THE POWER TO INSPIRE

Aitken Spence PLC
Annual Report 2023 - 2024

THE POWER TO INSPIRE

As one of Sri Lanka's oldest entities, Aitken Spence has borne witness to waves of transformation and growth, both for ourselves and for our stakeholders. Through it all, we have served as agents of change, becoming a catalyst that truly believed in the power of one life inspiring the next. Then, as we do now, we have partnered in our stakeholders' success stories, as much as they have partnered in ours.

Our own inspired people carry the strength of our positivity across our vast network of people and partnerships, even amid the most challenging times. The ripple effect of sharing our values, our passion and our knowledge helps create momentum across our value chain, inspiring ever-growing opportunities that make a meaningful impact on our collective future.

By harnessing the power of one life inspiring the next, we are designing a future of collective excellence, all for the greater good.

Aitken Spence

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ABOUT THIS REPORT

We continue to evolve our integrated report, embracing new standards and thinking to support corporate longevity with sustainable and resilient business models. Our holistic approach drives awareness of the Group's relevance to and its impacts on, the economy, people, and the planet. It supports our goal of efficient resource allocation to our strategic priorities, which have been determined considering our relevance, interdependencies and impacts.

Integrated reporting & thinking

Sustained value creation

Efficient & productive capital allocation

Organisation resilience & financial stability

Reporting Principles & Key Concepts

- Impacts
- Materiality
- Strategic focus and future orientation
- Connectivity of Information
- Stakeholder relationships
- Conciseness
- Alignment of financial and non-financial reporting boundaries
- Reliability & completeness
- Consistency & comparability

(GRI 2-3)

This is the 42nd Annual Report of Aitken Spence PLC, following the listing of the Company in 1983 and the 13th Annual Integrated Report, setting out the performance of the Group for the financial year ending 31st March 2024. It seeks to provide a balanced review of the financial, environmental, social and governance aspects of the Group in a concise, comprehensive and transparent manner. This report builds on the Annual Integrated Report for the financial year 2022/2023, continuing our quest for excellence in corporate reporting.

SCOPE & BOUNDARY

This report covers the financial and non-financial performance of Aitken Spence PLC and its subsidiaries, joint ventures and associates located in Sri Lanka and eleven other countries, collectively referred to as the Group. These entities are administratively arranged into 04 sectors and 16 segments, as set out on page 11. The financial reporting boundary encompasses all group entities. The report sets out how we create, preserve, or erode value through our business activities. The reporting boundary for non-financial information is defined based on 'operational control' for our sustainability strategy, aligning our emission accounting practices with the GHG Protocol's standards. Accordingly, the reporting boundary only includes owned operations in Sri Lanka, the Maldives, Oman, and India. Our operations in Singapore, the port operations in Fiji and Mozambique and the tourism and cargo operations in Myanmar and Cambodia are excluded, as our sustainability strategy does not extend to these operations.

Reporting Boundary & Scope

External Stakeholders & Operating Environment

26
Companies Overseas

95
Companies in Sri Lanka

Aitken Spence

SASB Standards used in preparing the report

Tourism
- Hotels & Lodging Standard

Maritime & Freight Logistics
- Road Transportation Standard
- Air Freight & Logistics Standard

GRI Sector Standards applicable to the Group

Tourism: No applicable sector standards issued

Maritime & Freight Logistics: No applicable sector standards issued

FRAMEWORKS

Regulatory Requirements

- Companies Act No.7 of 2007 and the amendments thereto
- Listing Rules of the Colombo Stock Exchange
- Sri Lanka Accounting & Audit Standards Act No.15 of 1995
- Sri Lanka Accounting Standards (SLFRs/LKASs)
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 and the amendments thereto
- Inland Revenue Act No. 24 of 2017 and the amendments thereto
- Foreign Exchange Act No. 12 of 2017 and the amendments thereto

Voluntarily Adopted Frameworks & Standards

- <IR> Framework issued by the International Integrated Reporting Council
- GRI Universal Standards 2021
- Ten Principles of the UN Global Compact
- Women's Empowerment Principles
- Communicating Sustainability issued by the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)
- Guidelines for Presentation of Annual Reports 2022 issued by CA Sri Lanka
- Gender Reporting Framework issued by CA Sri Lanka
- 06 SASB Standards

RE-STATEMENTS & COMPARABILITY OF INFORMATION (GRI 2-4, 2-5)

There were no restatements of financial information during the year. Therefore, the information presented in the report is comparable between the current and prior reporting periods. However, the scope and boundary of the non-financial information used to calculate the Group's emissions have been revised in line with the GHG Protocol on the basis of 'operational control'. Furthermore, the emission factors used in our calculations have been updated using the IPCC* and DEFRA* databases to improve the accuracy of our data. Accordingly, the non-financial data for 2022-2023 has been restated to enable comparability of information.

***Note:** The IPCC (Intergovernmental Panel on Climate Change) and DEFRA (Department for Environment, Food & Rural Affairs) databases are considered the most credible sources for obtaining emission factors, due to their comprehensive, scientifically validated data and global acceptance in environmental research and policymaking.

External assurance on the financial statements has been provided by Messrs. KPMG, Chartered Accountants, while assurance for our non-financial information, aligned with the GRI Universal Standard (2021) and Integrated Reporting, has been provided by Messrs EY, Chartered Accountants.

Strategic Investments	Services
Agriculture Products Standard; Apparel, Accessories & Footwear Standard; Electric Utilities & Power Generators Standard	No applicable industry standards issued
GRI 13 (Agriculture Sector)	No applicable sector standards issued

NAVIGATING OUR REPORT

The Capitals

- Financial Capital
- Human Capital
- Intellectual Capital
- Natural Capital
- Social & Relationship Capital
- Manufactured Capital

Stakeholders

- Customers
- Employees
- Business Partners
- Government & Regulators
- Communities
- Investors

Objectives

- Sustainable profit growth
- Geographical expansion
- Diversify into new business segments
- Reduce resource footprint and achieve net zero emission status
- Employer of choice

FORWARD LOOKING STATEMENTS

This report includes forward-looking statements based on external and internal information currently available to facilitate assessment of the Group's prospects. These statements are associated with a high level of uncertainty due to the volatility in the global and local economic outlooks. The outcomes and impacts of some of these statements relate to future events which are beyond our control but can significantly affect the Group's ability to create value. Readers are advised to make their own judgements using the latest information available at the time of assessment, due to the elevated levels of uncertainty in forward-looking statements. All forward-looking statements are provided without recourse or any liability whatsoever to the Board or other preparers of the Annual Report for the reasons enumerated above.

STATEMENT BY THE BOARD

The Management of Aitken Spence PLC has prepared, reviewed and approved the contents of the Annual Report for the year ended 31st March 2024. The Board acknowledges its responsibility to ensure the integrity of the Annual Report and to ensure that it provides a balanced view of its performance addressing all material issues that may have an impact on the Group's capacity to create value in the short, medium and long term. We also confirm that the Report has been prepared in accordance with GRI Standards 2021 and the integrated reporting framework of the International Integrated Reporting Council (IIRC). The acknowledgment of the Boards' responsibility for the Annual Report and its contents are given in the Annual Report of the Board of Directors on pages 144 to 148. The report was approved by the Board of Directors on 15th July 2024.

FEEDBACK & INQUIRIES

A feedback form is provided on pages 467 to 468 and at aitkenspence.com/feedback. We would appreciate your feedback on the Annual Report using this form, which can be mailed to the Company Secretaries with 'Annual Report 2024 Feedback' marked on the top left-hand corner of the envelope, emailed to the address given below, or submitted directly via the aforementioned link. The form can also be accessed via the QR code provided below.

These responses will be perused by the Management of the Company.
We value your feedback and will use the same in improving the Annual Report.

Please contact the following person for inquiries regarding the Annual Report:

Ms. Nurani Dissanayake
Email : nurani@aitkenspence.lk
Facsimile :+94 11 244 5406
Mail : No 315, Vauxhall Street,
Colombo 2, Sri Lanka

(GRI 2-3)

OUR SUSTAINABILITY JOURNEY

2002
Commitment to the UN Global Compact as a signatory

2005/06
Formation of the Group's Sustainability Strategy with 3 key focus areas and an Executive Director, Dr. Rohan Fernando, leading the process, overseeing responsibilities for sustainability

2006/07
Formation of the Group's Sustainability Team with cross functional representation from all segments

2007/08
The Group formulated an integrated sustainability policy with 15 key focus areas and an implementation framework rolled out to establish essential action across the Group for impact control.

GRI reporting framework adopted for the first time to report on non-financial disclosures.

2010/11
Group commences reporting on Scope 1 & 2 GHG emissions.

2011
Aitken Spence PLC among the first entities in the world to sign commitment to the Women's Empowerment Principles

2012
Human rights at the workplace and information security formally introduced to the Group's integrated sustainability policy and implementation framework.

Integrated reporting guidelines aligned to the IIRC adopted for the first time.

Group recognised as the Best Corporate Citizen in Sri Lanka by the Ceylon Chamber of Commerce.

2015/16


The Group aligns its objectives and targets with 7 Sustainable Development Goals. These SDGs were selected based on our most significant impacts and opportunity to contribute positively towards development goals.

2018/19
Aitken Spence was awarded as the Best Corporate Citizen of Sri Lanka for the 3rd consecutive year; 4th time in total and the 8th time to have been ranked among the top 3 best corporate citizens in the country.

Group's integrated sustainability policy reviewed and revised to include 21 statements of policy commitment for material topics.

The Group's MDs and Heads of Divisions educated on climate change and Disaster Risk Reduction and the Group's core DRR team formed.

2020/2021
Group participated in UNGC's Target Gender Equality programme with Executive Director, Ms. Stasshani Jayawardena, representing the Company as an ambassador.

Group joins the Climate Ambitions accelerator programme of the UNGC. Aitken Spence leads the Working Group on Human Rights in the UNGC Local Network Sri Lanka.

2021/22
Early adopters of the GRI Universal Standards (2021).

First conglomerate in Sri Lanka to make a public commitment to the Science Based Targets initiative and to commit towards Business Ambition for 1.5°C.

Aitken Spence marks 20 years as a signatory to the UN Global Compact.

Aitken Spence is the only Sri Lankan company in the global ranking of Top 100 Companies in Sustainability 2022, among global business leaders, in an independent international assessment.

2023/2024
The Group's Sustainability Council formed with Executive Director, Dr. Rohan Fernando leading the council.

SASB Standards adopted to the Group's reporting practices.

Aitken Spence joined the Sri Lankan delegation to COP28 as a private sector participant, planning and convening a panel discussion at the Sri Lanka Country Pavilion at COP28 on the private sector's role in development.

POWER TO INSPIRE

(GRI 2-6)

CUSTOMERS

Meaningful relationships built

- 23 Brands represented
- 32 New products and 2 new markets
- Longstanding partnerships with renowned global brands
- 190+ Environmental and social management systems maintained for product and service responsibility

GOVERNANCE & ECONOMIC CONTRIBUTION

Building trust through governance

Zero tolerance to bribery and corruption and zero direct non-compliance with laws, regulations and voluntary codes of conduct

Transparent corporate reporting consistently improved

- Rs. 12.2 Bn Taxes paid
- Rs. 131.0 Bn Foreign exchange facilitated to the country
- Rs. 90 Mn Invested in systems and processes for ESG

COMMUNITY

Lives we have changed

- Rs. 202.5 Mn Funds channelled for community development initiatives
- Rs. 604.1 Mn Funds channelled from our networks
- Rs. 67.2 Bn Payments made to suppliers
- Impactful interventions to promote local employment, encouraging entrepreneurship, skills development, supporting local businesses, enhancing infrastructure

ENVIRONMENT

Difference we have made

- 27% of Total energy consumed from renewable sources
- 559 Suppliers screened during the year
- 100% Wastewater and effluents from hospitality and manufacturing operations treated for safe reuse or disposal
- Zero ecosystems adversely affected by operations

EMPLOYEES

Lives we have enriched

- 13,000+ Employees
- 18% Female representation in managerial roles
- Rs. 18.6 Mn Invested in training and development
- Rs. 15.3 Bn in remuneration and benefits
- 80+ Management Systems for OHS

ABOUT US

Aitken Spence PLC is a leading diversified conglomerate listed on the Colombo Stock Exchange with operations spanning twelve countries in Asia, Oceania and Africa. Established as an importer and exporter in 1868, our operations now cover all three sectors of agriculture, industry and services of an economy with a broad presence over multiple value chains. Our journey of inspiration isn't just marked by the milestones we have achieved but by the lives we touched and inspired, the communities we have transformed, and the environment we've vowed to protect.

Our focus on delivering value to stakeholders has been our key to growth, while enhancing our commitment to high standards of professionalism, governance and performance. Aitken Spence has made sustainability its core ethos, understanding that the long-term success of business is intrinsically linked to the well-being of the planet. Through our many initiatives and sustainable practices adopted consistently and conscientiously throughout the Group's four key sectors of Tourism, Maritime & Freight Logistics, Strategic Investments and Services, Aitken Spence remains steadfast in our commitment to protecting the environment. The Group's commitment to such sustainable initiatives is amply demonstrated in the investment made in renewable energy projects, and in having the first and only waste to energy power generation project in Sri Lanka.

Aitken Spence understands that our greatest asset is our people. By nurturing a work environment that values respect, diversity, and personal growth, we ensure that our employees feel recognised and motivated. Aitken Spence's impact has reached well beyond its immediate business periphery, as we actively engage in enhancing community well-being through development projects, educational programmes, and continuous support of local entrepreneurship. These efforts have not only elevated living standards but also brought optimism and confidence to stakeholders, ranging from local partners to global investors. Through our actions, we have conveyed a strong statement on the role of business in society, showcasing that profitability and societal purpose can coexist, proving that success of both factors are mutually attainable.

OUR PURPOSE

Inspire to Create Great Futures for All.

OUR VISION

To achieve excellence in all our activities, establish high growth business in Sri Lanka and across new frontiers and become a globally competitive market leader in the region.

OUR VALUES

- Reliable
- Honest & Transparent
- Warm & Friendly
- Genuine
- Inspire Confidence

OUR GOALS

At Aitken Spence, we strive to

- contribute to society through economic growth and the creation of wealth;
- achieve geographical/ industrial expansion and diversification; and
- accomplish sustainable growth ensuring environmental and social governance.

4 Sectors

16 Business segments

Aitken Spence PLC the holding Company of a portfolio of diverse investments in 121 companies spanning 92 subsidiaries, 29 joint ventures and associates. The detailed group structure is given on pages 36 and 37. These companies are categorised into four main sectors of Tourism, Maritime & Freight Logistics, Strategic Investments and Services.

The scale of our operations coupled with expertise and systems honed over 155 years give us a vantage point to understand where our resources and expertise can be deployed to drive sustainable economic growth. The Group has played a catalytic role in the countries in which it operates, with pioneering ventures in critical industry sectors. It continues to support economic growth with investments in infrastructure, jobs, capacity building, development of overseas markets and linking to global supply chains leveraging its corporate brand and long standing relationships.

Tourism

Hotels

Destination Management

Airline GSA

Maritime & Freight Logistics

Maritime & Port services

Freight Forwarding & Courier

Integrated Container Services

Airline GSA (Cargo)

Education

Strategic Investments

Power Generation

Apparel Manufacture

Printing & Packaging

Plantations

Services

Insurance

Money Transfer

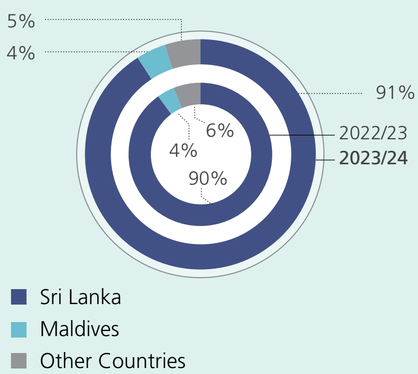
Property Management

Elevators

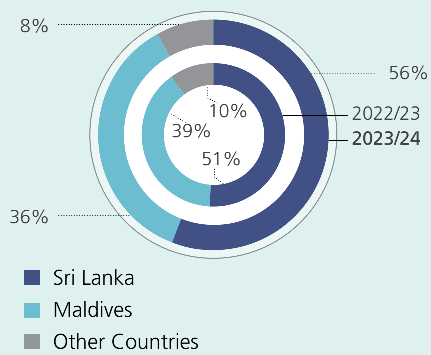
LOCATIONS OF OPERATIONS (GRI 2-1)

1. Sri Lanka
2. Maldives
3. Fiji Islands
4. India
5. Oman
6. Bangladesh
7. British Virgin Islands
8. Myanmar
9. Cambodia
10. Mozambique
11. Singapore
12. United Arab Emirates

PEOPLE BY GEOGRAPHIC SEGMENTS



REVENUE BY GEOGRAPHIC SEGMENTS



Largest Inbound Tour Operator

- The destination management segment catered to 224,179 tourists this year.
- The segment has consistently remained the premier choice for attracting tourists to Sri Lanka, leveraging its extensive networks to develop and expand its source markets.

CINEC Campus

- A leading tertiary education institution in Sri Lanka, the campus offers career pathways to students, supporting capacity building of our youth.
- Partners with foreign universities to offer a range of graduate and vocational training courses.
- A growing portfolio of University Grants Commission approved degree courses.

First Waste to Energy Project

- The first Sri Lankan Company to embark on a waste-to-energy project, addressing two national challenges with a single innovative solution.
- Throughout the year, the facility processed 220,616 MT of waste, significantly reducing its environmental footprint. This effort not only diverts waste from landfills but also promotes a cleaner, more sustainable environment, highlighting the facility's dedication to environmental stewardship.

Money Transfer Services

- Provides money transfer services with the world's top three players, Western Union, Ria and Moneygram
- Facilitated inward remittances of over USD 270 Mn from Sri Lankans living overseas.
- Network of over 3,000 agents islandwide

Investment in Power Generation

- In response to Sri Lanka's power crisis in the late 90s, the Company invested in 20 MW thermal power plants in Horana and Matara, and expanded its energy portfolio with a 100 MW plant in Embilipitiya to serve the Southern Province, reinforcing its commitment to national power stability.
- Giving priority to climate initiatives, the Company embraced renewable energy, diversifying into solar, wind and hydro power.

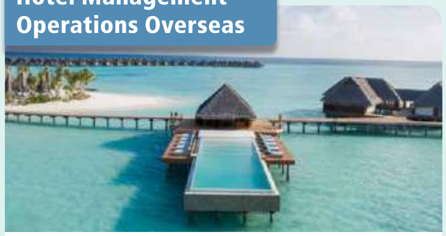
Fiji Ports

- The Aitken Spence Group has been at the forefront of expanding Sri Lankan port management operations internationally, notably as the first company from Sri Lanka to specialise in port efficiency management overseas.
- First Sri Lankan company to enter in to a public private partnership overseas and become the first Sri Lankan international port management company to operate in the Fiji islands.

Hotels Operations

- The Company set a milestone by opening the country's first five-star resort, Hotel Triton, in the 1980s, turning a new page in Sri Lanka's hospitality history.
- In 1993, Aitken Spence became the first Sri Lankan company to expand its resort investments to the Maldives, pioneering international hospitality ventures.
- Today, Aitken Spence is recognised as a leading hotel operator in Sri Lanka, the Maldives, Oman and India, boasting an extensive inventory of 2,639 rooms.

Hotel Management Operations Overseas



- As the first Sri Lankan Company to venture into international hotel management, we now oversee five properties in the Maldives. Additionally, we manage three hotels in Oman, all part of a renowned hotel group.

DIVERSIFICATION ACROSS SECTORS

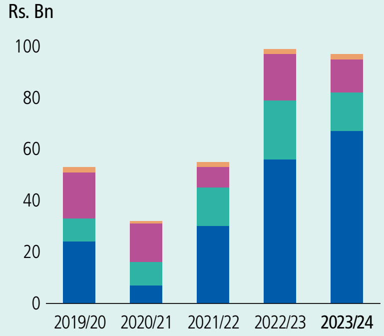
Tourism

Maritime and Freight Logistics

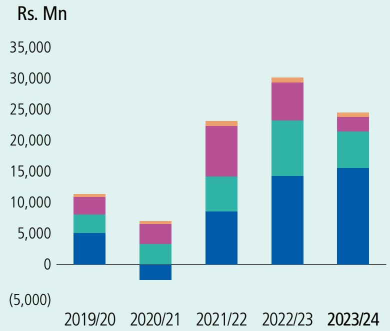
Strategic Investments

Services

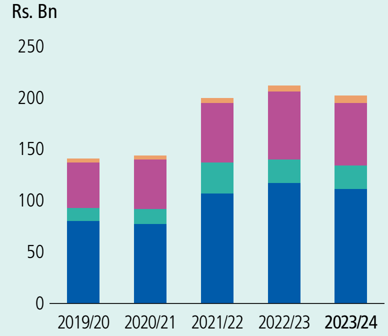
Revenue from External Customers



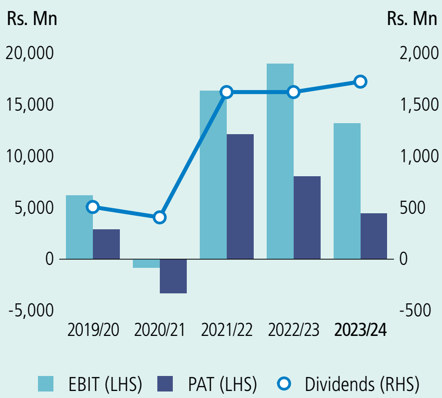
EBITDA



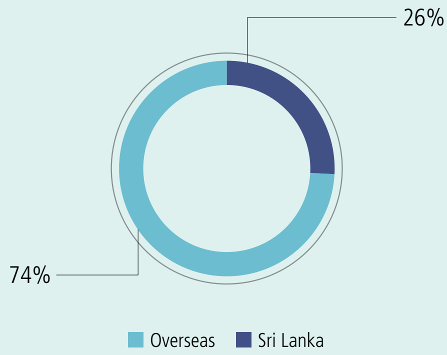
Total Assets



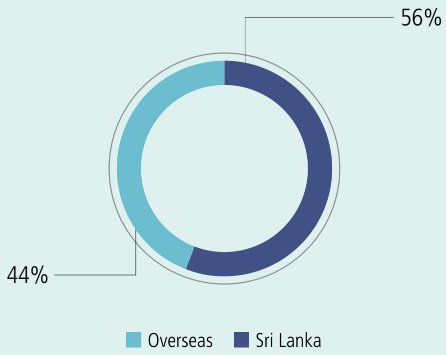
EBIT, PAT & Dividends



Geographical Analysis - Profit from Operations



Geographical Analysis of Segmental Assets

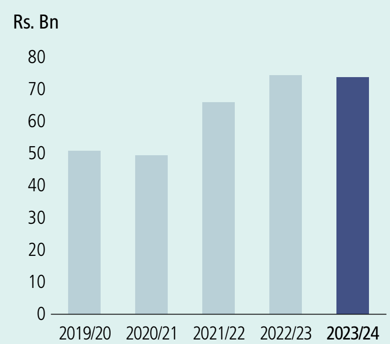


Revenue
Rs. 97.5 Bn

Total Assets
Rs. 201.3 Bn

Shareholder's Funds
Rs. 73.8 Bn

Shareholder's Funds

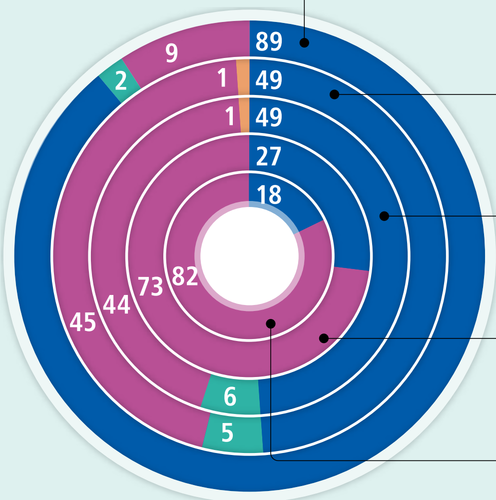


EBITDA
Rs. 24.5 Bn

Profit after Tax
Rs. 4.5 Bn

Dividends per Share
Rs. 4.25

Our Environmental Footprint by Sector



Total Water Consumed	89%	2%	9%	negligible
1,643,568 m^3				
Total Scope 1 & 2 Emissions	49%	5%	45%	1%
82,800 tCO_{2e}				
Total Energy Consumed	49%	6%	44%	1%
895,094 GJ				
Solid waste managed	27%	negligible	73%	negligible
40,264 MT and 10,862 Units				
Effluents managed	18%	negligible	82%	negligible
31,595 Litres				

Product & Service Responsibility Through Systemic Interventions

104 Management Systems for Environmental Impact Control

42 of the systems are certified

123 Management Systems for Social

53 of the systems are certified

84 Management Systems for OHS

38 of the systems are certified

60 Management Systems for Quality

45 of the systems are certified

30+ Principals & Joint Venture Partners

57,000+ Customers

13,000+ Suppliers

Rs. 90 Mn Invested in sustainability processes

Rs. 202.5 Mn Funds channelled to strengthen communities

FINANCIAL INFORMATION

	2023/2024	2022/2023	YoY %
Income Statement			
Group revenue (including associates) (Rs.Mn)	109,018	107,498	1
Group revenue (Rs.Mn)	97,486	98,104	(1)
Profit /(loss) from operations (Rs.Mn)	13,226	18,984	(30)
Share of profit from equity accounted investees (Rs.Mn)	1,318	1,070	23
Profit /(loss) before tax (Rs.Mn)	6,725	11,201	(40)
Income tax expense (Rs.Mn)	2,273	3,125	(27)
Profit /(loss) after tax (Rs.Mn)	4,452	8,076	(45)
Profit /(loss) attributable to equity holders of the company (Rs.Mn)	2,928	6,644	(56)
Statement of Financial Position			
Non - Current assets (Rs.Mn)	133,669	139,964	(4)
Current assets (Rs.Mn)	67,418	74,204	(9)
Total assets (Rs.Mn)	201,257	214,338	(6)
Total equity (Rs.Mn)	85,720	86,216	(1)
Non - Current liabilities (Rs.Mn)	58,959	69,969	(16)
Current liabilities (Rs.Mn)	56,578	58,153	(3)
Key Ratios			
ROE (%)	3.95	9.47	(58)
ROCE (%)	12.64	16.49	(23)
Interest cover (times covered)	1.73	2.19	(21)
Current ratio (times covered)	1.19	1.28	(7)
Debt equity ratio	0.45	0.54	(17)
Economic			
Value Added by the Group (Rs. Mn)	41,055	46,934	(13)
Foreign Exchange facilitated to the country (Rs. Mn)	130,955	81,886	60
Taxes paid to Government (Rs. Mn)	12,245	9,369	31
Direct employment generated	13,281	13,033	2

12.64 %
ROCE

Rs. 41.1 Bn
Value Added by the Group

Rs. 7.21
Earnings per share

	2023/2024	2022/2023	YoY %
Investor information			
Market capitalisation as at 31st March (Rs.Bn)	52.88	53.19	(1)
Market price as at 31st March (Rs.)	130.25	131.00	(1)
Earnings per share (Rs.)	7.21	16.36	(56)
Price Earnings Ratio (times)	18.06	8.01	125
Dividends per share (Rs.)	4.25	4.00	6
Dividend payout ratio (%)	58.93	24.44	141
Net asset value per share (Rs.)	181.86	183.26	(1)
Price to Book Ratio (times)	0.72	0.71	1
Tourism Sector			
Total pax handled by destination management	234,976	105,974	122
Guest nights in owned hotels	1,064,058	787,025	35
Room inventory owned and managed	2,639	2,627	0
Maritime & Freight Logistics Sector			
Total warehouse space (Sq. Ft)	470,074	401,602	17
Youth capacity building at CINEC campus (No. of students)	22,975	19,861	16
Strategic Investments Sector			
Power generated (MWh)	175,436	164,002	7
Apparel produced Pieces ('000)	3,614	4,305	(16)
Tea produced (Kgs '000)	4,248	4,268	(0)
Import substitution with palm oil production (Kgs '000)	23,617	21,694	9
Services Sector			
Number of Inward remittance transactions	918,387	562,575	63
Commercial office space (Sq. Ft)	195,784	195,784	-

Rs. 52.9 Bn
Market capitalisation

58.9%
Dividends payout

Rs. 4.25
Dividends per share

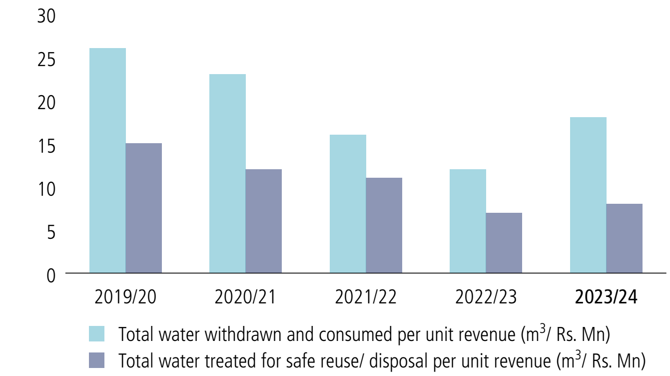
CONSOLIDATED ESG PERFORMANCE

(GRI 205; 206; 302-1,3; 303-2,303-3,303-5; 305-1, 305-2, 305-5; 306-1, 306-3, 306-4, 306-5; 401-1; 404-1)	Note	Total	2023/2024			
			Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Environmental Performance						
Resources						
Total energy consumption (GJ)	1.1	895,094	439,523	51,039	399,801	4,731
Energy consumption per unit revenue (Rs. Mn)	1.1	10	7	6	30	3
Energy produced (GJ)	1.2	1,353,714	321,357	398	1,031,959	-
Total energy produced from renewable sources (GJ)	1.2	775,947	22,415	398	753,134	-
Volume of water withdrawn (m3)	1.3	1,643,568	1,460,264	32,426	143,880	6,998
Water treated for reuse or safe disposal (m3)	1.3	709,553	675,690	6,336	27,405	122
Waste						
Total amount of solid waste kept away from landfills						
Tonnes	1.4	40,264	2,438	66	37,753	7
Units	1.4	10,862	10,785	-	73	4
Total amount of effluents safely disposed (Litres)	1.5	31,595	5,775	-	25,820	-
Emissions						
Total direct and indirect emissions (Scope 1 & 2) (tCO2e)	1.6	82,800	40,609	4,243	37,224	724
Reduction of GHG emissions/ emissions offset (tCO2e)	1.6	239,205	3,845	78	235,273	7
Investments in sustainability processes (Rs. Mn)	1.7	90	37	4	39	1
Social Performance						
People and Employees						
Total Employees (No.)	2.1	13,281	3,678	1,810	7,538	255
Female Representation (%)	2.2	39	14	18	58	18
Percentage of female managers in the managerial workforce (%)	2.3	18	15	22	18	20
Training & Development						
Avg. hours per employee (GRI 404-1)	2.4	14	26	4	11	30
Rs. Mn	2.4	18	3	3	10	2
Workplace Injuries (No.)	2.5	340	54	94	192	-
Lost Working Days	2.5	555	63	278	214	-
Entities certified for health and safety (No.)	2.6	38	10	5	22	1
Attrition Rate (%)	2.7	22	39	26	14	19
Average tenure of service (Years)	2.8	9	7	8	10	8
Customers and Society						
Brand stewardship (No.)	2.9	23	7	4	7	5
Funds channelled for community development initiatives (Rs. Mn)	2.10	202.5	1.7	0.4	200.4	-
Governance Performance						
No. of Companies	3.1	121	40	34	29	18
No. of Subsidiaries	3.1	92	36	23	18	15
No. of Joint Venture / Associates	3.1	29	4	11	11	3
Anti-corruption, anti-competitive behaviour and non-compliance with laws and regulations (No.)	3.2	None	None	None	None	None
Total number of grievances filed through formal grievance mechanisms (No.)	3.3	3	2	-	1	-

2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
853,924	392,308	51,227	401,927	8,462
9	7	3	23	4
1,256,082	293,572	477	962,033	-
703,154	12,646	477	690,030	-
1,094,598	728,845	53,730	306,404	5,619
651,347	610,206	6,336	34,683	122
33,601	1,494	767	31,331	9
1,704	-	864	764	76
108,094	3,285	48	104,761	-
78,922	37,564	4,360	35,814	1,183
218,156	1,229	94	216,829	4
98	59	2	29	3
13,033	3,349	1,751	7,681	252
41	13	16	60	15
17	16	18	18	19
12	31	8	4	47
42	11	14	15	3
116	30	38	48	-
833	55	373	405	-
35	11	3	20	1
24	39	20	19	19
9	7	8	9	8
21	6	4	7	4
259.8	26.1	1.8	231.6	0.3
115	41	31	27	16
91	37	22	18	14
24	4	9	9	2
None	None	None	None	None
3	2	1	-	-

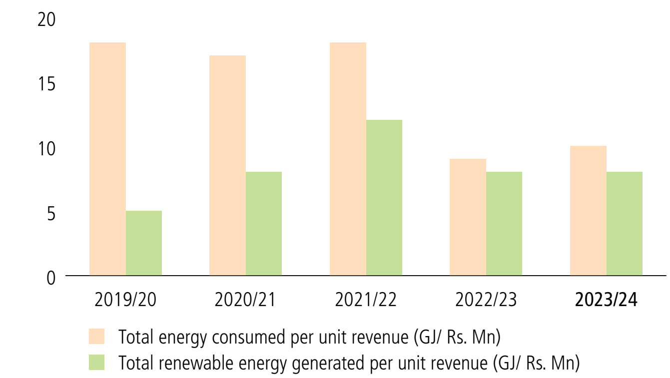
Water Consumption

m³/ Rs. Mn



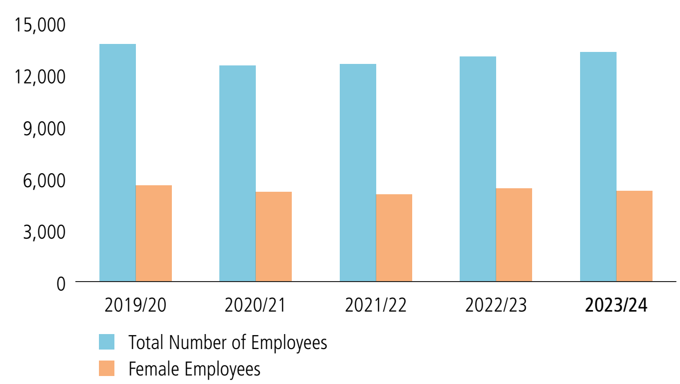
Energy Consumption

GJ/ Rs. Mn



Employees and Female Representation

No.



NOTES TO THE CONSOLIDATED ESG PERFORMANCE

1.1 Total Energy Consumption (GRI 302-1, 302-3)

	Unit of measure	Total	2023/2024 Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Total energy consumption						
Non-renewable sources						
Petrol	GJ	4,898	1,993	517	1,786	602
Diesel	GJ	358,158	298,942	44,960	13,671	585
Furnace Oil	GJ	134,385	-	-	134,385	-
LPG	GJ	22,422	22,144	-	277	-
Kerosene	GJ	2	-	-	2	-
Total energy consumed from non-renewable sources	GJ	519,864	323,079	45,477	150,120	1,187
Renewable sources						
Biomass/fuel wood	GJ	231,528	14,481	-	217,046	-
Briquettes	GJ	667	-	-	667	-
Hydropower	GJ	877	-	-	877	-
Solar energy	GJ	1,852	1,852	-	-	-
Wind energy	GJ	6,115	6,082	-	33	-
Municipal solid waste	GJ	477	-	-	477	-
Total energy consumed from renewable sources	GJ	241,516	22,415	-	219,101	-
Total indirect energy consumption within the organisation	GJ	133,714	94,029	5,562	30,580	3,544
Total energy consumption within the organisation	GJ	895,094	439,523	51,039	399,801	4,731
Energy consumption per unit revenue (GRI 302-3)	GJ/ Rs. Mn	10	7	6	30	3

1.2 Energy Produced

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Energy produced from non-renewable sources	GJ	577,767	298,942	-	278,825	-
Energy produced from renewable sources	GJ	775,947	22,415	398	753,134	-
Total energy produced	GJ	1,353,714	321,357	398	1,031,959	-

1.3 Water treated for Reuse or Safe Disposal (GRI 303-2,3,5)

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Volume of water withdrawn (GRI 303-3)	m3	1,643,568	1,460,264	32,426	143,880	6,998
Water recycled and re-used/ safely disposed (GRI 303 - 3,5)	m3	709,553	675,690	6,336	27,405	122
% of water recycled and re-used/ disposed (GRI 303 - 3,5)	%	43	46	20	19	2
Water sources significantly affected by withdrawal of water (GRI 303 - 2)	No.	None	None	None	None	None
Water withdrawn from areas in water distress (GRI 303 - 5)	m3	None	None	None	None	None

2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
3,914	1,273	378	1,623	639
344,558	280,926	43,871	17,984	1,777
128,943	-	-	128,943	-
13,226	12,946	-	281	-
1	-	-	1	-
490,642	295,145	44,249	148,832	2,417
174,661	10,480	-	164,181	-
116	-	-	116	-
1,402	-	-	1,402	-
2,166	2,166	-	-	-
361	-	-	361	-
55,985	-	-	55,985	-
234,692	12,646	-	222,046	-
128,589	84,517	6,978	31,049	6,046
853,924	392,308	51,227	401,927	8,462
9	7	3	23	4
552,929	280,926	-	272,003	-
703,154	12,646	477	690,030	-
1,256,082	293,572	477	962,033	-
1,094,598	728,845	53,730	306,404	5,619
651,347	610,206	6,336	34,683	122
60	84	12	11	2
None	None	None	None	None
None	None	None	None	None

A substantial proportion of our environmental impact is attributed to our energy consumption from fossil fuels, resulting in emissions and the depletion of non-renewable resources. Therefore, it is imperative to monitor the sources of energy used by each business sector through the diverse management systems maintained across the Group. This enables us to formulate strategies effectively to control our impacts and plan the transition to renewable energy sources.

Note:
The data for the 2022-2023 period has been revised and restated to reflect updates in emission factors and realignment of boundaries in accordance with the GHG Protocol guidelines.

As a private power producer dedicated to supporting Sri Lanka's developmental objectives, Aitken Spence has made considerable progress in the Group's renewable energy targets, harnessing hydro, wind, solar, and municipal solid waste. This not only promotes cleaner energy but also contributes to maintaining the ecological health of wetlands in the Colombo district. Key sectors like plantations are steadily transitioning to renewable sources, reducing dependence on fossil fuels where possible. Despite regulatory challenges that impede direct consumption of renewable energy, Aitken Spence remains steadfast in our commitment to enhance sustainable energy practices.

Note:
The data for the 2022-2023 period has been revised and restated to reflect updates in emission factors and realignment of boundaries in accordance with the GHG Protocol guidelines.

The Group also identifies water usage as a material topic due to the potential to have adverse impacts, particularly within our Tourism and Strategic Investments Sectors. To address this, all wastewater produced in these Sectors undergoes treatment for either reuse or safe disposal. Maintaining our efforts to ensure zero adverse impact on water bodies from our operations due to the withdrawal or disposal of water remains a priority. Towards this, monitoring our water usage is essential to identify opportunities to optimise the utilisation of water throughout our operations.

	Unit of measure	Total	2023/2024 Tourism	Maritime & Freight Logistics	Strategic Investments	Services
1.4 Total amount of Solid Waste kept away from Landfills (GRI 306 - 1,3,4,5)						
Solid waste - hazardous	Tonnes	6,672	11	5	6,656	-
	Units	866	789	-	73	4
Solid waste - non-hazardous	Tonnes	33,592	2,427	61	31,097	7
	Units	9,996	9,996	-	-	-
Total amount of waste converted to renewable energy	Tonnes	220,616	N/A	N/A	220,616	N/A
1.5 Total amount of Effluents Safely Disposed (GRI 306 - 1,3,4,5)						
Waste oil, ETP/ STP sludge - hazardous	Litres	19,800	-	-	19,800	-
Waste oil, ETP/ STP sludge - non-hazardous	Litres	11,795	5,775	-	6,020	-
Total number and volume of significant spills	Litres	None	None	None	None	None
1.6 Total Direct and Indirect Emissions (GRI 305-1,2,5)						
Scope 1 emissions (GRI 305 - 1)	tCO2e	62,001	25,646	3,425	32,727	203
Scope 2 emissions (GRI 305 - 2)	tCO2e	20,799	14,963	818	4,497	521
Total direct and indirect emissions (Scope 1 & 2)	tCO2e	82,800	40,609	4,243	37,224	724
Reduction of GHG emissions/ emissions offset (GRI 305 - 5)	tCO2e	239,205	3,845	78	235,273	7
1.7 Investments in Sustainability Processes						
Investments in sustainability processes at Sector level	Rs. Mn	82	37	4	39	1
Investments in sustainability processes at Group level	Rs. Mn	8	N/A	N/A	N/A	N/A
Total in sustainability processes at Group level	Rs. Mn	90	37	4	39	1

2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
3,519	50	4	3,466	0.1
464	-	373	15	76.0
30,081	1,444	763	27,866	9
1,240	-	491	749	-
194,172	N/A	N/A	194,172	N/A

Waste generation is a material topic for the Group, given the potential impacts it entails. To manage waste effectively, the company employs the 7Rs framework (Reject, Reduce, Reuse, Reclaim, Repair, Replace, Recycle) across our operations. This structured approach ensures the responsible handling of waste resources. Specific guidelines are enforced to uphold these standards, ensuring that all waste is managed in an environmentally responsible manner throughout the Group with the objectives to ensure zero waste to landfills and that our operations have no negative impact on the ecosystem.

92,400	-	-	92,400	-
15,694	3,285	48	12,361	-
None	None	None	None	None

Ensuring zero adverse impacts on natural ecosystems and water bodies from operational effluents is crucial for the Group, particularly within the Tourism and Strategic Investments sectors due to the nature and scale of the industries we operate in. To address this imperative, the Group maintains management systems that include controlling the input materials, adoption of advanced wastewater treatment protocols, and ensuring the responsible management of effluents through safe disposal or efficient recycling for reuse.

58,507	23,630	3,334	31,248	294
20,415	13,934	1,026	4,566	889
78,922	37,564	4,360	35,814	1,183
218,156	1,229	94	216,829	4

Aitken Spence Group adopts a science-based approach to identify and control emissions across our operations: Our most significant emissions stem from energy consumption, with stationary and mobile combustion in Scope 1 being the highest, followed by Scope 2 emissions from purchased energy, and Scope 3 emissions from employee commuting and within the supply chain (ISO category 3 emissions) respectively. Therefore, we integrate energy management with specific emission reduction strategies, prioritising energy and resource efficiency while investing in renewable energy solutions. Additionally, our commitment extends to reducing fossil fuel usage through efficiency enhancements or electrification initiatives. With increased operations, the energy consumption increased resulting in an increase in the emissions.

Note:
The data for the 2022-2023 period has been revised and restated to reflect updates in emission factors and realignment of boundaries in accordance with the GHG Protocol guidelines. Please refer to the Natural Capital section of this report to peruse details of the estimations and assumptions made as well as details of the emission factors used in these calculations.

94	59	2	29	3
4	N/A	N/A	N/A	N/A
98	59	2	29	3

The Group's commitment towards investment in developing its sustainability processes include investments to enhance the Group's capacity of renewable energy, and resource utilisation efficiency while developing the infrastructure for greater resilience and sustainability. These expenditures also cover management systems for impact control, audit expenses, licensing and permitting fees, and subscriptions to global benchmarks for sustainability.

	Unit of measure	Total	2023/2024 Tourism	Maritime & Freight Logistics	Strategic Investments	Services

2.1 Total Employees (GRI 401-1)

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Total number of employees	No.	13,281	3,678	1,810	7,538	255
Permanent employees	No.	9,905	1,472	915	7,312	206
Contract employees	No.	3,376	2,206	895	226	49

2.2 Employee Classification based on Gender

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Male employees	No.	8,044	3,161	1,476	3,198	209
Female employees	No.	5,237	517	334	4,340	46
Female representation	%	39	14	18	58	18

2.3 Percentage of Female Managers in the Managerial Workforce

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Male managers in the managerial workforce	No.	503	223	135	121	24
Female managers in the managerial workforce	No.	109	40	37	26	6
Percentage of female managers in the managerial workforce	%	18	15	22	18	20

2.4 Employee Training and Development (GRI 404-1)

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Training hours per employee	Hours	14	26	4	11	30
Investment in training	Rs. Mn	18	3	3	10	2

2.5 Workplace Injuries & Lost Working Days

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Workplace injuries	No.	340	54	94	192	-
Lost Working days	No.	555	63	278	214	-

2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
13,033	3,349	1,751	7,681	252
9,926	1,324	885	7,503	214
3,107	2,025	866	178	38

The total number of employees increased during this financial year, mainly due to the increase in employees in Tourism sector which is a reflection of the recovery in the tourism industry in Sri Lanka. The employee strength in the Strategic Investments sector declined due to the lower demand experienced by the apparel segment.

Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
7,635	2,903	1,466	3,053	213
5,398	446	285	4,628	39
41	13	16	60	15

The female representation in the Group declined by 2% this year, primarily due to the lower employee numbers in the Apparel segment which was hampered by industry decline due to the global recession impacting demand from the US and European markets.

Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
463	205	127	110	21
96	39	28	24	5
17	16	18	18	19

The percentage of female managers in the managerial workforce has increased by 1% this year. The Group focused its DE&I agenda on Spence Women @ Work from 2022-2024. Therefore, the Maritime & Freight Logistics (MFL) sector in particular has made a conscious effort to enhance fair female representation in the managerial workforce in traditionally male dominated industry.

Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
12	31	8	4	47
42	11	14	15	3

The Group's average training & development hours per employee increased by 2 hours due to on-the-job training conducted in the Plantation segment within the Strategic Investment sector. During the last financial year, there was a comprehensive 4-month course for 2 large batches of technicians in the Elevators segment. As the majority of the relevant staff were covered in 2022/23, the programme was significantly scaled down this year leading to a decrease of average training & development hours per employee in the Services sector.

Note:
During the previous year, substantial Training & Development investments were made on residential workshops with external resource personnel for senior management teams. The next session of senior management team training is planned for the following year. This year, the focus of Aitken Spence School of Management, the Group's L&D arm, was mainly on internal training targeting other employment categories.

Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
116	30	38	48	-
833	55	373	405	-

Ensuring the health and safety of our employees and stakeholders remains a fundamental aspect of our HR and sustainability strategies. To achieve this, we have implemented standard procedures across our business segments, utilising the Hazard Identification, Risk Assessment, and Control model (HIRAC). These procedures are structured around the Must Do, Should Do, and Can Do framework of our sustainability strategy, ensuring essential actions are taken across the Group as standard procedures while more stringent action is implement in business segments with higher safety concerns inherent to their industries.

	Unit of measure	Total	2023/2024 Tourism	2023/2024 Maritime & Freight Logistics	2023/2024 Strategic Investments	2023/2024 Services

2.6 Entities Certified for Health and Safety

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Entities certified for health and safety	No.	38	10	5	22	1

2.7 Attrition Rate

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Attrition rate	%	22	39	26	14	19

2.8 Average Tenure of Service

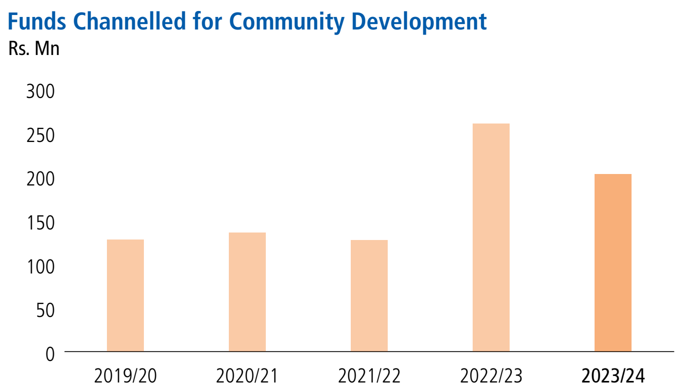
	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Average tenure of service	Years	9	7	8	10	8

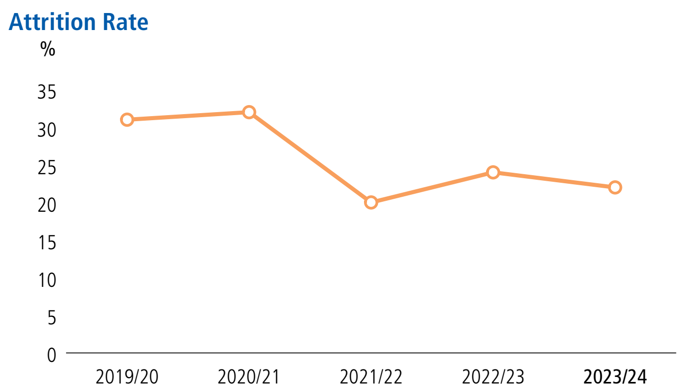
2.9 Brand Stewardship

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Brand stewardships	No.	23	7	4	7	5

2.10 Funds Channelled for Community Development Initiatives

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Funds channelled for community development initiatives	Rs. Mn	202.5	1.7	0.4	200.4	-





2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
35	11	3	20	1
24	39	20	19	19
9	7	8	9	8
21	6	4	7	4
259.8	26.1	1.8	231.6	0.3

The Group's companies implement standard operating procedures (SOPs) and management systems across all business segments to uphold occupational health and safety, adhering to the tiered Must Do, Should Do, and Can Do approach embedded in our sustainability strategy. Business segments with elevated occupational health and safety priorities 'can' seek certification for their management systems either as stand-alone OHS management systems or as part of an integrated management system to reinforce stringent control measures

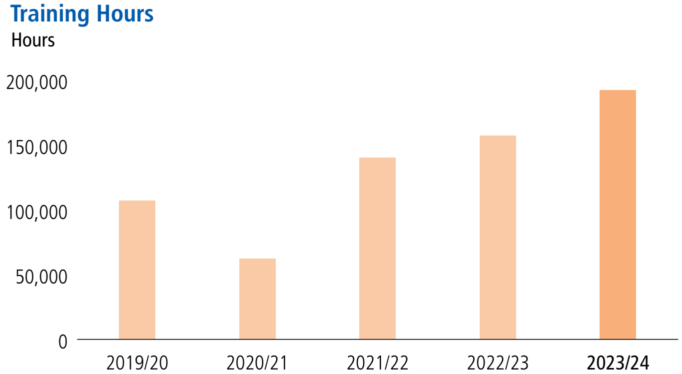
The Group's attrition rate has decreased by 2%, mainly due to numerous focused initiatives to enhance the employee experience, resulting in a high Employee Satisfaction Score of 74%. Job security was also ensured by the Group amidst economic turmoil. Additionally, the lower demand for employment opportunities in industries such as apparel and plantations led to a decrease of staff leaving the related segments within the Strategic Investments sector.

The average tenure of service remained the same as the previous year. For more details on the Spensonian experience, please refer the Human Capital report.

Our brands portfolio has expanded with the new strategic partnerships that have been formed with overseas markets. More details can be found in the Intellectual Capital - Brands section of the annual report.

The Group is committed to fostering sustainable value for local communities through targeted strategic interventions, such as local purchasing, employment from local communities and taking economic development opportunities to rural communities. We define 'local' as the immediate communities within a 35-45 km radius of our operations situated beyond urban, developed cities, or the local communities of our international operations. Beyond these systemic efforts to deliver sustainable value, our operations proactively provide additional support in areas requiring development interventions. This approach directs funds towards critical community development initiatives.

Training Hours



	Unit of measure	Total	2023/2024 Tourism	Maritime & Freight Logistics	Strategic Investments	Services

3.1 No. of Companies

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
No. of Companies	No.	121	40	34	29	18
Sri Lanka	No.	95	27	25	28	15
Overseas	No.	26	13	9	1	3
No. of Subsidiaries	No.	92	36	23	18	15
No. of Associates & Joint Ventures	No.	29	4	11	11	3

3.2 Anti-corruption, anti-competitive behaviour and non-compliance with laws and regulations (GRI 205; GRI 206)

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Total number and nature of confirmed incidents of corruption and action taken	No.	None	None	None	None	None
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No.	None	None	None	None	None
Total number of incidents of discrimination and corrective action taken	No.	None	None	None	None	None
Incidents of violations involving rights of indigenous peoples	No.	None	None	None	None	None
Incidents of non-compliance concerning the health and safety impacts of products and services	No.	None	None	None	None	None
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	No.	None	None	None	None	None
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	No.	None	None	None	None	None
Total number of substantiated complaints received concerning breaches of customer privacy	No.	None	None	None	None	None
Non-compliance with laws and regulations or reported incidents of financial and in-kind political contributions	No.	None	None	None	None	None

3.3 Grievances filed through Formal Grievance Mechanisms

	Unit of measure	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Total number of grievances filed through formal grievance mechanisms	No.	3	2	-	1	-

2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
115	41	31	27	16
92	28	24	26	14
23	13	7	1	2
91	37	22	18	14
24	4	9	9	2

In comparing the total number of companies of Aitken Spence Group between the financial years 2022/2023 and 2023/2024, there has been an increase by 7 entities. This growth includes 3 companies in the Maritime and Freight Logistics Sector, 2 each in the Services and Strategic Investment Sectors. While there was an increase in the number of Companies, 2 entities from the Tourism Sector were amalgamated and formed as one entity thus reducing the total number of entities in the Tourism Sector by 1. Nonetheless, this notable net increase signifies the Company's proactive stance towards exploring new ventures and expanding its footprint both in Sri Lanka and international markets. It underscores a strategic expansion effort, reflecting the Company's ambition to seize opportunities and navigate dynamic market landscapes effectively.

None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None

Introduced in 2022/23, the Group's Anti-Bribery and Anti-Corruption Policy articulates key principles aimed at eradicating bribery and corruption. With an unwavering commitment, the Group stands firm against all forms of bribery and corruption, recognising them as significant threats to its integrity and reputation.

Note:
Incidents are reported based on their significance, in accordance with the GRI Standard.

3	2	1	-	-

As signatories to the UN Global Compact (UNGC), aligned with the "Respect and Remedy" pillars of the United Nations Guiding Principles on Business and Human Rights, Aitken Spence is committed to ensuring that all employees are aware of their rights and have equal access to remedial mechanisms in case of any violations of rights. Our Human Resource partners serve as the focal points in this process and ensure that our employees can access our grievance handling procedures, which are designed to ensure fairness and confidentiality. Additionally, our open-door policy permits employees to escalate issues directly to the Managing Directors, ensuring resolution.

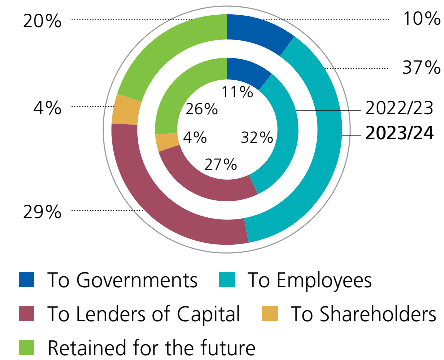
OUR ENVIRONMENTAL AND SOCIOECONOMIC IMPACT

The socioeconomic impact of the Group is significant due to the scale and diversity of our operations. A pioneer and a catalyst for progress, we continue to seek opportunities for growth to support transitioning and transformation of economies we operate in.

VALUE CREATION & DISTRIBUTION (GRI 201-1, 415-1)

	GROUP	
	2023/24 Rs. Mn	2022/23 Rs. Mn
Total revenue	97,486	98,104
Purchase of goods and services	(58,786)	(58,055)
	38,700	40,049
Other operating income	(2,307)	2,022
Interest income	2,909	2,884
Share of profits of equity-accounted investees before tax	1,753	1,979
Total value added by the Group	41,055	46,934
Distributed as follows		
To governments	4,160	4,978
To employees	15,264	15,133
To lenders of capital	11,847	12,827
To shareholders	1,624	1,624
Retained for the future	8,160	12,372
	41,055	46,934

Distribution of Group Value Added



Aitken Spence contributed positively to the economy, generating a value of Rs. 41.1 Bn for the year. However, due to factors such as lower exchange rates, drop in freight rates and demand for apparel, the value created declined over the previous year.

The value distributed to employees remained at a similar level as last year mainly due to the lower conversion rate of employee benefits incurred overseas. However, owing to the drop in the value created during the year, the percentage share to employees increased to 37% from 32% last year.

Payments to capital lenders amounted to Rs. 11.8 Bn, representing 29% of the total value created. Payments to governments accounted for 10% of the total value created a decrease from the previous year due to the Group's lower profitability during the year. The equity shareholders were allocated 4% of the total value created, while the Group retained 20% for the future.

PROPELLING ECONOMIC GROWTH (GRI 2-2)

The Group continues to invest in growth sectors and incurred Rs. 5.5 billion during the year on new investments. These projects leverage our expertise and broaden our presence in the value chain, building resilience of the Group. Key projects that the Group invested on this year are given below.

Key Projects

- Construction of a 100,000 sq. ft. state of the art warehouse
- Acquisition of two apparel manufacturing facilities
- Setting up overseas operations in Mozambique, Singapore and the UAE

DIRECT AND INDIRECT ENVIRONMENTAL AND SOCIOECONOMIC IMPACTS

At Aitken Spence, we are mindful of our significant environmental and socioeconomic impacts and value creation. Our biggest environmental impacts arise from energy consumption, emissions, water consumption as well as solid waste generation, particularly in sectors like power generation and hospitality. Primarily operating in communities outside urban areas, our activities in our key segments of operation also have the potential for social value creation through local employment and purchasing.

	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Impacts on Eco Systems	Our hotels in Sri Lanka, the Maldives, India, and Oman are primarily situated in rural locations, apart from our urban properties. Positioned near or within regions rich in biodiversity, these hotels are committed to environmental stewardship. Additionally, our dedicated destination management services conduct tours through sensitive eco systems and culturally significant sites, ensuring that all our operations, both hotels and destination management services, adhere to a zero-impact policy on the local environments.	The Sector provides valuable services connecting businesses with global markets. Our operations in Sri Lanka have no direct interactions with sensitive ecosystems. However, our teams work to minimise environmental impacts through management systems. Additionally, our overseas port management operations strive to reduce impacts on marine ecosystems from effluents.	The plantations and apparel manufacturing segments operate in non-urban communities. All operations are within or close to biodiversity rich ecosystems. We have ensured zero adverse impacts on these areas.	No operations in areas of biodiversity value. MMBL Money Transfer has reach into all communities in Sri Lanka through a network of associates.
Our Spensonians — Sectorwise breakdown of our workforce	28%	13%	57%	2%
Our Spensonians — Female participation in labour force	14%	18%	58%	18%
Nature of Engagement with Local Communities for Socioeconomic Development	▪ Over 50% employees in Sri Lanka are local* employees ▪ Approximately 15% resource requirements sourced from local suppliers. ▪ Local suppliers are provided training on required benchmarks for quality and ESG.	▪ Approximately 90% local* employees in Fiji, Mozambique and Bangladesh.	▪ Approximately 90% of employees from the local* community. Roughly 30% local suppliers engaged in the plantations segment. ▪ Local suppliers are provided training on required benchmarks for quality and ESG.	▪ Approximately 2,500 associates connected from local* communities across Sri Lanka. Suppliers are briefed on the quality, compliance and ESG benchmarks of the Group.

* 'Local' refers to the community within 35-45km radius of the property for operations outside Colombo (or urban cities) in Sri Lanka. For locations outside Sri Lanka, 'local' refers to local employees of the country of operation.

FACILITATING FOREIGN EXCHANGE INFLOWS

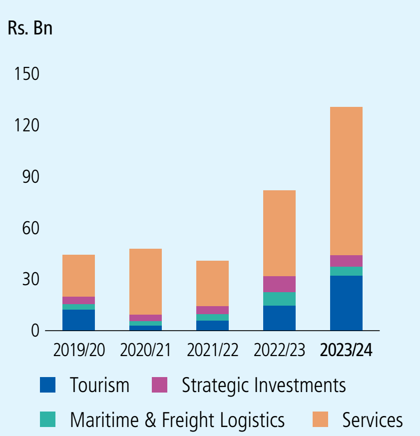
Aitken Spence plays a pivotal role in the facilitation of foreign currency to the country. An increase in the facilitation of foreign currency inflows was recorded this year driven by the Tourism and Services Sectors.

The Services Sector was responsible for 66% of the total facilitation while the Tourism sector contributed 25%. Increase in tourism in Sri Lanka enabled the 120% increase from the Tourism Sector while the 73% increase from the Services Sector was due to the inward money transfer business processing over 60% more inward remittance transactions during the year.

The Maritime & Freight Logistics sector saw a decrease of 34% primarily due to a significant drop in freight rates while the Strategic Investments Sector's downturn was largely attributable to reduced demand for apparel from the US and Europe.

Rs. 131.0 Bn

Facilitation of Foreign Currency Inflows

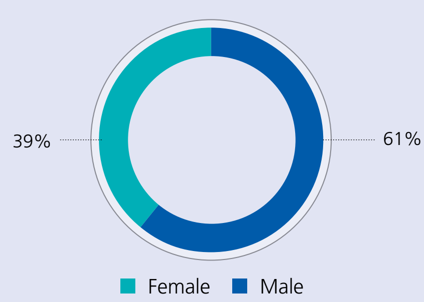


GENDER DIVERSITY

At Aitken Spence, our commitment to socio-economic development extends beyond creating direct employment opportunities across our operations in 12 countries. We take pride in empowering individuals, particularly women, by providing them with the means to achieve financial independence and influence within their communities. At Aitken Spence, we are more than a business; we are a force for positive change, building resilient and equitable communities while contributing to the prosperity of countries in which we operate.

5,237

Female Employees

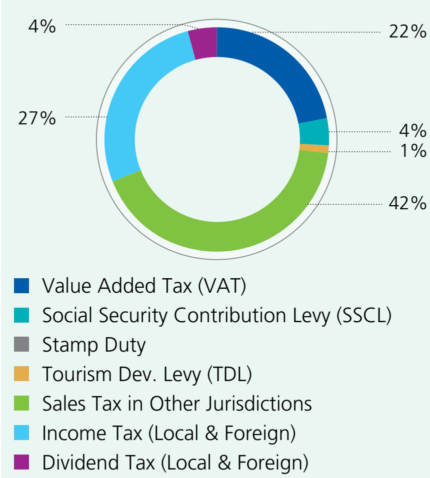


OUR COMMITMENT THROUGH TAXES

Indirect and direct taxes serve as pivotal elements in the revenue generation of a nation, facilitating the government's execution of development policies that promote macroeconomic growth and stability. The Aitken Spence Group, as a responsible corporate entity, is committed to strict compliance with all statutory provisions and payments. In the financial year of 2023/2024, the Group made a substantial contribution of Rs. 12.2 billion in indirect and direct taxes to the governments of the countries in which it operates. This represents a significant increase of 31% from the total taxes remitted in the preceding year, underscoring the Group's commitment to its fiscal responsibilities.

Rs. 12.2 Bn

Direct and Indirect Taxes Paid



AWARDS AND ACCOLADES FINANCIAL YEAR 2023 – 2024

Aitken Spence PLC and its group companies strive towards achieving excellence in all our activities, to establish high growth businesses in Sri Lanka and across new frontiers and to become a globally competitive market leader in the region. In that effort, recognition we receive in our journey is an encouragement and testament to the success of our management approach.

RECOGNITION RECEIVED AT GROUP LEVEL

Aitken Spence PLC was the 1st runner up at the Best Corporate Citizen Sustainability Award 2023 organised by the Ceylon Chamber of Commerce. Recognition received at this programme includes the following.

- **Total awards won – 7**
  - Overall 1st Runner Up
  - Winner – Best Presentation
  - Winner – Diversified Holdings sector award
  - Winner – Supplier Relations category award
  - Top Ten Corporate Citizens award
  - Planning and Adoption in Resilient Practices award – 2nd Runner Up
  - Consistent Commitment and Continuous Improvement – Community Relations certificate award
- **Only corporate in Sri Lanka to have been consistently ranked among the Top 10 Corporate Citizens for 18 consecutive years**
- **Ranked among the top three Best Corporate Citizens of Sri Lanka for 9 years**

- **Runner-Up in the 'Conglomerates & Diversified' category at the Association of Chartered Certified Accountants (ACCA) Sustainability Reporting Awards 2023**
- **Bronze Award in the Diversified Sector at the TAGS Awards 2023 organised by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)**
- **Recognised as one of the 'Significant Transparent' companies by Transparency International Sri Lanka**
- **Top 3 companies for 'Most Awarded' under the Diversified category by LMD**
- **Recognised among the Top 10 Most Admired Companies of Sri Lanka organised by AICPA & CIMA and ICCSL (International Chamber of Commerce Sri Lanka).**

OUR HISTORY

1868

In the southern port city of Galle, Thomas Clark and Patrick Gordon Spence ventured into a partnership as merchants and commission agents under the name of "Clark & Spence".

1873

Name of the partnership in Colombo was changed as Aitken Spence & Company, after the two brothers Edward and S.R. Aitken joins Thomas Clark and Patrick Gordon Spence.

1876 LLOYD'S

Lloyds of London appointed Aitken Spence & Co., as the agents for Ceylon - a position which the Company holds to this date.

1952

The last Chairman of the founding families, P.W.G Spence Retires in 1952. The company is further strengthened and registered as a Private Limited Liability Company.

1974

The first resort hotel of Aitken Spence, Neptune Hotel was designed by the renowned architect Geoffrey Bawa. Neptune now is re-branded as Heritance Ayurveda.

1977

The Company which is an IATA agent moved into inbound and outbound travel, and Aitken Spence Travels Ltd was incorporated.

1981

Commenced operations of Triton Hotel. The first beach resort, in Ahungalla, later to be rebranded as "Heritance Ahungalla".

1983 CSE COLOMBO STOCK EXCHANGE Creating Wealth and Value

The Company shares were quoted for the first time in the Colombo Stock exchange with an issued share capital of Rs. 51 million.

1985

Printing business which was successfully carried out as a division of Aitken Spence & Co. was separated and Aitken Spence Printing (Pvt) Ltd was incorporated.

Ace Containers (Pvt) Ltd, was incorporated, taking over the inland container terminal at Mattakkuliya.

1993

Entrance into the Maldivian tourism sector with the acquisition of Bathala Island resort in Maldives establishes Aitken Spence as the pioneer in this field.

1994

Commenced commercial operations of Heritance Kandalama, the world's first LEED certified hotel, and becomes the first Asian hotel to receive the prestigious Green Globe 21 certification.

1996

The first theme hotel in Sri Lanka 'The Tea Factory' commences operations. The hotel is awarded the Building Conservation award by the Royal Institute of Chartered Surveyors London.

2002

Welcoming the Government's decision to invite the private sector for generation of power, the Group's first 20 MW thermal power plant was completed in Matara.

2023

The Group strategically enhanced its portfolio by acquiring two significant apparel manufacturing facilities in the Koggala Export Processing Zone, substantially strengthening its Apparel segment. In parallel, it advanced its Logistics segment with the strategic establishment of a new 100,000 sq. ft. Container Freight Station in Mabole, Wattala, optimising its operational footprint and logistics capabilities.

2022

Amidst one of the most challenging years in Sri Lankan history, the group persevered with its commitment to renewable power generation by investing Rs. 1.4 Bn in a ground mounted solar power project in Hambantota. Furthermore, Aitken Spence & Singapore Airlines celebrated their 50-year partnership as the longest-standing GSA for Singapore Airlines globally.

2020

2020 witnessed one of the worst pandemics of modern history, COVID-19. The Group overcame unprecedented challenges to start operations of the first waste to energy power plant in the country. Tourism Sector kept afloat while the other sector performance stood as a testimony to the Groups' diversification strategy.

2021

Demonstrating the Group's commitment to its sustainability strategy, the company acquired three hydro power projects with a generating capacity of 6.6 MWh at a cost of Rs 900 Mn.

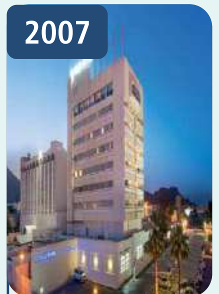
2018-19

Commenced construction of Heritance Aarah, the first Heritance property, and the first LEED certified building, in the Maldives. Commenced construction of the first ever waste to energy power project in the country with a capacity of 10 MW of energy to the national grid.

2015

Launched the 140 room Turyaa Chennai as the first property owned in India by the Aitken Spence Group.

2007



Aitken Spence obtained the management of four hotel properties in Oman, becoming the first Sri Lankan hospitality company to enter the Middle East. During that same year the Group becomes the first Sri Lankan company to venture into 'Port Efficiency Management' outside Sri Lanka.

2012

Aitken Spence Printing relocated to a state of the art printing facility which is the first LEED certified printing facility in Sri Lanka.

2008

The Group opened 'Adaaran Prestige Vadoo' the fifth luxury villa in close proximity to the Male atoll.

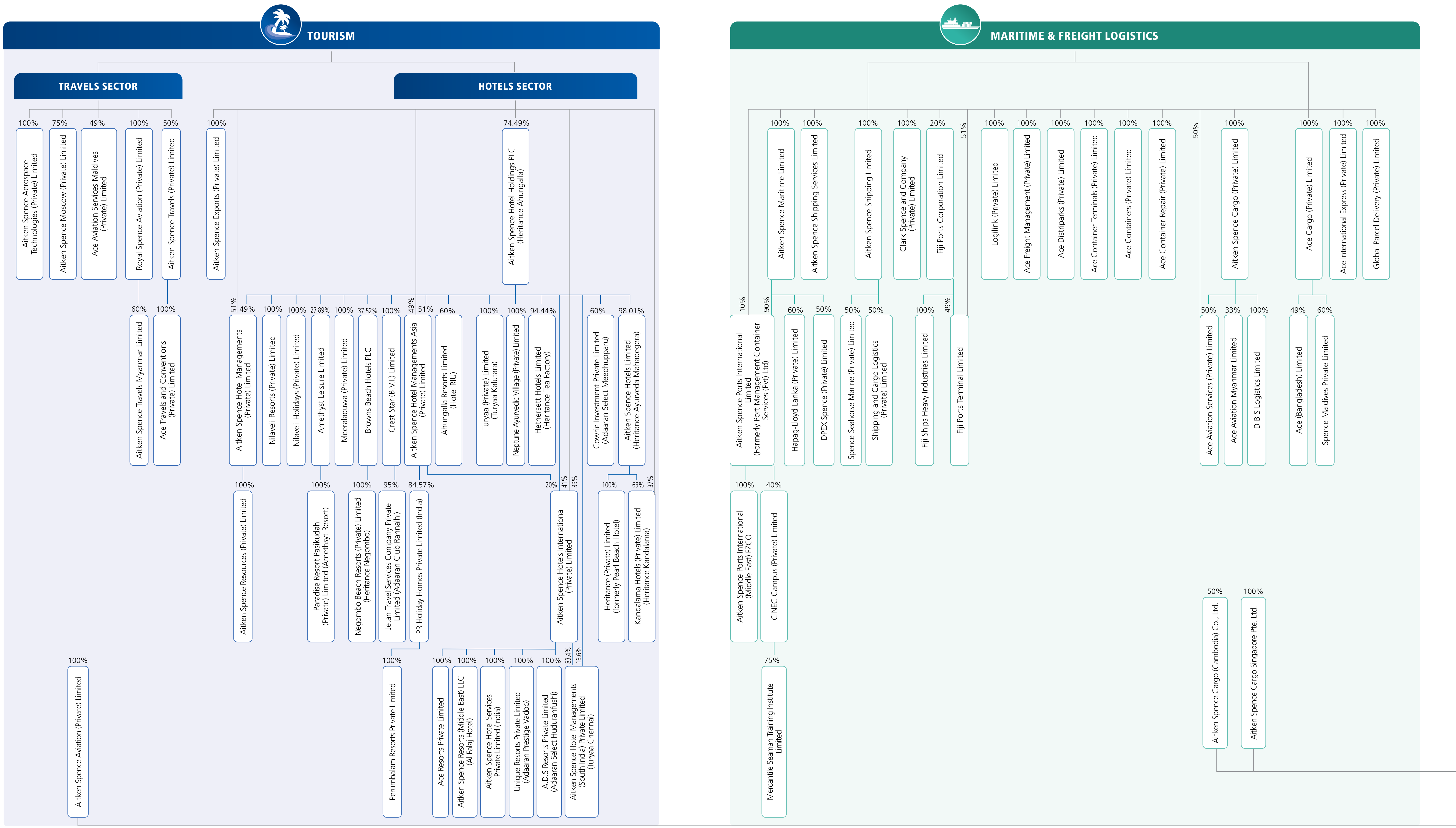
Aitken Spence Corporate office is relocated to Aitken Spence Tower II with the completion of the construction of an aesthic office complex.

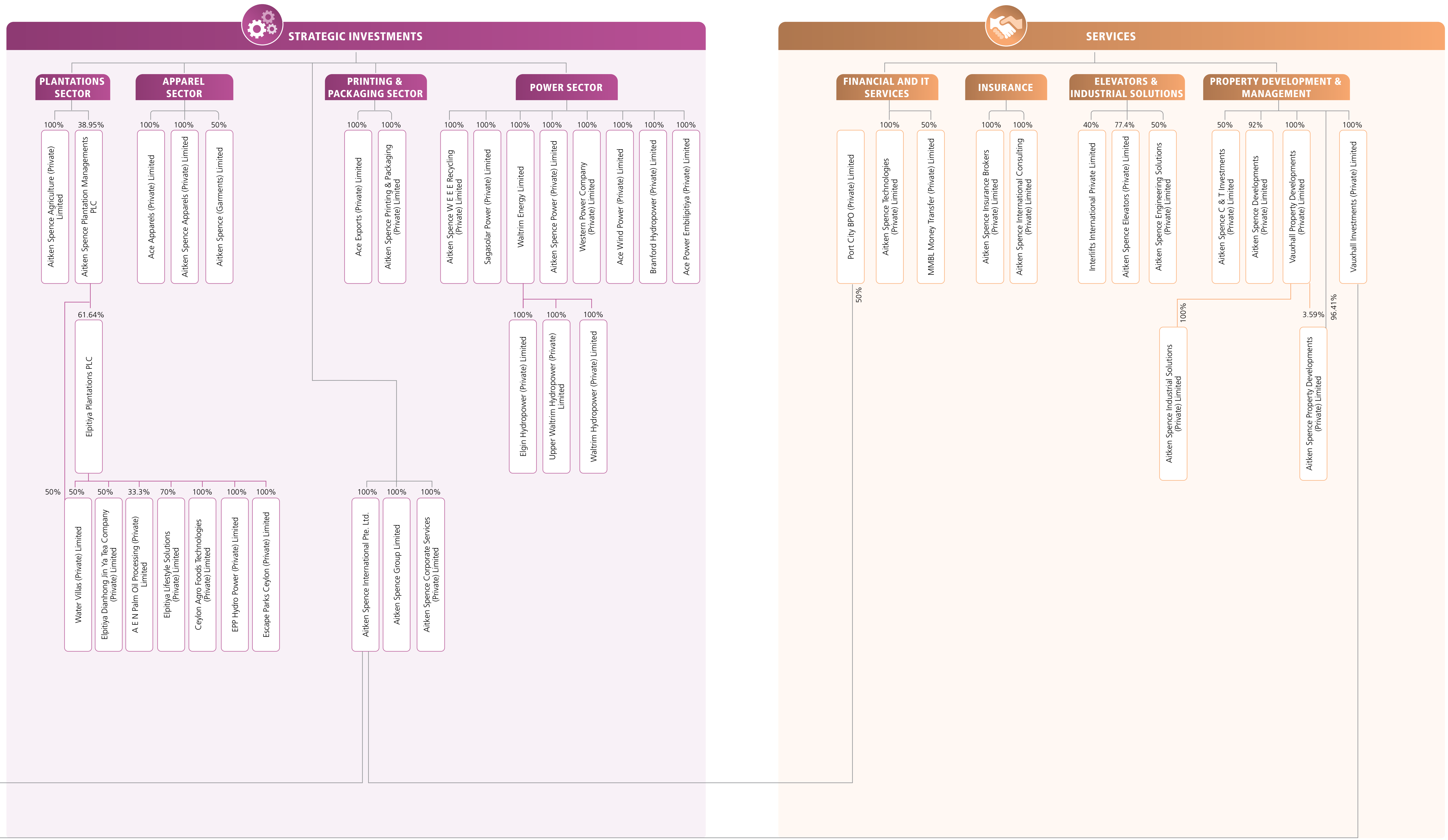
2013

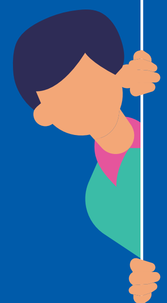
Aitken Spence Maritime sector expanded its global presence by venturing in to port management business in the Fiji Islands. Becomes the first international port management company to operate in the Fiji Islands.

AITKEN SPENCE GROUP STRUCTURE

(GRI 2-2)




STRATEGIC INVESTMENTS
PLANTATIONS SECTOR
100%
Aitken Spence Agriculture (Private) Limited
38.95%
Aitken Spence Plantation Managements PLC
61.64%
Elpitiya Plantations PLC
50%
50%
Water Villas (Private) Limited
50%
Elpitiya Dianhong Jin Ya Tea Company (Private) Limited
33.3%
A E N Palm Oil Processing (Private) Limited
70%
Elpitiya Lifestyle Solutions (Private) Limited
100%
Ceylon Agro Foods Technologies (Private) Limited
100%
EPP Hydro Power (Private) Limited
100%
Escape Parks Ceylon (Private) Limited
APPAREL SECTOR
100%
Ace Apparels (Private) Limited
100%
Aitken Spence Apparels (Private) Limited
50%
Aitken Spence (Garments) Limited
PRINTING & PACKAGING SECTOR
100%
Ace Exports (Private) Limited
100%
Aitken Spence Printing & Packaging (Private) Limited
100%
Aitken Spence International Pte. Ltd.
100%
Aitken Spence Group Limited
100%
Aitken Spence Corporate Services (Private) Limited
POWER SECTOR
100%
Aitken Spence W E E E Recycling (Private) Limited
100%
Sagasolar Power (Private) Limited
100%
Waltrim Energy Limited
100%
Elgin Hydropower (Private) Limited
100%
Upper Waltrim Hydropower (Private) Limited
100%
Waltrim Hydropower (Private) Limited
100%
Aitken Spence Power (Private) Limited
100%
Western Power Company (Private) Limited
100%
Ace Wind Power (Private) Limited
100%
Branford Hydropower (Private) Limited
100%
Ace Power Embilipitiya (Private) Limited
SERVICES
FINANCIAL AND IT SERVICES
50%
Port City BPO (Private) Limited
100%
Aitken Spence Technologies (Private) Limited
50%
MMBL Money Transfer (Private) Limited
INSURANCE
100%
Aitken Spence Insurance Brokers (Private) Limited
100%
Aitken Spence International Consulting (Private) Limited
ELEVATORS & INDUSTRIAL SOLUTIONS
40%
Interlifts International Private Limited
77.4%
Aitken Spence Elevators (Private) Limited
50%
Aitken Spence Engineering Solutions (Private) Limited
100%
Aitken Spence Industrial Solutions (Private) Limited
PROPERTY DEVELOPMENT & MANAGEMENT
50%
Aitken Spence C & T Investments (Private) Limited
92%
Aitken Spence Developments (Private) Limited
100%
Vauxhall Property Developments (Private) Limited
100%
Vauxhall Investments (Private) Limited
3.59%
96.41%
Aitken Spence Property Developments (Private) Limited



AITKEN SPENCE GROUP STRUCTURE

Take an in-depth look at the architecture of Aitken Spence PLC's group structure, illustrating how each business unit plays a pivotal role in our collective success. It tells an over 155 years tale of entrepreneurship, the will to persevere, and the capacity to take calculated risks.

The Structure has evolved over time to leverage on the opportunities of each era and the synergies of our diverse businesses. Today, each business independently pursues excellence within its own domain while contributing to the overall performance and stability of Aitken Spence PLC.

This structure thus facilitates targeted strategy implementation, operational excellence, and risk management, enabling us to navigate the complexities of the global marketplace while ensuring sustainable growth and value creation for our stakeholders.

OUR YEAR AT A GLANCE

June

Aitken Spence Logistics, Hapag-Lloyd Lanka and Aitken Spence Cargo won awards at the Chartered Institute of Logistics & Transport, Sri Lanka (CILT) Awards.

August

Aitken Spence Group expanded the biodiversity forest at Heritance Kandalama, adding 13 acres to the existing 198 acres for a total of 211 acres, with an investment of Rs. 48 Mn. This expansion highlights their dedication to sustainable tourism and conservation in Sri Lanka.

Aitken Spence among the Top 10 Most Respected Entities by LMD.

2023

July

Heritance Hotels & Resorts excelled at the Culinary Art Competition in Sri Lanka, with its properties in Ahungalla and Kandalama winning titles for Most Outstanding Regional Teams.

Aitken Spence Apparels acquired two apparel manufacturing plants in the Koggala Export Processing Zone.

September

Aitken Spence recognised among the Top 10 Most Admired Companies of Sri Lanka organised by AICPA & CIMA and ICCSL (International Chamber of Commerce Sri Lanka).

Singapore Airlines Colombo Airport Team crowned one of the winners at the CEO Service Excellence Awards 2023.

October

Aitken Spence Travels won two prestigious awards at the South Asian Travel Awards (SATA) 2023: Leading Travel Agent – Inbound and Leading Cruising Travel Agent.

December

Aitken Spence Printing clinched multiple awards at the Lanka Star 2023 awards.

Aitken Spence Travels welcomed the first Bulgarian flight for the Winter season, bringing over 200 tourists on Bulgaria Air to Mattala Rajapaksa International Airport.

Aitken Spence won the Best Corporate Citizen Sustainability Awards for Diversified and Best Presentation among other awards.

2024

Aitken Spence Travels welcomed three cruise ships (Vasco Da Gama, Mein Schiff 5, and MS Seven Seas Navigator) and around 4,000 passengers in a single day to the port of Colombo.

November

Annual Report of Aitken Spence PLC was recognised at ACCA Sustainability Reporting and TAGS Annual Report awards.

February

Aitken Spence Logistics completed a new 100,000 sq. ft. Container Freight Station in Mabole, Wattala, strategically positioned near Colombo Port and Bandaranaike International Airport.

March

OPERATING ENVIRONMENT

The year under review saw Sri Lanka slowly but steadily recovering from the challenging economic crisis that had plagued the nation in recent years, thereby significantly improving the environment for business operations. However, despite these positive developments, global challenges such as increasing geopolitical tensions, sluggish growth, and contracting demand in key markets continued to impact operations, influencing demand and supply dynamics across various business segments.

The PESTEL framework offers an overview of the external macro-environmental factors that influenced the Group's operations.

POLITICAL

The political climate in the country saw a stabilisation in 2023, in comparison to the instability experienced in 2022. In March 2023, the IMF sanctioned an Extended Fund Facility of US$2.9 billion, aimed at implementing ambitious fiscal consolidation and governance reforms. Reviews in December 2023 and March 2024 had further indicated that the country maintained a level of political stability throughout the financial year. However, concerns over challenges such as policy uncertainty and bureaucratic inefficiencies persisted. The political landscape in 2024, is expected to become increasingly dynamic with Sri Lanka gearing up for Presidential and possibly General elections in 2024.

The geopolitical landscape profoundly influences global markets, particularly impacting sectors such as tourism, energy, logistics, and manufacturing through its effects on oil prices, supply chains and international travel. The persistent conflict between Russia and Ukraine, along with escalating tensions in the Middle East as the year concluded, could significantly affect sectors including tourism, maritime and freight logistics, and the broader services sectors.

IMPACT ON THE GROUP

- Geopolitical developments
- Supply chain disruptions
- Impact on trade volumes and routes
- Changes in the demand for goods and services of the Group
- Changing dynamics of migration
- Change in preferred destination of travel

Our Response

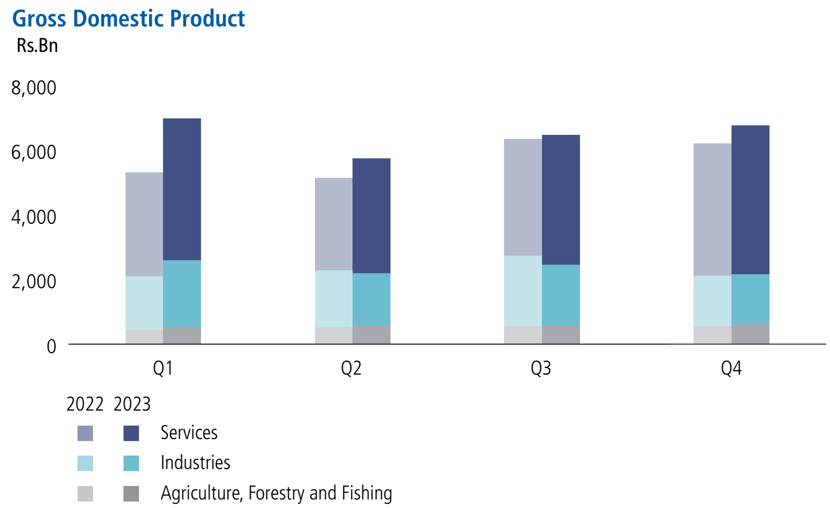
- Diversification into new market segments and geographies by leveraging existing and new partnerships.
- Focus on supply chain resilience through process. improvements and greater engagement with supply chain partners.
- Building greater operational flexibility with a strong emphasis on contingency planning.
- Focus on building financial resilience to withstand disruptions.
- Regular risk assessment and proactive identification of risks and opportunities.
- Effectively contribute towards the enhancement of the awareness of the destinations the Group operates in as a desired tourist locations.

ECONOMIC

Sri Lanka's economy displayed credible signs of recovery in 2023 with economic reform policies implemented by Sri Lankan authorities yielding notable positive developments in macroeconomic fundamentals particularly towards the latter part of the year. However, reforms implemented such as energy repricing and tax adjustments significantly curtailed demand.

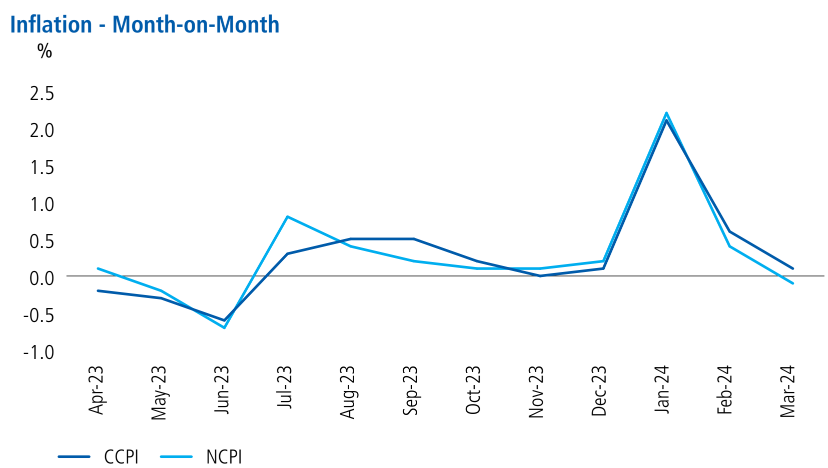
A Gradual Revival of the Sri Lankan Economy

Following six consecutive quarters of economic contraction, Sri Lankan economy witnessed a gradual revival in 2023 with the economy recording an expansion in the second half of 2023. Consequently, the overall contraction for the year was limited to 2.3% compared to the significant contraction of 7.3% observed in 2022.



An Easing of Inflationary Pressures

Inflation witnessed a sharp downward momentum from the high levels witnessed in 2022 and was contained to single-digit levels by end 2023 as a result of tighter monetary policy, normalisation of domestic supply side bottlenecks, and appreciation of the domestic currency.



Subdued Global Growth

Global growth too remained subdued amidst geo-political tensions, monetary policy tightening and lower trade volumes.

Energy Cost

The daily scheduled power cuts that were a common feature from February 2022 as a result of the demand management strategy due to fuel and coal shortages were phased out and uninterrupted supply of electricity resumed from mid-February 2023, Electricity tariffs were revised four times during the year, with two upward revisions in February (66%) and October (18%), and downward revisions in July 2023 (14%) and a downward revision of 21.9% in March 2024.

Lower Trade Volumes

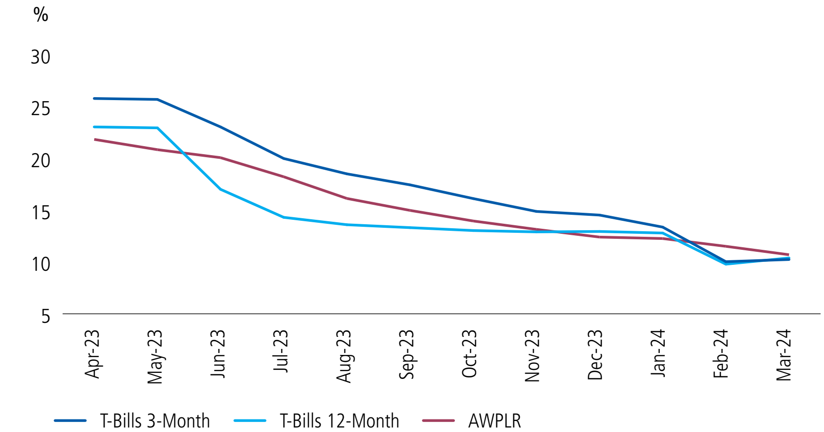
Import and export volumes declined during the year. Export earnings declined in 2023, with a sizeable contraction of industrial exports. Meanwhile, a significant drop in import expenditure was observed due to subdued economic activity, lower disposable income, import restrictions, and tight monetary and fiscal conditions

ECONOMIC (CONTD.)

Declining Interest Rates

The Central Bank commenced relaxing its monetary policy stance from June 2023 in tandem with disflation. The easing of monetary policy together with the falling risk premia following the finalisation of the domestic debt optimisation resulted in a downward adjustment in market rates.

Interest Rates



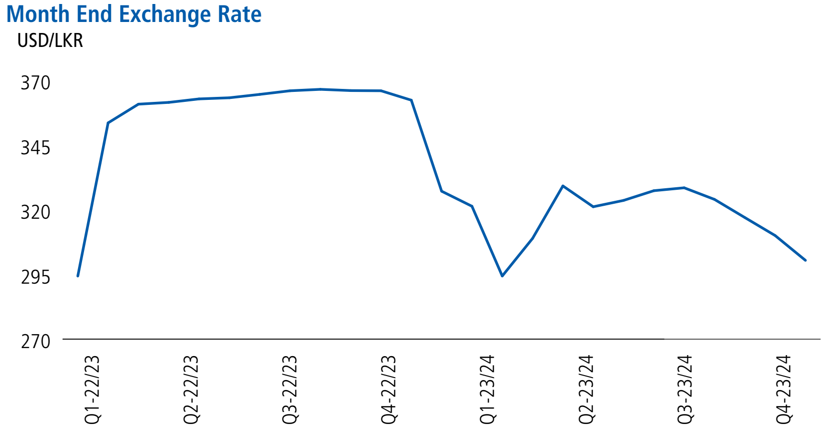
IMPACT ON THE GROUP

- Challenging demand conditions for segments such as apparel, printing and packaging, logistics and supply chain activities due to subdued local and global economic conditions
- Impact of inflationary pressures on operational expenses
- Tight borrowing conditions and reduced disposable income held back consumption
- Volatility in the exchange rate and the appreciation of the rupee impacted business revenue as most of the Group revenue is foreign currency or USD pegged.
- Positive impact on tourism sector due to uptick in tourist arrivals

Appreciation of the Local Currency

The Sri Lankan rupee, depreciated over 26% against the US dollar in 2022.However with the improvement of foreign exchange liquidity, the Sri Lankan rupee followed a trend of appreciation during the year under review to show an appreciation of 8% by the end of 2023.

Month End Exchange Rate



Our Response

- Proactively explore new market segments and geographies with growth potential.
- Greater focus on expense monitoring and cost optimisation.
- Leveraging partnerships to drive synergies and greater efficiencies.
- Drive greater resource efficiencies.

SOCIAL

IMPACT ON THE GROUP

Continuous high level of migration from the country remains a key challenge for corporates with serious implications on long term shortage of skilled employees and professionals.

With shift of behaviour in the cohort of traditional employees, a lean towards alternative employment opportunities such as flexible, remote and agile work options has become popular.

Prolonged economic challenges faced by the country has also increased income disparities and considerably reduced the disposable income of some, affecting consumer buying patterns

Our Response

- Strengthening employee value proposition through flexible working, rewards and benefits, training and development etc.
- Continued focus on increasing female participation in the workforce.
- Explore innovative models of recruitment to attract new cohorts of employees.
- Ongoing support to employees to ease financial pressures.
- Continued focus on product and service innovation to meet evolving customer needs.

TECHNOLOGICAL

IMPACT ON THE GROUP

In today's fast-paced digital era, technology is the catalyst for a major transformation in traditional business models. Innovations in artificial intelligence, big data analytics, and the Internet of Things are causing widespread disruptions across numerous industries, compelling businesses to swiftly adapt in order to remain competitive. Technology and digitisation is also transforming consumer preferences with consumers increasingly prioritising convenience, personalisation and ESG considerations.

Our Response

- Acceleration of digitalisation and automation across sectors
- Cultivate a culture that supports creativity and the exploration of new technologies.
- Customer engagement to understand evolving consumer trends.
- Providing ongoing training and development programs for employees to build a workforce capable of leveraging new technologies effectively.
- Exploring strategic partnerships with technological partners.
- Update risk management strategies to address potential security risks from new technologies.
- Craft a comprehensive digital transformation strategy that aligns technology use with the Group objectives.

ENVIRONMENTAL

IMPACT ON THE GROUP

Climate change and extreme weather events are significant risks to the sustainable growth of our businesses. Operating in environmentally sensitive sectors such as maritime, tourism, power, and plantations, the Group's performance and long-term sustainability are closely linked to environmental factors. The increasing emphasis on responsible behaviour in end markets necessitates strong ESG practices to unlock new opportunities. As the nation gradually transitions to a low-carbon economy, we expect to encounter stricter regulations and rising compliance costs.

Our Response

- We are committed to achieving net zero by 2030 and continue to allocate significant resources towards this goal, including the adoption of Science-Based Targets.
- We have implemented a comprehensive integrated sustainability policy in line with the Sustainable Development Goals (SDGs) and ESG frameworks.
- Forty entities are certified for international best practices in environmental management.
- We continue to explore opportunities to provide low-carbon technology solutions and expand our renewable energy portfolio.
- We are building a green workforce through cultural transformation.
- We are making long-term investments in strategic biodiversity conservation projects.

LEGAL

IMPACT ON THE GROUP

The regulatory framework within the country is experiencing considerable transformations as part of an ongoing structural and economic reform initiative. This includes proposed legislative changes in sectors like taxation, public finance, procurement, public-private partnerships, state enterprises, and offshore economic activities. Simultaneously, global legal frameworks are also evolving, particularly in fields such as environmental regulation, data protection, and corporate governance. These developments, which include stricter emissions standards, more robust privacy regulations like General Data Protection Regulation (GDPR) and heightened corporate transparency requirements, are significantly influencing business operations globally and require continuous compliance and strategic adaptation.

Our Response

- The Group Legal team stay informed about updates to pertinent laws and regulations and keep the Board of Directors and senior management updated on these changes.
- Regularly carry out detailed impact assessments to evaluate how new regulations influence various aspects of our business, including operations, finances, and strategy.
- Review of business models to assess new opportunities that arise from changes in legislation.
- Policies, procedures, and controls will be updated to align with new legal requirements. This may involve modifying data handling practices adjusting emission controls to meet environmental regulations or updating financial reporting to adhere to changes in law.

ENVISIONING STRATEGY

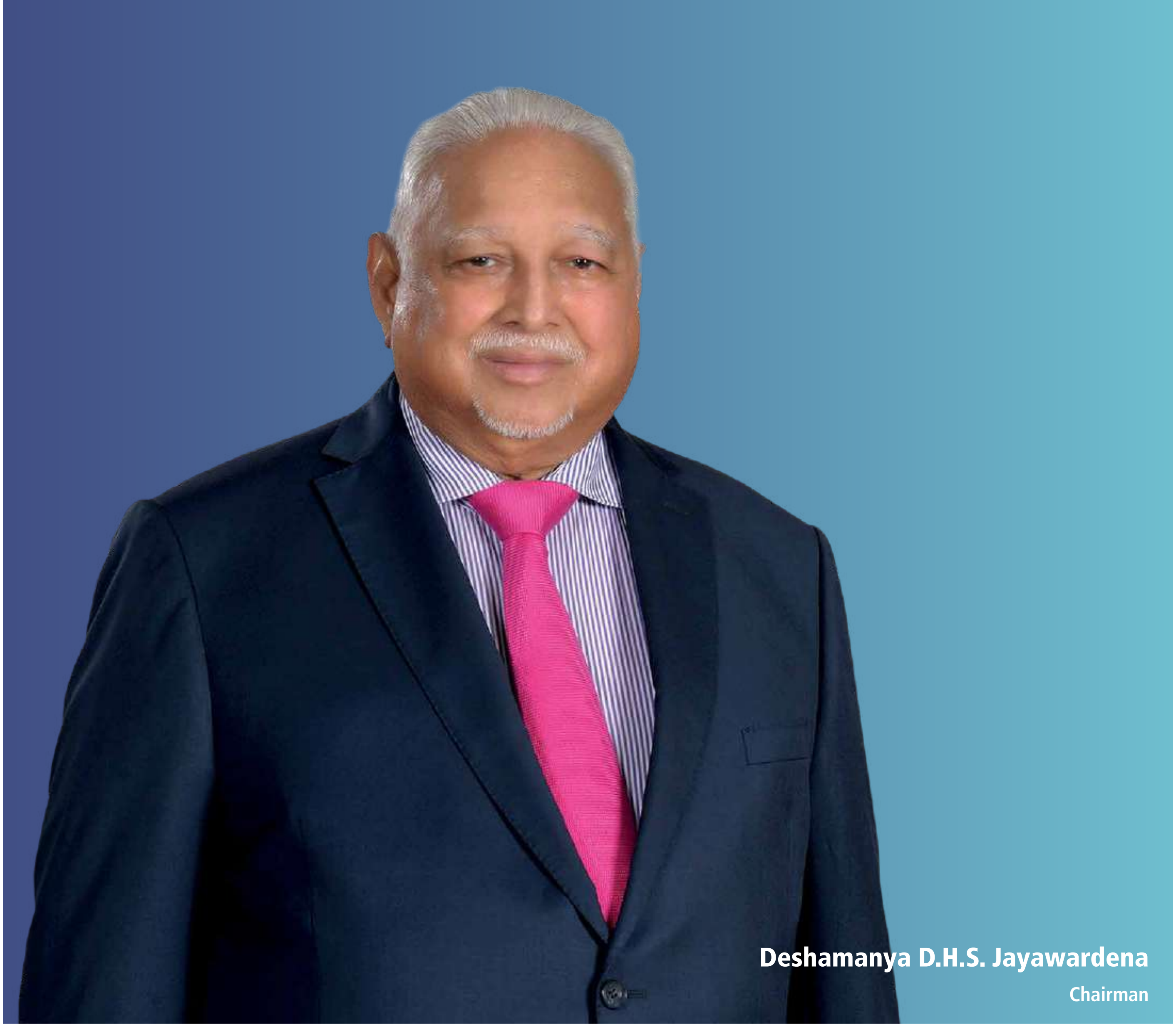
The knowledge and insights we have garnered over the years has strengthened our ability to adapt to change, anticipate the future, and take timely action to prepare for what lies ahead.

Here we review the year that has just passed and provide a glimpse into the vision and plans we have in place for the next stage in our journey reflecting on our dedication to perpetual growth and enhancement.

Our journey is one of continuous transformation, and this document is a testament to this relentless evolution.

Executive Reviews

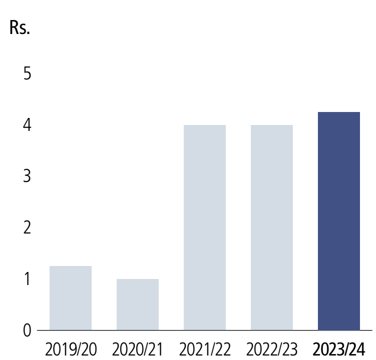
CHAIRMAN'S MESSAGE



Deshamanya D.H.S. Jayawardena
Chairman

58.9 %
Dividend Payout Ratio

Dividend per Share



> "Our strategy remains focused on sustaining growth and enhancing shareholder value through prudent financial management and strategic investments."

Aitken Spence PLC delivered a resilient performance for the financial year ending 31st March 2024 despite being challenged by a complex and unpredictable external operating environment, both globally and more particularly in Sri Lanka.

With a presence in 12 countries and operations across 16 diverse business segments, we have evolved beyond our roots as a Sri Lankan corporate to become a truly global Company. Generating over 60% of our revenue from international markets, our identity and influence are now unmistakably global.

GLOBAL MACRO LANDSCAPE

The World Bank's Global Economic Prospects report indicates that the global economy grew by 2.6% in 2023. This represents a significant slowdown from the 3.0% growth observed in 2022. The sharp deceleration is attributed to several factors, including elevated inflation, higher interest rates, reduced investment, and the ongoing disruptions caused by geopolitical tensions, particularly the conflict in Ukraine and instability in the Middle East. Despite these challenges, certain sectors have demonstrated remarkable resilience and growth, particularly international tourism.

International tourism experienced a robust resurgence in 2023, growing by 34% to reach 1.3Bn international tourist arrivals. This resurgence revitalised a crucial sector of the global economy. Sri Lanka's tourism industry in particular, benefited significantly, achieving an extraordinary 106.6% growth, rebounding strongly from a prolonged period of reduced arrivals. However the ongoing global conflicts are having an impact on the dynamics of source markets while also having a knock-on effect on the tourism industry of Sri Lanka.

Global trade volumes moderated and capacity issues were resolved, restoring efficiency to supply chains and stabilising freight rates. Given that a significant portion of international trade is sea-borne, any adverse developments in maritime trade affect global supply chains. Despite some improvement expected in the Panama Canal's drought conditions, which created delays in crossings between the Atlantic and Pacific oceans, uncertainties stemming from the Red Sea crisis continue to impact shipping routes between Europe and the Far East. Sri Lanka's ports, strategically located in the Indian Ocean, serve as crucial nodes in the global supply chain, offering alternatives to mitigate some of the disruptions, enhancing trade resilience. By capitalising on its strategic position, Sri Lanka plays a pivotal role in maintaining the stability and efficiency of global supply chains amidst regional challenges.

The year under review witnessed a decline of FDI flows from advanced economies to developing economies, with adverse impacts on the economic growth and financial stability of vulnerable nations. While it is imperative that developing countries should implement strategies to attract more FDIs by creating favourable investment climates and consistent policies.

ECONOMIC RECOVERY AND STABILITY

In 2022, Sri Lanka faced significant economic challenges, marked by a deterioration of key economic indicators. However, through the concerted efforts of monetary and fiscal policy measures supported by the implementation of the International Monetary Fund (IMF)-supported External Funding Facility programme, we witnessed a remarkable economic turnaround in the latter part of the year under review.

The targeted monetary policy interventions have been instrumental in curbing inflation, which decreased dramatically from 50.3% in March 2023 to 0.9% by March 2024. Additionally, the implementation of the IMF-recommended reforms has led to a notable improvement in the Government revenue to GDP ratio, from 8.2% to 11.0% in 2023. Domestic interest rates, which had reached unprecedented levels, declined following policy rate decreases of 700 basis points.

The Sri Lankan rupee appreciated by 8.2%, supported by a revival in tourism, increased remittances from migrant workers, and a restriction on imports which resulted in a reduction in the trade deficit. These factors have contributed to the country recording a current account surplus for the first time since 1977. Global experiences have indicated that following a major economic setback such as a Balance of Payment (BOP) crisis, the subsequent policy correction will lead to an immediate surplus in the current account. As a nation, it is imperative that the authorities ensure the continued momentum of policy corrections for the country to achieve long-term economic stability.

The current account and the fiscal deficit in the past were the main causes that precipitated the economic crisis in 2022. The main reason for the twin deficits was the persistent lack of good governance and the discipline to continue with a well-structured framework of economic policies and strategies. In order for the country to achieve a sustainable BOP in the future, it is essential that the reforms we have embarked upon with the guidance of the IMF are continued in a socially conscious manner with a minimum impact on the middle and low-income earners in society, while revisiting the national export strategy to achieve a strong export economy with appropriate bilateral free trade agreements being implemented with international trading partners.

As a nation, we must learn from past mistakes and ensure we do not repeat them for the country's future. It is crucial to foster good governance and discipline in implementing economic policies. It is imperative that Sri Lanka implements the priority recommendations outlined by the IMF in the governance diagnostic assessment report, which identifies sixteen key areas for improving governance. These recommendations focus on critical risks, including addressing gaps in existing legal frameworks, and strengthening the regulations in combating corruption and ensuring the provision of essential information for effective public oversight and monitoring. In light of these priorities, the focus should remain on fostering good governance and pursuing sustainable reforms that promote inclusive growth while minimising the impact on vulnerable populations.

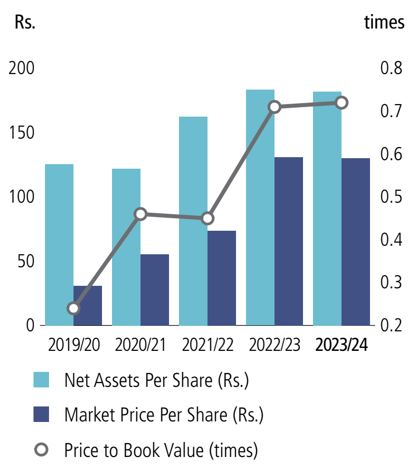
The fiscal and monetary reforms that were implemented under the guidance of the IMF, such as increased taxes and the withdrawal of energy sector subsidies, although having resulted in strengthening the fiscal landscape, have exerted significant pressure on household budgets and disposable incomes of the population. Additionally, the past year saw a downturn in trade volumes, reflecting the volatility of the business landscape. Despite these challenges, Sri Lanka has steadily moved towards recovery in a stabilising global economy.

This period of economic recovery underscores the resilience and adaptability achieved through disciplined policy measures and international cooperation. The nation's focus should remain on sustaining this recovery and building a robust economy through sound policy measures and strategic reforms combined with a proper governance framework.

PERFORMANCE FOR THE YEAR

The Group reported a revenue of Rs. 97.5 Bn, which is a slight decrease from the previous year. The Tourism Sector significantly supported the Group's revenue, while other sectors experienced declines due to exchange rate fluctuations and industry-specific challenges. Given that most of our revenue streams are dollar-denominated or dollar-linked, the appreciation of the rupee against the US dollar over the past year adversely impacted revenue growth and also resulted in a significant decline in Group Profits.

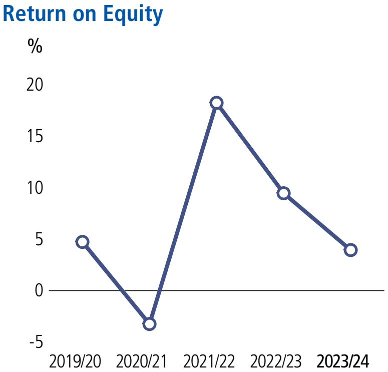
Net Assets Per Share, Market Price Per Share & Price to Book Value



The share price of the Company remained stable throughout the year, with an opening price of Rs.131.00 and a marginal adjustment to close the year at Rs.130.25. In recognition of our shareholders' continued support, the Board has proposed a first and final dividend of Rs.4.25 per share representing a 6.3% increase in dividends per share compared to the previous year, with a dividend payout ratio of 58.9% for the year. This increase highlights our unwavering commitment to delivering substantial returns to our shareholders, even in a demanding economic climate. Our strategy remains focused on sustaining growth and enhancing shareholder value through prudent financial management and strategic investments.

The Aitken Spence Group has been a significant contributor to foreign exchange inflows, supporting the country's economic growth and stability. However, recent fluctuations in exchange rates have significantly increased the complexity of the Group's operational and investment decision-making processes. This heightened volatility demands more advanced risk management strategies and meticulous oversight to ensure sustainable growth and stability.

Return on Equity



A PORTFOLIO VIEW

Tourism sector

The resurgence in global tourism sustained the performance of the sector which recorded 19.7% top-line growth and accounted for 68.5% of total Group revenue. Top-line growth was driven by the Sri Lankan sector which recorded a strong recovery. The sector faced intense price competition in the Maldives due to the expansion of the informal sector, while Oman experienced increased competitive pressures within the market. The Group's extensive presence across the value chain played a crucial role in our success. Notably, the destination management segment achieved a remarkable milestone by handling the highest number of tourist arrivals in the company's history. The Tourism Sector accounts for 55.1% of the Group's total assets, and 3,678 of the employees reflecting the resource intensity of the sector. The sector is also strengthened by long-standing partnerships with global players who are invaluable in developing source markets.

The Tourism sector faces significant challenges primarily due to the substantial increase in refurbishment costs necessary to maintain the competitiveness of our resorts within the region. Additionally, the costs of operational inputs and funding have risen sharply. Climate change has exacerbated these difficulties, leading to operational disruptions. To overcome these financial and environmental challenges, the tourism industry must be viewed beyond the scope of traditional tourism. This broader perspective should encompass sustainable practices, innovative technology, and diversified offerings to meet the evolving demands of modern travellers.

Maritime & Freight Logistics sector

The Maritime & Freight Logistics sector contributed 15.8% of the total Group revenue and was the highest contributor to the Group's profit for the year, reflecting the resilience and importance of the sector. The decline in freight rates, combined with the appreciation of the Rupee, dampened the growth of both revenue and profit before tax. A broad presence across the value chain and a collaborative approach support customer acquisition, retention, and growth, while the CINEC Campus plays a supporting role in building knowledge capacity in the country. As a capital-efficient sector, Maritime & Freight Logistics accounts for 11.2% of the Group's total assets.

The sector is currently facing significant challenges, primarily driven by geopolitical tensions. These tensions are causing extensive disruptions to supply chains, leading to fluctuating freight rates that negatively impact operations. To mitigate these challenges, it is essential to diversify supply sources, negotiate stable freight rates, invest in technology for real-time supply chain visibility, develop a robust risk management framework, and emphasise on sustainable business operations. These measures will enhance resilience and adaptability, ensuring more stable and efficient operations. Capitalising on the country's strategic location, enhancing the capacity of our ports sector to attract additional transshipment cargo from the region would significantly boost our regional competitiveness.

Strategic Investments sector

Comprising of the Group's investments in power, apparel, plantations, printing and packaging, this sector is diverse and has significant potential for growth. Sector revenue was dampened by lower net sales value for key crops such as tea and rubber stemming from the appreciation of Sri Lankan Rupee while apparel exports and the printing & packaging segment were affected by subdued demand due to depressed exports and lower consumer spending.

The apparel manufacture, plantations, printing & packaging segments positively contributed to the Group's net profit. However, the power segment and the exchange loss recorded by the parent company negatively impacted the overall performance, resulting in a sector loss. The Strategic Investment sector constitutes 30.3% of the Group's total assets.

The Group remains one of the key private sector generators of renewable energy contributing towards the country's ambitious targets of sustainable energy. The cost-reflective pricing reforms implemented by the CEB resulted in an improvement in collections from the CEB for the power segment. It is noteworthy that the waste to energy power plant of the Group provides a significant social benefit to the city of Colombo as well as being a landmark project for the country by enabling a sustainable solution for waste management. The current tariff paid by the CEB to the only operating waste-to-energy plant in the country is insufficient to cover operational costs, leading to significant financial losses to the power segment. The power purchase agreement's tariff structure was established before the severe economic crisis, which has significantly impacted exchange and interest rates. Consequently, the operational costs of the power plant have escalated to unprecedented levels.

The Group's renewable power plants in Sri Lanka, along with other existing renewable energy facilities, are facing significant challenges due to the current tariff structures. It is imperative to revise these tariffs to align with the current rates offered to new waste-to-energy and renewable energy plants. We are hopeful that the Government will acknowledge this need and adjust the tariffs in light of the current economic context.

Services sector

The sector's overall performance remained consistent with the previous year, despite shifts in segment contributions. The insurance segment had an exceptional year, achieving its highest profits ever and becoming the top contributor to the sector's profitability. Although money transfer operations experienced high activity levels, the Rupee's appreciation throughout the year dampened profitability. The elevators segment posted a profit for the year, overcoming systemic challenges. The property segment also saw increased profitability. This sector is asset-light, with its primary asset being the iconic head office building.

FOUNDATION FOR THE FUTURE

Aitken Spence is diversified across both geographical regions and industry sectors, deriving 44.0% of its revenue and 74.5% of its operational profits from overseas operations. The Group is also a net foreign exchange earner for the country, with a substantial portion of its revenue directly or indirectly linked to foreign currency. Consequently, this USD-linked exposure resulted in the Group experiencing adverse transactional and translational impacts on its profitability due to the appreciation of the Sri Lankan Rupee during the year.

Aitken Spence continues to pursue its journey of diversified growth, completing investments of Rs.5.5 Bn during the year under review. The Maritime & Freight Logistics sector completed the construction of a 100,000 sq.ft., state of the art container freight station at an investment of Rs.1.6 Bn which will be operated in partnership with an international shipping line. This sector has also expanded its operations internationally, extending its expertise to Cambodia, Singapore and the United Arab Emirates, positioning the sector for strong growth and enhancing the sector's integration throughout the value chain.

The apparel manufacturing segment expanded its capacity by acquiring two manufacturing plants in the Koggala BOI Zone, enabling it to diversify its operations into knitwear. This move will broaden the segment's capabilities for the future. The plantations segment invested in a research and development venture aimed at transforming the country's agriculture sector through targeted, technology-based solutions.

Aitken Spence also extended its operations to the Colombo Port City under the newly enacted regulations with an investment in a BPO joint venture that will expand operations of the Services sector while creating significant employment opportunities for Sri Lankans.

AN INDOMITABLE TEAM

Our values, spirit, and heritage of over 155 years, marked by daring to dream the impossible and embracing transformation, are kept alive across the globe through generations of Spensonians, who are the most valuable asset of the Group. The Group continues to invest in our multicultural and multigenerational team, supporting professional and tertiary qualifications with reimbursements to support lifelong learning, which differentiates the Group as an employer. Executive training and development are supported by the Aitken Spence School of Management, building a strong talent pipeline as we advance in our transformation journey to navigate the fifth industrial revolution.

(GRI 2-22)

More recently, the Group invested in developing leadership and skills development with emphasis on behavioural competencies, preparing the next generation of leaders. We hope they will, in turn, inspire and impact their colleagues and the upcoming leaders of Generation Z, who are the first digital natives entering the workforce.

Health and safety remain a key concern and are addressed comprehensively through structures and processes that are fit for purpose. The Group made progress in ensuring a safe and supportive working environment for all Spensonians through our initiatives in Diversity, Equity, and Inclusion (DE&I), 'Voice of Spensonians' surveys, and initiatives like the 'Spence Kids' childcare facility, and the extended maternity and paternity leave. Furthermore, the Group continues to implement the semi-virtual mobility programme, allowing employees to work from home. This initiative has enhanced flexibility and job satisfaction, reduced commuting time and costs, and lowered our carbon footprint. By providing a modern and adaptable working environment, we aim to attract and retain top talent, thereby strengthening our workforce.

The migration of skilled and unskilled labour is a key challenge encountered across all segments of the Group as Sri Lankans seek greener pastures. It is imperative that the country's economy is stabilised, and opportunities are created for people. This demographic shift presents potential challenges for the future stability of the country's labour market, especially given the dynamic and disruptive business environments driven by rapid technological advancements such as Artificial Intelligence (AI), the Internet of Things (IoT), and the convergence of AI and IoT (AIoT).

It is crucial for policymakers and businesses to collaborate in addressing these issues, ensuring sustainable economic growth and retaining talent within the country. Investing in local talent development, improving working conditions, and offering competitive remuneration are essential steps to mitigate the adverse effects of this migration trend and secure the country's long-term economic prosperity.

CORPORATE GOVERNANCE

The Board appointed Ms. D.S.T. Jayawardena as Joint Deputy Chairperson and Joint Managing Director during the year and also re-categorised Mr. J.M.S. Brito as a Non-Executive Independent Director. Mr. M.A.N.S. Perera, the Managing Director of the Group's parent company was also appointed to the Board as a Non-Executive Director, strengthening the governance of the Group.

Corporate governance remains the bedrock on which corporate longevity is founded and the Board is conscious of the need to adapt to evolving issues. The Board consciously introduces training to bring in new perspectives, skills, and experiences essential for navigating the Group through contemporary challenges.

STRATEGIC ESG INTEGRATION

We remain steadfast in our commitment to supporting the UN Global Compact, the Women's Empowerment Principles and the achievement of the Sustainable Development Goals. Accordingly, the company supported the national delegation to COP28 with senior leadership joining the Sri Lankan delegation as participants as well, which shows our commitment to supporting national contributions towards local and global development priorities.

The Company is committed to working towards achieving net zero by 2030 with our teams discussing targets and pathways. One of the biggest challenges foreseen across all industries is the impact of climate change and the Group has taken it as a critical issue and a priority in investment and business decisions.

RISK MANAGEMENT

Risk management is gaining increasing importance, and we have launched a comprehensive programme to establish a robust system across all entities that make up the Group. The primary challenges involve aligning perceptions and knowledge throughout the Group and anchoring them to reliable key risk indicators for more precise impact measurement. By aiming to link financial and non-financial impacts, this programme facilitates the integration of ESG principles into every aspect of the organisation, ensuring a clear understanding of the short, medium, and long-term impacts of our decisions.

LOOKING AHEAD

The World Bank projects the world economy to grow at 2.6% in 2024 and 2.7% in 2025, while South Asia is poised to grow by 6.2% in both 2024 and 2025, driven primarily by the robust performance of India which is set to grow by 6.6% in 2024 and 6.7% in 2025. It is notable that our largest trade partner and nearest neighbour, India, has the highest growth rate among all major economies, which we should leverage to drive our own growth. However, ongoing geopolitical conflicts, such as those between Russia and Ukraine, tensions in the Middle East and the Red Sea, and tensions between China and Taiwan, have the potential to disrupt global supply chains and increase costs.

We are encouraged by the domestic debt optimisation which was concluded last year and the recent successful negotiations with bilateral lenders to restructure long-term debt on concessionary terms. The Government has reached an understanding with the holders of international sovereign bondholders regarding the restructure of the bonds.

The recent BOP crisis imposed severe constraints on import-related trading activities, significantly affecting the livelihood of Micro, Small, and Medium Enterprises (MSMEs). These enterprises, which rely heavily on imports for their operations, faced substantial challenges in sourcing materials, products, and equipment necessary for their businesses. The gradual easing of such trade-related restrictions on imports may also boost consumption, which in turn will assist in the growth of our GDP. Whilst the fiscal deficit has been a major burden on the economy, the approach to bridging this has been through increasing taxes, placing a significant burden on the people. It is crucial to prioritise the reduction and control of public expenditure to address this issue more effectively.

There is a significant disparity between the foreign direct investment (FDI) that Sri Lanka attracts, and the higher levels received by other countries in the region. This gap presents a tremendous opportunity for Sri Lanka to accelerate FDI inflows, particularly upon the completion of the external debt restructuring programme. To capitalise on this opportunity, it is imperative for the country to make a concerted effort to implement a single-window approval system, ensuring a streamlined and efficient process for investors. Additionally, maintaining policy consistency is crucial to building investor confidence and fostering a stable investment environment. The Government should cultivate a supportive environment with policy consistency to attract essential investments and refrain from influencing commercial business decisions or making statements that might deter potential investors.

Moreover, continuous training and development initiatives are essential to close existing skill gaps and enhance the capabilities of the local workforce. By addressing these key areas, Sri Lanka can significantly improve its attractiveness as an investment destination, fostering economic growth and development. The establishment of a robust and investor-friendly framework will not only help bridge the current FDI gap but also position Sri Lanka as a competitive player in regional and global markets.

The restructuring of the State-Owned Enterprises (SOEs) needs to be completed as soon as possible and with adequate transparency, so the benefits accrue to the people of Sri Lanka. In the process of restructuring SOEs, we need to address the root cause of the crisis, which is mismanagement in the public sector. SOEs that contribute towards economic growth should be driven through public-private partnerships.

Achieving sustainable economic growth and stability requires building a broad consensus across political parties and ensuring public support for reforms. In Sri Lanka, 2024 is marked as a year of elections and if the country is to move forward, it is important that the elections do not disrupt normalcy. Irrespective of the outcomes of the elections, there should be consistency and continuity of the economic policies and reforms introduced.

From the perspective of the Group, we would continue to invest in growth industries taking into account the importance of climate change-related risks and opportunities that we are facing as a company and a country. We are working to shift our operations towards a low-emission economy. The Group continues to identify the sustainability-related risks and opportunities required by the International Financial Reporting Standards (IFRS) to keep in line with the governance frameworks that are stipulated for the future.

We have completed a risk analysis of our business segments. Based on this analysis and the current state of our 16 business segments, we are actively developing a customised transformation strategy for each segment.

The Aitken Spence Group is undergoing a strategic transformation to address risks from technological advancements and competitive trends. This initiative focuses on four key objectives: strengthening core business areas, exploring innovative ventures, enhancing operations through digitalisation and sustainability, and fostering a culture of adaptability. The first phase has been successfully completed, and we are now progressing with the second phase, demonstrating our commitment to long-term viability and success in an evolving business landscape.

ACKNOWLEDGEMENTS

I commend the Spensonian team wholeheartedly for their unwavering dedication in achieving our strategic goals, tackling challenges with creativity and finding effective solutions along the way. To our strategic and business partners, your steadfast support during challenging times has been invaluable. The collaboration and cooperation we have received truly strengthened our efforts.

A special thank you goes to our Board members for their objective and professional insights, which have been instrumental in guiding our decisions. I also express my gratitude to the leadership team for their diligence and commitment to excellence.

I extend my sincere appreciation to our shareholders. Your unwavering confidence in our ability to deliver sustainable returns ethically continues to inspire and drive us forward. Together, we are poised to navigate future challenges and seize opportunities with determination and purpose.

Deshamanya D.H.S. Jayawardena
Chairman

Ms. D.S.T. Jayawardena
Joint Deputy Chairperson and
Joint Managing Director

10th July 2024
Colombo

DEPUTY CHAIRMAN AND MANAGING DIRECTOR’S MESSAGE

Dr. Parakrama Dissanayake
Deputy Chairman and Managing Director

Rs. **17.1** Bn

Earnings before Interest and Foreign Exchange Impact

> **“If your actions inspire others to dream more, learn more, do more and become more, you are a leader.”**

John Quincy Adams, the sixth President of the United States

Aitken Spence is committed to the ideal of one life influencing another: our efforts are geared towards inspiring others to dream, learn, and 'be' more.

SHAPING OUR FUTURE

The Aitken Spence Group continues to expand its geographical footprint, adding two more countries to its portfolio as we leveraged our considerable expertise to increase shareholder value by seeking new investment opportunities to enhance our influence within diverse business sectors. The Group is committed to align interests of more than 13,000 individuals to its growth aspirations, maintaining high retention rates by creating a positive, inclusive and safe working environment with extensive support for diversity through operational policies. Our customer and partner relationships are crucial for serving a global audience. As we continue to build enduring partnerships and collaborate, we create value along global supply chains.

The Group is a leader in sustainability with well-established systems that measure, monitor and manage our impacts with over 190 environmental and social management systems across our business segments that also support product and service integrity. We are also recalibrating our portfolio to more environmentally friendly investments by being a catalyst for introducing pioneering technologies to countries we operate in. The Group operates Sri Lanka's only waste-to-energy power plant and has recently invested in drone technology to transform the agriculture industry. These initiatives reflect our strong commitment to ecological and social stewardship.

RENEWED CONFIDENCE

The volatile economic conditions that prevailed in Sri Lanka during the past financial year had a significant impact on the financial performance of the Group. Encouragingly, Sri Lanka's recovery from these challenges was faster than anticipated, supported by implementation of stringent policy reforms and enactment of new legislation focused on fiscal responsibility.

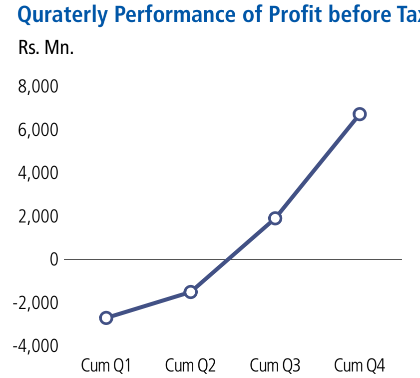
Stabilisation of the macroeconomic environment significantly reduced volatility, renewing confidence in brighter economic prospects for Sri Lanka.

The year began with significant uncertainties across various fronts, as the business operating environment proved to be challenging due to high interest rates and extreme volatility in the Sri Lankan rupee. In the fourth quarter the interest rates declined considerably with the Sri Lankan rupee (LKR) appreciating against the US dollar (USD).

A Stellar performance in Q4

Having reported losses in the first two quarters, the Group recorded a phenomenal performance in the fourth quarter to record profit before tax of Rs. 4.8 Bn, overcoming multiple challenges to deliver earnings growth of 412%. EBITDA and EBIT also increased by 44% and 78% respectively during the same period to Rs.8.8 Bn and Rs.6.4 Bn reflecting strong operational efficiencies which are the key drivers of profitability in capital intensive industries that make up the core of the Group. Profitability received a further boost from lower borrowing costs due to lower interest rates as we reaped the benefits of strengthening every aspect of business in driving top line growth, operational efficiencies and management of capital as the economy stabilised.

Quraterly Performance of Profit before Tax



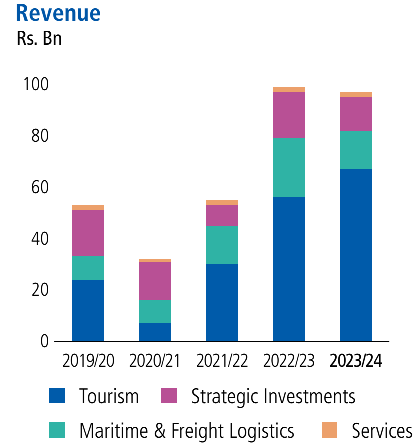
Year at a Glance

Performance

The Group recorded a revenue of Rs.97.5 Bn in 2023/2024, marginally (0.6%) below the Rs.98.1 Bn recorded in 2022/2023 as appreciation of the Sri Lankan rupee impacted the top line. Between 60-70% of revenue is directly or indirectly linked to US dollar denominated income and appreciation of the Sri Lankan rupee by 8.2% during the year had a significant impact on revenue recorded, affecting profitability as well. Revenue was stabilised by the resurgence in tourism in Sri Lanka which cushioned the drop in revenue arising from lower freight rates in the Maritime & Freight Logistics Sector. Equity accounted investees made a contribution of Rs.1.3 Bn to Group profits. The impact of the volatility of the exchange rate, elevated energy costs and interest rates weighed on annual performance resulting in a decrease of 40.0% in profit before tax of Rs.6.7 Bn.

It is noteworthy that Group profit before tax excluding foreign exchange gains/ losses amounted to Rs.9.3 Bn, which was a 0.5% drop compared to the previous year. Accordingly, profit after tax was Rs.4.5 Bn which was a decline from Rs.8.1 Bn. The profit attributable to equity shareholders was Rs.2.9 Bn owing to the share of profit attributable to non-controlling interest increasing by 6.4% to Rs.1.5 Bn.

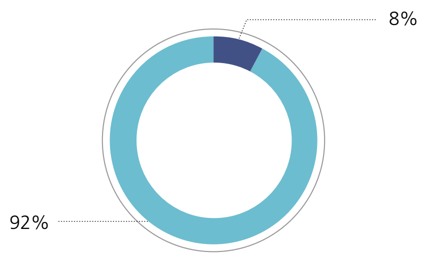
Revenue



Contribution from Overseas Operations

Over the years, the Group has strategically diversified into key overseas markets, which has been pivotal to the success and growth of our sectors. The Group's investments span tourism, freight forwarding, logistics, and port operations across eleven countries. Our total assets include 43.8% held overseas, which also accounted for 44.0% of the Group's total revenue for the year under review. 74.5% of the operational profits of the Group was from our investments overseas with this percentage increasing to 91.7% at profit before tax level.

Geographical Analysis of Profit before Tax



Investments

The Maritime & Freight Logistics Sector invested Rs.1.6 Bn to construct a state-of-the-art warehouse facility catering to increased demand for such facilities by customers while the apparels segment also invested Rs.800 Mn to acquire two manufacturing plants with the intention of diversifying the product range. The Group repaid Rs. 7.5 Bn of loan term longs during the financial year. Accordingly, the Group maintained its liquidity position and improved its debt-to-equity ratio to 0.45 compared to 0.54 last year.

OPERATING CONTEXT

Global growth was 2.6% in 2023 with advanced economies recording 1.5% growth while emerging and developing economies recorded a higher growth rate of 4.2% with India and China recording 8.2% and 5.2% respectively as Asia becomes the epicenter of growth. World trade volumes growth rates moderated from 5% in 2022 to 0.8% in 2023 reflecting a buildup of stocks in advanced economies and high inflation deterring spending which affected exports from countries such as Sri Lanka.

Sri Lanka recorded positive GDP growth of 1.6% and 4.5% in the 3rd and 4th quarters of 2023, respectively, although the annual figure remained at a negative 2.3%. Headline inflation which was 50.3% YoY as measured by the CCPI in March 2023 declined to single digits by July 2023 and then to 1.3% by September 2023 before moving to 4% by December 2023 which is within target levels. The Sri Lankan rupee appreciated against the US dollar, from Rs.327.14 to Rs.300.44 driven by a resurgence in tourism and increased remittances from migrant workers, which boosted foreign exchange liquidity. The import restrictions in place were gradually eased during the year commencing June 2023 with restrictions in place only for motor vehicles at present. Despite the easing of import restrictions and the subdued performance of exports, Sri Lanka recorded a current account surplus for the first time since 1977. Tightening fiscal policy saw tax rates increase in December 2023 as VAT increased by a further 3%. Energy costs which soared in 2022 remained at high levels despite attempts to reduce the same. Significant steps were taken to stabilise the economy including the domestic debt optimisation completed in June 2023 although the foreign debt restructuring needs to be completed. Sri Lanka is poised for growth of 3% in 2024, sustaining the momentum of the second half of 2023.

ANALYSIS OF THE SECTORAL PERFORMANCE

Activity metrics across most of the segments showed healthy growth, which was not reflected in the Group's top line due to the appreciation of the Sri Lankan rupee affecting all four sectors.

Tourism Sector

The Tourism Sector recorded the highest number of customers handled in the history of the destination management operation. Average occupancy in the Sri Lankan hotels segment experienced a significant increase over the previous year. Occupancy in the Maldives was relatively flat due to intense competition and increase in the resort room and guest house inventory. Performance of India was also encouraging and is expected to improve further given the growth in economic activity in the vicinity of the hotel. However, the properties in Oman were not able to reach the anticipated growth momentum during the year given the economic and geopolitical tensions in the region.

The Sector recorded a revenue increase of 19.7% to Rs. 66.8 Bn boosting operating profits by 16.9% to Rs. 9.2 Bn. Despite the high interest costs on offshore borrowings that prevailed during the year, the Sector recorded a 60.8% increase in profit before tax of Rs. 3.7 Bn. The improvement in profitability of the Sector is largely attributable to the improved performance of the Sri Lankan hotels segment which is expected to maintain the momentum in 2024/2025 as well.

Maritime & Freight Logistics Sector

The Sector faced multiple challenges during the year including the significant decline in freight rates globally, the import restrictions in place in Sri Lanka, the increase in electricity and fuel costs, and the volatility of the exchange rate. As a result, revenue of the Sector declined by 32.2% to Rs. 15.4 Bn, EBIT declined by 39.7% to Rs. 3.7 Bn while the profit before tax of the Sector was Rs. 4.9 Bn which is a decline of 37.1%. Nevertheless, the Sector remains the largest contributor to the Group's profit before tax.

Strategic Investments Sector

The revenue of the Sector declined by 23.4% to Rs.13.4 Bn and recorded a loss before tax of Rs. 2.5 Bn. The loss includes the impact of the Sri Lankan rupee appreciation on the net foreign exchange assets held by Aitken Spence PLC (holding company) of Rs.1.6 Bn. The decline in interest rates during the year benefited the Sector as it carries Rs. 8.9 Bn of long-term debt, mainly due to its investments in power generation.

(GRI 2-22)

The plantations segment had a good year of operation. However, the profitability was impacted due to the net sales average of its main crops declining as a result of the appreciation of the Sri Lankan rupee. The apparel segment, which achieved record-high profits last year, has experienced a significant drop in profitability. Export volumes in Sri Lanka's apparel sector declined by approximately 18%, a trend also observed in the apparel segment of the Group. The economic uncertainty in the USA and Europe, coupled with a decrease in disposable income, led to reduced orders from these regions to Sri Lanka, significantly affecting the profitability of this segment. In the printing segment, both revenue and profitability declined due to a reduction in orders, reflecting heightened cost awareness among customers in the face of uncertain retail demand and a decline in apparel exports. Given the higher debt burden of the power segment, the reduction in interest rates has resulted in lower losses compared to last year. Furthermore, the segment successfully took over the operation and maintenance of the waste-to-energy power plant from the foreign contractor in the fourth quarter of the financial year, which is expected to bring cost savings in the ensuing year.

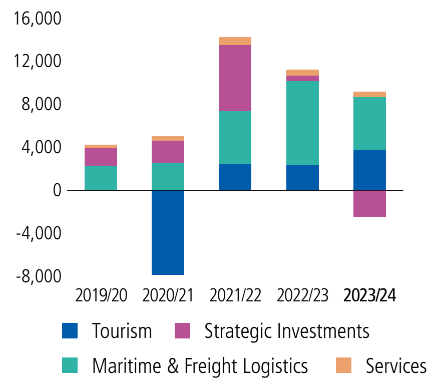
Services Sector

The Services Sector recorded revenue of Rs.1.9 Bn, a decline of 9.3% compared to the previous year, although EBIT improved by 7.0% to Rs. 615.7 Mn. The Sector recorded a marginal growth in profit before tax of 1.7% to Rs. 522.8 Mn.

The insurance, property and elevators segments performed notably better than the previous year, overcoming significant challenges. The money transfer operation which was successful in increasing volumes recorded a substantial decline in profitability due to the volatility of the exchange rate.

The insurance segment recorded its highest ever profitability in its over 150 years of operation. The elevators segment had a turnaround in its performance recording a healthy profit compared to the losses recorded in the previous year, despite the contraction of the construction sector. The property segment recorded a 32.3% increase in profitability.

Profit before Tax
Rs. Mn



EMPLOYEES

We recognise that our Spensonians are the most valuable asset in our transformation journey, as they shape and pass down the Aitken Spence values and culture to the next generation. The Group continues to nurture an enthusiastic team, fostering a culture of engagement, productivity, innovation, diversity, equity and inclusion while harnessing the power of multiple generations. The cultural and behavioural transformation within the Group is deeply rooted in the ethos of 'one life touching another', and our leaders and managers are empowered to embody this principle.

The Aitken Spence School of Management is central to talent development, aiming to create a lean and agile organisation through initiatives like the 7S & LEAN competition and prioritising AI and digitalisation. Employee emotions and satisfaction are monitored through a comprehensive survey, 'Voice of Spensonians', which shows a high satisfaction score, with goals to improve it further to establish the Group as a preferred employer.

Diversity, Equity, and Inclusion (DE&I) efforts are structured and driven by a steering committee, with policies and initiatives activated at the SBU level under the theme 'freedom to be me'. Work-life balance is prioritised, with programmes like semi-virtual mobility and the introduction of 'SpenceKids,' a subsidised childcare facility to support employee families. To support diversity, equity, and inclusion, we have extended 100 days maternity leave, 5 days paternity leave, and flexible working. Aitken Spence PLC was among the first entities in the world to become a signatory to the Women's Empowerment Principles in 2011 and remains committed to provide equal access to opportunities across all our operations.

SpenceInnova, a competition for employees to suggest new ideas or improvements, promotes innovation and problem-solving across the organisation. The Group's succession plan ensures leadership continuity and includes efforts to bring fresh perspectives into the talent pool through the revamped Aitken Spence Management Trainee Programme, which prepares future leaders.

SUSTAINABILITY

Aitken Spence marks our 22nd year as a signatory to the UN Global Compact in May of 2024. We remain committed to uphold the Ten Principles of the UNGC and support the realisation of the Sustainable Development Goals through our operations. The Company's senior management joined the national delegation of Sri Lanka at COP28 in November and December 2023 as a private sector participant to show our support to local and global development priorities.

The sections of this annual report describe in detail how sustainability is ingrained within the Group to ensure that identified material topics are addressed systemically. The Group remains steadfast on our zero tolerance policies to bribery, and corruption and work to uphold ethical behaviour across the value chain.

Climate change is a tangible reality affecting all aspects of our operations. Recognising our vulnerability to its risks, the Group is prioritising its commitment to achieve net zero emissions. This commitment is currently a key topic of discussion at the Board level, aimed at implementing significant mitigatory measures.

Our vision extends far beyond mere sustainability. We envision a Sri Lanka flourishing within a low-carbon economy, with Aitken Spence at the forefront. Our Group prides itself on cultivating a skilled, green workforce, fully equipped to navigate the challenges of a rapidly evolving world. We foresee a market demanding sustainable products and services, resilient supply chains rooted in circularity and responsible practices, and communities actively engaged in strengthening our value chain.

FUTURE OUTLOOK

With Sri Lanka on the road to recovery and world trade forecast to pick up pace, the external environment is perhaps the most promising it has been in recent years. Inequalities, climate change and geopolitics remain critical concerns as many countries around the world including Sri Lanka conduct governmental elections this year. The Aitken Spence Group is gearing itself for transformative growth in the year ahead, as we pursue the strategic goals set out in this report.

Implementing a Group-wide transformation strategy

The Group is actively engaged in a strategic transformation initiative, prompted by the recognition of significant risks stemming from rapid technological advancements and competitive shifts within our industries. This proactive approach is crucial to adapt and innovate, ensuring our operations remain competitive and avoid becoming obsolete. Consequently, it is imperative that we develop and implement a comprehensive transformation strategy for the Group. This ongoing endeavour underscores our dedication to ensuring the long-term viability and success of the Aitken Spence Group in an ever-evolving business landscape.

ACKNOWLEDGEMENTS

Navigating the turbulence during the year was possible due to the foresight of our leadership and the continued goodwill and trust of our key stakeholders. I thank the Board for their counsel during testing times and the Chairman, Deshmanaya D.H.S. Jayawardena for his astute leadership, visionary guidance, policy direction and strategic inputs. I extend my gratitude to the Group Supervisory Board, Management Council and Senior Leadership Team for their invaluable support in executing our strategies. I am appreciative of the support of our strategic business partners including customers, principals, joint venture partners, bankers and suppliers during this time.
I thank the team of Spensonians who overcame multiple challenges to deliver a commendable performance in a turbulent year. We count on the continued confidence of shareholders as we pursue our journey to extend our borders and boundaries to create value for all our stakeholders.

Dr. Parakrama Dissanayake
Deputy Chairman and Managing Director

10th July 2024
Colombo

EMPOWERING INNOVATION

Across every industry and territory in which we operate, we foster a culture of creativity, adaptability, and farsighted thinking, in order to develop the right strategies to face the future.

Our approach has been tested over time and has proven to be effective in driving development that is not just sustainable, but also responsible and inclusive.

This section provides a comprehensive overview of our established strategy that is centred around these values and principles to drive sustainable development and long-term value creation.

Purpose Driven Strategy

STAKEHOLDER ENGAGEMENT (GRI 2-25, 2-29)

Stakeholder engagement is of vital importance to the Aitken Spence Group to identify and manage the wide-ranging interests across our business operations and thereby ensure that the Group's broader objectives are aligned with the varied needs of our stakeholders. At Aitken Spence, we believe our stakeholders provide us with valuable insights and feedback that help us to identify our operational priorities, industry trends, potential threats as well as opportunities. We have developed our strategies by identifying and understanding the unique relationships and concerns of our varied stakeholders. To ensure the success of this endeavour, the Group consistently maintains and monitors easily accessible channels through which all stakeholders could engage with our business segments, offering avenues to express their concerns.

Understanding the feedback, concerns and needs of our stakeholders is crucial, as it provides direction for implementing sustainable and responsible business strategies. This brief overview outlines how we engage with our key stakeholders to achieve this objective.

OUR STAKEHOLDER ENGAGEMENT & FEEDBACK ASSESSMENT PROCESS

The objective

Obtain feedback, insights, knowledge and ideas from stakeholders to improve operations and strategies and to strengthen stakeholder relationships

1 Understand stakeholder relationships

2 Prioritise key stakeholders/ stakeholder groups

3 Customise engagement plans for each stakeholder group

4 Monitor engagements and gather feedback, insights and knowledge

5 Study feedback for SWOTs, trends, and areas for improvement

6 Review findings with management and integrate action

7 Share company policies, strategies and performance with stakeholders

Our key benchmarks for stakeholder engagement.

- Identify and address **legitimate concerns:** Responding appropriately to the valid concerns of stakeholders
- **Transparency** in engagements: Maintaining openness throughout our stakeholder interactions
- **Constructive** Engagement: Actively listening to concerns and suggestions with a receptive attitude

OUR KEY STAKEHOLDER GROUPS

Our key stakeholders	Key points of contact	Frequency of engagement
Employees	Managing Directors and the Senior Management team, HR Partners, Chief Human Resource Officer, Group HR team, and HR coordinators across the business segments	▪ Daily or on requirement ▪ Specific or routine engagement events
Customers	Sales and customer relationship teams, operation teams and communications teams	▪ Daily ▪ As required or routine reviews as planned by the segments
Shareholders	Board of Directors, Company Secretary and Senior Management	▪ AGMs/ Extraordinary General Meetings ▪ As required
Banks and other financial institutions	Managing Directors, Chief Financial Officer and heads of Finance	▪ Routine reviews ▪ As required
Community, environmental and social lobbyists	Community Relations Managers, EMRs, HODs, relevant team leaders.	▪ On requirement ▪ Community events ▪ As planned by the segments to gather and review feedback
Governments & Regulators	Board of Directors, Company Secretary and the Senior Management and relevant team members.	▪ As required ▪ Routine reviews as planned by the segments
Suppliers and business partners	Managing Directors and the Senior Management team, procurement teams of the respective segments.	▪ Daily and as required. ▪ Routine reviews as planned by the segments

HOW WE ENGAGE WITH ALL STAKEHOLDERS

- Discussions, meetings and workshops
- Written communication (Emails, feedback forms, letters, digital platforms etc.)
- Trainings, conferences, seminars and other public events
- Specific engagement activities and events
- Digital platforms (social media, corporate website, CSE platform)
- Surveys conducted for specific business segments
- Publications (Annual /quarterly reports, articles, special features etc.)
- Inspections and audit reviews

OUR APPROACH TO STAKEHOLDER PRIORITISATION

Stakeholders offer crucial insights and underscore requirements that aid us in discerning market trends and identifying potential risks and opportunities. While we consider all feedback as important, we strategically give precedence to contributions from certain stakeholders based on the significance of our actions and their impact on the stakeholder or the stakeholder's influence on our operations.

We give significant importance to the feedback from key investors due to the direct correlation between our decisions and their investments. We meticulously evaluate customer feedback and employee concerns to comprehend requirements and establish systematic controls. Regulatory compliance requirements and non-conformities in our management systems identified by external auditors are prioritised for impact control. Proposals for value creation are assessed against the opportunity cost of resource allocation. Community concerns are individually evaluated based on potential impact scale. We liaise directly with community leaders for insights and engage with the wider community through meetings or events.

Key stakeholders are usually consulted directly. Where the impacts are indirect or smaller in scale, we may use broader methods like aggregating customer feedback or employee surveys. Stakeholder feedback is vital for identifying our material topics, as explained in the **'Determining Materiality'** section. Based on this, we integrate appropriate action into our business models and activities.

Stakeholder Group	Our Commitment	Key Concerns	Value Delivered in 2023-2024	Further Reading
Employees	Ensure a safe and inspiring work environment that supports growth, fair remuneration and talent development.	▪ Remuneration and job security ▪ A safe and inclusive workplace ▪ Well-being and work-life balance ▪ Skills development and career progression	▪ Rs. 15.3 Bn incurred as employee benefits ▪ Over 80 management systems maintained for OHS ▪ Job security ▪ Zero fatalities ▪ Work from home & health benefits ▪ Rs. 18.6 Mn invested in training & development	▪ Human Capital Report ▪ Corporate Governance Report ▪ Risk Report
Business partners- Suppliers & Service Providers	Support mutual growth with reliable and sustainable supply chains.	▪ Financial stability ▪ Transparent performance updates ▪ Long term business relationships ▪ Strong networks, referrals for opportunities	▪ Strong financial position ▪ Publishing quarterly financial statements ▪ Timely payment of all dues to ensure financial health of our suppliers ▪ 13,054 Suppliers ▪ 28 Joint venture and equity partners	▪ Financial Capital Report ▪ Social and Relationship Capital Report ▪ Corporate Governance Report ▪ Annual Report of Directors

Stakeholder Group	Our Commitment	Key Concerns	Value Delivered in 2023-2024	Further Reading
Customers	Work towards innovating our processes to provide best-in-class products and services to customers.	▪ Quality and best value for price paid. ▪ Fast delivery and reliable service ▪ Sustainable products and services ▪ Unique and personalised experiences	▪ 234,976 pax handled by destination management segment ▪ 1,064,058 guest nights ▪ 470,074 sq. ft. of total warehouse space ▪ 170,000+ MWh power generated ▪ 3.6 Mn apparels produced ▪ 4.2 Mn kgs tea produced ▪ 23.6 Mn kgs palm oil production ▪ 900,000+ of Inward remittance transactions ▪ Total 78 management systems certified for product/ service responsibility	▪ Social and Relationship Capital Report ▪ Intellectual Capital Report
Shareholders	An effective and transparent governance framework aimed at fostering long-term value creation.	▪ Profitable financial returns on their investment ▪ Transparent financial reporting ▪ Effective ESG and risk management process ▪ Long-term value creation	▪ Dividends distributed of Rs. 1.7 Bn ▪ Timely reporting of financial statements ▪ Award winning strategy in place to ensure business sustainability ▪ Net assets per share Rs. 181.86 Bn ▪ Shareholder wealth Rs. 73.9 Bn	▪ Executive Reviews ▪ Financial Statements ▪ Financial Capital Report ▪ Investor Information ▪ Corporate Governance Report ▪ Risk Report
Investors, banks, and financial institutions	Deliver returns commensurate with the investment and transparently update stakeholders on progress and challenges.	▪ Resilience, sustainability of earnings/ returns and timely payments ▪ Specific KPIs such as share price, dividends, interest rates and taxes paid. ▪ ESG and risk management	▪ Rs. 10.7 Mn paid as interest ▪ 1.73 Interest Cover ▪ 0.45 Debt to equity ratio ▪ Award winning strategy in place to ensure business sustainability	▪ Executive Reviews ▪ Financial Statements ▪ Financial Capital Report ▪ Investor Information ▪ Corporate Governance Report ▪ Risk Report
Community, environmental and social lobbyists	Collaborate with the industry to ensure economic development, social sustainability and environmental protection.	▪ Compliance and ESG, ▪ Community Engagement ▪ Support for community development ▪ Responsible and sustainable business practices	▪ Rs. 202.5 Mn funds channelled for communities ▪ Rs. 90 Mn invested towards sustainability related processes and controls ▪ Award winning sustainability strategy maintained, guided by a sustainability policy availed in English, Sinhala and Tamil to enable community awareness and participation	▪ Social and Relationship Capital Report ▪ Executive Reviews ▪ Natural Capital Report ▪ Corporate Governance Report
Governments & Regulators	Maintain governance structures for compliance with legal/ regulatory requirements.	▪ Compliance with legal and regulatory frameworks ▪ Corporate citizenship and social responsibility ▪ Long-term value creation ▪ Collaboration with industry bodies	▪ Indirect and direct taxes paid of Rs. 12.2 Bn ▪ Rs 131.0 Bn facilitation of foreign exchange generation to Sri Lanka ▪ Direct Employment created ▪ Zero tolerance for unethical behaviour ▪ 134 GWh clean energy provided to the national grid supporting Sri Lanka's NDC targets	▪ Executive Reviews ▪ Financial Statements ▪ Corporate Governance Report ▪ Risk Report ▪ Natural Capital

DETERMINING MATERIALITY

(GRI 3-1)

DEMYSTIFYING 'MATERIAL TOPICS' FOR OUR STAKEHOLDERS

At Aitken Spence, material topics describe those issues we consider most important to our stakeholders from economic, environmental, social and governance perspectives. By integrating guidance from both the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) into our reporting practices, we aim to present a comprehensive overview of how the Group manages the outcomes of our operations and proactively equip ourselves to address related challenges. It is essential to accurately identify key material topics, enabling us to prioritise initiatives and allocate resources efficiently. This approach guarantees that we tackle the most significant sustainability challenges affecting our operations and stakeholders

OUR PROCESS TO IDENTIFY MATERIAL TOPICS

We realise that identifying materiality is not a stand-alone task. Aitken Spence identifies material topics through a comprehensive assessment that is integrated throughout the operational process lifecycle as shown below. This process involves desk research, feedback from internal teams, insights from inspections and reviews and ongoing stakeholder input gathered throughout this process lifecycle.

1 ANALYSE

Study the operation to identify impacts

- Review desk research, insights and knowledge gained
- Study feedback from operational teams
- Review reports of internal and external inspections
- Consider insights from industry experts
- Evaluate stakeholder feedback

3 IMPLEMENT

Implement action to control adverse impacts and/ or add value

- Implement relevant and adequate management systems
- Allocate responsibilities
- Provide necessary training and education
- Communicate on requirements to key stakeholders like suppliers and service providers, clients etc.

2 PRIORITISE

Determine priorities for action (i.e. material topics)

- Study the nature, scale and frequency of impacts
- Assess risks to the organisation and stakeholders
- Study compliance requirements against laws, regulations and voluntary endorsements
- Study the needs and priorities of key stakeholders

4 EVALUATE

Monitor performance and evaluate outcomes against objectives/ targets

- Collect and study performance data
- Conduct due diligence audits and maintain reports
- Conduct internal/ external inspections and maintain reports
- Conduct management reviews
- Present performance at external platforms for comparison

In this assessment, the most significant feedback and insights come from our operational teams through internal and external reviews. To gather information on local and global development needs towards determining material topics, we are also guided by the voluntary endorsements of the Company and business segments. For example, the Ten Principles of the UN Global Compact, Women's Empowerment Principles and the UN Guiding Principles on Business & Human Rights. To report our performance on the identified material topics, we adopt the GRI Universal Standards. In 2023/24 we also adopted 8 SASB standards to our process. Alignment with these standards also gives direction on the topics, indicators and metrics to be integrated within our strategies and action plans.

An example of a benchmark that guides us in identifying material topics

Insights and knowledge acquired from external platforms such as UNGC Working Groups and accelerator programmes for gender, climate action, business and human rights, supply chain etc. also inform our processes to identify material topics.

An example of an action taken as a result of materiality assessments

Having already understood our environmental priorities, we signed commitment to the Science Based Targets initiative (SBTi) as a result of the priorities highlighted in the Climate Action Working Group and the Climate Emergency Task Force of the UNGC.

The diverse system standards with which our business segments align, such as ISO systems, Rainforest Alliance, Travelife, Sedex (SMETA) and WRAP, provide direction on industry-specific priorities for action. This guidance helps us determine what should be considered a material topic.

With all information at hand, we assess all our activities to identify factors that contribute significantly to our impacts or have the potential to influence key stakeholders' decisions. A topic is considered material for Aitken Spence if;

The scale or frequency of impact or the combination of both can be considered to have the potential to cause significant adverse **impacts**

Action is required for **compliance** with laws, regulations or voluntary endorsements

Potential **risks** to the organisation and key stakeholders are high

Action is required in response to key **stakeholder needs**

Some examples of identified potential and actual concerns are given below:

Examples of actual and potential impacts	Examples of risks	Examples of compliance requirements	Examples of stakeholder needs highlighted
▪ Pollution and climate change which is from energy related emissions (our highest emission component) ▪ Potential damage to sensitive ecosystems from waste and effluents ▪ Potential impacts on human rights like discrimination ▪ Financial impacts on the bottom line from unstable energy costs in Sri Lanka	▪ Risks to people, property, data, equipment, inventory and business activities from climate change related risks and manmade hazards ▪ Business continuity risks from potential policy changes ▪ Risks to IT systems and cyber security	▪ Ensuring indicators identified and specified in the environmental protection license are maintained ▪ Reporting on the Group’s performance on the Ten Principles of the UNGC ▪ Alignment with the new IFRS S1 and S2 standards	▪ Occupational health and safety ▪ Career progression ▪ Dignity of labour ▪ Alignment with global benchmarks and standards like SBTi, Travelife, FSC, Sedex etc. ▪ Ensuring information security and protection of data privacy

(GRI 3-2)

During the year under review, we also translated our formal, internal feedback forms to Sinhala and Tamil to increase the quality and inclusiveness of the feedback received on our priorities. Proposed revisions, based on re-assessments conducted in 2023/2024, were presented to the Board in March 2024.

	High significance	Medium significance	Low significance
Governance	▪ Financial governance **(GRI 201, 415)** ▪ Anti corruption **(GRI 205)** ▪ Anti-competitive behaviour **(GRI 206)** ▪ Compliance & ESG	▪ Innovation	▪ Market presence **(GRI 202)**
Economic Performance	▪ Direct economic value created & distributed **(GRI 201)** ▪ Taxes **(GRI 207)**	▪ Indirect economic value created **(GRI 203)**	
Environmental impact control	▪ Energy consumption **(GRI 302)** ▪ Emission control **(GRI 305)** ▪ Effluent control **(GRI 303)** ▪ Water consumption **(GRI 303)** ▪ Solid waste management **(GRI 306)**	▪ Supplier environmental assessment **(GRI 308)** ▪ Biodiversity **(GRI 304)**	▪ Materials **(GRI 301)**
Social impact control	▪ OHS & employee welfare **(GRI 403, 401)** ▪ Human rights & labour standards **(GRI 402, 406, 407, 408, 409, 410, 411)** ▪ Learning & development for employees **(GRI 404)** ▪ Product responsibility & customer satisfaction **(GRI 416, 417, 418)**	▪ Supplier social assessment **(GRI 414)** ▪ Diversity, Equity and inclusivity **(GRI 405)** ▪ Local purchasing and employment **(GRI 204)** ▪ Local community development **(GRI 413)**	

Please refer to our Risk Report and other sections of this report where the reasons for this prioritisation will be discussed further.

Corporate Governance 92-124

Risk Report 125-133

Financial Capital 236-243

Human Capital 244 - 259

Social & Relationship Capital 272-279

Natural Capital 280-294

(GRI 3-3)

TRANSFORMING PRIORITIES AND MATERIAL TOPICS TO ACTION

The Group's **Integrated Sustainability Policy** has captured these priorities or material topics as policy commitments. Supported by our implementation framework, this policy serves as a guideline to direct our teams and ensure that all business segments implement adequate action for controlling impact and creating sustainable value. The framework will be further elaborated in the next section, **'A Purpose-Driven Strategy'.**

A summary of the commitments outlined in our Integrated Sustainability Policy

- **A** Maintain best practices in legal and regulatory compliance
- **B** Endorse local and global development priorities
- **C** Ethical business conduct
- **D** Commit to prevent adverse environmental impacts
- **E** Climate change risk and disaster risk reduction (DRR)
- **F** Stakeholder engagement
- **G** Encourage supply chain sustainability
- **H** Incorporate ESG in strategic decision-making processes
- **J** Process control for risk management
- **K** Promote innovation in internal processes, products & services
- **L** Enhance quality of products and services and value delivered to customers
- **M** Support local communities through partnerships, local employment, local purchasing and other strategic interventions.
- **N** Ensure safe workplaces for employees (OHS)
- **O** Policies & strategies to harness a strong and motivated workforce
- **P** Uphold the UN Guiding Principles on Business & Human Rights and protect internationally proclaimed human rights
- **Q** Public disclosure of performance
- **R** Ensure information security of the organisation
- **S** Policies & strategies for responsible communication
- **T** Ensure 'Net Positive Impact' on biodiversity, wildlife and sensitive ecosystems
- **U** Uphold annual performance review and future planning

In line with our commitment to align with global benchmarks, we have also identified seven Sustainable Development Goals (SDGs) and their corresponding targets that closely align with the Group's priorities. Each of our business segments also aligns with specific SDGs and targets, which provide direction to address local and global development needs, along with targets and indicators to monitor progress.

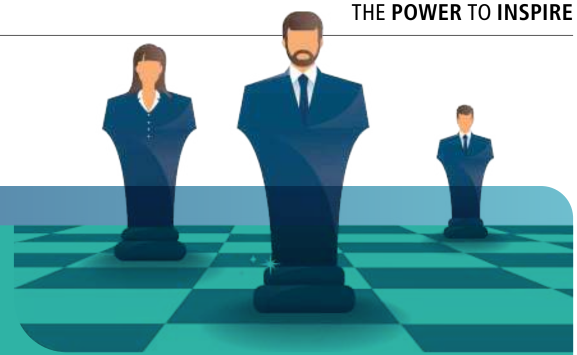
Our material topics and performance against identified objectives and targets are discussed in more detail in other sections of this report. Please refer to the GRI Index for the full list of material topics or the following sections of this report for more Information:

The Spence IMPACT: Our sustainability vision in a nutshell Pg **70**

GRI Index Pg **441**

If you have feedback regarding topics, you believe should be considered material to Aitken Spence or our business segments, please use our **Shareholder Feedback Form** at the end of this report. You could also visit **www.aitkenspence.com/feedback** or scan the QR code below to access the online form.

PURPOSE DRIVEN STRATEGY



As a diversified conglomerate, our strategy is long term in nature and remains unchanged from the previous year. It is necessarily articulated in broad terms to remain relevant across 16 business segments and is our blueprint for the next phase of our growth.

OUR GOALS

At Aitken Spence, we strive to

- contribute to society through economic growth and the creation of wealth;
- achieve geographical/ industrial expansion and diversification; and
- accomplish sustainable growth ensuring environmental and social governance.

OUR PURPOSE

Inspire to create great futures for all

OUR VISION

To achieve excellence in all our activities, establish high growth business in Sri Lanka and across new frontiers and become a globally competitive market leader in the region.

OUR VALUES

- Reliable
- Honest & Transparent
- Warm & Friendly
- Genuine
- Inspire Confidence

Objective

Achieve year on year sustainable profit growth, with an overall growth in market share in all business segments

Capitals Affected

Strategic Alignment to SDGs

Key Risks

- Strategic risk
- Operational risk
- Geopolitical risk
- Environmental & Climate Change risk
- Financial risk

Please refer to the Risk report for further analysis

Strategies

- Product/ service differentiation through innovation with an aim of providing unique value propositions to customers
- Strengthening of supply chain through backward integration
- Business expansion by enhancement of customer reach
- Targeted marketing and sales strategies
- Price competitiveness
- Performance review and exit strategies for low performing businesses
- Improvement of operational efficiencies

KPIs	Progress 2023/2024
Five-year CAGR of PBT	13%
Decline in EBIT	(30%)
% Annual increases in;	
Hotel occupancy	35%
Pax handled	112%
TEUs handled	11%
Apparels manufactured	(16%)
Power generated	7%
Inward money remittances	63%

Objective

Employer of Choice status

Capitals Affected

Strategic Alignment to SDGs

Key Risks

- Strategic risk
- Operational risk

Please refer to the Risk report for further analysis

Strategies

- Enhance bench strength of leadership pipeline for critical positions
- Establish an objective based talent management ecosystem
- Attract best-in-class talent using a powerful Employee Value Proposition (EVP)
- Enable Performance Management (PM) practices to support organisational transformation
- Nurture a value-centric organisational culture
- Focused talent retention for critical mass
- Enhance employee experience throughout the employee lifecycle
- Commitment to Diversity, Equity & Inclusion (DE&I)
- Develop competencies to drive innovation and digitalisation

KPIs	Progress 2023/2024
Availability of internal successors for 70% of critical roles	56%
Business segments using best-in-class talent acquisition tools and platforms to recruit competent talent in support of current and emerging business needs	▪ Relaunch of the Group Management Trainee Programme. ▪ Ongoing use of LinkedIn Recruiter and Harrisons Psychometric tool.
Develop a robust and equitable performance management system	Ongoing
Staff retention rates of critical mass (Asst. Manager & above)	87%
Employee engagement/ satisfaction survey score on key lifecycle touch points	74%
Increase female representation in the Group to 45%	39%
Number of curated HR initiatives to develop a culture of innovation	▪ SpenceInnova ▪ Spence Robo-Leap ▪ 7S & LEAN Productivity Competition
Performance & potential based talent mapped to 9 box grid to identify top talent of the Group	82% completed

Objective: Expand Aitken Spence reach into new geographies and venture into new business segments

Capitals Affected

Strategic Alignment to SDGs

Key Risks

- Financial risk
- Strategic risk
- Operational risk
- Geopolitical risk
- Environmental & Climate Change risk

Please refer to the Risk report for further analysis

Strategies

- Market research and entry strategies
- Continuous improvement and value addition to enhance and enrich customer experience
- Explore mutually benefiting strategic alliances/ partnerships.
- Product/ service differentiation
- Leveraging technology
- Invest in cutting-edge skills and infrastructure that drive innovation.
- Realign - Reinvent – Relaunch of products and services

KPIs	Progress 2023/2024
Geographical expansion - countries	2
Companies acquired and incorporated during the year	6
New processes implemented.	21
New products/services introduced	32
Technological enhancements introduced over the last three years	RPA, OCR, interactive dashboards in reporting.

Objective: Achieve net zero emissions across the Group by 2030

Capitals Affected

Strategic Alignment to SDGs

Key Risks

- Operational risk
- Financial risks
- Environmental & Climate Change related risks
- Geopolitical risk

Please refer to the Risk report for further analysis

Strategies

- Systemic efforts and progressive improvements for environmental impact control and sustainable value addition
- Investments in energy efficient technology, retrofitting for greener buildings and renewable energy
- Alignment to global benchmarks in ESG
- Progressively improve environmental awareness among Spensonians and enable a 'Green Workforce'
- Ensuring a sustainable supply chain
- Strategic interventions to influence sustainable consumer behaviour

KPIs	Progress 2023/2024
Energy consumed from renewable sources as a percentage of total energy demand of the Group	27%
Total emissions reduced/ offset	239,205 tCO2e
Renewable energy generated	775,947 GJ
Emission sinks or green cover developed & maintained	8,109 ha
Wastewater treated for safe disposal or re-use	709,553 m3
Waste oil, ETP/ STP sludge treated and responsibly disposed	31,595 Litres
Solid waste kept away from landfills	40,264 MT | 10,862 units
Number of natural ecosystems adversely impacted by our operations	None

HOW WE CREATE VALUE

OUR PURPOSE

Inspire to Create Great Futures for All.

OUR VISION

To achieve excellence in all our activities, establish high growth business in Sri Lanka and across new frontiers and become a globally competitive market leader in the region.

Quality, Affordability & Availability of Capitals

Financial Capital

The Group manages its financial capital through a blend of equity and debt to support its diverse operations and strategic initiatives. It emphasises strong corporate governance and sustainability, aiming to balance profitable growth with environmental and social governance responsibilities.

Human Capital

13,281 Spensonians located across 12 countries drive our growth. Talent migration and diminishing talent pools continue to be a challenge with high replacement costs.

Intellectual Capital

Our operations are future-ready, strategically positioned to compete effectively across multiple segments and countries, underpinned by our heritage, knowledge, culture, technology, systems, processes, and brand.

Value Creating Processes & Outputs

Tourism

- Hotels
- Destination Management
- Airline GSA

Activities of this sector that span the entire tourism value chain.

Output

- Guest nights
- Tour pax
- Airline representation

Strategic Investments

- Apparel Manufacture
- Printing & Packaging
- Power Generation
- Plantations

Investments in diverse capital-intensive sectors that facilitate foreign exchange generation to the country

Output

- Apparel Manufacture
- Printing Impressions
- Tea, Rubber, Palm Oil & Minor Crops
- Energy Generation

Outcomes

Economic

- Rs. 41.1 Bn — Value Created
- Rs. 131.0 Bn — Facilitation of Foreign Exchange Inflows
- Rs. 6.3 Bn — Direct Exports
- Rs. 4.5 Bn — Indirect Exports
- Rs. 12.2 Bn — Taxes Paid

Financial

- Rs. 97.5 Bn — Revenue
- Rs. 4.5 Bn — Profit after Tax
- 3.95% — Return on Equity
- Rs. 201.3 Bn — Total Assets
- Rs. 47.7 Bn — Debt
- Rs. 85.7 Bn — Equity

Social

- Rs. 15.3 Bn — Value Created to Employees
- Rs. 18.6 Mn — Invested in Training

OUR STRATEGIC OBJECTIVES

Sustainable Profit Growth | Grow our Footprint | Diversify into New Sectors | Employer of Choice | Achieve Net Zero Emissions

Manufactured Capital

Our expertise in complex, capital-intensive projects aligns with our strategy, enhancing growth. We' have strategically expanded our diverse portfolio, boosting revenue, service quality, and reducing environmental impact

Social & Relationship Capital

Customers, Principals, Joint Venture and Supply Chain Partners share our growth journey, enabling us to expand our horizons with confidence and strong networks.

Natural Capital

A culture of environmental consciousness has seen the preservation of resources in our custody as well as development of processes to minimise our consumption.

Maritime & Freight Logistics Sector

- Maritime & Port Services
- Freight Forwarding & Courier
- Integrated Container Services
- Airline GSA (Cargo)
- Education

Activities span the value chain for transportation of goods by air, sea and land.

Output

- TEUs handled
- Tertiary & Vocational Education
- Liner Representation
- Courier Services provided

Services

- Insurance
- Elevators
- Money Transfer
- Property Management

Investments in diverse sectors that provide services.

Output

- Elevators maintained
- Inward remittance transactions
- Insurance brokerage services and claims settlements
- Commercial office space

Rs. 202.5 Mn
Funds channelled for community development

Rs. 67.2 Bn
Payments to local suppliers

Environment

775,947 GJ
Renewable Power Generated

709,553 m3
Water utilised

Rs. 90 Mn
Investments in sustainability processes

220,616 MT
Garbage Converted to Power

Governance

Certified management systems for responsible business conduct;

42
Environment Standards

38
Occupational Health and Safety Standards

45
Quality Standards

53
Social Sustainability Standards

THE SPENCE IMPACT: OUR SUSTAINABILITY VISION IN A NUTSHELL

Our overall vision for sustainability can be outlined as the **Spence IMPACT:** a synopsis of our overall priorities, their alignment with the Sustainable Development Goals (SDGs) and their integration into the Group's policy commitments, which guide our companies' actions.

Our priorities in summary	Key objectives and targets	
Inclusive development across all operations	**Priority:** Enhance diversity, equity, inclusion across the organisation and protect internationally proclaimed human rights across all operations.	**Key objectives:** ▪ Be an employer of choice for past, present and future Spensonians ▪ Maintain adherence with the UN Guiding Principles on Business and Human Rights ▪ Increase the percentage of women in leadership positions to 30% by 2030. ▪ Achieve 50% female participation in the workforce by 2030
Mitigation of adverse environmental, social, and economic impacts:	**Priority:** Align with global standards for environmental impact control and climate change mitigation.	**Key objectives:** ▪ Achieve a 'Net Zero' status of emissions across the Group by 2030 ▪ Maintain 'Net Positive Impact' on biodiversity and sensitive ecosystems ▪ Increase resource efficiency YoY ▪ Treat and safely repurpose or dispose 100% of effluents and wastewater ▪ Use the 7Rs to repurpose or recycle 100% of the solid waste generated
Partnerships for progress	**Priority:** Foster collaborations and partnerships with likeminded investors who can advance the Group's ambitions for sustainable business growth.	
Accountability for our decisions	**Priority:** Maintain highest standards of governance, transparency, and ethical conduct across all investments and business relations with zero tolerance for corruption, bribery and any forms of harassment or discrimination.	
Community development through systemic interventions	**Priority:** Identify community needs and provide sustainable support through targeted interventions including (not limited to) local employment, purchasing, and infrastructure development.	
Transformation of our business models to be future ready	**Priority:** Drive innovation through new business opportunities and adapt existing business models for long-term sustainability and resilience against risks related to business sustainability and climate change.	**Key objectives:** ▪ Sustainable profit growth, geographical expansion, and diversification into new business segments ▪ Develop pool funds for emergency response and business resilience ▪ Invest in research and development of transformation and risk mitigation strategies as well as sustainable business opportunities.

Alignment with global benchmarks	Alignment with our sustainability policy	Current position
Targets 5.1, 5.5, and 5B Target 8.5, and 8.8 ▪ UNGC Principles 1 – 6 ▪ Women's Empowerment Principles	Policy commitments B, F, M, N, O, P, Q, S, and U.	▪ 39% of the workforce and 18% of the managerial workforce is female. The Group's DE&I committee is spearheading policies and action plans towards this target. ▪ Refer to the **Human Capital** report, **Sector Reviews** and **Segment Reviews** for more details.
Target 4.7 Targets 6.3, and 6.4 Target 8.4 Targets 9.1 and 9.4 Targets 12.2, 12.5, 12.6, 12.8, and 12.b Targets 15.2 and 15.5 ▪ UNGC Principles 7, 8, and 9	Policy commitments B, D, E, G, H, J, Q, T, and U.	▪ 104 Management systems maintained for environmental impact control by more than 600 Spensonians across the Group. ▪ 27% of the Group's energy consumption is from renewable sources. ▪ Zero water bodies or sensitive ecosystems adversely impacted by our operations. ▪ Refer to the Natural Capital and Manufactured Capital reports for more details.
Targets 8.4, 8.9, and 8.10 Targets 9.1 and 9.4 ▪ SDG 17 (not among the main 7 SDGs aligned with the Group)	Policy commitments B, G, M, Q, S, and U	▪ More than 50% of our business partnerships exceed a decade of engagement. ▪ Aitken Spence marks 22 years of partnership with the UN Global Compact in 2024. ▪ Refer to the Intellectual Capital and Social & Relationship Capital reports for more details.
▪ UNGC Principle 10 ▪ SDG 16 (not among the main 7 SDGs aligned with the Group)	Policy commitments A, B, F, G, H, L, M, P, Q, R, S, and U	▪ Zero-tolerance approach towards bribery and corruption in all our transactions as well as sexual harassment, child labour and forced labour, with stringent measures to uphold human rights. ▪ Refer to the Corporate Governance report for more details.
Target 4.3, 4.4, 4.6, and 4.7 Targets 5.1, 5.5, and 5B Targets 6.3, and 6.4 Target 9.1 Targets 8.5, 8.6, 8.8, 8.9, and 8.10 ▪ UNGC Principles 1 – 6 ▪ Women's Empowerment Principles	Policy commitments A, B, C, E, F, G, M, P, Q, and U	▪ Rs. 202.5 Mn funds channelled directly towards our communities in development interventions. ▪ Rs. 604 Mn funds directed towards our plantation communities through donors. ▪ Refer to the Social & Relationship Capital report for more details.
Target 8.4, 8.9, and 8.10 Target 9.1	Policy commitments E, G, H, J, K, L, M, N, O, P, Q, R, S, T, and U	▪ 21 process improvements carried out in 2023/2024. ▪ Rs. 964.6 Mn total investment to develop IT infrastructure. ▪ Rs. 90 Mn invested in sustainability driven processes and action plans. ▪ Refresher trainings and field visits to study real case studies in recovery efforts carried out for the Group's DRR/ BCM team. ▪ Refer to the Intellectual Capital, Manufactured Capital and Financial Capital reports for more details.

THE SPENCE IMPACT

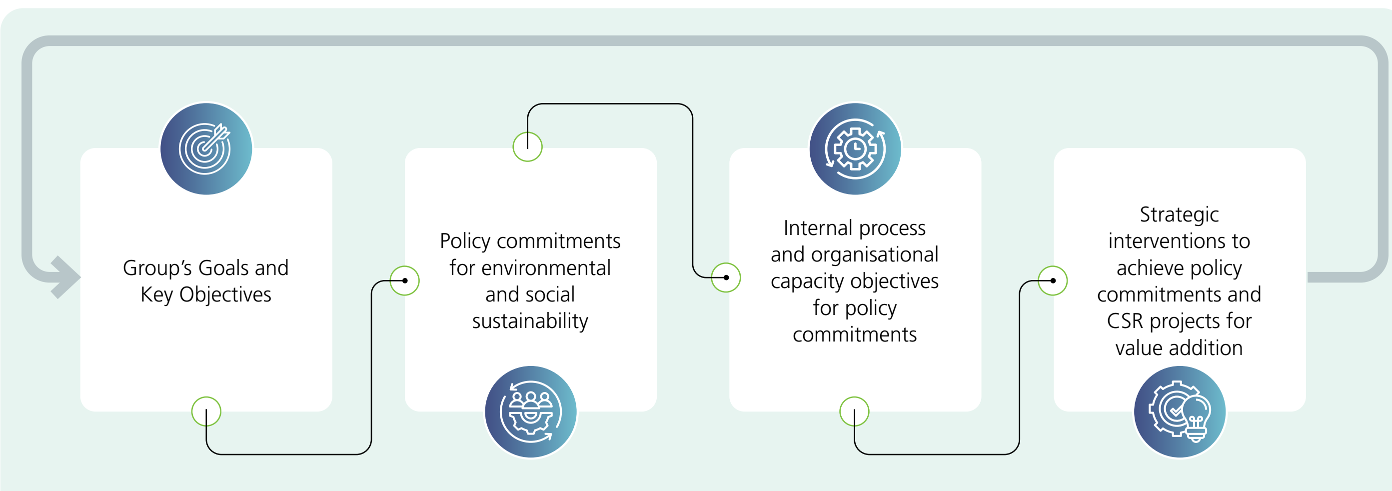
Our vision for sustainability is to ensure that our operations thrive while positively impacting the environment and society. Our goal is to build back better and, more importantly, to **build better before,** improving systems and practices in a way that enhances environmental and social outcomes. We envision our businesses operating in harmony with the environment thriving in a low carbon economy driven by a skilled green workforce ready for a changing world creating sustainable value for all our stakeholders. We foresee a market demanding sustainable products and services, resilient supply chains rooted in circularity and responsible practices, and communities actively engaged in strengthening our value chain. Our commitment is to that future.

Aitken Spence's governance structure and implementation framework to achieve this vision are detailed in the **'Corporate Governance'** section of this report. We adopt an integrated, impact-based approach that prioritises aligning internal processes and strategies for economic, environmental, and social impact control and sustainable value creation. As a diversified organisation, we use a tiered approach that guides each business segment in identifying their impacts, establishing fundamental controls across the Group, while taking necessary steps beyond the basics to address industry-specific challenges. This approach allows flexibility for each company to plan their own strategies in alignment with the Group's overall vision and objectives.

As outlined in the **'Determining Materiality'** and **'Stakeholder Engagement'** sections, we examine stakeholder feedback, desk reviews, expert insights, and identified local and global needs to determine our operational priorities. Once we identify our priorities, we take two approaches to create value:

- Systemic Interventions: Efforts integrated into our business models,
- CSR Interventions: Additional initiatives to support and advance development.

These collective interventions contribute towards reaching the key objectives of the Group to achieve our goals.



The process of identifying impacts and integrating within the sustainability strategy of the Group

INSPIRING LEADERSHIP

The purpose driven strategy and guidance provided by our leadership has been instrumental in consistently achieving our objectives. This leadership, characterised by its dynamic and innovative approach, has been a driving force behind our success.

The following sections will elaborate on the broad spectrum of skills and knowledge that our team possesses. These competencies have not only equipped us to navigate through difficult periods but have also enhanced our collective resilience.

As we continue to navigate the path ahead, the guidance of this leadership will remain integral to our journey, steering us towards a future of continued growth and prosperity.

Our Management

BOARD OF DIRECTORS

Deshamanya D.H.S. Jayawardena
Chairman

Ms. D.S.T. Jayawardena
Joint Deputy Chairperson and Joint Managing Director

Dr. M.P. Dissanayake
Deputy Chairman and Managing Director

Dr. R.M. Fernando
Executive Director

Mr. J.M.S. Brito
Independent, Non-Executive Director

Mr. C.H. Gomez
Independent, Non-Executive Director

Mr. N.J. de Silva Deva Aditya
Independent, Non-Executive Director

Mr. R.N. Asirwatham
Independent, Non-Executive Director

Mr. C.R. Jansz
Non-Independent, Non-Executive Director

Mr. M.A.N.S. Perera
Non-Independent, Non-Executive Director

Deshamanya D.H.S. Jayawardena

Chairman

Appointed in April 2000

Deshamanya D.H.S. Jayawardena, recognised as an outstanding citizen for the service to the motherland, was appointed to the Board of Aitken Spence PLC, as of 1st April 2000.

Mr. Jayawardena has been the Chairman of the Company since 25th April 2003.

As a visionary entrepreneur, he leads many enterprises in very diverse fields to achieve great success. He is the Founder Director and current Chairman/Managing Director of the Stassen Group of Companies, the Chairman of Aitken Spence Hotel Holdings PLC, Lanka Milk Foods (CWE) PLC, Browns Beach Hotels PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Melstacorp PLC, Ambewela Livestock Company Ltd, Lanka Bell Ltd and the Chairman of the Distilleries Company of Sri Lanka PLC. He is also a Director of several other listed and privately held companies in Sri Lanka and is a former Director of Hatton National Bank PLC, the largest listed bank in Sri Lanka.

Mr. Jayawardena has been appointed to lead large public sector institutions and is a former Chairman of Ceylon Petroleum Corporation and Sri Lankan Airlines (two stints).

He is presently the Honorary Consul for Denmark and on 9th February 2010, was knighted by Her Majesty the Queen of Denmark with the prestigious honour of "Knight Cross of Dannebrog".

In 2005 Mr. Jayawardena was awarded the prestigious title, "Deshamanya" in recognition of his services to the Motherland.

Ms. D.S.T. Jayawardena

Joint Deputy Chairperson and Joint Managing Director

Appointed in December 2013

Ms. Stasshani Jayawardena marks several milestones for Aitken Spence PLC and Aitken Spence Hotel Holdings PLC as the youngest Board Member, and the first female member on the Board. Ms. Jayawardena was appointed as Joint Deputy Chairperson and Joint Managing Director, Aitken Spence PLC and Aitken Spence Hotel Holdings in September 2023 and she also heads the Tourism sector of Aitken Spence PLC inclusive of hotels, destination management and overseas travel.

With a career spanning over 10 years at Aitken Spence, she wields a fresh perspective in management and leads strategic business units across the Group. She leads several key strategic teams as the Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd., as a member on the Board of Directors of, Stassen Group, Lanka Milk Foods (CWE) PLC, Aitken Spence Aviation (Pvt) Ltd, Western Power Company (Pvt) Ltd., She was appointed to the Board of Directors of Melstacorp PLC and Distilleries Company of Sri Lanka in September 2022.

She is graduate of St. James' & Lucie Clayton College and Keele University in the United Kingdom, Emeritus Institute of Management, Singapore – and an Associate Alumni of University of Cambridge (Judge Business School), United Kingdom. Ms. Jayawardena was the youngest intern to work under US Senator Hilary Rodham Clinton and the Former US President Bill Clinton in 2003; and was appointed as the Sri Lankan Ambassador for EY NextGen Club from 2017 to 2019.

Ms. Stasshani Jayawardena was appointed to the Executive Board of The Hotel Association of Sri Lanka (THASL) and represents THASL at the Ceylon Chamber of Commerce Committee since 2019. She is an Executive Committee Member at the International Chamber of Commerce in Sri Lanka since 2020 and a Steering Committee Member of the Ceylon Chamber of Commerce Tourism. She was appointed as Chairperson of the Employers' Federation of Ceylon (EFC) Hotels and Tourism Employers Group for the financial year 2020/21. Ms. Jayawardena is also a member of the PWC NextGen Advisory Board.

Ms. Jayawardena represents the Company as the Ambassador from Aitken Spence PLC at the Target Gender Equality initiative of the UN Global Compact since 2020. She is also a member of the Austrian Business Circle in Sri Lanka.

In recognition of her work and commitment to inspire, she was recognized at Top 50 Professional & Career Women Awards in Sri Lanka with a Gold award in the Hotel & Hospitality Sector in 2017, and in 2020 by Sri Lankan business magazine, Echelon, listing her among the most innovative and influential young leaders who have succeeded in business and shaping the future of Sri Lanka.

Ms. Jayawardena became the award recipient of the Expatriate Contribution Award – Gold category by Women in Management Maldives. The Professional and Career Women Awards Maldives 2022 presented this award to Ms. Jayawardena for her exceptional contributions and achievements in the field of Hotel & Hospitality.

Her passion remains in designing the next generation of business with the core values of integrity, sustainability, empowerment, and equal opportunities. She believes driving her business decisions by using data and technology.

Dr. M.P. Dissanayake

Deputy Chairman and Managing Director

Appointed in March 2019

Dr. Parakrama Dissanayake is the Deputy Chairman and Managing Director of Aitken Spence PLC, appointed with effect from 15th March 2019.

Prior to this appointment he was Secretary to the Cabinet Ministry of Ports, Shipping and Southern Development.

He was appointed as the first non-British International President of the Institute of Chartered Shipbrokers U.K. founded in 1911 and Royal Charter conferred in 1920.

Dr. Dissanayake has also held positions in the past that include, Chairman – Sri Lanka Ports Authority (two stints), Chairman – Chartered

Institute of Logistics and Transport (Sri Lanka), Board Director Urban Development Authority and Board Director of Ceylon Shipping Corporation.

During the period June 2004 to May 2017, he served as a Director of Aitken Spence PLC and the Chairman & CEO of its Maritime & Freight Logistics sector.

Dr. Dissanayake is an Alumni of the University of Sri Jayewardenepura, NORAD, JICA, Business Alumni of the University of Oxford (UK) and a Fellow of Harvard Business School USA (EEP) and University of Cambridge UK (EEP).

He was inducted as a "Legend of Logistics" by the Prime Minister of Sri Lanka at the National Logistics Awards Ceremony.

He is also the Chairman of Elpitiya Plantations PLC, Aitken Spence Plantation Managements PLC, Co-Chairman/Professor CINEC Campus, Hon. Consul of Fiji Islands and serves as a Professor in Maritime Studies (visiting) at Shanghai Maritime University, Dalian Maritime University.

Dr. R.M. Fernando

Executive Director

Appointed in April 2005

Dr. Rohan Fernando joined Aitken Spence Plantation Management in May 1994 and has been the Managing Director of Aitken Spence Plantation Managements PLC and Elpitiya Plantations PLC since August 1997. He has extensive experience in the plantation industry; both in the public and private sectors; corporate management, corporate strategy and has played a key role in the plantation privatisation programme. He was the Chairman of United Nations Global Compact Network, Sri Lanka, a former President of the Chartered Institute of Marketing Sri Lanka Chapter and a past Chairman of the Planters Association of Ceylon.

He is currently the President of the Palm Oil Industry Association which comprises growers, processors and refiners in the palm oil industry and also serves on the committee of the Asian Palm Oil Alliance (APOA).

Dr. Fernando was appointed as a member of the UNICEF Sri Lanka Business Council in 2023. He was also appointed under the Co-Chairmanship of Advisor to the President and Chairman of National Science Foundation, as a Member of the Expert Cluster on 'Perennial Crops' to achieve food security and nutrition in the country.

Dr. Fernando was appointed to the Main Board of Aitken Spence PLC on the 1st of April 2005 and is currently Head of the Plantations segment, Corporate Strategy and Sustainability for the Aitken Spence Group. He holds a PhD and an MBA from the University of Colombo and is also a Chartered Marketer and a Fellow of the Chartered Institute of Marketing (CIM UK).

Mr. J.M.S. Brito

Independent, Non-Executive Director

Appointed in April 2000

Mr. Rajan Brito joined the Board of Aitken Spence PLC in April 2000, with a multi-discipline academic background and a wealth of experience from a career counting over 40 years that includes experience working with several international organisations. He was then appointed as the Managing Director of Aitken Spence PLC, in December 2001 and Deputy Chairman in April 2003 which position he held until his retirement on 15th March 2019. After retirement, Mr. Brito continues to be a Non-Executive Director of Aitken Spence PLC and Aitken Spence Hotel Holdings PLC.

Mr. Brito is an acclaimed senior professional in both the private and the public sector industries in Sri Lanka. He is a former Chairman of DFCC Bank, Employers' Federation of Ceylon, Sri Lankan Airlines and has also served on the Board of Sri Lanka Insurance Corporation. He holds a L.L.B. degree from University of London, MBA degree from London City Business School and is a Fellow of the Institute of Chartered Accountants of both Sri Lanka and England and Wales.

Mr. C.H. Gomez

Independent, Non-Executive Director

Appointed in May 2002

Mr. Charles Gomez is a former Banker with over 40 years of experience in the finance industry. He has worked for major financial institutions including Barclays Bank PLC, Lloyds TSB Bank PLC and SG Hambros. He brings to the Company a wealth of experience in regard to international financial markets, financial services regulations, compliance and controls and it was through his intervention that major investors were brought into Aitken Spence PLC and to other business sectors in Sri Lanka. Mr. Gomez is a Director as well as a part owner of regulated financial services companies based in Gibraltar. He also serves on the Boards of foreign companies which have investments worldwide.

Mr. Gomez was appointed to the Board of Aitken Spence PLC, in 2002 and to the Board of Aitken Spence Hotel Holdings PLC, in 2010. His role in these companies is that of an Independent Non-Executive Director. He also serves in the Audit Committee, Related Party Transactions Review Committee and the Remuneration Committee.

Mr. N.J. de Silva Deva Aditya

Independent, Non-Executive Director

Appointed in September 2006

The Honourable N. J. de Silva Deva Aditya (Nirj Deva) DL FRSA, Presidential Envoy of Sri Lanka to the EU and the Commonwealth of 56 Nations and Senior Advisor to the President of Sri Lanka, former Member of Parliament in the British House of Commons and Member of the European Parliament, joined the Board of Directors of Aitken Spence in September 2006.

He was the first Post War Asian born Conservative Member of the British House of Commons and served in Government as the Parliamentary Private Secretary to the Scottish Office after which he was elected as the first Asian born British Member of the European Parliament representing over 8 million, British people in Berkshire, Hampshire, Buckinghamshire, Oxfordshire, Surrey, Sussex and Kent for 20 years.

BOARD OF DIRECTORS

He was the Vice President of the International Development Committee for 15 years, overseeing the Euro 25 billion European Budget. He was the Chairman of the EU Korean Peninsula Delegation working towards a lasting peace with North Korea, Chairman of the EU China, EU Bangladesh, EU Indonesia, EU Myanmar and EU India Friendship Groups in the EU Parliament and was nominated by his political group ECR to be the president of the European Parliament and was the Chairman of the EU Delegation to the UN General Assembly.

For his Tsunami Relief work he was made a Chevalier of the Catholic Church and Vishwa Keerthi Sri Lanka Abhimani by the Buddhist Clergy of Sri Lanka. He is the Publisher of the http://www.commonwealthunion.com the global media platform, the first Commonwealth wide news and TV media reaching out to 2.4 billion people and seen regularly by 12 million. He was appointed Presidential Envoy and Senior Advisor in August 2022.

Mr. R.N. Asirwatham

Independent, Non-Executive Director

Appointed in September 2009

Mr. Asirwatham was appointed to the Board of Aitken Spence PLC, in September 2009. At present, he is the Chairman of the Audit Committee, Related Party Transactions Review Committee, Remuneration Committee and the Nominations and Governance Committee.

He was the Senior Partner and Country Head of KPMG from 2001 to 2008. Further, he was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism and was also a member of the Presidential Commission on Taxation, appointed by His Excellency the President of Sri Lanka. He is a member of the Board of Trustees of the Lakshman Kadirgamar Institute of Strategic Studies.

Mr. Asirwatham is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He also serves on the Boards of Dilmah Ceylon Tea Company PLC, Royal Ceramics Lanka PLC, Browns Beach Hotels PLC, Vallibel One PLC, Ceylon Grain Elevators PLC and several other companies.

On the 3rd of October 2023 he was conferred the Lifetime Achievement Award 2023 by the Council of The Institute of Chartered Accountants of Sri Lanka in recognition and honour of his outstanding contribution to the accounting profession and society.

Mr. C.R. Jansz

Non-Independent, Non-Executive Director

Appointed in February 2023

Mr. Jansz is the Deputy Chairman of Melstacorp PLC and a Director of Stassen Group, Lanka Milk Foods Group and Distilleries Company of Sri Lanka PLC. He is the Chairman of Melsta Hospitals Ragama (Pvt) Ltd and Melsta Hospitals Colombo North (Pvt) Ltd.

He has been the Chairman of DFCC Bank and the Sri Lanka Shippers Council.

Mr. Jansz holds a Diploma in Banking and Finance from London Metropolitan University, UK. He is a Chevening Scholar and an UN-ESCAP Certified Training Manager on Maritime Transport for Shippers. Mr. Jansz specialises in the movement and finance of international trade.

Mr. M.A.N.S. Perera

Non-Independent, Non-Executive Director

Appointed as an Alternate Director in January 2023 and held this office until January 2024. Appointed as a Director in April 2023

Mr. Perera is an experienced professional with a diverse background in finance, investment, and strategic leadership. He joined the Board of Aitken Spence PLC in January 2023 and holds the position of Managing Director at Melstacorp PLC. He also serves as a Board member for Aitken Spence Hotel Holdings PLC, Distilleries Company of Sri Lanka PLC and Browns Beach Hotels PLC.

Mr. Perera holds an MBA from the University of Cambridge and is a Fellow of the Institute of Chartered Accountants, Sri Lanka. He is also a Certified Management Accountant and has other qualifications and exposure to investment and financial strategy, risk management and international tax planning.

Having started his UK career with PWC-London he spent close to two decades in London's financial and technology hub. During this time, he led and contributed to strategic projects with global top tier banks such as JP Morgan, ING, Bank of Montreal, National Australia Bank, and BNP Paribas. Notably, he played a crucial role in establishing two international investment banks and a FinTech banking institution in London. During his tenure, he assumed various leadership positions including Finance Director, Chief Financial Officer, Head of Strategy, and part-time Chief Risk Officer.

Mr. Perera possesses extensive experience in financial and investment strategy, specialising in restructuring, turnaround, mergers and acquisitions, and leading strategic and economic research initiatives. His professional endeavours have taken him across Europe, Asia, the Americas, the Middle East, and Southern Africa, accumulating over 25 years of international expertise.

GROUP SUPERVISORY BOARD

Dr. M.P. Dissanayake

Ms. D.S.T. Jayawardena

Dr. R.M. Fernando

Ms. N. Sivapragasam

Ms. D.S.T. Jayawardena

See Board of Directors Profile

Dr. M.P. Dissanayake

See Board of Directors Profile

Dr. R.M. Fernando

See Board of Directors Profile

Ms. N. Sivapragasam

Ms. Nilanthi Sivapragasam joined the Aitken Spence Group as an Accountant after completing her articles at Ernst & Young, Colombo.

She now holds the position of Chief Financial Officer of the Group. She is also the Managing Director of Aitken Spence Corporate Services (Private) Limited, the Joint Managing Director of CINEC Campus (Private) Limited, and a Director of several subsidiaries and joint venture companies in the Group both local and overseas.

She is a Fellow Member of both CA Sri Lanka and the Chartered Institute of Management Accountants of UK.

She is currently a Board Member of the UNGC Network Sri Lanka and serves on the Financial Reporting Standards Implementation and Interpretation Committee of CA Sri Lanka.

She is also a Member of the Taxation Steering Committee of the Ceylon Chamber of Commerce. She is a founder member of the Women Corporate Directors Foundation Sri Lanka Chapter.

She was formerly on the Board of CIMA Sri Lanka Division, the Statutory Accounting & Auditing Standards Committees of CA Sri Lanka and a Council Member of the Sri Lanka Institute of Directors. She also served as a Board Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board until 2019.

She was formerly a Director of Women and Media Collective, a non-governmental organisation involved in the empowerment of women.

MANAGEMENT COUNCIL

Dr. M.P. Dissanayake*

Ms. D.S.T. Jayawardena*

Dr. R.M. Fernando*

Ms. N. Sivapragasam*

Mr. C.M.S. Jayawickrama

Mr. L. Wickremarachchi

Mr. N.A.N. Jayasundera

Mr. I.S. Cuttilan

** All members of the Group Supervisory Board are members of the Management Council*

Mr. A.J. Gunawardena

Mr. J.E. Brohier

Mr. V.P. Kudaliyanage

Mr. D.R.C. Hindurangala

Mr. B. Bulumulla

Mr. L.N.D. Silva

Mr. S.N. Muttiah

Mr. K.L.L. Perera

Ms. D.S.T. Jayawardena
See Board of Directors Profile

Dr. M.P. Dissanayake
See Board of Directors Profile

Dr. R.M. Fernando
See Board of Directors Profile

Ms. N. Sivapragasam
See Group Supervisory Board Profile

Mr. C.M.S. Jayawickrama

Mr. Susith Jayawickrama has had a career spanning over three decades with Aitken Spence and is the Joint Managing Director of Aitken Spence Hotel Managements (Private) Limited, which manages all hotels of the Group.

Mr. Jayawickrama serves on the Aitken Spence Group Management Council and on the Boards of most hotel companies in the Group including that of Aitken Spence Hotel Holdings PLC. He is a Fellow Member of the Chartered Institute of Management Accountants UK. He has more than three decades of experience in senior management positions in the Group's hotel sector and the tourism industry in Sri Lanka and overseas.

Mr. Jayawickrama is a past Vice President of the Tourist Hotels Association of Sri Lanka (THASL).

Mr. L. Wickremarachchi

Mr. Leel Wickremarachchi joined Aitken Spence in February 2013 as the Deputy Chairman/Managing Director of its power segment. He also functions as CEO/ Managing Director of Western Power Company (Pvt) Ltd., a subsidiary of Aitken Spence PLC, which owns and operates the country's first waste to energy power plant with an installed capacity of 10 MW.

Mr. Wickremarachchi has held senior positions in both public and private sector organisations. Immediately before joining Aitken Spence PLC, Mr. Wickremarachchi worked as a consultant to the Government of Liberia, in West Africa, under a USAID funded project, in the renewable energy sector. He was Director General of the Public Enterprises Reform Commission (PERC) from 2004 to 2006. He also did a consultancy assignment in 2004 for the Ministry of Privatisation of the Government of Pakistan, funded by Asian Development Bank, in establishing a Public-Private Infrastructure Financing Facility for Pakistan. He had also worked at USAID/Sri Lanka, from 1992 to 1998, managing its project on establishing a market for private sector infrastructure in Sri Lanka, which resulted in the Government of Sri Lanka approving the private sector to invest in thermal power projects, as Independent Power Producers (IPPs). Later he functioned as CEO of Private Sector Infrastructure Development Company (PSIDC), subordinated debt financing company for private sector financed infrastructure, owned by the Government of Sri Lanka and funded by the World Bank and KfW of Germany.

Mr. Wickremarachchi holds an MSc in Engineering from the People's Friendship University of Moscow, Russia and has obtained his MBA from the Post Graduate Institute of Management of the University of Sri Jayewardenepura. He has attended many Executive Development Programmes including the programmes conducted by the JFK School of Government of Harvard University, USA, on "Infrastructure in a Market Economy" and the National University of Singapore on "General Management".

Mr. N.A.N. Jayasundera

Mr. Nalin Jayasundera has had a career spanning 4 decades with Aitken Spence, joining initially in 1983 and then re-joining the company in 1990. Having successfully played different roles within the Tourism Sector he took over the leadership of Aitken Spence Travels (Private) Limited (ASTL) as the Managing Director in 2013. ASTL, a joint venture with TUI AG, is the leading destination management company in Sri Lanka.

With over 40 years of experience in the Tourism Sector he possesses a wide knowledge of the travel industry.
Mr. Jayasundera has played an important role in developing the Tourism Sector by venturing into many new markets, developing new products and seeking new opportunities that have come up with new global trends. His best accolade in the recent years is leading his team to grow the Aitken Spence Travels business by reviving the tourism sector to handle 225,000 pax, which is the best ever in the history of the company and is also the highest pax count handled by any Destination Management Company in Sri Lanka. In addition to its presence in the Maldives, Aitken Spence Travels has expanded its business to Myanmar and Bangladesh.

Mr. Jayasundera is currently the Vice President of the Sri Lanka Association of Inbound Tour Operators (SLAITO) and he has held the position of Secretary in the past. He was a member of the Sri Lanka Tourism Advisory Council, a Board Member of the Sri Lanka Conventions Bureau and currently serves as a Board Member of the Sri Lanka Tourism Promotion Bureau.

Mr. I.S. Cuttilan

Mr. Iqram Cuttilan joined Aitken Spence Shipping Limited In 1983. He was appointed as a Director of the company in 2000, as Chief Operating Officer in 2014 and as the Managing Director/CEO of the maritime segment in 2017.

He currently overlooks the Maritime, Freight and Insurance segments of the Group.

He was involved in setting up the port management activities in Africa and Fiji and serves as a Director of Fiji Ports Terminal Limited and Fiji Ports Corporation Limited. He is a Director of the CINEC Campus (Private) Limited.

Mr. Cuttilan served as Chairman of the Ceylon Association of Shipping Agents (CASA) between 2019 to 2021. Prior to this, he held the positions of Treasurer and Vice Chairman of CASA.

He served as a member of the Advisory Committee on Logistics of the Sri Lanka Export Development Board between 2015 to 2021. He serves as a member of the Maritime & Logistics Committee of the

European Chamber of Commerce of Sri Lanka (ECCSL) and the German Chamber (AHK). He is a Past President of the Sri Lanka Malaysia Business Council of the Ceylon Chamber of Commerce and a Past President of the Sri Lanka Indonesia Friendship Association (SLIFA). He currently serves as a Vice Patron of the Mercantile Hockey Association.

He holds a Diploma in Marketing from CIM (UK), Diploma in Business Management (SLBDC) and is a Chartered Member of CILT (UK). He is also a member of the Alumni of the National University of Singapore and the Open University of Sri Lanka.

Mr. A.J. Gunawardena

Mr. Janaka Gunawardena joined the Aitken Spence Group in 2016, contributing a wealth of diverse management expertise gained from over 33 years in various industry sectors such as integrated logistics, supply chain management, FMCG and real estate.

Commencing his professional journey at Unilever Sri Lanka, Mr. Gunawardena has gained extensive cross-functional exposure and held leadership roles across international locations. He has held senior leadership roles as Director at Mack International Freight (Pvt) Ltd (previously the local agents for D B Schenker) and as C.E.O at Trans-Ware Logistics, both subsidiaries of the John Keells Group. Additionally, he has served as Country Manager at DHL Nepal, General Manager at AICT, GAC Pakistan (the largest dry port in Pakistan) and as Head of Logistics at GAC Abu Dhabi/Kuwait, before joining Aitken Spence. In his current capacity, Mr. Gunawardena is responsible for leading and overseeing the integrated logistics sector of the Group.

Mr. Gunawardena holds an MBA from the University of Western Sydney, Australia and is a Chartered Member of The Institute of Logistics & Transport (C.I.L.T) UK.

Mr. J.E. Brohier

Mr. Jerome Brohier heads the agency representation and overseas operations segment within the Maritime & Freight Logistics Sector. He joined Aitken Spence Cargo in the year 2000 as the Manager of the express segment. He has over 35 years of experience in the express/logistics industry, a majority of which at Aitken Spence Cargo. He was promoted as a Director of the express segment in 2006 and also functioned as the Country Manager of TNT International Express in Sri Lanka and the Maldives from 2008. In 2011 he took over as the Vice President of the freight and courier segment. In 2022, he was promoted to Managing Director – Agency Representation and Overseas Operations with responsibility for freight, express and cargo aviation agencies in Sri Lanka, Bangladesh, Myanmar, Maldives and Cambodia.

Mr. Brohier holds an MBA from the Australian Institute of Business (AIB), Adelaide, is an alumni of NUS- Stanford Graduate School of Business, Singapore and a member of the Association of Business Executives (ABE), UK. He is an Ex-Co member of the Sri Lanka – Singapore Business Council, a past president of the Sri Lanka Association of Air Express Companies and a former committee member of the Ceylon Chamber of Commerce.

Mr. V.P. Kudaliyanage

Mr. Vasantha Kudaliyanage, an accomplished multifaceted leader in the aviation industry with comprehensive in-depth experience & knowledge of the aviation business, is the Managing Director of the General Sales Agency for Singapore Airlines.

Mr. Kudaliyanage's professionalism and systematic approach continues to ensure excellent service delivery for project completion. His outstanding services have been recognised by SIA, our longest GSA of 55 years and he was awarded, 2010 – CEO Award and many regional awards.

Joining Aitken Spence, he counts 37 years of service, marked by exemplary loyalty, dedication and reliability. His flexibility and adaptability in managing diverse services and delivering results while professionalism and systematic approach continues to ensure excellent service delivery. With the current position, a rapid overall growth was shown, with increased productivity at Aitken Spence Aviation, winning the GRIT award for Sales & Cargo in 2022 and CEO Excellence Award in 2023 followed by Regional VP Excellence Award 2023 for Airport Operations.

Mr. D.R.C. Hindurangala

Mr. Chaminda Hindurangala has been with Aitken Spence Group for over 23 years, joining initially in 1996 and then re-joining in 2018. Having successfully played significant roles within the power generation segment and the maritime segment, where he was head of operations of the port management business in Africa.

He took over the leadership of the elevators segment in 2018. Aitken Spence Elevators (Private) Limited is a joint venture with OTIS Company (Singapore), and the agents for OTIS in Sri Lanka and Maldives. OTIS is the leading elevator brand in the world.

In 2022 he was also given the leadership of MMBL Money Transfer (Pvt) Ltd, a joint venture with MMBL Pathfinder Group. MMBL Money Transfer (Pvt) Ltd is the Largest Representative for Western Union, RIA & MoneyGram in Sri Lanka

He is well experienced in business development and business process re-engineering to improve processes and increase efficiency. He is also a Director of Aitken Spence Ports International Limited, Aitken Spence International (South Africa) and CINEC Campus.

He is a Fellow of the Institute of Chartered Accountants (CA) Sri Lanka, member of CPA Australia, completed a Diploma in Marketing from CIM (UK), holds an MBA from the University of Wales (UK) and is a Certified Lean Six Sigma Black Belt.

Mr. B. Bulumulla

Mr. Bhathiya Bulumulla joined Elpitiya Plantations PLC in February 1999 and was appointed as the Chief Executive Officer of the Company in 2013. He was appointed as the Director of Aitken Spence Plantation Managements PLC and of Elpitiya Plantations PLC during the years 2017 and 2018. Mr. Bulumulla was appointed as Joint Managing Director/Chief Executive Officer of Elpitiya Plantations PLC in April 2023.

Mr. Bulumulla was also appointed as the Managing Director of the JV Company, Ceylon Agro Food Technologies (Pvt) Limited, in April 2023.

He was involved in the expansion of palm oil cultivation and other diversified projects of the company such as solar power generation, berry cultivation and pineapple cultivation, in addition to marketing the value added products of the Company through the Harrow House operations. He pioneered the digitization journey of the Company to integrate the Plantations with the Head Office Business Central System.

Mr. Bulumulla is the immediate past Chairman of the Planters Association of Ceylon and serves on the Board of Plantation Human Development Trust

He is also a member of the Board of Study of the Wayamba University of Sri Lanka and National Institute of Plantation Management.

Mr. Bulumulla holds a Diploma in Plantation Management from the National Institute of Plantation Management (NIPM), a B.Sc. (Hons) Degree in Plantation Management, from the Wayamba University of Sri Lanka and an M.Sc. in Environment Science from the Open University of Colombo.

Mr. Bulumulla is also a Fellow Member of the National Institute of Plantation Management (NIPM).

Mr. L.N.D. Silva

Mr. Deshantha Silva joined the Aitken Spence Group on 1st July 2021 and counts over 25 years of diverse management experience across multiple industries in manufacturing and service sectors. He serves Aitken Spence Group Management Council by heading the Printing & Packaging segment as Director/ Chief Executive Officer. His manufacturing industry exposure includes apparel, furniture and printing & packaging industries.

He formerly held Chief Executive Officer positions at Finco Trading (Private) Limited, The Lanka Hospitals Corporation PLC and at ACME Printing & Packaging PLC. He also held the position of Director / Chief Operating Officer at Alpha Industries (Private) whilst serving Finco Group of Companies for 15 years.

Mr. Silva is a qualified engineer, having graduated from University of Moratuwa and holds a Master of Business Administration with an Overall Merit Pass from University of Colombo. He completed his qualifications in accountancy in 1995 and got his membership from CIMA in 2001. With the completion of the Diploma in Marketing at CIM in 1999, he got his membership at CIM in 2002. Currently, Mr. Silva is an Associate Member of the Chartered Institute of Management Accountants (CIMA) in UK, an Associate Member of the Chartered Institute of Marketing (CIM) in UK and also an Associate of the Institution of Engineering & Technology (IET) in UK. He is also a Fellow Member of the Institute of Certified Management Accountants (CMA) in Sri Lanka, the Institute of Chartered Professional Managers in Sri Lanka (CPM), the Institute of Public Accountants (IPA) in Australia and a Chartered Global Management Accountant.

He was a director of the Association of Laminated Flexible Packaging Manufacturers (ALFPM) for many years and is currently a member of the Council of Management and the Governing Body of the Sri Lanka Institute of Packaging (SLIP) and an EXCO member of Sri Lanka Association of Printers (SLAP).

Mr. S.N. Muttiah

Mr. Suresh Muttiah, prior to joining Aitken Spence PLC was attached to John Keells Group for a period of 10 years, where he held positions of General Manager – Human Resources at Union Assurance PLC and Vice President Human Resources of the Group's Retail Sector, where he played a key leadership role in implementing many business transformation HR strategies.

Suresh also worked at Dialog Axiata PLC for a period 5 years and Carsons Cumberbatch Group for 7 years holding key HR leadership positions. Overall, Suresh counts 24 years in the field of Human Resources of which 20 years in leadership positions.

In recognition of his significant contributions in the field of HR, Suresh was recognised with the 'Outstanding HR Leadership of The Year Award' in 2016, 'Most Influential HR Leaders' in 2019 and '501 Fabulous Global HR Leaders of the World' by World HRD Congress. Suresh was also recognised as the prestigious Alumnus of Year award by University of Southern Queensland – Australia in 2017. As the Chairperson of the HR sub-committee of Insurance Association of Sri Lanka (IASL) and the President of the University of Southern Queensland Alumni – Sri Lankan Chapter, Suresh was instrumental in executing many pioneering initiatives.

Suresh holds an MBA and Post Graduate Diploma in Business Administration from the University of Southern Queensland–Australia, Chartered Qualification in HRM (CQHRM) from Institute of Personnel Management SL. Suresh is a member of CIPD (UK), IPMA HR (USA), AHRP (SL) and MCIPM (SL).

Mr. K.L.L. Perera

Mr. Lushan Perera joined the apparel industry in 1999 at LM Apparels (Brandix Casual Wear) in Sri Lanka as a Merchandiser for 2 years before moving to Next Sourcing Ltd, Sri Lanka (Part of Next PLC UK), where he worked as a Merchandiser Controller, gaining 5 years of experience.

Between 2005 -2008, he was attached to Melbourne Washing Plant Pvt Ltd., of EAM Maliban Group, Sri Lanka as the Business Development and Customer Relationship Manager liaising with many global retailers and local manufacturing groups.

Subsequently, in 2008, Mr. Perera relocated to Bangladesh and assumed the position of Head Merchandiser at Regency Garments Ltd. His exceptional performance led to a promotion in 2014, when he was appointed as the General Manager Merchandising/Country Manager at FR Apparel Trading, a Dubai-based company that is a member of the Hirdaramani Group. Throughout his nine-year tenure with the company, he achieved remarkable revenue growth.

In 2016, Lushan assumed the role of Chief Executive Officer/Director at Progress Apparels Bangladesh Ltd, where he was a founding member. During his tenure, he successfully led the company to achieve an accumulative sales turnover exceeding USD 60 million within a span of 3 years. He continued to oversee all operations in this capacity until 2021.

In May 2022, Lushan assumed the position of Head of the Aitken Spence Apparel segment, to successfully navigate the organisation through the challenging economic downturn that Sri Lanka was experiencing at that time.

He is a member of the Chartered Institute of Marketing UK and holds certifications as a Management Accountant and Global Business Analyst from ICMA Australia. Additionally, he pursued business studies at the National University of Singapore and obtained a Master's degree in Business Administration from Royal Roads University in Canada. Holds a Certificate for case studies of world's leading companies from Harvard Business School 2019 and obtained various Industrial studies & certifications from Textile Universities in Sri Lanka.

SENIOR MANAGEMENT COMMITTEE
- TOURISM SECTOR *In alphabetical order*

Ms. D.R. Alexander
Vice President -
Hotels Segment

Mr. A.R.C.C. Athapattu
Assistant Vice President -
Hotels Segment

Mr. D.J. De Crusz
Vice President -
Hotels Segment

Ms. L.M. Diaz
Assistant Vice President -
Hotels Segment

Mr. C.C.S. Dissanayake
Assistant Vice President -
Maldivian Hotels Segment

Mr. S.M.A.L. Gunasekare
Assistant Vice President -
Maldivian Hotels Segment

Mr. M.D.B.J. Gunatilake
Vice President / Chief Operating Officer -
Maldivian Hotels Segment

Mr. A.S. Hapugoda
Vice President -
Destination Management Segment

Mr. M.T. Hapuarachchi
Assistant Vice President -
Destination Management Segment

Mr. R.J. Hassim
Assistant Vice President -
Hotels Segment

Mr. R. Kohler
Vice President -
Hotels Segment

Mr. K.D.D.P. Kumarasinghe
Assistant Vice President -
Hotels Segment

Mr. M. Mahdy
Assistant Vice President - Maldivian Hotels Segment

Ms. N. Mohamed
Assistant Vice President - Overseas Hotels Segment

Ms. N.M. Pelpola
Assistant Vice President - Hotels Segment

Mr. P.G.S. Pereira
Vice President - Hotels Segment

Mr. R.S. Ratnayake
Vice President / Chief Operating Officer - Destination Management Segment

Mr. S.N. de Silva
Vice President / Chief Executive Officer - Oman Hotels Segment

Mr. L.B. Sumanasinghe
Assistant Vice President - Destination Management Segment

Mr. D.L. Warawita
Vice President - Destination Management Segment

Mr. K.S. Wijenayake
Assistant Vice President - Destination Management Segment

Mr. B.G.D.L.P. Wijerathne
Assistant Vice President - Hotels Segment

MARITIME & FREIGHT LOGISTICS SECTOR *In alphabetical order*

Mr. C.A.S. Anthony
Vice President / Chief Operating Officer Integrated Container Segment

Mr. M.S. Balasooriya
Assistant Vice President - Freight Segment

Mr. H. Dela Bandara
Vice President / Chief Executive Officer Fiji Port Terminals Ltd

Mr. M.A.M. Isfahan
Vice President - Maritime & Logistics Freight Sector

Mr. N.J.D.S. Jayawardena
Assistant Vice President - Freight Segment

Mr. C.J. Jirasinha
Assistant Vice President - Freight Segment

Mr. B.C. Mack
Assistant Vice President - Maritime Segment

Mr. R.W.M.P.S. Rodrigo
Assistant Vice President - Cargo GSA Segment

Mr. G.R. Seilman
Assistant Vice President - Freight Segment

Mr. T.S. Weerasuriya
Assistant Vice President - Freight Segment

Mr. L.I. Witanachchi
Vice President - Maritime Sector

STRATEGIC INVESTMENTS SECTOR *In alphabetical order*

Mr. P.S. Dissanayake

Assistant Vice President / Chief Operating Officer - Plantations - Engineering, Project Management & Business Strategies

Mr. J.R. Ekanayake

Assistant Vice President - Power Generation Segment

Mr. T.M.S. Fonseka

Assistant Vice President - Corporate Services

Mr. G.C. Galmangoda Guruge

Assistant Vice President / Chief Operating Officer - Woven Cluster Apparel Manufacturing Segment

Mr. A.G. Geethkumara

Assistant Vice President / Chief Operating Officer - Plantations - Plantation Operations & Sustainability

Ms. W.K.D.M. Jayalath

Assistant Vice President - Corporate Services

Ms. R.I.D. Katipearachchi

Vice President / Chief Operating Officer Corporate Services

STRATEGIC INVESTMENTS SECTOR *In alphabetical order*

Ms. R.D. Nicholas
Vice President - Corporate Services

Mr. J.A.R. Nissanka
Assistant Vice President / Chief Operating Officer – Plantations - Finance & IT

Mr. N.L.T. Perera
Assistant Vice President - Corporate Services

Mr. B.Y. Poopalapillai
Assistant Vice President - Corporate Services

Mr. V.S. Premawardhana
Vice President - Corporate Services

Mr. D.D.M.A. Saparamadu
Assistant Vice President - Corporate Services

Ms. W.A.D.L. Silva
Vice President - Corporate Services

ENCOURAGING EXCELLENCE

Collectively, we establish and reinforce robust structures and processes, with the aim of embedding principles of good governance and responsible stewardship across our diverse operations.

The ensuing sections of this document offer a comprehensive overview of the purpose-driven leadership that inspires us and the fundamental principles that guide our onward journey.

These core principles are not just guidelines but form the very essence of our organisational culture. They shape our decisions, influence our strategies, and define our approach towards achieving our goals.

Governance and Risk Management

CORPORATE GOVERNANCE

Chairman's Statement on Governance (GRI 2-22)

Dear Stakeholders,

It is my pleasure to present to our stakeholders the Corporate Governance Report of Aitken Spence PLC for the Financial Year 2023/2024. At Aitken Spence, acting responsibly is at the heart of what we do and as a Board, we believe that a strong governance framework plays a vital role in ensuring that business is conducted responsibly at every level. This has underpinned our growth in becoming one of the leading conglomerates in the country with an established regional footprint.

The past year has underscored the critical importance of aligning our short, medium and long-term strategies to effectively manage our impacts on the economy, environment and society. The responsibility to balance the needs and concerns of our diverse stakeholders has never been more pressing. Aitken Spence has always taken pride in aligning our vision and strategies with societal needs, which has been the cornerstone of our sustainable growth across multiple business sectors. Our purpose, as defined and embraced, reflects this understanding. Our 154 years of growth have been possible only through ensuring shared prosperity for all. At the heart of this is sound corporate governance, which is crucial for monitoring our impacts with the same diligence that we apply to our performance. This approach ensures that our value creation processes benefit all our stakeholders, fostering sustainable growth and enduring success.

We observed significant changes in the sustainability landscape during the reporting year, emphasising the evolving nature of corporate governance and the urgency of addressing these issues. In 2023, the IFRS Sustainability Standards and the European Sustainability Reporting Standards were introduced. Both standards underscore the necessity of robust governance structures to manage sustainability related risks and opportunities. Additionally, the Colombo Stock Exchange introduced Section 9 of the Listing Rules, which strengthens governance and underscores the need for formal policies and governance processes. This was followed by the revision of the Code of Best Practice on Corporate Governance, which now places greater emphasis on sustainability reporting. Aitken Spence Group has begun complying with these regulatory requirements and is also embarking on the implementation of the IFRS Sustainability Standards, aiming for full compliance by the next financial year. The Board remained vigilant in adapting to new regulatory mandates promptly aligning the Company's practices with the latest Corporate Governance Rules mandated by the Colombo Stock Exchange. This proactive approach reflects our unwavering commitment to strengthening our governance frameworks as required.

The strong governance structures and processes established over the past 154 years, along with our hallmark professionalism, are key to institutionalising these changes. Teams at the parent company have been diligently undertaking training to understand the new requirements, setting up processes to ensure the necessary changes are implemented across the Group and rolling out the necessary training to facilitate this implementation. The Group Supervisory Board had direct oversight of these changes, carefully monitoring progress and reporting to the Board. Notable progress has been made in Risk Management within the Group and our non-financial information reporting systems have been significantly strengthened. A structured process has been put in place to obtain information from all business segments in a formal manner to prepare the Annual Report ensuring accountability across the Group for the statements contained in the Report. All business segments have reviewed and signed off on their respective reports further strengthening the process.

I am pleased to note that Aitken Spence had many of the governance requirements of the IFRS Sustainability Standards in place even before they were formally articulated. Dr. R.M. Fernando, who has been the Director with oversight responsibility for sustainability since the formation of the Group's sustainability strategy in 2005/2006, was appointed as the Head of the Group's Sustainability Council which was introduced in April 2024. This underscores our proactive approach to environmental and social governance and business sustainability. This is a key differentiator, as sustainability at Aitken Spence has been driven from the top, reflecting our belief that it supports corporate longevity and growth, enabling value creation in harmony with our values. Globally renowned certifications provide assurance on compliance with key operational aspects of each business segment within a "Must Do, Shall Do and Can Do" structure, offering additional assurance to the Board that policies, systems and processes are in place to manage critical sustainability issues. These efforts are driven by a knowledgeable and inspired Sustainability Council, who coordinate sustainability reporting for the Group.

As Sri Lanka seeks to recover from the socioeconomic stresses of the past two years and transitions to a low-carbon economy, Aitken Spence Group is well positioned to create sustainable value for its stakeholders by optimising its resources. As we look forward, Aitken Spence remains dedicated to fostering a culture of excellence and integrity, ensuring that our governance practices support sustainable growth and contribute positively to the broader societal goals. Sound corporate governance, as proven by world history and our own legacy, is indeed the cornerstone of enduring success.

Deshamanya D.H.S. Jayawardena
Chairman

Ms. D.S.T. Jayawardena
Joint Deputy Chairperson and
Joint Managing Director

15th July 2024
Colombo

HIGHLIGHTS 2023/2024

Shareholders

- Annual General Meeting of the Shareholders on 30th June 2023
- Payment of Rs. 1.6 Bn., as a first and final dividend for the financial year ended 31st March 2023

Leadership Appointments to the Board

- Appointment of Ms. D.S.T. Jayawardena to the office of Joint Deputy Chairperson and Joint Managing Director w.e.f. 14th September 2023

New Appointments to the Board

- Appointment of Mr. M.A.N.S. Perera as a Non-Independent, Non-Executive Director on 25th April 2023

Key Changes to Matters Relating to the Board and its Subcommittees

- Re-designation of Deshamanya D.H.S.Jayawardena, Chairman of the Company as a Non-Executive Director in compliance with Rule 9.6.1 of the Listing Rules of the Colombo Stock Exchange (CSE) w.e.f. 30th October 2023
- Determination of Mr. J.M.S. Brito as an Independent Non-Executive Director w.e.f 08th September 2023
- Appointment of Mr. C.R. Jansz as a member of the Remuneration Committee of the Company w.e.f. 08th September 2023
- Cessation of office of Alternate Directorship of Mr. M.A.N.S. Perera to Mr. N.J. de S. Deva Aditya w.e.f. 01st January 2024
- Renaming of existing Nomination Committee as Nominations and Governance Committee in keeping with Section 9 of the Corporate Governance Rules of the CSE

Governance Framework

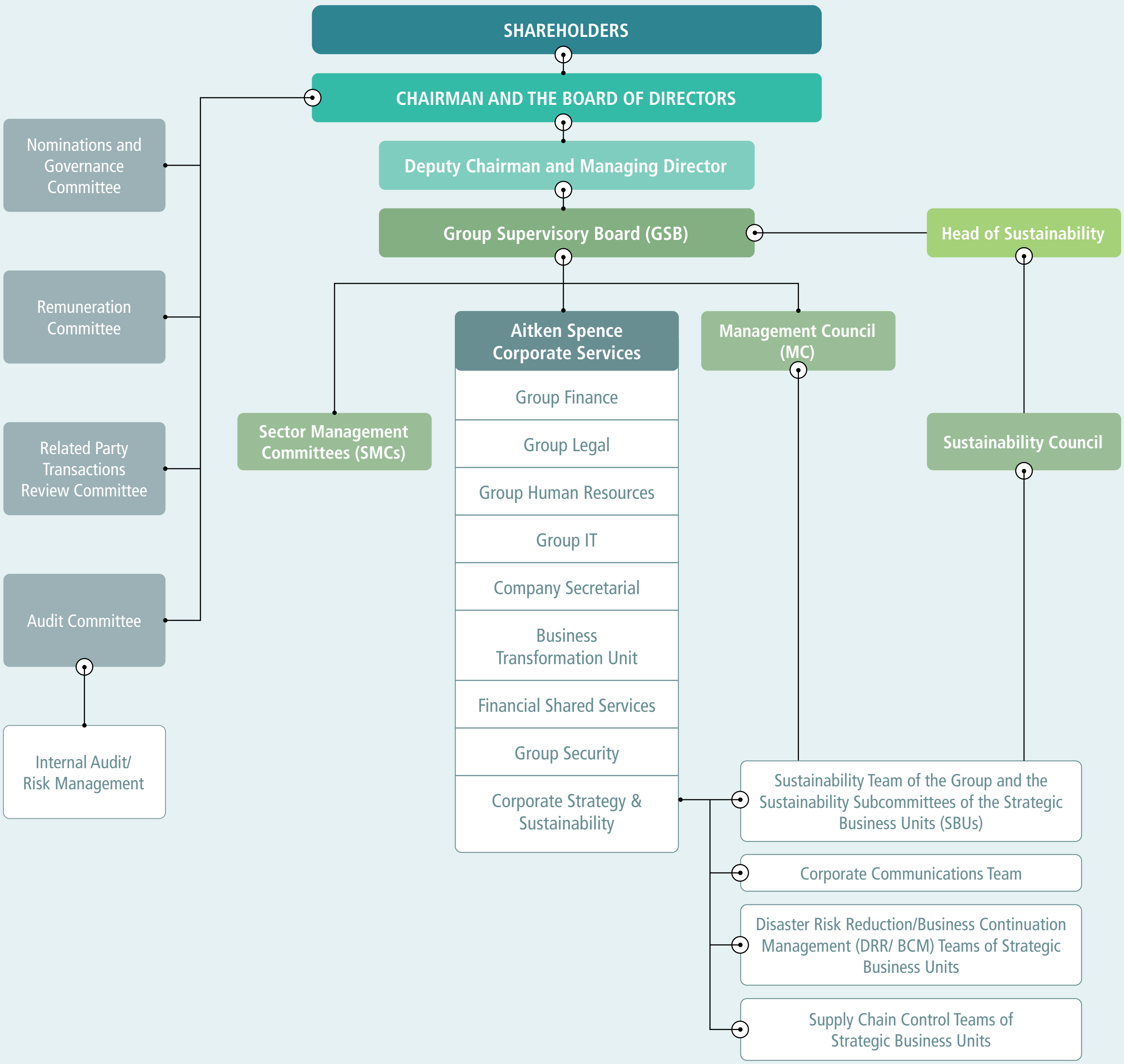
- Compliance with the revised Listing Rules on Corporate Governance issued under Section 9 of the Listing Rule of the CSE
- Adherence to the revised Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, 2023 following the revision in the Listing Rules of the Colombo Stock Exchange on Corporate Governance in October 2023
- Conducting a gap analysis to develop a roadmap for the application of SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures of sustainability disclosure standards.

GOVERNANCE FRAMEWORK

Corporate governance continues to evolve as changes in the environmental and societal issues increase their impact on the operations of business enterprises. While some take the form of legal, political and technological changes which are visible and apparent, others can simmer under the surface impacting value chains, supply chains and the social license to operate businesses. Consequently, awareness of the fluidity of operating environment and stakeholder concerns are critical for companies as understanding of vulnerabilities is a prerequisite for building corporate resilience. Aitken Spence Group is actively enhancing its risk management processes and expanding the scope of its governance and reporting systems. This commitment fortifies our 155 + years tradition of sustained growth.

Governance Structure (GRI 2-9 a,b)

Aitken Spence Group has a tried and tested organisation structure that has evolved over the decades, changing in line with societal expectations and best practice to ensure that the Group can continue to create value for its stakeholders. The Governance structure of the Group is set out below.



Key responsibilities of the Board (GRI 2-12)

i. Providing directions and guidance to the Group in formulating and implementing the corporate strategy for value creation in short, medium and long terms and monitoring the implemented strategies

ii. Making decisions on Board appointments and evaluating Board performance and ensuring succession planning and the continued ability of the Company to operate without any disruption

iii. Overseeing Company's financial performance and adopting appropriate accounting policies

iv. Ensuring that the Company adheres to best practices in corporate governance including ethical business practices and compliance with rules, regulations and internal policies of the Group including concerns on ethics, bribery and corruption

v. Establishing and overseeing systems of internal control and risk management to ensure that the Company has effective risk management systems in place to identify, assess and mitigate risks

vi. Ensuring that business operations are conducted with adherence to environmental, social and governance (ESG) considerations

vii. Building and improving stakeholder relationships

viii. Reviewing and approving major investments, acquisitions, disposals and capital expenditure whilst considering their impacts on society and the environment

Segregation of Key Roles (GRI 2-11)

Roles of Chairman and Deputy Chairman and Managing Director are segregated strengthening Board balance ensuring principles of good corporate governance. Roles and responsibilities of the C-Suite are clearly defined by mandates and job descriptions and by which means authority is delegated and accountability established.

Role of the Chairman

- Leading the Board, preserving good corporate governance and ensuring that the Board works effectively
- Setting the Board's annual work plan and the agendas
- Ensuring that the Board is in control of the affairs of the Company
- Ensuring effective participation of all Board members during Board meetings and ensuring efficient conduct of Board Meetings
- Building and maintaining stakeholder trust and confidence

Role of the Deputy Chairman and Managing Director

- Implementing strategy and driving performance
- Ensuring succession planning of the corporate management team and assessing their performance
- Developing the Company/Group strategy for consideration and approval by the Board in line with guidance provided by the Board
- Developing and recommending to the Board, budgets supporting the Company/ Group long-term strategy
- Setting the Board agenda in consultation with the Chairman and assisted by the Company Secretaries
- Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and Corporate Governance principles
- Establishing an organisational structure for the Company which is appropriate for the execution of strategy
- Ensuring a culture that is based on the Company's values
- Ensuring that the Company operates within the approved risk appetite

Role of Company Secretaries

- Ensuring the conduct of Board and General Meetings are in accordance with the Articles of Association and relevant legislation
- Maintaining statutory registers and the minutes of Board Meetings, General Meetings and of the Subcommittee Meetings
- Prompt communication to regulators and shareholders
- Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary
- Monitoring and ensuring compliance with regulatory requirements and keeping the Board informed of any developments in these areas
- Monitoring and ensuring compliance with regulatory requirements and keeping the Board informed of any developments in these areas

All Directors have access to the advice and services of the Secretaries as necessary. The Secretaries maintain minutes of Board meetings, which are open for inspection by any Director. Appointment and removal of the Company Secretaries is a matter for the Board as a whole.

Composition (GRI 2-9 c)

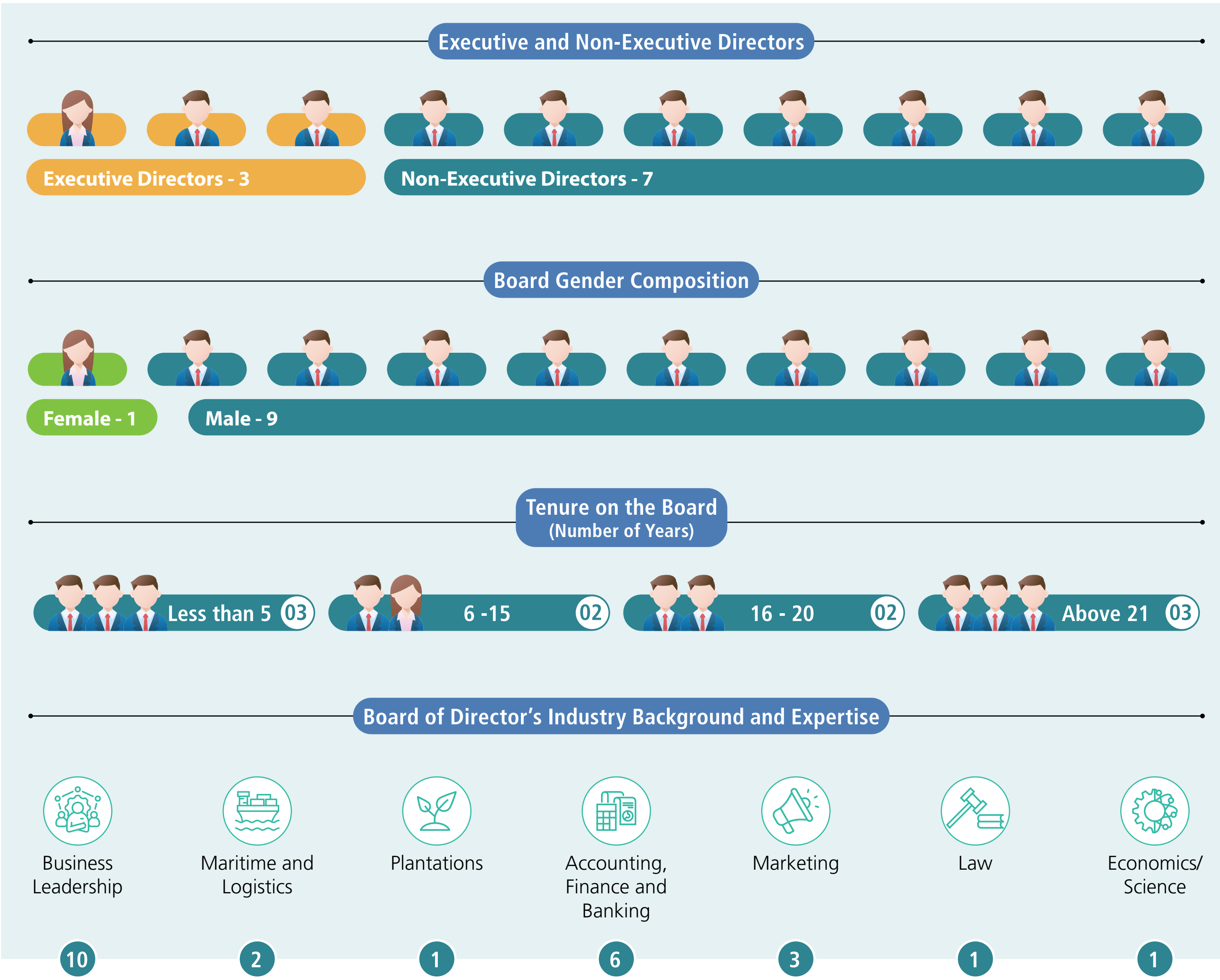
The composition of the Board and its Subcommittees is critical as they collectively set the tone at the top for the entire Group. Profiles of the Board members are set out on pages 74 to 78 and their roles are set out below.

Board of Directors	DoA to the Board	Tenure on the Board	Directorship Status		Board Subcommittee Membership			
					AC	RPTRC	RC	NGC
Deshamanya D.H.S. Jayawardena Chairman (Re-designated as a Non-Executive Director w.e.f. 30th October 2023)	01/04/2000	>20	NED	NID	-	-	BI	M
Dr. M.P. Dissanayake Deputy Chairman and Managing Director	15/03/2019	<5	ED		BI	BI	BI	-
Ms. D.S.T. Jayawardena Joint Deputy Chairperson and Joint Managing Director (Appointed to the office of Joint Deputy Chairperson and Joint Managing Director w.e.f. 14th September 2023)	01/12/2013	<15	ED		BI	BI	BI	-
Dr. R.M. Fernando Director	01/04/2005	<20	ED		-	-	-	-
Mr. J.M.S. Brito Director (Determined as an Independent Non-Executive Director w.e.f. 08th September 2023)	01/04/2000	>20	NED	ID	M	M	M	M
Mr. R.N. Asirwatham Director	01/09/2009	<15	NED	ID	C	C	C	C
Mr. C.H. Gomez Director	14/05/2002	>20	NED	ID	M	M	M	-
Mr. N.J. de S. Deva Aditya Director	15/09/2006	<20	NED	ID	M	M	-	-
Mr. C.R. Jansz Director	14/02/2023	<5	NED	NID	-	-	M	-
Mr. M.A.N.S. Perera Director (Appointed w.e.f. 25th April 2023)	25/04/2023	<5	NED	NID	-	-	-	-
Mr. M.A.N.S. Perera Alternate Director to Mr. N.J.de S. Deva Aditya (Ceased to be an Alternate Director w.e.f. 01st January 2024)	02/01/2023	<5	Alternate Director		-	-	-	-

DoA - Date of Appointment **ED** - Executive Director **NED** - Non-Executive Director **ID** - Independent Director
NID - Non-Independent Director **AC** - Audit Committee **RPTRC** - Related Party Transactions Review Committee
RC - Remuneration Committee **NGC** - Nominations and Governance Committee

C - Chairman M - Member BI - By Invitation

Composition of the Board at the Time of Authorising this Annual Report (GRI 405-1)



Independence of the Directors

There were four Independent Non-Executive Directors at the close of the financial year 2023/2024. Independence of Directors is determined by the Board, based on annual declarations submitted by the Directors in compliance with the Listing Rules of the CSE and in line with Schedule C of the Code of Best Practice on Corporate Governance, 2023 issued by The Institute of Chartered Accountants of Sri Lanka. Accordingly, the Board determined the below Directors as nevertheless independent under the exception given in Rule 9.1.4(3) of the Listing Rules of the CSE.

Mr. R.N. Asirwatham

The Board is of the view that the period of service of Mr. R.N. Asirwatham which exceeds nine years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Asirwatham is nevertheless 'independent' of Aitken Spence PLC as per the Listing Rules.

Mr. C.H. Gomez

The Board is of the view that the period of service of Mr. C.H. Gomez as a Board Member, which exceeds nine years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Gomez is nevertheless 'independent' of Aitken Spence PLC as per the Listing Rules.

Mr. N.J. de S. Deva Aditya

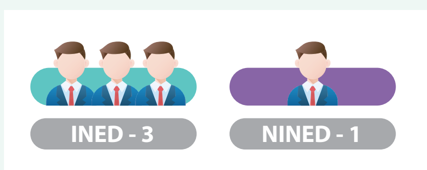
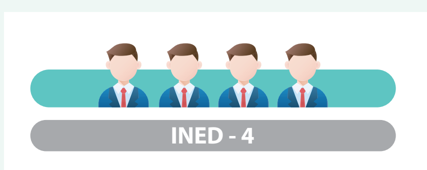
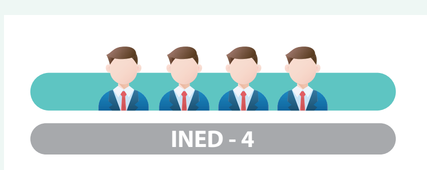
The Board is of the view that the period of service of Mr. N.J. de S. Deva Aditya as a Board Member, which exceeds nine years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Deva Aditya is nevertheless 'independent' of Aitken Spence PLC as per the Listing Rules.

Mr. J.M.S. Brito

The period of service of Mr. J.M.S. Brito as a Board Member exceeds nine years. Additionally, Mr. Brito was an Executive Director on the Board of the Company prior to his assumption of duties as a Non-Executive Director. However, his period of service and his appointment as an Executive Director prior to his assumption of duties as a Non-Executive Director of the Company do not compromise his independence and objectivity in discharging his functions as a Director of the Company. Therefore, the Board determined that Mr. Brito is nevertheless 'independent' of Aitken Spence PLC as per the Listing Rules.

Board Subcommittees (GRI 2-9 a)

The Board has delegated certain responsibilities requiring greater attention to four Board Subcommittees with oversight responsibility for same. This arrangement enables the Board to allocate sufficient time to matters reserved for its decision making, particularly the execution of strategy and forward-looking agenda items, while ensuring that delegated matters receive in-depth focus. Committee Chairmen are accountable for the effective functioning of their Committees and report regularly to the Board on Committee activities.

Board Committee	Composition	Areas of Oversight
Nominations and Governance Committee Report of the Nominations and Governance Committee is given on page 134	Two Independent Non-Executive Directors including the Chairman of the Committee and the Chairman of the Board (Non-Executive Director) 	▪ Evaluate and recommend the appointment/ re-appointment/ election/re-election of Directors to the Board ▪ Evaluate and recommend suitable internal and external candidates to higher levels of management ▪ Succession planning ▪ Effectiveness of the Board and its Subcommittees
Remuneration Committee Report of the Remuneration Committee is given on pages 135 to 136	Three Independent Non-Executive Directors including the Chairman of the Committee and one Non-Independent Non-Executive Director 	▪ Determine the remuneration policy of the Directors, Key Management Personnel and the Executives ▪ Determine the overall individual remuneration packages which includes compensation on termination of employment ▪ Evaluate the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units
Audit Committee Report of the Audit Committee is given on pages 137 to 139	Four Independent Non-Executive Directors including the Chairman of the Committee 	▪ Risk management and internal control ▪ Financial reporting and financial control ▪ Internal audit ▪ External audit including assessing the independence of External Auditor ▪ Compliance with legal and regulatory requirements
Related Party Transactions Review Committee Report of the Related Party Transactions Review Committee is given on pages 140 to 141	Four Independent Non-Executive Directors including the Chairman of the Committee 	▪ Review all proposed Related Party Transactions and the post quarter confirmations in accordance with the requirements of the Listing Rules ▪ Recommend appropriate action for compliance in respect of proposed Related Party Transactions or post quarter confirmations as applicable ▪ Annual Review of thresholds of transactions falling under the ambit of Section 9.14.8 of the Listing Rules based on the available Audited Financial Statements ▪ Set out criteria to determine Key Management Personnel

Executive Committees

The Board has set up four tiers of Executive Committees with oversight responsibility enabling efficient discharge of the executive functions of the Board.

Executive Committee	Composition	Areas of Oversight
Group Supervisory Board (GSB)	▪ Dr. M.P. Dissanayake (Deputy Chairman and Managing Director) ▪ Ms. D.S.T. Jayawardena (Joint Deputy Chairperson and Joint Managing Director) ▪ Dr. R.M. Fernando (Executive Director) ▪ Ms. N. Sivapragasam (Chief Financial Officer)	Formulates and oversees the execution of strategies within the policy framework set out by the Board of Directors
Management Council (MC)	Managing Directors and Chief Executive Officers of the Sectors	Executes strategies at operational level
Sector Management Committees (SMCs)	▪ Group Supervisory Board ▪ Sectoral Managing Director/Chief Financial Officer of the Sector ▪ Senior Sectoral Management Team ▪ Selected Members from the Cross Functional Senior Management Team	Monitors and reviews operations at sector level
Sustainability Council	▪ Dr. R.M. Fernando (Executive Director) ▪ Managing Directors and Chief Executive Officers of the Sectors ▪ Ms. N. Sivapragasam (Chief Financial Officer) ▪ Selected Members of the Cross Functional Senior Management Team of Aitken Spence Corporate Services (Private) Limited	Oversees sustainability strategies, performance and stakeholder engagement, ensuring compliance and promoting best practices within the Group

LEGAL AND COMPLIANCE FRAMEWORK (GRI 2-23, 2-24)

The governance framework has broadened in scope over the years, adapting to changing priorities as we moved beyond mere compliance with legal and regulatory requirements.

Key Changes Occurred in the Regulatory Framework during the Year under Review

Implementation of **Section 9 of the CSE Listing Rules on Corporate Governance** – Refer Pages 114 to 124 of the Corporate Governance Report for the Statement of Compliance with Section 9 of the Listing Rules.

Introduction of a new **Code of Best Practice on Corporate Governance by the Institute of Chartered Accountants of Sri Lanka in December 2023** – The Company is proactively ensuring compliance with the Code along with the revised Listing Rules.

The International Sustainability Standards Board (ISSB) released its first set of standards, IFRS S1 and IFRS S2, in June 2023. During the year, CA Sri Lanka issued two standards based on IFRS S1 and S2, designated as **SLFRS S1 and S2.** These standards will be effective from January 1, 2025. Processes are in place to conduct a gap analysis and develop a roadmap for the application of SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information, and SLFRS S2 – Climate-related Disclosures in the Group.

Mandatory Compliance

- Companies Act No. 7 of 2007 and the amendments thereto
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 (SLFRs/ LKASs)
- Articles of Association
- Listing Rules of the CSE
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 and the amendments thereto
- Inland Revenue Act No. 24 of 2017 and the amendments thereto
- Foreign Exchange Act No. 12 of 2017 and the amendments thereto
- The Anti-Money Laundering Laws and Regulations and Financial Transaction Reporting Act No. 6 of 2006 and the amendments thereto
- Group Code of Ethics and Professional Conduct
- Industrial laws
- Personal Data Protection Act. No. 9 of 2022
- Anti-Corruption Act No. 9 of 2023
- Online Safety Act No. 9 of 2024

Voluntary Adherence

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants, 2017 as amended in 2023
- Codes of regulatory authorities, professional institutions and Trade Associations
- United Nations Global Compact (UNGC)
- Global Reporting Initiative's (GRI) Universal Standards 2021
- Integrated Reporting Framework
- Women's Empowerment Principles
- Social and Environmental Certification Requirements
- UN Guiding Principles on Business and Human Rights

Governance Policies of Aitken Spence Group

The Board has endorsed a comprehensive policy framework and codes to ensure adherence to both regulatory mandates and voluntary standards. The policies are reviewed periodically as required and updated, amended, altered or removed as deemed appropriate. All policies are approved by the Board and are available on the intranet for information of all employees and are reinforced at all levels through training and structured communication.

General Policies

Aitken Spence Group has adopted a suite of policies covering the following topics:

- Parental Leave
- Diversity and Inclusion
- Grievance Handling
- Sexual Harassment Prevention
- Remote working

For more details, please refer Human Capital on pages 244 to 259 of this Annual Report.

Sustainability Policy

The Board has established a comprehensive Integrated Sustainability Policy, aimed at fostering a deep understanding and effective management of the organisation's environmental, social and governance impacts. This policy, coupled with a structured implementation framework, is overseen by an Executive Director who diligently updates the GSB on the ongoing progress, ensuring alignment with the Company's sustainability goals and objectives

For more details, please refer 'Managing Our Impacts' on pages 108 to 109 of this Annual Report.

IT Governance

(GRI 418)

The Board holds the primary responsibility for overseeing technology and information governance to ensure the Group achieves its strategic objectives. It has established essential infrastructure, organisational frameworks, policies and procedures to effectively govern its digital assets, systems and information. Aitken Spence proudly holds ISO/IEC 27001:2013 certification, the pinnacle of information protection and security standards, ensuring the confidentiality, integrity and availability of data. This certification, a testament to our adherence to global standards, encompasses 49 management policies, fostering a robust Information Security Management System (ISMS).

Moreover, the certification aids in identifying and assessing risks to information security, with the Group IT Services team implementing measures to mitigate or minimise threats. The Board of Directors receives regular updates on existing controls for cyber risk mitigation and potential exposures, with the Group IT Services team providing more frequent reports to the MC and the GSB. This proactive approach underscores our commitment to safeguarding information assets and maintaining resilience against evolving cyber threats.

For more details, please refer Intellectual Capital on pages 260 to 265 of this Annual Report.

Whistleblowing Policy

(GRI 2-26)

The Company has put in place a Whistleblowing Policy to report, investigate and address any concerns in employee behaviour that are illegal in the workplace. This policy encourages employees to promptly report any suspected illegal activities, assuring confidentiality and investigation by an independent custodian appointed by management. It ensures that whistleblowers are treated with utmost confidentiality and fosters two-way communication for necessary follow-up on raised concerns.

Aitken Spence

Whistleblowing Policy

Scan this QR code to read our Whistleblowing Policy publish on Aitken Spence website:

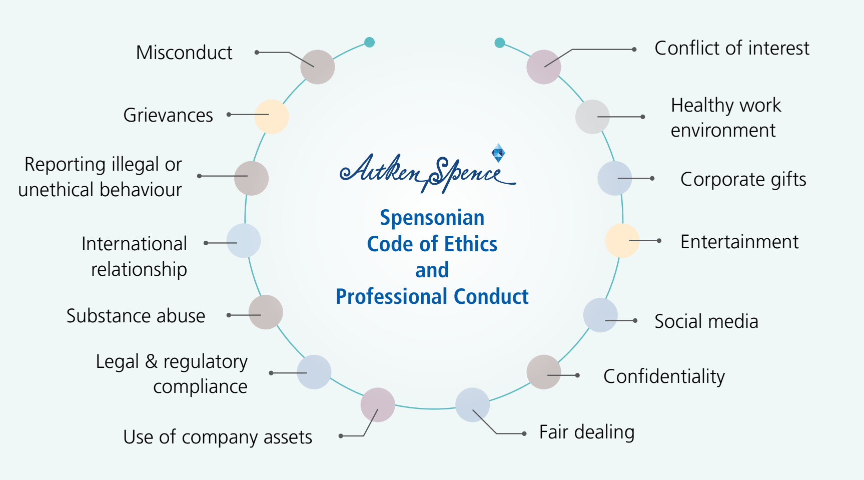
www.aitkenspence.com

(GRI 205-2)

Group Code of Ethics and Professional Conduct

The Group is committed to conducting its business operations with integrity, professionalism and with respect to the rights and interests of all stakeholders. All employees and Directors abide by the Group Code of Ethics and Professional Conduct (Code) which embodies a strong set of corporate values and conduct. Its purpose is to preserve our values and our reputation for integrity and fair dealing which is a key strength of the Aitken Spence Group.

The Code is available on the intranet for information of all employees and is reinforced at all levels through training and structured communication. During the year, all employees were given access to review the Group Code of Ethics and Professional Conduct on the Group's online learning platform 'TARTAN'. The Board is not aware of any material violations of any of the provisions of the said Code by any Director or employee.



(GRI 205, 2-26)

Anti-Bribery and Anti-Corruption Policy

Introduced in 2022/23, the Anti-Bribery and Anti-Corruption Policy articulates key principles aimed at eradicating bribery and corruption. With an unwavering commitment, the Group stands firm against all forms of bribery and corruption, recognising them as significant threats to its integrity and reputation.

> **The Company operates in accordance with ethical guidelines and maintain a culture of integrity throughout its operations. The Company does not condone any form of bribery and/or corruption. The Company practices a zero-tolerance approach towards bribery and corruption in all its transactions. Further, the Company expects all employees, stakeholders and other third parties providing services to or on behalf of the Company to refrain from engaging in any form of bribery and corruption.**
>
> **Aitken Spence PLC Anti-Bribery and Anti-Corruption Policy**

Aitken Spence

Anti-Bribery and Anti-Corruption Policy

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EFFECTIVE PROCESSES

Effective governance processes are crucial for overseeing operations and fostering a culture conducive to sustainable value creation within a structured framework that ensures compliance. Below, we outline the key processes integral to our governance framework.

Appointment, Re-election and Resignation of Directors

The Nominations and Governance Committee assists the Board in reviewing the structure and composition of the Boards of Aitken Spence PLC and make recommendations to the Board on all Board appointments. The Board considers the recommendations of the Nominations and Governance Committee and recommends suitable candidates for appointment or re-election by the shareholders at the Annual General Meeting. The Nominations and Governance Committee prudently assesses the fitness and propriety of Directors when considering appointments to the Board and during the annual assessment of the continuation of directorships.

The Company obtained annual declarations from the Directors confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria. Therefore, no Director was identified as a person who has failed to fulfil the required assessment criteria during the year under review.

As required by the Listing Rules, new appointments to the Board are promptly communicated to the CSE through announcements. The announcements typically include a brief details of expertise, key appointments, shareholdings, the names of companies where the Director holds directorships or memberships in Board Committees and status of independence.

The resignations of directors need to be informed in writing by the Director and are communicated immediately to the CSE together with any shareholding in the Group.

- Mr. M.A.N.S. Perera was appointed as a Non-Independent Non-Executive Director of the Company on 25th April 2023 and was elected by the Shareholders in terms of Article 90 of the Articles of Association of the Company, as a Director at the Annual General Meeting of the Company held on 30th June 2023.
- Mr. C.H. Gomez retires in terms of Article 83 and 84 of the Articles of Association, as a Director and will offer himself for re-election at the forthcoming Annual General Meeting.

- Mr. M.A.N.S. Perera ceased to be an alternate Director to Mr. N.J. de S. Deva Aditya on 01st January 2024.

Induction and Director Learning

On appointment, Directors are taken through a formal and tailored induction programme coordinated by the Deputy Chairman/ Managing Director, where they are apprised of the Group values and culture, its operating model, Group policies, governance framework and processes, Group Code of Ethics and Professional Conduct and operational strategies of the Group. Directors are availed the opportunity to have one-on-one meetings with the management of each subsidiary, visit sites/factories/hotels where appropriate.

Presentations are made to the Board on new developments in corporate governance and the operating environment. In addition, Board members are encouraged to participate in seminars/webinars conducted by professional institutions to enhance their knowledge which would aid and assist the Directors in discharging their duties in a more effective and efficient manner. Directors undertake training and professional development as they consider necessary, in their personal capacity. Other training and continuous professional development undertaken includes attending seminars/ workshops/conferences and reading regulatory updates etc.

Effective Board Meetings

The Deputy Chairman and Managing Director suggest the agenda for the Board Meeting together with the Company Secretaries which is reviewed and approved by the Chairman who presides over the meetings. Board papers are made available to the Directors one week prior to the meetings to facilitate review and clarification of matters to be discussed at the meetings. The Chairman ensures that all members of the Board are sufficiently briefed on matters and Senior Management is available for clarification as and when needed.

Details of Directors' Attendance at Board Meetings Held during the Financial Year 2023/2024

Name of the Director	Meeting Date (DD/MM/YYYY) and Attendance						
	1st Meeting	2nd Meeting		3rd Meeting	Mode of Participation		Overall Attendance
	22/06/2023	11/11/2023	05/03/2024*	12/03/2024	In person	Virtual	
Deshamanya D.H.S. Jayawardena Chairman Non-Executive Director	✓	✓	✓	✓	0	3	3/3
Dr. M.P. Dissanayake Deputy Chairman and Managing Director	✓	✓	✓	✓	3	0	3/3
Ms. D.S.T. Jayawardena Joint Deputy Chairperson and Joint Managing Director	✓	✓	✓	✓	0	3	3/3
Dr. R.M. Fernando Executive Director	✓	✓	✓	✓	3	0	3/3
Mr. J.M.S. Brito Independent Non-Executive Director	✓	✓	✓	✓	3	0	3/3
Mr. R.N. Asirwatham Independent Non-Executive Director	✓	✓	✓	✓	3	0	3/3
Mr. C.H. Gomez Independent Non-Executive Director	✓	✓	✓	✓	1	2	3/3
Mr. N.J. de S. Deva Aditya Independent Non-Executive Director	✓	✓	✓	✓	0	3	3/3
Mr. C.R. Jansz Non-Independent Non-Executive Director	✓	EX	✓	✓	1	2	3/3
Mr. M.A.N.S. Perera Non-Independent Non-Executive Director	✓	✓	✓	✓	2	1	3/3
Mr. M.A.N.S. Perera** Alternate Director to Mr. N.J. de S. Deva Aditya	✓	✓	N/A	N/A	1	1	2/2

* Adjourned Meeting of the Board of Directors held on 11/11/2023

** Ceased to be an Alternate Director to Mr. N.J. de S. Deva Aditya w.e.f. 01/01/2024

In person participation | Virtual Participation | EX Excused

Identifying and Managing Conflicts (GRI 2-15)

The Group has processes in place to identify and manage conflicts of interest which are listed below:

Directors' interest in transactions

All the Directors of the Company and its Subsidiaries are required to make the general disclosures annually as provided for in section 192(2) of the Companies Act. Note 40 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

Disclosure of Interest in Related Party Transactions

Declarations from Key Management Personnel of Aitken Spence (Board of Directors of the Company, Directors, Vice Presidents and Assistant Vice Presidents of subsidiary companies) and from the Group companies are obtained quarterly for the purpose of identifying proposed Related Party Transactions and post quarter confirmations of Related Party Transactions and to determine Related Party Transactions which ensures the compliance with the disclosure requirements of the Listing Rules of the CSE.

Annual declarations on Independence

In compliance with the principles of corporate governance stipulated by the Listing Rules of the CSE and in line with Schedule C of the Code of Best Practice on Corporate Governance, 2023, Independent Directors submit signed declarations annually confirming their independence or non-independence against the specified criteria given under Rule 9.8.3 of the Listing Rules of the CSE.

Directors' interest in shares

Directors of the Company and its subsidiaries who have relevant interests in the shares of the respective companies have disclosed their shareholdings and any acquisitions/disposals to their Boards, in compliance with section 200 of the Companies Act. Further, the relevant interests of each Director in the securities of the Company and any acquisition/disposals of same have been notified to the CSE in accordance with Rule 7.8 of the Listing Rules and, accordingly, the relevant entries have been made in the Company's Interests Register which has been maintained as required by the Companies Act.

Related Party Transactions Review Committee

The Board has appointed a Related Party Transactions Review Committee comprising of four Independent Non-Executive Directors who meet quarterly to review Related Party Transactions during each quarter in line with the Listing Rules of the CSE. The Related Party Transactions Review Committee Report is given on pages 140 to 141 of this Annual Report.

Annual Disclosure on Material Business Relationships with other Directors of the Company

In keeping with Rule 9.10.4(c) of the Listing Rules of CSE, Declarations were obtained from the Directors of the Company for the purpose of identifying material business relationships, if any, which they or their close family members have with the other Directors of the Company.

Risk Management

The Board is responsible for setting in place a system to identify, measure, monitor and manage the principal risks of the Group and determining the level of risk it is willing to accept in relation to its strategic goals. The Group implemented a centralised risk management process using a central risk register which is updated on a quarterly basis by the business segments to enable the preparation of a consolidated risk register for the Group. This was further strengthened with training and obtaining additional information to support the Group's journey to adopt IFRS Sustainability Standards. This also ensures that business segments take a holistic approach in identifying and assessing risks from a continuously updated risk universe and a common taxonomy and classification is followed facilitating consolidation.

Additionally, specialised central services such as HR and IT assess the specialised risks for the Group, ensuring that the risks capture issues related to subsidiaries as well through regular meetings with Business Segment heads. The Group Internal Audit division reviews the risk management processes and moderates the same prior to reporting to the Board on Group risks.

For more details, please refer Risk Management on pages 125 to 133 of this Annual Report.

Performance Oversight

Performance is reviewed periodically by the GSB and the Board who consider performance vis-a-vis strategies, agreed budgets and targets encompassing both financial and non-financial performance. They receive sufficient explanations for over and under performance and deliberate on the need for strengthening resources allocated for the pursuit of critical strategic objectives.

Each subsidiary is managed by a group of Directors and CEO's, which make up the Management Council who report to the Deputy Chairman and Managing Director.

SMC meetings are held quarterly with the participation of the senior management team of the subsidiary, including senior management team of the corporate office who discuss in depth the operational environment, risks, threats and strategy and the performance related issues. These meetings are headed by the Deputy Chairman and Managing Director or another Board Director.

Internal Controls, Accountability and Audit

Standard Operating Procedures (SOPs) prepared by subsidiary companies within the Group undergo review by Internal Audit, with all Group employees required to adhere to these SOPs. Any deviations are reported and appropriate remedial action is agreed upon with management. Serious deviations undergo further investigation and root cause analysis, with disciplinary action initiated as necessary. Internal Audit Reports, encompassing audit findings, risk ratings and management explanations are reviewed by the Audit Committee, which recommends further action to strengthen controls as needed.

The Audit Committee assists the Board in fulfilling its responsibilities regarding financial reporting and audit oversight. The Committee reviews performance, internal audit reports and risk management reports regularly. Additionally, it assesses the adequacy of internal controls.

For more details, please refer the Audit Committee Report on pages 137 to 139 of this Annual Report.

Resource Allocation

Any new investment/project is discussed with the GSB and evaluation is jointly carried out by the respective subsidiary as well as the Corporate Services Team, who then present their observations on same to the GSB. Environment and social impacts are also analysed in addition to the financial evaluation. If approved, these are then presented to the Board of Directors.

Legal & Regulatory Compliance

All Chief Financial Officer's have to sign off on adherence to compliance with the SLFRS and tax regulations on a quarterly basis. Operational compliance is monitored by the SMCs who keep the Board informed regarding matters of concern identified. Additionally, Internal Audit also reviews compliance with regulatory and legal requirements and submit reports to the Audit Committee which convenes on a regular basis to discuss these reports. Any significant issues are further escalated to the Board of Directors. The Audit Committee signs off on an Internal Audit Plan for the year and may request for additional reviews as and when required.

Evaluation of Performance of the Board

(GRI 2-18)

Performance of the Deputy Chairman and Managing Director and other Executive Directors are assessed at the end of each financial year against financial and non financial objectives set out in consultation with the Board at the commencement of every financial year. The evaluation is carried out by the Chairman, against the backdrop of the operating environment. Remuneration is revised based on performance. Areas identified for improvement are communicated to the respective Director, including training needs and skills and knowledge gaps.

Director's Remuneration

(GRI 2-19, 2-20)

The Remuneration Committee is responsible for making recommendations to the Board regarding the remuneration of the Executive Directors and Key Management Personnel (KMPs). The compensation for Directors and KMPs is aligned with objectives for sustainable value creation that are consistent with the Group's strategy. It is determined based on well-defined performance goals that are appropriately challenging and benchmarked against the industry standards.

The Board as a whole determines the remuneration of the Non-Executive Directors (NED's). NEDs are remunerated based on their attendance at Board and/or Committee meetings. Remuneration for NEDs reflects the time commitment and responsibilities of their role, taking into consideration the market practices. They do not receive any performance related incentive payments. Professional advice is sought by the Board and Remuneration Committee in discharging their responsibilities.

For more details, please refer the Remuneration Committee Report on pages 135 to 136 of this Annual Report.

Employee Remuneration

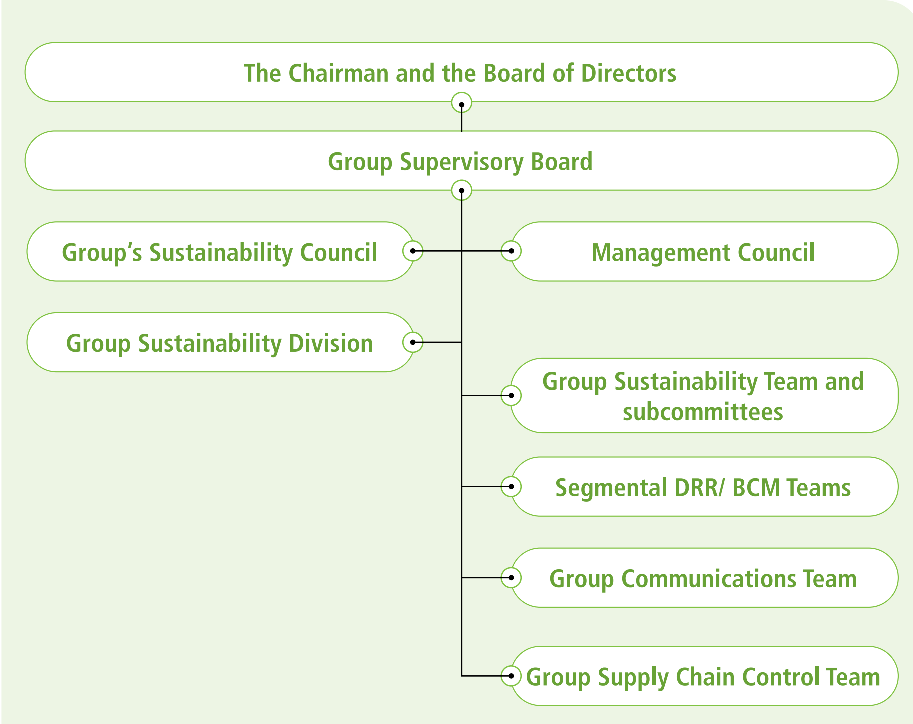
Aitken Spence's remuneration policy is designed to incentivise employees in creating long-term value for the Group and aligning their interests with the Group's strategic direction. This policy ensures effective utilisation of Group resources and a continued focus on sustainability, growth and long-term value. The Group has established policies to ensure that remuneration and benefits are fair, transparent, competitive and cost-effective while also aligning with the Group's business goals. The implementation of this policy is overseen by the Group Chief Human Resource Officer.

A total reward philosophy is maintained within the Group, encompassing both monetary and non-monetary rewards. In order to position the group as an employer of choice, new rewards have been introduced to provide staff with a unique value proposition.

For more details, please refer Human Capital on pages 244 to 259 of this Annual Report.

Employee remuneration remained a focal point throughout the year, with pay increases granted to non-executive staff to aid them during the economic challenges. Moreover, non-recurring support amounting to Rs. 4.6 Mn was disbursed to them in April 2023. All staff members received increments to accommodate the elevated cost of living.

MANAGING OUR IMPACTS (GRI 2-13)



Role of the Board in Managing Impacts

(GRI 2-12)

The Group has put in place a comprehensive policy framework and governance structure to ensure economic, social and environmental sustainability. This process is led by the Board with the Head of Sustainability directly overseeing the implementation of the Group's sustainability strategy. Key decisions on impacts identified as significant and/ or requiring significant resource allocation/ changes to business models are reviewed at GSB level and are escalated to Board level where necessary.

All 16 segments of the Group have separate sustainability teams (Sustainability Subcommittees) that report to their respective Managing Directors and have the independence to enhance the benchmarks (essential/expected/ exemplary action points) set across the Group. Over 600 team members across the Group handle diverse responsibilities, maintaining more than 180 diverse management systems for ESG.

The process to identify impacts and prioritise the most significant impacts is explained in the 'Determining Materiality' section of this Annual Report.

Communication of Critical Concerns

(GRI 2-16)

The reporting hierarchy for sustainability related decision-making in the Group is outlined in the 'About Us' section of this Annual Report. The Sustainability Subcommittees within the Group implement required action and coordinate internal reviews periodically to ensure sustainability practices are effective to achieve their priorities. The results of these inspections as well as routine impact assessments and stakeholder concerns are reviewed by management at least once a year to assess overall progress.

Accordingly, critical concerns are raised by each team to their Managing Directors (MDs) and through the MDs to the GSB and the Board of Directors if required.

In addition, the Group's Sustainability Team meets monthly, convened by the Head of Sustainability of Aitken Spence PLC, an Executive Director of the Group. The team discusses progress and raises any issues/ concerns directly to the Head of Sustainability, who in turn reports same to the GSB and to the Board of Directors for their information/ direction on course of action to be pursued.

Role of the Highest Governance Body in Sustainability Reporting

(GRI 2-14)

The Board approves all policies and initiatives undertaken by the Group pertaining to economic, social and environmental sustainability. The implementation and execution of same is overseen by the Group's Head of Sustainability, an Executive Director.

Sectoral Management Committees, the GSB and the Board receive regular reports on material matters and these form key inputs in driving performance management, strategy formulation and resource allocation. During the year under review, a Sustainability Council was appointed to review performance and provide guidance to the Group's companies on necessary actions.

Our Commitment to Global Benchmarks and the Sustainable Development Goals

The Group assesses both local and global development priorities to shape our strategic focus on business sustainability. As a signatory to the UN Global Compact since 2002 and the Women's Empowerment Principles since 2011, Aitken Spence is committed to the directives set forth in the Ten Principles of the UNGC and the WEPs. Additionally, the segmental teams adhere to industry-specific voluntary standards that further guide their operations.

The Group has strategically aligned our efforts with seven specific sustainable development goals (SDGs) that directly relate to the Group's identified material issues. Each business segment further tailors their activities to align with those SDGs that are most pertinent to their particular operational contexts, ensuring a cohesive and targeted approach to sustainability across the Group.

For more details, please refer "The Spence Impact: Our Sustainability Vision in a Nutshell" on pages 70 to 72 of this Annual Report.

Mitigating our Impacts and Embedding Policy Commitments (GRI 2-24)

The Company has established an Integrated Sustainability Policy that encompasses 20 policy commitments. All segments specified in our reporting boundary adhere to the Group's Sustainability Policy, which provides guidance on necessary actions to ensure sustainability. To ensure the realisation of these commitments, each statement is reinforced by a corresponding action plan. These action plans are designed into a framework to provide flexibility to the Company's diverse segments, which may have distinct priorities.

Integrated Sustainability Policy

Scan this QR code to read our Integrated Sustainability Policy published on Aitken Spence website:

www.aitkenspence.com

The Action Plan to Implement the Policy Commitments

LEVEL 1 — MUST DO

These are commonly applicable actions for all policy commitments. These actions are deemed 'Essential' for all segments to comply with, ensuring a minimum standard across the Group.

e.g: All segments must establish environmental management systems.

LEVEL 2 — SHOULD DO

These are 'Expected Actions' that are specified for segments based on the scale and nature of their operations.

e.g: Operations with potential impacts on biodiversity are expected to incorporate higher control measures in their Environmental Management Systems (EMS).

LEVEL 3 — COULD DO

These are 'Exemplary Actions' recommended to segments (optional) to champion a cause or give visibility to one.

e.g: Segments can opt to certify their management systems or take on projects to enhance value creation.

These policy commitments aimed at promoting social and environmental governance and sustainability are also met through the implementation of other policies, procedures and best practices that fall within different operational structures of the Group. For instance, Human Resources governance structures fulfill the policy commitment 'O' to nurture a motivated and dedicated workforce (Please refer to the 'Decoding our Integrated Approach to Sustainability' for a more detailed overview). This demonstrates the interconnectedness of policies and practices within the Group and how they work together to achieve common objectives.

Over the past year, the Group updated our integrated sustainability policy to better reflect our evolving priorities. These revisions were informed by updates and insights from the Group's sustainability subcommittees and have been incorporated into the policy's translations in both Sinhala and Tamil. This is to ensure that our commitment to sustainability is clearly communicated across all key stakeholders in our native languages.

Each segment also has its own unique strategies in place that are designed to meet the needs of these policies. Management systems aligned to global benchmarks and best practices play a crucial role in these strategies as it facilitates a systemic approach to identify and manage environmental and social impacts.

104 Management systems established for environmental impact control out of which **42** are certified

123 Management systems established for social impact control out of which **38** are certified for Occupational Health & Safety (OHS) and **45** are certified for quality/ product safety

Shareholder Communications (GRI 2-12 b,c)

Shareholder Communications are managed by the Company Secretarial division. While the Annual General Meeting (AGM) is the main platform. Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries. All significant issues and concerns of shareholders are referred to the Board with the views of the Management. Shareholder queries are responded to by the Company Secretaries for an on behalf of the Management. Opportunity is also provided to address the Board directly at AGMs.

The Board approves the quarterly Financial Statements for dissemination to shareholders through the CSE in a timely manner. All other price sensitive information such as major acquisitions or disposals and share transaction dealings are also notified promptly to the CSE.

Engagement Mechanism	Frequency of Engagement					
	Annually	Quarterly	Periodically	Regularly	24 Hours 7 days	As and when Required
General meetings	✓					
Annual Report	✓					
Interim Financial Statements		✓				
Disclosures and announcements to the CSE			✓			✓
Corporate website					✓	
General correspondence				✓		
CSR projects				✓		

The Compliance levels with the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka are available on Company's website at **https://aitkenspence.com/corporate-governance/corporate-governance-report** and forms a part of this Corporate Governance Report.

DISCLOSURE IN TERMS OF RULE 9.10.4(E) OF THE LISTING RULES ON CORPORATE GOVERNANCE ISSUED BY THE COLOMBO STOCK EXCHANGE: COMPANIES IN WHICH THE DIRECTORS OF AITKEN SPENCE PLC SERVE AS DIRECTORS*

Deshamanya D.H.S. Jayawardena

Non-Executive Chairman

- Aitken Spence Hotel Holdings PLC
- Melstacorp PLC
- Browns Beach Hotels PLC
- Distilleries Company of Sri Lanka PLC
- Madulsima Plantations PLC
- Balangoda Plantations PLC
- Lanka Milk Foods (CWE) PLC
- Lanka Dairies Limited

Chairman

- Stassen Exports (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- Stassen International (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- Milford Developers (Pvt) Ltd
- CBD Exports (Pvt) Ltd
- Ceylon Garden Coir (Pvt) Ltd
- Ambewela Products (Pvt) Ltd
- Ambewela Livestock Company Ltd
- Pattipola Livestock Company Ltd
- United Dairies Lanka (Pvt) Ltd

Director

- McSen Range (Pvt) Ltd.

Dr. M.P. Dissanayake

Managing Director

- Aitken Spence Hotel Holdings PLC

Chairman

- Elpitiya Plantations PLC
- Aitken Spence Plantation Managements PLC

Executive Director

- Browns Beach Hotels PLC

Ms. D.S.T. Jayawardena

Joint Deputy Chairperson and Joint Managing Director

- Aiken Spence Hotel Holdings PLC

Executive Director

- Browns Beach Hotels PLC
- Lanka Milk Foods (CWE) PLC
- Lanka Dairies Limited

Non-Executive Director

- Melstacorp PLC
- Distilleries Company of Sri Lanka PLC

Director

- Stassen Exports (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- Stassen International (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- Milford Developers (Pvt) Ltd
- CBD Exports (Pvt) Ltd
- Ceylon Garden Coir (Pvt) Ltd
- Ambewela Products (Pvt) Ltd
- Ambewela Livestock Company Ltd
- Pattipola Livestock Company Ltd
- United Dairies Lanka (Pvt) Ltd

Dr. R.M. Fernando

Managing Director

- Elpitiya Plantations PLC
- Aitken Spence Plantation Managements PLC

Mr. J.M.S. Brito

Non-Executive Director

- Aitken Spence Hotel Holdings PLC

Mr. C.H. Gomez

Non-Executive Director

- Aitken Spence Hotel Holdings PLC

Mr. N.J. de S. Deva Aditya

Non-Executive Director

- Aitken Spence Hotel Holdings PLC
- Melstacorp PLC
- Browns Beach Hotels PLC
- Distilleries Company of Sri Lanka PLC
- The Kingsbury PLC

Director

- Serene Residencies (Pvt) Ltd

Mr. R.N. Asirwatham

Non-Executive Director

- Aitken Spence Hotel Holdings PLC
- Browns Beach Hotels PLC
- Royal Ceramics Lanka PLC
- Dilmah Ceylon Tea Company PLC
- Three Acre Farms PLC
- Ceylon Grain Elevators PLC
- Vallibel One PLC

Director

- Renuka Hotels PLC
- Mercantile Merchant Bank Ltd
- Yarl Hotels (Pvt) Ltd.

Mr. C.R. Jansz

Deputy Chairman

- Melstacorp PLC

Executive Director

- Distilleries Company of Sri Lanka PLC
- Lanka Milk Foods (CWE) PLC
- Lanka Dairies (Private) Limited

Non-Executive Director

- Balangoda Plantations PLC
- Madulsima Plantations PLC

Director

- Stassen Exports (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- Stassen International (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- Milford Developers (Pvt) Ltd
- CBD Exports (Pvt) Ltd
- Ceylon Garden Coir (Pvt) Ltd
- Ambewela Livestock Company Ltd
- Ambewela Products (Pvt) Ltd
- Pattipola Livestock Company Ltd
- United Dairies Lanka (Pvt) Ltd
- Lanka Power Projects (Pvt) Ltd
- Indo Lanka Exports (Pvt) Ltd

Mr. M.A.N.S. Perera

Managing Director

- Melstacorp PLC

Executive Director

- Distilleries Company of Sri Lanka PLC
- Balangoda Plantations PLC
- Madulsima Plantations PLC

Non-Executive Director

- Aitken Spence Hotel Holdings PLC
- Browns Beach Hotels PLC

* Excluding Directorships held in Group Companies

COMPLIANCE WITH THE COMPANIES ACT NO. 7 OF 2007

Section	Requirement	Disclosure Reference for Compliance	Compliance Status
168 (1)(a)	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries and the classes of business in which the Company has an interest	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed	Refer Financial Statements and Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (c)	Auditors Report on Financial Statements of the Company and the Group	Refer Financial Statements of this Annual Report	Compliant
168 (1) (d)	Change of accounting policies during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (e)	Particulars of entries in the interest register made during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (g)	Total amount of donations made by the Company and the Group during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (h)	Directorate of the Company and the Group as at the end of accounting period along with the changes occurred during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (k)	Annual Report of the Board of Directors signed on behalf of the Board	Refer Annual Report of the Board of Directors of this Annual Report	Compliant

COMPLIANCE WITH THE CONTINUING LISTING REQUIREMENTS - SECTION 7.6 ON THE CONTENT OF ANNUAL REPORT ISSUED BY THE COLOMBO STOCK EXCHANGE

CSE Rule	Requirement	Disclosure Reference for Compliance	Compliance Status
7.6 i)	Names of Directors of the entity	Refer Corporate Information of this Annual Report	Compliant
7.6 ii)	Principal activities of the entity and its subsidiaries during the year under review	Refer Annual Report of the Board of Directors and the Group Directorate of this Annual Report	Compliant
7.6 iii)	20 largest holders of voting and non-voting shares and the percentage of shares	Refer Investor Information of this Annual Report	Compliant
7.6 iv)	The float adjusted market capitalisation, Public Holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Refer Investor Information of this Annual Report	Compliant
7.6 v)	Directors and CEO's holding in shares of the entity at the beginning and end of reporting year	Refer Investor Information of this Annual Report	Compliant
7.6 vi)	Information pertaining to material foreseeable risk factors	Refer Risk Management of this Annual Report	Compliant
7.6 vii)	Details of material issues pertaining to employees and industrial relations	Refer Human Capital of this Annual Report	Compliant
7.6 viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Refer Note 15.3 and 16.3 to the Financial Statements of this Annual Report	Compliant
7.6 ix)	Number of shares representing the stated capital	Refer Investor Information of this Annual Report	Compliant
7.6 x)	Distribution schedule of the number of holders and the percentage of their total holding	Refer Investor Information of this Annual Report	Compliant
7.6 xi)	Ratios and market price information	Refer Investor Information of this Annual Report	Compliant
7.6 xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land	Refer Note 15 and 16 to the Financial Statements of this Annual Report	Compliant
7.6 xiii)	Funds, (if any) raised either through a public issue, rights issue and private placement	The Company had no public issue, rights issue or private placement during the year under review	N/A
7.6 xiv)	Employee share option/purchase schemes	As at date, the Company has no share option/ purchase schemes made available to its Directors or employees	N/A
7.6 xv)	Corporate Governance Disclosures	Refer Corporate Governance Report of this Annual Report	Compliant
7.6 xvi)	Related Party Transactions	Refer Note 40 to the Financial Statements and the declaration of the Board of Directors embodied in the Annual Report of the Board of Directors of this Annual Report	Compliant

COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE

CSE Rule	Requirement	Effective Date	How We Comply
9.1	**Corporate Governance Rules**		
9.1.1 9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	01st October 2023	The extent of compliance with Section 9 of the Listing Rules of the Colombo Stock exchange on Corporate Governance Rules is tabulated in the table given below Also refer 'Annual Report of the Board of Directors' of this Annual Report
9.2	**Policies**		
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk management and Internal controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	01st October 2024	Policies referred to in h, k and l have been uploaded in the corporate website of the Company The Company is in the process of developing the policies referred to in a, b, c, d, e, f, g, i and j and the said polices will be made available on the corporate website on or before the effective date
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	01st October 2024	N/A
9.2.3	i List of policies in place as per Rule 9.2.1, with reference to website ii Any changes to policies adopted	01st October 2024	Refer 'How We Comply' under Rule 9.2.1 above
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	01st October 2024	Refer 'How We Comply' under Rule 9.2.1 above

CSE Rule	Requirement	Effective Date	How We Comply
9.3	**Board Committees**		
9.3.1	Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include: (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	01st October 2023	The Company has in place a Nominations and Governance Committee, Remuneration Committee, Audit Committee and a Related Party Transactions Review Committee. The existing Nomination Committee has been renamed as the Nominations and Governance Committee in accordance with the revised Listing Rules of the CSE
9.3.2	Listed Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules	01st October 2023	Refer 'How we Comply' under Rules 9.11, 9.12, 9.13 and 9.14 below
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	01st October 2024	Compliant
9.4	**Principles of Democracy in Shareholder Dealings**		
9.4.1	Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (SEC). a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favour of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained	01st October 2023	The Company Secretaries maintain records of all resolutions of General Meetings and information related thereto
9.4.2	a) Listed Company should have a policy on effective communication and relations with shareholders and investors b) Listed Company should disclose the contact person for such communication c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	01st October 2024	This will be compliant with the establishment of the Policy on Relations with Shareholders and Investors
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	01st October 2024	This will be compliant with the establishment of the Policy on matters relating to Board of Directors
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-Compliant reasons for the same with proposed remedial action	01st October 2024	This will be compliant with the establishment of the Policy on matters relating to Board of Directors

CSE Rule	Requirement	Effective Date	How We Comply
9.6	**Chairperson and CEO**		
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below	01st October 2023	Compliant Chairman is a Non-Execuitve Director
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules	01st October 2023	N/A
9.6.3	Report of Senior Independent Director demonstrating the effectiveness of duties	01st October 2023	N/A
9.6.4	Rationale for appointing Senior Independent Director	01st October 2023	N/A
9.7	**Fitness of Directors and CEOs**		
9.7.1	Listed Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 of the Listing Rules	01st October 2023	The Company Secretaries obtain annual declarations from the Directors of the Company to ensure that they are at all times fit and proper persons as specified in the criteria given in Rule 9.7.3 of the Listing Rules of the CSE
9.7.2	Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	01st October 2023	Compliant
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if he or she does not meet with the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively	01st April 2024	Refer 'How We Comply' under Rule 9.7.1 above
9.7.4	Listed Company shall obtain declarations from its Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	01st October 2023	Annual declarations from Directors confirming that each of them has continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31st March 2024

CSE Rule	Requirement	Effective Date	How We Comply
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	01st October 2023	Compliant Refer the 'Annual Report of the Board of Directors' of this Annual Report N/A
9.8	**Board Composition**		
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	01st October 2024	As of the date of the publication of this Annual Report, the Company consists of 10 Directors, thereby complying with the requirement stipulated under Rule 9.8.1 of the Listing Rules of the CSE However, the Articles of Association of the Company will be amended at the forthcoming Annual General Meeting to increase the minimum number of Directors from two (02) to five (05)
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of a Listed Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Company at any given time, whichever is higher (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	01st October 2024	Compliant
9.8.3	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules	Criteria 9.8.3 (i) to (viii) - 01st October 2023 Criteria 9.8.3 (ix) - 01st January 2025	Compliant in terms of Rule 9.1.4(3)
9.8.5	(a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified in Rule 9.8.3 of the Listing Rules and in the format in Appendix 9A of the said Rules (b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof	01st October 2023	The Independent Directors submit signed declarations annually with regard to their independence/non-independence against the specified criteria stipulated under Rule 9.8.3 of the Listing Rules of the CSE Refer 'Independence of the Directors' in the Corporate Governance Report of this Annual Report

CSE Rule	Requirement	Effective Date	How We Comply
9.9	**Alternate Directors**		
9.9	If a Listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 of the Listing Rules and such requirements shall also be incorporated into the Articles of Association of the Company	01st January 2024	The Articles of Association of the Company will be amended at the forthcoming Annual General Meeting of the Company to incorporate the requirements referred to in this Rule
9.10	**Disclosures Relating to Directors**		
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 of the Listing Rules	01st October 2024	This will be compliant with the establishment of the Policy on matters relating to Board of Directors
9.10.2	Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company	01st October 2023	Compliant Refer 'Appointment, Re-election and Resignation of Directors' in the Corporate Governance Report of this Annual Report
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board of Directors or Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof	01st October 2023	Would comply if a need arise
9.10.4	Directors details a) name, qualifications and brief profile b) nature of his/her expertise in relevant functional areas c) whether either the Director or Close Family Members has any material business relationships with other Directors d) whether Executive, Non-Executive and/or independent Director e) total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) f) number of Board meetings attended g) names of Board Committees in which the Director serves as Chairperson or a member h) Attendance of board committee meetings i) Terms of Reference and powers of Senior Independent Directors	01st October 2023	a), b) and d) - Refer 'Board profiles' of this Annual Report c) - Based on the individual declarations obtained from the Directors, it was evident that none of the Directors or their close family members have material business relationships with other Directors of the Company. A Statement to this effect is included in the 'Annual Report of the Board of Directors' of this Annual Report e) - Refer 'Corporate Governance Report' of this Annual Report f) and g) - Refer 'Composition' and 'Details of Directors' Attendance at Board Meetings held during the financial year 2023/2024' in the Corporate Governance Report of this Annual Report h) - Refer Committee Reports of this Annual Report i) – N/A

CSE Rule	Requirement	Effective Date	How We Comply
9.11	**Nominations and Governance Committee**		
9.11.1	Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules	01st October 2024	Will be fully compliant on or before the effective date The existing Nomination Committee has been renamed as the Nominations and Governance Committee during the year under review in accordance with the revised Listing Rules of the CSE
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	01st October 2024	Will be fully compliant on or before the effective date
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	01st October 2024	Will be fully compliant on or before the effective date
9.11.4	(1) The members of the Nominations and Governance Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company (b) not comprise of Executive Directors of the Listed Company. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company	01st October 2024	Compliant Refer 'Composition of the Committee' in the Nominations and Governance Committee Report
9.11.5	The functions of the Nominations and Governance Committee	01st October 2024	Will be fully compliant on or before the effective date Refer 'Nomination and Governance Committee Report' of this Annual Report

CSE Rule	Requirement	Effective Date	How We Comply
9.11.6	The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson Nominations and Governance Committee Report shall include the following: (a) Names of chairperson and members with nature of directorship (b) Date of appointment to the committee (c) Availability of documented policy and processes when nominating Directors (d) Requirement of re-election at regular intervals at least once in 3 years (e) Board diversity (f) Effective implementation of policies and processes relating to appointment and reappointment of Directors (g) Details of directors re-appointed ▪ Board Committees served ▪ Date of first appointment ▪ Date of last re-appointment ▪ Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years ▪ Any relationships – close family member, more 10% shareholding (h) Performance of periodic evaluation of board (i) Process adopted to inform independent directors of major issues. (j) Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement (k) Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement (l) Compliance with independence criteria (m) Statement on compliance with corporate governance rules, if non- compliant reasons and remedial actions	01st October 2024	Nominations and Governance Committee Report containing the requirements stipulated under this Rule will be included in the Annual Report of the Company for the financial year 2024/2025
9.12	**Remuneration Committee**		
9.12.2	Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report

CSE Rule	Requirement	Effective Date	How We Comply
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	01st October 2023	Compliant Refer 'Director's Remuneration' in the Corporate Governance Report of this Annual Report and the 'Remuneration Committee Report' of this Annual Report
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired	01st October 2023	Refer 'How We Comply' under Rule 9.2.1 above
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.6	(1) The members of the Remuneration Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company (b) not comprise of Executive Directors of the Listed Company	01st October 2024	Compliant Refer 'Composition of the Committee' in the Remuneration Committee Report of this Annual Report
	(3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	01st October 2023	
9.12.7	The functions of the Remuneration Committee	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.8	Remuneration Committee Report shall contain the following: (a) Names of chairperson and members with nature of directorship (b) A statement regarding the Remuneration Policy (c) The aggregate remuneration of the Executive and Non-Executive Directors	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report Refer Note 09 to the Financial Statements of this Annual Report
9.13	**Audit Committee**		
9.13.1	Where Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules	01st October 2023	The Audit Committee of the Company also performs the risk functions
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	01st October 2023	Compliant

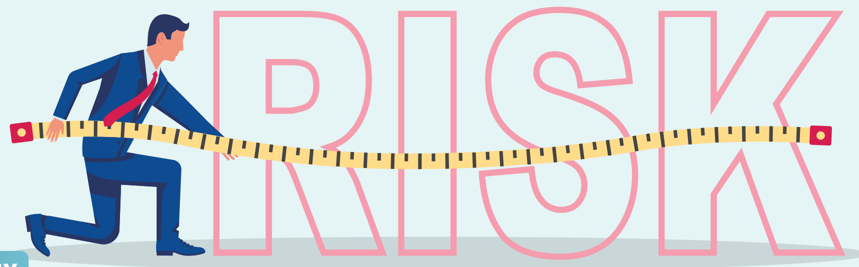
CSE Rule	Requirement	Effective Date	How We Comply
9.13.3	(1) The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Company. (2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. (3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. (5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. (6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation. (7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body	01st October 2024	Compliant Refer 'Audit Committee Report' of this Annual Report
9.13.4	The functions of the Audit Committee	01st October 2024	Presently the Company is compliant in terms of Rule 7.10.6(b) Will be fully compliant on or before the effective date
9.13.5	Disclosures in the Annual Report (1) Listed Company shall prepare an Audit Committee Report which shall be included in the Annual Report (2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2)	01st October 2024	Presently the Company is compliant in terms of Rule 7.10.6(c) Will be fully compliant on or before the effective date Audit Committee Report containing the disclosures referred to in this Rule will be included in the Annual Report of the Company for the financial year 2024/2025
9.14	**Related Party Transactions Review Committee**		
9.14.1	Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.2	(1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of a Listed Company, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee	01st April 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report

CSE Rule	Requirement	Effective Date	How We Comply
9.14.3	The functions of the Related Party Transactions Review Committee	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.4	1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. 2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. 3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. 4) If a Director of a Listed Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.6	Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	01st October 2023	There were no Related Party Transactions during the year which required shareholder approval The Company would comply with this Rule should a need arise
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	01st October 2023	There were no Related Party Transactions during the year which required an immediate Market Announcement The Company would comply with this Rule should a need arise
9.14.8 (1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)	01st October 2023	Compliant Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report

CSE Rule	Requirement	Effective Date	How We Comply
9.14.8 (2)	Recurrent Related Party Transactions exceeding 10% of the gross revenue/income (in the specified format)	01st October 2023	Compliant Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report
9.14.8 (3)	Related Party Transactions Review Committee Report ▪ Names of the Directors comprising the Committee ▪ Statement that committee has reviewed RPTs and communicated comments/observations to the Board ▪ Policies and procedures adopted by the Committee	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	01st October 2023	Compliant Refer 'Annual Report of the Board of Directors' of this Annual Report
9.14.9	Acquisition and disposal of assets from/to Related Parties Except for transactions set out in Rule 9.14.10, Listed Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution	01st October 2023	N/A The Company has not acquired or disposed of any assets from/to Related Parties during the year under review The Company would comply with this Rule should a need arise
9.16	**Additional Disclosures**		
	Additional disclosures by Board of Directors Declaration on the following: ▪ All material interests in contracts and have refrained from voting on matters in which they were materially interested ▪ Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations an explanation on why it is unable to do so; ▪ Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; ▪ Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	01st October 2023	Compliant Refer 'Annual Report of the Board of Director' of this Annual Report

RISK MANAGEMENT

Sustainable growth requires a sound process for identifying, measuring, monitoring, managing and reporting risk to the Board on a regular basis enabling effective allocation of resources in line with the risks and opportunities faced by entities. This report sets out how the Group manages risk and discusses the most significant risks and opportunities.



GROUP INTEGRATED RISK MANAGEMENT POLICY

Our risk management policy stems from a philosophy of seeking sustainable growth and creating economic value while managing appropriate risks and opportunities. As risk management is an integral part of how we plan and execute our business strategies, our risk management policy is set by the Board. The Group's accountability structure requires each of the respective SBUs to implement risk management programs that are tailored to their specific industries and responsibilities, while being consistent with the overall policy.

The Group has implemented a set of risk management and control systems which support the early recognition of developments that could jeopardise the continuity of its businesses. The most pivotal of these systems include our enterprise-wide processes for strategic planning and risk management reporting. Strategic planning is intended to support us in considering potential risks and opportunities well in advance of major business decisions, while management reporting is intended to enable us to monitor such risks more closely as our business progresses.

GLOBAL ECONOMIC OUTLOOK

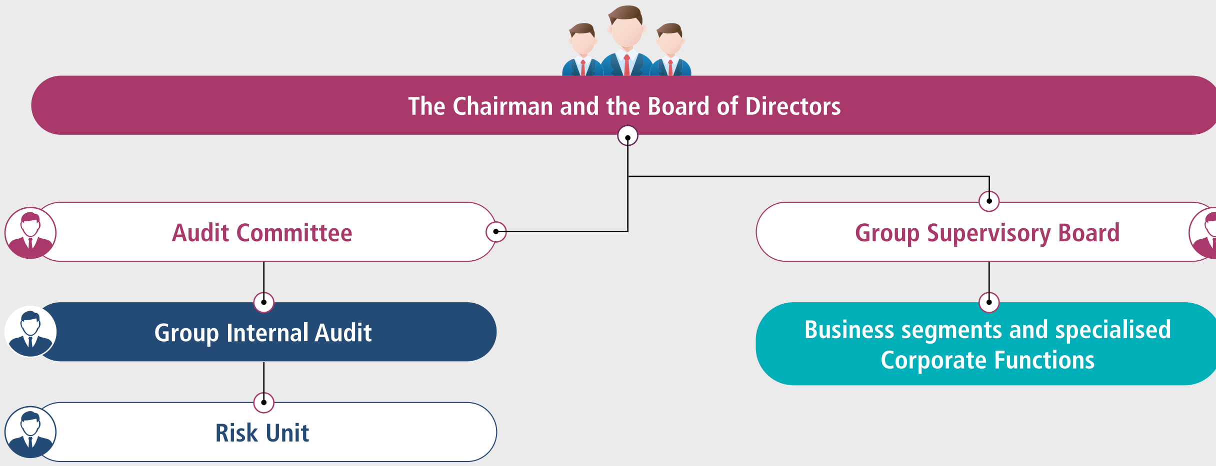
The global economy showed remarkable resilience in 2023, considering the number of headwinds and negative economic shocks from the previous year. Nevertheless, these shocks will still have adverse implications for economic growth in 2024, especially the dampening effects of tighter financial conditions. Accordingly, in 2024 the global economy is bound to further slowdown to low single digits. Given the high number of active and potential geopolitical conflicts, the outlook is subject to a high level of uncertainty.

More restrictive financial conditions would likely push advanced economies into recession and pose a significant risk to vulnerable emerging economies. Highly indebted countries such as Sri Lanka could suffer from increasing financing costs, U.S. dollar appreciation and loss of investor confidence.

On a more positive note, although at a slower pace, the decline of inflation rates is expected to continue. Past interest rate hikes are having the desired effect, and headline inflation is expected to steadily approach the central bank targets. Hence, monetary policy is expected to become less restrictive in 2024.

RISK GOVERNANCE

The Group has a well-established risk governance structure which is aligned to the three lines of defense model, as set out below.



The Chairman and the Board of Directors are responsible for risk management of the Group. Risk is reviewed at each Board meeting and appropriate responses are formulated and resources allocated as necessary. The Board is assisted by the Audit Committee and the Group Supervisory Board who meet more frequently to review the risks. The main objective in monitoring risk exposure is to secure the stability of the Group and manage risks and returns within the Group's risk appetite while pursuing corporate goals.

The unit is responsible for collating and aggregating risk registers as well as providing technical guidance to SBUs to ensure accurate and timely identification, assessment and management of risks.

Each SBU is responsible for identification, measurement, monitoring, management and reporting of risks to their respective Boards and to the risk unit. Consideration of the business climate, competition, stakeholder concerns and the SBU's business goals forms part of this process.

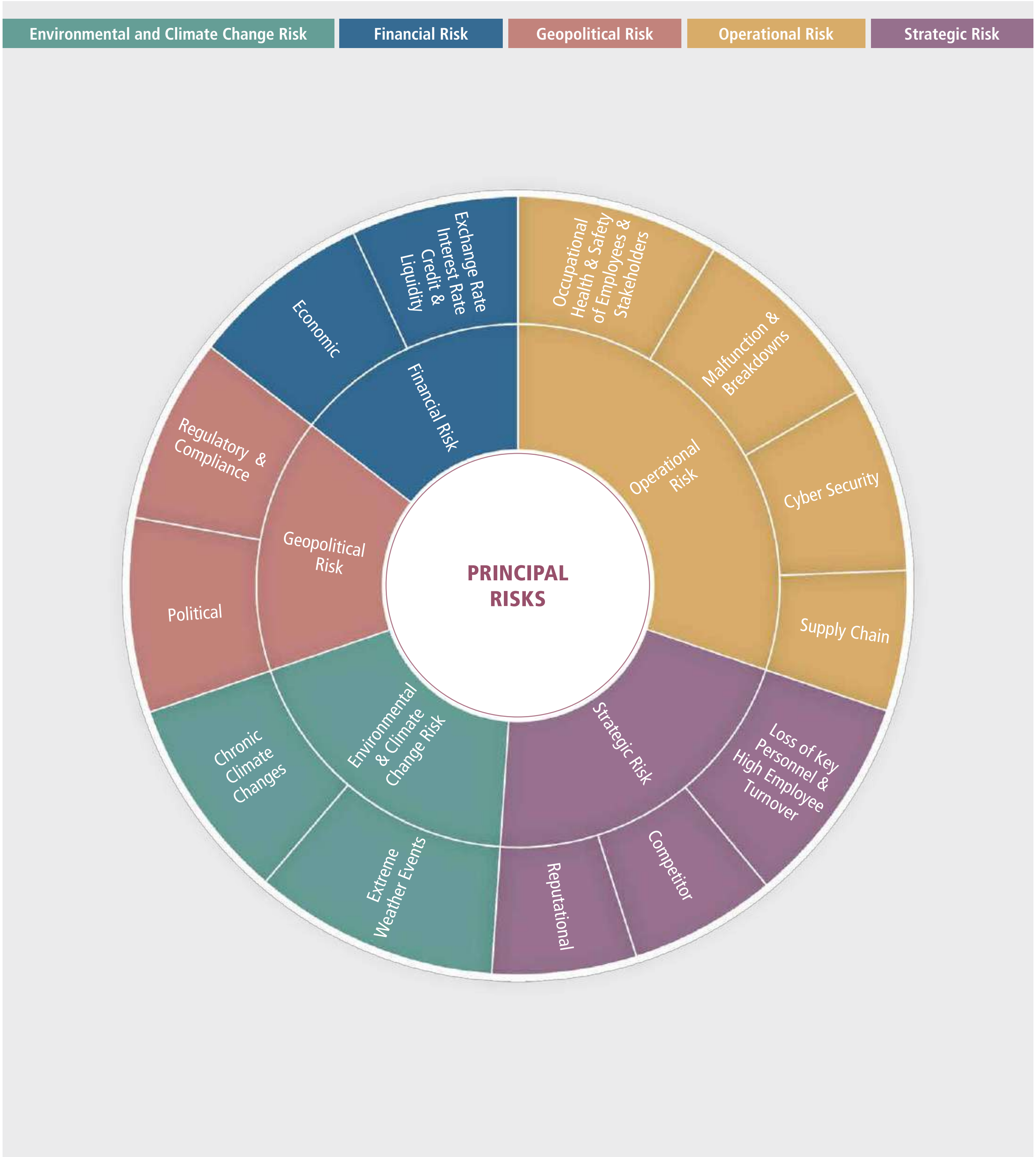
CONNECTIVITY WITHIN THE ANNUAL REPORT

The following sections of this report are connected to the annual report, as set out below:

- **Risk environment** – Refer operating environment on page 40 which describes the risk environment that prevailed during the year, providing context for risk assessments.
- **Business reviews** – The risks and opportunities identified by the business segments were considered in compiling and updating the risk register.
- **Material matters** – Matters that are material to the Group were considered in compiling the risk register as set out on page 61.
- **Capital reports** – These set out how the risks were managed in more detail and are indicated alongside the relevant risks in the summary of risks provided in this report.

OVERVIEW OF RISKS

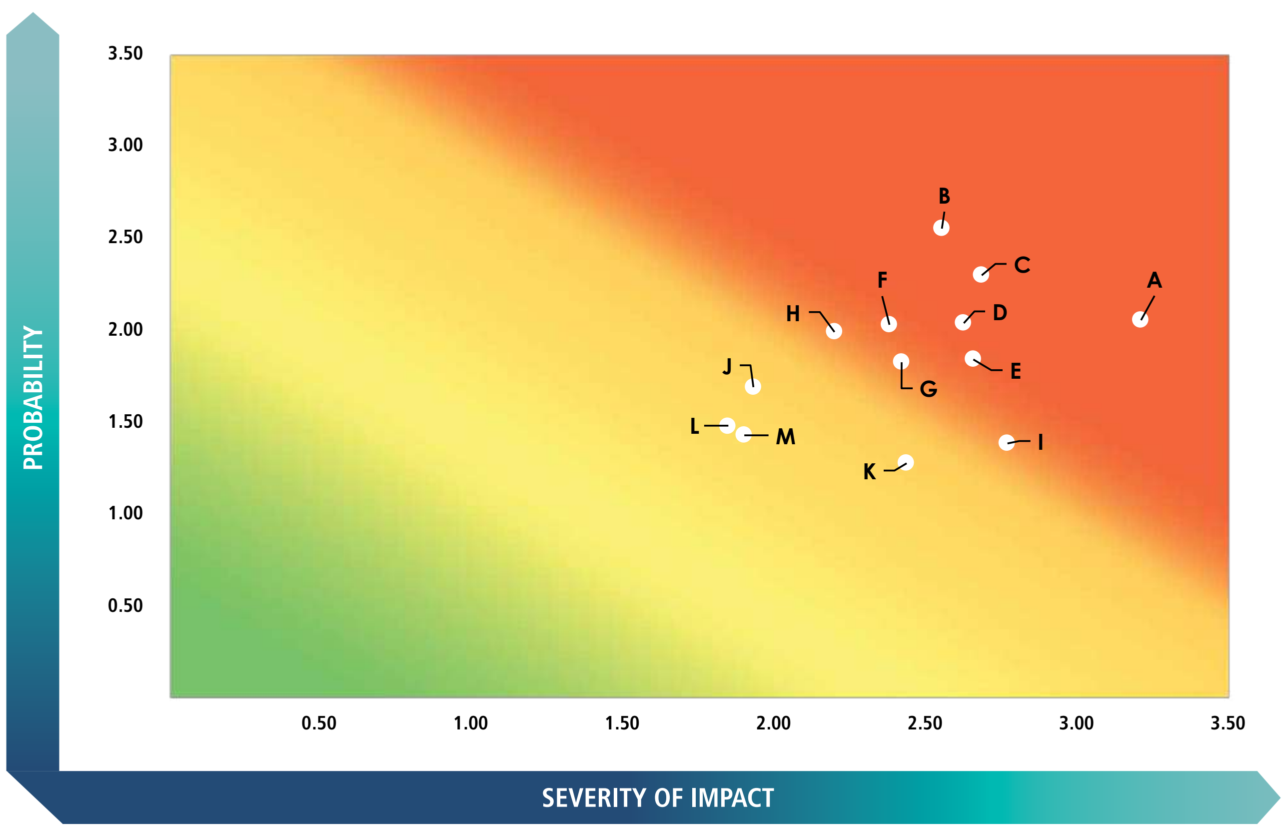
Aitken Spence PLC has adopted a structured approach to identify and classify risk to facilitate reporting across 16 business segments.



PRINCIPAL RISKS AND RISK HEAT MAP

	Principal Risks	Risk Rating
A	Extreme Weather Events	○
B	Political	○
C	Chronic Climate Changes	○
D	Malfunction and Breakdowns	○
E	Occupational Health and Safety of Employees and Stakeholders	○
F	Economic	○
G	Cyber Security	○
H	Exchange Rate, Interest Rate, Credit and Liquidity	○
I	Loss of Key Personnel and High Employee Turnover	○
J	Competitor	○
K	Regulatory and Compliance	○
L	Supply Chain	○
M	Reputational	○

The risk heat map below provides a high-level view of the principal risks the Group is exposed to.



(GRI 201-2)

RISKS AND OPPORTUNITIES

Tourism | Maritime and Freight Logistics | Strategic Investments | Services

Risk Category	Mitigation Plans
A. Extreme Weather Events	Risk Rating- **High**
Flood warnings issued: 631 Landslide warnings issued: 197	The impact of extreme weather events is different for each sector. Therefore, each sector has been separately assessed and mitigation and disaster recovery plans made are sector specific. ▪ Sustainability measures aim to reduce carbon and water footprints. ▪ Inventory and PPE are insured for natural disasters. ▪ The Group assesses vulnerabilities, strengthens disaster preparedness and enhances sustainability efforts. ▪ Disaster recovery plans are in place for cyclones, high winds, earthquakes, forest fires, landslides, lightning strikes and tsunamis.
B. Political	Risk Rating- **High**
Geopolitical Risk	The Russian-Ukraine and the Israel-Palestine wars continue to elevate geopolitical risks. The attacks of the Houthis in the Red Sea are also concerning. Along with Sri Lanka, many countries will be conducting elections this year which can shift the geopolitical landscape. ▪ The risk unit monitors both domestic and global operating environments, swiftly identifying early warning signs of risks and opportunities and promptly communicating them to management. ▪ Maintain continuous interaction with regulatory authorities, trade chambers, and associations to stay abreast of new laws and regulations and advocate for changes that may negatively affect the economy and business environment.
Civil Unrest	▪ Developing crisis management plans and establishing communication channels with local authorities. ▪ Conducting significant CSR projects and building a good rapport with the neighbourhood. ▪ Maintaining open communication with community leaders and stakeholders to address grievances proactively. ▪ Maintaining harmonious relations with trade unions
Terrorism	▪ Strong security culture is adopted within the premises by regularly emphasising the importance of security measures. ▪ Emergency telephone numbers are displayed at security points. ▪ Property, lives and businesses are insured against losses due to terrorism.

(GRI 201-2)

Risk Category	Mitigation Plans
C. Chronic Climate Changes	Risk Rating- **High**
Soil erosion	▪ Improvement of soil carbon percentage and soil conservation.
Toxic smog and smoke	▪ Implement air quality monitoring systems. ▪ Conduct regular maintenance of ventilation systems.
D. Malfunction and Breakdowns	Risk Rating- **High**
	▪ All machinery and vehicles are regularly serviced. ▪ Engineering experts are consulted to address complicated technical issues. ▪ All segments maintain sufficient spare parts inventory. ▪ Comprehensive training is provided to employees in machine operation and handling. ▪ Instructions in the operating manuals are adhered to consistently.
E. Occupational Health and Safety of Employees and Stakeholders	Risk Rating- **High**
Number of Injuries: 340 Number of Deaths: NIL	This is a key risk for the Group and stringent measures have been put in place to mitigate, which has significantly reduced the associated risks. ▪ Continuously strengthen health and safety measures at identified high-risk locations. ▪ Implementation of occupational health and safety (OHS) policies throughout the Group. ▪ Usage of PPEs are strictly adhered to. ▪ Conducting continuous training and awareness sessions. ▪ Robust safety procedures for operations are in place. ▪ Regular site inspections and hazards spotting exercises are conducted across the Group. ▪ Proper cleaning, sanitisation and pest control are periodically conducted. ▪ Proper fire prevention mechanisms are in place.
F. Economic	Risk Rating- **High**
Inflation Headline CCPI (Y-o-Y change): 0.9%	Inflation has a significant impact on all businesses as it reduces consumer purchasing power and also increases our own cost profiles. ▪ Cost optimisation measures are undertaken throughout the Group. ▪ Assess ability to pass through increases in costs to ease pressure on margins. ▪ Diversification of business and penetrate new markets without over depending on single market or single geographical region.
Changes in trade polices of other countries.	Trade policies have a significant effect as they can increase or decrease entry barriers to markets and change a country's or product's competitiveness significantly. ▪ Assess and diversify supply chains to minimise disruptions caused by economic shocks or regional instability.
Economic instability and down turns GDP Growth: -2.3% Foreign Exchange Reserves as of March 2024: USD 4.95 Bn	In an economic downturn, businesses need to balance support to customers and suppliers with associated risks to facilitate business continuity where possible. There is also the opportunity to disrupt market dynamics with cost effective solutions and capture market share. ▪ Innovations are carried out to provide more cost-effective solutions to customers. ▪ Encourage customers and prospective customers to consider safeguarding themselves for unforeseen economic shocks.

Risk Category	Mitigation Plans
G. Cyber Security	Risk Rating- **High**

Total vulnerabilities detected and treated	09

- Group-wide staff awareness programs are conducted on information security.
- Implementation of various protection technologies to manage network perimeter defense, data loss prevention, cyber security threats like cyber-spoofing and distributed denial of service (DDoS) attacks.
- Centralised control over application installation and configuration.
- Adhered with the benchmarked IT system related security measures and frequent update of same.
- Utilise state of the art firewalls and intrusion detection systems.
- Identity and access management systems, including multifactor authentication are employed.

Risk Category	Mitigation Plans
H. Exchange Rate, Interest Rate, Credit and Liquidity	Risk Rating- **High**

Exchange Rate Risk

Annual appreciation of LKR against the USD	8.16%

- Close monitoring of the forex fluctuations is done by the Group Treasury.
- Fixing the exchange rate in contracts.
- Judicious use of foreign exchange rate hedging instruments depending on forecasted movements.

Interest rate Risk

Interest Rate Spread (weekly AWPLR)	Min: 10.13% Max: 22.63% Spread: 1,250 basis points

The segments with significant borrowings are adversely affected by an upward movement of interest rates whereas segments with cash surpluses are adversely affected by downward movement of interest rates. The Group is a net borrower, so the overall impact will be negative on upward movement of interest rates.

- Cost of capital and investments are managed by the Group Treasury, leveraging expertise in the segments.

Liquidity

Quick Asset Ratio	1.12
Debt to Equity Ratio	0.45

The Group maintains a cautious approach to managing liquidity and leverage which provides for significant headroom in case of need.

- Agile and proactive management of working capital.
- Ensure adequate bank facilities are available.
- Aim for shorter working capital cycles.

Credit Risk

Percentage of trade debtors over 90 days	13%

- The Group regularly reviews credit controls.
- All SBUs have established debt collection targets.
- Internal monitoring of debt collection is carried out diligently.
- Credit limits of customers are reviewed regularly and adjusted appropriately.

Risk Category	Mitigation Plans
I. Loss of Key Personnel and High Employee Turnover	Risk Rating- **Moderate**

Employee Attrition Rate	22

- Implemented comprehensive talent management programs to cultivate talent pipelines, including succession planning.
- Offer job rotation and overseas assignments to employees to foster leadership development.
- The Group has a credible grievance handling mechanism.
- Human resources policies and practices are regularly updated to align with industry trends.
- Formulating human resource strategies to retain employees and management intervention to ensure such strategies are implemented.

Risk Category	Mitigation Plans
J. Competitor	Risk Rating- **Moderate**
	▪ Each sector conducts regular and systematic competitor analysis and implements measures to sustain the Group's competitiveness. ▪ Group Supervisory Board closely monitors strategy implementation. ▪ Continued efforts are carried out to develop new markets and market segments. ▪ Market dynamics are monitored, and quarterly competitor analysis are conducted. ▪ Strategic partnerships and Group synergies are leveraged.
K. Regulatory and Compliance	Risk Rating- **Moderate**
	▪ Awareness and strict adherence to regulatory timelines and requirements. ▪ Regularly update compliance registers for all segments. ▪ Stay informed about legislative changes and adapt business practices accordingly through consultation with legal experts. ▪ Work with tax professionals to ensure compliance with tax regulations and explore tax planning opportunities.
L. Supply Chain	Risk Rating- **Moderate**
	▪ Ensure adequate inventory levels are maintained for frequently needed items including fuel. ▪ Collaborate with suppliers to minimise lead times. ▪ Build relationships with multiple suppliers and create contingency plans for sourcing materials from different regions.
M. Reputational	Risk Rating- **Moderate**
	▪ The Code of ethics and professional conduct applies to all directors and employees. ▪ Implemented integrated sustainability management policy with a centralised team overseeing implementation. ▪ Standard operating procedures for key business processes are established. ▪ Adopted the ESG framework. ▪ Aligned with international best practices through certification on quality, environment and social management. ▪ A crisis communication plan is in place to address negative publicity promptly and transparently. ▪ Implemented reputation management strategies, including initiative-taking, communication and swift resolution of issues. ▪ The Group gives priority to customer satisfaction and customer comments are taken into consideration in every point.

(GRI 201-2)

OPPORTUNITIES

Opportunities often arise alongside risks, and organisations must capitalise on such opportunities to progress. Here are few key opportunities identified within the principal areas of risk.

Diversification

Hotels

Explore diversification beyond traditional accommodation to include wellness retreats, adventure activities and culinary tourism.

Destination Management

Relentless promotion of off-season travel to Sri Lanka and Maldives.

Logistics

Leveraging increasing demand for cold rooms, over dimensional cargo handling and warehouse in the region.

Plantations

Explore non-agricultural diversification opportunities alongside crop diversification.

Printing and Packaging

Diversify into flexible packaging to meet market demands.

Apparel

Explore investment opportunities in Fabric manufacturing.

Talent Management

Prioritise talent development initiatives to cultivate a skilled workforce capable of driving innovation and adaptation to market changes.

Strategic Location

Maritime & Port Services

Leverage strategic location of Sri Lanka and explore avenues to increase transshipment volumes through Colombo Port.

Sustainability

Power

Respond to increasing demand for clean energy and the country's commitment to a low-carbon economy.

Printing and Packaging

Utilise green financing for eco-friendly production technologies.

Invest in essential services and import substitution

Given the favourable operating environment, there's an opportunity to invest in industries supporting essential services and promote local production to reduce reliance on imports.

Technology driven growth

Printing and Packaging

Embrace technological innovations for efficiency and sustainability.

Money Transfer

Introduce digital solutions for remittance receivers.

Strategic Partnerships

- Strengthen existing partnerships and cultivate new relationships to drive growth.
- Explore new markets through strategic alliances and leverage synergies within the Group to expand.

Corporate Social Responsibility (CSR) Initiatives

Plantations

Invest in sustainable farming, social welfare and environmental conservation.

Printing and Packaging

Implement CSR initiatives focused on reducing carbon footprint and supporting community development.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

(GRI 2-10)

As the Nominations and Governance Committee, our primary objective is to ensure that the Boards of Aitken Spence PLC and its subsidiaries are comprised of diverse, competent, and effective Directors. We diligently evaluate board composition, review performance, and advocate for continuous improvement to uphold the highest standards of corporate governance.

R.N. Asirwatham
Chairman

COMPOSITION OF THE COMMITTEE

- **Mr. R.N. Asirwatham** - Chairman
- **Deshamanya D.H.S. Jayawardena**
- **Mr. J.M.S. Brito**

Independent Non-Executive Director

Non-Executive Director/Group Chairman

The Committee's composition complies with the requirements of Rule 9.11.4 of the Listing Rules of the Colombo Stock Exchange.

COMMITTEE MEETINGS

The Committee met once during the year under review with the attendance of the Deputy Chairman and Managing Director on invitation.

RESPONSIBILITIES OF THE COMMITTEE

- Evaluation of the quality and composition of the Boards of Aitken Spence PLC and the subsidiary companies.

  The Committee is responsible for ensuring that the Boards of Aitken Spence PLC and its Group companies are well balanced and diversified in terms of effectiveness and composition. Suitable candidates are identified as Directors whilst ensuring that Boards consist of Directors with vast knowledge, experience, competency and entrepreneurial skills to advance the effectiveness of the Boards. The Committee periodically reviews the structure, size and composition of the Boards of the Group Companies.
- Evaluation of the performance of the Board, its committees and individual Directors to ensure that their responsibilities are satisfactorily discharged.
- Reviewing the Charter for the appointment, re-appointment, re-election, and election of Directors to the Boards of the Group Companies, as well as their succession planning, and suggesting amendments where necessary.

KEY FUNCTIONS OF THE COMMITTEE

The Committee reviews and makes recommendations that are fair, free from any bias and not influenced by personal or business relationships, thereby enabling the Company to make sound and measured judgments in order to attract the best talent to the Group. During the financial year 2023/2024 the Committee performed the following functions:

- Ensured the diversity and effectiveness of the Board of Aitken Spence PLC and the Boards of its Group companies as well as the Key Management Personnel (KMPs),
- Reviewed and recommended necessary appointments to the Boards of the Group companies whenever necessary,
- Evaluated and recommended suitable internal and external candidates to higher levels of management,
- Evaluated the eligibility of the Directors who have offered themselves for re-appointment and re- election to the Board considering the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities and made necessary recommendations to the Board,
- Evaluated the combination of varied skills, knowledge and experience of the Directors of the Company and of the Group companies,
- Ascertained that the competencies of Directors are adequate to meet the required strategic demands of the Group.

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

Deshamanya D.H.S. Jayawardena, Mr. R.N. Asirwatham, Mr. J.M.S. Brito, Mr. N.J. de S. Deva Aditya, Dr. R.M. Fernando and Mr. C.R. Jansz who retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210 and 211 of the Companies Act No. 7 of 2007, have offered themselves for re-appointment.

In terms of Article 83 and 84 of the Articles of Association, Mr. C.H. Gomez retires by rotation and has offered himself for re-election at the forthcoming Annual General Meeting.

Having given due consideration to each Director's performance, the Committee recommends that the said Directors are eligible for re-appointment and re-election as the case may be.

The members of the Nominations and Governance Committee did not participate in the decisions relating to their own re-appointments.

R.N. Asirwatham
Chairman
Nominations and Governance Committee

15th July 2024
Colombo

REMUNERATION COMMITTEE REPORT

During the financial year 2023/2024, the Remuneration Committee continued its pivotal role in ensuring our Company's success by attracting, retaining and motivating top talent while upholding the highest standards of transparency, fairness and accountability. Our unwavering commitment to aligning compensation practices with our Company's values and long-term goals underscores our dedication to sustainable growth and stakeholder alignment.

R.N. Asirwatham
Chairman

COMPOSITION OF THE COMMITTEE

- **Mr. R.N. Asirwatham** - Chairman
- **Mr. J.M.S. Brito**
- **Mr. C.H. Gomez**
- **Mr. C.R. Jansz** (Appointed w.e.f. 08.09.2023)

Independent Non-Executive Director: Mr. R.N. Asirwatham, Mr. J.M.S. Brito, Mr. C.H. Gomez

Non-Independent Non-Executive Director: Mr. C.R. Jansz

The Committee's composition complies with the requirements of Rule 9.12.6 of the Listing Rules of the Colombo Stock Exchange.

INDEPENDENCE OF THE COMMITTEE

The Committee is composed of three Independent Non-Executive Directors and a Non-Independent Non-Executive Director as at the end of the financial year 2023/2024. They are independent of management and are completely free from any business, personal or other relationships that may interfere with the exercise of their independent, unbiased judgement. The members of the Committee refrain from taking part in determining their own remuneration.

REMUNERATION COMMITTEE MEETING ATTENDANCE

The Committee met once during the year under review. Deshamanya D.H.S. Jayawardena, Group Chairman together with Dr. M.P. Dissanayake, Deputy Chairman and Managing Director, Ms. D.S.T. Jayawardena, Joint Deputy Chairperson and Joint Managing Director and Mr. S.N. Muttiah, Group Chief Human Resource Officer attended the meeting by invitation.

Remuneration Committee Members	Date of Meeting (DD/MM/YYYY) and Attendance 14/09/2023
Mr. R.N. Asirwatham - Chairman	Virtual Participation
Mr. J.M.S. Brito	Virtual Participation
Mr. C.H. Gomez	Virtual Participation
Mr. C.R. Jansz (Appointed w.e.f. 08.09.2023)	Virtual Participation

Virtual Participation

THE REMUNERATION POLICY

The Group follows a formal and transparent procedure to ascertain the remuneration packages for individual Directors, Key Management Personnel (KMPs) and the Executives. The Committee recognises the importance of formulating remuneration packages that effectively motivate, attract and retain the Directors, KMPs and Executives of the Company, taking into account the employment conditions of the Group Companies and the relevant industries.

The Group remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

KEY RESPONSIBILITIES OF THE COMMITTEE

- Determine remuneration policy for Directors, Key Management Personnel and Executives.
- Decide individual remuneration packages, including termination compensation.
- Evaluate performance of Managing Directors, Executive Directors and Senior Management.
- Review Committee's Terms of Reference regularly to ensure industry best practices.

FUNCTIONS OF THE COMMITTEE

The Committee's decisions were determined based on the following principles and policies:

Remuneration Policy

- Evaluated the Group Remuneration Policy against the current market trends and industrial norms.
- Reviewed and ensured the implementation of the Group Remuneration Policy.
- Reviewed the policy of the remuneration package of the Directors and the Key Management Personnel.
- Reviewed the specific application of the Group Remuneration Policy to the Deputy Chairman and Managing Director, Joint Deputy Chairperson and Joint Managing Director and Executive Directors and general application of the Group Remuneration Policy to the Key Management Personnel below the Directorate and the Executives of the Company.

Performance Based Remuneration

- Evaluated the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units.
- Reviewed, monitored and evaluated performance of Key Management Personnel as well as their management development and succession planning.

Performance Incentives

- Evaluated the achievements as well as unaccomplished targets and results which are considered to determine performance-based incentives.

Remuneration of Deputy Chairman and Managing Director and Joint Deputy Chairperson and Joint Managing Director

- Evaluated the performance of the Deputy Chairman and Managing Director and Joint Deputy Chairperson and Joint Managing Director.

R.N. Asirwatham
Chairman
Remuneration Committee

15th July 2024
Colombo

AUDIT COMMITTEE REPORT

In the wake of the receding pandemic, our vigilance remains steadfast amidst a shifting macroeconomic and geopolitical landscape. The Audit Committee remains committed to closely monitoring these dynamics, ensuring our resilience and adaptability remain robust.

R.N. Asirwatham
Chairman

COMPOSITION OF THE COMMITTEE

- **Mr. R.N. Asirwatham** - Chairman
- **Mr. J.M.S. Brito**
- **Mr. C.H. Gomez**
- **Mr. N.J. de S. Deva Aditya/ Mr. M.A.N.S. Perera** (Mr. M.A.N.S. Perera ceased to be an Alternate Director to Mr. N.J. de S Deva Aditya w.e.f. 01.01.2024)

Independent Non-Executive Director

The Committee's composition met the requirements of Rule 9.13.3 of the Listing Rules of the Colombo Stock Exchange.

Secretary to the Committee

Mr. D.D.M.A. Saparamadu
Chief Internal Auditor, Aitken Spence PLC

The Committee is composed of four Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director who is a fellow of the Institute of Chartered Accountants of Sri Lanka. The profiles of the members are given on pages 74 to 78 of this Report.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee represents and assists the Board in fulfilling its responsibility relating to the integrity of the Company's Financial Statements and the financial reporting process, the systems of internal control, compliance with legal and regulatory requirements, risk management practices and the adequacy of external and internal audit. These endeavours aim to safeguard the interests of shareholders and all other stakeholders.

COMMITTEE MEETINGS

The Audit Committee functioned throughout the financial year and held thirteen meetings in semi virtual mode. Dr. M.P. Dissanayake, the Deputy Chairman and Managing Director, Ms. D.S.T. Jayawardena, Joint Deputy Chairperson and Joint Managing Director, Ms. N. Sivapragasam, Chief Financial Officer attended the meetings by invitation. Further, Senior Officers of the Group as well as the partner of Messrs. KPMG, Chartered Accountants responsible for the Group's external audit attended the meetings by invitation as and when required. The attendance at the Audit Committee meetings held during the year under review were as follows:

Audit Committee Members	Date of Meeting (DD/MM/YYYY) and Attendance													
	02/05/2023	23/05/2023	19/06/2023	27/07/2023	06/11/2023	17/11/2023	08/12/2023	12/01/2024	26/01/2024	12/02/2024	21/02/2024	29/02/2024	15/03/2024	Overall Attendance
Mr. R.N. Asirwatham - Chairman	In person	In person	In person	In person	In person	In person	In person	In person	In person	In person	In person	In person	In person	13/13
Mr. J.M.S. Brito	Virtual	In person	In person	In person	Virtual	In person	In person	In person	In person	In person	In person	Virtual	In person	13/13
Mr. C.H. Gomez	Virtual	In person	In person	EX	Virtual	EX	EX	EX	Virtual	Virtual	Virtual	EX	EX	7/13
Mr. N.J. de S. Deva Aditya/Mr. M.A.N.S. Perera (Mr. M.A.N.S. Perera ceased to be an Alternate Director to Mr. N.J. de S Deva Aditya w.e.f. 01.01.2024)	Virtual	Virtual	Virtual	In person	Virtual	In person	In person	Virtual	EX	EX	Virtual	Virtual	EX	10/13

In person participation | Virtual Participation | EX Excused

KEY RESPONSIBILITIES OF THE COMMITTEE

- Assisting the Board in carrying out its overall independent oversight functions in relation to the accuracy and integrity of the Financial Statements, internal control systems and compliance with Group policies, legal and regulatory requirements with a view to safeguard the interests of shareholders and other stakeholders. The scope of functions and responsibilities is adequately outlined in the Terms of Reference of the Committee, which have been approved by the Board and are regularly reviewed.

- Ensuring the effectiveness of the system of internal controls, financial reporting, risk management, compliance with laws and regulations, as well as the adequacy and effectiveness of the governance processes of the Group.
- Exercising its independent oversight on internal and external assurance functions and ensure both internal and external auditor's independence, objectivity and the effectiveness of the audit process.
- Reviewing the internal audit reports and maintaining healthy relationships with the sector senior management to ensure that precautionary measures are taken to mitigate the risk that could arise due to reported control weaknesses, procedure violations, frauds and errors.
- Examining all matters relating to the Group's adopted accounting principles and practices and reviewing all material financial, operational, and compliance controls; the Committee is provided with sufficient resources to perform its duties, including support as necessary, from the internal audit department, the external auditor and sector senior management.

ACTIVITIES DURING THE FINANCIAL YEAR 2023/2024

Risk Management and Internal Control

- Monitored the Group's risk management and internal control processes through detailed discussions with the management and Executive Directors.
- Assisted the Board in evaluating the adequacy, robustness and effectiveness of the Group's management of risk, in terms of identifying, managing and mitigating principal risks and emerging risks.
- Ensured that the Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of ethics and standards of conduct required by regulatory authorities, professional bodies and trade associations.

Financial Reporting and Financial Control

- Reviewed the Group's quarterly and annual Financial Statements, focusing on the following aspects:
  - Adequacy of disclosures.
  - Uniformity and appropriateness of the accounting policies adopted.
  - Major judgemental areas to ensure compliance with the Companies Act No. 7 of 2007.
  - Adherence to applicable Sri Lankan Accounting Standards and other Accounting Standards of jurisdictions in which each subsidiary operates.
  - Compliance with the Listing Rules of the Colombo Stock Exchange.
  - Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.
  - Meeting requirements of other regulatory bodies applicable to the Group.
- Discussed with the management any future accounting developments likely to affect the Financial Statements.
- Reviewed the budgets and strategic plans of the Group to ensure that all forward-looking statements in the Annual Report accurately reflect the Group's position.
- Monitored the integrity of the Group's published financial information and reviewed all significant financial judgements and estimates made by the management.

External Audit

- Reviewed and monitored the relationship with the External Auditors including overseeing their appointment, independence, remuneration, tenure, rotation of the engagement partner and engagement for non-audit services.
- Assessed the effectiveness and the progress of the External Auditors and the audit process.
- Discussed the audited Financial Statements with External Auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.
- Reviewed and discussed the Management Letter and instructed the management to take appropriate follow up actions on matters highlighted therein.

Internal Audit

- Reviewed and approved the Annual Audit Plan after considering its depth and coverage in the Group.
- Reviewed the operation and effectiveness of the Group Internal Audit function in terms of its independence, effectiveness and competency.
- Continued to ensure the coordination between Group Internal Audit and External Auditors.
- Reviewed and discussed the periodic reports submitted by the Internal Audit Department with the management responses on financial and operational audits, information security and risk assessments carried out in line with approved Annual Audit Plan.

Reporting

- The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee. Minutes of the Audit Committee meetings are also tabled at the Board Meetings.
- The Annual Report incorporates the Audit Committee Report.
- The Chairman of the Audit Committee attends the Annual General Meeting.

CONDUCT, ETHICS AND GOOD GOVERNANCE

The Audit Committee remains steadfast in its commitment to ensuring that the Group adheres to the highest ethical standards in business dealings. In this regard, the Group has a Code of Ethics & Professional Conduct, robust policies such as the Whistleblowing Policy and an Anti-Bribery & Anti-Corruption Policy which ensure and encourage all staff members to be ethical, transparent and accountable and resort to whistleblowing if they suspect any wrongdoings or other improprieties. Highest standards of corporate governance and adherence to the Group's Code of Ethics & Professional Conduct were ensured. All appropriate procedures are in place to conduct independent investigations into incidents reported through whistleblowing or identified through other means. The Whistleblowing Policy guarantees the maintenance of strict confidentiality of the identity of the whistleblowers.

RE-APPOINTMENT OF EXTERNAL AUDITORS – MESSRS. KPMG, CHARTERED ACCOUNTANTS

The Committee perused transactions with the External Auditors and ensured that there was no significant material transaction between the External Auditors and the companies in the Group. Furthermore, the Committee reassured that the External Auditors do not hold any shares in the Company.

The Committee having considered that there were no significant material transactions between the External Auditors and the Group companies, that there were no shares held by the External Auditors, the confirmation received from the External Auditors and the periodic rotation of the Audit Partner, noted that KPMG, Chartered Accountants are independent and are eligible for re-appointment as the External Auditors of the Group.

Having noted the above, the Committee recommends to the Board that Messrs. KPMG, Chartered Accountants be re-appointed as the External Auditors of the Company for the current financial year, subject to the approval of the Shareholders at the forthcoming Annual General Meeting.

THE YEAR AHEAD

Looking ahead to the financial year 2024/2025, the Committee's key priorities will include overseeing of the Group's risk management and internal control processes, sustaining a strong culture of risk management across the Group, continuing to monitor the impacts of climate change and taking a proactive approach in anticipating and preparing for any legislative or regulatory changes.

R.N. Asirwatham
Chairman
Audit Committee

15th July 2024
Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Our Related Party Transactions Review Committee is fully dedicated to upholding its responsibilities of reviewing Related Party Transactions in a fair and transparent manner and in the best interests of the Company and its stakeholders. Our unwavering dedication to corporate governance and transparency serves to foster trust and confidence among all stakeholders.

R.N. Asirwatham
Chairman

COMPOSITION OF THE COMMITTEE

- **Mr. R.N. Asirwatham** - Chairman
- **Mr. J.M.S. Brito**
- **Mr. C.H. Gomez**
- **Mr. N.J. de S. Deva Aditya/ Mr. M.A.N.S. Perera** (Mr. M.A.N.S. Perera ceased to be an Alternate Director to Mr. N.J. de S Deva Aditya w.e.f. 01.01.2024)

Independent Non-Executive Director

The Committee's composition complies with the requirements of Rule 9.14.2 of the Listing Rules of the Colombo Stock Exchange.

ROLE OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The role of the Related Party Transactions Review Committee is to advise the Board in relation to transactions with related parties as defined by Sri Lanka Accounting Standard - LKAS 24 and Listing Rules of the Colombo Stock Exchange. The Committee adheres to Rule 9.14 of the revised Listing Rules of the Colombo Stock Exchange, ensuring that the Company considers the interests of shareholders collectively when entering into Related Party Transactions.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE MEETING ATTENDANCE

Related Party Transactions Review Committee Members	Date of Meeting (DD/MM/YYYY) and Attendance				
	19/06/2023	06/11/2023	08/12/2023	15/03/2024	Overall Attendance
Mr. R.N. Asirwatham - Chairman	In person	In person	In person	In person	4/4
Mr. J.M.S. Brito	In person	In person	In person	In person	4/4
Mr. C.H. Gomez	In person	Virtual	EX	EX	2/4
Mr. N.J. de S. Deva Aditya/ Mr. M.A.N.S. Perera (Mr. M.A.N.S. Perera ceased to be an Alternate Director to Mr. N.J. de S Deva Aditya w.e.f. 01.01.2024)	In person	Virtual	In person	EX	3/4

In person participation   Virtual Participation   EX Excused

HIGHLIGHTS DURING THE FINANCIAL YEAR 2023/2024

- Obtained quarterly disclosures from the Key Management Personnel and the Group related companies in relation to proposed Related Party Transactions and post quarter confirmations and the Committee reviewed all such disclosures at its quarterly meetings.
- Communicated Committee's activities to the Board by tabling the minutes of the Committee meetings, at the Board meetings.
- Fixed the thresholds at the first meeting of the financial year for Related Party Transactions which require either shareholders' approval or immediate market disclosures, as the case may be for the financial year 2023/2024 based on the Audited Financial Statements of the previous financial year.

RESPONSIBILITIES OF THE COMMITTEE

The Committee's key focus is to review all proposed Related Party Transactions prior to entering into or completion of the transaction according to the procedures laid down by Rule 9.14 of the Listing Rules of the Colombo Stock Exchange. The responsibilities of the Committee are as follows:

- Evaluate any proposed Related Party Transactions on a quarterly basis and recommend to the management and the Board, the appropriate course of action to be taken in order to be compliant with the regulations of the Listing Rules of the Colombo Stock Exchange,
- Review any post quarter confirmations on Related Party Transactions,
- Review the threshold for Related Party Transactions which require either shareholders' approval or immediate market disclosures, as the case may be,
- Review the criteria of Key Management Personnel,
- Regularly report to the Board on the Committee's activities.

KEY MANAGEMENT PERSONNEL

The Board of Directors of the Company, Directors, Vice Presidents and Assistant Vice Presidents of Subsidiary companies are construed as the Key Management Personnel of Aitken Spence to establish greater transparency and governance. Declarations from Key Management Personnel and from the Group companies are obtained quarterly for the purpose of identifying Related Party Transactions and to determine Related Party Transactions which ensures the compliance with the disclosure requirements of the Listing Rules.

KEY FUNCTIONS PERFORMED

Policies and Procedures:

- Quarterly disclosures were obtained from the Key Management Personnel of any proposed Related Party Transactions and confirmations of any post-quarter transactions. All such disclosures are tabled at each Related Party Transactions Review Committee meeting,
- Quarterly disclosures were obtained from all Group companies of any proposed Related Party Transactions and confirmations of any post-quarter transactions and all disclosures are tabled at each Related Party Transactions Review Committee Meeting,
- Non-recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements of the previous year, if any, were communicated to the Committee through the Group Company Secretaries,
- Recurrent Related Party Transactions exceeding 10% of the gross revenue of the Group as per the Audited Financial Statements of the previous year, if any, were communicated to the Committee through the Group Company Secretaries.

Review of Related Party Transactions:

- Reviewed all proposed Related Party Transactions as well as post quarter confirmations,
- Activities of the Committee were communicated to the Board by tabling the minutes of the Related Party Transactions Review Committee Meetings,
- Reviewed thresholds for Related Party Transactions which require either shareholders' approval or immediate market disclosure based on the Financial Statements for the year ended 31st March 2023.

DECLARATION BY THE BOARD

The Annual Report of the Board of Directors embodies a declaration confirming the compliance with the requirements stipulated in Section 9.14.8(4) of the Listing Rules of the Colombo Stock Exchange..

R.N. Asirwatham
Chairman
Related Party Transactions Review Committee

15th July 2024
Colombo

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The Board of Directors present this Statement on Internal Control in accordance with principle D.1.5. of the Code of Best Practice on Corporate Governance, 2017, as amended in 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

RESPONSIBILITY

The Board acknowledges the responsibility for the adequacy and effectiveness of the Group's system of Internal Controls, which is designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information generated and safeguarding of the assets of the Group.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process includes enhancing the system of Internal Controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the systems of Internal Control over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Board has delegated specific responsibilities to the following four sub-committees ensuring the effectiveness of Group's daily operations and to ensure that these daily operations are within the corporate objectives, strategies and annual budget ratified by the Board.

- Audit Committee
- Nominations and Governance Committee
- Remuneration Committee
- Related Party Transactions Review Committee

These committees are chaired by Independent Non-Executive Directors and have the authority to examine particular issues and report back to the Board with their recommendations.

The Board is confident that the Internal Controls are adequate to provide reasonable assurance regarding the reliability of financial reporting which are in accordance with acceptable accounting principles and the applicable regulatory requirements.

INTERNAL AUDIT

The Internal Audit Department of the Group verifies compliance of operations with policies and procedures and the effectiveness of the Internal Control systems and highlights significant findings in respect of any non-compliance.

Audits are carried out on all Strategic Business Units (SBUs), the frequency of which are determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of SBUs. The annual audit plan is reviewed and approved by the Audit Committee and the findings of the audits are submitted to the Audit Committee for review at their periodic meetings.

POLICIES, PROCEDURES AND BUDGETS

Policies and procedures to ensure compliance with internal controls and relevant laws and regulations are set out in operations manuals, which are updated from time to time.

Annual budgets are approved by the respective Boards and the subsidiaries' performance are assessed against the budgets and explanations are provided for significant variances periodically to the respective Boards.

WHISTLE BLOWING POLICY

The Group encourages a whistle-blowing policy which enables employees to bring irregularities in financial reporting, internal controls or other matters within the Group to the notice of the higher management.

Proper arrangements are in place to facilitate fair and independent investigation for such matters, if any. The prevalence and effectiveness of this policy is monitored by the Audit Committee from time to time.

THE GROUP CODE OF ETHICS & PROFESSIONAL CONDUCT

The Group Code of Ethics and Professional Conduct which includes a strong set of corporate values and conduct, is circulated to Directors and all employees. The Board ensures that Directors and all employees strictly comply with the Code in exercising their duties, communications, role modelling and in any other circumstance, so as to uphold the Group's integrity and image. Strict disciplinary actions are initiated for any violation of the Group Code of Ethics and Professional Conduct.

CYBER SECURITY

The Board has taken necessary precautions to minimise the risk of a security breach. During the year under review, necessary steps have been rolled out to curtail the exposure to cyber-attacks by reducing the threat surface and any potentially exploitable vulnerabilities.

GOING CONCERN

The statement of going concern is set out in the Annual Report of the Board of Directors on page 145.

RISK MANAGEMENT

The Board has set up an ongoing process for identifying, monitoring and managing the principal and emerging risks faced by the Group.

An overview of the Group's risk management framework is set out on pages 125 to 133 of this Annual Report.

ANNUAL REPORT

The Board is responsible for the preparation of the Annual Report and confirm that the quarterly reports, annual Financial Statements and the annual review of operations of the Group and its equity accounted investees that are incorporated in this Annual Report have been prepared and presented in a reliable manner based on a balanced and comprehensive assessment of the financial performance of the Group.

CONFIRMATION

Based on the above processes, the Board of Aitken Spence PLC confirms that the financial reporting system of the Group has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and all relevant regulatory requirements.

Moreover, the Board has conducted an evaluation of Group's Internal Controls encompassing financial, operational and compliance controls, risk management and have obtained a reasonable assurance of their effectiveness and proper adherence.

Deshamanya D.H.S. Jayawardena
Chairman

Ms. D.S.T. Jayawardena
Joint Deputy Chairperson
and Joint Managing Director

Dr. M.P. Dissanayake
Deputy Chairman and Managing Director

R.N. Asirwatham
Chairman
Audit Committee

15th July 2024
Colombo

ANNUAL REPORT OF THE BOARD OF DIRECTORS

1. GENERAL

The Board of Directors of Aitken Spence PLC has pleasure in presenting to the Shareholders the Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2024. The details set out herein provide the pertinent information as required under Section 168 of the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange, The Code of Best Practice on Corporate Governance, 2017 as amended in 2023 and issued by the Institute of Chartered Accountants of Sri Lanka and the best accounting practices.

2. PRINCIPAL BUSINESS ACTIVITIES AND THE GROUP STRUCTURE

Aitken Spence PLC is the holding company that directly or indirectly owns investments in companies which form the Aitken Spence Group. In addition to the above, the Company provides management and related services to the Group companies. During the year, there were no significant changes in the principal activities of the Company and the Group.

The activities of the Group are categorised into four main sectors namely Tourism, Maritime & Freight Logistics, Strategic Investments and Services. Companies within each sector and their principal activities are described on pages 448 to 456 of this Annual Report.

3. REVIEW OF OPERATIONS

A review of operational and financial performance, strategy of the Group and the future outlook of the Company and the Group are described in greater detail in the Chairman's Message, Deputy Chairman and Managing Director's Message and the Management Discussion and Analysis of this Annual Report.

These reports together with the Audited Financial Statements of the Company and the Group reflect the respective state of affairs of the Company and the Group.

4. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company and the Group prepared the Financial Statements in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs). The Board of Directors wish to confirm that there were no changes to the accounting policies used by the Company and the Group during the year. Accounting policies adopted in the preparation of the Financial Statements of the Company and the Group are given on pages 317 to 324 and under the respective notes to the Financial Statements given on pages 325 and 430 of this Report.

5. SYNOPSIS OF THE INCOME STATEMENT OF THE COMPANY AND THE GROUP

5.1. Group Performance

For the year ended 31st March	Group 2024 Rs. '000	Group 2023 Rs. '000
Net profit/(loss) before tax	6,724,600	11,201,446
Provision for taxation including deferred tax	(2,272,850)	(3,125,077)
Net profit/ (loss) after tax	4,451,750	8,076,369
Other comprehensive income (net of tax)	(2,264,215)	4,228,823
Total comprehensive income/(loss) for the year	2,187,535	12,305,192
Total comprehensive (income)/loss attributable to the minority shareholders	1,364,383	2,055,196
Total comprehensive income/(loss) attributable to equity shareholders	823,152	10,249,996
Transactions directly recognised in the equity statement	232,592	194,542
Balance brought forward from the previous year	74,404,361	65,583,807
Amount available for appropriations	75,460,105	76,028,345
Final Dividend	(1,623,984)	(1,623,984)
Total reserves and earnings	71,700,981	72,269,221
Stated Capital	2,135,140	2,135,140
Balance attributable to equity holders of the Company at the end of the period	73,836,121	74,404,361

5.2. Revenue and Profits

Revenue generated by the Company during the year amounted to Rs. 1,265.6 million (2022/2023 – Rs. 1,142.3 million). The Group revenue was Rs. 97,486.3 million (2022/2023 – Rs. 98,104.1 million). An analysis of Group revenue based on business and geographical segments and on revenue stream are disclosed in Notes 6 and 7 to the Financial Statements. The loss after tax of the Company was Rs. 43.9 million (2022/2023 – Rs. 3,589.0 million). The Group reported a profit after tax of Rs. 4,451.8 million (2022/2023 – Rs. 8,076.4 million). The Group's profit attributable to the equity shareholders of the parent company for the year was Rs. 2,928.2 million (2022/2023 – Rs. 6,644.0 million). The segmental profits are disclosed in Note 6 to the Financial Statements.

5.3. Donations

During the year donations amounting to Rs. 50,000.00 (2022/2023 – Rs. 50,000.00) were made by the Company, while the donations made by the other Group entities during the year amounted to Rs. 2.1 million (2022/2023 – Rs. 3.9 million).

5.4. Taxation (GRI 207- 1, 2)

A detailed statement of the income tax rates applicable to the individual companies in the Group and a reconciliation of the accounting profits with the taxable profits are provided in Note 12 to the Financial Statements. It is the policy of the Group to provide for deferred taxation on all known timing differences on the liability method. The deferred tax balances of the Group are given in Notes 22 and 32 to the Financial Statements. The deferred tax of the Company and the Group are calculated based on the tax rates that are specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

5.5. Dividends

The Directors recommended a First and Final dividend payment of Rs. 4.25 per share for the year ended 31st March 2024. The Directors are satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act No. 7 of 2007 immediately after the payment of the First and Final dividend.

6. SYNOPSIS OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND THE GROUP

6.1. Stated Capital and Reserves

As at 31st March 2024, the Company had issued 405,996,045 ordinary shares and the stated capital of the Company was Rs. 2.1 billion. The Company's retained earnings and reserves as at 31st March 2024 were Rs. 24.2 billion (2022/2023 - Rs. 25.9 billion) whereas the total Group's retained earnings and reserves as at 31st March 2024 were 71.7 million (2022/2023 - Rs. 72.3 billion). The movement in these reserves is shown in the statement of changes in equity – Company and Consolidated on pages 314 and 312 respectively.

6.2. Property, Plant and Equipment, Investment Property, Intangible Assets, Biological Assets and Right-of-Use Assets

The details of property, plant and equipment, investment properties, intangible assets, biological assets and right of used assets of the Company and the Group where applicable, are given in Notes 15 to 19 to the Financial Statements on pages 347 to 359.

Information in respect of extent, location, valuation of land and building held by the Company and Group are detailed in Notes 15.3 and Note 16.3 to the Financial Statements.

6.3. Contingent Liabilities

The details of contingent liabilities are disclosed in Note 39.1 to the Financial Statements.

7. EVENTS OCCURRING AFTER THE REPORTING DATE

No post balance sheet events of material significance that requires adjustments to the Financial Statements have arisen other than that is disclosed in Note 43 to the Financial Statements.

8. GOING CONCERN

The Directors, after considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance Code, have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements. Basis of conclusion on the going concern for the Company and the Group is further described in Note 2.9 under Basis of preparation.

9. INFORMATION ON THE BOARD OF DIRECTORS AND THE BOARD SUB COMMITTEES

9.1. Board of Directors

The names of the Directors who held office during the Financial Year 2023/2024 are given below. The brief profiles of the Board of Directors are given on pages 74 to 78 of this Annual Report.

Executive Directors

- Dr. M.P. Dissanayake -
  Deputy Chairman and Managing Director
- Ms. D.S.T. Jayawardena -
  Joint Deputy Chairperson and Joint Managing Director
- Dr. R.M. Fernando

Non-Independent Non-Executive Directors

- Deshamanya D.H.S. Jayawardena -
  Chairman
  (Re-designated as a Non-Executive Director w.e.f. 30th October 2023)
- Mr. C.R. Jansz
- Mr. M.A.N.S. Perera
  (Appointed w.e.f. 25th April 2023)

Independent Non-Executive Directors

- Mr. J.M.S. Brito
  (Determined as an Independent Non-Executive Director w.e.f. 08th September 2023)
- Mr. C.H. Gomez
- Mr. N.J. de S. Deva Aditya
- Mr. R.N. Asirwatham

All of the above Directors held office during the entire year, with the exceptions of Mr. M.A.N.S. Perera who was appointed as a Non-Independent Non-Executive Director of the Company w.e.f. 25th April 2023.

Mr. M.A.N.S. Perera who was holding the office of Alternate Director to Mr. N.J. de S. Deva Aditya ceased to hold the office of Alternate Director w.e.f. 01st January 2024.

The basis on which Directors are classified as Independent Non-Executive Directors is discussed on page 98 of the Corporate Governance Report. All the Directors have continuously satisfied the Fit and Proper

Assessment Criteria set out in the Listing Rules during the year under review and as at the date of such confirmation.

9.2 Board Subcommittees

The following Directors served as members of the Audit Committee, the Related Party Transactions Review Committee, the Remuneration Committee and the Nominations and Governance Committee.

Audit Committee

- Mr. R.N. Asirwatham - Chairman
- Mr. J.M.S. Brito
- Mr. C.H. Gomez
- Mr. N.J. de S. Deva Aditya/ Mr. M.A.N.S. Perera (Mr. M.A.N.S. Perera ceased to be an Alternate Director to Mr. N.J. de S Deva Aditya w.e.f. 01.01.2024)

Related Party Transactions Review Committee

- Mr. R.N. Asirwatham – Chairman
- Mr. J.M.S. Brito
- Mr. C.H. Gomez
- Mr. N.J. de S. Deva Aditya/ Mr. M.A.N.S. Perera (Mr. M.A.N.S. Perera ceased to be an Alternate Director to Mr. N.J. de S Deva Aditya w.e.f. 01.01.2024))

Remuneration Committee

- Mr. R.N. Asirwatham – Chairman
- Mr. C.H. Gomez
- Mr. J.M.S. Brito
- Mr. C.R. Jansz (Appointed w.e.f. 08.09.2023)

Nominations and Governance Committee

- Mr. R.N. Asirwatham – Chairman
- Deshamanya D.H.S. Jayawardena
- Mr. J.M.S. Brito

9.3 Recommendation for Re-Appointment and Re-election

Upon the recommendation of the Nominations and Governance Committee, the Board resolved to recommend that Deshamanya D.H.S. Jayawardena, Mr. R.N. Asirwatham, Mr. J.M.S. Brito, Mr. N.J. de S. Deva Aditya, Dr. R.M. Fernando and Mr. C.R. Jansz who are over 70 years of age and vacate office in terms of Section 210(2) of the Companies Act, be re-appointed as Directors in terms of Section 211 of the Companies Act No. 7 of 2007, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Directors. Resolutions to this effect will be proposed at the forthcoming Annual General Meeting.

Mr. C.H. Gomez who retires by rotation in terms of Article 83 and 84 of the Articles of Association of the Company being eligible offers himself for re-election. Upon the recommendation of the Nominations and Governance Committee, the Board resolved to recommend that he be re-elected as a Director of the Company.

9.4 Directors' Shareholding

The Directors' shareholdings are provided in the Investor Information section on page 300 of this Annual Report.

9.5 Interest Register

An Interest Register is maintained by the Company as per the Companies Act No. 7 of 2007. Any interest in transactions disclosed to the Board by a Director in accordance with Sections 192 and 200 of the Companies Act No.7 of 2007 are duly recorded in the Interest Register.

9.6 Directors' Remuneration

The Directors' remuneration and fees in respect of the Company and the Group for the Financial Year ended 31st March 2024 are disclosed in Note 9 to the Financial Statements.

9.7 Related Party Transactions

Related Party Transactions of the Group are disclosed in Note 40 to the Financial Statements. These are Recurrent and Non-Recurrent Related Party Transactions, which required disclosures in the Annual Report in accordance with the Sri Lanka Accounting Standard No. 24 – Related Party Disclosures. However, there were no Recurrent Related Party Transactions which in aggregate value exceeded 10% of the consolidated revenue of the Group as per the Audited Financial Statements as at 31st March 2023.

There were no Non-Recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements as at 31st March 2023, which required additional disclosures in the Annual Report under Rule 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange.

The Group companies and their Key Management Personnel have disclosed on a quarterly basis, the proposed Related Party Transactions (if any) falling under the ambit of Rule 9.14.8(1) and (2) of the Listing Rules of the Colombo Stock Exchange. The disclosures so made were tabled at the quarterly meetings of the Related Party Transactions Review Committee, in compliance with the requirements of the above mentioned rule.

The Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2024.

9.8 Subsidiary Board of Directors

The names of Directors of the subsidiaries and joint venture companies who held office as at 31st March 2024 and Directors who ceased to hold office during the accounting period are indicated on pages 448 to 456 of this Annual Report.

10. HUMAN RESOURCES

The human resources strategies applied and practiced by the Group in the regions we operate have translated into the creation of a dynamic and competent human resource team. The strategies adopted in motivating and retaining our employees are discussed in "Human Capital" on pages 244 to 259 of this Annual Report.

11. GOVERNANCE

The Directors declare that:

- the Group has not intentionally engaged in any activity which contravenes national and international laws. The Group rigidly adheres to relevant national and international rules, regulations and codes of Professional Institutes and Associations, Industrial Associations, Chambers of Commerce and other regulatory bodies.
- the Company complies with the Corporate Governance Rules contained in Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2017, as amended in 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The measures taken and the extent to which the Company has complied with the said Section and the Code are given on pages 92 to 124 of the Corporate Governance Report of this Annual Report.
- the Group applies high standards to protect and nurture the environment in which it operates and ensures strict adherence to all environmental laws and practices. The Group's efforts to conserve non-renewable resources, as well as its environmental objectives and key initiatives are described in the Natural Capital on pages 282 to 294.
- the Company has no restrictions with regard to shareholders carrying out appropriate analysis or obtaining independent advice regarding their investment in the Company and has made all endeavours to ensure the equitable treatment of shareholders.
- they have declared all material interests in contracts involving the Company and the Group and refrained from voting on matters in which they were materially interested.
- none of the Directors or Close Family Members of the Directors have any material business relationships with other Directors of the Company.
- they have conducted an evaluation of Group's Internal Controls encompassing financial, operational and compliance controls, risk management and have obtained a reasonable assurance of their effectiveness and proper adherence.
- they have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.

12. RISK MANAGEMENT

The Directors have established and adhered to a comprehensive risk management framework at both Strategic Business Units and Group levels to ensure the achievement of their corporate objectives. The categories of risks faced by the Group are identified, the significance they pose are evaluated and mitigating strategies are adopted by the Group. The Board of Directors reviews the risk management process through the Audit Committee. The Risk Management Report of the Group is on pages 125 to 133 of this Report.

13. INTERNAL CONTROLS

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company and the Group are safeguarded and appropriate systems are in place to minimise and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

Board of Directors' Statement on Internal Controls on pages 142 to 143, the Statement of Directors' Responsibilities on page 304 and the Audit Committee Report set out on pages 137 and 139 of this Report provide further information in respect of the above.

14. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided in the Financial Statements. A confirmation of same is included in the Statement of Directors' Responsibilities on page 304 of this Annual Report.

15. INTEGRATED ANNUAL REPORT

The Board of Directors acknowledges its responsibility to ensure the integrity of the Annual Report and to ensure that it provides a balanced view of its performance addressing all material issues that may have an impact on the Group's capacity to create value. The Board is of the opinion that the Integrated Annual Report of Aitken Spence PLC for the Financial Year ended 31st March 2024 is presented in accordance with the GRI Universal Standards for Sustainability Reporting and the Guidelines set out in the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework.

16. CORPORATE SUSTAINABILITY

The Board of Directors guides and supports the Group's integrated sustainability strategy and the implementation of the structured and dynamic sustainability framework by a network of committed members across the Group. The Key Performance Indicators achieved, awards and recognition received during the year are a testament to the Group's commitment as it continues to benchmark its practices against global standards and best practices in a myriad of aspects that affect or potentially affect delivery of growth. More details of the Group's sustainability efforts are included in the Management Discussion and Analysis of this Report.

17. SHAREHOLDER INFORMATION

There were 4,319 shareholders as at 31st March 2024. The distribution schedule of the number of shareholders and their shareholdings are detailed on pages 298 to 299 of this Annual Report. The names of the twenty largest shareholders together with their shareholdings as at 31st March 2024 are given on page 299 of this Annual Report. The percentage of the shares held by the public as at 31st March 2024 was 47.51% which was in the hands of 4,312 public shareholders.

Information relating to earnings per share and the net assets per share for the Company and Group, the dividend per share and the closing price per share are given on pages 296 to 298 of this Annual Report.

18. AUDITORS

The independent Auditors' Report on the Financial Statements is given on pages 305 to 308 of the Annual Report. The retiring Auditors Messrs. KPMG, Chartered Accountants have expressed their willingness to continue in office and a resolution to re-appoint them as Auditors and to authorise the Board to determine their remuneration will be proposed at the forthcoming Annual General Meeting of the Company.

The audit fees payable for the year to the Company Auditors Messrs. KPMG, Chartered Accountants was Rs. 2.1 million (2022/2023 – Rs. 1.9 million). In addition to the above Rs. 4.0 million (2022/2023 – Rs. 3.5 million) was payable by the Company for permitted audit related and non-audit related services. Messrs. KPMG, Chartered Accountants, the Auditors of the Company are also the Auditors of certain subsidiaries, joint ventures and associate companies of the Group. The details of the subsidiaries, joint ventures and associate companies audited by them are included on pages 448 to 456 of this Annual Report.

The amount payable by the Group to Messrs. KPMG, Chartered Accountants as audit fees was Rs. 30.1 million (2022/2023 – Rs.30.2 million) while a further sum of Rs. 16.7 million (2022/2023 – Rs. 11.1 million) was payable for permitted non-audit related services. In addition to the above Rs. 16.1 million (2022/2023 – Rs. 14.5 million) was payable to other auditors for carrying out audits of the subsidiaries conducted by them. The amount payable to such other auditors for permitted audit related services was Rs. 17.7 million (2022/2023 – Rs. 15.0 million). As far as the Directors are aware, the Auditors neither have any other relationship with the Company nor any of its subsidiaries, joint ventures and equity accounted investees that would have an impact on their independence.

19. ANNUAL GENERAL MEETING

The Seventy Second (72nd) Annual General Meeting of the Company will be held at No. 315, Vauxhall Street, Colombo 02 on Tuesday, 06th August 2024 at 10.00 a.m., as a virtual meeting using a digital platform. A Notice of Meeting of the 72nd Annual General Meeting is available on page 462.

By order of the Board of Directors,

Deshamanya D.H.S. Jayawardena
Chairman

Ms. D.S.T. Jayawardena
Joint Deputy Chairperson and
Joint Managing Director

Dr. M.P. Dissanayake
Deputy Chairman and
Managing Director

Aitken Spence Corporate Services (Private) Limited
Company Secretaries

15th July 2024
Colombo

TRANSFORMING LIVES

Over the course of our journey, we have fostered impactful partnerships across every walk of life through a commitment to holistic well-being and progress.

The following sections will provide insights into how we have always stood by our diverse stakeholders and how we have managed to generate positive outcomes that balance people, profit, and planet. These outcomes are not just about financial gains, but about creating a positive impact on the lives of individuals and communities and contributing to the health of our planet.

In essence, our journey is about transforming lives, propelling progress, and crafting a sustainable future for all.

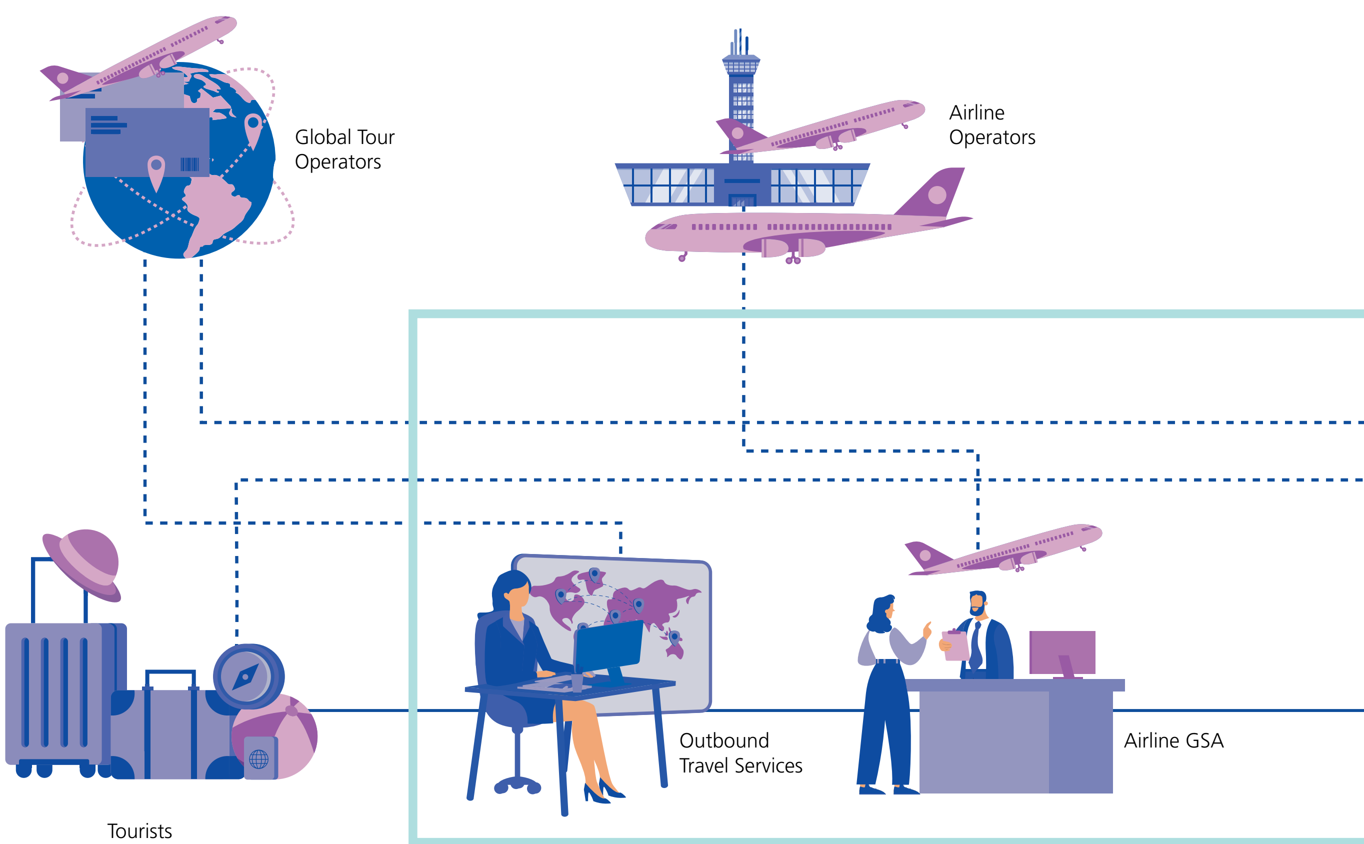
Management Discussion and Analysis

SECTOR REVIEWS

Tourism Sector

The Group's Tourism Sector recorded a strong performance during the year, emerging as the highest contributor towards the overall Group EBITDA with a revenue and EBITDA contribution of 61.1% and 63.3% respectively. The Sector's geographical diversity and strong presence along the travel value chain, together with long standing partnerships with global leaders in the industry has enabled it to remain resilient amidst turbulent market conditions.

Our Presence Along the Value Chain (GRI 2-6)

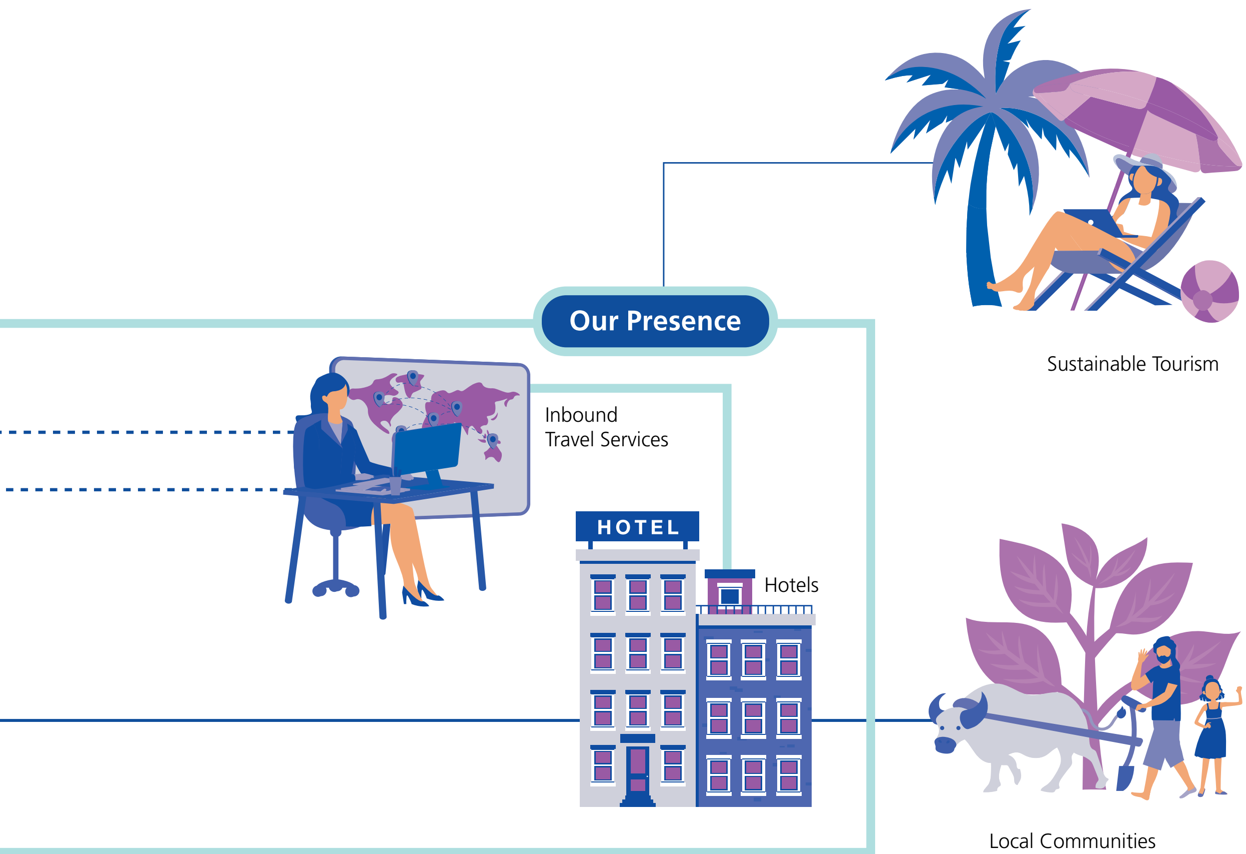


SDG Commitments

Destination Management

Sri Lanka, Maldives, Myanmar

Aitken Spence Travels, in collaboration with TUI, stands as one of the largest destination management companies in the country. Throughout the financial year, it has successfully managed the travel arrangements for over 200,000 tourists visiting Sri Lanka



Airline GSA

Sri Lanka, Maldives

Through its airline GSA operations, Aitken Spence acts as the representative for Singapore Airlines and Jazeera Airlines in Sri Lanka, as well as for Sri Lankan Airlines in the Maldives.

Hotels

Sri Lanka, Maldives, Oman, India

The Group enjoys a strong presence in the hotel sector with a portfolio of 18 hotels in Sri Lanka, Maldives, Oman and India. Aitken Spence Hotels also operates its own hotel school.

VALUE CREATED AND DISTRIBUTED

Performance Highlights-2023/2024

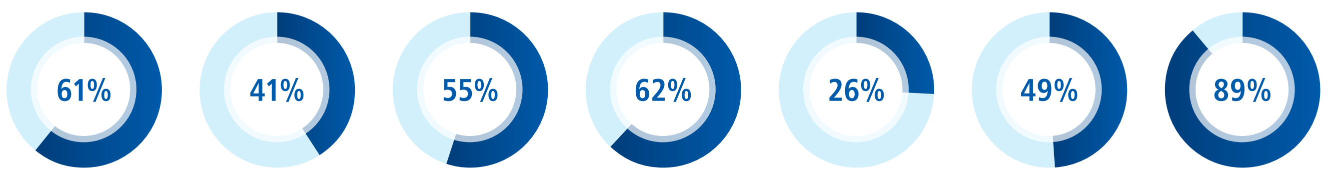
Rs. 67.4 Bn
Revenue

Rs. 15.5 Bn
EBITDA

Rs. 3.7 Bn
Profit before Tax

Contribution to Group

Revenue	Profit before Tax	Assets	Liabilities	Employees	Emissions	Water consumed



Contribution to Economy

220,000+
Inbound Tourists

Rs. 32.2 Bn
Facilitation of Foreign Exchange Generation to the Country

3,678
Employment Generated

14.1%
Female Participation in Labour Force

22,415 GJ
Renewable Energy Generated

Value to Stakeholders

Rs. 9.0 Bn
Value Created for Employees

Rs. 46.7 Bn
Payments to Suppliers and Business Partners

Rs. 37 Mn
Investment in Sustainability Processes

Rs. 8.3 Bn
Taxes paid to Governments (Direct and Indirect)

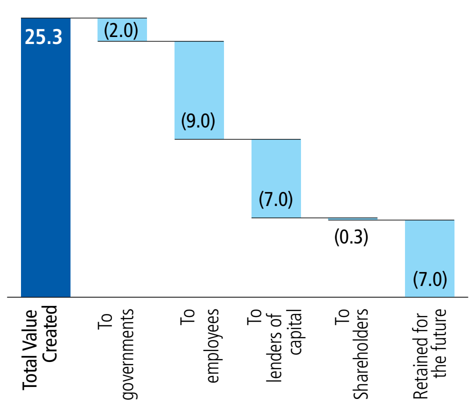
Distribution of Value Added

During the financial year the Tourism Sector witnessed an increase in its economic performance, resulting in a higher value creation of Rs. 25.3 billion. This growth signifies the sector's recovery from challenging times experienced by the industry as a whole and the strategic measures implemented to overcome these challenges.

The Sector's employees, who form the backbone of its service delivery, were the primary beneficiaries of this value creation. Value distributed to employees amounted to 36% of the total value created being a clear indication of the Sector's commitment to its workforce. This distribution not only rewards their hard work and dedication but also underscores their crucial role in maintaining the Sector's high standards of service excellence.

Given the capital-intensive nature of the tourism industry, a significant portion of the investments was financed through debt. As a result, 28% of the economic value created was allocated to the lenders of capital. A total of Rs. 2.0 billion being distributed to governments, and additionally, the Sector retained approximately 28% of the value for the future growth and sustainability of its operational activities.

Distribution of Value Created
Rs.Bn



PESTEL (POLITICAL, ECONOMIC, SOCIAL, TECHNOLOGICAL, ENVIRONMENTAL, LEGAL) ANALYSIS

P – Political

Political stability crucially influences tourist perceptions. Upcoming elections in Sri Lanka and India, as well as Middle Eastern crises, may affect tourism by creating uncertainty that can deter potential visitors.

E – Economical

Economic variables significantly impact tourism through changes in disposable income and spending habits, influencing demand. Factors such as currency fluctuations and local economic policies also determine destination attractiveness and capability to host tourists.

S – Social

Tourist lodging preferences are shifting towards more authentic, local experiences. This trend, boosted by platforms like Airbnb and a growing interest in eco-tourism and cultural tourism, challenges traditional hotels and reshapes the industry.

T – Technological

Technological developments including Artificial Intelligence (AI) are transforming tourism operations and customer engagement. Innovations in online booking, digital marketing, virtual reality, and mobile integration are pivotal.

E – Environmental

The importance of environmental considerations in tourism is rising, with a focus on sustainable practices. Climate change, extreme weather events, and environmental policies are increasingly shaping destination choices and operational strategies.

L – Legal

The tourism industry must navigate a complex legal environment that includes compliance with business operation regulations, consumer protection laws, employment standards, and health and safety requirements. Additionally, international sanctions, embargoes, and travel advisories play a critical role.

OPERATING ENVIRONMENT

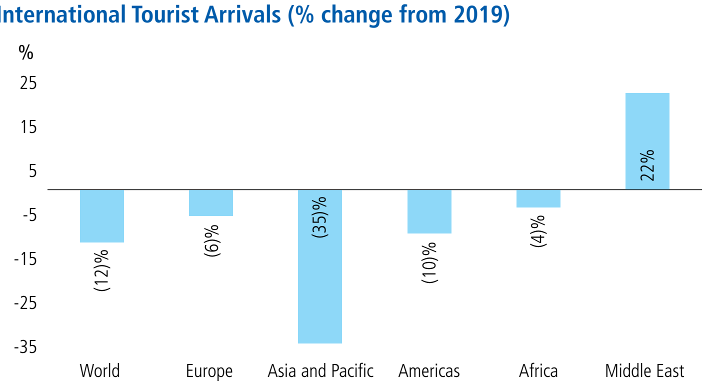
Global Tourism - Key Trends in 2023/2024

Tourist arrivals showed a steady recovery, increasing by 34% globally and reaching 88% of pre-pandemic levels in 2023. The recovery was supported by strong pent-up demand as well as the gradual increase in air connectivity during the year. Although rising tensions in the Middle East, towards the end of the year and the ongoing conflict in Russia impacted markets in these regions, strong recovery in Asian markets and destinations continued to drive the recovery momentum through 2024.

34%

YoY increase in international tourists in 2023

International Tourist Arrivals (% change from 2019)



KEY CHALLENGES AND OPPORTUNITIES 2023/2024

Challenges

- Rising geopolitical tensions including conflicts in the Middle East and Russia continue to impact the recovery momentum of global tourism. The Middle East and Russia are also key source markets for several of markets we operate in
- Recession in Europe impacted on tourist arrivals and spending propensity from this region
- Significant talent migration from Sri Lanka has led to shortages of skilled labour in the hospitality and related sectors

Opportunities

- Significant pent-up demand emerging from successive years of COVID, which translated to higher arrivals across tourist destinations
- Increased focus of governments and stakeholders to promote destinations and strengthen tourism industry infrastructure
- Increased demand for sustainable tourism value proposition

KEY MARKETS

Location	Operations	Market overview 2023/2024
Sri Lanka	Hotels (9), Destination Management and Airline GSA	Sri Lanka's tourism industry experienced a robust revival in 2023, with tourist arrivals more than doubling during the year, to reach 1,487,303 arrivals during the period January to December 2023. India, Russia, United Kingdom, Germany and China were the main source countries for tourist arrivals in 2023. Total arrivals during the three months ending March 2024 amounted to 635,784 compared to 335,679 during the corresponding period in 2023, with each of the first three months of 2024 recording over 200,000 tourist arrivals.
Maldives	Hotels (5), Destination Management and Airlines GSA	Tourist arrivals to Maldives in 2023 amounted to 1.88 million tourists, a 12% increase compared to 2022. Tourist arrivals during the first quarter of 2024 meanwhile remained buoyant, recording a 15.3% increase compared to the corresponding period in 2023. According to data released by the Maldives Tourism Ministry, India has remained the largest tourist market for the country in 2023, followed by Russia and China, respectively. In 2023, nine new resorts were launched in the Maldives, collectively contributing over 2500 additional beds. The growth of room inventory continues to exert pressure on margins in the Maldives.
India	Hotels (1)	Tourist arrivals to India experienced a significant rebound in 2023, with foreign tourist arrivals in 2023 surging 64% compared with 2022, to 9.2 Mn visitors between January and December 2023. However, despite this impressive growth, the sector remains 15.5% below pre-pandemic levels recorded in 2019, according to the Ministry of Tourism's data.
Oman	Hotels (3)	Oman's tourism sector is on a strong growth trajectory, with tourist arrivals to the country recording a YOY increase of 23.5% to 3.6 million arrivals in 2023. Gulf Corporation Council (GCC) continues to be the key source market for Oman tourism due to regional proximity and strong transport links.

TOURISM SECTOR

Statement of Financial and ESG performance (GRI 201-1; 203-1; 302-1; 303-3, 303-4; 305-1, 305-2; 306-5)

	2023/24	2022/23	YoY(%)
Revenue (Rs. Mn)	67,410	56,145	20
EBITDA (Rs. Mn)	15,520	14,235	9
Profit before tax (Rs. Mn)	3,742	2,327	61
Profit after tax (Rs. Mn)	2,253	735	207
Total Assets (Rs. Mn)	110,952	116,904	-5
Total Liabilities (Rs. Mn)	78,761	85,392	-8
SDGs towards which the Sector's performance contributes: 4, 5 and 8			
Targets: 4.3, 4.4, 4.7, 5.1, 5B, 8.5, 8.6, 8.9			
Number of Employees	3,678	3,349	10
Employee female representation	14%	13%	8
Employee benefits paid (Rs. Mn)	8,976	9,270	-3
Training hours per employee	26	31	-16
SDGs towards which the Sector's performance contributes: 4, 5, 8 and 12			
Targets: 4.3, 4.4, 4.7, 5B, 8.6, 8.9, 12.2, 12.6, 12.b			
Investment in training (Rs. '000)	3,208	11,181	-71
Brand stewardship	7	144	-95
Number of Certifications	21	28	-25
SDGs towards which the Sector's performance contributes: 8, 9 and 12			
Targets: 8.9, 9.1, 12.6, 12.8, 12.b			
Number of airline GSA relationship	6	5	20
Number of joint venture/equity partnerships	7	7	0
Number of suppliers screened on ESG within the year	37	6	517
Total funds channelled for community development (Rs. Mn)	2	26	-93
SDGs towards which the Sector's performance contributes: 8, 9, 12 and 14			
Targets: 8.4, 9.4, 12.2, 12.5, 12.6, 12.8, 12.b, 14.1, 14.2			
(Note - data for 2023 has been restated as the emission factors have been revised)			
Total energy consumption (GJ)	439,523	392,308	12
Total energy consumed from renewable sources (GJ)	22,415	12,646	77
Scope 1 emissions (tCO2e)	25,646	23,630	9
Scope 2 emissions (tCO2e)	14,963	20,415	-27
Emissions reduced or offset (tCO2e)	3,845	1,229	213
Total water withdrawn (m3)	1,460,264	728,845	100
Total volume of water treated for reuse or safe disposal (m3)	675,690	610,206	11
Total amount of solid waste kept away from landfills			
(Tonnes)	2,438	1,494	63
(Units)	10,785	0	100
(Litres, waste oil)	5,775	3,285	76
Total investment in sustainability driven processes (Rs. Mn)	37	59	-37
SDGs towards which the Sector's performance contributes: 9			
Targets: 9.1, 9.4			
Property Plant and Equipment (Rs. Mn)	66,463	72,925	-9
Investment in manufactured capital (Rs. Mn)	1,880	2,010	-6
Number of Keys owned and managed	2,639	2,633	0

DRIVING STRATEGY

The Group's Tourism Sector experienced a marked improvement in performance with a revenue growth of 20% to Rs. 67.4 Bn and an EBITDA growth of 9% to Rs. 15.5 Bn in the financial year 2023/2024.

Healthy occupancy rates across our properties in Sri Lanka, Maldives and India, together with higher room rates supported the improved top line performance of the hotels segment, while expansion initiatives and collaborative partnerships entered into by our destination management segment resulted in a higher number of tourists handled.

Operational costs remained high, particularly in Sri Lanka, due to the spill-over effects of the unprecedented levels of inflation recorded in the latter part of 2022. Although inflation was lower in 2023, the price increases already experienced did not reverse.

The appreciation of the Rupee during the financial year had a negative impact on revenue and profitability. As a result, the profit before tax amounted to Rs. 3.7 Bn compared to Rs. 2.3 Bn during the previous financial year.

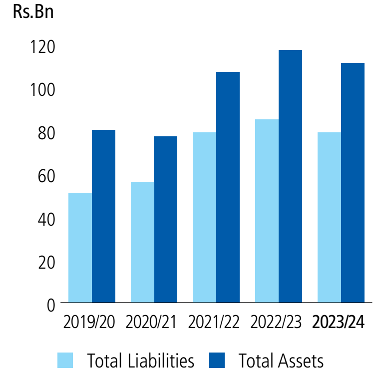
We focused on building capacity across the sector. Training and development opportunities were provided widely, while an increased emphasis was placed on monitoring employee satisfaction and nurturing a positive culture in order to attract and retain skilled employees. Meanwhile, innovative recruitment was adopted to attract young talent from diverse backgrounds into the tourism industry.

Continued pressure on margins due to inflationary pressures, tax increases and higher operational costs necessitated a greater focus on driving operational efficiencies. Several investments were made to strengthen our digital capabilities, including the introduction of a New Distribution Capability platform for travel agents.

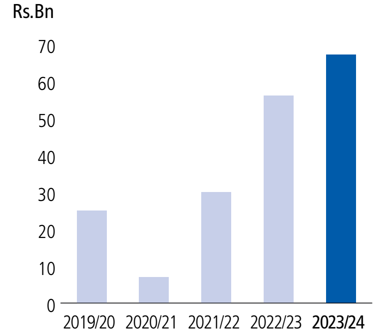
Having operated in tourism for over 50 years, we have continuously developed strong relationships with global players in the industry. We successfully leverage these relationships to strengthen our market presence by entering new markets and developing new products across the segments we operate in.

The Sector is a pioneer in sustainability and has made a mark of transforming industry practices to ensure long-term sustainability of business models and sustainable value creation. Given the projected growth and vast opportunities within the industry, it is crucial that stakeholders actively preserve the natural and social capital fundamental to the industry's success. In response, companies within the Sector have implemented stringent systemic interventions, adhering to international benchmarks and industry standards. Additionally, the industry's susceptibility to climate change underscores the critical role of the sustainability and Disaster Risk Reduction (DRR)/Business Continuity Management (BCM) teams. The Sustainability teams are pivotal in driving operational sustainability strategies of the Sector, while the DRR teams focus on analysing the business model to identify vulnerabilities and develop strategies to bolster resilience. These priorities are reflected in the Sector's performance in sustainability.

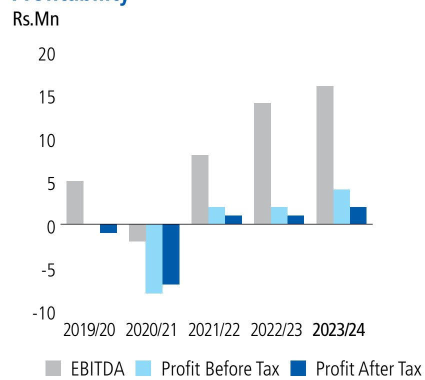
Stability



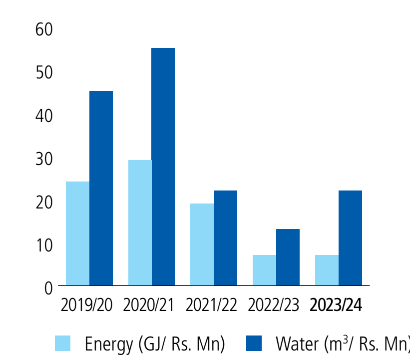
Revenue



Profitability



Resource Consumption per Unit Revenue



FUTURE OUTLOOK

The outlook for the industry remains positive, with the UNWTO expecting international tourism to fully recover to pre-pandemic levels in 2024. The pace of recovery in Asia and evolution of existing economic and geopolitical downside risks will however have a significant impact on the pace of the recovery.

The positive outlook on global tourism bodes well for the hotel segment. Growth in the segment is likely to be mainly from Sri Lanka, given the encouraging increase in arrivals during the past few months. Maldives continues to be a stable market but there is intensifying competition from the guest house segment, due to price pressures. Prospects for India are also positive, although Oman operations are likely to be impacted by the ongoing conflict in the region.

The destination management segment is also likely to benefit from post pandemic recovery, with tour operators developing new and innovative experiences to capture new customer segments. Enhanced connectivity and gradual resumption of business travel also bodes well for the segment.

Although prospects for the Airline GSA segment continues to be promising, with more market segments opting for overseas travel, the air cargo market of Sri Lanka is likely to be negatively impacted by sluggish economic conditions and exchange rate volatility.

Price and margin pressure are likely to be concerns across segments, rendering investments in digitalisation, automation and data analytics crucial for enhancing operational efficiency, improving customer experiences and staying competitive in the rapidly evolving travel industry landscape.

WAY FORWARD

Short Term	Long Term
Sustainable growth in profit and market share & geographical and business expansion	
▪ Revive traditional source markets through innovative offerings ▪ Leverage existing relationships to develop new source markets and new products ▪ Invest in brand awareness campaigns in high potential markets ▪ Focused efforts to streamline processes and enhance service quality through digitisation and automation ▪ Enhance data analytics capabilities to better predict customer behaviour and drive greater operational efficiencies	▪ Develop new source markets by forging new relationships with tour operators ▪ Extend our operational reach into new geographic areas through organic expansion or strategic acquisitions and strengthen our presence in crucial international markets by capitalising on our established brand reputation and industry expertise ▪ Continue investing in comprehensive renovations and refurbishments for the product repositioning of our resorts, ensuring they adapt to evolving market demands
Achieve 'Employer of Choice' status	
▪ Continued focus on building capacity of existing pool of employees	▪ Explore innovative recruitment models and untapped cohorts to access skilled talent for the industry
Reduction in resource footprint	
▪ Increase fleet of hybrid/ electric vehicles ▪ Implement a transition towards sustainable energy by deploying rooftop and floating solar photovoltaic facilities, with the objective of deriving 50% of each resort's energy consumption from renewable sources	▪ Set ambitious goals and targets for reduction in carbon emissions and resource efficiency with more robust mechanisms to monitor progress ▪ Greater collaboration with stakeholders and industry partners to achieve sustainability goals

Hotels

The resurgence of tourist arrivals in Sri Lanka significantly strengthened the segment's performance during the period under review, attributed to an enhanced average occupancy rate of 63%, up from 30% in the preceding year. The segment's impressive performance is reinforced by its geographical diversity, with sustained profitability in the Maldives and India helping to offset challenges experienced in Sri Lanka and Oman, both of which are still in the process of full recovery.

Each market within the segment exhibits unique dynamics, contributing to a diversified portfolio while presenting distinct challenges. Particularly noteworthy are the segment's iconic properties, characterised by scenic locations paired with resorts carefully crafted to integrate seamlessly with their surrounding ecosystems. At the core of this segment's success are its exceptional hospitality and culinary offerings, which consistently earn guest ratings averaging 91% .

Strategic Focus

- Launch targeted marketing campaigns to highlight Sri Lanka's unique attractions and safety protocols, thereby attracting more tourists
- Collaborate with travel influencers and tourism agencies to increase visibility and reach a broader audience.
- Implement talent retention programmes and competitive compensation packages to address migration issues and stabilise the workforce
- Invest in technology to improve operational efficiencies, such as digital concierge services and real-time room availability systems
- Continuously monitor travel trends and guest feedback to quickly adapt strategies to changing market conditions

Key Strategic Initiatives

- Explore opportunities in renewable energy sources for our resorts
- Enhance Learning & Development (L&D) programmes focused on improving service quality and brand alignment across all levels of hotel staff
- Increased investment in Learning & Development aims to address talent migration challenges and bolster hotel teams for consistent service delivery aligned with our brand values.
- Ongoing digitalisation initiatives seek to enhance operational efficiencies and expand guest experiences, enabling broader customer reach.
- With the end of moratoria and ongoing liquidity constraints, prudent management of cash flow is paramount. This careful financial stewardship ensures strategic allocation of investments in light of continuing challenges with occupancy and room rates

SDG Commitments

Locations of Operations


Sri Lanka

08	01	1,411
Properties owned	Property managed	Rooms owned and managed


Maldives

05	05	745
Properties owned	Properties managed	Rooms owned and managed


Oman

01	02	343
Properties owned	Properties managed	Rooms owned and managed

India

01	140
Properties owned	Rooms owned & managed

Hotels

CERTIFICATIONS MAINTAINED

Environmental impact control

Resource consumption, control of impacts on natural ecosystems and biodiversity and control of the generation of emissions, effluents and waste are material concerns for the hotels segment. Within the Group, significant proportions of our environmental footprint are accountable to the segment. Being cognisant of this from the onset, the segment spearheaded the idea of 'building better before', influencing positive change in the industry with their systemic interventions to control environmental impacts from the operations. While all operations maintain diverse management systems for this, given below is a list of the certifications maintained for these systems:

LEED Certified properties

- Heritance Kandalama (Bronze)
- Heritance Negombo (Gold)
- Heritance Aarah (Gold)

Note: Leadership in Energy and Environmental Design (LEED) is a rating system of the United States Green Building Council (USGBC). Securing the LEED certification is testament to the environmental performance of a building. Aitken Spence introduced LEED architecture to the world outside USA with Heritance Kandalama, the first LEED certified hotel in the world. We also introduced LEED certified architecture to the Maldives with Heritance Aarah.

ISO 14001: 2015 Certified Environmental Management Systems

- Heritance Kandalama
- Heritance Tea Factory

Note: All hotels maintain the management systems aligned with the standard. However, due to alignment with Travelife, the certification was not renewed by most hotels.

Product & Service Responsibility

Travelife Gold Certified Hotels

- Heritance Ahungalla
- Heritance Ayurveda Maha Gedara
- Heritance Kandalama
- Heritance Negombo
- Heritance Tea Factory
- RIU Ahungalla

Note: The Travelife Sustainability System is an initiative dedicated to promoting sustainable practices within the travel and tourism industry. The Travelife certification illustrates an organisation's compliance with the international Travelife standard for social and environmental sustainability.

Green Fins Accredited Members

- Dive Point, Adaaran Select Hudhuranfushi
- Dive Point, Adaaran Prestige Vadoo
- Dive Point, Adaaran Club Rannalhi

Note: This is an environmental standard and code of conduct for the diving and snorkelling industry.

ISO 22000/ HACCP: 2005 Certified Food Safety Systems

- Adaaran Club Rannalhi
- Adaaran Prestige Vadoo
- Adaaran Select Hudhuranfushi
- Adaaran Select Meedhupparu
- Heritance Ahungalla
- Heritance Kandalama
- Heritance Tea Factory
- Heritance Negombo
- Heritance Aarah
- Turyaa Kalutara

Note: ISO 22000 and HACCP are globally recognised standards that help organisations maintain high food safety standards. ISO 22000 implements systematic and stringent controls across the supply chain, ensuring comprehensive food safety management from sourcing to serving. HACCP (Hazard Analysis and Critical Control Points) focuses on identifying potential hazards and establishing preventive measures. Together, they enable the hotels segment to monitor kitchen operations closely and minimise contamination risks, ensuring guests receive safe, high-quality meals.

Hotels

AWARDS

Aitken Spence Hotels was ranked among the Top companies in LMD's Most Awarded Hall of Fame, solidifying its position as one of the most distinguished entities in Sri Lanka garnering an impressive tally of 52 awards throughout 2023.

Aitken Spence Hotels received multiple awards at the prestigious South Asian Travel Awards (SATA) 2023. The series of awards is a strong testament to Aitken Spence Hotels' continuous pursuit of excellence across different facets of the travel and hospitality industry - from sustainability and design to wellness, gender equality and unparalleled guest experiences.

Heritance Hotels & Resorts demonstrated its achievements at the Culinary Art Competition, hosted by the renowned Chefs' Guild of Sri Lanka. Heritance Ahungalla and Heritance Kandalama earned the distinguished title of Most Outstanding Regional Teams for Down South Resorts and Cultural Triangle Resorts respectively.

INDUSTRY OVERVIEW

In 2023, the global tourism sector faced significant challenges due to ongoing post-COVID recovery efforts and increased geopolitical tensions, leading to economic performance that remained below pre-pandemic levels. Although emerging markets encountered various obstacles, South Asia, particularly India, demonstrated robust growth.

Persistent geopolitical tensions continue to overshadow global tourism, notably affecting transit hubs like the Middle East, which in turn impacts Sri Lanka's tourism sector, due to its reliance on transit traffic. The importance of connectivity for Sri Lanka is underscored by the fact that Sri Lankan Airlines is the only carrier providing direct long-haul flights, with most other airlines route through their home countries. Nonetheless, Sri Lanka's inclusion in global travel rankings bodes well for future growth.

In Malé, the capacity constraints at the current airport significantly restrict airline operations. However, these challenges are expected to be mitigated by the scheduled opening of a new airport in the coming year. Despite this positive development, the surge in the number of guest house accommodations in the Maldives is putting downward pressure on profit margins, exacerbating the existing issues related to limited airline capacity. Although these constraints pose significant challenges, tour operators and destination management companies remain the predominant channels through which tourists are sourced. Nonetheless, the trend towards online bookings is gaining momentum, reflecting a shift in how travel is being planned and purchased.

Meanwhile, in Sri Lanka, the impact of talent migration, which intensified during the recent economic crisis, continues to profoundly affect the tourism industry. This migration has led to a shortage of skilled workers within the sector, challenging the ability to maintain high service standards and manage operational capacities effectively. As a result, there is an urgent need for strategic initiatives to attract and retain talent to ensure sustainable growth and competitiveness in the global tourism market.

Oman's tourism sector demonstrated substantial growth by the end of 2023, reflecting a significant 43.5% increase in airport passenger traffic compared to the previous year. This upswing aligns with the Ministry of Heritage and Tourism's ambitious target to attract 11 million visitors annually by 2040, a key objective under Oman Vision 2040. Muscat International Airport, in particular, experienced a notable 38.7% surge in air traffic, handling over 12.6 million passengers marking a 46.7% increase from 2022.

The hospitality industry in India witnessed a significant revival, characterised by a substantial uptick in hotel prices, airfares and overall travel expenditure. This resurgence was largely driven by increased demand from both domestic and international travellers, marking a promising year for tourism and hospitality across the nation. As the industry moved into 2024, signs of sustained growth were evident, particularly in the domestic travel segment.

Hotels

RISKS & OPPORTUNITIES

Risks

- Geopolitical risks (Russia and the Middle East)
- The recession in Europe poses challenges for Sri Lanka and the Maldives, both which rely on Europe as a key tourism source market
- The Russian market serves as one of the primary sources of tourists for Sri Lanka and the Maldives. The devaluation of the Russian currency is likely to affect Sri Lanka's / Maldives tourism industry
- The Sri Lankan Rupee's volatile appreciation during the year reduced Sector revenue but failed to lower operational costs, which remained high due to the unadjusted cost of goods from the previous currency depreciation
- The mass exodus of skilled professionals resulting from the current economic conditions poses a threat to upholding the quality of service delivery.

Opportunities

- The increase in tourist arrivals to Sri Lanka, coupled with constrained accommodation capacity, is expected to drive a significant rise in accommodation tariffs
- Integrate guest feedback to develop new services and enhance existing offerings, ensuring the resort's amenities evolve in alignment with market trends and guest preferences
- Enhancing tourism offerings with diverse experiences like cultural tours, adventure activities, wellness retreats and culinary tourism attracts a broader spectrum of travellers
- Implementing targeted marketing campaigns to promote our properties as destinations of choice, strategically positioning the unique attractions, cultural heritage, natural beauty and hospitality to boost international visitor numbers and drive tourism revenue

Oman

- **Unified Visa System:** The introduction of a unified VISA system within the GCC is expected to enhance leisure tourism in Oman by simplifying travel procedures and attracting more visitors from neighbouring countries
- **Vision 2040:** Oman's government emphasises tourism as a pivotal element for economic diversification and job creation in its Vision 2040 statement
- **Matrah/Yiti Development Projects:** These development projects reflect the government's commitment to sustainable growth and modernisation, showcasing a forward-thinking approach to boosting the tourism industry

GOVERNANCE MATTERS

- The hotels segment, which is represented by Aitken Spence Hotel Holdings PLC, adheres to all governance requirements as stipulated by regulatory authorities. This ensures that operations not only meet the legal frameworks but also uphold high standards of transparency and accountability. Regular disclosures and compliance checks are integral to maintaining investor trust and public confidence, reflecting the segment's commitment to ethical business practices. Additionally, governance protocols are regularly reviewed and updated to align with evolving legal standards and best industry practices, ensuring sustained compliance and operational excellence
- Global benchmarks maintained towards ensuring a 'net positive' impact on sensitive ecosystems
- Internal and external audit-driven improvements to management systems for governance and risk mitigation
- The transparency and accountability of the public disclosures of Aitken Spence Hotels have been recognised by industry bodies standing testament to the effectiveness of the segment's governance frameworks

Hotels

STRATEGIC OBJECTIVES

Sustainable profit growth

Revenue Optimisation and Customer Satisfaction Focus:

- Implement revenue optimisation strategies such as dynamic pricing and upselling
- Enhance customer satisfaction through personalised experiences and exceptional service

Investment in Facilities and Marketing:

- Invest in refurbishments and upgrades to improve facilities
- Expand marketing efforts to target new customer segments and geographic markets

Diversification and Innovation:

- Diversify revenue streams by introducing new services or amenities
- Invest in research and development to innovate and stay ahead of competitors

Expand reach to new geographies and new business segments

Market Expansion and Relationship Development:

- Identify potential new markets
- Establish partnerships or joint ventures with local businesses to facilitate market entry

Phased Approach and Brand Awareness:

- Develop a phased approach for market entry into new geographies
- Invest in brand awareness campaigns and marketing initiatives to establish a presence

Sustainable Growth and Adaptation:

- Implement a sustainable growth strategy, leveraging partnerships to expand market share
- Continuously evaluate market dynamics and adapt strategies to capitalise on emerging opportunities

Achieve employer of choice status

Employee Engagement Initiatives:

- Develop programs focused on training and career growth to retain and attract high-calibre talent

Inclusive Workplace Culture:

- Enhance employee benefits and nurture a supportive environment to promote inclusivity and positivity

Talent Management Strategies:

- Design comprehensive frameworks for identifying and cultivating high-potential talent

Achieve net zero emissions and reduce resource footprint

Comprehensive Emissions Assessment:

- Conduct a thorough evaluation of current emissions and resource usage across operations to establish a baseline

Resource Footprint Reduction:

- Introduce energy efficiency measures and waste reduction initiatives to minimise resource usage

Renewable Energy Investment:

- Transition to renewable energy sources, such as rooftop and floating solar PV plants, to increase renewable energy share for each resort

Sustainable Procurement Practices:

- Implement responsible sourcing strategies to minimise environmental impact across supply chains

Progress Monitoring:

- Continuously track and measure progress toward net zero emissions targets

Stakeholder Collaboration and Innovation:

- Partner with industry stakeholders and invest in innovative technologies to further reduce environmental impact and reach long-term sustainability goals

Hotels

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

▪ Revenue	-	2%
▪ Profit before tax	-	95%
▪ Total assets	-	(11%)
▪ Total liabilities	-	(17%)

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Intellectual Capital

- 71 management systems maintained with 17 systems certified
- Award winning team providing unique culinary, cultural and environmental experiences

Manufactured Capital

- Three LEED certified hotels, 18 properties with energy management systems in place and all properties maintain 7R principle for resource management
- Floating solar projects under review for Heritance Aarah and Adaaran Select Meedhupparu

Social & Relationship Capital

- Rs. 1.5 Mn funds channelled to strengthen local communities
- Approximately 15% local suppliers engaged on average
- Approximately 50% of employees from the immediate community within 35-45km radius in Sri Lanka

Human Capital

- 3,273 Employees
- 11% Female representation
- Support for obtaining professional qualifications

Natural Capital

- 39,706 tCO_2e total emissions (scope 1 & 2)
- 1,455,265 m3 total water consumption
- 100% wastewater and effluents safely disposed
- 2,438 MT and 9,998 units of solid waste managed through the 7R principle

PERFORMANCE

The segment experienced notable top-line growth, driven primarily by the revival of tourism in Sri Lanka, which resulted in a 95% increase in profit before tax compared to the previous year. This increase was largely attributed to the impressive performance of the Sri Lankan hotel segment, which saw a remarkable 80% surge in revenue. The substantial improvements in occupancy rates across all properties in Sri Lanka not only enhanced overall performance but also led to an over 90% reduction in losses from the previous year. Wellness tourism emerged as a high-growth area, performing exceptionally well within our portfolio. Additionally, launch of the "Bawa Tour" to celebrate the unique architectural style of the legendary Geoffrey Bawa, distinguishing ourselves as the chain with the most hotels designed by him. Looking ahead, we are committed to expanding our offerings and continuing to provide tourists with unique local experiences, capitalising on our extensive presence across the country.

Meanwhile, the Maldives managed to maintain a stable performance throughout the year despite heightened competition.

In India, the sustained high occupancy levels throughout the year fuelled robust profit growth. Conversely, in Oman, the sector faced hurdles due to regional geopolitics and increased competition from the entry of major international hotel chains, necessitating vigorous efforts to regain market share and push towards profitability.

Operational costs were particularly high in Sri Lanka, exacerbated by the inflation spikes in 2022 and early 2023. Although inflation decreased significantly during the year under review, the Sri Lankan Rupee's appreciation negatively affected profitability. Despite these financial pressures and regional challenges, the stability of profit levels across the segment showcased the Group’s resilience and strategic adaptability.

Hotels

Skilled migration is a significant issue as other markets are opening up and Sri Lankan experienced personnel were able to find opportunities with relative ease. Accordingly, we revived the management trainee programme investing in 8 potential leaders to take up senior positions in the next 5 years by fast tracking progress. Learning and development will be key to success. The industry's ability to attract high quality staff has diminished due to the experience of the past four years, as it is yet in early stages of recovery.

Hotels segment is on track to achieve 10% of energy consumption from all regions to be renewable by 2030. The segment had achieved 3.5% in 2023 and moved up to 6.5% with the power wheeling agreement in India.

Rainwater harvesting systems are in place and 100% of wastewater is treated and reused for gardening, flushing, cleaning etc. Intensity of water consumption declined during the year. We invested in obtaining the Green Globe certifications for 5 properties affirming our commitment to sustainable tourism.

FUTURE OUTLOOK

The segment holds a promising future despite the rising geopolitical tensions and upcoming elections in numerous regions worldwide. Factors such as airline capacity, costs, visa processes and administrative fees are critical in the development of markets.

Growth within this segment is expected to be driven by Sri Lanka, where there is a strong anticipated demand over the next year. To capitalise on these opportunities, it is crucial for Sri Lanka to maintain stability and actively promote the destination to sustain and increase demand in both the medium and long term. However, the costs associated with replacement and refurbishment have risen substantially, necessitating meticulous project alignment to effectively manage cash flow. Additionally, employee turnover and associated costs are expected to remain elevated.

Sri Lanka is on a growth trajectory, but its profit margins are heavily impacted by fluctuating operational costs. In the Maldives, while market conditions are stable, there's a growing pressure due to aggressive pricing from guest houses. The Maldives is currently grappling with the dual pressures of high airline expenses and constrained capacity, with escalating freight charges driving up the costs of inputs. Nonetheless, the launch of a new airport terminal is expected to mitigate some of these issues.

Prospects in India are positive and the hotel is expected to perform well. Chennai possesses the fourth-largest collection of branded hotels in India, with significant demand concentrated along the Old Mahabalipuram Road stretch, thanks to its proximity to IT/ITeS sectors. This has led to considerable supply pressure in the area. Despite this, expected increases in occupancy and room rates suggest a promising growth trajectory. Looking to the future, the outlook remains favourable, with only a limited number of new hotel openings anticipated over the next five years.

Oman has identified tourism as a thrust industry with a 2040 vision and master plan. The government has approved a unified GCC visa system to increase leisure travel. Significant infrastructure projects in Downtown, Yiti, Wahiba Sands and Matrah, coupled with road improvements, are expected to enhance accessibility and attract more visitors However, the hotel industry may face increased competition and pricing pressures from new local and international players. Despite potential regulatory and economic challenges, the positive outlook is supported by a tourism rebound, ongoing infrastructure enhancements and a commitment to sustainability and innovation.

The future landscape of the tourism industry is increasingly shaped by adverse weather conditions. Erratic weather, including more intense monsoons and frequent cyclones, poses significant operational challenges and risks deterring tourists. In response, the strategy of the segment focuses on resilience and adaptability within the tourism infrastructure. Enhancing disaster preparedness and developing comprehensive contingency plans are priorities to safeguard tourists and ensure the continued appeal of these destinations. Promoting sustainable tourism practices is also crucial, ensuring that operations not only withstand current environmental challenges but also thrive in the long term. This proactive approach is fundamental to maintaining the vibrancy and attractiveness as premier tourist destinations, despite the climatic challenges ahead.

Hotels

SASB DISCLOSURES

Hotels & Lodging Standard - Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Unit of measure	Code	
1. Energy Management	**Total energy consumed - Non-renewable sources;**	Gigajoules (GJ)	SV-HL-130a.1	
	Petrol			-
	Diesel			291,446
	Furnace Oil			-
	LPG			22,144
	Kerosene			-
	Total energy consumed - Renewable sources;			
	Biomass/fuel wood			14,481
	Solar energy			1,852
	Wind energy			6,082
	Percentage grid electricity	Percentage (%)		22%
	Percentage renewable			5%
2. Water Management	Total water withdrawn	Thousand cubic metres (m³), Percentage (%)	SV-HL-140a.1	1,455,265
	Total water consumed			Sri Lanka, Oman and India - 100% Maldives - 60% is released back into the ocean.
3. Ecological Impacts	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	Number	SV-HL-160a.1	16 properties Please refer to the Natural Capital report for details (GRI 304-1, 304-2)
	Description of environmental management policies and practices to preserve ecosystem services	N/A	SV-HL-160a.2	Please refer to the Natural Capital report for details (GRI 3-3)
4. Labour Practices	(1) Voluntary turnover rate for lodging facility employees	Rate	SV-HL-310a.1	31
	(2) Involuntary turnover rate for lodging facility employees			0
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Presentation currency	SV-HL-310a.2	None
	(1) Average hourly wage	Presentation currency	SV-HL-310a.3	Not reported due to reasons of confidentiality
	(2) Percentage of lodging facility employees earning minimum wage, by region	Percentage (%)		100% of employees earned above the local stipulated minimum wage in regions of operation
	Description of policies and programmes to prevent worker harassment	N/A	SV-HL-310a.4	Please refer to the Human Capital report for details (GRI 2-26, 3-3, 414-1)
5. Climate Change Adaptation	Number of lodging facilities located in 100-year flood zones	Number	SV-HL-450a.1	2

Hotels

Topic	Accounting Metric	Unit of measure	Code	
ACTIVITY METRICS				
	Number of available room-nights	Number	SV-HL-000.A	847,656
	Average occupancy rate	Rate	SV-HL-000.B	63%
	Total area of lodging facilities	Square metres (m^2)	SV-HL-000.C	316,423
	Number of lodging facilities and the percentage that are: Managed	Number, Percentage (%)	SV-HL-000.D	18, of which 94% are managed
	Number of lodging facilities and the percentage that are: Owned and leased			0
	Number of lodging facilities and the percentage that are: Franchised			0

Destination Management

Purpose

Inspiring to create unforgettable travel experiences and improve people's lives sustainably.

Sri Lanka registered 1.8 million tourist arrivals and Aitken Spence Travels achieved its most successful year to date in terms of passengers handled. The company facilitated positive travel experiences for over 220,000 inbound tourists from both traditional and emerging source markets, representing 12.5% of all arrivals to Sri Lanka. It is estimated that approximately 70% of the arrivals to Sri Lanka are leisure tourists, with the rest visiting for medical tourism or to connect with friends and relatives. As a result, the market share of tourists handled by this segment is considerably higher. The segment endeavours to seek and develop new source countries to diversify the market portfolio to ensure continued arrivals throughout the year. Trusted partnerships, combined with an indomitable spirit drive the success of this segment which is a vital link in the Group's Tourism Sector value chain.

Locations of Operations

Sri Lanka, Maldives, Myanmar

Strategic Focus

- **Drive growth through revival of traditional source markets and developing new source markets**

Key Strategic Initiatives

- **Developing new source markets by forging new relationships with tour operators**
- **Focusing on charters to overcome difficulties of airline connectivity and capacity**
- **Continuous engagement and feedback monitoring with our business partners to improve customer experiences**
- **Ongoing research and testing to innovate authentic and safe travel experiences**

SDG Commitments

INDUSTRY OVERVIEW

Despite geopolitical tensions and regional conflicts creating a backdrop of uncertainty and affecting travel preferences worldwide, Sri Lanka's tourism sector has sustained its growth trajectory, defying concerns of a global recession. The year began with notable growth in visitor numbers, with daily arrivals reaching over 3,200. As of March 2024, Sri Lanka had achieved a significant milestone, welcoming 1.8 million visitors and generating tourism revenues of USD 2.6 billion. This success was driven by robust global marketing efforts, strategic rebranding initiatives and reinforced trade relationships. Looking to the future, Sri Lanka is committed to pursuing sustainable growth, setting ambitious targets that include drawing 2.3 million tourists and amassing over USD 4 billion in tourism revenue. The industry's resilience and strategic action are well-suited to foster continued prosperity. However, the sector faces challenges such as a substantial VAT increase from 0% to 18% and unplanned increases in entrance fees, which have diminished the destination's competitive edge. Furthermore, the emigration of skilled personnel poses a significant challenge, constraining expansion due to a critical shortage of talent. Despite these obstacles, favourable perceptions of Sri Lanka as a tourist destination bolster the industry's growth prospects. A return to stability is anticipated to facilitate the sector's recovery from extended turmoil. However, the upcoming 2024 elections present potential risks that could influence the industry's trajectory.

RISKS & OPPORTUNITIES

Risks

- Disruptions to the industry from potential elections in 2024
- Implementation of economic policies with negative impacts on the tourism sector such as higher tax rates
- Volatility in exchange rates
- Geopolitical conflicts and sanctions disrupting travel patterns and the cruise ship business.
- Consumers making direct bookings via digital platforms
- Rise of a grey market for destination management
- Inadequate infrastructure and shortage of skilled personnel to support the rising tourism demand.
- Risks from extreme weather events and social unrest stemming from climate change

Opportunities

- Enhancing airline connections
- More effective marketing of Sri Lanka as a travel destination
- Better promotion of off-season travel to Sri Lanka and the Maldives
- Promoting Sri Lanka as a sustainable travel destination, especially with the Group's combined strengths and iconic infrastructure

AWARDS

- Winner - 'Leading Travel Agent – Inbound' and 'Leading Cruising Travel Agent', at the South Asian Travel Awards (SATA) 2023.
- Category Winner of the Hospitality and Tourism sector at the CPM Best Management Practices Company Awards (BMPC) 2024.

CERTIFICATIONS

- ISO 14001: 2015 Certified Environmental Management Systems
- ISO 9001: 2015 Certified Quality Management Systems
- ISO 45001:2018 for Occupational Health & Safety
- Travelife Certified Operation for environmental and social sustainability management in tourism, reporting and compliance obligations for tour operators and travel agents

Destination Management

STRATEGIC OBJECTIVES

Sustainable profit growth	Expand reach to new geographies and new business segments	Achieve employer of choice status	Achieve net zero emissions and reduce resource footprint
▪ Expand into adjacent markets or complementary industries to sustain growth ▪ Foster strategic partnerships and alliances to strengthen market presence and competitiveness ▪ Initiate targeted marketing campaigns to boost brand visibility and attract new customers ▪ Improve customer service to enhance satisfaction and foster loyalty	▪ Strengthen strategic relationships to develop source markets ▪ Expand the operational footprint in new geographies through organic growth or acquisitions ▪ Establish a strong presence in key international markets, leveraging Aitken Spence's brand reputation and expertise ▪ Aitken Spence Travels to gain recognition as "High Achievers" by its agents and tour operators	▪ Monitor employee satisfaction and nurture a positive culture ▪ Capitalise on the TUI Knowledge Hub to implement and tailor training programmes that address evolving global travel demands ▪ Establish Aitken Spence Travels as a preferred tour operator brand, recognised for its commitment to employee well-being and professional development	▪ Net zero pathways are being strategically planned, incorporating budgeted investments for the adoption of hybrid and electric vehicles during the replacement of the existing fleet ▪ Initiated waste reduction and recycling efforts to lessen environmental impact and conserve resources ▪ Maintained awareness and capacity building on sustainability and biodiversity conservation among all key stakeholders

PERFORMANCE

12.5%
of Tourist arrivals to Sri Lanka

33
Cruise ships handled in Sri Lanka and Maldives

28,832
Excursions

The number of visitors facilitated by the segment increased by 168%, reflecting the market's growth potential. Top-line growth reached 98%, boosted by increased activity levels. The segment proactively collaborated with new tour operators to develop fresh source markets, overcoming airline connectivity issues with charters as needed. New charters were arranged with support from the Sri Lankan embassies in Turkey, Armenia, Germany and Austria, while the Eastern European charters also continued throughout the winter. The relationship with TUI remains strong, supporting the rebuilding of traditional source markets. The segment handled the two largest tour groups that visited Sri Lanka, catering to over 1,000 passengers each, per tour, reflecting the segment's capabilities. There is potential for further growth as business from Far East markets is yet to pick up. The segment recommenced operations in Myanmar, supporting growth, while Maldivian operations are stable. Despite import restrictions on vehicles posing significant challenges to maintaining transportation comfort with an aging fleet, the segment successfully upheld high customer satisfaction rates through meticulously structured processes designed to ensure the well-being of tour groups. The profit from operations increased by 68% over the previous year. However, the full operational advantage of the increased arrivals was offset by the negative impacts of Sri Lankan Rupee appreciation during the financial year and rising costs.

Focused efforts to streamline processes and enhance service quality supported improved efficiency, as the team was able to handle higher volumes with greater ease and effectiveness. The company adopted a proactive recruitment policy, bringing in young talent from diverse backgrounds into the travel industry and creating a conducive culture supported by training programmes to support their development. The segment has also collaborated with universities that offer tourism as part of their degree programmes to create talent pools to drive growth in the industry.

Sustainable tourism is integral to our operations, underscored by the organisation's dedication, endeavours and investments. The segment promotes awareness through the "Travel Kindly" initiative, providing guests with guidelines on responsible tourism through handouts or digital resources accessible via QR code, supporting the conservation of the country's natural and cultural heritage. Furthermore, collaboration with the Department of Wildlife has been established to protect the endangered Sri Lankan leopard and elephant. The segment remains attentive to its carbon footprint, actively managing it through energy conservation strategies and involving suppliers across the value chain.

Destination Management

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

- Revenue - 98%
- Profit before tax - 5%
- Total assets - 46%
- Business growth and resilience
- Positive cash flows

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Human Capital

- 337 Total employees
- 39% Female representation
- 1,668 Hours of Training
- Enhanced career growth and skills through employee training programmes

Social & Relationship Capital

- Service providers, including jeep suppliers, village guides, cycle activity providers, trekkers and chauffeur guides, are exclusively sourced from local communities
- Provided school bags and stationery to 17 pre-school students and 34 school children from Serupitiya Maha Vidyalaya
- Distributed essential dry rations to 157 low-income households in Serupitiya
- Monthly purchase of 200 handmade reed bags from local suppliers in Kala Wewa for gift packs
- Educating and creating awareness among the supply chain on biodiversity conservation and sustainability

Natural Capital

- Provided financial support to the turtle conservation project at Rekawa to cover labour costs for night patrols protecting turtle nests
- Focused on reducing consumption of paper, water, electricity and fuel due to their significant environmental impact
- 100% of staff are educated and engaged in sustainability and conservation efforts towards building a 'green workforce'

FUTURE OUTLOOK

Tourism is influenced by various factors such as safety concerns, travel convenience and affordability. Macroeconomic conditions in source markets and geopolitical events significantly shape the level of activity within the industry. Notably, conflicts in Ukraine and the Middle East have constrained the growth potential of tourism. Socioeconomic stability in the destination is also key to marketing a destination, and prospects are affected by policies implemented, such as the government's minimum room rates for city hotels, which places the industry at a considerable disadvantage compared to regional and global competitors; this will have an adverse effect on the overall competitiveness of the tourism industry in Sri Lanka. Post-pandemic recovery of the sector is expected to drive growth as tour operators develop new and innovative experiences to capture the market. The segment will continue to develop new markets while rebuilding traditional ones.

Sustainability and digitalisation are crucial for success in catering to the sophisticated preferences of modern tourists. Destination management companies must prioritise significant advancements in technology. Embracing digitalisation, automation and data analytics is essential for boosting operational efficiency, enhancing customer experiences and maintaining competitiveness in the dynamic landscape of the travel industry. Adapting to evolving regulatory landscapes, such as tax regulations and compliance requirements, is crucial for ensuring continued business success and mitigating potential risks associated with legal and regulatory changes. By proactively addressing these challenges and leveraging emerging opportunities, the segment is well-positioned to achieve sustainable growth and maintain its competitive edge in the dynamic travel market.

The segment is currently evaluating additional destinations for expansion and is in the preliminary stages of launching operations in Bangladesh, with the commencement of activities expected in April 2024. Additionally, there are plans to establish operations in Cambodia.

Airline GSA

Purpose

Enhance market presence and optimise operational efficiency through strategic sales, marketing and customer support. We are committed to driving sustainable growth and delivering exceptional service, while upholding the highest standards of integrity and professionalism.

Locations of Operations

Sri Lanka & Maldives

Strategic Focus

Capitalise on enhanced capacity

Key Strategic Initiatives

- **Campaigns encouraging advance purchase.**
- **Implementing a dynamic load management pricing model for cargo**

GSA for Singapore Airlines (SIA) - Cargo and Passenger

GSA for Sri Lankan Airlines in Maldives

GSA for Jazeera Airlines in Sri Lanka

The Group's Airline General Sales Agent (GSA) segment is renowned for adhering to global standards and its commitment to service excellence. As a leading GSA representative in Sri Lanka, this segment manages extensive operations in both passenger and cargo sectors, including activities in the Maldives.

Aitken Spence Aviation (Pvt) Ltd is distinguished as the longest-serving General Sales Agent for Singapore Airlines (SIA), celebrating 52 years of partnership in 2023. This relationship continues to thrive, evidenced by SIA's expanded service from four weekly flights to daily flights, along with an upgrade in aircraft, further enhancing the collaboration. The company was also recognised by SIA for its operational excellence and resilience during the economic crisis, reflecting the high standards developed over half a century.

Ace Aviation Services Maldives Pvt Ltd (Ace Aviation) proudly serves as the GSA for Sri Lankan Airlines in the Maldives, celebrating a significant milestone with its 12th anniversary in December 2023. As the exclusive representative, Ace Aviation has played a pivotal role in facilitating Sri Lankan Airlines' operations in the Maldives. In a testament to its dedication and excellence, the company was honoured with the leading GSA Award at the esteemed South Asian Travel Awards 2023, held in Bangalore. This recognition underscores the company's commitment to providing exceptional service and fostering strong partnerships within the travel industry. Sri Lankan Airlines stands out as the sole international airline operating at key airports in the Maldives: Velaana International Airport in Male and Gan International Airport. In 2023, the airline maintained a robust schedule, offering three daily flights to Male' and two weekly flights to Gan. This commitment resulted in 1,175 flights operated between Male' and Gan, facilitating vital connections for travellers to and from the Maldives.

Royal Spence Aviation (Pvt) Ltd, serves as the GSA for Jazeera Airways, a leading independent airline in the Middle East. Jazeera Airways offers nine weekly flights between Kuwait and Colombo, focusing on high service standards and catering to both business and leisure travellers.

INDUSTRY OVERVIEW

The leisure travel market was and is challenged by the diminishing disposable income and rising cost of living. Corporate travel remained subdued, affected by the widespread adoption of low-cost communication technologies and a downturn in global trade.

During the review period, Singapore Airlines cargo operations saw notable improvements, such as the resolution of the foreign currency crisis and an easing of capacity constraints. Despite these gains, the reduction in air freight rates placed ongoing pressure on profit margins. In a parallel economic context, Sri Lanka faced rising manufacturing costs, driven by IMF-enforced cuts to energy subsidies and increased taxation. Additionally, a reduction in the demand for apparels from Western markets led to a significant downturn in overall air cargo volumes.

Airline GSA

RISKS & OPPORTUNITIES

Risks

- Reduced disposable income dampens leisure travel
- Corporate travel curtailed due to uncertainty
- Increasing competition
- Foreign exchange volatility
- Reduced competitiveness of country's exports
- Increasing cost of fuel
- Risks of global conflicts necessitating re-routing of certain routes thereby significantly increasing the cost of travel

Opportunities

- Growth of tourism sector
- Disruptions in sea freight due to geopolitical tensions
- Improving economic conditions
- Worker migration

STRATEGIC OBJECTIVES

Sustainable profit growth

- Increase market share through increased capacity
- Optimising product mix
- Introduce new distribution capability platform for travel agents

Achieve employer of choice status

- Recognition of high achievers by agent and principal (individuals and teams)
- Training for staff on New Distribution Capability (NDC) system

PERFORMANCE

Longest-serving General Sales Agent for Singapore Airlines

SINGAPORE AIRLINES

The segment's revenue and profitability declined by 23% and 48%, respectively, primarily due to decreased cargo volumes in Sri Lanka and the Maldives, coupled with a reduction in passenger sales in the Maldives. Additionally, the appreciation of the Sri Lankan Rupee adversely influenced the segment's earnings, given that the GSA commission is pegged to the airline ticket prices.

Despite an increase in passenger sales volume, Singapore Airlines experienced a decline in cargo movements, which resulted in an overall revenue decline compared to the previous year. The profit before tax declined owing to the dip in revenue and increase in costs. Digitalisation and the roll-out of the New Distribution Capability software, supported productivity efficiencies and efforts to reduce paper use. The segment remains committed to reduce the consumption of materials, energy and water and continue to adhere to efficient practices. As part of the Aitken Spence Group, the company's Core Disaster Risk Reduction/ Business Continuity Management (DRR/ BCM) team has undergone extensive training and shared their expertise with the Group's DRR team to strengthen BCM strategies.

The revenue and profitability of the GSA operations of Jazeera Airways increased compared to the previous year. The increase in frequency from four flights a week to daily flights weekly, effective October 2023, contributed to achieving this growth along with travel groups for Umrah and migrant workers emigrating to the Middle East.

Airline GSA

RISKS & OPPORTUNITIES

Risks

- Potential negative impacts on the tourism sector due to the 2024 elections
- Implementation of economic policies with negative impacts on the tourism sector
- Volatility in exchange rates
- Impact of higher taxation
- Geopolitical conflicts and sanctions disrupting travel patterns and the cruise ship business.
- Consumers making direct bookings via digital platforms
- Rise of a grey market for destination management
- Inadequate infrastructure and shortage of skilled personnel to support the rising tourism demand.
- Risks from extreme weather events and social unrest stemming from climate change

Opportunities

- Enhancing airline connections
- More effective marketing of Sri Lanka as a travel destination
- Better promotion of off-season travel to Sri Lanka and the Maldives
- Promoting Sri Lanka as a sustainable travel destination, especially with the Group's combined strengths and iconic infrastructure

GOVERNANCE MATTERS

The operations maintained highest benchmarks of ethics and performance aligned with global best practices in the airline industry.

AWARDS

Aitken Spence Aviation (Pvt) Ltd

- Top 5 Cargo Carrier Award at the "Changi Airline Awards 2023"
- Best Air Cargo Carrier Asia at the "Asian Freight, Logistics and Supply Chain Awards 2023"
- Overall Carrier of the Year Award at the "10th Payload Asia Awards"
- 'Airline of the Year' at the "Air Transport World Annual Airline Industry Achievement Awards" 2023
- CEO Excellence Award 2023

Ace Aviation Services Maldives Pvt Ltd

- Leading GSA Award at the South Asian Travel Awards 2023

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

Revenue	-	(23%)
Profit before tax	-	(48%)
Total assets	-	93%
Total liabilities	-	153%

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Human Capital

- 68 Total employees
- 45.6% Female representation
- 107 Hours of Training

Social & Relationship Capital

- Facilitating ease of travel, Sri Lankan Airlines stands out as the sole international airline operating at two key airports in the Maldives: Velaana International Airport in Male' and Gan International Airport
- Improved frequency of flights to Sri Lanka and the Maldives, increasing accessibility of the destinations and travel options to all leisure and business travellers

Natural Capital

- 35.3 tCO_2e total emissions (scope 1 & 2)
- 57 m^3 water consumption

Airline GSA

FUTURE OUTLOOK

The economic recovery commencing in the second half of 2023 is expected to continue, brightening the prospects for financial year 2024/2025. Outlook for the aviation segment is promising with more market segments opting for overseas travel. However, local landscape plays a pivotal role in the sustenance and improvement in performance. The gain in market share by SIA during the year and the increasing demand for short haul travel, supports the prospects for passenger operations, driving growth.

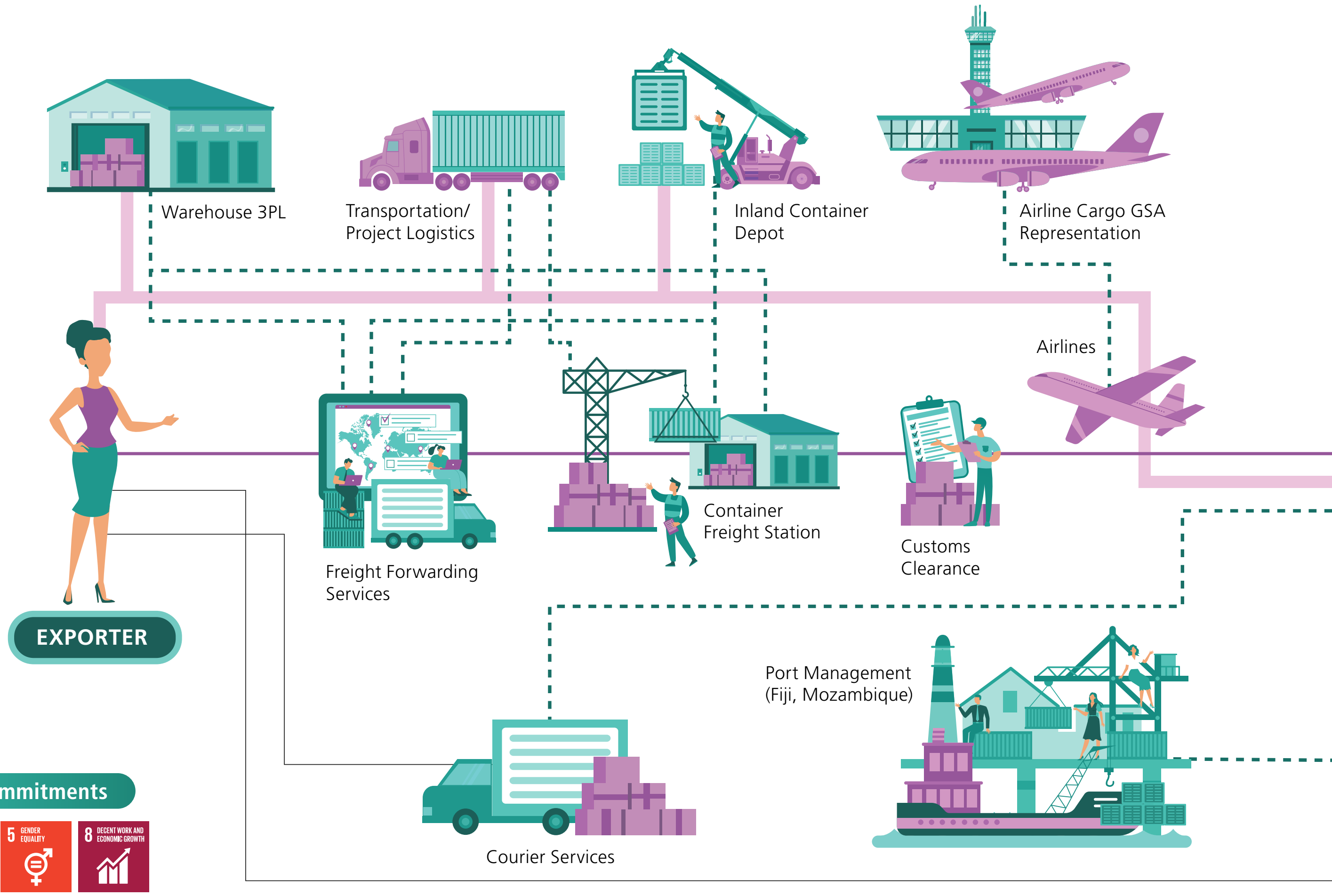
Growth of the air cargo market of Sri Lanka is expected to be sluggish due to global demand factors and the lack of competitiveness of exports, as appreciation of the Sri Lankan Rupee and elevated operational costs deter new investments. Intense competition from other regional sourcing destinations is expected to exacerbate the impact, dampening growth of air cargo volumes. However, the Red Sea crisis has provided a temporary reprieve for air cargo as it increased demand for air freight.

As Ace Aviation Services Maldives looks ahead, it remains dedicated to enhancing the travel experience and strengthening the partnership between Sri Lankan Airlines and the Maldives, continuing to serve as a trusted link for travellers and contributing to the growth and development of the aviation industry in the region.

Maritime and Freight Logistics Sector

The Group enjoys a strong presence along the trade logistics value chain, with a comprehensive range of services including integrated container services, port management and shipping services, airline cargo GSA, freight forwarding and maritime education. Despite the challenging operating conditions that prevailed during the year, the sector continued to consolidate its position by strategically expanding operations and geographical presence with the aim of providing supply chain resilience to the customers.

Our Presence Along the Value Chain (GRI 2-6)



SDG Commitments

Integrated container services

Sri Lanka

Aitken Spence Logistics is a leading integrated logistics provider in Sri Lanka with a range of logistical solutions, including container freight station (CFS), mobile storage solutions, depot operations, transport, warehousing and special operations.

Maritime and port services

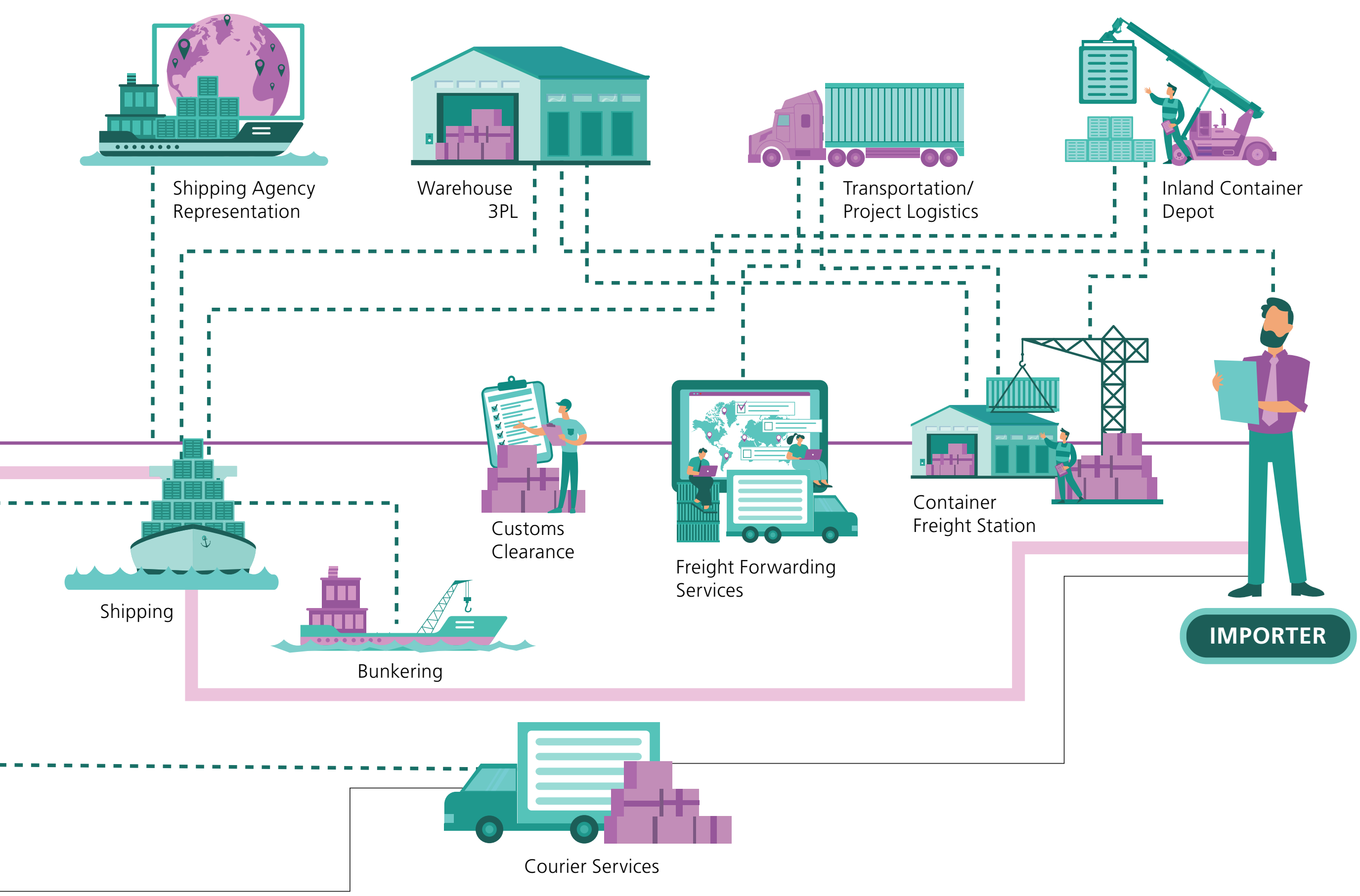
Sri Lanka, Fiji, Mozambique

The port and liner operations of Aitken Spence combine a range of specialised services in the maritime segment. This includes port management, port efficiency enhancement and cargo handling services in Fiji and Mozambique and shipping agency services in Sri Lanka through global partnerships.

Airline GSA (Cargo)

Sri Lanka

Aitken Spence is the cargo General Sales Agent (GSA) for Qatar Airways in Sri Lanka.



Freight Forwarding and Courier

Sri Lanka, Maldives, Myanmar, Bangladesh, Cambodia

A pioneer in the freight forwarding industry in Sri Lanka, Aitken Spence Freight covers a wide spectrum of operations including air and sea freight operations, express courier services and custom house agencies while also representing several international networks.

Maritime education

Sri Lanka, Seychelles

CINEC Campus is a leading higher educational institution in Sri Lanka offering a range of undergraduate, post graduate and doctoral degree programmes in the fields of maritime, management, engineering, aviation, health science and hospitality among others. Vocational training in a range of disciplines is also offered.

VALUE CREATED AND DISTRIBUTED

Performance Highlights-2023/2024

Rs. 23.6 Bn
Revenue

Rs. 6.0 Bn
EBITDA

Rs. 4.9 Bn
Profit before Tax

Contribution to Group

Revenue	Profit before Tax	Assets	Liabilities	Employees	Emissions	Water consumed
21%	54%	11%	8%	13%	5%	2%

Contribution to Economy

Rs. 2.1 Bn
Investment in Infrastructure

Rs. 5.1 Bn
Facilitation of Foreign Exchange Generation to the Country

22,975
Number of Student Registrations at CINEC

1,810
Employment Generated

Rs. 8.8 Bn
Total Value Added

1,760
New Customers Served

18.5%
Female Participation in Labour Force

398 GJ
Renewable Energy Generated

Value to Stakeholders

Rs. 2.6 Bn
Value Created for Employees

Rs. 9.1 Bn
Payments to Suppliers and Business Partners

Rs. 4.0 Mn
Investment in Sustainability Processes

Rs. 2.7 Bn
Taxes paid to Governments (Direct and Indirect)

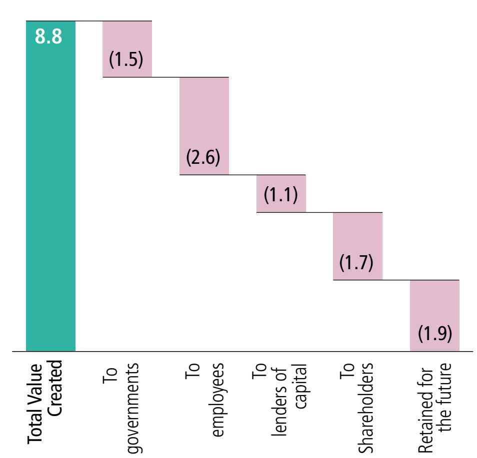
Distribution of Value Added

In the year 2023/24, the Maritime & Freight Logistics Sector faced a challenging period marked by lower freight rates and exchange rate fluctuations that impacted its revenue streams. This led to a contraction in the Sector's value creation to Rs. 8.8 billion. Despite these financial headwinds, the Sector remained committed to its stakeholders.

A significant portion of the value created, amounting to Rs. 2.6 billion or 30% of the total, was allocated to the employees. This allocation underscores the Sector's recognition of its employees as a critical component of its operations and its commitment to their welfare.

Shareholders received a distribution equivalent to 20% of the value created. This distribution reflects the Sector's consistency in providing high returns to its shareholders. Reflecting the Sector's lower debt capital, the value distributed to lenders of capital amounted to 11% of the total value created while the Sector contributed 17% of the value created to governments. 22% was retained by the Sector for the future.

Distribution of Value Created
Rs.Bn



CERTIFIED MANAGEMENT SYSTEMS

ISO 14001: 2015 Certified environmental management systems

All operations maintain systems and SOPs for environmental impact control. The following operations have sought certification for their systems;

- Ace Aviation Services (Pvt) Ltd
- Ace Cargo (Pvt) Ltd
- Aitken Spence Cargo (Pvt) Ltd
- Logilink (Pvt) Ltd
- Hapag-Lloyd Lanka (Pvt) Ltd

ISO 9001: 2015 Certified quality management systems

Each segment maintains specific SOPs and systems for quality assurance. The following operations have expanded their systems and sought certification;

- Ace Aviation Services (Pvt) Ltd
- Ace Cargo (Pvt) Ltd
- Aitken Spence Cargo (Pvt) Ltd
- Ace Distriparks (Pvt) Ltd
- Hapag-Lloyd Lanka (Pvt) Ltd
- Fiji Ports Terminal Ltd

ISO 45001:2018 for occupational health & safety

All operations maintain systems and SOPs for occupational health and safety. The following operations have sought certification for their systems;

- Logilink (Pvt) Ltd
- Ace Distriparks (Pvt) Ltd
- Hapag-Lloyd Lanka (Pvt) Ltd
- Ace Containers (Pvt) Ltd

RECOGNITION RECEIVED DURING THE YEAR

Hapag-Lloyd Lanka was recognised as the "Best Customer Service Provider" in the Europe and Mediterranean sectors at the Institute of Chartered Shipbrokers (ICS) Awards 2023.

Hapag-Lloyd was recognised as one of the top five shipping lines at the Port of Colombo Awards 2023.

The Freight Forwarding & Logistics segment at the Global Commerce Corporate Quiz Governor's Challenge Trophy – organised by Shippers Academy Colombo, International Quizzing Association & Central Bank of Sri Lanka

Aitken Spence Logistics was recognised for Customer Service Excellence in the market segment at the CILT Awards.

It also emerged as the first runner-up in the "Market Segment – Customer Service" category.

DBS Logistics (Pvt) Ltd was the winner of the Bronze Award in the Extra Large Category of the Logistics Service Sector at the 2023 National Chamber of Exporters Awards.

Aitken Spence Cargo, serving as the General Sales Agent (GSA) for Qatar Airways Cargo, was acknowledged for achieving the highest electronic Air Waybill (e-AWB) penetration in the Indian subcontinent and Middle East African Region.

PESTEL (POLITICAL, ECONOMIC, SOCIAL, TECHNOLOGICAL, ENVIRONMENTAL, LEGAL) ANALYSIS

P – Political

Government regulations, trade agreements, security protocols, and geopolitical dynamics significantly shape the operations of the logistics industry, affecting efficiency and costs.

E – Economical

Economic trends and investments in infrastructure drive demand and determine operational capabilities in logistics.

S – Social

Changes in consumer behaviour and the availability of skilled labour necessitate evolving strategies and resource management in logistics.

T – Technological

Advances in technology and the growth of e-commerce enhance efficiency in logistics through automation, improved tracking, and data analytics.

E – Environmental

Environmental sustainability, the impact of extreme weather events, and climate resilience are central to logistics planning, focusing on reducing emissions and adapting strategies.

L – Legal

Legal frameworks and contractual agreements define responsibilities and operational guidelines within the logistics sector.

OPERATING ENVIRONMENT

Global Trade –Key Trends in 2023/2024

Global merchandise trade witnessed a decline of 1.2% in 2023 amidst diminished demand in developed nations, under performance in East Asian economies and a decrease in commodity prices. Meanwhile, tensions surrounding the Red Sea impacted sea-borne trade, due to disruptions to maritime routes resulting in increases in freight rates towards the latter part of 2023.

60% ~ 70% (YoY)
Decrease in average freight rates

1.2%
Decline in global merchandise trade in 2023

KEY CHALLENGES AND OPPORTUNITIES 2023/2024

Challenges

- A moderation of demand for shipping services, as a result of global recessionary pressures together with excess shipping capacity, led to substantial fluctuations in freight rates during the year. The first three quarters of 2023/2024 also saw disruptions to services, due to cancellations and adjustments in shipping itineraries.
- Sri Lanka faced a decline in import and export volumes amidst subdued economic conditions and import restrictions. Refrigerated cargo, in particular, was severely impacted by restrictions on commodities imported during the year.
- The industry continued to grapple with a growing shortage of skilled workers due to rising levels of migration from the country. Increasing levels of migration also impacted the education sector, with institutions finding it increasingly difficult to attract students for local degree programmes, though the demand for programmes affiliated to foreign universities remained.
- The liberalisation of bunker trade and the privatisation of fuel stations led to a decline in fuel supply contracts with Ceypetco / LIOC, affecting tanker agency representations.

Opportunities

- Transshipment volumes passing through the Port of Colombo increased notably during the last two quarters of 2023/2024, as a result of shipping lines changing their routes to avoid high risk routes.
- The crisis in the Red Sea also led to a reduction in excess capacity and increase in freight rates towards the latter part of 2023/2024.
- Increased opportunities in the industry due to regional alliances, such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and an increasing trend towards nearshoring.

KEY MARKETS

Location	Operations	Market overview 2023/2024
Sri Lanka	Integrated container services, port management and shipping services, airline GSA (cargo), freight forwarding & courier services and education	Container throughput at the Port of Colombo expanded by a moderate 1.3% (YoY) to 6.9 Mn TEUs in 2023. The growth, however, was driven mainly by transshipment volumes which accounted for 83% of the port's container throughput during the period. Transshipment volumes increased by 2.1%, with a notable increase witnessed going into 2024, as a result of the Red Sea crisis and the Colombo Port emerging as a transit point for major shipping lines re-routing their vessels around the Cape of Good Hope to avoid disruptions to shipments and resulting high insurance premiums.
Bangladesh	Freight forwarding	The Bangladesh economy witnessed a moderation in growth momentum in 2023 amidst reduced export demand, inflationary pressures and domestic shortages of electricity and fuel. Export growth decelerated sharply during the year, while imports also declined due to lower domestic demand. The resultant decline in trade volumes directly impacted the revenue and profitability of the freight and logistics industry.
Mozambique	Port operations	Aitken Spence provides port management services at the Port of Nacala, which is the country's 3rd largest port. Following the rehabilitation and modernisation of infrastructure, the Port of Nacala, reached record levels in 2023, handling 3.1 Mn tons of freight, 12.5% above the cargo levels handled in 2022. The growth in cargo handled was also supported by the country's economic recovery which gained momentum in 2023, primarily driven by the start of liquefied natural gas (LNG) production at the Coral South offshore facility.
Fiji	Port management services	Aitken Spence manages the two international commercial ports in Fiji; Suva with a container handling capacity of over 100,000 TEUs per annum and Lautoka with a container handling capacity of over 40,000 TEUs per annum. Fiji's post-pandemic economic rebound has been strong, with the economy expanding by 20% and 8%, respectively, in 2022 and 2023, supported by exceptional recovery in the tourism industry. This had positive spillover effects on wholesale and retail trade, transportation and construction sectors and port operations in the country.
Maldives	Freight forwarding	As per the Maldives Monetary Authority update in February 2024, total exports increased by 10%, during the period January to December 2023 while total imports slightly declined by 1%, when compared with the corresponding period of 2022.
Myanmar	Freight forwarding	Political instability and conflict continued to impact economic performance in Myanmar with broad based declines across key sectors and a notable decline in trade volumes. Meanwhile, conflict-induced supply chain and logistic disruptions also continue to challenge operations in the country.
Cambodia	Freight forwarding	The Cambodian economy continued to perform well in 2023 buoyed by a recovery in tourism and robust non-garment manufacturing. Sector's operations in Cambodia benefited from an increase in export volumes, although import volumes witnessed a decline due to lower imports of gold, garment industry related materials, fuel and vehicles.

STRATEGIC OBJECTIVES

Sustainable profit growth	Expand reach to new geographies and new business segments	Achieve employer of choice status	Achieve net zero emissions and reduce resource footprint
▪ Investment in a 100,000 sq. ft. container freight station in the main logistics complex at Mabole ▪ Automation of repetitive manual tasks through RPA and Power Apps ▪ Enhanced our offering with value additions such as "SpenceViz" platform and "Spence Tracking" to provide real-time visibility from purchase order to goods received notes ▪ Implementation of a game-changing custom house agency (CHA) / shipping solution for efficient job allocation and task management, optimising human talent ▪ Strengthened presence in bunkering segment with the chartering of a barge and enhancing Hambantota as an ideal location for bunkering, while promoting same as the "Pit-Stop" for the ships on the East West main line route	▪ Wider spectrum of courses offered at CINEC to include aviation, hospitality, health-science and science streams ▪ Closer collaboration with shipping principals to boost cargo volumes in existing and new destinations thereby increasing market share in the liner segment ▪ The overseas freight segment commenced operations in Cambodia and set up a regional office in Singapore, further expanding its overseas presence	▪ HR Strategy has been coined to address the expectations of the diverse workforce, as engagement is vital to build a purpose driven team	▪ 66 MT of solid waste safely disposed ▪ 398 GJ solar energy produced ▪ Plans in the pipeline towards electrification of part of the fossil fuel needs of the integrated logistics segment to reduce emissions and support the Group's efforts to achieve net zero

DRIVING STRATEGY

Declining trend in global freight rates, lower import and export volumes, fuel price hikes and the appreciation of the Sri Lankan Rupee against the USD impacted the Sector's performance during the year, resulting in a decline in both revenue and profits compared to the record-breaking performance during the previous year. Consolidated revenue declined by 18% to Rs. 23.6 Bn while profits before tax also decreased by 37% to Rs. 4.9 Bn in 2023/2024 as a result of declines in port management operations, liner shipping business, freight forwarding, container logistics segments and cargo GSA operations. On a positive note, the maritime education and overseas freight forwarding operations performed exceptionally well during the year, recording notable improvements in profitability and market share.

The integrated container segment witnessed a 8% decline in revenue amidst lower import and export volumes. The decline in revenue together with multiple fuel price hikes and the appreciation of the Sri Lankan Rupee against the USD, impacted the segment's profitability resulting in a 59.4% decline in profitability compared to the highest ever profit achieved in the previous year. A marginal decline in the operational profits of the port management operation in Fiji was further exacerbated due to the appreciation of the Sri Lankan Rupee, resulting in a lower conversion value.

During the year 2023/2024, the liner segment observed a notable 15% increase in cargo volumes, primarily driven by higher transshipment volumes. Despite the rise in transshipment volumes, the liner shipping and freight segment experienced a decrease in turnover as a result of the decline in freight rates during the period. Freight rates experienced a substantial decline over the first nine months of the 2023/2024 period compared to the previous year. However, rates surged in the last quarter due to a surcharge imposed in response to the crisis in the Red Sea. Despite economic challenges in Bangladesh and Myanmar, the overseas freight segment achieved significant gains in both profits and market share, primarily driven by operations in these countries. The maritime education segment also performed well during the year recording a 14% increase in profitability. Focused efforts to expand its course offerings contributed to this commendable performance.

Amidst the challenging operating conditions that prevailed during the year, the Sector focused on strengthening its value proposition by truly understanding and addressing current customer requirements. The implementation of the EMOJOT platform during the year, enabled the Sector to capture valuable information on customer experience to augment customer propositions. In response to these findings, the Sector introduced key enhancements to its customer value proposition, including cutting edge customer solutions for tracking and tracing from purchase order to goods received note (GRN), such as 'SpenceViz' and

'Spence Tracking'. The Sector also continued to drive efficiencies across business verticals through ongoing investments in technology including a game-changing CHA/shipping solution for efficient job allocation and task management.

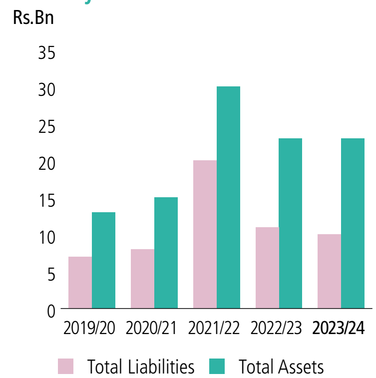
Diversifying its revenue streams and customer bases, whilst maintaining a flexible cost structure, remained key focus areas as the Sector transforms the business into a more agile and resilient operation, better able to thrive in dynamic operating conditions. Strong relationships the Sector has cultivated with its global partners and principals is one of the key strengths. The Sector continued to leverage these relationships to expand its presence in new geographies and business segments.

Workforce shortages were a key risk during the year amidst growing migration levels in the country. As part of the efforts to mitigate this risk, the Sector continued to enhance its employee value proposition, through targeted engagement activities, ongoing career and talent development opportunities and competitive compensation packages to attract and retain skilled professionals. The Sector, during the year, also embarked on an exercise to better articulate its organisation's purpose and core values in order to foster a more cohesive team, working towards common goals.

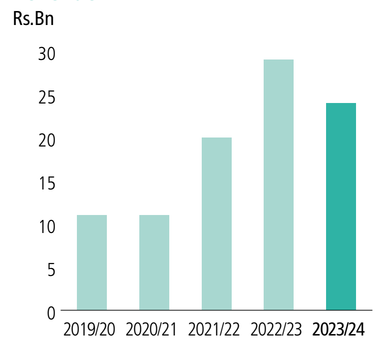
The Sector also continued to achieve steady progress on its energy efficiency journey, recording a 3% reduction in the scope 1 & 2 emissions. Several tangible initiatives were undertaken during the year to achieve environmental goals, including investing in more efficient electrical equipment, LED lighting and solar panels at the newly constructed warehouse.

The Sector has embarked on key initiatives to support the global vision towards Net Zero. The freight team has brought in carbon emission calculation and continues to create awareness among customers when deciding on shipping options. This initiative has brought in a different dimension to the procurement decision, where Customers will look beyond factors such as time and price and will consider the carbon emission when opting for space for their cargo.

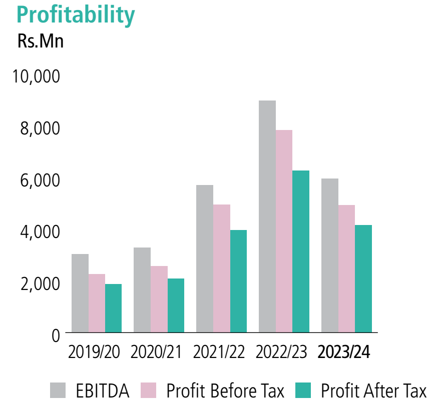
Stability



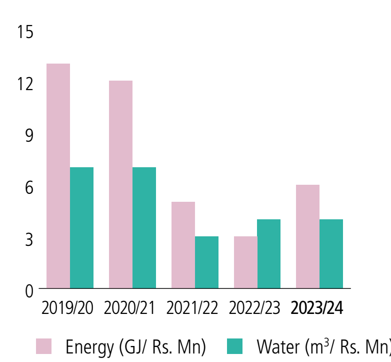
Revenue



Profitability



Resource Consumption per Unit Revenue



NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

▪ Revenue	-	(18)%
▪ Profit before tax	-	(37)%
▪ Total assets	-	(3)%
▪ Total liabilities	-	(5)%

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Intellectual Capital

- Rs. 53 Mn investment in IT systems
- Digitisation of process
  - Streamlined global tracking
  - Optimised operational workflows
  - Elevated client satisfaction

Manufactured Capital

- Investments in property plant and equipment Rs. 2.1 Bn

Natural Capital

- Rs. 4 Mn invested in energy efficient equipment at warehouse.

Human Capital

- 520 new recruits
- Rs. 3.3 Mn invested in training and development

Social & Relationship Capital

- Closer engagement with principals
- Strengthened OHS mechanisms across the sector for all stakeholders
- Payments to suppliers Rs 9.1 Bn

GOVERNANCE MATTERS

Our dedication to strict compliance is demonstrated by the regular and structured internal audits we conduct, reflecting the rigorous standards upheld by the Group. In our business development strategy, we employ a targeted approach, segmenting customers and assigning them to specialised teams to ensure personalised service and effective engagement. Our operations are fortified by solid process compliance, with all Customs House Agent (CHA) activities being closely monitored through the SpenceViz system according to our Standard Operating Procedures (SOPs).

Periodic reviews with senior management focus on non-financial performance metrics such as target setting, performance evaluations, and the strategic application of audit insights. These reviews are integral to our comprehensive audit program, which includes both internal and external audits, like ISO certification and fiscal year-end audits. This program ensures that we consistently refine our practices and maintain the highest standards of operational excellence.

MARITIME AND FREIGHT LOGISTICS SECTOR

Statement of Financial and ESG performance (GRI 201-1; 203-1; 302-1; 303-3, 303-4; 305-1, 305-2; 306-5)

	2023/24	2022/23	YoY(%)
Revenue (Rs. Mn)	23,648	28,972	-18
EBITDA (Rs. Mn)	5,951	8,958	-34
Profit before tax (Rs. Mn)	4,921	7,818	-37
Profit after tax (Rs. Mn)	4,157	6,255	-34
Total Assets (Rs. Mn)	22,588	23,242	-3
Total Liabilities (Rs. Mn)	10,064	10,576	-5
SDGs towards which the Sector's performance contributes: 4 and 5			
Targets: 4.3, 4.4, 4.7, 5.1, 5B			
Number of employees	1,810	1,751	3
Employee female representation	18%	16%	13
Employee benefits (Rs. Mn)	2,622	2,520	4
Training hours per employee	4	8	-50
SDGs towards which the Sector's performance contributes: 4, 5 and 12			
Targets: 4.3, 4.4, 4.7, 5.1, 5B, 12.b			
Investment in training (Rs. '000)	3,332	13,549	-75
Number of student registrations at CINEC	22,975	19,861	16
Brand stewardship	4	4	0
Number of certifications	17	13	31
Number of joint venture/equity partnerships	10	9	11
Number of suppliers screened on ESG within the year	-	576	-100
SDGs towards which the Sector's performance contributes: 8, 9, 12 and 14			
Targets: 8.4, 9.4, 12.2, 12.5, 12.6, 12.8, 12.b, 14.1, 14.2			
(Note - data for 2023 has been restated as the reporting boundary and emission factors have been revised)			
Total energy consumption (GJ)	51,039	51,227	0
Renewable energy generated (GJ)	398	477	-17
Scope 1 emissions (tCO2e)	3,425	3,334	3
Scope 2 emissions (tCO2e)	818	1,026	-20
Emissions reduced or offset (tCO2e)	78	94	-17
Total water withdrawn (m3)	32,426	53,730	-40
Total volume of water treated for reuse or safe disposal (m3)	6,336	6,336	0
Total amount of solid waste kept away from landfills			
(Tonnes)	66	767	-91
(Units)	0	864	-100
Total amount of effluents safely disposed (Litres)	0	48	-100
Total investment in sustainability driven processes (Rs. Mn)	4.3	2	153
SDGs towards which the Sector's performance contributes: 9			
Targets: 9.1, 9.4			
Property Plant and Equipment (Rs. Mn)	8,982	7,578	19
Warehouse space (sq.ft.)	470,074	401,602	17
Yard capacity (TEUs)	6,500	7,000	-7
Transportation fleet (Nos.)	112	112	0
Investment in manufactured capital (Rs. Mn)	2,053	587	250
Depreciation (Rs. Mn)	784	839	-7

FUTURE OUTLOOK

The anticipated rebound in global trade during the second half of 2024 together with improved domestic conditions, including the possible lifting of import restrictions and gradual improvement in the domestic economy, is expected to improve the prospects of the Maritime & Freight Logistics Sector. Freight rates too have witnessed some upward momentum, although this is mainly on account of the impact of geopolitical developments and resultant shipping disruptions around the globe.

The port and liner segments in particular are expected to benefit from these developments, with higher transshipment volumes and freight rates expected to drive profitability in the segment. Meanwhile, the resumption of cruise calls in November 2023 is also expected to improve performance of the bunkering operations of the segment. The bunkering operation also continues to show significant potential and is a key area of focus going forward. Port operations in Fiji too are expected to perform well during the year, with the expected growth in cargo throughput amidst stable economic conditions. Given the significant growth potential in this segment, the Sector will continue to explore new opportunities by leveraging its strong global partnerships.

Strategic investments made during the past few years have also placed the container freight segment on a clear trajectory of growth. The strategic expansion of the container freight station in Mabole together with the implementation of process automation through Power Apps, have strengthened its position in the warehousing and logistics segment. The container freight segment also continues to expand into new areas, such as reefer and container conversion business, in response to a growing demand for customised solutions.

Overseas operations of the Sector are also expected to deliver notable results in the short to medium term, due to far-sighted efforts to diversify its operations into emerging areas. As part of the three-year-strategic plan, the Sector hopes to expand into third party logistic (3PL) in Bangladesh and continues to explore new verticals in freight forwarding, such as pharmaceuticals and aerospace, while actively looking to acquire new GSAs in overseas locations.

WAY FORWARD

Short Term	Long Term
Sustainable profit growth **Revenue diversification**	
▪ Expand presence in bunkering industry through client acquisition ▪ Set up a cold room facility and procure freezer trucks ▪ Increased focus on enhancing service excellence ▪ Implementation of robotic process automation (RPA) technology in the Container Freight Station Segment (CFS), warehousing and transportation operations	▪ Explore overseas opportunities in integrated container services segment ▪ Capacity expansion of container freight station in Welisara ▪ Expand the trucking fleet
Geographical and business expansion **Value enhancement / efficiency**	
▪ Expansion into 3PL services in Bangladesh ▪ Explore potential opportunities with new GSAs' to new locations ▪ Joint venture company in Mozambique to expand port operations in the country	▪ Explore overseas opportunities in integrated container services segment ▪ Explore overseas opportunities in port management services as well as supply chain services. ▪ Collaboration in overseas locations
Achieve 'Employer of Choice' status **Employee engagement**	
▪ Actively address labour retention issues through targeted initiatives to enhance employee engagement and - employee value proposition	▪ 50% female representation by 2028 and achieving a 20% representation of women in leadership positions by 2028
Reduction in resource footprint **Emission control**	
▪ Gradual replacement of Material Handling Equipment (MHE) with electric-powered variants ▪ Setting up policy for converting Ports in Fiji as Green Ports.	▪ The Sector has initiated a five-year plan to promote greening operations which includes a range of initiatives including better energy and emission management. ▪ Planning to convert the ports of Suva and Lautoka as Green ports. Initiatives taken for reduction in emissions from ships and equipment, use of renewable energy and adopting strict policy on waste disposal at sea.

Power to inspire

Preserve and Protect: Our Commitment to Cleaner Coasts

Beaches often accumulate flotsam and jetsam, which tarnish their natural beauty and harms marine ecosystems. For the Maritime & Freight Logistics Sector, organising beach clean-ups represents a meaningful opportunity to contribute positively to a country's natural capital. Such initiatives not only enhance the environmental health of coastal areas, but also reinforce the Sector's commitment to sustainability and community well-being. This approach underscores the importance of preserving natural resources for future generations.

In recent years, the Sector has collaborated with the hotels segment, to support positive environmental efforts along the western coastal areas in Sri Lanka, where the Group has operations. Together, they have provided waste reclaim bins on the beaches, facilitating more efficient beach clean-up events and maintenance initiatives. This is beneficial for the hotels segment, which conducts weekly beach clean-up events. This partnership not only aids in keeping our beaches clean, but also engages local communities and tourists in sustainable practices, emphasising a shared responsibility towards environmental stewardship.

In September 2023, Fiji Ports Terminal Limited, in partnership with local government authorities, carried out a beach clean-up project, covering approximately 6 kilometres of shoreline in Suva and Lautoka cities of Fiji Islands. Nearly 110 staff and their family members volunteered to the project and close to 2.3 MT of inorganic waste was removed from the shore and foreshore areas.

SASB DISCLOSURES

Road Transportation and Air Freight & Logistics - Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Unit of measure	Code	
1. Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions - Total percentage greenhouse gas (GHG) emissions to the atmosphere -	Metric tons (t)	TR-RO-110a.1 TR-AF-110a.1	3,425.03
	(2) Gross global Scope 1 emissions - Carbon dioxide (CO2)			3,413
	(3) Gross global Scope 1 emissions - Methane (CH4)			3
	(4) Gross global Scope 1 emissions - Nitrous oxide (N2O)			9
	(5) Gross global Scope 1 emissions - Hydrofluorocarbons (HFCs)			Negligible
	(6) Gross global Scope 1 emissions - Perfluorocarbons (PFCs)			Negligible
	(7) Gross global Scope 1 emissions - Sulphur hexafluoride (SF6)			Negligible
	(8) Gross global Scope 1 emissions - Nitrogen trifluoride (NF3)			Negligible
	(9) Gross global Scope 1 emissions - What are the regulations to limit GHG emissions	N/A		None
	(1) Discussion of short term strategy or plan to manage scope 01 emissions		TR-RO-110a.2 TR-AF-110a.2	Please refer to the following sections; Sector Review Natural Capital section (GRI 3-3)
	(2) Discussion of short term strategy or plan to emissions reduction targets			
	(3) Discussion of short term strategy or plan to do an analysis of performance against those targets			
	(4) Discussion of long term strategy or plan to manage scope 01 emissions			
	(5) Discussion of long term strategy or plan to emissions reduction targets			
	(6) Discussion of long term strategy or plan to do an analysis of performance against those targets			
	(1) Total fuel consumed	Gigajoules (GJ)	TR-RO-110a.3	45,477
	(2) Percentage of natural gas fuel consumed	Percentage (%)		1% petrol 99% diesel (direct energy)
	(3) Percentage renewable fuel consumed			0
	(1) Fuel consumed by Road transport, percentage - (a) Natural Gas	Gigajoules (GJ)	TR-AF-110a.3	42,448
	(1) Fuel consumed by Road transport, percentage - (b) Renewable	Percentage (%)		0
	(2) Fuel consumed by Air transport, percentage - (a) alternative			N/A
	(2) Fuel consumed by Air transport, percentage - (b) sustainable			
2. Air Quality	Air emissions - (1) NOx (excluding N2O)	Metric tonnes (t)	TR-RO-120a.1 TR-AF-120a.1	Negligible
	Air emissions - (2) Sox			
	Air emissions - (3) particulate matter (PM10)			

Topic	Accounting Metric	Unit of measure	Code	
3. Labour Practices	Percentage of drivers classified as independent contractors	Percentage (%)	TR-AF-310a.1	0
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Presentation currency	TR-AF-310a.2	0
4. Workforce Conditions, Health & Safety	(1) Total recordable incident rate (TRIR) - (a) Direct employees	Rate	TR-RO-320a.1 TR-AF-320a.1	0
	(1) Total recordable incident rate (TRIR) - (b) Contract employees			0
	(2) Fatality rate - (a) Direct employees			0
	(2) Fatality rate - (b) Contract employees			0
	(1) Voluntary turnover rate for all employees		TR-RO-320a.2	28
	(2) Involuntary turnover rate for all employees			0
	(1) Description of approach to managing short-term driver health risks	N/A	TR-RO-320a.3	Please refer to the Human Capital report (OHS) (GRI 403)
	(2) Description of approach to managing long-term driver health risks			
5. Supply Chain Management	Percentage of carriers with BASIC percentiles above the FMCSA intervention threshold	Percentage (%)	TR-AF-430a.2	N/A
	Total greenhouse gas (GHG) footprint across transport modes	Metric tons (t)CO2-e per tonkilometre	TR-AF-430a.3	N/A
6. Accident & Safety Management	No. of Road accidents and incidents	Number	TR-RO-540a.1	94 injuries in total. Road accidents are not separately reported.
	Description of implementation and outcomes of a Safety Management System	N/A	TR-AF-540a.1	N/A
	Number of aviation accidents	Number	TR-AF-540a.2	N/A
	(1) Aggregate volume of spills and releases to the environment	Number, Cubic metres (m^3)	TR-RO-540a.3	Zero
	(2) Number of spills and releases to the environment			Zero

ACTIVITY METRICS				
	Revenue tonne-kilometres	RTK	TR-RO-000.A TR-AF-000.A	Not reported
	Load factor	Number	TR-RO-000.B TR-AF-000.B	Not reported
	Number of employees		TR-RO-000.C TR-AF-000.C	52
	Number of truck drivers			Prime mover drivers - 88 Bowser drivers - 9 Other drivers - 6 Helpers - 4

Strategic Investments Sector

The Group's Strategic Investments Sector comprises of four segments: power generation, apparel manufacturing, printing and packaging and plantations. Each of these segments is crucial for the country's economic development, playing a vital role in either generating or conserving foreign exchange. By strategically selecting these priority areas, the Group effectively spreads its interests across diverse economic activities. This approach not only secures a stable revenue stream, but also minimises potential impacts from market volatility, thus ensuring the Group's long-term sustainability and growth. Despite a year marked by challenging operational conditions the Sector reported a revenue of Rs. 17.2 Bn reflecting the underlying strength and potential of the Group's diversification strategy. However, the Sector did not perform as expected, as evidenced by a reported loss before tax of Rs. 2.5 Bn highlighting the impact of the prevailing economic environment on even well-positioned and diversified portfolios. The financial performance, while mixed, underscores the importance of the Group's strategic choices in navigating economic uncertainties and positioning itself for future stability and growth. The Strategic Investments Sector, by spanning critical and diverse industries, provides a foundation that not only safeguards but also potentially enhances the Group's market position in the long term.

Power Generation

Sri Lanka

As a long-standing private power producer, the segment has expertise in thermal, wind, solar, hydro and waste to energy technologies.

Apparel Manufacture

Sri Lanka

Our interests in the apparel industry in Sri Lanka comprise of three companies engaged in manufacturing of high-value children's and men's apparel for leading fashion brands in the US and UK.

Printing and Packaging

Sri Lanka

The printing segment comprising of Aitken Spence Printing & Packaging (Pvt) Ltd and Ace Exports (Pvt) Ltd., is a market leader, with a portfolio of products, that includes packaging, books and magazine publications, tags and labels and seasonal products.

Plantations

Sri Lanka

Aitken Spence enjoys a strong presence in Sri Lanka's plantation sector with 13 estates and 17 factories in the low, mid and up country regions of Sri Lanka. Represented by Elpitiya Plantations PLC, the group produces top grade tea, rubber, coconut, cinnamon and oil palm crops as its core business while also having a well diversified non-core crop base.

VALUE CREATED AND DISTRIBUTED

Performance Highlights-2023/2024

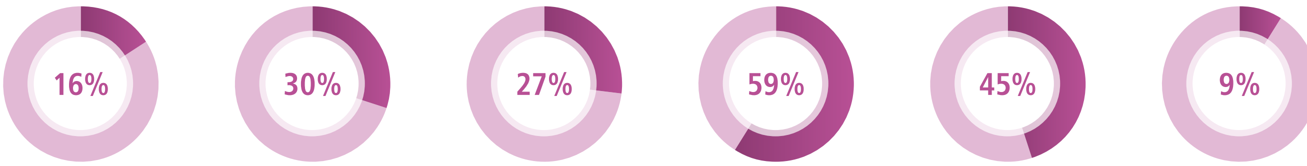
Rs. 17.2 Bn
Revenue

Rs. 2.3 Bn
EBITDA

Rs. 2.5 Bn
Loss before Tax

Contribution to Group

Revenue | Assets | Liabilities | Employees | Emissions | Water consumed



Contribution to Economy

7,538
Employment Generated

Rs. 5.6 Bn
Total Value Added

Rs. 1.5 Bn
Investment in Infrastructure

Rs. 6.8 Bn
Facilitation of Foreign Exchange Generation to the Country

57.6%
Female Participation in Labour Force

753,134 GJ
Renewable Energy Generated

Value to Stakeholders

Rs. 3.1 Bn
Value Created for Employees

Rs. 10.2 Bn
Payments to Suppliers and Business Partners

Rs. 39.0 Mn
Investment in Sustainability Processes

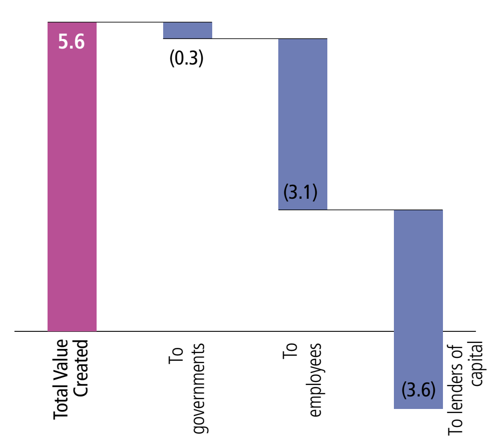
Rs. 863.2 Mn
Taxes paid to Governments (Direct and Indirect)

Distribution of Value Added

Operating in industries crucial to the nation's economic growth, the Strategic Investments Sector generated a value of Rs. 5.6 billion. However, the Sector faced significant challenges during the year, primarily due to unpredictable exchange rate fluctuations and a downturn in the apparel industry. These challenges led the Sector to distribute more to its key stakeholders - governments, employees, and capital lenders - than the value it created during the year.

For the year, the Sector distributed a total of Rs. 7.1 billion. Lenders of capital received the majority share of this distribution, accounting for 52% of the total. Employees, who are integral to the sector's operations, received a distribution that amounted to 44% of the total value while governments received a total of Rs. 0.3 billion. This distribution strategy underscores the Sector's commitment to its stakeholders, even in challenging times.

Distribution of Value Created
Rs.Bn



PESTEL (POLITICAL, ECONOMIC, SOCIAL, TECHNOLOGICAL, ENVIRONMENTAL, LEGAL) ANALYSIS

P – Political

- Government policies regarding environmental regulations, trade agreements, labour laws, land ownership and energy regulations are pivotal across these sectors.
- International relations and special incentives such as GSP +, customs and duty waivers also play crucial roles, particularly in the power and apparel manufacturing sectors.

E – Economical

- Economic stability, inflation rates, currency exchange rates and global commodity prices significantly affect all industries.
- Investment in infrastructure and renewable energy, as well as fuel prices, influence costs and profitability.

S – Social

- Consumer preferences for sustainable and ethically sourced products are growing across all sectors.
- Community relations, labour practices and awareness of climate change also impact business operations and consumer choices.

T – Technological

- Technological advances like automation, digitisation of supply chains, innovations in crop management and renewable energy technologies are transforming production processes and operational efficiencies.

E – Environmental

- All sectors are increasingly affected by environmental concerns, such as climate change, water availability, waste management and the transition to eco-friendly materials and clean energy sources.

L – Legal

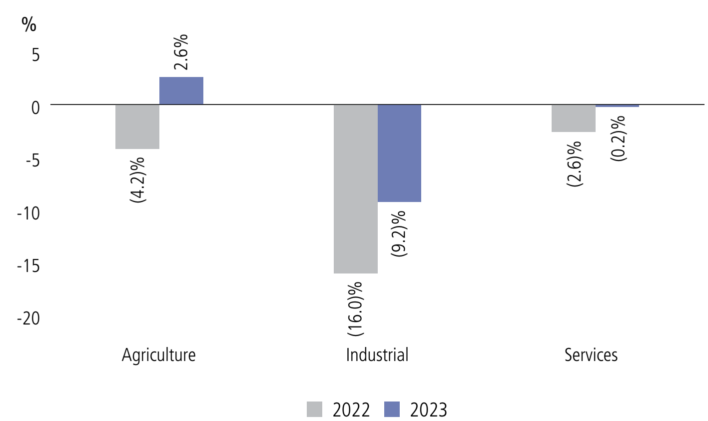
- Compliance with safety regulations, labour standards, environmental laws, copyright laws and energy licensing are essential for legal and operational adherence in these industries.

OPERATING ENVIRONMENT

Sri Lankan Economy

The Sri Lankan economy contracted by 2.3% in 2023 compared to the significant contraction of 7.3% in 2022. The gradual rebound was driven mainly by the revival in the agriculture sector which witnessed a 2.6% increase in 2023 compared to the 4.2% contraction witnessed in 2022. The industrial sector however which continued to be impacted by subdued demand conditions locally and globally witnessed a contraction of 9.2% during the year. Apparel exports during the year declined by 18% during the year as a result of a significant decline in global demand. Demand for the printing and packaging meanwhile was negatively impacted by lower apparel exports and a general downturn in trade volumes. The country's renewable energy generation accounted for 50% of overall electricity generation, significantly lower than the target of 70% by 2030.

Performance of Major Economic Activities



STRATEGIC INVESTMENTS SECTOR

Statement of Financial and ESG performance (GRI 201-1; 203-1; 302-1; 303-3, 303-4; 305-1, 305-2; 306-5)

	2023/24	2022/23	YoY(%)
Revenue (Rs. Mn)	17,158	21,509	-20
EBITDA (Rs. Mn)	2,269	6,192	-63
Profit before tax (Rs. Mn)	(2,460)	543	-553
Profit after tax (Rs. Mn)	(2,259)	657	-444
Total Assets (Rs. Mn)	60,952	66,287	-8
Total Liabilities (Rs. Mn)	34,616	38,316	-10
SDGs towards which the Sector's performance contributes: 4 and 5			
Targets: 4.3, 4.4, 4.7, 5.1, 5B			
Number of employees	7,538	7,681	-2
Employee female representation	58%	60%	-3
Employee benefits paid (Rs. Mn)	3,130	2,857	10
Training hours per employee	11	4	175
SDGs towards which the Sector's performance contributes: 4, 8 and 12			
Targets: 4.3, 4.4, 4.7, 8.4, 8.8, 12.2, 12.6, 12.8			
Investment in training (Rs. '000)	10,124	15,031	-33
Brand stewardship	7	7	0
Number of management systems	80	68	18
Number of certified management systems	37	33	12
SDGs towards which the Sector's performance contributes: 4, 8, 9 and 12			
Targets: 4.3, 4.4, 4.6, 8.5, 8.6, 9.1, 12.8			
Number of joint venture/equity partnerships	6	5	20
Number of suppliers	1,862	3,103	-40
Number of suppliers screened on ESG within the year	444	112	296
Total funds channelled for community development (Rs. Mn)	200	232	-14
SDGs towards which the Sector's performance contributes: 6, 7, 8, 9, 12 and 15			
Targets: 6.3, 6.4, 7.2, 8.4, 9.4, 12.2, 12.5, 12.6, 12.8, 12.b, 15.2, 15.5			
(Note - data for 2023 has been restated as the emission factors have been revised)			
Total energy consumption (GJ)	399,801	401,927	-1
Total energy consumed from non-renewable sources and indirect energy (GJ)	150,120	148,832	1
Total energy consumed from renewable sources (GJ)	219,101	222,046	-1
Total energy generated from renewable sources (GJ)	753,134	690,030	9
Scope 1 emissions (tCO2e)	32,727	31,248	5
Scope 2 emissions (tCO2e)	4,497	4,566	-2
Emissions reduced or offset (tCO2e)	235,273	216,829	9
Total water withdrawn (m3)	143,880	306,404	-53
Total volume of water treated for reuse or safe disposal (m3)	27,405	34,683	-21
Total amount of solid waste kept away from landfills			
(Tonnes)	37,753	31,331	20
(Units)	73	764	-90
(Litres, waste oil)	25,820	104,761	-75
Total investment in sustainability driven processes (Rs. Mn)	39	29	34
SDGs towards which the Sector's performance contributes: 9			
Targets: 9.1, 9.4			
Property Plant and Equipment (Rs. Mn)	22,400	21,766	3
Investment in manufactured capital (Rs. Mn)	1,513	2,230	-32

DRIVING STRATEGY

The Strategic Investments Sector recorded a revenue of Rs. 17.2 Bn in amidst challenging operating conditions. Subdued global demand for apparel and declining disposable income in Sri Lanka impacted both the apparel and printing and packaging segments. Revenue from the apparel segment experienced a 26.1% decline due to reduced order volumes and the appreciation of the Sri Lankan Rupee against the USD, while the printing and packaging segment also witnessed a 29.3% decrease in revenue during the year. Increased electricity charges and the cost of raw materials also impacted profitability levels of the two segments. The decline in interest rates during the year assisted the power generation segment in lowering its interest costs thereby the segment was able to reduce the loss recorded in the current financial year compared to the loss recorded in the previous year. The plantation segment recorded a 11% and 18% decline in revenue and profits mainly due to the appreciation of the Sri Lankan Rupee against the USD resulting in lower net sales averages for its main crops.

Revenue diversification was a key focus during the year as the Sector sought to broaden the customer base and the product portfolio across all segments. As part of these efforts, the apparel segment acquired two manufacturing facilities to expand capacity in growth categories, athleisure and active wear. The printing and packaging segment meanwhile secured long term contracts with three new customers, enabling it to broaden its customer base. The plantation segment also achieved significant progress in its diversification efforts, successfully introducing nine new products in value added categories. Elpitiya Plantations PLC also entered into a path-breaking joint venture partnership with the research and development company Ceylon Agro Food Technologies (Pvt) Ltd as part of its focused efforts to identify potential areas for diversification.

Sustainability concerns and regulations are increasingly shaping industry dynamics and the Sector continued to focus on embedding sustainability considerations into its operations. Across all the segments the Sector focused on developing strategies for achieving net zero by 2035.

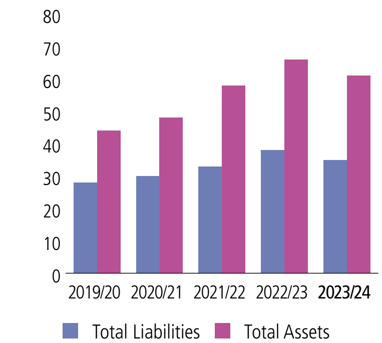
FUTURE OUTLOOK

The diversity and growth prospects of the strategic investments portfolio, will drive the performance of the Sector, enabling it to contribute positively to the Group's performance in the coming years. An ongoing focus on driving operational excellence and sustainability has positioned the Sector's businesses as leading players in their respective industries, with a strong market presence locally and globally. The Sector will therefore continue to proactively explore new markets and opportunities to create long term value for the stakeholders. There will also be a strong focus on strategic collaborations that generate mutual value, in order to strengthen the market presence in the industries of the Sector.

For a more detailed analysis of the future prospects of each of the segments within the Strategic Investment sector, please refer the individual segmental reviews.

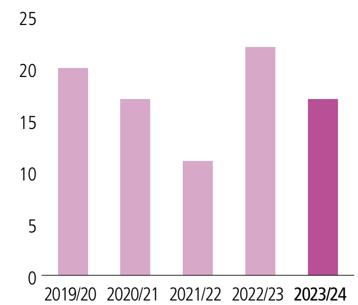
Stability

Rs.Bn



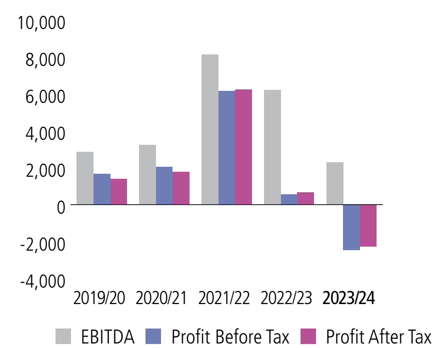
Revenue

Rs.Bn

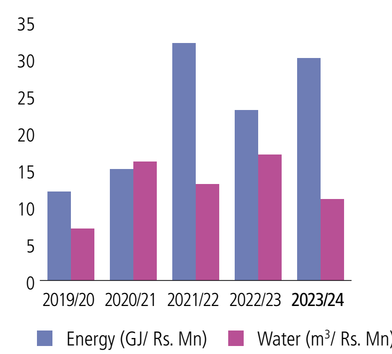


Profitability

Rs.Mn



Resource Consumption per Unit Revenue



Power Generation

Purpose

To play a leading role in the Independent Power Producer (IPP) industry in Sri Lanka

The power generation segment maintains a varied portfolio and is prioritising growth in non-conventional renewable energy to facilitate the country's move towards a low-carbon economy. The Group's ground-mounted solar project, Sagasolar, recorded its first complete year of operation post-acquisition.

Highlights

- The segment produced 170 GWh of energy through renewable and other sources.
- The waste-to-energy facility treated approximately 261,135 MT of solid waste.

Strategic Focus

- Expand the Aitken Spence reach into new geographies

Key Strategic Initiatives

- The operation and maintenance of the waste-to-energy power plant, which was handled by an overseas operator, was taken over by the company during the year
- First full year of operations for Sagasolar post-acquisition
- Concentration on expanding the segment's renewable energy portfolio

SDG Commitments

Locations of Operations


Ace Power Embilipitiya (Private) Limited

Capacity 100 MW - Thermal power plant
Location: Embilipitiya


Ace Wind Power (Private) Limited

Capacity 3 MW - Wind power plant
Location: Ambewela


Branford Hydropower (Private) Limited

Capacity 2.5 MW - Hydro power plant
Location: Matale


Western Power Company (Private) Limited

Capacity 10 MW - Waste to energy power plant
Location: Wattala


Waltrim Energy Limited

Capacity 6.6 MW - Three Hydro power plants
Location: Lindula

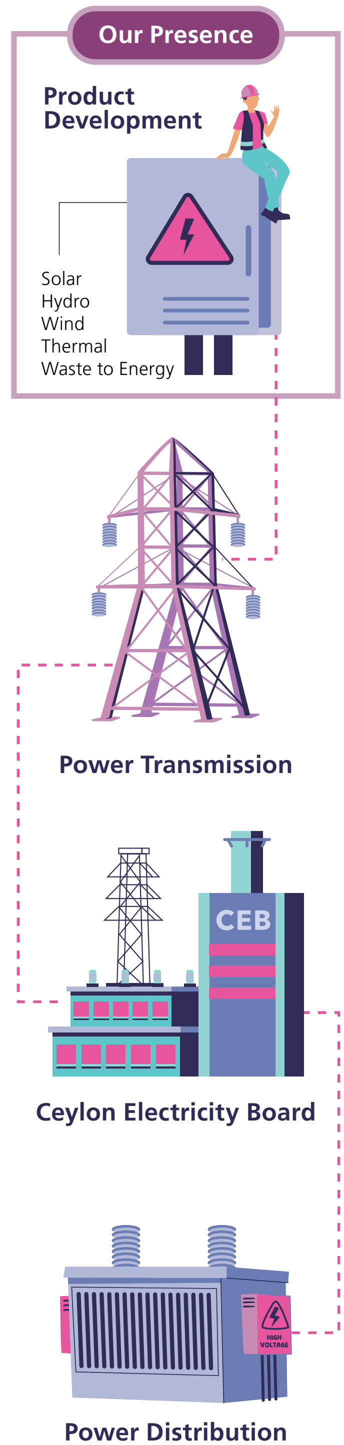

Sagasolar Power (Private) Limited

Capacity 10 MW - Ground mounted solar power plant
Location: Hambantota


Aitken Spence Power (Private) Limited

Capacity 0.75 MW - Roof top solar
Location: Mawaramandiya

OUR PRESENCE ALONG THE VALUE CHAIN (GRI 2-6)



Power Generation

INDUSTRY OVERVIEW

The power sector in Sri Lanka has a single customer, the state-owned Ceylon Electricity Board (CEB), which is the sole distributor of electricity and also a power generator. Purchases from independent power producers amounted to 4,003 GWh or nearly 26% of the total power generated, which was 15,588 GWh. It is noteworthy that the CEB turned around from a loss of Rs. 234 Bn to record a profit of Rs. 75.7 Bn, supported by increased tariffs and the reforms undertaken.

RISKS & OPPORTUNITIES

Risks

- Difficulties in procuring required land extents for renewable energy projects in Sri Lanka
- Long delays in CEB settlements of invoices
- High interest rates
- Restrictions on the remittance of foreign exchange for capital investments needed for overseas expansion
- The depreciation of the Sri Lankan Rupee has increased the cost of investments

Opportunities

- Increasing demand for clean energy
- Country commitment to transition to a low-carbon economy
- Overseas geographical diversification leveraging over 20 years of expertise in power generation

STRATEGIC OBJECTIVES

Sustainable profit growth	Achieve employer of choice status	Achieve net zero emissions and reduce resource footprint
Exploring more opportunities in the renewable energy sector	A leadership succession planning initiative was carried out for senior management to establish a pipeline for future leadership transitions	Heightened emphasis on Non-Conventional Renewable Energy (NCRE) to drive growth and attain net-zero emissions across the Group

PERFORMANCE

The power generation segment produced 170 GWh of electricity during the year, which was 6% over the previous year. Hydro power generation was supported by increased days of rainfall, which also benefited the generation of wind power. The waste-to-energy plant operated at a high plant capacity, incinerating 261,135 MT of solid waste, which significantly reduced the emissions that would have been generated if the waste had gone into landfills.

170 GWh
Generated from diverse energy sources

Despite an improvement in its financial performance from the previous year, the segment suffered losses for the second straight year, primarily due to high interest rates and a significant increase in working capital requirements due to delayed settlements by the CEB.

The two new investments in the power segment, mainly the waste-to-energy and the ground-mounted 10 MW solar plant, relied on debt for financing the projects. The ongoing economic crisis, accompanied by a sharp rise in interest rates, has negatively impacted this highly capital-intensive segment. Long delays in receiving payments from the CEB have been reduced but still weigh on the profitability of the segment.

Power Generation

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

- Revenue - (17%)
- Total assets - (20%)
- Total liabilities - (8%)

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Intellectual Capital

A pioneer in introducing new technologies to Sri Lanka

Manufactured Capital

170 GWh of power generated at our power plants located across seven districts

Human Capital

- 170 total employees
- 37% increase in employment created during the year
- A team of young engineers from Aitken Spence Power participated in Sri Lanka's first SDG Innovators accelerator programme for young professionals conducted by the UN Global Compact. The project presented by the team was a new idea to reduce emissions from power generation, which was shortlisted among the top three considered to be presented at the Leaders' Summit in New York

Natural Capital

- 29,653 tCO_2e total emissions
- 220,616 MT of municipal waste kept away from landfills and repurposed to generate renewable energy
- 215,614 tCO_2e emissions reduced in total within the segment
- All wastewater and effluents from the power generation process are responsibly managed
- 100% effluents treated for safe disposal or reuse
- 25,800 Ltrs burnt oil responsibly repurposed or disposed of
- The segment is exploring pathways to align with the Group's ambitious target to achieve net-zero emissions by 2030.

Social & Relationship Capital

- Over 100 suppliers
- Partnership with CMC for effective disposal of municipal solid waste
- Provision of industrial training for 14 engineering undergraduates
- The construction of an access road to a village with 50 families in Hambantota is benefiting the local community by enhancing their access to essential services.
- Educational initiative on waste management at Sathkoralaya Maha Vidyalaya Dikowita and Santha Maria College Uswetakeiyawa

FUTURE OUTLOOK

The country is aiming for a future where 70% of its energy is derived from renewable sources, which is anticipated to create significant growth opportunities in this sector. The power segment is actively seeking expansion opportunities both within the country and internationally. However, it faces challenges due to Sri Lanka's restrictive capital account policies that limit outward foreign investments, which are crucial for its global expansion plans. Additionally, competition for securing new projects has intensified with the entrance of foreign firms. A positive development is the return to profitability of the sole power purchaser, CEB, along with a reduced payment cycle, which bodes well for strengthening the nation's energy resilience.

Power Generation

Power to inspire

Empowering Communities, Transforming Lives

In Sri Lanka's economic centre, the landscape has been profoundly impacted by extensive waste management challenges. Historically, this region suffered from significant waste mismanagement, with large, unregulated landfills causing severe environmental and safety issues, including a notable incident where a landfill collapse resulting in fatalities. This event prompted a nationwide reconsideration of waste management practices. The Western province, responsible for a substantial portion of the nation's waste, has faced critical issues with overflowing landfills and the resulting environmental degradation. The need for effective waste management solutions in this area is urgent to prevent further ecological harm and improve living conditions.

Aitken Spence stepped forward, transcending its corporate identity to emerge as a beacon of optimism by realising what once seemed like an elusive dream: a waste-to-energy plant. The initiative was monumental, marking the first of its kind in Sri Lanka, aiming to convert the very essence of despair; garbage into electricity, a source of light and life.

Aitken Spence's project is more than just a technical achievement; it's a personal story of empowerment for every resident of the Western province. It speaks to the heart of community issues, addressing not just the environmental impact of waste management but also lighting up homes, providing a safer, cleaner environment for future generations. This initiative didn't just change the physical landscape; it transformed lives, offering a narrative of hope and rebirth in places once defined by neglect and despair.

It's a testament to what can be achieved when commitment meets innovation, changing the course of environmental stewardship in Sri Lanka and lighting a path for others to follow.

Through this project, the community saw firsthand how a critical issue could be turned into a sustainable solution, touching the lives of all.

Power Generation

SASB DISCLOSURES

Electric Utilities & Power Generators Standard- Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Unit of measure	Code	
1. Greenhouse Gas Emissions & Energy Resource Planning	(1) Gross global Scope 1 emissions	Metric tonnes (t) CO_2- e, Percentage (%)	IF-EU-110a.1	26,563
	(2) Percentage covered under emissions limiting regulations			Stack emissions apply only to Ace Power Embilipitiya (Pvt) Ltd and Western Power Company (Pvt) Ltd
	(3) Percentage covered under emissions reporting regulations			No regulations stipulated at present
	Greenhouse gas (GHG) emissions associated with power deliveries	Metric tonnes (t) CO_2-e	IF-EU-110a.2	N/A
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	N/A	IF-EU-110a.3	Please refer Sector Reviews and Natural Capital Report in the Management Discussion and Analysis **(GRI 3-3)**
2. Air Quality	(1) NOx (excluding N2O) - percentage of each in or near areas of dense population	Metric tonnes (t), Percentage (%)	IF-EU-120a.1	Within stipulations regulated by the CEA
	(2) SOx- percentage of each in or near areas of dense population			
	(3) Particulate matter (PM10) - percentage of each in or near areas of dense population			
	(4) Lead (Pb) - percentage of each in or near areas of dense population			
	(5) Mercury (Hg) - percentage of each in or near areas of dense population			
3. Water Management	(1) Total water withdrawn	Thousand cubic metres (m^3), Percentage (%)	IF-EU-140a.1	48,907
	(2) Total water consumed			100%
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	IF-EU-140a.2	None
	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	IF-EU-140a.3	Please refer Natural Capital report **(GRI 3-3)**
4. Coal Ash Management	(1) Amount of coal combustion products (CCPs) generated	Metric tonnes (t), Percentage (%)	IF-EU-150a.1	None
	(2) Percentage recycled			N/A
	Description of coal combustion products (CCPs) management policies and procedures for active and inactive operations	N/A	IF-EU-150a.3	N/A

Power Generation

Topic	Accounting Metric	Unit of measure	Code	
5. Energy Affordability	Average retail electric rate for residential	Rate	IF-EU-240a.1	N/A
	Average retail electric rate for commercial			
	Average retail electric rate for industrial customers			
	(1) Number of residential customer electric disconnections for non-payment	Number	IF-EU-240a.3	
	(2) percentage reconnected within 30 days	Percentage (%)		
	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	N/A	IF-EU-240a.4	
6. Workforce Health & Safety	(1) Total recordable incident rate (TRIR)	Rate	IF-EU-320a.1	0
	(2) Fatality rate			0
	(3) Near miss frequency rate (NMFR) for -(a) direct employees			0
	(3) Near miss frequency rate (NMFR) for (b) contract employees			0
7.End-Use Efficiency & Demand	Percentage of electric load served by smart grid technology	Percentage (%) by megawatt hours (MWh)	IF-EU-420a.2	N/A
	Customer electricity savings from efficiency measures, by market	Megawatt hours (MWh)	IF-EU-420a.3	N/A
8. Nuclear Safety & Emergency Management	Total number of nuclear power units, broken down by results of most recent independent safety review	Number	IF-EU-540a.1	N/A
	Description of efforts to manage nuclear safety and emergency preparedness	N/A	IF-EU-540a.2	N/A
9. Grid Resiliency	Number of incidents of non-compliance with physical or cybersecurity standards or regulations	Number	IF-EU-550a.1	None
	(1) System Average Interruption Duration Index (SAIDI)	Minutes, Number	IF-EU-550a.2	N/A
	(2) System Average Interruption Frequency Index (SAIFI)			N/A
	(3) Customer Average Interruption Duration Index (CAIDI) inclusive of major event days			N/A

Power Generation

Topic	Accounting Metric	Unit of measure	Code	
ACTIVITY METRICS				
	Number of customers served: (1) Residential	Number	IF-EU-000.A	0
	Number of customers served: (2) Commercial			1
	Number of customers served: (3) Industrial			0
	Total electricity delivered to: (1) Residential	Megawatt hours (MWh)	IF-EU-000.B	0
	Total electricity delivered to: (2) Commercial			169,530
	Total electricity delivered to: (3) Industrial			0
	Total electricity delivered to: (4) All other retail customers			0
	Total electricity delivered to: (5) Wholesale customers			0
	Length of transmission and distribution lines	Kilometres (km)	IF-EU-000.C	N/A
	Total electricity generated, percentage by major energy source, percentage in regulated markets	Megawatt hours (MWh), Percentage (%)	IF-EU-000.D	Renewable energy sources - 79% Non-renewable energy sources - 21%
	Total wholesale electricity purchased	Megawatt hours (MWh)	IF-EU-000.E	38,896

Printing & Packaging

Purpose

To be the preferred partner in printing & packaging solutions

Aitken Spence Printing is a one-stop shop offering high quality offset printing and packaging with a range of value-added products. A much sought-after player in the intensely competitive and challenging printing industry, this segment continues to differentiate itself through unparalleled commitment to high quality and sustainability. Our goal is to emerge as a key player in the packaging industry, excelling on a global scale as the markets transition from plastic to more sustainable paper-based solutions. We plan to harness our extensive expertise and the advantages of economies of scale to capitalise on emerging opportunities in sustainable packaging.

Locations of Operations

Mawaramandiya Sri Lanka

Current Capacity & Capabilities

- One-stop-shop for offset printing and packaging
- Printing and packaging services exceeding material conversion of 5,000 MT per annum
- Value added packaging is the key specialty and includes processes such as varnishing, laminating, foiling, embossing and printing on metalised boards
- Ability to accommodate short lead items
- Renowned for expertise in crafting high quality coffee table books
- Digital printing capability

Strategic Focus

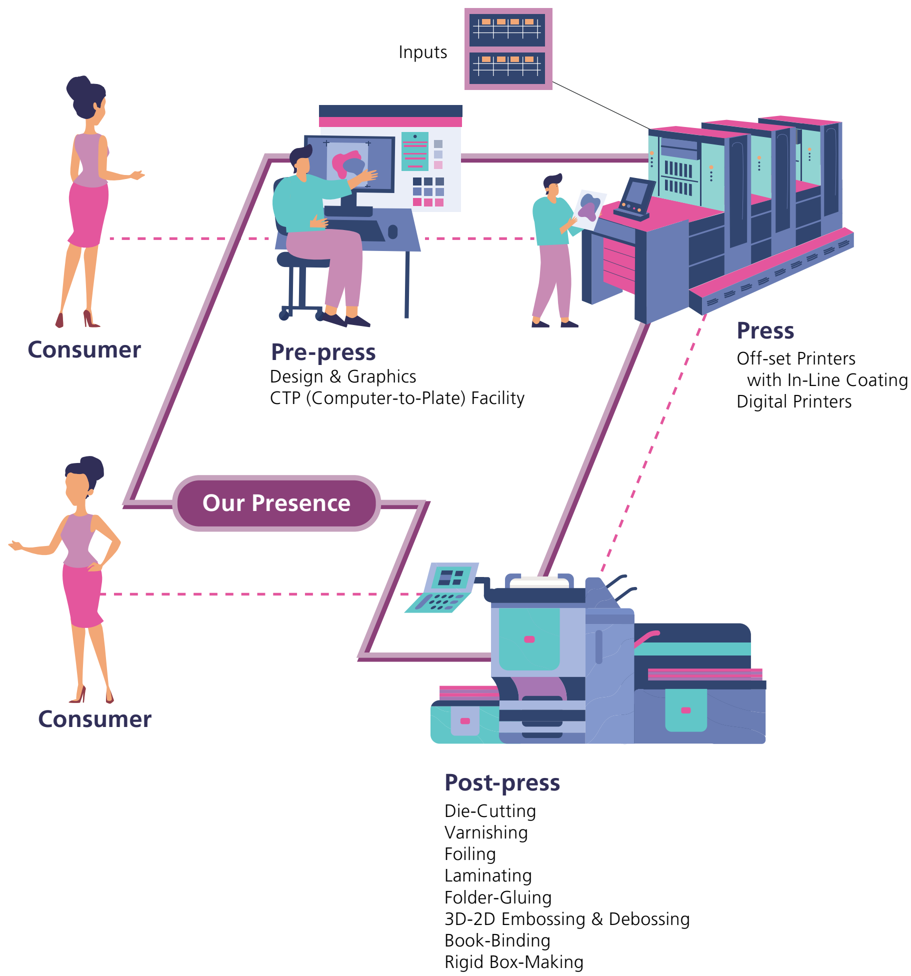
- Transforming into an industry leader by scaling up operations and expanding customers and product portfolios.

Key Strategic Initiatives

- Realigning the marketing strategy and building capacity of the marketing team to pursue growth aspirations
- Leverage technology as a key competitive strength
- Committed to achieve net zero by 2030 and planning a pathway in line with methodologies of the Science Based Targets initiative (SBTi) methodologies

SDG Commitments

OUR PRESENCE ALONG THE VALUE CHAIN (GRI 2-6)



AWARDS

- Sri Lanka Print Excellence Awards 2023, organised by SLAP: Won one gold and one silver award.
- Sri Lanka Packaging Awards - Lanka Star 2023: Won two gold, five silver and one bronze awards.

CERTIFICATIONS

- Integrated management system certified for ISO 14001: 2015 (environmental impact control), ISO 9001:2015 (quality management) and ISO 45001:2018 (OHS)
- Forest Stewardship Council Chain of Custody Certification
- Compliant with Sedex Members Ethical Trade Audit (SMETA – 4 Pillar)
- Intertek's supplier qualification programme – Achiever

Printing & Packaging

INDUSTRY OVERVIEW

The printing and packaging industry is intensely competitive and was impacted by lacklustre demand as world trade volumes stagnated at a mere 0.4%. The printing and packaging industry is undergoing significant transformations driven by sustainability, technological advancements, and changing consumer preferences. There is a noticeable shift towards sustainable materials in packaging, largely influenced by increasing environmental awareness among consumers and stricter regulations. Companies are increasingly using biodegradable, compostable, and recycled materials to create packaging solutions. Environmental concerns and regulations shape the future of the industry, presenting opportunities for growth in paper based solutions as customers seek alternatives for plastic packaging.

RISKS & OPPORTUNITIES

Risks

- Commodity price risk
- Exchange rate volatility
- Lower disposable income impacting food, beverage, tobacco and tea segments
- Reduced demand from the apparel segment
- Increased energy cost
- Talent retention specially on skilled labour

Opportunities

- Growing demand for sustainable packaging
- Pursue growth opportunities in overseas markets
- Diversification into flexible packaging
- Strengthen supply chains

STRATEGIC OBJECTIVES

Sustainable profit growth

- Focus marketing drive to enhance growth in exports
- Ensure that 50% of the revenue is secured through long-term contracts or agreements
- Strengthening customer value proposition using feedback from ‘Spence-Way’ survey

Expand reach to new geographies and new business segments

- The segment aims to actively engage in partnerships for international expansion and enter into new product segments

Achieve employer of choice status

- Enhancing efficiency by advancing skills, reinforcing frameworks and building resilience in a performance driven culture
- Prime focus for maintenance of a healthy and safe work environment
- Enhance training and development programmes

Achieve net zero emissions and reduce resource footprint

- Programmes identified to support the net zero pathway to progressively lower GHG emissions in the printing operations
- Adhering to the 7Rs and adopting creative solutions to reduce waste

GOVERNANCE MATTERS

- The segment conducts thorough safety risk audits internally while external auditors are entrusted with all compliance and ISO audits, ensuring adherence to the highest standards without significant issues.
- Every minor non-conformity and observation from these audits are promptly addressed, demonstrating a commitment to continuous improvement and stringent risk management practices within the segment
- Currently, there is a focus on the ”Johkasou” Sewage Treatment Plant (STP) system, with plans to commission the STP plant within the next four months. This initiative reflects a forward-thinking approach to environmental stewardship and community well-being within the segment.

Printing & Packaging

PERFORMANCE

Subdued global demand for apparel tags and declining disposable income in Sri Lanka resulted in lower FMCG sales. This proved to be a drag on business volumes. The segment also witnessed orders with a reduced number of impressions during the year, reflecting high levels of cost consiciousness among customers due to the uncertainty of retail demand. Consequently, revenue dropped by 29% from the previous year, mainly due to fluctuations in exchange rates and reductions in both price and output. Profitability declined by 71% relative to 2022/23, influenced by an increase in energy costs and higher costs of raw materials, which were acquired when the Rupee depreciated, alongside lower capacity utilisation.

During the year under review, we experienced a significant turnover in managerial roles and skilled machine operators due to migration amid the economic crisis, impacting on our performance. However, a modest increase in demand for tea, fast-moving consumer goods and confectionery in the fourth quarter offers a hopeful outlook and we anticipate this trend will persist into the coming year.

Sustainability is crucial for growth in the printing industry, with global value chain participants placing high importance on the composition, traceability and circularity of packaging materials. The printing segment has long been a leader in sustainability, effectively distinguishing itself from competitors. We are committed to providing eco-friendly paper-based solutions, including FSC-certified paper and board and offering printing services from a low-carbon factory.

The segment revived its annual employee engagement activities which served to uplift morale and build team spirit after four years. The annual staff outing, cricket tournament and religious observances were highlights that saw high levels of participation by employees. We continued our support for community activities in the vicinity of our facility as set out in the Social & Relationship Capital Report.

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

- Revenue - (29%)
- Profit before tax - (71%)
- Total assets - (16%)

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Manufacturing and Intellectual Capital

- Energy Efficiency Initiatives:
  - Upgrading of capacitor banks to enhance system efficiency
  - Upgrade of energy-efficient controllers for air conditioning units to minimise energy use
- Processes developed to increase efficiency of the use of water and electricity within the plant

Human Capital

- 163 Total employees
- 9% Female representation
- Rs. 0.4 Mn in invested in training
- Create jobs within their operations, fostering local skill development and stable income sources for the community.
- Developed in-house capability to measure emissions

Natural Capital

- 989 MWh of renewable energy generated through rooftop solar at the factory
- 981 tCO2e total emissions (scope 1&2)
- 1,724 m3 of wastewater responsibly managed
- 891 MT of solid waste responsibly managed

Social & Relationship Capital

- Forest Stewardship Council (FSC) certified for printing and packaging operations
- Consistent on time delivery of orders
- A dedicated new product development team focused on increasing value for customers.
- Collaborative partnerships for sustainability and cost optimisation
- 40% of the suppliers are SMEs/ MSMEs/ local suppliers
- Ongoing support extended to the PHI office Makola North, Biyagama Pradeshiya Saba, as well as schools, hospitals and other key entities in the local community
- Investment in community of Rs. 335,150

Printing & Packaging

FUTURE OUTLOOK

In a competitive and challenging business landscape, the segment has strategically reshaped its business strategies to address future challenges effectively. The segment remains ambitious of the opportunities in the coming years.

To realise these targets, the segment has set specific objectives that include increasing on-time delivery rates, keeping customer returns and rework below 0.1%, optimising existing capacity utilisation and expanding the segment's operations into new markets through joint ventures or strong partnerships. These goals are designed not only to enhance our operational efficiency but also to extend our global footprint.

A key strategic component is the emphasis on strong employee relationships. The segment is dedicated to enhancing employee welfare, providing ongoing training and development, promoting a safe and healthy workplace and nurturing a performance-oriented culture is a priority for the segment. By investing in employees and building solid partnerships the segment endeavours to reach strategic goals and solidify the market presence. These collective actions are fundamental to our aim of excelling in the global printing industry.

Power to inspire

Paper for Well-being: Supporting Our Community

Located in Mawaramandiya, just outside Colombo, Aitken Spence Printing has become a pillar of local community support and development. By establishing its operations, the company has not only spurred job creation but has also integrated with the local community, working closely with institutions like the local temple, MOH office, Pradeshiya Sabha and the Divisional Hospital to foster community growth.

A particularly impactful initiative undertaken last year involved the Udupila Divisional Hospital, a facility crucial yet under-resourced, located merely four kilometres from our factory. This hospital, vital to the local community, serves hundreds of villagers daily, offering treatment through its emergency treatment unit and outpatient clinics. During a challenging time, worsened by national economic difficulties that resulted in decreased government supplies, the hospital urgently needed paper for critical services, such as writing prescriptions and packaging medicines.

Responding to the hospital's urgent request for assistance, our company stepped in and donated over 200 kg of paper on multiple occasions, effectively addressing the critical shortage. The hospital's overwhelming gratitude not only underscored the significance of our contribution but also reinforced our commitment to continue supporting them as part of our ongoing community development interventions.

Apparel Manufacture

The apparel segment demonstrated its resilience in a difficult year, with a focus on transformation-led growth in an industry increasingly focusing on sustainability. The segment added new customers and broadened the range of products with the acquisition of two manufacturing facilities, thereby enhancing its competitiveness in growth segments, such as circular knits and sportswear. A strong compliance culture, reinforced by globally renowned certifications and agile management of resources, supported the resilience of the segment.

Locations of Operations

1 Mathugama

Current Capacity

39 Mn produced minutes (woven cluster)

2 Koggala- Export Processing Zone

Current Capacity

60 Mn produced minutes (woven cluster)

Projected Growth

The capacity of the woven cluster is expected to reach 200 Mn produced minutes. Meanwhile, the knit cluster, once operational, is projected to gradually build up to a capacity of 200 Mn produced minutes

Strategic Focus

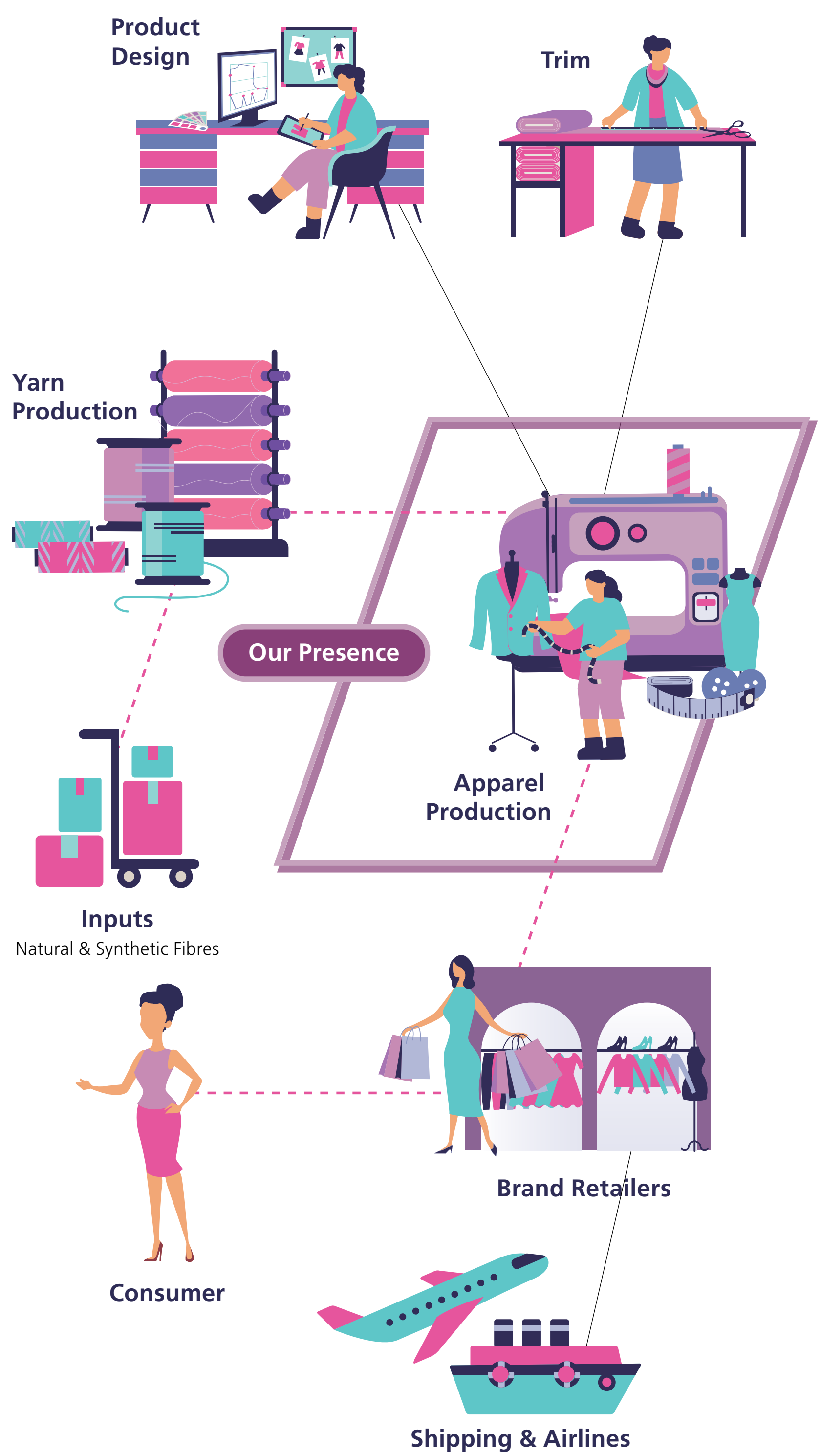
- Driving transformation and expanding customers and product portfolio, strengthening our base to enable systematic growth in the future.

Key Strategic Initiatives

- Acquisition of two facilities with a view to extending capabilities to manufacture circular knits
- Transforming all facilities with digitalisation and increased automation
- Leadership Development: Developing future leaders through targeted programmes at manager and supervisor levels

SDG Commitments

OUR PRESENCE ALONG THE VALUE CHAIN (GRI 2-6)



Apparel Manufacture

CERTIFICATIONS

- Compliance+ certification for Aitken Spence Garments (Pvt) Ltd
- ISO 9001: 2015 certified quality management system – Aitken Spence Garments (Pvt) Ltd
- Sedex registered supplier – Aitken Spence Garments (Pvt) Ltd
- Gold certificate of compliance: Worldwide Responsible Accredited Production (WRAP) – Aitken Spence Garments (Pvt) Ltd
- Global Organic Textile Standard (GOTS - Version 5.0) – Aitken Spence Garments (Pvt) Ltd
- Higg Index compliance achieved by Ace Apparels (Private) Limited, Aitken Spence Garments (Pvt) Ltd

AWARDS

- CPM Best Management Practices Award 2024 – Aitken Spence Garments (Pvt) Ltd and Ace Apparels (Pvt) Ltd among the "Top 10" recipients

- CPM Best Management Practices Award 2023 – Top 10 companies awarded to Ace Apparels (Pvt)Ltd

- Ceylon National Chamber of Industries (CNCI) Awards 2023 – Merit award in the manufacturing sector extra large category, national level

INDUSTRY OVERVIEW

Global demand was subdued over the year due to elevated inventory levels in key markets, specifically the USA and Europe. This situation resulted in a decrease in business orders, driven by an accumulation of unsold goods, due to previous over estimations of demand. Furthermore, inflation rates in these regions have escalated to unprecedented levels, thereby eroding consumer purchasing power. Consequently, there has been a notable shift in consumer behaviour, with a focus on necessities and a significant reduction in discretionary spending. The resultant excess manufacturing capacity, created a buyer's market, exerting pressure on margins. The volatility of the exchange rate affected the profitability of the industry.

Looking ahead to 2024, the prevailing mood among fashion industry leaders is one of uncertainty, due to expected modest economic growth, ongoing inflation and low consumer confidence. In this environment, companies face the challenge of finding areas of opportunity and new ways to enhance performance.

McKinsey's review of fashion predictions indicates that the global industry will achieve a growth rate of 2 to 4 percent in 2024, with differences depending on the region and country. The luxury sector is again predicted to contribute the largest portion of economic profit.

The value of Sri Lankan apparel exports declined by 18% to USD 4.9 Bn, reflecting these challenges. The recent decrease in order volumes is due to several key factors affecting the market. These challenges necessitate strategic adjustments for manufacturers to adapt to the changing market dynamics and maintain their competitive edge.

Apparel Manufacture

RISKS & OPPORTUNITIES

Risks

- Volatile market conditions globally
- Country risk
- Lack of bilateral free trade agreements
- Lack of backward integration
- Impact of climate change on supply chains
- Increasing sustainability related regulation

Opportunities

- Consolidation of the segment, supporting growth through acquisition
- Demand for sustainable and eco-friendly apparel products
- Synergies created by expanding the presence of the Group along the value chain
- Established traceability and sustainability of products supplied to the markets
- Leveraging sustainability adherence in manufacturing operations
- Recent asset acquisition supports expansion into athleisure and activewear
- Transitioning to digital technologies and implementing the concept of "Industry 4.0"
- Investing in rooftop solar energy systems

GOVERNANCE MATTERS

The governance framework of the segment emphasises a systematic approach to ensure operational excellence, focusing on compliance, data integrity and sustainability. Key elements include:

- Data-Driven Decision Making: Leveraging the Power BI tool to capture and analyse production-related data
- Regular Management Reviews: Weekly and fortnightly meetings address critical issues and long-term goals, focusing on non-financial performance
- An audit system is in place, comprising internal and external audits for quality assurance and ESG
- Buyer audits assess technical and social compliance, reflecting the company's commitment to maintaining high standards

STRATEGIC OBJECTIVES

Sustainable profit growth

- Collaborative partnerships with suppliers
- Building a strategic and sustainable customer base
- Cost optimisation

Expand reach to new geographies and new business segments

- Enhancing capabilities in Koggala EPZ
- Establishing an overseas presence as a commercial and procurement hub
- Collaborating with a suitable partner to set up a new knit fabric mill, expanding presence along the value chain
- Product differentiation and diversification

Achieve employer of choice status

- Awareness through employer branding and sponsorships
- Leadership development programmes implemented to nurture leadership qualities among employees, encouraging professional growth

Achieve net zero emissions and reduce resource footprint

- Strategies outlined towards net zero by 2030
- Developing strategies and partnerships with industry leaders to ensure the circularity of fabric waste
- Investing in renewable energy sources
- Implementing energy-efficient technologies and practices

Apparel Manufacture

PERFORMANCE

Throughout the year, both revenue and profitability experienced a decline, primarily due to reduced order volumes. This was further aggravated by the appreciation of the Sri Lankan Rupee against the USD. The apparel segment managed its operations during the year to curtail potential losses to a minimal level, reflecting its resilience and agility. The order pipeline was sustained with the addition of two new customers and the acquisition of two new lines for circular knitwear, which will expand the product portfolio in key growth areas. Prioritising staff retention and cost optimisation yielded significant savings, supported by detailed analyses in these areas and enhanced production scheduling efficiency.

Central to our strategy was the development and retention of our employees. We provided extensive training, totalling over 10,000 hours, to enhance efficiency, quality and skill development. Additionally, we utilised production data to drive performance improvements and motivation. Fortnightly reviews were conducted to manage critical issues and maintain high performance levels. Our commitment to continuous improvement, guided by audits and management reviews, resulted in significant efficiency gains.

Improving resource efficiency and integrating sustainable resources into manufacturing processes are now imperative for the segment. As consumer trends, particularly in European markets, gravitate towards second-hand garments and eco-friendly products, the industry is adapting to these changing demands. This heightened focus on sustainability, not only aligns with evolving consumer preferences, but also enhances the industry's long-term viability and resilience. The number of certifications listed above reflects our commitment to upholding high standards in sustainability.

USD 17 Mn
Foreign exchange generated

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

- Revenue - (26)%
- Profit before tax - (100%)
- Total assets - 4%
- Total liabilities - (19%)

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Manufacturing and Intellectual Capital

- Three manufacturing plants located in Koggala and Mathugama
- Perfect score achieved on the WRAP recertification audit

Natural Capital

- Carbon neutral certified for 2022-2023

Human Capital

- P.A.C.E (Personal Advancement Career Enhancement) programme specifically designed to empower women in the workplace, focusing on career development and personal growth, facilitated at our factories
- Enrichment of the local communities with the majority of the workforce being from the locality
- Cultural transformation journeys: Initiatives aimed at transforming the workplace culture, ensuring it supports continuous learning, inclusivity and employee engagement

Social & Relationship Capital

- Apparels produced pieces - 3.6 Mn
- "Ape Rahe Piyasa", an eco-friendly store, launched to sell homegrown produce and homemade food of our employees to inspire their entrepreneurial spirit
- Collaborative partnerships through the supply chain to ensure sustainability and cost optimisation

FUTURE OUTLOOK

Globally, the apparel industry is forecast to grow by 4% to USD 1.9 Tn, while in Sri Lanka, it is expected to grow by 4.8% to USD 8 Bn by 2030. The Group's apparel segment plans to focus on driving growth and transformation in the short to medium term, moving to higher levels of automation and efficiency. As part of our strategic expansion plans, we are considering the establishment of a dedicated design and commercial hub. This new arm will enhance our ability to meet and exceed the evolving demands of our clients, ensuring we provide designs that would align with their specific needs. This initiative represents a proactive approach to diversify our offerings and strengthen our market position. Sustainability is an integral part of our growth plans and we will be exploring necessary process improvements that support our growth aspirations. As the industry is largely supported by women, we will continue to focus on programmes such as P.A.C.E (Personal Advancement & Career Enhancement) to uplift their lives and prospects. Additionally, cultural transformation journeys and leadership development programmes are implemented to foster a culture of continuous learning and growth among employees, strengthening commitment and capabilities to drive growth in this vital sector.

Apparel Manufacture

SASB DISCLOSURES

Apparel, Accessories & Footwear- Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Unit of measure	Code	
1. Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	N/A	CG-AA-250a.1	N/A - the company's scope does not include restricted substances
	Discussion of processes to assess and manage risks or hazards associated with chemicals in products		CG-AA-250a.2	Management approach to ensure occupational health and safety is discussed in the Human Capital report.
2. Environmental Impacts in the Supply Chain	(1) Percentage of Tier 1 supplier facilities in compliance with wastewater discharge permits or contractual agreements	Percentage (%)	CG-AA-430a.1	100%
	(2) Percentage of supplier facilities beyond Tier 1 in compliance with wastewater discharge permits or contractual agreements			90%
	(1) Percentage of Tier 1 supplier facilities that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module		CG-AA-430a.2	100%
	(2) Percentage of supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module			90%
3. Labour Conditions in the Supply Chain	(1) Percentage of Tier 1 supplier facilities that have been audited to a labour code of conduct	Percentage (%)	CG-AA-430b.1	100%
	(2) Percentage of supplier facilities beyond Tier 1 that have been audited to a labour code of conduct			85% of the suppliers have been assessed aligned to the labour code of conduct of which over 75% have also been audited for SMETA or Social & Labour Convergence Programme (SLCP)
	(3) Percentage of total audits conducted by a third-party auditor	Rate		Audits are not required as the customers carry out required due diligence audits on the selected suppliers.
	(1) Priority non-conformance rate		CG-AA-430b.2	No major non-compliances reported. In the industry, major non-compliances would result in an immediate discontinuation of service.
	(2) Associated corrective action rate for suppliers' labour code of conduct audits			No major non-compliances reported. In the industry, major non-compliances would result in an immediate discontinuation of service.
	(1) Description of the greatest labour risk	N/A	CG-AA-430b.3	Please refer the Risk Report
	(2) Description of the greatest environmental, health and safety risks in the supply chain			Please refer the Risk Report

Apparel Manufacture

Topic	Accounting Metric	Unit of measure	Code	
4. Raw Materials Sourcing	(1) List of priority raw materials; for each priority raw material	N/A	CG-AA-440a.3	Fabrics - Cotton, Linen, Polyester
	(2) Environmental or social factor(s) most likely to threaten sourcing			Please refer the Risk Report.
	(3) Discussion on business risks or opportunities associated with environmental or social factors			Please refer the Risk Report
	(4) Management strategy for addressing business risks and opportunities			Please refer the apparel segment review
	(1) Amount of priority raw materials purchased, by material	Metric tonnes (t)	CG-AA-440a.4	Total fabrics purchased - 2,902,200 yards
	(2) Amount of each priority raw material that is certified to a third-party environmental or social standard, by standard			0

ACTIVITY METRICS

	(1) Number of : Tier 1 suppliers	Number	CG-AA-000.A	23 (including fabric suppliers)
	(2) Number of :Suppliers beyond Tier 1			51

Plantations

Purpose

Represent the entire value chain in tea, rubber, oil palm, berries, cinnamon, coffee and other agricultural crops; and excel in strategic transformation by embracing innovative technologies.

The plantation segment, with tea and rubber as its primary crops, has successfully diversified into oil palm and berries. It is now advancing into agricultural technology with the aim of transforming the agriculture industry in Sri Lanka across all potential crops, by providing scientifically sustainable solutions.

The acquisition of a 50% stake in Ceylon Agro Food Technologies (Pvt) Ltd(CAFT), a research and development company in agri technology, supports this aspiration, while adding a new revenue stream to the segment. Thus the plantation segment is forging ahead in a transformational path in its value creation model through these strategic initiatives.

Strategic Focus

- Revolutionising the plantation segment by strategically leveraging resources to elevate value creation while expanding our product portfolio.

Key Strategic Initiatives

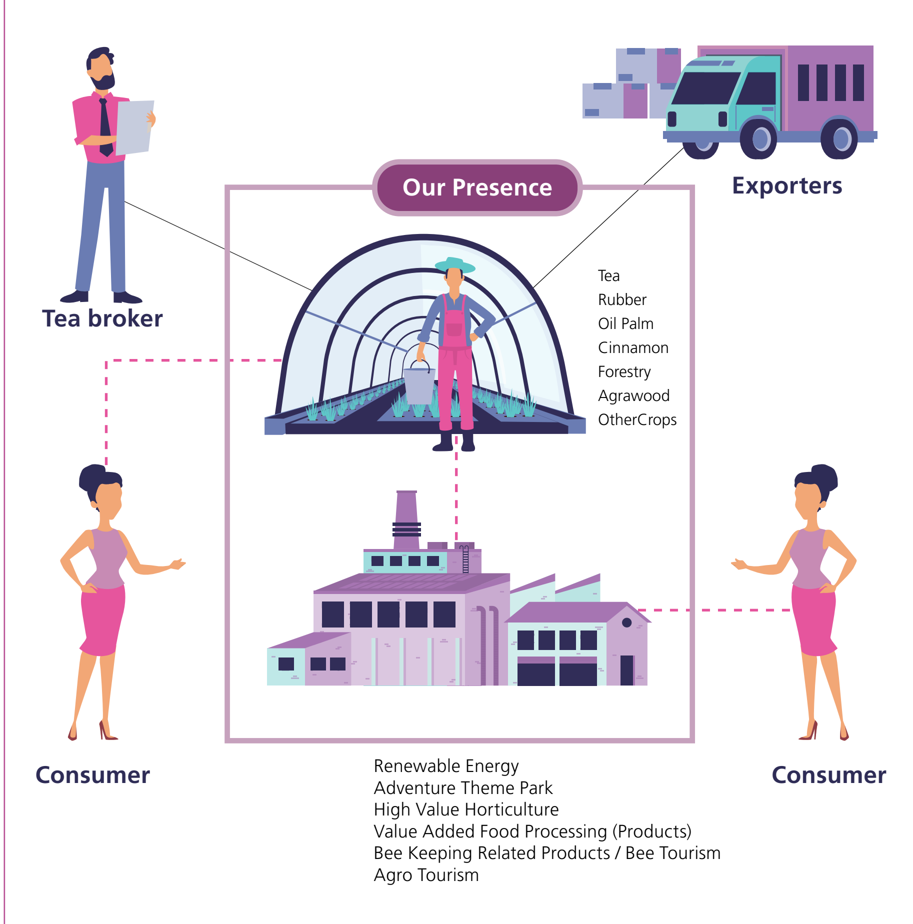
- Acquisition of Ceylon Agro Food Technologies (Pvt) Ltd to enhance the research and development capabilities of the segment
- Established the Elpitiya Plantations Social Sustainability Trust for the benefit of our community
- Added eleven new products to value added operations
- Exploring further opportunities to expand the renewable energy portfolio
- Investing in carbon sequestering mechanisms

SDG Commitments

Locations of Operations

Location	Crop	Manufacturing Facility
Up Country – Sri Lanka (Nuwara Eliya)	Tea, berries and other agri crops	▪ 06 manufacturing facilities ▪ Hydro power plants ▪ Rooftop solar power systems.
Mid Country – Sri Lanka (Kandy)	Tea and other agri crops	▪ 02 manufacturing facilities ▪ Rooftop solar power systems
Low Country – Sri Lanka (Galle)	Tea, rubber, oil palm, cinnamon and other agri crops	▪ 08 manufacturing facilities and one cinnamon processing centre ▪ Rooftop solar power systems
Retail Operations 'Harrow House' at Vauxhall Street	Elpitiya Plantations' first gourmet shop at Vauxhall Street in Colombo presents an exclusive selection of products from its own brands. This boutique shop features a range of offerings, including the popular Tropifruit beverages, "BerryMuch" fresh berries, jams and the premium "Harrow Ceylon Choice" teas, spices, bee's honey, treacle and other similar products.	

OUR PRESENCE ALONG THE VALUE CHAIN (GRI 2-6)



Plantations

AWARDS

- Recognised at the Best Corporate Citizen Sustainability Award 2023, organised by the Ceylon Chamber of Commerce;
- Top 10 Corporate Citizens award
- Environmental sustainability project award for the "Fix to Fix it" initiative
- Social sustainability project award for the "Ready to be Ready" initiative
- Category B, overall 1st Runner up at the Best Corporate Citizen Sustainability Award 2023
- Merit award winner at the Best Management practices-2023, organised by the Chartered Professional Managers of Sri Lanka.
- Winner at the Sustainability Awards for the agricultural sector (Large category) organised by the German Industry and Commerce in Sri Lanka and (AHK Sri Lanka) Friedrich Nauman Foundation.

CERTIFICATIONS

- 7 Forestry Stewardship Council certified estates
- 6 Rainforest Alliance certified estates
- 7 ISO 22000/HACCP certified factories for food safety
- Sri Lanka organic agriculture production and processing (SLS 1324:2018) obtained for Elpitiya Plantations PLC

INDUSTRY OVERVIEW

The plantation industry in Sri Lanka faces a dynamic set of challenges, heavily influenced by government policies. The sector is grappling with regulations such as the ban on oil palm cultivation and wage policies that do not align with productivity, alongside an increased tax burden. These policies are pivotal in shaping the operational landscape of the plantations.

Environmental sustainability and economic factors, such as fluctuating energy prices and exchange rate volatility, also play critical roles. The sector's initial position in the value chain, makes it particularly vulnerable to climate-related risks, impacting both its sustainability and operational efficiency.

Economic stability in Sri Lanka has shown some improvement; however, challenges such as rising tax rates continue to significantly impact plantation operations. Additionally, the appreciation of the Rupee has impacted the profitability of plantations, as earnings from primary crops are closely tied to the USD.

Labour market challenges are prominent, with significant shortages due to a workforce that increasingly favours stable white-collar jobs over manual labour. This issue is compounded by talent migration, driven by the economic downturn, affecting all levels of the workforce.

Plantations

RISKS & OPPORTUNITIES

Risks

- Climate change
- Inconsistent policies and regulatory frameworks
- Government intervention on wages and collective bargaining process
- Impacts of the economic crisis
- Labour migration
- Spread of Pesta Leaf Disease in the rubber plantations

Opportunities

- Geographically spread land base
- Crop diversification
- Non-agricultural diversification
- Increase use of technology in agriculture to transform the sector
- Carbon capture and sequestration
- Availability of renewable energy sources

STRATEGIC OBJECTIVES

Sustainable profit growth

- Increase the non-plantation business revenue to 30% of the total business revenue
- Creating new revenue streams using drone technology for precise application of fertiliser in coconut, paddy & other agricultural sectors
- Investment in berry expansion project

Expand reach to new geographies and new business segments

- Conducting feasibility studies to explore new geographic markets for plantation products
- Evaluating potential locations for expanding hospitality operations, aligning with the Group's geographical expansion objectives
- Strengthening the presence in existing international markets, focusing on optimising operations and market share

Achieve employer of choice status

- Rolling out comprehensive employee engagement programmes and training initiatives across all business segments to upskill the workforce, aiming to position the company as an Employer of Choice
- Providing housing, water, sanitation, health, nutrition and assistance for education, specifically targeted at improving the living standards and well-being of plantation employees and their families
- Ensuring operational health and safety systems are in place to establish a secure working environment for all employees

Achieve net zero emissions and reduce resource footprint

- Review of sustainability plans and strategies
- Biochar project for terrestrial carbon capture and sequestering carbon
- Bamboo cultivation to create carbon sinks
- Generating compost from biodegradable waste
- Rainwater harvesting
- Expanding the renewable energy portfolio

Plantations

PERFORMANCE

The plantation segment continues to invest in transforming a conventional agriculture based organisation in a journey that began with the diversification into cultivation of oil palm in 1999 and expanded to berries in 2018.

The acquisition of CAFT this year provides the plantation segment with the scientific and technological know-how to find sustainable solutions for a wide range of agriculture related issues affecting primary crops. This move considerably enhances the prospects for the segment, as it embarks on a journey to transform the agriculture sector of the country. At present, the diversification programmes have contributed significantly in stabilising profitability, with over 50% of profits being attributable to diversification.

Elpitiya Plantations has consistently delivered healthy profits, ranking amongst the top three plantation companies in Sri Lanka in terms of profitability. Whilst oil palm and tea contributed considerably to the profit of the company, the berry project, too, has recorded the highest profit before tax, affirming the success of the diversification undertaken. A strong balance sheet supports the growth aspirations of the segment with net assets of Rs. 9.0 Bn. The year under review however witnessed a decline in the segment's revenue mainly due to the lower net sales averages secured for its three main crops of tea, rubber and oil palm, due to appreciation of the Rupee during the year. The revenue decline of 11% led to a 18% decline in the segments profit before tax.

Environment sustainability is critical to sustainable value creation. Science based decision making and systemic approach to impact control, aligned with global benchmarks such as Rainforest Alliance (RA) certification, the Forest Stewardship Council (FSC) certification and Round Table on Sustainable Palm Oil (RSPO) Certification affirms the preservation of important ecosystems, biodiversity, water resources, chemical management and many other environmental aspects. The projects undertaken are noteworthy and discussed further in the Natural Capital section of this report.

A number of ongoing programmes are in place to uplift the lives of plantation workers, including housing, health, women empowerment and financial literacy. IT centres and libraries on the plantations immensely contribute to knowledge enhancement of the workers' children.

In the aftermath of the economic crisis, the segment commenced offering a meal for every plantation worker reporting to work, to ease their burden, while taking care of the nutrition of the employees. The crèches provide childcare for the workers enabling them to remain in employment while supporting child care and nutrition.

The diversification programmes have enabled the segment to create different roles that are more appealing to a younger generation, albeit needing a different skill set. The segment also focused on strengthening the team for the planned transformation and invested in leadership training for many.

5.371 GwH
of power supplied to CEB through renewable energy sources

The segment also became the first regional plantation company to invest in a research and development arm to support innovation and techniques to build resilience of the industry.

GOVERNANCE MATTERS

- Plantation segment is represented by a public listed company and all governance requirements stipulated by the regulatory authorities are strictly adhered to.
- Digitisation of the field level processes and upgrading of the Microsoft ERP to cloud version
- Aligned objectives and targets with local and global development priorities.
- Senior management team is educated on sustainability related topics and also completed the 21st century Board Leadership programme conducted by the ICASL, targeting the knowledge enhancement at a senior decision making level
- Certified management systems maintained for environmental & social governance and product responsibility
- Developed Disaster Risk Reduction (DRR) plans and appointed team.

Plantations

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

▪ Revenue	-	(11%)
▪ Profit before tax	-	(18%)
▪ Total assets	-	6%
▪ Total liabilities	-	11%

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Human Capital

- 4,847 Total employees
- 50% Female representation
- Rs. 3.5 Mn invested in training and development
- 72,330 hours of training provided
- Continuously providing meals to all workers to ease their economic burden.
- Introduction of the 'Family Block Plucking system' to employees to encourage an entrepreneurial spirit and provide additional income.
- Arrangements made to provide essential items at a reduced cost and an extended credit facility, so that employees are self-sufficient and still able to afford goods by themselves with dignity.

Manufacturing and Intellectual Capital

- Eleven new products have been introduced: Tamarind Fizzy Drink, Soursop Fizzy Drink, Lemonade Fizzy Drink, Ginger Lime Fizzy Drink, Real Strawberry Jam, Peanut Butter, Soursop Sensation, Soursop Fruit Medley, Soursop Strawberry Explosion, Soursop Mango Twist, and Freeze-Dried Kola Kenda
- Use of drone technology for precision agriculture
- 100% rooftops of the factories utilised to generate solar energy
- 5.371 GWh renewable and clean energy produced from mini-hydro power plants

Natural Capital

- Rs. 20.1 Mn invested in sustainability driven processes
- 7,462 tCO2e total emissions (scope 1&2)
- 60,826 m3 total water consumed
- 72% of the total water consumed is from harvested rainwater
- 13,466m3 wastewater safely managed
- Low country estate cluster re-surveyed for biodiversity and documented in the low country cluster
- Biochar produced from refuse cinnamon wood sequestering carbon which also enriches the soil, houses microorganisms and filters toxins
- 323 MT composted waste repurposed as fertiliser

Social & Relationship Capital

- Crèche facilities maintained across the estates, with qualified child development centre officers from the local community overseeing the education and nutrition of the children
- Facilitating medical consultations for workers and villagers at estate medical centres
- Rs. 604.1 Mn funds channelled through our relationship capital towards strengthening our communities
- "Get to School Project" continues to provide educational materials to 659 school children, with an investmemt of over Rs 3.5 Mn
- "Ready to be Ready Project" supports the plantation community with company-grown vegetables to enhance food security and nutrition, investing more than Rs 2.5 Mn
- Annual health camps conducted for health screening of all workers to detect non-communicable diseases (NCDs), with expenses exceeding Rs. 34 Mn
- Nutrient supplements distributed to 23 orphaned children and 36 families with children with special needs
- Formal stakeholder engagement platforms enabled for workers and community members to voice their grievances and need
- Teams appointed at estate level and trained on emergency response procedures as part of the segment's DRR mechanism.

Plantations

FUTURE OUTLOOK

The outlook for the segment is positive, supported by its strategic approach to diversification. The segment is focused on a future characterised by sustainability, innovation and technological advancement. By leveraging data-driven insights and adopting technologies, such as artificial intelligence (AI), the company is dedicated to advancing sustainable agricultural practices and expanding its product lineup. This adoption of technology will not only optimise operations but also enhance decision-making processes.

Furthermore, the segment is committed to market expansion, ensuring its products reach a wider audience, while upholding high ethical standards. The company's strategic outlook includes adapting to global trends, reinforcing brand recognition and fostering a culture of innovation. With a strong commitment to corporate governance, risk management and employee well-being, the segment is poised to lead the evolving plantation industry into a sustainable and tech-enabled future.

The segment is exploring to diversify into new markets, including the fast moving consumable food market (FMCG), adventure/agro tourism, high valued horticulture backed with science-based solutions and expanding to retail operations overseas. New products are being explored to also include tissue cultured plants, basket of all berries, tropical fruits and agarwood.

However, the segment is aware of the dependence on a stable economic and political climate, as well as resilience against risks emanating from climate change.

Power to inspire

Igniting Minds, Empowering Futures.

Empowering generations through education, the 'Light to Learn' project transcends local impact, aligning with global sustainability goals. Enhancing literacy, worker engagement, and inclusivity, the project amplifies Elpitiya Plantations' commitment to people, planet, and profit. Pioneering a transformative journey in IT literacy, the project creates a skilled workforce rooted in heritage, propelling Elpitiya Plantations towards a sustainable future. This community-driven initiative supports Sri Lanka's national policies, embodying the essence of corporate vision and global responsibility for a brighter, more equitable tomorrow.

Cultivating Communities, Enriching Lives

Elpitiya Plantations launched a unique project to ensure continued nutrition and food security within its estates. The multi-faceted project aimed to prevent the risk of hunger and malnutrition within the company's 13 estates, which are home to over 30,000 individuals. Project 'Ready to Be Ready' was designed to fulfil the essential nutritional needs of our estate communities and was structured around three key pillars, as illustrated below:

- **Vegetable cultivation within estates: Vegetable cultivation and distribution to residing communities within all 13 estates.**
- **Distribution of dry ration packs: Distribution of dry ration packs on a monthly basis to all workers' families.**
- **Provision of free meals to all estate workers: A nutritious meal is provided free of charge to all workers.**

Plantations

SASB DISCLOSURES

Agricultural Products Standard- Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Unit of measure	Code	
1. Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions - Total percentage greenhouse gas (GHG) emissions to the atmosphere	Metric tons (t)	FB-AG-110a.1	5,577
	(2) Gross global Scope 1 emissions - Carbon dioxide (CO2)	Metric tons (t)	FB-AG-110a.1	2,719
	(3) Gross global Scope 1 emissions - Methane (CH4)	Metric tons (t)	FB-AG-110a.1	138
	(4) Gross global Scope 1 emissions - Nitrous oxide (N2O)	Metric tons (t)	FB-AG-110a.1	2,720
	(5) Gross global Scope 1 emissions - Hydrofluorocarbons (HFCs)	Metric tons (t)	FB-AG-110a.1	Negligible
	(6) Gross global Scope 1 emissions - Perfluorocarbons (PFCs)	Metric tons (t)	FB-AG-110a.1	Negligible
	(7) Gross global Scope 1 emissions - Sulphur hexafluoride (SF6)	Metric tons (t)	FB-AG-110a.1	Negligible
	(8) Gross global Scope 1 emissions - Nitrogen trifluoride (NF3)	Metric tons (t)	FB-AG-110a.1	Negligible
	(9) Gross global Scope 1 emissions - What are the regulations to limit GHG emissions	N/A	FB-AG-110a.1	The industry currently has no regulations. However, based on the voluntary standards adopted by the company aligned with the company's strategies, such as Rainforest Alliance and Forestry Stewardship Council, the company has enforced higher benchmarks for emission control. Please refer to Natural Capital section of the report for more detail.
	(1) Discussion of short term strategy or plan to manage scope 01 emissions (2) Discussion of short term strategy or plan to emissions reduction targets (3) Discussion of short term strategy or plan to do an analysis of performance against those targets (4) Discussion of long term strategy or plan to manage scope 01 emissions (5) Discussion of long term strategy or plan to emissions reduction targets (6) Discussion of long term strategy or plan to do an analysis of performance against those targets	N/A	FB-AG-110a.2	The company's strategies and targets are discussed in the Sector Review and Natural Capital section of the report. More details can also be found in the Elpitiya Plantations PLC annual report of 2023/2024.

Plantations

Topic	Accounting Metric	Unit of measure	Code	
	(1) Fleet fuel consumed	Gigajoules (GJ)	FB-AG-110a.3	Energy consumed for mobile combustion; Petrol - 1,711 GJ Diesel - 6,381 GJ
	(2) Percentage renewable (total renewable energy % from the fleet fuel consumed)	Percentage (%)		0%
2. Energy Management	(1) Operational energy consumed	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1	203,299
	(2) Percentage grid electricity			6%
	(3) Percentage renewable			89%
3. Water Management	(1) Total water withdrawn	Thousand cubic metres (m^3), Percentage (%)	FB-AG-140a.1	60,826
	(2) Total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress			No water withdrawn from regions in high or extremely high water stress.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	FB-AG-140a.2	Please refer to the Natural Capital report **(GRI 3-3)**
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	FB-AG-140a.3	None
4. Food Safety	(1) Global Food Safety Initiative (GFSI) audit - non-conformance rates	Rate	FB-AG-250a.1	N/A Our operations are certified with ISO 22000/ HACCP No non-conformities identified.
	(2) Global Food Safety Initiative (GFSI) audit - associated corrective action rates for (a) major			
	(2) Global Food Safety Initiative (GFSI) audit - associated corrective action rates for (b) minor non-conformances			
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification program	%	FB-AG-250a.2	N/A
	(1) Number of recalls issued	Number MT	FB-AG-250a.3	0
	(2) Total amount of food product recalled			0
5. Workforce Health & Safety	(1) Total recordable incident rate (TRIR)	Rate	FB-AG-320a.1	164 minor injuries recorded. 209 man days losses recorded and compensation already paid for 52 cases.
	(2) Fatality rate			0
	(3) Near miss frequency rate (NMFR) for - (a) direct employees			18
	(3) Near miss frequency rate (NMFR) for - (b) seasonal and migrant employees			N/A

Plantations

Topic	Accounting Metric	Unit of measure	Code	
6. Environmental & Social Impacts of Ingredient Supply Chain	(1) Percentage of agricultural products sourced that are certified to a third-party environmental or social standard	Percentage (%) by cost	FB-AG-430a.1	0
	(2) Percentages by standard			Over 30% of the green leaf is purchased from suppliers and small-holders registered with the Sri Lanka Tea Board and Tea Small-Holder Development Authority. While due diligence procedures and verification processes are followed by these institutions to ensure compliance and ESG, currently there is no certification applied to them. The GAP (Good Agricultural Practices) certification from the Department of Export Agriculture is currently being introduced to these networks.
	(1) Suppliers' social and environmental responsibility audit - non-conformance rate	Rate	FB-AG-430a.2	Zero non - compliances
	(2) Suppliers' social and environmental responsibility audit - associated corrective action rate (a) major non-conformances			Zero non - compliances or non - conformities
	(3) Suppliers' social and environmental responsibility audit - associated corrective action rate (b) minor non-conformances			In the plantations segment, aligned with their management systems for ESG, 126 suppliers were screened on environmental and social impacts. The company regularly visits suppliers and conducted awareness building sessions to ensure expected standards are maintained.
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	N/A	FB-AG-430a.3	N/A
7. GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	N/A	FB-AG-430b.1	N/A
8. Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Percentage	FB-AG-440a.1	The company has comprehensive strategies to identify and mitigate sustainability and climate change related risks. For example, the rainwater harvesting strategies and soil carbon improvement strategies were developed in response to identified risks. Please refer to the Risk Report and the Sustainability Strategy review of the Elpitiya Plantations PLC annual report of 2023/2024 for more details.
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	(%) by cost	FB-AG-440a.2	Not Applicable

Plantations

Topic	Accounting Metric	Unit of measure	Code	
ACTIVITY METRICS				
	Production by principal crop - Tea	MT	FB-AG-000.A	4,248
	Production by principal crop - Rubber			241
	Production by principal crop - Palm oil			23,617
	Number of processing facilities	Number	FB-AG-000.B	Tea - 7 Rubber - 1 Outside the reporting boundary: 3 factories have been leased out and 5 factories are not in operation currently.
	Total land area under active production	Hectares	FB-AG-000.C	8,838.02 ha utilised in different scopes in the production process where 5,973.84 ha is used for cultivation. Biodiversity surveys have been conducted across the entire land area to ensure net positive impact from our operations on the ecosystems we work within.
	Cost of agricultural products sourced externally	Rs. Mn	FB-AG-000.D	926,632

Services Sector

The Services Sector consists of operations in insurance, elevator agency, facilitation of overseas remittances and property management. Long standing partnerships with some of the world's leading principals in money transfer services, elevator manufacturing and insurance, together with relentless dedication to excellence and innovation has made the Services Sector an undisputed leader in many of these segments. The Sector experienced a marginal decline in revenue compared to the previous year, with revenue decreasing by 5%, to Rs. 2.2 Bn. Despite this, the profitability of the Sector increased marginally by 2% to Rs. 522.8 Mn. While the insurance, property and elevator segments performed significantly better, enhancing the Sector's overall results, the profitability of the money transfer operations recoded a decline impacting the overall performance of the Sector. Although the segment facilitated an increased volume of remittances this decline was a result of the severe fluctuation of the foreign exchange rate impacting the overall performance of the segment.

Money Transfer

Sri Lanka

Representing globally renowned principals MMBL Money Transfer (Pvt) Ltd is a leading player in this segment.

Property Management

Sri Lanka

Owns and operates 195,000+ sq.ft. of commercial office space in the heart of Colombo

Insurance

Sri Lanka, Maldives

The insurance segment provides highly specialised services, including marine cargo surveying for Lloyds of London. Additionally, it provides insurance brokering and consultancy services for corporates.

Elevator Agency

Sri Lanka, Maldives

The elevator segment enjoys a strong position in the market, as the sole distributor for OTIS elevators, escalators and moving walkways in Sri Lanka and Maldives.

VALUE CREATED AND DISTRIBUTED

Performance Highlights-2023/2024

Rs. 2.2 Bn	Rs. 783.8 Mn	Rs. 522.8 Mn
Revenue	EBITDA	Profit before Tax

Contribution to Group

Revenue	Profit before Tax	Assets	Liabilities	Employees	Emissions	Water consumed
2%	5%	4%	3%	2%	1%	0.4%

Contribution to Economy

255
Employment Generated

Rs. 86.8 Bn
Facilitation of Foreign Exchange Generation to the Country

Rs. 1.9 Mn
Investment in Training and Development

Rs. 1.3 Bn
Total Value Added

18%
Female Participation in Labour Force

900,000+
Total Transactions of Inward Remittances

Value to Stakeholders

Rs. 537 Mn
Value Created for Employees

Rs. 1.1 Bn
Payments to Suppliers and Business Partners

Rs. 1.0 Mn
Investment in Sustainability Processes

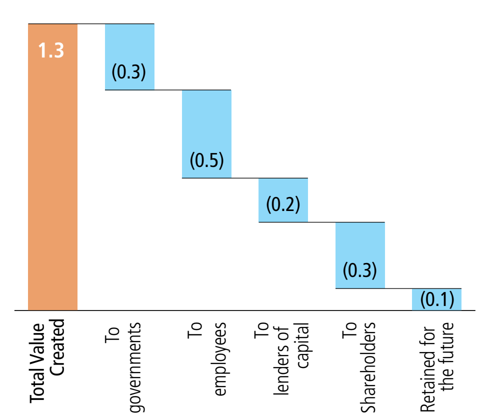
Rs. 371.7 Mn
Taxes paid to Governments (Direct and Indirect)

Distribution of Value Added

During the financial year, the Services Sector contributed positively towards its economic impact by generating a value of Rs. 1.3 Bn through its operations. The sector's labour-intensive nature was reflected in the distribution of this value. A significant portion of the value, Rs. 0.5 Bn or 40% of the total, was allocated to its employees, highlighting their crucial role in the sector's operations.

Shareholders and capital lenders, who provide the necessary financial resources for the sector, received 21% and 13% of the value created, respectively. The Sector also distributed 19% of the total value to governments. In a strategic move to ensure its future sustainability and growth, the Sector retained 7% of the value created.

Distribution of Value Created
Rs.Bn



PESTEL (POLITICAL, ECONOMIC, SOCIAL, TECHNOLOGICAL, ENVIRONMENTAL, LEGAL) ANALYSIS

P – Political

Instability and regulatory changes in key markets, can significantly disrupt operations and affect the profitability of businesses across various segments. This instability can include civil unrest, changes in foreign policy, and shifts in trade regulations, leading to unpredictable operational environments.

E – Economical

Reduced consumer income, increased tax rates, fluctuating interest rates, currency volatility, inflation, and rising unemployment can significantly impact business costs and consumer demand.

S – Social

Increased social awareness about the legitimacy of money transfer businesses could positively influence the Sector by building trust and customer loyalty.

T – Technological

Advancements in mobile applications and transaction technologies are likely to enhance efficiency and customer experience in elevator maintenance and money transfer services.

E – Environmental

Extreme weather conditions could disrupt service operations in both elevator maintenance and money transfer segments, affecting the connectivity and timeliness of the services.

L – Legal

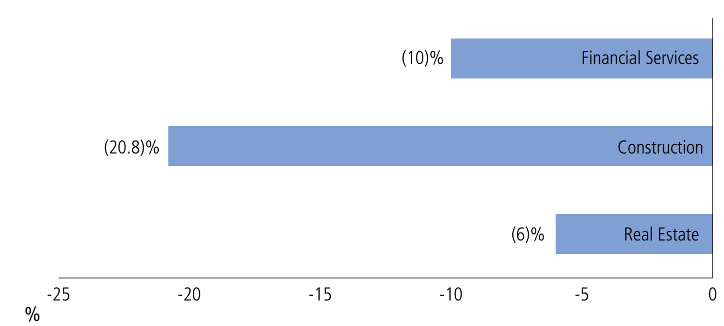
Regulatory changes, such as modifications in exchange control laws and stricter anti-money laundering measures, are expected to have a positive impact by improving operational standards and compliance across these industries.

OPERATING ENVIRONMENT

Services Sector

The services sector in Sri Lanka contracted by 0.2% in 2023 compared to a contraction of 2.6% in 2022. Within the services sector, the financial services and real estate activities subsectors witnessed contraction during the year, largely due the high interest rate environment, particularly during the first half of the year. The construction industry meanwhile also recorded a significant contraction of 20.8% in 2023 mainly due to the holdback of construction projects.

Year-on-Year Growth in Economic Actvities - 2023



KEY CHALLENGES AND OPPORTUNITIES 2023/2024

Risks

- Volatility of the Rupee and the resulting impact on the segment's profitability
- Impact of inflationary pressures on operational expenses
- Over supply and rental pressure for commercial real-estate
- Reduced volumes of imports and resultant impact on cargo insurance

Opportunities

- Strong growth in inward remittances
- Resurgence in the construction sector

SERVICES SECTOR

Statement of Financial and ESG performance (GRI 201-1; 203-1; 302-1; 303-3, 303-4; 305-1, 305-2; 306-5)	2023/24	2022/23	YoY(%)
Revenue (Rs. Mn)	2,166	2,270	-5
EBITDA (Rs. Mn)	784	736	6
Profit before tax (Rs. Mn)	523	514	2
Profit after tax (Rs. Mn)	300	429	-30
Total Assets (Rs. Mn)	6,885	5,746	20
Total Liabilities (Rs. Mn)	3,765	2,550	48
SDGs towards which the Sector's performance contributes: 4 and 5			
Targets: 4.3, 4.4, 4.7, 5.1, 5B,			
Number of Employees	255	252	1
Employee female representation	18%	15%	20
Employee benefits paid (Rs. Mn)	537	486	10
Training hours per employee	30	47	-36
SDGs towards which the Sector's performance contributes: 4, 5 and 12			
Targets: 4.3, 4.4, 4.7, 5.1, 5B, 12.b			
Investment in training (Rs. '000)	1,906	2,619	-27
Brand stewardship	5	4	25
Number of certifications	3	3	0
SDGs towards which the Sector's performance contributes: 8 and 12			
Targets: 8.5, 8.8, 8.10, 12.b			
Number of joint venture/ equity partnerships	4	3	33
Number of suppliers screened on ESG within the year	78	61	28
SDGs towards which the Sector's performance contributes: 8, 9 and 12			
Targets: 8.4, 9.4, 12.2, 12.5, 12.6, 12.8, 12.b			
(Note - data for 2023 has been restated as the emission factors have been revised)			
Total energy consumption (GJ)	4,731	8,462	-44
Scope 1 emissions (tCO2e)	203	294	-31
Scope 2 emissions (tCO2e)	521	889	-41
Emissions reduced or offset (tCO2e)	7	4	71
Total water withdrawn (m3)	6,998	5,619	25
Total amount of solid waste kept away from landfills			
(Tonnes)	7	9	-14
(Units)	4	76	-95
Total investment in sustainability driven processes (Rs. Mn)	1	3	-71
SDGs towards which the Sector's performance contributes: 9			
Targets: 9.1, 9.4			
Property Plant and Equipment (Rs. Mn)	3,185	3,231	-1
Investment in manufactured capital (Rs. Mn)	25	18	39

DRIVING STRATEGY

The Services Sector encountered challenges due to the volatility of the Rupee adversely affecting the money transfer segment., In contrast, the insurance segment recorded the highest ever profits in its 155-year history, supported by increased demand, amid an uncertain socioeconomic climate.

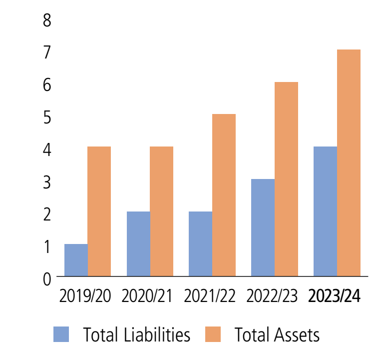
The elevator segment successfully navigated through significant challenges, such as high working capital costs and project delays, achieving a return to profitability. With margins continuing to be impacted by rising operational costs, cost management was a key area of focus to improve profitability. The segment witnessed a turnaround in its profitability during the year mainly due to strategically managing its cost and the negative impact of exchange fluctuation.

Digitisation of processes, particularly in the insurance and money transfer segments are vital and is expected to bring about significant benefits in terms of cost and operational efficiencies in the coming years. In the property management segment, a comprehensive energy audit was conducted as part of the segment's efforts to reduce energy consumption.

Geographical expansion was also a priority during the year where existing relationships and the forging of new relationships facilitated the growth strategy. Money transfer segment's network of sub-representatives was expanded in order to extend the reach to serve additional customers especially in the rural provinces of the country. Increasing the number of principals and customer touch points will remain a focus as the segment seeks to expand its presence and diversify risks.

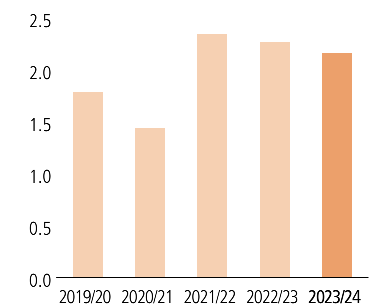
Stability

Rs.Bn



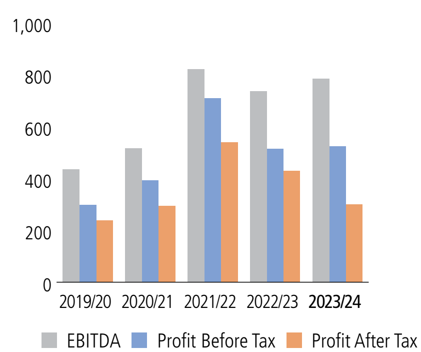
Revenue

Rs.Bn

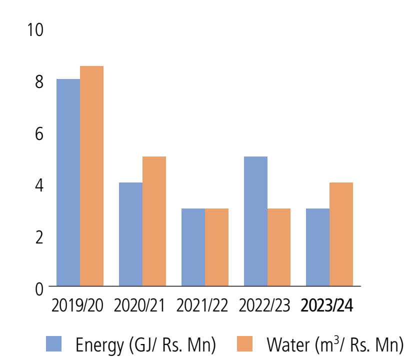


Profitability

Rs.Mn



Resource Consumption per Unit Revenue



FUTURE OUTLOOK

With the economy showing signs of a gradual recovery in the financial year 2024/25, prospects for the Services Sector are expected to improve significantly. The gradual pick up in global trade, together with the removal of import restrictions are expected to drive demand for cargo insurance. Strong growth in inward remittances support a positive outlook for the money transfer business of the Sector. The construction industry, meanwhile, is also expected to witness a resurgence in line with the expected economic recovery. As the economy bounces back the Sector anticipates an increase in the demand for commercial space in the medium to long term. Efforts to strengthen the digital proposition and drive innovation across segments to capitalise on emerging prospects is a key focus area for the Sector. The Sector will continue to leverage its relationships with partners and customers while actively exploring new partnership opportunities to drive future growth.

Insurance

Purpose

Being the trusted partner and adviser to ensure business continuity and economic growth.

The insurance segment engages in brokerage activities as well as cargo surveying, claims handling and risk assessment, for international insurers. As a licensed insurance broker, the segment advises individuals and corporates on arranging insurance schemes in accordance with their business activities. The partnership with Lloyd's for cargo surveying, established in 1876, represents the oldest relationship for the Group and is also one of the oldest for Lloyd's.

The segment also represents other renowned international insurers and claim settling companies, providing a range of services such as cargo surveys, claims assessment and settling and salvage disposal.

Locations of Operations

Sri Lanka and Maldives

Strategic Focus

- Advancing its insurance-related services involves a multi-pronged approach, focused on enhancing partnerships, expanding both geographically and in service offerings and adopting digital transformation.

Key Strategic Initiatives

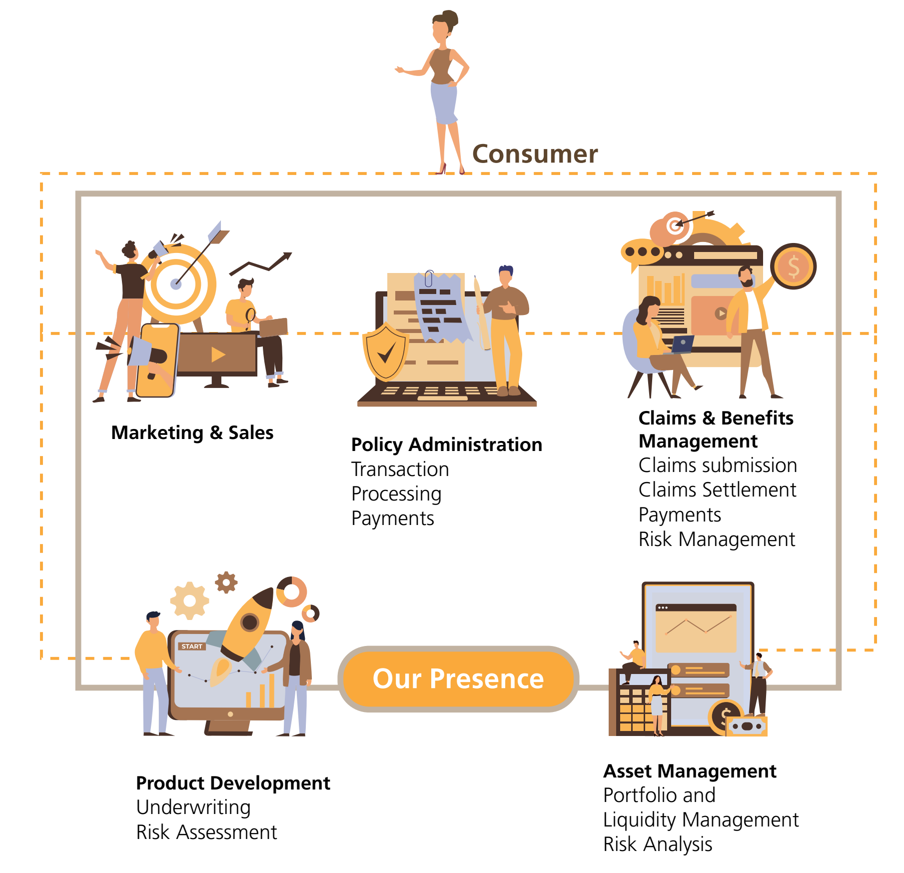
- Secure existing agencies and increase the number of principals
- Expanding insurance brokerage and risk management services into Maldives
- Increase penetration of risk management services in Sri Lanka and providing clients with comprehensive risk mitigation and loss prevention measures
- Automation of processes

SDG Commitments

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

OUR PRESENCE ALONG THE VALUE CHAIN (GRI 2-6)



INDUSTRY OVERVIEW

Reduced volumes of imports stemming from the strained economic conditions in Sri Lanka and the continuing restrictions on import of vehicles impacted agency business. In addition, advancements in packaging and technology have led to a reduction in cargo claims and surveys. The elevated risk profile of the country negatively affected the insurance broking operations, leading to stricter and more costly conditions in the reinsurance market. This tightening resulted in higher premiums and more selective coverage, impacting the ability to underwrite significant risks. Significant currency fluctuations throughout the year affected the profitability of the industry.

RISKS & OPPORTUNITIES

Risks

- Cyber security
- Geopolitical risk, war and sanctions resulting in varying terms and conditions
- Lack of disposable income to spend on insurance products
- Competition from aggregators
- Difficulties faced in re-insurance

Opportunities

- Business expansion through new products, services and penetration into new segments
- Cross selling opportunities within the Group
- Technological advances increasing potential for insurance

Insurance

STRATEGIC OBJECTIVES

Sustainable profit growth	Expand reach to new geographies and new business segments	Achieve employer of choice status	Achieve net zero emissions and reduce resource footprint
▪ Acquisition of small and medium scale brokering outfits to increase market share. ▪ Strategic alliances with brokers and/or financial institutions for mutual business benefits	▪ Partnered with a risk management company for risk assessment inspections ▪ Expanding brokering services to the region with expanded networks ▪ Facilitating reinsurance by partnering with foreign brokers to boost reinsurance-related business activities	▪ Assisting employees to obtain professional qualifications in insurance	▪ Efficiency improvement and reduction of resource consumption through an integrated data management system

PERFORMANCE

Revenue and profitability in the insurance segment increased by 27% and 33% respectively, marking the highest profit before tax in the segment's history of over 155 years. This significant growth was due to an increase in the values insured. Additionally, the uncertain socioeconomic climate compelled more individuals and companies to seek insurance coverage. The rise in top-line revenue was primarily driven by higher premium rates and an increase in the number of marine insurance surveys conducted during the year. Premiums under management increased by 40% over the previous year, supporting a rise in industry ranking by three positions for its brokering operation. The ability to deal with multiple insurers operating in the market creates opportunities to offer risk mitigation solutions to clients.

The segment further developed its capacity to deliver customised insurance coverage through technical negotiations, thereby enhancing its capacity to provide added value to customers. The segment continues to encourage all staff to improve their skills by acquiring professional insurance qualifications as it is essential to have a professionally qualified team to manage the business.

The segment developed a disaster risk reduction (DRR) plan for natural and man-made disasters to enhance business continuity. The segment continues to build a culture centred around sustainability within the organisation with relevant capacity building opportunities being provided to every employee.

As a Lloyd's Agency, the segment is responsible for conducting surveys for the majority of cargo claims.

LLOYD'S Agency

Insurance

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

- Revenue - 27%
- Profit before tax - 33%
- Total assets - (22%)
- Total liabilities - 12%

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Natural Capital

- Process improvements planned to improve resource efficiency
- Reduced emissions through car pooling
- Use of FSC certified paper for printing and reduction of paper usage through automation

Manufacturing and Intellectual Capital

- Ongoing digital transformation and process digitisation efforts.

Human Capital

- 15 Total employees
- 47% Female representation
- Rs. 0.4Mn invested in training
- Encouraged and guided employees towards obtaining professional insurance qualifications.
- Promoted capacity building among employees through workshops and training programs for enhanced professional development.

Social & Relationship Capital

- Six collaborative partnerships, including the recent partnership with a risk management company for risk assessment services.
- Guiding clients in risk profiling to secure advantageous terms from reinsurance markets.
- Providing insurance solutions for individuals, small and medium-sized enterprises (SMEs)

FUTURE OUTLOOK

Global trade is forecast to increase by 2.6% in 2024 and by 3.3% in 2025, supporting moderate growth in cargo-related business in the year ahead. Provided the restriction on vehicle imports is lifted, it could significantly boost this business line. Higher levels of insurance awareness will support the growth of the insurance broking business. The addition of new services and membership in the Protection & Indemnity Club will also support growth, strengthening prospects for this segment.

We will further develop our team's capabilities, shifting attitudes and behaviours to enhance our competitive edge. By implementing AI solutions, cloud-based systems and applications, we will strengthen our value proposition for insurers and claims handling companies, which also supports business growth. The segment continues to seek partnerships and strategic alliances with overseas companies to further diversify its revenue model. Diversified growth into geographies and new services will be a key strategic priority, leveraging our knowledge and the resources of the Group and our trusted partnership.

Property Management

The property management segment owns and manages the Aitken Spence Towers, located on Vauxhall Street, Colombo which comprises of a total rentable area of 195,784 sq.ft. Approximately 75% of this space is occupied by companies of the Aitken Spence Group, while the remainder is leased to other corporate entities. The strategic location supports both operational synergies for the Aitken Spence Group and offers premium office space to other businesses, fostering a professional environment conducive to an efficient workspace.

The property showcases a seamless integration of modern architecture and effective environmental management practices facilitated through a Building Management System (BMS), which ensures optimal climate control and enhances the efficiency of the building's operations. This feature underlines the commitment of the segment to provide a sustainable and comfortable working environment.

Locations of Operations

Vauxhall Street, Colombo 2

Key Strategic Initiatives

- **Enhanced Energy Efficiency**
  Conducting energy audits and implementing measures to reduce energy consumption
- **Employees**
  Creating awareness among tenants and their employees about minimising energy consumption

SDG Commitments

INDUSTRY OVERVIEW

Demand for commercial real estate in Colombo is currently subdued as the country recovers from an economic crisis. In recent years, the market has seen a substantial addition of commercial spaces with the commencement in operations of newly constructed commercial properties. However, the pandemic led shift to work from home (WFH) has maintained its momentum even post pandemic with many preferring the work from home option leading to certain businesses opting for smaller office space. Consequently, at the end of the year, there remains an oversupply of vacant 'A' Grade commercial space.

There is, however, a growing demand for office space providers who can supply flexible locations for incubators, startups and subscription-based seating arrangements with centralised facilities.

Additionally, rising costs of construction materials, coupled with the depreciation of the Rupee have led to higher expenses in the construction of future projects. These increased costs are expected to deter new entrants from the market.

PERFORMANCE

The revenue and profitability of the segment rose by 26% and 32%, respectively. This enhancement in financial performance was principally driven by an increase in rates and higher occupancy levels compared to the previous year, along with rigorous control and management of operational and maintenance expenses. The segment persistently manages the energy and water consumption of the office complex, actively working to reduce usage through continuous improvements in the technology utilised within the building management system.

Property Management

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

- Revenue - 26%
- Profit before tax - 32%
- Total assets - (2%)
- Total liabilities - 9%

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Natural Capital

- 521.4 tCO2e total emissions (scope 1&2)
- 6,876.7m3 total water consumption
- 100% wastewater and effluents safely disposed
- 7.5 MT solid waste responsibly managed 50% reduction in energy consumption per unit revenue from 2022/2023

Human Capital

- 22 Employment opportunities created
- 22.7% Female participation in labour force

Manufacturing Capital

- State-of-the-art office complex, encompassing 195,784 sq.ft.

Social & Relationship Capital

- 109 Customers
- 134 Suppliers

FUTURE OUTLOOK

As the economy recovers, we expect a significant rise in demand for A-grade commercial space. While this may lead to increased price competition, our property management segment stands to gain from the elevated pricing that new market entrants will introduce as equilibrium is restored. To secure our standing in this premium segment, we must focus on the maintenance of our interiors, facilities, and exterior. We will continue to monitor market developments closely to reinforce our reputation as a reliable provider of high-quality commercial space.

Elevators

Purpose

Elevating everyday journeys with our commitment to safety, quality and service excellence.

Despite a slowdown in the construction sector and the significant volatility of the Sri Lankan Rupee, the elevator segment returned to profitability by pursuing a strategy aimed at sustainable growth. A consultancy arm was established to take the segment's expertise on vertical transportation systems into the construction industry, through a collaboration with an overseas partner. As the exclusive local partner for the globally recognised OTIS elevators, our commitment to passenger safety is unmatched in the market. We are the sole agency in Sri Lanka and Maldives, to possess an ISO-certified integrated management system encompassing safety, environmental and quality standards. The segment is conducting research and has commenced testing new product options that will enhance customer experience in an elevator.

Locations of Operations

- Sri Lanka & Maldives
- Elevator training centre at CINEC Campus

Strategic Focus

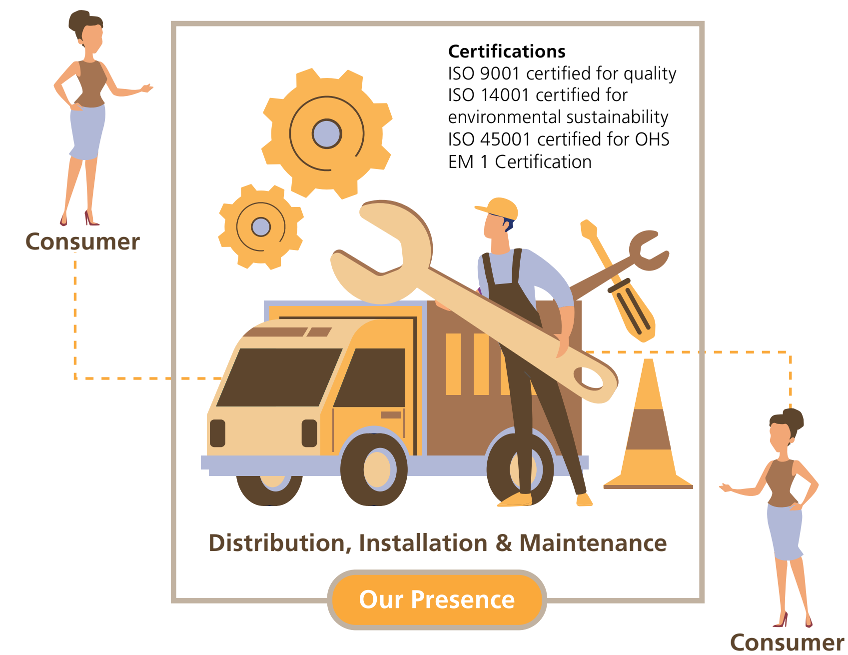
- Diversification into new products and services in related fields, leveraging over three decades of expertise in advanced vertical transportation technologies.

Key Strategic Initiatives

- Strategically expanding our vertical transportation systems consultancy, enhancing global offerings with value-added services
- Ensuring that technical teams are equipped with the latest technological knowledge of elevator systems
- Implemented an integrated customer relationship management system to connect technical, operations and sales teams

SDG Commitments

OUR PRESENCE ALONG THE VALUE CHAIN (GRI 2-6)



INDUSTRY OVERVIEW

The construction industry in Sri Lanka faced significant upheaval, including delays due to challenges in global logistics, shortages of materials, inflation, reduced demand and regulatory uncertainty. Increased competition pressured pricing and margins, compounded by the entry of low cost products. A persistent shortage of skilled technicians and engineers has further impacted operational costs and service delivery timelines. As of 2024, despite these challenges, the industry shows potential for recovery and growth over the next five years. Supported by improved economic conditions and government investment in infrastructure, as well as a resurgence in residential and commercial projects, demand for new construction and infrastructure projects are expected to increase.

RISKS & OPPORTUNITIES

Risks

- Geopolitical tension
- Project delays and cancellations due to economic issues
- Intensifying competition
- Technological obsolescence
- Compliance risk
- Volatility in the Sri Lankan Rupee against the USD
- Supply chain disruptions due to adverse weather conditions

Opportunities

- Recovery of the Sri Lankan economy and the construction sector
- Replacement market due to technological advancements
- Diversify into new market segments and geographies
- Urbanisation and infrastructure development projects

Elevators

STRATEGIC OBJECTIVES

Sustainable profit growth	Expand reach to new geographies and new business segments	Achieve employer of choice status	Achieve net zero emissions and reduce resource footprint
▪ Achieve a 15% annual growth in maintenance revenue	▪ Provide expert consultancy services in vertical transportation solutions for the construction industry ▪ Continuously engage in research and development to innovate and launch new products	▪ Invest in employee development programs to continuously enhance knowledge and skills, keeping pace with rapidly evolving technologies ▪ ISO 45001 certified workplace to ensure safety at all times	▪ Implement an integrated ISO Management System for ISO 14001 and 9001 ▪ Achieve a significant reduction in paper usage through process automation ▪ Enhance environmental management and sustainability training for all staff

PERFORMANCE

During the financial year, the elevator segment returned to profitability, overcoming several formidable challenges. This performance is particularly commendable given the delayed receivables on government contracts, the high cost of working capital and losses incurred from the revaluation of contract assets and debtors following the appreciation of the Rupee. Moreover, the delayed completion of ongoing projects has compounded these financial challenges.

The venture with CINEC campus also saw four batches completing the NVQ Level 3 certification, facilitating gainful employment for youth. Employee safety continues to be a key concern and the ISO certified health and safety protocols were strictly enforced to record another year of zero incidents. Support was provided for employees to pursue relevant qualifications, enhancing their performance and career prospects. Process automation was a key focus area with the roll out of a customer relationship management (CRM) system, field force management system and contract management system, supporting operational efficiencies, cost management and customer satisfaction. Disaster risk reduction (DRR) assessments were completed during the year, strengthening the segment's resilience. The elevator segment is aligned to meet its 2030 net zero goals.

1,500+
number of elevators managed and maintained

Elevators

GOVERNANCE MATTERS

- Maintain detailed records and audit trails for all automation systems, with regular internal and external audits for compliance, including ISO 9001, 14001 and 45001 standards
- Weekly meetings with heads of departments to strategise alongside continuous improvements based on audit outcomes such as waste reduction, improved safety measures and better waste management
- In-house sustainability training and risk assessments to fortify senior management's capabilities and proactive planning

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

- Profit before tax - +100%
- Total assets - (2%)
- Total liabilities - 1%

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Human Capital

- 178 total employees
- 11% female representation
- 16% of new recruits were female
- Multiple training programmes for employees to strengthen their skills across all business areas and support to obtain professional qualifications
- Successfully maintained ISO 45001:2018 certified management system to ensure a safe workplace

Manufacturing and Intellectual Capital

- Research for development of new products and services
- Automated our processes to improve on the customer experience by digitising and digitalising the systems
- Commenced a 24/7 dedicated call centre with a CRM system

Natural Capital

- 69 tCO_2e total emissions
- ISO 14001 certified management system utilised to manage environmental impact

Social & Relationship Capital

- 4 batches of NVQ Level 3 certified courses for elevator servicemen
- 4 batches of seafarers were trained on elevator maintenance
- The supplier rating system enhances its supply chain efficiency and reputation, while offering suppliers clear improvement metrics and potential business growth opportunities
- Stationery distribution through project "Hands for Hope" in Wadduwa, Sri Lanka
- Conducted elevator etiquette and safety trainings at major client sites
- Installed the elevator at Lions Eye Hospital free of charge, with the provision of free maintenance services for the next 5 years

FUTURE OUTLOOK

Construction activity is expected to resume with economic recovery albeit at a slow pace. While competition is a concern, the reputation of the principal combined with that of the Aitken Spence Group is a key strength that enables the segment to compete effectively. Technology advancement makes installed models obsolete, posing difficulties in sourcing spare parts, while also creating a future replacement market that seeks smart technology and energy efficiency. The segment is looking for and testing complementary products that will facilitate modernisation or will provide value added solutions which can be marketed to all vertical transportation systems.

The segment will also focus on its employer brand and creating a dynamic organisation culture as it is a critical factor for growth, enabling it to attract and retain specialised talent which is key to driving innovation and sustainable growth.

Money Transfer

Money Transfer

Purpose

To be the most preferred remittance services provider in Sri Lanka.

MMBL Money Transfer (MMBL) has experienced a significant upward trajectory in its operations, highlighted by a remarkable 71% growth in remittances. This growth is complemented by an expansion in the number of strategically located payout outlets, enhancing accessibility and convenience for customers. Moreover, MMBL's growth in market share is notably higher than the overall industry growth, with the company handling 75% of Western Union's market share in Sri Lanka. This impressive performance underscores MMBL Money Transfer's strong position and effectiveness in the competitive remittance market.

Locations of Operations

3,000+ Sub-representatives

Strategic Focus

- Expanding the number of principals represented
- Increase the share of business from existing principals
- Expand the network
- Provide digital solutions to remittance recipients

Key Strategic Initiatives

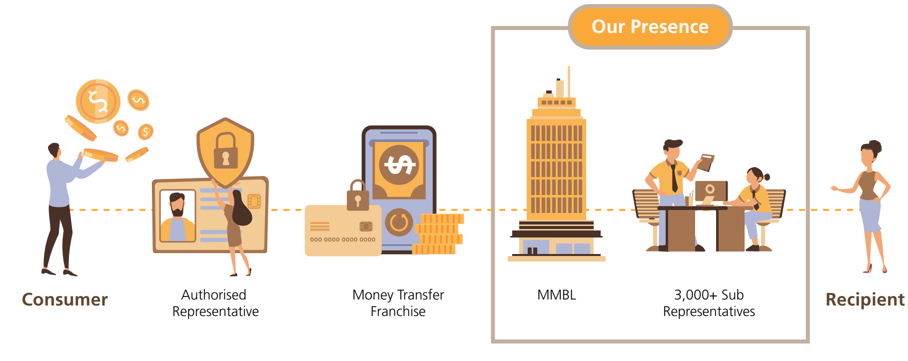
- Launched MMBL Money Master loyalty app to reward and retain loyal customers
- Expanded sub-representative locations to serve a broader clientele
- Partnered with new principals to attract customers from new countries

SDG Commitments

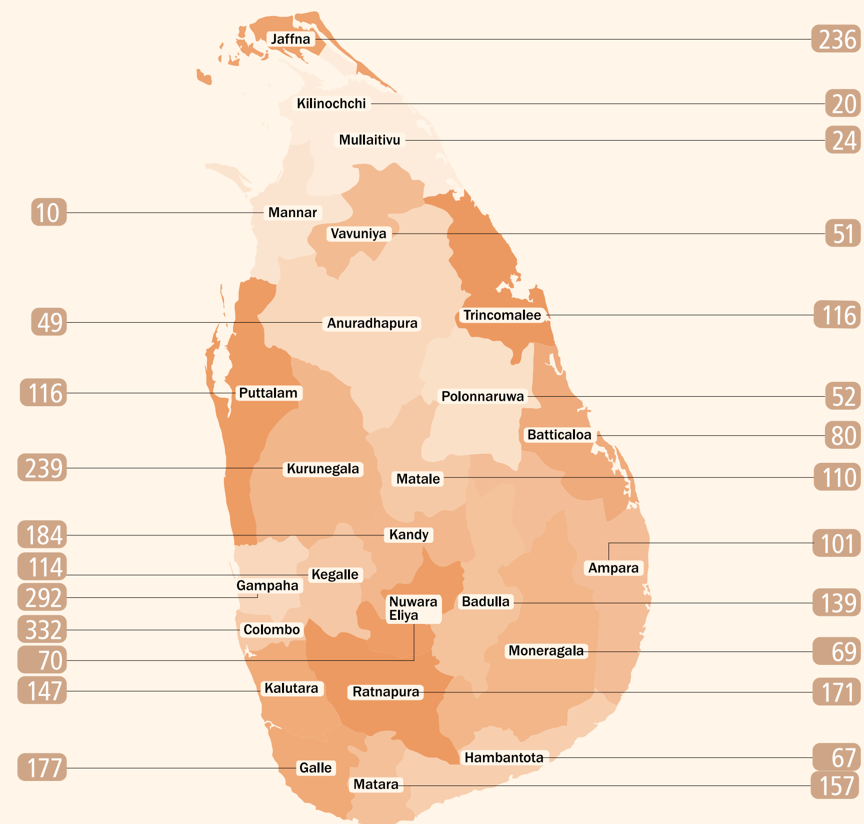
8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

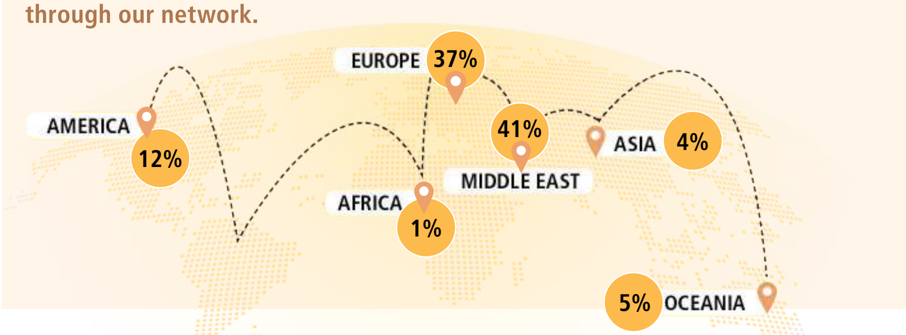
OUR PRESENCE ALONG THE VALUE CHAIN (GRI 2-6)



DISTRIBUTION OF SUB-REPRESENTATIVES



Source corridors from which worker remittances are directed to Sri Lanka through our network.



Money Transfer

INDUSTRY OVERVIEW

Inward remittances increased by 57.5% to USD 5,690 Mn overtaking exports to become the country's single largest source of foreign exchange. This is largely due to an increasing migrant worker population with most sending money to Sri Lanka to support loved ones. With an increasing number of Sri Lankans seeking opportunities overseas, this is a vital lifeline to provide for the support of young families and aging parents.

RISKS & OPPORTUNITIES

Risks

- Reliance on few large principals
- Intense competition from financial sector players such as commercial banks.
- Increasing regulatory requirements for Anti-Money Laundering(AML)/Countering the Financing of Terrorism (CFT)
- Exchange rate volatility
- Cyberattacks
- Changes in fiscal policy

Opportunities

- Increase the number of principals to reduce dependency on one principal for direct to bank operations.
- Leverage network strengths to attract other principals to enhance revenue streams.
- To grow the number of sub-representatives that can payout large values and are open for extended hours for business.
- Introduce a digital solution to the remittance receiver.

STRATEGIC OBJECTIVES

Sustainable profit growth	Expand reach to new geographies and new business segments	Achieve employer of choice status	Achieve net zero emissions and reduce resource footprint
▪ Introduce new principals ▪ In the medium term enhance wallet share with existing principals ▪ Implement a better document management system. ▪ Introduce cost reduction measures and a cost-conscious culture among the employees	▪ Launch MMBL Money Transfer App ▪ Expand the number of locations	▪ Develop staff engagement strategies by fostering a learning culture ▪ Employee recognition awards	▪ Reducing overall resource consumption by 10% in 12 months.

PERFORMANCE

MMBL revenue remained at almost the same levels as of the previous year as a result of the Sri Lankan Rupee appreciating against the US dollar, despite the increase in the number of transactions by 61%

The increase in the number of transactions is due to the increase in direct to bank operation which recorded a growth of 100% as well as overall growth with MoneyGram and Ria as both operations grew by over 50%. An islandwide network of over 3,000 sub-representatives is a key contributor to growth which the segment plans to expand to improve competitiveness.

Profitability of this segment was adversely impacted by the appreciation of the Sri Lankan Rupee during the last quarter of the financial year. Despite the commendable growth in volumes, the flat top line and the increasing operational costs exerted pressure on the segment's thin margins. Timing of cash flows is critical and frequent utilisation of overdrafts to support the smooth operation of direct to bank transfers also added to the costs, as interest rates were high during the first half of the financial year. Consequently, the segment reported a decline in profits compared to the previous year.

99.6%
of transactions are remitted within 2 seconds to bank accounts

Money Transfer

NURTURING OUR CAPITALS AND VALUE CREATED THROUGH 2023-2024

Financial Capital

- Revenue - (6%)
- Profit before tax - (79%)
- Total assets - 125%

Positive figures denote a growth over last year; negative figures denote a decline over last year.

Manufacturing and Intellectual Capital

- Launch of mobile application and Implemented strong technology driven processes
- An efficient call centre maintained to communicate with customers and gather feedback to improve our services.

Human Capital

- 40 Employment Opportunities Created
- 38% Female participation in labour force
- Develop staff engagement strategies while fostering a learning culture
- Introduced an annual employee award to enhance motivation and recognition

Natural Capital

- Waste Management system donated to Point Pedro hospital
- 62.9 tCO_2e total emissions

Social & Relationship Capital

- Facilitated 4% of total foreign exchange remittances to the country
- Facilitating nearly 80,000 transactions per month from migrant workers
- Locations for remittances kept open for extended operating hours with locations facilitated in close proximity to families of migrant workers
- Anti Money Laundering training of 530 hours
- School supplies provided to students in Galenbiduna Wewa, Kahatagasdigiriya, Ratmalana, Hirigalgoda, Akurala & Katharagama

FUTURE OUTLOOK

Strong growth in inward remittances supports a positive outlook for the money transfer business of the Group. The segment's growth aspirations are supported by a broad network of sub-representatives, a modern technology platform that enhances convenience for stakeholders and a firm commitment to real-time settlements with sub-representatives. Cost and foreign exchange management are key imperatives which are being addressed to improve profitability in the current financial year. The segment plans to grow its network to 5,000 sub-representatives and increase the number of principals, driving strategic growth in the long term. As economic conditions normalise and the demand for dollars increases, MMBL is confident of improved profitability of the operation in the year ahead.

FINANCIAL CAPITAL

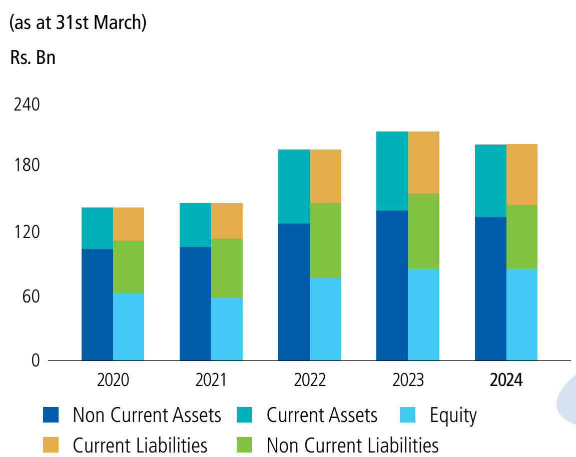
Aitken Spence PLC maintained a strong performance during the year, despite the many challenging economic conditions experienced in both Sri Lanka and globally. The financial year saw the Sri Lankan rupee (LKR) appreciate by 8.2%, which had a significant impact on the revenue and profitability due to a substantial portion of the Groups revenue being either in US Dollars (USD) or invoiced in Sri Lankan Rupee pegged to USD. However, the operational performance of all 16 business segments remained steady, demonstrating the effectiveness of the Group's diversification strategy. Despite the challenges faced during the year the Group has remained steadfast in its market dominance in the industries the Group operates in. This underscores the Group's capacity to navigate economic fluctuations and maintain operational efficiency while preserving a commanding presence in the industry.

Earnings

Rs. 97.5 Bn Revenue	**Rs. 13.2 Bn** EBIT
Rs. 6.7 Bn PBT	**Rs. 4.5 Bn** PAT

Resilience

Assets & Funding



Liquidity & Funding

0.45	**1.73**	**1.19**	**1.12**
Debt to Equity Ratio	Interest Cover	Current Ratio	Quick Asset Ratio

Profitability

0.47	**13.6%**	**4.6%**
Asset Turnover	Operating margin	Net profit margin

Value to Shareholders

Rs. 7.21	**Rs. 181.86**	**Rs. 130.25**	**18.06**	**0.72**
Earnings per Share	Net Assets per Share	Market Price per Share	PE ratio	PBV ratio

Investment Philosophy

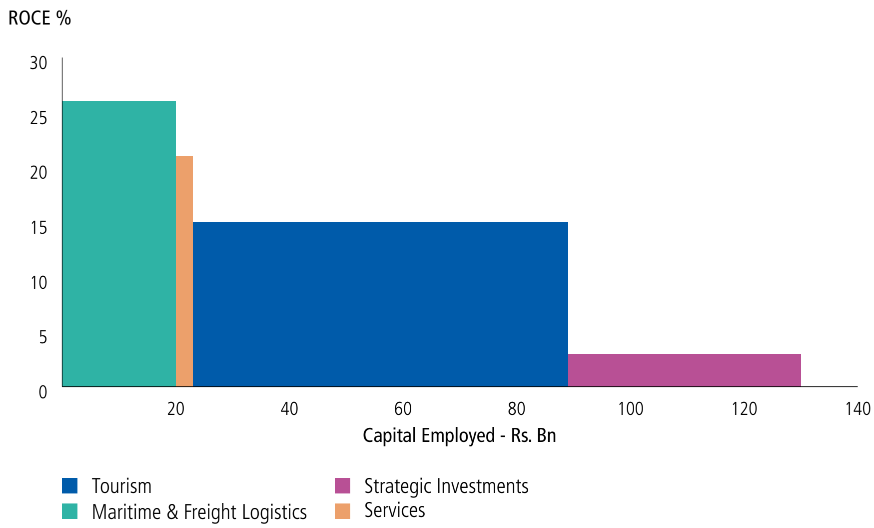
Aitken Spence PLC strategically focuses its investments on sectors identified as priority within the country, such as renewable energy, tourism, and maritime & freight logistics. The Group places great emphasis on using advanced technologies within these industries to achieve sustainable long-term returns. This proactive approach not only fosters sectoral growth but also positions the company as a leader in innovation and sustainable practices.

Over the years, Aitken Spence has actively pursued geographical expansion. By leveraging its established expertise, the Group has successfully entered and thrived in new markets outside Sri Lanka. This geographical diversification is part of a broader strategy to enhance the Group's global presence and tap into new economic opportunities while strategically broad basing its investments.

The investment strategy of Aitken Spence is finely attuned to the prevailing investment climate and specific financial metrics, such as hurdle rates. This ensures that all investments not only promise adequate returns but are also resilient to changing economic conditions. By adhering to these disciplined investment criteria, the Group manages to maintain financial stability and growth, even in volatile markets. This strategic approach reflects a deep understanding of both local and global economic landscapes, enabling Aitken Spence to make informed decisions that align with its long-term objectives and sustainability commitments.

Aitken Spence prides itself on having obtained the necessary approvals for its investments through transparent processes. The Group adheres unwaveringly to strict ethical guidelines and places the utmost importance on sound governance when initiating any new investments. For the past 25 years the Group has successfully financed its new investments through internally generated funds along with prudent debt compositions without requesting its equity shareholders for additional funds. Notwithstanding these investments, the Group has consistently followed an attractive dividend payout to shareholders.

Portfolio Returns



Strategic Priorities	Key Achievements 2023/24	Future Focus
▪ Concentrating investments in priority sectors of the economy. ▪ Diversifying into new geographical locations and business segments. ▪ Diversifying into new geographical locations and business segments. ▪ Managing and optimising cost structures. ▪ Targeting an annual average year-over-year sustainable profit growth of 10% across the Group.	▪ Invested Rs. 800 Mn in acquiring two apparel manufacturing plants to diversify our product range to include knitwear. ▪ Invested Rs. 1.6 Bn in a new 100,000 sq.ft, state-of-the-art Container Freight Station which commenced commercial operations during the year. ▪ Expanded operations into two new geographical locations. ▪ Repaid interest-bearing borrowings and loans amounting to Rs. 7.5 Bn. ▪ Debt-to-equity ratio improved to 0.45.	▪ Maintaining a constant emphasis on liquidity and foreign exchange management to maximise the Group's pre-tax profit. ▪ Sustaining investments in ventures that will drive growth and meet the identified hurdle rate. ▪ Implementing operational transformations to enhance efficiency and productivity across all business segments, thereby improving operational profits.

VALUE TO SHAREHOLDERS

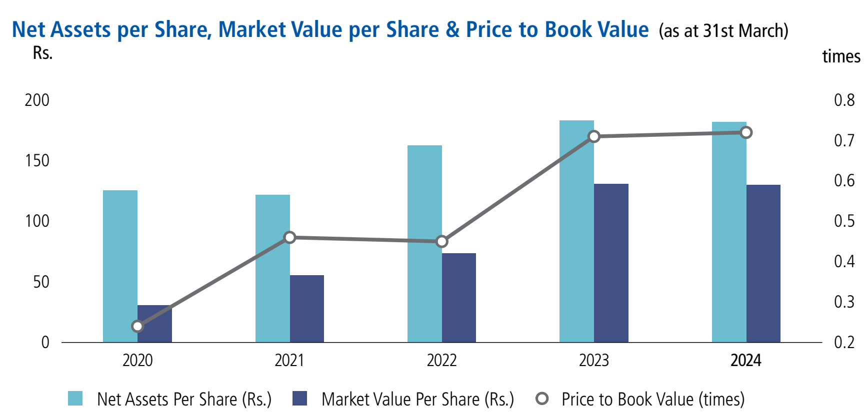
Aitken Spence PLC is deeply committed to its responsibility of enhancing shareholder value, consistently placing shareholders at the forefront of its strategic decision-making process.

The Group recorded a modest decrease in overall revenue which declined by 0.6% primarily due to the appreciation of Sri Lankan rupee (LKR) during the year. In contrast, the operating profit decreased by 30% mainly due to the foreign exchange loss of Rs. 2.6 Bn recorded for the year, which was a reversal from the previous year's foreign exchange gain of Rs. 1.9 Bn The financial challenges were compounded by an 8% increase in direct and operating expenses. As a result of these impacts, the Group profit for the period declined from Rs. 8.1 Bn to Rs. 4.5 Bn.

The net profit attributable to shareholders stood at Rs. 2.9 Bn for the year, however the financial year saw a decline in total equity attributable to equity holders. This reduction was primarily driven by the appreciation of the LKR vis-a-vis the USD, which adversely affected the valuation of the Group's overseas assets, which constitutes 44% of the total assets.

Aitken Spence Group continuously navigates the intricate investment landscape with the objective of discovering new opportunities to enhance returns to its shareholders. Its ongoing efforts include staying agile in response to global market dynamics, regulatory changes, and consumer preferences while ensuring a high-quality product offering. By maintaining a strategic focus on long-term shareholder value, the Group invests in innovation, sustainability, and brand equity and despite the economic volatility remains committed to delivering consistent returns to its shareholders.

Earnings

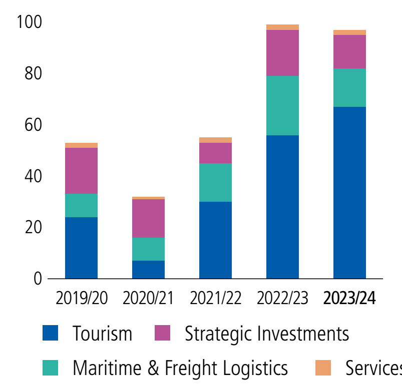


REVENUE

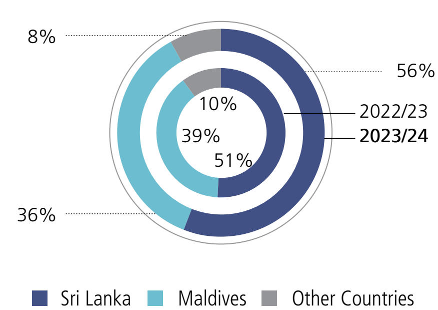
The Group revenue decreased marginally by 0.6% to Rs. 97.5 Bn. This is largely attributable to the appreciation of the LKR, affecting approximately 60%-70% of the Group's top line, and the decline in freight rates as global supply chains normalised post pandemic. The 20% revenue growth in the Tourism Sector offset the decline across the other three Sectors, which were affected by the appreciation of the LKR, lower freight rates, and a decline in demand for goods and services in European and US markets. The Tourism Sector revenue improved significantly due to the resurgence in tourist arrivals to Sri Lanka. The Tourism Sector accounted for 69% of the revenue received from external customers.

The Maritime & Freight Logistics Sector recorded healthy volumes, although this is not reflected in the revenue numbers due to the steep decline witnessed in freight rates, import restrictions, and the appreciation of the LKR. The Strategic Investments Sector saw revenue declines across all segments, with the most significant decline observed in the apparel manufacturing segment, which was an industry-wide phenomenon due to subdued demand for manufactured garments in the US and European markets. Revenue in the Services Sector declined marginally due to the performance of the money transfer segment being impacted by the volatility of the LKR despite the increase in transaction volumes recorded by the segment. This decline negated the strong growth recorded by the insurance, elevators, and property segments. Revenue from the Sri Lankan operations increased by 9% over the year, attributable to the enhanced performance of domestic hotels and destination management segments. In contrast, revenue from overseas operations experienced a decline, impacted by the appreciation of the LKR compared to the previous year, which resulted in lower conversion rates for foreign currency revenues.

Revenue
Rs. Bn

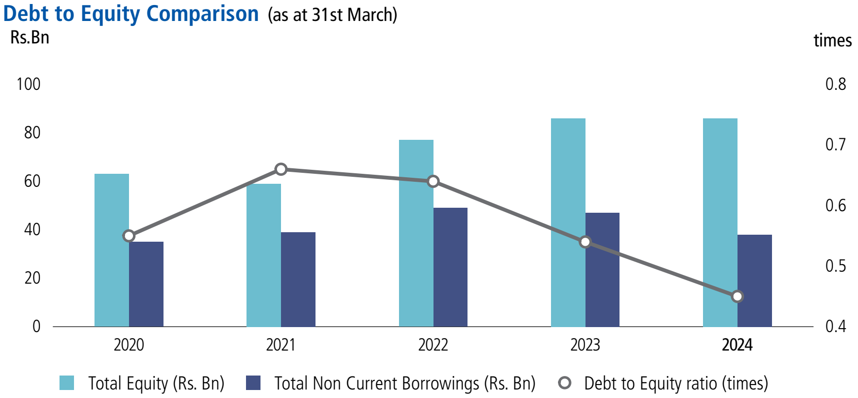


Geographical Analysis of Revenue
%

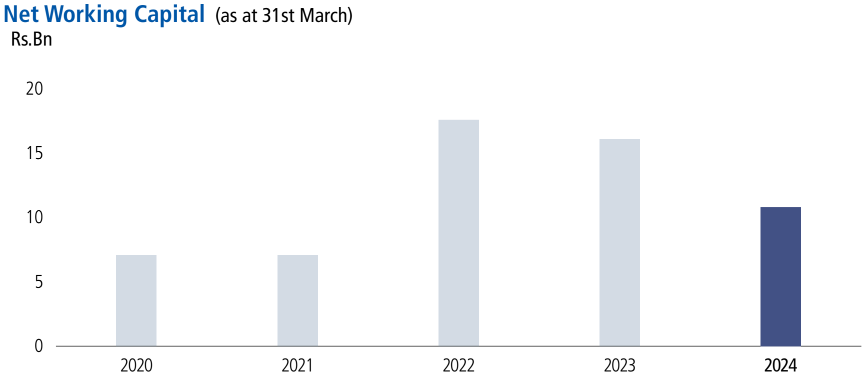


Stability

Debt to Equity Comparison (as at 31st March)



Net Working Capital (as at 31st March)



OPERATING EXPENSES

Operating expenses remained consistent year-over-year, with reductions in raw materials and consumables balancing the increases in other direct operating expenses. The decrease in raw materials and consumables stemmed from alternative arrangements for certain raw materials used in the operations of the Strategic Investments Sector which were a pass-through cost the previous year. The alternate arrangement during the year resulted in the customer directly bearing this cost. Meanwhile, increases in operating expenses were primarily driven by heightened operational activities within the Sri Lankan hotels and destination management segments. Further the steep increases in energy were a main catalyst towards the increase in operating costs recorded during the year. Conversely, there was a decline in other direct operating expenses in the apparel segment, attributable to lower volumes.

OPERATING PROFIT (EBIT)

Operating profit declined by 30% to Rs. 13.2 Bn as the improved profitability of the Tourism Sector was offset by decreases in profitability in the Maritime & Freight Logistics and Strategic Investments Sectors. The operating profit was also impacted by a foreign exchange loss of Rs 2.6 Bn recorded by the Group during the year, compared to a foreign exchange gain of Rs 1.9 Bn reported in the previous year. There was a decline of 8% in operating profits excluding the foreign exchange impact.

All sectors, except the Strategic Investments Sector, made positive contributions to operating profits. The Strategic Investments Sector recorded a loss of Rs. 258.3 Mn owing to the subdued performance of the apparel segment, which faced significant challenges due to the reduced demand in key markets.

The Tourism Sector was the largest contributor to operating profits with a share of 68%, while the Maritime & Freight Logistics Sector and the Services Sector contributed 27% and 5%, respectively.

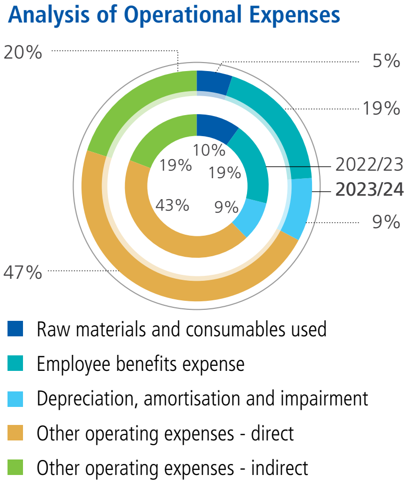
NET FINANCE COSTS

Finance income increased marginally while finance costs decreased by 9% to Rs.10.7 Bn as interest rates declined and the Group also reduced exposure to interest bearing liabilities. Both AWDR and AWPLR declined by over 1,000 basis points during the year under review. Interest cover decreased to 1.7 times due to the decline in profitability. The Tourism Sector accounts for 75%of the Group's long-term interest-bearing liabilities and accounted for 67% of the net finance cost. The Strategic Investments Sector accounted for a further 32% of the net finance cost as capital intensive power projects were funded through long-term borrowings.

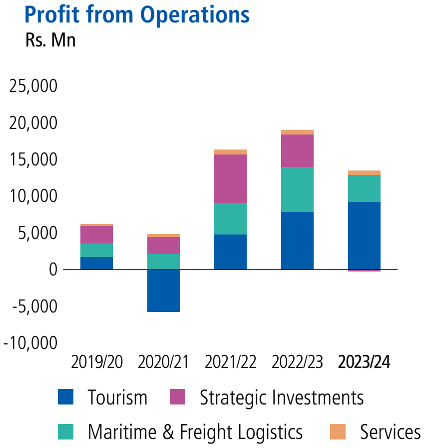
Extracts From Consolidated Statements of Financial Position

For the year ended 31st March	GROUP 2024 Rs. Mn	2023 Rs. Mn
Revenue	97,486	98,104
Revenue taxes	(1,237)	(1,115)
Net revenue	96,249	96,989
Other operating income	(2,307)	2,022
Operating expenses	(80,716)	(80,027)
Profit from operations	13,226	18,984
Finance income	2,909	2,884
Finance expenses	(10,728)	(11,737)
Net finance expense	(7,820)	(8,853)
Share of profit of equity-accounted investees	1,318	1,070
Profit before tax	6,725	11,201
Income tax expense	(2,273)	(3,125)
Profit for the period	4,452	8,076
Earnings per share (Rs.)	7.21	16.36

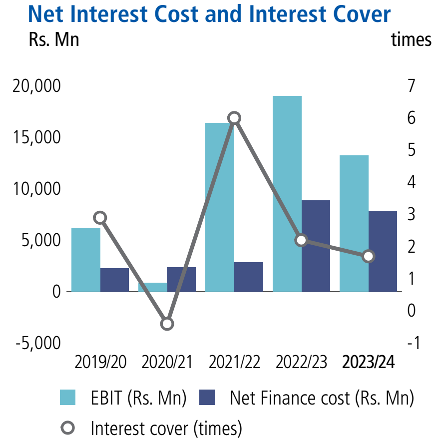
Analysis of Operational Expenses



Profit from Operations

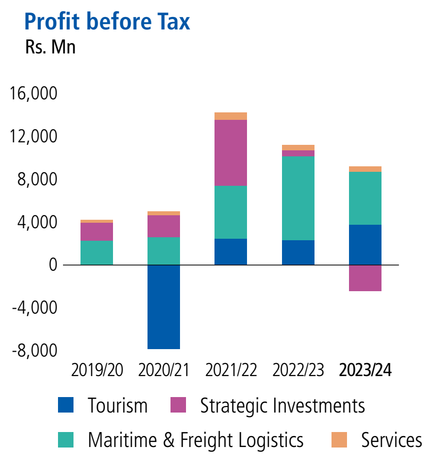


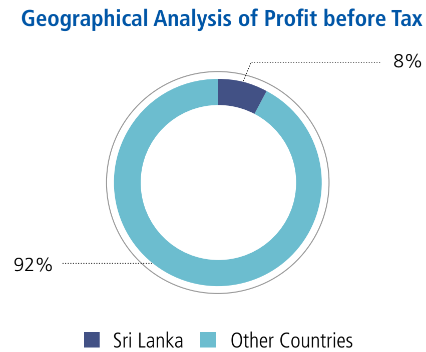
Net Interest Cost and Interest Cover



PROFIT BEFORE TAX (PBT)

Pre-tax profits declined by 40% to Rs.6.7 Bn with all Sectors contributing positively except for the Strategic Investments Sector. Equity accounted investees contributed Rs.1.3 Bn to profit before tax which was a 23% increase over the previous year. It is noteworthy that the Group made a recovery from the losses in the first two quarters to record a phenomenal fourth quarter, supported by increases in tourist arrivals, lower interest rates and a resurgence in economic activity. The geographical analysis of the profit before tax reflects the significant contribution made by the Group's overseas sector. During the year the overseas companies accounted for a contribution of 92% towards the current year's pre-tax profits compared to the 65% contribution made in the previous year.





TAXATION (GRI 207- 1, 2, 3)

The Group reported a tax expense for the year of Rs. 2.3 Bn, which is a 27% decline compared to the previous year (2022/23 – Rs. 3.1 Bn). The reduction in tax expense for the year is primarily attributable to the deferred tax income (reversal) recognised during the year of Rs. 215.7 Mn compared to deferred tax expense (charge) recorded in the prior year of Rs. 336.6 Mn.

The current tax expense for the year stood at Rs. 2.5 Bn compared to Rs. 2.8 Bn in the prior year. The Inland Revenue amending Act No. 45 of 2022, which is effective from 1st October 2022, significantly raised the tax rates from 14% to 30% for companies that previously benefited from concessional tax rates that were specifically available for priority sectors (tourism and exports). Although the full impact of the revised corporate tax rates introduced under the Inland Revenue amending Act No. 45 of 2022 was in effect for the current financial year under review, the decrease in the Group profitability resulted in a 10.8% reduction in current tax expense compared to previous year.

The current tax for the year includes withholding tax on dividends paid by subsidiaries on its taxable profits amounting to Rs. 220.7 Mn, compared to the previous year of Rs. 53.5 Mn. The increase in withholding tax on dividends is due to the 15% Advance Income Tax (AIT) introduced under Inland Revenue (Amendment) Act No. 45 of 2022 from 01st January 2023. Prior to the amending Act, the recipient company was subject to income tax on the dividends received and therefore the related expense is captured under tax on current year profits.

As a result of the above, the effective tax rate for the Group for the current financial year stood at 34% compared to 28% in 2022/23.

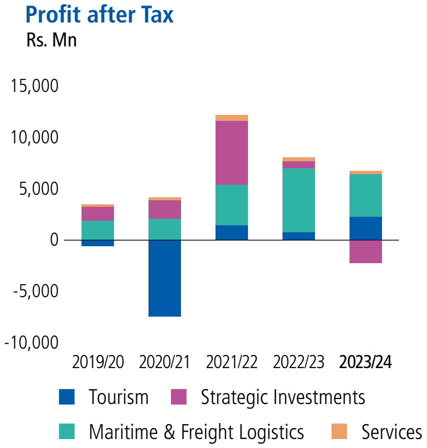
How we manage taxation

The Group is currently expanding its business operations in the region, and it is compulsory for the Group to adhere to the country specific laws and regulations related to direct & indirect taxes. To comply with the ever-evolving tax changes in each country the Group operates, it has established policies and compliance processes in each country to ensure the integrity, accuracy and timeliness of the tax information submitted and meeting the statutory deadlines for filing tax returns. The Group is working in tandem with the tax authorities of the respective countries to ensure compliance with laws and regulations and obtain clarifications on the implications of certain tax provisions to minimise the tax exposures of varying tax interpretations. The Group also engages with tax professionals of the local jurisdictions to obtain expert opinion on matters related to complex transactions to ensure proper compliance. Group provides adequate training both internally and externally, to its staff to be abreast with the tax law changes and to handle the tax compliance work smoothly.

PROFIT AFTER TAX (PAT)

Profit after tax declined by 45% to Rs. 4.5 Bn compared to Rs. 8.1 Bn in the previous year, as high interest rates in the first two quarters subdued performance in the Strategic Investments Sector, LKR appreciation, and high levels of costs weighed on performance. The Maritime & Freight Logistics Sector, accounting for 62% of the profit after tax, was the highest contributor to the Group's post-tax profit for the year. The Tourism Sector also provided a considerable boost by contributing 34% to the Group's profit. The Services Sector returned a share of 4% of the Group's profit after tax, while the returns from the Strategic Investments Sector were negative for the year.

Profit after Tax

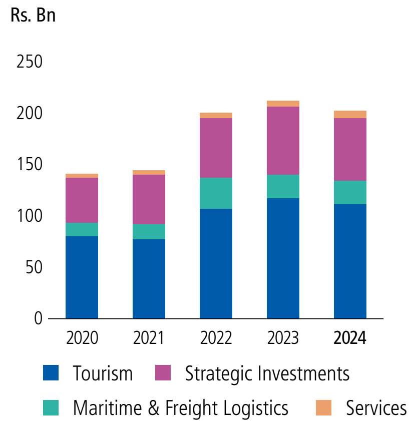


GROWTH

Total assets decreased by 6% to Rs. 201.2 Bn as at the end of the financial year. This reduction was primarily influenced by the appreciation of the LKR, as 44% of our Group's assets are based overseas and were thus converted at a lower exchange rate.

The Group remained vigilant in managing liquidity, working capital, and cost of borrowing during the year. The Group's current ratio remains healthy at 1.19, reflecting the effective management of working capital.

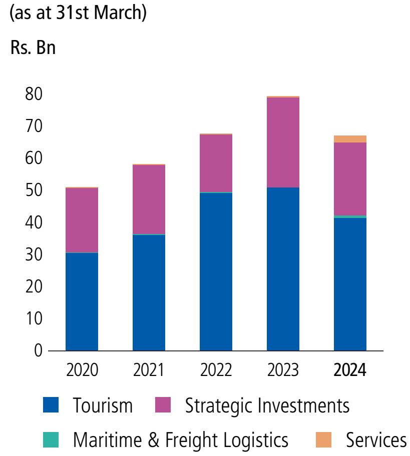
Total Assets (as at 31st March)



RESILIENCE

The equity portion of total assets inclusive of minority interests constituted 43%, with total non-current liabilities representing 29% of total assets. Notably, minority interest alone accounted for 6% of total assets. The Group achieved a notable decrease in its debt-to-equity ratio from 0.54 to 0.45 as a result of the repayment of long term debt and the settlement of short term borrowings aided by strong cash flows generated by the Tourism Sector and the settlement of outstanding receivables in the Strategic Investments Sector. Although there was a slight decline in both the current ratio and the quick asset ratio the Group successfully maintained a robust liquidity position throughout the year.

Long-term & Short-term Borrowings
(as at 31st March)



Net Foreign Currency Exposure as at 31st March 2024

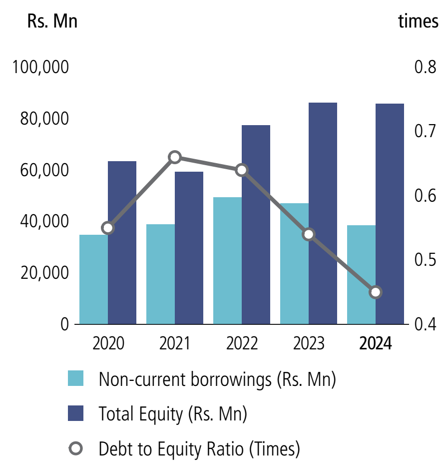
Assets/(Liabilities)

USD 89.8 Mn

EUR (27.3 Mn)

Additionally, the net exposure to foreign currency assets and liabilities at the balance sheet date has been reported demonstrating prudent management of net assets. This reflects the Group's careful approach to balancing its currency exposure and enhancing its financial stability.

Debt to Equity Comparison
(as at 31st March)



CASH FLOW

Net cash generated from operating activities saw a significant increase rising from Rs. 3.5 Bn to Rs. 11.9 Bn. This substantial growth is largely attributed to improvements in the Group's working capital, notably influenced by the Ceylon Electricity Board (CEB) settling its long standing dues to the power generation segment. The increase in business activity in the Tourism Sector during the fourth quarter resulted in higher trade payables. These factors improved the working capital position to a positive of Rs. 2.9 Bn enhancing the liquidity position and operational cash flow of the Group.

During the year, the Group actively invested in its infrastructure allocating Rs. 5.5 Bn towards the acquisition and upgrade

Extracts From Consolidated Statements of Financial Position

As at	GROUP 31.03.2024 Rs. Million	GROUP 31.03.2023 Rs. Million
Non-current assets	133,669	139,964
Property, plant and equipment	101,029	105,499
Right-of-use assets	16,364	19,137
Investments in equity-accounted investees	9,947	9,238
Current assets	67,418	74,204
Inventories	4,160	5,274
Trade and other receivables	19,854	21,244
Other current assets	25,375	27,073
Cash and short-term deposits	12,133	16,216
Assets classified as held for sale	169	169
Total assets	201,257	214,338
Equity attributable to shareholders	73,836	74,404
Non-controlling interests	11,884	11,812
Total equity	85,720	86,216
Non-current liabilities	58,959	69,969
Interest-bearing loans and borrowings	38,464	46,949
Lease liabilities	12,847	15,714
Current liabilities	56,578	58,153
Interest-bearing loans and borrowings	9,197	9,619
Lease liabilities	1,780	1,831
Trade and other payables	25,262	22,769
Bank overdrafts and other short-term borrowings	19,389	22,791
Total equity and liabilities	201,257	214,338
Net assets per share (Rs.)	181.86	183.26

of property, plant, and equipment. This investment is indicative of the Group's commitment to enhancing its operational capacity and efficiency. Furthermore, the Group reduced its financial obligations by settling Rs. 7.5 Bn of interest bearing loans and borrowings.

Despite these developments the cash and cash equivalents at the end of the year were a negative Rs. 7.3 Bn, marking a decline of Rs. 680.5 Mn compared to the previous year which is inclusive of Rs. 60.2 Mn impact due to exchange rate fluctuations. This decrease can be attributed to the substantial investments and debt repayments made during the year.

Managing the Group's Liquidity Profile

The elevated interest rate environment began to gradually normalise beginning from the second quarter of the financial year, and declined to single digit levels by the end of the fourth quarter helped by policy rate cuts executed the Central Bank of Sri Lanka (CBSL). The liquidity level of the LKR also improved considerably by the fourth quarter of the financial year. The Group continued its prudent management of liquidity by utilising the approved bank facilities to reduce interest costs and improve overall financial performance.

With the objective of minimising any future negative impacts resulting from new regulations reducing single borrower limits the Group negotiated several bank facility enhancements during the period under review. Additionally, the Group commenced exploring avenues for reducing its long-term interest costs through refinancing of some of the term loans by taking advantage of the lower interest rates.

Improvements in the receivable balances of the Group were recorded as a result of reduced payment delays from the power utility enhancing overall liquidity. The Group continued to focus on shortening the working capital cycle through prudent management of debtors.

Mitigating the Impact of Interest Rate and Forex Movements

The financial year began with an appreciation of the LKR vis-à-vis USD and throughout the year the exchange rate remained volatile. This introduced an element of uncertainty to the business environment as the Group's multitude of foreign exchange generating SBUs had difficulties in pricing their products and service offerings. The USD liquidity of the market improved considerably during the second and third quarter of the financial year and became normalised by the fourth quarter aided by increased foreign remittances and the tourism earnings. Although the CBSL relaxed some of the restrictions placed on foreign exchange transactions, many constraints introduced during the previous three years continue to remain making the business environment difficult for corporates. The LKR continued to appreciate during the fourth quarter resulting in an adverse translational impact in the financial statements of the Group as the majority of the consolidated revenue is foreign exchange denominated.

The Group strategically managed foreign currency liabilities to align with foreign currency assets, mitigating the effects of exchange rate fluctuations. In the fourth quarter the Group recommenced the utilisation of forward contracts as and when required to mitigate foreign exchange risks while taking advantage of the volatility of the exchange rate for making conversions at the most appropriate moment. The London Interbank Offered Rate (LIBOR) was discontinued during the period and the Group converted its foreign exchange denominated facilities to Secured Overnight Financing Rate (SOFR) linked facilities. The market expectation for the USD interest rate at present is dovish although a rapid decline is unlikely due to the persistent high inflation rate in the USA. The Group remains vigilant to market developments and is ready to capitalise on improvements to ensure continued gains to shareholders.

HUMAN CAPITAL

Our growth and performance are driven by a team of 13,281 enthusiastic Spensonians who create a competitive advantage across significant sectors of the economy. Our continued focus on people and strong employer brand help us retain our employees and attract new talent to support the Group's strategic imperatives. We remain committed to improving the competencies of our employees within a diverse, equitable, and inclusive culture and creating opportunities for progression. A retention rate of 76%, an average tenure of 9 years and an Employee Satisfaction score of 74% stand as testaments to the effectiveness of our efforts and prepare the Group for the future.

Improved Benefits

- Continued temporary crisis allowance
- Extended carried forward leave
- Enhanced professional membership reimbursement
- Provided a special financial grant for staff in partnership with "DEG Impulse gGmbH"

Diversity, Equity & Inclusion

Child/Elder Care

- Crèche facilities for children of Plantations staff
- Elders' home for retired Plantations staff
- Telemedicine facility for families of staff Group-wide

Employee Satisfaction

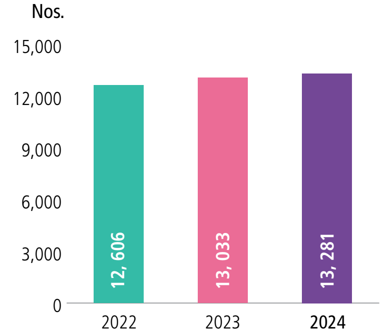
Employee satisfaction is a key metric that we intend to leverage in creating an engaged workforce within a performance-driven culture. Initiatives implemented to improve employee satisfaction in 2023/24 are:

- Continued remote/hybrid working
- Enhanced employee benefits
- Engagement, recreational and well-being initiatives

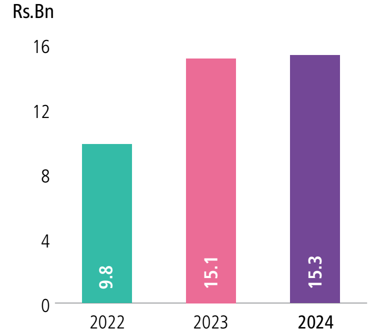
Employee Satisfaction Score
74%

Monitoring Progress

Team Strength



Remuneration



Parental Leave

- Maternity leave of 100 days
- Paternity leave of 5 days

Services

- Counselling services
- Special medical assistance for pregnant staff
- Special awareness sessions

Launched in 2023/24

- **'SpenceKids'**, a subsidised childcare facility for all staff
- **'SpenceInspire'**, a female mentorship programme
- **'SpenceAscend'**, a female leadership certification (mini-MBA)

Leadership Development

- 107 potential successors nurtured for 161 critical positions Group-wide
- Identified training needs for 82% of successors
- Focused development initiatives such as EDP, Spence LEAD and Spence ALPHA

Talent Development

Our commitment to developing people is affirmed by the resources dedicated to Learning & Development.

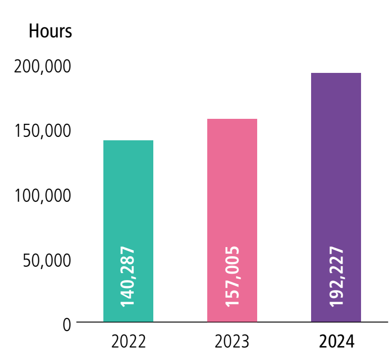
192,227 Training Hours

Rs. 18.6 Mn Training Investment

14 Average Training Hours per Employee

Training Participation

Training Hours

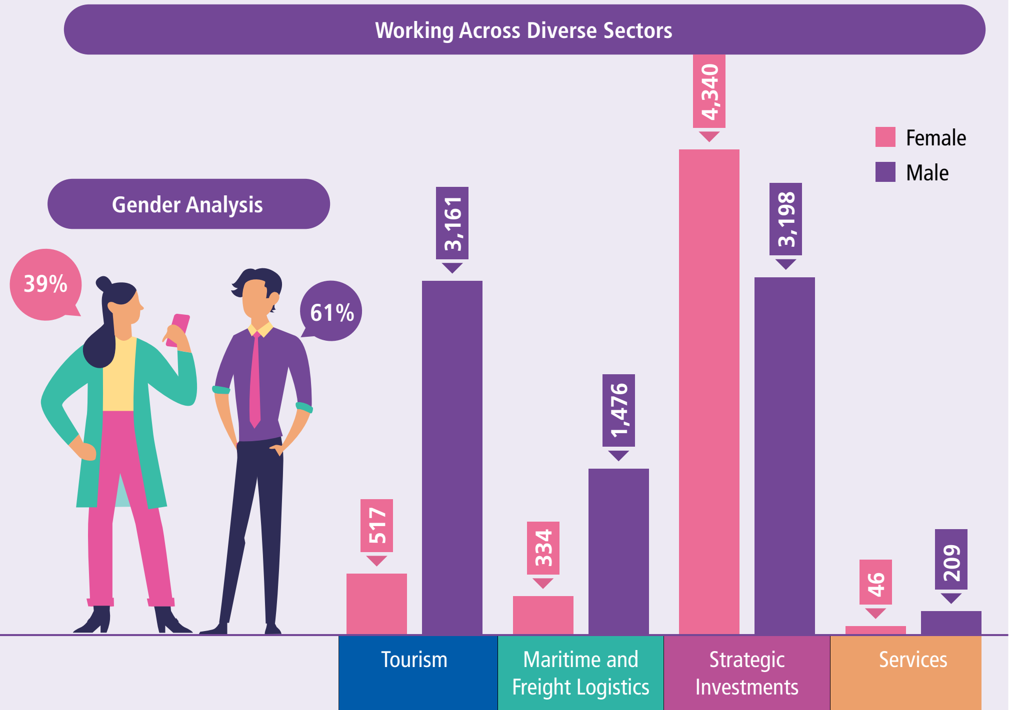


PEOPLE STRATEGY

Strategic Priorities	Key Achievements 2023/24	Focus for 2024/25
Enhance bench strength of leadership pipeline for critical positions	▪ Integrate the new talent philosophy to the Performance Management System (PMS) framework ▪ Devise an online succession planning/reviewing platform	▪ Institutionalise a talent council ▪ Ensure bi-annual revision of succession plan
Establish an objective based talent management eco-system	▪ Develop a robust Individual development planning process ▪ Review talent analytics & metrics in line with best practices	▪ Devise segment specific technical competencies
Attract best-in-class talent using a powerful Employee Value Proposition (EVP)	▪ Omnichannel employer / employee branding ▪ Establish strategic partnerships ▪ Relaunch Management Trainee programme ▪ Incorporate assessment tools	▪ Revamp the existing EVP
Enable Performance Management (PM) practices to support organisational transformation	▪ Launch an awareness campaign to develop a performance culture	▪ Design and implement a new PM architecture
Nurture a value-centric organisational culture	▪ Design a programme to recognise value-centric behaviour in support of cultural transformation	▪ Award, reward and appreciate employee champions
Focused talent retention for critical mass	▪ Identify critical mass via succession plan ▪ Review rewards & recognition schemes – Phase 01	▪ Evidence-based HR approach by leveraging predictive analytics ▪ Talent chats with senior leadership ▪ Review rewards & recognition schemes – Phase 02
Enhance employee experience throughout the employee lifecycle	▪ Share Voice of Spensonians (VoS) survey findings with Management Council/HoDs/HR Business Partners ▪ Share segment VoS survey action plans with Group HR ▪ Action key VoS survey findings ▪ Establish a structured stay interview process	▪ Action key VoS survey findings ▪ Develop persona-based employee engagement strategy
Commitment to Diversity, Equity & Inclusion (DE&I)	▪ Set Sector-wise targets for fair gender representation ▪ Facilitate awareness sessions ▪ Review policies to strengthen DE&I strategy	▪ Establish Employee Assistance Programmes (EAP) & DE&I networks
Develop competencies to drive innovation and digitalisation	▪ Spence Robo-Leap for digitalisation (Robotic Process Automation etc.) ▪ Training to promote innovation and a digital culture	▪ Conduct Hackathon and TechFest to recognise digital champions ▪ Organise SpenceInnova awards

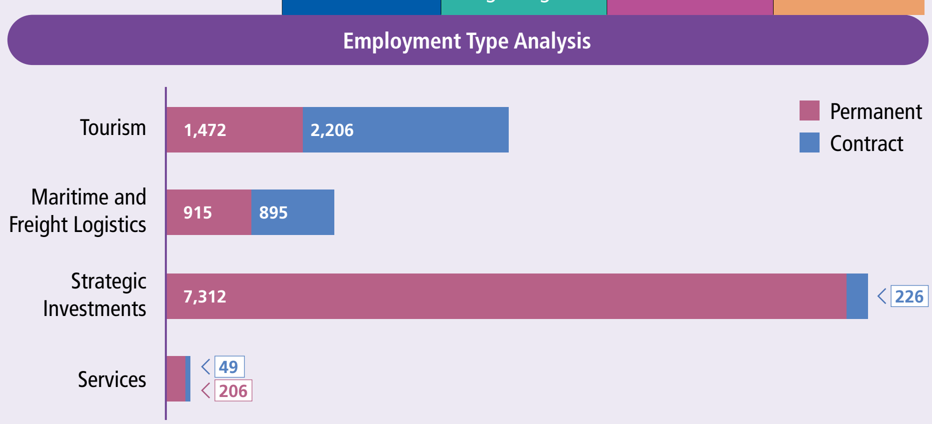
A DIVERSE TEAM (GRI 3-3, 2-7, 2-8, 405-1)

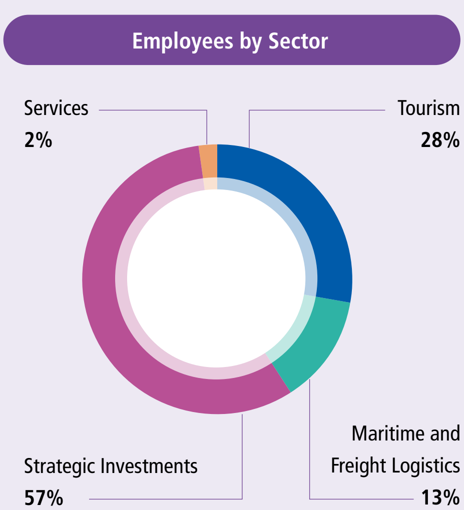
The Spensonian team is critical to our success as they are the pivotal component that differentiates the Group by upholding the high standards of service excellence, ethics and conduct that are a part of our heritage. The generational diversity of our team nurtures a unique culture that facilitates sharing experiences which serves to constantly enhance our tacit knowledge. The geographic footprint of the Group supports talent mobility across borders in addition to movement across Sectors and functions, minimising risks of layoffs and improving employability. All employees of the Group are full-time employees and there is no seasonal employment. The charts below provide a snapshot of our diverse team.

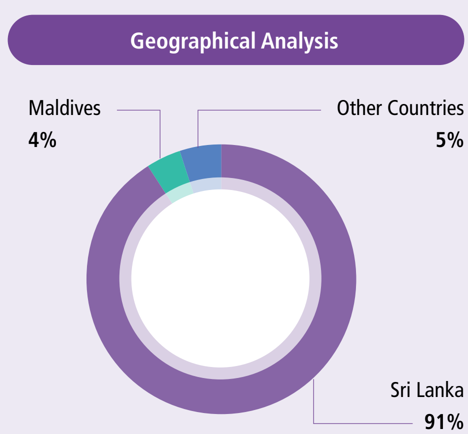


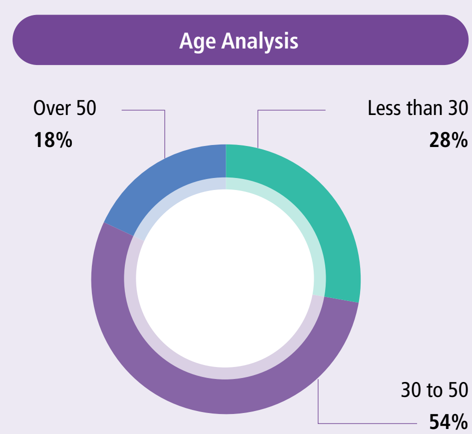
Spensonians

A team of skilled individuals who go the "extra mile and a half" to make a difference, united by Spensonian values.









HR GOVERNANCE (GRI 3-3)

HR plays an essential role in guiding the most critical asset of "human resource" in achieving the Group's strategic purpose and objectives. In doing so, HR is tasked with managing numerous facets including adherence to top management expectations, employee sentiments, labour regulations, and global best practices. In streamlining value creation, the Group has established a robust governance structure.

The Group CHRO represents employee interests in the Group Supervisory Board (upon invitation) and the Management Council. The People strategy is then cascaded to the Group HR division whose core functions are three-fold as set out below. The division collaborates with the HR Business Partners at segment level to drive initiatives seamlessly.

For more details on the HR governance structure, please refer the Corporate Governance Section of this Annual Report.

Group HR

- Talent Management & HR Transformation
- Aitken Spence School of Management (Learning & Development), Employee Engagement and Internal Communication
- HR Services Delivery, Operations and Compensation & Benefits

HR Business Partners at segment level

POLICY FRAMEWORK (GRI 406-1, 408-1, 409-1, 410-1)

The HR policy framework is regularly reviewed by Group HR in consultation with the GSB, updated to cater to socio-economic requirements and legal standards, communicated to all employees, and awareness assessed via the LMS (Tartan).

Introduced in 2023/24

- Performance Improvement & Individual Development Planning Policy
- Casual Friday Attire Guideline

Revised Policies

- Temporary Crisis Allowance Policy
- Reimbursement of professional membership & annual subscription
- Reimbursement of club membership
- Carried forward leave
- Official mobile phone

Policies Under Review

- Compensation & Benefits Policy
- Succession Planning Policy
- Gender Equity Policy
- Performance Management Policy
- Recruitment Policy
- Policies related to benefits

Key HR Policies

- Code of Ethics and Professional Conduct
- Anti-Bribery & Anti-Corruption Policy
- Group Whistleblowing Policy

For more details on these three policies, please refer the Corporate Governance Section of this Annual Report.

- Group Remote Working Policy
- Social Media Policy
- Corporate Gifts Policy
- Sexual Harassment Prevention Policy
- Integrated Sustainability Policy
- Parental Leave Policy
- Grievance Handling Policy
- Group Disciplinary Policy
- Diversity, Equity & Inclusion Policy

We are committed to establishing an inspiring workplace and fostering an inclusive culture that values dignity for all. Our policy framework mandates a zero-tolerance approach to sexual harassment, child labour, and forced labour, with stringent measures to uphold human rights. We enforce compliance with legal requirements, including the Factories Ordinance, Shop and Office Employees Act, and the Employment of Women, Young Persons, and Children Act, through policies and dedicated HR functions at Group, Sector and segment levels. No incidents of discrimination or non-compliance with labour laws were reported during the year.

KEY CHALLENGES IN 2023/24

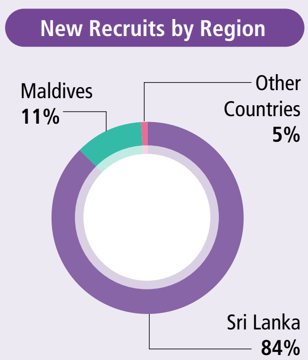
The past year posed ongoing challenges due to sustained pressure from a multitude of external factors. Employees faced constraints on their disposable incomes, primarily due to an increase in PAYE tax from the previous fiscal year. Additionally, persistently high inflation rates during the first quarter and a subsequent rise in VAT rates in the fourth quarter exacerbated the strain, contributing to escalating living costs. Additionally, concerns regarding the country's economy gave rise to employee migration in the aftermath of the crisis in 2022, a development that was witnessed across the country. While the Sri Lankan rupee appreciated during the year, the steep devaluation of the previous year continues to exert pressure on inflation and household budgets, diminishing the purchasing power. Although there are positive indicators of an economic recovery, migration plans remain on the minds of many.

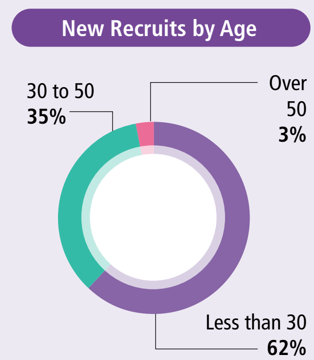
TALENT ATTRACTION (GRI 3: 401-1)

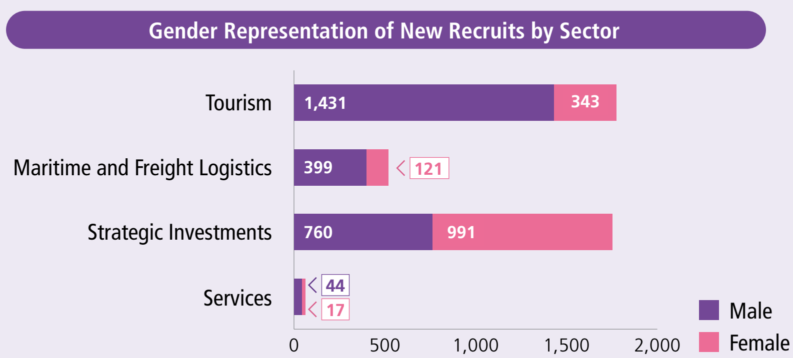
The Group hires based on merit i.e. how a candidate's knowledge, skills and attitude match the job, with due consideration towards the established DE&I goals to ensure fair gender representation. A strong employer brand nurtured over 150 years supports our efforts to engage with talent.

The Talent Acquisition process has improved in recent years, with the use of benchmarked selection tools such as psychometric assessments, sourcing channels such as LinkedIn and partnerships with educational/professional institutions. Additionally, digital platforms are used to enhance efficiency. Internal talent is prioritised when opportunities emerge to encourage career development, but we also look for external talent to bring in fresh perspective, depending on the role.

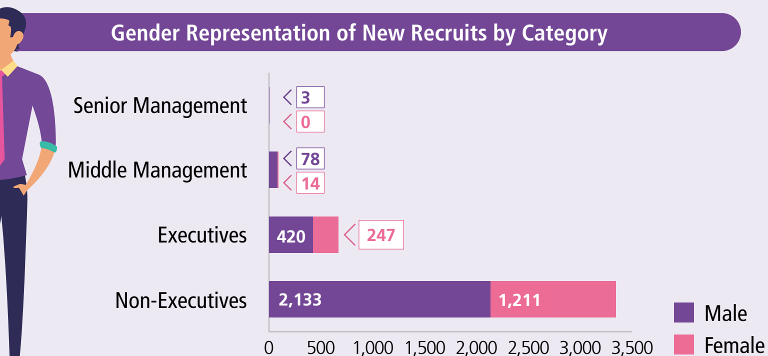
During the year we recruited 4,106 employees to our team and their profile is given below.







New Jobs Created	52
New Recruits	4,106
Staff Turnover	22%



The Group's induction programme 'Roots to Excellence' is held monthly for new recruits to support their transition/integration into the Spensonian team. The programme covers an introduction to the Group and its values, the Code of Ethics and Professional Conduct and many more pertinent topics.

The Group Management Trainee Programme was re-introduced as 'Elevate with Aitken Spence' with a rigorous social media campaign. Its aim is to create a young talent pool engaged in an accelerated journey of 15 months to take up leadership positions in the near future. The blended development curriculum includes exposure to multiple industries, especially curated project-based assignments, competency-based learning, coaching and mentorship.

EMPLOYEE VALUE PROPOSITION

A strong employee value proposition written into our purpose underpins our People strategy. Our purpose is to "Inspire to Create Great Futures for All" while we always aim to "Go the Extra Mile and a Half" and encourage diversity, equity and inclusion through the "Freedom to be me" agenda.

Engaged Team

- Productivity
- Innovation
- Satisfaction

Remuneration & Benefits

- Diverse Range
- Continuous Revision

Development

- Competency-Based Training
- Tailor-Made Learning
- Coaching
- Career Progression
- Performance Management

Mobility

- Overseas Exposure
- Lateral Movement (Sector/segment)

A Conducive Environment

- Health & Safety
- Industrial Relations
- Human Rights
- Diversity, Equity & Inclusion

Engaging Our Employees

Employee engagement and internal communication played a key role in the Group HR agenda by enhancing employee experience, keeping Spensonians abreast of business developments and keeping a finger on the pulse of our people.

Motivation

- Avurudu/Vesak/ Christmas Celebrations
- Chillax Evenings
- Bowling
- Carrom
- Quizzes
- Karaoke
- Comic Strips
- Photography Club
- Commemorative Days

Recognition

- SpenceInnova
- Service Awards
- Spensonian Achievements
- Social Media Challenges

Inspiration

- Daily Reflections
- Guest Speeches
- Weekly #WellnessWednesdays
- Weekly #FridayReads

Visibility

- International Women's Day
- Competitions
- Mercantile Basketball/Swimming/ Cricket

Flagship HR Initiatives

- 7S & LEAN Productivity Competition
- SpenceInnova
- Voice of Spensonians: Employee Satisfaction Survey

7S & LEAN Productivity Competition

The Group 7S & LEAN Productivity Competition recognises teams for exemplary implementation of productivity standards in our operations. The competition which was put on hold during lockdowns resumed in 2023. The flagship Group productivity competition kicked off its 13th edition with nearly 60 entities representing all Sectors in Sri Lanka and the Maldives. The competition has been a driving force in maintaining and uplifting workplace organisation and safety standards across the Group since it was launched in 2002. Lean Six Sigma and Ergonomics were pertinent additions to this year's competition framework.

SpenceInnova

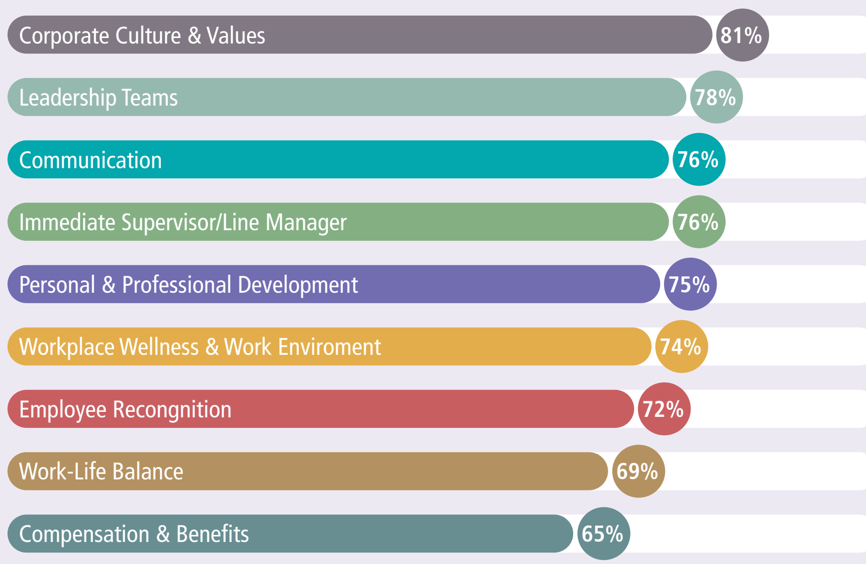
This initiative is a pivotal effort in the Group's business transformation journey. As an organic evolution of our SpenceLab which recognised innovative ideas, SpenceInnova was introduced to spotlight individuals/teams who implement innovative plans for products/services, processes, and/or new ventures. We received 62 plans from Spensonians across the Group, conducted progress review panel discussions, and look forward to organising the selection and awards ceremony soon.

Voice of Spensonians: Employee Satisfaction Survey

The first ever Group-wide Employee Satisfaction survey titled 'Voice of Spensonians (VoS)' was concluded in 2023 (excluding Estate Associates in the Plantations segment and Non-Executives in our overseas hotels only). The survey was conducted anonymously with strict systems and processes in place to ensure the confidentiality of the information shared by the employees.

Survey feedback was presented by the Group HR team and discussed in detail with the respective segment Heads and Top Management teams. Segments have devised comprehensive action plans to address the concerns and suggestions raised via the survey and are in the process of execution.

Core Topic Results



Summary

Nearly **5,000** Group Respondents

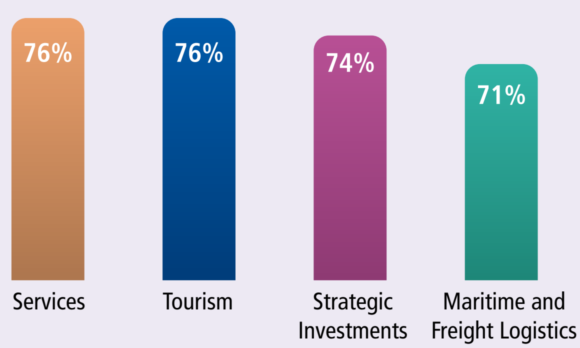
81% Group Response Rate

74% Group Satisfaction Score

77% Group Executive Satisfaction Score

72% Group Non-Executive Satisfaction Score

Sector Findings



REMUNERATION & BENEFITS (GRI 201-3, 401-2)

The Group upholds a comprehensive total rewards philosophy, blending monetary and non-monetary incentives. Employee compensation consists of both fixed and performance-based components. Throughout the year, employee compensation and benefits underwent regular scrutiny due to escalating inflation, which elevated the living expenses for all staff members.

Benefits at beginning of year

- Reimbursement of outdoor medical expenses
- Indoor health insurance
- Critical illness cover of 1 Mn per event for all Spensonians
- Financial assistance for educational pursuits
- Enhanced parental leave (100 days - Maternity Leave & 5 days - Paternity Leave)
- Free holiday vouchers at Aitken Spence Hotels
- Holiday bungalows for executives
- Telemedicine facility
- Subsidised childcare facility for all staff
- Crèche facility for Plantation workers
- Annual subscriptions for professional memberships
- Club memberships
- Aitken Spence Sports and Welfare Society
- Housing loans at concessionary rates
- Awareness programmes by medical professionals
- Transport facilities/travel reimbursements
- Subsidised meals in select segments

Relief measures for economic crisis

- Temporary crisis allowance
- Special financial grant in partnership with "DEG Impulse gGmbH"
- Meals for workers in selected categories
- Adjusted fuel allowance

Increase in other benefits

- Increased value of holiday vouchers
- Enhanced professional membership reimbursement
- Extended validity of carried forward leave

DEVELOPING OUR TEAM (GRI 404-1, 404-2, 404-3)

Developing our team is a key priority to ensure that all Spensonians are equipped with the required skills, knowledge, attitude and behaviours to contribute significantly towards the achievement of Group goals. We also aim to unlock their potential, creating talent pipelines for the Group's needs while also creating opportunities for career progression. All executives within the Group receive performance appraisals. A majority of technical training requirements are addressed at segment level. For example, a dedicated Learning & Development team at Aitken Spence Hotels with expertise/specialised knowledge on hotel operations spearheads Learning & Development for the segment; the Plantations segment trains estate associates; and the Apparel segment trains sewing machine operators.

Further, the Group has established special entities to support youth employment in relevant fields such as Aitken Spence Institute of Hotel Management for the hospitality trade and the elevators segment in collaboration with CINEC Campus has developed a NVQ Level 6 programme to train on elevator maintenance.

Learning and development is centrally coordinated by Group HR and delivered through the Aitken Spence School of Management (ASSM).

ASSM COMPETENCY - BASED TALENT DEVELOPMENT MODEL

OBJECTIVES

Facilitating People Development	Supporting the Leadership	Creating a Supportive Learning Culture
Flexible, relevant learning opportunities for all employees	Facilitating management & leadership development programmes	Structures and cultures that facilitate learning

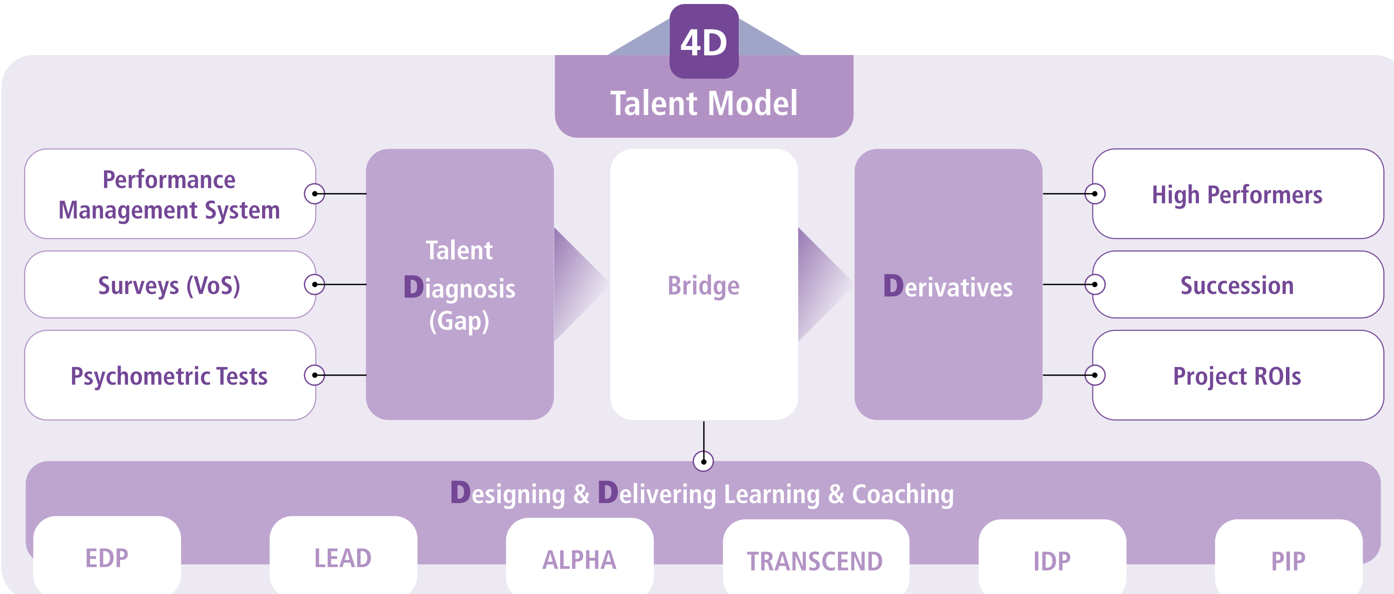
TALENT DEVELOPMENT MODEL

Individual Development	Managerial Development	Organisational / Transformational Development	Professional Development
These programmes are primarily focused on the development of various competencies of individuals, which in return, will enhance their soft and behavioral skills to perform the job role effectively and to grow professionally	These programmes will enable the participants to understand the various aspects of leadership, management and will provide tools and insights to think strategically	The focus of these programmes is to inculcate knowledge and competencies that are vital to understand the organisation and its culture in order to bring about organisational/ transformational development	These programmes will support the continuous learning process of employees and will enable them to face career development challenges

SERVICES

- Training Needs Analysis
- Customised Training
- Soft Skills Training Programmes
- e-learning Solutions via 'Tartan' & LinkedIn
- Individual/Performance Development Plans
- Overseas Training Facilitation
- Special Learning Advisory Services
- Executive Coaching
- Facilitate Programmes by Corporate Training Partners (e.g. CIMA)
- Management Information on Learning & Development Activities

ASSM placed special emphasis on multi-channel training needs identification to ensure tailor-made learning solutions encompassing both performance and potential dimensions and connected to the Aitken Spence Behavioural Competency (ABC) framework. Therefore, we have introduced the 4D model: **Diagnose**, **Design**, **Deliver**, and **Derive**.



INITIATIVES IMPLEMENTED DURING 2023/24

In addition to the "business as usual" L&D interventions, ASSM focused on special initiatives to facilitate the Group's transformation trajectory, Succession Plan, digital aspirations and LEAN-enabled productivity. In this venture, 'Transcend Nexus' was a novel curriculum organised introducing 4 programmes covering critical competencies: Spence LEAP 360°, Strategic Communication for Leaders, ROBOLEAP, Speechcraft and SpenceGuru. A training evaluation form is administered immediately after a programme to assess overall effectiveness.

Spence LEAD (Leadership Excellence & Accelerated Development)

This comprehensive initiative aimed at providing strategic insights and coaching was conducted for all GMs and DGMs across the Group covering 110 employees. It was designed to be delivered in 2 phases. The 1st phase incorporated multiple talent diagnostics such as 360° reviews, psychometric evaluations, virtual development centres, and individual performance development discussions. The 2nd phase included a series of 6 full-day learning interventions connected to our ABCs.

ROBOLEAP

Engage employees on 4 platforms: Power BI, Power Apps, Robotics, and AI to accelerate the development of tech enthusiasts within the Group, particularly self-learners.

Speechcraft

Enhancing business communication capabilities and confidence of junior Spensonians to support self-motivated individuals.

Spence LEAP 360° (Leadership, Entrepreneurship, Agility, Performance, & 360° Innovation)

A holistic development programme incorporating a personality assessment and engaging modules on leadership, self-development, project management and LEAN projects, crafted to transform participants into effective people leaders.

LEAN Transformation

Guiding productivity champions across our Sectors through a comprehensive awareness session while the concept was embedded in our ASSM curriculum including flagship projects such as Spence LEAP 360° etc.

Strategic Communication for Leaders

Equipping Managers and Assistant General Managers with the skills to confidently and assertively lead discussions at business forums and connect impactfully in professional settings.

SpenceGuru

Launched to develop an internal resource pool assisting ASSM with Group-wide L&D initiatives.

A CONDUCIVE ENVIRONMENT FOR ALL EMPLOYEES

(GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-8, 403-9)

Health & Safety

Health and safety of our employees and all stakeholders across the Group is a central component of our HR and sustainability strategies. Towards this, standard procedures have been implemented at our business segments using the Hazard Identification, Risk Assessment, and Control model (HIRAC), structured around the Must Do (essential action), Should Do (expected where relevant), and Can Do (exemplary or optional) guidance framework of the Group's sustainability strategy. Accordingly, segments with more stringent occupational health & safety (OHS) priorities have implemented diverse management systems to ensure a safe and healthy working environment for all stakeholders.

To maintain these procedures and management systems, the Group has a network of almost 500 trained Spensonians taking on diverse responsibilities for OHS. To ensure the effectiveness of our controls, our teams are provided training and education in the required skills. Further, these teams conduct regular briefings, inspections and engage external parties for additional controls where required.

Policy Statement

Aitken Spence is committed to use occupational health and safety management systems to ensure a safe and healthy working environment for all stakeholders. (Commitment N, Integrated Sustainability Policy of Aitken Spence PLC)

Objective

Provide a safe, inclusive working environment for all employees and external stakeholders with zero accidents.

Strategy

- Basic approach of 'Hazard Identification, Risk Assessment and Control' adopted in all operations
- Segments with higher OHS risks seek higher benchmarks through certified management systems.
- SOPs and management in place across the Group with segmental OHS teams taking on diverse responsibilities to ensure a safe and healthy workplace for all employees

Certifications for OHS

ISO 45001:2018 for Occupational Health & Safety

Tourism Sector

Aitken Spence Travels (Pvt) Ltd

Maritime, Freight & Logistics Sector

- Logilink (Pvt) Ltd
- Ace Distriparks (Pvt) Ltd
- Ace Containers (Pvt) Ltd
- Hapag-Lloyd Lanka (Pvt) Ltd

Strategic Investments Sector

Aitken Spence Printing and Packaging (Pvt) Ltd (within the integrated management system certification)

Services Sector

Aitken Spence Elevators (Pvt) Ltd

In addition to ISO 45001, the Group's business segments maintain 49 certifications or verified benchmarks aligned with Travelife, Rainforest Alliance certification, Forestry Stewardship Council certification, Worldwide Responsible Accredited Production, Higg Index and Sedex, all of which integrated OHS, labour standards and overall wellness for all stakeholders.

Our Employee Safety Record 2021/22

(GRI 5: 403-3, 403-5, 403-6, 403-9)

	Tourism	Maritime & Freight Logistics	Strategic Investments	Services	Total
Workplace related accidents	54	94	192	0	**340**
Workplace related fatalities	0	0	0	0	**0**
No. of lost workdays due to workplace related injuries	63	278	214	0	**555**

Trainings conducted on OHS

4,552 hours

1,391 employees

Initiatives implemented in 2023/24

The property development segment worked to strengthen the OHS procedures at Aitken Spence Towers by implementing a management system aligned with ISO 45001:2018 and on-site inspections have been carried out by external experts. The team hopes to obtain certification for this system in 2024/2025.

INDUSTRIAL RELATIONS (GRI 2-30, 402-1, 407-1)

The Group continues to uphold our employees' rights to freedom of speech, expression, and association. More than 30% of the Group's employees are members of Trade Unions and are covered by collective agreements; a majority of them are from the Plantations segment. Besides Trade Unions, our employees in the Apparel segment participate in Worker Councils/ Joint Consultative Committees (JCC). We organise regular conversations with Trade Unions and employee representatives as it helps us to engage and deal with the issues and concerns of our more vulnerable employees. Formal methods are used to communicate with the 20 Trade Unions across the Group regularly. Friendly relations were maintained with Trade Unions during the year. A minimum notice period of 4 weeks to employees is given before making any significant operational change that would affect them significantly.

Tourism 6%

Maritime & Freight Logistics 5%

Strategic Investments 89%

Services 0%

HUMAN RIGHTS (GRI 3-3, 414-1)

As signatories to the UN Global Compact (UNGC), aligned with the "Respect and Remedy" pillars of the United Nations Guiding Principles on Business and Human Rights, Aitken Spence is committed to ensuring that all employees are aware of their rights and have equal access to remedial mechanisms in case of any violations of rights. Our HR Business Partners and their teams numbering a total of 123 serve as the focal points in this process and ensure that our employees can access our grievance handling procedures, which are designed to ensure fairness and confidentiality. Additionally, our open-door culture permits employees to escalate issues directly to the Managing Directors/CEOs ensuring resolution.

To give an example of our efforts to strengthen the awareness of human rights among our employees and key stakeholders, we provide routine briefings to our security personnel as they are the first points of contact for all stakeholders who enter our premises. We also participated in the first accelerator programme of the UNGC for Business and Human Rights in Sri Lanka and currently lead the Working Group of the UNGC for Business and Human Rights where pertinent topics are discussed with industry peers to find solutions collectively. We are also part of the Supply Chain Working Group of the UNGC where we see to strengthen our efforts to cascade the Group's environmental and social governance benchmarks across the supply chain. During the year, 559 suppliers have been screened in total. In 2023-2024, we formed a formal committee for Supply Chain Control where we will be working with the respective heads of operations to streamline our efforts for ethical conduct within our supply chains.

(GRI 2-26)

Grievance Handling & Whistleblowing Procedures of the Group

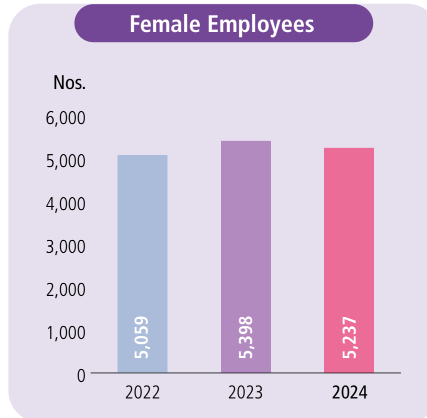
Aitken Spence has an established Grievance Handling Policy to ensure that legitimate work-related complaints are brought to light, discussed and resolved to the satisfaction of all parties concerned. It comprises a comprehensive procedure to be followed by an individual employee or group of employees. An employee can approach either the Immediate Supervisor, Head of Department, Managing Director or GSB-appointed Grievance Committee (including the Group CHRO) in a step-by step manner depending on the nature of the grievance.

For details on the Whistleblowing Policy, please refer the Corporate Governance Section of this Annual Report.

GRI Standard	The Performance Indicator	Response for 2022/23	Response for 2023/24
(None)	Harassment related grievances reported	None	01
(None)	Harassment related grievances resolved	None	01
GRI 412-1	Total number of **grievances** filed through formal grievance mechanisms during the reporting period	03	03
GRI 205-3	Total number and nature of **confirmed incidents of corruption and action taken**	None	None
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None	None
GRI 406-1	Total number of **incidents of discrimination and corrective action** taken	None	None
GRI 411-1	Incidents of violations involving **rights of indigenous peoples**	None	None

GENDER REPORT

Sri Lanka's female labour force participation rate has declined from 36.6% in 2017 to 32% in 2023 and a concerted effort is required to move this rate which is one of the lowest in Asia. Accordingly, Aitken Spence Group has set in place mechanisms to increase fair gender representation across the Group. The Group was among the first entities in the world to endorse the 7 United Nations Women's Empowerment Principles. We were part of the UNGC's Target Gender Equality programme for the third time, reiterating our commitment to expand our capacity to work on achieving gender parity at work. Also, Aitken Spence has set in place a focused Diversity, Equity & Inclusion (DE&I) agenda themed 'Freedom to be me'. We will also unveil a Gender Equity Policy next year.



The Voice of Spensonians Survey

Female Satisfaction Score

74%

Male Satisfaction Score

74%

*Female & male employees equally highly satisfied

Female Executive Attrition

36% — 2022/23

31% — 2023/24

*Significant reduction in female executives leaving the Group in Sri Lanka

100%

of female employees returned to work after availing 100 days of maternity leave

83%

of female employees who returned to work after availing maternity leave remained with the Group after 1-year's time

Fair gender representation is reflected at the leadership level of Group Supervisory Board (50% females) and Ms. Stasshani Jayawardena was appointed as Joint Deputy Chairperson and Joint Managing Director of the Group during the year.

As part of the #SpenceWomenAtWork focus from 2022-2024, the Group introduced Parental leave and formed segment DE&I Committees the previous year. This year, the following initiatives were launched:

SpenceKids

A subsidised childcare facility for Spensonian parents to leverage, particularly mothers, to pursue their professional and personal aspirations while promoting work-life balance.

SpenceInspire

A mentorship programme aimed at partnering junior female employees with female employees holding senior management positions, thereby providing the opportunity to leverage a treasure trove of experience.

SpenceAscend

A focused talent intervention aimed at upskilling and transcending high potential female employees to take up leadership roles in the future.

Inspiring Inclusion on International Women's Day

This International Women's Day, we strived to further empower our women at work via a robust celebration with a Spensonian debate on "A woman's career destiny lies within her own hands", a guest speech on how to "Inspire Her Inclusion", pledges by employees, social media challenges, inspirational stories and much more.

SEXUAL HARASSMENT PREVENTION POLICY

Aitken Spence has an established "Sexual Harassment Prevention Policy" to ensure its commitment to address and prevent workplace sexual harassments, which is applicable to all employees of the Group.

Aitken Spence is committed to providing a safe environment for all its employees free from discrimination on any ground and from harassment at work including sexual harassment. The Group will operate a zero-tolerance policy for any form of sexual harassment in the workplace and will promptly investigate all reported incidents/complaints of sexual harassment. Any person found to have sexually harassed another will face disciplinary action, up to and including dismissal from employment. All complaints of sexual harassment will be treated with respect and in confidence. No one will be victimised for making such a complaint. However, employees are cautioned that such reports/complaints should be made in good faith and without malice.

Excerpt from the
Group Sexual Harassment Prevention Policy

Scan the QR code for more insight into parental leave data and other details (GRI 401-1, 401-3).

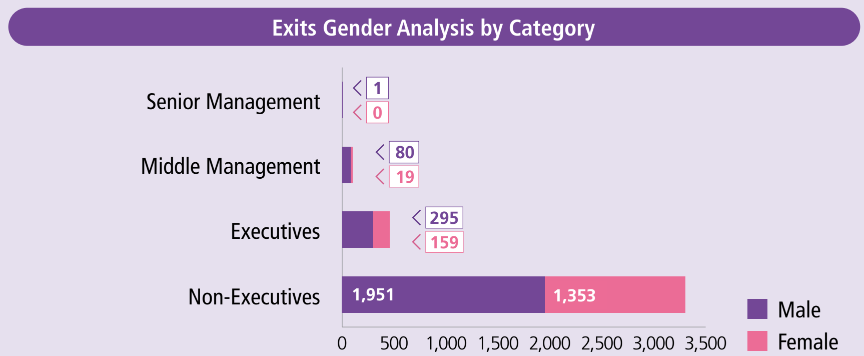
RESPONSIBLE BRAND

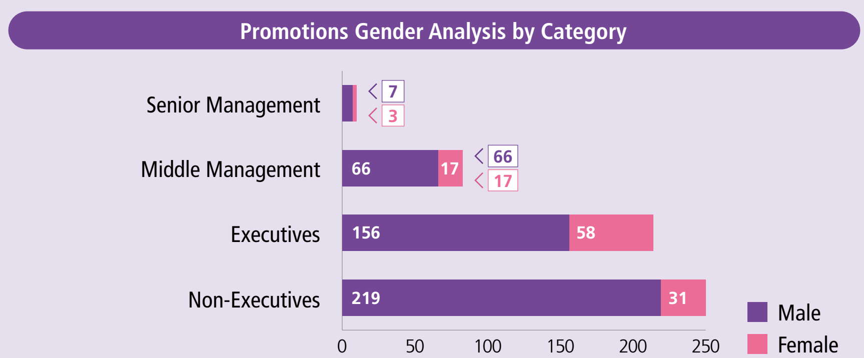
Evaluation of Gender Bias in Advertising and Communications

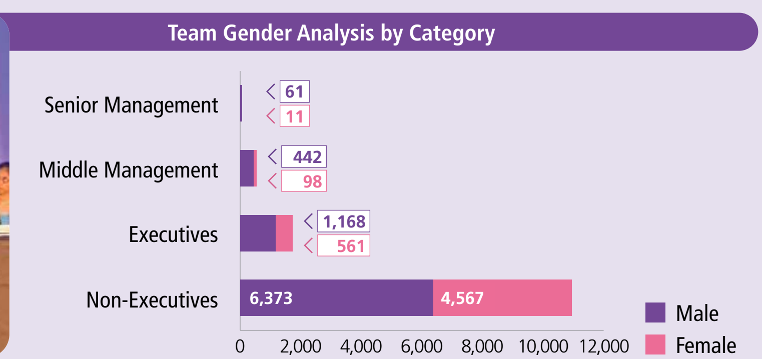
We are conscious of our responsibility to be objective and inclusive and make a concerted effort to avoid depicting attitudes that are discriminatory or offensive to a gender in the Group's marketing, advertising and other communications.

GENDER PAY GAP (GRI 405-2)

Employee Category	Gender Pay Gap 2024 (Ratio of male to female pay) in Sri Lanka
Non-Executives	1 : 0.87
Executive	1 : 0.82
Middle Management	1 : 1.01
Senior Management	1 : 0.98







Aitken Spence Toastmasters Club, installation ceremony of the 2023 - 2024 Ex-Co

25 Years of Service Awards

Spence ALPHA Graduation

Photography Competition & Exhibition

Mercantile Swimming

Quiz Night

LEAN Transformation

Karaoke Night

Carrom Tournament

Chillax Evenings

INTELLECTUAL CAPITAL

Our intellectual capital comprising of renowned brands, tacit knowledge and robust systems and processes have been instrumental in driving the Group forward in an increasingly competitive operating environment. We therefore continue to strategically invest in research and skills development, inculcate a culture of innovation and entrepreneurship, and adapt digital transformation to enhance our intellectual capital.

Quality Focus

Product and process certification is a key element of our quest for exceptional quality, and we continue to invest resources to strictly adhere to global standards of excellence.

45

certified management systems out of 60 systems in total.

Digitising our Processes

The Group is on a steady journey of digital transformation across all its sectors to enhance scalability of operations, drive agility and boost organisational resilience.

21 process improvements carried out in financial year 2023/2024

Tracking Progress: Innovation, Digital Enhancements, Business Growth, and Awards

21 Process innovations	**Top 3** Most Awarded Entities ranking in the Diversified category - LMD	**32** New product & service offerings
06 New business ventures	**16** Innovative plans	**Rs. 964.6 Mn** Total investment in digital infrastructure

Product/ Service Innovations

Tourism Sector

Aitken Spence Travels

was the 1st DMC to implement Chinese currency transactions through Union pay.

Only DMC company to offer oDoc doctor channelling and consultation services to all clients visiting Sri Lanka.

Driving Innovation

Ongoing training and recognition programmes were conducted as part of our ongoing efforts to foster a culture of innovation.

SpenceInnova was introduced to spotlight the Spensonian individuals/ teams who go the extra mile and implement innovative plans

Spence Robo-Leap for digitalisation that focuses on Robotic Process Automation

The Group 7S Competition recognises teams for exemplary implementation of productivity standards in our operations

Staying ahead of the Competition

Maritime & Freight Logistics Sector

Aitken Spence Freight

launched 'Spence Viz', an innovative Customs House Brokerage (CHA) online portal system for the first time in Sri Lanka which gives clients increased visibility online in real time with regard to shipments clearance and delivery for smooth operations and updates.

Strategic Investments Sector

Aitken Spence Plantations

introduced the Biochar project 'Fix to Fix it' - a holistic approach in environmental sustainability that is focused on improvement of soil carbon and carbon sequestration to reduce GHG emissions. The project was recognised at the Best Corporate Citizen Sustainability Awards.

Services Sector

Aitken Spence Elevators

has moved onto the next phase of its enhanced CRM system that enables improved communication with customers, streamlined processes and efficient contract management.

INNOVATION STRATEGY

Strategic Priorities	Key Achievements 2023/2024	Priorities for 2024/2025
Digital transformation of business activities	▪ Ongoing roll-out of Robotic Process Automation across 4 segments ▪ 8 system upgrades	▪ Enhance the digital landscape to optimise asset utilisation and customer value creation using intelligent automation
Fostering a culture of innovation	▪ Over 190,000 hours of training hours provided ▪ Employees recognised through programmes such as SpenceInnova and submissions for Spence Robo-Leap	▪ Foster an innovative learning organisation through continuous improvement and leadership development using trending technologies including artificial intelligence (AI) and machine leaning (ML)
Investments in management system certifications	▪ The Group maintains almost 200 management systems, with more than 70 of them being certified	▪ Assist supply chain in obtaining industry specific certifications through capacity building and connecting them with the relevant stakeholders to grow their business and improve standards
Strengthen strategic partnerships	▪ Closer engagement with existing partners and entered into several new partnerships to drive greater synergies	▪ Strengthen existing partnerships and cultivate new relationships to drive growth ▪ Explore new markets through strategic alliances and leverage synergies within the Group to expand
Intellectual property protection	▪ Intellectual assets were protected with suitable legal measures: Compliance with intellectual property laws was maintained, and regular reviews were conducted	▪ Enhance legal protections for intellectual assets, strengthen compliance, update strategies, and intensify employee training to safeguard against emerging digital challenges

BRANDS

Our brand portfolio comprises of names that continue to drive our market leadership position across the sectors we operate in

Tourism

Aitken Spence Hotels · Heritance Hotels & Resorts · Adaaran Maldives · turyaa · Aitken Spence Travels · Aitken Spence Aviation · Royal Spence Aviation

Maritime & Freight Logistics

Aitken Spence Maritime · Aitken Spence Logistics · Aitken Spence Freight · Aitken Spence Express

Strategic Investments

Aitken Spence Printing · Aitken Spence Apparel · Aitken Spence Power · Aitken Spence Plantations · Berry Much · tropifrut · Harrow Ceylon Choice · Harrow House · Aitken Spence International

Services

Aitken Spence Elevators · Aitken Spence Insurance · Aitken Spence Property · MMBL Money Master · Port City BPO

CERTIFICATIONS

At Aitken Spence, we uphold stringent management practices across our operations by maintaining over 180 management systems that align with international standards and global best practices. These systems are integral to our robust approach in managing environmental impacts, occupational health and safety (OHS), quality control, product responsibility, and social sustainability.

Detailed information on the certifications for each of the segments is provided in the Management Discussion and Analysis section.

AWARDS

The Group remains a distinguished recipient of numerous awards and accolades, which underscore our steadfast commitment to excellence across all operational facets. These accolades not only highlight our unwavering dedication but also affirm our leadership status within each of the industry segments we operate. The array of prestigious awards received over the past year serves as a testament to our superior performance and innovative strategies.

The key awards received by the Group are outlined under each business segment in the Management Discussion and Analysis. For a complete list of awards and accolades the group has achieved, refer our website **https://aitkenspence.com/sustainability**

Aitken Spence Cargo - ISO 14001 EMS recertification

Aitken Spence Logistics' Mobile Storage Solutions first to receive ISO certifications for food safety and occupational health and safety in Sri Lanka

Aitken Spence Toastmasters celebrate double win at Ovation 2024

Aitken Spence won multiple awards at the Best Corporate Citizen Sustainability Awards 2023 organised by Ceylon Chamber of Commerce

Heritance Ayurveda named Best Ayurveda Resort Sri Lanka by FIT Health & Wellness Awards

Aitken Spence Travels category winner of Hospitality & Tourism at CPM Best Management Practices Awards 2024

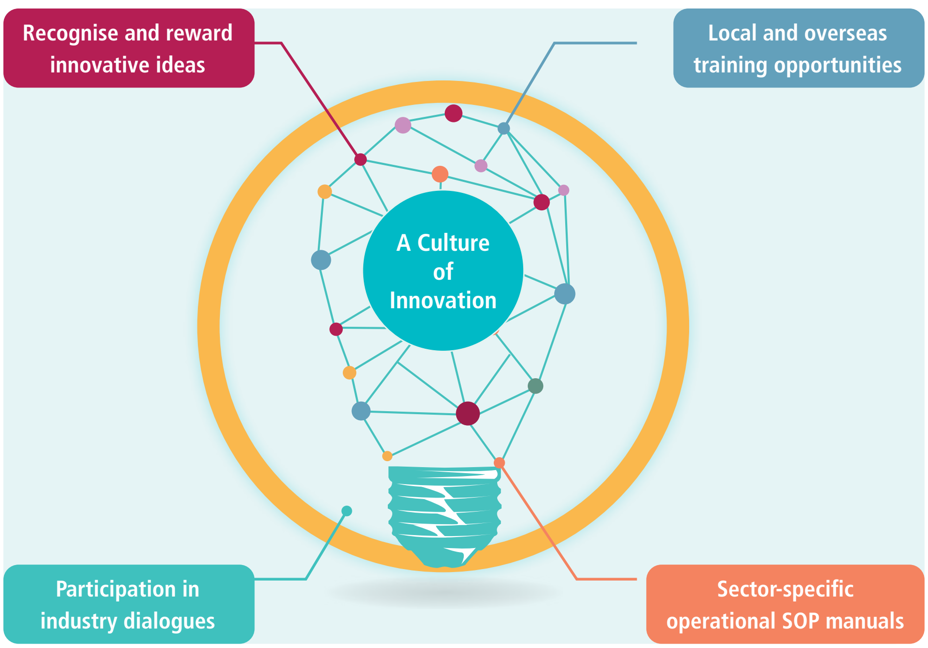
ENHANCING OUR INTELLECTUAL CAPITAL

Management Approach

Our intellectual capital which has been carefully developed over the years, is one of our key differentiators. We continue to nurture our intellectual capital by instilling a culture of innovation, and continuous learning. This is supported with ongoing investments in cutting edge technologies that enable us to continuously push boundaries and stay ahead of our competition.

Fostering a Culture of Innovation

We foster a culture of innovation by encouraging continuous learning for employees and by providing multiple platforms to voice their ideas, opinions and knowledge. Local and overseas training opportunities are provided and active participation in industry associations and industry forums is encouraged at all levels to expose employees to latest developments in their respective fields. Meanwhile sector specific operational SOP manuals have been developed and are updated regularly to ensure that tacit knowledge is retained within the Group. Initiatives such as SpenceInnova and Spence Robo-Leap empower employees to share their visionary ideas and recognise their contribution.



Aitken Spence received multiple recognitions such as Most Respected Entities and among the Top 3 Most Awarded in the diversified category – organised by LMD

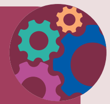
INVESTING IN DIGITAL INFRASTRUCTURE

We continue to invest in enhancing the Group's digital infrastructure to drive process efficiencies, improve productivity and to better understand our customers thereby differentiating ourselves in terms of efficiency, customer service, scalability and resilience. Robotic Process Automation and digitalisation of processes continued across sectors.

Segment	Digital infrastructure
Hotels	▪ Improved customer engagement for obtaining real time feedback through the implementation of QR code based surveys at key guest touch points in Sri Lanka. ▪ Aitken Spence Hotels (Maldives) introduced HO3, a cutting-edge Service Culture training program crafted by their own L&D team.
Airline GSA/ Aviation	▪ A new online based selling platform was introduced by the principal with the aim of improving direct sales and eliminating the need for intermediaries. ▪ Implementation of a new system for cargo operations.
Agency Representation	▪ Completed full integration of suppliers and all products to a single customer/operational platform. ▪ Automation of supplier billing.
Logistics	▪ Microsoft Power Platform WMS Solution: Streamlined operational tasks and improved customer service at General CFS. ▪ Power BI Dashboard: Enabled management to monitor all aspects of CFS operations, including documentation, inventory, and transportation, through a comprehensive dashboard. ▪ Benefits of Microsoft Power Platform: Replaced traditional logbooks with digital registers, reduced manual data entry with automated processes, and maintained a detailed shipment database. ▪ Container Seal Inventory System: Developed for recording and efficiently allocating container seals to customers, capturing essential details such as seal number and dates.
Freight	▪ CHA Online Portal system product that gives clients increased visibility online in real time with regard to shipments clearance and delivery for smooth operations and updates. ▪ Tracking software to provide seamless tracking across the globe via all modes of freight logistics services.
Plantations	▪ Adoption of precision agriculture practices and products in berry cultivation.
Elevator Agency	▪ Rolled out a Field Force Management System. ▪ Enhanced CRM system with a 24/7 dedicated call centre.

MANUFACTURED CAPITAL

Investments in our manufactured capital remains pivotal in shaping our competitive advantage, dictating our revenue potential across the industries we operate in. We continue to enhance this vital asset through targeted investments, aimed at boosting revenue streams, enhancing productivity and minimising our environmental impact.



Strategic Expansion of Capacity

Demand driven capacity enhancements in growth sectors have enabled us to seize opportunities and achieve sustainable growth.

Capacity Enhancements in 2023/2024

Rs. 1.6 Bn
Construction of a Container Freight Station

Rs. 889 Mn
Apparel Manufacture

Total investment in Capital expenditure

Rs. 5.5 Bn

Strengthening our Global Footprint

Tourism Sector

Rs. 1.8 Bn
invested in the refurbishment and modernisation of our resorts.

Rs. 1.1 Bn
in Maldives

Rs. 466.9 Mn
Sri Lanka

Rs. 287.1 Mn
in Oman

Rs. 37.1 Mn
in India

Maritime & Freight Logistics Sector

- Established regional offices in Singapore and Dubai
- CINEC has expanded its campuses to Jaffna and Trincomalee

Strategic Investment Sector

Rs. 906.7 Mn
in Printing

Rs. 558.3 Mn
in Power plants

Rs. 11.3 Mn
in Apparels

Services Sector

Rs. 9.5 Mn
in Property management

Rs. 6.7 Mn
in Elevator agencies

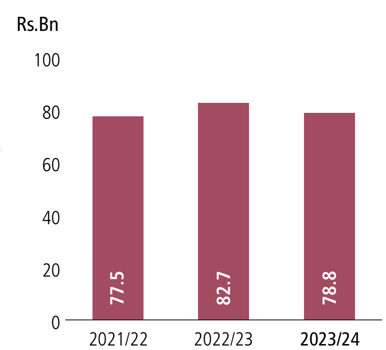
Aitken Spence continues to expand its global reach through strategic infrastructure investments across regions.

Building the Future: Tracking Capital Growth

Total investment in Manufactured Capital during 2023/2024 amounted to

Rs. 5.5 Bn

Growth in Manufactured capital



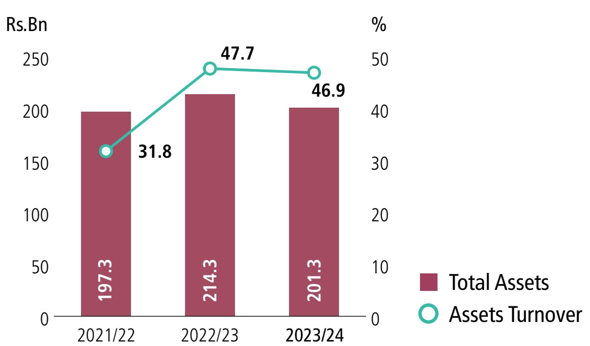
Investing in our Infrastructure

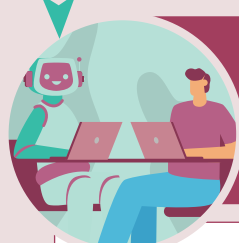
Greening our Spaces

During the year we continued to invest in making our facilities and spaces more environmentally friendly. A total of Rs. 90 Mn was spent during the year in making our operations more sustainable.

- Rooftops of our operations utilised to generate 19,836 MWh of clean energy for the national grid
- Waste to energy power plant converted 220,616 MT of waste to renewable energy for the national grid reducing roughly 131,223 tCO2e from landfills
- Wastewater treatment units maintained at our operations treating 709,553 m3 of wastewater for reuse or safe disposal
- Procedures commenced to implement an integrated management system combining management systems for energy, environment and OHS at Aitken Spence Towers
- State-of-the-art Container Freight Station (CFS), spreading over 100,000 sq. ft., providing end-to-end supply chain solutions, storage, inventory management and distribution with rooftop solar panels, battery operated forklifts, rainwater harvesting and wastewater treatment units to reduce environmental footprint

Asset Turnover





Digitisation and Process Automation

Investments in IT infrastructure are driving enhanced development in automation and digitisation.

Rs. 215.5 Bn

in IT hardware in 2023/2024

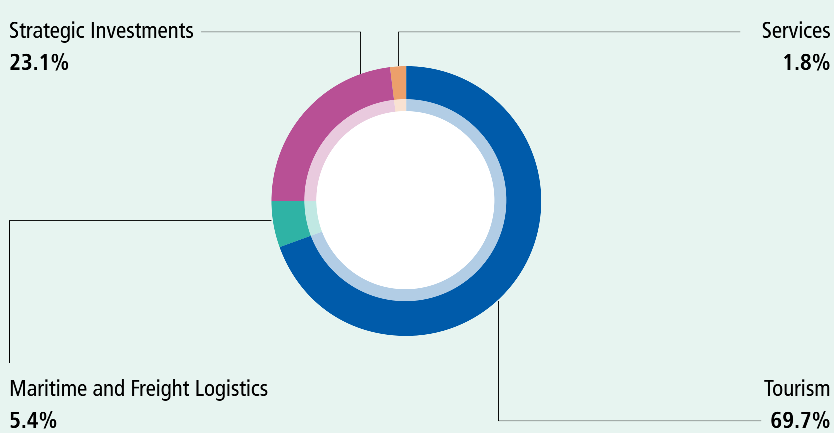
INVESTMENT STRATEGY

Strategic Priorities	Key Achievements 2023/24	Priorities for 2024/25
Strategically invest in expanding capacity in key growth sectors	▪ Investment in a 100,000 sq.ft Container Freight Station in the main logistics complex at Mabole ▪ Acquisition of two new circular knits manufacturing facilities ▪ Berry Expansion Project	▪ Modernisation of the apparel manufacture facilities in Koggala & Mathugama.
Drive operational sustainability through ongoing investments in eco-friendly technology and sustainable buildings.	▪ Carbon neutral certification was received for Ace Apparels and Aitken Spence Garments	▪ Invest in roof top solar for our apparel manufacturing plants in Koggala.
Drive digitisation agenda to enhance operational efficiency through process automation.	▪ Implementation of RPA in Container Freight Station ▪ Automation of identified depot functions ▪ Digitalisation of the CHA operation	▪ Investment in ERP system in the apparel segment
Ensure regular maintenance and upkeep of manufactured capital to minimise disruptions.	▪ Rs. 1.8 Bn spent on refurbishments to hotel properties	▪ Repositioning and re profiling the Sri Lankan Resorts. ▪ Refurbishment and renovation of our resorts in Maldives , Oman and India

GROUP MANUFACTURED CAPITAL

Our Manufactured capital comprise of our extensive bank of physical assets, including iconic hotel properties, cutting edge manufacturing facilities, state-of-the art warehousing facilities, extensive fleet of vehicles and other plant and equipment, used across our 16 business segments. The value of the Group's Manufactured Capital amounted to Rs. 78.8 billion as at 31st March 2024.

Sectorwise Distribution of Manufactured Capital



Almost 70% of our manufactured capital belongs to the tourism sector. The second highest concentration of our manufactured capital is spread out across strategic investment sectors such as power generation, apparel manufacture, printing & packaging and plantations segments.

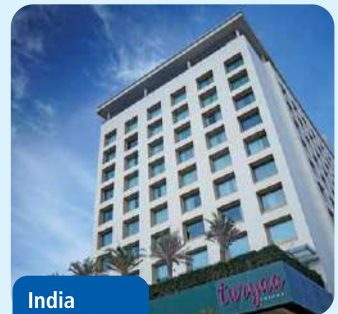
Tourism

Investments in 15 iconic properties across Sri Lanka, India, Oman and the Maldives, focusing on modern amenities, sustainable technologies and continual upgrades, to maintain competitiveness and guest satisfaction in the global tourism market.

Sri Lanka
8 properties

Maldives
5 properties

Oman
1 property



India
1 property

Maritime & Freight Logistics

- Three container yards with a capacity of 6500 TEU'S
- 470,074 sq.ft of industry specific warehousing
- Specialised equipment for port operations and logistics operations
- Campus spanning approximately 10 acres

Service Sector

- 195,000 sq.ft of smart building space in Colombo

Strategic Investment

Power Generation

- 100 MW Thermal power plant
- 10 MW Waste to energy plant
- 4 Hydro power plants with a total capacity of 9.2 MW
- 3 MW Wind power plant
- 10 MW ground mounted solar plant
- Roof mounted Solar Plant

Printing and Packaging

- LEED Gold Certified Printing Complex with six colour machines and digital printing press

Apparel Manufacture

- Three manufacturing facilities in Mathugama and Koggala

Plantations

- Land base of 8,800 hectares, 17 factories with 5 manufacturing plants

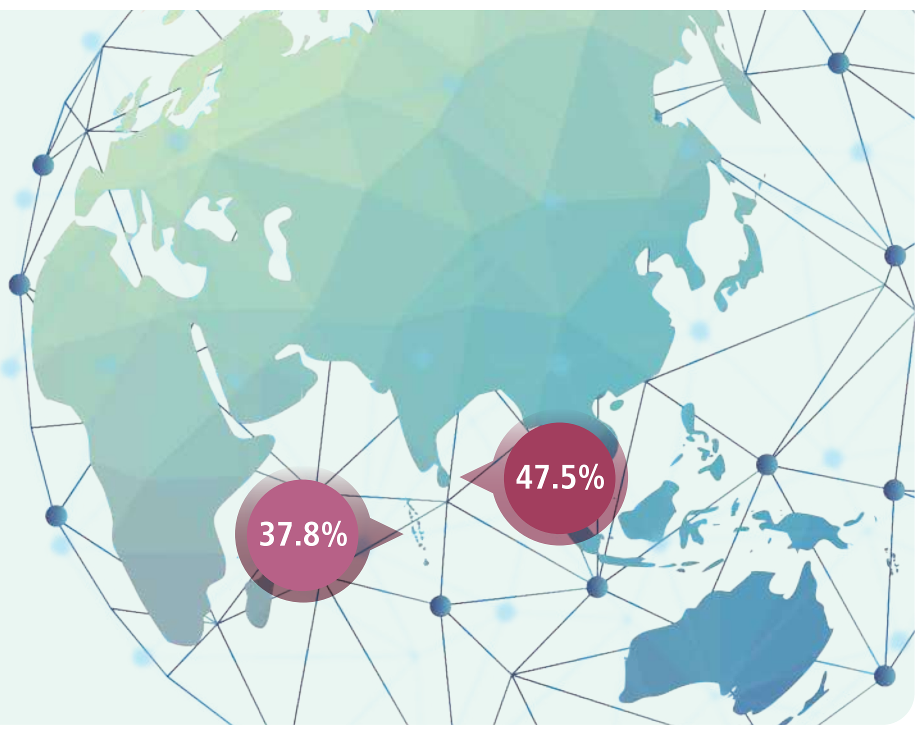
Regional Distribution of our Manufactured Capital

The Group's manufactured capital investments are distributed as follows:

47.5% in Sri Lanka,

37.8% in the Maldives

14.7% in other regions.



ENHANCING OUR INTELLECTUAL CAPITAL

Management Approach

We continue to add value to our manufactured capital through an investment strategy aimed at expanding and diversifying our geographical and business presence, driving operational excellence by investing in the latest technology and by prioritising regular maintenance and upkeep of our manufactured capital. Our maintenance practices are guided by the standards specified in the numerous certifications we have obtained, ensuring that we consistently meet industry benchmarks.

FUTURE OUTLOOK

We will continue to strategically invest in our infrastructure in order to expand our geographical presence and elevate our customer offering. Whilst supporting our growth objectives, our manufactured capital will play a critical role in our journey towards a more sustainable, climate friendly operation. We will therefore continue to focus on minimising our environmental footprint through our investments in manufactured capital.

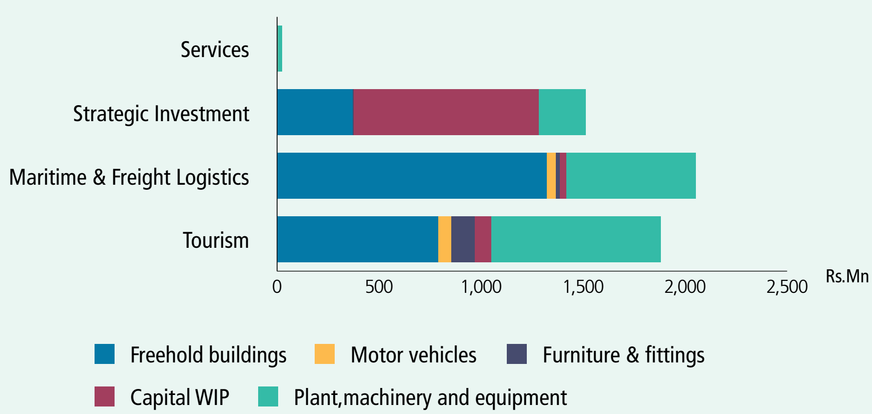
Value Addition to Manufactured Capital in 2023-2024

The Group's capital expenditure for the year under review amounted to Rs. 5.5 billion, with the Maritime & Freight Logistics and Tourism Sectors accounting for 37.5% and 34.5%, respectively. Key investments during 2023/24 are as follows.

Key Investments in 2023-2024

Sector	Description	Value of investment (Rs. Mn)	As a % of total Capex Investment
Tourism	Cadjan Replacement	162	3
	Sports Centre in Aarah	12	0.2
Strategic Investments	Expansion of production capacity of apparels in Koggala	800	14
Maritime & Freight Logistics	Container Freight Station	1,625	30
	Yard Development project	7	0.13
	Container Handlers	257	5

Capital Expenditure by Sector - 2023/24



SOCIAL AND RELATIONSHIP CAPITAL

The strength of our relationships with our customers, business partners and communities remain key to maintaining the Group's leadership across various segments and driving its continued success. We therefore continue to nurture these relationships by striving to create mutual value in the long term.

Partnerships for Growth

More than 50% of our business partnerships exceed **10 years.**

Customer Centricity

CUSTOMER

Customer centricity is the bedrock upon which we build our customer relationships. Consistently high Net Promotor Scores (NPS) across segments are a testament to the customer centricity of our customer value propositions.

Empowering Connections, Inspiring Success

Customer success story

Aitken Spence Freight developed and launched its newest product 'SpenceViz', aimed at becoming a game changer for the CHA services of freight forwarding. This has enabled a seamless tracking system for customers.

Supplier success story

Aitken Spence Travels in collaboration with the Palugaswewa villagers in Sri Lanka, offer handcrafted reed bags as welcome packs for visitors. The initiative champions sustainability whilst uplifting the local community. By sourcing directly from these artisans, we ensure fair compensation and support traditional craftsmanship.

Business partner success story

MMBL Money Transfer Services reached a milestone and opened its 3000th outlet in the Western Union network in Sri Lanka. This remarkable achievement marks its 15-year partnership.

Community Empowerment

More than

Rs. 200 Mn

In funds channelled towards impactful community development initiatives during 2023/2024

Nurturing our Relationships

PARTNERSHIPS

Strong partnerships that have been nurtured over the years, continue to support our growth objectives. Several of the Group's enduring alliances originated as agency relationships and evolved into equity partnerships, highlighting the significant value it generates for its business collaborators. As we look towards a new phase of growth for the Group we will continue to strengthen our existing partnerships.

Monitoring Progress

COMMUNITY

Our strong relationships with communities position us as a responsible corporate citizen. This continues to enable us not only to strengthen our own brand but also drive our broader social agenda of community empowerment and sustainable growth.

Supply Chain Resilience

SUPPLIER

We strive to build supply chain resilience by having in place robust policies, processes and procedures to proactively identify and address key risks in our supply chains. This ongoing engagement continues to strengthen our relationships with our suppliers.

Rs. 67.2 Bn

Total payments made to suppliers

CRAFTING CONNECTIONS, DRIVING STRATEGY

Strategic Priorities	Key Achievements 2023/24	Priorities for 2024/25
Improve Customer Value proposition through Innovation	▪ Over 32 new product and service offerings were introduced during the year ▪ Positive NPS maintained across all segments	▪ Drive innovation at Group and SBU levels through the transformation strategy ▪ Revamp the Group's brand strategy
Strengthen Partnerships	▪ Over 30 strategic partnerships are being sustained and expanded.	▪ Explore new partnerships in new markets
Supply Chain Risk Management	▪ 559 new suppliers screened and assessed for environmental and social criteria ▪ Continue developing strong relationships within the supply chain to secure more competitive pricing, superior quality materials, and enhance the reliability of supply chains	▪ Enhance supply chain governance and oversight by forming a team with Group-wide representation. Each Strategic Business Unit (SBU) will map its own supply chain and its integration into the overall value chain ▪ Technology Integration: Employing technologies like ERP systems, Power Apps, and RPA to continually enhance visibility, tracking, and efficiency throughout the supply chain
Socio Economic Empowerment through community engagement	▪ More than Rs. 200 Mn channelled towards impactful community development initiatives ▪ More than 13,000 direct and indirect employment opportunities generated ▪ Rs. 67.2 Bn in payments to suppliers	▪ Build sustainable supply chains across the Group by working with UNGC Sri Lanka on the working group with other signatory member companies

CUSTOMERS

Aitken Spence's customer demographic is as diverse as its global footprint, reaching across continents through operations in Sri Lanka, India, Bangladesh, the Maldives, Oman, Fiji, Mozambique, and Myanmar. Catering to a wide audience, the Group's customer base includes luxury travel enthusiasts, eco-conscious consumers, global business partners, and investors focused on sustainable and ethical business practices. This diversity is a testament to Aitken Spence's commitment to sustainability, which is integral to its operations across various sectors. By adhering to international standards such as the UN Global Compact and Women's Empowerment Principles, Aitken Spence attracts a customer base that values responsible and sustainable practices, reflecting the company's global appeal and ethical approach to business.

ENGAGING WITH OUR CUSTOMERS

We engage with our customers on an ongoing basis through a multitude of channels. Customers can provide feedback through our Group website or our SBU websites while some SBUs also maintain Customer Relationship Management (CRM) platforms. Most B2B SBU's have direct points of contact to manage communication. In addition to these mechanisms, one-to-one buyer audits, site visits and other face-to-face interactions provide customers opportunities to directly engage with us.

Customer surveys are carried out both at the Group level and SBU level, which complement direct channels of engagement with customers. The annual SpenceWay service excellence survey was performed across all 16 business segments to obtain feedback on four key areas. Based on the findings a Net Promoter Score was developed for each business, enabling us to gauge customer satisfaction levels. The majority of the Group's customers are B2B engagements. Given the diversity of the Group's operations each SBU manages customer feedback and maintains their own databases. Furthermore, feedback/complaints received through general channels such as email (info@aitkenspence.lk), the corporate website, general phone line, and the official social media pages are monitored by the corporate strategy and sustainability team at the Group level.

INNOVATIVE PRODUCTS AND SERVICES

We are committed to driving innovation to continuously enhance our product and service offerings in response to evolving customer requirements. With customer dynamics changing rapidly in the post COVID-19 era we continue to focus our efforts on developing innovative products and services that are more convenient, sustainable and reliable. Key product and service developments introduced during the year are listed below;

Key Product and Service Developments Introduced during the year	
Tourism	**Destination Management** A number of innovative guest offerings such as 'Green tours', 'Live like a local' experiences, "Inner peace and mental well-being – Day with temple priest" and Community tourism were developed together with introduction of innovative customer loyalty programmes **Hotels** "Trails of Bawa" by Heritance Hotels and Resorts was launched to the Indian market which takes architecture enthusiasts on a journey through some of Bawa's greatest designs in Sri Lanka. The flagship brand of Aitken Spence Hotels owns the most number of Bawa designed resorts in Sri Lanka.
Maritime and Freight Logistics	Enhanced our offering with value additions such as "SpenceViz" platform and "Spence Tracking" to provide real-time visibility from PO to GRN.
Strategic Investments Sector	**Plantations** Introduced nine new products through the Harrow House value added range. **Apparel** Expanded the product portfolio to meet diverse customer needs **Printing and Packaging** Many value added packaging solutions were introduced to customers in the tea industry

PRODUCT AND SERVICE RESPONSIBILITY (GRI 416-1, 417-1)

Product and service responsibility involves ensuring that our products and services have no adverse impact on the health and well-being of customers or wider society. SBUs adhere to stringent internal and external standards to ensure the product and service quality is high. This necessitates adherence to almost 200 internationally accepted management systems for social sustainability including occupational health and safety, quality, food safety and ESG. (Please refer Intellectual Capital for the list of certified management systems or website https://aitkenspence.com/sustainability). Robust quality control mechanisms and periodic audits also ensure that standards are strictly adhered to.

Transparent communication and responsible marketing are also key aspects of ensuring product responsibility. All press releases and advertisements are vetted by the Group's Corporate Communications and Branding unit before they are published. This ensures that the integrity and accuracy of the content are upheld throughout the Aitken Spence Group.

COMPLIANCE

Total number of grievances filed through formal grievance mechanisms during the reporting period		03
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
GRI 417-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	None
GRI 417-3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	None
GRI 418-1	Total number of substantiated complaints received concerning breaches of customer privacy	None
GRI 2- 27	Total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None

JOINT VENTURE PARTNERS AND PRINCIPALS

Our principals and joint venture partners play a key role in our growth, connecting the Group with global networks and opportunities. In turn, we remain committed to delivering returns commensurate with the risks and strictly complying with the global standards set by our principals and equity partners.

Ongoing engagement with principals and joint venture partners has enabled us to understand our partners' and principals' requirements and keep them appraised of the progress of the venture and challenges faced in a timely and transparent manner. A high level of transparency and mutual trust forms the foundation of our partnerships and ensures the long-term sustainability of our engagements with principals and partners.

Expanding our partner network

With geographical and business expansion being a strategic priority across the Group, we continued to explore new partnerships that could drive greater synergies. During the year, the Group entered seven new partnerships in the agency representation segment as part of our efforts to expand geographically. We partnered with Concordia Consultancy Services to strengthen our insurance segment. A groundbreaking partnership with CAFT on R&D projects in the plantation segment was also entered into during the year. In the hotel segment Heritance Negombo entered a strategic franchise partnership with Sentido of DER Touristik Hotels & Resorts GMBH, an international hotel brand established in 2009, with an extensive network spanning across Africa, Asia, and Europe.

Our JV partner and Principal network includes over 30 leading global players from across the globe.

Rs. 4.9 Bn

Dividends paid to our Equity Partners

The Group formed a joint venture in UAE to invest in commercial enterprises worldwide and management of international ports. A joint venture was established between Aitken Spence International Pte. Ltd, and IRIS Tech Ventures Sdn Bhd that will provide business process outsourcing services to offshore clients.

The Group's freight segment entered into a joint venture with DPEX to carry out international freight forwarder services.

INDUSTRY AFFILIATIONS AND MEMBERSHIPS (GRI 2-28)

We are active participants of over 130 industry organisations. Our involvement in these associations enables us to meaningfully engage in industry dialogues that shape the future of the industries we are involved in. Membership in these associations also enables us to keep abreast of the latest developments in the local and global fronts which in turn would strengthen our operational frameworks for environmental and social governance, as well as responsible product and service delivery (visit our website aitkenspence.com/sustainability for details of our Memberships and Affiliations).

SUPPLIERS

Our supply chains play an integral role in enabling us to maintain the quality and reliability our brands are recognised for. The Group's complex network includes over 30,000 suppliers and service providers across the regions we operate in, ranging from small and medium-scale entrepreneurs to large-scale businesses.

We take a holistic approach to ensuring supply chain resilience, working in close collaboration with the suppliers to build supplier capacity and minimise supply chain risks.

Supplier Development

We are committed to promoting sustainable practices in our supplier operations and supporting them through their respective sustainability journeys. This not only ensures that our suppliers adhere to the same high standards we do but also contributes to our broader objective of propagating sustainable practices and behaviour. We therefore have incorporated stringent social and environmental criteria into our supplier assessment processes and supplier contracts. We also conduct capacity building and awareness programmes for suppliers on an ongoing basis.

Value to suppliers

Rs. 67.2 Bn

Total Payments to suppliers

Capacity building through our partnerships and networks such as;

- UNGC Sustainable Supply Chain Working Group
- WEConnect International Regional Conference and corporate matchmaking programme.
- SBU-led supplier training and development programmes

SUPPLY CHAIN RISK MANAGEMENT

Supply chain risk management has become increasingly important amidst changing supplier dynamics due to geo-political developments, economic and market risks, climate change and regulatory requirements. The following mechanisms are some of the ways in which we manage our supply chain risks.

Supplier Engagement

We closely engage with our suppliers on an ongoing basis to monitor progress and gain insights into pain points, issues and concerns. This enables us to proactively identify and address potential risk factors. Engagement is carried out in the form of annual supplier assessments, ad hoc site visits and one-one-one communications.

Supplier Code of Conduct

A clearly articulated supplier code of conduct ensures that procedures and processes are clearly laid out. This minimises the risk of disruption due to unclear policies or procedures.

Use of Technology

We are increasingly using technology to optimise supply chain operations. Processes such as supplier billing are being automated across several segments and we continue to explore other processes that can be automated.

Ethical Sourcing (GRI 414-2, 308-2)

We strive to ensure that all our suppliers adhere to the highest environmental and social standards. 559 suppliers were screened during the year to ensure due diligence with ESG. There were no reported incidents of significant negative impacts on communities or the environment or non-compliance with laws, regulations or minimum standards established for product responsibility. (GRI 414-2 and 308-2).

	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
New Suppliers screened using social/ environmental criteria in 2023/2024	37	-	443	78
Suppliers screened using social/ environmental criteria in 2022/2023	144	576	112	61

COMMUNITIES (GRI 411-1; 413-1, 413-2; 205-3)

We are deeply intertwined with the communities linked to our operations due to the nature and extent of our enterprises. This places us in a unique position to meaningfully contribute to the socio-economic upliftment and empowerment of wider communities. We do this by integrating surrounding communities into our supply chain and through strategic CSR initiatives. We also ensure strict compliance with all laws and regulations and that we act responsibly. There were no reported instances of non-compliance with laws and regulations concerning social, economic and ethical considerations, corruption or negative impacts on local communities.

SUPPORTING OUR COMMUNITIES (GRI 203-2)

Local Purchasing (GRI 204-1)

We prioritise local purchasing wherever possible and have in place policies to this effect. In the hotel segment, for example, fresh produce is sourced from surrounding areas. We also positively contribute to the local economy by promoting local activities, products and services to our guests. Furthermore, in the plantation sector a significant proportion of green leaf and latex rubber is sourced from small holders in the surrounding communities. Meanwhile all resources required for day-to-day operations across the Group are sourced locally and where possible from surrounding communities.

In the Tourism Sector approximately 15% is sourced from local suppliers. 100% of the vehicles used for safari and other miscellaneous resources used in excursions are from local tour guides.

In the plantations segment approximately 30% of the green leaf is sourced from local suppliers.

Recruitment from Local Communities (GRI 202-2)

We provide direct employment opportunities to over 13,000 employees across Sri Lanka and the countries the Group operates in. With operations in Northern, Central, Southern, Sabaragamuwa, Eastern as well as Western provinces in Sri Lanka we directly contribute to employment generation in rural communities throughout the country.

Proportion of senior management hired from the local community (GRI 202-2)

Tourism	30%
Maritime & Freight Logistics	N/A
Strategic Investments	10%
Services	N/A

Strategic CSR (GRI 203-1)

Multiple groups of beneficiaries benefited from community development initiatives and interventions carried out by different segments within the Group. A selection of the activities carried out during the year are presented below;

- Provision of essentials to plantations community alongside medical and elders homes
- Towards the "Infant Paws" project, to support the Department of Wildlife Conservation Horton Plains National Park, 50 staff members of the park were provided with blankets
- World Children's Day Donation to Daranagama Primary School
- Stationery distribution for schools in need- Project "Hands for hope"
- Blood Donation camp organised
- Installed, tested and commissioned the elevator free of charge with free maintenance of the unit for a period of five years yielding substantial cost savings to the Lions Gift of Sight Hospital
- A USD 2,000 worth of training scholarship was awarded to Meedhu school's best student
- Ongoing beach cleaning and book donations

CLIMATE ACTION

Aitken Spence is steadfast in our commitment to climate action across our diverse operations. As a leader in sustainability, we recognise the urgency and significance of addressing climate change. Our actions are customised to address the specific nature of our impacts, balancing local and global development priorities, and leveraging our scale to create meaningful change. We continue to invest in impact control and proactive measures for both mitigation and adaptation. This summary highlights our initiatives, metrics, and targets, underscoring our dedication to this critical issue that affects all stakeholders and the ecosystems sustaining life.

Strategic Interventions for Energy Management & Environmental Impact Control

Our most significant emissions come from Scope 1 emissions (direct energy consumption), followed by Scope 2 emissions (indirect energy consumption from purchased energy). Therefore, reducing emissions is a priority in our climate action strategy. Aitken Spence is dedicated to addressing the issue at its source by implementing systemic emission reduction strategies, particularly where eliminating fossil fuel use is not feasible. We utilise management systems aligned with ISO standards, including ISO 14001 for environmental impact control and ISO 50001 for energy management. Additionally, we adopt integrated systems aligned with global benchmarks, such as Rainforest Alliance certification, Forest Stewardship Council (FSC) certification, and Travelife certification. These systems enable us to identify and manage our impacts, ensuring meaningful action is taken to mitigate environmental effects within our business model.

104 management systems maintained for environmental impact control

42 management systems certified against global benchmarks

Renewable Energy Generation

Aitken Spence contributes towards the nationally determined contributions (NDCs) of Sri Lanka towards the Paris Agreement and Agenda 2030 by making meaningful investments in renewable energy. By leveraging solar, wind, hydro as well as waste incineration, Aitken Spence is working to increase the renewable energy proportion in Sri Lanka's national energy mix. Despite many challenges, we continue to invest in renewable energy which underscores our commitment to responsible energy practices.

27% of the Group's total energy consumption and **32%** of the Group's direct energy consumption stems from renewable sources (target: 50%)

775,947GJ of renewable energy was generated in 2023/2024. Considering the average electrical energy consumption per capita for Sri Lanka (Source: IRENA), this energy is equivalent to the electrical energy needed to power over 340,000 average households for a year.

Ecosystem Conservation

Aitken Spence is dedicated to protecting ecosystems as a vital part of its climate action strategy. The company systematically controls environmental impacts and increases green cover through reforestation projects. Additionally, Aitken Spence creates awareness among stakeholders, educating them on sustainable practices to enhance value creation. By building a network of informed individuals who visit and support these efforts, the company amplifies its impact, fostering a collective approach to ecosystem protection and sustainable tourism.

8,109 ha forest cover/ green cover maintained

(GRI 201-2)

Green Infrastructure

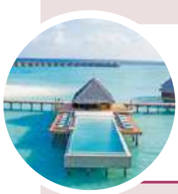
Green buildings are a vital component of climate action, playing a significant role in reducing energy consumption, lowering greenhouse gas emissions, and promoting the use of sustainable materials. In addition to investing in renewable energy infrastructure for the national grid, Aitken Spence has demonstrated leadership in green buildings by investing in LEED-certified buildings, a recognised standard for green buildings. As the first company outside the USA to adopt LEED certification, and the first company in the world to bring LEED benchmarks to a hotel, Aitken Spence introduced green buildings to the industry and the region. This commitment to sustainable construction aligns with global climate goals and sets a high standard for corporate responsibility in Sri Lanka, demonstrating a comprehensive approach to environmental stewardship.

Heritance Kandalama

1st LEED certified hotel in the world and the 1st LEED certified building outside USA

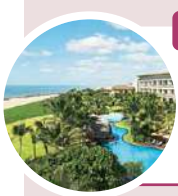
Aitken Spence Printing & Packaging

1st LEED certified, carbon neutral green printing facility in South Asia



Heritance Aarah

1st LEED certified building in the Maldives



Heritance Negombo

1st LEED certified hotel in the Gampaha district

Developing Climate Resilience & Risk Reduction Strategies

Proactive strategies are crucial to address the growing impacts of climate change

Industries such as plantations are particularly vulnerable to climate change. For example, altered rainfall patterns can adversely affect productivity as well as the lives of estate communities. **Rainwater harvesting** is a crucial strategy for adapting to these impacts, by ensuring a reliable water supply during dry periods and reducing dependence on external sources. During the drought period in the past year, our plantations segment was able to continue cultivation while also ensuring access to water to the estate communities due to proactive rainwater harvesting strategies of the segment.

43,568 M^3 of rainwater harvested during the year

Disaster Risk Reduction and Business Continuity Management (DRR/BCM)

DRR/ BCM strategies are essential for adapting to the impacts of climate change and ensuring business resilience. Recognising this, Aitken Spence established a DRR team in 2018. By collaborating with stakeholders like the Asia Pacific Alliance for Disaster Management (APAD) and the Sri Lanka Preparedness Partnership (SLPP), we work to strengthen our preparedness and response capabilities. This year, the DRR team received refresher training, including a workshop and field visit, supported by APAD-SL, further strengthening their ability to identify vulnerabilities and develop effective DRR/ BCM strategies.

NATURAL CAPITAL

We understand the potential of our operations to create adverse environmental impacts and are committed to proactively managing these impacts by establishing controls commensurate with the nature and scale of our operations and their potential to create impacts. For this, we prioritise systemic interventions following a simple concept; build back better by improving existing systems and build better before to prevent creating damage by improving our business models in a viable and sustainable manner.

Energy management	Emission control	Water and effluent management
Energy management is a key priority for the Group as it constitutes the company's largest source of emissions due to direct energy consumption. We work to control energy use by implementing rigorous management systems, adopting energy-efficient technologies and utilising renewable energy where possible. **104** diverse management systems maintained for environmental impact control out of which **42** systems are certified in line with global benchmarks.	Understanding the significant risks that climate change poses to businesses, and being cognizant of the emissions of the Group, controlling emissions is a material topic for the Group. Our primary emission reduction strategies include energy management, investments in renewable energy and greener infrastructure. **239,205 tCO2e** emissions reduced through the emission control strategies of the Group. **220,616 MT** of municipal solid waste kept away from landfills.	Effective management of water and effluents is a material topic for Aitken Spence, particularly in the tourism and strategic investments sectors which consumed the highest proportion of water within the Group. We understand the importance to protect water bodies and natural ecosystems and utilise management systems to align our efforts with global best practices. Zero water bodies adversely impacted by the withdrawal of water for our operations.

Energy consumption by source

(GRI 302-1)

Petrol & Kerosene	>1%
LPG	3%
Diesel	40%
Furnace Oil / HFO	15%
Grid electricity	15%
Renewable energy	27%

Emissions by source

(GRI 305-1, 305-2)

Total emissions from petrol	0%
Total emissions from diesel	32%
Total emissions from furnace oil	32%
Total emissions from LPG	2%
Total emissions from kerosene	0%
Fugitive emissions from fertilizer and refrigerants	8%
Emissions from fuelwood (non-biogenic)	1%
Total emissions from indirect energy (grid electricity)	25%

Water consumption by source

(GRI 303-1, 303-3, 303-5)

Municipal water	>27%
Ground water	>12%
Surface water	59%
Harvested rainwater	>3%

Sector wise breakdown of the environmental footprint

	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Water consumption (%)	89	2	9	0
Emissions, scope 1&2 (%)	49	5	45	1
Total energy consumption (%)	49	6	44	1
Solid waste generation (%)	27	0	73	0
Effluents (%)	18	0	82	0

Accordingly, our initiatives focus on a few key areas: energy management, emission control, water and effluent management, resource efficiency, responsible solid waste management, biodiversity and ecosystem conservation, supply chain control and advocacy to increase value creation. This section of the report details our efforts and achievements in managing our natural capital, reflecting our dedication to environmental protection and sustainable development.

Resource efficiency and responsible solid waste management

The company is committed to ensure sustainable consumption of resources and responsible solid waste management by employing the **7R principle: Reject, Reduce, Reuse, Reclaim, Repair, Replace and Recycle.** These principles serve as the foundation for all decisions concerning resource usage in the management systems across the Group.

40,264MT and **10,862 units** of solid waste and **31,595 litres** of effluents were kept away from landfills through responsible repurposing or disposal during the year

Biodiversity and ecosystem conservation

Uncontrolled business activities can adversely impact biodiversity and natural ecosystems. This is especially pertinent in our Tourism and Strategic Investments Sectors, where business activities within our operational control involve direct interactions with biodiversity and natural ecosystems. Ensuring that our operations result in a ‘net positive’ impact on biodiversity and ecosystems is a material priority for Aitken Spence, necessitating stringent controls and proactive management strategies

Advocacy and awareness building

In addition to strengthening awareness and involvement among Spensonians, we believe it is important to engage with our stakeholders to build a network of informed individuals to amplify our efforts for impact control and value creation. We believe this is essential to bring about meaningful change. Therefore, our priorities include;

- Environmental and social awareness among Spensonians through targeted training
- Strategic interventions to influence sustainable consumer behaviour
- Capacity building for suppliers on sustainability issues

Locations of operation mapped against protected areas and areas of high biodiversity value (GRI 304-1, 2)

NET ZERO AND NET POSITIVE STRATEGY

Strategic Priorities	Key Achievements 2023/24	Priorities for 2024/25
Reduce emissions from energy consumption and increase energy usage from renewable sources	▪ Due to increase in business functions, the Group's total energy consumption per unit revenue increased by 11% ▪ However, 27% of total energy consumed within the operation, or 32% of the direct energy consumed, was generated from renewable energy sources	▪ Establish segmental targets and action plans to abate emissions from energy consumption
Strategic investments in sustainable business models and resilient infrastructure	▪ The Group's direct energy consumption and purchased energy consumption (electricity consumption) matched with the renewable energy produced by 149% and 580% respectively ▪ 220,616 MT of total municipal solid waste was utilised for energy generation and therefore, kept away from landfills ▪ Refresher training and field visits conducted for the DRR/BCM Core Team	▪ Increase energy efficiency of existing properties and operations ▪ Reduce dependence on non-renewable sources ▪ DRR teams to strengthen emergency response procedures for key natural disasters identified in vulnerability assessments across the Group
Preserve, restore, and promote the sustainable use of natural ecosystems	▪ Over 8,100ha of green cover maintained including 198 acres of forest cover protected in its pristine condition adjacent to the Heritance Kandalama hotel for over 2 decades ▪ Destination management segment took on more commitments to protect endangered species and sensitive ecosystems	▪ Increase engagement with Spensonians to influence a culture of conservation and sustainable consumption ▪ Increase carbon sinks using our operations
Sustainable management of emissions, effluents, and solid waste	▪ 40,264 MT and 10,862 units of solid waste and 31,595 litres of effluents safely disposed ▪ 709,553 m3 of wastewater treated for safe reuse/ discharge	▪ Increase engagement with Spensonians to promote the 7R principle ▪ Increase resource efficiency across the Group

STRATEGY

Our Approach to Environmental Sustainability

(GRI 3-3)

We adopt a precautionary approach to managing our environmental impact. Accordingly, the Group employs environmental management systems (EMSs) aligned with international standards (Ex. ISO 14001, ISO 50001, RA, FSC, Travelife, etc.). The Group and its companies also strive to enhance positive value creation as a key component of this strategy.

Governance Framework

Our business segments implement customised management systems based on the operational priorities of the respective segments, guided by the Group's integrated sustainability policy framework which is detailed in the Corporate Governance section of this report.

Operational decisions for environmental impact control are made at segment level, with Managing Directors overseeing progress and approving actions. The Sustainability division guides segmental sustainability subcommittees, while internal inspections ensure compliance and improvement. Significant decisions are reviewed at GSB and escalated to the Board level.

104
Total management systems maintained

42
Total management systems certified

Over 600
Spensonians across the Group working on sustainability priorities

PROGRESS ACHIEVED ON OUR ENVIRONMENTAL TARGETS

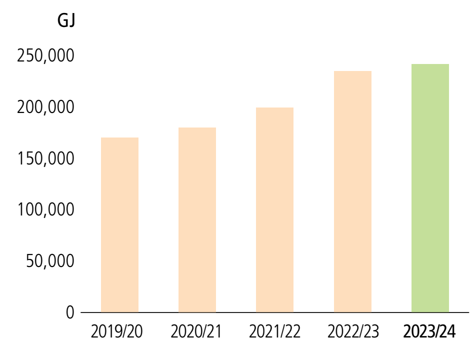
Targets	Progress
Source 50% of the Group's energy requirements from renewable sources by 2030	▪ On track at 27%
Match the Group's energy consumption from non-renewable sources with renewable energy produced by 100%	▪ On track ▪ Direct energy consumed from non-renewable sources matched by 149% ▪ Energy consumed from grid electricity matched by 580%
Ensure zero adverse impacts on water bodies and natural ecosystems from our operations	▪ Achieved
Reduce overall resource footprint	▪ Our energy consumption per unit revenue across the Group increased by 11% due to an increase in operational functions. The Group is exploring options to determine targets for our business segments and to establish mechanisms to abate emissions through fuel switching and electrification of energy needs where practicable. ▪ Our water consumption per unit revenue also increased by 50% largely due to increased functions in the Tourism Sector. The rainwater harvested dropped due to the drought conditions experienced earlier in the year. Despite the setbacks, the Group is working to improve our natural resource efficiency.
Achieve net zero emission status by 2030	▪ During the year, the Group calculated Scope 3 emissions within the reporting boundary which confirmed that the most significant impacts stem from our Scope 1 emissions at over 60% followed by Scope 2 emissions at just over 20%. Accordingly, the Group is currently reviewing targets to achieve net zero status of emissions by 2030.

ENERGY AND EMISSION MANAGEMENT

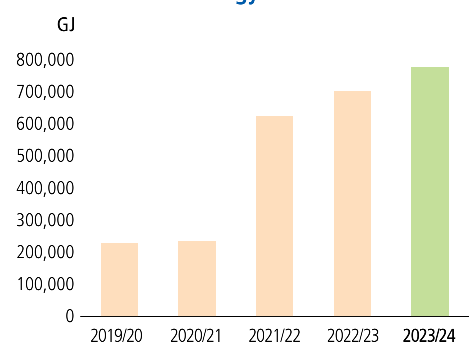
(GRI 3-3, 302-1, 2, 3, 4, 5; 305-1, 2, 3, 4, 5, 6, 7)

Aitken Spence was the first diversified Group to make a public commitment to set a science-based target for emission reduction in alignment with the criteria set forth by the Science Based Targets initiative (SBTi). Aitken Spence is also a member of the Business Ambition for 1.5 C campaign, an urgent call to action from a global coalition of UN agencies, businesses, and industry leaders in partnership with the Race to Zero. Accordingly, the Group is currently working with the National Cleaner Production Centre (NCPC) to reassess the Group's emission benchmarks and develop action plans to achieve net zero emission status by 2030.

Total Direct Energy Consumption from Renewable Energy



Total Renewable Energy Generated



Supporting these targets are the Group's cohesive efforts towards improving energy efficiency, gradually transitioning to renewable energy sources and electrification of services where practicable. Renewable energy sources now account for 27% of the Group's total energy consumption. The Group continues to support Sri Lanka's ambitious targets to increase the proportion of renewable energy in the country's energy portfolio to 70% through investments in solar, wind, hydro and waste to energy power.

TOTAL DIRECT AND INDIRECT ENERGY CONSUMPTION WITHIN THE ORGANISATION

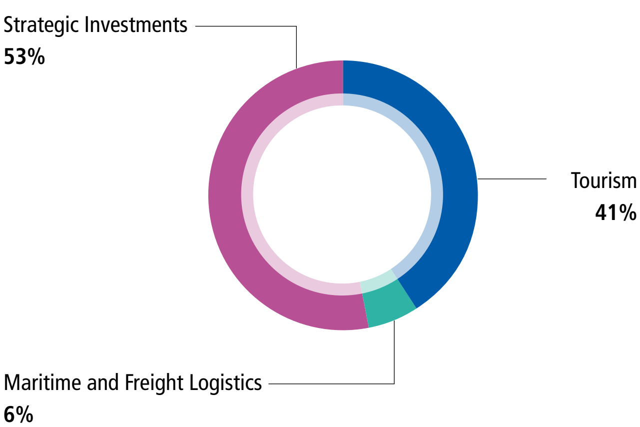
	Unit of Measure	Group	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Non-renewable sources						
Petrol	(GJ)	4,898	1,993	517	1,786	602
Diesel	(GJ)	358,158	298,942	44,960	13,671	585
Furnace Oil	(GJ)	134,385	-	-	134,385	-
LPG	(GJ)	22,422	22,144	-	277	-
Kerosene	(GJ)	2	-	-	2	-
Total energy consumed from non-renewable sources	(GJ)	519,864	323,079	45,477	150,120	1,187
Renewable sources						
Biomass/fuel wood	(GJ)	231,528	14,481	-	217,046	-
Briquettes	(GJ)	667	-	-	667	-
Hydropower	(GJ)	877	-	-	877	-
Solar energy	(GJ)	1,852	1,852	-	-	-
Wind energy	(GJ)	6,115	6,082	-	33	-
Municipal solid waste	(GJ)	477	-	-	477	-
Total energy consumed from renewable sources	(GJ)	241,516	22,415	-	219,101	-
Total indirect energy consumption within the organisation	(GJ)	133,714	94,029	5,562	30,580	3,544
Total energy consumption within the organisation - 2023/2024	**(GJ)**	**895,094**	**439,523**	**51,039**	**399,801**	**4,731**
Total energy consumption within the organisation - 2022/2023	**(GJ)**	**853,924**	**392,308**	**51,227**	**401,927**	**8,462**
Total energy generated from non-renewable sources for external consumption	(GJ)	128,981	-	-	128,981	-
Total energy generated from renewable sources for external consumption	(GJ)	502,985	-	398	502,587	-
Energy consumption per unit revenue (Rs.Mn) - 2023/2024 (GRI 302-3)	(GJ/ Rs. Mn)	10	7	6	30	3
Energy consumption per unit revenue (Rs.Mn) - 2022/2023 (GRI 302-3)	(GJ/ Rs. Mn)	9	7	3	23	4
Reductions achieved in energy consumption (GRI 302-4,5) i.e. change in energy consumption within the organisation based on energy used per unit revenue	%	11%	-	100%	30%	- 25%

OUR EMISSIONS

	Unit of Measure	Group	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Total Category 1 (Scope 1) Emissions (GRI 305-1) Direct emissions from petrol (mobile combustion), diesel (mobile and stationary combustion), HFO (stationary combustion), LPG (stationary combustion), kerosene (stationary combustion), and fugitive emissions from refrigerants, fire suppressants, fertilisers, and non-biogenic emissions from biomass.	tCO2e	**61,922**	25,567	3,425	32,726	203
Biogenic emissions from biomass	tCO2e	26,006	1,622	-	24,384	-
Total Category 2 (Scope 2) Emissions (GRI 305-2)	tCO2e	**20,799**	14,963	818	4,497	521
Total Category 3 (Scope 3) Emissions Employee commuting, business travel, transport of goods, supplies and waste, transport of guests (chartered flights and excursions only)	**tCO2e**	**8,235**	**3,474**	**398**	**1,885**	**2,477**
Total Category 4 (Scope 3) Emissions Emissions from waste management, water supply, transmission and distribution losses and emissions from wastewater treatment	**tCO2e**	**2,060**	**1,517**	**79**	**417**	**47**
Total emissions (Category 1,2,3 and 4)	tCO2e	**93,015**	45,522	4,720	39,525	3,248
Reduction of GHG emissions/ emissions offset (GRI 305-5)	tCO2e	**239,205**	3,845	78	235,273	7
Emission intensity (emissions per unit revenue) (GRI 305-4)	(tCO2e / Rs.Mn)	**0.9**	0.6	0.5	2.8	0.4

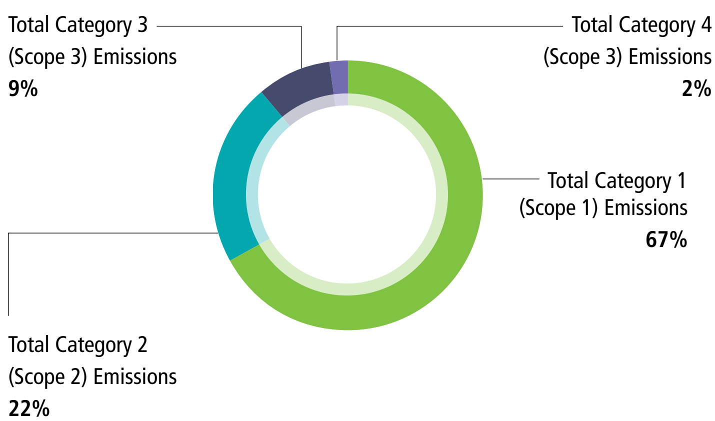
Breakdown of the Scope 1 Emissions by Sector

tCO2e



Breakdown of emissions by category

tCO2e



Highlights of sectoral strategies

Tourism Sector

The Tourism Sector accounts for the second-highest emissions within the Group, primarily due to diesel consumption. Emission reduction strategies prioritise improving energy efficiency, electrifying services where feasible, and transitioning to low-carbon energy options.

The hotels segment maintains stringent energy management systems to enhance efficiency and maintain the 2018 energy baseline. They are currently exploring renewable energy options for properties in the Maldives, where diesel consumption is highest.

The destination management segment is expanding carbon-free excursions and aims to increase combined transfers by 10% to reduce transport-related emissions further.

Maritime & Freight Logistics Sector

Although accounting for less than 10% of the Group's total emissions, the Sector has implemented strategies to reduce emissions and dependence on fossil fuels. The integrated logistics segment, with the highest energy consumption and emissions within the Sector, has invested in rooftop solar energy generation. The newly added 100,000 sq. ft. container freight station, offering end-to-end supply chain solutions, includes rooftop solar PVs and battery-operated forklifts. The segment plans to expand rooftop solar investments and is further exploring the possibility to use electric vehicles. Additional operational improvements include retrofitting lighting for energy efficiency and installing power factor correction (PFC) capacitor banks to optimise power usage and reduce emissions.

Strategic Investments Sector

The Strategic Investments Sector generates the highest emissions in the Group due to thermal power generation. To balance the Group's emission targets with national development needs, the segment works to continually improve fuel combustion efficiency and explores renewable energy investment opportunities. Currently, 79% of the Group's energy sold comes from renewable sources, with 21% from thermal energy.

In the printing and apparel manufacturing facilities, energy and emission reduction targets have been set, with systemic interventions and process controls in place. The printing segment has utilised their rooftop space for solar energy, while the apparel segment plans to install 250kW and 388kW rooftop solar PV systems in the coming year.

In the plantations segment, just over 90% of their energy needs are fulfilled from biomass, with significant investments already made in solar energy utilising 100% of the factory rooftops as well as hydro energy through mini hydro power plants. The highest emissions in the segment stem from non-biogenic emissions from fertiliser. Accordingly, the segment aims to reduce chemical fertiliser use by 50% by 2030, already having achieved a 30% reduction.

Services Sector

Operations in the Services Sector are based at Aitken Spence Towers, with primary energy consumption from the national grid. Following the 2022/2023 energy audit, the property management segment is collaborating with the National Cleaner Production Centre to establish an integrated management system at Aitken Spence Towers. This system will combine energy management, environmental impact control, and occupational health and safety.

WATER AND EFFLUENT MANAGEMENT

(GRI 303-1, 303-2, 303-3, 303-4, 303-5)

Water Usage	Unit of Measure	Group	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Water composition by sector (303-1)	%		**88.8%**	**2%**	**8.8%**	**0.4%**
Total water withdrawn (GRI 303 - 3)	(m3)	1,643,568	1,460,264	32,426	143,880	6,998
Municipal water consumption	(m3)	436,993	322,522	32,426	75,168	6,877
Ground water consumption	(m3)	190,553	170,800	-	19,753	-
Surface water consumption	(m3)	971,635	966,942	-	4,693	-
Harvested rainwater consumption	(m3)	44,388	-	-	44,266	122
Water recycled and re-used/ safely disposed (GRI 303 - 3,5)	(m3)	709,553	675,690	6,336	27,405	122
% of water recycled and re-used/ disposed (GRI 303 - 3,5)	%	43	46	20	19	2
Water sources significantly affected by withdrawal of water (GRI 303 - 2)		None	None	None	None	None
Water withdrawn from areas in water distress (GRI 303-5)		None	None	None	None	None
Water consumption per unit revenue	**2023/2024**	**18**	**22**	**4**	**11**	**4**
Water consumption per unit revenue	2022/2023	12	13	4	17	3
Difference in water consumption		50%	69%	0%	-35%	33%

We are committed to ensuring zero adverse impacts on water bodies and natural ecosystems from our operations. This involves minimising any potential negative impacts of effluents and ensuring responsible water consumption. The Tourism Sector has the highest water use, followed by the plantations segment. Other operations are not particularly water-intensive due to the nature of their operations.

Highlights of sectoral strategies

Tourism Sector

With the exception of the city properties in India and Oman that direct wastewater to municipal drainage systems, all our hotels treat 100% of wastewater and sewage, repurposing treated water to reduce the withdrawal of freshwater.

Maritime & Freight Logistics Sector

The integrated logistics segment consumes the highest volume of water within the Sector. To reduce the consumption of water, the segment has standardised the container washing process, which is the most water-intensive activity in the operation. Additionally, the segment treats wastewater to mitigate adverse environmental impacts from contamination.

Strategic Investments Sector

The plantations segment sources 72% of its water from harvested rainwater. Effluents from the rubber milling process are treated for safe disposal. The plantations also maintain dedicated wash bays and buffer zones to filter out pollutants and reduce contaminants in surface runoff.

Similarly, the effluents generated in the apparel, power generation and printing segments are treated for safe reuse or disposal. Additionally, the printing segment has upgraded their effluent treatment facility to handle wastewater in-house.

Services Sector

In the Services Sector, a due diligence audit was conducted with the janitorial service providers to ensure the cleaning solvents and chemicals are biodegradable and safe for use in commercial properties to reduce contamination of wastewater produced from the operations at Aitken Spence Towers.

During the year, the consumption of water in the Tourism Sector and the Services Sector increased due to increased business operations. Progress on efforts to improve the efficiency of water use and responsible management of effluents is monitored through Group-wide environmental management systems.

RESPONSIBLE RESOURCE CONSUMPTION AND WASTE MANAGEMENT

(GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5)

Materials used (GRI 301-1, 301-2, 301-3)	Unit of Measure	Tourism	Maritime & Freight Logistics	Strategic Investments	Services	Total
Agricultural chemicals	MT			49		**49**
Fabrics	Yards			2,902,200		**2,902,200**
Ink	MT			12,223		**12,223**
Inorganic fertiliser	MT			4,158		**4,158**
Lubricating oil/ grease	L		8,685	38,248	1,264	**48,197**
Organic fertiliser	MT			4,576		**4,576**
Packing material – biodegradable	MT		2,415	65		**2,480**
	Units		1,391	23,580		**24,971**
Packing material – biodegradable, repurposed	Units		173			**173**
Packing material – non biodegradable	MT	9	0	14		**23**
	Units			1,336,356		**1,336,356**
Paper	MT	6	7	2,960	-	**2,973**
Pesticides	MT			6		**6**
Residual municipal solid waste	MT			220,616		**220,616**

Aitken Spence companies prioritise responsible resource consumption and solid waste management to enhance resource efficiency and promote circularity. While our industries do not significantly harm the environment by sourcing raw materials, continuous improvement in sourcing the supplies required for our operations remains a priority.

Towards this objective, we adhere to the **7R principle—Reject, Reduce, Reuse, Reclaim, Repair, Replace and Recycle.** Companies are required to segregate all waste and ensure it is responsibly managed. Recycling service providers need to be screened for appropriate licenses and authority to recycle scheduled waste. Process improvements are continually implemented to reduce resource consumption and manage waste effectively.

Waste by Type and Disposal Method (GRI 306-1, 306-3, 306-4, 306-5)	Unit of Measure	Group	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
Total waste recycled						
Total hazardous waste (tonnes)	MT	**489**	10	-	479	-
	Nos	**823**	787	-	32	4
Waste oil, ETP/ STP sludge - hazardous	Litres	**19,800**	-	-	19,800	-
Total non-hazardous waste	MT	**938**	30	-	901	7
	Nos	**9,976**	9,976	-	-	-
Total waste incinerated						
Total hazardous waste (tonnes)	MT	**92**	1	5	87	-
Total non-hazardous waste	MT	**56**	-	-	56	-
Total waste sold for reuse or repurposed						
Total hazardous waste (tonnes)	MT	**6,090**	-	-	6,090	-
	Nos	**43**	2	-	41	-
Total non-hazardous waste	MT	**32,597**	2,397	61	30,139	-
	Nos	**20**	20	-	-	-
Waste oil, ETP/ STP sludge - non-hazardous	Litres	**11,795**	5,775	-	6,020	-
Total waste kept away from landfills						
Total hazardous waste (tonnes)	MT	**6,672**	11	5	6,656	-
	Nos	**866**	789	-	73	4
	Litres	**19,800**	-	-	19,800	-
Total non-hazardous waste (tonnes)	MT	**33,592**	2,427	61	31,097	7
	Nos	**9,996**	9,996	-	-	-
	Litres	**11,795**	5,775	-	6,020	-
Total number and volume of significant spills	Litres/ m3	**None**	None	None	None	None

With the establishment of the waste to energy power plant, a total quantity of 220,616 MT of municipal solid waste from the Colombo district has been diverted from disposal to be converted to energy for the national grid. The hotels segment disposes roughly 800 MT of miscellaneous waste compliant with the stipulations in the Maldives.

Highlights of sectoral strategies

Tourism Sector

The hotels segment segregates waste into over 20 categories to ensure responsible solid waste management. Visitors to our hotels in Sri Lanka can observe these practices in the Eco Parks or Green Pavilions maintained at the hotels. In the Maldives, where recycling service providers are limited, our properties dispose of miscellaneous non-biodegradable waste in compliance with local regulations. Accordingly, roughly about 880Mt of waste is disposed from our properties in the Maldives. All other waste, including hazardous materials such as plastics, is diverted from disposal and repurposed or recycled according to national guidelines.

Maritime & Freight Logistics Sector

The Sector repurposes packing materials to reduce resource consumption. For example, 7% of the packing materials used by the freight segment are repurposed items. The Sector also utilises Microsoft tools such as Microsoft Power Automate to digitise processes and reduce resource consumption.

Strategic Investments Sector

In the Plantations segment, 100% of biodegradable organic waste is converted into compost to improve soil carbon levels, and all polythene waste is recycled with registered recyclers. The plantations are declared polythene-free zones, reclaiming and recycling plastic waste.

The Printing segment aims to reduce waste by 50% and maintain 80% capacity utilisation.

The current performance is at approximately 25% and 65%, respectively. The Apparel segment focuses on reducing canteen waste by 10-15%, cutting paper usage by 40% through ERP systems, and implementing regular interventions to recycle e-waste and PET bottles. Additionally, the segment plans to reduce fabric waste by 1-1.5% by introducing a new pattern-making system.

The waste-to-energy power plant converted 220,616 MT of municipal solid waste from the Colombo district, diverting waste from landfills and converting it to a resource to generate renewable energy for the national grid.

Services Sector

Business segments within the Sector also utilise RPA systems to increase process efficiency and eliminate the use of paper. Further, the Sector maintains streamlined processes to manage solid waste.

BIODIVERSITY CONSERVATION

(GRI 3-3, 304-2, 304-3, 304-4)

The tourism and strategic investments sectors have direct interactions with biodiversity and sensitive ecosystems, making it imperative to proactively control business processes to prevent adverse impacts. Systemic interventions are established to mitigate negative effects, and efforts are made to enrich these ecosystems through value-added initiatives.

Tourism Sector

The destination management segment recognises the vital role they play in the industry to protect biodiversity and sensitive ecosystems and is committed to promoting sustainable travel through the "Travel Kindly" initiative. As part of this commitment, the company adopted their second baby elephant, "Anagi," from the Elephant Transit Home in Udawalawa, covering her monthly expenses. The first foster elephant, Bhanu, was released into the wild in 2022 after five years of care.

Additionally, the segment supports the Turtle Conservation Project at Rekawa by funding night patrolling to protect turtle nests. A pioneering partnership with the Department of Wildlife Conservation in Sri Lanka aims to raise awareness about the protection of leopard cubs in the central hills of Sri Lanka. The project **'Infant Paws'** will work to educate estate workers, plantation staff, and villagers on managing interactions with the endangered Sri Lankan leopard (Panthera pardus kotiya), endemic to Sri Lanka.

Nearly 100% of the staff are trained on the Travelife standard, and reservations teams guide tourists to less congested national parks, reducing stress on popular national parks like Yala.

The hotels segment exemplifies sustainable co-existence in sensitive ecosystems with LEED certified hotel properties like Heritance Kandalama and Heritance Aarah. The conservation forest maintained in its pristine condition for over two decades covers 198 acres of forest area adjacent to Heritance Kandalama along with 58 acres inside the hotel premises. In August 2023, a further 13 acres were added to this forest at an investment of 48 Mn, bringing the total areas protected to 211 acres, with the long-term goal of building an animal corridor. The forest is home to 19 species of reptiles and amphibians, 64 species of butterflies and dragonflies, 128 species of native flora and 183 species of birds. The properties in the Maldives also work to protect and conserve marine ecosystems through coral restoration projects. All coastal hotels conduct weekly beach cleanups to keep our beaches clean from non-biodegradable waste.

Maritime & Freight Logistics Sector

The Sector supports the protection of marine ecosystems by partnering with our hotels to reclaim plastic waste from our beaches.

Strategic Investments Sector

The plantations segment increased the green cover by 10% by planting shade trees in tea fields, roads, and boundaries. The segment also works to restore stream reservations by planting native trees over 166 hectares, to protect catchment areas and as well as to connect animal corridors. Biodiversity surveys are conducted across over 8,000 hectares, aligned with RA and FSC certified environmental and social management systems maintained at the estates, ensuring systemic interventions to protect these ecosystems.

In the power segment, the team at Western Power Company regularly cleans the canals near the power plant which are within the Muthurajawella wetland to protect this sensitive ecosystem. The Embilipitiya facility features a tree belt with over 25,000 trees of endemic and medicinal value. The thriving bee colonies within the premises are evidence of the successful control of pollution and noise levels, as bees are known to avoid high-noise areas.

Services Sector

Paper used in Aitken Spence Towers are Forestry Stewardship Council certified to ensure we do not damage virgin forests for our administrative tasks.

ADVOCACY AND AWARENESS BUILDING

(GRI 308-1, 414-1)

Engaging with our stakeholders to create awareness, educating them on sustainable practices to enhance value creation are important aspects of our strategy to protect our natural capital. It is important to build networks of informed individuals who support our efforts so that the company can amplify our efforts to control adverse impacts, fostering a collective approach to sustainable value creation.

Tourism Sector

The hotels segment incorporates health and safety inspections per ISO and Travelife standards, auditing most accommodation partners and ensuring nonconformities are promptly addressed. Heritance hotels publicly share policies on environmental management, purchasing, child protection, labour standards, human rights, and community engagement to create wider awareness about the company's commitments.

Supply chains are assessed through a comprehensive sustainability checklist, evaluating health and safety, human rights, child labour, sustainable resource use, and service excellence. Baseline assessments are conducted annually, with physical visits to selected suppliers. Suppliers must adhere to the Group's core values and ethical standards, with non-compliance potentially resulting in termination of business relationships.

The destination management segment screens all suppliers and service providers to ensure compliance with sustainability benchmarks. The segment educates suppliers on these standards and conduct annual briefings for national park drivers, tour guides, and chauffeur guides to maintain high standards.

Maritime & Freight Logistics Sector

Ace Containers is registered as a SEDEX (Supplier Ethical Data Exchange) supplier which ensures that the company employs stringent supplier screening processes for environmental impact control, requiring all suppliers to meet high standards for environmental sustainability and responsible business practices.

The freight segment works with partners focused on safety and standards, enhancing relationships through local and international collaborations, and raising awareness on quality, environmental, and safety practices.

Strategic Investments Sector

The plantations segment enhances awareness of quality, health, and safety standards throughout their supply chain. This includes regular quality checks, visits, and performance evaluations of suppliers. The printing and apparels segments also screen suppliers for quality, environmental impact control and labour standards. The apparels segment conducts frequent visits and provides advice on sustainable practices and compliance requirements. Compliance audits are carried out with selected partners, Group HR and compliance teams offering recommendations for improvements.

Services Sector

The property development segment conducts due diligence audits to ensure suppliers and service providers meet required governance standards for environmental and social impact control. An example is the review conducted by the segment to ensure all solvents and chemicals used for cleaning purposes on the premises are biodegradable.

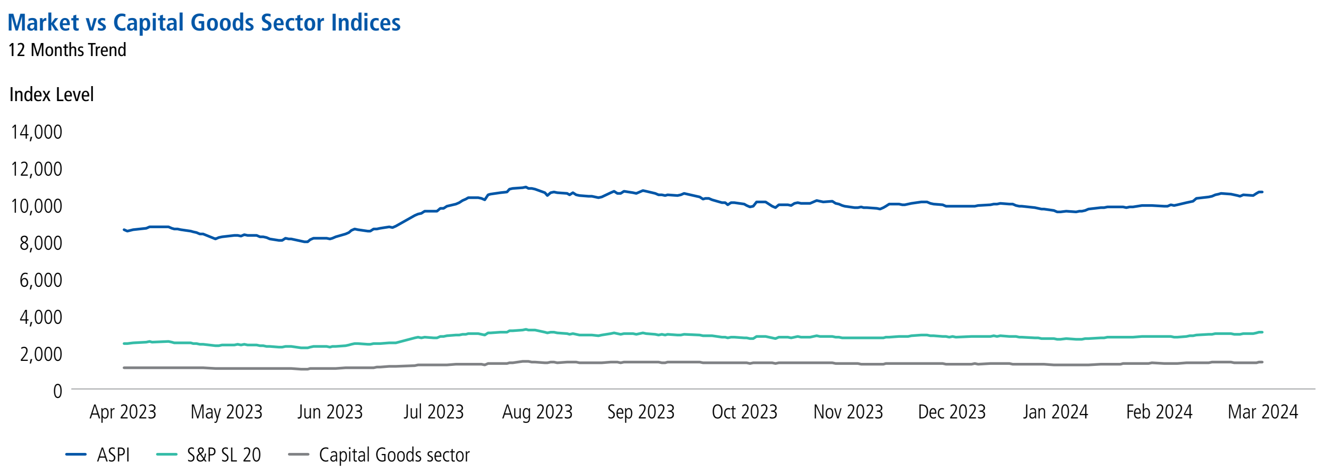
The elevators segment meticulously selects foreign and local suppliers based on criteria such as compliance with ISO 9001 for quality, ISO 45001 for safety, and ISO 14001 for environmental impact control. The segment also considers the ability to meet sustainability standards and technical support. By adhering to ISO 14001:2015, the segment takes into account environmental aspects, planned developments, emergency situations, and significant impacts, ensuring these are communicated across all organisational levels.

INVESTOR INFORMATION

Company Name	Aitken Spence PLC
Stock Symbol	SPEN.N0000
ISIN	LK0004N00008
Security Type in Issue	Quoted Ordinary Shares
Listed Exchange	The Colombo Stock Exchange (CSE) - Main Board
Market Sector	Capital Goods Sector
Featured Stock Indices	All Share Price Index (ASPI)
	Capital Goods Sector Index (SPCSECGP)

The All Share Price Index (ASPI) of the Colombo Stock Exchange showed a significant improvement during the year by claiming a spot amongst the top 10 best performing primary equity indices and recording an all time high of 11,724.22 on 08th August 2023. Additionally, the highest market capitalisation of Rs. 4,602.27Bn was recorded on 04th August 2023.

CSE MARKET PERFORMANCE

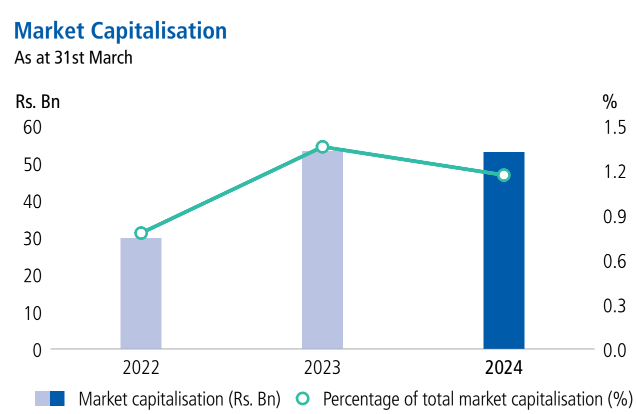


MARKET CAPITALISATION

As at 31st March	2024	2023	2022
Market capitalisation (Rs. Bn)	52.88	53.19	29.92
Total Market Capitalisation of CSE (Rs. Bn)	4,534.65	3,903.53	3,826.50
Percentage of total market capitalisation (%)	1.17	1.36	0.78

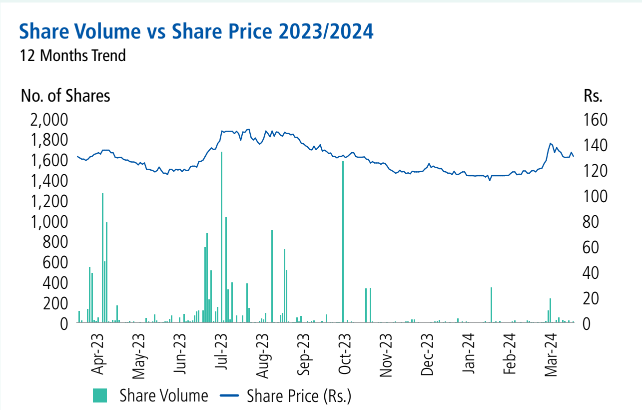
The float adjusted market capitalisation as at 31st March 2024 was Rs. 25.13 Bn with reference to the Rule No. 7.6 (iv)(a) of continuing listing requirements of the CSE.

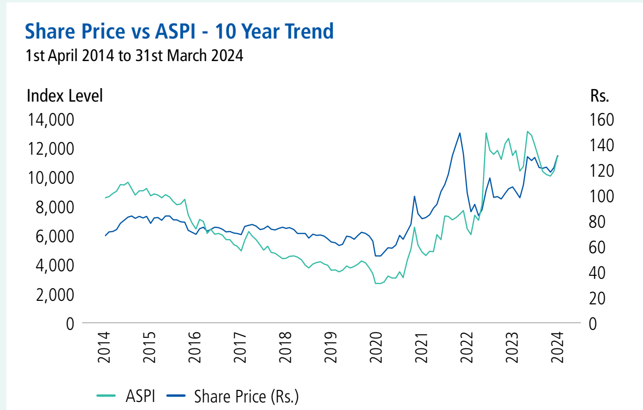
As the float adjusted market capitalisation is over Rs. 10 Bn, Aitken Spence PLC complies under option 1 of minimum public holding requirement. (as per Rule No. 7.13.1 (a) of the continuing listing requirements of the CSE)

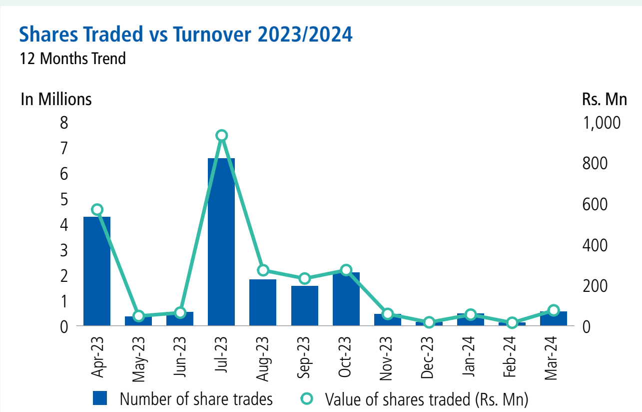


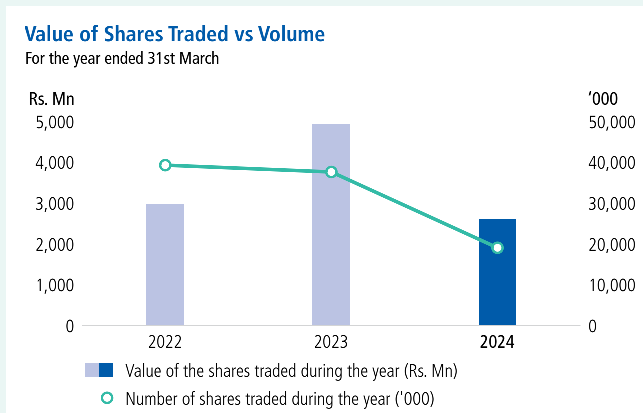
SHARE TRADING INFORMATION

For the year ended 31st March	2024	2023	2022
Value of shares traded during the year (Rs. Mn)	2,602.9	4,915.4	2,965.3
Number of shares traded during the year ('000)	18,930	37,500	39,177
Number of transactions	7,875	10,284	15,043
Percentage of total value transacted in CSE (%)	0.53	0.98	0.25







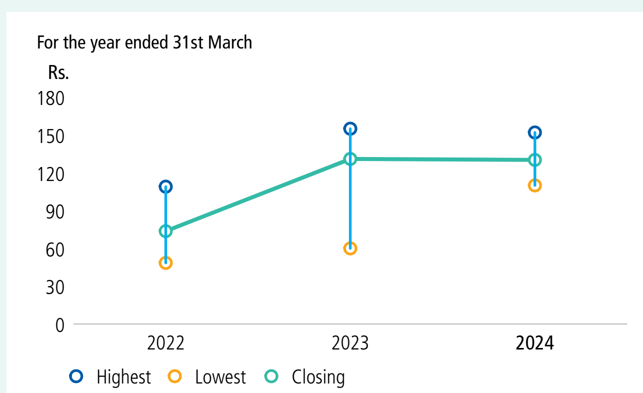


The market value of the ordinary share as at 10th July 2024 was Rs. 126.00

SHARE PRICE INFORMATION

Market Value Per Share

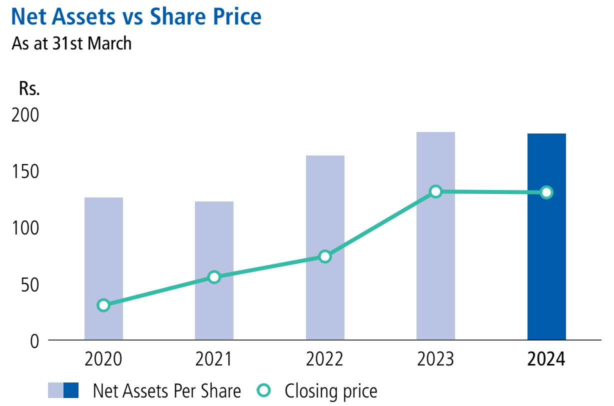
For the year ended 31st March	2024	2023	2022
Highest (Rs.)	152.00	155.00	109.00
Lowest (Rs.)	110.00	60.00	48.50
Closing Price (Rs.)	130.25	131.00	73.70



FINANCIAL INDICATORS

Net Asset Per Share

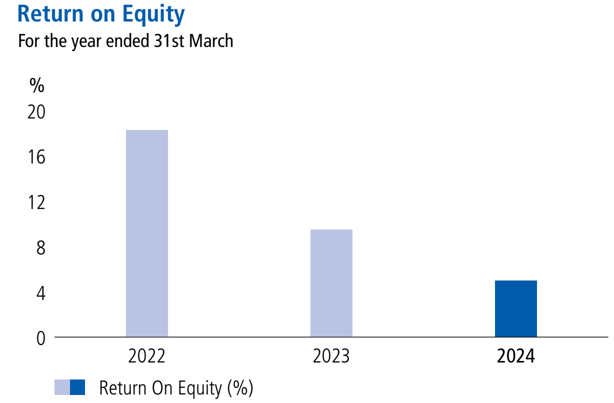
As at 31st March	2024	2023	2022
The Group (Rs.)	181.86	185.26	162.44
The Company (Rs.)	64.88	69.04	64.20



Rs. 181.86
Net Asset per Share

Return On Equity

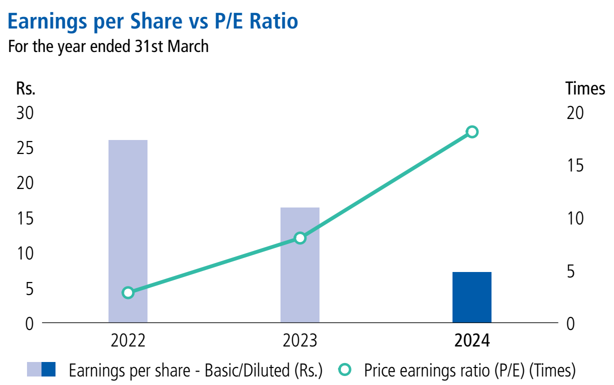
For the year ended 31st March	2024	2023	2022
Return on Equity (%)	3.95	9.47	18.26



3.95%
Return on Equity

Earnings

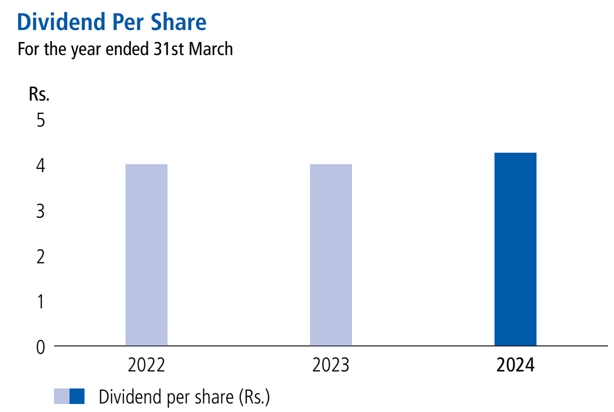
For the year ended 31st March	2024	2023	2022
Earnings per share - Basic/Diluted (Rs.)	7.21	16.36	25.96
Price earnings ratio (P/E) (Times)	18.06	8.01	2.84
Closing Price (Rs.)	130.25	131.00	73.70



Rs. 7.21
Earnings per Share

Dividends

For the year ended 31st March	2024	2023	2022
Dividend per share (Rs.)	4.25	4.00	4.00
Dividend cover (Times)	1.70	4.09	6.49
Dividend payout ratio	0.59	0.24	0.15



Rs. 4.25
Dividend per Share

HISTORY OF DIVIDEND PER SHARE, DIVIDEND COVER AND DIVIDEND PAYOUT RATIO FOR THE PAST 10 YEARS

Year	Dividends per share (Rs.)	Dividends Cover (Times)	Dividends payout ratio
2014/2015	2.00	4.41	0.23
2015/2016	1.50	3.33	0.30
2016/2017	1.75	4.07	0.25
2017/2018	2.00	4.38	0.23
2018/2019	2.50	4.02	0.25
2019/2020	1.25	4.69	0.21
2020/2021	1.00	(4.00)	(0.25)
2021/2022	4.00	6.49	0.15
2022/2023	4.00	4.09	0.24
2023/2024	4.25	1.70	0.59

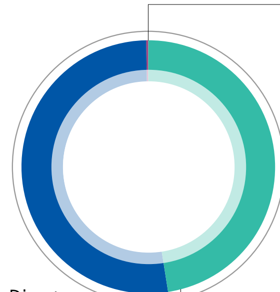
SHAREHOLDER COMPOSITION

Public Holding

The percentage of public holding as at 31st March 2024 was 47.52% and was represented by 4,312 shareholders. (31st March 2023 - 47.52%, represented by 4,347 shareholders) (As per the Rule No.7.6 (iv) of continuing listing requirements of the CSE)

	%	No of Shares
Public holding	47.52	192,919,909
Indirect holding by Directors	52.38	212,673,171
Shareholding of Directors together with their spouses	0.10	402,965
Total	100.00	405,996,045

Ownership Structure (As at 31st March 2024)



Distribution of shareholding

As at 31st March	2024			2023		
Shareholder category	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
1 - 1,000	2,719	679,155	0.17	2,692	682,600	0.17
1,001 - 10,000	1,136	4,242,951	1.04	1,116	4,114,811	1.01
10,001 - 100,000	376	11,198,017	2.76	442	13,605,575	3.35
100,001 - 1,000,000	68	18,947,590	4.67	80	20,291,007	5.00
1,000,001 - above	20	370,928,332	91.36	23	367,302,052	90.47
Total	4,319	405,996,045	100.00	4,353	405,996,045	100.00

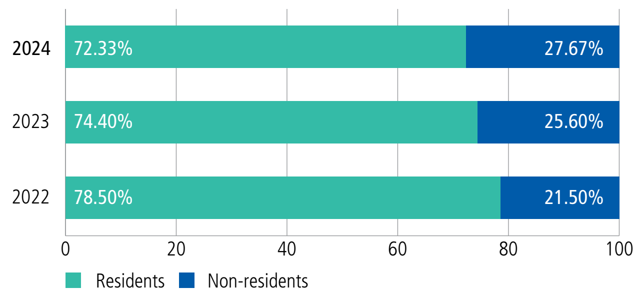
Residents/Non-Residents

As at 31st March	2024		2023	
	No. of shares	%	No. of shares	%
Residents	293,652,881	72.33	302,080,670	74.40
Non-residents	112,343,164	27.67	103,915,375	25.60
Total	405,996,045	100.00	405,996,045	100.00

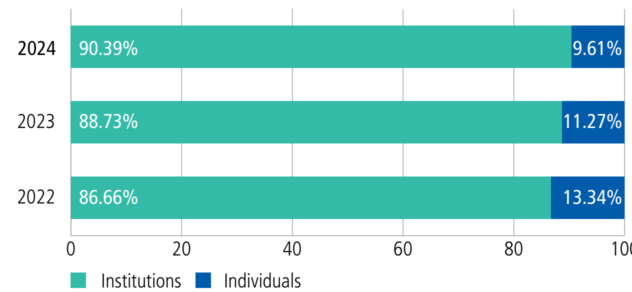
Institutions/Individuals

As at 31st March	2024		2023	
	No. of shares	%	No. of shares	%
Institutions	366,997,536	90.39	360,259,001	88.73
Individuals	38,998,509	9.61	45,737,044	11.27
Total	405,996,045	100.00	405,996,045	100.00

Residents/Non-Residents
As at 31st March



Institutions/Individuals
As at 31st March



TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH 2024

	Name	No of Shares	%
1	Melstacorp PLC	208,410,213	51.33
2	Rubicond Enterprises Limited	65,990,145	16.25
3	Employee's Provident Fund	20,590,978	5.07
4	Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	11,710,382	2.88
5	Citibank New York S/A Norges Bank Account 2	10,779,412	2.66
6	SSBT-Sunsuper Pty. Ltd. as Trustee for Sunsuper Superannuation Fund	10,196,436	2.51
7	Estate of the Late Mr. G.C. Wickremasinghe	7,308,240	1.80
8	Finco Holdings (Private) Limited	6,483,061	1.60
9	Placidrange Holdings Limited	5,521,500	1.36
10	Northern Trust Company S/A Hosking Global Fund PLC	5,025,131	1.24
11	Miss. A.T. Wickremasinghe	3,211,975	0.79
12	Mrs. K. Fernando	3,135,070	0.77
13	Milford Exports (Ceylon) (Pvt) Limited	2,232,978	0.55
14	Stassen Exports (Private) Limited	2,029,980	0.50
15	Employees Trust Fund Board	1,895,591	0.47
16	Hatton National Bank PLC-Senfin Growth Fund	1,664,676	0.41
17	Union Assurance PLC-Universal Life Fund	1,329,751	0.33
18	Mr. A B Rodrigo (Deceased)	1,284,720	0.32
19	Mr. G Wickremasinghe	1,127,743	0.28
20	Dr. D A Sivaratnam	1,000,350	0.25
	Total	370,928,332	91.37

SHAREHOLDING OF DIRECTORS TOGETHER WITH THEIR SPOUSES

As at 31st March	2024	2023
Mr. J.M.S. Brito	374,126	374,126
Ms. D.S.T. Jayawardena	27,839	27,839
Mr. R.N. Asirwatham	1,000	1,000
Total	402,965	402,965

DIRECTORS' INDIRECT HOLDING IN AITKEN SPENCE PLC

As at 31st March		2024	2023
Deshamanya D.H.S. Jayawardena/Ms. D.S.T. Jayawardena/ Mr. C.R. Jansz/Mr. N.J. de S. Deva Aditya/Mr. M.A.N.S. Perera	- Melstacorp PLC	208,410,213	208,410,213
Deshamanya D.H.S. Jayawardena/Ms. D.S.T. Jayawardena/ Mr. C.R. Jansz	- Milford Exports (Ceylon) (Pvt) Limited	2,232,978	2,232,978
	- Stassen Exports (Private) Limited	2,029,980	2,029,980
Total		212,673,171	212,673,171

DIRECTORS' SHAREHOLDING IN GROUP COMPANIES

As at 31st March		2024	2023
Aitken Spence Hotel Holdings PLC	Mr. J.M.S. Brito	194,062	300,658
	Ms. D.S.T. Jayawardena	16,000	16,000
	Mr. R.N. Asirwatham	1,000	1,000

ENRICHING GROWTH

Here at Aitken Spence PLC, we are built on the premise of establishing opportunities for lasting growth, spurred onwards by an untiring quest towards stakeholder wealth creation. The ensuing contents delve into the Group's financial performance and outline our commitment towards a future of strength and stability.

Financial Statements

FINANCIAL INFORMATION

FINANCIAL CALENDAR 2023/2024

Interim Financial Statements

Interim financial statements for the three months ended on 30th June 2023	Approved on 09th August 2023
Interim financial statements for the six months ended on 30th September 2023	Approved on 11th November 2023
Interim financial statements for the nine months ended on 31st December 2023	Approved on 14th February 2024
Interim financial statements for the year ended 31st March 2024	Approved on 27th May 2024

Audited Financial Statements

Audited financial statements for the year ended on 31st March 2024	Approved on 15th July 2024

Dividends

First and final dividend for the year ended on 31st March 2023	Approved on 30th June 2023
First and final dividend for the year ended on 31st March 2024	To be recommended on 06th August 2024

Annual General Meeting

72nd Annual General Meeting	06th August 2024

FINANCIAL HIGHLIGHTS

Q1 - 2023/2024 (Rs. Millions)	
Revenue	18,365
Loss from operations	626
Loss for the period	3,188
Loss Attributable to Equity holders	2,402
Loss per share (Rs.)	5.92
Net assets per share (Rs.)	169.74

Q2 - 2023/2024 (Rs. Millions)	
Revenue (re-stated)	20,442
Profit from operations	2,880
Profit for the period	400
Profit Attributable to Equity holders	742
Earnings per share (Rs.)	1.83
Net assets per share (Rs.)	174.24

Q3 - 2023/2024 (Rs. Millions)	
Revenue	27,614
Profit from operations	4,922
Profit for the period	2,988
Profit Attributable to Equity holders	2,052
Earnings per share (Rs.)	5.05
Net assets per share (Rs.)	179.04

Q4 - 2023/2024 (Rs. Millions)	
Revenue	31,065
Profit from operations	6,050
Profit for the period	4,252
Profit Attributable to Equity holders	2,536
Earnings per share (Rs.)	6.25
Net assets per share (Rs.)	181.86

Year 2023/2024 (Rs. Millions)			
Revenue	97,486	Profit from operations	13,226
Profit for the year	4,452	Profit Attributable to Equity holders	2,928
Earnings per share (Rs.)	7.21	Net assets per share (Rs.)	181.86

INDEX TO THE FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act No.7 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors in relation to the Financial Statements of Aitken Spence PLC and the Consolidated Financial Statements of the Group are set out in this Report.

The Directors confirm that the Financial Statements and other statutory reports of the Company and its subsidiaries for the year ended 31st March 2024 incorporated in this Report have been prepared in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the companies within the Group maintain adequate and accurate records which reflect the true financial position of each such company and hence the Group. The Directors have taken appropriate and reasonable steps to safeguard the assets of the Company and the Group. The Directors have instituted appropriate systems of internal control in order to minimise and detect fraud, errors and other irregularities. The Directors, in maintaining a sound system of internal control and safeguarding the assets of the Company and the Group, have further adopted risk management strategies to identify and evaluate the potential risks to which the Company and the Group could be exposed, as well as their impact.

The Directors having considered the Group's business plans and a review of its current and future operations are of the view that the Company and the Group have adequate resources to continue in operation. The Directors have adopted the going concern basis in preparing the Financial Statements.

The Financial Statements presented in this Annual Report for the year ended 31st March 2024 have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2024 and the Comprehensive Income Statements for the Company and the Group for the Financial Year ended 31st March 2024 reflect a true and fair view of the Company and the Group.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their duties. The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Independent Auditors' Report.

The Directors confirm that to the best of their knowledge all payments to employees, regulatory and statutory authorities due and payable by the Company and its subsidiaries have been either duly paid or adequately provided for in the Financial Statements. The Directors further confirm that they promote the highest ethical, environmental and safety standards within the Group. The Directors also ensure that the relevant national laws, international laws and codes of regulatory authorities, professional institutes and trade associations have been complied with by the Group.

By order of the Board,

Aitken Spence PLC

Aitken Spence Corporate Services (Private) Limited
Secretaries

15th July 2024

Colombo

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

To the Shareholders of Aitken Spence PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aitken Spence PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statements of financial position as at March 31, 2024, and the income statements, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 309 to 430.

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 of March 31, 2024, 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 for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill, investments in subsidiaries, and equity-accounted investees

Refer to notes 17, 20, and 21 to the financial statements

Risk description	Our response
The Company holds investments in subsidiaries amounting to Rs. 14,206 million as at 31st March 2024. Further, the Group holds investments in equity-accounted investees amounting to Rs. 9,947 million, and goodwill amounting to Rs. 1,562 million as at 31st March 2024. The carrying amount of investments in subsidiaries, and investments in equity-accounted investees have been tested for impairment as individual Cash Generating Units and management allocated goodwill to the respective cash-generating units ('CGU") and the recoverable amounts of the identified CGUs have been determined based on value-in-use calculations.	Our audit procedures included, ▪ Obtaining an understanding of management's impairment assessment process. ▪ Evaluating the reasonableness of the Group's key assumptions for its revised cash flow projections such as discount rates, cost inflation, and business growth with reference to the internally and externally derived sources, and evaluating the Group budgetary process and reasonableness of historical forecasts. ▪ Reviewing of value in use computations for recoverable amounts with impairment indications and discussion with the management of the Group. ▪ Assessing the adequacy of the disclosures in the financial statements in respect of impairment testing.

KPMG

Risk description	Our response
Investments that do not generate adequate returns may be an indication of impairment. Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations. Further, the prevailing uncertain and volatile macro-economic environment resulted in an interruption in business activities, which would adversely affect the ability to generate an adequate return, indicating potential impairment to the investments. We considered the management's impairment assessment of goodwill, investments in equity accounted investees, and investments in subsidiaries to be a key audit matter due to the magnitude of the carrying value, and management impairment assessment is based on forecasting and discounting cash flows, which are inherently judgmental.	

Financial Instruments

Refer the Note 37 to the financial statements

Risk description	Our response
The effective portion of a Cash flow hedge has been recognized under other comprehensive income amounting to Rs. 1,501 million as at 31st March 2024. A subsidiary company of the Tourism sector has hedged its Euro currency revenue against the contractual future loan repayments. Rules on hedge accounting requirements and documentation can be complicated. Lack of compliance with documentation rules, hedge effectiveness rules, and probability criteria could lead to income statement volatility. Hedge relationships are formally documented and designated at inception. The documentation includes identification of the hedged item and the hedging instrument and details of the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. If the hedge is not highly effective in offsetting changes in fair values or cash flows attributable to the hedged risk, consistent with the documented risk management strategy, hedge accounting is discontinued. We identified this as a key audit matter due to the complexities and high level of judgment involved in determining the hedging item, hedge instrument and the testing effectiveness as required by the accounting standards.	Our audit procedures included, ▪ Assessing the nature of the hedge relationships and testing compliance with specific hedge accounting requirements for foreign currency hedging. ▪ Examining the accounting treatment applied for the hedge, in particular when reclassifying gains and losses from reserves to the income statement and adjustments to the carrying value of the hedged item. ▪ Assessing the adequacy of the disclosure in financial instruments by agreeing the financial statements to the underlying workings prepared by management and ensuring classification is consistent with the accounting principles. ▪ Reviewing the work carried out by component auditors where necessary. ▪ Assessing the adequacy of the Group disclosures in the financial statements.

KPMG

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

KPMG

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 2599.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

15th July 2024

INCOME STATEMENTS

For the year ended 31st March	Notes	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Revenue	7	97,486,253	98,104,323	1,265,626	1,142,281
Revenue taxes		(1,237,416)	(1,115,329)	(22,624)	(11,814)
Net revenue		96,248,837	96,988,994	1,243,002	1,130,467
Other operating income	8	(2,306,742)	2,022,132	1,052,168	5,548,437
Changes in inventories of finished goods and work-in-progress		(507,640)	333,119	-	-
Raw materials and consumables used		(3,850,351)	(8,060,012)	-	-
Employee benefits expense		(15,263,948)	(15,132,571)	(1,099,598)	(931,770)
Depreciation, amortisation and impairment losses of non-financial assets	9	(7,071,137)	(7,182,160)	(57,555)	(67,964)
Other operating expenses - direct	10	(37,548,423)	(34,505,431)	-	-
Other operating expenses - indirect		(16,474,387)	(15,480,232)	(780,885)	(1,003,455)
Profit from operations	9	13,226,209	18,983,839	357,132	4,675,715
Finance income	11	2,908,844	2,884,357	3,216,860	3,105,440
Finance expenses	11	(10,728,441)	(11,736,887)	(3,590,296)	(4,187,752)
Net finance expense		(7,819,597)	(8,852,530)	(373,436)	(1,082,312)
Share of profit of equity-accounted investees (net of tax)	21	1,317,988	1,070,137	-	-
Profit / (loss) before tax		6,724,600	11,201,446	(16,304)	3,593,403
Income tax expense	12	(2,272,850)	(3,125,077)	(27,566)	(4,494)
Profit / (loss) for the year		4,451,750	8,076,369	(43,870)	3,588,909
Attributable to:					
Equity holders of the company		2,928,185	6,644,027	(43,870)	3,588,909
Non-controlling interests		1,523,565	1,432,342	-	-
Profit / (loss) for the year		4,451,750	8,076,369	(43,870)	3,588,909
Earnings / (loss) per share - basic/diluted (Rs.)	13	7.21	16.36	(0.11)	8.84

The notes on pages 317 through 430 form an integral part of these financial statements..

Figures in brackets indicate deductions.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Notes	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Profit / (loss) for the year		4,451,750	8,076,369	(43,870)	3,588,909
Other comprehensive income /(loss)					
Items that will not be reclassified to profit or loss					
Revaluation of freehold land	15	4,761	3,566,785	-	-
Actuarial losses on defined benefit obligations	33	(196,399)	(51,294)	(29,903)	(1,943)
Equity investments at FVOCI – net change in fair value		(4,406)	(1,179)	(4,086)	(2,357)
Share of other comprehensive income / (loss) of equity-accounted investees (net of tax)	21	(47,506)	52,301	-	-
Income tax on other comprehensive income	12.4	39,302	(1,859,207)	12,534	4,095
		(204,248)	1,707,406	(21,455)	(205)
Items that are or may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		(3,056,207)	2,770,806	-	-
Net movement on cash flow hedge	37.2	1,501,550	(417,788)	-	-
Share of other comprehensive income / (loss) of equity-accounted investees (net of tax)	21	(505,310)	168,399	-	-
		(2,059,967)	2,521,417	-	-
Other comprehensive income / (loss) for the year, (net of tax)		(2,264,215)	4,228,823	(21,455)	(205)
Total comprehensive income /(loss) for the year		2,187,535	12,305,192	(65,325)	3,588,704
Attributable to:					
Equity holders of the company		823,152	10,249,996	(65,325)	3,588,704
Non-controlling interests		1,364,383	2,055,196	-	-
Total comprehensive income /(loss) for the year		2,187,535	12,305,192	(65,325)	3,588,704

The notes on pages 317 through 430 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF FINANCIAL POSITION

As at	Notes	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	101,028,695	105,499,126	84,109	83,927
Investment properties	16	1,631,258	1,631,581	3,415,573	3,417,456
Intangible assets	17	1,640,049	1,739,817	46,323	58,941
Biological assets	18	64,455	71,334	-	-
Right-of-use assets	19	16,364,381	19,136,841	-	-
Investments in subsidiaries	20	-	-	14,206,073	14,147,512
Investments in equity-accounted investees	21	9,946,837	9,238,093	2,657,955	2,659,955
Deferred tax assets	22	1,974,566	1,619,314	643,565	640,002
Other financial assets	23	1,018,979	1,028,075	25,344	11,879
		133,669,220	139,964,181	21,078,942	21,019,672
Current assets					
Inventories	24	4,159,673	5,274,192	7,781	6,828
Trade and other receivables	25	19,854,130	21,243,529	6,384,623	5,756,124
Current tax receivable		226,379	132,307	154,483	67,015
Deposits and prepayments		5,670,574	4,265,451	165,388	44,034
Other current assets	26	25,374,849	27,073,092	18,238,376	20,546,443
Cash and short-term deposits	27	12,132,534	16,215,515	3,023,392	3,028,386
		67,418,139	74,204,086	27,974,043	29,448,830
Assets classified as held for sale	28	169,423	169,423	72,237	72,237
Total assets		201,256,782	214,337,690	49,125,222	50,540,739
EQUITY AND LIABILITIES					
Equity					
Stated capital	29.1	2,135,140	2,135,140	2,135,140	2,135,140
Reserves	29.2	38,957,795	42,525,804	17,445,084	19,069,591
Retained earnings		32,743,186	29,743,417	6,761,375	6,826,177
Total equity attributable to equity holders of the company		73,836,121	74,404,361	26,341,599	28,030,908
Non-controlling interests		11,883,848	11,811,656	-	-
Total equity		85,719,969	86,216,017	26,341,599	28,030,908
Non-current liabilities					
Interest-bearing loans and borrowings	30	38,464,247	46,948,858	1,200,773	2,613,456
Lease liabilities	31	12,846,666	15,713,625	-	-
Deferred tax liabilities	32	5,701,185	5,581,239	-	-
Employee benefits	33	1,668,797	1,306,358	164,243	106,567
Other liabilities	34	277,865	418,493	-	-
		58,958,760	69,968,573	1,365,016	2,720,023
Current liabilities					
Interest-bearing loans and borrowings	30	9,196,934	9,618,620	1,244,161	1,373,604
Lease liabilities	31	1,780,313	1,831,047	-	-
Trade and other payables	35	25,261,523	22,768,646	11,611,482	8,009,291
Current tax payable		950,542	1,143,535	-	-
Bank overdrafts and other short-term borrowings	27	19,388,741	22,791,252	8,562,964	10,406,913
		56,578,053	58,153,100	21,418,607	19,789,808
Total equity and liabilities		201,256,782	214,337,690	49,125,222	50,540,739

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 317 to 430.

I certify that the financial statements for the year ended 31st March 2024 are in compliance with the requirements of the Companies Act No. 7 of 2007.

Ms. N. Sivapragasam
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

For and on behalf of the Board:

Deshamanya D.H.S. Jayawardena
Chairman

Ms. D.S.T. Jayawardena
Joint Deputy Chairperson and Joint Managing Director

Dr. M. P. Dissanayake
Deputy Chairman and Managing Director

15th July 2024
Colombo, Sri Lanka

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the company			
	Stated capital Rs.'000	Revaluation reserve Rs.'000	Other capital reserves Rs.'000	General reserves Rs.'000
Balance as at 01st April 2022	2,135,140	9,828,214	148,440	16,882,827
Adjustment on Surcharge tax levied under Surcharge Act	-	-	-	-
Balance as at 01st April 2022 (Adjusted)	2,135,140	9,828,214	148,440	16,882,827
Profit for the year	-	-	-	-
Other comprehensive income /(loss) for the year (note 29.3.1)	-	1,719,485	-	-
Total comprehensive income / (loss) for the year	-	1,719,485	-	-
Share of net assets of equity-accounted investees	-	-	-	-
Transfer to reserves	-	-	-	2,243,276
Interim dividends for 2021/2022 (note 14)	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-
Total contributions and distributions recognised directly in equity	-	-	-	2,243,276
Balance as at 31st March 2023	2,135,140	11,547,699	148,440	19,126,103
Profit for the year	-	-	-	-
Other comprehensive income / (loss) for the year (note 29.3.1)	-	(16,405)	-	-
Total comprehensive income / (loss) for the year	-	(16,405)	-	-
Share of net assets of equity-accounted investees	-	-	-	-
Transfer from reserves	-	-	-	(1,623,984)
Final dividends for 2022/2023 (note 14)	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-
Total contributions and distributions recognised directly in equity	-	-	-	(1,623,984)
Balance as at 31st March 2024	2,135,140	11,531,294	148,440	17,502,119

The notes on pages 317 through 430 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Attributable to equity holders of the company					Non-controlling interests	Total equity
Exchange fluctuation reserve	Fair value reserve	Cash flow hedge reserve	Retained earnings	Total		
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
11,934,302	(15,393)	(2,129,288)	27,164,516	65,948,758	11,496,921	77,445,679
-	-	-	(364,951)	(364,951)	(66,820)	(431,771)
11,934,302	(15,393)	(2,129,288)	26,799,565	65,583,807	11,430,101	77,013,908
-	-	-	6,644,027	6,644,027	1,432,342	8,076,369
2,098,820	1,847	(186,726)	(27,457)	3,605,969	622,854	4,228,823
2,098,820	1,847	(186,726)	6,616,570	10,249,996	2,055,196	12,305,192
-	-	-	194,542	194,542	(93)	194,449
-	-	-	(2,243,276)	-	-	-
-	-	-	(1,623,984)	(1,623,984)	-	(1,623,984)
-	-	-	-	-	(1,673,548)	(1,673,548)
-	-	-	(3,672,718)	(1,429,442)	(1,673,641)	(3,103,083)
14,033,122	(13,546)	(2,316,014)	29,743,417	74,404,361	11,811,656	86,216,017
-	-	-	2,928,185	2,928,185	1,523,565	4,451,750
(2,597,976)	(747)	671,103	(161,008)	(2,105,033)	(159,182)	(2,264,215)
(2,597,976)	(747)	671,103	2,767,177	823,152	1,364,383	2,187,535
-	-	-	232,592	232,592	-	232,592
-	-	-	1,623,984	-	-	-
-	-	-	(1,623,984)	(1,623,984)	-	(1,623,984)
-	-	-	-	-	(1,292,191)	(1,292,191)
-	-	-	232,592	(1,391,392)	(1,292,191)	(2,683,583)
11,435,146	(14,293)	(1,644,911)	32,743,186	73,836,121	11,883,848	85,719,969

COMPANY STATEMENT OF CHANGES IN EQUITY

	Stated capital Rs.'000	General reserves Rs.'000	Fair value reserve Rs.'000	Retained earnings Rs.'000	Total Rs.'000
Balance as at 01st April 2022	2,135,140	16,853,163	(28,003)	7,105,888	26,066,188
Profit for the year	-	-	-	3,588,909	3,588,909
Other comprehensive income /(loss) for the year (note 29.3.2)	-	-	1,155	(1,360)	(205)
Total comprehensive income for the period	-	-	1,155	3,587,549	3,588,704
Transfer to general reserve	-	2,243,276	-	(2,243,276)	-
Interim dividends for 2021/2022 (note 14)	-	-	-	(1,623,984)	(1,623,984)
Total contributions and distributions recognised directly in equity	-	2,243,276	-	(3,867,260)	(1,623,984)
Balance as at 31st March 2023	2,135,140	19,096,439	(26,848)	6,826,177	28,030,908
Loss for the year	-	-	-	(43,870)	(43,870)
Other comprehensive loss for the year (note 29.3.2)	-	-	(523)	(20,932)	(21,455)
Total comprehensive loss for the period	-	-	(523)	(64,802)	(65,325)
Transfer from general reserve	-	(1,623,984)	-	1,623,984	-
Interim dividends for 2022/2023 (note 14)	-	-	-	(1,623,984)	(1,623,984)
Total contributions and distributions recognised directly in equity	-	(1,623,984)	-	-	(1,623,984)
Balance as at 31st March 2024	2,135,140	17,472,455	(27,371)	6,761,375	26,341,599

The notes on pages 317 through 430 form an integral part of these financial statements..

Figures in brackets indicate deductions.

STATEMENTS OF CASH FLOWS

For the year ended 31st March	Notes	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Cash flows from operating activities					
Profit / (loss) before tax		6,724,600	11,201,446	(16,304)	3,593,403
Adjustments for					
Depreciation and amortisation		6,966,859	7,175,187	55,583	49,936
Impairment of biological assets		10,261	-	-	-
Interest expense		10,323,468	11,393,106	3,584,769	4,183,762
(Gain) / loss on disposal of property, plant and equipment	8	(26,468)	10,709	(409)	(30)
Net gain on termination of lease	8	(1,066)	(10,511)	-	-
Loss on retirement of assets held for sale	8	-	72,269	-	-
Interest income	11	(2,908,844)	(2,884,357)	(3,216,860)	(3,105,440)
Share of profit of equity-accounted investees (net of tax)	21	(1,317,988)	(1,070,137)	-	-
Impairment losses of investments in subsidiaries and equity-accounted investees		-	-	2,000	18,004
Impairment losses / (reversals) of inventories		94,017	6,973	(28)	24
Impairment losses and write offs of trade and other receivables	9	465,733	407,680	11,910	292,317
Movement in assets held for sale		-	(5,298)	-	-
Net foreign exchange (gain) / loss		2,058,987	1,515,911	1,904,541	719,738
Provision for retirement benefit obligations	33	351,604	242,385	33,935	23,394
		16,016,563	16,853,917	2,375,441	2,181,705
Operating profit before working capital changes		22,741,163	28,055,363	2,359,137	5,775,108
(Increase)/decrease in trade and other receivables		923,666	(914,489)	(640,409)	(1,433,078)
(Increase)/decrease in inventories		1,020,502	(1,422,471)	(925)	103
(Increase)/decrease in deposits and prepayments		(1,405,123)	(2,178,574)	(121,354)	60,926
Increase/(decrease) in trade and other payables		2,483,059	(6,863,538)	3,592,373	(5,324,876)
Decrease in other liabilities		(140,628)	(62,959)	-	-
		2,881,476	(11,442,031)	2,829,685	(6,696,925)
Cash generated from /(used in) operations		25,622,639	16,613,332	5,188,822	(921,817)
Interest paid		(10,767,291)	(10,235,334)	(3,594,768)	(4,151,544)
Income tax paid		(2,785,337)	(2,376,819)	(106,063)	(20,607)
Surcharge tax paid		-	(431,771)	-	-
Retirement benefit obligations paid	33	(153,598)	(108,815)	(6,162)	(6,399)
		(13,706,226)	(13,152,739)	(3,706,993)	(4,178,550)
Net cash generated from / (used in) operating activities		11,916,413	3,460,593	1,481,829	(5,100,367)

(carried forward to next page)

The notes on pages 317 through 430 form an integral part of these financial statements..

Figures in brackets indicate deductions.

For the year ended 31st March	Notes	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
(brought forward from previous page)					
Cash flows from investing activities					
Interest received		2,897,114	2,872,699	3,205,468	3,104,434
Investment in subsidiaries		-	(1,499,440)	(58,561)	(1,625,000)
Investment in equity accounted investees		(162,819)	(17,500)	-	-
Investment in equity securities and debt		(110,191)	(1,044)	(110,191)	(1,044)
Acquisition of property, plant and equipment *	15	(5,465,665)	(2,965,293)	(35,773)	(22,493)
Acquisition of intangible assets	17	(19,618)	(9,053)	(5,491)	-
Acquisition of biological assets *	18	(4,257)	(2,539)	-	-
Operating leases pre-paid	19	(103,128)	-	-	-
Proceeds from disposal of property, plant and equipment		79,096	20,435	409	30
Proceeds from retirement of equity securities and debt		111,642	2,007	53,308	2,007
Proceeds/(purchase) from other financial assets and liabilities (net)		(430,536)	(1,546,181)	325,516	(655,375)
Proceeds on retirement of assets held for sale		-	1,878,448	-	-
Dividends paid to non-controlling interests		(1,292,191)	(1,673,548)	-	-
Dividends received from equity accounted investees		451,839	828,794	-	-
Net cash generated from / (used in) investing activities		(4,048,714)	(2,112,215)	3,374,685	802,559
Cash flows from financing activities					
Proceeds from interest-bearing loans and borrowings	30	2,405,744	321,921	-	-
Repayment of interest-bearing loans and borrowings	30	(7,480,527)	(9,457,668)	(1,259,900)	(1,914,753)
Payment of lease liabilities	19.3	(1,799,005)	(1,887,444)	-	-
Dividends paid to equity holders of the parent		(1,614,166)	(1,613,307)	(1,614,166)	(1,613,307)
Net cash used in financing activities		(8,487,954)	(12,636,498)	(2,874,066)	(3,528,060)
Net increase / (decrease) in cash and cash equivalents		(620,255)	(11,288,120)	1,982,448	(7,825,868)
Cash and cash equivalents at beginning of the year		(6,575,737)	5,726,543	(7,378,527)	849,540
Effect of movements in exchange rates		(60,215)	(1,014,160)	(143,493)	(402,199)
Cash and cash equivalents at end of the year	27	(7,256,207)	(6,575,737)	(5,539,572)	(7,378,527)

* Acquisition of property, plant and equipment includes capitalised borrowing cost paid by the Group of Rs. 211.0 million (2022/2023 - Nil), where as there is no capitalised borrowing cost on acquisition of biological assets for 2023/2024 and 2022/2023. (Company-nil).

The notes on pages 317 through 430 form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Aitken Spence PLC., (the "Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is located at "Aitken Spence Tower II", 315 Vauxhall Street, Colombo 02.

The consolidated financial statements of the Group as at, and for the year ended 31st March 2024 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activities of the Company and the other entities consolidated with it are disclosed in pages 448 to 456 of this report. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The immediate parent of Aitken Spence PLC is Melstacorp PLC and the ultimate parent is Milford Exports (Ceylon) (Private) Ltd.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs), laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

These financial statements, except for information on cash flows and items measured at fair value as described in note 2.4 have been prepared following the accrual basis of accounting.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs and regulations governing the preparation and presentation of the Financial Statements.

2.2 Responsibility for financial statements

The Board of Directors of the Company acknowledges its responsibility for the Financial Statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for Financial Statements" and the "certification on the Statement of Financial Position".

2.3 Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31st March 2024 were approved and authorised for issue by the Board of Directors on the 15th of July 2024. These financial statements include the following components :

- an Income Statement and a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review. Refer pages 309 and 310;
- a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end. Refer page 311;
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company. Refer pages 312 and 314 ;
- a Statement of Cash Flows providing the information to the users on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows. Refer page 315 ;
- notes to the financial statements comprising material accounting policies and other explanatory information. Refer pages 317 to 430.

2.4 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items stated in the Statement of Financial Position.

Item	Basis of measurement	Note number
Land (recognised under property, Plant and Equipment)	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation.	15
Financial assets classified as fair value through profit or loss	Measured at fair Value	26.1.1 and 37
Financial assets classified as fair value through other comprehensive income.	Measured at fair Value	23.1.1 and 37
Assets classified as held for sale	Measured at the lower of carrying amount and fair value less cost to sell	28
Retirement benefit obligations	Measured at the present value of the defined benefit	33.1
Lease liabilities	Measured at amortised cost using effective interest method	31

2.5 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency), which is the Sri Lankan Rupee.

The financial statements are presented in Sri Lankan Rupees. All financial information presented in Rupees has been rounded to the nearest thousand except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Each Group company determines its own functional currency and items included in the financial statements of these companies are measured using that functional currency. There were no changes in the presentation or functional currency of the Group companies during the year under review.

Functional currency of all the Group companies is Sri Lankan Rupees other than the following companies whose functional currency is either based on the country of incorporation of the respective company or elements that could influence in determining its functional currency.

Company	Country of Incorporation	Functional Currency
Aitken Spence Hotel Managements Asia (Pvt) Ltd.	Sri Lanka	United States Dollar
Aitken Spence Hotels International (Pvt) Ltd.	Sri Lanka	United States Dollar
A.D.S. Resorts Private Ltd.	Maldives	United States Dollar
Ace Aviation Services Maldives Private Ltd.	Maldives	United States Dollar
Ace Resorts Private Ltd.	Maldives	United States Dollar
Cowrie Investment Private Ltd.	Maldives	United States Dollar
Interlifts International Private Ltd.	Maldives	United States Dollar
Jetan Travel Services Company Private Ltd.	Maldives	United States Dollar
Spence Maldives Private Ltd	Maldives	United States Dollar
Unique Resorts Private Ltd.	Maldives	United States Dollar
Aitken Spence Cargo (Cambodia) Co. Ltd	Cambodia	United States Dollar
Crest Star (B.V.I) Ltd.	British Virgin Islands	United States Dollar
Aitken Spence International Pte. Ltd	Singapore	United States Dollar
Fiji Ports Corporation Ltd.	Fiji	Fiji Dollars

Company	Country of Incorporation	Functional Currency
Fiji Ports Terminal Ltd.	Fiji	Fiji Dollars
Fiji Ships Heavy Industries Ltd	Fiji	Fiji Dollars
Serendib Investments Ltd.	Fiji	Fiji Dollars
Aitken Spence Hotel Managements (South India) Ltd.	India	Indian Rupee
Aitken Spence Hotel Services Private Ltd.	India	Indian Rupee
Perumbalam Resorts Private Ltd.	India	Indian Rupee
PR Holiday Homes Private Ltd.	India	Indian Rupee
Ace Aviation Myanmar Ltd.	Myanmar	Kyat
Aitken Spence Travels Myanmar Ltd.	Myanmar	Kyat
Aitken Spence Resorts (Middle East) LLC.	Oman	Oman Riyal
Ace Bangladesh Ltd.	Bangladesh	Taka

2.6 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 be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period.

Or

Is 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 the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current liabilities.

The Group classifies deferred tax assets and liabilities under non-current assets and liabilities.

2.7 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable 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. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the material accounting policies of the Company.

2.9 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future, confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group other than those disclosed in the notes to the financial statements.

3 USE OF ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

The preparation of financial statements of the Group and the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported values of assets, liabilities, income, expenses and accompanying disclosures including contingent liabilities. Estimates and judgements which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Items that have a significant effect on Judgements, estimates and assumptions and the respective notes that they are included in are as follows,

Item	Note number
Going concern	2.9
Valuation of property, plant and equipment	15
Impairment of non-financial assets	4.3
Recognition of deferred tax assets	22
Measurement of fair value of unquoted investment.	36
Measurement of loss rate to compute ECL allowance for trade receivables	37
Measurement of assets classified as held for sale	28
Measurement of defined benefit obligations: key actuarial assumptions	33
Measurement of contingent liabilities	39.1
Recognition of subsidiaries based on de facto control over an investee	4.1.2 and 20.6

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Summary of material accounting policies have been disclosed along with the relevant individual notes in the subsequent pages. Those accounting policies presented with each note, have been applied consistently by the Group.

Changes in material accounting policies

Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and IFRS Practice Statement 2) from 1 April 2023. Although the amendments result in changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity- specific accounting policy information that users need to understand the other information in the financial statements.

Deferred tax related to assets and liabilities arising from a single transaction.

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases. For leases, group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, group applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of LKAS 12. There was also no impact on the opening retained earnings as at 1 April 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised. (refer note 12)

Other material accounting policies not disclosed with individual notes

Set out below are material accounting policies, which have been applied consistently by the Group, but not covered in any other sections.

4.1 Basis of consolidation

4.1.1 Business combinations and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input the substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test 'that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date, as excess of the aggregate of the fair value of the consideration transferred; the recognised amount of any non-controlling interests in the acquiree; the fair value of the pre-existing interest in the acquiree if the business combination is achieved in stages; and the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed; measured at the acquisition date.

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 as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, there after it is not re-measured and settlement is accounted within equity, or else subsequent changes in the fair value of the contingent consideration is recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually as at 31st March or when circumstances indicate that the carrying value of the goodwill may be impaired. For the purpose of impairment testing, from the acquisition date, goodwill acquired in a business combination is 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.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

4.1.2 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable and other contractual arrangements.

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

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; 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 over the investee.

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.

Entities that are subsidiaries of another entity which is a subsidiary of the company are also treated as subsidiaries of the company.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

4.1.3 Non-controlling interest

The proportion of the profits or losses after taxation and each component in the other comprehensive income applicable to outside shareholders of subsidiary companies are included under the heading "Non – controlling interests" in the Consolidated Income Statement and the Statement of Profit or Loss and the Other Comprehensive Income. Losses and negative balances applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading "Non-controlling interests" in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with the equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Changes to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

4.1.4 Loss of control

On a loss of control of a subsidiary, the Group immediately derecognises the assets including goodwill, liabilities, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

4.1.5 Reporting date

All subsidiaries, and equity accounted investees of the Group have the same reporting period as the parent company other than the following companies. However the Group incorporates the results of these companies upto 31st March in the Group's financial statements.

Company	Reporting Period
A.D.S. Resorts Private Ltd.	31st December
Ace Aviation Myanmar Ltd	30th September
Ace Aviation Services Maldives Private Ltd.	31st December
Ace Resorts Private Ltd.	31st December
Aitken Spence Cargo (Cambodia) Co. Ltd	31st December
Cowrie Investment Private Ltd.	31st December
Fiji Ports Corporation Ltd.	31st December
Fiji Ports Terminal Ltd.	31st December
Fiji Ships Heavy Industries Ltd	31st December
Interlifts International Private Ltd.	31st December
Jetan Travel Services Company Private Ltd.	31st December
Spence Maldives Private Ltd.	31st December
Unique Resorts Private Ltd.	31st December
Aitken Spence Travels Myanmar Ltd.	30th September
Serendib Investments Ltd.	30th June

4.1.6 Intra-group transactions

Transfer prices between Group entities are set on an arms- length basis in a manner similar to transactions with third parties.

4.1.7 Transactions eliminated on consolidation.

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4.2 Foreign currencies

4.2.1 Foreign currency transactions and balances.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the reporting currency at the exchange rate that prevailed at the date the fair value was determined.

Foreign currency differences arising on re-translation are recognised in the income statement, except for differences arising on the re-translation of FVOCI equity investments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis in the income statement.

4.2.2 Foreign operations

Subsidiaries incorporated outside Sri Lanka are treated as foreign operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at the rate of exchange prevailing on the reporting date. Income and expenses of the foreign entities are translated at the rate of exchange approximating to the actual rate at the dates of the transactions. For practical purposes this is presumed to be the average rate during each month.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity except to the extent the translation difference is allocated to the non-controlling interest. When a foreign operation is disposed of in a manner that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal. If the Group disposes of only part of its interest in the subsidiary but retains control, the relevant portion of the translation reserve is transferred to non-controlling interest. When the Group disposes of only part of its interest in an equity accounted investee that includes a foreign operation while retaining significant influence or joint- control, the relevant proportion of the cumulative amount of the translation reserve is reclassified to the income statement.

4.3 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

The recoverable amount of goodwill is estimated at each reporting date, or as and when an indication of impairment is identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.3.1 Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

4.3.2 Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses other than for land carried at revaluation are recognised in the income statement. Reversal of impairment loss on a revalued land, other than for a land where impairment loss has been previously recognised in the income statement, is recognised in other comprehensive income and increases the revaluation surplus for that land. For a land where previous impairment loss has been recognised in the income statement the reversal of that impairment loss is also recognised in the income statement.

4.4 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit/ loss for the year.

4.5 Cash flow

The Statement of Cash Flow has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flow', whereby operating activities, investing activities and financing activities are separately recognised.

5 NEW AND AMENDED STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE.

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for annual periods beginning after the current financial year. Accordingly, the Group has not early adopted them in preparing these financial statements.

The following amended standards are not expected to have a significant impact on the Group's financial statements.

Classification of liabilities as current or non-current and Non-current liabilities with covenants (Amendments to LKAS 1)

The amendments aims to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenant. The amendments apply for annual reporting period beginning on or after 1 January 2024.

The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability, income or expenses or the information that entities disclose about those item.

Supplier finance arrangements (Amendments to LKAS 7 and SLFRS 7)

The amendments introduce new disclosures relating to supplier fiancé arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual reports beginning on or after 1 January 2024.

Lease liability in a sale and leaseback (Amendments to SLFRS 16)

The amendment is intended to improve the requirements for sale and leaseback transactions in SLFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions. The amendment applies retrospectively to annual reporting periods beginning on or after 1 January 2024.

Lack of exchangeability (Amendment to LKAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

General requirements for disclosure of sustainability-related financial information (SLFRS S1) and Climate-related disclosures (SLFRS S2)

In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Group from 1 April 2025. No financial impact is expected on the Group except for additional disclosures.

6 OPERATING SEGMENTS

ACCOUNTING POLICY

An operating segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs expenses, including revenue and expenses that relate to transactions with the Group's other segments.

The operations of the Group are categorised under four segments based on the nature of the products or services provided by each segment and the risks and rewards associated with the economic environment in which these segments operate. The performance of the Group is evaluated based on the performance of these four main segments by the Group's Managing Director (chief operating decision maker). The internal management reports prepared on these segments are reviewed by the Group's Managing Director on a monthly basis. Details of the Group companies operating under each segment and the products and services offered under each segment are provided under Group Companies in pages 448 to 456.

6.1 Business segments

The Group operates in four business segments namely tourism, maritime and freight logistics, strategic investments and services, segregated based on the nature of the products or services provided and risk and returns of each segment. Segment results and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All transactions between group companies whether inter-segmental or intra-segmental are on an arms length basis and in a manner similar to the transactions with third parties.

6.1.1 Business segment analysis of group revenue and profit

For the year ended 31st March	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Total revenue generated	72,475,909	60,465,501	24,358,510	30,180,487	18,261,978	22,796,025	2,246,653	2,352,959	117,343,050	115,794,972
Intra-segmental revenue	(5,065,726)	(4,320,621)	(710,088)	(1,208,534)	(1,104,235)	(1,286,943)	(80,352)	(82,637)	(6,960,401)	(6,898,735)
Total revenue with inter - segmental revenue	67,410,183	56,144,880	23,648,422	28,971,953	17,157,743	21,509,082	2,166,301	2,270,322	110,382,649	108,896,237
Inter - segmental revenue	(54,122)	(45,244)	(197,086)	(432,744)	(807,464)	(701,445)	(306,211)	(218,805)	(1,364,883)	(1,398,238)
Total revenue with equity-accounted investees	67,356,061	56,099,636	23,451,336	28,539,209	16,350,279	20,807,637	1,860,090	2,051,517	109,017,766	107,497,999
Share of equity-accounted investees' revenue	(534,084)	(270,421)	(8,086,870)	(5,871,524)	(2,908,559)	(3,251,731)	(2,000)	-	(11,531,513)	(9,393,676)
Revenue from external customers	66,821,977	55,829,215	15,364,466	22,667,685	13,441,720	17,555,906	1,858,090	2,051,517	97,486,253	98,104,323
Profit from operations	9,202,393	7,874,909	3,666,416	6,080,458	(258,268)	4,453,309	615,668	575,163	13,226,209	18,983,839
Finance income	1,151,544	1,277,850	516,537	1,042,397	1,147,769	491,830	92,994	72,280	2,908,844	2,884,357
Finance expenses	(6,592,417)	(6,452,213)	(239,951)	(301,277)	(3,717,481)	(4,851,419)	(178,592)	(131,978)	(10,728,441)	(11,736,887)
Share of profit / (loss) of equity-accounted investees (net of tax)	(19,960)	(374,028)	977,660	996,034	367,558	449,769	(7,270)	(1,638)	1,317,988	1,070,137
Profit / (loss) before tax	3,741,560	2,326,518	4,920,662	7,817,612	(2,460,422)	543,489	522,800	513,827	6,724,600	11,201,446
Income tax expense	(1,488,146)	(1,591,146)	(764,052)	(1,562,772)	201,914	113,293	(222,566)	(84,452)	(2,272,850)	(3,125,077)
Profit / (loss) for the year	2,253,414	735,372	4,156,610	6,254,840	(2,258,508)	656,782	300,234	429,375	4,451,750	8,076,369
Depreciation and amortisation	5,185,125	5,456,022	784,324	839,405	915,021	789,919	82,389	89,841	6,966,859	7,175,187
Impairment losses / (reversals) and write offs	10,702	(90,891)	(25,542)	(46,275)	575,947	532,372	8,904	19,447	570,011	414,653
Other non-cash expenses	148,865	97,465	82,602	65,018	102,882	66,796	17,255	13,106	351,604	242,385

There were no impairment losses or any reversals of impairment losses recognised directly in equity during the year.

There was no single customer recording revenue from transactions to the value exceeding 10% of the Group revenue during the financial year under review.

6.1.2 Business segment analysis of group assets and liabilities

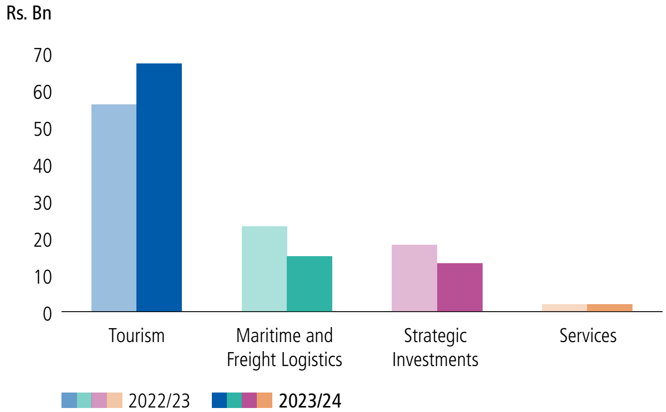
6.1.2.1 Segment assets

	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
As at	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Non-current assets										
Property, plant and equipment	66,462,520	72,924,527	8,981,569	7,577,613	22,399,526	21,766,073	3,185,080	3,230,913	101,028,695	105,499,126
Investment properties	72,000	72,000	-	-	1,559,258	1,559,321	-	260	1,631,258	1,631,581
Intangible assets (other than goodwill)	22,539	39,203	3,805	4,889	49,024	63,813	2,327	1,808	77,695	109,713
Biological assets	-	-	-	-	64,455	71,334	-	-	64,455	71,334
Right-of-use assets	14,272,535	16,888,634	1,270,918	1,657,463	814,721	590,220	6,207	524	16,364,381	19,136,841
Deferred tax assets	436,060	698,815	430,811	138,250	1,037,352	706,690	70,343	75,559	1,974,566	1,619,314
Other financial assets	975,777	998,017	16,802	17,125	26,400	12,933	-	-	1,018,979	1,028,075
Segment non-current assets	82,241,431	91,621,196	10,703,905	9,395,340	25,950,736	24,770,384	3,263,957	3,309,064	122,160,029	129,095,984
Investments in equity-accounted investees	-	19,960	7,398,234	7,072,741	2,522,428	2,111,946	26,175	33,446	9,946,837	9,238,093
Intangible assets - goodwill on consolidation	-	-	-	-	-	-	-	-	1,562,354	1,630,104
Total non-current assets	82,241,431	91,641,156	18,102,139	16,468,081	28,473,164	26,882,330	3,290,132	3,342,510	133,669,220	139,964,181
Current assets										
Inventories	1,485,497	1,843,279	785,669	870,820	1,630,064	2,320,143	258,443	239,950	4,159,673	5,274,192
Trade and other receivables	12,488,456	8,277,166	6,592,745	6,255,771	9,466,537	13,959,196	3,105,033	1,630,215	31,652,771	30,122,348
Current tax receivable	17,580	30,232	33,557	19,151	171,337	78,692	3,905	4,232	226,379	132,307
Deposits and prepayments	4,724,973	2,152,476	370,786	1,798,259	528,275	275,974	46,540	38,742	5,670,574	4,265,451
Other current assets	5,441,549	4,599,333	1,121,803	1,277,103	18,789,416	21,112,842	22,081	83,814	25,374,849	27,073,092
Cash and short-term deposits	4,552,266	8,379,957	2,979,529	3,625,321	4,415,510	3,770,100	185,229	440,137	12,132,534	16,215,515
Segment current assets	28,710,321	25,282,443	11,884,089	13,846,425	35,001,139	41,516,947	3,621,231	2,437,090	79,216,780	83,082,905
Eliminations / adjustments	-	-	-	-	-	-	-	-	(11,798,641)	(8,878,819)
Total current assets	28,710,321	25,282,443	11,884,089	13,846,425	35,001,139	41,516,947	3,621,231	2,437,090	67,418,139	74,204,086
Assets classified as held for sale	-	-	-	-	-	-	-	-	169,423	169,423
Total assets	110,951,752	116,923,599	29,986,228	30,314,506	63,474,303	68,399,277	6,911,363	5,779,600	201,256,782	214,337,690
Total segment assets	110,951,752	116,903,639	22,587,994	23,241,765	60,951,875	66,287,331	6,885,188	5,746,154	201,376,809	212,178,889
Additions to non-current assets	1,892,093	2,059,082	2,053,623	589,675	1,517,378	309,113	26,446	19,015	5,489,540	2,976,885

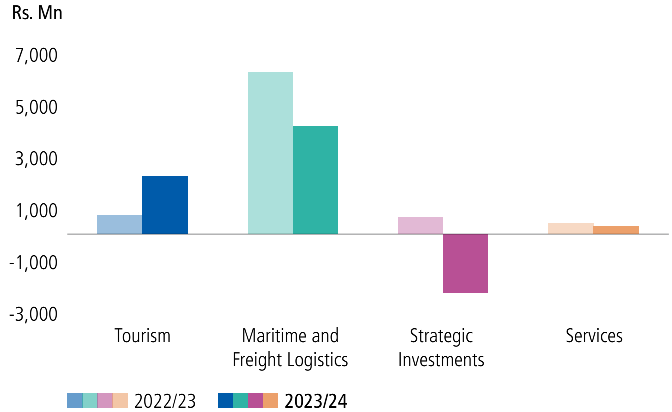
6.1.2.2 Segment liabilities

As at	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Non-current Liabilities										
Interest-bearing loans and borrowings	28,975,546	36,588,536	500,000	-	8,939,501	10,311,122	49,200	49,200	38,464,247	46,948,858
Lease liabilities	11,101,659	13,578,669	1,328,620	1,846,244	409,542	287,032	6,845	1,680	12,846,666	15,713,625
Deferred tax liabilities	3,254,771	2,984,397	1,245,161	1,386,260	388,412	352,382	683,115	691,970	5,571,459	5,415,009
Employee benefits	708,614	560,886	471,481	391,524	415,992	295,906	72,710	58,042	1,668,797	1,306,358
Other liabilities	-	-	277,865	418,493	-	-	-	-	277,865	418,493
Segment non-current liabilities	44,040,590	53,712,488	3,823,127	4,042,521	10,153,447	11,246,442	811,870	800,892	58,829,034	69,802,343
Eliminations / adjustments	-	-	-	-	-	-	-	-	129,726	166,230
Total non-current liabilities	44,040,590	53,712,488	3,823,127	4,042,521	10,153,447	11,246,442	811,870	800,892	58,958,760	69,968,573
Current liabilities										
Interest-bearing loans and borrowings	6,143,666	6,114,421	-	-	3,053,268	3,453,799	-	50,400	9,196,934	9,618,620
Lease liabilities	1,392,618	1,453,716	374,657	365,254	13,038	12,077	-	-	1,780,313	1,831,047
Trade and other payables	20,522,869	15,567,916	5,255,728	5,499,034	10,445,073	9,226,033	836,494	1,354,482	37,060,164	31,647,465
Current tax payable	370,152	399,665	409,543	557,071	100,815	144,630	70,032	42,169	950,542	1,143,535
Bank overdrafts and other short-term borrowings	6,291,417	8,144,146	200,609	111,985	10,850,207	14,232,946	2,046,508	302,175	19,388,741	22,791,252
Segment current liabilities	34,720,722	31,679,864	6,240,537	6,533,344	24,462,401	27,069,485	2,953,034	1,749,226	68,376,694	67,031,919
Eliminations / adjustments	-	-	-	-	-	-	-	-	(11,798,641)	(8,878,819)
Total current liabilities	34,720,722	31,679,864	6,240,537	6,533,344	24,462,401	27,069,485	2,953,034	1,749,226	56,578,053	58,153,100
Total liabilities	78,761,312	85,392,352	10,063,664	10,575,865	34,615,848	38,315,927	3,764,904	2,550,118	115,536,813	128,121,673
Total segment liabilities	78,761,312	85,392,352	10,063,664	10,575,865	34,615,848	38,315,927	3,764,904	2,550,118	127,205,728	136,834,262

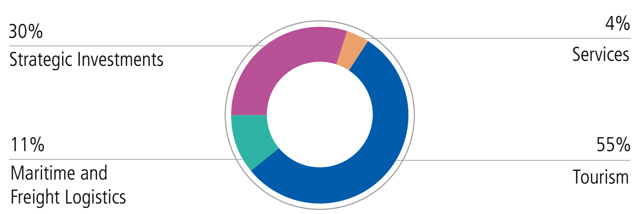
Business Segment Analysis - Revenue from External Customers



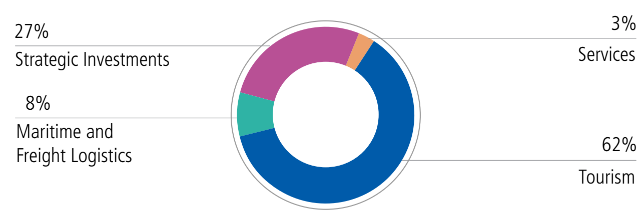
Business Segment Analysis - Profit/ (Loss) for the Year



Business Segment Analysis - Segment Assets



Business Segment Analysis - Segment Liabilities



6.2 Geographical information

The geographical information is stated based on the country where the sale occurred, the service rendered and / or the location where assets and liabilities are held.

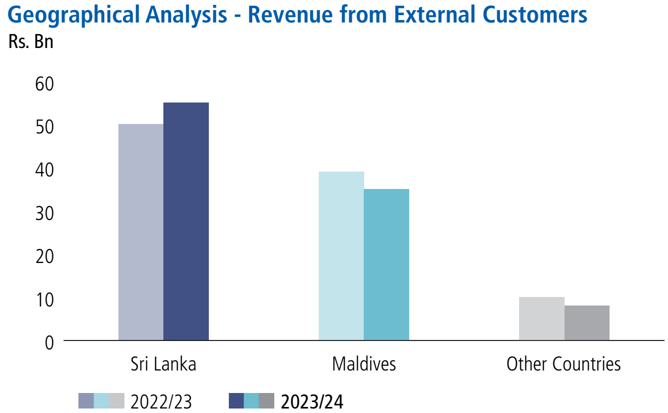
6.2.1 Geographical analysis of group revenue and profit

For the year ended 31st March	Sri Lanka		Maldives		Other countries		Total	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Revenue	54,545,011	49,869,367	34,795,425	38,590,691	8,145,817	9,644,265	97,486,253	98,104,323
Profit from operations	3,378,658	7,718,997	7,431,171	7,915,043	2,416,380	3,349,799	13,226,209	18,983,839
Profit before tax	560,524	3,973,317	4,062,540	4,348,344	2,101,536	2,879,785	6,724,600	11,201,446
Profit / (loss) for the year	(429,243)	1,941,003	3,670,452	3,742,680	1,210,541	2,392,686	4,451,750	8,076,369
Depreciation and amortisation	1,968,768	1,866,219	4,045,086	4,254,742	953,005	1,054,226	6,966,859	7,175,187
Impairment losses / (reversals) and write offs	552,953	495,503	8,873	(81,171)	8,185	321	570,011	414,653
Other non-cash expenses	299,544	209,925	2,830	1,859	49,230	30,601	351,604	242,385

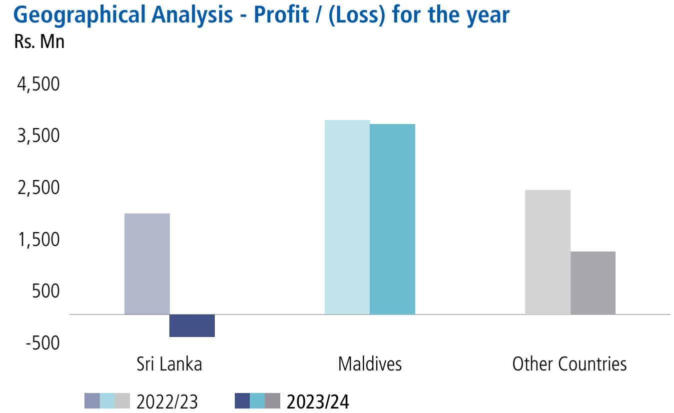
6.2.2 Geographical analysis of group assets and liabilities

As at	Sri Lanka		Maldives		Other countries		Total	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Segment non-current assets	53,480,277	51,164,959	47,376,035	54,656,874	21,303,717	23,274,151	122,160,029	129,095,984
Segment current assets	53,915,103	58,240,895	11,528,135	13,087,010	3,350,298	4,169,863	68,793,536	75,497,768
	107,395,380	109,405,854	58,904,170	67,743,884	24,654,015	27,444,014	190,953,565	204,593,752
Investments in equity-accounted investees	-	-	-	-	-	-	9,946,837	9,238,093
Goodwill on consolidation	-	-	-	-	-	-	1,562,354	1,630,104
Assets classified as held for sale	-	-	-	-	-	-	169,423	169,423
Eliminations / adjustments	-	-	-	-	-	-	(1,375,397)	(1,293,682)
Total assets	107,395,380	109,405,854	58,904,170	67,743,884	24,654,015	27,444,014	201,256,782	214,337,690
Segment non-current liabilities	25,587,130	28,576,678	27,755,924	34,992,915	5,485,980	6,232,750	58,829,034	69,802,343
Segment current liabilities	38,208,322	37,269,334	14,698,519	16,940,158	4,841,859	4,992,974	57,748,700	59,202,466
	63,795,452	65,846,012	42,454,443	51,933,073	10,327,839	11,225,724	116,577,734	129,004,809
Eliminations / adjustments	-	-	-	-	-	-	(1,040,921)	(883,136)
Total liabilities	63,795,452	65,846,012	42,454,443	51,933,073	10,327,839	11,225,724	115,536,813	128,121,673
Additions to non-current assets	3,437,473	991,949	1,073,954	1,445,330	978,113	539,606	5,489,540	2,976,885

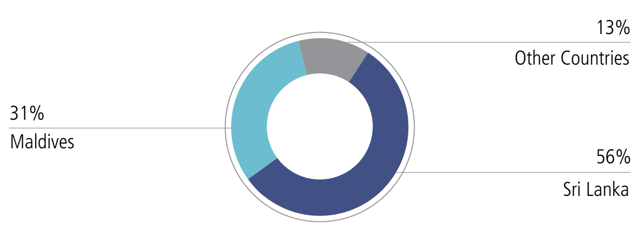
Geographical Analysis - Revenue from External Customers



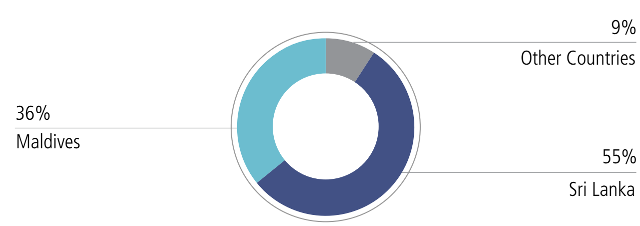
Geographical Analysis - Profit / (Loss) for the year



Geographical Analysis - Segment Assets



Geographical Analysis - Segment Liabilities



6.3 Geographical analysis of segmental information

6.3.1 Geographical analysis of group revenue and profit in reported segments

For the year ended 31st March	Revenue		Profit /(loss) from operations		Profit /(loss) before tax		Profit /(loss) for the year	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Tourism sector								
- Local	30,031,646	15,258,112	1,741,233	(200,879)	619,465	(1,029,619)	(168,451)	(2,120,862)
- Overseas	36,790,331	40,571,103	7,461,160	8,075,788	3,122,095	3,356,137	2,421,865	2,856,234
Maritime and freight logistics sector								
- Local	9,373,295	15,205,977	1,285,247	2,910,093	1,883,489	3,963,222	1,701,350	2,992,208
- Overseas	5,991,171	7,461,708	2,381,169	3,170,365	3,037,173	3,854,390	2,455,260	3,262,632
Strategic investments								
- Local	13,441,720	17,555,906	(259,348)	4,453,309	(2,461,195)	543,489	(2,258,816)	656,782
- Overseas	-	-	1,080	-	773	-	308	-
Services sector								
- Local	1,698,350	1,849,372	611,526	556,474	518,765	496,225	296,674	412,875
- Overseas	159,740	202,145	4,142	18,689	4,035	17,602	3,560	16,500
	97,486,253	98,104,323	13,226,209	18,983,839	6,724,600	11,201,446	4,451,750	8,076,369

6.3.2 Geographical analysis of group assets and liabilities segment wise

As at	Non-current assets		Current assets		Total assets	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Tourism sector						
- Local	16,260,292	16,669,502	14,233,225	10,823,949	30,493,517	27,493,451
- Overseas	65,981,139	74,951,694	10,740,228	12,604,375	76,721,367	87,556,069
Maritime and freight logistics sector						
- Local	8,013,215	6,422,362	6,971,331	6,682,681	14,984,546	13,105,043
- Overseas	2,690,690	2,972,978	3,002,023	3,962,880	5,692,713	6,935,858
Strategic investments						
- Local	25,947,646	24,770,384	29,519,727	38,120,607	55,467,373	62,890,991
- Overseas	3,090	-	35,329	-	38,419	-
Services sector						
- Local	3,259,124	3,302,711	2,747,630	1,882,176	6,006,754	5,184,887
- Overseas	4,833	6,353	168,646	127,418	173,479	133,771
	122,160,029	129,095,984	67,418,139	74,204,086	189,578,168	203,300,070
Investments in equity-accounted investees	-	-	-	-	9,946,837	9,238,093
Goodwill on consolidation	-	-	-	-	1,562,354	1,630,104
Assets classified as held for sale	-	-	-	-	169,423	169,423
Total assets	122,160,029	129,095,984	67,418,139	74,204,086	201,256,782	214,337,690

6.3.2 Geographical analysis of group assets and liabilities segment wise

As at	Non-current liabilities		Current liabilities		Total liabilities	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Tourism sector						
- Local	12,432,516	14,804,971	14,864,101	10,796,516	27,296,617	25,601,487
- Overseas	31,608,074	38,907,517	16,862,381	19,061,634	48,470,455	57,969,151
Maritime and freight logistics sector						
- Local	2,189,297	1,724,373	3,701,654	4,406,473	5,890,951	6,130,846
- Overseas	1,633,830	2,318,148	1,563,336	1,871,910	3,197,166	4,190,058
Strategic investments						
- Local	10,153,447	11,246,442	16,925,529	20,900,565	27,078,976	32,147,007
- Overseas	-	-	38	-	38	-
Services sector						
- Local	811,870	800,892	2,610,740	1,066,390	3,422,610	1,867,282
- Overseas	-	-	50,274	49,612	50,274	49,612
	58,829,034	69,802,343	56,578,053	58,153,100	115,407,087	127,955,443
Eliminations / adjustments	129,726	166,230	-	-	129,726	166,230
Total liabilities	58,958,760	69,968,573	56,578,053	58,153,100	115,536,813	128,121,673

7 REVENUE

ACCOUNTING POLICY

Revenue from contracts with customers

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.
The Group recognises revenue when it transfers control over a good or service to a customer, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Group Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intra-group sales.

Sale of goods

Revenue from the sale of goods is recognised on accrual basis 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 and free maintenance). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period irrespective of whether the service is billed.

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and records the revenue at the net amount that it retains for its agency services.

Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the agreement.

Other Revenue

Rental income

Rental income arising from renting of property, plant and equipment and investment properties is recognised as revenue on a straight-line basis over the term of the hire.

Contract Balances

Contract Assets

Contract Assets represent group's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

Contract Liabilities

Contract Liabilities represent group's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer (or the amount is due).

7.1 Revenue analysis based on revenue streams

	GROUP		COMPANY	
For the year ended 31st March	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Revenue from contracts with customers				
Rendering of services	89,728,688	87,369,307	1,132,569	970,329
Sale of goods	7,471,363	10,343,610	-	-
Royalty income	-	-	83,006	122,668
	97,200,051	97,712,917	1,215,575	1,092,997
Other revenue				
Other revenue	286,202	391,406	50,051	49,284
	286,202	391,406	50,051	49,284
	97,486,253	98,104,323	1,265,626	1,142,281

7.2 Disaggregation of revenue from contracts with customers

7.2.1 Business segment analysis of Group revenue

For the year ended 31st March	2024			2023		
	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000
Tourism sector	66,812,171	9,806	66,821,977	55,825,237	3,978	55,829,215
Maritime and freight logistics sector	15,364,466	-	15,364,466	22,667,685	-	22,667,685
Strategic investments	5,980,163	7,461,557	13,441,720	7,216,274	10,339,632	17,555,906
Services sector	1,858,090	-	1,858,090	2,051,517	-	2,051,517
	90,014,890	7,471,363	97,486,253	87,760,713	10,343,610	98,104,323

7.2.2 Geographical segment analysis of Group revenue

For the year ended 31st March	2024			2023		
	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000
Sri Lanka	47,073,648	7,471,363	54,545,011	39,525,757	10,343,610	49,869,367
Maldives	34,795,425	-	34,795,425	38,590,691	-	38,590,691
Other countries	8,145,817	-	8,145,817	9,644,265	-	9,644,265
	90,014,890	7,471,363	97,486,253	87,760,713	10,343,610	98,104,323

7.3 Contract balances

As at	Notes	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Trade receivables	25	16,881,289	17,601,591	383	1,447
Contract assets	25	439,424	536,367	-	-
Contract liabilities	35	(3,124,805)	(3,550,645)	-	-

7.3.1 Carrying value of contract liabilities

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000
Balance as at 01st April	3,550,645	3,073,534
Advances received from customers during the period	28,904,063	28,611,774
Recognised as revenue during the year		
- From contract liabilities at the beginning of the period	(2,985,771)	(3,048,519)
- From performance obligations satisfied during the period	(26,071,972)	(25,307,335)
- Write-back of unutilised old reservation advances	(14,030)	-
Exchange difference	(258,130)	221,191
Balance as at 31st March	3,124,805	3,550,645

7.4 Performance obligations

Information about the Group's performance obligations are summarised below;

Type of product / service	Nature and timing of satisfaction of the performance obligation	Revenue recognition
Rendering of services		
Tourism sector		
Hotel operations	The main revenue of the Group's hotel operations is the provision of rooms for guest accommodation (apartment revenue). Apartment revenue is recognised on rooms occupied on a daily basis over the period of the stay, while the revenue from other sources such as food and beverage sales, provision of laundry, telephone, water sports, spa services and transfer and excursion services in the Maldives are accounted for at the time of consumption/ the service. Invoices to customers are raised on completion of the hotel stay.	Revenue recognition for the Group's apartment revenue is over the period and other hotel operations is at a point in time.
Hotel management services	Consists of fees for providing management and marketing services to hotels. Fees for Hotel management services are calculated as a percentage of revenue and operating profit of the hotels.	Revenue for hotel management services is recognised at each month end.
Inbound and outbound travels	The main activity of the Group companies in the inbound and outbound travel segment is selling of tour packages and other destination management services. Customers are invoiced for the services at the commencement of the tour and the revenue from sale of tour packages is recognised on the start date of the tour.	Revenue recognition at a point in time.
Airline General Sales Agent (GSA)	Overriding commission from the Airlines is recognised on flown basis whereas the ticketing commission from the airline is recorded on the date of the sale.	Revenue recognition at a point in time.
Maritime and freight logistics sector		
Maritime and port services	Operations of the Group's maritime segment includes provision of services of a shipping agent, supply of marine lubricants, representation of liner shipping agencies and global container services as an agent of the principal shipping line. Revenue for the segment represents the commission derived from the services rendered to the shipping lines.	Commission income is recognised upon the departure of the vessel.
	Revenue from port operation and management services performed by the Group is recognised on completion of the operation.	Revenue is recognised at a point in time on completion of the port services.
Freight forwarding and courier	Revenue from freight forwarding and courier operations of the Group is recorded when the cargo is loaded to the vessel.	Revenue recognition for the freight forwarding and courier operation is at a point in time.
Integrated logistics	Revenue from the Group's Container Freight Station (CFS) operations and the inland container depot operations is recognised upon dispatch of the container from the facility, the income from transport, distribution and other special operations are recognised upon completion of the contractual activity while the revenue from warehouse and mobile storage solutions are recognised on a monthly basis over the period of time and revenue from container repair based on confirmation on the readiness to release the container.	At a point in time for CFS, depot, transport, distribution, container repair and other special operations and over the period of time for warehouse and mobile storage solutions.
Airline GSA (Cargo)	Commission income from airline GSA is recognised when cargo is handed over to the airline.	Revenue recognition at a point in time.

Type of product / service	Nature and timing of satisfaction of the performance obligation	Revenue recognition
Strategic investments		
Power generation	Revenue from thermal power generation is recognised based on the actual amount of electricity generated and supplied to the national grid as a variable component and a fixed component referred to as capacity charge calculated based on the minimum guaranteed energy amount as specified in the power purchase agreement (PPA), while the revenue from renewable power, namely wind, hydro and waste, is recorded based on a fixed or variable tariff in terms of the respective PPAs. Invoices for the generation of power are raised on a monthly basis.	Revenue is recognised on the last day of the month based on the power generated during the month.
Services sector		
Inward money transfer	The inward money transfer segment of the Group acts as a representative of the Western Union Network (France) SAS. Representative base compensation is recognised by the company upon the completion of the inward money transfer.	Revenue is recorded at a point in time when inward money transfer is completed.
Elevator agency	Revenue on equipment sales of elevators is recognised in the income statement by reference to the date of delivery of the equipment to the site. Revenue on installation of elevators is recognised by reference to the stage of completion at the reporting date. Stage of completion is measured by reference to the percentage of work done to date. Revenue for free maintenance inbuilt in the contract is deferred until installation is completed and there after recognised monthly once the maintenance period commences. Revenue for stand alone maintenance agreements are recognised in the income statement on a monthly basis while the revenue for repairs of elevators is recognised upon completion of the repair. However invoices to customers for all above revenue types are raised as per the contract terms.	Revenue on equipment sales of elevators is recognised when the equipments are delivered to the site. Revenue on installation of elevators and maintenance contracts is recognised over time as the services are provided while the revenue for repairs is recognised at a point in time. The stage of completion for determining the amount of revenue to recognise is assessed based on estimate of work completed.
Insurance	Commission income of the sale of Insurance policies is recognised upon settlement of the premium to the respective Insurance Companies while revenue from survey and other Insurance services is recognised upon completion of the professional service.	Revenue recognised for commission income and fees for professional services is at a point in time.
Property management (Renting of property)	Income for the property management companies is derived from renting of properties owned by them. Invoices for renting of property are issued on a monthly basis over the period of the rental agreement.	Revenue is recognised over time during the period of the rent agreements.
Sale of goods		
Tourism sector		
Water bottling operation for use in the hotel sector	Customers obtain control of bottled water upon sale of the item. Invoices are generated and revenue is recognised when the bottles are dispatched from the Group's warehouse.	Revenue recognition at a point in time.

Type of product / service	Nature and timing of satisfaction of the performance obligation	Revenue recognition
Strategic investments		
Printing and packaging (supply of value added printing and packaging products and services)	Customers obtain control of goods when the goods are delivered to them. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods. Invoices are generated and revenue is recognised when the goods are delivered and have been accepted by customers at their premises.	Revenue recognition at a point in time.
Manufacturing of apparels	Customers obtain control of goods when the garments are handed over to the nominated freight forwarding company who is an agent of the customer. Invoices are generated and revenue is recognised when the manufactured garments are handed over to the freight forwarding company.	Revenue recognition at a point in time.

Payment terms - The Group provides credit to its customers based on normal industry terms which is generally 30 days or as specified in individual contracts with the customers. In certain instances advance payments are obtained from customers prior to commencement of the performance obligation.

8 OTHER OPERATING INCOME

ACCOUNTING POLICY

Dividend income

Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established, which is generally when the dividend is declared.

Gains and losses from disposal of non-current assets

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments in subsidiaries, joint ventures and associates, are accounted in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Net foreign exchange gain /(loss)

Foreign currency differences arising on re-translation of foreign currency monetary items other than the differences arising on the re-translation of FVOCI equity investments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges are recognised in the income statement on a net basis.

Gain on bargain purchase

Refer note 4.1.1

Other income

Other income are recognised on an accrual basis.

For the year ended 31st March	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Dividends from Group subsidiaries and equity-accounted investees	-	-	2,665,387	3,864,717
Dividends from equity securities – at FVTPL	3,996	6,279	1,467	2,543
Net foreign exchange gain / (loss)	(2,560,192)	1,870,100	(1,617,891)	1,678,459
Gain / (loss) on disposal of property, plant and equipment	26,468	(10,709)	409	30
Net gain on termination of lease	1,066	10,511	-	-
Loss on retirement of assets held for sale	-	(72,269)	-	-
Insurance claims received	171,890	186,826	-	-
Sundry income	50,030	31,394	2,796	2,688
	(2,306,742)	2,022,132	1,052,168	5,548,437

9 PROFIT FROM OPERATIONS

Profit from operations is stated after charging the following:

For the year ended 31st March	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Cost of inventories and services	58,407,778	58,480,224	1,065,663	909,382
Directors' remuneration and fees	793,397	690,969	375,834	317,550
Auditors' remuneration				
- KPMG	30,102	30,161	2,071	1,880
- Other auditors	16,086	14,530	-	-
Fees paid to auditors for non-audit services				
- KPMG	16,714	11,149	4,007	3,509
- Other auditors	17,653	14,972		-
Depreciation, amortisation and impairment losses of non-financial assets				
- Depreciation of property, plant and equipment, investment property, right-of-use assets and biological assets	6,916,924	7,119,946	37,474	31,833
- Amortisation of intangible assets	49,935	55,241	18,109	18,103
- Impairment of biological assets	10,261	-	-	-
- Impairment of inventories	94,017	6,973	(28)	24
- Impairment losses of investments in subsidiaries and equity-accounted investees	-	-	2,000	18,004
Total of depreciation, amortisation and impairment losses of non-financial assets	7,071,137	7,182,160	57,555	67,964
Impairment losses and write offs of trade & other receivables	465,733	407,680	11,910	292,317
Legal Expenses	104,491	26,523	85,672	14,933
Defined contribution plan cost - Sri Lanka	664,694	554,886	74,356	61,564
Defined contribution plan cost - Overseas (Maldives, South India, Fiji and Oman)	182,398	188,038	-	-
Defined benefit plan cost - Retirement benefits	351,604	242,385	33,935	23,394

10 OTHER OPERATING EXPENSES-DIRECT

Direct operating expenses as disclosed in the income statement refers to the cost of services other than staff costs which are directly related to revenue.

Since most of the companies in the Group operate in service industries, other direct operating expenses represents a substantial portion of the total operating costs.

11 FINANCE INCOME AND FINANCE EXPENSES

ACCOUNTING POLICY

Finance income

Finance income comprises of interest income on funds invested, net changes in fair value of financial assets classified as fair value through profit or loss, and gains on the disposal of interest generating investments whether classified under FVTPL or FVOCI financial assets.

Interest income is recognised as it accrues in the income statement. For all financial instruments measured at amortised cost and interest bearing financial assets classified as FVOCI the interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. For interest bearing financial assets carried at fair value, interest is recognised on a discounted cash flow method. Interest income is included under finance income in the income statement.

Finance expenses

Finance expenses comprise interest expense on borrowings and leases, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the asset. Borrowing costs capitalised are disclosed in notes 15 and 18 to the financial statements.

For the year ended 31st March	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Finance income				
Interest income on financial assets measured at amortised cost	2,882,049	2,883,309	3,206,004	3,104,392
Net change in fair value of equity securities classified as FVTPL	26,795	1,048	10,856	1,048
	2,908,844	2,884,357	3,216,860	3,105,440
Finance expenses				
Interest expense on financial liabilities measured at amortised cost	(10,325,333)	(11,391,055)	(3,586,884)	(4,181,930)
Net impairment of financial assets measured at amortised cost	2,074	1,418	2,115	(1,832)
Net change in fair value of equity securities classified as FVTPL	(209)	(3,469)	-	-
Other finance charges	(404,973)	(343,781)	(5,527)	(3,990)
	(10,728,441)	(11,736,887)	(3,590,296)	(4,187,752)
Net finance expenses	(7,819,597)	(8,852,530)	(373,436)	(1,082,312)

12 INCOME TAX EXPENSE

ACCOUNTING POLICY

Income tax expense comprises of current and deferred taxes. The income tax expense is recognised in the income statement except to the extent that it relates to the items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

IFRIC 23 "Uncertainty over income tax treatments" provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. However, the application of IFRIC 23 did not have an impact on the income tax expense for the year.

The Group established that any interest and penalties related to income taxes, including uncertain tax treatments do not meet the definition of income taxes and therefore accounted for them as per LKAS 37 - Provisions, contingent liabilities and contingent assets.

Current tax

The current tax represents the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted, any taxes on dividends received and any adjustment to tax payable in respect of previous years.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

Companies incorporated in Sri Lanka

Provision for current tax for companies incorporated in Sri Lanka has been computed where applicable in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments there to.

Companies incorporated outside Sri Lanka

Provision for current tax for companies incorporated outside Sri Lanka have been computed in accordance to the relevant tax statutes in the country of incorporation.

Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted or announced by the reporting date.

The Group applied deferred tax related to assets and liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1 April 2023. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group statement of financial position and are not offset against each other.

Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and its amendments thereto and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

12.1 Sri Lankan Operations

The income tax provision for Aitken Spence PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

In terms of the above, the income tax provisions of companies have been calculated on their adjusted profits at the standard rate of 30%, except for Companies with specified sources which are exempt from tax or subject to concessionary tax rates as set out below.

- Companies with specified sources exempt from income tax are given in note 12.1.1
- Companies with specified sources liable to income tax at concessionary rates under the BOI Law are given in note 12.1.2
- Companies incorporated in Sri Lanka and operating outside Sri Lanka are given in note 12.1.3

Income tax expense for the year includes, Advance Income Tax (AIT) / Withholding Tax (WHT) of 15% deducted on the dividend distributions made by resident companies of the Group from their taxable profits.

Deferred tax expense on companies resident in Sri Lanka are calculated based on the tax rates specified in Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The deferred tax expense associated with the revaluation of non-depreciable assets, such as land, takes into account the tax implications that would arise upon the sale of those assets. Furthermore, the Group recognises deferred tax expense for the taxes that are applicable to the undistributed profits of its subsidiary companies.

Tax losses carried forward

The Inland Revenue Act No. 24 of 2017 and its amendments thereto specifies that any unclaimed tax losses incurred during the year from business or investment could be carried forward for further six years under Section 19. In addition, the Investment Incentives specified under Second Schedule to the Act, grants unrelieved tax losses due to enhanced capital allowances to be carried forward for an extended period of 10 years.

Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised accordingly. Deferred tax assets recognised on tax losses would be reviewed at each reporting date based on the taxable profit forecasts and would be reduced to the extent of recoverable amount.

IFRIC 23 "Uncertainty over income tax treatments" provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. The Group has applied significant judgement in identifying uncertainties over income tax treatments for the year and the Group has determined that there were no uncertainties in tax treatments that has an impact on the income tax expense or warrants any disclosure.

12.1.1 Companies with specified sources exempt from income tax

Company	Basis	Statute Reference	Period
Ahungalla Resorts Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Negombo Beach Resorts (Pvt) Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Sagasolar Power (Pvt) Ltd	Construction and operation of a solar power plant	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	10 years ending 2027/2028
Upper Waltrim Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	7 years ended 31.03.2024

In addition, the Inland Revenue Act No. 24 of 2017 and its amendments thereto specifies the following income tax exemptions, which are available to companies operating in the Group.

Company	Basis	Period
Aitken Spence Elevators (Private) Limited Aitken Spence Hotel Managements (Pvt) Ltd Aitken Spence Hotel Managements Asia (Pvt) Ltd Aitken Spence Hotels International (Pvt) Ltd Aitken Spence International Consulting (Pvt) Limited Aitken Spence PLC Aitken Spence Ports International Ltd Aitken Spence Travels (Pvt) Ltd Royal Spence Aviation (Pvt) Ltd	Gains and profits from any service rendered in or outside Sri Lanka to any person to be utilised outside Sri Lanka, where the payment for such services is received in foreign currency and remitted to Sri Lanka through a bank. Gains and profits from any foreign source (other than above) derived in foreign currency and remitted to Sri Lanka through a bank.	Open ended
Aitken Spence Agriculture (Pvt) Ltd Elpitiya Plantations PLC	Gains and profits from sale of produce from agro farming	5 years ended 31.03.2024
All companies incorporated in Sri Lanka	Interest or discount earned by any person on any sovereign bond denominated in foreign currency, including Sri Lanka Development Bonds, issued by or on behalf of the Government of Sri Lanka. Interest derived in foreign currency on any foreign currency account opened in any commercial bank or in any specialised bank, with the approval of the Central Bank of Sri Lanka. Dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company.	Open ended

12.1.2 Companies with specified sources liable to income tax at concessionary rates under the BOI Law

Company	Basis	Income Tax Rate*
Ace Power Embilipitiya (Pvt) Ltd	Construction and operation of a thermal power generation plant	15%
Aitken Spence Apparels (Pvt) Ltd	Set up and operate a project to manufacture garments and exports	15%
Logilink (Pvt) Ltd	Operation of a warehousing facility	20%
Ace Wind Power (Pvt) Ltd	Construction and operation of a wind power plant	20%
Aitken Spence Property Developments (Pvt) Ltd	Construction and operation of a luxury office building complex	20%
Branford Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	20%

* Concessionary income tax rates referred to above are granted after the initial tax exemption period, in terms of Section 17 of BOI Law No. 4 of 1978.

12.1.3 Companies incorporated in Sri Lanka and operating outside Sri Lanka

Company	Countries Operated	Tax Status
Aitken Spence Hotels International (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Maldives, Oman	Business profits arising in Oman is liable to tax at 15% and income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Ports International Ltd	Mozambique, Fiji	Income derived from Fiji and Mozambique are subject to withholding tax at 15% and 20% respectively.

Profits and income referred to above are exempt from income tax in Sri Lanka as per the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

12.2 Overseas Operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to the respective companies. Set out below are the Income tax rates applicable for the companies in the relevant foreign jurisdictions.

Country	Company	Income Tax Rate
British Virgin Islands	Crest Star (B.V.I.) Ltd	Nil
Oman	Aitken Spence Resorts (Middle East) LLC	15%
Maldives	Ace Aviation Services Maldives Pvt Ltd	15%
	Ace Resorts Pvt Ltd	15%
	A.D.S. Resorts Pvt Ltd	15%
	Cowrie Investment Pvt Ltd	15%
	Interlifts International Pvt Ltd	15%
	Jetan Travel Services Company Pvt Ltd	15%
	Spence Maldives Pvt Ltd	15%
	Unique Resorts Pvt Ltd	15%
Singapore	Aitken Spence International Pte. Ltd	17%
	Aitken Spence Cargo Singapore Pte. Ltd	17%
Cambodia	Aitken Spence Cargo (Cambodia) Co., Ltd	20%
Fiji	Fiji Ports Terminal Ltd	25%
	Fiji Ports Corporation Ltd	25%
	Fiji Ships Heavy Industries Ltd	25%
	Serendib Investments Ltd	25%
Myanmar	Aitken Spence Travels Myanmar Ltd	25%
	Ace Aviation Myanmar Ltd	25%
India	Aitken Spence Hotel Services Pvt Ltd	25.17%
	PR Holiday Homes Pvt Ltd	25.17%
	Aitken Spence Hotel Managements (South India) Pvt Ltd	25.17%
Bangladesh	Ace Bangladesh Ltd	27.50%

Dividends paid by companies registered in the Maldives and Cambodia are subject to withholding tax of 10% and 14% respectively as per provisions of the respective Income Tax Acts and the regulations issued thereto.

Dividends remitted to Sri Lanka from the above companies are exempt from income tax under the third schedule to the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

12.3 Tax recognised in income statements

For the year ended 31st March	GROUP 2024 Rs.'000	GROUP 2023 Rs.'000	COMPANY 2024 Rs.'000	COMPANY 2023 Rs.'000
Current tax expense				
Tax on current year profits (note 12.5)	2,212,887	2,758,258	18,170	20,607
Changes in estimates related to prior years	54,912	(23,328)	425	(27,337)
Withholding tax on dividends paid by subsidiaries	220,707	53,514	-	-
	2,488,506	2,788,444	18,595	(6,730)
Deferred tax expense / (income)				
Impact of changes in tax rates (note 12.3.1)	16,601	784,308	-	(126,901)
Origination / (reversal) of temporary differences	(232,257)	(447,675)	8,971	138,125
Deferred tax expense / (income) (note 12.6)	(215,656)	336,633	8,971	11,224
	2,272,850	3,125,077	27,566	4,494
Effective tax rate (including deferred tax)	33.8%	27.9%	-	0.1%
Effective tax rate (excluding deferred tax)	37.0%	24.9%	-	-

Income tax expense excludes, the Group's share of tax expense of the equity-accounted investees recognised in profit/(loss) of Rs. 434.0 million (2022/2023 - Rs. 907.9 million) which is included in 'share of profit of equity-accounted investees (net of tax)'.

12.3.1 Impact of changes in tax rates for the year ended 31st March 2024

From 01 August 2023, the corporate income tax rate applicable for companies resident in Fiji were increased from 20% to 25%. The impact to the Group from the change in the tax rate is as follows.

	GROUP Rs.'000
Related to deferred tax assets/liabilities at the beginning of the year	19,723
Related origination/(reversal) of temporary differences during the year	(3,122)
	16,601

12.4 Tax recognised in other comprehensive income

12.4.1 Group

For the year ended 31st March	2024			2023		
	Before tax Rs.'000	Tax (expense) / income Rs.'000	Net of tax Rs.'000	Before tax Rs.'000	Tax (expense) / income Rs.'000	Net of tax Rs.'000
Items that will not be reclassified to profit or loss						
Revaluation of freehold land (tax impact of rate change)	4,761	(21,166)	(16,405)	3,566,785	(1,877,407)	1,689,378
Actuarial gains / (losses) on defined benefit obligations	(196,399)	56,809	(139,590)	(51,294)	15,175	(36,119)
Equity investments at FVOCI – net change in fair value	(4,406)	3,659	(747)	(1,179)	3,025	1,846
Share of other comprehensive income of equity-accounted investees (net of tax)	(47,506)	-	(47,506)	52,301	-	52,301
	(243,550)	39,302	(204,248)	3,566,613	(1,859,207)	1,707,406
Items that are or may be reclassified to profit or loss						
Exchange differences on translation of foreign operations	(3,056,207)	-	(3,056,207)	2,770,806	-	2,770,806
Net movement on cash flow hedge	1,501,550	-	1,501,550	(417,788)	-	(417,788)
Share of other comprehensive income of equity-accounted investees (net of tax)	(505,310)	-	(505,310)	168,399	-	168,399
	(2,059,967)	-	(2,059,967)	2,521,417	-	2,521,417
Other comprehensive income/ (loss) for the year	(2,303,517)	39,302	(2,264,215)	6,088,030	(1,859,207)	4,228,823

Tax recognised in other comprehensive income excludes, the Group's share of tax expense of the equity-accounted investees recognised in the other comprehensive income of Rs. 17.0 million (2022/2023 - Rs. 107.6 million) which has been included in 'share of other comprehensive income of equity-accounted investees (net of tax)'.

12.4.2 Company

For the year ended 31st March	2024			2023		
	Before tax Rs.'000	Tax (expense) / income Rs.'000	Net of tax Rs.'000	Before tax Rs.'000	Tax (expense) / income Rs.'000	Net of tax Rs.'000
Items that will not be reclassified to profit or loss						
Actuarial gains / (losses) on defined benefit obligations	(29,903)	8,971	(20,932)	(1,943)	584	(1,359)
Equity investments at FVOCI – net change in fair value	(4,086)	3,563	(523)	(2,357)	3,511	1,154
Other comprehensive income / (loss) for the year	(33,989)	12,534	(21,455)	(4,300)	4,095	(205)

12.5 Reconciliation of the accounting profits and current year tax

For the year ended 31st March	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Profit / (loss) before tax	6,724,600	11,201,446	(16,304)	3,593,403
Consolidation adjustments	(1,317,988)	(1,070,137)	-	-
Profit / (loss) after adjustments	5,406,612	10,131,309	(16,304)	3,593,403
Income not liable for income tax	(2,792,773)	(2,857,755)	(1,856,070)	(1,934,242)
Effect of revenue subject to tax at source	2,068,044	2,212,936	181,697	206,073
Adjusted profit	4,681,883	9,486,490	(1,690,677)	1,865,234
Non - taxable receipts / gains	(2,652)	(997)	(2,666,854)	(2,269,695)
Aggregate disallowed expenses	9,649,395	13,803,237	1,988,558	760,079
Capital allowances	(9,175,015)	(8,994,409)	(42,665)	(38,113)
Aggregate allowable deductions	(3,273,311)	(5,727,761)	(824,688)	(2,771,652)
Utilisation of tax losses	(4,786,910)	(6,404,244)	(131,707)	(1,768,005)
Current year tax losses not utilised	12,792,752	12,377,730	3,549,730	4,428,225
Taxable income	9,886,142	14,540,046	181,697	206,073
Income tax charged at;				
Standard rate- 30%	1,187,089	947,222	-	-
Standard rate- 24%	-	287,581	-	-
Concessionary rates	47,762	586,333	-	-
Varying rates on off - shore profits	978,036	937,122	18,170	20,607
Tax on current year profits	2,212,887	2,758,258	18,170	20,607
Changes in estimates related to prior years	54,912	(23,328)	425	(27,337)
Withholding tax on dividends paid by subsidiaries	220,707	53,514	-	-
	2,488,506	2,788,444	18,595	(6,730)

12.6 Deferred tax expense/ (income)

For the year ended 31st March	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Origination / (reversal) of temporary differences arising from ;				
Accelerated depreciation for tax purposes on property, plant and equipment	595,225	1,629,338	(716)	2,374
Right-of-use assets	78,097	(48,111)	-	-
Biological assets and others	19,157	-	-	-
Unrealised exchange gain/(loss)	775,876	(411,316)	407,501	113,263
Undistributed profits of consolidated entities	(36,504)	166,230		-
Defined benefit obligations	(54,952)	(145,774)	(8,331)	(10,356)
Tax losses carried forward	(1,397,151)	(711,274)	(391,175)	(93,259)
Expected credit losses	(123,659)	(168,401)	1,692	(798)
Lease liabilities	(71,745)	25,941	-	-
	(215,656)	336,633	8,971	11,224

12.7 Tax losses carried forward

For the year	GROUP		COMPANY	
	2023/2024 Rs.'000	2022/2023 Rs.'000	2023/2024 Rs.'000	2022/2023 Rs.'000
Tax losses brought forward	42,314,490	35,609,442	3,939,400	1,210,398
Adjustments to tax loss brought forward and tax losses arising during the year	12,923,102	13,306,319	3,534,973	4,497,007
Utilisation of tax losses	(4,786,910)	(6,404,244)	(131,707)	(1,768,005)
Write off of unclaimable tax losses	(413,456)	(197,027)	-	-
	50,037,226	42,314,490	7,342,666	3,939,400

As specified above, some companies in the Group have carried forward tax losses which are available to be set off against the future tax profits of those companies. Deferred tax assets not accounted in respect of these losses amounted to Rs. 9,271.4 million (2022/2023 - Rs.7,876.1 million) since utilisation against future taxable profits are not probable. For Aitken Spence PLC, deferred tax assets unaccounted on losses as at 31.03.2024 amounted to Rs. 1,427.9 million (2022/2023 - Rs.798.1 million).

13 EARNINGS / (LOSS) PER SHARE

ACCOUNTING POLICY

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.

The following reflects the income and share data used in the basic earnings per share computations.

For the year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
Net profit /(loss) attributable to equity holders of the company (Rs.)	2,928,185,220	6,644,027,077	(43,869,827)	3,588,909,209
Weighted average number of ordinary shares in issue	405,996,045	405,996,045	405,996,045	405,996,045
Earnings /(loss) per share (Rs.)	7.21	16.36	(0.11)	8.84

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

14 DIVIDENDS PER SHARE

For the year ended 31st March	2024 Rs.'000	2023 Rs.'000
First and final ordinary dividend of Rs. 4.25 per share* (2022/2023 - Rs. 4.00 per share)	1,725,483	1,623,984
	1,725,483	1,623,984

* The Directors have recommended a first and final dividend of Rs. 4.25 per share for the year ended 31st March 2024 to be approved at the Annual General Meeting on 06th August 2024. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company will satisfy the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and will obtain a certificate from the auditors, prior to the payment of the first and final dividend on or before 27th August 2024.

In compliance with Sri Lanka Accounting Standard LKAS 10 - Events after the reporting period, the first and final dividend recommended is not recognised as a liability in the financial statements as at 31st March 2024.

15 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Recognition and measurement

Items of property, plant and equipment other than land, are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the attributable borrowing costs if the recognition criteria are met. The cost of an item also includes an initial estimate of the cost of dismantling and removing the items and restoring the site on which it is located.

All items of property, plant and equipment are recognised initially at cost.

The Group recognises land owned by it in the statement of financial position at the revalued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land does not change other than by an insignificant amount at each reporting period the Group will revalue such land every 5 years.

Any revaluation increase arising on the revaluation of such land is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the carrying amount arising on a revaluation of land is recognised in the income statement to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of the same land.

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land owned by the Group based on market values, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

Significant components of property, plant and equipment

When parts of an item of property, plant and equipment have different useful lives than the underlying asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

Subsequent cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in the income statement as and when incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is disposed.

ACCOUNTING POLICY

The estimated useful lives are as follows:

Asset	Useful Life
Freehold buildings	08 - 50 years
Plant and machinery	10 - 20 years
Equipment	04 - 15 years
Power generation plants	10 - 20 years or over the period of the power purchase agreement
Motor vehicles	04 - 10 years
Furniture and fittings	10 - 20 years
Computer equipment	03 - 05 years
Crockery, cutlery and glassware	03 - 05 years
Motor boats	05 years
Soft furnishing	03 - 05 years
Swimming pool equipment	15 - 30 years

Power generation plants of some of the Group companies in the renewable energy segment that are not depreciated as above are depreciated on the unit of production basis.

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The cost of replacement of components of assets recognised in the carrying amount of property, plant and equipment is depreciated over the balance useful life of the asset.

The cost of major planned overhauls capitalised are depreciated over the period until the next planned maintenance.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Derecognition

An item of property, plant and equipment is derecognised upon replacement, disposal or when no future economic, benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

Disposal of property, plant and equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised by the Group upon disposal (i.e., at the date the recipient obtains control).

15.1 Group

	Freehold Land Rs.'000	Freehold buildings Rs.'000	Plant machinery and equipment Rs.'000	Motor vehicles Rs.'000	Furniture and fittings Rs.'000	Capital work-in-progress Rs.'000	Total 2023/2024 Rs.'000	Total 2022/2023 Rs.'000
Cost or revaluation								
Balance as at 01st April								
- Recognised under non-current	23,402,734	75,180,247	43,507,152	4,523,629	6,423,667	679,895	153,717,324	135,760,134
- Recognised under current	-	305,997	1,611,785	46,480	5,507	-	1,969,769	1,968,958
Surplus on revaluation	4,761	-	-	-	-	-	4,761	3,566,785
Companies acquired during the year	-	-	-	-	-	-	-	2,812,895
Exchange difference	(660,344)	(4,707,708)	(1,773,735)	(119,687)	(337,800)	(31,917)	(7,631,191)	9,012,375
Additions	-	776,843	1,271,913	91,974	140,462	3,184,473	5,465,665	2,965,293
Capitalisation of depreciation (right-of-use assets)	-	-	-	-	-	5,705	5,705	-
Reclassified to intangible assets	-	-	(10,650)	-	-	-	(10,650)	-
Other transfers	-	2,104,614	455,446	21,249	5,285	(2,586,594)	-	-
Disposals / write-offs	-	(3,936)	(377,041)	(126,835)	(51,496)	(3,422)	(562,730)	(399,347)
Balance as at 31st March	22,747,151	73,656,057	44,684,870	4,436,810	6,185,625	1,248,140	152,958,653	155,687,093
- Recognised under non-current	22,747,151	73,350,060	43,071,403	4,390,330	6,180,118	1,248,140	150,987,202	153,717,324
- Recognised under current	-	305,997	1,613,467	46,480	5,507	-	1,971,451	1,969,769
Accumulated depreciation								
Balance as at 01st April								
- Recognised under non-current	-	19,999,399	20,634,132	3,451,540	4,133,127	-	48,218,198	39,949,998
- Recognised under current	-	305,997	1,058,052	34,809	5,507	-	1,404,365	1,386,048
Companies acquired during the year	-	-	-	-	-	-	-	885,021
Exchange difference	-	(1,338,318)	(1,301,350)	(100,048)	(213,484)	-	(2,953,200)	2,547,431
Charge for the year	-	2,048,508	2,546,712	163,937	471,693	-	5,230,850	5,222,268
Reclassified to intangible assets	-	-	(10,650)	-	-	-	(10,650)	-
Other transfers	-	-	(841)	-	841	-	-	-
Disposals / write-offs	-	(1,638)	(335,728)	(126,151)	(46,585)	-	(510,102)	(368,203)
Balance as at 31st March	-	21,013,948	22,590,327	3,424,087	4,351,099	-	51,379,461	49,622,563
- Recognised under non-current	-	20,707,951	21,517,070	3,387,894	4,345,592	-	49,958,507	48,218,198
- Recognised under current	-	305,997	1,073,257	36,193	5,507	-	1,420,954	1,404,365
Carrying amount as at 31st March 2024	22,747,151	52,642,109	22,094,543	1,012,723	1,834,526	1,248,140	101,579,192	
- Recognised under non-current	22,747,151	52,642,109	21,554,333	1,002,436	1,834,526	1,248,140	101,028,695	
- Recognised under current *	-	-	540,210	10,287	-	-	550,497	
Carrying amount as at 31st March 2023	23,402,734	55,180,848	23,426,753	1,083,760	2,290,540	679,895		106,064,530
- Recognised under non-current	23,402,734	55,180,848	22,873,020	1,072,089	2,290,540	679,895		105,499,126
- Recognised under current	-	-	553,733	11,671	-	-		565,404

* Consequent to the expiry of the short term power purchase agreement (PPA) signed between Ace Power Embilipitiya (Pvt) Ltd., a subsidiary company and the Ceylon Electricity Board (CEB) on 04th March 2024, discussions concerning an extension to the PPA are ongoing with the CEB. As the outcome of these discussions are uncertain property, plant and equipment of Ace Power Embilipitiya (Pvt) Ltd., continued to be treated under current assets.

The value of property, plant and equipment pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 32,809.7 million (2022/2023- Rs. 34,988.3 million).

The Group capitalised borrowing costs of Rs.16.9 million on interest-bearing loans and borrowings, Rs.9.4 million on lease liabilities and Rs. 184.7 million on short-term borrowings on qualifying assets during the year (2022/2023 – nil). Capitalisation rates used for each of these liabilities were 11.76%, 10.65% and 15.73% respectively.

Capital work-in-progress represents the amount of expenditure recognised under property plant and equipment during the construction of a capital asset.

The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the balance sheet date.

In compliance with the accounting policy, land owned by Group companies are revalued by independent professional valuers at least once in every five years unless there is an indication of a significant change in the market rates. Details of the revalued land are given in the note 15.3.1 to the financial statements. Tax impact on revaluation of land is given in note 12 to the financial statements.

On re-assessment of the fair value of the Group's assets, it has been identified that there is no impairment of property plant and equipment which requires provision in the financial statements.

Property plant and equipment as at 31st March 2024 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 14,775.2 million that are still in use (2022/2023 - Rs. 12,968.0 million).

15.2 Company

	Plant machinery and equipment Rs.'000	Motor vehicles Rs.'000	Furniture and fittings Rs.'000	Total 2023/2024 Rs.'000	Total 2022/2023 Rs.'000
Cost or revaluation					
Balance as at 01st April	202,355	118,875	80,091	401,321	385,664
Additions	35,237	-	536	35,773	22,493
Disposals	(8,915)	-	(208)	(9,123)	(6,836)
Balance as at 31st March	228,677	118,875	80,419	427,971	401,321
Accumulated depreciation					
Balance as at 01st April	153,206	86,304	77,884	317,394	294,280
Charge for the year	25,765	9,114	712	35,591	29,950
Disposals	(8,915)	-	(208)	(9,123)	(6,836)
Balance as at 31st March	170,056	95,418	78,388	343,862	317,394
Carrying amount as at 31st March 2024	58,621	23,457	2,031	84,109	
Carrying amount as at 31st March 2023	49,149	32,571	2,207		83,927

There were no property plant and equipment pledged by the Company as security for facilities obtained from banks (2022/2023 - nil).

There were no borrowing costs capitalised on interest-bearing loans and borrowings and lease liabilities by the Company on qualifying assets during the financial years 2023/2024 and 2022/2023.

Property plant and equipment as at 31st March 2024 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 334.3 million that are still in use (2022/2023 - Rs. 187.2 million).

15.3 Freehold land

15.3.1 Carrying amount of land

As at	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Land carried at revalued amount (note 15.3.2)	22,699,029	23,300,373
Land carried at cost (fair value) (note 15.3.3)	48,122	102,361
	22,747,151	23,402,734

15.3.2 Land carried at revalued amount

Company	Location	Last revaluation date	Estimated price per perch (significant unobservable inputs) Rs. / Equivalent Rs.	Extent	Carrying amount as at 31.03.2024 Rs.'000	Revaluation surplus Rs.'000	Carrying amount at cost Rs.'000
Aitken Spence PLC (a)	315, Vauxhall Street, Colombo 02	31.12.2022	12,500,000	1 A 0 R 12.78 P	2,154,224	2,153,067	1,157
	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2022	4,250,000	1 A 0 R 20.37 P	747,028	742,037	4,991
	170, Sri Wickrema Mw., Colombo 15	10.12.2022	1,500,000	3 A 3 R 31.00 P	942,350	899,389	42,961
	Moragalla, Beruwala	13.12.2022	475,000	10 A 1 R 23.97 P	790,000	789,046	954
	290/1, Inner Harbour Road, Trincomalee	17.10.2022	525,000	0 A 1 R 4.95 P	23,500	23,500	-
Ace Containers (Pvt) Ltd (a)	775/5, Negombo Road, Wattala	22.12.2022	625,000	22 A 0 R 24.88 P	2,215,500	2,120,947	94,553
	385, Colombo Road, Welisara	22.12.2022	725,000	8 A 3 R 12.23 P	1,023,000	936,327	86,673
	No.377, Negombo Road, Welisara, Ragama	22.12.2022	750,000	1 A 1 R 17.80 P	163,000	75,935	87,065
Ace Distriparks (Pvt) Ltd (a)	80, Negombo Road, Wattala	22.12.2022	1,750,000	2 A 2 R 17.03 P	729,800	360,238	369,562
Ahungalla Resorts Ltd (a)	"Ahungalla Resorts", Galle Road, Ahungalla	24.12.2022	523,500- 600,000	12 A 3 R 35.21 P	1,113,500	213,623	899,877
Aitken Spence (Garments) Ltd (a)	222, Agalawatte Road, Matugama	20.12.2022	125,000	2 A 3 R 0 P	55,000	49,840	5,160
Aitken Spence Hotel Holdings PLC (a)	"Heritance Ahungalla", Galle Road, Ahungalla	24.12.2022	475,000	11 A 3 R 34.02 P	825,000	806,798	18,202
	"Heritance Ahungalla", Galle Road, Ahungalla	24.12.2022	475,000	0 A 0 R 39.26 P	18,500	13,293	5,207
Aitken Spence Hotel Managements (South India) Ltd (b)	144/7, Rajiv Gandhi Salai, Kottivakkam, OMR, Chennai, India	11.11.2022	13,000,000	0 A 3 R 15.14 P	1,707,891	839,700	868,191
Aitken Spence Property Developments Ltd (a)	90, St.Rita's Estate, Mawaramandiya	14.12.2022	325,000	3 A 0 R 25.08 P	164,000	139,572	24,428
	100, St.Rita's Estate, Mawaramandiya	25.01.2024	370,000	1 A 0 R 0.00 P	59,000	4,761	54,239
Aitken Spence Resorts (Middle East) LLC (c)	Al Hamriya, Sultanate of Oman	15.02.2022	7,500,000	5 A 0 R 8.00 P	6,043,108	785,966	5,257,142
Branford Hydropower (Pvt) Ltd (a)	225, Gangabada Road, Kaludawela, Matale	08.10.2022	60,000	2 A 0 R 14.00 P	20,000	9,467	10,533
Clark Spence and Company (Pvt) Ltd (a)	24-24/1, Church Street, Galle	20.12.2022	5,500,000	0 A 1 R 27.90 P	373,450	373,415	35
Heritance (Pvt) Ltd (a)	Moragalla, Beruwala	13.12.2022	375,000	5 A 3 R 6.80 P	347,500	336,420	11,080
Kandalama Hotels Ltd (a)	Kandalama, Dambulla	18.10.2022	370	169 A 2 R 22.00 P	10,000	2,616	7,384
Logilink (Pvt) Ltd (a)	309/4 a, Negombo Road, Welisara	22.12.2022	525,000	2 A 1 R 9.50 P	193,500	111,009	82,491
Meeraladuwa (Pvt) Ltd (a)	Meeraladuwa Island, Balapitiya	27.12.2022	43,500 - 86,500	29 A 2 R 9.00 P	226,350	126,088	100,262
Neptune Ayurvedic Village (Pvt) Ltd (a)	Ayurvedic village - Moragalla, Beruwala	13.12,2022	252,000	0 A 0 R 19.30 P	4,860	796	4,064
Perumbalam Resorts (Pvt) Ltd (d)	Cochin - Kerala, India	23.01.2023	171,000	4 A 0 R 9.00 P	111,065	96,852	14,213
PR Holiday Homes (Pvt) Ltd (d)	Cochin - Kerala, India	22.01.2023	172,000	14 A 0 R 7.52 P	387,380	188,668	198,712
Turyaa (Pvt) Ltd (a)	418, Parallel Road, Kudawaskaduwa, Kalutara	13.12,2022	550,000	5 A 1R 37.90 P	440,000	420,235	19,765
	49, Sea Beach Road, Kalutara	13.12,2022	700,000	0 A 1R 30.32 P	39,775	38,287	1,488
	Kudawaskaduwa, Kalutara	13.12,2022	550,000	1 A 3 R 33.20 P	172,000	115,221	56,779
	Kudawaskaduwa, Kalutara	13.12,2022	550,000	0 A 1 R 34.30 P	40,000	30,826	9,174
Vauxhall Investments Ltd (a)	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2022	4,250,000	0 A 1 R 21.08 P	252,972	231,133	21,839
Vauxhall Property Developments Ltd (a)	305, Vauxhall Street, Colombo 02	31.12.2022	12,500,000	0 A 2 R 24.73 P	1,305,776	1,291,045	14,731
					22,699,029	14,326,117	8,372,912

The above lands have been revalued on the basis of current market value by independent, qualified valuers who have recent experience in the location and category of property being valued.

a Valuation of the land was carried out by Mr. K.C.B Condegama, F.I.V (Sri Lanka).

b Valuation of the land was carried out by CBRE South Asia Pvt. Ltd, India.

c Valuation of the land was carried out by R. Tulsian Global, Oman.

d Valuation of the land was carried out by Mr. T.T. Kripananda Singh, B.Sc.(Engg.) Civil, FIE, FIV, C.(Engg.) (India).

15.3.3 Land carried at cost (fair value)

Company	Location	Acquisition date	Average price per perch Rs.'000	Extent	Carrying amount as at 31.03.2024 Rs.'000
Kandalama Hotels Ltd	Kandalama, Dambulla	17.11.2022	20,500	13 A 3 R 38.00 P	48,122
					48,122

The above land which is carried at cost have not been revalued since the acquisition cost represents the fair value.

16 INVESTMENT PROPERTIES

ACCOUNTING POLICY

Recognition and measurement

A property that is held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, by the Group are accounted for as investment properties.

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is measured at its cost at the date when the construction or development is complete.

The Group applies the cost model for investment properties in accordance with Sri Lanka Accounting Standard (LKAS 40) -"Investment Property". Accordingly, land classified as investment properties are stated at cost less any accumulated impairment losses and buildings classified as investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

No depreciation is provided on land treated as investment property.

Depreciation of other investment property of the Group is provided for on a consistent basis, over the period appropriate to the estimated useful lives of the assets on a straight-line method as follows:

Asset	Useful Life
Buildings	08 - 50 years

In the consolidated financial statements, properties which are occupied by companies within the Group for the production or supply of goods and services or for administrative purposes are treated as property, plant and equipment, while these properties are treated as investment property in the financial statements of the company owning the asset, if such company has rented out the property to other Group companies.

16.1 Movement during the year

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000	COMPANY 2023/2024 Rs.'000	COMPANY 2022/2023 Rs.'000
Cost				
Balance as at 01st April	1,634,031	1,634,031	3,494,670	3,494,670
Balance as at 31st March	1,634,031	1,634,031	3,494,670	3,494,670
Accumulated depreciation				
Balance as at 01st April	2,450	2,127	77,214	75,331
Charge for the year	323	323	1,883	1,883
Balance as at 31st March	2,773	2,450	79,097	77,214
Carrying amount as at 31st March	1,631,258	1,631,581	3,415,573	3,417,456

16.2 Amounts recognised in profit or loss

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000	COMPANY 2023/2024 Rs.'000	COMPANY 2022/2023 Rs.'000
Rental income earned	-	-	50,051	49,284
Direct operating expenses generating rental income	-	-	2,351	1,845
Direct operating expenses that did not generate rental income	98,341	25,404	98,341	25,404

There were no restrictions on the realisability of any investment property or on the remittance of income or proceeds of disposal.

16.3 Details of land and buildings classified as investment property

Company	Location	Extent		Significant unobservable inputs		Carrying value of investment property as at 31.03.2024		Number of buildings
		Land	Building	Estimated price per perch . Rs.	Estimated price per square foot Rs.	Group Rs.'000	Company Rs.'000	
Aitken Spence PLC	315, Vauxhall Street, Colombo 02	1 A 0 R 12.78 P	-	12,500,000	-	-	900,000	-
	316, K. Cyril C. Perera Mw., Colombo 13	1 A 0 R 20.37 P	7,988 sq.ft	4,250,000	2,500 - 3,500	-	223,650	2
	170, Sri Wickrema Mw., Colombo 15	3 A 3 R 31.00 P	7,282 sq.ft	1,500,000	3,750 - 5,750	-	188,000	7
	Moragalla, Beruwala	10 A 1 R 23.97 P	125,349 sq.ft	475,000	12,500	-	531,965	6
	290/1, Inner Harbour Road, Trincomalee	0 A 1 R 4.95 P	1,970 sq.ft	525,000	3,500	-	12,700	1
	Irakkakandi Village, VC Road, Nilaweli	108 A 1 R 0.00 P	325 sq.ft	77,000 - 260,000	2,000	1,559,258	1,559,258	1
Aitken Spence Hotel Managements (Pvt) Ltd	Irakkakandi Village, VC Road, Nilaweli	5 A 0 R 1.00 P	-	77,000 - 260,000	-	72,000	-	-
Aitken Spence Developments (Pvt) Ltd	58/1, Park Road Kerawalapitiya,Wattala	-	1,680 sq.ft	-	1,500	-	-	8
						1,631,258	3,415,573	

16.4 Market value

Investment properties in the Group are accounted for on the cost model. The open market value of the above properties based on the directors' valuation as at 31st March 2024 and 31st March 2023 for the Group was Rs. 2,632 million and for the Company as at 31st March 2024 was Rs. 7,668 million (31 March 2023 -Rs. 7,740 million).

17 INTANGIBLE ASSETS

ACCOUNTING POLICY

Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non- refundable purchase taxes and any directly attributable costs of preparing the asset for its intended use.

The cost of an intangible asset acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Subsequent measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Amortisation

Intangible assets with finite lives are amortised over the useful economic life of the asset and assessed for impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. 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 are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets recognised by the Group

Computer software

All computer software costs incurred and licensed for use by the Group, which do not form an integral part of related hardware, and can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets.

Website Costs

Costs incurred on development of websites are capitalised as intangible assets when the entity is satisfied that the web site will generate probable economic benefits in the future.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The policy on measurement of goodwill at initial recognition is given in note 4.1.1.

Goodwill is subsequently measured at cost less accumulated impairment losses.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is allocated to the carrying amount of the equity accounted investee.

In accordance with the above, the Group assess the useful life of the computer software and website costs have a finite useful life :

Intangible Asset	Useful Life
Computer Software	3-5 years
Website Cost	3-5 years

17.1 Group

	Goodwill Rs.'000	Software Rs.'000	Other intangibles Rs.'000	Total 2023/2024 Rs.'000	Total 2022/2023 Rs.'000
Cost					
Balance as at 01st April	1,828,873	736,770	36,260	2,601,903	2,156,538
Exchange difference	(67,750)	(21,285)	-	(89,035)	113,174
Companies acquired during the year	-	-	-	-	331,364
Additions	-	19,618	-	19,618	9,053
Reclassified from property, plant and equipment	-	10,650	-	10,650	-
Other transfers	-	26,240	(26,240)	-	-
Disposals	-	(1,296)	-	(1,296)	(8,226)
Balance as at 31st March	1,761,123	770,697	10,020	2,541,840	2,601,903
Accumulated amortisation / impairment					
Balance as at 01st April	198,769	628,713	34,604	862,086	797,565
Exchange difference	-	(19,584)	-	(19,584)	17,506
Amortisation for the year	-	49,935	-	49,935	55,241
Reclassified from property, plant and equipment	-	10,650	-	10,650	-
Other transfers	-	25,011	(25,011)	-	-
Disposals	-	(1,296)	-	(1,296)	(8,226)
Balance as at 31st March	198,769	693,429	9,593	901,791	862,086
Carrying amount as at 31st March 2024	1,562,354	77,268	427	1,640,049	
Carrying amount as at 31st March 2023	1,630,104	108,057	1,656		1,739,817

There were no intangible assets pledged by the Group as security for facilities obtained from banks (2022/2023- nil).

Intangible assets as at 31st March 2024 includes fully amortised assets having a gross carrying amount (cost) of Rs. 503.4 million that are still in use (2022/2023 - Rs. 514.5 million).

17.1.1 Net carrying value of goodwill

Goodwill arising on business combinations have been allocated to the following cash generating units (CGU's) for impairment testing.

As at	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Tourism sector		
Hotels -Oman	782,299	850,049
Maritime and freight logistics sector		
Port services -Fiji	378,637	378,637
Strategic investments		
Power generation -Solar	331,364	331,364
Power generation -Waste to energy	50,000	50,000
Services sector		
Other services -Money transfer	20,054	20,054
	1,562,354	1,630,104

17.1.1.1 Impairment assessment

On annual testing of impairment of goodwill the recoverable amount is determined based on value-in-use calculations. The key assumptions used in this calculation are given below;

As at	31.03.2024		31.03.2023	
	Business growth rate	Discount rate	Business growth rate	Discount rate
Hotels -Oman	15.0%	9.1%	17.0%	9.2%
Port services -Fiji	7.0%	4.0%	3.0%	4.0%
Power generation -Solar	-	11.2%	-	15.3%
Power generation -Waste to energy	-	11.2%	-	15.3%
Other services -Money transfer	16.0%	11.2%	2.0%	15.3%

These value-in-use calculations use cash flow projections based on financial budgets approved by management. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth.

Business growth	▪ Based on the long term average growth rate for each business unit where applicable. The weighted average growth rate used is consistent with the forecasts included in industry reports. ▪ For CGUs other than for strategic investments the volume growth has been budgeted on a reasonable and realistic basis for a period of five years. As per the terms of the Power Purchase Agreement, static business growth is reflected in the solar and waste to energy power generation CGUs with projected cash flows till the end of the agreement.
Discount rate	▪ Pre-tax rate that reflects current market assessments of the time value of money specific to the country and the risks specific to the CGU have been used in the discounted cash flow calculations.
Inflation	▪ Based on current inflation rate.
Margin	▪ Based on past performance and budgeted expectations.

17.1.1.2 Sensitivity to changes in key assumptions

Management has identified that a reasonable possible change in the two key assumptions namely, business growth rate and discount rate could cause the carrying amount to exceed the recoverable amount. Given below is the change required individually for each key assumptions, for the carrying amount to equate the recoverable amount.

	Business growth rate decrease by	Discount rate increase by
Hotels -Oman	4.5%	4.4%
Port services -Fiji	3.9%	8.5%
Power generation -Solar	-	0.3%
Power generation -Waste to energy	-	8.0%
Other services -Money transfer	2.9%	>100%

17.2 Company

For the year	Software	
	2023/2024 Rs.'000	2022/2023 Rs.'000
Cost or valuation		
Balance as at 01st April	268,542	268,542
Additions	5,491	-
Balance as at 31st March	274,033	268,542
Accumulated amortisation		
Balance as at 01st April	209,601	191,498
Charge for the year	18,109	18,103
Balance as at 31st March	227,710	209,601
Carrying amount as at 31st March	46,323	58,941

There were no intangible assets pledged by the Company as security for facilities obtained from banks (2022/2023 - nil).

Intangible assets as at 31st March 2024 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 175.4 million that are still in use (2022/2023 - Rs. 170.1 million).

18 BIOLOGICAL ASSETS

ACCOUNTING POLICY

The plantation companies within the Group manages the biological transformation of certain fruit plants for harvesting of agricultural produce from such plants and includes those and the respective nursery plants under biological assets.

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets include tea, rubber, fruit and other trees, that are not intended to be sold or harvested, but grown for harvesting of agricultural produce from such biological assets. Consumable biological assets include managed timber trees that are to be harvested as agricultural produce or sold as biological assets.

The entity recognises the biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

Bearer Biological Assets

Bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – property, plant and equipment.

The Group measures immature plantations at cost. The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting, that is, when the planted area attains maturity, are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets that comes in to bearing during the year are transferred to mature plantations.

Nursery plants

Nursery plant cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

Produce on Bearer Biological Assets

In accordance with LKAS 41, the Group recognises agricultural produce growing on bearer plants at fair value less cost to sell. Any change in the fair value of such agricultural produce are recognised in profit or loss at the end of each reporting period.

18 BIOLOGICAL ASSETS

ACCOUNTING POLICY

Depreciation and amortisation

Mature plantations are depreciated over their useful life or unexpired lease period of the farm land which ever is lower. Depreciation is recognised in the income statement on a straight line basis over the estimated useful economic lives of each part of an item of biological asset as below

Biological Asset	Useful Life
Passion fruit	5 years
Pineapple	3 years
Papaya	4 years
Soursop	20 years
Mango	25 years

Depreciation method, useful life and residual values are remeasured at the reporting date and adjusted prospectively, if appropriate.

Specific accounting policy of Elpitiya Plantations PLC., an equity accounted investee

Elpitiya Plantations PLC., recognises tea, rubber, oil palm, coconut, cinnamon and berry plantations managed by them as biological assets in their financial statements.

Produce on Bearer Biological Assets

Elpitiya Plantations PLC recognises agricultural produce growing on bearer plants at fair value less cost to sell. Any change in the fair value of such agricultural produce is recognised in profit or loss at the end of each reporting period. For this purpose, quantities of harvestable agricultural produce is ascertained based on the harvesting cycle of each crop category by limiting to one harvesting cycle based on the last day of the harvest in the immediately preceding cycle. Further, 50% of the crops in that harvesting cycle are considered for the valuation. For the valuation of the harvestable agricultural produce, the Group uses the following price formulas.

Tea	Bought leaf rate (current month) less cost of harvesting and transport
Rubber	Latex price (95% of current RSS1 Price) less cost of tapping and transport
Oil Palm	Bought mill net sale average less cost of harvesting and transport

Depreciation and amortisation

Mature plantation of Elpitiya Plantation PLC are depreciated over the following useful lives of the assets.

Biological Asset	Useful Life
Tea	33 1/3 Years
Rubber	20 Years
Oil Palm	20 Years
Coconut	50 Years
Cinnamon	20 Years

18.1 Movement during the year

	GROUP			
	Immature plantations Rs.'000	Mature plantations Rs.'000	Total 2023/2024 Rs.'000	Total 2022/2023 Rs.'000
Cost				
Balance as at 01st April	54,777	31,160	85,937	83,398
Additions	4,257	-	4,257	2,539
Balance as at 31st March	59,034	31,160	90,194	85,937
Accumulated depreciation				
Balance as at 01st April	-	14,603	14,603	13,729
Charge for the year	-	875	875	874
Impairment for the year	-	10,261	10,261	-
Balance as at 31st March	-	25,739	25,739	14,603
Carrying amount as at 31st March 2024	59,034	5,421	64,455	
Carrying amount as at 31st March 2023	54,777	16,557		71,334

There were no biological assets pledged by the Group as security for facilities obtained from banks (2022/2023 - nil).

The Group impaired mature plantations by Rs. 10.3 million after re-assessing the net realisable value of the biological asset as at 31st March 2024. The above charge is recognised in the income statement under depreciation, amortisation and impairment losses of non-financial assets.

No borrowing costs were capitalised under biological assets on interest-bearing loans and borrowings and lease liabilities by the Group during the financial year (2022/2023 - Nil).

19 RIGHT-OF-USE ASSETS

ACCOUNTING POLICY

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease as per SLFRS 16 - Leases.

The right-of-use asset is initially measured at cost. This comprises of the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is also adjusted for certain subsequent remeasurements of the lease liability.

After the commencement date, the Group measures the right- of-use asset on the cost model.

Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Depreciation

Right-of-use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the underlying asset as given in property, plant and equipment.

If the ownership of the leased asset transfers to the Group at the end of the lease term, or the cost of the right-of-use asset reflects the exercise of a purchase option the asset is depreciated over the useful life of the underlying asset.

The right-of-use assets are subject to impairment.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease.

19.1 Movement during the year

Leasehold properties that do not meet the definition of an investment property are presented as right-of-use assets.

	GROUP			
	Right-of-Use Land Rs.'000	Right-of-Use buildings Rs.'000	Total 2023/2024 Rs.'000	Total 2022/2023 Rs.'000
Cost				
Balance as at 01st April				
- Recognised under non-current	29,368,319	4,686,803	34,055,122	30,808,381
- Recognised under current	5,200	-	5,200	4,206
Companies acquired during the year	-	-	-	63,464
Exchange difference	(2,324,181)	(549,078)	(2,873,259)	3,163,381
Additions	216,355	88,750	305,105	76,700
Operating leases pre-paid	103,128	-	103,128	-
Disposals	(12,566)	(23,183)	(35,749)	(55,810)
Balance as at 31st March	27,356,255	4,203,292	31,559,547	34,060,322
- Recognised under non-current	27,350,965	4,203,292	31,554,257	34,055,122
- Recognised under current	5,290	-	5,290	5,200
Accumulated depreciation				
Balance as at 01st April				
- Recognised under non-current	11,816,392	3,101,889	14,918,281	11,963,682
- Recognised under current	4,205	-	4,205	3,614
Companies acquired during the year	-	-	-	6,060
Exchange difference	(1,020,199)	(371,478)	(1,391,677)	1,072,492
Charge for the year	1,331,726	353,150	1,684,876	1,896,481
Capitalised under property, plant and equipment	5,705	-	5,705	-
Disposals	(12,566)	(14,201)	(26,767)	(19,843)
Balance as at 31st March	12,125,263	3,069,360	15,194,623	14,922,486
- Recognised under non-current	12,120,516	3,069,360	15,189,876	14,918,281
- Recognised under current	4,747	-	4,747	4,205
Carrying amount as at 31st March 2024	15,230,992	1,133,932	16,364,924	
- Recognised under non-current	15,230,449	1,133,932	16,364,381	
- Recognised under current *	543	-	543	
Carrying amount as at 31st March 2023	17,552,922	1,584,914		19,137,836
- Recognised under non-current	17,551,927	1,584,914		19,136,841
- Recognised under current *	995	-		995

* Consequent to the expiry of the short term power purchase agreement (PPA) signed between Ace Power Embilipitiya (Pvt) Ltd., a subsidiary company and the Ceylon Electricity Board (CEB) on 04th March 2024, discussions concerning an extension to the PPA are ongoing with the CEB. As the outcome of these discussions are uncertain right-of-use assets of Ace Power Embilipitiya (Pvt) Ltd., continued to be treated under current assets.

19.2 Amounts recognised in profit or loss

For the year	2023/2024 Rs.'000	2022/2023 Rs.'000
Depreciation expense of right-of-use assets (note 19.1)	1,684,876	1,896,481
Interest on lease liabilities (note 31.1)	909,996	1,118,674
Expenses relating to short term leases and leases of low value assets	557,700	560,504

19.3 Amounts recognised in statement of cash flows

For the year	2023/2024 Rs.'000	2022/2023 Rs.'000
Lease capital repayment	1,799,005	1,887,444
Lease interest paid	907,976	1,086,339
Total cash outflow for leases (note 31.1)	2,706,981	2,973,783

19.4 Details of leased properties relating to right-of-use assets

Company	Nature of the leasing activity	Location of the leased property	Unexpired lease periods as at 31.03.2024
Ace Apparels (Pvt) Ltd	Land	Koggala - Sri Lanka	40 years
Ace Apparels (Pvt) Ltd	Factory and Warehouse facilities	Koggala - Sri Lanka	30 years
Ace Containers (Pvt) Ltd	Yard and Warehouse facilities	Wattala - Sri Lanka	01 - 04 years
Ace Container Terminals (Pvt) Ltd	Land	Katunayake - Sri Lanka	64 years
Ace Distriparks (Pvt) Ltd	Land	Mihinthale - Sri Lanka	19 years
Ace Distriparks (Pvt) Ltd	Warehouse facilities	Welisara and Wattala - Sri Lanka	01 - 02 years
Ace Power Embilipitiya (Pvt) Ltd	Land	Embilipitiya - Sri Lanka	01 year
Ace Wind Power (Pvt) Ltd	Land	Ambewela - Sri Lanka	09 years
Aitken Spence Agriculture (Pvt) Ltd	Land	Dambulla - Sri Lanka	19 years
Aitken Spence Cargo (Pvt) Ltd	Warehouse facilities	Mulleriyawa - Sri Lanka	01 - 02 years
Aitken Spence Hotel Managements (Pvt) Ltd	Warehouse facilities	Colombo 02 - Sri Lanka	05 years
Aitken Spence Property Developments (Pvt) Ltd	Land	Colombo 02 - Sri Lanka	02 years
Global Parcel Delivery (Pvt) Ltd	Warehouse facility	Ingiriya - Sri Lanka	03 years
Hethersett Hotels Ltd	Land	Nuwara Eliya - Sri Lanka	71 years
Kandalama Hotels (Pvt) Ltd	Land	Dambulla - Sri Lanka	19 years
Waltrim Hydropower (Pvt) Ltd	Land and building	Nuwara Eliya - Sri Lanka	17 years
Western Power Company (Pvt) Ltd	Land	Muthurajawela - Sri Lanka	23 years
ADS Resorts (Pvt) Ltd	Island	North Male' Atoll - Maldives	03 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	25 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	41 years
Jetan Travel Services Company (Pvt) Ltd	Island	South Male' Atoll - Maldives	19 years
Unique Resorts (Pvt) Ltd	Island	South Male' Atoll - Maldives	22 years
Fiji Ports Terminal Ltd	Wharfs used for ports operations	Suva - Fiji	05 years

The Group leases office space, office equipment, motor vehicles etc., with contract terms less than five years. These leases are either short term (term less than one year) and/or leases having low-value. Hence, the Group has elected not to recognise theses leases as right-of-use assets and lease liabilities.

The value of right-of-use assets pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 5,744.4 million (2022/2023- Rs.4,766.8 million).

20 INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICY

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.

20.1 Carrying amount of investments in subsidiaries

As at	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Investment in subsidiaries - unquoted (note 20.2)	11,747,786	11,689,225
Investment in subsidiaries - quoted (note 20.3)	2,458,287	2,458,287
	14,206,073	14,147,512

20.2 Investments in subsidiaries - unquoted

	Country of incorporation	Number of shares as at 31.03.2024	Company holding %	Group holding %	Non-controlling holding %	As at 31.03.2024 Rs.'000	As at 31.03.2023 Rs.'000
a) Ordinary shares							
Ace Apparels (Pvt) Ltd (a) (b) (c)	Sri Lanka	13,100,001	100.00	100.00	-	131,000	131,000
Ace Cargo (Pvt) Ltd (a)	Sri Lanka	990,000	100.00	100.00	-	245,173	245,173
Ace Container Repair (Pvt) Ltd (a)	Sri Lanka	2,250,000	100.00	100.00	-	22,500	22,500
Ace Container Terminals (Pvt) Ltd (a)	Sri Lanka	1,550,002	100.00	100.00	-	15,500	15,500
Ace Containers (Pvt) Ltd (a)	Sri Lanka	4,725,660	100.00	100.00	-	440,100	440,100
Ace Distriparks (Pvt) Ltd (a)	Sri Lanka	11,150,000	100.00	100.00	-	314,000	314,000
Ace Exports (Pvt) Ltd (a)	Sri Lanka	1,400,000	100.00	100.00	-	14,000	14,000
Ace Freight Management (Pvt) Ltd (a)	Sri Lanka	5,222,500	100.00	100.00	-	36,307	36,307
Ace International Express (Pvt) Ltd	Sri Lanka	10,000	100.00	100.00	-	100	100
Ace Wind Power (Pvt) Ltd (a)	Sri Lanka	37,050,000	100.00	100.00	-	430,000	430,000
Aitken Spence Agriculture (Pvt) Ltd (a) (b)	Sri Lanka	10,075,001	100.00	100.00	-	100,750	75,000
Aitken Spence Apparels (Pvt) Ltd (a) (b) (c)	Sri Lanka	1,500,000	100.00	100.00	-	15,000	15,000
Aitken Spence Cargo (Pvt) Ltd (a)	Sri Lanka	10,000	100.00	100.00	-	820	820
Aitken Spence Exports (Pvt) Ltd (c)	Sri Lanka	52,500	100.00	100.00	-	514	514
Aitken Spence Group Ltd (a) (b)	Sri Lanka	10,000	100.00	100.00	-	100	100
Aitken Spence Insurance Brokers (Pvt) Ltd (b)	Sri Lanka	152,740	100.00	100.00	-	1,500	1,500
Aitken Spence International Consulting (Pvt) Ltd (b)	Sri Lanka	10,000	100.00	100.00	-	100	100
Aitken Spence Maritime Ltd (a)	Sri Lanka	140,000	100.00	100.00	-	1,400	1,400
Aitken Spence Power (Pvt) Ltd (a)	Sri Lanka	1,826,204	100.00	100.00	-	18,262	18,262
Aitken Spence Printing and Packaging (Pvt) Ltd (a)	Sri Lanka	10,000,000	100.00	100.00	-	100,000	100,000
Aitken Spence Shipping Ltd (a)	Sri Lanka	2,038,072	100.00	100.00	-	132,717	132,717
Aitken Spence Shipping Services Ltd (a)	Sri Lanka	25,000	100.00	100.00	-	20,200	20,200
Aitken Spence Technologies (Pvt) Ltd (b)	Sri Lanka	1,577,506	100.00	100.00	-	13,888	13,888
Branford Hydropower (Pvt) Ltd (a)	Sri Lanka	16,400,100	100.00	100.00	-	223,000	223,000
Clark Spence and Company (Pvt) Ltd	Sri Lanka	25,000	100.00	100.00	-	74,300	74,300
Logilink (Pvt) Ltd (a)	Sri Lanka	30,000,000	100.00	100.00	-	222,690	222,690
Royal Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	50,000	100.00	100.00	-	500	500
Vauxhall Investments (Pvt) Ltd (a)	Sri Lanka	1,320,000	100.00	100.00	-	13,200	13,200

	Country of incorporation	Number of shares as at 31.03.2024	Company holding %	Group holding %	Non-controlling holding %	As at 31.03.2024 Rs.'000	As at 31.03.2023 Rs.'000
Vauxhall Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	11,270,000	100.00	100.00	-	153,401	153,401
Waltrim Energy Ltd (a)	Sri Lanka	57,855,000	100.00	100.00	-	873,890	873,890
Sagasolar Power (Pvt) Ltd (a) (b) (c)	Sri Lanka	84,904,336	100.00	100.00	-	1,400,000	1,400,000
Aitken Spence Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	75,425,725	96.41	100.00	-	766,594	766,594
Aitken Spence Developments (Pvt) Ltd	Sri Lanka	45,999	92.00	92.00	8.00	1,825	1,825
Western Power Company (Pvt) Ltd (a) (c)	Sri Lanka	80	80.00	80.00	20.00	200,000	200,000
Aitken Spence Elevators (Pvt) Ltd (a)	Sri Lanka	154,786	77.40	77.40	22.60	11,594	11,594
Aitken Spence Moscow (Pvt) Ltd (a)	Sri Lanka	37,500	75.00	75.00	25.00	375	375
Ace Power Embilipitiya (Pvt) Ltd (a) (c)	Sri Lanka	124,033,413	74.00	74.00	26.00	703,626	703,626
Ace Aviation Services (Pvt) Ltd (a)	Sri Lanka	26,251	50.00	100.00	-	263	263
Aitken Spence (Garments) Ltd (a) (b) (c)*	Sri Lanka	998,747	50.00	50.00	50.00	26,257	26,257
Aitken Spence Travels (Pvt) Ltd (a) (c) *	Sri Lanka	1,704,000	50.00	50.00	50.00	60,875	60,875
MMBL Money Transfer (Pvt) Ltd (a) *	Sri Lanka	3,000,000	50.00	50.00	50.00	35,566	35,566
Aitken Spence Hotel Managements (Pvt) Ltd (a) (c)	Sri Lanka	4,020,000	51.00	87.50	12.50	40,200	40,200
Aitken Spence Hotel Managements Asia (Pvt) Ltd (b) (c)	Sri Lanka	4,924,500	49.00	86.99	13.01	49,245	49,245
Aitken Spence Hotels International (Pvt) Ltd (a) (c)	Sri Lanka	10,323,225	39.00	86.99	13.01	99,000	99,000
Kandalama Hotels (Pvt) Ltd (a) (c)	Sri Lanka	6,000,000	37.00	82.99	17.01	182,050	182,050
Interlifts International Pvt Ltd *	Maldives	23,721	39.99	40.00	60.00	2,005	2,005
Ace Aviation Services Maldives Pvt Ltd *	Maldives	490	49.00	49.00	51.00	639	639
Fiji Ports Terminal Ltd (a)	Fiji	1,572,993	51.00	60.80	39.20	749,242	749,242
Aitken Spence International Pte. Ltd (a) (b) (c)	Singapore	134,270	100.00	100.00	-	32,811	-
Aitken Spence Corporate Services (Pvt) Ltd (a) (b) (c)	Sri Lanka	2	100.00	100.00	-	-	-
Global Parcel Delivery (Pvt) Ltd (a)	Sri Lanka	1	100.00	100.00	-	-	-
Aitken Spence Ports International Ltd (a)	Sri Lanka	10,000	10.00	100.00	-	-	-
						7,977,079	7,918,518
b) Preference Shares							
Cumulative preference shares							
Aitken Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	500,000	100.00	100.00	-	5,000	5,000
Aitken Spence Hotel Holdings PLC (a) (c)	Sri Lanka	16,500,000	100.00	100.00	-	165,000	165,000
Western Power Company (Pvt) Ltd (a) (c) **	Sri Lanka	40,000,000	100.00	100.00	-	3,700,000	3,700,000
Non-cumulative preference shares							
Aitken Spence (Garments) Ltd (a) (b) (c)	Sri Lanka	4,000,000	72.73	72.73	27.27	40,000	40,000
						3,910,000	3,910,000
Provision for impairment of investments (note 20.2.1)						(139,293)	(139,293)
						11,747,786	11,689,225

* Refer note 20.6

** During 2018/2019 financial year, 40,000,000 Redeemable Cumulative preference shares of Rs. 100.00 each were issued to Aitken Spence PLC by Western Power (Pvt) Ltd. The called up capital on the shares as at 31.03.2024 and 31.03.2023 was Rs. 92.50 per share. The outstanding balance subscription of Rs. 7.50 per share will be called from time to time as and when required by the issuing company.

20.2.1 Movement in provision for impairment of investments in subsidiaries

For the year	2023/2024 Rs.'000	2022/2023 Rs.'000
Balance as at 01st April	139,293	121,314
Impairment made during the year	-	18,004
Classified as held for sale	-	(25)
Balance as at 31st March	139,293	139,293

a,b,c - refer note 40

20.3 Investment in subsidiaries - quoted

	Country of incorporation	Number of shares as at 31.03.2024	Company holding %	Group holding %	Non-controlling holding %	As at 31.03.2024 Rs.'000	As at 31.03.2023 Rs.'000
Aitken Spence Hotel Holdings PLC (a) (c) (Ordinary Shares)	Sri Lanka	239,472,667	71.20	74.49	25.51	2,458,287	2,458,287
						2,458,287	2,458,287
Market value of quoted investment						15,853,091	14,344,413

a,c - refer note 40

20.4 Inter-company shareholdings - unquoted

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2024	Percentage holding		
				Investor holding %	Group holding %	Non-controlling holding %
Aitken Spence Industrial Solutions (Pvt) Ltd (a)	Sri Lanka	Vauxhall Property Developments (Pvt) Ltd	200	100.00	100.00	-
Ace Aviation Services (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Cargo (Pvt) Ltd	26,251	50.00	100.00	-
Ace Travels and Conventions (Pvt) Ltd *	Sri Lanka	Aitken Spence Travels (Pvt) Ltd	55,000	100.00	50.00	50.00
Ahungalla Resorts Ltd (a) (c) *	Sri Lanka	Aitken Spence Hotel Holdings PLC	78,369,024	60.00	44.69	55.31
Aitken Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	Vauxhall Investments (Pvt) Ltd	5,000	100.00	100.00	-
Aitken Spence Developments (Pvt) Ltd	Sri Lanka	Ace Containers (Pvt) Ltd	1	0.00	92.00	8.00
Aitken Spence (Garments) Ltd (a) (b) (c) *	Sri Lanka	Group companies	3	0.00	50.00	50.00
Aitken Spence Hotel Managements (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	3,862,353	49.00	87.50	12.50
Aitken Spence Hotel Managements Asia (Pvt) Ltd (b) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	5,125,500	51.00	86.99	13.01
Aitken Spence Hotels International (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	10,744,582	41.00	86.99	13.01
		Aitken Spence Hotel Management Asia (Pvt) Ltd	5,196,916	20.00		
Aitken Spence Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	14,701,204	98.01	73.01	26.99
		Group companies	2	0.00		
Aitken Spence Ports International Ltd (a)	Sri Lanka	Aitken Spence Maritime Ltd	90,000	90.00	100.00	-
Aitken Spence Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	Vauxhall Property Developments (Pvt) Ltd	2,805,000	3.53	100.00	-
Aitken Spence Resources (Pvt) Ltd (c)	Sri Lanka	Aitken Spence Hotel Management (Pvt) Ltd	10,000	100.00	100.00	-
D.B.S. Logistics Ltd (a)	Sri Lanka	Aitken Spence Cargo (Pvt) Ltd	200,000	100.00	100.00	-
Aitken Spence Elevators (Pvt) Ltd (a)	Sri Lanka	Group companies	14	0.00	77.40	22.60
Hapag-Lloyd Lanka (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Maritime Ltd	119,999	60.00	60.00	40.00
		Clark Spence and Company (Pvt) Ltd	1	0.00		

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2024	Percentage holding		
				Investor holding %	Group holding %	Non-controlling holding %
Heritance (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotels Ltd	2,125,627	100.00	73.01	26.99
Hethersett Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	24,542,000	94.44	70.35	29.65
Kandalama Hotels (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotels Ltd	10,216,216	63.00	82.99	17.01
Meeraladuwa (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	20,227,801	100.00	74.49	25.51
Neptune Ayurvedic Village (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	500,000	100.00	74.49	25.51
Nilaveli Resorts (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Nilaveli Holidays (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Shipping and Cargo Logistics (Pvt) Ltd (a) *	Sri Lanka	Aitken Spence Shipping Ltd	25,000	50.00	50.00	50.00
The Galle Heritage (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Turyaa (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	341,732,322	100.00	74.49	25.51
Waltrim Hydropower (Pvt) Ltd (a)	Sri Lanka	Waltrim Energy Ltd	24,795,588	100.00	100.00	-
Upper Waltrim Hydropower (Pvt) Ltd (a)	Sri Lanka	Waltrim Energy Ltd	26,878,135	100.00	100.00	-
Elgin Hydropower (Pvt) Ltd (a)	Sri Lanka	Waltrim Energy Ltd	28,152,080	100.00	100.00	-
Aitken Spence Resorts (Middle East) LLC (a) (b) (c)	Oman	Aitken Spence Hotels International (Pvt) Ltd	11,748,275	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Ace Resorts Pvt Ltd (a) (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	462,598	100.00	86.99	13.01
		Unique Resorts Pvt Ltd	1	0.00		
A.D.S Resorts Pvt Ltd (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	1,274,999	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Cowrie Investments Pvt Ltd (a) (c) *	Maldives	Aitken Spence Hotel Holdings PLC	52,740	60.00	44.69	55.31
Interlifts International Pvt Ltd *	Maldives	Vauxhall Property Developments (Pvt) Ltd	6	0.01	40.00	60.00
Jetan Travel Services Company Pvt Ltd (c)	Maldives	Crest Star (B.V.I) Ltd	47,500	95.00	70.77	29.23
Spence Maldives Pvt Ltd (a)	Maldives	Ace Cargo (Pvt) Ltd	42,000	60.00	60.00	40.00
Unique Resorts Pvt Ltd (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	6,374,999	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Aitken Spence Hotel Managements (South India) Ltd (a)	India	Aitken Spence Hotels International (Pvt) Ltd	150,048,995	83.40	84.92	15.08
		Aitken Spence Hotel Holdings PLC	29,869,000	16.60		
		Aitken Spence Hotel Services Pvt Ltd	1	0.00		
Aitken Spence Hotel Services Pvt Ltd	India	Aitken Spence Hotels International (Pvt) Ltd	10,000	100.00	86.99	13.01
Perumbalam Resorts Pvt Ltd (a)	India	PR Holiday Homes (Pvt) Ltd	9,999	99.99	73.57	26.43
		Aitken Spence Hotel Managements (South India) Ltd	1	0.01		
PR Holiday Homes Pvt Ltd (a)	India	Aitken Spence Hotel Managements Asia (Pvt) Ltd	621,310	84.57	73.57	26.43
Fiji Ports Terminal Ltd (a)	Fiji	Fiji Ports Corporation Ltd	1,511,307	49.00	60.80	39.20
Crest Star (B.V.I) Ltd (a) (c)	British Virgin Islands	Aitken Spence Hotel Holdings PLC	3,415,000	100.00	74.49	25.51
Aitken Spence Travels Myanmar Ltd (a) (c)	Myanmar	Royal Spence Aviation (Pvt) Ltd	12,000	60.00	60.00	40.00

b) Preference Shares

Cumulative preference shares						
Ace Apparels (Pvt) Ltd (a) (b) (c)	Sri Lanka	Aitken Spence Apparels (Pvt) Ltd	22,650,000	100.00	100.00	-
Aitken Spence Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	40,000,000	100.00	74.49	25.51

* Refer note 20.6

a,b,c - refer note 40

(GRI 2-2)

20.5 Inter-company shareholdings - quoted

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2024	Percentage holding		
				Investor holding	Group holding	Non-controlling holding
				%	%	%
Aitken Spence Hotel Holdings PLC (a) (c) (Ordinary Shares)	Sri Lanka	Ace Cargo (Pvt) Ltd	4,423,601	1.32	74.49	25.51
		Aitken Spence Hotel Management (Pvt) Ltd	3,530,639	1.05		
		Aitken Spence Aviation (Pvt) Ltd	2,604,140	0.77		
		Vauxhall Investments (Pvt) Ltd	340,270	0.10		
		Clark Spence and Company (Pvt) Ltd	136,101	0.04		

a,c - refer note 40

20.6 Companies with equity holding equal to or less than 50%, have been consolidated as subsidiaries based on criterias specified in note 4.1.2 pursuant to SLFRS 10 - Consolidated Financial Statements. These companies are indicated by a "*" in notes 20.2 and 20.4.

20.7 With effect from 01st April 2023, Turyaa Resorts (Pvt) Ltd was amalgamated with Turyaa (Pvt) Ltd, both being wholly own subsidiaries of Aitken Spence Hotel Holdings PLC and was accounted as a common control combination in accordance with the Statement of Recommended Practice (SORP) for Merger Accounting for Common Control Combinations approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012, for business combinations. There was no impact to the Consolidated financial statements of the Group due to this amalgamation as the combining entities were accounted for as fully owned subsidiaries prior to the amalgamation.

20.8 The value of shares pledged by the Group as securities for facilities obtained from banks amounted to Rs. 4,830.7 million for both financial years 2023/2024 and 2022/2023.

Principal activities of the Group's interest in subsidiaries are described on pages 448 to 453.

20.9 Non-controlling interests

The following table summarises the financial information relating to the Group's subsidiaries that has material non-controlling interests (before any intra-group eliminations).

For the year	2023/2024			2022/2023		
	Aitken Spence Hotel Holding PLC & Group Rs.'000	Other individually immaterial subsidiaries Rs.'000	Total Rs.'000	Aitken Spence Hotel Holding PLC & Group Rs.'000	Other individually immaterial subsidiaries Rs.'000	Total Rs.'000
Non - current assets	82,669,627			92,000,279		
Current assets	14,419,950			15,951,285		
Non - current liabilities	(43,323,944)			(53,506,289)		
Current liabilities	(22,900,941)			(24,265,004)		
Net assets	30,864,692			30,180,271		
Carrying amount of non-controlling interests as at 31st March	8,168,570	3,715,278	11,883,848	7,576,280	4,235,376	11,811,656
Revenue	47,258,528			46,059,884		
Profit for the year	1,864,687			46,809		
Other comprehensive income for the year, net of tax	(1,131,524)			2,350,509		
Total comprehensive income for the year	733,163			2,397,318		
Profit / (loss) for the year allocated to non-controlling interests	590,908	932,657	1,523,565	(404,676)	1,837,018	1,432,342
Other comprehensive income /(loss) for the year, net of tax allocated to non-controlling interests	31,579	(190,761)	(159,182)	586,396	36,458	622,854
Total comprehensive income for the year allocated to non-controlling interests	622,487	741,896	1,364,383	181,720	1,873,476	2,055,196
Cash flows from operating activities	7,772,452			8,494,454		
Cash flows from investing activities	(960,863)			(435,840)		
Cash flows from financing activities	(7,518,185)			(9,333,868)		
Net decrease in cash and cash equivalents	(706,596)			(1,275,254)		
Dividends paid to non-controlling interests	30,196	1,261,995	1,292,191	23,096	1,650,452	1,673,548

21 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

ACCOUNTING POLICY

Associates are those entities in which the Group has significant influence, but does not have control over the financial and operating policies. Significant influence is presumed to exist when the Group holds more than 20% of the voting rights of another entity.

Joint ventures are arrangements in which the Group has joint control and has rights to the net assets of the arrangement. The Group has joint control in a venture when there is contractually agreed sharing of control of the venture and the decisions about the relevant activities of the venture require the unanimous consent of the parties sharing control.

Associates and joint ventures are treated as equity accounted investees and are accounted for using the equity method.

Under the equity method Investments in equity-accounted investees are recognised initially at cost, which includes transaction costs. The carrying amount of the investment is adjusted at each reporting date to recognise changes in the Group's share of net assets of the equity-accounted investees arising since the acquisition date. Goodwill relating to the equity-accounted investees is included in the carrying amount of the investment. Dividends declared by the equity-accounted investees are recognised against the equity value of the Group's investment.

The income statement reflects the Group's share of the results of operations of the equity accounted investees. When there is a change recognised directly in the other comprehensive income or equity of the entity, the Group recognises its share of such changes, when applicable, in the statement of profit or loss and other comprehensive income or the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the equity-accounted investees are eliminated to the extent of the interest in the equity-accounted investees.

The Group's share of profit or loss of equity accounted investees is shown on the face of the income statement net of tax.

Adjustments are made if necessary, to the financial statements of the equity accounted investees 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 equity accounted investee. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If such company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal the share of losses not recognised previously.

The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value and recognises the amount in the income statement.

Upon loss of significant influence over the associate or the 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 equity accounted investee disposed and the fair value of the retaining investment and the proceeds from disposal is recognised in the income statement.

21.1 Recognition of equity-accounted investees

For the year	Notes	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000	COMPANY 2023/2024 Rs.'000	COMPANY 2022/2023 Rs.'000
Recognised in the statement of financial position					
Interest in joint ventures	21.1.1	1,771,901	1,333,262	141,700	143,700
Interest in associates	21.2.1	8,174,936	7,904,831	2,516,255	2,516,255
Carrying amount as at 31.03.2024		9,946,837	9,238,093	2,657,955	2,659,955
Recognised in the income statement					
Interest in joint ventures	21.1.2	334,539	286,461	-	-
Interest in associates	21.2.2	983,449	783,676	-	-
Share of profit of equity-accounted investees (net of tax)		1,317,988	1,070,137	-	-
Recognised in the statement of profit or loss and other comprehensive income					
Interest in joint ventures	21.1.2	(45,619)	29,288	-	-
Interest in associates	21.2.2	(507,197)	191,412	-	-
Share of other comprehensive income/(loss) of equity-accounted investees (net of tax)		(552,816)	220,700	-	-

Share of other comprehensive income of equity-accounted investees (net of tax) is further analysed as ;

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000
Items that will not be reclassified to profit or loss	(47,506)	52,301
Items that are or may be reclassified to profit or loss	(505,310)	168,399
	(552,816)	220,700

21.1.1 Investment in joint ventures

	Country of incorporation	GROUP Number of shares as at 31.03.2024	GROUP Holding %	GROUP As at 31.03.2024 Rs.'000	GROUP As at 31.03.2023 Rs.'000	COMPANY Number of shares as at 31.03.2024	COMPANY Holding %	COMPANY As at 31.03.2024 Rs.'000	COMPANY As at 31.03.2023 Rs.'000
Aitken Spence C & T Investments (Pvt) Ltd (a) (b) (Ordinary shares - Unquoted)	Sri Lanka	14,170,000	50.00	141,700	141,700	14,170,000	50.00	141,700	141,700
Aitken Spence Engineering Solutions (Pvt) Ltd (Ordinary shares - Unquoted)	Sri Lanka	20,000	50.00	2,000	2,000	20,000	50.00	2,000	2,000
CINEC Campus (Pvt) Ltd (a) (consolidated with Mercantile Seaman Training Institute Ltd) (Ordinary shares - Unquoted)	Sri Lanka	253,334	40.00	502,950	502,950			-	-
Spence Seahorse Marine (Pvt) Ltd (a) (Ordinary shares - Unquoted)	Sri Lanka	18,222,991	50.00	182,230	22,500			-	-
Ace Bangladesh Ltd (a) (Ordinary shares - Unquoted)	Bangladesh	172,970	49.00	32,587	32,587			-	-
Aitken Spence Cargo (Cambodia) Co. Ltd (Ordinary shares - Unquoted)	Cambodia	10,000	50.00	3,089	-	-	-	-	-
Carrying amount as at 31st March				864,556	701,737			143,700	143,700
Provision for impairment of investments				-	-			(2,000)	-
Opening cumulative net assets accruing to the group net of dividend				631,525	615,775			-	-
Group's share of total comprehensive income for the year				288,920	315,749			-	-
Dividends received for the year				(13,100)	(299,999)			-	-
Equity value of investments				1,771,901	1,333,262			141,700	143,700

During the period under review the Company impaired one of its investments in the services sector and recognised an impairment loss of Rs. 2.0 million in the income statement under depreciation, amortisation and impairment losses of non-financial assets.

21.1.2 Summarised financial information of joint ventures - Group

The following analyses, in aggregate, the net assets of individually immaterial joint ventures.

For the year	2023/2024 Rs.'000	2022/2023 Rs.'000
Carrying amount of interest in joint ventures as at 31st March	1,771,901	1,333,262
Group's share of :		
- Profit for the year (net of tax)	334,539	286,461
- Other comprehensive income/(loss) for the year (net of tax)	(45,619)	29,288
Total comprehensive income for the year	288,920	315,749

21.1.3 Inter-company shareholdings - investment in joint ventures

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2024	Percentage holding: Investor holding %	Group holding %	Non-controlling holding %
CINEC Campus (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Ports International Ltd	253,334	40.00	40.00	60.00
Spence Seahorse Marine (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Shipping Ltd	2,250,000	50.00	50.00	50.00
Ace Bangladesh Ltd (a)	Bangladesh	Ace Cargo (Pvt) Ltd	172,970	49.00	49.00	51.00
Aitken Spence Cargo (Cambodia) Co. Ltd (a)	Cambodia	Aitken Spence International Pte Ltd	20,000	50.00	50.00	50.00

Principal activities of the Group's interest in joint ventures are described on pages 454 to 456.

a,b,c - refer note 40

21.2.1 Investment in associates

	Country of incorporation	GROUP				COMPANY			
		Number of shares as at 31.03.2024	Holding %	As at 31.03.2024 Rs.'000	As at 31.03.2023 Rs.'000	Number of shares as at 31.03.2024	Holding %	As at 31.03.2024 Rs.'000	As at 31.03.2023 Rs.'000
Aitken Spence Plantation Managements PLC (a) (b) (consolidated with Elpitiya Plantations PLC (a) (b)) (Ordinary shares - Quoted)	Sri Lanka	8,295,860	38.95	165,000	165,000	8,295,860	38.95	165,000	165,000
Fiji Ports Corporation Ltd (a) (consolidated with Fiji Ships Heavy Industries Ltd (a)) (Ordinary Shares - Unquoted)	Fiji	14,630,970	20.00	2,351,255	2,351,255	14,630,970	20.00	2,351,255	2,351,255
Serendib Investments Ltd (Ordinary Shares - Unquoted)	Fiji	1,750,000	25.00	151,215	151,215	1,500,000	25.00	151,215	151,215
Browns Beach Hotels PLC (a) (c) (consolidated with Negombo Beach Resorts (Pvt) Ltd (c)) (Ordinary shares - Quoted)	Sri Lanka	48,627,103	27.96	928,077	928,077	-	-	-	-
Amethyst Leisure Ltd (c) (consolidated with Paradise Resort Pasikudah (Pvt) Ltd (c)) (Ordinary shares - Unquoted)	Sri Lanka	218,345,163	20.78	332,848	332,848	-	-	-	-
Ace Aviation Myanmar Ltd (Ordinary shares - Unquoted)	Myanmar	1,525,000	33.33*	20,075	20,075	-	-	-	-
Carrying amount as at 31st March				3,948,470	3,948,470			2,667,470	2,667,470
Provision for impairment of investments				(30,570)	(30,570)			(151,215)	(151,215)
Opening cumulative net assets accruing to the group net of dividend				3,986,931	3,346,189			-	-
Group's share of total comprehensive income for the year				476,252	975,088			-	-
Dividends received for the year				(438,739)	(528,795)			-	-
Share of net assets recognised in equity				232,592	194,449			-	-
Equity value of investments				8,174,936	7,904,831			2,516,255	2,516,255
Market value of quoted investments				1,103,357	965,850			471,205	377,462

* Group's effective holding in Ace Aviation Myanmar Ltd.

21.2.2 Summarised financial information of associates - Group

The following analyses in aggregate the carrying amount, share of profit and other comprehensive income of individually immaterial associates.

For the year	2023/2024 Rs.'000	2022/2023 Rs.'000
Carrying amount of interest in associates as at 31st March	8,174,936	7,904,831
Group's share of:		
- Profit for the year (net of tax)	983,449	783,676
- Other comprehensive income/(loss) for the year (net of tax)	(507,197)	191,412
Total comprehensive income for the year	476,252	975,088

21.2.3 Inter-company shareholdings - investment in associates

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2024	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
Amethyst Leisure Ltd (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	218,345,163	27.89	20.78	79.22
Browns Beach Hotels PLC (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	47,455,750	36.62	27.96	72.04
		Aitken Spence Hotels Ltd	432,459	0.33		
		Heritance (Pvt) Ltd	432,444	0.33		
		Kandalama Hotels (Pvt) Ltd	306,450	0.24		
Ace Aviation Myanmar Ltd	Myanmar	Aitken Spence Cargo (Pvt) Ltd	1,525,000	33.33	33.33	66.67

Principal activities of the Group's interest in associates are described on pages 454 to 456.

a,b,c - refer note 40

22 DEFERRED TAX ASSETS

ACCOUNTING POLICY

Refer note 12

22.1 Movement during the year

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000	COMPANY 2023/2024 Rs.'000	COMPANY 2022/2023 Rs.'000
Balance as at 01st April	1,619,314	1,336,394	640,002	647,131
Companies acquired during the year	-	(4,877)	-	-
Exchange difference	(40,476)	68,159	-	-
Reversal of temporary differences				
Recognised in profit / (loss)	459,620	677,095	(8,971)	(11,224)
Recognised in other comprehensive income	(63,892)	(457,457)	12,534	4,095
Balance as at 31st March	1,974,566	1,619,314	643,565	640,002

22.2 Composition of deferred tax assets

As at	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Deferred tax assets attributable to;				
Defined benefit obligations	270,550	192,404	49,273	31,971
Tax losses carried forward	3,466,943	1,974,642	774,930	383,755
Expected credit losses	285,566	185,403	97	1,789
Lease liabilities	57,058	82,112	-	-
Financial assets at FVOCI	7,997	4,340	8,476	4,913
Unrealised exchange loss	(188,421)	610,538	(179,385)	228,116
Accelerated depreciation for tax purposes on property, plant and equipment	(1,303,501)	(909,993)	(9,826)	(10,542)
Revaluation surplus on freehold land	(567,131)	(470,445)	-	-
Right-of-use assets	(45,744)	(40,936)	-	-
Other items	(8,751)	(8,751)	-	-
Net deferred tax assets	1,974,566	1,619,314	643,565	640,002

22.3 Movement in tax effect of temporary differences - Group

	As at 31.03.2024 Rs.'000	Exchange difference on translation Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	As at 31.03.2023 Rs.'000	Exchange difference Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	Companies acquired during the year Rs.'000	As at 01.04.2022 Rs.'000
Deferred tax assets										
Defined benefit obligations	270,550	(322)	37,946	40,522	192,404	110	128,147	11,827	-	52,320
Tax losses carried forward	3,466,943	(79,573)	1,571,874	-	1,974,642	54,071	445,317	-	-	1,475,254
Expected credit losses	285,566	(945)	101,108	-	185,403	2,202	134,648	-	-	48,553
Lease liabilities	57,058	-	(25,054)	-	82,112	-	53,232	-	2,124	26,756
Financial assets at FVOCI	7,997	-	-	3,657	4,340	-	-	2,911	-	1,429
	4,088,114	(80,840)	1,685,874	44,179	2,438,901	56,383	761,344	14,738	2,124	1,604,312
Deferred tax liability										
Accelerated depreciation for tax purposes on property, plant and equipment	(1,303,501)	28,979	(422,487)	-	(909,993)	11,776	(353,449)	-	-	(568,320)
Revaluation surplus on freehold land	(567,131)	11,385	-	(108,071)	(470,445)	-	-	(470,445)	-	-
Unrealised exchange loss	(188,421)	-	(798,959)	-	610,538	-	291,980	-	-	318,558
Right-of-use assets	(45,744)	-	(4,808)	-	(40,936)	-	(22,780)	-	-	(18,156)
Other items	(8,751)	-	-	-	(8,751)	-	-	(1,750)	(7,001)	-
	(2,113,548)	40,364	(1,226,254)	(108,071)	(819,587)	11,776	(84,249)	(472,195)	(7,001)	(267,918)
Net deferred tax assets	1,974,566	(40,476)	459,620	(63,892)	1,619,314	68,159	677,095	(457,457)	(4,877)	1,336,394

22.4 Movement in tax effect of temporary differences - Company

	As at 31.03.2024 Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	As at 31.03.2023 Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	As at 01.04.2022 Rs.'000
Deferred tax assets							
Defined benefit obligations	49,273	8,331	8,971	31,971	10,356	584	21,031
Tax losses carried forward	774,930	391,175	-	383,755	93,259	-	290,496
Unrealised exchange loss	(179,385)	(407,501)	-	228,116	(113,263)	-	341,379
Expected credit losses	97	(1,692)	-	1,789	798	-	991
Financial assets at FVOCI	8,476	-	3,563	4,913	-	3,511	1,402
	653,391	(9,687)	12,534	650,544	(8,850)	4,095	655,299
Deferred tax liability							
Accelerated depreciation for tax purposes on property, plant and equipment	(9,826)	716	-	(10,542)	(2,374)	-	(8,168)
	(9,826)	716	-	(10,542)	(2,374)	-	(8,168)
Net deferred tax assets	643,565	(8,971)	12,534	640,002	(11,224)	4,095	647,131

23 OTHER FINANCIAL ASSETS – NON-CURRENT

ACCOUNTING POLICY

Refer Note 37

23.1 Unquoted equity and debt securities

As at	Notes	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Financial assets at fair value through OCI					
- Unquoted equity securities	23.1.1	275,904	302,551	7,793	11,879
Financial assets at amortised cost					
- Unquoted debt securities	23.1.2	60,333	78,227	60,333	4,292
- Amounts due from equity-accounted investees		725,524	725,524	-	-
Carrying amount as at 31st March		1,061,761	1,106,302	68,126	16,171
Current unquoted equity and debt securities	23.1.2	(42,782)	(78,227)	(42,782)	(4,292)
Non-current unquoted equity and debt securities		1,018,979	1,028,075	25,344	11,879

23.1.1 Unquoted equity securities

23.1.1.1 Group

As at	31.03.2024 No. of shares	31.03.2024 Total Cost Rs.'000	31.03.2024 Carrying amount Rs.'000	31.03.2023 No. of shares	31.03.2023 Total Cost Rs.'000	31.03.2023 Carrying amount Rs.'000
Rainforest Ecolodge (Pvt) Ltd (Ordinary shares)	3,500,000	35,000	8,793	3,500,000	35,000	12,880
Business Process Outsourcing LLC (Ordinary shares)	30,000	8,640	-	30,000	8,640	-
Floatels India (Pvt) Ltd (Ordinary shares)	716,037	84,128	250,254	716,037	84,128	272,494
SLFFA Cargo Services Ltd (Ordinary shares)	1,243,000	3,223	16,802	1,243,000	3,223	17,125
Ingrin Institute of Printing & Graphics Sri Lanka Ltd (Ordinary shares)	10,000	100	55	10,000	100	52
		131,091	275,904		131,091	302,551

23.1.1.2 Company

As at	31.03.2024 No. of shares	31.03.2024 Total Cost Rs.'000	31.03.2024 Carrying amount Rs.'000	31.03.2023 No. of shares	31.03.2023 Total Cost Rs.'000	31.03.2023 Carrying amount Rs.'000
Rainforest Ecolodge (Pvt) Ltd (Ordinary shares)	3,500,000	35,000	7,793	3,500,000	35,000	11,879
Business Process Outsourcing LLC (Ordinary shares)	30,000	8,640	-	30,000	8,640	-
		43,640	7,793		43,640	11,879

The Group designated the investments shown above as equity securities, which represents investments that the Group intends to hold as long term strategic investments. There were no such strategic investments disposed or transfers of any cumulative gains or losses within equity by the Group relating to these investments during the financial year 2023/2024.

Technique for the valuation of unquoted equity securities are disclosed in note 36.3.1.

23.1.2 Unquoted debt securities

As at	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Sumiko Lanka Hotels (Pvt) Ltd (Redeemable Debentures)	60,333	78,227	60,333	4,292
Current unquoted debt securities	(42,782)	(78,227)	(42,782)	(4,292)
Non-current unquoted debt securities	17,551	-	17,551	-

Valuation technique and interest rate basis used to value unquoted debt securities are disclosed in note 37.3.2.

23.2 Movement during the year

	GROUP					COMPANY			
	Unquoted equity securities Rs.'000	Unquoted debt securities Rs.'000	Amounts due from equity-accounted investees Rs.'000	Total 2023/2024 Rs.'000	Total 2022/2023 Rs.'000	Unquoted equity securities Rs.'000	Unquoted debt securities Rs.'000	Total 2023/2024 Rs.'000	Total 2022/2023 Rs.'000
Balance as at 01st April	302,551	78,227	725,524	1,106,302	342,285	11,879	4,292	16,171	20,577
Exchange difference	(22,241)	-	-	(22,241)	27,704	-	-	-	-
Additions	-	108,814	-	108,814	-	-	108,814	108,814	-
Disposals / settlements	-	(147,799)	-	(147,799)	(3,626)	-	(73,864)	(73,864)	(3,627)
Interest accrued	-	21,091	-	21,091	12,230	-	21,091	21,091	1,578
Impairment (losses) / reversals	-	-	-	-	3,364	-	-	-	-
Transfer from /(to) current assets	-	(42,782)	-	(42,782)	647,297	-	(42,782)	(42,782)	(4,292)
Change in fair value	(4,406)	-	-	(4,406)	(1,179)	(4,086)	-	(4,086)	(2,357)
Balance as at 31st March	275,904	17,551	725,524	1,018,979	1,028,075	7,793	17,551	25,344	11,879

24 INVENTORIES

ACCOUNTING POLICY

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is valued based on a weighted average cost. The cost includes expenditure incurred in acquiring the inventory and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses based on normal operating capacity.

As at	GROUP		COMPANY	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Raw materials	1,387,409	1,621,919	-	-
Work-in-progress and finished goods	765,248	1,190,763	-	-
Consumables	2,269,263	2,645,007	7,781	6,828
	4,421,920	5,457,689	7,781	6,828
Provision for impairment of inventories (note 24.1)	(262,247)	(183,497)	-	-
	4,159,673	5,274,192	7,781	6,828

The value of inventories pledged by the Group as security for facilities obtained from banks amounted to Rs. 500.0 million (2022/2023-nil. Company-nil.)

24.1 Movement in provision for impairment of inventories

For the year	GROUP		COMPANY	
	2023/2024 Rs.'000	2022/2023 Rs.'000	2023/2024 Rs.'000	2022/2023 Rs.'000
Balance as at 01st April	183,497	176,699	-	424
Exchange difference	(505)	273	-	-
Impairment losses / (reversals) during the period	94,017	6,973	(28)	24
Written-off during the period	(14,762)	(448)	28	(448)
Balance as at 31st March	262,247	183,497	-	-

During the year the Group increase its provision made against the inventory by Rs. 94.1 million after re-assessing the net realisable value of the inventory as at 31st March 2024. The above charge is recognised in the income statement under depreciation, amortisation and impairment losses of non-financial assets.

25 TRADE AND OTHER RECEIVABLES

As at	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Trade receivables	16,881,289	17,601,591	383	1,447
Other receivables	2,708,366	3,528,832	410,777	525,867
Contract assets	439,424	536,367	-	-
Amounts due from subsidiaries	-	-	6,542,142	5,787,672
Amounts due from equity-accounted investees	1,282,766	552,907	180,255	178,162
Loans to employees	40,815	35,611	-	-
	21,352,660	22,255,308	7,133,557	6,493,148
Provision for impairment of trade and other receivables (notes 37.3.3.2.2 and 37.3.3.2.4)	(1,498,530)	(1,011,779)	(748,934)	(737,024)
	19,854,130	21,243,529	6,384,623	5,756,124

Note 37.3.3.3 provides an age analysis of trade receivables and a description of the calculation of expected credit loss allowance.

25.1 Currency-wise analysis of trade and other receivables

As at	GROUP 31.03.2024 Equivalent Rs.'000	GROUP 31.03.2023 Equivalent Rs.'000	COMPANY 31.03.2024 Equivalent Rs.'000	COMPANY 31.03.2023 Equivalent Rs.'000
United States Dollars	11,505,101	7,241,996	372,276	459,173
Sri Lankan Rupees	7,044,653	13,723,141	6,012,347	5,296,951
Fijian Dollar	515,947	75,962	-	-
Omani Riyal	312,923	81,779	-	-
Other	475,506	120,651	-	-
	19,854,130	21,243,529	6,384,623	5,756,124

26 OTHER CURRENT ASSETS

As at	Notes	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Other financial assets	26.1	24,823,809	26,506,693	18,238,376	20,546,443
Property, plant and equipment	15.1	550,497	565,404	-	-
Right-of-use asset	19.1	543	995	-	-
		25,374,849	27,073,092	18,238,376	20,546,443

26.1 Other financial assets - current

ACCOUNTING POLICY

Refer Note 37

As at	Notes	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Financial assets at fair value through profit or loss					
- Quoted equity securities	26.1.1	74,492	46,529	37,935	25,702
Financial assets at amortised cost					
- Unquoted debt securities	23.1.2	42,782	78,227	42,782	4,292
- Bank deposits	26.1.2	24,707,386	26,384,521	18,157,915	20,518,820
Provision for impairment of bank deposits and government securities		(851)	(2,584)	(256)	(2,371)
		24,823,809	26,506,693	18,238,376	20,546,443

26.1.1 Quoted equity securities

26.1.1.1 Group

As at	31.03.2024 No. of shares	31.03.2024 Total Cost Rs.'000	31.03.2024 Carrying amount Rs.'000	31.03.2023 No. of shares	31.03.2023 Total Cost Rs.'000	31.03.2023 Carrying amount Rs.'000
Commercial Bank of Ceylon PLC (Ordinary shares)	365,350	35,109	35,695	345,046	33,789	24,227
DFCC Bank PLC (Ordinary shares)	29,470	668	2,240	28,741	611	1,475
Hatton National Bank PLC (Ordinary shares)	238,937	4,060	35,900	226,315	4,060	19,961
Colombo Dockyard PLC (Ordinary shares)	13,543	123	657	13,543	123	866
		39,960	74,492		38,583	46,529

26.1.1.2 Company

As at	31.03.2024 No. of shares	31.03.2024 Total Cost Rs.'000	31.03.2024 Carrying amount Rs.'000	31.03.2023 No. of shares	31.03.2023 Total Cost Rs.'000	31.03.2023 Carrying amount Rs.'000
Commercial Bank of Ceylon PLC (Ordinary shares)	365,350	35,109	35,695	345,046	33,789	24,227
DFCC Bank PLC (Ordinary shares)	29,470	668	2,240	28,741	611	1,475
		35,777	37,935		34,400	25,702

26.1.1.3 Movement during the year - Quoted equity securities

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000	COMPANY 2023/2024 Rs.'000	COMPANY 2022/2023 Rs.'000
Balance as at 01st April	46,529	47,906	25,702	23,610
Additions	1,377	1,044	1,377	1,044
Change in fair value	26,586	(2,421)	10,856	1,048
Balance as at 31st March	74,492	46,529	37,935	25,702

26.1.2 Bank deposits

Bank deposits include fixed and call deposits which are measured at amortised cost using the effective interest rate. These financial assets are expected to be recovered through contractual cash flows.

27 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

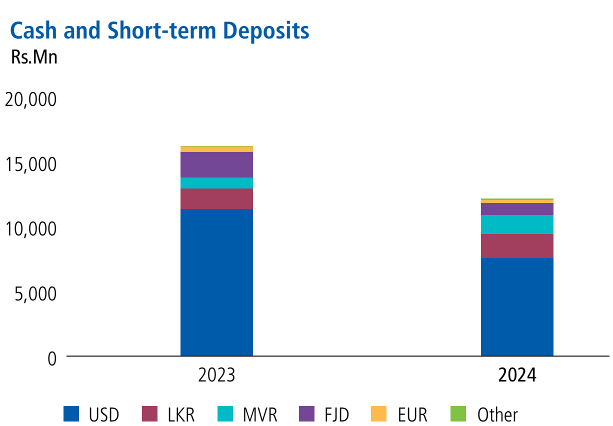
Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

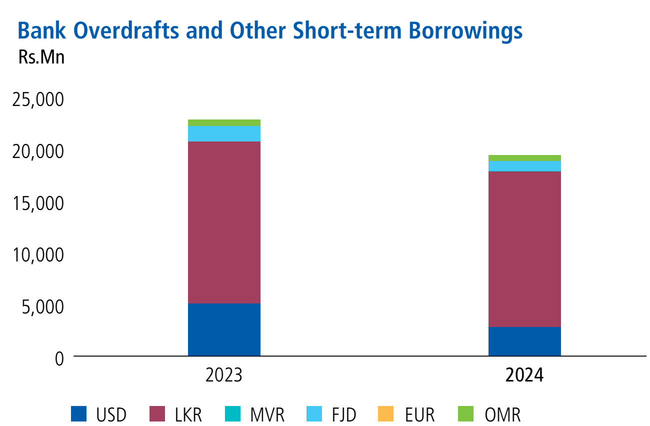
As at	GROUP		COMPANY	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Cash at bank and in hand	11,353,291	12,653,790	2,853,113	2,854,502
Short-term deposits	779,243	3,561,725	170,279	173,884
Cash and short-term deposits in the statement of financial position	12,132,534	16,215,515	3,023,392	3,028,386
Bank overdrafts and other short-term borrowings	(19,388,741)	(22,791,252)	(8,562,964)	(10,406,913)
Cash and cash equivalents in the statement of cash flows	(7,256,207)	(6,575,737)	(5,539,572)	(7,378,527)

The credit risk relating to Group bank balances are analysed according to credit ratings of each bank which is available on note 37.3.3.4.

27.1 Currency-wise analysis of cash and cash equivalents

As at	GROUP		COMPANY	
	31.03.2024 Equivalent Rs.'000	31.03.2023 Equivalent Rs.'000	31.03.2024 Equivalent Rs.'000	31.03.2023 Equivalent Rs.'000
Sri Lankan Rupees	(13,117,672)	(14,048,521)	(8,382,382)	(10,219,320)
United States Dollars	4,736,384	6,279,939	2,842,810	2,840,793
Maldivian Rufiyaa	1,447,024	852,825	-	-
Fijian Dollar	918,433	1,962,393	-	-
Others	(1,240,376)	(1,622,373)	-	-
	(7,256,207)	(6,575,737)	(5,539,572)	(7,378,527)





28 ASSETS CLASSIFIED AS HELD FOR SALE

ACCOUNTING POLICY

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on the above assets is first allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which are continued to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on re-measurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity- accounted investee is no longer accounted.

Consequent to the decision made by the Group to divest from the ship owning business in 2007/2008 and the sale of ships by the Group's ship owning companies, the Group recognised the fair values of the investments in Ceyaki Shipping (Pvt) Ltd and Ceyspence (Pvt) Ltd under assets classified as held for sale. Further, the fair values of the Group's investment in Spence International (Pvt) Ltd., Aitken Spence Overseas Travel Services (Pvt) Ltd and Western Power Holdings (Pvt) Ltd are also treated under assets classified as held for sale upon the decision made to liquidate these companies. The liquidation of these companies are not yet concluded.

As at	GROUP		COMPANY	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Share of net assets of equity-accounted investees classified as held for sale	149,125	149,125	57,237	57,237
Net current assets of group companies classified as held for sale	20,298	20,298	15,000	15,000
	169,423	169,423	72,237	72,237

There were no discontinued operations recognised in the income statement during the year.

29 STATED CAPITAL AND RESERVES

29.1 Stated capital

As at	31.03.2024	31.03.2023
Stated capital (Rs.'000)	2,135,140	2,135,140
No. of shares	405,996,045	405,996,045

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

29.2 Reserves

Revaluation reserve

Revaluation reserve relates to the amount by which the Group has revalued its property, plant and equipment. There were no restrictions on distribution of these balances to the shareholders.

General reserve

General reserve reflects the amount the Group has reserved over the years from its earnings.

Exchange fluctuation reserve

Exchange fluctuation reserve comprises of all foreign exchange differences arising from the translation of foreign subsidiaries in the Group.

Other capital reserves

This represents the portion of the stated capital of subsidiaries attributable to the Group.

Fair value reserve

This represents the cumulative net change in the fair value of equity securities designated at fair value through OCI.

Cash flow hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

Movements of reserves are disclosed in the statement of changes in equity

29.3 Other comprehensive income accumulated in reserves

29.3.1 Group

	Attributable to equity holders of the company						Non-controlling interests	Total equity
	Revaluation reserve	Exchange fluctuation reserve	Fair value reserve	Cash flow hedge reserve	Retained earnings	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
For the year ended 31st March 2024								
Revaluation of freehold land	4,761	-	-	-	-	4,761	-	4,761
Actuarial gains on defined benefit obligations	-	-	-	-	(159,309)	(159,309)	(37,090)	(196,399)
Exchange differences on translation of foreign operations	-	(2,092,666)	-	-	-	(2,092,666)	(963,541)	(3,056,207)
Equity investments at FVOCI – net change in fair value	-	-	(4,406)	-	-	(4,406)	-	(4,406)
Net movement on cash flow hedges	-	-	-	671,103	-	671,103	830,447	1,501,550
Share of other comprehensive income of equity-accounted investees (net of tax)	-	(505,310)	-	-	(47,506)	(552,816)	-	(552,816)
Income tax on other comprehensive income	(21,166)	-	3,659	-	45,807	28,300	11,002	39,302
Total	**(16,405)**	**(2,597,976)**	**(747)**	**671,103**	**(161,008)**	**(2,105,033)**	**(159,182)**	**(2,264,215)**
For the year ended 31st March 2023								
Revaluation of freehold land	3,335,071	-	-	-	-	3,335,071	231,714	3,566,785
Actuarial losses on defined benefit obligations	-	-	-	-	(40,200)	(40,200)	(11,094)	(51,294)
Exchange differences on translation of foreign operations	-	1,930,421	-	-	-	1,930,421	840,385	2,770,806
Equity investments at FVOCI – net change in fair value	-	-	(1,179)	-	-	(1,179)	-	(1,179)
Net movement on cash flow hedges	-	-	-	(186,726)	-	(186,726)	(231,062)	(417,788)
Share of other comprehensive income of equity-accounted investees (net of tax)	53,443	168,399	-	-	891	222,733	(2,033)	220,700
Income tax on other comprehensive income	(1,669,029)	-	3,026	-	11,852	(1,654,151)	(205,056)	(1,859,207)
Total	1,719,485	2,098,820	1,847	(186,726)	(27,457)	3,605,969	622,854	4,228,823

29.3.2 Company

	Fair value reserve Rs.'000	Retained earnings Rs.'000	Total equity Rs.'000
For the year ended 31st March 2024			
Actuarial gains on defined benefit obligations	-	(29,903)	(29,903)
Equity investments at FVOCI – net change in fair value	(4,086)	-	(4,086)
Income tax on other comprehensive income	3,563	8,971	12,534
Total	(523)	(20,932)	(21,455)
For the year ended 31st March 2023			
Actuarial losses on defined benefit obligations	-	(1,943)	(1,943)
Equity investments at FVOCI – net change in fair value	(2,357)	-	(2,357)
Income tax on other comprehensive income	3,512	583	4,095
Total	1,155	(1,360)	(205)

30 INTEREST-BEARING LOANS AND BORROWINGS

30.1 Movement during the year

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000	COMPANY 2023/2024 Rs.'000	COMPANY 2022/2023 Rs.'000
Loan Capital				
Balance as at 01st April	56,314,690	57,701,383	3,934,962	5,157,485
Exchange difference	(3,361,088)	5,606,647	(274,342)	686,186
Companies acquired during the year	-	996,235	-	-
New loans obtained	2,405,744	321,921	-	-
Interest expense capitalised	-	1,132,438	-	-
Capital repayment	(7,480,527)	(9,457,668)	(1,259,900)	(1,914,753)
Transaction cost	9,757	13,734	4,362	6,044
	47,888,576	56,314,690	2,405,082	3,934,962
Loan Interest				
Balance as at 01st April	252,788	250,587	52,098	27,755
Exchange difference	(17,042)	24,987	-	-
Interest expense				
- Charged to the income statement	5,750,671	6,288,625	297,093	333,928
- Capitalised under property, plant and equipment	16,912	-	-	-
- Capitalised as new loans	-	(1,132,438)	-	-
Interest paid	(6,230,724)	(5,178,973)	(309,339)	(309,585)
	(227,395)	252,788	39,852	52,098
Balance as at 31st March	47,661,181	56,567,478	2,444,934	3,987,060
Current portion of interest-bearing liabilities	(9,196,934)	(9,618,620)	(1,244,161)	(1,373,604)
Non-current portion of interest-bearing liabilities	38,464,247	46,948,858	1,200,773	2,613,456

30.2 Analysed by capital repayment

As at	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Payable within 1 year	9,196,934	9,618,620	1,244,161	1,373,604
Payable within 1 - 2 years	13,329,443	8,818,596	1,200,773	1,305,883
Payable within 2 - 5 years	15,137,941	25,665,080	-	1,307,573
Payable after 5 years	9,996,863	12,465,182	-	-
	47,661,181	56,567,478	2,444,934	3,987,060

30.3 Analysed by interest rate

As at	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Linked to SOFR	24,236,302	1,570,892	2,448,598	-
Linked to AWPLR	10,863,617	9,475,399	-	-
Linked to EURIBOR	9,302,585	11,994,119	-	-
Linked to Central Bank of Oman T-Bill rate	1,636,009	1,865,541	-	-
Fixed rate	1,631,366	2,266,945	-	-
Linked to LIBOR	-	28,748,534	-	3,995,086
Linked to Central Bank of Sri Lanka T-Bill rate	-	665,075	-	-
Transaction cost to be amortised	(8,698)	(19,027)	(3,664)	(8,026)
	47,661,181	56,567,478	2,444,934	3,987,060

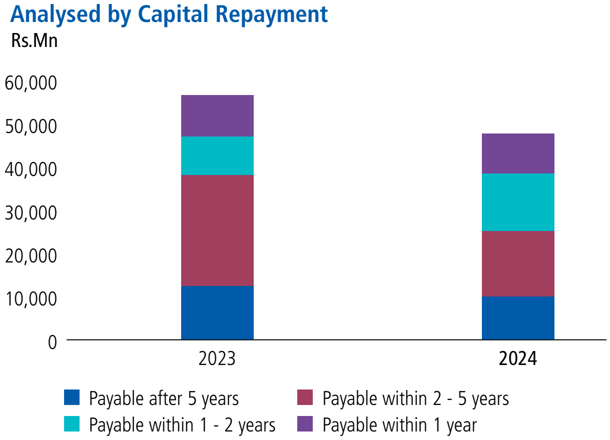
30.4 Analysed by lending institution

As at	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Hatton National Bank	13,438,779	15,299,540	-	-
DFCC Bank	9,780,082	11,367,481	-	-
Hongkong and Shanghai Banking Corporation	7,960,610	9,780,897	-	-
People's Bank	5,702,292	7,640,724	-	-
ABANCA Corporación Bancaria	4,423,674	5,649,655	-	-
DEG - German Investment Corporation	2,448,598	3,995,086	2,448,598	3,995,086
Bank of Ceylon	1,839,393	1,930,863	-	-
Habib Bank	1,399,097	665,075	-	-
Commercial Bank of Ceylon	677,354	245,877	-	-
MCB Bank	-	10,426	-	-
Sampath Bank	-	881	-	-
Transaction cost to be amortised	(8,698)	(19,027)	(3,664)	(8,026)
	47,661,181	56,567,478	2,444,934	3,987,060

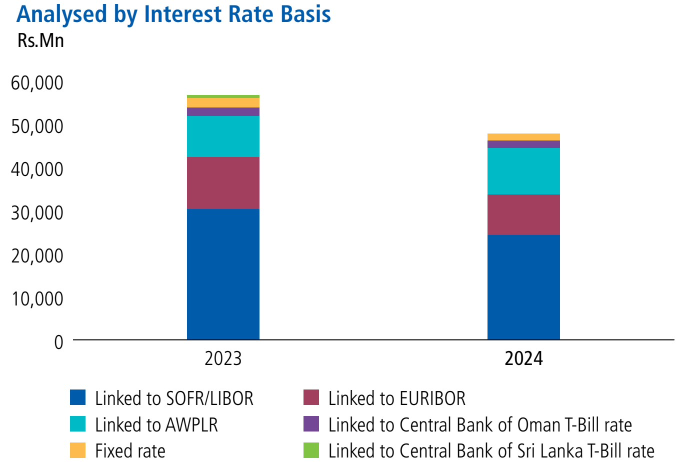
30.5 Analysed by currency equivalent in Rupees

As at	GROUP			COMPANY		
	31.03.2024		31.03.2023	31.03.2024		31.03.2023
	%	Equivalent Rs.'000	Equivalent Rs.'000	%	Equivalent Rs.'000	Equivalent Rs.'000
United States Dollars	53	25,136,437	31,118,185	100	2,448,598	3,995,086
Sri Lankan Rupees	24	11,594,848	11,608,660	-	-	-
Euro	20	9,302,585	11,994,119	-	-	-
Omani Riyal	3	1,636,009	1,865,541	-	-	-
Transaction cost to be amortised		(8,698)	(19,027)		(3,664)	(8,026)
	100	47,661,181	56,567,478	100	2,444,934	3,987,060

Analysed by Capital Repayment



Analysed by Interest Rate Basis



30.6 Detailed analysis of Interest-bearing loans and borrowings

Loan No.	Currency	Linked interest rate basis	Collaterals *	Repayment terms	Maturity	LKR equivalent as at 31.03.2024 Rs.'000	LKR equivalent as at 31.03.2023 Rs.'000
Tourism Sector							
Hatton National Bank							
1	USD	SOFR	■	Repayment commenced. Monthly instalments.	Mar-30	9,014,014	10,757,938
2	USD	SOFR	▣ ■	Repayment commenced. Monthly instalments.	Mar-26	1,037,795	1,615,826
3	USD	Fixed rate	●	60 Monthly instalments starting Aug-2024.	Jul-31	753,411	290,646
4	USD	Fixed rate	■	Fully settled during the financial year.	Sep-23	-	155,354
5	USD	SOFR	▣	Fully settled during the financial year.	Mar-24	-	40,893
6	LKR	Fixed rate	None	Fully settled during the financial year.	Sep-23	-	36,540
7	USD	SOFR	▣	Fully settled during the financial year.	Oct-23	-	33,628
8	LKR	Fixed rate	None	Fully settled during the financial year.	Sep-23	-	10,870
9	LKR	Fixed rate	None	Fully settled during the financial year.	Sep-23	-	5,425
10	LKR	Fixed rate	None	Fully settled during the financial year.	Oct-23	-	2,060
11	LKR	Fixed rate	None	Fully settled during the financial year.	Oct-23	-	1,091
DFCC Bank							
1	USD	SOFR	▣ ■	Repayment commenced. Monthly instalments.	Mar-30	6,628,974	7,910,936
2	LKR	AWPLR	▣	Repayment commenced. Monthly instalments.	Oct-29	962,481	-
3	LKR	AWPLR	▣	Restructured during the financial year.	Apr-23	-	542,097
4	LKR	AWPLR	▣	Restructured during the financial year.	Apr-23	-	467,160

Loan No.	Currency	Linked interest rate basis	Collaterals *	Repayment terms	Maturity	LKR equivalent as at 31.03.2024 Rs.'000	31.03.2023 Rs.'000
Hongkong and Shanghai Banking Corporation							
1	EUR	EURIBOR	▣ ❖	Repayment commenced. Monthly instalments and 75% final balloon payment.	Apr-25	4,631,180	5,704,697
2	OMR	CBO T-Bill rate	▣ ❖	Repayment commenced. Quarterly instalments.	May-28	1,636,009	1,865,541
3	USD	SOFR	▣ ❖	Bullet repayment at maturity.	Mar-26	1,445,690	1,570,892
4	EUR	EURIBOR	▣	Repayment commenced. Monthly instalments and 75% final balloon payment.	Jul-24	247,731	639,767
People's Bank							
1	USD	SOFR	▣	Repayment commenced. Quarterly instalments.	Oct-26	2,541,758	3,780,839
2	USD	SOFR	▣	Repayment commenced. Monthly instalments.	Nov-24	255,708	613,388
3	USD	Fixed rate	▣	Repayment commenced. Monthly instalments.	Nov-24	146,724	352,759
ABANCA Corporación Bancaria							
1	EUR	EURIBOR	▣	Repayment commenced. Quarterly instalments and 72% final bullet repayment at maturity.	Jul-26	4,423,674	5,649,655
Habib Bank							
1	USD	SOFR	●	Repayment commenced. Monthly instalments.	Feb-26	863,765	-
2	LKR	AWPLR	▣	Repayment commenced. Quarterly instalments.	Mar-26	535,332	665,075
Sampath Bank							
1	LKR	Fixed rate	▣	Fully settled during the financial year.	Nov-23	-	881
Transaction cost to be amortised						(5,034)	(11,001)
						35,119,212	42,702,957
Maritime & Freight Logistics sector							
Hatton National Bank							
1	LKR	AWPLR	None	72 Monthly instalments starting Dec-2025.	Dec-31	500,000	-
Strategic Investments							
Hatton National Bank							
1	LKR	AWPLR	❖ ■ ● ★	30 Quarterly instalments starting Jun-2024.	Jun-31	1,773,543	1,754,321
2	LKR	AWPLR	❖ ■ ★	Repayment commenced. Monthly instalments.	Jun-27	188,556	255,124
3	LKR	Fixed rate	❖ ■ ● ★	Repayment commenced. Monthly instalments.	May-24	65,654	174,838
4	LKR	AWPLR	None	Repayment commenced. Quarterly instalments.	Jul-29	56,606	65,386
DFCC Bank							
1	LKR	AWPLR	❖ ■ ● ★	30 Quarterly instalments starting Jun-2024.	Jun-31	1,773,081	1,754,322
2	LKR	Fixed rate	❖ ■ ★	Repayment commenced. Monthly instalments.	Sep-26	236,672	331,118
3	LKR	68% - Fixed rate & 32% - AWPLR	❖ ● ★	Repayment commenced. Monthly instalments.	Aug-25	94,594	156,712
4	LKR	Fixed rate	❖ ■ ● ★	Repayment commenced. Monthly instalments.	May-24	65,655	174,838
5	LKR	AWPLR	❖ ● ★	Repayment commenced. Monthly instalments.	Jan-26	18,625	30,298

Loan No.	Currency	Linked interest rate basis	Collaterals *	Repayment terms	Maturity	LKR equivalent as at	
						31.03.2024 Rs.'000	31.03.2023 Rs.'000
People's Bank							
1	LKR	AWPLR	❖ ■ ● ★	30 Quarterly instalments starting Jun-2024.	Jun-31	2,659,620	2,631,481
2	LKR	Fixed rate	❖ ■ ● ★	Repayment commenced. Monthly instalments.	May-24	98,482	262,257
DEG - German Investment Corporation							
1	USD	SOFR	None	Repayment commenced. Semi-annual instalments.	Jan-26	2,448,598	3,995,086
Bank of Ceylon							
1	LKR	AWPLR	❖ ■ ● ★	30 Quarterly instalments starting Jun-2024.	Jun-31	1,773,738	1,756,025
2	LKR	Fixed rate	❖ ■ ● ★	Repayment commenced. Monthly instalments.	May-24	65,655	174,838
Commercial Bank of Ceylon							
1	LKR	AWPLR	●	72 Monthly instalments starting Feb-2025.	Feb-31	400,000	-
2	LKR	76% - Fixed rate & 24% - AWPLR	❖ ■ ★	Repayment commenced. Monthly instalments.	Oct-26	177,354	245,877
3	LKR	AWPLR	●	72 Monthly instalments starting Feb-2025.	Feb-31	100,000	-
MCB Bank							
1	LKR	AWPLR	❖	Fully settled during the financial year.	Aug-23	-	10,426
Transaction cost to be amortised						(3,664)	(8,026)
						11,992,769	13,764,921
Services Sector							
Hatton National Bank							
1	LKR	AWPLR	None	Repayment commenced. Monthly instalments.	May-25	49,200	99,600
						47,661,181	56,567,478

* Collaterals provided for loans

As at	31.03.2024		31.03.2023	
Instrument/Assets	Pledged value Rs.'000	Exposure Rs.'000	Pledged value Rs.'000	Exposure Rs.'000
❖ Property, plant and equipment	32,809,654	8,994,808	34,988,348	9,713,095
■ Right-of-use assets	5,744,367	3,895,134	4,766,755	4,346,233
● Current assets	2,373,752	2,117,176	467,359	290,646
★ Shares	4,830,695	-	4,830,695	-
▣ Corporate Guarantees**	22,592,749	22,592,749	28,662,399	28,662,399
	68,351,217	37,599,867	73,715,556	43,012,373

**Outstanding exposure as at reporting date has been stated as the pledged value.

31 LEASE LIABILITIES

ACCOUNTING POLICY

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee.
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Group's estimation of the amount expected to be payable under a residual value guarantee, if there is a change in the Group's assessment of whether it will exercise a purchase, extension or termination option, or if there is a revision in the in-substance fixed lease payment.

If the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset and it is recorded in profit or loss if the carrying amount of the right-of- use asset has been reduced to zero.

After the commencement date, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies the guidelines given in SLFRS 15 – Revenue from Contracts with Customers, to allocate the consideration in the contract.

The Group regularly reviews the estimated non-guaranteed residual values used in calculating the gross investment in the lease. The Group applies the de-recognition and impairment requirements in SLFRS 9 – Financial Instruments to the net investment in the lease.

31.1 Movement during the year

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000
Balance as at 01st April	17,544,672	17,405,404
Companies acquired during the year	-	25,827
Exchange difference	(1,425,172)	1,938,328
New leases obtained	305,105	76,700
Payment of lease liabilities	(2,706,981)	(2,973,783)
Derecognition on termination of lease	(10,048)	(46,478)
Interest expense		
- Charged to the income statement	909,996	1,118,674
- Capitalised under property, plant and equipment	9,407	-
Balance as at 31st March	14,626,979	17,544,672
Current portion of lease liabilities	(1,780,313)	(1,831,047)
Non-current portion of lease liabilities	12,846,666	15,713,625

31.2 Analysed by capital repayment

As at	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000
Payable within 1 year	1,780,313	1,831,047
Payable within 1 - 2 years	1,514,244	1,909,965
Payable within 2 - 5 years	1,471,552	2,835,249
Payable after 5 years	9,860,870	10,968,411
	14,626,979	17,544,672

31.3 Analysed by currency equivalent in Rupees

As at	GROUP 31.03.2024 Equivalent Rs.'000	GROUP 31.03.2023 Equivalent Rs.'000
United States Dollars	12,823,579	15,251,307
Fiji Dollar	1,495,448	2,058,329
Sri Lankan Rupees	307,952	235,036
	14,626,979	17,544,672

32 DEFERRED TAX LIABILITIES

ACCOUNTING POLICY

Refer note 12.

32.1 Movement during the year

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000
Balance as at 01st April	5,581,239	3,176,142
Companies acquired during the year	-	-
Exchange difference	(20,824)	(10,381)
Origination of temporary differences		
Recognised in profit / (loss)	243,964	1,013,728
Recognised in other comprehensive income	(103,194)	1,401,750
Balance as at 31st March	5,701,185	5,581,239

32.2 Composition of deferred tax liabilities

As at	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000
Deferred tax liabilities attributable to;		
Accelerated depreciation for tax purposes on property, plant and equipment	4,739,761	4,655,581
Revaluation surplus on freehold land	2,283,232	2,382,526
Right-of-use assets	369,288	334,470
Unrealised exchange gain	16,404	39,487
Undistributed profits of consolidated entities	129,726	166,230
Biological assets and others	18,441	(817)
Defined benefit obligations	(173,732)	(144,819)
Tax losses carried forward	(1,197,853)	(1,446,619)
Expected credit losses	(72,281)	(50,487)
Lease liabilities	(411,778)	(354,292)
Financial assets at FVOCI	(23)	(21)
Net deferred tax liabilities	5,701,185	5,581,239

32.3 Movement in tax effect of temporary differences - Group

	As at 31.03.2024 Rs.'000	Exchange difference on translation Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	As at 31.03.2023 Rs.'000	Exchange difference on translation Rs.'000	Recognised in profit / (loss) Rs.'000	Recognised in other comprehensive income Rs.'000	As at 01.04.2022 Rs.'000
Deferred tax liabilities									
Accelerated depreciation for tax purposes on property, plant and equipment	4,739,761	(88,558)	172,738	-	4,655,581	65,637	1,275,889	-	3,314,055
Revaluation surplus on freehold land	2,283,232	(12,389)	-	(86,905)	2,382,526	-	-	1,405,212	977,314
Right-of-use assets	369,288	(38,471)	73,289	-	334,470	24,781	(70,891)	-	380,580
Unrealised exchange gain	16,404	-	(23,083)	-	39,487	-	(119,336)	-	158,823
Undistributed profits of consolidated entities	129,726	-	(36,504)	-	166,230	-	166,230	-	-
Biological assets and others	18,441	101	19,157	-	(817)	(55)	-	-	(762)
	7,556,852	(139,317)	205,597	(86,905)	7,577,477	90,363	1,251,892	1,405,212	4,830,010
Deferred tax assets									
Defined benefit obligations	(173,732)	4,380	(17,006)	(16,287)	(144,819)	(2,012)	(17,627)	(3,348)	(121,832)
Tax losses carried forward	(1,197,853)	74,043	174,723	-	(1,446,619)	(72,547)	(265,957)	-	(1,108,115)
Expected credit losses	(72,281)	757	(22,551)	-	(50,487)	(835)	(33,753)	-	(15,899)
Lease liabilities	(411,778)	39,313	(96,799)	-	(354,292)	(25,350)	79,173	-	(408,115)
Financial assets at FVOCI	(23)	-	-	(2)	(21)	-	-	(114)	93
	(1,855,667)	118,493	38,367	(16,289)	(1,996,238)	(100,744)	(238,164)	(3,462)	(1,653,868)
Net deferred tax liabilities	5,701,185	(20,824)	243,964	(103,194)	5,581,239	(10,381)	1,013,728	1,401,750	3,176,142

(GRI 201-3)

33 EMPLOYEE BENEFITS

ACCOUNTING POLICY

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid in cash as ex-gratia in the short term, if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee, and the obligation can be measured reliably.

Defined contribution plan.

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed employee benefit contribution into a separate entity and will have no further legal or constructive obligations to pay any additional amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

Provident fund and Employee trust fund – Sri Lanka

For employees in Sri Lanka the Group contributes a sum not less than 12% of the gross emoluments as provident fund benefits and a sum equivalent 3% of the gross emoluments as trust fund benefits.

Pension scheme – Maldives

All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives. The Group contributes 7% of the pensionable wage of such employees to this scheme

Provident fund – South India

Group companies in South India contribute a sum of 12% of the basic salaries of for local employees and 12% of gross salary for foreign employees as provident fund benefits to the Employee Provident Organisation of India.

Provident fund – Fiji

Group companies in Fiji contribute a sum of 7% during the period of April 2023 to December 2023 and 10% from January 2024 onwards of the basic salaries of all employees as provident fund benefits to the Fiji National Provident Fund.

Defined Contribution Funds – Oman

Group companies in Oman contribute a sum of 12.5% of the Omani employee's gross salary in accordance with Social Security Insurance Law.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Retiring Gratuity - Sri Lanka

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. Management's estimate of the defined benefit plan obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The defined benefit plan is valued by a professionally qualified external actuary.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income as they occur.

Retiring Gratuity – India

A liability is provided for employees in India based on a valuation made by an independent actuary using unit credit method for payment of gratuity at the rate of 15/26 times the monthly qualifying salary for each year of service.

Retiring Gratuity – Fiji

Retirement benefit liability is recognised for all permanent employees in Fiji based on four months salary plus four weeks pay for every year of service effective from the appointment date until retirement at 60 years. However, in order to be entitled for the gratuity payment, the employees should have completed minimum of 5 years continuous service preceding the date of retirement.

Retiring Gratuity – Oman

Gratuity is provided as per the labour law of Sultanate of Oman due to expatriate employees upon termination/completion of employment which is computed based on one month's basic salary for each year of employment.

33.1 Retirement benefit obligations

As at	GROUP 31.03.2024 Rs.'000	GROUP 31.03.2023 Rs.'000	COMPANY 31.03.2024 Rs.'000	COMPANY 31.03.2023 Rs.'000
Present value of unfunded obligations	1,668,797	1,306,358	164,243	106,567
Total present value of the obligation	1,668,797	1,306,358	164,243	106,567

33.2 Movement during the year

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000	COMPANY 2023/2024 Rs.'000	COMPANY 2022/2023 Rs.'000
Balance as at 01st April	1,306,358	1,102,308	106,567	87,629
Expenses recognised in profit or loss				
Current service cost	145,469	123,397	13,155	11,564
Past service cost	-	-	-	-
Interest cost	206,135	118,988	20,780	11,830
	351,604	242,385	33,935	23,394
Expenses recognised in other comprehensive income				
Actuarial (gains) / losses arising from;				
- financial assumptions	247,383	(20,140)	29,925	(5,052)
- demographic assumptions	-	-	-	-
- experience adjustment	(50,984)	71,434	(22)	6,995
	196,399	51,294	29,903	1,943
Exchange difference	(31,966)	19,186	-	-
Others				
Benefits paid	(153,598)	(108,815)	(6,162)	(6,399)
Balance as at 31st March	1,668,797	1,306,358	164,243	106,567

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd as at 31st March 2024. The actuarial present value of the promised retirement benefits as at 31st March 2024 amounted to Rs. 1,668,797,290/- (Company - Rs. 164,243,043/-). The liability is not externally funded.

33.3 Actuarial assumptions

The principal actuarial assumptions used in determining the cost are given below;

Type of assumption	Criteria	Description			
Financial	Discount rate	In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 12.0% p.a. (2022/2023 – 19.5% p.a.) has been used to discount future retirement benefit liabilities. As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates has been adjusted to remove the risk from the market interest rate in arriving at the discount rate for the purpose of valuing Employee benefit obligations as per LKAS 19.			
	Long term salary increments	Based on the actual salary increment rates of the Group over the past few years and the future economic outlook of the country, an increase in the long term salary increment rate of 15.0% in July 2024 with 11.0% p.a. from 2025 is factored into the valuation for the current year (2022/2023 - first year 20.0% p.a. thereafter 15.0% p.a.).			
Demographic	Mortality & Disability	A 1967/70 mortality table, issued by the Institute of Actuaries, London.			
	Staff turnover rate	Based on the staff turnover statistics of the Group. Rates of employee turnover at each category which represent the probabilities of the 'event' occurring within one year of the age is as follows.			
		Age	**Executives**	**Non Executives**	**Other staff**
		18-24 years	0.21	0.27	0.80
		25-29 years	0.23	0.28	0.57
		30-34 years	0.16	0.25	0.44
		35-39 years	0.11	0.15	0.34
		40-44 years	0.11	0.13	0.32
		45-49 years	0.07	0.16	0.27
		50-54 years	0.09	0.09	0.27
		55-59 years	0.00	0.00	0.00
	Retirement age	60 years			

It is also assumed that the company will continue in business as a going concern.

33.4 Sensitivity analysis

The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the liability in the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year.

As at	GROUP		COMPANY	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Discount rate				
- 1% increase	(72,251)	(46,213)	(8,721)	(5,111)
- 1% decrease	79,579	50,368	9,604	5,569
Long term salary increments				
- 1% increase	82,018	53,632	9,899	5,954
- 1% decrease	(75,691)	(49,866)	(9,136)	(5,536)

33.5 Maturity analysis of the payments

The following payments are expected on defined benefit obligations in future years.

As at	GROUP		COMPANY	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Within next 12 months	214,848	205,437	12,866	10,089
Between 1 - 2 years	286,435	269,979	19,617	16,391
Between 2 - 5 years	497,972	372,320	58,143	38,580
Beyond 5 years	669,542	458,622	73,617	41,507
	1,668,797	1,306,358	164,243	106,567
Weighted average duration (years) of define benefit obligation	5.90	5.40	6.20	5.90

34 OTHER LIABILITIES - NON-CURRENT

As at	GROUP	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Amounts due to equity-accounted investees	277,865	418,493
	277,865	418,493

35 TRADE AND OTHER PAYABLES

As at	GROUP		COMPANY	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Trade payables	11,698,112	7,295,221	-	-
Contract liabilities	3,124,805	3,550,645	-	-
Accrued payables	2,249,799	2,938,721	56,029	116,253
Other payables	5,345,545	5,889,613	431,459	399,453
Indirect taxes payable	1,007,307	601,555	6,988	16,129
Deposits payable	588,646	679,357		-
Amounts due to subsidiaries	-	-	10,075,787	5,849,789
Amounts due to equity-accounted investees	1,191,127	1,767,170	985,037	1,581,303
Unclaimed dividends	56,182	46,364	56,182	46,364
	25,261,523	22,768,646	11,611,482	8,009,291

Note 37.3.2 -Liquidity risk, provides a repayment analysis of trade and other payable balances.

35.1 Currency-wise analysis of trade and other payables

As at	GROUP		COMPANY	
	31.03.2024 Equivalent Rs.'000	31.03.2023 Equivalent Rs.'000	31.03.2024 Equivalent Rs.'000	31.03.2023 Equivalent Rs.'000
Sri Lankan Rupees	17,630,632	14,790,996	11,598,022	8,009,291
United States Dollars	6,142,095	5,738,235	13,460	-
Fijian Dollar	812,594	1,139,028	-	-
Omani Riyal	196,929	178,988	-	-
Other	479,273	921,399	-	-
	25,261,523	22,768,646	11,611,482	8,009,291

36 FAIR VALUE MEASUREMENT

ACCOUNTING POLICY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

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

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Group in the measurement of non- financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

36.1 Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

36.1.1 Fair value measurement hierarchy - Group

	As at 31st March 2024				As at 31st March 2023			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Recurring fair value measurements								
Assets measured at fair value :								
Property, plant and equipment								
- Freehold land	-	-	22,699,029	22,699,029	-	-	23,300,373	23,300,373
Other financial assets								
- Unquoted equity securities	-	250,253	25,651	275,904	-	272,494	30,057	302,551
- Quoted equity shares	74,492	-	-	74,492	46,529	-	-	46,529
	74,492	250,253	22,724,680	23,049,425	46,529	272,494	23,330,430	23,649,453
Assets for which fair values are disclosed :								
Investment property								
- Freehold land & building	-	-	2,631,956	2,631,956	-	-	2,631,956	2,631,956
Other financial assets								
- Unquoted debt securities	-	60,333	-	60,333	-	78,227	-	78,227
- Bank deposits	-	24,706,535	-	24,706,535	-	26,381,937	-	26,381,937
	-	24,766,868	2,631,956	27,398,824	-	26,460,164	2,631,956	29,092,120
Liabilities for which fair values are disclosed :								
Interest-bearing liabilities	-	47,661,181	-	47,661,181	-	56,567,478	-	56,567,478
	-	47,661,181	-	47,661,181	-	56,567,478	-	56,567,478
Non-recurring fair value measurements								
Assets classified as held for sale	-	-	169,423	169,423	-	-	169,423	169,423
	-	-	169,423	169,423	-	-	169,423	169,423

36.1.2 Fair value measurement hierarchy - Company

	As at 31st March 2024				As at 31st March 2023			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Recurring fair value measurements								
Assets measured at fair value :								
Other financial assets								
- Unquoted equity securities	-	-	7,793	7,793	-	-	11,879	11,879
- Quoted equity shares	37,935	-	-	37,935	25,702	-	-	25,702
	37,935	-	7,793	45,728	25,702	-	11,879	37,581
Assets for which fair values are disclosed :								
Investment property								
- Freehold land & building	-	-	7,667,867	7,667,867	-	-	7,740,015	7,740,015
Other financial assets								
- Unquoted debt securities	-	60,333	-	60,333	-	4,292	-	4,292
- Bank deposits	-	18,157,659	-	18,157,659	-	20,516,449	-	20,516,449
	-	18,217,992	7,667,867	25,885,859	-	20,520,741	7,740,015	28,260,756
Liabilities for which fair values are disclosed :								
Interest-bearing liabilities	-	2,444,934	-	2,444,934	-	3,987,060	-	3,987,060
	-	2,444,934	-	2,444,934	-	3,987,060	-	3,987,060
Non-recurring fair value measurements								
Assets classified as held for sale	-	-	72,237	72,237	-	-	72,237	72,237
	-	-	72,237	72,237	-	-	72,237	72,237

36.2 Reconciliation of fair value measurement of "Level 3" financial instruments

	GROUP		COMPANY
	Unquoted equity securities Rs.'000	Freehold land Rs.'000	Unquoted equity securities Rs.'000
Balance as at 01st April 2023	31,236	18,886,217	14,236
Exchange difference	-	847,371	-
Total gains and losses recognised in other comprehensive income			
- Net change in fair value (unrealised)	(1,179)	-	(2,357)
- Revaluation of freehold land (unrealised)	-	3,566,785	-
Balance as at 31st March 2023	30,057	23,300,373	11,879
Exchange difference	-	(660,344)	-
Transferred from land carried at cost	-	54,239	-
Total gains and losses recognised in other comprehensive income			
- Net change in fair value (unrealised)	(4,406)	-	(4,086)
- Revaluation of freehold land (unrealised)	-	4,761	-
Balance as at 31st March 2024	**25,651**	**22,699,029**	**7,793**

36.2.1 Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

36.3 Valuation techniques and significant unobservable inputs

The following tables summarises the valuation techniques used by the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used for the valuation.

36.3.1 Assets and liabilities measured at fair value - Recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Property, plant and equipment			
Freehold land	Market comparable method. This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land (Refer note 15.3.2)	Estimated fair value would increase (decrease) if ; ▪ Price per perch increases (decreases).
Other financial assets			
Unquoted equity securities	Net assets basis	Carrying value of assets and liabilities adjusted for market participant assumptions.	Variability of inputs are insignificant to have an impact on fair values.
	Market return on a comparable investment	Recent sale price of INR 55/- per share.	Not applicable.
Derivative financial assets / liabilities			
Forward foreign exchange contracts	Market comparison technique. The fair values are based on quotes from banks and reflect the actual transactions of similar instruments.	Forward exchange rates as at reporting date.	Not applicable.

36.3.2 Assets and liabilities for which fair values are disclosed - Recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
Investment property		
Freehold land	Market comparable method. This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land (Refer note 16.3)
Other financial assets		
Unquoted debt securities	Discounted cash flows	Current market interest rates linked to AWPLR.
Other bank deposits	Discounted cash flows	Current market interest rates (Refer note 37.3.3.4.1 for an analysis of credit rating of other bank deposits).
Interest-bearing liabilities	Discounted cash flows	Current market interest rates (Refer note 30.6).

36.3.3 Assets and liabilities measured at fair value - Non-recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
Assets classified as held for sale	Valued at the carrying amount prior to the asset being classified as held for sale.	Not applicable.
	Valued at the cash available with the disposal group held for sale.	

37 FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

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

Financial assets

Recognition and initial measurement

Financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument with the exception of "Trade Receivables". The Group initially recognises trade receivables when they are originated.

Financial assets other than trade receivables that do not contain a significant financing component are initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition on issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and measurement

On initial recognition, the Group classifies a financial asset as measured at amortised cost; Fair Value Through Other Comprehensive Income (FVOCI); or Fair Value Through Profit or Loss (FVTPL).

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.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it is held within a business model where the objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates and the financial asset is not designated as at FVTPL.

A debt investment is measured at FVOCI if it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the debt investment is not designated as at FVTPL.

On initial recognition of an equity investment that is not held for trading, the Group irrevocably elected to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes equity Investments and derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the financial assets are managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This

37 FINANCIAL INSTRUMENTS

ACCOUNTING POLICY (CONTD.)

includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- repayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are recycled to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Group enters into transaction whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, such transferred assets are not derecognised.

Impairment

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. 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).

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. Loss allowance for debt instruments is measured and 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.

37 FINANCIAL INSTRUMENTS

ACCOUNTING POLICY (CONTD.)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). 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.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer.
- For trade receivables, being more than 365 days past due.
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market to a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Financial Liabilities

Recognition and initial measurement

The Group initially recognises financial liabilities other than debt securities when it becomes a party to the contractual provisions of the instrument. The Group recognises debt securities issued when they are originated.

All financial liabilities are initially measured at fair value and, for an item not at Fair Value Through Profit or Loss (FVTPL), are measured net of transaction costs that are directly attributable to its issue.

The Group's financial liabilities comprise of loans and borrowings, refundable rental and other deposits, bank overdrafts, trade and other payables and derivative financial instruments.

Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition of other financial liabilities are recognised in profit or loss.

Reclassification

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

37 FINANCIAL INSTRUMENTS

ACCOUNTING POLICY (CONTD.)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Hedge accounting and cash flow hedge

'Hedging' is a process of using a financial instrument to mitigate all or some of the risk associated to a hedged item. 'Hedge accounting' changes the timing of recognising the gains and losses on either the hedged item or the hedging instrument so that both are recognised in profit or loss or other comprehensive income in the same accounting period in order to record the economic substance of the relationship between the hedged item and instrument.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on a prospective basis according to SLFRS 09 – 'Financial Instruments' requirements.

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

Cash Flow Hedge

A hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction that could affect the profit or loss is classified as a cash flow hedge.

When a non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the non-derivative financial liability is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the non-derivative financial liability that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the non- derivative financial liability is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting (after taking into account any rebalancing of the hedging relationship) or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of the hedging reserve are immediately reclassified to profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

37.1 Financial instruments - accounting classifications and fair values

The following tables summarises the carrying and fair values of financial assets and financial liabilities of the Group and the Company.

37.1.1 Accounting classifications and fair values of financial instruments - Group

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost (a) Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000
As at 31st March 2024						
Financial assets						
Trade and other receivables	25	-	-	18,751,941	1,102,189	19,854,130
Deposits and prepayments		-	-	358,213	5,312,361	5,670,574
Other financial assets	23 & 26					
- Unquoted equity securities and debt securities		-	275,904	60,333	-	336,237
- Quoted equity securities		74,492	-	-	-	74,492
- Bank deposits		-	-	24,706,535	-	24,706,535
- Amounts due from equity-accounted investees		-	-	725,524	-	725,524
Cash and short-term deposits	27	-	-	12,132,534	-	12,132,534
		74,492	275,904	56,735,080	6,414,550	63,500,026
Financial liabilities						
Interest-bearing loans and borrowings	30	-	-	47,661,181	-	47,661,181
Lease liabilities	31	-	-	14,626,979	-	14,626,979
Trade and other payables	35	-	-	18,223,319	7,038,204	25,261,523
Bank overdrafts and other short-term borrowings	27	-	-	19,388,741	-	19,388,741
		-	-	99,900,220	7,038,204	106,938,424

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost (a) Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000
As at 31st March 2023						
Financial assets						
Trade and other receivables	25	-	-	19,730,952	1,512,577	21,243,529
Deposits and prepayments		-	-	1,294,086	2,971,365	4,265,451
Other financial assets	23 & 26					
- Unquoted equity securities and debt securities		-	302,551	78,227	-	380,778
- Quoted equity securities		46,529	-	-	-	46,529
- Bank deposits		-	-	26,381,937	-	26,381,937
- Amounts due from equity-accounted investees		-	-	725,524	-	725,524
Cash and short-term deposits	27	-	-	16,215,515	-	16,215,515
		46,529	302,551	64,426,241	4,483,942	69,259,263
Financial liabilities						
Interest-bearing loans and borrowings	30	-	-	56,567,478	-	56,567,478
Lease liabilities	31	-	-	17,544,672	-	17,544,672
Trade and other payables	35	-	-	14,728,755	8,039,891	22,768,646
Bank overdrafts and other short-term borrowings	27	-	-	22,791,252	-	22,791,252
		-	-	111,632,157	8,039,891	119,672,048

(a) Carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values.

37.1.2 Accounting classifications and fair values of financial instruments - Company

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost (a) Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000
As at 31st March 2024						
Financial assets						
Trade and other receivables	25	-	-	5,979,543	405,080	6,384,623
Deposits and prepayments		-	-	1,446	163,942	165,388
Other financial assets	23 & 26					
- Unquoted equity securities and debt securities		-	7,793	60,333	-	68,126
- Quoted equity securities		37,935		-	-	37,935
- Bank deposits		-	-	18,157,659	-	18,157,659
Cash and short-term deposits	27	-	-	3,023,392	-	3,023,392
		37,935	7,793	27,222,373	569,022	27,837,123
Financial liabilities						
Interest-bearing liabilities	30	-	-	2,444,934	-	2,444,934
Trade and other payables	35	-	-	11,115,057	496,425	11,611,482
Bank overdrafts and other short-term borrowings	27	-	-	8,562,964	-	8,562,964
		-	-	22,122,955	496,425	22,619,380

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost (a) Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000
As at 31st March 2023						
Financial assets						
Trade and other receivables	25	-	-	5,234,976	521,148	5,756,124
Deposits and prepayments		-	-	1,446	42,588	44,034
Other financial assets	23 & 26					
- Unquoted equity securities and debt securities		-	11,879	4,292	-	16,171
- Quoted equity securities		25,702		-	-	25,702
- Bank deposits		-	-	20,516,449	-	20,516,449
Cash and short-term deposits	27	-	-	3,028,386	-	3,028,386
		25,702	11,879	28,785,549	563,736	29,386,866
Financial liabilities						
Interest-bearing liabilities	30	-	-	3,987,060	-	3,987,060
Trade and other payables	35	-	-	7,466,891	542,400	8,009,291
Bank overdrafts and other short-term borrowings	27	-	-	10,406,913	-	10,406,913
		-	-	21,860,864	542,400	22,403,264

(a) Carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values.

37.2 Cash flow hedge

During 2017/2018 a subsidiary company in the Group designated a hedge relationship between its highly probable EURO denominated sales and its foreign currency denominated borrowings.

The risk management objective of this cash flow hedge is to hedge the risk of variation in the foreign currency exchange rates associated with EURO currency denominated forecasted sales.

The risk management strategy is to use the foreign currency variability (gains /losses) arising from the revaluation of foreign currency borrowing due to the changes in spot foreign exchange rates to off-set the variability due to foreign exchange rate movements, on LKR conversion of EURO denominated forecasted sales.

The effective portion of the gain or loss on the hedging instrument is recognised in the Other Comprehensive Income Statement (OCI) and any ineffective portion is recognised immediately in the Income Statement.

The amount recognised in Other Comprehensive Income is transferred to the Income Statement when the hedge transaction occurs (when the forecasted revenue is realised). If the forecasted transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Income Statement.

Cash flow hedge reserve reflects the effective portion of the gain or loss on the hedging instrument. The cash flow hedging reserve as at 31st March 2024 represents the foreign currency variability arising from the revaluation of foreign currency borrowings due to the changes in spot LKR/EUR exchange rate that is expected be set off from the variability of exchange rates of highly probable EURO denominated sales (namely “All Inclusive” apartment revenue) expected to occur from 1st quarter of 2017/18 up to the tenor of refinanced borrowings.

Hedging instrument - Out of the foreign currency borrowing of EURO 40.0 million in January 2017, EURO 34.1 million is designated for the hedge from April 2017.

Further, the outstanding balance of the borrowing of EURO 32.6 million as at 31st March 2018 was refinanced effective from the 1st quarter of 2018/19 for an extended tenor.

Hedged item – Highly probable EURO denominated sales (Named “All Inclusive” apartment revenue) expected to occur from April 2017 to March 2029.

During the year the effective portion of the hedging instrument being a gain of Rs. 1,501.5 million (2022/2023 - loss of Rs. 418.0 million) was recognised in the other comprehensive income statement (OCI) and the ineffective portion being a loss of Rs. 15.2 million (2022/2023 - loss of Rs. 84.3 million) relating to current financial year and future periods were recognised in the income statement under net foreign exchange gain/ (loss) in other operating income.

In respect of the cash flow hedge instrument, Group recognised Rs. 1,644.9 million (2022/2023 - Rs. 2,316.0 million) under cash flow hedge reserve being the Group’s portion of the fair value loss recognised by the subsidiary.

37.3 Financial risk management objectives and policies

Please refer the comprehensive risk management report on pages 125 to 133 of the annual report for a detailed description of the Group’s risk management structure, process and procedures.

Financial instruments used by the Group in its business activities contain multiple variables that are affected by various market and environmental conditions. Such variations are generally not within the control of the users, and therefore cause fluctuations in the values of financial instruments. Fluctuations in value could result in a situation undesirable to the Group and expose it to risk. These risks need to be managed, as unmanaged risks can lead to unplanned outcomes where the Group could fall short of its financial and budgetary objectives. The Group has adopted a financial risk management strategy aimed at minimising the risks associated with the use of financial instruments by establishing several policies and guidelines that are followed by the companies in the Group. These policies and guidelines are reviewed from time to time and updated to reflect current requirements in accordance with the developments in the operating environment.

This part of the report covers the financial impact that could arise from market risk, credit risk and liquidity risk, the most important elements of the financial risk that the Group is subject to.

37.3.1. Market risk

Fluctuations of those market driven variables that affect cash flows arising from financial instruments can result in the actual outcome being different to expected cash flows thereby creating the market risk. Variables such as interest rates and exchange rates can move in directions different to those originally expected and the consequent cash flows could be different to the originally anticipated cash flows.

Market risk could result in the revenues and expenses of the Group being adversely affected and impacting the profit attributable to shareholders. In order to identify, manage and minimise the market risk, the Group has put into practice a number of policies and procedures.

37.3.1.1. Currency risk

The currency risk arises when a financial transaction is denominated in a currency other than that of the reporting currency of an entity. The Group has operations in a number of regions across the globe and conducts business in a variety of currencies. The Group's worldwide presence in many geographies exposes it to the currency risk in the form of transaction and translation exposure.

Transaction exposure arises where there are contracted cash flows (receivables and payables) of which the values are subject to unanticipated changes in exchange rates due to contracts being denominated in a foreign currency. Translation exposure occurs due to the fluctuations in foreign exchange rates and arises to the extent to which financial reporting is affected by exchange rate movements when the reporting currency is different to those currencies in which revenues, expenses, assets and liabilities are denominated.

As the Group transacts in many foreign currencies other than the Sri Lankan rupee which is the reporting currency, it is exposed to currency risk on revenue generation, expenses, investments and borrowings. The Group has significant investments in the Maldives, India, Oman and Fiji where the net assets are exposed to foreign currency translation risk. Revenue generations and expenses incurred in foreign currency are exposed to foreign currency transaction risk.

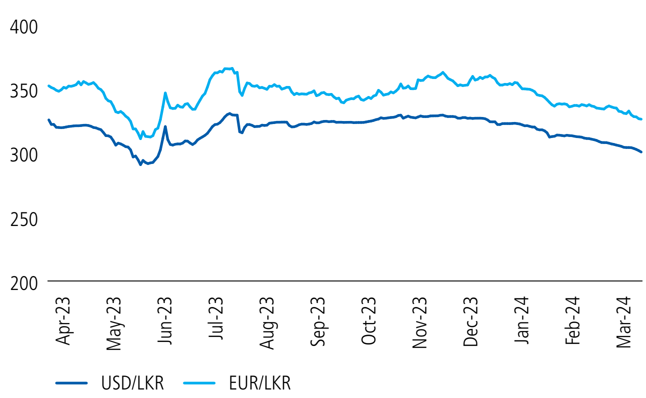
The total interest-bearing liabilities of the Group denominated in US dollar and Euro amounted to Rs. 33.6 billion. The translation exposure resulting from foreign currency borrowings has been hedged to a great extent by the acquisition of financial assets denominated in matching foreign currencies. A significant portion of the foreign currency borrowings have been made by the Group companies with incomes in foreign currencies, especially in the tourism and strategic investments sectors. Transaction exposures are usually minimised by selectively entering into forward contracts when future cash flows can be estimated with reasonable accuracy with regard to amounts as well as timing. The Group treasury monitors foreign exchange markets on a continuous basis and advises on appropriate risk mitigating strategies.

The Group actively evaluates the possibility of employing hedge accounting to mitigate the exposure to currency risk by designating an effective relationship between foreign currency denominated transaction with assets or liabilities. Hedge accounting enables to minimise the timing differences in recognising foreign currency translation impact to the income statement or other comprehensive income statement and to effectively capture the economic substance of the transaction.

Significant movement in exchange rates during the year ended 31st March 2024

	Lowest Level		Highest Level		Spread	Year end rate
	Rate	Date	Rate	Date		
USD/LKR	290.55	01.06.2023	330.44	26.07.2023	39.88	300.44
EUR/LKR	310.80	01.06.2023	365.64	27.07.2023	54.84	326.03

USD/LKR & EUR/&LKR



EUR/USD

Foreign currency sensitivity

The main foreign currencies the Group transacts in are the US dollar and the Euro. The exposure to other foreign currencies is not considered as they are mostly related to foreign operations. In order to estimate the impact of the currency risk on financial instruments, a reasonable movement in the USD/ LKR and EUR/LKR exchange rates is assumed based on the observable trend in the market.

The Sri Lankan Rupee (LKR) experienced significant volatility against the US Dollar (USD) during the first half of the financial year. However during the 3rd quarter, there were signs of stabilisation in the exchange rate. As the 3rd quarter progressed, LKR appreciated steadily against the US Dollar. Overall, the LKR strengthened by 8.16% against the USD over the financial year. To account for this fluctuating exchange rate, a 10% threshold is used in the sensitivity analysis for this year. In comparison, last year's more volatile exchange rate necessitated a higher fluctuation rate of 15% for sensitivity analysis.

Sensitivity analysis of net foreign currency assets and liabilities - Group

	Impact on profit		Impact on equity**
	USD net financial assets / (liabilities) USD '000	EUR net financial assets / (liabilities) EUR '000	USD '000
As at 31st March 2024			
Net exposure	89,783	(27,252)	146,524
LKR depreciates by 10% (Rs. '000)	2,697,445	(888,524)	4,402,165
LKR appreciates by 10% (Rs. '000)	(2,697,445)	888,524	(4,402,165)
As at 31st March 2023			
Net exposure	80,496	(32,368)	136,405
LKR depreciates by 15% (Rs. '000)	3,950,009	(1,733,804)	6,693,533
LKR appreciates by 15% (Rs. '000)	(3,950,009)	1,733,804	(6,693,533)

**The effect on the equity arises from the overseas investments made by the Group.

Sensitivity analysis of net foreign currency assets and liabilities - Company

	Impact on profit USD net financial assets / (liabilities) USD '000
As at 31st March 2024	
Net exposure	57,554
LKR depreciates by 10% (Rs. '000)	1,729,154
LKR appreciates by 10% (Rs. '000)	(1,729,154)
As at 31st March 2023	
Net exposure	56,433
LKR depreciates by 15% (Rs. '000)	2,769,218
LKR appreciates by 15% (Rs. '000)	(2,769,218)

Sensitivity analysis of derivative financial instruments - Group

As at	Impact on profit	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Net capital exposure (USD '000)	2,000	-
Derivative financial asset/(liability) recognised (Rs. '000)	-	-
LKR depreciates by 1% (Rs. '000)	(5,997)	-
LKR appreciates by 1% (Rs. '000)	5,997	-

A lower fluctuation of 1% is used in the sensitivity analysis of derivative financial instruments considering the shorter maturity profile.

37.3.1.2. Interest rate risk

Values of financial instruments could fluctuate depending on the movements in interest rates giving rise to interest rate risk. This is a consequence of the changes in the present values of future cash flows derived from financial instruments. Value fluctuations in financial instruments will result in mark to market gains or losses in investment portfolios and could have an impact on reported financial results of the Group.

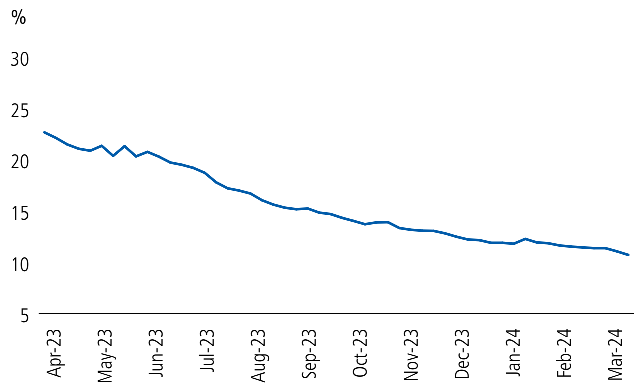
The Group's investment portfolio may consist of a range of financial instruments with both fixed and variable interest rates such as treasury bills and treasury bonds which are subject to interest rate risk. Liabilities with variable interest rates such as AWPLR and SOFR linked borrowings would expose the Group to cash flow risk as the amount of interest paid would change depending on the changes in market interest rates. Investments with fixed interest rates would expose the Group to variations in fair values during the marking to market of portfolios. Suitable strategies are used by the Group treasury to manage the interest rate risks in portfolio investments. The use of long-term interest rate forecasts to determine the most suitable duration of investments with the objective of overcoming the re-investment risk as well as to minimise any adverse impact in marking to market of the portfolio is one of the often used strategies. Interest rate swaps could be used when there is a need to hedge the risks on debt instruments with variable rates. Close monitoring of market trends is carried out to improve the accuracy of such decisions.

The Group treasury monitors the interest rate environment on a continuous basis to advise the sector finance managers on the most suitable strategy with regard to borrowings. The Group usually negotiates long term borrowings during the periods in which interest rates are low in order to extend the favourable impact to future reporting periods.

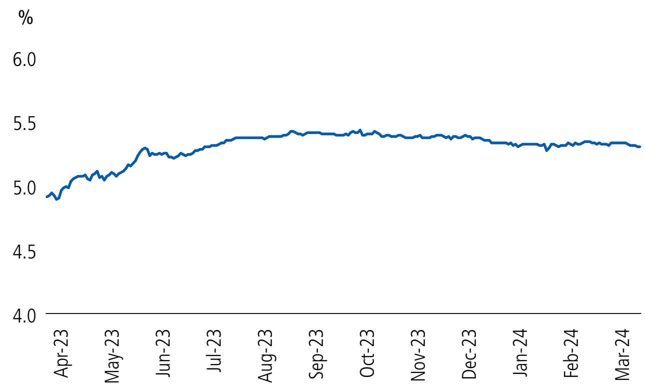
Significant movement in interest rates during the year ended 31st March 2024

	Lowest Level		Highest Level		Spread (basis points)	Year end rate %
	Rate %	Period	Rate %	Period		
LKR Interest rate - AWPLR (Weekly)	10.69	Mar-24	22.63	Apr-23	1,194	10.69
USD Interest rate - Term SOFR (3 Month)	4.895	Apr-23	5.426	Oct-23	53	5.298

AWPLR



3 Months Term SOFR



Interest rate sensitivity

At the reporting date the interest rate sensitivity analysis of interest-bearing financial instruments of the Group and Company are given below. This analysis depicts the impact of the probable movement in interest rate on profit with all other variables held constant. Due to the significant volatility in interest rates observed during the financial year and thereafter, a fluctuation of 1,000 basis points is considered for the sensitivity analysis for LKR financial liabilities as at reporting date, similar to the last year. In line with observed trend in the market, sensitivity threshold for USD financial liabilities is decreased to 25 basis points from last year's 250 basis points.

Interest rate sensitivity analysis- Group

As at	31.03.2024			31.03.2023		
	Exposure	Impact on profit		Exposure	Impact on profit	
		LKR interest rates - 1000bp	LKR interest rates + 1000bp		LKR interest rates - 1000bp	LKR interest rates + 1000bp
LKR financial liabilities (Rs.'000)	10,863,617	1,086,362	(1,086,362)	10,140,474	1,014,047	(1,014,047)

As at	31.03.2024			31.03.2023		
	Exposure	Impact on profit		Exposure	Impact on profit	
		USD interest rates - 25bp	USD interest rates + 25bp		USD interest rates - 250bp	USD interest rates + 250bp
USD financial liabilities (In equivalent Rs.'000)	24,236,302	60,591	(60,591)	30,319,426	757,986	(757,986)

Interest rate sensitivity analysis - Company

As at	31.03.2024			31.03.2023		
	Exposure	Impact on profit		Exposure	Impact on profit	
		USD interest rates - 25bp	USD interest rates + 25bp		USD interest rates - 250bp	USD interest rates + 250bp
USD financial liabilities (In equivalent Rs.'000)	2,448,598	6,121	(6,121)	3,995,086	99,877	(99,877)

37.3.1.3. Equity price risk

The Group has adopted the policy that its investment in subsidiaries, joint ventures and associate companies are recorded at cost as per LKAS 27 and 28 standards and therefore are scoped out from the Sri Lanka Accounting Standards, SLFRS 9 - Financial Instruments.

Investments made by the Group which do not belong to the above categories are classified as financial assets and recorded at fair value in financial statements.

At the reporting date the carrying values of equity investments are as follows;

- Quoted equity securities: Rs. 74.5 million (as at 31.03.2023; Rs. 46.5 million)
- Unquoted equity securities: Rs. 275.9 million (as at 31.03.2023; Rs. 302.6 million)

A sensitivity analysis of the above has not been carried out as the Group's exposure to such is not material.

37.3.2 Liquidity risk

Liquid assets of a company consist of cash and assets which can be converted to cash in a short period of time to settle liabilities as they arise. Liquidity is an important factor in the operations of a business as it is an essential requirement for the successful operation of an entity.

A shortage of liquidity would have a negative impact on stakeholder confidence in a business entity and hampers its operations. The Group has ensured that it maintains sufficient liquidity reserves to meet all its operational and investment requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements.

Shortening the working capital cycle is one of the main practises preferred in ensuring that there is sufficient liquidity at a given time. Adequate short-term working capital facilities provided by banks are available to all the Group companies which are utilised in the event of a requirement. These facilities are available at favourable rates and have been mostly provided without collateral. The Group maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and closely monitors their utilisation.

The Group has implemented procurement and vendor evaluation policies to prevent payment of excessive prices to suppliers and to obtain favourable credit periods in order to ensure a strong working capital position. Special attention has been given to cash inflows and outflows both at a consolidated and sector levels. The maturity profile of the Group's investments is monitored and adjusted to meet expected future cash outflows in the short, medium and long terms.

Funding requirements of the sectors and the parent company are evaluated at regular intervals by analysing business expansion strategies. The Group has adopted a conservative investment strategy in order to preserve the scarce capital as well as to minimise the risk. At opportune moments funds are mobilised by accessing capital markets. The Group attempts to minimise future interest expenses on borrowings by negotiating favourable interest rates with the respective lenders and makes use of attractive interest rates offered by international banks on foreign currency denominated funding mostly to finance its overseas investments.

The table below summarises the maturity analysis of the Group's and the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities maturity profile - Group

As at 31st March 2024	Carrying amount	Contractual cash flows					
		On demand	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest-bearing loans and borrowings	47,661,181	-	13,494,217	16,572,158	20,504,332	10,625,895	61,196,602
Lease liabilities	14,626,979	-	2,564,826	2,197,234	3,269,332	19,371,643	27,403,035
Trade and other payables	25,261,523	18,218,122	7,043,401	-	-	-	25,261,523
Bank overdrafts and other short-term borrowings	19,388,741	10,786,336	8,602,405	-	-	-	19,388,741
	106,938,424	29,004,458	31,704,849	18,769,392	23,773,664	29,997,538	133,249,901

As at 31st March 2023	Carrying amount	Contractual cash flows					
		On demand	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest-bearing loans and borrowings	56,567,478	-	15,336,261	13,593,550	34,058,512	13,474,589	76,462,912
Lease liabilities	17,544,672	-	2,764,473	2,716,278	4,852,784	21,698,647	32,032,181
Trade and other payables	22,768,646	14,441,323	8,327,323	-	-	-	22,768,646
Bank overdrafts and other short-term borrowings	22,791,252	22,791,252	-	-	-	-	22,791,252
	119,672,048	37,232,575	26,428,057	16,309,828	38,911,296	35,173,236	154,054,991

Financial liabilities maturity profile - Company

As at 31st March 2024	Carrying amount	Contractual cash flows					
		On demand	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest-bearing loans and borrowings	2,444,934	-	1,362,051	1,255,288	-	-	2,617,339
Trade and other payables	11,611,482	11,601,118	10,364	-	-	-	11,611,482
Bank overdraft and other short-term borrowings	8,562,964	1,437,971	7,124,993	-	-	-	8,562,964
	22,619,380	13,039,089	8,497,408	1,255,288	-	-	22,791,785

As at 31st March 2023	Carrying amount	Contractual cash flows					
		On demand	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest-bearing loans and borrowings	3,987,060	-	1,590,709	1,477,541	1,364,990	-	4,433,240
Trade and other payables	8,009,291	7,898,802	110,489	-	-	-	8,009,291
Bank overdraft and other short-term borrowings	10,406,913	10,406,913	-	-	-	-	10,406,913
	22,403,264	18,305,715	1,701,198	1,477,541	1,364,990	-	22,849,444

Liquidity position

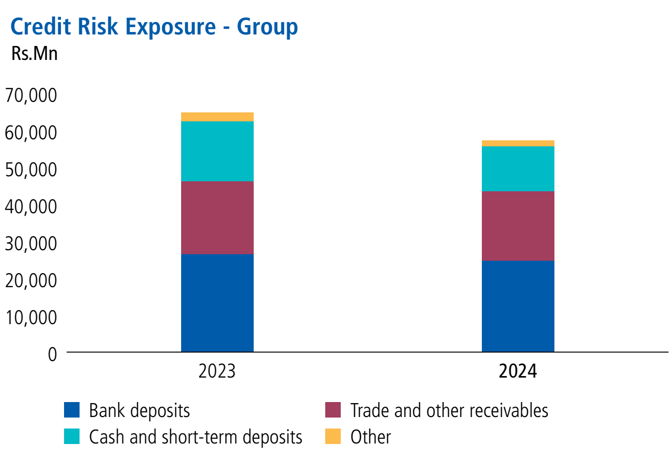
As at	GROUP		COMPANY	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Cash and short-term deposits	12,132,534	16,215,515	3,023,392	3,028,386
Trade and other receivable within 30 days	10,126,736	7,462,328	6,542,525	5,234,976
Bank deposit	24,706,535	26,381,937	18,157,659	20,516,449
Total Liquid assets	46,965,805	50,059,780	27,723,576	28,779,811
Less:				
Bank overdraft and other short term borrowing	19,388,741	22,791,252	8,562,964	10,406,913
On demand trade and other payables	19,081,887	14,441,323	11,601,118	7,898,802
Total on demand liabilities	38,470,628	37,232,575	20,164,082	18,305,715
Excess liquidity through operating cycle	8,495,177	12,827,205	7,559,494	10,474,096
Liquidity available on demand				
Undrawn approved bank facilities	30,163,397	21,796,640	15,522,000	10,667,746

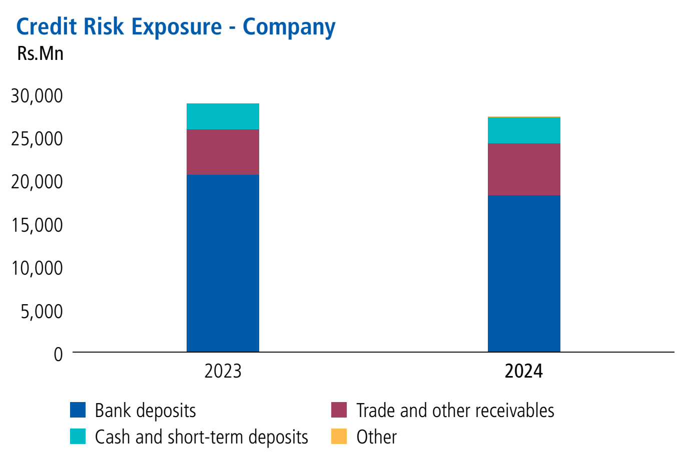
37.3.3. Credit risk

The risk assumed by an entity resulting from the risk of a counter-party defaulting on its contractual obligations in relation to a financial instrument or a customer contract is known as the credit risk. The Group's exposure to credit risk arises from its operating and financing activities including transactions with banks in placing deposits, foreign exchange transactions and through the use of other financial instruments. The maximum credit risk of the Group and the Company is limited to the carrying value of these financial assets as at the reporting date.

37.3.3.1 Credit risk exposure

	GROUP				COMPANY			
	31.03.2024		31.03.2023		31.03.2024		31.03.2023	
	Rs.'000	Concentration %	Rs.'000	Concentration %	Rs.'000	Concentration %	Rs.'000	Concentration %
Trade and other receivables	18,751,941	32.85	19,730,952	30.46	5,979,543	21.93	5,234,976	18.16
Deposits and prepayments	358,213	0.63	1,294,086	2.00	1,446	0.005	1,446	0.005
Other financial assets								
- Unquoted equity securities and debt securities	336,237	0.59	380,778	0.59	68,126	0.25	16,171	0.06
- Quoted equity securities	74,492	0.13	46,529	0.07	37,935	0.14	25,702	0.09
- Bank deposits	24,706,535	43.28	26,381,937	40.73	18,157,659	66.59	20,516,449	71.18
- Amounts due from equity-accounted investees	725,524	1.27	725,524	1.12	-	-	-	-
Cash and short-term deposits	12,132,534	21.25	16,215,515	25.03	3,023,392	11.09	3,028,386	10.51
	57,085,476	100.00	64,775,321	100.00	27,268,101	100.00	28,823,130	100.00





The Board of Directors has provided the policy direction for the Group treasury to manage the risk arising from investments made in financial institutions. The Group's transactions are carried out only with a limited number of institutions all of which have stable credit ratings from internationally recognised rating providers. The Group's exposures and credit ratings of counter-parties are continuously monitored and the investment portfolio is diversified amongst several institutions to minimise the unsystematic risk.

37.3.3.2. Expected credit loss assessment

The Group adopted Expected Credit Loss (ECL) approach to impairment of its financial assets. This enables better credit risk reporting of financial instruments by carrying reasonably quantified default risk adjusted value of assets in the balance sheet and minimising the timing difference in recognition of future default loss.

ECL measurement approach that is best suited for each class of asset is determined based on underlying risk characteristics of the asset. Subsequent to selection between general and simplified approaches to measurement, the Group assesses financial assets using data that is determined to be predictive of default risk, including but not limited to external ratings, historical payment patterns, audited financial statements, cash flow projections. Group companies apply experienced credit judgement taking in to account qualitative and quantitative factors that are indicative of the risk of default. Scalar macroeconomic factor adjustments such as GDP forecast, also incorporated to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected recovery period.

The Group re-evaluated its approach to measurement of ECL in the light of the current economic crisis in Sri Lanka, as the consequent unexpected deterioration in credit quality of investment portfolios (financial institutions) and trade receivables (non-financial institutions), will have a significant impact on the ECL measurement. The Group considered all reasonable and supportable information available without undue cost or effort at the reporting date as well as practical expedients made available. Economic Factor Adjustment (EFA) and Probability of Default (PD) updated to reflect the impact of adverse economic condition in measuring ECL while Loss Given Default (LGD) was used without modification. The Group also assessed it financial instruments for Significant Increase in Credit Risk (SICR) with available, reasonable and supportable information including economic support and relief measures provided to counter-parties.

The following table presents an analysis of ECL measurement basis across financial assets classified at amortised cost including carrying values and impairment recognised for the Group.

37.3.3.2.1 Analysis of ECL measurement basis of financial assets classified at amortised cost - Group

	31.03.2024					31.03.2023				
	Carrying amount	Impairment recognised				Carrying amount	Impairment recognised			
		12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total		12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade and other receivables	18,751,941	-	(52,475)	(1,446,055)	(1,498,530)	19,730,952	-	(145,261)	(866,518)	(1,011,779)
Deposits and prepayments	358,213	-	-	-	-	1,294,086	-	-	-	-
Other financial assets										
- Unquoted debt securities	60,333	-	-	-	-	78,227	-	-	-	-
- Bank deposits	24,706,535	(851)	-	-	(851)	26,381,937	(2,584)	-	-	(2,584)
- Amounts due from equity-accounted investees	725,524	-	-	-	-	725,524	-	-	-	-
Cash and short-term deposits	12,132,534	-	-	-	-	16,215,515	-	-	-	-
	56,735,080	(851)	(52,475)	(1,446,055)	(1,499,381)	64,426,241	(2,584)	(145,261)	(866,518)	(1,014,363)

37.3.3.2.2 Movement in ECL allowance during the financial year - Group

	Trade and other receivables Rs.'000	Other financial assets: Unquoted debt securities Rs.'000	Other financial assets: Bank deposits Rs.'000
Balance as at 31st March 2022	(431,722)	(3,364)	(604)
Exchange difference/direct write-offs and reversals	(172,377)	-	(34)
Net impairment during the year	(407,680)	3,364	(1,946)
Balance as at 31st March 2023	(1,011,779)	-	(2,584)
Exchange difference/direct write-offs and reversals	(21,018)	-	(341)
Net impairment during the year	(465,733)	-	2,074
Balance as at 31st March 2024	(1,498,530)	-	(851)

The following table present an analysis of ECL measurement basis across financial assets classified at amortised cost including carrying values and impairment recognised for the Company.

37.3.3.2.3 Analysis of ECL measurement basis of financial assets classified at amortised cost - Company

	31.03.2024					31.03.2023				
	Carrying amount	Impairment recognised				Carrying amount	Impairment recognised			
		12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total		12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade and other receivables	5,979,543	-	-	(748,935)	(748,935)	5,234,976	-	-	(737,024)	(737,024)
Deposits and prepayments	1,446	-	-	-	-	1,446	-	-	-	-
Other financial assets										
- Unquoted debt securities	60,333	-	-	-	-	4,292	-	-	-	-
- Bank deposits	18,157,659	(256)	-	-	(256)	20,516,449	(2,371)	-	-	(2,371)
Cash and short-term deposits	3,023,392	-	-	-	-	3,028,386	-	-	-	-
	27,222,373	(256)	-	(748,935)	(749,191)	28,785,549	(2,371)	-	(737,024)	(739,395)

37.3.3.2.4 Movement in ECL allowance during the financial year - Company

	Trade and other receivables Rs.'000	Other financial assets - Bank deposit Rs.'000
Balance as at 31st March 2022	(444,707)	(539)
Exchange difference/direct write-offs	-	-
Net impairment during the year	(292,317)	(1,832)
Balance as at 31st March 2023	(737,024)	(2,371)
Exchange difference/direct write-offs	-	-
Net impairment during the year	(11,910)	2,115
Balance as at 31st March 2024	(748,935)	(256)

37.3.3.3 Trade receivables

Trade receivables consist of recoverable from a large number of customers spread across diverse industries, segments and geographies. 87.0% of the Group's trade receivables are due for settlement within 90 days as at the end of the financial year. The credit policy for each segment of business varies due to the diversity of operations in the Group. The credit policies that best suit their respective business environment are developed for each sector and the responsibility rests with the heads of finance and the senior management teams.

The Group companies formulate their credit policies subsequent to analysing credit profiles of customers. In this regard factors such as the credit history, legal status, market share, geographical locations of operations, and industry information are considered. References from bankers or credit information databases are obtained when it is considered necessary. Each group company has identified credit limits for their customers. In the event a customer does not meet the criteria or the stipulated benchmark on a transaction, then the business is carried out with such customers only up to the value of the collaterals or advances obtained.

Apart from the state-owned enterprise which is the largest customer of the Strategic Investments sector, the Group does not have a significant credit risk exposure to any other single counter-party. Concentration of credit risk of the state-owned enterprise is 16.1% of total trade receivables of the Group as at 31st March 2024.

The value of trade receivables pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 8.2 million (2022/2023- Rs. 165.3 million).

Trade receivable settlement profile - Group

	31.03.2024			31.03.2023		
	Gross carrying amount Rs.'000	Impairment Provision Rs.'000	Net carrying amount Rs.'000	Gross carrying amount Rs.'000	Impairment Provision Rs.'000	Net carrying amount Rs.'000
Less than 30 days	10,126,670	(50,898)	10,075,772	7,462,328	(96,559)	7,365,769
More than 30 days but less than 60 days	3,803,360	(8,536)	3,794,824	2,960,220	(2,880)	2,957,340
More than 60 days but less than 90 days	758,327	(1,260)	757,067	525,988	(1,775)	524,213
More than 90 days but less than 180 days	765,803	(151,693)	614,110	739,746	(3,831)	735,915
More than 180 days but less than 365 days	481,333	(422,777)	58,556	5,041,950	(349,081)	4,692,869
More than 365 days	945,796	(763,309)	182,487	870,380	(496,232)	374,148
	16,881,289	(1,398,473)	15,482,816	17,600,612	(950,358)	16,650,254

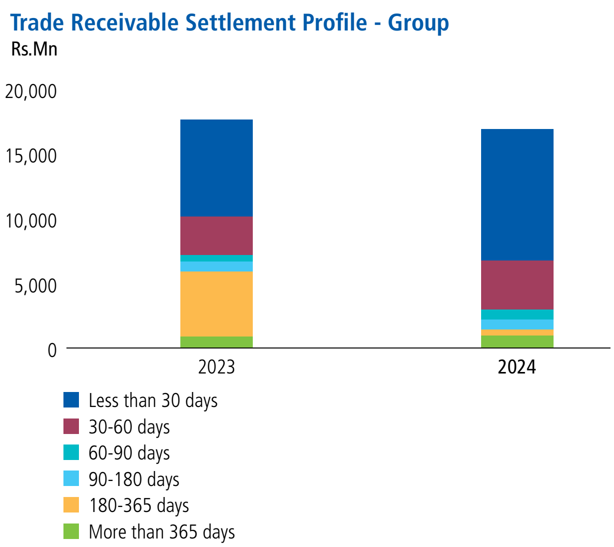
Trade receivable settlement profile - Company

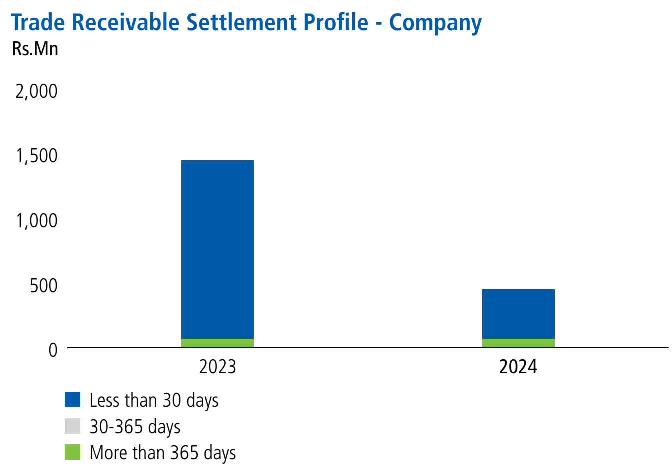
	31.03.2024			31.03.2023		
	Gross carrying amount Rs.'000	Impairment Provision Rs.'000	Net carrying amount Rs.'000	Gross carrying amount Rs.'000	Impairment Provision Rs.'000	Net carrying amount Rs.'000
Less than 30 days	317	-	317	1,381	-	1,381
More than 30 days but less than 365 days	-	-	-	-	-	-
More than 365 days	66	(66)	-	66	(66)	-
	383	(66)	317	1,447	(66)	1,381

The Group uses an allowance matrix to measure the ECLs of trade receivables, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Loss rates that are based on actual credit loss experience over the past years, further subjected to asset correlation calibration and forward-looking adjustments. Loss Given Default (LGD) of 100% is assumed for ECL calculation of trade receivables.

Collateral acquired for mitigating credit risk

The Group whenever possible, does not offer credit to individuals unless collateral in the form of unconditional and irrevocable bank guarantees that can be encashed on demand or advances are provided to cover the receivable. The Group focuses on quality and the realisability of such collateral to mitigate potential credit losses.





37.3.3.4. Deposits and balances with banks

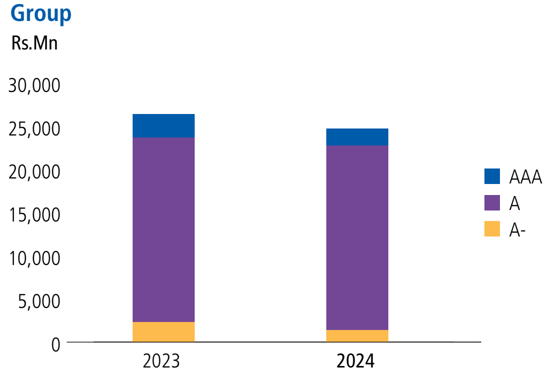
The Group has a number of bank deposits in Sri Lankan rupees and other currencies. These deposits have been placed in several banks in order to minimise the credit risk in accordance with the policy directions provided by the Board. In order to further minimise the credit risk, the Group's exposure and credit ratings of banks are regularly monitored and a diversified investment portfolio is maintained. In the event of any weakening of credit metrics of a bank the Group may decide to liquidate its investments and move to an institution with a higher credit rating.

The value of deposits and balances with banks pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 1,865.3 million (2022/2023- Rs. 290.6 million).

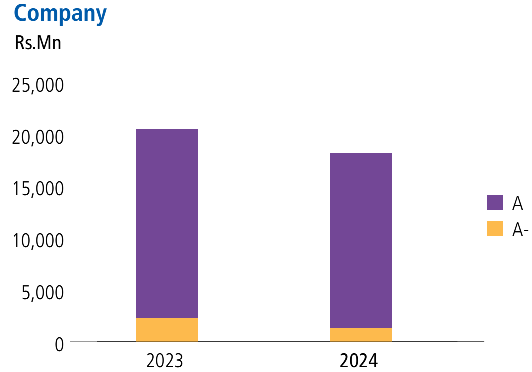
37.3.3.4.1 Bank Deposits

Credit Rating (Fitch national credit rating scale or equivalent)	GROUP				COMPANY			
	31.03.2024		31.03.2023		31.03.2024		31.03.2023	
	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %
AAA	1,961,543	7.9	2,735,759	10.4	-	-	-	-
A	21,375,471	86.5	21,336,915	80.9	16,787,543	92.5	18,206,972	88.7
A-	1,370,372	5.6	2,311,848	8.7	1,370,372	7.5	2,311,848	11.3
Total gross carrying amount	24,707,386	100.0	26,384,522	100.0	18,157,915	100.0	20,518,820	100.0
Impairment of bank deposits	(851)		(2,584)		(256)		(2,371)	
Total net carrying amount	24,706,535		26,381,938		18,157,659		20,516,449	

Bank Deposits Analysed by Credit Rating - Group



Bank Deposits Analysed by Credit Rating - Company

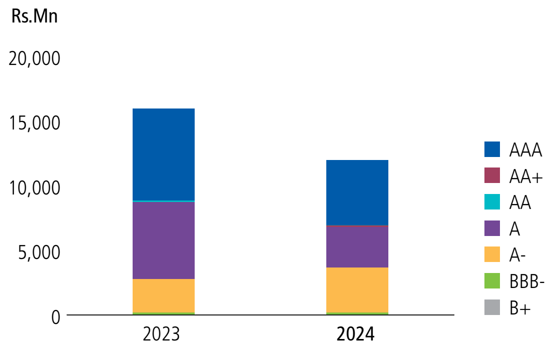


Impairment on bank deposits is measured on 12-month expected loss basis. External credit ratings of the counter-parties and probability of default (PD) rates corresponding rating scale published by rating agencies are used in ECL calculation. PD rates are recalibrated using asset correlation formula and forward-looking adjustments are incorporated in arriving at final loss rates. Loss given default (LGD) of 45% is assumed for bank deposits. Credit ratings of counter-parties are carefully monitored, and subsequent deterioration of the credit quality would trigger remeasurement of loss allowances using Lifetime ECL method.

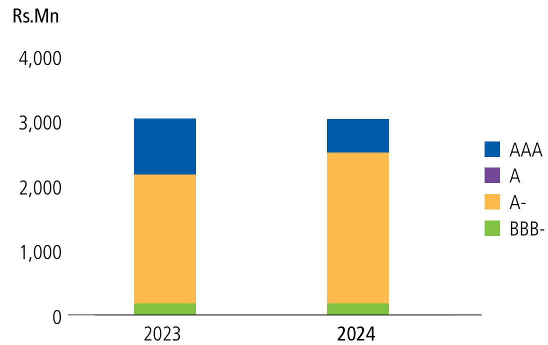
37.3.3.4.2 Cash and short-term deposits at bank

Credit Rating (Fitch national credit rating scale or equivalent)	GROUP				COMPANY			
	31.03.2024		31.03.2023		31.03.2024		31.03.2023	
	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %
AAA	5,031,044	42.2	7,131,928	44.8	521,961	17.3	867,843	28.7
AA+	-	-	91,188	0.6	-	-	-	-
AA	127,176	1.1	-	-	-	-	-	-
A	3,128,091	26.2	5,938,522	37.3	1,011	0.03	58	0.002
A-	3,470,026	29.1	2,588,880	16.3	2,329,931	77.1	1,985,921	65.6
BBB-	176,042	1.5	178,294	1.1	170,279	5.6	174,354	5.8
B+	228	0.002	152	0.001	-	-	-	-
Cash and short-term deposits at bank	11,932,607	100.0	15,928,964	100.0	3,023,182	100.0	3,028,176	100.0
Cash in hand and funds in transit adjustment	199,927		286,551		210		210	
Total Cash and short-term deposits	12,132,534		16,215,515		3,023,392		3,028,386	

Cash and Short-term Deposits Analysed by Credit Rating - Group



Cash and Short-term Deposits Analysed by Credit Rating - Company



37.4. Financial capital management

Main objectives of the Group's financial capital management policy are as follows.

- Ensuring the availability of adequate capital for long term investments and growth of the business.
- Maintaining an adequate liquidity buffer for business operations.
- Sustaining the financial health of the Group to withstand economic cycles; and,
- Maintaining stakeholder confidence in the Group.

When capital is not available in adequate quantities or at a reasonable cost, it can have an adverse impact on the performance of the Group. The management being conscious of these factors, has implemented the capital management policy to ensure the long-term sustainability and competitiveness of the Group. Ensuring that there is no idle capital which will act as a drag on the returns generated is another factor that is considered. Excessive capital invested in a business will have a dampening impact on the performance while insufficient level of capital will prevent an organisation from achieving its long-term objectives.

37.4.1. Types of financial capital

Financial capital of the Group consists of two components: namely equity and debt. The equity capital consists of the while the debt capital is made up of the long-term and short-term debt. The debt capital is sourced from lending institutions and capital markets. Although the Group raises debt capital often, it has not raised new equity capital from shareholders for several years.

The Group regularly estimates its future capital requirements by evaluating new investments and expansion needs and other uses of capital. Such analysis would highlight shortfalls in available capital which would be raised through either the issue of new equity or debt. The debt-to-equity ratio (defined as the ratio between non-current interest-bearing borrowings to the total equity including minority interest) is regularly monitored to ensure the efficient use of shareholders' equity. Managing the debt-to-equity ratio is a vital element of capital management as it has a direct bearing on the Group's ability to raise low cost capital.

	GROUP		COMPANY	
As at	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Debt to equity ratio	0.45	0.54	0.05	0.09

Sourcing of debt is carried out after careful and detailed analysis of lender proposals. Important factors such as the tenure of the loans, interest rates, capital repayment terms including grace periods and repayment amounts and other terms and conditions including covenants are taken into consideration when deciding. Minimising the weighted average cost of capital is one of the key considerations in determining sourcing options. The Group's debt is denominated in Sri Lankan rupees as well as foreign currencies such as US dollar, Euro, and Indian rupees. Foreign currency denominated loans have been taken mainly by the companies with foreign exchange earnings in order to take advantage of the relatively low interest rates.

The Group treasury plays an active role in ensuring that the cost of capital is maintained at the optimum level and the financial and other covenants linked to the sourcing arrangements are acceptable.

37.4.2. Financial capital allocation and investment

Implementation of the Group's long-term strategy for growth requires continuous capital investments in the four sectors in which the Group operates. The allocation of limited financial capital available is done pursuant to careful evaluation of investment opportunities to ascertain expected returns. The Group's capital investment decisions are supported by elaborate financial modelling, thorough sensitivity analysis and rigorous legal, financial and technical due diligence as required. Identification and ranking of suitable investment opportunities are carried out using the discounted cash flow modelling technique, Internal Rate of Return (IRR) & hurdle rates and payback periods. At the evaluation stage for capital investments, financial modelling, sensitivity analysis and the calculation of IRR are carried out either by the Group's corporate finance division, or the respective sector through which the investment will take place with the assistance of the former.

Upon making the decision to proceed with a capital investment, the Group follows necessary procedures to ensure that it is carried out in the best possible manner. When the investment involves external shareholders, the Group takes steps to protect its rights by entering into carefully drafted legal agreements. Post investment evaluations are carried out at frequent intervals to ensure that the returns envisaged at the evaluation stage are actually delivered. Exposure limits are used to control the default risk especially in portfolio investments.

37.4.3. Adequate financial reserves

The long-term financial health of the Group has been ensured by maintaining sufficient reserves of financial capital which can be drawn upon when there is a requirement. Probable future risks that could result in negative financial outcomes are identified and required mitigation measures are taken. The Group has implemented sound cash flow planning procedures ensuring that the receivables are collected in an efficient manner thereby shortening the cash cycle. A special emphasis is placed on minimising operating costs through critical evaluation and justification of all cost elements.

The Group policies regarding managing receivables have been communicated to the heads of finance of business sectors and the corporate finance division monitors the Group-wide status of receivables and submits exception reports to the management for advice on required action.

37.4.4. Financial capital management policy

The fundamental objective of the financial capital management policy of the Group is maximising the return on limited available capital whilst safeguarding the investments that have already been made. Ensuring that there is adequate financial capital for the Group to expand its operations while continuing with its regular business operations, requires the management to consider multiple facets of the operation and take into account the behaviour of a number of parameters, both internal and external, that affect the operating conditions. The rapid pace of change in the operating environment has a profound influence on many factors affecting the use of financial capital. A thorough understanding derived from years of experience in a business sector is vital to ensure successful management of capital.

The Group's financial capital management policy fundamentally stems from various decisions the Board has taken regarding capital investments and the optimum utilisation of cash resources. This policy reflects the current thinking of the Board on present and future industry, market and economic risks and conditions. Potential investments and divestment are discussed at length by the Group directors and various aspects of risk and return parameters are considered prior to making capital investment decisions. A vital role in the implementation of the financial capital management policy is played by the Group treasury and the corporate finance division.

The management information necessary to base policy decisions such as key performance indicators and value drivers of the sectors highlighting financial performances are generated by the corporate finance division. Some of the important parameters which guide the capital management policy include the tolerance for gearing, interest risk appetite and the view on the exchange rate movement. The underlying variables such as the market borrowing and lending rates, exchange rates, inflation and other macroeconomic indicators are constantly monitored by the Group treasury and recommendations regarding the appropriate policy changes are made to the management.

It is vital for the Group's long-term survival and growth to have a sound financial capital management policy as decisions taken at the present time will have implications for the future. The Group's financial capital management policy, therefore, is constantly evolving and attempts to link its future strategy to present day financing decisions while being based on a solid foundation of optimisation of resources.

38 CONTRACTS FOR CAPITAL EXPENDITURE

The following commitments for capital expenditure approved by the Directors as at 31st March have not been provided for in the financial statements.

38.1 Commitments for capital expenditure for subsidiaries

As at	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Approximate amount approved but not contracted for	8,778,916	6,043,519
Approximate amount contracted for but not incurred	1,016,261	1,646,051
	9,795,177	7,689,570

The above includes Rs. 9,428.9 million (2022/2023 - Rs. 7,442.4 million) for the acquisition of property, plant and equipment and Rs. 366.3 million (2022/2023 - Rs. 247.2 million) for the acquisition of intangible assets.

38.2 Commitments for capital expenditure for joint ventures

As at	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Approximate amount approved but not contracted for	125,577	93,388
Approximate amount contracted for but not incurred	22,834	27,707
	148,411	121,095

The amount shown is the Group's share of capital commitments by joint ventures.

The above includes Rs. 138.4 million (2022/2023 - 121.1) for the acquisition of property, plant and equipment and Rs. 10 million (2022/23 - Nil) for the acquisition of intangible assets.

39 PROVISIONS AND CONTINGENT LIABILITIES

ACCOUNTING POLICY

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control.

39.1 CONTINGENT LIABILITIES

Contingent liabilities as at 31.03.2024 on corporate guarantees given by Aitken Spence PLC to subsidiaries within the Group and equity-accounted investees amounted to Rs. 9,368.6 million and Rs. 17.5 million respectively. Contingent liabilities as at 31.03.2024 on corporate guarantees given by subsidiaries and equity-accounted investees to other companies in the Group amounted to Rs. 18,316 million. Neither Aitken Spence PLC nor subsidiaries and equity-accounted investee have given corporate guarantees on behalf of companies outside the Group including other related companies listed in note 40.3 -40.7 to the financial statements.

Tax Appeals Commission decided in favour of Aitken Spence Travels (Pvt) Ltd., a subsidiary of the Group which was assessed by the Department of Inland Revenue on Income tax for the years of assessment 2009/2010, 2010/2011 and 2011/2012. The Department of Inland Revenue appealed against the above determination to the Court of Appeal for the above years of assessment. The Court of Appeal decided in favour of the company for the years of assessment 2009/2010 and 2010/2011. The Department of Inland Revenue appealed against the Court of Appeal decision for the year of Assessment 2009/2010 and 2010/2011 to the Supreme Court. The Supreme Court hearing the appeal for the year of assessment 2009/2010 refused to grant leave to proceed. Therefore the judgement of the Court of Appeal which was decided in favour of the Company will prevail. The contingent liability on income tax and penalties for year of assessment 2010/2011 and 2011/2012, pending hearing in the Supreme Court and the Court of Appeal are estimated to be Rs. 69.8 million and Rs. 80.6 million respectively. Based on expert advise and the decision of the Tax Appeals Commission, the Court of Appeal and the judgement given by the Supreme Court in relation to year of assessment 2009/2010, the directors are confident that the ultimate resolution would be in favour of the Company.

Cey Spence (Pvt) Ltd which was previously an equity accounted investee and was proposed to be liquidated, and the share of net assets of which is reflected under assets classified as held for sale in the consolidated financial statements of the Group was issued an income tax assessment under the Inland Revenue Act in relation to the year of assessment 2007/2008. The Court of Appeal hearing the appeal has determined the income tax assessment in favour of the Department of Inland Revenue. Pursuant to the determination of the Court of Appeal the company has appealed against the determination to the Supreme Court. The contingent liability to the Group is estimated to be Rs. 70 million inclusive of any penalties. Based on expert advice the directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

Action was instituted in the Commercial High Court in 2009 by a prospective buyer for the repayment of the advance monies and other related amounts paid by them, for the purchase of a ship which was owned by Ceyaki Shipping (Pvt) Ltd., (an Associate company) which is classified as held for sale in the consolidated financial statements of the Group. The company contested the action as it deemed that the amount was not due and owing to the prospective buyer. The Commercial High Court delivered a determination in favour of the prospective buyer in March 2013. Consequently Ceyaki Shipping (Pvt) Ltd., appealed to the Supreme Court against the determination of the Commercial High Court. The directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

40 RELATED PARTY TRANSACTIONS

The Aitken Spence Group and the Company carries out transactions in the ordinary course of business with parties who are defined as related parties as per Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures. Transactions and outstanding balances between the companies within the Group and related parties are given in note no. 40.2 - 40.9.

40.1 Parent and ultimate controlling party

The immediate parent of Aitken Spence PLC is Melstacorp PLC and the ultimate holding company is Milford Exports (Ceylon) (Pvt) Ltd.

40.2 Transactions with key management personnel

40.2.1 Aitken Spence PLC considers its Board of Directors as the key management personnel of the company. The Board of Directors, Vice Presidents and Assistant Vice Presidents of subsidiary companies are considered as key management personnel of such companies.

40.2.2 There were no loans given to Directors of the company during the financial year or as at the year end.

40.2.3 Compensation paid to / on behalf of key management personnel is as follows;

For the year	GROUP 2023/2024 Rs.'000	GROUP 2022/2023 Rs.'000	COMPANY 2023/2024 Rs.'000	COMPANY 2022/2023 Rs.'000
Short term employee benefits	1,438,367	1,138,682	375,834	317,550
Post employment benefits	1,331	8,500	-	-

No post-employment benefits were paid to key management personnel of Aitken Spence PLC during the financial year. The Company/ Group did not have any material transactions with its key management personnel or their close family members during the year.

40.2.4 Key management personnel of Aitken Spence PLC hold positions in other companies, some of which had trading transactions with the Group during the year. Such companies the Group had transactions with are identified below.

Mr. D.H.S. Jayawardena, Chairman of the Company is also the Chairman or a Director of Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management Asia (Pvt) Ltd and Aitken Spence Aviation (Pvt) Ltd which are subsidiaries of the Group. He is also the Chairman of Browns Beach Hotels PLC and Negombo Beach Resorts (Pvt) Ltd which are equity-accounted investees of the Group, and the Chairman, Managing Director or a Director of companies indicated by "*" in the list of companies disclosed under note 40.3 and 40.6.

Dr. M.P. Dissanayake, Deputy Chairman and Managing Director of the Company is also the Chairman or a Director of the subsidiaries and equity-accounted investees that are indicated by "a" in notes 20 and 21 to the financial statements.

Miss. D.S.T. Jayawardena, Joint Deputy Chairperson and Joint Managing Director of the Company is also the Chairperson or a Director of the companies marked by "c" in note 20 and 21 to the financial statements. She is also the Chairperson or a Director of Ambewela Livestock (Co.) Ltd, Ambewela Products (Pvt) Ltd, DCSL Breweries Lanka Ltd, Distilleries Company of Sri Lanka PLC, Lanka Diaries (Pvt) Ltd, Lanka Milk Foods (Cwe) PLC, Melstacorp PLC, Pattipola Livestock Co Ltd, Splendor Media (Pvt) Ltd, Stassen Exports (Pvt) Ltd, Stassen Foods (Pvt) Ltd, Stassen International (Pvt) Ltd, Stassen Natural Foods (Pvt) Ltd and United Dairies Lanka (Pvt) Ltd.

Dr. R.M. Fernando a Director of the Company is also the Managing Director or a Director of the companies marked by "b" in note 20 and 21 to the financial statements.

Mr. J.M.S. Brito a Director of the Company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group.

Mr. C. H. Gomez a Director of the Company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group.

Mr. N. J. de S Deva Aditya a Director of the Company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group and a Director of Browns Beach Hotels PLC which is a equity-accounted investee of the Group. He is also a Director of Distilleries Company of Sri Lanka PLC, Melstacorp PLC and The Kingsbury PLC.

Mr. R.N. Asirwatham a Director of the Company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group and a Director of Browns Beach Hotels PLC which is a equity-accounted investee of the Group. He is also a Director of Ceylon Grain Elevators PLC, Dilmah Ceylon Tea Company PLC, Mercantile Merchant Bank Ltd, Renuka Hotels Ltd and Royal Ceramics Lanka PLC.

Mr. C.R. Jansz a Director of the Company is also a Director of Ambewela Livestock Company Ltd, Ambewela Products (Pvt) Ltd, Balangoda Plantations PLC, DCSL Breweries Lanka Ltd, Distilleries Company of Sri Lanka PLC, Lanka Bell (Pvt) Ltd, Lanka Dairies (Pvt) Ltd, Lanka Milk Foods (CWE) PLC, Melsta Corp PLC, Melsta Hospitals Ragama (Pvt) Ltd, Pattipola Livestock Company Ltd, Periceyl (Pvt) Ltd, Stassen Exports (Pvt) Limited, Stassen Foods (Pvt) Ltd, Stassen International (Pvt) Ltd, Stassen Natural Foods (Pvt) Ltd and United Dairies Lanka (Pvt) Ltd.

Mr. M.A.N.S. Perera a Director of the Company (w.e.f. 25th April 2023) is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiaries of the Group, a Director of Amethyst Leisure Ltd, Browns Beach Hotels PLC and Paradise Resort Pasikudah (Pvt) Ltd which are equity-accounted investees of the Group. He is also a Director of Balangoda Plantations PLC, Bell Active (Pvt) Ltd, Bell Solutions Pvt Ltd, DCSL Breweries Lanka Ltd, Distilleries Company of Sri Lanka PLC, Formula World (Pvt) Ltd, Lanka Bell (Pvt) Ltd, Melstacorp PLC, Melsta Hospitals Ragama (Pvt) Ltd, Melsta Laboratories (Pvt) Ltd and Periceyl (Pvt) Ltd.

40.3 Transactions with ultimate parent, parent and group companies of the parent.

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sale of goods and services	-	-	619,688	718,296
Purchase of goods and services	15,291	13,129	1,657,146	1,516,299

Transactions with Balangoda Plantations PLC*, Bell Active (Pvt) Ltd*, Bell Solutions Pvt Ltd*, Continental Insurance Lanka Ltd, DCSL Breweries Lanka Ltd*, Distilleries Company of Sri Lanka PLC*, Formula World (Pvt) Ltd, Hospital Management Melsta (Pvt) Ltd*, Lanka Bell (Pvt) Ltd*, Melstacorp PLC*, Melsta Hospitals Ragama (Pvt) Ltd, Melsta Laboratories (Pvt) Ltd, Periceyl (Pvt) Ltd*, Splendor Media (Pvt) Ltd and Texpro Industries Ltd* are reflected under transactions with the parent and group companies of the parent, above.

There were no transactions with Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

40.4 Transactions with subsidiary companies

For the year ended 31st March	Transactions with Aitken Spence PLC	
	2024 Rs.'000	2023 Rs.'000
Income from services rendered	1,260,131	1,092,058
Rent income received	56,510	54,682
Allocation of common personnel and administration expenses	79,160	88,582
Purchase of goods and services	169,505	123,181
Net transfers under finance arrangements	3,616,733	(7,063,995)
Interest income	979,463	745,920
Interest expense	827,494	1,559,527

Transactions with ADS Resorts (Pvt) Ltd, Ace Apparels (Pvt) Ltd, Ace Aviation Services (Pvt) Ltd, Ace Aviation Services Maldives (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Ace Exports (Pvt) Ltd, Ace Freight Management (Pvt) Ltd, Ace Power Embilipitiya (Pvt) Ltd, Ace Resorts Pvt Ltd, Ace Wind Power (Pvt) Ltd, Ahungalla Resorts Ltd, Aitken Spence (Garments) Ltd, Aitken Spence Agriculture (Pvt) Ltd, Aitken Spence Apparels (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Developments (Pvt) Ltd, Aitken Spence Elevators (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotel Management Asia (Pvt) Ltd, Aitken Spence Hotels (International) Ltd, Aitken Spence Hotels Ltd, Aitken Spence Hotel Management (South India) (Pvt) Ltd, Aitken Spence Industrial Solutions (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence International Pte. Ltd, Aitken Spence Maritime Ltd, Aitken Spence Ports International Ltd, Aitken Spence Power (Pvt) Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Aitken Spence Property Developments Ltd, Aitken Spence Resorts (Middle East) LLC, Aitken Spence Resources (Pvt) Ltd, Aitken Spence Shipping Ltd, Aitken Spence Shipping Services (Pvt) Ltd, Aitken Spence Travels (Pvt) Ltd, Aitken Spence Travels Myanmar Ltd, Branford Hydropower (Pvt) Ltd, Clark Spence and Company Ltd , Cowrie Investments (Pvt) Ltd, Crest Star (BVI) Ltd, D B S Logistics Ltd, Elgin Hydropower (Pvt) Ltd, Fiji Ports Terminal Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag-Lloyd Lanka (Pvt) Ltd, Heritance (Pvt) Ltd, Hethersett Hotels Ltd, Interlifts International (Pvt) Ltd, Jetan Travel Services Company (Pvt) Ltd, Kandalama Hotels (Pvt) Ltd, Logilink (Pvt) Ltd, Meeraladuwa (Pvt) Ltd, MMBL Money Transfer (Pvt) Ltd, Neptune Ayurvedic (Pvt) Ltd, Royal Spence Aviations (Pvt) Ltd, Sagasolar Power (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Spence Maldives (Pvt) Ltd, Turyaa (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Upper Waltrim Hydropower (Pvt) Ltd, Vauxhall Investments Ltd, Vauxhall Property Developments (Pvt) Ltd, Waltrim Energy Ltd, Waltrim Hydropower (Pvt) Ltd and Western Power Company (Pvt) Ltd are reflected under transactions with subsidiary companies above.

40.5 Transactions with equity-accounted investees

40.5.1 Transactions with joint venture companies

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sale of goods and services	8,619	8,062	64,752	39,374
Rent income received	1,425	1,368	1,425	1,368
Allocation of common personnel and administration expenses	77	85	77	85
Purchase of goods and services	-	-	4,375	42,094
Net transfers under finance arrangements	(180,708)	121,152	(71,504)	121,152
Interest income	2,013	2,625	10,567	3,646
Interest expense	1,019	4,246	1,019	4,246

Transactions with Ace Bangladesh Ltd, Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Cargo (Cambodia) Co. Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, CINEC Campus (Pvt) Ltd and Spence Seahorse Marine (Pvt) Ltd are reflected under transactions with joint ventures above.

40.5.2 Transactions with associate companies

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sale of goods and services	45,194	42,582	220,926	177,040
Allocation of common personnel and administration expenses	2,350	2,927	15,874	2,927
Purchase of goods and services	6,512	5,670	191,037	204,846
Net transfers under finance arrangements	(360,496)	231,101	(1,029,772)	120,520
Interest income	-	-	58,294	-
Interest expense	165,123	331,752	165,123	337,436

Transactions with Ace Aviation Myanmar Ltd, AEN Palm Oil Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Browns Beach Hotels PLC, E P P Hydro Power (Pvt) Ltd, Elpitiya Lifestyle Solutions (Pvt) Ltd, Elpitiya Plantations PLC, Fiji Ports Corporation Ltd, Negombo Beach Resorts (Pvt) Ltd and Paradise Resort Pasikudah (Pvt) Ltd are reflected under transactions with associates above.

40.6 Transactions with other related companies

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sale of goods and services	-	-	246,036	325,986
Purchase of goods and services	3,029	2,451	1,209,679	1,238,410

Transactions with Ambewela Livestock (Co.) Ltd*, Ambewela Products (Pvt) Ltd*, Ceylon Grain Elevators PLC, Dilmah Ceylon Tea Company PLC, Lanka Diaries (Pvt) Ltd*, Lanka Milk Foods (Cwe) PLC*, Mercantile Merchant Bank Ltd, Pattipola Livestock Company Ltd*, Renuka Hotels Ltd, Royal Ceramics Lanka PLC, Stassen Exports (Pvt) Ltd*, Stassen Foods (Pvt) Ltd*, Stassen International (Pvt) Ltd*, Stassen Natural Foods (Pvt) Ltd*, The Kingsbury PLC, and United Dairies Lanka (Pvt) Ltd* are reflected under transactions with other related companies, above.

40.7 Transactions with post-employment benefit plans

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Contributions to the provident fund	372,547	309,872	59,837	49,540

Contributions to the Aitken Spence & Associated Companies Executive Staff Provident Fund and the Aitken Spence & Associated Companies Clerical Staff Provident Fund are reflected under transactions with post-employment benefit plans, above.

40.8 Amounts due from related parties

40.8.1 Amount due from ultimate parent, parent and group companies of the parent.

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Group companies of the parent	-	-	116,019	78,865

Balances due from Continental Insurance Lanka Ltd, DCSL Breweries Lanka Ltd, Distilleries Company of Sri Lanka PLC, Lanka Bell (Pvt) Ltd, Melstacorp PLC, Melsta Hospitals Ragama (Pvt) Ltd and Periceyl (Pvt) Ltd are reflected under amount due from group companies of the parent, above.

There were no balance due from Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

40.8.2 Amount due from subsidiaries

As at	Balances with Aitken Spence PLC	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Fully owned subsidiaries	3,331,257	3,170,627
Partly owned subsidiaries	3,210,885	2,617,045
	6,542,142	5,787,672
Provision for doubtful debts	733,656	733,432
Expense recognised during the period in respect of bad & doubtful debts	224	292,317

Balances due from ADS Resorts (Pvt) Ltd, Ace Apparels (Pvt) Ltd, Ace Aviation Services (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Ace Exports (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, Ahungalla Resorts Ltd, Aitken Spence Agriculture (Pvt) Ltd, Aitken Spence Apparels (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Developments (Pvt) Ltd, Aitken Spence Elevators (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence (Garments) Ltd, Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotel Management (South India) (Pvt) Ltd, Aitken Spence Hotel Management Asia (Pvt) Ltd, Aitken Spence Hotels Ltd, Aitken Spence Industrial Solutions (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence International Pte. Ltd, Aitken Spence Maritime Ltd, Aitken Spence Moscow (Pvt) Ltd, Aitken Spence Ports International (Pvt) Ltd, Aitken Spence Power (Pvt) Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Aitken Spence Property Developments (Pvt) Ltd, Aitken Spence Resorts (Middle East) LLC, Aitken Spence Resources (Pvt) Ltd, Aitken Spence Shipping Ltd , Aitken Spence Shipping Services (Pvt) Ltd , Aitken Spence Technologies (Pvt) Ltd, Aitken Spence Travels (Pvt) Ltd, Aitken Spence Travels Myanmar Ltd, Branford Hydropower (Pvt) Ltd, Clark Spence and Company Ltd, Cowrie Investments (Pvt) Ltd, Crest Star (BVI) Ltd, D B S Logistics Ltd, Elgin Hydropower (Pvt) Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag-Lloyd Lanka (Pvt) Ltd, Heritance (Pvt) Ltd, Hethersett Hotels Ltd, Interlifts International (Pvt) Ltd, Kandalama Hotels (Pvt) Ltd, Meeraladuwa (Pvt) Ltd, MMBL Money Transfer (Pvt) Ltd, Neptune Ayurvedic (Pvt) Ltd, Royal Spence Aviations (Pvt) Ltd, Sagasolar Power (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Spence Maldives (Pvt) Ltd, Turyaa (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Vauxhall Investments Ltd, Vauxhall Property Developments (Pvt) Ltd, Waltrim Energy Ltd and Western Power Company (Pvt) Ltd are reflected under amount due from subsidiaries above.

40.8.3 Amount due from equity-accounted investees

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Joint ventures	153,167	152,104	554,674	412,381
Associates	27,088	26,058	1,453,616	866,050
	180,255	178,162	2,008,290	1,278,431
Provision for doubtful debts	15,213	3,527	23,260	11,574
Expense recognised during the period in respect of bad & doubtful debts	11,686	-	11,686	-

Balances due from Ace Bangladesh Ltd, Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, CINEC Campus (Pvt) Ltd and Spence Seahorse Marine (Pvt) Ltd are reflected under amount due from joint ventures and balances due from Ace Aviation Myanmar Ltd, AEN Palm Oil Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Browns Beach Hotels PLC, Elpitiya Plantations PLC, Negombo Beach Resorts (Pvt) Ltd, Paradise Resort Pasikudah (Pvt) Ltd and Serendib Investments Ltd are reflected under amount due from associates above.

40.8.4 Amount due from other related companies

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Other related companies	-	-	38,917	26,518

Balances due from Ambewela Products (Pvt) Ltd, Ceylon Grain Elevators PLC, Dilmah Ceylon Tea Company PLC, Lanka Diaries (Pvt) Ltd, Lanka Milk Foods (Cwe) PLC, Pattipola Livestock Company Ltd, Royal Ceramics Lanka PLC, Stassen Exports (Pvt) Ltd, Stassen Foods (Pvt) Ltd, The Kingsbury PLC and United Dairies Lanka (Pvt) Ltd are reflected under amount due from other related companies, above.

40.9 Amounts due to related parties

40.9.1 Amount due to ultimate parent, parent and group companies of the parent.

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Group companies of the parent	30	-	14,899	12,224

Balances due to Bell Solutions (Pvt) Ltd, Continental Insurance Lanka Ltd, Distilleries Company of Sri Lanka PLC, Lanka Bell (Pvt) Ltd, Melsta Laboratories (Pvt) Ltd, Periceyl (Pvt) Ltd, Splendor Media (Pvt) Ltd and Texpro Industries Ltd are reflected under amount due to group companies of the parent, above.

There were no balance due to Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

40.9.2 Amount due to subsidiaries

As at	Balances with Aitken Spence PLC 31.03.2024 Rs.'000	31.03.2023 Rs.'000
Fully owned subsidiaries	3,232,680	2,681,982
Partly owned subsidiaries	6,843,107	3,167,807
	10,075,787	5,849,789

Balances due to Ace Aviation Services Maldives (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Freight Management (Pvt) Ltd, Ace Power Embilipitiya (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence Group Ltd, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotels (International) Ltd, Aitken Spence Hotels Ltd, Aitken Spence Industrial Solutions (Pvt) Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence Maritime Ltd, Aitken Spence Ports International Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Aitken Spence Property Developments Ltd, Aitken Spence Shipping Ltd, Aitken Spence Shipping Services Ltd, Aitken Spence Travels (Pvt) Ltd, Branford Hydropower (Pvt) Ltd, D B S Logistics Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag-Lloyd Lanka (Pvt) Ltd, Hethersett Hotels Ltd, Jetan Travel Services Company (Pvt) Ltd, Kandalama Hotels (Pvt) Ltd, Logilink (Pvt) Ltd, Royal Spence Aviation (Pvt) Ltd, Sagasolar Power (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Upper Waltrim Hydropower (Pvt) Ltd, Vauxhall Investments Ltd, Vauxhall Property Developments Ltd and Waltrim Hydropower (Pvt) Ltd are reflected under amount due to subsidiaries above.

40.9.3 Amount due to equity-accounted investees

As at	Balances with Aitken Spence PLC 31.03.2024 Rs.'000	31.03.2023 Rs.'000	Balances with Group companies 31.03.2024 Rs.'000	31.03.2023 Rs.'000
Joint ventures	3,535	182,711	83,046	182,840
Associates	981,502	1,398,592	1,385,946	2,002,823
	985,037	1,581,303	1,468,992	2,185,663

Balances due to Ace Bangladesh Ltd and Spence Seahorse Marine (Pvt) Ltd are reflected under amount due to joint ventures and balances due to Aitken Spence Plantation Management PLC, Elpitiya Plantations PLC, Fiji Ports Corporation Ltd, Negombo Beach Resorts (Pvt) Ltd and Paradise Resort Pasikudah (Pvt) Ltd are reflected under amount due to associates above.

40.9.4 Amount due to other related companies

As at	Balances with Aitken Spence PLC 31.03.2024 Rs.'000	31.03.2023 Rs.'000	Balances with Group companies 31.03.2024 Rs.'000	31.03.2023 Rs.'000
Other related companies	-	282	28,140	85,047

Balances due to Ambewela Products (Pvt) Ltd, Ceylon Grain Elevators PLC, Lanka Milk Foods (Cwe) PLC, Mercantile Merchant Bank Ltd, Pattipola Livestock Company Ltd, Stassen Exports (Pvt) Ltd, Stassen Foods (Pvt) Ltd and The Kingsbury PLC are reflected under amount due to other related companies, above.

40.10 Terms and conditions of transactions with related parties

All related party transactions are carried out in the normal course of business and transacted at normal business terms .The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and comparable with those that would have been charged from unrelated companies. All related party outstanding balances at the year-end are unsecured and are to be settled in cash. The Group does not have any material commitments to related parties, other than those disclosed in note 39 to the financial statements.

41 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were;

As at	31.03.2024 Rs.	31.03.2023 Rs.
United States Dollar	300.44	327.14
British Pound	380.52	405.97
Euro	326.03	357.10
Omani Rial	782.30	850.05
Singapore Dollar	223.63	246.66
Fijian Dollar	132.10	150.72
Maldivian Rufiyaa	19.50	21.22
South African Rand	15.91	18.38
Indian Rupee	3.61	3.99
Bangladeshi Taka	2.74	3.05
Mozambican Metical	4.51	4.91
Myanmar Kyat	0.1434	0.1559
Cambodian Riel	0.0751	0.0818

42 NUMBER OF EMPLOYEES

The number of employees of the Group (excluding equity-accounted investees) at the end of the year was 7,644 (2022/2023 - 7,407) The number of employees of the Company at the end of the year was 167 (2022/2023 - 167).

43 EVENTS OCCURRING AFTER THE REPORTING DATE

All material events after the reporting date have been considered, disclosed and adjusted where applicable.

Final dividend

The Board of Directors of the Company has approved an final ordinary dividend of Rs. 4.25 per share for the year 2023/2024. Details of the dividend is disclosed in note 14 to the financial statements.

Proposed wage increase - Plantation sector

The Commissioner General of Labour and Chairman Wages Board, by way of Government Gazette No. 2382 / 04 dated 30th April 2024, issued a notification to determine the minimum payment to workers engaged in tea growing and manufacturing trade (and rubber growing and raw rubber manufacturing trade) under Section 33 of the Wages Boards Ordinance. On 21st May 2024, the determination relating to the minimum payment was approved by the Minister of Labour and Foreign Employment by way of Government Gazette No. 2385/ 14. At the time the financial statements of the equity-accounted investee in the plantation sector of the Group, whose financials would be affected by this change was issued, the investee together with the other Regional Plantation Companies (RPCs) filed a Writ Application in the Court of Appeal to quash the decision of the Minister, the Commissioner General of Labour and Chairman Wages Board. However, the Court of Appeal did not grant interim relief. Thereafter, the RPCs appealed to the Supreme Court to set aside or vary the order of the Court of Appeal dated 03rd June 2024. The Supreme Court issued an interim order on 04th July 2024 preventing the implementation of the said gazette until the final determination of the Court of Appeal, which should be given before the end of August 2024. As a result, the Group was unable to ascertain the potential impact of this matter on their financial statements for the year ended 31 March 2024. However, the Group does not expect this to have a material impact on the Group's financial statements.

There were no other material events that occurred after the reporting date that require adjustments to or disclosure in the financial statements.

44 COMPARATIVE INFORMATION

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

CONSOLIDATED INCOME STATEMENT IN USD

For the year ended 31st March		2024 USD.'000	2023 USD.'000
Revenue		324,478	299,885
Revenue taxes		(4,119)	(3,409)
Net revenue		320,359	296,476
Other operating income		(7,678)	6,181
Changes in inventories of finished goods and work-in-progress		(1,690)	1,018
Raw materials and consumables used		(12,816)	(24,638)
Employee benefits expense		(50,805)	(46,257)
Depreciation, amortisation and impairment losses of non-financial assets		(23,536)	(21,954)
Other operating expenses - direct		(124,978)	(105,476)
Other operating expenses - indirect		(54,834)	(47,321)
Profit from operations		44,022	58,029
Finance income		9,682	8,817
Finance expenses		(35,709)	(35,877)
Net finance expense		(26,027)	(27,060)
Share of profit of equity-accounted investees (net of tax)		4,387	3,271
Profit before tax		22,382	34,240
Income tax expense		(7,565)	(9,553)
Profit for the year		14,817	24,687
Attributable to:			
Equity holders of the company		9,746	20,309
Non-controlling interests		5,071	4,378
Profit for the year		14,817	24,687
Earnings per share - Basic/Diluted (Rs.)	USD cents =	2.40	5.00
Exchange rate	USD =	300.44	327.14

Figures in brackets indicate deductions.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN USD

For the year ended 31st March			2024 USD.'000	2023 USD.'000
Profit for the year			14,817	24,688
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Revaluation of freehold land			16	10,902
Actuarial gains / (losses) on defined benefit obligations			(654)	(157)
Equity investments at FVOCI – net change in fair value			(15)	(4)
Share of other comprehensive income of equity-accounted investees (net of tax)			(158)	160
Income tax on other comprehensive income			131	(5,683)
			(680)	5,218
Items that are or may be reclassified to profit or loss				
Exchange differences on translation of foreign operations			(10,172)	8,470
Net movement on cash flow hedges			4,998	(1,277)
Share of other comprehensive income of equity-accounted investees (net of tax)			(1,682)	515
			(6,856)	7,708
Other comprehensive income for the year, (net of tax)			(7,536)	12,926
Total comprehensive income for the year			7,281	37,614
Attributable to:				
Equity holders of the company			2,740	31,332
Non-controlling interests			4,541	6,282
Total comprehensive income for the year			7,281	37,614
Exchange rate	USD	=	300.44	327.14

Figures in brackets indicate deductions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN USD

As at			31.03.2024 USD.'000	31.03.2023 USD.'000
ASSETS				
Non-current assets				
Property, plant and equipment			336,269	322,489
Investment property			5,430	4,987
Intangible assets			5,459	5,318
Biological assets			215	218
Right-of-use assets			54,468	58,497
Investments in equity-accounted investees			33,108	28,239
Deferred tax assets			6,572	4,950
Other financial assets			3,392	3,143
			444,913	427,841
Current assets				
Inventories			13,845	16,122
Trade and other receivables			66,084	64,937
Current tax receivable			753	404
Deposits and prepayments			18,874	13,039
Other current assets			84,459	82,757
Cash and short-term deposits			40,383	49,568
			224,398	226,827
Assets classified as held for sale			564	518
Total assets			669,875	655,186
EQUITY AND LIABILITIES				
Equity				
Stated capital			7,107	6,527
Reserves			129,669	129,993
Retained earnings			108,984	90,920
Total equity attributable to equity holders of the company			245,760	227,440
Non-controlling interests			39,555	36,106
Total equity			285,315	263,546
Non-current liabilities				
Interest-bearing loans and borrowings			128,026	143,513
Lease liabilities			42,760	48,033
Deferred tax liabilities			18,976	17,061
Employee benefits			5,555	3,993
Other liabilities			925	1,279
			196,242	213,879
Current liabilities				
Interest-bearing loans and borrowings			30,612	29,402
Lease liabilities			5,926	5,597
Trade and other payables			84,082	69,598
Current tax payable			3,164	3,496
Bank overdrafts and other short-term borrowings			64,534	69,668
			188,318	177,761
Total equity and liabilities			669,875	655,186
Exchange rate	USD	=	300.44	327.14

TEN YEAR SUMMARY

Year ended as at 31st of March	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000
Operating Results										
Revenue	97,486,253	98,104,323	54,696,051	31,597,505	53,471,257	55,680,903	52,734,969	45,892,179	25,977,795	35,318,891
Profit before taxation	6,724,600	11,201,446	14,224,180	(2,844,273)	4,197,662	7,282,608	6,397,816	5,246,872	3,805,508	5,709,923
Taxation	2,272,850	3,125,077	2,068,363	469,510	1,310,688	1,511,258	1,248,284	1,201,407	861,229	826,323
Profit after taxation	4,451,750	8,076,369	12,155,817	(3,313,783)	2,886,974	5,771,350	5,149,532	4,045,465	2,944,279	4,883,600
Profit attributable to Aitken Spence PLC	2,928,185	6,644,027	10,539,592	(1,625,623)	2,377,591	4,077,067	3,560,348	2,890,032	2,027,112	3,579,008
Equity & Liabilities										
Stated capital	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140
Reserves	40,581,779	42,525,804	36,649,102	28,014,136	25,165,268	23,416,042	20,500,926	16,849,379	15,248,423	13,867,687
Retained earnings	31,119,202	29,743,417	27,164,516	19,340,780	23,648,558	23,899,401	22,163,669	20,492,912	19,262,056	19,022,310
Non-controlling interest	11,883,848	11,811,656	11,496,921	9,702,142	12,355,105	12,635,237	11,484,969	11,315,985	7,554,724	7,211,980
Non-current liabilities	58,958,760	69,968,573	69,869,860	54,848,117	48,689,812	34,526,058	23,560,466	19,503,049	13,639,158	10,727,403
Current liabilities	56,578,053	58,153,100	50,030,000	32,940,045	30,670,089	28,384,657	27,997,370	24,998,995	15,514,730	12,426,235
	201,256,782	214,337,690	197,345,539	146,980,360	142,663,972	124,996,535	107,842,540	95,295,460	73,354,231	65,390,755
Assets										
Property, plant and equipment	101,028,695	105,499,126	95,810,136	79,826,252	79,399,616	71,590,332	59,274,780	50,048,523	35,278,046	28,696,631
Investment property	1,631,258	1,631,581	1,631,904	1,631,580	1,631,839	1,632,100	1,632,360	1,630,801	1,630,801	1,648,301
Intangible assets	1,640,049	1,739,817	1,358,973	1,065,966	1,069,997	945,468	890,378	886,103	867,223	558,040
Biological assets	64,455	71,334	69,669	63,122	56,275	49,332	47,293	43,583	25,838	-
Right-of-use assets	16,364,381	19,136,841	18,844,699	14,060,406	13,249,662	-	-	-	-	-
Leasehold property	-	-	-	-	-	2,214,519	2,023,903	2,042,459	2,006,728	1,906,527
Pre paid operating leases	-	-	-	-	-	2,366,966	2,241,358	1,978,348	1,828,797	1,072,370
Investments in equity-accounted investees	9,946,837	9,238,093	8,564,101	7,080,305	6,688,625	6,434,116	6,334,455	6,060,842	9,771,984	5,403,518
Deferred tax assets	1,974,566	1,619,314	1,336,394	1,196,477	766,677	690,924	563,391	434,794	328,140	215,907
Other financial assets	1,018,979	1,028,075	314,359	806,856	800,719	834,096	873,340	285,629	257,799	279,346
Current assets	67,418,139	74,204,086	67,664,210	40,006,177	37,810,912	38,074,557	33,812,157	31,735,253	21,209,750	25,383,192
Assets classified as held for sale	169,423	169,423	1,751,094	1,243,219	1,189,650	164,125	149,125	149,125	149,125	226,923
	201,256,782	214,337,690	197,345,539	146,980,360	142,663,972	124,996,535	107,842,540	95,295,460	73,354,231	65,390,755
Cash Flow										
Net cash inflow/(outflow) from operating activities	12,780,178	3,460,593	21,796,935	3,452,194	5,621,369	6,504,172	7,140,458	15,814	9,814,619	7,749,219
Net cash inflow/(outflow) from investing activities	(4,048,714)	(2,112,215)	(7,489,605)	(5,032,765)	(10,246,263)	(14,512,079)	(5,473,582)	(3,994,720)	(9,670,774)	(7,457,188)
Net cash inflow/(outflow) from financing activities	(9,351,719)	(12,636,498)	(2,994,040)	646,916	1,390,968	4,423,159	1,196,937	(1,640,661)	2,251,750	2,422,566
Increase/(decrease) in cash and cash equivalents	(620,255)	(11,288,120)	11,313,290	(933,655)	(3,233,926)	(3,584,748)	2,863,813	(5,619,567)	2,395,595	2,714,597
Share Information										
Earnings per share (Rs.)	7.21	16.36	25.96	(4.00)	5.86	10.04	8.77	7.12	4.99	8.82
Market value per share (Rs.)	130.25	131.00	73.70	55.50	30.70	41.00	50.60	56.20	73.50	99.50
Market capitalisation on 31st March (Rs. Mn)	52,881	53,185	29,922	22,533	12,464	16,646	20,543	22,817	29,841	40,397
Price earnings ratio	18.06	8.01	2.84	(13.88)	5.24	4.08	5.77	7.90	14.72	11.29
Price to book value ratio	0.72	0.71	0.45	0.46	0.24	0.34	0.46	0.58	0.81	1.15
Net assets per share (Rs.)	181.86	183.26	162.44	121.9	125.49	121.8	110.35	97.24	90.26	86.27
Employees Information										
No. of employees	7,644	7,408	6,994	6,789	7,730	8,002	7,413	7,360	7,342	7,131
Value added per employee (Rs. Mn)	5.4	6.3	4.7	1.7	2.7	2.6	2.5	2.3	1.7	2.0
Ratios & Statistics										
Ordinary dividend (Rs. '000)	1,725,483	1,623,984	1,623,984	405,996	507,495	1,014,990	811,992	710,493	608,994	811,992
Dividend per share (Rs.)	4.25	4.00	4.00	1.00	1.25	2.50	2.00	1.75	1.50	2.00
Dividend cover (times covered)	1.70	4.09	6.49	(4.00)	4.68	4.02	4.38	4.07	3.33	4.41
Dividend - payout ratio	0.59	0.24	0.15	(0.25)	0.21	0.25	0.23	0.25	0.30	0.23
Current ratio (times covered)	1.19	1.28	1.35	1.21	1.23	1.34	1.21	1.27	1.37	2.04
Debt-equity ratio	0.45	0.54	0.64	0.66	0.55	0.47	0.35	0.34	0.28	0.22
ROE (%)	3.95	9.47	18.26	(3.24)	4.74	8.65	8.45	7.59	5.66	10.64
Interest Cover	1.73	2.19	6.04	(0.43)	2.92	8.44	8.29	7.29	16.80	30.47

ENABLING CONTINUITY

As we pursue a shared journey of long-term value creation, we firmly fix our sights on a path of positivity and transformation - extending the promise of a sustainable future for all. This section elaborates on the elements that support this journey, and the assurance of quality, responsibility, and sustainability for the foreseeable future.

Supplementary Information

BENCHMARKED TO GLOBAL STANDARDS:

(GRI 2-23)

The GRI Index, the UN Global Compact and the Women's Empowerment Principles

28 May 2022 marked 20 years of engagement for Aitken Spence PLC as a signatory to the UN Global Compact. This was an integral step in the company's formation of a formal sustainability strategy, incorporating priorities for long-term social, environmental and economic sustainability, viability, profitability and integrity of the company. Aitken Spence internalised these 10 principles from the inception of the Group's sustainability strategy and our progress can be viewed in this report as connected through this GRI Index.

The Company actively participates in the Working Groups for Climate Action, Water and Supply Chains and leads the Business & Human Rights Working Group. Key team members have also attended accelerator programmes for climate ambitions, Target Gender Equality and well as the first SDG Innovators programme for young executives. The Climate Emergency Task Force meetings are also hosted at Aitken Spence Towers to show our support for these movements.

The Group became signatory to the Women's Empowerment Principles in 2010/2011, among the first entities in the world to do so.

Aitken Spence PLC aligns with the Global Reporting Initiative's frameworks for sustainability reporting as it is the most widely used framework in the world affording us comparability of information. Our report for this financial year is 'In Accordance' with the GRI Standard reporting framework to disclose our performance information. Requirements of these global benchmarks also influences the Group's integrated sustainability policy and its implementation framework.

The Ten Principles of the UN Global Compact

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Business should make sure they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.
5. Businesses should uphold the effective abolition of child labour.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

The 7 UN Women's Empowerment Principles

1. Establish high-level corporate leadership for gender equality
2. Treat all women and men fairly at work – respect and support human rights and nondiscrimination
3. Ensure the health, safety and well-being of all women and men workers
4. Promote education, training and professional development for women
5. Implement enterprise development, supply chain and marketing practices that empower women
6. Promote equality through community initiatives and advocacy
7. Measure and publicly report on progress to achieve gender equality

Refer to the following icons in the GRI Index, showing the connection between the Ten Principles of the UNGC, and the seven principles of the Women's Empowerment Principles;

- Financial information
- Environmental information
- Social information
- Governance information

UNGC Principles:

①②③④⑤⑥⑦⑧⑨⑩

Women's Empowerment Principles:

❶❷❸❹❺❻❼

THE GLOBAL COMPACT
WE SUPPORT

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

INDEPENDENT ASSURANCE REPORT

Building a better working world

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Independent practitioner's assurance report to the Board of Directors of Aitken Spence PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2023/24

Scope

We have been engaged by Aitken Spence PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Aitken Spence PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Aitken Spence's (the "Entity's") Integrated Annual Report for the year ended 31 March 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Aitken Spence PLC

In preparing the Subject Matter, Aitken Spence PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org
- The Sustainability Accounting Standards Board (SASB) Sustainability Reporting Guidelines, publicly available at https://sasb.ifrs.org/standards (Air Freight and Logistics, Road Transportation, Electric Utilities and Power Generators, Apparel, Accessories and Footwear, Agricultural Products Standard, Hotels and Lodging)

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Aitken Spence PLC's responsibilities

Aitken Spence PLC's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Aitken Spence PLC on 23 April 2024 standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

EY
Building a better working world

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Aitken Spence PLC on 23 April 2024 standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation, and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations, and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating, and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of

Aitken Spence PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.

Ernst & Young

15th July 2024

Colombo

INDEPENDENT ASSURANCE REPORT

EY
Building a better working world

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Independent practitioner's assurance report to the Board of Directors of Aitken Spence PLC on the Integrated Annual Report 2023/24

Scope

We have been engaged by Aitken Spence PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Aitken Spence PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in Aitken Spence PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Aitken Spence PLC

In preparing the Subject Matter, Aitken Spence PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Aitken Spence PLC's responsibilities

Aitken Spence PLC's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Aitken Spence PLC on 23 April 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

EY
Building a better working world

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

Economic, Environment, Social and Intellectual capital management data/ information are subject to inherent limitations given their nature and the methods used for determining, calculating, and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Aitken Spence PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.

Ernst & Young

15th July 2024

Colombo

THE GRI INDEX

Statement of use	Aitken Spence PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 13 (Agriculture Sector)

Notes:

A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.

Omissions and assumptions

We currently report on Scope 1 and Scope 2 emissions. We hope to include Scope 3 emissions in due course.

A * denotes that the Sector Standard is only applicable to the plantations segment. More details can also be perused from the annual report of Elpitiya Plantations PLC for the year 2023/2024.

We estimate the emissions reduced by the generation and/ or use of renewable energy by considering the equivalent amount of emissions to produce and/ or use the same quantity of energy from the alternative, non-renewable source we may otherwise have used.

Estimations made to calculate emissions are explained in the Natural Capital section of this report.

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and WEP
			Requirement Omitted	Reason	Explanation		
General disclosures							
GRI 2: General Disclosures 2021	2-1 Organisational details	Pg 12, 461					
	2-2 Entities included in the organisation's sustainability reporting	Pg 4, 30, 36-37, 366					
	2-3 Reporting period, frequency and contact point	Pg 4, 6					
	2-4 Restatements of information	Pg 5					
	2-5 External assurance	Pg 5					
	2-6 Activities, value chain and other business relationships	Pg 8-12, Pg 150-233	None				
	2-7 Employees	Pg 247	None				⑥
	2-8 Workers who are not employees	Pg 247	None				⑥
	2-9 Governance structure and composition	Pg 94, 96, 99	None				⑩
	2-10 Nomination and selection of the highest governance body	Pg 134	None				❶
	2-11 Chair of the highest governance body	Pg 95	None				
	2-12 Role of the highest governance body in overseeing the management of impacts	Pg 95, 108, 110	None				❶
	2-13 Delegation of responsibility for managing impacts	Pg 108	None				❶
	2-14 Role of the highest governance body in sustainability reporting	Pg 108	None				❶ ❼
	2-15 Conflicts of interest	Pg 106	None				❶
	2-16 Communication of critical concerns	Pg 108	None				
	2-17 Collective knowledge of the highest governance body	Pg 74 - 79	None				
	2-18 Evaluation of the performance of the highest governance body	Pg 107	None				
	2-19 Remuneration policies	Pg 107	None				❶ ❷
	2-20 Process to determine remuneration	Pg 107	None				❶ ❷

GRI Standard / Other Source	Disclosure	Location	Omission: Requirement Omitted	Omission: Reason	Omission: Explanation	GRI Sector Standard Ref. No.	Linkage to UNGC and WEP
	2-21 Annual total compensation ratio	-	2 - 21	Confidentiality constraints	Currently not disclosed due to reasons of confidentiality		❶ ❷
	2-22 Statement on sustainable development strategy	Pg 50, 55-56	None				⑩ ❶ ❻
	2-23 Policy commitments	Pg 101	None				⑩ ❻
	2-24 Embedding policy commitments	Pg 101, 109	None				⑩ ❻
	2-25 Processes to remediate negative impacts	Pg 58-60,	None				
	2-26 Mechanisms for seeking advice and raising concerns	Pg 102, 103, 256	None				⑩
	2-27 Compliance with laws and regulations	Pg 276	None				⑩
	2-28 Membership associations	Pg 277	None				
	2-29 Approach to stakeholder engagement	Pg 58-60	None				
	2-30 Collective bargaining agreements	Pg 256	None				③ ❷ ❸
Material topics							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pg 61-62					
	3-2 List of material topics	Pg 63					
Economic performance							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 64, 236-238	None			13.2.1* 13.20.1*	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Pg 30, 155, 183, 191, 223	None			13.22.2*	
	201-2 Financial implications and other risks and opportunities due to climate change	Pg 129, 130, 133, 280-281	None			13.22.2*	⑦
	201-3 Defined benefit plan obligations and other retirement plans	Pg 107, 252, 391	None				
	201-4 Financial assistance received from government	-	201-4	Not applicable	No financial assistance received from government		
Market presence							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 64	None				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Pg 165, 252	None				⑥ ❺ ❻
	202-2 Proportion of senior management hired from the local community	Pg 279	None				⑥ ❺ ❻
Indirect economic impacts							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 64	None			13.22.1*	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Pg 279	None			13.22.3*	
	203-2 Significant indirect economic impacts	Pg 279	None			13.22.4*	❻
Procurement practices							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 279	None				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Pg 279	None				❺

*Note: * denotes that the Sector Standard is only applicable to the plantations segment. More details can also be perused from the annual report of Elpitiya Plantations PLC for the year 2023/24.*

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and WEP
			Requirement Omitted	Reason	Explanation		
Anti-corruption							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 103	None			13.26.1*	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	All	None			13.26.2*	⑩
	205-2 Communication and training about anti-corruption policies and procedures	Pg 103	None			13.26.3*	⑩
	205-3 Confirmed incidents of corruption and actions taken	Pg 256	None			13.26.4*	⑩
Anti-competitive behaviour							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 103	None				
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Pg 256	None				
Tax							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 241					
GRI 207: Tax 2019	207-1 Approach to tax	Pg 145, 241	None				
	207-2 Tax governance, control, and risk management	Pg 145, 241	None				
	207-3 Stakeholder engagement and management of concerns related to tax	Pg 241	None				
	207-4 Country-by-country reporting	-	207-4,b	Not applicable	We provide consolidated financial disclosures for locations outside Sri Lanka keeping with the accounting standards followed by the Company.		
Materials							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 284-285, 290	None				⑦⑧⑨
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Pg 290	None				⑦⑧⑨
	301-2 Recycled input materials used	Pg 290	None				⑦⑧⑨
	301-3 Reclaimed products and their packaging materials	Pg 290	None				⑦⑧⑨
Energy							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 284-285	None				⑦⑧⑨
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Pg 20, 286	None				⑦⑧⑨
	302-2 Energy consumption outside of the organisation	-	302-2	Information unavailable/ incomplete			⑦⑧⑨
	302-3 Energy intensity	Pg 20, 286	None				⑦⑧⑨
	302-4 Reduction of energy consumption	Pg 286	None				⑦⑧⑨
	302-5 Reductions in energy requirements of products and services	Pg 285	None				⑦⑧⑨

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and WEP
			Requirement Omitted	Reason	Explanation		
Water and Effluents							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 284-285, 289	None				⑦⑧⑨
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Pg 289	None				⑦⑧⑨
	303-2 Management of water discharge-related impacts	Pg 289	None				⑦⑧⑨
	303-3 Water withdrawal	Pg 20, 289	None				⑦⑧⑨
	303-4 Water discharge	Pg 289	None				⑦⑧⑨
	303-5 Water consumption	Pg 20, 289	None				⑦⑧⑨
Biodiversity							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 284-285, 293	None				⑦⑧⑨
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pg 283	None				⑦⑧⑨
	304-2 Significant impacts of activities, products and services on biodiversity	Pg 293	None				⑦⑧⑨
	304-3 Habitats protected or restored	Pg 293	None				⑦⑧⑨
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Pg 293	None				⑦⑧⑨
Emissions							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 284-285, 288	None				⑦⑧⑨
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pg 287	None				⑦⑧⑨
	305-2 Energy indirect (Scope 2) GHG emissions	Pg 287	None				⑦⑧⑨
	305-3 Other indirect (Scope 3) GHG emissions	Pg 287	None				⑦⑧⑨
	305-4 GHG emissions intensity	Pg 287	None				⑦⑧⑨
	305-5 Reduction of GHG emissions	Pg 287	None				⑦⑧⑨
	305-6 Emissions of ozone-depleting substances (ODS)	Pg 287	None				⑦⑧⑨
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pg 287	None				⑦⑧⑨
Waste							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 284-285, 290-292	None				⑦⑧⑨
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pg 291	None				⑦⑧⑨
	306-2 Management of significant waste-related impacts	Pg 291	None				⑦⑧⑨
	306-3 Waste generated	Pg 291	None				⑦⑧⑨
	306-4 Waste diverted from disposal	Pg 291	None				⑦⑧⑨
	306-5 Waste directed to disposal	Pg 291	None				⑦⑧⑨

*Note: * denotes that the Sector Standard is only applicable to the plantations segment. More details can also be perused from the annual report of Elpitiya Plantations PLC for the year 2023/24.*

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and WEP
			Requirement Omitted	Reason	Explanation		
Supplier environmental assessment							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 278, 294	None				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Pg 278, 294	None				⑧ ⑨
	308-2 Negative environmental impacts in the supply chain and actions taken	Pg 278, 294	None				⑧ ⑨
Employment							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 244 - 258	None			13.20.1*	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pg 18, 24, 249	None				① ⑥ ❷ ❼
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg 107, 252, 391	None				
	401-3 Parental leave	Pg 245, 258	None				
Labour/management relations							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 256	None				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Pg 256	None				⑥
Occupational health and safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 255	None			13.19.1*	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pg 255	None			13.19.2*	❸
	403-2 Hazard identification, risk assessment, and incident investigation	Pg 255	None			13.19.3*	❸
	403-3 Occupational health services	Pg 255	None			13.19.4*	❸
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pg 255	None			13.19.5*	③ ❸
	403-5 Worker training on occupational health and safety	Pg 255	None			13.19.6*	❸
	403-6 Promotion of worker health	Pg 255	None			13.19.7*	❸
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg 255	None			13.19.8*	❸
	403-8 Workers covered by an occupational health and safety management system	Pg 255	None			13.19.9*	❸
	403-9 Work-related injuries	Pg 255	None			13.19.10*	❸
	403-10 Work-related ill health	Pg 255	None			13.19.11*	❸
Training and education							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 253	None				

GRI Standard / Other Source	Disclosure	Location	Omission: Requirement Omitted	Omission: Reason	Omission: Explanation	GRI Sector Standard Ref. No.	Linkage to UNGC and WEP
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Pg 18, 24, 253	Breakdown by category		Breakdowns not available		③⑥❹
	404-2 Programs for upgrading employee skills and transition assistance programs	Pg 253	None				
	404-3 Percentage of employees receiving regular performance and career development reviews	Pg 253	None				
Diversity and equal opportunity							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 247	None			13.15.1*	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pg 97	None			13.15.2*	⑥❶❷❼
	405-2 Ratio of basic salary and remuneration of women to men	Pg 258	None			13.15.3*	⑥❷❼
Non-discrimination							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 248	None			13.15.1*	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Pg 248	None			13.15.4*	⑥❷❸❼
Freedom of association and collective bargaining							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 256	None			13.18.1*	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pg 256	None			13.18.2*	③⑥
Child labour							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 248	None			13.17.1*	
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Pg 248	None			13.17.2*	⑤
Forced or compulsory labour							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 248	None			13.16.1*	
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pg 248	None			13.16.2*	④
Security practices							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 248	None				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Pg 248, 256	None				①②
Rights of indigenous peoples							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 256	None			13.14.1*	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Pg 256	None			13.14.2*	①②

*Note: * denotes that the Sector Standard is only applicable to the plantations segment. More details can also be perused from the annual report of Elpitiya Plantations PLC for the year 2023/24.*

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.	Linkage to UNGC and WEP
			Requirement Omitted	Reason	Explanation		
Local communities							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 279	None			13.12.1*	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pg 279	None			13.12.2*	②⑥
	413-2 Operations with significant actual and potential negative impacts on local communities	Pg 279	None			13.12.3*	②⑥
Supplier social assessment							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 278, 294	None				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Pg 278, 294	None				②③⑥
	414-2 Negative social impacts in the supply chain and actions taken	Pg 278, 294	None				②③⑥
Public policy							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 30	None			13.24.1*	
GRI 415: Public Policy 2016	415-1 Political contributions	Pg 30	N/A		No political contributions	13.24.2*	
Customer health and safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 276	None			13.10.1*	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Pg 276	None			13.10.2*	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Pg 276	None			13.10.3*	
Marketing and labelling							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 276	None				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	Pg 276	None				
	417-2 Incidents of non-compliance concerning product and service information and labelling	Pg 276	None				
	417-3 Incidents of non-compliance concerning marketing communications	Pg 276	None				
Customer privacy							
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg 276	None				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg 276	None				

Topics in the applicable GRI Sector Standards determined as not material

TOPIC	EXPLANATION
13.11 Animal health and welfare	The topic is not applicable as we do not operate in this industry (animal agriculture)

GROUP COMPANIES AND DIRECTORATE

Aitken Spence PLC

Tourism	Maritime & Freight Logistics	Strategic Investments	Services
▪ Hotels ▪ Destination Management ▪ Airline GSA	▪ Maritime and Port Services ▪ Freight Forwarding & Courier ▪ Integrated Logistics ▪ Airline GSA (Cargo) ▪ Education	▪ Power Generation ▪ Printing & Packaging ▪ Apparel Manufacture ▪ Plantations	▪ Financial & Other Services ▪ Elevator Agency ▪ Insurance ▪ Property Management

SUBSIDIARIES

TOURISM SECTOR

Hotels

Ace Resorts Private Limited *
The Company will be wound up in the future.

Directors:
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama (Managing Director),
- Ms. D.S.T. Jayawardena,
- M. Mahdy.

A.D.S Resorts Private Limited *
Owns the Adaaran Select Hudhuran Fushi resort in the Republic of Maldives.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama (Managing Director),
- M. Mahdy.

Aitken Spence Exports (Private) Limited *
Bottles and markets Hethersett bottled water.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama.

Aitken Spence Hotel Holdings PLC *
The holding company of the Group's hotel interests. Owns the Heritance Ahungalla hotel.

Directors:
- Deshamanya D.H.S. Jayawardena (Chairman),
- Dr. M.P. Dissanayake (Managing Director),
- Ms. D.S.T. Jayawardena (Joint Deputy Chairperson/ Joint Managing Director),
- C.M.S. Jayawickrama,
- J.M.S. Brito,
- R.N. Asirwatham,
- N.J. de Silva Deva Aditya,
- C.H. Gomez,
- M.A.N.S. Perera,
- Dr. R.A. Fernando (Appointed w.e.f. 10.01.2024),
- G.P.J. Goonewardena (Demised on 18.11.2023).

Aitken Spence Hotel Managements (Private) Limited *
Manages resorts in Sri Lanka.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson and Joint Managing Director),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama (Joint Managing Director).

Aitken Spence Hotel Managements (South India) Private Limited
Owns the 140 roomed hotel property "Turyaa" in Chennai in the Republic of India.

Directors:
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama,
- K.A. Kodippilige (Appointed w.e.f. 03.04.2024),
- Ashish Miglani (Appointed w.e.f. 29.01.2024),
- T.K. Dewanarayana (Resigned w.e.f 10.12.2023).

Aitken Spence Hotel Managements Asia (Private) Limited *
Manages resorts in the Sultanate of Oman and in the Republic of Maldives.

Directors:
- Deshamanya D.H.S. Jayawardena,
- Dr. R.M. Fernando,
- Ms. D.S.T. Jayawardena,
- Ms. N. Sivapragasam.

Aitken Spence Hotels International (Private) Limited *
Overseas investment company of the Hotels sector and provides international marketing services to the resorts in the Sultanate of Oman and in the Republic of Maldives.

Directors:
- Dr. M.P. Dissanayake,
- Ms. D.S.T. Jayawardena,
- C.M.S. Jayawickrama.

Aitken Spence Hotel Services Private Limited
Incorporated to operate as the local marketing company of hotels in the Republic of India. The Company did not carryout any operations during the year.

Directors:
- C.M.S. Jayawickrama,
- K.A. Kodippilige (Appointed w.e.f. 03.04.2024),
- T.K. Dewanarayana (Resigned w.e.f. 03.04.2024).

Aitken Spence Hotels Limited *
Holding company of Kandalama Hotels (Private) Limited and Heritance (Private) Limited. Owns the Heritance Ayurveda resort in Beruwela.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama.
- Ms. D.R. Alexander (Appointed w.e.f. 11.10.2023),
- B.G.D.L.P. Wijerathne (Appointed w.e.f. 11.10.2023).

Aitken Spence Resorts (Middle East) LLC*
Owning Company of the Al Falaj hotel in Muscat, Sultanate of Oman.

Authorised Managers:
- Dr. M.P. Dissanayake,
- Ms. D.S.T. Jayawardena,
- Dr. R.M. Fernando,
- C.M.S. Jayawickrama,
- A. Perera,
- S.N. de Silva.
- Ms. N. Sivapragasam.

Aitken Spence Resources (Private) Limited *
The Company did not carry out any operations during the year.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama,
- G.P.J. Goonewardena (Demised on 18.11.2023).

** The companies' Financial Statements are audited by Messrs. KPMG, Chartered Accountants*

Ahungalla Resorts Limited *
A joint venture company between Aitken Spence Hotel Holdings PLC and RIUSA NED BV and owns the RIU Hotel in Sri Lanka in Ahungalla.

Directors:
- Dr. M.P. Dissanayake,
- J.T. Riu (Managing Director),
- L. Riu Guell,
- Ms. D.S.T. Jayawardena,
- C.M.S. Jayawickrama.

Cowrie Investment Private Limited *
Owns the Heritance Aarah and Adaaran Select Meedhupparu Resorts in the Republic of Maldives.

Directors:
- Dr. M.P. Dissanayake (Chairman and Managing Director),
- Ms. D.S.T. Jayawardena,
- C.M.S. Jayawickrama,
- I.M. Didi,
- M. Salih.

Crest Star (B.V.I.) Limited
The holding company of Jetan Travel Services Company Private Limited.

Directors:
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama,
- Ms. D.S.T. Jayawardena.

Heritance (Private) Limited *
Owns a land in Beruwela for a proposed hotel project.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama.

Hethersett Hotels Limited *
Owns the Heritance Tea Factory hotel in Kandapola.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama.
- Ms. D.R. Alexandar (Appointed w.e.f. 11.10.2023).
- B.G.D.L.P. Wijeratne (Appointed w.e.f.11.10.2023).

Jetan Travel Services Company Private Limited *
Owns the Adaaran Club Rannalhi resort in the Republic of Maldives.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama (Managing Director),
- H. Mohamed,
- M. Mahdy.

Kandalama Hotels (Private) Limited *
Owns the Heritance Kandalama hotel.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama.

Meeraladuwa (Private) Limited *
Owns land in the island of Meeraladuwa in Balapitiya.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama.

Neptune Ayurvedic Village (Private) Limited *
Leases the company owned land and building to Aitken Spence Hotels Limited.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama.

Nilaveli Holidays (Private) Limited *
To operate a future hotel project.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama.

Nilaveli Resorts (Private) Limited *
To operate a future hotel project.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama.

Perumbalam Resorts Private Limited
A fully owned subsidiary of PR Holiday Homes Private Limited in the Republic of India.

Directors:
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama,
- K.K.M. Rawther,
- K.K. Kabeer,
- T.K. Dewanarayana (Resigned w.e.f. 10.12.2023).

PR Holiday Homes Private Limited
Owns a land in Cochin, in the Republic of India for a future hotel project.

Directors:
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama,
- K.K.M. Rawther,
- K.K. Kabeer,
- T.K. Dewanarayana (Resigned w.e.f. 10.12.2023),
- K.A. Kodippilige (Appointed w.e.f. 17.04.2024).

The Galle Heritage (Private) Limited *
The Company is in the process of being struck off.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama.

Turyaa (Private) Limited *
Owns the 100 roomed hotel property Turyaa in Kalutara.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Dr. M.P. Dissanayake,
- C.M.S. Jayawickrama.

Unique Resorts Private Limited *
Owns the Adaaran Prestige Vadoo resort in the Republic of Maldives.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- C.M.S. Jayawickrama (Managing Director),
- M.D.B.J. Gunatilake.

DESTINATION MANAGEMENT

Ace Travels and Conventions (Private) Limited *
The Company did not carry out any operations during the year as the MICE activities are shown under Aitken Spence Travels (Private) Limited.

Directors:
- N.A.N. Jayasundera,
- A. Hapugoda.

Aitken Spence Travels (Private) Limited *
Sri Lanka's leading destination management company that also manages and handles outbound travel. A joint venture with TUI AG Germany, the largest integrated tourism company in the world.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- N.A.N. Jayasundera (Managing Director),
- Ms. D.S.T. Jayawardena (Alternate Director to Dr. M.P. Dissanayake),
- J.C. Munar,
- L.D. Bailey.

Aitken Spence Travels Myanmar Limited
A joint venture with Golden Ratanapura Company Limited, to handle Destination Management in Myanmar.

Directors:
- Dr. M.P. Dissanayake,
- N.A.N. Jayasundera,
- Ms. D.S.T. Jayawardena,
- Ms. N. Sivapragasam,
- U.T. Zin,
- H.S. Amaratunga,
- U.M.Z. Aung.

AIRLINE GSA

Ace Aviation Services Maldives Private Limited *
General Sales Agent for Sri Lankan Airlines (Passenger) in the Republic of Maldives.

Directors:
- N.A.N. Jayasundera (Chairman),
- M. Firaq,
- D.L. Warawita,
- S. Ratnayake.

Aitken Spence Aviation (Private) Limited
General Sales Agent for Singapore Airlines Limited.

Directors:
- Deshamanya D.H.S. Jayawardena,
- Dr. M.P. Dissanayake,
- Ms. D.S.T. Jayawardena,
- V.P. Kudaliyanage.

Aitken Spence Moscow (Private) Limited *
The Company did not carry out any operations during the year.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Dr. J.W.A. Perera (Managing Director),
- N.A.N. Jayasundera.

Royal Spence Aviation (Private) Limited
Appointed General Sales Agent for Jazeera Airlines.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. D.S.T. Jayawardena,
- Ms. N. Sivapragasam,
- N.A.N. Jayasundera.

MARITIME & FREIGHT LOGISTICS SECTOR

MARITIME & PORT SERVICES

Aitken Spence Maritime Limited *
Holding company of Hapag-Lloyd Lanka (Private) Limited and Aitken Spence Ports International Limited.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- I.S. Cuttilan,
- M.A.M. Isfahan.

Aitken Spence Ports International Limited *
Port management services which includes managing ports, port operations and providing productivity enhancement and management in ports.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- I.S. Cuttilan,
- M.A.M. Isfahan,
- D.R.C. Hindurangala.

Aitken Spence Ports International (Middle East) - FZCO (Incorporated on 13.06.2023)
Investing in commercial enterprise worldwide and management of International Ports.

Directors:
- Dr. M.P. Dissanayake,
- Ms. D.S.T. Jayawardena,
- Dr. R.M. Fernando,
- Ms. N. Sivapragasam,
- I.S. Cuttilan.

Aitken Spence Shipping Limited *
Shipping agency services in all ports in Sri Lanka. Liner, Cruise, Tanker and Casual Caller Agency Representation, Non Vessel Operating Container Carrier (NVOCC) and an international freight forwarder.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- I.S. Cuttilan (Managing Director),
- M.A.M. Isfahan.

Fiji Ports Terminal Limited
A joint venture with Fiji Ports Corporation Limited, to operate and manage the two major ports of Suva and Lautoka in the Republic of Fiji.

Directors:
- P. Wise (Chairman) (Appointed w.e.f. 01.10.2023),
- Dr. M.P. Dissanayake,
- Ms. N. Sivapragasam,
- I.S. Cuttilan,
- M.A.M. Isfahan,
- W.S. Bauleka (Appointed w.e.f.29.09.2023),
- A.C. Naiorosui (Appointed w.e.f.10.10.2023),
- H. Patel (Ceased w.e.f. 30.09.2023),
- V. Chand (Ceased w.e.f. 09.10.2023).

Hapag-Lloyd Lanka (Private) Limited *
Liner agency representation.

Directors:
- L. Sorensen,
- S.V. Kushwah (Appointed w.e.f. 01.04.2024),
- Dr. M.P. Dissanayake,
- Ms. N. Sivapragasam,
- I.S. Cuttilan,
- Capt. D. Bhatia (Resigned w.e.f. 01.04.2024).

Shipping and Cargo Logistics (Private) Limited *
Liner agency representation.

Directors:
- V.M. Fernando (Chairman),
- Dr. M.P. Dissanayake,
- K.M. Fernando,
- I.S. Cuttilan,
- M.A.M. Isfahan,
- K.M.T.T.B. Tittawella,
- Dr. V.M. Fernando (Ceased to be the Alternate Director to Mr. K.M.T.T.B. Tittawella w.e.f. 28.02.2024 and re-appointed as his Alternate Director for a period of one year commencing from 07.03.2024).

FREIGHT FORWARDING & COURIER

Ace Aviation Services (Private) Limited
Operates as General Sales Agent for airline cargo.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- J.E. Brohier.

Aitken Spence Cargo Singapore Pte. Ltd. (Incorporated on 14.03.2024)
International freight forwarding and General Sales Agent for airline cargo.

Directors:
- Ms. N. Sivapragasam,
- I.S. Cuttilan,
- J.E. Brohier,
- M.A.M. Isfahan,
- C.A.S. Lindy.

** The companies' Financial Statements are audited by Messrs. KPMG, Chartered Accountants*

Ace Cargo (Private) Limited
Provides international freight forwarding services.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. N. Sivapragasam,
- I.S. Cuttilan,
- J.E. Brohier,
- M.A.M. Isfahan.

Ace Freight Management (Private) Limited
Undertakes clearing, forwarding and operates an inland container terminal.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- A.J. Gunawardena,
- C.A.S. Anthony,
- M.A.M. Isfahan.

Ace International Express (Private) Limited
The Company did not carry out any operations during the year.

Directors:
- J.E. Brohier,
- M.A.M. Isfahan.

Aitken Spence Cargo (Private) Limited
International freight forwarding and General Sales Agent for airline cargo.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- J.E. Brohier,
- Ms. N. Sivapragasam,
- M.A.M. Isfahan,
- I.S. Cuttilan.

Aitken Spence Shipping Services Limited *
Shipping agency activities in all ports in Sri Lanka and an international freight forwarder.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- I.S. Cuttilan,
- M.A.M. Isfahan.

Clark Spence and Company (Private) Limited *
Shipping agency services in all ports in Sri Lanka, NVOCC representation and an international freight forwarder.

Directors:
- I.S. Cuttilan,
- M.A.M. Isfahan.

D B S Logistics Limited
International Freight Forwarder - Network Partner for DB Schenker.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- J.E. Brohier,
- M.A.M. Isfahan.

DPEX Spence (Private) Limited
(Incorporated on 23.03.2024)
International Freight Forwarder.

Directors:
- I.S. Cuttilan,
- Ms. W.A.S. Fernando.

Global Parcel Delivery (Private) Limited
Provides First mile, Middle mile and Last mile logistics solutions

Directors:
- Dr. M.P. Dissanayake (Chairman),
- J.E. Brohier,
- M.A.M. Isfahan.

Spence Maldives Private Limited
Provides cargo General Sales Agent representation, international air express, domestic express and freight forwarding services in the Republic of Maldives.

Directors:
- Dr. M.P. Dissanayake,
- J.E. Brohier (Managing Director),
- M.A.M. Isfahan,
- M. Firaq,
- A. Ghiyas.

INTEGRATED CONTAINER SERVICES

Ace Containers (Private) Limited *
Operates an inland container terminal, container freight station and provides haulage management services.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- A.J. Gunawardena,
- A.U. Kodagoda,
- C.A.S. Anthony,
- M.A.M. Isfahan.

Ace Container Repair (Private) Limited *
Undertakes container repairs, conversions for Garments on Hangers and other purpose built solutions.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- A.J. Gunawardena,
- C.A.S. Anthony,
- M.A.M. Isfahan.

Ace Container Terminals (Private) Limited *
Provides container storage, Customs brokerage, transport and warehousing services.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- A.J. Gunawardena,
- C.A.S. Anthony,
- M.A.M. Isfahan.

Ace Distriparks (Private) Limited *
Provides total integrated logistics services including 3PL, container freight station and warehouse management services, transportation and distribution services, project cargo logistics, mobile storage solutions and acts as agents for leading liquid cargo operations.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- A.J. Gunawardena,
- C.A.S. Anthony,
- M.A.M. Isfahan.

Logilink (Private) Limited *
Provides container freight station services, storing, distribution and consolidation services for exports.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- A.J. Gunawardena,
- C.A.S. Anthony,
- M.A.M. Isfahan.

STRATEGIC INVESTMENT SECTOR

POWER GENERATION

Ace Power Embilipitiya (Private) Limited
Owns a 100MW thermal plant in Embilipitiya that supplied power to the national grid up to March 03, 2024.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. D.S.T. Jayawardena,
- Ms. N. Sivapragasam,
- L. Wickremarachchi (Managing Director),
- H.G. Balasuriya (Resigned w.e.f. 10.01.2024).

Ace Wind Power (Private) Limited
Owns and operates a 3MW wind power plant in Ambewela to supply electricity to the national grid.

Directors:
- Dr. M.P. Dissanayake,
- Ms. N. Sivapragasam,
- L. Wickremarachchi.

Aitken Spence Power (Private) Limited
Owns and operates a 748kWp rooftop solar power system installed on the roof top of Aitken Spence Printing and Packaging (pvt) Ltd at Mawaramandiya supplying power to the national grid.

Directors:
- Dr. M.P. Dissanayake,
- Ms. N. Sivapragasam,
- L. Wickremarachchi.

Aircraft Recycling (Private) Limited (Formerly known as Aitken Spence W E E E Recycling (Private) Limited - Name Changed w.e.f. 14.05.2024)
Has been established to setup an electrical and electronic waste recycling plant with a view to exporting retrieved materials.

Directors:
- Dr. M.P. Dissanayake,
- Ms. N. Sivapragasam,
- L. Wickremarachchi.

Branford Hydropower (Private) Limited
Owns and operates a 2.5MW hydro power plant in Matale to supply electricity to the national grid.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. N. Sivapragasam,
- L. Wickremarachchi.

Elgin Hydropower (Private) Limited*
Owns and operates a 2.4 MW hydropower plant at Lippakelle Estate in Lindula.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. N. Sivapragasam,
- L. Wickremarachchi.

Sagasolar Power (Private) Limited*
Owns and operates a 10MW Ground Mounted Solar Power Plant situated in Hambantota.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Dr. R.M. Fernando,
- Ms. D.S.T. Jayawardena,
- Ms. N. Sivapragasam,
- L. Wickremarachchi.

Upper Waltrim Hydropower (Private) Limited*
Owns and operates a 2.6MW hydropower plant at Waltrim Estate in Lindula.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. N. Sivapragasam,
- L. Wickremarachchi.

Waltrim Energy Limited*
Owns 100% shareholding of Waltrim Hydropower (Private) Limited, Upper Waltrim Hydropower (Private) Limited and Elgin Hydropower (Private) Limited

Directors:
- Dr. M.P. Dissanayake (Chairman),
- L. Wickremarachchi,
- Ms. N. Sivapragasam.

Waltrim Hydropower (Private) Limited
Owns and operates a 1.65MW hydropower plant at Waltrim Estate in Lindula.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. N. Sivapragasam,
- L. Wickremarachchi.

Western Power Company (Pvt) Ltd
Owns and operates the 10MW Colombo Waste to Energy Power Plant receiving 700 metric tonnes of municipal solid waste from the Colombo Municipal Council and supplying electricity to the national grid.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. D.S.T. Jayawardena,
- Ms. N. Sivapragasam,
- L. Wickremarachchi (Managing Director).

PRINTING & PACKAGING

Ace Exports (Private) Limited *
Providing value added printing and packaging solutions to the direct and indirect export markets.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. N. Sivapragasam,
- L.N.D. Silva.

Aitken Spence Printing & Packaging (Private) Limited *
Providing value added printing and packaging solutions to the local market.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. N. Sivapragasam,
- L.N.D. Silva.

APPAREL MANUFACTURING

Ace Apparels (Private) Limited
Manufacturer and exporter of fine woven and circular knit clothing, mostly to top global brands in the USA, EU, UK, Australia and India in a carbon neutral manner.

Directors:
- Dr. M.P. Dissanayake,
- Dr. R.M. Fernando,
- Ms. D.S.T. Jayawardena,
- K.L.L. Perera.

Aitken Spence (Garments) Limited
Manufacturer and exporter of fine woven and circular knit clothing, mostly to top global brands in the USA, EU, UK, Australia and India in a carbon neutral manner.

Directors:
- Dr. M.P. Dissanayake,
- Dr. R.M. Fernando,
- Ms. D.S.T. Jayawardena,
- K.L.L. Perera.

Aitken Spence Apparels (Private) Limited
Manufacturer and exporter of fine woven and circular knit clothing, mostly to top global brands in the USA, EU, UK, Australia and India in a carbon neutral manner.

Directors:
- Dr. M.P. Dissanayake,
- Dr. R.M. Fernando,
- Ms. D.S.T. Jayawardena,
- K.L.L. Perera.

PLANTATION

Aitken Spence Agriculture (Private) Limited *
To cultivate Tropical fruits for sale in the domestic market and for export.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Dr. R.M. Fernando.

** The companies' Financial Statements are audited by Messrs. KPMG, Chartered Accountants*

SERVICES SECTOR

FINANCIAL & OTHER SERVICES

Aitken Spence Aerospace Technologies (Private) Limited (Incorporated on 25.04.2023)
Establishing an Aircraft Disassembly & Recycling Operation at MRIA

Directors:
- Dr. M.P. Dissanayake,
- Dr. R.M. Fernando,
- V.P. Kudaliyanage.

Aitken Spence Corporate Services (Private) Limited * (Name changed from Aitken Spence Coprorate Finance (Private) Limited w.e.f. 13.03.2024)
Provides corporate services including that of corporate finance, treasury, legal, secretarial, internal audit, human resource development, information technology, digital and technological transformation, financial shared services, business development, corporate sustainability and security services to the group companies.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Dr. R.M. Fernando,
- Ms. D.S.T. Jayawardena,
- Ms. N. Sivapragasam (Managing Director).

Aitken Spence Group Limited *
Overall management of the Aitken Spence Group of Companies.

Directors:
- Dr. M.P. Dissanayake,
- Dr. R.M. Fernando,
- Ms. N. Sivapragasam,
- C.M.S. Jayawickrama.

Aitken Spence International Pte. Ltd.
Acting as the holding company for offshore investments of the Aitken Spence Group and provides business management services to Strategic Business Units of the Group

Directors:
- Dr. M.P. Dissanayake,
- Ms. D.S.T. Jayawardena,
- Dr. R.M. Fernando,
- Ms. N. Sivapragasam,
- C.A.S. Lindy.

Aitken Spence Technologies (Pvt) Ltd
The Company did not carry out any operations during the year.

Directors:
- Dr. R.M. Fernando,
- Ms. N. Sivapragasam.

MMBL Money Transfer (Private) Limited*
The Largest Representative for Western Union, MoneyGram and RIA in Sri Lanka.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- K. Balasundaram,
- Ms. N. Sivapragasam,
- D.R.C. Hindurangala (Managing Director),
- Ms. J. Moragoda,
- M.D.D. Pieris.

Port City BPO (Private) Limited (Incorporated on 20.10.2023)
A Joint Venture between Aitken Spence International Pte. Ltd., and IRIS Tech Ventures Sdn. Bhd. that will provide BPO services to off shore clients.

Directors:
- Dr. M.P. Dissanayake (Appointed w.e.f. 03.11.2023),
- Ms. D.S.T. Jayawardena (Appointed w.e.f. 03.11.2023),
- Dr. R.M. Fernando (Appointed w.e.f. 20.10.2023),
- Ms. N. Sivapragasam (Appointed w.e.f. 09.01.2024),
- G.L. Seaton (Appointed w.e.f. 03.11.2023),
- C.J. Wen (Appointed w.e.f. 03.11.2023),
- T.Y. Ming (Appointed w.e.f. 03.11.2023),
- H.NG.B. Harng (Appointed w.e.f. 09.01.2024).

ELEVATOR AGENCY

Aitken Spence Elevators (Private) Limited *
A Joint Venture between Aitken Spence PLC and OTIS Elevators Company (Singapore) Private Limited are the exclusive agents and distributors in Sri Lanka and in the Republic of Maldives for sales and marketing, installing, commissioning and maintaining OTIS elevators, escalators and other people moving equipment.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. N. Sivapragasam,
- D.R.C. Hindurangala,
- S. Joseph.

Interlifts International Private Limited *
Promoting, installing, testing, commissioning and maintaining OTIS elevators, escalators, moving walkways and related equipment in the Republic of Maldives.

Directors:
- Ms. N. Sivapragasam,
- D.R.C. Hindurangala (Managing Director),
- C.M.S. Jayawickrama.
- H. Moosa.

Aitken Spence Industrial Solutions (Private) Limited
Provides maintenance services of escalators, elevators and car park systems. The Company also provides consultancy services for Vertical Transportation Systems and Project Management.

Directors:
- Dr. M.P. Dissanayake,
- Ms. N. Sivapragasam,
- D.R.C. Hindurangala.

INSURANCE

Aitken Spence International Consulting (Private) Limited *
Representing the Lloyds & the W.K. Websters Agencies in Sri Lanka & the Maldives, in addition to carrying out Surveys & Claims Settlement for several reputed insurance companies and organisations worldwide. Superintendents for UN World Food Programme in Sri Lanka and in the Republic of Maldives.

Directors:
- Dr. R.M. Fernando,
- Ms. N. Sivapragasam,
- I.S. Cuttilan.

Aitken Spence Insurance Brokers (Private) Limited *
Placement of general insurance business with local Insurers. Providing cost effective insurance solutions and risk management services for Corporates & Individual Customers.

Directors:
- Dr. R.M. Fernando,
- Ms. N. Sivapragasam,
- I.S. Cuttilan.

PROPERTY MANAGEMENT

Aitken Spence Developments (Private) Limited *
A property development company.

Directors:
- A.J. Gunawardena,
- M.A.M. Isfahan,

Aitken Spence Property Developments (Private) Limited *
Owns and operates the multi-storied office complex; "Aitken Spence Tower II" which serves as the Group's corporate office at Vauxhall Street, Colombo 02.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Dr. R.M. Fernando,
- Ms. N. Sivapragasam.

Vauxhall Property Developments (Private) Limited *
Owns and operates the multi-storied office complex; "Aitken Spence Tower I" at Vauxhall Street, Colombo 02.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Dr. R.M. Fernando,
- Ms. N. Sivapragasam.

Vauxhall Investments (Private) Limited
Owns buildings and land in Bloemendhal Street, Colombo 13.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. N. Sivapragasam.

JOINT VENTURES & ASSOCIATES

TOURISM SECTOR

Hotels

Amethyst Leisure Ltd *
The holding Company of Paradise Resort Pasikudah (Private) Limited.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- M.A.N.S. Perera (Appointed w.e.f. 17.05.2023),
- C.M.S. Jayawickrama,
- Ms. V.J. Senaratne,
- B.G.D.L.P. Wijerathne.

Browns Beach Hotels PLC *
Owns the property leased out to Negombo Beach Resorts (Private) Limited.

Directors:
- Deshamanya D.H.S. Jayawardena (Chairman),
- Dr. M.P. Dissanayake,
- Ms. D.S.T. Jayawardena,
- C.R. Stanislaus,
- R.N. Asirwatham,
- N.J. de Silva Deva Aditya,
- M.A.N.S. Perera.

Negombo Beach Resorts (Private) Limited *
Owns the Sentido Heritance Negombo.

Directors:
- Deshamanya D.H.S. Jayawardena (Chairman),
- Ms. D.S.T. Jayawardena,
- C.M.S. Jayawickrama,
- C.R. Stanislaus.

Paradise Resort Pasikudah (Private) Limited *
Owning Company of Amethyst resort, Pasikudah.

Directors:
- Ms. D.S.T. Jayawardena (Chairperson),
- Ms. V.J. Senaratne,
- C.M.S. Jayawickrama,
- B.G.D.L.P. Wijerathne,
- M.A.N.S. Perera (Appointed w.e.f. 17.05.2023).

MARITIME & FREIGHT LOGISTICS SECTOR

MARITIME & PORT SERVICES

Fiji Ports Corporation Limited*
Owns and operates all the major ports in the Republic of Fiji in addition to providing navigational services at all Fijian Ports.

Directors:
- P. Wise (Chairman),
- T. Lomalagi,
- A.J. Pal,
- N. Chettiar,
- Dr. M.P. Dissanayake,
- I.S. Cuttilan,
- E. Verea (Appointed w.e.f. 24.04.2023),
- W. Bauleka (Appointed w.e.f. 18.05.2023),
- I. Lutu (Appointed w.e.f. 24.04.2023 and Resigned w.e.f. 19.06.2023),
- V.P. Maharaj (Resigned w.e.f. 28.04.2023 and Re- appointed w.e.f. 28.08.2023),
- Ms. T. Baravilala (Resigned w.e.f. 04.04.2023),
- V. Chand (Resigned w.e.f. 22.05.2023).

Fiji Ships Heavy Industries Limited*
Operates ship and boat building facility, carries out ship repair and maintenance services and is involved in heavy industries in the Republic of Fiji.

Directors:
- P. Wise (Chairman),
- T. Lomalagi,
- A.J. Pal,
- N. Chettiar,
- Dr. M.P. Dissanayake,
- I.S. Cuttilan,
- E. Verea (Appointed w.e.f. 24.04.2023),
- W. Bauleka (Appointed w.e.f. 18.05.2023),
- I. Lutu (Appointed w.e.f. 24.04.2023 and Resigned w.e.f. 19.06.2023),
- V.P. Maharaj (Resigned w.e.f. 28.04.2023 and Re- appointed w.e.f. 28.08.2023),
- Ms. T. Baravilala (Resigned w.e.f. 04.04.2023),
- V. Chand (Resigned w.e.f. 22.05.2023).

Spence Seahorse Marine (Private) Limited *
Supply of Bunkers and Marine services at all Sri Lanka Ports.

Directors:
- Dr. M.P. Dissanayake,
- A.I.T. Hettiarachchi,
- Ms. N. Sivapragasam,
- P. Weerasekara,
- I.S. Cuttilan,
- A.I. Hettiarachchi.

FREIGHT FORWARDING & COURIER

Ace (Bangladesh) Limited
Provides international freight forwarding services in the People's Republic of Bangladesh.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- A. Rahman (Managing Director),
- J.E. Brohier,
- C.J. Jirasinha,
- Ms. F. Naser,
- B.M. Mannan,
- Ms. A. Mannan,
- Ms. F.R. Ahmed (Demised on 20.10.2023).

Ace Aviation Myanmar Limited
International Freight Forwarders

Directors:
- M.Y. Chowdhury,
- Ms. D.N.Y. Hlaing,
- M.R. Chowdhury,
- J.E. Brohier,
- M.A.M. Isfahan,
- C.J. Jirasinha.

Aitken Spence Cargo (Cambodia) Co., Ltd.
International Freight Fowarding and General Sales Agent for Airline Cargo.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Ms. N. Sivapragasam,
- J.E. Brohier,
- M. Mehnaz,
- R. Arif,
- N. Faiqa.

** The companies' Financial Statements are audited by Messrs. KPMG, Chartered Accountants*

EDUCATION

CINEC Campus (Private) Limited*

Sri Lanka's largest private maritime and higher education campus.

Directors:

- Dr. M.P. Dissanayake (Co-Chairman),
- R.S. Egodage (Appointed as Co-Chairman w.e.f. 28.06.2024),
- Ms. N. Sivapragasam (Joint Managing Director),
- E.T. Komrowski,
- E.P. Komrowski (Alternate Director to E.T. Komrowski),
- I.S. Cuttilan,
- D.R.C. Hindurangala,
- D.T.K.C. Lakindu,
- Ms. R.D. Nicholas,
- P.S.R. Casie Chitty
- Ms. S.N. Egodage (Appointed w.e.f.16.01.2024),
- Mr. S. Holger (Appointed w.e.f. 19.02.2024),
- J B Winkler (Appointed as an Alternate Director to S. Holger w.e.f. 19.02.2024),
- T.M. Kriwat (Appointed w.e.f. 28.06.2024),
- D. Malais (Resigned w.e.f. 19.02.2024),
- P.M.S. Peiris (Resigned w.e.f. 30.11.2023),
- Capt. P.A.P. Peiris (Resigned as the Chairman/ Managing Director w.e.f. 28.06.2024).

CINEC Skills (Private) Limited*

The company has ceased its operations and is to be liquidated.

Directors:

- Capt. P.A.P. Peiris.

Mercantile Seaman Training Institute Limited

Providing maritime education and training

Directors:

- Capt. P.A.P. Peiris (Chairman/Managing Director),
- P.S.R. Casie Chitty,
- Ms. N. Sivapragasam,
- I.S. Cuttilan,
- D.L. Ekanayake.

STRATEGIC INVESTMENT SECTOR

PRINTING & PACKAGING

Serendib Investments Ltd

Company has ceased its operations.

Directors:

- T. Whitton (Chairman) (Appointed w.e.f. 21.02.2021),
- A. Ram,
- Mrs. E. Nadakuitavuki (Appointed w.e.f. 21.02.2021),
- Ms. N. Sivapragasam,
- L.N.D. Silva.
- Col. S. Raivoce (Chairman) (Ceased w.e.f. 21.02.2021).

PLANTATION

A E N Palm Oil Processing (Private) Limited *

Joint Venture Project between Agalawatte Plantations PLC, Elpitiya Plantations PLC and Namunukula Plantations PLC to process Oil Palm Fruit bunches and extract crude palm oil.

Directors:

- N.S. Yaddehige (Appointed as Chairman w.e.f. 28.04.2024 for a period of one year),
- Dr. M.P. Dissanayake,
- Dr. R.M. Fernando,
- P. de S.A. Gunasekara,
- R.P.L. Ramanayake,
- G.P.N.A.G. Gunathilake.

Aitken Spence Plantation Managements PLC *

Managing agents for Elpitiya Plantations PLC.

Directors:

- Dr. M.P. Dissanayake (Chairman),
- Dr. R.M. Fernando (Managing Director),
- Malik J. Fernando,
- D.A. de S. Wickremanayake,
- L.N. de S. Wijeyeratne,
- B. Bulumulla,
- Dr. R.A. Fernando,
- D.C. Fernando (Appointed w.e.f. 08.08.2023),
- A.T.S. Sosa (Alternate Director to Mr. D.C. Fernando) (Appointed w.e.f. 08.08.2023),
- Deshamanya Merrill J. Fernando (Demised on 20.07.2023),
- Ms. M.D.A. Perera (Alternate Director to Malik J. Fernando) (Resigned w.e.f. 27.12.2023).

EPP Hydro Power (Private) Limited *

Generates hydro electricity and supply to the national grid.

Directors:

- Dr. R.M. Fernando (Chairman),
- Deshamanya Merrill J. Fernando (Demised on 20.07.2023),
- Malik J. Fernando,
- D.A. de S. Wickremanayake,
- B. Bulumulla.

Elpitiya Dianhong Jin Ya Tea Company (Private) Limited *

A Joint Venture Project with Yunnan Dianhong Group of China to cultivate, process and market speciality teas for overseas market.

Directors:

- Dr. R.M. Fernando (Chairman),
- B. Bulumulla (Managing Director/ CEO),
- W. Hao,
- T. Wang (Alternate Director to W. Hao).

Elpitiya Lifestyle Solutions (Private) Limited *

The company has ceased its operations and is to be liquidated.

Directors:

- S. Pathiratne (Chairman),
- Dr. R.M. Fernando (Managing Director),
- Malik J. Fernando,
- B. Bulumulla (Alternate Director to Dr. R.M. Fernando),
- D.A. de S. Wickremanayake,
- A. Kanthasamy,
- Ms. C.D. Piyaratne.

Elpitiya Plantations PLC

The Company own and manage 13 estates in the Pundaluoya, Pussellawa and Galle regions with a total land extent of 8,830.52 hectares and engaged in cultivation of Tea, Rubber, Oil Palm, Cinnamon, Coconut, Fruit Crops, Commercial Forestry and in High Valued Horticulture Projects.

Directors:

- Dr. M.P. Dissanayake (Chairman),
- Dr. R.M. Fernando (Managing Director),
- B. Bulumulla (Joint Managing Director/CEO),
- Malik J. Fernando,
- Dr. S.A.B. Ekanayake,
- S.C. Ratwatte,
- D.A. de S. Wickremanayake,
- Ms. M.K.G. Peiris (Appointed w.e.f. 31.05.2024),
- D.C. Fernando (Appointed w.e.f. 09.08.2023),
- A.T.S. Sosa (Alternate Director to D.C. Fernando) (Appointed w.e.f. 09.08.2023),
- Deshamanya Merrill J. Fernando (Demised on 20.07.2023),
- A.T.S. Sosa (Alternate Director to Deshamanya Merrill J Fernando) (Ceased w.e.f. 20.07.2023),
- Ms. M.D.A. Perera (Alternate Director to Malik J. Fernando) (Resigned w.e.f. 27.12.2023),
- Ms. D.A.S. Dahanayake (Ceased w.e.f. 31.05.2024).

Escape Parks Ceylon (Private) Limited
Develop and operate an Adventure Theme Park at Diviturai Estate to promote Tourism in the region.

Directors:
- Dr. M.P. Dissanayake (Chairman),
- Dr. R.M. Fernando.

Water Villas (Private) Limited *
Intended Hotel Operator

Directors:
- Dr. R.M. Fernando,
- B. Bulumulla,
- Malik J. Fernando,
- D.A. de S. Wickremanayake,
- Deshamanya Merrill J. Fernando (Demised on 20.07.2023).

Ceylon Agro Food Technologies (Pvt) Ltd
An innovative agricultural research and development Comapny dedicated to enhancing food product value, reducing agricultural waste, preserving food, and advancing agricultural drone technology, along with expertise in plantation management which comprises of engineers and agricultural scientists committed to tackling the intricate challenges encountered by Sri Lanka's agricultural sector.

Directors:
- S. Gunawardena (Chairman),
- Dr. R.M. Fernando (Appointed w.e.f. 17.04.2023),
- B. Bulumulla Managing Director (Appointed w.e.f. 17.04.2023),
- Dr. S.A.B. Ekanayake (Appointed w.e.f. 17.04.2023),
- Ms. S.T. Gunawardena (Appointed w.e.f. 17.04.2023),
- Ms. N.R. Gunawardene (Appointed w.e.f. 17.04.2023),
- P.S. Dissanayake (Appointed w.e.f. 12.12.2023),
- Ms. N.D. Perera (Appointed w.e.f. 12.12.2023).

SERVICES SECTOR

FINANCIAL & OTHER SERVICES

Aitken Spence C & T Investments (Private) Limited *
The Corporate has ceased operations due to circumstances beyond its control.

Directors:
- A.Y. Atapattu (Chairman),
- Dr. M.P. Dissanayake,
- S. Chandramohan,
- Dr. R.M. Fernando,
- S.G. Atapattu.

ELEVATOR

Aitken Spence Engineering Solutions (Private) Limited *
Joint Venture between Aitken Spence PLC and Mr. Balamurugan Kaliamoorthy incorporated to supply, install, test, commission and maintain equipment of any kind in the field of Air-conditioning, fire and security.

Directors:
- D.R.C. Hindurangala,
- B. Kaliyamoorthy,
- Ms. N. Balamurugan,
- J.E. Brohier (Appointed w.e.f. 30.10.2023),
- A.J. Gunawardena (Appointed w.e.f. 30.10.2023).

COMPANIES UNDER LIQUIDATION

Spence International (Private) Limited
Liquidation commenced on 19.03.2019.

Aitken Spence Overseas Travel Services (Private) Limited
Liquidation commenced on 16.03.2022.

Western Power Holdings (Private) Limited
Liquidation commenced on 24.03.2023.

* *The companies' Financial Statements are audited by Messrs. KPMG, Chartered Accountants*

GLOSSARY OF TERMS

ABCs

Aitken Spence Behavioural Competency framework.

ALPHA

Accelerated Leadership Programme for High Achievers, a Learning & Development programme for the Group’s First Time Managers.

Asset Turnover

Total revenue divided by average total assets.

ASSM

Aitken Spence School of Management, the Group’s Learning & Development arm.

Assets Held for Sale

The carrying amount of the asset value which will be recovered through a sale transaction rather than through continuing use.

Available-for-Sale

Any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held-to-maturity investments, or financial assets at fair value through profit or loss.

AWDR

The Average Weighted Deposit Rate is calculated by the Central Bank monthly and half yearly based on the weighted average of all outstanding interest-bearing deposits of commercial banks and the corresponding interest rates.

AWPLR

The Average Weighted Prime Lending Rate is calculated by the Central Bank weekly, monthly and half yearly based on commercial bank’s lending rates offered to their prime customers.

Basis Point

One hundredth of a percentage point. i.e.1/100

Capital Employed

Shareholders’ funds plus non-controlling interests and total interest bearing loans and borrowings.

Capital Expenditure

The total of additions to property, plant & equipment, intangible assets, investment property and the purchase of outside investments.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Carrying Amount

The amount at which as asset is recognised in the statement of financial position.

Cash Ratio

Cash and short-term deposits divided by current liabilities.

Collateral

Monetary or non-monetary asset pledged or received as security in lieu of a loan or credit terms obtained or provided.

Collective Impairment provision

Impairment provision is measured on a collective basis for homogeneous groups of debtors that are not considered individually significant.

Contract

An agreement between two or more parties that has clear economic consequences that the parties have little, if any discretion to avoid usually because the agreement is enforceable by law.

Contract Asset

An entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

Contract Liability

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amounts due) from the customer.

Credit Risk

Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance with the agreed terms and conditions.

Currency

An agreement between two parties to exchange two currencies at a certain exchange rate at a certain time in the future.

Current Ratio

Current assets divided by current liabilities.

Debenture

A long-term debt instrument issued by a corporate.

Debt/Equity Ratio

Non-current interest-bearing borrowing divided by the total equity and minority interest. It shows the extent to which the firm is financed by debt.

Derivatives

Financial contracts whose values are derived from the values of underlying assets.

DE&I

Diversity, Equity & Inclusion.

Dividend Payout

Dividends per share divided by earnings per share. This indicates the percentage of the Company’s earning that is paid out to shareholders in cash.

Dividend Cover

Net profit attributable to the ordinary shareholders divided by the total dividend.

Dividend Yield

Dividend per share divided by the market value of a share.

Dividends per Share (DPS)

Dividends paid and proposed, divided by the number of issued shares, which are ranked for those dividends.

DRR

Disaster Risk Reduction.

Earnings per Share (EPS)

Net profit for the period attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

EBITDA

Earnings (inclusive of equity accounted investees) before interest expenses, tax, depreciation, and amortisation.

Economic life (of an asset)

Either the period over which an asset is expected to be economically usable by one or more users or the number of production or similar units expected to be obtained from an asset by one or more users.

EDP

Executive Development Programme, a Learning & Development programme for the Group's Senior Leaders.

Effective Rate of Dividend

Rate of dividend per share paid on the number of shares ranking for dividend at the time of each payment.

Effective Rate of Interest

Total long-term and short-term interest divided by average long-term and short-term liabilities at the beginning and end of the year.

Employee Attrition Rate

Number of resignations/Average number of employees *100

EPZ

Export Processing Zone.

Equity Instruments

A contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

Expected Credit Losses

The weighted average of credit losses with the respective risks of a default occurring as the weights.

Fair Value

The amount at which an asset is exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Fair Value Through Other Comprehensive Income (FVOCI)

Financial instruments that are held for trading and measured at fair value through other comprehensive income.

Fair Value Through Profit or Loss (FVPL)

Financial instruments that are held for trading and are designated as at fair value through profit and loss.

Financial Asset

Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable.

Financial Instruments

Any contract that gives rise to financial assets of one entity and financial liability or equity instrument of another entity.

Financial Leverage

Total average assets divided by total average equity.

Financial Liability

A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavourable.

Forward Exchange Contract

Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

GHGs

Gases in the Earth's atmosphere that trap heat and contribute to the greenhouse effect, leading to global warming and climate change.

Goodwill

The excess of the cost of acquisition over the fair value of the share of net assets acquired when purchasing an interest in a company.

Gross Treasury Bill Rate

Weighted average treasury bill rate gross of withholding tax published by Central Bank of Sri Lanka at the auction immediately preceding an interest determination date.

GRI

Global Reporting Initiative.

Guarantees

A contractual obligation made by a third party (Guarantor), who is not a party to a contract between two others, that the guarantor will be liable if the guarantee fails to fulfil the contractual obligations under that said contract.

Held-to-Maturity

A financial asset with fixed and determinable payments and fixed maturity, other than loan and receivables, for which there is a positive intention and ability to hold to maturity.

ILO

International Labour Organisation.

IMF

International Monetary Fund.

Impact (in the context of GRI Standards)

Effect an organisation has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development. It does not refer to an effect upon an organisation, such as a change to its reputation.

Impairment

Occurs when recoverable amount of an asset is less than the carrying amount.

Intangible Assets

An identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services for rental to others or for administrative purposes.

Interest Cover

Operating profit before interest divided by the net interest.

Interest Rate Swap

An arrangement whereby two parties swap interest rate commitments with each other to reduce interest rate risks on fixed or floating rate loans.

IRCSL

Insurance Regulatory Commission of Sri Lanka.

Investment Property

Investments in land and buildings that are held to earn rentals or for capital appreciation or for both.

JCC

Joint Consultative Committees.

Lease

A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

LIBOR

The London Inter Bank Offer Rate is an interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market.

Liquidity Risk

The risk of an entity having constrains to settle its financial liabilities.

Loans and receivables

A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

Local (in the context of sustainability programmes)

The immediate community within a 35 to 45 km radius of our operations outside Colombo. For operations outside Sri Lanka, 'local' would refer to the local community of that country.

Loss Given Default (LGD)

The magnitude of the loss in the event of a default.

Market Capitalisation

The number of ordinary shares in issue multiplied by the market price per share as at a given date.

Market Risk

Possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

Material Topics

Topics that represent an organisation's most significant impacts on the economy, environment, and people, including impacts on their human rights.

MCLR

Marginal Cost of Funds based Lending Rate is published by Reserve Bank of India, used as the reference rate by financial institutions to set the interest rate of Indian Rupee denominated lending products.

Net Assets per Share

Total assets less total liabilities including minority interest divided by the number of shares in issue as at 31st March.

Net Positive Impact

Net positive impact refers to a holistic, strategic approach where a company's overall positive environmental, social, and economic impacts and value creation outweigh its negative impacts.

Net Profit Margin

Net profit for the period divided by the revenue.

Net Zero Emissions

A balance between the amount of greenhouse gases emitted into the atmosphere and the amount removed or offset, resulting in no additional contribution to global warming.

Non-controlling Interest

Part of the net results of operations and of net assets of a subsidiary attributable to interest which are not owned, directly or indirectly through subsidiaries, by the parent.

OHS

Occupational Health & Safety.

Operating Profit Margin (EBIT Margin)

Earnings before interest and tax divided by revenue.

Past service Cost

Past Service Cost is the change in the Present value of the defined Benefit obligation (PVDBO) for employee service in prior periods, resulting in the current period from the introduction of or changes to, post-employment benefits or other long term employee benefits.

PPE

Personal Protective Equipment

Price Earnings Ratio (PER)

Market value per share divided by the earnings per share.

Price to Book Value Ratio (PBV)

Market price per share divided by net assets per share.

Probability of Default (PD)

Estimate of likelihood that a borrower will be unable to meet debt obligations.

Quick Asset Ratio

Total current assets less inventories divided by total current liabilities.

Return on Assets

Earnings before finance cost and tax divided by the average total assets.

Return on Capital Employed (ROCE)
Earnings before finance expense and tax as a percentage of average capital employed.

Return On Equity
Profit attributable to equity holders of the company divided by average equity less non-controlling interest at the beginning and at the end of the financial year.

Return on Equity Accounted Investments
Share of profit of equity-accounted investees (net of tax) divided by the average investment in equity-accounted investees at the beginning and end of the financial year.

Revaluation Surplus
Surplus amount due to revaluing assets in accordance with its fair value.

Revenue Reserves
Reserves set aside for future distributions and investments.

Right-of-use asset
An asset that represents a lessee's right to use an underlying asset for the lease term.

RTE
Roots To Excellence, the Group's new employee orientation programme.

SASB
The Sustainability Accounting Standards Board (SASB) develops industry-specific standards for companies to disclose financially material sustainability information to investors.

SBTi
The Science Based Targets initiative (SBTi) is an accelerator movement that encourages companies to set greenhouse gas emission reduction targets in line with the latest climate science to meet the goals of the Paris Agreement.

SBU
Strategic Business Unit.

SDG
Sustainable Development Goals.

SKU
Stock Keeping Unit.

SOFR
The Secured Overnight Financing Rate (SOFR) is a reference rate which has been established as the preferred alternative rate for the USD London Interbank Offered Rate (LIBOR). SOFR is commonly being used for US dollar-denominated derivatives, loans, and other financial transactions in place of the LIBOR. SOFR is calculated by the New York Federal Reserve based on transaction data from the overnight Repurchase (repo) market.

Spence LEAD
Leadership Excellence & Accelerated Development, a Learning & Development programme for the Group's Deputy General Managers and General Managers.

Stand-alone Selling Price
The price at which an entity would sell a promised good or service separately to a customer.

SVM
Semi-Virtual Mobility, the Group's remote working framework for targeted office-based executives.

Total Equity
Total of share capital, reserves, retained earnings and non-controlling interest.

Total Shareholder Return (TSR)
The difference between the closing and opening share price plus the dividend pertaining to the year divided by the opening share price.

Treasury Bill/T-Bill
Short term debt instrument of 3,6 or 12 months issued by the Government of Sri Lanka.

Treasury Bond/T-Bond
Medium to long term debt instrument of 1 year and above, issued by the Government of Sri Lanka which carries a coupon (interest) paid on semi-annual basis.

Uncertain tax treatment
A tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law.

Unquoted Shares
Shares which are not listed in the Stock Exchange.

UNCTAD
United Nations Conference on Trade and Development.

UNWTO
United Nations World Tourism Organisation.

Value added per Employee
Total value created by the Group during the year divided by the total employees of all the subsidiaries of the Group as at end of the financial year.

VoS
Voice of Spensonians, the Group's employee opinion survey.

WHO
World Health Organisation.

Working Capital
Current assets less current liabilities.

Yield to Maturity
The discount rate that equals present value of all expected interest payment and the repayment of principal.

Young Managers
Executives in managerial positions (Assistant Manager and above), and under 35 years of age.

CORPORATE INFORMATION

(GRI 2-1)

Name

Aitken Spence PLC

Legal Form

A Public Quoted Company with limited liability, incorporated in Sri Lanka in 1952

Company Registration Number

PQ 120

Registered Office

No. 315, Vauxhall Street Colombo 2, Sri Lanka

Directors

- Deshamanya D.H.S. Jayawardena
  Chairman
- Dr. M.P. Dissanayake
  Deputy Chairman and Managing Director
- Ms. D.S.T. Jayawardena
  Joint Deputy Chairperson and
  Joint Managing Director
  (Appointed to the Office of Joint Deputy Chairperson and Joint Managing Director w.e.f. 14.09.2023)
- Dr. R.M. Fernando
- Mr. J.M.S. Brito
- Mr. C.H. Gomez
- Mr. N.J. de S. Deva Aditya
- Mr. R.N. Asirwatham
- Mr. C.R. Jansz
- Mr. M.A.N.S. Perera
  (Appointed w.e.f 25.04.2023)

Alternate Director

- Mr. M.A.N.S. Perera
  Alternate Director to Mr. N.J.de S. Deva Aditya
  (Ceased to hold office as an Alternate Director w.e.f. 01.01.2024)

Nominations and Governance Committee

- Mr. R.N. Asirwatham
  Chairman
- Deshamanya D.H.S. Jayawardena
- Mr. J.M.S. Brito

Remuneration Committee

- Mr. R.N. Asirwatham
  Chairman
- Mr. C.H. Gomez
- Mr. J.M.S. Brito
- Mr. C.R. Jansz
  (Appointed w.e.f. 08.09.2023)

Audit Committee

- Mr. R.N. Asirwatham
  Chairman
- Mr. J.M.S. Brito
- Mr. C.H. Gomez
- Mr. N.J. de S Deva Aditya/Mr. M.A.N.S. Perera
  (Mr. M.A.N.S. Perera ceased to be an Alternate Director to Mr. N.J. de S Deva Aditya w.e.f. 01.01.2024)

Related Party Transactions Review Committee

- Mr. R.N. Asirwatham
  Chairman
- Mr. J.M.S. Brito
- Mr. C.H. Gomez
- Mr. N.J. de S Deva Aditya/Mr. M.A.N.S. Perera
  (Mr. M.A.N.S. Perera ceased to be an Alternate Director to Mr. N.J. de S Deva Aditya w.e.f. 01.01.2024)

Secretaries

Aitken Spence Corporate Services (Private) Limited
No. 315, Vauxhall Street,
Colombo 02,
Sri Lanka.

T: (+94 11) 2308308
F: (+94 11) 2445406
E: benji@aitkenspence.lk,
comsec@aitkenspence.lk

Registrars

Central Depository Systems (Private) Limited
Ground Floor, M&M Center,
No. 341/5, Kotte Road,
Rajagiriya,
Sri Lanka.

T: (+94 11) 2356456
F: (+94 11) 2440396
E: registrars@cse.lk
Web: www.cds.lk

Auditors

KPMG
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
P.O Box 186,
Colombo 03,
Sri Lanka.

Holding Company

Melstacorp PLC

Contact Details

No. 315, Vauxhall Street,
Colombo 02,
Sri Lanka.

T: (+94 11) 2308308
F: (+94 11) 2445406
Web: www.aitkenspence.com

NOTICE OF MEETING

Notice is hereby given that the Seventy Second (72nd) Annual General Meeting of Aitken Spence PLC will be held at No. 315, Vauxhall Street, Colombo 02 on Tuesday, 06th August 2024 at 10.00 a.m., as a virtual meeting using a digital platform for the following purposes:-

1. Ordinary Business

1.1 To receive and consider the Annual Report of the Board of Directors together with the Audited Financial Statements for the year ended 31st March 2024 and the Report of the Auditors thereon.

1.2 To declare a first and final dividend as recommended by the Board of Directors.

1.3 To re-appoint Deshamanya D.H.S. Jayawardena who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Deshamanya D.H.S. Jayawardena who is 81 years of age and that he be re-appointed a Director of the Company."

1.4 To re-appoint Mr. R.N. Asirwatham who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R.N. Asirwatham who is 81 years of age and that he be re-appointed a Director of the Company."

1.5 To re-appoint Mr. J.M.S. Brito who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. J.M.S. Brito who is 77 years of age and that he be re-appointed a Director of the Company."

1.6 To re-appoint Mr. N.J. de Silva Deva Aditya who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N.J. de Silva Deva Aditya who is 76 years of age and that he be re-appointed a Director of the Company."

1.7 To re-appoint Dr. R.M. Fernando who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Dr. R.M. Fernando who is 71 years of age and that he be re-appointed a Director of the Company."

1.8 To re-appoint Mr. C.R. Jansz who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. C.R. Jansz who is 71 years of age and that he be re-appointed a Director of the Company."

1.9 To re-elect Mr. C.H. Gomez who retires in terms of Article 83 and 84 of the Articles of Association, as a Director.

1.10 To authorise the Directors to determine contributions to charities.

1.11 To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

2. Special Business

2.1 To consider and pass if thought fit the following resolution as a Special Resolution to amend the Articles of Association as set out below:

"IT IS HEREBY RESOLVED THAT the existing Article 73 be deleted in entirety and the following New Article Numbered 73 be substituted therefor:

73. The Directors of the Company shall not be less than five (05) nor more than ten (10) in number."

2.2 To consider and pass if thought fit the following resolution as a Special Resolution to amend the Articles of Association as set out below:

"IT IS HEREBY RESOLVED THAT the existing Article 103 be deleted in entirety and the following New Article Numbered 103 be substituted therefor:

103(a). Subject to paragraph 103(d) of this Article, a Director may by notice in writing under his/her hand and subject to the approval of the Board of Directors, appoint any person to be his/her Alternate Director to act for him/her under exceptional circumstances acceptable to the Board of Directors, for a maximum period of one (01) year from the date of appointment. The said notice of appointment may specify a date or an event upon the happening of which such person shall cease to be his/her Alternate Director, and the tenure of office of the Alternate Director so appointed shall nevertheless not exceed a period of one (01) year from the date of appointment.

103(b). A Director may by notice in writing under his/her hand at any time before the expiration of one year from the date of appointment, revoke the Alternate Director so appointed by him/her and appoint another person as his/her Alternate Director, subject to paragraph (a) above.

103(c). Notwithstanding anything to the contrary contained in paragraph (b) above, the office of an Alternate Director may be determined by the Board of Directors before the expiration of one year from the date of his/her appointment.

103(d). A person nominated to be appointed as an Alternate Director shall be of the same nature of his appointor if appointed, i.e. an Alternate Director of a Non-Executive Director shall be of a Non-Executive nature. Similarly, an Alternate Director to an Independent Non-Executive Director shall be a person who will satisfy the criteria of Independence as set out by the Listing Rules of the Colombo Stock Exchange. The Nominations and Governance Committee shall review and determine that a person nominated to the office of Alternate Director to an Independent Non-Executive Director satisfies the criteria for Independence prior to his appointment.

103(e). A person appointed to be an Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company nor be required to hold any share qualification.

103(f). Alternate Director so appointed shall be entitled to receive notice of meetings and to attend such meetings on behalf of his/her appointor and shall have the right to sign circular resolutions of the Directors for and on behalf of his/her appointor in the event his/her appointor is unable to sign such resolutions."

3. Any Other Business

To consider any other business of which due notice has been given.

By Order of the Board
Aitken Spence PLC

Aitken Spence Corporate Services (Private) Limited
Secretaries

15th July 2024
Colombo

Note:

1. The Annual General Meeting of Aitken Spence PLC will be held as a virtual meeting by participants joining in person or by proxy, through audio or audio visual means in the manner specified below:

   i. Shareholder Participation

   (a) The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.

   (b) The shareholders may also appoint any other person other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through **audio or audio visual means only.**

   (c) The shareholders who wish to participate at the meeting will be able to join the meeting through **audio or audio visual means only.** To facilitate this process, the shareholders are required to furnish their details by perfecting the Form of Registration and forward same to reach the Company Secretaries via e-mail to nurani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02 **not less than five (05) days before the date of the meeting so that the meeting login information** could be forwarded to the e-mail addresses so provided. The Form of Registration is available on the Company website on www.aitkenspence.com, the Colombo Stock Exchange website on www.cse.lk and the social media sites of the Company.

   (d) To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to nurani@aitkenspence.lk or facsimile on +94 112445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02, not less than forty eight (48) hours before the time fixed for the meeting.

   ii. Shareholders' Queries

   The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretaries, via e-mail to nurani@aitkenspence.lk or facsimile on +94 112445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, not less than five (5) days before to the date of the meeting. This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.

2. Should the first and final dividend recommended be approved by the Shareholders at the Annual General Meeting:

   (a) it is proposed to dispatch the dividends by 27th August 2024;

   (b) for the shareholders who have provided accurate dividend disposal instructions with bank account details to the Central Depository Systems (Private) Limited, dividends of such shareholders will be credited directly to the specified bank accounts by 13th August 2024.

   In accordance with the Listing Rules of the Colombo Stock Exchange, the shares of the Company will trade ex-dividend with effect from 07th August 2024.

3. The Annual Report of the Company for the financial year 2023/24 will be available for perusal on the Company website www.aitkenspence.com, the Colombo Stock Exchange website www.cse.lk and the social media sites of the Company.

FORM OF PROXY

I/We ....of

....

being a member/members of Aitken Spence PLC hereby appoint ....of

.... (whom failing),

Deshamanya Don Harold Stassen Jayawardena (whom failing),
Dr. Mahinda Parakrama Dissanayake (whom failing),
Ms. Don Stasshani Therese Jayawardena (whom failing),
Dr. Rohan Marshall Fernando (whom failing),
Mr. Joseph Michael Suresh Brito (whom failing),
Mr. Rajanayagam Nalliah Asirwatham (whom failing),
Mr. Charles Humbert Gomez (whom failing),
Mr. Niranjan Joseph de Silva Deva Aditya (whom failing),
Mr. Cedric Royle Jansz (whom failing),
Mr. Mellawatantrige Anton Niroshan Sampath Perera,

as my/our proxy to represent me/us, to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on 06th August 2024 at 10.00 a.m., and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We the undersigned hereby authorise my/our proxy to vote on my/our behalf in accordance with the preference indicated below:

1. Ordinary Business

No.	Resolution	For	Against
1.2	To declare a first and final dividend as recommended by the Directors		
1.3	To re-appoint Deshamanya D.H.S. Jayawardena who is over the age of 70 years		
1.4	To re-appoint Mr. R.N. Asirwatham who is over the age of 70 years		
1.5	To re-appoint Mr. J.M.S. Brito who is over the age of 70 years		
1.6	To re-appoint Mr. N.J. de S. Deva Aditya who is over the age of 70 years		
1.7	To re-appoint Dr. R.M. Fernando who is over the age of 70 years		
1.8	To re-appoint Mr. C.R. Jansz who is over the age of 70 years		
1.9	To re-elect Mr. C.H. Gomez who retires in terms of Article 83 and 84 of the Articles of Association of the Company		
1.10	To authorise the Directors to determine contributions to charities		
1.11	To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration		

2. Special Business

No.	Resolution	For	Against
2.1	To pass the Special Resolution for the amendment to the Articles of Association as detailed in item 2.1 of the Notice of Meeting		
2.2	To pass the Special Resolution for the amendment to the Articles of Association as detailed in item 2.2 of the Notice of Meeting		

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

....
Shareholder's Signature/(s)

....
Shareholder's NIC/Folio No. Proxyholder's NIC No.

Note : Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.
2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the Form of Proxy shall be executed in the manner specified in the Articles of Association/ Constitutional documents (as applicable).
4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his/her appointor.
5. Duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to nurani@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, not less than forty eight (48) hours before the time fixed for the meeting.

Please provide the following details (mandatory):

NIC/PP/Company Registration No. of the Shareholder/s : ………………………..…………………………………………………………

Folio No. : ……………………………………………………………………………………

E-mail address of the Shareholder/(s) or proxy holder
(other than a Director appointed as proxy) : ……………………………………………………………………………………

Mobile No. : ……………………………………………………………………………………

Fixed Line : ……………………………………………………………………………………

SHAREHOLDER FEEDBACK FORM

Your feedback is essential for shaping our strategic direction and improving our performance. We would greatly appreciate it if you could spare a few minutes to share your thoughts and suggestions via this form.

The completed Feedback Form could be emailed to **info@aitkenspence.lk** or posted to reach the Company Secretaries at No. 315, Vauxhall Street, Colombo 02, Sri Lanka. You can also access this form online on **aitkenspence.com/feedback** or by scanning the QR code.

Your location

☐	Sri Lanka	☐	Other ....

Corporate Communications

Please rate the following areas based on your experience with the Company.

	Very low	Low	Medium	High	Very high	N/A
Quality and presentation of the annual report	☐	☐	☐	☐	☐	☐
Usefulness of the information in the annual report	☐	☐	☐	☐	☐	☐
Likelihood of the **financial information** in the annual report to influence decisions about the company	☐	☐	☐	☐	☐	☐
Likelihood of the **environmental and social information** in the annual report to influence decisions about the company	☐	☐	☐	☐	☐	☐
Level of satisfaction with the **communication with/ from Aitken Spence**	☐	☐	☐	☐	☐	☐

Which channels of communication are preferred when receiving information about Aitken Spence?

☐ Website	☐ Emails	☐ Newspaper	☐ Magazine articles	☐ Social media

Engagement with Spensonians

Please rate the following areas based on your experience with employees of Aitken Spence, or **'Spensonians'**.

	Very low	Low	Medium	High	Very high	I have not interacted with any Spensonians
Level of satisfaction with **the conduct of Spensonians**	☐	☐	☐	☐	☐	☐
Competency of our Spensonians based on recent interactions	☐	☐	☐	☐	☐	☐
Access to information about human resources management at Aitken Spence	☐	☐	☐	☐	☐	☐

Workforce Development

What do you believe are the most important employee related issues that our company should address?

	Not important	A little important	Important	Very important	A top priority!
Lawful and ethical **professional conduct**					
OHS, labour standards, **employee welfare and well-being**					
Human rights, DE&I at the workplace					
Learning and development for employees					
Capacity building on **product & service knowledge**					

Sustainability

What do you believe are the most important environmental, or socioeconomic issues that our company should address?

	Not important	A little important	Important	Very important	A top priority!
Financial control & governance					
Prevention of corruption and unethical business conduct					
Compliance with laws, regulations, and voluntary standards					
Local economic and community development					
Long-term, sustainable economic, social and environmental value created					
Energy management					
Emission control					
Effluent & solid waste control					
Water management					
Supply chain control on ESG					
Biodiversity conservation					
Resource management					
Human rights, DE&I in the value chain					
Product responsibility (quality, sustainability etc.)					
Innovation in products & services and unique customer experiences					
Climate change risk/ disaster risk management and business continuity management					

Are there any other relevant matters not mentioned above that you feel our company should address?

How would you rate your overall satisfaction with our company's performance? Please mark as applicable.

☆ ☆ ☆ ☆ ☆

We thank you for your time.

Designed & produced by
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aitkenspence.com

Aitken Spence PLC

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