the day-to-day execution of these strategies.

Spearheaded by the Chief administration Officer along with the Global Sustainability Lead, the team is also tasked with maintaining a transparent reporting framework that provides stakeholders with information regarding the progress made in achieving sustainability goals.



MATERIAL TOPICS AND TOPIC BOUNDARIES

[GRI 102-46, 102-47]

IDENTIFYING MATERIAL DISCLOSURES

The material topics selected for disclosure in this report were decided by the Senior Management, under the guidance of the Group CEO.

Material topics were identified by:

1. Identifying general subjects under the areas of community, economic, employees, environment, suppliers and governance, that were deemed high in Materiality to our key stakeholder clusters and also to the Group.
2. Defining topic boundaries in the process of understanding what clusters were impacted by the identified subject areas.
3. Matching these subject areas against dislosures of the GRI standards 2016.

SCOPE OF MATERIAL TOPICS

COMMUNITY

- Local Development

ENVIRONMENT

- Greenhouse Gas Emissions
- Effluent and Waste

GOVERNANCE

- Anti-corruption
- Privacy and Data Protection

ECONOMIC

- Economic Performance
- Market Presence

SUPPLIERS

- Supplier Social Standards
- Anti-Competitive Behaviour

EMPLOYEES

- Remuneration and Benefits
- Recruitment and Retention
- Health, Safety and Well Being
- Human Rights
- Diversity and Inclusion
- Training and Development

MATERIAL TOPICS AND TOPIC BOUNDARIES (contd.)

List of material topics and topic boundaries and Management Approach [GRI 103-1, 103-2, 103-3]

GRI Disclosure	Description	GRI 103 Management Approach Disclosures		
		GRI 103-1 : Why the topic is material and topic boundary.	GRI 103-2 : Management Approach	GRI 103-3 : Evaluation of the management approach
201	Economic Performance	Expolanka Holdings has a wide network of stakeholders that benefit from the economic value generated. These include but are not limited to: • Shareholders • Employees • Different governments that receive tax payments • Customers • Suppliers	All financial policies and decisions require prior Board approval. A formal investor policy is in place regarding dividends and shareholder returns. Annual budgets and financial targets are linked to mid term strategies that take into account the distribution of economic value among stakeholders.	The internal control system for financial risk management includes: 1. A Board Audit sub committee 2. Internal audit division 3. Periodic internal audits 4. Annual external audits 5. New ERP system for greater financial transparency
202	Market Presence	Expolanka companies comply with all local and international labour laws and believe that taking care of employees will motivate them. The topic boundary is our employees at all levels in all our offices.	The Company has a Board approved policy on human resources, which covers benefit plans and recruitment. The company also has a full time compliance officer to ensure company policies comply with labour laws in different countries.	We have not faced any fines or penalties for non-compliance of labour laws in any country that we operate, which indicates the legal effectiveness of our system.
205	Anti-Corruption	We deal with many regulatory authorities and bodies and we aim to promote best ethical practices. As a compliant organisation we do not engage in anti-competitive behaviour. Any such action would tarnish our reputation hurting the Company and shareholders.	The Group has a Pledge document which is signed by every employee to abide by the policies and procedures. As a compliant organisation we do not engage in anti-competitive behaviour. Any such action would tarnish our reputation hurting the Company and shareholders.	The "Pledge", which is key driver of the Expo Group Code of Conduct, is a comprehensive document that offers guidance on conduct in the workplace. This covers matters such as human rights, safety, whistle blowing etc. "Pledge" also includes specific procedures to prevent conflict of interest, bribery and corruption and also covers post-termination procedure in order to protect the information security and confidentiality.
305	Emissions	With core business interests in logistics and leisure, the Group's activities are primarily service-oriented and have a significant direct impact on the environment.	Expo has a formal Board approved policy commitment towards environmental sustainability for operations anywhere in the world.	The annual audits carried out under ISO 14064 guidelines help determine the emissions of the Logistics sector and the Group looks forward to increase this ISO Certification Globally.
306	Effluents and Waste	The Group's core businesses are highly paper intensive, thereby generating large volumes of paper waste on a daily basis.	Group has a strict policy on paper use alongside a focused effort to invest in process digitalisation.	Emphasising the commitment towards responsible disposal of waste where all paper waste is sent for recycling.

GRI Disclosure	Description	GRI 103 Management Approach Disclosures		
		GRI 103-1 : Why the topic is material and topic boundary.	GRI 103-2 : Management Approach	GRI 103-3 : Evaluation of the management approach
307	Non-compliance with environmental laws and regulations	This would directly impact the Company's reputation, brand image, as well as employee and shareholder benefits through fines and loss of licenses.	We strive to minimise and mitigate the impact of its operations on the environment in a sensible, innovative and legally compliant manner.	We have not faced any fines or penalties for non compliance of environmental regulations in any country that we operate, which indicates the legal effectiveness of our system.
308	Supplier Environment Assessment	This is material as it impacts the sustainability of the entire supply-chain, as the Expo Group relies mostly on its suppliers.	There is a Supplier Code of Conduct questionnaire to screen our suppliers based on environmental criteria's.	The suppliers will be rated and evaluated based on the responses of the questionnaire.
401	Employment	Employees are the core strength of the Group.	The Group leverages on its global vision and progressive, growth-centric culture to strengthen employer branding and position Expo as an employer of choice. All performance evaluations and disputes/ grievances are managed at Group level by a centralized HR Team.	The effectiveness of this approach is gauged by looking at actual performance against targets.
402	Labour / Management Relation	Maintainng good relations with emplyees ensures they are engaged and satisfied.	The Group has policies and procedures to manage labour relatiosn with the HR team tasked with communicating organizational changed to the staff.	The Group has not experienced any major organisational changes for the reporting period.
403	Occupational Health & Safety	Directly impacts the productivity of the employees.	The Company has a full time compliance officer to ensure company policies comply with labour laws in different countries. Health and safety committees are set up in all our operational locations in Sri Lanka. Health and safety training is mandatory and is conducted annually in Sri Lanka.	We have not faced any fines or penalties for non compliance in any country that we operate. All health and safety related incidents are monitored at all operational locations and reported.
404	Training and Education	We believe training contributes towards competitiveness and our training programmes target all employees in all our operational locations.	A skill gap analysis is conducted annually at all operational locations. Training is scheduled with the best resource personnel.	Effectiveness of our approach is measured by performance monitoring.
405	Diversity of governance bodies and employees	As a global entity we believe diversity is an important component of a sustainable business.	We believe that sound diversity practices contribute to positive results across the Group and as such remain committed to build an inclusive and engaging culture for all our employees by promoting diversity across all our operations.	By building an inclusive culture for our employees, we seek to develop empowered, motivated and customer focused employees. Who are inspired to innovate and collaborate in order to create the best possible solutions for our customers, our shareholders and the society in which we operate.

MATERIAL TOPICS AND TOPIC BOUNDARIES (contd.)

GRI Disclosure	Description	GRI 103 Management Approach Disclosures		
		GRI 103-1 : Why the topic is material and topic boundary.	GRI 103-2 : Management Approach	GRI 103-3 : Evaluation of the management approach
406	Incidents of discrimination and corrective actions taken	We are committed to providing a work environment free of discrimination throughout our Group.	In keeping up with the policy throughout the Group we do not tolerate any discrimination or harassment on the basis of religious belief, colour or any other status protected by law.	An open door grievance management system is in place and we record any complaints of discrimination.
408	Child labour	Relationships with our suppliers and company financials are also impacted by this material topic.	At the core, our aim is to ensure that each and every one of these employees are treated fairly, and with dignity and respect. In doing so, we seek to comply with globally accepted best practices for human rights practices such as those set out under the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work (ILO Declaration).	To date, we have not faced any legal action or received any complaints with regards to these issues.
409	Forced or compulsory labour			
412	Human rights assessments			
413	Local community	Our local community actions have beneficial impacts on communities in our operational locations.	The Global Goals projects were identified through country needs and alinged with the UN SDG's.	Our approach and project implementation will be evaluated by UN Global Compact.
414	Supplier Social Assessment	This is material as it impacts the sustainability of the entire supply-chain, as the Expo Group relies mostly on its suppliers.	We have developed a Supplier Code of Conduct Questionnaire to screen our suppliers based on social criterias.	The suppliers will be rated and evaluated based on the responses of the questionnaire.
416	Customer health and safety	The health and safety impacts of products and services have an internal boundary of our employees and an external boundary of our customers and local communities.	Expolanka complies with all health and safety regulations in all our operational locations.	We evaluate our approach by monitoring customer feedback regarding health and safety and also monitoring any legal concerns.
418	Customer privacy	This topic impacts the company and brand reputation and also our customers and regulators.	Epolanka has invested in full time legal experts rto advise the management regarding compliance matters. We have set up a dedicated external communications unit that monitors media reports in Sri Lanka regarding the company.	We evaluate our approach by monitoring all customer feedback, media reports and community feedback.

STAKEHOLDER ENGAGEMENT

[GRI 102-40]

As a global entity, the Expolanka Group interacts with a large number and diverse groups of stakeholders. Therefore, constructive and structured engagement is a prerequisite to understand the different, and sometimes conflicting, requirements of different stakeholders. Given the high potential impact from key stakeholders, stakeholder relationship building is essential for the long-term sustainability of the Group.

IDENTIFYING AND SELECTING STAKEHOLDERS [GRI 102-42]

We have adopted a structured approach to engage and involve stakeholders that allows us to build long term relationships. As part of the engagement process, we have established the following framework to identify stakeholders that we should engage with, based on their potential impacts on the Company.

LIST OF STAKEHOLDER GROUPS

Given below are the internal and external stakeholder groups that the Group deals with.

STAKEHOLDER ENGAGEMENT (contd.)

Approach to stakeholder engagement and key topics and concerns raised [GRI 102-43, 102-44]

Stakeholder	Sustainable Business objectives	Method of Engagement	Key Topics/Concerns/ Issues	Response
Regulators	Ensure full and timely compliance with all regulatory directives, at all operational locations, to eliminate risk of non-compliance penalties, loss of licenses and negative reputational impact.	• Maintain and submit relevant documentation to relevant authorities • Maintain operational transparency • Maintain international good governance practices	• Understand legal Requirements.	• Dedicated Corporate Legal Team.
Investors	To meet the confidence of the current & potential investors and maintain a balance between profits and the ability to sustain a long term, stable stream of earnings.	• Annual General Meeting • Investor Relations Team • Group website • Email access to management team.	• Better interaction • Enhance financial returns and investor wealth creation.	• Presentations to potential and current investors periodically. • Improved interactive website. • Regular email feedback of performance to investors who request same. • Implement best management practices to improve returns.
Customers	• To play the role of partner in the business success of customers. • To always serve customers with passion and dedication.	• Customer relationship management • Meetings with Senior Management • Daily interactions at operational level • Social events	• To enhance customer business outcomes through the offer of synergies drawn through business solutions. • Responsive interaction	• Dedicated customer response/account management teams. • Customer-specific service adaptations and customisations. • Overseas offices in 18 countries to enhance customer response. • International joint ventures and Strategic partnerships to offer greater value.
Employees	To foster a diverse talent pool that delivers superior and efficient performance whilst ensuring that such efficiency is not achieved at the expense of work-life balance, ethics or corporate values.	• Open door policy for communication throughout the Group - Daily • Round table discussions • Cross functional committees • Video conferencing • Performance revieiws • Online training modules and systems Ongoing • Grievance handling procedure • Online systems for HR and Training, Measurement and management of Key Performance Indicators • Employee suggestion schemes	• Inspiring employees to innovate.	• Events that bring together all employees together. • Group-wide committee that have representation from all sectors. • Programmes for employee suggestions, new thinking and employee involvement in system and process innovation.

Stakeholder	Sustainable Business objectives	Method of Engagement	Key Topics/Concerns/ Issues	Response
Suppliers	To balance cost considerations with sustainable procurement practices.	Supplier surveys for ongoing relationship management - Annually • Feedback evaluations • Registration of Suppliers • Procurement committees - Monthly Committees to address supplier appeals and grievances - As and when required	System for handling appeals and other grievances • Support micro suppliers	Appointment of committees to address supplier issues • New supplier registration criteria to support small scale operators
Community	Align operations with the UN SDGs and the UNGC goals to uplift communities around our workplace. Stringently observe all economic and social compliances at all operational locations.	• Community based projects • Employee involvement and volunteerism in community projects • Continuous dialogue	• Needs that emerged through constant dialogue with the community • Natural disasters	CSR projects • Disaster Relief • Clean Water Project
Environmental groups	Gradually align operations with the UN SDGs and the UNGC to promote environmental conservation mentality. Stringently observe all environmental compliance requirements in all operational locations. Comply with international environmental certifications Integrate environmentally friendly practices into daily operations behavior.	Report on progress of UN SDG environmental goals annually. Implement the P3 Sustainability System • Conduct awareness programmes • Meetings and Consultancy • Audits	Climate change	• Eco-friendly practices including 3R and 5R implementation • GHG calculation • Tree planting

STAKEHOLDER VALUE CREATION

EXPOLANKA CONTRIBUTIONS TO UNSDG

The SDG's were developed by the United Nations as a blueprint to achieve a more sustainable future for everyone around the world. These 17 goals that address some of the major global challenges including poverty, inequality, climate change, peace and justice, aim to connect countries, businesses and people to inspire them to work together towards achieving these goals by 2030.

Expolanka Holdings in 2019 adopted the UN SDG's as the foundation of all business operations. At an operational level, our logistics business - EFL, our leisure business - Classic Travels, and our investment arm Expolanka (Pvt) Limited, have all been aligned with the SDG's through the allocation of business-specific goals. Our commitments under the SDG's are discharged through our network of operational locations across the globe in the form of a range of social welfare programmes that have been identified according to the requirements of each country.

Given below are some examples of the Expolanka Group's contribution to the SDG's and economic, social and environmental value creation during the year as well as the linkage between our Capital Management and the SDG's.

	Capital	Definition	Inputs	Outcomes	Contribution to SDG's
Economic Dimension	Financial Page 33	Economic resources needed to finance daily business operations and growth	• Equity Capital • Debt Capital	• PAT • ROE • Dividend Payout Ratio	
	Manufactured Page 34	Physical and digital Infrastructure needed to carry out the respective businesses within the Group	• Strengthening Expo Group infrastructure • Growing EFL's Global Footprint • Investment in digital infrastructure • Expanding Warehousing Capacity • Strengthening Leisure Sector Infrastructure (physical and digital)	• End-to-end solutions for the customer • Improved business scale leading to higher returns for shareholders	
Social Dimension	Intellectual Page 35	The knowledge of the Group's senior management and intellectual property that provides a competitive advantage to grow the respective business	• Safeguarding Brand Reputation • Knowledge Management • Investing in Systems and Processes • Strategic Partnerships • Best Practices	• Consistent long-term Returns to shareholders • Best in-class experience for customers	
	Human Page 38	The knowledge, skills, talents and experience of people that determines the capacity of an organisation to accomplish its goals	• Recruitment and Retention • Remuneration and Benefits • Diversity and Inclusion • Human Rights Compliance • Training and Development • Employee Engagement • Employee Health, Safety and Wellbeing	• Job Satisfaction • Higher Remuneration • Better Benefits • Opportunities for career growth • Share in the intangible benefits associated with corporate growth • Better work life balance • Ability to upgrade lifestyle	
	Social and Relationship Page 50	Relationships with stakeholders that provide mutual benefit	• Customer Relationship Management • Supplier integration • Corporate Social Responsibility	• Access to the best in-class solutions (Customer) • Sustainable long-term business relationships (Supplier) • Elimination of Social inequalities (Community)	
Environmental Dimension	Natural Page 46	The natural resources consumed by the Group during the course of business	• Energy and Fuel Management • Greenhouse Gas (GHG) Emissions • Water Management • Material Resource use and Waste	Conservation of the environment for future generations	

CAPITAL MANAGEMENT REPORTS

[GRI 201-1]

FINANCIAL CAPITAL

VALUE CREATION

Economic Value Creation

We at Expolanka give utmost importance to our shareholders, employees and other stakeholders thereby ensuring that the Group's financial capital and the economic performance is sustainable. We believe that the success of our organisation depends on creating financial value to our shareholders, economic value to the economy, and repayment of borrowing from financial institutions and creating value to our employees.

Management Approach

We at Expolanka have adopted a value creation process that supports the well-being of the economy by ensuring that that all our business transactions create positive economic impact. This is strengthened by the Group's focus on having strong financial management, which will eventually increase the economic value.

We are committed to create value to our shareholders, which is also demonstrated in the Group's financial statements. A performance centric culture is created for our employees, thus opening avenues for increased efficiency and effectiveness by abiding.

ECONOMIC VALUE STATEMENT FOR 2019/20

For the year ended 31st March In Rs. Millions	Group Total 2019/20 Rs'millions	%	Logistics	Leisure	Investments	Group Total	Eliminations / Adjustments	Consolidated Group Total
Direct economic value generated								
Revenue	103,246	99.5%	118,853	1,265	3,724	123,842	(20,597)	103,246
Dividend income	2	0.0%	2,438	-	7	2,444	(2,442)	2
other operating and finance income	502	0.5%	900	16	36	951	(450)	502
Share of profit of an associate and Joint Venture	31	0.0%	1	11	-	12	19	31
Total Value Added	103,781	100%	122,191	1,292	3,767	127,250	(23,469)	103,781
Economic value distributed								
Operating costs	89,228	86.0%	106,777	525	3,290	110,592	(21,364)	89,228
Employee wages & benefits	11,303	10.9%	10,315	529	459	11,303	-	11,303
Payments to providers of funds	455	0.4%	2,756	47	83	2,886	(2,431)	455
Payments to government	1,611	1.6%	1,438	83	33	1,553	58	1,611
Total Distributed	102,597	98.9%	121,285	1,183	3,865	126,333	(23,736)	102,597
Economic value retained								
Depreciation & Amortisation	1,622	1.6%	942	60	88	1,091	531	1,622
Profit after dividends	(438)	-0.4%	(36)	48	(186)	(175)	(263)	(438)
Retained for reinvestment/growth	1,184	1.1%	906	108	(98)	916	268	1,184

CAPITAL MANAGEMENT REPORTS (contd.)

MANUFACTURED CAPITAL

The Group's manufactured capital consists of moveable and immovable assets spread across 18 countries. These global assets primarily fall under EFL, the logistics company. The key manufactured assets of the Group are;

- EFL stations: Over 60 office premises in 18 different countries under rental agreements
- The EFL Campus: This is a fully owned asset of the Group
- Warehouses: These are rental premises located across the globe
- Offices of Classic Travels : Fully owned assets

MANAGEMENT APPROACH

The Expo Group's policy towards manufactured capital is adoption of an asset-lite model, where the Group does not invest in constructing or purchasing premises. Instead the Group enters into long term rental agreements. This approach offers greater flexibility and the ability to accelerate scalability in the long term.

CHANGES TO MANUFACTURED CAPITAL BASE

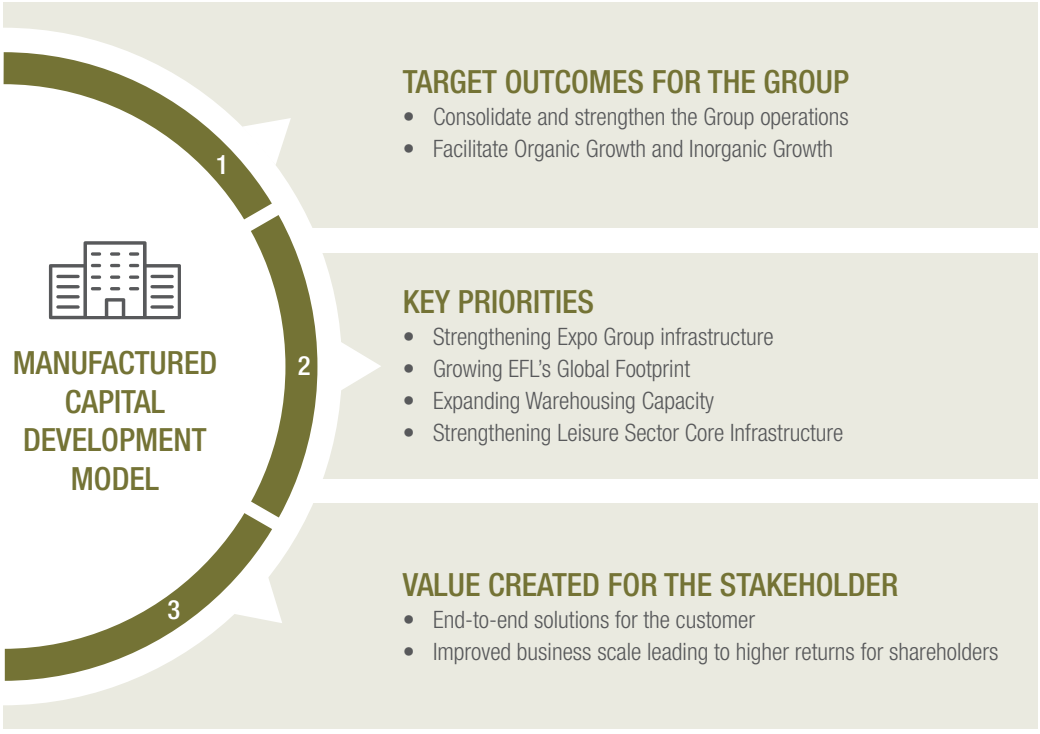
During the financial year 2019/20, the Expolanka Group added value to its manufactured capital base through the addition of new office space and/or changes to existing offices to improve the capital value. The major changes include:

EFL Branches

- New EFL offices were set up in New Delhi, Belgium and Denmark

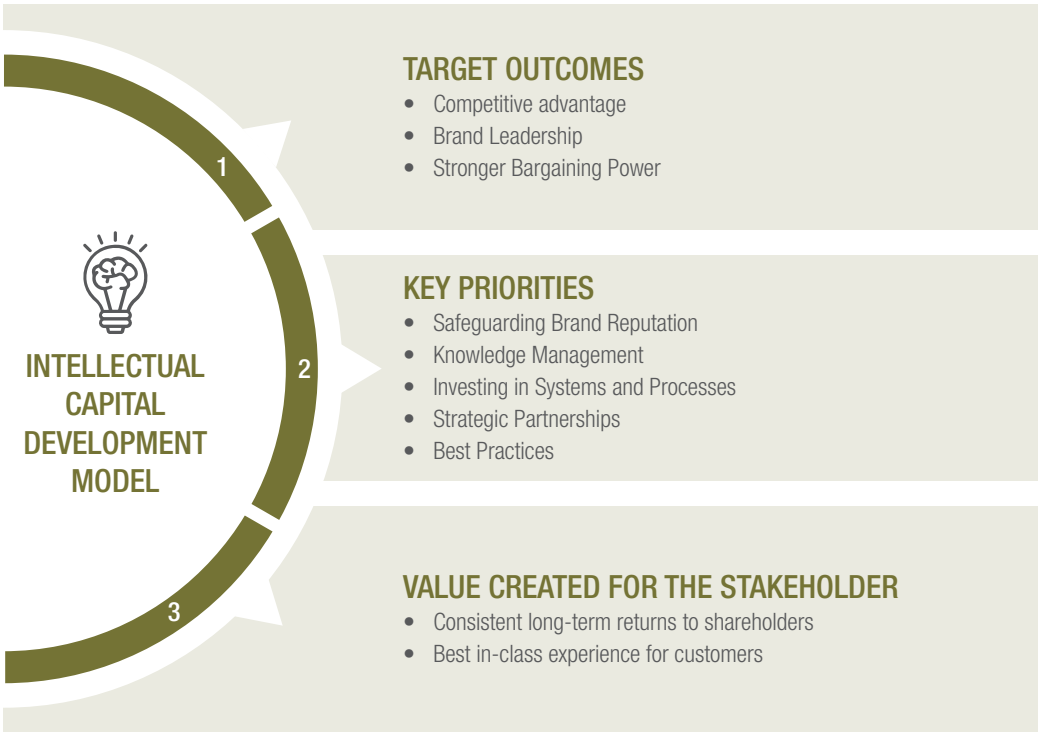
Classic Travel Branches

- Orion City branch is our newest addition



INTELLECTUAL CAPITAL

Intellectual Capital consists of the characteristics unique to the Expolanka group– our brand portfolio, market knowledge, systems and processes; that form the basis of our competitive edge over peers.



CAPITAL MANAGEMENT REPORTS (contd.)

Intellectual Capital

EFL's brand value remains the single largest component of the Group's Intellectual Capital. Being a global brand, it is what underpins our competitive advantage and drives our growth ambitions. Strengthening EFL's brand equity is therefore a critical priority for the Group.

The Group's leisure brand "Classic" also commands a substantial equity in Sri Lanka's travel industry, which has prompted ongoing investments to build brand value as a key growth lever for the future.

Accordingly, ongoing intellectual capital inputs aim to strengthen these two core brands through investments in technology, software and also through strategic partnerships that augment each core brand proposition. At the same time, investments are also made to expand the Group's shared services model as a commercial proposition.

EXPOLANKA HOLDINGS PLC CORPORATE MANAGEMENT SYSTEM

Improvements to these areas remain an ongoing priority, prompting considerable investments each year to strengthen these aspects. The most notable development in the year under review was the investment to automate the Corporate Governance processes of Expolanka Holdings PLC and its subsidiaries including all EFL stations around the world. Developed by ITX360, the fully-fledged Corporate Management System (CMS) contains a total of seven key modules including:

- Board of Directors (BOD)
- Grant of Authority (GOA)
- Compliance Report
- Share Structures
- Agreements
- Litigation List
- J-SOX

HIGHJUMP – ORACLE CLOUD INFRASTRUCTURE (OCI) MIGRATION

Recognized globally as the Gold standard in Warehouse Management Solutions, Highjump is a fully fledged 360 degree Warehouse Management Solution, that provides multiple benefits for both the warehouse operation as well its customer base, through better management of Warehouse space, Yard utilization, labour optimization, efficient billing management, customized Progress Dashboards etc.

As the first logistics service provider in the subcontinent to successfully complete the roll out this dynamic HighJump platform, EFL has first-mover advantage in the market. In addition the new Oracle Cloud Infrastructure (OCI) migration was fully rolled out in December 2019 and continues to deliver good results. Being one of the most robust warehouse management platforms currently available in the market, OIC provides a 3PL dashboard with the visibility of client wise profitability which further complements the visibility offered by the Tier 1 Highjump software. Together they provide a considerable advantage for the cluster in delivering a range of value-added services to meet the increasingly complex needs of its core customer base – South Asia's apparel sector.

TRAVEL PORTAL AND VISA SYSTEM FOR CLASSIC TRAVELS

The Classic Travel Portal system is a web-based platform covering travel request management and approval, Travel agent communication, quotation and itinerary uploading facility, cost management, personal dash boards, travel calendars and notifications. Currently the system has been customized and successfully implemented at EFL as well.

Classic Visa system is a web-based visa platform covering the end to end visa process at the Classic Visa department with value addition features such as Payment Gateway, SMS alerts, E- mail alerts, Tracking facilities for passengers and sales & operational staff etc. Hence Classic Travel (Pvt) Ltd intends to develop the whole process under four sub processes for both internal and external passengers. The product enables Classic Travel to offer a superior value for the passenger through seamless management of the visa process.

TRANSPORT MANAGEMENT SYSTEM (TMS) CLOUD MIGRATION FOR OKI DOKI

A project to migrate the TMS Legacy system to a new, more enhanced, high performing platform backed up with Amazon Web Services (AWS), this effort was initiated in the 2018/2019 financial year and was carried out for 2 phases and fully completed in the current financial year.

TURNKEY IT PROJECT FOR AIR CARGO VILLAGE (ACV)

The implementation is based on establishing specific IT infrastructure components to augment the capability of the fully fledged Centre located in Katunayake. The project which is driven by the Network Infrastructure team of ITX 360 (Pvt) Ltd, covers Project Management, Professional services expertise and installation of Fiber and Copper network infrastructure, Server Room, Servers, Switches and Wireless Access devices.

IT SECURITY POLICY ROLL OUT

In the year under review, the Group undertook to revise its IT security policy to take cognizance of the recent developments in world of cybersecurity. The entire process was managed by ITX360 and was first kick started with the establishment of a security baseline along with procedures and guidelines. Since all our Group companies are stakeholders in these activities the rollout sequence began with a Group-wide announcement followed by training sessions for Management and staff across all the Group companies.

ITX 360 Service Outline

Technology / Project governance is the core management discipline of the ITX360 mandate. As the industry standard, we have adopted ITIL (Information Technology Infrastructure Library) as the governance framework for ITX 360.

STRATEGIC PARTNERSHIPS

Strategic partnerships bring multiple benefits by giving the Expolanka Group the opportunity to access resources and expertise in order to deliver on our standards for service excellence. We seek out providing strategic partnerships that complement our business goals and in doing so, we look for experts who are leaders in their respective fields.

ITX360, which comes under the Group's strategic investments cluster, maintains strategic partnerships with a number of leading global software developers.

ORACLE NETSUITE	Oracle NetSuite is the worlds No: 1 Cloud ERP dedicated to delivering business applications over the Internet. Today, NetSuite provides a suite of cloud-based financials / Enterprise Resource Planning (ERP) and omnichannel commerce software that runs the business of more than 21,000 customers in more than 200 countries and territories.
VERITAS	Veritas Technologies empowers businesses of all sizes to discover the truth in information—their most important digital asset. Using the Veritas platform, customers can accelerate their digital transformation and solve pressing IT and business challenges including multi-cloud data management, data protection, storage optimization, compliance readiness and workload portability—with no cloud vendor lock-in.
CROWDSTRIKE	CrowdStrike Holdings, Inc. is a cybersecurity technology company based in Sunnyvale, California and founded in 2011. It provides endpoint security, threat intelligence, and cyberattack response services. CrowdStrike is the leader in cloud-delivered endpoint security. Leveraging artificial intelligence (AI), the CrowdStrike Falcon® platform offers instant visibility and protection across the enterprise and prevents attacks on endpoints on or off the network.

At EFL, we are committed to achieving our business goals with integrity, high ethical standards and in strict compliance with the law. The Group complies with all international, national, and local legislation affecting its worldwide operations. We demand that all business segments, employees, and Directors perform their duties to the highest ethical standards as detailed in our Code of Conduct and in compliance with all relevant legal principles. During the year, there were no reported incidents of corruption regarding any activities of the business.

The Group's commitment also extends to providing the highest quality services to customers and other stakeholders in order to meet and exceed their expectations. Our uncompromising attitude to quality is ingrained in our culture and shapes everything we do. Accordingly, we endeavor to continuously and proactively manage and improve our processes in line with globally accepted Best Practices as well as other specific standards related to our industry.

Emphasizing the commitment to continuous improvement, we have established measurable quality objectives where all employees are expected to take ownership to identify and evaluate challenges and to initiate recommendations for improvement.

CAPITAL MANAGEMENT REPORTS (contd.)

HUMAN CAPITAL [GRI 102-16]

The Expolanka Group's Human Capital consists of highly trained, technically qualified and experienced teams representing the Logistics, Leisure and Investment sectors under the Group umbrella.

Being a service-oriented business, these sector teams are the core strength of the Group, providing the manpower and skills to operationalise strategic and operational targets of their respective sectors.

OUR EMPLOYEES [GRI 102-7, 102-8]

Our total global workforce consists of 2,925 full time employees distributed among 18 countries. The majority of these employees - 2,566 belong to the permanent cadre, while 359 are employed on contract. As the Group's core business, the Logistics Sector accounts for 2,417 employees followed by the Leisure operations which employs 294 persons and our investments sector another 214 employees.

The aim of Expolanka's Human Capital strategy is to develop a "passionate group of employees" who are committed to work together to realize the Group vision.

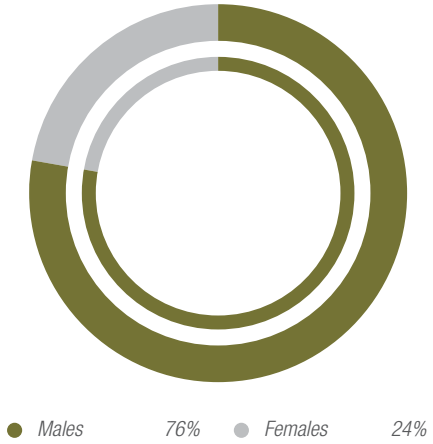
[GRI 102-16]

The Group code of conduct, called the "Pledge", is a comprehensive guide to the world of Expo. It contains the behavioural code that informs employees of how to conduct themselves at work, work responsibilities, dress code, importance of respecting others and etc. and also covers environmental and social obligations applicable to all Expo employees. The Group's Whistle-blower Policy is also covered within the scope of the Pledge document.

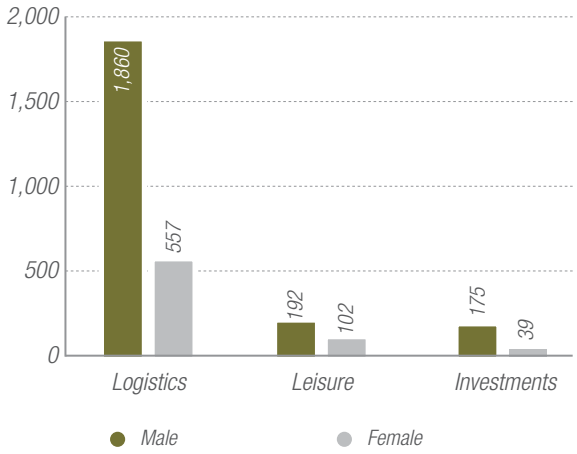
	Permanent	Contract
Male	2033	194
Female	533	165

Sectors	Permanent	Contract
Logistics	2085	332
Leisure	288	6
Investments	193	21
Total Carder	2566	359

Total Staff - Gender Wise



Gender Distribution - Sector Wise



Geographic Representation - International Offices

Country	Total Carder as at 31st March 2020	Permanent	Contract
Sri Lanka	1522	1413	109
India	707	704	3
USA	139	139	0
Vietnam	105	21	84
China	94	5	89
Indonesia	89	49	40
Kenya	53	52	1
Hong Kong	49	49	0
UAE	40	40	0
Pakistan	26	26	0
Cambodia	19	0	19
Philippines	14	9	5
Mauritius	13	13	0
South Africa	13	12	1
Malaysia	12	12	0
Belgium	9	9	0
Madagascar	9	9	0
Taiwan	8	0	8
Denmark	4	4	0
Total Cadre	2925	2566	359

Sectors	Total Staff	Gender Distribution		Age Analysis			
	Total Staff as at 31st March 2020	Males	Females	18-25 years	26-35 years	36-45 years	46 years & above
Logistics	2417	1860	557	379	986	649	403
Leisure	294	192	102	85	128	53	28
Investments	214	175	39	50	105	45	14
Total Staff	2925	2227	698	514	1219	747	445

CAPITAL MANAGEMENT REPORTS (contd.)

Human Capital

HUMAN RIGHTS [GRI 408-1]

Child Labour

At Expolanka, we categorically eschew child labour and we have never employed minors in any of our operations over the past three decades. At the point of recruitment, we strictly enforce the policy of the minimum age of employment - 18 years and above.

We are conscious and even demand this vital practice from our suppliers and outsourced service providers as well.

No child labour cases have been recorded for this financial year.

FORCED OR COMPULSORY LABOUR (GRI 409-1)

The Expolanka Group has been in operation for over three decades and has grown to be a conglomerate with rich traditions. Our culture does not advocate nor resort to any form of exploitation of the vulnerable for financial gains. We vehemently oppose forced or compulsory labour in our operations. The Group respects all employees and has ensured humane management that fosters employee well-being. We are conscious and even demand this vital practice from our suppliers and outsourced service providers as well.

There have been no cases of Forced or Compulsory Labour recorded for this financial year.

DIVERSITY AND INCLUSION [GRI 405-1]

The Group embraces diversity and is committed to move forward towards an inclusive culture where diversity is valued and nurtured. We believe that sound diversity practices contribute to positive results across the Group and as such strive to build an inclusive and engaging culture for all our employees by promoting greater diversity across all our operations. In line with globally accepted human rights principles including the ILO convention and the UN Global compact, Expolanka remains firmly committed to provide a work environment that is free from discrimination.

In keeping with this commitment, the Group strictly practices a policy of equal opportunity employment at every stage of the employment cycle.

Hence, the Group will not at any point tolerate discrimination or harassment on the basis of religious beliefs, colour or any other status protected by law. This policy applies to all Expolanka employees across the Group, without exception and is aimed at qualifying our status as an employer of choice.

DISCRIMINATION [GRI 406-1]

Expolanka is against any form of social prejudices. Procedures are well set out in the “Pledge” on dealing with such incidents if and when they occur.

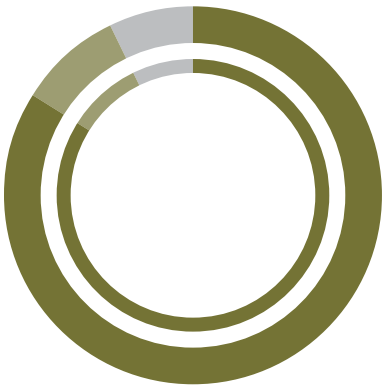
The Group did not encounter or record any incidents of discrimination during the reporting period.

RECRUITMENT AND RETENTION [GRI 401-1]

At Expolanka, we view our employees as a major contributor to the creation of value in the long-term. Our goal therefore is to recruit and retain people who have the necessary credentials, can readily identify with Expolanka’s core values and are a good cultural fit for our unique work ethic. We have adopted a broad based approach to attract and retain the best talent from all parts of the world. We look to attract professionals who demonstrate; the competencies required for the achievement of our objectives, commitment to improve customer satisfaction and have the determination to become future leaders within the Group.

Sectors	Recruitments		Resignations	
	Male	Female	Male	Female
Logistics	291	127	269	96
Leisure	36	33	37	19
Investments	39	13	37	12
Total Carder	366	173	343	127

Total Staff Sector Wise

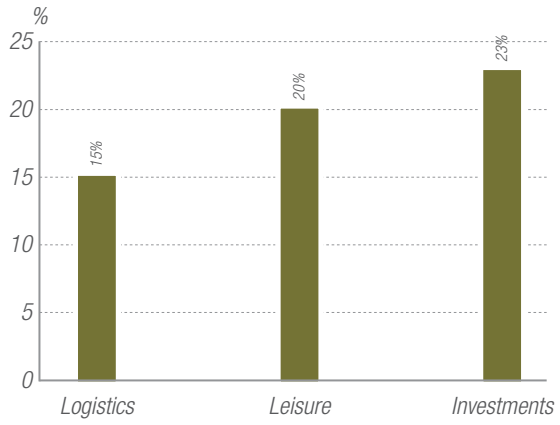


Logistics 83% *Leisure 10%* *Investments 7%*

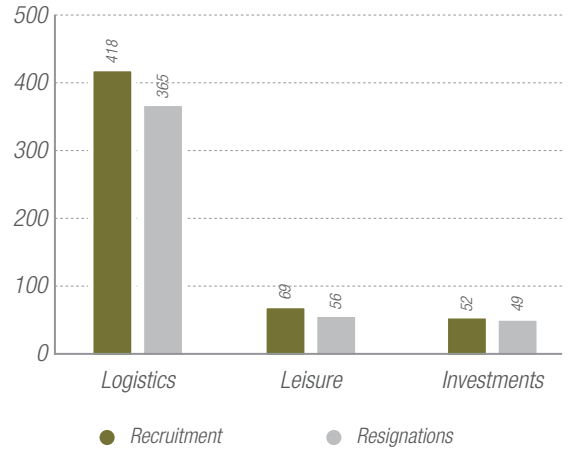
Sectors	Recruitments				Resignations			
	Heads & Above	Managers	Executives	Non Executives	Heads & Above	Managers	Executives	Non Executives
Logistics	10	53	178	177	13	49	136	167
Leisure	0	3	42	24	0	3	29	24
Investments	1	4	20	27	1	6	22	20
Total Staff	11	60	240	228	14	58	187	211

Sectors	Turnover Ratio %	No of staff at the beginning of year (March 2019)	No of staff at the end of year (March 2020)	Average	No of resignations
Logistics	15%	2347	2417	2382	365
Leisure	20%	280	294	287	56
Investments	23%	214	214	214	49
Total	16%	2841	2925	2883	470

Turnover Ratio - Sector Wise



Recruitment vs Resignations - Sector Wise



REMUNERATION [GRI 202-1]

Our remuneration and benefit structure is designed to attract, motivate, and retain talented employees who are capable of driving Expolanka's mission and strategic objectives. Our remuneration philosophy focuses on a two-pronged reward mechanism, consisting of fixed remuneration (basic salary ,medical insurance, vehicle and fuel allowances, subsidized loan facilities etc.) coupled with variable remuneration (bonus etc.), which is based on a number of factors including individual/team goals that are linked to the targets of the respective business unit, the objectives of the respective sector units as well as the overall Group performance.

Being a global organization, we strive to benchmark our fixed remuneration structures against industry standards in the countries in which we operate. Expolanka in most instances, is considered as a benchmark in the area of employee remuneration.

Further, by abiding with all applicable local labour laws in those respective countries, Expolanka ensures its employees have full access to all benefits mandated by law including leave entitlements, provident fund contributions, gratuity payments et al. In Sri Lanka, we abide by the national Minimum wage of workers act no.03 of 2016 where the entry level wage is aligned to the requirements of the act.

As a forward-looking Group, we understand that it is vital to recognise and reward without prejudice or bias, to all exceptional performers who go the extra mile. Our variable remuneration is based on this principle. Accordingly individual accomplishments are recognized through differentiated pay, bonuses and opportunities for career growth within Expolanka. This is facilitated through a highly transparent three-step performance management process encompassing goal setting, performance monitoring and performance review.

CAPITAL MANAGEMENT REPORTS (contd.)

Human Capital

Ratio of Basic Salary [GRI 405-2]

	Male	Female
Heads & above	1.00	0.87
Managers	1.00	1.14
Executives	1.00	1.04
Non Executives	1.00	0.89

Above figures are derived from Sri Lanka

EMPLOYEE BENEFITS AND FACILITIES [GRI 401-2]

Insurance Cover

All Group employees are insured for personal as well as duty related accidents under the Medical insurance & workmen compensation insurance policy: a comprehensive insurance scheme which covers employees' General, surgical and hospitalisation needs including emergency hospitalisation at all leading hospitals and clinics and OPD facilities are also included in the scheme. The Insurance cover is also extended to immediate family members.

Vehicle and Fuel Allowance

Employees are entitled for a vehicle allowance along with a fuel entitlement for their respective transport needs, based on the employees' category. In addition, employees are entitled to a travel allowance to cover the costs of travel for work outside standard working hours.

Loans

Depending on their role in the Company, employees have access to a variety of loans such as bike loans, emergency staff loans and festival advance/ short term loans etc to meet their personal circumstances and urgent requirements.

Lunch & Lunchroom Facilities

All employees across the Group are eligible for this benefit.

Overtime

Non-executive category employees who work beyond stipulated working hours will be paid OT.

Maternity Leave [GRI 401-3]

All female employees at Expolanka are entitled to obtain maternity leave. A Female employee is also allowed 84 working days maternity leave with full Pay, immediately preceding the expected date of confinement.

	19/20
No of employees went on maternity leave (Group)	36

Defined Benefits [GRI 201-3]

We are committed to consistently meeting our defined benefit obligations as per the stipulated norms. Accordingly the Group contributes an equivalent of 12% of the basic salary of each employee to the Employee Provident Fund (EPF) and a further 3% to the Employee Trust Fund (ETF). In the reporting period, the Group contributed a collective total of Rs. 654,425,279 to the EPF and ETF.

We continued to meet our Gratuity obligations as stipulated under the payment of gratuity act no. 12 of 1983. The Gratuity Liability recognised as at the balance sheet date is Rs. 616,995,166.

Performance Evaluation and Management [GRI 404-3]

All full time employees of the Group are entitled to an annual performance appraisal. A highly transparent platform is in place for employees and their reporting Managers to engage in a performance review discussion to identify gaps in performance through constructive dialogue.

The performance review discussion is conducted jointly between the appraisee and the appraiser to assess performance against the set KPI's. The results of the performance review process provide an insight into the overall performance, shortfalls, strengths/weakness of the appraisee and thereby helps determine the need for counseling, training etc. In this manner, the performance review process serves as a critical channel in providing valuable input towards planning our training and development activities. It also helps to earmark potential candidates for the Expolanka leadership pipeline and succession planning process.

As a centralised team, all performance evaluations and disputes/grievances are managed at Group level.

Employees Promoted

	19/20
No of employees promoted (group)	11%

NOTICE REGARDING OPERATIONAL CHANGES [GRI 402-1]

There is no such set notice period regarding the communication of any operational changes but depending on the situation, a minimum of two weeks notice given to employees.

TRAINING, LEARNING & DEVELOPMENT (TLD)

Our businesses and the world in general is changing rapidly and this has an enormous impact on learning. New working practices, flexible arrangements, dispersed locations, advanced technologies and diversified teams are directly influencing the design and delivery of learning today.

In this context, we understand that learning in our organization has to be accessible, agile and flexible. As a result, learning is not only focused on traditional and online platforms but is also concentrated in the flow of work activity. Our learning strategy is also shifting from not just creation, but to curation as well. The wide spread training, learning and development programs helps to bring out the best in our people. Our programs focus predominantly on the skill gap and new opportunities available of for our employees.

The ability for organizations to successfully evolve is ultimately determined by the competence of their staff. We believe that organizational transformation is indissolubly linked to the transformation of individuals and for that to be a reality, it is important to place learning at its core. Learning has a clear link to growth, innovation and motivation. We understand that Learning Organizations respond faster to change and helps in effective problem solving which results in increased productivity and helps to retain the best talent. Noteworthy improvements are seen in customer satisfaction, profitability, performance and sustainability. Whilst we are living in times of unprecedented change, we are also presented with unparalleled opportunities. We, as a management is convinced that training, learning and development is vital for an organization to excel.

We followed a basic 6 steps process in transforming our organization to a learning organization this financial year and followed the below the simplified approach below to materialize a notable change in L&D; within the organization;

1. Simplified purpose: a collective vision and open discussion on how important it is to be a people centric organization and the need to acclimatize to deliver.
2. All-inclusive people experience: a commitment to develop innovative, viable and continuous learning opportunities.
3. Thriving ecosystem: a people-led system that empowers its people, teams and the organization to thrive and learn, linked to common goals, values and purposes.
4. Agile, digitally-enabled infrastructure: a simulated environment that supports a fluid exchange of knowledge, ideas and commitment towards excellence.
5. Creativity & continual rendezvous: a vibrant community that persistently builds on business relationships, resulting in dynamism, resilience and growth.
6. Digitization & Transformation: a robust platform using insight and AI & BI, IoT to drive organizational performance and customized experience

BELOW ARE SOME OF THE KEY HIGHLIGHTS OF THE TLD INITIATIVES CARRIED OUT OVER THE FY 2019/2020;

Workshop on Essential Skills Development

We believe soft skills are the most essential skills required for an employee to perform and turn around the company. This year we focused on Personality Development & Corporate Etiquette, Communication Skills and E-Mail Writing and Leadership Programs for our front line executives and middle level management conducted by renowned trainers and facilitators.

Monthly Knowledge Sharing Forum

We launched a knowledge sharing forum in July 2019 and have made a commitment to carry out this forum every month. This is an open forum where anyone from the organization across the Group can join to learn and network. This forum runs for 1 ½ hours whereby we invite a corporate personality / entrepreneur / a resource person from the industry to address our staff on a chosen topic. This forum has seen a great level of engagement amongst our staff across the Group.

Curated Training Programs

The L&D team has placed significant interest by working closely with the management to identify skill gaps and emerging trends in the business world to re-skill and upgrade the knowledge, skills and competencies of the workforce. Similarly, over the last financial year, we have carried out the following master classes on the following topics to a selected audience within our staff;

- Power of Influence
- Happiness Workshop
- Lean Management
- Leadership

Class Room Training

In the organization's drive towards digitization and transformation, the L&D department organized a series of workshops on the topic "Robotic Process Automation (RPA)" and trained over 100 employees and developed a RPA community comprising of our own champions. As of date, most of our mundane routine tasks are automated and we have over 60+ active bots working across the Group and this has brought about a tremendous improvement in our productivity and efficiency levels.

We also carried out a round of RPA competitions amongst departments and awarded the best teams that have brought in remarkable efficiencies in both performance and costs. For the diversity awards ceremony organized by Sagawa, our team from EFL 3PL won the best diversity award for their submission in RPA.

CAPITAL MANAGEMENT REPORTS (contd.)

Human Capital

Mandatory Training Programs

During this FY, we listed a set of training programs as mandatory to ensure our staff are equipped with the basic knowledge and skills that are required in certain areas of work. Some of the mandatory training programs carried out in consultation with departments such as Compliance and HSES were;

- Fire Training on regular intervals across all locations
- First Aid Training
- ISO General Awareness

General Awareness Programs

Keeping our employees aware on key issues / growing concerns are just as important as our business operations. This year, we paid significant effort to identify the growing concerns and organized a couple of awareness programs and scheduled campaigns to educate our staff on these concerns and in order to ensure they take back the learning to their teams and homes. In addition, we also observed and celebrated a few significant days. Please find below a few sessions conducted over the year;

- Traffic and Road Safety Forum
- Drug Awareness
- Respect & Unity
- Environmental Day
- Social Media Etiquette
- Eco Driving Practices
- Women's Day

Orientation and Induction Programs

The orientation and induction program was re-designed this year and was titled "WayWeWork". The main objective of this program was to give our new recruits a holistic view of the holding Company, clusters, journey of the our journey and an overview to the departments and how they function. The program also focused on getting to know each other and some fun games and activities. The recruits were also taken on a familiarization tour around the EFL Campus.

Launching of the In-House Lecture Panel

With our drive to transform into a learning organization, the Company launched its very own in-house lecture panel where our very own staff were asked to submit their resume and areas of specialization and the fields in which they would like to conduct programs and knowledge forums. To-date, we have an in-house panel of 20 lecturers who are skilled to carry out programs in varied fields of study and interest. Some of them are Train the Trainer Certified by the City & Guilds.

Conferences

Some of our staff were identified and nominated to attend international conferences which in turn helps networking and learning opportunities. We continue to invest in the development of our staff as we believe in our people and we want to equip them with the best knowledge possible.

Facilitating Study Tours and Assignments of Universities in SL

We believe in talent creation and investing wisely in the future generation. As an organization, we are never hesitant to accommodate the request from State Universities and Affiliated Universities to help undergraduates in their assignments and provide them with case studies for problem solving. Over the last year, we facilitated the request of the management and students of the University of Moratuwa, NSBM, CINEC, KDU and the Ocean University.

Collaboration & Partnerships

As an organization, we value partnerships with Chartered Bodies and we have partnered with professional bodies such as. The Chartered Institute of Logistics and Transport (CILT) and The Charted Institute of Management Accountants (CIMA) as corporate partners to support the good work they do in their respective industries. This collaboration helps with networking and knowledge sharing opportunities.

The TLD team has high aspirations and has to be taken seriously, in order to create mutual and effective partnerships alongside the management to drive a strategy that reinforces a learning culture. L&D teams focus on generating results in a learning culture and environment required to build a shared and collective learning vision - the practice of unearthing shared pictures of the future that foster genuine commitment and engagement.

The TLD team is responsible for educating and up skilling people in order enhance their job experience to drive results. The TLD role in influencing the policy on technology-related learning resources continue to play a critical role. The TLD teams are committed to developing a dynamic community that continually builds on business – resulting in energy, resilience and growth.

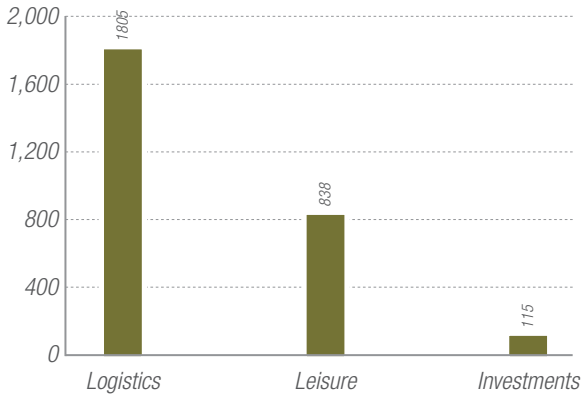
Training & Development [GRI 404-1, 2]

Sectors	Internal vs External Training Programs			Category wise			
	Internal Programs	External Programs	Training Hours	Asssitnat Managers & Above	Executives	Non Executives	Average Training Hours
Logistics	78	55	1805	214	238	504	0.75
Leisure	6	38	838	2	68	67	2.85
Investments	2	7	115	7	5	1	0.54
Total	86	100	2758	223	311	572	

Types of Training Programs Conducted

No. of Training Programs on Technical skills	72
No. of Training Programs on Soft Skill	41
No. of Training Programs on Health & safety	27
No. of Training Programs on Sustainability	2
No. of Training Programs on Other	16

Training Hours



HEALTH, SAFETY & WELLBEING [GRI 403-2, 403-3]

Ensuring the physical and mental health, safety and well-being of our employees is a key priority for the Expolanka Group. As such, we provide employees access to medical camps and counselling to address their respective needs.

As part of our effort to promote health and wellness among our employees, we have also tied up with leading hospitals in the country and have introduced after work fitness programmes in collaboration with a leading fitness Company.

Meanwhile In terms of our warehouse operations, we have taken steps to benchmark internationally accepted best practices in compliance with the OHSAS 18000:2007 - Occupational Health and safety Management systems Certification process.

HEALTH AND SAFETY COMMITTEE [GRI 403-1]

There is a full-time compliance officer in place and a team member from each department representing the Health & Safety committee in locations who adhere to OHSAS 18000:2007.

CAPITAL MANAGEMENT REPORTS (contd.)

NATURAL CAPITAL

The Group's Natural Capital consists of natural resources used in the normal course of business to support the Group's value creating processes. The electricity, fuel, water, paper etc. used in the Group's day-to-day operations are all generated using natural resources, which holds the Group accountable for the use of these natural elements.

GREEN HOUSE GAS EMISSIONS INVENTORY [GRI 305-1, 2, 3]

Due to the nature of activity, sources responsible for GHG emissions vary with each location as depicted below. All applicable emissions sources of EFL Global offices were considered during this assessment.

The below numbers are for the period starting from April 2019 - March 2020. Due to the ISO verification process the most recent numbers are subject to an audit process.

Global EFL Carbon Emission Inventory (Tco2)

1.	India	-	1745.30
2.	Malaysia	-	20.60
3.	Hong Kong	-	23.30
4.	Shenzen	-	24.80
5.	SA	-	72.72
6.	Cambodia	-	28.40
7.	Mauritius	-	40.40
8.	Shanghai	-	71.40
9.	Phillipines	-	29.80
10.	Bangladesh	-	55.60
11.	Indonesia	-	223.94
12.	Kenya	-	79.60
13.	Madagascar	-	5.10
14.	Vietnam	-	113.56
15.	UAE	-	27.62
16.	Sri Lanka	-	1282.22
	Total		3844.36

REDUCTION OF GHG EMISSION [GRI 305-5]

Our offices are pursuing the implementation of renewable energy solutions. In operational efficiency improvement, we have achieved back hauling and eco - driver training.

Long-term objectives have also been achieved through compliance with the GLEC Framework and the Sustainable Airfreight Alliance (SAFA) to create a common methodology in Air Freight Carbon Calculation.

Solar energy generation and emissions savings per month

We have achieved a reduction in Scope 2 emissions, where emissions generated from purchased electricity have also reduced due to the Group's investment in solar power at the EFL campus. The solar energy generation during the assessment period is 853,636.153 Kwh. The total emission reduction from solar energy generation during the assessment period is 606 tCO^2.

Solar Generation from Facilities

Month	Production (KWh)
April-19	73040.25
May-19	75017.12
June-19	64377.76
July-19	72559.00
August-19	64248.84
September-19	57381.76
October-19	57,659.13
November-19	67,475.45
December-19	67,082.96
January-20	79,269.56
February-20	80,760.83
March-20	94,763.34

COMPLIANCE [GRI 307-1]

All sectors across the Group are fully compliant with all applicable mandatory environmental laws and regulations and as such there were no monetary fines or non-monetary sanctions recorded during financial year.

WATER MANAGEMENT

Being a service-oriented organization, water is used mainly for sanitation and hygiene requirements of employees and hence the Group's water footprint is minimal compared to that of a manufacturing company. Nonetheless, the Group has committed to adopt an integrated approach to manage its water footprint and has implemented sound water management systems and practices, together with a proactive incident management framework aimed at promoting continuous improvement at all levels.

Furthermore, responsible water management is considered a responsibility for each employee, where the Group's senior management sets the tone to raise awareness regarding the importance of continuous and ongoing action to conserve water.

WASTE RECYCLED [GRI 306-2]

The Group's core businesses are highly paper-intensive and as such large volumes of paper waste is generated on a daily basis. Paper is the single-largest waste material generated by the Group. Emphasizing the commitment towards responsible disposal of paper waste, EFL Sri Lanka has a long-standing partnership with Neptune Recyclers (Pvt) Ltd, enabling a total of 7520 Kg's of paper waste to be sent for recycling in the year under review.

However, in recent times, the Group has been reporting a steady decline in the volume of paper waste due to strict policies on paper use alongside a focused effort to invest in process digitalization.

CAPITAL MANAGEMENT REPORTS (contd.)

Natural Capital

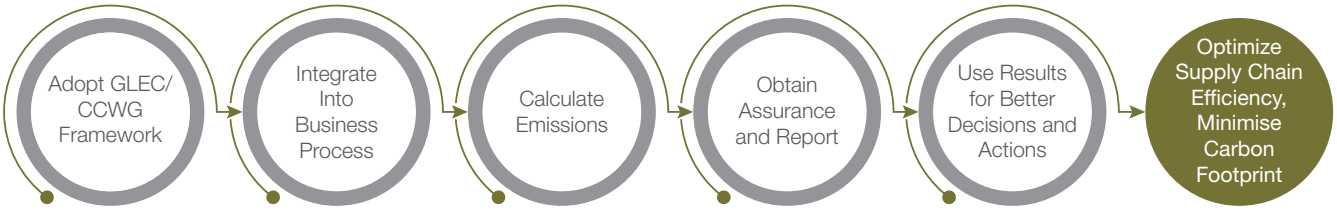
USING GLEC FRAMEWORK CALCULATION RESULTS TO INFORM BUSINESS DECISIONS AND ACTIONS

A strong contribution by the global freight and logistics sector to the Paris Climate Agreement goals is critical. Pressure from customers, governments and investors on businesses to take action will continue to grow. Consequently, logistics businesses are now looking to optimize operational efficiency and minimize their carbon footprint at the same time.

The GLEC Framework allows businesses to calculate and report their logistics emissions consistently across their multi-modal supply chain. Results can be used to inform stakeholders and improve business decisions and actions.

Challenge cases support businesses to implement the GLEC Framework through five steps:

Supply Chain - Carbon Optimization Process



Key Environmental Initiatives

REVIVE BUNDALA, SRI LANKA

The Bundala National Park is among the well reputed wetland bird sanctuaries in Sri Lanka and is also the Country's first wetland to be declared as a Ramsar site. In 2005, it was designated as a biosphere reserve by UNESCO, the fourth biosphere reserve in Sri Lanka. The Park situated in the Southernmost tip of the bird migratory route, is a favourite birding ground and has recorded sightings of over 200 species per year. It is also home to about 32 various species of mammals and reptiles.

The birdlife and wildlife in the Park are currently facing an ongoing threat as a result of the spread of two invasive alien plants Prosopis Juliflora and Opuntia Dillenii. Over the past two decades, approximately 2,000 hectares have been affected by these alien species and due to lack of proper management and funding, and hence no sustainable measures have been taken to restore the habitat.

In an effort to rectify this situation, the Department of Wildlife Conservation has been working with external corporate partners since 2013 to remove the invasive species and reuse them for biomass power generation activities.

EFL has partnered with the Department of Wildlife and identified 600 acres of land, which has been cleared off this invasive plant species. The main objective of this initiative is to increase forest cover through tree planting and revive the Park's biodiversity and restore its habitat. Over the next five years, we intend to plant 25,000 trees annually, ultimately targeting 125,000 trees in this 600 acre land. The first phase of this effort took place in October 2019, where members from EFL HQ and EFL Sri Lanka came together to initiate the tree planting project.

In addition to the planting of trees, the designated land area will be monitored over the next few years in order to ensure the habitat restoration is on track. In the long-term, local communities and schools will also be invited to participate in the restoration project.

As a Group initiative under Expolanka Holdings, EFL also plans to carry out regular beach cleanup activities with the assistance of the Department of Coast Conservation and Coastal Resource Management (CCCRMD). At the Southernmost point, Bundala National Park has access to a coastline, which collects plastic and other kinds of waste from the rest of the island.

SDG 13: Climate Action, SDG 15: Life on Land

THAALI KULAM, INDIA

Lakes and ponds in India often bear the brunt of modern-day human negligence and most freshwater bodies are contaminated due to human activity. This adds to a major freshwater crisis in the country. In recent times, major cities are running out of fresh groundwater and local communities are struggling to access clean water, which is impacting health standards across many regions.

To combat this problem, EFL partnered with the Environmentalist Foundation of India (EFI), who focus on scientific revival of damaged and polluted freshwater bodies through a community based collaborative conservation effort. Thaali Kulam, located in South Chennai, is a non-system pond that did not have proper bunds and was in need of a complete ecological restoration. While restoring inlets for maximum efficiency and improving flood resistance of the surrounding areas, this initiative also restored the water holding capacity of the pond and provided groundwater recharge. During the inaugural event that took place in January 2020, we also planted several native plant species around the pond area, which aids with improving the ecological environment for wildlife over time. This restoration initiative benefits 3,000+ families around the area with replenished aquifer levels especially during droughts, which is now a common occurrence in Chennai.

Going forward, our goal is to construct a recharge well, making the pond an ideal groundwater recharge structure to combat declining groundwater levels and future climate change. As part of the long-term commitment, we have identified the involvement of neighbourhood communities as an essential component to the success of this project. Multiple programs and activities on raising awareness and gaining interest will be conducted at regular intervals accordingly.

Note: Beneficiaries are 3000+ families; SDG 6: Clean Water & Sanitation, SDG 13: Climate Action

CLASSIC TRAVEL

Key Initiatives

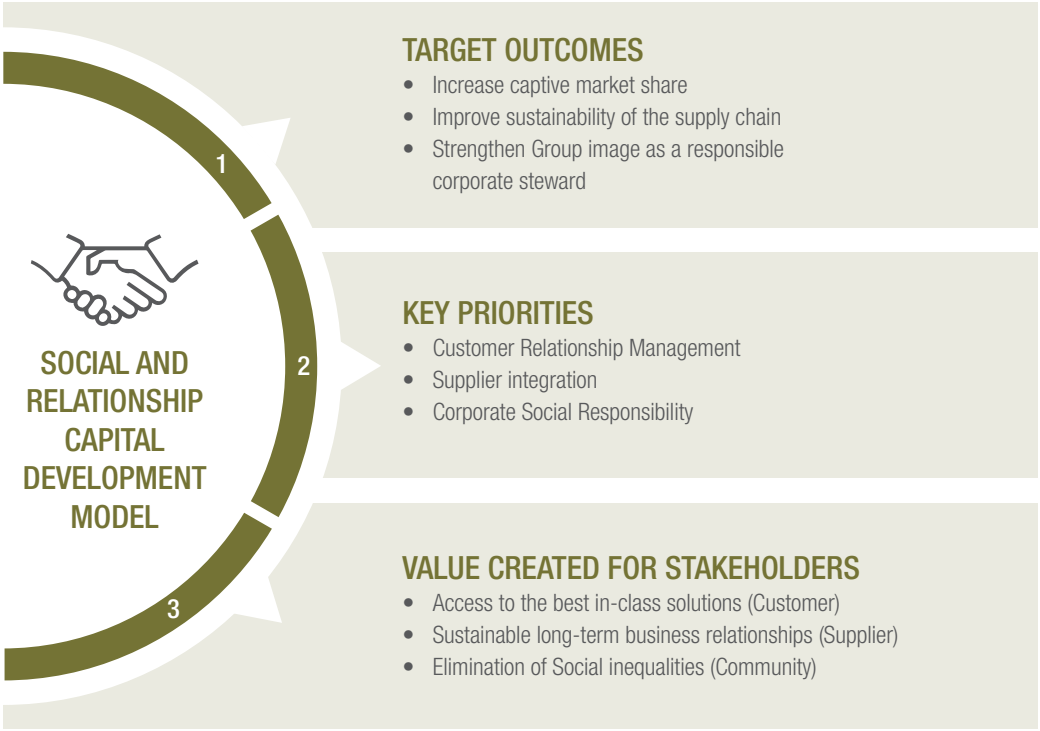
According to the International Civil Aviation Authority (ICAO), Classic continues to print ecological information on all ticket sales.

CAPITAL MANAGEMENT REPORTS (contd.)

SOCIAL AND RELATIONSHIP CAPITAL

(GRI 413-1)

Social and Relationship Capital consists mainly the strength of the relationships with customers, suppliers and business partners as well as the community ties that we have built by working towards socio-economic upliftment.



GLOBAL GOODNESS

In 2019, as EFL's role in the logistics industry continued to expand globally, we quickly acknowledged that our role as responsible logistics service providers must expand as well. Accordingly, EFL embraced the challenge of becoming a socially responsible corporate citizen.

In July 2019, EFL launched Global Goodness, an internal initiative to encourage all employees to actively volunteer in sustainability projects and make a meaningful contribution towards society and the society as well as the environment.

The underlying theme of the Global Goodness project is to encourage Group employees to be more mindful of the impact they leave on the environment and participate in projects to advance social goals in each country, while strengthening our core business approaches.

Global Goodness was initiated by the Group's founder, Hanif Yusoof following the adoption of the UN Sustainability Development Goals (SDG's) as part of the Expolanka's business strategy. Through Global Goodness, we associate our purpose of life with goodness, as means of giving back to the people and our communities simply by doing good. We believe that even by making small differences, we can leave a big impact in this world. The main project conducted in 2019 under the Global Goodness initiative was the Play Pump Project in South Africa.

PLAY PUMP PROJECT - EFL SOUTH AFRICA

It was found that a majority of rural South Africans have no ready access to clean water, with the responsibility to fetch water being undertaken by young girls who walk several miles to the nearest water source to gather the daily requirements for their families. The Play Pump Project was launched as a first step in providing a sustainable solution towards improving access to water across rural South Africa. The Play Pump which would typically be installed in a school yard, works when the children are playing on it (pushing it in a circular motion). The kinetic energy created, extracts clean drinkable water from the ground and diverts it to an overhead tank. The overhead tank is connected to a pipeline and distributes the clean drinking water to a local tap source.

The first Play Pump was successfully installed in a rural school in July 2019, giving all 516 students and teachers in the school access to clean drinking water. Moreover, the clean water is used for the mini vegetable patches cultivated within the school's garden. The pump is accessible to the immediate local communities as well, which has positively impacted their health and overall wellbeing.

There are more pumps of this nature across South Africa that have been abandoned due to the lack of funds required to maintain them. We hope to service these pumps in the coming year and have them running in order to benefit the communities and villages situated in these respective locations.
SDG 6: Clean Water & Sanitation

PASSION PROJECTS

At EFL, we encourage our employees to engage in projects and initiatives they are passionate about. Over the years, we have participated in various projects nominated by the employees in each of our global offices.
We matched each idea with the needs of the country and developed a project that supports and uplifts the diverse needs of the adjoining local communities.

To further ensure the success of each project, we executed them in partnership with reputable Non-Governmental Organisations and other Local Organisations in each country, who possess the ground knowledge and can provide the resources for successful implementation.

Empowering Youth through Sport - EFL Pakistan

Throw ball is a popular sport in Pakistan widely played by men and women. However, due to a lack of funding, there is little opportunity for women to play this sport at events.

EFL Pakistan identified a team of 24 young women and men, who play the sport in the province of Sindh and sponsored their gear and equipment to enable the 2 teams to take part in a championship tournament at the end of March 2019.

Both teams emerged as champions at the National Throw Ball Championship.
SDG 10: Reducing Inequalities

SUPPORTING THE NEED OF UNDERPRIVILEGED SCHOOLS - EFL VIETNAM

The Government of Vietnam has initiated a programme that focuses on sustainable solutions to eradicate hunger in all its forms by 2030 and achieve food security. This programme specifically prioritises the reduction of malnutrition among children under two by 2025.

To help the Government achieve its targets and be a part of this initiative, EFL Vietnam visited a local school in the Vinh Hung District on the 2nd of

CAPITAL MANAGEMENT REPORTS (contd.)

Social and Relationship Capital

June 2019 and presented the school with essential school items, gifts and spent a fun-filled day with nearly 200 children.
SDG 10: Reducing Inequalities

ZERO HUNGER IN MIAMI

With more than 1,000 people living on the streets in Miami, our passionate and enthusiastic team chose to take on the challenge of feeding the homeless.

Contributions were made to buy groceries and set up a soup kitchen at the Casa de las Misioneras de la Caridad, founded by Mother Theresa. The team cooked and prepared meals which were served to approximately 300 homeless people.

The team also bought cleaning supplies and other necessary items for a home and donated it to help the centre sustain for longer.
SDG 2: Zero Hunger

DISASTER RELIEF: BAHAMAS HURRICANE RELIEF

When Hurricane Dorian hit the Bahamas in early September 2019, it left many parts of the island inhabitable.

EFL partnered with Baer's to collect supplies and transport them to our warehouse, where containers were filled and dispatched to the affected parts of the island. The team ensured that the relief was delivered directly to the people in need.

GRI INDEX

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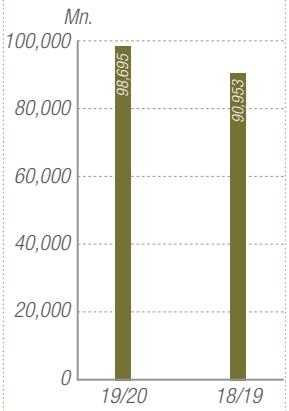
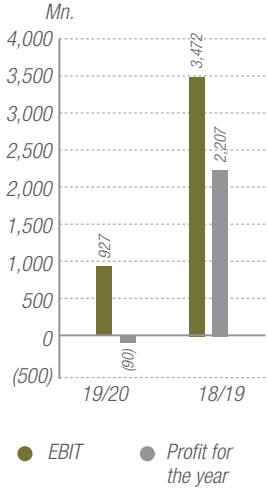
BUSINESS REPORTS

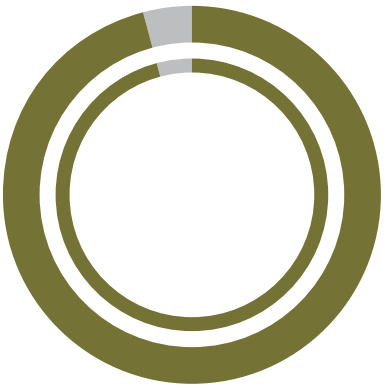
[GRI 102-2]

SECTOR SNAPSHOT LOGISTICS

Segment	Product Mix	Highlights 2019/20	Revenue	Profits	Strategy
Logistics	1. Air Freight 2. Sea Freight 3. Logistics 4. Warehousing 5. Transportation 6. General Sales Agents (GSA)	1. Strong Growth in new customers 2. Expanding operations in all trade lanes 3. Full deployment of the ERP system 4. Further value additions to customers 5. Expansion in to Europe and Taiwan	Revenue 	EBIT & NP 	1. Harness technology solutions for business expansion 2. Expand existing customer wallet share 3. Acquire new customers 4. Diversify by expanding our vertical portfolio. 5. Optimise Supply chain 6. Optimise trade lane performance to drive profitability

SECTOR CONTRIBUTION TO GROUP (%)

Turnover 96%



EBIT 126%

Capital Employed 87%

LOGISTICS SECTOR

EFL's footprint has expanded rapidly across the Indian subcontinent over the past decade, making EFL one of the fastest growing logistics operators in South Asia. Since 2015, EFL has been on an accelerated growth trajectory to increase its global bandwidth. Today EFL footprint extends to 23 Countries where 60+ origin stations offer trade connectivity across all major global lanes allowing consumer markets in the US and Europe to seamlessly connect to manufacturing centres in Asia, Africa and the Middle- Eastern regions. As a global organisation, EFL's operations are responsible for providing direct employment to 2,417 people around the world, while contributing indirectly towards the livelihood of thousands more across the logistics value chain.

BUSINESS REPORTS (contd.)

Logistics Sector

FREIGHT OPERATION

EFL continued its positive growth trend recording a stable and resilient performance across all its business verticals, in a particularly challenging year for the global freight industry. This was a result of EFL adopting and pursuing a consistent strategy with focused initiatives and executing clear plans, particularly in relevance to its investments in USA, which is now starting to generate desired returns for the Group.

An unusually volatile external environment posed challenges to the overall freight forwarding industry in 2019/20. The key factors include Trade disruptions due to US-China trade tensions which impacted cargo movements causing widespread market uncertainty. Muted GDP growth in manufacturing-intensive economies, ambiguity surrounding BREXIT and the COVID-19 outbreak in February/March 2020 also further contributed towards the volatility. In this backdrop global freight volumes contracted notably, raising concerns regarding excess capacity in both ocean and air fright segments. As a direct consequence of the drop in global volumes, Air Freight rates saw a decline right throughout the year.

EFL too was impacted by these challenges. Nonetheless, quick action taken to optimise the performance of both air and sea freight operations allowed EFL to safeguard its position. Tactical measures to consolidate the airfreight operations helped to stabilise the operation, while an increased focus on growing the Ocean freight operation resulted in significantly higher volumes in this segment across all trade lanes.

Meanwhile, with margins under pressure due to declining freight rates, proactive yield management measures were implemented to protect margins. Steps were also taken to strengthen relations with all major existing carriers while building ties with new carriers to ensure capacity availability and maintain the optimum mix in terms of contracted capacity.

In parallel, EFL continued to pursue its front-end growth strategy to focus on diversifying the client mix using aggressive customer acquisition strategies to tap into selected client verticals. As a result of these efforts, EFL was able to increase the concentration on a variety of verticals such as Tech, Pharma and Perishables. Alongside efforts to grow the other verticals, visible positive strides were made on the core apparel business as well, by maintaining wallet share of existing customers and attracting new strategic accounts into the portfolio. Further staying vigilant regarding potential growth opportunities, EFL quickly leveraged its strong East Asian presence to tap into the higher cargo flows originating from other Asian economies, which appeared to be benefitting from the fallout of US-China trade relations. Whilst COVID-19 impacted the performance of the Sector, particularly in the last Quarter, EFL pursued opportunities to optimise business for the new financial year.

In the meantime, the global expansion strategy was also accelerated to strengthen EFL's ground presence in selected geographies. New origin stations were established in Netherlands, Denmark and Belgium as part of the European expansion strategy. The main aim here was to consolidate EFL's presence and optimise performance in this market, while creating a platform to penetrate a wider portfolio of verticals. Furthermore, the new station set up in Taiwan is aimed at enhancing EFL's position in the Far Eastern markets. These new additions bring EFL's global network to 23 as at end-March 2020.

From a trade lane perspective, the Transpacific operation continued to grow and saw a steady increase in its numbers during the year due to EFL's concentrated efforts in growing business and securing more accounts. Meanwhile, the Indian subcontinent operation too posted encouraging numbers despite the drop in overall trading volumes within the region.

In other developments, EFL made steady progress in its digitisation agenda, which is aimed at supporting EFL to scale up operations to compete on a broader level and move quickly to take advantage of potential opportunities in the market, ultimately enhancing its global positioning as a strategic supply chain partner to its customers. The main initiative for 2019/20 was the completion of the rollout of Cargowise ERP across the EFL network to create a uniformed platform that enables all stations across the Group to adopt standardised processes to enhance visibility and transparency as well as improve operational efficiencies and drive scale as needed.

Further, as an enabler of the front-end logistics management, Cargowise increases EFL's ability to offer comprehensive end-to-end track and trace visibility to customers. Moreover, Cargowise is designed to allow EFL to seamlessly integrate with customer operations thus enabling greater intimacy and customer-centricity which would ultimately deliver long term sustainable advantage to EFL's relationship with its customers.

3PL OPERATION

The Group's 3PL operations consist of both the Warehousing and Transport businesses. Continuing its successful approach of adopting a light asset model for the warehouse operation, EFL continues to drive growth in this segment by leveraging on its inherent expertise and optimizing business efficiencies. With the focused concentration on specifically targeted customers, value-added solutions, extending into varied supply chain services, the 3PL operation has been able to transform itself to become an important growth driver for Group.

Moreover continued investments and deployment of cutting-edge technology has greatly enhanced the level of service, efficiency and visibility offered to the customer.

The 3PL operation saw continued growth during the year under review with increased capacities which further resulted in the company commissioning a new customer fulfillment center of approx. 80,000 sq ft increasing the current warehousing capacity in Sri Lanka to approx. 540,000 sq.ft.

Ongoing value additions of this nature have resulted in higher efficiency, utilisation and yields enabling the 3PL operation to grow consistently over the last 3 years in terms of revenue, profitability, and scale.

FINANCIAL RESULTS

The Logistics sector performed reasonably well in the year under review to record Revenue growth of 9% year-on-year, a commendable achievement given the uncertainty in global freight markets. While a majority of EFL's origin stations performed as per expectations, a few did fall short on their annual targets as a result of reduced volumes from their respective markets.

KEY INDICATORS

(Rs. Mn)	2019/20	2018/19	% Change
Revenue	98,695	90,953	9%
Earnings Before Interest & Taxes (EBIT)	927	3,472	-73%
Finance Cost	332	162	105%
Profit Before Tax	594	3,311	-82%
Profit After Tax	(90)	2,207	-104%
Total Assets	32,285	29,366	10%
Total Equity	11,474	14,262	-20%
Total Debt	10,211	3,411	199%
Capital Employed	21,685	17,674	23%
Return on Equity	-0.8%	15.5%	-105%
Return on Capital Employed	1.1%	13.4%	-92%

A combination of higher revenue and margin management measures drove up Gross Profits by 7% over the previous year, while the GP Margin was 18.1% in the current financial year.

Adding to the incremental cost for the year is the full and final payment of USD 6.75 million, made to RCS Logistics Inc. USA to conclude a dispute between the said organisation, Expolanka Holdings PLC and Expolanka USA LLC (a fully-owned subsidiary of Expolanka Holdings PLC). As previously disclosed in Expolanka Holdings PLC's Annual Reports and interim financials, RCS Logistics Inc had filed action against Expolanka USA LLC and Expolanka Holdings PLC, claiming damages on account of several of its employees leaving the employment of RCS Logistics Inc to join Expolanka USA LLC. The case which has been ongoing since June 2017 was resolved in September 2019 following the decision reached at a mediation hearing held in the state of New Jersey USA, where it was resolved that the dispute would be concluded on the basis that EFL would make a full and final payment of USD 6.75 million without the acceptance of any liability.

Overheads increased by 18% year-on-year due to competency building initiatives to strengthen strategic areas, (APAC and USA), as well as the expenses incurred on building long term competency across the Asia Pacific operations. Other factors such as the depreciation of the Rupee against the US Dollar as well as natural inflationary pressures were partly responsible for the increase in recurring overheads.

Despite significantly higher costs, the Logistics sector was able to record removethe word Operating Profits (excluding legal settlement and fees) of Rs. 2.2 billion in 2019/20.

FOCUS FOR THE FUTURE

The prospects for the year ahead remain uncertain, especially as it is quite likely that the economic fallout from the COVID-19 pandemic will be difficult to assess. However, as a nimble, flexible and progressive entity, EFL will take relevant steps to mitigate the short term impact of COVID-19 and come out stronger as an organisation. Therefore in the short-term, it is imperative that EFL keeps a keen eye on emerging business opportunities that may arise due to disruptions in global supply chains and inherent sourcing difficulties caused by the COVID-19 pandemic. Enhancement of procurement capabilities and short-term overhead mitigation initiatives will be the other major focus areas in the coming months.

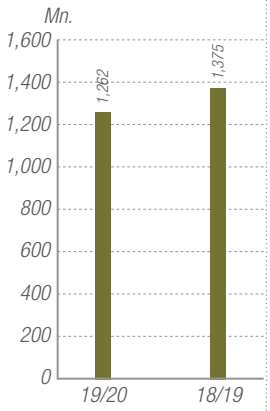
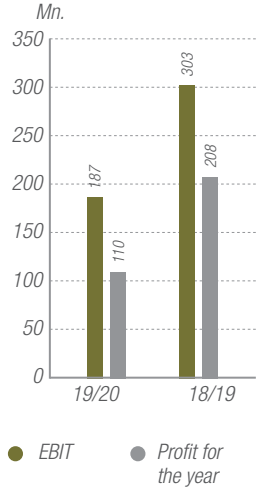
Improving medium-term readiness will be another key priority. This means gearing up for the likely rebound in economic activity over the next 12 – 18 months. Going forward EFL will look to grow market share by consolidating long-standing markets and firming up its position in newly established segments, while prudently seeking out emerging opportunities. New customer acquisition and higher wallet share of existing customers will underpin EFL's business expansion plans in the years ahead. Improving the customer mix, while maintaining a keen eye on customer performance will also be key priorities. This would require expanding EFL's portfolio of services to offer fully integrated end-to-end logistics solutions. Technology will be a key part of this effort, both in terms of improving efficiency and enhancing customer intimacy. Efficiency will enable support scalability more efficiently, while customer intimacy will help raise EFL's service fulfilment levels on par with global standards.

Increased 3PL Capacities

BUSINESS REPORTS (contd.)

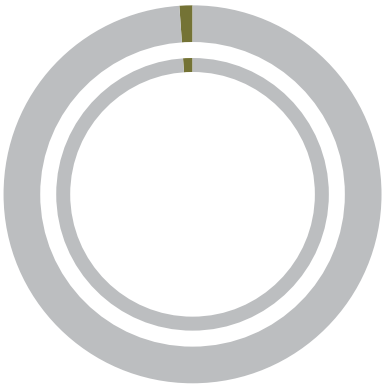
[GRI 102-2]

SECTOR SNAPSHOT LEISURE

Segment	Product Mix	Highlights 2019/20	Revenue	Profits	Strategy
	1. Outbound Corporate Travel and Leisure 2. Inbound Leisure and Corporate Travel 3. Destination Management services	1. New customer acquisition 2. Expanding operating base and reach 3. New products and services 4. Increase value added service portfolio 5. Continued brand enhancement	Revenue 	EBIT & NP 	1. Expand from outbound to full service provider for B2B category 2. Explore market expansion initiatives 3. Expand business volumes 4. Improve cross selling opportunities.

SECTOR CONTRIBUTION TO GROUP (%)

Turnover 1%



EBIT 25%

Capital Employed 4%

LEISURE SECTOR

Classic Travel, which represents the Group's leisure sector operation was established in 1994. Almost thirty years on, Classic Travel has grown steadily to carve out a niche as the premier corporate travel agency in Sri Lanka servicing a majority of the Country's top Bluechip companies. Leveraging on its expertise in the corporate travel segment, Classic Travel has over the years diversified into other areas of the travel value chain, including MICE travel, destination management, as well as the new global trend favouring experiential travel.

BUSINESS REPORTS (contd.)

Leisure Sector

The Group's Leisure sector consists of several businesses along the travel industry value chain. Among these, the largest contributor to the sector is the corporate travel business, which is managed under the brand name "Classic Travel". Specialising in providing end-to-end travel solutions for corporates, ranging from the issuance of Air tickets to visa handling services, hotel bookings, insurance and a variety of other requirements, "Classic Travel" has continued to differentiate itself from peers in the market, by offering superior USP that includes world-class service standards. On this basis, "Classic Travel" has succeeded in capturing a significant portion of the corporate travel market and today is widely accepted as the Market Leader in this space. Over the years, the Company has ventured into other segments of the travel value chain, including outbound leisure travel services, inbound services and experiential travel services. Leveraging on its credentials and position as a Market Leader, the Company has also developed a strong relationship with its partner network (Airlines, Hotels and other suppliers), allowing it to expand its range of services to cater to travel preferences varying from mainstream to the top end niche traveller.

The core business - the corporate travel segment performed satisfactorily in the year under review under challenging circumstances. The industry took an impact from Easter Sunday incident which led to a drop in business for a period of time. However, the Company was quick to capitalise on the resumption of normal travel activity from about June 2019. In order to achieve its volume targets for the year, the Company leveraged its full-fledged service proposition to drive new customer acquisition, while taking steps to expand the bandwidth among existing customers as well. As part of the ongoing effort to differentiate the "Classic" corporate offering, several new services were introduced in the current financial year to augment the existing service model, most notably the airport concierge service that ensures a hassle-free check-in for outbound travellers. However just as it appeared that these measures were paying off, the COVID-19 outbreak in the latter part of the financial year resulted in a in a negative impact for the corporate travel business, as all outbound travel ceased following the shutdown of the airport in mid-March 2020.

Meanwhile, effective margin management within the corporate travel segment remained a key priority, especially given the stiff market competition and the margin pressure caused by policy changes by airlines. Taking a long term view towards margin management, the Company began looking into the possibility of value-added technology solutions that will not only improve internal efficiency and drive cost benefits in the long run, but also enhance service delivery to the customer.

2019/20 was quite a challenging year for the Company's inbound and destination management operation. The first half of the current financial year was particularly tough as tourist arrivals to the Country fell drastically after the Easter attacks in April 2019. Taking the necessary steps to overcome the difficulties facing this segment, the focus shifted towards developing a wider range of experiential travel solutions to cater to both mainstream and niche travellers. Backed by these efforts the inbound operation showed signs of picking up from Q3, but any real progress was again thwarted by the COVID-19 outbreak in February/March 2020 which brought international travel to a grinding halt amidst lockdowns and travel bans imposed by most countries across the world.

Despite the challenges in both outbound and inbound operations, the Leisure sector tabled a satisfactory performance in 2019/20, with the Company recording Revenue of Rs. 1.26 Bn.

FOCUS FOR THE FUTURE

The focus for the immediate future will be to manage the impact of COVID-19 on the Leisure sector business operations. Efforts in this regard have already commenced with certain businesses being restructured to drive short term overhead reductions and enable the sector to ride out the difficult times. As an immediate measure to reduce costs, it was decided that staff incentive payments be made on the basis of variable pay. Meanwhile, other businesses that appear to be less sensitive to the COVID-19 impact will be positioned to expand and grow over the coming months.

In the long term, the Leisure sector will continue to operate based on a successful strategy of creating value through differentiation. In this regard, the Company expects to leverage its existing relationship with customers to provide more services across its value chain.

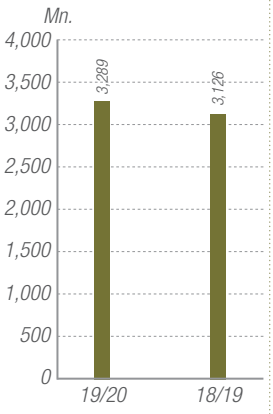
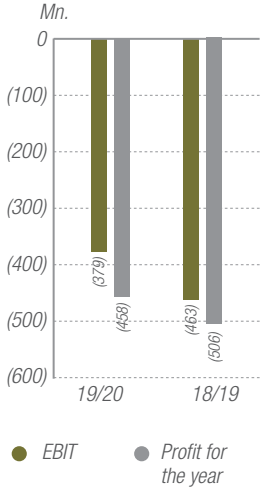
The Company will also look to become more connected with customers through the use of technology specifically by enhancing its CRM platforms and develop solutions to meet the needs and requirements of customers. Diversifying the customer portfolio will also be another key priority. While at present the majority of Classic clients are in the Tech & Apparel Industries, the Company aims to expand its footprint to a wider customer circle as part of its medium-term strategy.

Key Indicators

(Rs. Mn)	2019/20	2018/19	% Change
Revenue	1,262	1,375	-8%
Earnings Before Interest & Taxes (EBIT)	187	303	-38%
Finance Cost	47	25	90%
Profit Before Tax	140	279	-50%
Profit After Tax	110	208	-47%
Total Assets	1,272	1,769	-28%
Total Equity	731	734	0%
Total Debt	263	429	-39%
Capital Employed	994	1,164	-15%
Return on Equity	15.0%	28.4%	-47%
Return on Capital Employed	15.8%	20.1%	-21%

[GRI 102-2]

SECTOR SNAPSHOT INVESTMENTS

Segment	Product Mix	Highlights 2019/20	Revenue	Profits	Strategy
	1. Export of: • Desiccated Coconut • Selected fruits and vegetables 2. Value added processing 3. IT Solutions	1. Processing plant being fully commissioned and operationalised 2. Built strong relationships & partnerships with Global IT players 3. Consolidate multi sector sourcing model for coconut 4. Re-organise organic fruit operations to reduce risk concentration 5. Enhance value adding activities 6. Corporate office enhanced its governance framework	Revenue 	EBIT & NP 	1. Optimise operation with enhanced business model 2. Consolidate value added process operation 3. Confine restructure of non-core investment.

SECTOR CONTRIBUTION TO GROUP (%)

Turnover 3%

EBIT (52)%

Capital Employed 9%

BUSINESS REPORTS (contd.)

INVESTMENTS SECTOR

The investment sector consists mainly of businesses that provide support for the Group's core operations. These include the shared serves that come under the Corporate office and the IT business. in addition, the Group's export arm also comes under the Investment sector.

The group's investment sector consists of four businesses, namely Export of fresh produce, Value-added organic exports, Technology services & the corporate office. The strategy of the group for the sector during the financial year was much the same as it was over the last several years which was centred on stabilising the performance of the various entities and businesses of the sector.

From an overall basis, the Investment sector recorded a growth in revenue of +5% YoY, generating a revenue of Rs. 3.2BN for the year, which was primarily a result of the continued performance of its primary Desiccated Coconut export operation. The business performed satisfactorily during the year and was augmented by the cross border trading operation initiated by the company.

The Value-added Organic export operations of the company, which primarily exports coconut water, organic dried fruits etc, too had its first year of full and stable operations. With the processing plant being fully commissioned and operationalised, the company is quietly confident in relation to the growth prospects of the business operation.

The business focuses primarily on the US & European markets and continued to gain transaction during the year, contributing a healthy revenue.

A slow-down in operation due to COVID-19 was felt during the latter part of the financial year, however, the operation continued to close the year with positive returns.

Furthermore, a continuous reassessment of the sector portfolio was carried out with the aim of driving operational and cost efficiencies, which led to the fresh produce export business being further streamlined in the year under review.

ITX 360, the Group's IT operation continued to meet its primary obligations in supporting the Group's strategic objectives by providing specialised technical support services for the logistics, leisure and investment sector companies in aiding the key operations of the company to drive its strategies and objectives. Furthermore, the company looked to leverage on its strong relationships & partnerships with leading players in the global market. Furthermore, the company looked to leverage on its strong relationships & partnerships with leading players in the global IT industry, to make inroads into the commercial IT market by securing several external sales opportunities by providing value-added services to its customers.

Whilst facilitating the continued growth of the organisation and facilitating the strategy for future expansion, the corporate office enhanced its focus on improving the overall governance framework of the organisation and driving key strategic initiatives across the group.

Key Indicators

(Rs. Mn)	2019/20	2018/19	% Change
Revenue	3,289	3,126	5%
Earnings Before Interest & Taxes (EBIT)	(379)	(463)	-18%
Finance Cost	75	53	42%
Profit Before Tax	(454)	(516)	-12%
Profit After Tax	(458)	(506)	-10%
Total Assets	2,466	2,462	0%
Total Equity	626	791	-21%
Total Debt	1,722	1,491	16%
Capital Employed	2,348	2,282	3%
Return on Equity	-73.2%	-64.1%	14%
Return on Capital Employed	-16.3%	-19.9%	-18%

Corporate office enhanced its focus on improving the governance framework

CORPORATE GOVERNANCE

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE REPORT

Expolanka as a group is of the view that business should be conducted in a responsible manner while prioritising stakeholder concerns and maintaining the sustainability of the company. In light of this, Expolanka places high importance on Corporate Governance and therefore, are actively working on adapting global best practices with the aim of achieving our governance objectives.

GOVERNANCE PRINCIPLES

The Group believes that the governance principles of trusteeship, transparency, accountability, control and ethical corporate citisenship are fundamental in maintaining competitiveness, growth and sustainability and that the practice of each of these principles creates the right corporate culture that fulfils the true purpose of Corporate Governance. The Board works to ensure that the Group succeeds well beyond financial return and continues to thrive regardless of challenging macro-economic variables.

EVOLVING GOVERNANCE NEED

Expolanka is currently operating in 23 countries and is planning to increase our global presence further while diversifying the business portfolio. With this, the governance structure continues to evolve over the period, in order to keep up with the pace of business growth and the changing business requirements.

We continuously review the framework within which we operate and the processes implemented to ensure that they reflect the complexities of our business whilst acknowledging the size of the group; and are capable of adding value as the business grows.

GOVERNANCE CULTURE

Along with our group's vision of building great businesses and the core values, the Board understands the importance of setting the right culture and ensuring that this culture instils the correct values. Groups' Core Values and the Code of Conduct, which set out the values and standards that we expect from our employees together with other policies, govern how we conduct our business and set the standards that drive performance.

BEST PRACTICES

This reports sets out the Group's approach to Corporate Governance Practices, which are mostly principal 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 (ICASL) and the 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.

My fellow directors and I fully appreciate and recognise 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.

DISCLOSURE RELATING TO DIRECTORS

Mr. Sanjay Sumanthri Kulatunga (Independent, Non-Executive Director) and Mr. Shiran Harsha Amarasekera (Independent, Non-Executive Director) have served in the Board of Expolanka Holdings PLC for a period exceeding 9 years, thus automatically require to retire as an Independent Director as per Section 7.10.4 of the Colombo Stock Exchange Listing Rules. However, subsequent to reviewing the criteria set out in the aforementioned listing rule, the board was of the unanimous view that the status of independence of both Mr. Sanjay S. Kulatunga and Mr. S. Harsha Amarasekera has not been impaired despite serving the Board of Expolanka Holdings PLC for a period of 9 years, and that they comply with the criteria set out in Section 7.10.4 of Listing rules of Colombo Stock Exchange. Accordingly, these Directors were re-appointed as Independent Directors of Expolanka Holdings PLC for a period of one year as per the Section 7.10.3 of Colombo Stock Exchange Listing Rules. The Board shall make determination annually on the independent status of these Directors and shall disclose accordingly.

DECLARATION

Furthermore, I take this opportunity and hereby affirm that I am not aware of any violation to the Code of Business Conduct and Ethics within the Expolanka Group having been appointed as the Chairman of the Board on the 23rd of May 2017.

Naosuke Kawasaki
Chairman

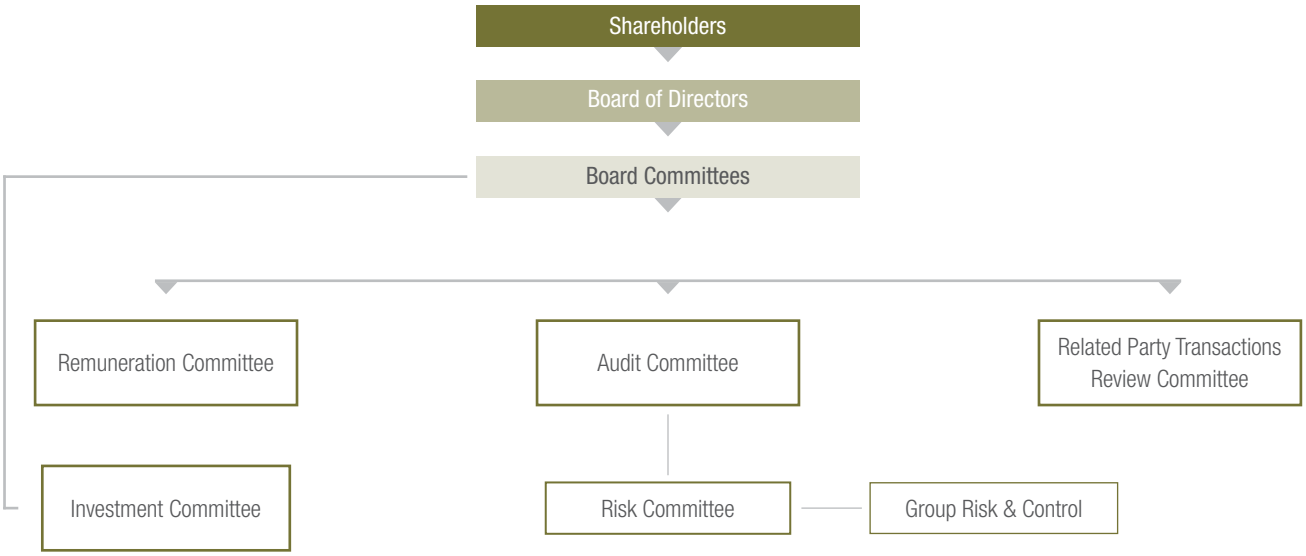
GOVERNANCE FRAMEWORK

GOVERNANCE STRUCTURE [GRI 102-18]

The Board of Directors along with the Chairman is responsible for the stewardship function of the Company, to Expolanka's shareholders and is the highest unit which assumes responsibility and accountability. The directors are collectively responsible for upholding and ensuring the highest standards of corporate governance.

The Board Sub Committees have handed over the responsibility which have been delegated by the Board on areas, so that some of the functions could be discharged using knowledge and expertise of the Sub Committees. However, the Board will operate leaving final decision rights pertaining to matters under the purview of these committees, with itself.

Details of Board sub-committees are provided in the respective sub-committee reports.



BOARD MEETING AND ATTENDANCE

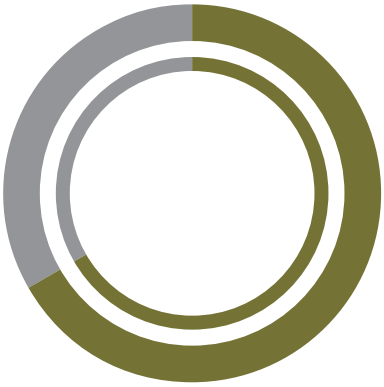
	Name of the Director	29.05.2019	05.08.2019	06.11.2019	05.02.2020	Attendance Eligibility	Attended
1	Mr. Naosuke Kawasaki	●	●	●	●	4	4
2	Mr. Hanif Yusoof	●	●	●	●	4	4
3	Mr. Harsha Amarasekera	●	●	●	●	4	4
4	Mr. Sanjay Kulatunga	●	●	●	●	4	4
5	Mr. Motonori Matsuzono	●	●	●	●	4	4
6	Mr. Yushifumi Matsubara	●	●	●	●	4	4

● Present ● Excused

CORPORATE GOVERNANCE (contd.)

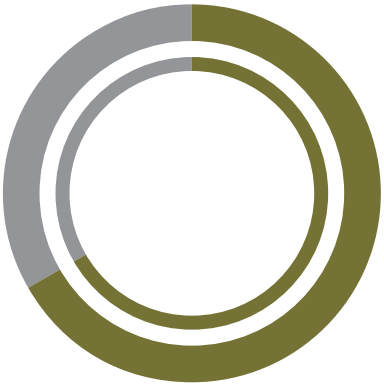
Governance Framework

Board Composition Directorship Status



Non-Executive Directors 4 *Executive Directors 2*

Independence



Non-Independent Directors 4 *Independent Directors 2*

A robust framework of structures, policies, procedures and processes ensure that the standards and values are upheld throughout the group. Accordingly in the year under review, the Directors spent a considerable proportion of its time streamlining and strengthening the processes pertaining to empowerment and accountability to further support good governance leading to greater transparency within the group.

The Corporate Governance framework of the Company comprises of the following:

- Articles of Association
- Terms of reference of Board and Board Sub Committees
- Code of Business Conduct & Ethics
- Policies and Procedures
- Organisation 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 and the 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 Cybersecurity
H. Environment, Society and Governance (ESG)

Section 1 – The Company

SEC & ICASL 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 2020. 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 the minutes, agenda and board papers circulated to all 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 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 the 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 the integrity of information, internal controls and risk management through delegation to the Audit Committee. • Ensures all stakeholder interests are considered in corporate decisions making. • Accounting policies are reviewed annually to ensure compliance with evolving accounting standards including convergence towards the new Sri Lanka Financial Reporting Standards (SLFRS).
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.

CORPORATE GOVERNANCE (contd.)

Governance Checklist

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
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	If necessary in the best interest of the company, one-third of the directors call for a resolution to be presented to the Board.
A.1.8	Training for new and existing Directors	Compliant	The Board recognises 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 the 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 the 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	Complaint	The position of the Chairman and CEO are separated in order to prevent unfettered powers of decision making to a sole individual.

SEC & ICASL 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.
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 Non-Executive Directors, two are Independent Non-Executive Directors complying with the requirement to have the higher of two, or one-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 out of the four 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 Director's 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.

CORPORATE GOVERNANCE (contd.)

Governance Checklist

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.5.6	Appointment of an Alternate Director	Not Applicable	An Alternate Director has not been appointed by a Non-Executive or an Independent Director.
A.5.7	Appointment of a Senior Independent Director	Not Applicable	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	Not Applicable	Please refer the comment for A.5.7 above.
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.
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 reporting financial year.

SEC & ICASL 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 formally 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 should get 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 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 the 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.
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 is 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.

CORPORATE GOVERNANCE (contd.)

Governance Checklist

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
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 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 is present at the AGM to respond to any queries posed by the shareholders.
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 with regard to the Annual Report and Quarterly Reports are disseminated through Corporate Communications and all changes through the company secretary – SSP Corporate Services (Pvt) Ltd.
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 serves 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 when the issues raised are deemed critical or noteworthy.

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
C.2.6	Requirements for the Contact Person	Compliant	Contact person details are clearly communicated. 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
D. Accountability and Audit			
D.1 Financial Reporting The Code requires a fair and a balanced report on the organisation's financial position, performance and prospect.			
D.1.1	Present a Balanced and understandable assessment of the Company's Financial position compiling 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 compiled.
D.1.2	Board's responsibility for statutory and regulatory reporting	Compliant	The Company's Interim and Annual Financial Statements are prepared in accordance to 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 was disclosed to the Colombo Stock Exchange (CSE) on a timely basis during the financial year 2019/20
D.1.3	Declaration by the Chief Executive and Chief Financial officer on the financial statements	Compliant	This is declared 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 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 this Annual Report. The Auditor's Report on the financial statements for the year ended 2019/20 is given on page 70 under Independent Auditors Report
D.1.6	Management Discussion and Analysis	Compliant	Management Discussion and Analysis is presented on the Company together with the subsidiaries as separate supplementary report on the Expolanka Holdings PLC website.

CORPORATE GOVERNANCE (contd.)

Governance Checklist

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
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.
D.1.8	Disclosure of Related Party transactions in the Annual Report	Compliant	Related Party Transactions have been disclosed in Related Party Disclosures 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 authorised 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	The Principal risks facing the company are reviewed and discussed at the Board Meetings periodically along with the strategies to manage and mitigate the same.
D.2.3	Internal Audit function	Compliant	Internal Audit Function is available in the Organisation.
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. 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 are passed 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 has been highlighted in the Annual Report under the report from the Audit Committee.

SEC & ICASL 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 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		Please refer the Audit Committee Report as specified in D.3.1. 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 transactions with related parties in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.			
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 (2) Independent Non-Executive Directors. The Chairperson of the Committee is an Independent Non-Executive Director appointed by the Board.

CORPORATE GOVERNANCE (contd.)

Governance Checklist

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
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. • 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 directors 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.

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
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	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.
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 of 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 ICASL and SEC.

Section 2 – Shareholders

SEC & ICASL 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.
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.

CORPORATE GOVERNANCE (contd.)

Governance Checklist

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
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 2019/20 and the way forward: • Chairman's Review • CEO's Review • 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	Disclosure on how ESG reporting		A report on below aspects have been published on Expolanka Holdings PLC website, under Annual Reports: • The relevance of environmental, social and governance factors to their business models and strategy. • How ESG issues have affected the business, e.g. through legislation, reputational damage, employee turnover, license to operate, legal action or stakeholder relationships, and how these impacts may affect business strategy and financial and operational performance • How risks and opportunities pertaining to ESG are recognised, managed, measured and reported.
H.1.2	The Environment	Compliant	The environmental governance has been discussed in the supplementary report which has been published on Expolanka Holdings PLC website
H.1.3	Social Governance	Compliant	Engagement with the society has been discussed in the Social and Relation capital report which is available in the supplementary report which is available on Expolanka Holdings PLC website. Furthermore, existing labour practices have been discussed under the human capital report which is available in the aforementioned supplementary report.
H.1.4	Governance	Compliant	Please refer page 34 of this Annual Report for the Corporate Governance Report
H.1.5	Board's role on ESG factors	Compliant	

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
7.10.1 (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. Non-Executive directors have submitted declaration of Independence
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 the Annual Report 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	Please refer Chairman's Statement on Corporate Governance Report on page 34 of this Annual Report for details of such determination
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	Please refer Directors Profiles in the Annual Report for Directors' disclosures
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	Please refer the Remuneration Committee Report on page 60 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.

CORPORATE GOVERNANCE (contd.)

Governance Checklist

CSE Rule No.	Subject	Requirement	Compliance	Details
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	Refer Remuneration Committee Report of this Annual Report. Refer Annual Report of the Board of Directors on the Affairs of the Company on page 62 of this Annual Report for the aggregate remuneration paid to Directors.
7.10.6	Audit Committee	A listed company shall have an Audit Committee	Compliant	Please refer the Audit Committee Report on page 67 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 Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend audit committee meetings • The Chairman of the Committee shall be a member of a recognised 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 CFO attend meetings by invitation • The Chairman is an Associate Member of the Chartered Institute of Management Accountants and is a Charterholder 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	Please refer the Audit Committee Report
7.10.6 (c)	Disclosure in the Annual Report	The Annual Report shall disclose: • Names of the Directors of the Audit Committee • 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

RISK MANAGEMENT REPORT

[GRI 102-11]

Expolanka Group with global operations is exposed to a multitude of external and internal influences thereby exposed to a variety of risks both international and local in the course of its business. Group recognises that risk remains as an intrinsic component of doing business and willingness to take an entrepreneurial risk enables it to exploit opportunities as they arise. Effective risk management is a key success factor for realising our strategic objectives. The Group recognises the complexity and the diversity of risks that surround its strategic and operational activities and endeavours to maximise opportunities and minimise exposures to risk, while being cognisant of the risk/reward relationship and the limits of its risk appetite.

Risk management is a fundamental element of the Group's business practice on all levels and processes are built around developing an appropriate and mindful risk culture to support our strategic objectives. We have deployed systems and processes in our internal control environment to identify risks at an early stage and to manage them by taking appropriate action. Material risks are monitored and regularly discussed at the Risk Committee and the Audit Committee of the Board of Directors.
We recognise the dynamic environment in which the Group operates and our risk management processes have had to adapt to changing dynamics due to the outbreak of COVID-19 in 2019/20 which resulted in a global economic downturn accompanied by significant uncertainty.

RISK GOVERNANCE STRUCTURE

Enhancing the value of shareholders' investments and safeguarding assets is the main aim in having a proper system of internal control and a risk governance structure. Management has put in place a number of key policies, processes and independent controls to provide assurance to the Board as to the integrity of reporting and effectiveness of systems of internal control and Risk Management.

RISK MANAGEMENT REPORT (contd.)

The Group strives for a culture of openness and transparency in which identified risks are disclosed proactively and unexpected events are reported as soon as they occur. We remain strongly committed to maintaining and strengthening a workplace culture in which employees uphold the highest standards of behaviour 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 behaviours and actions. All staff attest that they have read and understood the Code of Conduct at the time of recruitment. Processes are already in place to ensure greater comfort for staff reporting concerns across a range of issues.

RISK MANAGEMENT FRAMEWORK

Risk Management Framework adopted recognises that effective risk management includes three distinct lines of defence.

- 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 defence and independently assesses all material risks
- Internal Audit, as the third line, independently reviews the Group's risk management controls, processes and systems.

The three lines of defence model adopted sets responsibilities across the organisation and ensures each group understands the boundaries of their responsibilities and how their position fits into the organisation's internal control and risk management system.

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 ensures that an effective risk management is established and maintained by the group. 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.

Role	Responsibility	Line of Defense	Scope
Independent Assurance	Internal Audit	3rd Line of Defense	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.

RISK MANAGEMENT PROCESS

The primary goals of risk management activities are to ensure that the outcomes of risk-taking activities are consistent with the Groups' strategies and risk appetite, and that there is an appropriate balance between risk and reward in order to maximise shareholder value. The employment of an effective risk management process is critical particularly in the current environment of change and uncertainty to achieve strategic and operational goals of the Group.

Group's risk management consists of structures, systems, policies and processes to support the business to manage and effectively mitigate significant risks. Each business area, function and unit is responsible for identifying, measuring, managing and reporting of risks under their purview complying with general and specific risk instructions described in the internal risk management guidelines. Group strives to create understanding of and commitment to risk management as a critical factor for decision making and for creating value. The Group determines that all executives and employees are owners of the risk and are required to take responsibility for their role in risk management.

Mechanisms for identification of risks include findings from internal and external audit, self-assessment questionnaires, insurance risk reviews, exceptions reporting, incident analysis, periodic assessments of the business environment, analysis of the company's performance relative to the agreed expectations and discussions with the Audit and Risk Committee. Risk is analysed and evaluated to understand the potential impact and likelihood of occurrence and is prioritised and treated as applicable.

The Group considers compliance pertaining to all the laws and regulations to be imperative. We have deployed Compliance Management System (CMS) to report and monitor the compliance status of statutory tax on a monthly basis across the group. The existing system reporting platform is being further developed to capture and monitor the regulatory compliance across the group. The status of compliance and effectiveness of the Compliance Management System (CMS) is overseen by the Risk Committee.

Expolanka has tailored insurance programs that transfer the risks associated with the Group's property and liability exposures. Insurable risks are continuously evaluated and actions are taken to reduce these insurable risks, as part of loss-prevention strategy as per the guidance and direction received from the Insurance Committee.

The Risk Committee and Audit Committee periodically review 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

The perceived principal risks to which the Group is exposed and the mitigating controls in place to manage these risks have been provided in the table given below. These risks thus identified are considered and reviewed at various stages within our business process continuously and appropriate risk responses and strategies are implemented. Opportunities for further enhancement are evaluated continually. The Principal Risk identified helps bring governance and management focus to the principal risks which may prevent the Group from achieving its stated goals and objectives

RISK MANAGEMENT REPORT (contd.)

There was a significant shift in the overall risk exposure of the organisation in 2019/20 mainly due to COVID-19 outbreak, a high impact event which is outside the scope of general risk management due to the remote probability for occurrence. The outbreak evolved rapidly affecting the demand for our service materially in 2019/20 in the last quarter. We recognise that the actual impact will depend on many factors which are beyond company's control and knowledge and its future effects remain uncertain. Refer Management Discussion Section for business outlook in page 24.

Risk rating of some of the principal risks was re-assessed and has been aligned in line with the existing and future impact resulting from the outbreak.

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 17 /18	Risk Grading 18/19	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	• Transaction to Solution driven business initiatives to add value to the service provided. • Improvement to Service Level Agreements • Investment committee evaluations on new investments • Consolidation of equity stake of subsidiaries • Formalisation and standardisation of agreements with business partners • Meeting customer requirements on reporting compliance and service delivery • Enabling and expanding core network strength • Improved integration through technology with business partners	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 • Strengthening of products offered by the company apart from the traditionally prominent Air Freight Exports • Broadening the reach through branch operations • Product diversification through active venturing into other verticals apart from our specialised area of apparels • Increasing footprint in the other regions thus reducing concentration risk • Trade lane performance consolidation	Medium	Medium	Medium
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 • Credit default recoveries through centralised legal department • Increased focus and follow up on debtor collections • 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	Medium	Medium	Medium

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 17 /18	Risk Grading 18/19	Risk Grading 19/20
Investment Risk	The future profitability of the group is affected by the degree of realisation of expected earnings on investments	• Investment appraisal on new ventures by the Investment Committee • Expert Legal advice on investment agreements • In-depth Financial, Commercial and Legal due diligence on investment prior to decision making • Established project evaluation criteria driven by financial, commercial and strategic parameters • Strong governance structure for project approvals • Continuous review from project implementation to maturity	Medium	Medium	Medium
Legal & 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
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 • 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	• Independent ITGC Audit • Robust controls to secure IT systems and processing information to increase confidentiality and integrity of data. • Recruitment of Specialised IT Security personnel • 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. • Trainings on existing and latest best suited technologies and adaptation of available IT best practice to align with IT governance. • Regular system penetration test to identify system vulnerabilities and action plans to address the same • Adopting to the technological advancement • Specialised systems to cater to respective business requirements	High	High	Medium

RISK MANAGEMENT REPORT (contd.)

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 17 /18	Risk Grading 18/19	Risk Grading 19/20
Foreign Exchange Risk	Potential losses as a result of high volatility in foreign currency exchange rates against the Sri Lankan Rupee.	• 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 Forward Contracts to mitigate the FOREX risk. • Incorporating the projected downswing in exchange rates to the pricing of goods and services	Medium	Medium	Medium
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 • Systemising 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	Medium	Medium	Medium
Country & Geo Political Risk & Economic Downturn	Risk of operating in new markets, political risks	• Risk of operating in new markets, political risks • Analysing PEST factors and developing appropriate strategies • Monitoring of country specific legal & regulatory requirements • Broad basing of airline service providers to reduce the dependency on regional airlines • Strong market monitoring to address potential challenges proactively • Enhanced organisational structure to minimise risk exposure	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 organisation with the business strategy • Proactive customer service engagement	Medium	Medium	Medium

The risks described are not an exhaustive list of the risks Expolanka faces and there may be additional risks which do not constitute a direct threat in the short-term, or risks which management deems immaterial or otherwise common to most companies, but which could at some time have a material adverse effect on Expolankas' financial position, results, operations, or liquidity.

It is to be acknowledged 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 assurance.

SUMMARISED ASSESSMENT OF THE RISK SITUATION

The COVID-19 outbreak was a real life "stress test" of the global supply chain and logistics markets worldwide. The impact resulting from the outbreak was immense and precipitated in a global economic downturn resulting in structural changes on demand. The global shipping was one of the biggest casualties and was at a near standstill thereby affecting the core business of the group significantly given its global reach.

Significant impact to the performance of the business was felt from March 2020. In order to meet the unprecedented challenge of the pandemic, the group focused on two key factors, effectively managing the liquidity position of the company and bringing in short term cost reduction initiatives to our overall operations across all sectors of the group. Global liquidity challenges, potential recessionary impacts, exchange rate volatility will play a role in future performance of the company.

Apart from the above, one of our subsidiaries was involved in a lawsuit in the past in connection with our operations. The dispute was resolved during the year after a full and final settlement for the damages to the plaintiff without any liability.

The above mentioned events substantially impacted the group financial position, results, operations and liquidity negatively and had an adverse effect on our profitability.

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 objective. Risk Management framework and processes adopted within the group is subject to constant evaluation and continue to evolve in order to effectively respond to uncertainties and meet the challenges and requirements of the global markets in which the business operates. We would continue to refine and improve our risk management practices to ensure long term resilience 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 2020 and is chaired by Mr. Sanjay Kulatunga. Brief profiles of the members are given on the pages 14 and 15 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 includes 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 2020 and the attendance of the members of the Related Party Transactions Review Committee was as follows:

	29th May 2019	5th Aug 2019	6th Nov 2019	5th Feb 2020	Attendance Eligibility	Attended
Mr. Sanjay Kulatunga	●	●	●	●	4	4
Mr. Harsha Amarasekera	●	●	●	●	4	4

● Present ● Excused

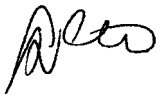
The committee has reviewed the related party transactions during the financial year and has communicated its observations to the Board of Directors as per the CSE Listing Rules 9.3.2 (c)

The Group CEO, Director - Group Finance, Group CFO, Manager - Treasury, CEO – Freight & Logistics Sector, CAO – Freight & Logistics Sector and other Senior Management personnel 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 May 2019	• Update on Related Party Borrowings with the Parent entity in Singapore.
	• Discussion on the findings stemming from the study of Transfer Pricing compliance requirements for two entities in Sri Lanka
	• Update on the proposed Transfer Pricing Model for Hub and Investment Holding companies.
5th August 2019	• Detailed discussion on the proposed Transfer Pricing Model for the Logistics sector companies in the Group.
	• Tabling the summary of findings for the benchmarking analysis done for the Logistics sector companies in the Group.
	• Tabling the Transfer Pricing compliance requirements for local subsidiaries in line with the local transfer pricing regulations for the FY 2018/19.
6th November 2019	• Tabling the information pertaining to Major non-recurring related party transactions as of 31st of October 2019.
	• Discussion on the findings stemming from the study of Transfer Pricing compliance for companies based in Far East Asia for FY 2018/19.
	• Update on the current status of compliance pertaining to BEPS Actions 13.
5th February 2020	• Detailed update on the changes to Sri Lanka's Transfer Pricing Regulation.
	• Discussion on the findings stemming from the study of Transfer Pricing compliance for key entities in the Freight & Logistics sector based in Asia.
	• Update on the current status of compliance pertaining to foreign subsidiaries in line with BEPS Actions 13 & the countries' local Transfer Pricing regulations.

On behalf of the Related Party Transactions Review Committee



Sanjay Kulatunga
Chairman - Related Party Transactions Review Committee

REMUNERATION COMMITTEE REPORT

COMPOSITION

During the year under review, the Remuneration Committee comprised of two Independent Non-Executive Directors who were appointed by the Board of Directors. The Composition of the Committee mentioned below fulfilled the requirements of the Listing Rules No. 7.10.5 of the Colombo Stock Exchange;

Mr. Harsha Amarasekara (Chairman)
Mr. Sanjay Kulatunga

The brief profiles of the Directors are given on pages 14 and 15 of the Annual Report.

SCOPE OF THE COMMITTEE

The scope and the responsibilities of the Remuneration Committee include;

- To suggest recommendations to the Board of the Company 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 with reference to 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

Remuneration policy of Expo has been designed to attract, motivate and retain the executive team of the company by offering market competitive remuneration and benefit packages which will aid in achieving the objectives of the company. Accordingly salaries and other benefits are reviewed periodically taking into account 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 endeavour to ensure that the remuneration levels are sufficient to attract and retain Executive Directors, CEO and the members of the senior management team.

MEETINGS

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

	11th March 2020
Mr. Harsha Amarasekera	●
Mr. Sanjay Kulatunga	●

The Remuneration Committee reviewed the existing remuneration benefit structure of the organisation to explore cost management measures and to identify measures to mitigate risks arising from the COVID-19 pandemic, while ensuring that the remuneration benefit structure is in line with the company's overall aims and objectives. Further it was also made certain that the policy is 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.

No Director was involved in deciding his/her own remuneration package.

Mr. Harsha Amarasekera
Chairman - Remuneration Committee

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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, Audited Consolidated Financial Statement and the Auditors' Report on these Financial statements for the year ended 31st March 2020 of Expolanka Holdings PLC, a Diversified Holding Company, listed in the Colombo Stick Exchange. Expolanka Holdings PLC which was incorporated in Sri Lanka on 05th March 2003 as a Private Limited Liability Company under the Companies Act No. 17 of 1982 was Re-registered on 11th November 2008 as 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 16th July 2020.

COVENANT AND CORE VALUES

Expolanka's covenant is; Building a great business with a dare to do spirit' and Expolanka's core values are;

- 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 80 of this Annual Report. The principal activities of the Group are categorised into three sectors namely, Logistics, Leisure and Investments.

BUSINESS REVIEW AND PROSPECTS

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 available in the supplementary report available on Expolanka Holdings PLC website, Chairman's Message and CEO's Review available in this 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 74 to 129 .

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 70.

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 except for SLFRS 16 Leases which was adopted by the Group with effect from 1 April 2019

REVENUE

Revenue generated by the Company amounted to Rs. 125,040,000 (2019 – Rs. 125,190,000) whilst Group revenue amounted to Rs. 103,245,670,749 (2019 – Rs. 95,454,911,468). Contribution to the group revenue from the different business segments is provided in page 122.

RESULTS AND APPROPRIATIONS

The profit after tax of the holding Company was Rs. (172,062,138) (2019 - Rs. (3,410,156)) whilst the Group profit attributable to equity holders of the parent for the year was Rs. (736,557,808) (2019 - Rs. 1,447,985,316). Results of the Company and of the Group are given in the income statement in the audited financial statement.

The Company has not declared any dividend for the financial year 2019/20.

DONATION

Total donations made by the Company and Group during the year amounted to Rs. 0 (2019 - Rs. 30,000) and Rs. 20,098,286 (2019 - Rs. 9,397,688) respectively. 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 supplementary report which is available in the website of Expolanka Holdings PLC.

PROPERTY, PLANT AND EQUIPMENT

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 35,060,497 (2019 - Rs. 24,518,180) and Rs. 3,405,360,820 (2019 - Rs. 3,961,747,782) for the Company and the Group respectively. Capital expenditure for the Company and the Group amounted to Rs. 22,011,587 (2019 - Rs. 2,172,621] and Rs. 597,231,464

(2019-Rs. 560,643,552) respectively. 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. 4,552,696,593 (2019 - Rs. 4,570,227,815) respectively. Detailed description of the short and long term investments held as at the balance sheet date, are given in pages 102 to 107 to 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 2019	4,097,985,000
Movements during the year	
As at 31 March 2020	4,097,985,000

DIRECTORATE

The names of the Directors who held office at the end of the financial year are given below.

Naosuke Kawasaki	- Chairman
Hanif Yusoof	- CEO/Executive Director
Motonori Matzusono	- Non-Executive Director
Yushifumi Matsubara	- Executive Director
Sanjay Kulatunga	- Non-Executive Independent Director
Harsha Amarasekara	- Non-Executive Independent Director

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 2020.

DIRECTORS REMUNERATION

Directors' remuneration, in respect of the Company for the financial year 2019/20 is Rs. 55,506,775.00. Directors' remuneration in respect of the Company's Subsidiaries for the financial year 2019/20 is Rs. 719,847,658.

AUDIT COMMITTEE

The following Directors serve the Audit committee;

Mr. Sanjay Kulatunga	- Chairman
Mr. Harsha Amarasekara	- Member

The report of the Audit Committee is given under the section of Corporate Governance of the Annual Report.

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 TRANSACTIONS REVIEW COMMITTEE

The following Directors serve the Related Party Transactions Review Committee;

Mr. Sanjay Kulatunga	- Chairman
Mr. Harsha Amarasekara	- Member

The report of the Related Party Transactions Review Committee is given under the section of Corporate Governance of the Annual Report.

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, as additional disclosure, are the Expolanka Holdings PLC's Board of Directors' shareholdings as at 31 March 2020.

Name of Director	No of Shares
Naosuke Kawasaki	Nil
Hanif Yusoof	147,021,464
Motonori Matzusono	Nil
Yushifumi Matsubara	Nil
Sanjay Kulatunga	Nil
Harsha Amarasekara	Nil

EQUITABLE TREATMENT OF SHAREHOLDERS

It is the Group's policy to endeavour to ensure equitable treatment to its shareholders at all times.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (contd.)

MAJOR SHAREHOLDING

No.	Name of Shareholder	31st March 2020		31st March 2019	
		No. of Shares	%	No. of Shares	%
1	SG HOLDINGS GLOBAL PTE.LTD	1,333,141,210	68.19	1,319,165,681	67.48
2	CACEIS BANK, LUXEMBOURG BRANCH-BARCA GLOBAL MASTER FUND LP	173,811,433	8.89	173,811,433	8.89
3	MR. H. YUSOOF	147,021,464	7.52	147,021,464	7.52
4	BBH-MATTHEWS EMERGING ASIA FUND	91,311,871	4.67	94,231,424	4.82
5	MR. F. KASSIM	23,560,811	1.21	23,560,811	1.21
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	9,499,000	0.49	9,499,000	0.49
7	E.W. BALASURIYA & CO. (PVT) LTD	7,591,805	0.39	7,591,805	0.39
8	MR. S. KASSIM	5,401,559	0.28	5,401,559	0.28
9	INSITE HOLDINGS PRIVATE LIMITED	5,000,000	0.26	-	-
10	MRS. V. SARASWATHI	4,036,860	0.22	4,036,860	0.21
11	J.B. COCOSHELL (PVT) LTD	3,664,456	0.19	11,161,962	0.57
12	EMPLOYEES TRUST FUND BOARD	3,486,700	0.18	3,486,700	0.18
13	HALLSVILLE TRADING GROUP INC.	3,000,000	0.15	3,000,000	0.15
14	MR. M.H. OMAR	2,898,660	0.15	2,898,660	0.15
15	HATTON NATIONAL BANK PLC- ASTRUE ALPHA FUND	2,770,354	0.14	-	-
16	MR. K.S.R. NISSANKA	2,000,000	0.10	4,500,000	0.23
17	MR. A.M. WEERASINGHE	1,956,966	0.10	1,956,966	0.10
18	MR. RAHUL GAUTAM	1,818,000	0.09	1,600,000	0.08
19	JANASHAKTHI INSURANCE PLC - NON PAR	1,780,100	0.09	1,780,100	0.09
20	BANK OF CEYLON	1,716,193	0.09	1,716,193	0.09

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange. The Expolanka Governance section on pages 34 to 50 discusses the areas pertaining to Corporate Governance in detail.

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 authorised to determine their remuneration will be submitted at the Annual General Meeting. Details of audit fees are set out in Note 23 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 2,925 (2019–3,078). 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 BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date that would require adjustment, other than those disclosed in Note 30 to the Financial Statements.

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 which is available in the website of Expolanka Holdings PLC.

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.

ANNUAL REPORT

The Board of Directors has approved the Company and the Consolidated Financial Statements on 16th July 2020. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

ANNUAL GENERAL MEETING

The Annual General Meeting of the company will be held as a virtual meeting, on Wednesday 12th August 2020 at 4.00 pm.

By Order of the Board

Hanif Yusoof
Director

Sanjay Kulatunga
Director

SSP Corporate Services (Pvt) Ltd
Secretaries

16th July 2020

THE STATEMENT OF DIRECTOR'S 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.

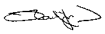
The External Auditors, Messrs Ernst & Young, reappointed in terms of Section 158 of the Companies Act were provided with every opportunity to take whatever steps and undertake whatever inspections that they considered being appropriate to enable them to give their audit opinion on the financial statements. The Report of the Auditors, shown on page 70 to 73 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 to the financial statements covering contingent liabilities.

Naosuke Kawasaki
Chairman



Hanif Yusoof
Director

16th July 2020

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 of Directors to assist in fulfilling its oversight responsibilities relating to:

- Ensuring adequacy and effectiveness of the Company's internal controls over financial reporting systems to provide accurate, appropriate and timely information to the stakeholders.
- Reviewing the appropriateness of accounting policies and their adherence to statutory and regulatory compliance requirements and applicable accounting standards.
- Reviewing the quality and integrity of interim and annual financial statements prepared for publication prior to submission to the Board of Directors
- Ensuring 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 Committee comprises of two Independent Non-Executive Directors and is chaired by Mr. Sanjay Kulatunga. 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 pages 14 and 15 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 2020. The attendance of the members of the Audit Committee was as follows:

	29th May 2019	5th Aug 2019	6th Nov 2019	5th Feb 2020	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 and CAO of the 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 (contd.)

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

Meeting Date	Key Points of Discussion
29th May 2019	• Review of Quarterly Financials for the period ending 31st March 2019
	• Review of Consolidated Financial Statements for the year ending 31st March 2019 and recommendation to the Board for approval
	• Review of ERP system implementation progress across the group along with the plan and the discussion on the system controls to provide assurance on the financial reporting
	• Meeting with external auditors, Ernst & Young Partner and the team to review significant accounting matters and key audit matters resulting from audit.
	• Status and progress update on the income tax assessments of the group.
5th August 2019	• Review of Financial Statements for the quarter ending 30th June 2019 including adoption of new accounting standards and the impact to the financial reporting
	• Review of credit exposure arising from key customers and alternate risk mitigation strategies
	• Status and progress update on the income tax assessments of the group.
	• Discussion with PwC Partner and the team on the internal audits performed, high risk findings, status of closure, follow ups and the internal audit plan
8th November 2019	• Review of Financial Statements for the quarter ending 30th September 2019.
	• Presentation on the ERP Dashboard and discussion on the integration of existing IT functions and systems under single platform to bring efficiencies
	• Discussion on the existing and target capital structure and other key performance ratios
	• Status and progress update on the income tax assessments of the group
	• Discussion on the adequacy of limit and claim strategy of the existing Freight Forwarders insurance cover from the Risk Committee minutes
5th February 2020	• Review of Financial Statements for the quarter ending 31st December 2019.
	• In depth review of customer credit management and settlement pattern against the challenging market conditions
	• Presentation on the ERP Phase 2 covering system workflow automation, exception management and efficiency improvement and the benefits accruing from the same
	• Discussion on the implications of proposed tax changes to the Group
	• Discussion and review of External Audit Plan, Timelines, Key Audit Matters and Areas of Focus with EY Engagement Partner and the team
	• Status and progress update on the income tax assessments of the group

FINANCIAL REPORTING

In relation to the Audit Committee's primary function to provide assurance on the reliability of financial statements, it reviewed and discussed the Group's Quarterly and Annual financial statements with the management and the External Auditors ensuring that the Company's financial reporting gives a true and fair view based on the accounting records and in accordance with the stipulated Sri Lanka Accounting Standards prior to publication. 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.

The Committee continued to focus on the controls and risks related to the information systems that are used to prepare the Financial Statements and evaluated the robustness of the same and the audit process to ensure reliability of financial reporting.

INTERNAL AUDIT, INTERNAL CONTROLS AND RISK MANAGEMENT

The Audit Committee, sub-committee of the Main Board exercises oversight over the Internal Audit function. The Committee reviewed the risk based internal audit plan for the year and approved the same. The Committee met the internal auditors, PwC during the year and discussed matters of significance arising from regular audits and special assignments conducted during the year. The Committee also reviewed the recommendations to overcome the issues raised and management's responses and the implementation plans to address the same. The Committee also evaluated the follow-up and monitoring mechanism in place to ensure timely closure of reported findings.

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 2019/20 was reported as effective in the assessment report issued by the auditors of the ultimate parent company.

The Audit Committee also reviewed the management of notable risks and the measures taken by the management to mitigate the same through periodic discussions with the Senior Management, Internal Auditors and External Auditors of the Group and provided advice as necessary. 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. The key risks associated with the business are given in the Risk Management Report on pages 51 - 57.

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 Committee reviewed the results of the external audit and the recommendations contained in the Group Management Letter arising from the audits of the Annual Financial Statements along with the management response.

A partner rotation of the auditors take place at periodic intervals and accordingly rotation took place for the current financial year 2019/20.

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 2021 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

INDEPENDENT AUDITOR'S REPORT

Building a better working world

Ernst & Young
Chartered Accountants
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Colombo 10
Sri Lanka

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Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF EXPOLANKA HOLDINGS PLC

REPORT ON THE AUDIT OF THE 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 2020, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2020, 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: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

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EY
Building a better working world

KEY AUDIT MATTERS COMMON TO BOTH GROUP AND COMPANY

Key audit matter	How our audit addressed the key audit matter
Recognition of Revenue of the Group During the financial year 2020, the group recognised revenue of Rs 103Bn Given the fact that group involves in multiple sectors such as logistics and Leisure in multiple geographies, it routinely enters in to varying contracts with its customers in multiple territories. Appropriate recognition of related revenue for the period required management's assessment of such contracts focusing on agent vs principal relationships and applicable laws and industry practices of the respective jurisdictions. Due to significance of revenue, this matter was considered to be significant to our audit. The accounting policies regarding revenue recognition are explained in the note 2.2.14 in the Consolidated Financial Statements. Further details on revenue are disclosed in note 19 to the Consolidated Financial Statements.	Among other audit procedures focused on the recognition of revenue, we performed following specific procedures. • We assessed the Group's processes and key controls relating to the revenue recognition including the process of analyzing relevant contracts with customers, management's assessment of such contracts focusing on agent vs principal relationships and applicable jurisdictional laws and practices. Further we have corroborated the group's processes in accordance with SLFRS 15. • Group internal controls with regards to revenue recognition have been validated. Further our audit procedures included substantive analytics procedures to identify any unusual or non-standard transactions and, on a sample basis, agreeing amounts recorded to underlying evidence. In addition, we assessed the adequacy of the related financial statement disclosures in note 2.2.14 and note 19.
Annual Impairment Test of Goodwill The goodwill on the statement of financial position of the Group amounts to Rs. 437.6Mn which has been derived mainly from the Group's investment in Expolanka USA LLC, EFL Global Freeport (Private) Limited and Expo Freight (Vietnam) Limited. Goodwill is tested annually for impairment based on the recoverable amount determined using Value In Use computations (VIU). Such VIU calculations are based on the discounted cash-flow models of each Cash Generating Unit (CGU) to which Goodwill has been allocated. A deficit between the recoverable value and the carrying values of the CGUs including Goodwill would result in an impairment. The VIU calculations are significant to our audit as it involves significant judgments and estimates of Management such as forecasts of sales and profit margins including assessment of possible effects of Covid19 on those and appropriate discount rates for each CGU as more fully described in note 5.1.1 to the financial statements. We considered assessment of goodwill impairment as a key audit matter due to the magnitude of the balance and the significance of judgments and estimates involved.	• Our procedures included among others, involving our internal specialized resources to assist us in evaluating the assumptions and methodology used by the Group, in particular those relating to the forecasted revenue growth and profit margins of Expolanka USA LLC, EFL Global Freeport (Private) Limited and Expo Freight (Vietnam) Limited. • We also assessed the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill. • We also assessed whether the disclosures made by Management in note 5.1.1 to the financial statements fairly reflect the Management's approach and assumptions applied in relation to the impairment test carried out.

Key audit matter	How our audit addressed the key audit matter

Recoverability of Trade Receivables
 	
The Trade Receivables of the Group amounts to Rs. 18 Bn which represent 51% of the total assets of the Group as at 31 March 2020. A significant proportion of this balance is contributed by significant overseas subsidiaries of the Group such as India, USA, China, Dubai, Hong-Kong, Vietnam and Indonesia.
 	
Group determined provision for impairment on individual and collective basis considering multiple futuristic assumptions which are more fully described in note 2.5 to the Consolidated Financial Statements. Estimation of required provision also involved management's assessment of possible effects of COVID 19 on the customers focusing on customers in USA, India, and China and thereby on the timing of estimated settlements.
 	
Assessment of provision for trade receivables is considered a key audit matter due to magnitude of the balance and significance of the judgments and estimates involved in such estimation.
	Among other audit procedures focused on the recoverability of Trade Receivables, we performed following specific procedures;
	• We assessed the Group's processes and key controls relating to the monitoring of trade receivables including the process of determining whether a debtor is credit impaired.
	• We validated the Group's procedures related to the application of SLFRS 9 Expected Credit Loss model (ECL), such as
	  • We tested the underlying calculations and data used in ECL calculations
	  • We tested the completeness of the underlying information's used in the impairment calculations by agreeing details to the source documents.
	• We obtained trade receivable confirmations and reviewed for collectability by way of obtaining evidence of receipts from the debtors on a sampling basis subsequent to the year end.
	• We had discussions with Management and the Board of Directors on the recoverability of long outstanding debts, analyzed the Group's trend of collections for long outstanding trade debtors and reviewed legal case files.
	• We have also assessed the adequacy of provision for bad and doubtful debtors and related disclosures provided in note 11 to these financial statements in relation to the trade receivable of Group subsidiaries

OTHER INFORMATION INCLUDED IN THE 2020 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 THE 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.
- 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.

16 July 2020
Colombo

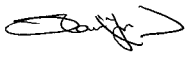
STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	3	3,405,360,820	3,961,747,782	35,060,497	24,518,180
Right of use assets	4	3,022,912,860	-	20,101,659	-
Intangible assets	5	676,970,823	635,099,255	4,980,680	1,806,250
Investments in subsidiaries	6	-	-	4,552,696,593	4,570,227,815
Investment in an associate and a joint venture	7	164,272,697	237,698,403	43,990,000	43,990,000
Other financial assets	8	2,621,551	145,023,258	-	142,561,786
Deferred income tax assets	24	146,784,043	186,779,308	-	-
Prepayments and other assets	9	308,972,775	234,548,242	-	-
		7,727,895,569	5,400,896,248	4,656,829,429	4,783,104,031
Current assets					
Inventories	10	152,464,734	122,879,282	-	-
Trade and other receivables	11	18,416,014,782	21,349,981,105	307,271,678	175,474,629
Prepayments and other assets	9	1,677,888,069	1,795,751,200	16,570,397	21,696,144
Other financial assets	8	159,645,640	194,276,010	402,647	451,656
Income tax recoverable		457,994,406	275,912,047	-	-
Cash and cash equivalents	12	7,156,046,860	4,456,865,049	22,470,893	155,779,974
		28,020,054,491	28,195,664,693	346,715,614	353,402,403
Assets held for sale	13	274,883,413	-	-	-
		28,294,937,904	28,195,664,693	346,715,614	353,402,403
Total assets		36,022,833,473	33,596,560,941	5,003,545,043	5,136,506,434
EQUITY AND LIABILITIES					
Stated capital	14	4,097,985,000	4,097,985,000	4,097,985,000	4,097,985,000
Reserves	15	940,585,702	983,692,993	-	(11,864,435)
Retained earnings		7,600,459,259	9,193,919,473	52,641,449	238,138,521
Equity attributable to equity holders of parent		12,639,029,961	14,275,597,466	4,150,626,449	4,324,259,086
Non-controlling interest		191,512,037	1,511,718,909	-	-
Total equity		12,830,541,998	15,787,316,375	4,150,626,449	4,324,259,086
Non-current liabilities					
Financing and lease payables	16	5,468,961,993	1,198,889,432	752,762,369	691,284,493
Deferred income tax liabilities	24	728,696	482,305	-	-
Retirement benefit obligation	17	616,995,166	514,217,666	26,994,225	22,958,932
		6,086,685,855	1,713,589,403	779,756,594	714,243,425
Current liabilities					
Financing and lease payables	16	6,726,988,712	4,132,734,967	12,278,314	-
Trade and other payables	18	10,196,515,878	11,553,517,996	60,883,686	98,003,923
Income tax liabilities		182,101,030	409,402,200	-	-
		17,105,605,620	16,095,655,163	73,162,000	98,003,923
Total equity and liabilities		36,022,833,473	33,596,560,941	5,003,545,043	5,136,506,434
Net assets per share		6.47	7.30	2.12	2.21

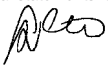
These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

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
Director



Sanjay Kulatunga
Director

The accounting policies and notes on pages 79 through 129 form an integral part of the financial statements.

16th July 2020
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue from contracts with customers	19	103,245,670,749	95,454,911,468	125,040,000	125,190,000
Cost of sales		(84,062,988,003)	(77,355,321,966)	-	-
Gross profit		19,182,682,746	18,099,589,502	125,040,000	125,190,000
Other operating income and gains	20	421,151,023	568,682,484	8,811,089	8,281,381
Selling and distribution expenses		(1,216,362,263)	(1,234,192,602)	(11,493,965)	(19,538,403)
Administrative expenses		(17,766,233,804)	(14,231,084,931)	(278,592,200)	(351,235,668)
Operating profit/(loss)		621,237,702	3,202,694,452	(156,235,077)	(237,302,690)
Finance costs	21	(455,321,572)	(239,693,976)	(14,826,093)	(6,106,201)
Finance income	22	83,042,876	49,821,042	6,853,641	239,998,735
Share of result of equity accounted investees (net of tax)	7	31,143,002	60,413,620	-	-
Profit/(loss) before tax	23	280,102,008	3,073,235,138	(164,207,529)	(3,410,156)
Income tax expense	24	(718,038,357)	(1,164,390,306)	(7,854,610)	-
Profit/(loss) for the year		(437,936,349)	1,908,844,832	(172,062,139)	(3,410,156)
Attributable to:					
Equity holders of the parent		(736,557,808)	1,447,985,318		
Non-controlling interest		298,621,459	460,859,514		
		(437,936,349)	1,908,844,832		
Earnings/ (loss) per share	25				
Basic		(0.38)	0.74	(0.09)	(0.00)
Diluted		(0.38)	0.74	(0.09)	(0.00)
Dividend per share	26				0.15

The accounting policies and notes on pages 79 through 129 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Profit/(loss) for the year		(437,936,349)	1,908,844,832	(172,062,139)	(3,410,156)
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		86,906,630	502,068,480	-	-
Net other comprehensive income to be reclassified to statement of profit or loss in subsequent periods		86,906,629	502,068,480	-	-
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods					
Net gain/(loss) on financial instruments at fair value through OCI	15.1	(2,372,887)	(11,864,435)	(2,372,887)	(11,864,435)
Sale of financial instruments at fair value through OCI		1,072,649	-	1,072,649	-
Actuarial loss on defined benefit plans	17	(27,323,170)	(40,057,324)	(270,260)	(2,766,290)
Income tax effect	24.3	6,767,889	3,009,595	-	-
Net other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods		(21,855,519)	(48,912,164)	(1,570,498)	(14,630,725)
Other comprehensive income for the year, net of tax		65,051,110	453,156,316	(1,570,498)	(14,630,725)
Total comprehensive income for the year, net of tax		(372,885,239)	2,362,001,148	(173,632,637)	(18,040,881)
Attributable to:					
Equity holders of the parent		(671,506,698)	1,790,780,756		
Non-controlling interest		298,621,459	571,220,392		
		(372,885,239)	2,362,001,148		

The accounting policies and notes on pages 79 through 129 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Group	Note	Attributable to Equity holders of parent						
		Stated capital	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total	Non -controlling interest	Total equity
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April 2018		4,097,985,000	-	603,849,826	8,075,240,615	12,777,075,441	1,250,977,852	14,028,053,293
Profit for the year		-	-	-	1,447,985,318	1,447,985,318	460,859,514	1,908,844,832
Other comprehensive income		-	(11,864,435)	391,707,602	(37,047,729)	342,795,438	110,360,878	453,156,316
Total comprehensive income			(11,864,435)	391,707,602	1,410,937,589	1,790,780,756	571,220,392	2,362,001,148
Dividend paid	26	-	-	-	(293,237,250)	(293,237,250)	(309,020,764)	(602,258,014)
Amount transferred due to changes in holdings		-	-	-	978,519	978,519	(1,458,571)	(480,052)
As at 31 March 2019		4,097,985,000	(11,864,435)	995,557,428	9,193,919,473	14,275,597,466	1,511,718,909	15,787,316,375
Profit/(loss) for the year		-	-	-	(736,557,808)	(736,557,808)	298,621,459	(437,936,349)
Other comprehensive income		-	(1,300,238)	86,906,630	(20,555,281)	65,051,111	-	65,051,111
Total comprehensive income			(1,300,238)	86,906,630	(757,113,089)	(671,506,697)	298,621,459	(372,885,238)
Dividend paid		26	-	-	-	-	(182,576,573)	(182,576,573)
Transfer of fair value reserve of equity instruments designated of FVOCI		-	13,164,673	-	(13,164,673)	-	-	-
Disposal of subsidiaries		-	-	-	-	-	(14,363,697)	(14,363,697)
Amount transferred due to changes in holdings		-	-	(141,878,356)	(823,182,452)	(965,060,808)	(1,421,888,061)	(2,386,948,869)
As at 31 March 2020		4,097,985,000	-	940,585,702	7,600,459,259	12,639,029,961	191,512,037	12,830,541,998

Company	Note	Stated capital	Fair value reserve of financial assets at FVOCI	Retained earnings	Total
		Rs.	Rs.	Rs.	Rs.
As at 01 April 2018		4,097,985,000	-	537,552,217	4,635,537,217
Profit for the year		-	-	(3,410,156)	(3,410,156)
Other comprehensive income			-	(11,864,435)	(14,630,725)
Total comprehensive income		-	(11,864,435)	(6,176,446)	(18,040,881)
Dividend paid	26			(293,237,250)	(293,237,250)
As at 31 March 2019		4,097,985,000	(11,864,435)	238,138,521	4,324,259,086
Loss for the year		-	-	(172,062,139)	(172,062,139)
Other comprehensive income		-	(1,300,238)	(270,260)	(1,570,498)
Total comprehensive income		-	(1,300,238)	(172,332,399)	(173,632,637)
Transfer of fair value reserve of equity instruments designated of FVOCI			13,164,673	(13,164,673)	-
As at 31 March 2020		4,097,985,000	-	66,076,382	4,150,626,449

The accounting policies and notes on pages 79 through 129 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Cash flows from/(used in) operating activities					
Profit/(loss) before income tax expenses		280,102,008	3,073,235,138	(164,207,529)	(3,410,156)
Adjustments for,					
Depreciation of property, plant and equipment and right of use assets	3,4	1,676,851,605	427,670,721	33,042,930	9,578,226
Amortization of intangible assets	5	67,261,707	83,729,795	785,000	785,000
Amortization of non-current investment		105,329,552	55,328,393	-	-
Investment income	22	(80,654,018)	(32,436,708)	(30,159)	(706,065)
Profit on sale of property, plant and equipment	20	(1,525,183)	(9,319,883)	-	(8,000)
Profit/loss on sale of subsidiaries		8,195,545	-	-	-
Dividend income	22	(2,388,858)	(17,384,334)	(6,823,482)	(239,292,670)
Finance cost	21	455,321,572	239,693,976	11,708,679	6,106,201
Share of results of equity accounted investees	7	(31,143,002)	(60,413,620)	-	-
Allowances for expected credit losses	11.2	347,385,539	209,320,282	-	-
Provision for impairment of equity investments		-	-	17,631,222	-
Provision for defined benefit plans	17	169,444,186	153,728,550	4,834,233	4,109,329
Operating profit/(loss) before working capital changes		2,994,180,653	4,123,152,310	(103,059,106)	(222,838,135)
(Increase)/decrease in inventories		(29,585,452)	30,721,371	-	-
(Increase)/decrease in trade and other receivables		2,647,585,535	(3,752,643,634)	(131,797,049)	296,056,522
(Increase)/decrease in prepayments		117,863,131	477,915,314	5,125,747	(7,703,742)
Increase/(decrease) in trade and other payables		(1,357,002,118)	2,182,434,156	906,229	(327,720,883)
Net change in working capital due to group structure change		(965,060,808)	978,519	-	-
Cash generated from operations		3,407,980,941	3,062,558,036	(228,824,179)	(262,206,238)
Finance cost paid		(313,573,489)	(239,693,976)	(11,708,679)	(6,106,201)
Income tax paid		(1,100,501,163)	(1,647,730,873)	(7,854,610)	-
Defined benefit plan costs paid	17	(98,083,103)	(343,353,945)	(1,069,200)	(425,850)
Net cash from/(used in) operating activities		1,895,823,186	831,779,242	(249,456,668)	(268,738,289)
Cash flows from/(used in) investing activities					
Investment income received		80,654,018	32,436,708	30,159	706,065
Acquisition of property, plant and equipment	3	(597,231,464)	(510,038,245)	(22,011,587)	(2,172,621)
Acquisition of intangible assets	5	(36,198,841)	(103,799,761)	(3,959,430)	-
Investment in subsidiaries		-	-	(100,000)	-
Proceeds from sale of property, plant and equipment		34,857,363	36,066,500	-	348,550
Other current investments (net)		34,630,370	(30,314,822)	49,009	(451,656)
Other non current investments (net)		42,042,609	(1,743,548)	-	-
Net acquisition of subsidiaries, net of cash aquired		(120,687,571)	(37,177,209)	-	-
Sales proceeds from disposal of equity investment		103,931,082	-	103,931,082	-
Dividend received		9,212,340	53,593,899	6,823,482	239,292,670
Additions to prepayment and other asset		(211,426,123)	(273,333,295)		-
Proceeds from sale of subsidiaries		12,223,586	4,076,650	-	-
Net cash flows used in investing activities		(647,992,631)	830,233,124	84,762,715	237,723,008
Cash flows from/(used in) financing activities					
Proceeds from financing and lease	16.2	4,704,760,400	2,324,876,351	273,325,677	445,149,923
Repayment of financing and lease	16.2	(2,434,813,117)	(978,812,101)	(241,940,806)	-
Changes in non-controlling interest		(1,421,888,061)	(1,458,571)	-	-
Dividends paid to minority share holders		(182,576,573)	(309,020,764)	-	-
Dividends paid to parent company share holders	26	-	(293,237,250)	-	(293,237,250)
Net cash flows from/(used in) financing activities		665,482,649	742,347,664	31,384,871	151,812,673
Effect of exchange rate changes		524.386,336	678,799,224	-	-
Net increase/(decrease) in cash and cash equivalents		2,437,699,540	1,422,693,006	(133,309,082)	120,897,932
Cash and cash equivalents at the beginning of the year	12	4,216,366,784	2,793,673,778	155,779,974	204,349,710
Cash and cash equivalents at the end of the year	12	6,654,066,324	4,216,366,784	22,470,892	155,779,974

The accounting policies and notes on pages 79 through 129 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENT

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 2020, 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 which 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 2020 were authorized for issue by the Board of Directors on 16th July 2020.

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 07 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. (Previously classified as Available for Sale)
- 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.

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.
The Group applied SLFRS 16 with effect from 1 April 2019. Due to the transition method chosen in applying these standards, comparative information throughout these financial statements have not been restated to reflect the requirements of the new standards.

2.1.6 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

NOTES TO THE FINANCIAL STATEMENT (contd.)

2.2 Significant Accounting Policies [GRI 102-45]

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 2020. 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.

Analysis of subsidiaries of the group based on sectors which are incorporated in Sri Lanka

	Holding Percentage	
Name of the Company	2020	2019
Logistics		
Direct		
Expolanka Freight (Private) Limited	100%	100%
E F L Headquarters (Private) Limited	100%	100%
Freight Care (Private) Limited	100%	100%
Globe Air (Private) Limited	100%	100%
International Airline Services (Private) Limited	100%	100%
E F L Transport (Private) Limited	100%	100%
Peri Logistics (Private) Limited	100%	100%
SG Logistics (Private) Limited	100%	100%
Sky Care (Private) Limited	100%	100%
UCL Logistics (Private) Limited	100%	100%
Logistics Park (Private) Limited	100%	100%
EFL Space (Private) Limited	100%	-
Indirect		

Name of the Company	Holding Percentage 2020	2019
E F L Global Freeport (Private) Limited	100%	100%
E F L Hub (Private) Limited	100%	100%
Global Logistics Services (Private) Limited	-	60%
E A M Global (Private) Limited	100%	100%
Pulsar Shipping Agencies (Private) Limited	100%	100%
Oki Doki (Private) Limited	100%	100%
Alpha Aviation (Private) Limited	100%	100%
Alpha Air Solutions (Private) Limited	100%	100%
Pulsar Marine Services (Private) Limited	100%	100%
Quickee Delivery Services (Private) Limited	100%	-
Leisure		
Direct		
Classic Travel (Private) Limited	100%	100%
Expo Visa Services (Private) Limited	100%	100%
Classic Destinations (Private) Limited	100%	100%
Indirect		
Classic Fun Time (Private) Limited	100%	100%
Sunpower Travels (Private) Limited	100%	100%
Bongo (Private) Limited	100%	100%
Travel Bridge (Private) Limited	100%	100%
Investments		
Direct		
I T X 360 (Private) Limited	100%	100%
Tropikal Life International (Private) Limited	100%	100%
Expolanka (Private) Limited	100%	100%

NOTES TO THE FINANCIAL STATEMENT (contd.)

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 2020	Holding Percentage 2019
Logistics				
Direct				
EFL Global Logistics (Pte.) Ltd	Singapore	USD	100%	100%
Indirect				
Expolanka Bangladesh Limited	Bangladesh	BDT	-	45%
Expolanka Freight (Cambodia) Limited	Cambodia	USD	100%	51%
Expo Freight (Shanghai) Limited	China	CNY	100%	100%
Expo Freight (Shenzhen) Limited	China	CNY	100%	100%
Airline Cargo Resources FZCO	UAE	AED	100%	100%
Expolanka Freight FZCO	UAE	AED	100%	100%
Expolanka Freight Dubai LLC	UAE	AED	100%	100%
Expo Freight (Hong Kong) Limited	Hong Kong	HKD	100%	100%
Expo Freight Private Limited	India	INR	100%	90%
AVS Cargo Management Services Private Limited	India	INR	51%	46%
EFL Express Private Limited	India	INR	100%	90%
AMZ Logistics Solutions Private Limited	India	INR	50.96%	45.87%
International Sky Services India Private Limited	India	INR	100%	97%
PT Expo Freight Indonesia	Indonesia	USD	90%	90%
Expolanka Freight Ltd	Kenya	KES	100%	100%
Air Sea Logistics Limited	Kenya	KES	100%	100%
Expolanka Madagascar S.A.U	Madagascar	MGA	100%	100%
EFL Malaysia Sdn. Bhd	Malaysia	MYR	100%	100%
Expo Freight Limited	Myanmar	USD	100%	51%
Expolanka Freight Ltd	Mauritius	MUR	100%	100%
Union Cargo Private Limited	Pakistan	PKR	75.5%	51%
Expolanka Freight (Philippines) Inc.	Philippines	USD	100%	100%
EFL International (Pte.) Limited	Singapore	USD	100%	100%
Expolanka Freight (Proprietary) Ltd	South Africa	ZAR	100%	100%
Expolanka USA LLC	USA	USD	100%	100%
EFL Container Lines LLC	USA	USD	100%	100%
EFL Transportation LLC	USA	USD	100%	100%
EFL Brokerage LLC	USA	USD	100%	0%
Expolanka Freight (Vietnam) Ltd	Vietnam	VND	99%	51%
EFL Europe B.V.	Netherlands	EUR	100%	0%
EFL Taiwan (Private) Limited	Taiwan	TWD	100%	0%
Expo Freight Denmark ApS	Denmark	DKK	100%	0%
EFL Global B.V.	Belgium	EUR	100%	0%
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	
	2020	2019
Expolanka Bangladesh Limited	-	45%
Classic Travels Maldives Pvt Ltd	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.

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 venture 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, 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	Country of Incorporation	Holding Percentage	
		2020	2019
Airline Cargo Resources Limited	Bangladesh	-	50%
Airline Services Limited	Bangladesh	-	50%
Cross Freight Lines Limited	Bangladesh	-	50%
Freight Care Aviation Limited	Bangladesh	-	50%
Wings Classic Tours & Travels Limited	Bangladesh	-	50%

NOTES TO THE FINANCIAL STATEMENT (contd.)

Principle business activities of the above Joint venture companies are Airline GSA Operation and Travel.

Associate of the Group / Company is;

	Holding Percentage	
	2020	2019
Amana Takaful Maldives PLC	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 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 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.

NOTES TO THE FINANCIAL STATEMENT (contd.)

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.

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 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.

2.2.7 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 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.

NOTES TO THE FINANCIAL STATEMENT (contd.)

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:

- 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
- 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 8.5 to the Financial Statements.

2.2.8 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.

2.2.9 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

NOTES TO THE FINANCIAL STATEMENT (contd.)

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 2020 at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.2.10 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.

2.2.11 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of classification.

Additional disclosures are provided in Note 13. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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 17. 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 Contract 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 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) Seafreight, 2) Airfreight, 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 Seafreight, Airfreight 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.

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.

NOTES TO THE FINANCIAL STATEMENT (contd.)

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 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.

2.4 Changes in Accounting Policies and Disclosures

New and amended standards and interpretations

The Group applied SLFRS 16 for the first time. The nature and effect of changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019/20, but do not have an impact on the financial statements of the Group.

SLFRS 16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SLFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019.

NOTES TO THE FINANCIAL STATEMENT (contd.)

The effect of adopting SLFRS 16 is presented in note 6 to the Financial Statements.

Upon adoption of SLFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Group applied SLFRS 16 from the date of transition.

As at 31 March 2020:

- 'Right-of-use assets' were recognised and presented separately in the statement of financial position
- 'Prepayments' and 'Trade and other payables' related to previous operating leases were derecognised.
- 'Deferred tax liabilities' decreased because of the deferred tax impact of the changes in recognised lease related assets and liabilities.

For the year ended 31 March 2020:

- Depreciation expense increased because of the depreciation of additional assets recognised (i.e., increase
- in right-of-use assets, net of the decrease in 'Property, plant and equipment')
- Rent expense included in 'Cost of sales' and 'Administrative expenses', relating to previous operating leases, decreased
- 'Finance costs' increased
- Income tax expense' decreased relating to the tax effect of these changes in expenses
- Cash outflows from operating activities decreased and cash outflows from financing activities increased by the same amount, relating to decrease in operating lease payments and increases in principal and interest payments of lease liabilities

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

The Group did not have a material impact from the above amendment during the year ended 31st March 2020.

2.5 Standards Issued but not yet Effective

The 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 standards, if applicable, when they become effective.

Amendments to SLFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in SLFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition. The amendments to SLFRS 3 are effective for the annual periods beginning on or after 01 January 2020.

Amendments to LKAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material are effective for the annual periods beginning on or after 01 January 2020 and is not expected to have a significant impact on the Group's consolidated financial statements.

2.6 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 2020, 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 2020, 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 15 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 5.1.1 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.

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 11.

NOTES TO THE FINANCIAL STATEMENT (contd.)

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Group

	Freehold Land Rs.	Freehold Buildings Rs.	Plant and Machinery Freehold Rs.	Plant and Machinery Leasehold Rs.	Furniture and Fittings Rs.	Office and Factory Equipment Rs.
As at 01 April 2019	953,198,662	1,208,981,557	185,240,700	87,135,450	782,454,744	466,681,142
Additions	-	10,757,342	9,088,453	-	203,531,135	75,343,387
Disposals	(540,864)	-	(9,510,554)	-	(31,173,808)	(15,951,900)
Derecognition	-	-	-	-	(2,561,518)	(5,297,476)
Transfers from/to others	-	-	78,859,480	(87,135,450)	(26,135,318)	(49,165,850)
Transferred to assets held for sale	(210,949,916)	-	-	-	(100,751,287)	(34,955,093)
Acquisition of subsidiaries	-	-	-	-	446,800	8,479,330
Disposal of subsidiaries	-	-	-	-	(207,500)	(215,800)
Exchange difference	6,623,754	24,582,760	8,187,351	-	20,754,188	10,267,226
As at 31 March 2020	748,331,636	1,244,321,659	271,865,430	-	846,357,436	455,184,966
3.1.2 Accumulated depreciation						
As at 01 April 2019	-	233,205,281	35,461,881	44,007,889	388,194,459	251,158,977
Charge for the year	-	41,094,003	24,768,456	-	72,507,312	52,353,159
Disposal	-	-	(1,982,283)	-	(23,203,238)	(13,246,328)
Derecognition	-	-	-	-	(2,561,518)	(5,297,476)
Transfers from/to others	-	-	33,749,664	(44,007,889)	(17,983,933)	(32,836,455)
Transferred to assets held for sale	-	-	-	-	(71,367,484)	(26,365,047)
Acquisition of subsidiaries	-	-	-	-	82,355	5,655,678
Disposal of subsidiaries	-	-	-	-	(95,956)	(129,550)
Exchange difference	-	3,573,509	1,686,120	-	10,994,971	4,282,908
As at 31 March 2020	-	277,872,793	93,683,838	-	356,566,968	235,575,866
3.1.3 Carrying value						
As at 31 March 2020	748,331,636	966,448,866	178,181,592	-	489,790,468	219,609,100
As at 01 April 2019	953,198,662	975,776,276	149,778,819	43,127,561	394,260,285	215,522,165

3.1.4 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 597,231,464/- (2019 - Rs. 560,643,552/-). Cash payments amounting to Rs 597,231,464/- (2019 - Rs.510,038,245/-) were made during the year ended for purchase of Property, Plant and Equipment.

3.1.5 Property, Plant and Equipment includes fully depreciated assets still in use having a gross carrying amounts of Rs. 582,965,026/- (2019 - Rs. 254,846,617/-)

Technological Equipment Rs.	Motor Vehicle Freehold Rs.	Motor Vehicle Leasehold Rs.	Tools and Equipment Rs.	Other Assets Rs.	Leasehold Improvements Rs.	Capital work in progress Rs.	Total Rs.
635,194,501	490,729,534	158,121,349	20,510,034	119,246,617	884,846,048	21,714,296	6,014,054,634
118,674,496	118,737,621	-	1,059,733	-	57,531,929	2,507,368	597,231,464
(35,835,969)	(27,739,485)	-	-	(1,598,500)	(363,164)	-	(122,714,244)
(10,077,979)	(3,167,795)	-	-	-	(3,879,884)	-	(24,984,652)
60,684,161	(1,548,017)	(158,121,349)	38,026,359	(58,098,513)	(455,096,990)	(23,887,350)	(681,618,837)
(93,198,355)	(18,595,023)	-	-	-	-	-	(458,449,674)
840,890	2,891,240	-	-	-	806,170	-	13,464,430
(3,722,318)	(3,882,328)	-	-	-	-	-	(8,027,946)
14,941,843	3,407,018	-	1,288,267	1,401,229	32,653,699	75,169	124,182,504
687,501,270	560,832,765	-	60,884,393	60,950,833	516,497,808	409,483	5,453,137,679
411,269,791	343,162,417	84,342,886	11,799,359	71,262,845	178,441,067	-	2,052,306,852
104,009,582	43,256,248	-	6,432,868	-	85,035,137	-	429,456,765
(23,097,910)	(20,260,542)	-	-	(577,236)	(958,131)	-	(83,325,668)
(10,077,979)	(3,167,795)	-	-	-	(3,879,884)	-	(24,984,652)
36,219,132	(1,699,539)	(84,342,886)	27,149,491	(30,426,022)	(55,893,056)	-	(170,071,493)
(82,880,272)	(18,378,440)	-	-	-	-	-	(198,991,243)
285,197	1,358,768	-	-	-	-	-	7,381,998
(2,833,651)	(1,655,583)	-	-	-	-	-	(4,714,740)
9,331,877	2,734,791	-	1,071,959	950,063	6,092,842	-	40,719,040
442,225,767	345,350,325	-	46,453,677	41,209,650	208,837,975	-	2,047,776,859
245,275,503	215,482,440	-	14,430,716	19,741,183	307,659,833	409,483	3,405,360,820
223,924,710	147,567,117	73,778,463	8,710,675	47,983,772	706,404,981	21,714,296	3,961,747,782

NOTES TO THE FINANCIAL STATEMENT (contd.)

3.2 Company

	Motor Vehicles Freehold Rs.	Office Equipment Rs.	Technological Equipment Rs.	Furniture and Fittings Rs.	Computer and Accessories Rs.	Leasehold Improvements Rs.	Total Rs.
3.2.1 Cost							
As at 01 April 2019	30,367,432	5,803,622	38,134,326	10,875,518	12,879,528	25,627,711	123,688,137
Additions	19,000,000	142,000	2,720,587	-	-	149,000	22,011,587
Disposals	-	-	(696,000)	-	-	-	(696,000)
As at 31 March 2020	49,367,432	5,945,622	40,158,913	10,875,518	12,879,528	25,776,711	145,003,724
3.2.2 Accumulated depreciation							
As at 01 April 2019	30,274,874	3,829,770	33,292,928	3,946,721	12,879,528	14,946,136	99,169,957
Charge for the year	1,463,300	437,176	3,383,339	1,290,493	-	4,198,962	10,773,270
Disposals	-	-	-	-	-	-	-
As at 31 March 2020	31,738,174	4,266,946	36,676,267	5,237,214	12,879,528	19,145,098	109,943,227
3.2.3 Carrying value							
As at 31 March 2020	17,629,258	1,678,676	3,482,646	5,638,304	-	6,631,613	35,060,497
As at 01 April 2019	92,558	1,973,852	4,841,398	6,928,797	-	10,681,575	24,518,180

3.2.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 22,011,587/- (2019 - Rs. 2,172,621/-). Cash payment amounting to Rs. 22,011,587/- (2019- Rs.2,172,621/-) were made during the year ended for purchase of Property, Plant and Equipment .

3.2.5 Property, Plant and Equipment includes fully depreciated assets still in use having a gross carrying amounts of Rs. 69,733,376/- (2019 - Rs .43,799,094/-)

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 30 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.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

4.1	Group			Company		
	Property Rs.	Motor vehicles Rs.	Total Rs.	Property Rs.	Motor vehicles Rs.	Total Rs.
4.1.1 Cost						
As at 01 April 2019	-	-	-	-	-	-
Initial application of SLFRS 16	3,885,666,050	19,622,539	3,905,288,589	40,524,929	1,846,390	42,371,319
Disposals	(158,965,502)	(13,558,010)	(172,523,512)	(7,520,331)	(1,846,390)	(9,366,721)
Transfer to/(from)	505,701,933	160,439,735	666,141,668	-	-	-
Transferred to assets held for sale	(179,197,076)	(43,890,598)	(223,087,674)	-	-	-
Exchange difference	94,190,534	1,638,859	95,829,393	-	-	-
As at 31 March 2020	4,147,395,939	124,252,525	4,271,648,464	33,004,598	-	33,004,598
4.1.2 Accumulated depreciation						
As at 01 April 2019	-	-	-	-	-	-
Charge for the year	1,220,479,395	26,915,445	1,247,394,840	20,423,270	1,846,390	22,269,660
Disposals	(123,773,590)	(12,983,868)	(136,757,458)	(7,520,331)	(1,846,390)	(9,366,721)
Transfer to / (from)	73,770,842	86,042,426	159,813,268	-	-	-
Transferred to assets held for sale	(28,807,951)	(18,086,553)	(46,894,504)	-	-	-
Exchange difference	24,711,348	468,110	25,179,458	-	-	-
As at 31 March 2020	1,166,380,044	82,355,560	1,248,735,604	12,902,939	-	12,902,939
4.1.3 Carrying value						
As at 31 March 2020	2,981,015,895	41,896,965	3,022,912,860	20,101,659	-	20,101,659
As at 01 April 2019	-	-	-	-	-	-

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings.

4.1.4 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	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Lease Liability/Lease Creditor	16	2,562,269,221	141,835,550	22,467,549	-

The maturity analysis of lease liabilities are disclosed in Note 14.

4.1.5 Amounts recognised in profit or loss

Total amount recognised in profit or loss	23	1,338,006,515	706,443,667	26,172,074	-

The total amount recognised in profit or loss includes depreciation expense of right-of-use assets, interest expense on lease liabilities, expense relating to leases of low-value assets and short term leases.

NOTES TO THE FINANCIAL STATEMENT (contd.)

5. INTANGIBLE ASSETS

5.1 Group

	Computer Software Rs.	Goodwill Rs.	2020 Rs.	Computer Software Rs.	Goodwill Rs.	2019 Rs.
Cost						
As at 01 April	315,959,434	374,519,791	690,479,225	362,380,840	374,519,791	736,900,631
Additions	36,198,841	63,129,435	99,328,276	103,799,762	-	103,799,762
Derecognition	(29,583,826)	-	(29,583,826)	(228,747,411)	-	(228,747,411)
Transfers from / to others	5,218,935	-	5,218,935	69,921,306	-	69,921,306
Acquisition of subsidiaries	1,228,311	-	1,228,311	-	-	-
Exchange difference	5,278,025	-	5,278,025	8,604,937	-	8,604,937
As at 31 March	334,299,720	437,649,226	771,948,945	315,959,434	374,519,791	690,479,225
Accumulated amortisation						
As at 01 April	55,379,970	-	55,379,970	196,986,661	-	196,986,661
Charge for the year	67,261,707	-	67,261,707	83,729,795	-	83,729,795
Derecognition	(29,583,826)	-	(29,583,826)	(228,747,411)	-	(228,747,411)
Acquisition of subsidiaries	237,975	-	237,975	-	-	
Exchange difference	1,682,296	-	1,682,296	3,410,925	-	3,410,925
As at 31 March	94,978,122	-	94,978,122	55,379,970	-	55,379,970
Carrying value	239,321,597	437,649,226	676,970,823	260,579,464	374,519,791	635,099,255

5.1.1 Goodwill

Goodwill acquired through business combinations have been allocated to cash generating units (CGU's) for impairment testing as follows;

	2020 Rs.	2019 Rs.
Expolanka Freight (Vietnam) Limited	33,262,114	33,262,114
Expolanka USA LLC	121,654,555	121,654,555
Expofreight (Hong Kong) Limited	6,016,298	6,016,298
Expo Freight (Shanghai) Limited	6,664,711	6,664,711
EFL Global Freeport (Private) Limited	206,922,113	206,922,113
Quickee Delivery Solutions (Private) Limited	13,004,083	-
EFL Global B.V.	50,125,352	-
	437,649,226	374,519,791

The recoverable amount of all CGUs have been determined based on the value in use (VIU) calculation.

Key assumptions used in the VIU calculations

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 rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. (8% - 16%)

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.

5.2 Company

Computer Software	2020 Rs.	2019 Rs.
Cost		
As at 1 April	3,140,000	36,103,426
Addition during the year	3,959,430	-
De-recognition	-	(32,963,426)
As at 31 March	7,099,430	3,140,000
Accumulated amortisation		
As at 1 April	1,333,750	33,512,176
Amortisation during the year	785,000	785,000
De-recognition	-	(32,963,426)
As at 31 March	2,118,750	1,333,750
Net Book Value	4,980,680	1,806,250

NOTES TO THE FINANCIAL STATEMENT (contd.)

6. INVESTMENTS IN SUBSIDIARIES

	2020		2019	
	Holding %	Rs.	Holding %	Rs.
6.1 Company				
Non - Quoted				
SG Logistics (Private) Limited	100	79,105,042	100	79,105,042
Classic Travel (Private) Limited	100	25,597,538	100	25,597,538
E F L Headquarters (Private) Limited	100	1,924,090,988	100	1,924,090,988
Expolanka Freight (Private) Limited	100	292,098,014	100	292,098,014
Expolanka (Private) Limited	100	596,111,561	100	596,111,561
Freight Care (Private) Limited	100	4,423,590	100	4,423,590
Globe Air (Private) Limited	100	17,214,477	100	17,214,477
Skycare (Private) Limited	100	1,679,053	100	1,679,053
UCL Logistics (Private) Limited	100	17,631,222	100	17,631,222
Peri Logistics (Private) Limited	60	10,000,000	60	10,000,000
E F L Transport (Private) Limited	100	260,000	100	260,000
Tropikal Life International (Private) Limited	100	41,000,050	100	41,000,050
Classic Destinations (Private) Limited	100	30	100	30
Logistics Park (Private) Limited	100	1,250,000,000	100	1,250,000,000
EFL Global Logistics (Pte) Ltd	100	211,016,250	100	211,016,250
ITX 360 (Private) Limited	100	100,000,000	100	100,000,000
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
EFL Space (Private) Limited	100	100,000	0	-
		4,581,529,096		4,581,429,096
Less - Provision for impairment of Investments				
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)	0	-
Total Carrying Value of Investments in Subsidiaries		4,552,696,593		4,570,227,815

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.

7. INVESTMENT IN AN ASSOCIATE AND A JOINT VENTURE

7.1 Group

	Associate		Joint ventures		Total	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Carrying value						
Cost / carrying value	43,990,000	43,990,000	85,864,519	83,834,854	129,854,519	127,824,854
Share of post acquisition profit	94,900,449	82,461,636	11,880,708	2,029,665	106,781,157	84,491,301
Share of pre acquisition reserve	25,382,248	25,382,248	-	-	25,382,248	25,382,248
Change in ownership of joint venture	-	-	(97,745,227)	-	(97,745,227)	-
	164,272,697	151,833,884	-	85,864,519	164,272,697	237,698,403
Balance sheet						
Current assets	611,963,121	469,156,266	598,579,814	587,568,205	1,210,542,935	1,056,724,471
Non current assets	1,450,145,661	1,196,148,957	102,044,507	100,167,274	1,552,190,168	1,296,316,231
Total assets	2,062,108,782	1,665,305,223	700,624,321	687,735,479	2,762,733,103	2,353,040,702
Current liabilities	(1,079,479,663)	(930,772,846)	(449,790,223)	(381,732,887)	(1,529,269,886)	(1,312,505,733)
Non current liabilities	-	-	(42,442,645)	(41,661,860)	(42,442,645)	(41,661,860)
Total liabilities	(1,079,479,663)	(930,772,846)	(492,232,868)	(423,394,747)	(1,571,712,531)	(1,354,167,593)
Equity	982,629,119	734,532,377	208,391,453	264,340,732	1,191,020,572	998,873,109
Share of capital reserve	111,692,855	111,692,855	-	-	111,692,855	111,692,855
Net carrying value of the investments	1,094,321,974	846,225,232	208,391,453	264,340,732	1,302,713,427	1,110,565,964
Fair value of goodwill	(26,774,795)	(26,774,795)	-	-	(26,774,795)	(26,774,795)
Exchange flcutuation	(344,834,039)	(151,461,508)	(208,391,453)	(92,611,694)	(553,225,492)	(244,073,202)
Net assets	722,713,140	667,988,929	-	171,729,038	722,713,140	839,717,967
Group carrying amount of investment	164,272,697	151,833,884	-	85,864,519	164,272,697	237,698,403
Revenue and profit/(loss)						
Revenue	924,752,499	979,415,561	608,062,391	2,214,956,088	1,532,814,890	3,194,371,649
Cost of sales	(598,813,635)	(591,355,506)	(542,940,775)	(2,024,539,711)	(1,141,754,410)	(2,615,895,217)
Other income	112,218,369	112,594,441	1,464,327	41,021,435	113,682,696	153,615,876
Administrative expenses, including depreciation	(318,320,992)	(235,401,294)	(30,687,178)	(136,950,323)	(349,008,170)	(372,351,617)
Selling and distribution cost	(20,299,213)	(94,413,958)	(4,179,893)	(1,694,330)	(24,479,106)	(96,108,288)
Finance costs, including interest expense	-	-	(699,645)	(4,515,063)	(699,645)	(4,515,063)
Profit/(loss) before income tax	99,537,028	170,839,244	31,019,227	88,278,096	130,556,255	259,117,340
Income tax	(14,793,099)	(31,079,874)	(7,257,814)	(30,985,466)	(22,050,913)	(62,065,340)
Profit/(loss) after income tax	84,743,929	139,759,370	23,761,413	57,292,630	108,505,342	197,052,000
Total comprehensive income for the year	84,743,929	139,759,370	23,761,413	57,292,630	108,505,342	197,052,000
Group share of profit for the year	19,262,295	31,767,305	11,880,707	28,646,315	31,143,002	60,413,620
Dividend	(6,823,482)	(9,592,916)	-	(26,616,650)	(6,823,482)	(36,209,566)
	12,438,813	22,174,389	11,880,707	2,029,665	24,319,520	24,204,054

NOTES TO THE FINANCIAL STATEMENT (contd.)

Total assets, include cash and cash equivalents of Rs. 25,8165,742 (2019 - Rs. 230,855,247/-) and prepayments of Rs. 29,898,966 (2019 - Rs. 29,348,938/-).

Total liabilities, include tax payable of Rs. 191,189,630 (2019 - Rs. 187,672,463/-) and long term borrowings of Rs. 42,442,645 (2019 - Rs. 41,661,860/-).

Profit before income tax is stated after charging depreciation of Rs. 62,843,007 (2019 - Rs. 88,278,096/-), interest expense of Rs. 349,822 (2019 - 4,515,063)

Associate company incorporated in Maldives of the Group which have been accounted for under the equity method of accounting is Amana Takaful Maldives PLC.

Joint Venture companies incorporated in Bangladesh of the Group which have been accounted for under the equity method in last year are disposed in current year.

7.2 Company

Cost	2020 Rs.	2019 Rs.
Amana Takaful (Maldives) PLC	43,990,000	43,990,000
	43,990,000	43,990,000

The market price of a share of the Associate amounts to MVR 4.40 equivalent to Rs. 54.07 (2019 - MVR 6 equivalent to Rs. 68.17)
The investment in Associate in separate financial statements are carried at cost.

8. OTHER FINANCIAL ASSETS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
8.1 Current				
Debt intruments at amortised cost				
Loans given to employees	159,645,640	194,276,010	402,647	451,656
	159,645,640	194,276,010	402,647	451,656
*Trade receivables included in Note 11 also classify as 'Debt Instruments at amortised Cost'				
8.2 Non Current				
Equity instruments at fair value though OCI				
Investments in non-quoted securities (8.4)	2,621,551	101,520,332	-	99,058,859
Investments in quoted equity securities (8.4)	-	43,502,926	-	43,502,926
	2,621,551	145,023,258	-	142,561,785
Total current	159,645,640	194,276,010	402,647	451,656
Total non-current	2,621,551	145,023,258	-	142,561,785

Equity Instruments at Fair Value through OCI

Quoted

The Group has investments in listed equity securities. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

Non-quoted

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.

8.3 Investments in Non-quoted Equity Securities

	2020 Rs.	2019 Rs.
Group		
SLFFA Cargo Services Limited	717,921	717,921
Asia Pacific Institution of Information Technology Lanka (Private) Limited	-	99,058,860
Uniforce Logistics Limited	1,903,630	1,743,551
Total Investments in Non Quoted Equity Securities	2,621,551	101,520,332
Current	-	-
Non-current	2,621,551	101,520,332
	2,621,551	101,520,332
Company		
Asia Pacific Institution of Information Technology Lanka (Private) Limited	-	99,058,859
	-	99,058,859
Current	-	-
Non-current	-	99,058,859
	-	99,058,859

NOTES TO THE FINANCIAL STATEMENT (contd.)

8.4 Investments in Quoted Equity Securities

			2020		2019	
GROUP / COMPANY	No. of Shares	Price per share	Rs.	No. of Shares	Price per share	Rs.
Amana Takaful PLC	-	-	-	79,096,234	0.55	43,502,926
				-		43,502,926

8.5 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.

Financial assets	Financial assets at amortised cost		Financial assets at fair value through OCI	
	2020	2019	2020	2019
Group				
Financial instruments in non-current assets				
Other financial assets	-	-	2,621,551	145,023,258
Financial instruments in current assets				
Trade and other receivables	18,416,014,782	21,349,981,105	-	-
Other financial assets	159,645,640	194,276,010	-	-
Cash and short-term deposits	7,156,046,860	4,456,865,049	-	-
Company				
Financial instruments in non-current assets				
Other financial assets	-	-	-	142,561,786
Financial instruments in current assets				
Trade and other receivables	307,271,678	175,474,629	-	-
Other financial assets	402,647	451,656	-	-
Cash and cash equivalents	22,470,893	155,779,974	-	-

Financial liabilities	Financial liabilities measured at amortised cost	
	2020	2019
Group		
Financial instruments in non-current liabilities		
Financing and lease payables	5,468,961,993	1,198,889,432
Financial instruments in current liabilities		
Financing and lease payables	6,726,988,712	4,132,734,967
Trade and other payables	10,196,515,878	11,553,517,996
Company		
Financial instruments in non-current liabilities		
Financing and lease payables	752,762,369	691,284,493
Financial instruments in current liabilities		
Trade and other payables	60,883,686	98,003,923

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.

As at 31 March 2020, the Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value	As at 31 March 2020 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Equity instruments at fair value though OCI				
Quoted equity	-	-	-	-

During the reporting period ending 31 March 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

As at 31 March 2019, the Group held the following financial instruments measured at fair value:

Assets measured at fair value	As at 31 March 2019 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Equity instruments at fair value though OCI				
Quoted equity	43,502,926	43,502,926	-	-

During the reporting period ending 31 March 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

9. PREPAYMENTS AND OTHER ASSETS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Prepayments	1,986,860,844	2,030,299,442	16,570,397	21,696,144
Current	1,677,888,069	1,795,751,200	16,570,397	21,696,144
Non-current	308,972,775	234,548,242	-	-
	1,986,860,844	2,030,299,442	16,570,397	21,696,144

10. INVENTORIES

	Group	
	2020 Rs.	2019 Rs.
Raw materials	1,074,360	645,217
Packing materials	61,867,404	22,774,202
Finished goods	83,223,076	92,220,622
Consumables	3,241,299	3,100,719
Stationeries	3,058,595	4,138,522
Total of inventories lower of cost and net realisable value	152,464,734	122,879,282

NOTES TO THE FINANCIAL STATEMENT (contd.)

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade debtors	18,320,908,194	21,138,483,179	-	-
Less: Allowances for expected credit losses (11.2)	(705,672,185)	(520,870,610)	-	-
	17,615,236,009	20,617,612,569	-	-
Other debtors	784,764,085	684,978,789	2,618,161	4,540,000
Amounts due from related parties (11.1)	16,014,688	47,389,747	304,653,517	170,934,629
	18,416,014,782	21,349,981,105	307,271,678	175,474,629

11.1 Amounts due from Related Parties

	Relationship	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Alpha Air Solutions (Private) Limited	Subsidiary	-	-	7,328,688	7,330,714
Alpha Aviation (Private) Limited	Subsidiary	-	-	5,489,447	5,493,947
Bongo (Private) Limited	Subsidiary	-	-	7,422	-
Classic Destinations (Private) Limited	Subsidiary	-	-	688,294	685,827
Classic Travel (Private) Limited	Subsidiary	-	-	88,683,234	48,836,878
EAM Global (Private) Limited	Subsidiary	-	-	13,718	-
EFL Global Freeport (Private) Limited	Subsidiary	-	-	1,699,921	735,684
EFL Headquarters (Private) Limited	Subsidiary	-	-	2,111,185	-
EFL Hub (Private) Limited	Subsidiary	-	-	22,833,819	14,219,989
EFL Transport (Private) Limited	Subsidiary	-	-	527,054	-
Expo Visa Services (Private) Limited	Subsidiary	-	-	9,897	-
Expolanka (Private) Limited	Subsidiary	-	-	6,876,988	6,088,448
Expolanka Freight (Private) Limited	Subsidiary	-	-	20,348,669	12,264,069
Freight care (Private) Limited	Subsidiary	-	-	38,247	34,500
Global Logistics Services (Private) Limited	Subsidiary	-	-	-	491,994
Globe Air (Private) Limited	Subsidiary	-	-	27,010,721	21,000,000
International Airlines (Private) Limited	Subsidiary	-	-	31,649	47,568
ITX 360 (Private) Limited	Subsidiary	-	-	113,139,762	51,035,303
Logistic Park (Private) Limited	Subsidiary	-	-	3,258,512	650,352
Oki Doki (Private) Limited	Subsidiary	-	-	43,272	-
Peri Logistics (Private) Limited	Subsidiary	-	-	763,166	-
Poly-Sagawa Logistics Co., Ltd.	Fellow Subsidiary	-	2,077,044	-	-
Pulsar Shipping Agencies (Private) Limited	Subsidiary	-	-	515,927	234,961
Sagawa Express (H.K.) Co., Ltd.	Fellow Subsidiary	4,351	16,311	-	-
Sagawa Express Philippines Inc.	Fellow Subsidiary	80,415	501,437	-	-
Sagawa Global Logistics Co., Ltd.	Fellow Subsidiary	21,190	-	-	-
SG Holdings Co., Ltd.	Ultimate Parent	2,049,049	3,140,232	-	-
SG Holdings Global Pte. Ltd.	Parent	-	405,823	-	-
SG Logistics (Private) Limited	Subsidiary	-	-	79,803	328,951
SG Sagawa (Thailand) Co., Ltd.	Fellow Subsidiary	-	206,571	-	-
SG Sagawa Ameroid Pte. Ltd.	Fellow Subsidiary	810,265	11,267	-	-
SG Sagawa USA Inc.	Fellow Subsidiary	1,078,315	25,621	-	-

11.1 Amounts due from related parties (contd.)

	Relationship	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
SG Sagawa Vietnam Co., Ltd.	Fellow Subsidiary	860,907	762,017	-	-
SGH Global Japan Co., Ltd.	Fellow Subsidiary	10,984,811	20,294,998	-	-
Shanghai Poly-Sagawa Logistics Co., Ltd.	Fellow Subsidiary	125,385	-	-	-
Skycare (Private) Limited	Subsidiary	-	-	33,299	-
Sun Power (Private) Limited	Subsidiary	-	-	315,728	-
Travel Bridge (Private) Limited	Subsidiary	-	-	33,299	-
Tropikal Life International (Private) Limited	Subsidiary	-	-	1,062,182	510,256
UCL Logistics (Private) Limited	Subsidiary	-	-	1,035,302	547,215
Union Cargo (Private) Limited	Subsidiary	-	-	674,312	397,974
Wings Classic Tours & Travels Limited	Joint Venture	-	19,948,426	-	-
		16,014,688	47,389,747	304,653,517	170,934,629

These outstanding balances are short term and revolving balances which are unsecured.

11.2 Allowances for Expected Credit Losses

	Group 2020 Rs. Collectively impaired	Group 2019 Rs. Collectively impaired
At 01 April	520,870,609	404,849,961
Charge for the year	347,385,539	209,320,282
Written off during the year	(101,579,213)	(115,349,450)
Disposal of subsidiaries	(73,404,980)	-
Exchange fluctuation	12,400,230	22,049,817
At 31 March	705,672,185	520,870,609

As at 31 March, the ageing analysis of trade receivables, is as follows:	Group 2020 Rs.	Group 2019 Rs.
Neither due nor past impaired	18,017,715,567	18,017,715,567
Past due but not impaired		
0 - 180 days	17,011,529,937	2,316,421,640
181 - 360 days	603,706,072	283,226,008
> 360 days	-	-
Allowance for expected credit losses	705,672,185	520,870,609
Gross carrying value	36,338,623,761	21,138,233,824
Allowance for expected credit losses	(705,672,185)	(520,870,610)
Total	35,632,951,576	20,617,363,214

Information on credit risk exposure are disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENT (contd.)

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Component of Cash and Cash Equivalents				
Cash at banks and on hand	7,156,046,860	4,456,865,049	22,470,893	155,779,974
Bank overdrafts (16.2)	(501,980,536)	(240,498,265)	-	-
Cash & Cash Equivalents for the Purpose of the Cash Flow Statement	6,654,066,324	4,216,366,784	22,470,893	155,779,974

13. ASSETS HELD FOR SALE

As at the reporting date the group has changed the accounting treatment of its Investment in Expo Freight Ltd (Bangladesh) from a subsidiary to a non-current asset held for sale.

This change in the classification arose due to changes in the governing & operational structure of the entity, where the group has concluded that the management & operational control of the business is not with the group. The group has further decided to dispose of its equity interest in the company to its current partner. Accordingly, the carrying amount of the investment will be recovered principally through a sale transaction rather than through continuing use.

For that effect Expolanka Holdings PLC has made and entered into a Share Purchase Agreement (SPA) dated 19th February 2020 with its current partner, who also is a minority shareholder in other group companies in Pakistan, Vietnam, Cambodia and Myanmar.

The parties have agreed to complete the transaction by 31st July 2020 at an agreed cash consideration and a share consideration of the subsidiaries of Pakistan, Vietnam, Cambodia and Myanmar, where the Group will acquire the equity interest of its partner.

The major classes of assets and liabilities of Expo Freight Ltd (Bangladesh) classified as held for sale as at 31 March 2020 are, as follow;

	2020 Rs.
Assets	
Property, plant and equipment	259,458,431
Right of use assets	176,193,170
Trade and other receivables	2,800,191,960
Total assets	3,235,843,561
Liabilities	
Financing and lease payables	150,130,805
Trade and other liabilities	1,635,099,666
Total liabilities	1,785,230,471
Net assets	1,450,613,090
Attributable to the equity holders of the parent	652,775,890
Non-controlling interest	797,837,200

14. STATED CAPITAL

	2019/2020	
	Number	Rs.
Fully Paid Ordinary Shares	1,954,915,000	4,097,985,000

14.1 Fully Paid Ordinary Shares

Balance at beginning of the year	1,954,915,000	4,097,985,000
Balance at end of the year	1,954,915,000	4,097,985,000

15. RESERVES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Fair value reserve of financial asset at FVOCI (15.1)	-	(11,864,435)	-	(11,864,437)
Foreign currency translation reserve (15.2)	940,585,702	995,557,428	-	-
	940,585,702	983,692,993	-	(11,864,437)

Fair Value Reserve of Financial Asset at FVOCI includes changes of fair value of financial instruments designated as Fair Value Reserve of Financial Asset at FVOCI.

Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operations and equity accounted investees into Sri Lankan reupees.

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
15.1 Fair Value Reserve of Financial Assets at FVOCI				
Balance as at 1 April	(11,864,435)	-	(11,864,435)	-
Change in fair value for the year	(2,372,887)	(11,864,435)	(2,372,887)	(11,864,437)
Sale of financial instruments at FVOCI	1,072,649	-	1,072,649	-
Transfers	13,164,673	-	13,164,673	-
Balance as at 31 March	-	(11,864,435)	-	(11,864,437)
15.2 Foreign Currency Translation Reserve				
Balance as at 1 April	995,557,428	603,849,826	-	-
Currency translation difference during the year	86,906,630	391,707,602	-	-
Amount transferred due to changes in holdings	(141,878,356)	-	-	-
Balance as at 31 March	940,585,702	995,557,428	-	-

NOTES TO THE FINANCIAL STATEMENT (contd.)

16. FINANCING AND LEASE PAYABLES

16.1 Group

	2020 Rs.	2019 Rs.
Current finance cost bearing loans and borrowings		
Leases	954,653,432	33,767,223
Bank financing	987,843,622	1,299,495,519
Related party borrowings	4,282,511,122	2,558,973,960
Bank overdrafts (12)	501,980,536	240,498,265
	6,726,988,712	4,132,734,967
Non-current finance cost-bearing loans and borrowings		
Leases	1,780,092,377	108,068,327
Bank financing	767,742,920	732,564,754
Related party borrowings	2,921,126,696	358,256,351
	5,468,961,993	1,198,889,432

16.2 Movement of Borrowings - Group

	As at 01.04.2019	Finance obtained	Repayment	Transferred to assets held for sale	De-recognition	Exchange difference	As at 31.03.2020
Leases	141,835,550	3,905,288,589	(1,222,284,531)	(150,130,805)	(6,056,396)	66,093,402	2,734,745,809
Bank financing	2,032,060,273	687,754,376	(964,414,024)	-	-	185,915	1,755,586,540
Related party borrowings	2,917,230,311	4,017,006,024	(106,366,479)	-	-	375,767,962	7,203,637,818
	5,091,126,134	8,610,048,989	(2,293,065,034)	(150,130,805)	(6,056,396)	442,047,279	11,693,970,167
Bank overdrafts (12)	240,498,265						501,980,536
	5,331,624,399						12,195,950,703

16.3 Maturity Analysis - Group

	2020			2019		
	Current < 1 year	Non-Current 1 - 5 years	Non-Current > 5 years	Current < 1 year	Non-Current 1 - 5 years	Non-Current > 5 years
Leases	954,653,432	1,663,611,017	116,481,360	33,767,223	92,467,608	15,600,719
Bank financing	987,843,622	767,742,918	-	1,299,495,519	732,564,754	-
Related party borrowings	4,282,511,122	2,325,107,107	596,019,589	2,558,973,960	358,256,351	-
Bank overdrafts (12)	501,980,536	-	-	240,498,265	-	-
	6,726,988,712	4,756,461,042	712,500,949	4,132,734,967	1,183,288,713	15,600,719

16.4 Security and Repayment Terms

Group companies

External financial institution

Company	Lending Institution	2020	2019	Repayment	Security
Classic Travel (Private) Limited - Sri Lanka	Amana Bank PLC	35,940,341	410,000,000	Repayable in 90 days from the borrowing date	None
Expo Freight (Private) Limited - India	HDFC Bank Limited	47,979,257	25,098,584	Repayable in 60 monthly installments	Vehicle hypothecation
Expo Freight (Private) Limited - India	Axis Bank Limited - India	3,822,722	5,612,588	Repayable in 60 monthly installments	Vehicle hypothecation
Expo Freight (Private) Limited - India	Axis Bank Limited - India	152,525,324	142,331,696	Repayable in 3 months	Secured against the current assets of the company
Expolanka (Private) Limited - Sri Lanka	National Development Bank PLC	102,002,924	110,032,244	Repayable in 90 days from borrowing date	Corporate guarantee from Expolanka Holdings PLC
Expolanka (Private) Limited - Sri Lanka	Amana Bank PLC	65,000,000	40,000,000	Repayable in 90 days from the borrowing date	None
Expolanka (Private) Limited - Sri Lanka	Amana Bank PLC	369,523,244	296,474,070	Repayable in 90 to 180 days from the borrowing date	None
Expolanka Holdings PLC - Sri Lanka	National Development Bank PLC	742,713,433	696,039,114	Revolving Overdraft facility under the Pooling Arrangement	None
Logistics Park (Private) Limited - Sri Lanka	Commercial Bank Ceylon PLC	36,525,641	48,371,795	Monthly Installments ending in June 2023	Corporate guarantee from Expolanka Freight (Pvt) Ltd
Tropical Life International (Private) Limited - Sri Lanka	National Development Bank PLC	-	83,000,000	Repayable in 90 days from borrowing date	Corporate guarantee from Expolanka Holdings PLC
Tropical Life International (Private) Limited - Sri Lanka	Amana Bank PLC	160,000,000	80,000,000	Repayable in 90 days from borrowing date	None
Tropical Life International (Private) Limited - Sri Lanka	Amana Bank PLC	39,553,656	95,100,182	Repayable in 90 to 180 days from the borrowing date	None
		1,755,586,542	2,032,060,273		

NOTES TO THE FINANCIAL STATEMENT (contd.)

Related party

Company	Lending Institution	2020	2019	Repayment	Security
EFL Global Logistics Pte. Ltd - Singapore	SG Holdings Global Pte. Ltd - Singapore (Ultimate Parent of Expolanka Holdings PLC)	-	2,558,973,960	Revolved Annually	None
EFL Global Logistics Pte. Ltd - Singapore	SG Holdings Co. Ltd - Japan (Ultimate Parent of Expolanka Holdings PLC)	3,897,778,901	-	Revolved Annually	None
EFL Global Logistics Pte. Ltd - Singapore	SG Holdings Global Pte. Ltd - Singapore (Parent of Expolanka Holdings PLC)	386,308,991	358,256,351	Equal Bi- Annual Installments ending in 2023 September	None
EFL Global Logistics Pte. Ltd - Singapore	SG Holdings Co. Ltd - Japan (Ultimate Parent of Expolanka Holdings PLC)	1,277,184,834	-	Bi- Annual Installments ending in 2025 March	None
EFL Global Logistics Pte. Ltd - Singapore	SG Holdings Co. Ltd - Japan (Ultimate Parent of Expolanka Holdings PLC)	488,168,425	-	Bi- Annual Installments ending in 2026 March	None
EFL Global Logistics Pte. Ltd - Singapore	SG Holdings Co. Ltd - Japan (Ultimate Parent of Expolanka Holdings PLC)	1,154,196,667	-	Bi- Annual Installments ending in 2027 March	None
		7,203,637,818	2,917,230,311		
Total		8,959,224,360	4,949,290,584		

16.5 Company

	2020 Rs.	2019 Rs.
Current finance cost bearing loans and borrowings		
Leases	12,278,314	-
	12,278,314	-
Non-current finance cost-bearing loans and borrowings		
Leases	10,189,235	-
Bank financing	742,573,134	691,284,493
	752,762,369	691,284,493

16.6 Movement of Borrowings - Company

	As At 01.04.2019	Finance obtained	Repayment	As At 31.03.2020
Leases	-	42,371,319	(19,903,770)	22,467,549
Bank financing	691,284,493	273,325,677	(222,037,036)	742,573,134
	691,284,493	315,696,996	(241,940,806)	765,040,683

Maturity analysis - Company	2020			2019		
	Current < 1 year	Non-Current 1 - 5 years	Non-Current > 5 years	Current < 1 year	Non-Current 1 - 5 years	Non-Current > 5 years
Leases	12,278,314	10,189,235	-	-	-	-
Bank financing	-	742,573,134	-	-	691,284,493	-
	12,278,314	752,762,369	-	-	691,284,493	-

17. RETIREMENT BENEFIT OBLIGATION-GRATUITY

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at 01 April	514,217,666	635,012,859	22,958,932	16,509,163
Current service cost	94,505,661	114,317,263	2,492,421	2,128,228
Finance charge for the year	74,938,525	39,411,287	2,341,812	1,981,101
Acturial gain/loss	27,323,170	40,057,324	270,260	2,766,290
Payments during the year	(98,083,103)	(343,353,945)	(1,069,200)	(425,850)
Acquisition of subsidiaries	417,733	-	-	-
Disposal of subsidiaries	(3,477,358)	-	-	-
Exchange difference	7,152,872	28,772,878	-	-
Balance as at 31 March	616,995,166	514,217,666	26,994,225	22,958,932
The expenses recognised in the income statement in the following line items:				
Administrative expenses	169,444,186	153,728,550	4,834,233	4,109,329
Principal assumption used in determining post employment benefit obligation are shown below:				
Discount rate:	9.5% - 9.7%	10.20%	9.60%	10.20%
Salary Increment Rate	10.0%	9.0%	10.0%	9.0%
Expected remaining working life (Years)	4.03 - 6.04	4.21 - 10.07	5.91	3.72

	Discount Rate		Salary Increment	
	Group	Company	Group	Company
Sensitivity of assumptions used - 2020				
Effect on the defined benefit obligation liability				
Increase by one percentage point	23,642,275	1,393,799	(28,641,113)	(1,631,098)
Decrease by one percentage point	(26,276,702)	(1,535,942)	26,207,388	1,506,046
Sensitivity of assumptions used - 2019				
Effect on the defined benefit obligation liability				
Increase by one percentage point	28,917,389	748,855	(35,190,880)	(911,456)
Decrease by one percentage point	(33,187,081)	(805,773)	31,147,854	861,739

Sensitivity information of the Group represent the local subsidiaries data.

Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Less than or equal 1 year	115,889,007	52,400,307	3,743,722	5,302,760
Over 1 year and less than or equal 5 years	186,372,671	142,807,933	10,272,572	11,768,501
Over 5 year and less than or equal 10 years	166,049,323	130,859,533	6,269,416	4,174,935
Over 10 years	148,684,165	188,149,893	6,708,515	1,712,737
Total expected payments	616,995,166	514,217,666	26,994,225	22,958,932

NOTES TO THE FINANCIAL STATEMENT (contd.)

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade payables	7,888,372,375	9,352,020,100	13,036,867	3,731,306
Sundry creditors including accrued expenses	2,295,598,594	2,165,842,877	11,522,325	88,265,959
Amounts due to related parties (18.1)	12,544,909	35,655,019	36,324,494	6,006,658
	10,196,515,878	11,553,517,996	60,883,686	98,003,923

Trade and other payables are non interest bearing and settled within one year. For further explaination on the group liquidity risk management process refer note 32.

18.1 Amounts due to Related Parties

	Relationship	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Classic Travel (Private) Limited	Subsidiary	-	-	8,928,384	3,473,337
Expolanka Freight (Private) Limited	Subsidiary	-	-	-	43,587
EFL Headquarters (Private) Limited	Subsidiary	-	-	21,394,696	2,489,734
Freight Care Aviation Limited	Joint Venture	-	2,178,763	-	-
Globe Air (Private) Limited	Subsidiary	-	-	-	-
Logistics Park (Private) Limited	Subsidiary	-	-	-	-
Sagawa Express (H.K.) Co., Ltd.	Fellow Subsidiary	5,921,987	1,264,100	-	-
Sagawa Express International Taiwan Corp.	Fellow Subsidiary	-	11,751,366	-	-
Sagawa Express Philippines Inc.	Fellow Subsidiary	20,319	131,860	-	-
Sagawa Express International Taiwan Corp.	Fellow Subsidiary	36,355	-	-	-
Sagawa Global Logistics (Philippines) Inc.	Fellow Subsidiary	-	122,831	-	-
Sagawa Global Logistics Co., Ltd.	Fellow Subsidiary	11,486	-	-	-
SG Holdings Co., Ltd.	Ultimate Parent	27,123	27,123	3,292,564	-
SG Holdings Global Pte. Ltd.	Parent	1,843	35,651	2,708,850	-
SG Logistics (Private) Limited	Subsidiary	-	-	-	-
SG Sagawa (Thailand) Co., Ltd.	Fellow Subsidiary	1,388,701	847,114	-	-
SG Sagawa Ameroid Pte. Ltd.	Fellow Subsidiary	139,951	263,609	-	-
SG Sagawa Express Vietnam Co., Ltd.	Fellow Subsidiary	-	6,655	-	-
SG Sagawa Vietnam Co., Ltd.	Fellow Subsidiary	1,109,917	2,332,556	-	-
SGH Global Japan Co., Ltd.	Fellow Subsidiary	3,887,227	16,522,291	-	-
Wings Classic Tours & Travels Limited	Joint Venture	-	171,100	-	-
		12,544,909	35,655,019	36,324,494	6,006,658

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
19.1 Timing of Revenue Recognition				
Goods transferred at a point in time	3,326,320,480	3,080,756,094	-	-
Services tenderred over time	99,919,350,269	92,374,155,374	125,040,000	125,190,000
Total revenue from contracts with customers	103,245,670,749	95,454,911,468	125,040,000	125,190,000

19.2 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.

20. OTHER OPERATING INCOME AND GAINS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Sundry income	55,339,422	376,846,395	7,715,000	7,700,003
Bad debts recovery	17,823,771	15,085,917	-	-
Exchange gain	313,880,700	136,536,938	1,096,089	573,378
Rental income	32,581,947	30,593,351	-	-
Profit on disposal of property, plant and equipment	1,525,183	9,319,883	-	8,000
	421,151,023	568,382,482	8,811,089	8,281,381

21. FINANCE COSTS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Finance charges on bank financing	147,113,454	135,641,673	11,708,679	6,106,201
Finance charges on related party borrowing	152,042,857	80,201,720	-	-
Interest expense on lease liabilities	156,165,261	23,850,583	3,117,414	-
	455,321,572	239,693,976	14,826,093	6,106,201

22. FINANCE INCOME

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Investment income	80,654,018	32,436,708	30,159	706,065
Dividend income	2,388,858	17,384,334	6,823,482	239,292,670
	83,042,876	49,821,042	6,853,641	239,998,735

NOTES TO THE FINANCIAL STATEMENT (contd.)

23. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
Stated after charging	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Included in cost of sales				
Employees benefits including the following				
Defined contribution plan costs - EPF and ETF	779,378	3,288,083	-	-
Depreciation				
Depreciation expense of property, plant and equipment	38,215,513	41,019,086	-	-
Depreciation expense of right-of-use assets	70,385,006	-	-	-
Expense relating to leases of low-value assets and short term leases	2,415,710	-	-	-
Included in administrative Expenses				
Employees benefits including the following				
Defined benefit plan costs - Gratuity	169,444,186	153,728,550	4,834,233	4,109,329
Defined contribution plan costs - EPF and ETF	654,425,279	420,088,504	8,585,355	9,080,626
Depreciation				
Depreciation expense of property, plant and equipment	391,241,252	386,651,634	10,773,270	9,223,996
Depreciation expense of right-of-use assets	1,177,009,834	682,593,084	23,054,660	-
Directors' emoluments	719,847,658	682,593,084	55,506,775	37,931,417
Auditors' remuneration (fees and expenses)	94,987,990	49,371,940	4,314,060	3,192,936
Donations	31,013,546	20,098,286	-	-
Settlement of dispute between Expolanka Group and RCS Logistics (23.1)	1,230,812,105	-	-	-
Included in selling and distribution costs				
Advertising costs	68,079,098	25,266,130	1,212,667	1,212,667

23.1 At a mediation held in New Jersey USA, resolved to conclude the dispute between RCS Logistics Inc and ourselves with a full and final payment of USD 6.75 Million without the acceptance of liability.

24. INCOME TAX EXPENSE

	Group		Company	
Current income tax	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Current tax expense on ordinary activities for the year (24.1)	622,263,665	1,128,219,918	-	-
Under/(Over) Provision of current taxes in respect of prior years	9,527,879	17,226,724	7,854,610	-
Withholding tax on inter-company dividends	59,326,090	83,669,757	-	-
Deferred income tax				
Deferred taxation charge/(reversal) (24.3)	26,920,723	(64,726,093)	-	-
	718,038,357	1,164,390,306	7,854,610	-

Current income tax	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
24.1 A Reconciliation between tax expense and the product of accounting profit /(loss)				
Accounting profit before income tax	280,102,008	3,073,235,137	(164,207,529)	(3,410,156)
Exempt income	(162,671,058)	(231,162,975)	(6,823,482)	(9,592,916)
Aggregate disallowable items	1,030,702,278	768,136,931	162,968,998	7,487,471
Aggregate allowable expenses	(448,217,985)	(333,709,498)	(27,955,051)	(17,793,389)
Aggregate allowable income	(104,342,762)	(484,212,707)	-	-
Tax loss utilised	286,364,092	258,299,641	-	-
Taxable profit/(loss)	881,936,573	3,050,586,529	(36,017,064)	(23,308,990)
Income tax expense	123,524,658	199,509,780	-	-
Income tax on international operations	498,739,007	928,710,138	-	-
24.2 Tax Losses Carried Forward				
Tax losses brought forward	(1,561,612,151)	(1,752,192,005)	(406,284,029)	(382,975,039)
Tax losses incurred during the year	(320,837,016)	(59,668,177)	(36,017,064)	(23,308,990)
Tax loss utilised	286,364,092	258,299,641	-	-
Tax loss readjustment	640,187,963	(8,051,610)	-	-
Tax losses carried forward	(955,897,112)	(1,561,612,151)	(442,301,093)	(406,284,029)
Statutory income tax rates - Local subsidiries	10% - 28%	10% - 28%		
24.3 Deferred Taxation charge/(reversal)				
Included under income statement				
Accelerated depreciation for tax purposes	40,999,463	8,954,280		
Employee benefit Liability	(7,216,670)	6,493,457		
Losses available for offset against future taxable income	17,623,260	(39,102,604)		
Unclaimed right of use rental	25,236,346	-		
Others	(49,721,676)	(41,071,226)		
	26,920,723	(64,726,093)		
Included under other comprehensive income statement				
Employee benefit liability	(6,767,889)	(3,009,595)		
	(6,767,889)	(3,009,595)		

NOTES TO THE FINANCIAL STATEMENT (contd.)

	Group	
	2020	2019
	Rs.	Rs.
24.4 Deferred Income Tax Assets		
At the beginning of the year	186,779,308	122,472,003
Charge (release) to income statement	(26,708,230)	60,666,774
Charge (release) to OCI statement	6,767,889	3,009,595
Acquisition/(disposal) of subsidiary	(15,364,151)	(2,791,827)
Exchange difference	(4,690,773)	3,422,763
At the end of the year	146,784,043	186,779,308
The closing deferred tax asset and liability balancee relate to following;		
Accelerated depreciation for tax purposes	(34,921,326)	20,128,605
Employee benefit Liability	51,621,936	62,477,307
Losses available for offset against future taxable income	68,045,948	93,282,294
Unclaimed right of use rental	7,216,670	-
Others	54,820,815	10,891,102
	146,784,043	186,779,308

Expolanka Holdings PLC has not recognized net deferred tax asset as at 31 March 2020 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. 423,298,817/- (2019 - Rs. 353,441,633/-) can be utilized.

	Group	
	2020	2019
	Rs.	Rs.
24.5 Deferred Income Tax Liabilities		
At the beginning of the year	482,305	4,264,451
Charge or release to income statement	212,493	(4,059,319)
Exchange difference	33,898	277,173
At the end of the year	728,696	482,305
The closing deferred tax asset and liability balancee relate to following;		
Others	728,696	482,305
	728,696	482,305

Group has determined that the undistributable profit of its subsidiaries, joint ventures or associates will not be distributed in foreseeable future.

25. EARNINGS / (LOSS) PER SHARE

Basic Earnings / (loss) 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 / (loss) 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.

25.1 Basic Earnings / (Loss) Per Share

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Number of ordinary shares used as the denominator:	Number	Number	Number	Number
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
Basic Earnings / (Loss) Per Share	Rs.	Rs.	Rs.	Rs.
Profit / (Loss) attributable to Ordinary Shareholders for basic Earnings / (Loss) Per Share	(736,557,808)	1,447,985,316	(172,062,139)	(3,410,156)
Weighted average number of ordinary shares	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000
Basic Earnings / (Loss) Per Share	(0.38)	0.74	(0.09)	(0.00)
Diluted Earnings / (Loss) Per Share				
Profit / (Loss) attributable to Ordinary Shareholders for basic Earnings / (Loss) Per Share	(736,557,808)	1,447,985,316	(172,062,139)	(3,410,156)
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 / (loss) per share	(0.38)	0.74	(0.09)	(0.00)

26. DIVIDEND

	2020		2019	
	Per Share Rs.	Amount Rs.	Per Share Rs.	Amount Rs.
Declared and paid during the year				
Interim dividend	-	-	0.15	293,237,250

NOTES TO THE FINANCIAL STATEMENT (contd.)

27. SEGMENT INFORMATION

	Logistics		Leisure		Investments		Total	
Operating segment	2020	2019	2020	2019	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	4,254,691,091	3,191,444,606	123,794,872	64,725,398	850,041,835	743,817,296	5,228,527,798	3,999,987,300
Other financial assets	2,621,551	2,461,473	-	-	-	142,561,786	2,621,551	145,023,258
Other non-current assets	4,946,603,073	2,876,484,747	49,450,085	50,229,532	4,615,199,367	4,639,563,168	9,611,252,525	7,566,277,448
Segment non-current assets	9,203,915,715	6,070,390,827	173,244,957	114,954,930	5,465,241,202	5,525,942,250	14,842,401,874	11,711,288,006
Investments in subsidiaries							(8,872,608,680)	(6,870,055,854)
Goodwill							437,649,225	374,519,791
Eliminations / adjustments							1,595,336,563	185,144,304
Total non-current assets							8,002,778,982	5,400,896,247
Inventories	7,779,458	-	-	-	144,685,275	-	152,464,733	-
Trade and other receivables	39,407,382,934	27,722,954,188	1,265,189,073	1,659,820,476	1,554,330,076	1,213,486,039	42,226,902,083	30,596,260,703
Other financial assets	114,017,629	151,008,222	40,190,592	37,322,563	5,437,419	5,945,225	159,645,640	194,276,010
Cash and bank balances	7,085,056,255	4,139,971,849	6,060,244	20,314,303	64,930,360	298,092,267	7,156,046,859	4,458,378,419
Other current assets	2,064,229,343	7,109,196,840	137,402,324	251,303,658	147,415,599	136,854,879	2,349,047,266	7,497,355,377
Segment current assets	48,678,465,619	39,123,131,099	1,448,842,233	1,968,761,000	1,916,798,729	1,654,378,411	52,044,106,581	42,746,270,509
Eliminations / adjustments							(24,024,052,092)	(14,550,605,816)
Total current assets							28,020,054,489	28,195,644,693
Assets held for sale							274,883,413	-
Total assets							36,297,716,884	33,596,560,940
Financing and lease payables	4,169,768,684	1,282,044,265	100,076,730	88,844,802	906,002,358	764,779,122	5,175,847,772	2,135,668,189
Other non-current liabilities	423,951,480	375,915,923	113,765,513	73,604,057	80,006,871	65,179,991	617,723,864	514,699,971
Segment non-current liabilities	4,593,720,164	1,657,960,188	213,842,243	162,448,859	986,009,229	829,959,113	5,793,571,636	2,650,368,160
Eliminations / adjustments							293,114,219	(936,778,757)
Total non-current liabilities							6,086,685,855	1,713,589,403
Financing and lease payables	5,334,657,679	3,913,391,589	280,947,370	430,513,079	816,084,677	721,354,495	6,431,689,726	5,065,259,163
Trade and other payables	32,129,503,466	23,474,703,337	392,457,549	714,689,556	572,907,066	426,925,670	33,094,868,081	24,616,318,563
Other current liabilities	178,502,713	367,730,625	3,598,317	41,671,574	-	-	182,101,030	409,402,200
Segment current liabilities	37,642,663,858	27,755,825,552	677,003,236	1,186,874,209	1,388,991,743	1,148,280,165	39,708,658,837	30,090,979,926
Eliminations / adjustments							(22,603,053,214)	(13,995,324,763)
Total current liabilities							17,105,605,623	16,095,655,163
Total liabilities							23,192,291,478	17,809,244,566
Total segment assets	57,882,381,334	45,193,521,925	1,622,087,190	2,083,715,930	7,382,039,931	7,180,320,660		
Total segment liabilities	42,236,384,022	29,413,785,740	890,845,479	1,349,323,068	2,375,000,972	1,978,239,278		

Primary segments (business segments)	Logistics 2020 Rs.	Logistics 2019 Rs.	Leisure 2020 Rs.	Leisure 2019 Rs.	Investments 2020 Rs.	Investments 2019 Rs.	Total 2020 Rs.	Total 2019 Rs.
Timing of revenue recognition								
Goods transferred at a point in time	-	-	-	-	3,218,966,273	3,080,756,094	3,218,966,273	3,080,756,094
Services tenderred over time	98,695,017,105	90,953,300,347	1,261,871,195	1,375,168,180	69,816,177	45,686,847	100,026,704,477	92,374,155,374
Cost of sales	(80,869,401,114)	(74,239,601,907)	(215,005,298)	(307,996,417)	(2,978,581,591)	(2,807,723,641)	(84,062,988,003)	(77,355,321,966)
Other operating income and gains	336,594,393	526,152,944	13,738,014	4,497,045	62,766,337	37,732,496	413,098,744	568,382,484
Depreciation and amortisation	(1,605,703,346)	(444,526,822)	(60,526,889)	(15,893,465)	(77,883,077)	(50,980,228)	(1,744,113,312)	(511,400,515)
Overhead	(15,721,466,668)	(13,377,137,489)	(823,724,594)	(761,154,444)	(693,291,492)	(815,585,085)	(17,238,482,754)	(14,953,877,018)
Finance costs	(332,469,171)	(161,622,463)	(47,401,819)	(24,941,201)	(75,450,583)	(53,130,312)	(455,321,573)	(239,693,976)
Finance income	83,012,718	34,399,885	-	-	30,159	15,421,156	83,042,877	49,821,042
Share of result of equity accounted investees (net of tax)	734,426	19,800,070	11,146,281	8,846,246	19,262,295	31,767,305	31,143,002	60,413,620
Profit before tax	586,318,343	3,310,764,565	140,096,890	278,525,942	(454,365,502)	(516,055,368)	272,049,731	3,073,235,139
Income tax expense	(684,172,904)	(1,103,871,385)	(30,047,717)	(70,079,212)	(3,817,736)	9,560,290	(718,038,357)	(1,164,390,306)
Profit for the year	(97,854,561)	2,206,893,180	110,049,173	208,446,730	(458,183,238)	(506,495,077)	(445,988,626)	1,908,844,833

Segments based on geographical location In LKR Mn	Sri Lanka	India	Bangladesh	USA	UAE	Vietnam	China	Hong Kong	Indonesia	Others	Total
2020											
Timing of revenue recognition											
Goods transferred at a point in time	3,219	-	-	-	-	-	-	-	-	-	3,219
Services tenderred over time	9,222	15,062	7,915	35,612	3,749	9,689	3,265	3,206	5,592	6,714	100,026
Non current assets*	3,237	536	-	1,320	418	51	33	248	16	1,296	7,155
2019											
Timing of revenue recognition											
Goods transferred at a point in time	3,081	-	-	-	-	-	-	-	-	-	3,081
Services tenderred over time	8,240	17,446	12,088	28,109	3,621	6,617	4,664	3,296	4,702	3,590	92,374
Non current assets*	2,742	313	300	361	385	13	35	256	15	648	5,069

* excluding financial assets and deferred tax asset

NOTES TO THE FINANCIAL STATEMENT (contd.)

28. RELATED PARTY DISCLOSURES

The 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 Transaction with Related Entities

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Providing of services	112,389,032	257,586,387	125,040,000	125,190,000
Receiving of services	2,565,570	36,298,992	-	-
Dividend received	-	-	6,823,482	239,292,670
Settlements by subsidiaries	-	-	107,643,048	387,058,625
Interest cost	152,042,857	80,036,278	-	-
Loans obtained	4,017,006,024	662,285,000	-	-

28.2 Transactions with Key Management Personnel (KMP) of the Company

Key management personnel include members of the Board of Directors of Expolanka Holdings PLC and its subsidiary companies.

Key Management Personnel Compensation	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Short-term employee benefits	719,847,658	682,593,084	55,506,775	37,931,417
	719,847,658	682,593,084	55,506,775	37,931,417

29. ASSETS PLEDGED

Assets pledged for facilities obtained is given in note 16.4 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.

31 COMMITMENTS AND CONTINGENCIES

31.1 Company

The Company does not have significant capital commitments as at the Reporting date.

31.2 Group

31.2.1 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 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 31 March 2017 is estimated at LKR 53Mn and the case are currently under the Tax Appeal Commission. Another assessment was issued during the current year relating to the same exceptions claimed for the period 14/15 for LKR 13Mn for which a tax appeal has been made by the company.

The Tax appeals commission has dismissed the appeal lodged by us and we have subsequently filed a motion in the court of appeal on the 10th of July 2020.

31.2.2 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 2017 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.

31.2.3 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.

	2020 Rs.	2019 Rs.
Institution		
Sampath Bank PLC	20,950,000	23,050,000
Standard Chartered Bank	105,460,194	102,484,458
National Development Bank PLC	102,002,924	193,032,244
Others	549,000,000	526,000,000
	777,413,118	844,566,701

31.2.4 Capital Expenditure Commitments

The Group 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 also holds available – for – sale investments.

The Group is exposed to market risk, credit risk and liquidity risk.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENT (contd.)

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 LKR '000s	
	Rupee borrowings	Other currency borrowings	Group	Company
2020	+100	+100	(95,929.46)	-
	-100	-100	95,929.46	-
2019	+100	+100	(51,669.31)	-
	-100	-100	51,669.31	-

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.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities.

During the financial year the Group has disposed all its quoted equity securities.The market value of these shares were Rs. 43,502,926 at the reporting date of the previous financial year.

At the reporting date, the Groups exposure to non-quoted equity securities at carrying value was Rs. 2,621,551.The carrying value for the non-quoted equity securities which was held at the end of 31st March 2019 was Rs. 101,520,332 . The Group disposed the shares it held at Asia Pacific Institution of Information Technology Lanka (Private) Limited which was valued at Rs. 99,058,860 at the end of 31st March 2019.

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.

2020	Deposits with bank	Trade and other receivables	Amounts due from related parties	Cash in hand and at Bank	Total credit risk exposure
Non current financial assets	-	-	-	-	-
Cash in hand and at bank	-	-	-	7,156,046,860	7,156,046,860
Trade and other receivables	-	18,320,908,194	-	-	18,320,908,194
Short term investments	-	-	-	-	-
Amounts due from related parties	-	-	16,014,688	-	16,014,688
Total	-	18,320,908,194	16,014,688	7,156,046,860	25,492,969,742
Total % of allocation	0%	72%	0%	28%	100%

2019	Deposits with bank	Trade and other receivables	Amounts due from related parties	Cash in hand and at Bank	Total credit risk exposure
Non current financial assets	-	-	-	-	-
Cash in hand and at bank	-	-	-	4,456,865,049	4,456,865,049
Trade and other receivables	-	21,138,483,179	-	-	21,138,483,179
Short term investments	-	-	-	-	-
Amounts due from related parties	-	-	47,389,747	-	47,389,747
Total	-	21,138,483,179	47,389,747	4,456,865,049	25,642,737,975
Total % of allocation	0%	83%	0%	17%	101%

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.

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.

Refer Note 11 for analysis of debtors.

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.

NOTES TO THE FINANCIAL STATEMENT (contd.)

The table below summarises the maturity profile of groups financial liabilities based on contractual undiscounted payments.

Year ended 31 March 2020	On Demand	Less than 1 year	1-5 year	Above 5 year	Total
Bank Financing	-	987,843,622	767,742,918	-	1,755,586,540
Related Party Borrowing	-	4,282,511,122	2,325,107,107	596,019,589	7,203,637,818
Leases	-	954,653,432	1,663,611,017	116,481,360	2,734,745,814
Trade and other payables	10,196,515,878	-	-	-	10,196,515,878

33. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:
Proportion of equity interest held by non-controlling interests:

Company name	Country of incorporation and operation	2020	2019
Expo Freight Limited	Bangladesh	Not applicable	55.00%
Expo Freight (Private) Limited	India	0%	10.00%
Expolanka Freight (Vietnam) Limited**	Vietnam	49.00%	49.00%
PT Expo Freight Indonesia	Indonesia	10.00%	10.00%
AVS Cargo Management Services (Private) Limited	India	49.00%	54.00%

** The non-controlling interest on the current year performance of Expo Freight Private Limited – India and Expolanka Freight (Vietnam) Limited are calculated at 10% and 49% respectively since the transaction was completed on 31st March 2020.

	2020 Rs.	2019 Rs.
Accumulated balances of material non - controlling interest	186,691,175	1,393,400,431
Expo Freight Limited	Not applicable	654,333,230
Expo Freight (Private) Limited	-	250,754,911
Expolanka Freight (Vietnam) Limited	8,857,083	330,269,723
PT Expo Freight Indonesia	104,536,218	87,984,631
AVS Cargo Management Services (Private) Limited	73,297,874	70,057,936
Accumulated material non - controlling interest	186,691,175	1,393,400,431
Profit allocated to material non - controlling interest	279,730,630	444,201,712

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss

	2020	2019
Revenue	46,649,009,724	49,588,027,411
Operating cost	(45,481,834,355)	(47,469,187,578)
Finance costs	(27,276,264)	(45,562,661)
Profit before tax	1,139,899,106	2,073,277,173
Income tax	(343,779,980)	(671,967,836)
Profit for the year	796,119,126	1,401,309,337
Total comprehensive income	-	-
Attributable to non-controlling interests	279,730,632	444,201,711
Dividends paid to non-controlling interests	-	(334,273,032)

Summarised statement of financial position

	2020	2019
Current assets	7,630,102,436	11,303,489,665
Non - current assets	647,356,827	692,987,358
Total assets	8,277,459,264	11,996,477,023
Current liabilities	3,398,293,726	6,562,839,054
Non - current liabilities	32,207,543	52,789,001
Total liabilities	3,430,501,269	6,615,628,055
Total equity	4,846,957,994	5,380,848,967
Attributable to:		
Equity holders of parent	4,660,266,819	3,987,448,536
Non - controlling interest	186,691,176	1,393,400,431

Summarised cash flow information

	2020	2019
Operating	450,976,758	4,078,078,065
Investing	(561,662,385)	(120,077,213)
Financing	(1,684,219)	(3,998,086,865)
Net increase / (decrease) in cash and cash equivalents	(112,369,846)	(40,086,013)

The above information is based on amounts before inter-company eliminations

34. ACQUISITION OF SUBSIDIARIES

During 2019/20 financial year, the Group has acquired Quickee Delivery Solutions Private Limited and Lynden International (BE) BV - Belgium.

	2020
Assets	
Property, plant & equipment	6,057,407
Other non current assets	5,144,726
Trade and other receivables	116,371,960
Other current assets	4,575,068
Cash & bank balances	116,066,183
	248,215,344
Liabilities	
Financing and lease payables	335,834
Trade and other payables	73,687,966
Amount due to related parties	19,340
Income tax payable	547,885
	74,591,025
Net Assets	173,624,320
Goodwill	63,129,435

Note: 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.

GROUP REAL ESTATE PORTFOLIO

Owning Company & Location	Buildings in SQ.FT	Free Hold Land in Perches	Net Book Value Mar-20
Properties in Colombo			
Expolanka Pvt Limited		23.50	108,864,375
No 10, Mile post Avenue, Kollupitiya , Colombo 3			
EFL HUB Pvt Limited	5,942		82,403,992
No 10, Mile post Avenue, Kollupitiya , Colombo 3			
Properties Outside Colombo			
Expolanka Freight Pvt Ltd	20,881	302.75	257,270,249
No 69, Ramyaweera Mawatha, Kittampahuwa, Wellampitiya			
Expolanka Freight Pvt Ltd		30.97	14,736,910
No 73/2,Ramyaweera Mawatha, Kittampahuwa, Wellampitiya			
Expolanka Pvt Limited	8,500	160.00	15,668,465
Kanomoolai, 10 mile post, Pubudugama, Madurankuli, Puttalam			
Expolanka Pvt Limited	135,609	555.26	1,026,580,518
No 390, Avisawella Road, Orugodawatte, Wellampitiya			
Pulsar Shipping Agencies (Pvt) Ltd	1,200	15.75	5,780,300
2/24th Portion of Bogahawatta, Galu Piyadda, Galle			
EFL GLobal Freeport (Private) Limited	240,000		203,475,694
Lot No. 117, Spur Road 3, Phase 1, Export Processing Zone (EPZ), Katunayake, Sri Lanka			
			1,714,780,502

FIVE YEAR SUMMARY

31st March	2019/20	2018/19	2017/18	2016/17	2015/16
In Rs. Mn.					
OPERATING RESULTS					
Group Revenue	103,246	95,455	77,533	63,492	56,015
Share of results of associates	31	60	44	22	37
EBIT	735	3,313	1,901	2,096	2,139
Finance Expenses	(455)	(240)	(232)	(403)	(92)
Profit before tax	280	3,073	1,669	1,692	2,047
Tax expenses	(718)	(1,164)	(708)	(464)	(601)
Profit after tax	(438)	1,909	962	1,229	1,446
Attributable to:					
Non Controlling Interest	299	461	251	274	332
Equity holders of the parent	(737)	1,448	711	955	1,113
CAPITAL EMPLOYED					
Share capital	4,098	4,098	4,098	4,098	4,098
Capital reserves	941	984	604	477	409
Revenue reserves	7,600	9,194	8,075	7,675	7,348
Minority interest	192	1,512	1,251	1,128	1,266
Total equity	12,831	15,787	14,028	13,377	13,120
Total debt	12,196	5,332	4,204	2,402	1,793
CAPITAL EMPLOYED	25,026	21,119	18,232	15,779	14,913
ASSETS EMPLOYED					
Property plant and equipment & Right of Use Assets	6,428	3,998	3,833	3,632	3,423
Other non current assets and Assets held for sale	1,575	1,461	937	900	1,167
Current assets	28,020	28,137	23,938	18,810	18,085
Liabilities net of debt	(10,996)	(12,478)	(10,477)	(7,563)	(7,762)
ASSETS EMPLOYED	25,026	21,119	18,232	15,779	14,913
CASH FLOW					
Cashflow from operating activities	1,812	809	(1,180)	347	316
Cashflow from / (used in) investing activities	(374)	(822)	(180)	(22)	(338)
Cashflow from / (used in) financing activities	707	1,067	1,040	168	563
Net increase / (decrease) in cash and cash equivalents	2,438	1,423	(237)	523	922
KEY INDICATORS					
Basic earnings per share (Rs.)	(0.377)	0.741	0.364	0.488	0.570
Finance cost cover (no. of times)	1.6	13.8	8.2	5.2	23.4
Net assets per share (Rs.)	6.47	7.30	6.54	6.27	6.06
Debt / equity ratio (%)	95.1%	33.8%	30.0%	18.0%	13.7%
Dividend payout (Rs. Millions)	0	293	293	293	235
Dividend payout ratio (%)	0%	20%	41%	31%	21%
Current ratio (no.of.times)	1.6	1.7	1.8	2.2	2.0
Market price per share (Rs.)	2.0	4.0	4.9	6.0	7.0

SHARE INFORMATION

A trading summary of the Expolanka Holdings PLC shares for the financial year ended 31st March 2020 is given as below;

Trading Summary 1st April 2019 – 31st March 2020

Number of shares in issue	1,954,915,000
Number of shares traded during the Year	105,957,386
Number of transactions for the Year	9,908
Value of Transactions for the year	497,191,141.00
Market Capitalization as of 31st March 2020	3,909,830,000.00

Expo Share Performance

An analysis of the Expolanka Holdings PLC share performance over the last three years is reflected in the below table.

	31-Mar-2020	31-Mar-2019	31-Mar-2018
Highest (Rs.)	6.80	5.10	7.10
Lowest (Rs.)	1.80	3.80	4.80
Closing (Rs.)	2.00	4.00	4.90

The movement of the Expolanka Holdings PLC share price during the four quarters are given below.

	High	Low	Closing	Volume of shares Traded
1st Quarter	5.70	3.80	5.70	30,806,538
2nd Quarter	6.30	4.90	5.20	30,096,390
3rd Quarter	5.40	4.80	5.10	18,788,084
4th Quarter	5.10	1.80	2.00	26,266,374

Share Valuations

The Share valuations are provided below for Expolanka Holdings PLC consolidated performance.

	2019/20	2018/19	2017/18	2016/17
Net Asset Per Share	6.47	7.30	6.54	6.27
Earnings Per Share	-0.38	0.74	0.36	0.49
Trailing P/E Multiple	-5.31	5.40	13.48	12.29
ROE	-3.41%	12.09%	6.85%	9.19%

Share Distribution

The Expo Share is owned by a base of 7,221 voting registered shareholders as at 31st March 2020. The distribution of the shares is reflected below;

Range of Shareholding	No. of Shareholders	No. of Shares	% of Shareholding
1 - 1,000	3,161	2,087,634	0.12
1,001- 10,000	2,780	12,062,478	0.61
10,001 - 100,000	1,015	36,366,355	1.86
100,001 - 1,000,000	234	63,872,328	3.26
Over 1,000,000	31	1,840,526,205	94.15

Analysis of Shareholding

Resident / Non Resident	No. of Shareholders	No. of Shares	% of Shares
Resident	7,152	347,538,536	17.79
Non-Resident	69	1,607,376,464	82.21

Individuals / Institutional	No. of Shareholders	No. of Shares	% of Shares
Individuals	6,981	288,227,263	14.74
Institutional	240	1,666,687,737	85.26

Public Holding of Shares

As of 31st March 2020, the Public Holding of Expolanka Holdings PLC shares stood at 474,728,326 shares which amounts to 24.283% of the issued Share Capital. The total No. of Shareholders representing the public Holdings as at 31st March 2020 is 7,118

Float Adjusted Market Capitalization

As at	31.03.2020	31.03.2019
Public shareholding (%)	24.28%	25%
Public shareholders	7,118	7,108
Float adjusted market capitalization	949,424,018.90	1,954,915,000.00

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 2020	No. of Shares - 31st March 2019
Mr. N Kawasaki		
Mr. H Yusoof	147,021,464	147,021,464
Mr. Y Matsubara		
Mr. M Matzusono		
Mr. S Kulatunga		
Mr. H Amarasekera		
Total	147,021,464	147,021,464

The Shareholding of the Spouses and Children under 18 years of the Directors

There is no shareholding of Spouses and children under 18 years of the Directors

SHARE INFORMATION (contd.)

Twenty Largest Shareholders as at 31st March 2020

The below table provides the details of the 20 Top Shareholders of Expolanka Holdings PLC as at 31st March 2020

No.	Name of Shareholder	31st March 2020		31st March 2019	
		No. of Shares	%	No. of Shares	%
1	SG HOLDINGS GLOBAL PTE.LTD	1,333,141,210	68.19%	1,319,165,681	67.48%
2	CACEIS BANK, LUXEMBOURG BRANCH-BARCA GLOBAL MASTER FUND LP	173,811,433	8.89%	173,811,433	8.89%
3	MR. H. YUSOOF	147,021,464	7.52%	147,021,464	7.52%
4	BBH-MATTHEWS EMERGING ASIA FUND	91,311,871	4.67%	94,231,424	4.82%
5	MR. F. KASSIM	23,560,811	1.21%	23,560,811	1.21%
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	9,499,000	0.49%	9,499,000	0.49%
7	E.W. BALASURIYA & CO. (PVT) LTD	7,591,805	0.39%	7,591,805	0.39%
8	MR. S. KASSIM	5,401,559	0.28%	5,401,559	0.28%
9	INSITE HOLDINGS PRIVATE LIMITED	5,000,000	0.26%	-	-
10	MRS. V. SARASWATHI	4,036,860	0.22%	4,036,860	0.21%
11	J.B. COCOSHELL (PVT) LTD	3,664,456	0.19%	11,161,962	0.57%
12	EMPLOYEES TRUST FUND BOARD	3,486,700	0.18%	3,486,700	0.18%
13	HALLSVILLE TRADING GROUP INC.	3,000,000	0.15%	3,000,000	0.15%
14	MR. M.H. OMAR	2,898,660	0.15%	2,898,660	0.15%
15	HATTON NATIONAL BANK PLC- ASTRUE ALPHA FUND	2,770,354	0.14%	-	-
16	MR. K.S.R. NISSANKA	2,000,000	0.10%	4,500,000	0.23%
17	MR. A.M. WEERASINGHE	1,956,966	0.10%	1,956,966	0.10%
18	MR. RAHUL GAUTAM	1,818,000	0.09%	1,600,000	0.08%
19	JANASHAKTHI INSURANCE PLC - NON PAR	1,780,100	0.09%	1,780,100	0.09%
20	BANK OF CEYLON	1,716,193	0.09%	1,716,193	0.09%

NOTES

NOTICE OF MEETING

Notice is hereby given that the fifteenth Annual General Meeting of Expolanka Holdings PLC will be held as a virtual meeting on Wednesday, 12th August 2020 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 2020 with the Report of the Auditors thereon.
2. 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.
3. 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.
4. To re-elect Mr.Hitoshi Kanahori, who in terms of Article 94 of the Articles of Association of the Company retires at the Annual General Meeting as a Director.
5. To re-elect Mr.Akira Oyama, who in terms of Article 94 of the Articles of Association of the Company retires at the Annual General Meeting as a Director.
6. To re-elect Mr.Ha Yo, who in terms of Article 94 of the Articles of Association of the Company retires at the Annual General Meeting as a Director.
7. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors and authorize the Directors to determine their remuneration.
8. To authorize the Directors to determine contributions to charities for the financial year ending 31st March, 2021.

By order of the Board of Expolanka Holdings PLC

S S P Corporate Services (Private) Limited
Secretaries

No.101, Inner Flower Road, Colombo 03
16th July 2020

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.

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 Fifteenth Annual General Meeting of the Company to be held on Wednesday, 12th August 2020 as a virtual meeting emanating from the Board Room of Expolanka Holdings PLC at No.15A, Clifford Avenue, Colombo 03 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 2020 with the Report of the Auditors thereon.		
2.	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.		
3.	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.		
4.	To re-elect Mr.Hitoshi Kanahori, who in terms of Article 94 of the Articles of Association of the Company retires at the Annual General Meeting as a Director.		
5.	To re-elect Mr.Akira Oyama, who in terms of Article 94 of the Articles of Association of the Company retires at the Annual General Meeting as a Director.		
6.	To re-elect Mr.Ha Yo, who in terms of Article 94 of the Articles of Association of the Company retires at the Annual General Meeting as a Director.		
7.	To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors and authorize the Directors to determine their remuneration.		
8.	To authorize the Directors to determine contributions to charities for the financial year ending 31st March 2021.		

Signed this ..... day of ..... Two Thousand and Twenty.

NIC Number / Reg. No: ..... Signature: .....

Note:

(a) *Please delete the inappropriate words.

(b) Instructions are noted on the reverse hereof.

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 Head Office of the Company at No.15A, Clifford Avenue, 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.

CORPORATE INFORMATION

[GRI 102-1, 3, 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 and re-registered on 11th November 2008 as a Public Limited Liability Company under the 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
Naosuke Kawasaki - Chairman
Hanif Yusoof - Chief Executive Officer
Harsha Amarasekera
Sanjay Kulatunga
Motonori Matsuzono
Yoshifumi Matsubara

Registered office of the Company
10, Milepost Avenue,
Colombo 03
Sri Lanka

Audit Committee
Sanjay Kulatunga - Chairman
Harsha Amarasekera

Related Party Transaction Review Committee
Sanjay Kulatunga - Chairman
Harsha Amarasekera

Remuneration Committee
Harsha Amarasekera - Chairman
Sanjay Kulatunga

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
Ernst and Young
Chartered Accountants
201, De Seram Place
P. O. Box 101
Colombo 10, Sri Lanka

Concept & Designed by
Copyline
a great equation

www.expolanka.com
EXPOLANKA HOLDINGS PLC