

Way to grow



EXPOLANKA HOLDINGS PLC
ANNUAL REPORT 2015/16

WE BELIEVE THAT EVERY ASPECT OF OUR BUSINESS CAN GROW TO GREAT HEIGHTS. FROM OUR REACH TO EVEN OUR REPORTING, OUR CAPACITY TO EXPAND IS TRULY LIMITLESS. AS WE FOCUS ON OUR CORE BUSINESS AND STRENGTHEN OURSELVES TO TAKE ON THE NEXT PHASE OF OUR JOURNEY AS A CONGLOMERATE, WE WILL CONTINUE TO PLANT THE SEEDS OF ENTREPRENEURSHIP, PASSION AND THE DARE TO DO SPIRIT THAT HAS AIDED OUR JOURNEY SO FAR. THIS IS OUR WAY TO GROW.



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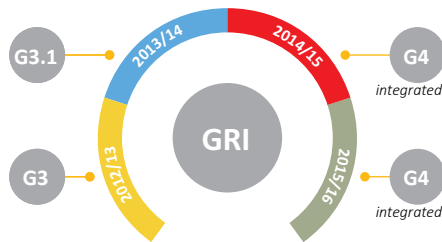
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ABOUT THIS REPORT

G4-15,18,28-33

G4 INTEGRATED



REPORT PROFILE

In this our 3rd integrated annual report we aim to provide a balanced view of how we are creating value for shareholders and other stakeholders of Expolanka Holdings PLC.

Our global presence places us in a unique position where we find that our business impacts numerous stakeholders. In deference to these many stakeholder groups, we have structured this annual report in line with the concept of the six capitals, which takes into consideration the material inputs and

resources required for us to create and sustain value in the long term. Our Value Creation Story, captured on page 91 summarises this process, while the pages that follow will provide a comprehensive account the progress made in this regard during the reporting period.

REPORTING PARAMETERS

In reporting on these six capitals, we have strived to align ourselves with the International Integrated Reporting Council (IIRC) framework as much as possible. While the IIRC framework facilitates mainly qualitative data, for greater clarity, the report also references the Global Reporting Initiatives (GRI), G4: “In accordance – Core” reporting guidelines, which provides a quantitative assessment of our progress on key sustainability indicators.

REPORT SCOPE

The report covers the activities of Expolanka Holdings PLC and its subsidiaries from the period 01st April 2015 to 31st March 2016. Quite often the report talks of Group policies and strategies commonly applicable to our operations across the world. However, a major portion of the content, data and statistics refer to activities carried out in Sri Lanka, unless otherwise stated.

MATERIAL ISSUES

Our Report focuses on 31 key issues, which the Board and Management believe are material to shareholders and could impact our value creation process. Throughout this Report we have aimed to demonstrate the connectivity between these material issues and our business model, strategy, risks, key performance indicators, remuneration and prospects. The material issues are

reviewed on an ongoing basis to ensure they remain relevant and management assumes responsibility for the approval of these material issues, which are then endorsed by the board.

FORWARD-LOOKING STATEMENTS

The Report includes forward-looking statements, which relate to the possible future financial position and results of the Group’s operations. These statements by their nature involve an element of risk and uncertainty, as they relate to events and depend on circumstances that may or may not occur in the future. However, the Group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events or otherwise.

ASSURANCE

All information, data and statistics contained herein have been thoroughly reviewed by the Management and the Board of Directors of Expolanka Holdings PLC, to confirm the accuracy and completeness of information and verify the adherence to Group policies.

Further, we have also obtained an independent assurance from Ernst & Young, to validate the transparency of our reporting process. This assurance also serves to enhance the credibility of this integrated report for 2015/16.

INQUIRIES & KEY CONTACT

Any queries and clarifications related to the information and data presented in this Report are to be directed to:

Mushtaq Ahamed
Director – Group Finance
mushtaq@expolanka.com

KEY FINANCIAL HIGHLIGHTS 2015/16

G4-9

56,014 MN 6% ↑
REVENUE



REVENUE COMPOSITION

10,358 MN 22% ↑
GROSS PROFIT



EBIT COMPOSITION

2,102 MN 44% ↑
EBIT

2,047 MN 56% ↑
PBT

1,445 MN 38% ↑
PAT



Growing *with* passion

Our attitude has always been key in achieving all our goals and it is this passion that will take us into a new year with energy and vigour.

THE INSIDE STORY

ABOUT THE GROUP

The story of Expolanka starts in 1978 as the Sri Lankan economy was liberalised and the flagship company Expolanka Limited was established. Initially a pioneer exporter of fresh produce, Expolanka was one of the first winners of the prestigious Presidential Award in this category. Emerging unobtrusively as a strong and dynamic group of companies, Expolanka has been gradually but steadily consolidating and sustaining growth.

Expolanka's rise to being one of the largest conglomerates in Sri Lanka has been achieved through a well strategised growth plan. Expolanka operates in various business sectors, globally represented by many industries in many business units. Each business unit over the years has maintained its competitive advantage by evolving and looking at focused business strategies. Expolanka's expansion to international markets commenced in 1992, and within a very short span of time, the Group's network of operations has spanned worldwide. The Group continues to explore new emerging markets with a view to expand its global operations. In 2011, Expolanka embarked on a new journey with the launch of its IPO. In 2013, with a vision to create more value to its stakeholders, the Company underwent a restructuring process, thereby focusing its energies on its core businesses.

In 2014, the Group forged a strategic partnership with SG Holdings Group, a leading logistics group in Japan, which includes Sagawa Express, one of the largest delivery companies in Japan. Following the partnership with Expolanka, SG Holdings has a strong presence in the Asian Region with 23 locally incorporated subsidiaries outside Japan including China, Vietnam and Singapore.

THE INSIDE STORY

COVENANT

"BUILDING A GREAT BUSINESS WITH A DARE TO DO SPIRIT"

CORE VALUES

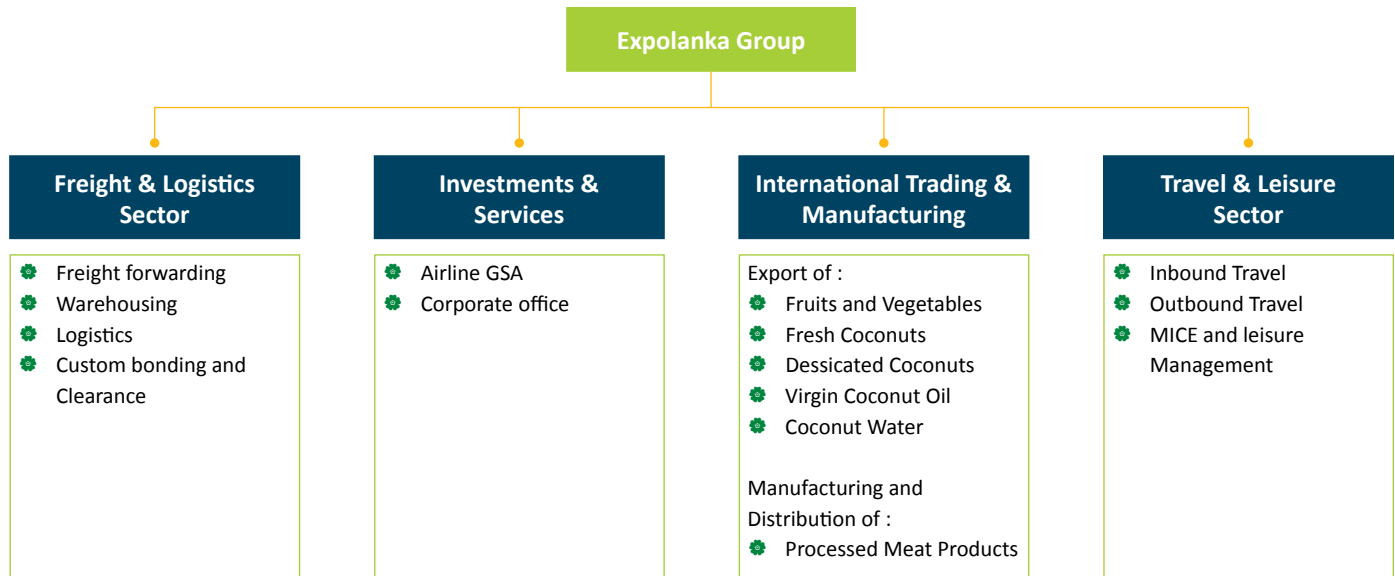
- WE WILL ALWAYS FOLLOW ETHICAL BUSINESS PRINCIPLES IN TRANSACTING AND MANAGING BUSINESS
- CARING FOR STAKEHOLDER'S INTEREST
- COMMITMENT TO EXCELLENCE
- INNOVATION AND ENTREPRENEURSHIP

OUR CULTURE

SINCE INCEPTION, AN AMBIENCE OF TRADITION AND INTEGRITY HAS BEEN THE BEDROCK OF ALL OUR BUSINESS ACTIVITIES. AS A RESULT, THIS STRONG HERITAGE ENDURES TODAY WITH HONESTY AND RELIABILITY STRONGLY EMBEDDED INTO OUR WORKING CULTURE. AS A FORWARD LOOKING ORGANISATION, OUR DARE-TO-DO SPIRIT HAS ADDED DYNAMISM TO THIS ETHICAL BASIS. OUR COMMITMENT TO BEING A RELENTLESS LEARNING ORGANISATION ADDS A COMPETITIVE EDGE TO OUR BUSINESSES AS WE STRIVE TO BE A VALUE CHAMPION TO OUR STAKEHOLDERS.

THE INSIDE STORY

GROUP STRUCTURE

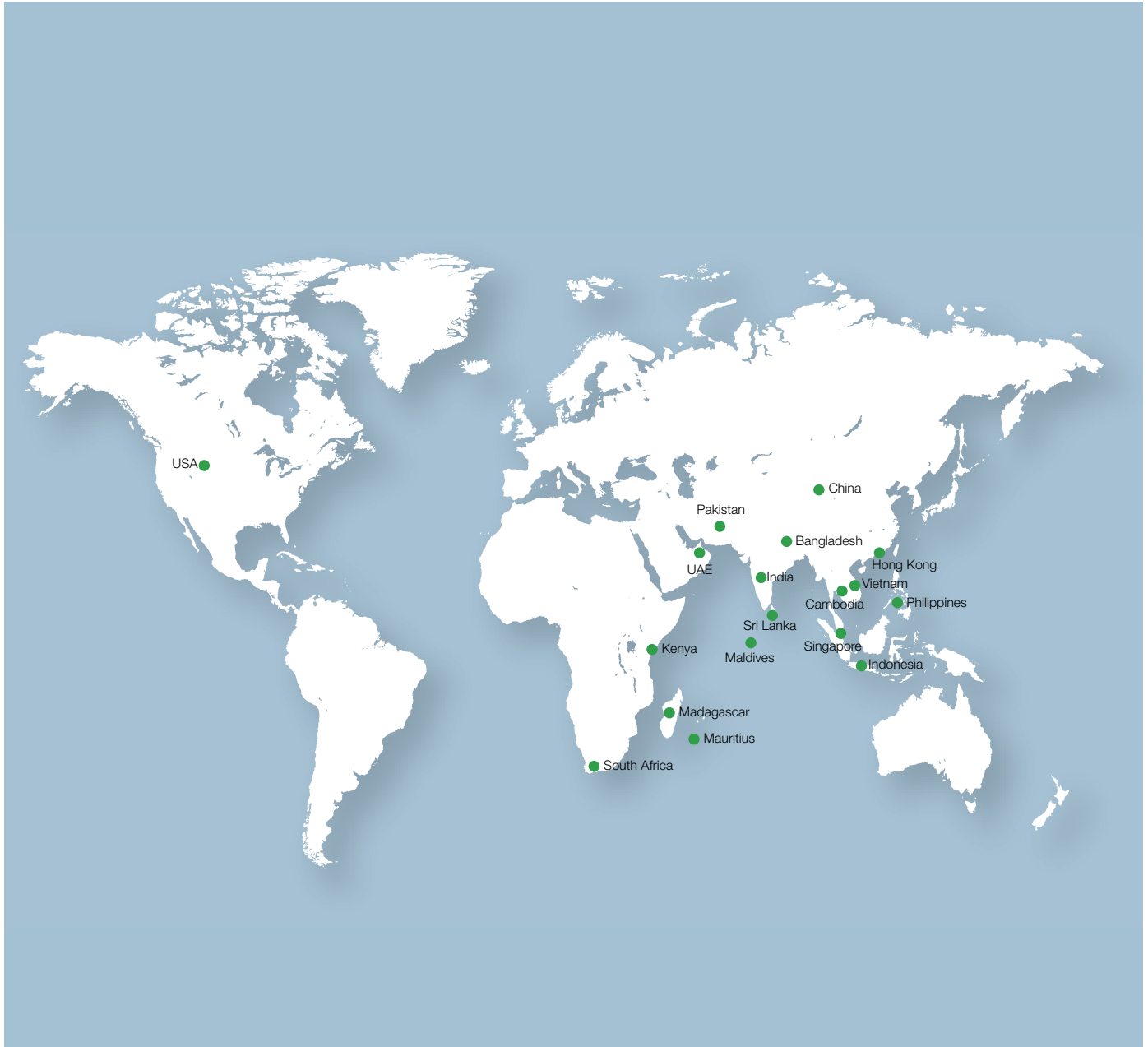


GLOBAL PRESENCE - SG HOLDINGS



GLOBAL PRESENCE - EXPOLANKA

G4-6



GLOBAL OFFICES

BANGLADESH**Expo Freight Ltd**

Dhaka
Chittagong

CAMBODIA

Phnom Penh

CHINA**Expo Freight (Shanghai) Ltd**

Shanghai
Shenzhen

HONG KONG**Expofreight (Hong Kong) Ltd**

Kowloon

INDIA**Expo Freight Private Ltd**

Chennai
Ahmedabad
Bangalore
Cochin
Coimbatore
Hyderabad
Kandla
Karur
Kolkata
Ludhiana
Moradabad
Mumbai
New Delhi
Pune
Tirupur
Tuticorin
Visakhapatnam

INDONESIA**PT. Expo Freight**

Jakarta
Surabaya
Semarang

KENYA**Expolanka Freight Ltd**

Nairobi
Mombasa

MADAGASCAR**Expolanka Madagascar SA**

Antananarivo

MALDIVES**Classic Travel Maldives (Pvt) Ltd**

Male

MAURITIUS**Expolanka Freight Ltd**

Port Louis

PAKISTAN**EFL Pakistan (Pvt) Ltd**

Karachi
Lahore

PHILIPPINES**Expolanka Freight (Philippines) Inc.**

Manila

SINGAPORE**EFL Global Logistics (Pte) Ltd**

Singapore City

SOUTH AFRICA**Expolanka Freight (Pty) Ltd**

Johannesburg

SRI LANKA**Expolanka Freight (Pvt) Ltd**

Colombo
Avisawella
Biyagama
Galle
Ja-ela
Hambantota
Katunayake
Koggala
Seeduwa
Orugodawatta

UAE**Expolanka Freight Dubai LLC**

Dubai
Abu Dhabi
Jebel Ali

USA**Expolanka USA LLC**

New York
Chicago

VIETNAM**Expolanka Freight (Vietnam) Ltd**

Ho Chi Minh
Hai Phong
Hanoi

KEY MILESTONES

1978

Expolanka commenced operations with the Incorporation of Expolanka (Pvt) Limited to export Fresh Produce

1982

- Expolanka ventures into the Transportation Sector with Expolanka Freight Limited (Sri Lanka)

1986

- Expolanka diversified into the Airline Representation business with the establishment of International Airline Services (Pvt) Ltd which represented Virgin Airlines Cargo operations

1989

- Diversifies into the Tea Export business with Expolanka Teas (Pvt) Ltd

1990

- Commences Retail & Wholesale Commodity Distribution with Expolanka Commodities

1993

- Expolanka incorporates Bio Extracts to venture into Herbal Pharmaceuticals
- Incorporation of Neptune Papers with a vision towards Recycled Paper

1994

- Expolanka ventures into the Travel Agency business with the incorporation of Classic Travel

- Expolanka commences operation of airlines with Expo Aviation
- Expolanka is awarded the GSA of Saudi Air Cargo & Incorporates Globe Air Limited

1995

- The Group moves into the Garment Manufacture Industry with Denshun Industries

1998

- Expolanka Receives the GSA for Royal Jordanian Airlines

1999

- Virgin Atlantic Passenger, KLM & Czech Airlines grant Cargo GSA's in Sri Lanka to Expolanka
- Incorporation of BAX Global (Pvt) Limited
- Expolanka moves into Education Sector forming APIIT Lanka
- Sri Lankas' first ever call centre Hello Corporation (Pvt) Ltd was incorporated
- Expolanka Pharmaceuticals was Incorporated

2003

- Expolanka invests in India through Expo Freight India
- Virgin Atlantic appoints Expolanka as their Cargo GSA in Dubai

2004

- Expolanka invests in Bangladesh through Expolanka Bangladesh
- Expolanka invests in Pakistan through Expolanka Pakistan (Pvt) Ltd
- Expolanka becomes the Cargo GSA for Saudi Air in Bangalore, Trivandrum and Cochin India by investing in International Sky Services (Pvt) Ltd
- Incorporation of Expolanka Plantations

- Incorporation of Expolanka Freight (Pvt) Ltd (South Africa)
- Incorporation of Expolanka Freight Limited (Kenya)
- Investment into Expolanka Freight Madagascar
- Investment into Expolanka Freight Limited Mauritius

2005

- Re-Structure of Organisation through Share Swap
- Expolanka is Sri Lanka's First, Microsoft Dynamix CRM3.0 implemented Company
- Expolanka becomes the Cargo GSA for Air France Cargo in Sri Lanka

2006

- Investment into Expolanka Freight FZCO Dubai, which represents American Airlines Cargo
- Expolanka invests in Air Line Cargo Resources FZCO Dubai which represents Virgin Cargo Operations

2007

- Re-launch of Expolanka with a new brand & identity
- Implementation of Oracle as Group ERP System
- Schenker Global Agency in Sri Lanka was awarded to S.G Logistics

2009

- Expolanka ventures into the local tea market with the launch of T-SIPS
- Sri Lankas' first dedicated Perishable Logistics Company Peri Logistics was incorporated
- Air Astana Cargo/Passenger GSA in Sri Lanka

KEY MILESTONES

G4-13

- Established Luxe Asia in Colombo, Expolanka's Destination Management Company
- Formation of Expolanka Executive Council
- Establishment of Ecologi Foundation to carry out various CSR & Environment related activities
- Expolanka signs a joint venture agreement with Airline Cargo Resources & represents Virgin Cargo in Bangladesh
- Expolanka represents Virgin Passenger operations in Bangladesh after entering into a joint venture agreement with Airline Services Limited
- Expolanka enters into a joint venture agreement with Cross Freight & represents Swiss Air Cargo in Bangladesh
- Expolanka Signs a joint venture agreement with Freight Care & represents Air France & KLM in Bangladesh
- Expolanka receives Microsoft Dynamic Rating on IT's Core Infrastructure

2010

- Divestment of Expo Aviation and Denshun
- Sell down by the major share holders on a private placement to broad base ownership
- Established Expo Freight Vietnam and PT Unipara

2011

- The Company was listed on the main board of the Colombo Stock exchange via an initial public offering
- Acquired 50% stake in Norfolk (Pvt) Ltd.
- Commenced construction and expanded the warehouse operations at Orugodawatta
- Acquired 50% stake in Akquasun Holidays, India
- Initiated the Expo Rail luxury train service

2012

- Expolanka Freight rebrands as "EFL"
- Expolanka Commodities initiates Madagascar operation
- Expolanka Freight opens offices in USA, China and Hong Kong

2013

- Classic Travel expands operations to Katunayake and Ratnapura with new branch openings
- Expo Freight (EFL) initiates their Maldivian operation with the opening of their new office in the Maldives
- Crescent opens its "Norfolk Fine Foods" flagship outlet in Marine Drive
- Bio Extracts unveils its new logo, packaging and brand strategy for their Herbal healthcare range 'Baraka'
- Expolanka Holdings PLC divests its fully owned subsidiaries Expolanka Commodities (Pvt) Ltd, Hello-Corp (Pvt) Ltd, Luxe Asia (Pvt) Ltd and Lanka Premier Foods (Pvt) Ltd under the restructuring strategy
- Expolanka Holdings PLC divest 38% of its stake in its subsidiary Asia Pacific Institute of Information Technology (Pvt) Ltd (APIIT) to LANDAS BIJAK SDN BHD a subsidiary of Ekuiti Nasional Berhad (Ekuinas) as part of the restructuring strategy
- Expo Medix the flagship not for profit chain of clinics serves its 100,000th patient

2014

- SG Holdings Japan buys 30% stake of Expolanka Holdings PLC to acquire controlling stake of 51% in Expolanka Holdings PLC.
- Expolanka Holdings appoints a new Board of Directors and a Chairman following the acquisition by SG Holdings Japan.

- Expolanka launches Expo Global Distribution Centre (EGDC), a duty-free zone that allows retail brands to import goods without any Customs Duty and offers services as a distribution centre as well as an offshore business.
- Expolanka Holdings PLC divests its stakes in several companies in the International Trading and Manufacturing sector.
- Classic Travel opens 'Classic Vacations' to cater to the holiday travel segment.
- EFL opens new offices in USA, China and Hong Kong
- Expolanka Holdings and its subsidiaries won a series of awards from LACP – USA, SLIM Brand Excellence Awards, ACCA Sustainability Awards, Asia Responsible Entrepreneurship Awards, National Business Excellence Awards and the Great Place to Work for in the year 2013/14

2015

- Logistic Park opens a 100,000 sqft state of the art fashion logistics warehouse and a transportation division in Orugodawatta, Sri Lanka.
- Expolanka launches Travel Bridge an innovative solution for travel agents
- EFL steers ahead with HighJump Supply Chain Execution Solutions
- Expolanka Holdings PLC divests investment in Neptune Papers (Pvt) Ltd.
- Expolanka Holdings and its subsidiaries won a series of awards from MAST Global Logistics, Asia Responsible Entrepreneurship Awards and the TTJ Jury choice award for Innovative Edge in B2B Destination Promotion in the year 2014/15

2016

- SG Holdings Global PTE. LTD acquires further 16% stake in Expolanka Holdings PLC

BOARD OF DIRECTORS

G4-LA 12



NOBUAKI KONDO
Chairman of the Board



HANIF YUSOOF
Executive Director and Chief Executive Officer



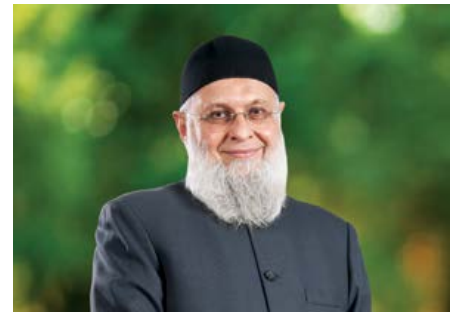
NAOSUKE KAWASAKI
Non-Executive Non Independent Director



MOTONORI MATSUZONO
Non-Executive Non Independent Director



YOSHIFUMI MATSUBARA
Non-Executive Non Independent Director



OSMAN KASSIM
Non-Executive Director



TOJI SHIHO
Non-Executive Independent Director



SANJAY KULATUNGA
Non-Executive Independent Director



HARSHA AMARASEKERA
Non-Executive Independent Director

BOARD OF DIRECTORS

NOBUAKI KONDO

Chairman of the Board

Nobuaki Kondo, is a representative Director of SG Holdings Co. Ltd and has held this position since March 2012. He graduated from the Faculty of Engineering of Kansai University and started his career with Kyoto Sagawa Express Co., Ltd., (Kansai branch of Sagawa Express Co., Ltd. at present) in 1981. He has over 35 years of experience in the logistics business including having held several executive positions and directorships at SG Holdings Group.

HANIF YUSOOF

Executive Director and Chief Executive Officer

Hanif Yusoof is an Executive Director and the Chief Executive Officer of the Group. In addition to being one of the founding members, he has been a cornerstone in building and expanding the Freight & Logistics sectors of the Company. He has served as President of the Freight Forwarders Association of Sri Lanka in addition to being on the UN/ ESCAP panel of trainers for freight forwarding. His enterprising nature has led him to be well admired and he was the recipient of the 'Asia Pacific Entrepreneurship Special Achievement Award' by Enterprise Asia in 2013. His other achievements include being awarded for 'Global Commerce Excellence' in light of contributions to the Sri Lankan economy by the Central Bank of Sri Lanka in 2012 and receiving the "The Outstanding Young Persons - TOYP Award" in 1998. In 2013, he was among those 10 individuals recognised by LMD magazine in their coverage of 'Business People of the Year'.

NAOSUKE KAWASAKI

Non-Executive Non Independent Director

Naosuke Kawasaki, Managing Director of SG Holdings Global PTE. LTD., Singapore since March 2013. After graduating from the Department of Law at Kyoto University in 1977 he joined Bank of Tokyo Ltd. (the Bank of Tokyo-Mitsubishi UFJ, Ltd. at present). He has held several senior management positions and directorships in financial services and logistics businesses companies during a career spanning over 39 years.

MOTONORI MATSUZONO

Non-Executive Non Independent Director

Motonori Matsuzono is the Director of SG Holdings Global PTE. LTD. He graduated from Business Administration department of Kobe University. Prior to joining SG Holdings Global Pte. Ltd. he held several management positions at Nippon Sheet Glass Group and its overseas subsidiaries in the Finance and Accounting area over a span of 26 years.

YOSHIFUMI MATSUBARA

Non-Executive Non Independent Director

Yoshifumi Matsubara is the Managing Director of SG Sagawa Thailand and Director of SG Holdings Global PTE. LTD. Singapore. A graduate from the Department of Law at Waseda University. Prior to joining Sagawa he was with NEC Corporation in sales and marketing area of the group focusing on Philippines, Viet Nam and Thailand. He joined SG Holdings, Japan in July 2012.

OSMAN KASSIM

Non-Executive Director

Osman Kassim was the founding Chairman of Expolanka Group. He is an entrepreneur with vast experience in the fields of management and strategy. He is also renowned for his expertise in Islamic Banking and Insurance. He counts over 36 years of senior management experience. Osman Kassim is also the Chairman of Amana Bank and Vidullanka PLC. He also holds directorships in Pak-Kuwait Takaful Company Ltd – Pakistan, Crescentrating (Private) Limited – Singapore and Amana Takaful Maldives Limited – Maldives. He is also Chairman of the Asia Pacific Institute of Information Technology (APIIT) in Sri Lanka. He has an Honorary Doctorate from the Staffordshire University in recognition of his achievements as both a global entrepreneur and visionary educationalist.

TOJI SHIHO

Non-Executive Independent Director

Toji Shiho graduated from the Department of Law at Kyoto University in 1977 and has a MBA from the Graduate School of Finance, Accounting and Law, Waseda University. He started his career at Nissan Motor Co., Ltd. in Japan which spanned 36 years. While at Nissan he was involved in various corporate projects for business development, business restructuring as well as mergers and acquisitions (M&A). After retiring he started his own consultancy on M&A, providing advice and support pertaining to companies both in Japan and abroad. In addition, he lectures on M&A and Corporate Governance at the Accounting School of Chuo University of Japan.

BOARD OF DIRECTORS

SANJAY KULATUNGA

Non-Executive Independent Director

Sanjay Kulatunga has experience as a founder and an Executive Director in a diverse array of industries ranging from Finance, Export manufacturing and Import substitution. He holds a series of Non-executive Directorships in listed as well as unlisted companies in industries ranging from logistic, hospitality and property development. He served on the financial sector Stability Consultative Committee of the Central Bank of Sri Lanka, and served as a Commissioner of the Securities Exchange Commission of Sri Lanka. He has a MBA from the University Of Chicago Booth School Of Business. He is an Associate member of the Chartered Institute of Management Accountants (ACMA) as well as a CFA Charter holder.

HARSHA AMARASEKERA P.C.

Non-Executive, Director

Harsha Amarasekera, President's Counsel is a leading Lawyer in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts, specialising in Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. He also serves as an Independent Director in several leading listed companies in the Colombo Stock Exchange including CIC Holdings PLC (Chairman), Chemanex PLC (Chairman), Vallibel One PLC, Royal Ceramics Lanka PLC, Chevron Lubricants Lanka PLC, Keells Food Products PLC, Amana Bank PLC, Vallibel Power Erathna PLC & Amaya Leisure PLC. He is also the Chairman of CIC Agri Business (Private) Limited.

SENIOR MANAGEMENT



ASITHA JAYATUNGA
– Director – Group Human Resources



ASITHA KAGGODA
– Head of Group IT



IMDADH MARIKAR
– Director/CEO – Expolanka (Pvt) Limited



JAGATH PATHIRANE
– Director/CEO – Expo Freight



KANISHKA WIJESINGHE
– Director Expolanka Airline Division



MOHAMED ZIAUDDIN
– CEO – Norfolk Foods



MUSHTAQ AHAMED
– Director – Group Finance



NIROZA GAZZALI
– COO EGDC/CEO –SG Logistics



PADDY WEERASEKERA
– Head of Marketing, Corporate Communications and CSR

SENIOR MANAGEMENT

**SURESH MENDIS**

– CEO – Classic Travel

**SHANTANU NAGPAL**

– Head of Strategic Planning and Business Development

**SENTHILNATHAN SHANMUGAM**

– COO – Expolanka International (Pvt) Limited

**SAIF YUSOOF**

– Managing Director – Expolanka Freight

ASITHA JAYATUNGA

– Director – Group Human Resources

Professional experience of 17 years. MBA from the Edith Cowan University, Australia; GPHR & SHRM-SCP; Post Graduate Diploma in HRM from the University of Kelaniya; Professional Post Graduate Diploma in Marketing from CIM UK.

ASITHA KAGGODA

– Head of Group IT

Professional experience of 15 years, including 14 years in the Group. MSc on Information Technology from Keele University,

UK; Project Management Professional (USA) Certification; Projects In Controlled Environment (PRINCE2/UK) Certification; ITIL (v3) Foundation Certification; CISCO Certified Network Associate and Certified Lotus Notes Professional (IBM).

JAGATH PATHIRANE

– Director/CEO – Expo Freight

Professional experience of 23 years in Freight & Logistics. Incumbent Treasurer of the Sri Lanka Freight Forwarders Association, Former Secretary of both the Association of Container Depot Operators and the Association

of Container Transporters; Member of the European Chamber of Commerce Sri Lanka, Member of Sri Lanka Institute of Directors, Member of Millennium Toastmasters Club and mentor at the Moratuwa University Mentoring Programme.

SURESH MENDIS

– CEO – Classic Travel

Professional experience of 39 years. IATA worldwide qualification issued by Air Lanka, along with an ACMA Foundation 'A' qualification; Former President of the International Air Transport Association (IATA)

SENIOR MANAGEMENT

Agents Association of Sri Lanka for two terms; Council Representative of the IATA, Bronze Award for Outstanding Performance at the Expolanka CEO Awards 2009.

SENTHILNATHAN SHANMUGAM

– COO – *Expolanka International (Pvt) Limited*

Professional experience of 36 years. With experience divided across the six continents, Senthil steers the business across the globe and is at home in as many as 17 countries. He joined Expolanka in 1996 and transformed it from humble beginnings to its present status as one of the leading forwarders in the region.

MUSHTAQ AHAMED

– Director – *Group Finance*

Industry experience of 18 years. MBA from University of Colombo ; Bachelor of Science Honors degree in Business Administration (Finance Special); Associate Member of both the Institute of Chartered Accountants of Sri Lanka and Chartered Management Accountants of Sri Lanka.

KANISHKA WIJESINGHE

– Director *Expolanka Airline Division*

Professional experience of 33 years. Qualified Airline Marketing with IATA and Certified in Airline Management, Marketing, Sales, Operations, Customer relations and in Human relations with several International Airlines; Fellow (FCMI) Membership award status from the Chartered Management Institute CMI- UK; Expert Supply Chain Management (ESCM) status from the IoSCM ((Institute of Supply Chain Management) UK; certification from the International Purchasing & Supply Chain Management Institute – USA (IPSCMI); former President of the Sri Lanka Airline Cargo Association (SLACA) consisting of all on line and offline Airline representation memberships.

NIROZA GAZZALI

– COO *EGDC/CEO –SG Logistics*

Professional experience of 24 years. Niroza has in-depth knowledge on freight forwarding operations in both air and ocean. She has spent almost 13 years with the Group, previously serving as Manager of Ocean freight at Expolanka Freight Limited. In 2009, Niroza's expert guidance won her the Gold Award for Outstanding Performance at the Expolanka CEO Awards.

PADDY WEERASEKERA

– Head of Marketing, *Corporate Communications and CSR*

Professional experience of 23 years. MBA from the University of Wales (UK); DipM, Chartered Institute of Marketing (UK), FCIM; Certified Management Accountant (CMA, Australia); "Distinguished Brand Leader Award" at the prestigious Asian Leadership Awards 2011.

SAIF YUSOOF

– Managing Director – *Expolanka Freight*

Industry experience of 8 years. Bachelor of Business Administration with a specialisation in Integrated Supply Management from the Haworth College of Business at Western Michigan University; the Business Studies Programme at Sunway College, Malaysia; Member of the Council of Supply Chain Management Professionals.

SHANTANU NAGPAL

– Head of *Strategic Planning and Business Development*

Industry experience of 21 years. MBA from INSEAD in France (Misys Scholar on the Dean's List); Bachelor's degree in Philosophy Politics and Economics at Oxford (Radhakrishnan Scholarship).

MOHAMED ZIAUDDIN

– CEO – *Norfolk Foods*

Professional experience of 40 years. MSc. in Technological Economics, from University of Sterling UK; Post Graduate Diploma in Management Studies from the Luton Management Centre UK; Higher National Diploma in Food Technology from South Bank Polytechnic, UK. Ziauddin; Associate Member, British Institute of Management; Associate of Institute of Food Science Technology, UK; and a Member of the Royal Society of Health, UK; Holds five International Patents on inventions relating to food processing technology.

IMDADH MARIKAR

– Director/CEO – *Expolanka (Pvt) Limited*

Professional experience of 13 years in International Trade. MBA from the University of Southern Queensland, Australia; Bachelor's Degree on Management & Information Systems from the University of London, UK; Professional Post Graduate Diploma from Chartered Institute of Marketing (CIM UK). He also represents the Company as the Secretary to the very influential Lanka Fruit & Vegetable Producers, Processors and Exporters Association.

GROUP FINANCIAL SUMMARY

Description	2015/16 Rs. Mn.	2014/15 Rs. Mn.	Change	Comments
Revenue	56,015	52,652	6%	Group core sector Freight and Logistics recorded a growth in revenue of 15% driven mainly by growth in volume in the Indian sub continent along with market growth in Indonesia, Vietnam and Hong Kong, USA and China. Travel and Leisure sector continued to show positive signs during the period recording a revenue of Rs 4 billion. Both Inbound and Outbound operations performed well, posting a high level of growth. Due to contraction in GSA business and Investment & Services sector revenue dropped by 6%. International Trading & Manufacturing sector recorded a revenue of Rs. 4 billion.
Cost of Sales	(45,656)	(44,135)	3%	Increased cost of sales was primarily influenced by the corresponding increase in revenue levels and volume growth. Lower freight rates impacted the freight and logistics sector cost of sales. However divestment of tea and recycle business reduced the International Trading & Manufacturing sector cost of sale by 3 billion.
Gross Profit	10,359	8,517	22%	Higher margin contributed to the growth in GP .
Other Income	380	477	-20%	Under the restructuring process, the Company divested a few entities last year, which has resulted in a gain of Rs. 117 million compared to the current year gain of 14 million.
Overhead	(8,637)	(7,539)	15%	Overhead costs were incurred due to efforts of restructuring. Revenue growth and inflationary impact too contributed for the overhead cost to rise. Concentrated efforts were taken through higher productivity and efficiencies to control the overhead cost.
EBIT	2,102	1,456	44%	Increase in gross profit contributed to higher EBIT growth.
Finance Charges	(92)	(154)	-41%	Retirement of borrowings substantially reduce the finance charges.
Share of profit of an associate and Joint venture	37	12	200%	Increase in Bangladesh joint venture profits contributed to the growth in share of profits.
Profit Before Tax	2,047	1,314	56%	Higher gross profit growth was the key driver for the increase in profit before tax.
Income Tax Expense	(601)	(266)	126%	Profit increase in higher tax rate stations resulted in higher tax provision.
Profit for the year	1,446	1,047	38%	Higher growth in gross profit resulted in increase in profit.
ROCE	10.31%	8.94%		Higher operational profit contributed a growth in ROCE and ROE
ROE	11.02%	9.02%		

GROUP STRATEGY

As the strategic alliance with SG Holdings Group of Japan completes its second year, we at Expolanka Holdings PLC have progressively aligned ourselves with the management vision of the SG Holdings group, in striving to Create new value by utilising management resources and deepening cooperation inside and outside of the group, while aiming to strengthen the management foundation to achieve lasting growth.

Absorbing this philosophy prompted us to rethink our strategic priorities and formulate a roadmap that would underpin the sustainability and future growth of our business. And so in 2014, we rolled out a three-tier growth strategy to ensure the smooth transition through restructuring to re-engineering and onward to optimisation. Having completed the restructuring phase in the previous year, in 2015/16 we began the journey towards re-engineering our business model. We carefully scrutinised every aspect of our business as we sought

to broaden business goals by leveraging on our core competencies.

Having determined that growth, risk, return and productivity to be the key fundamentals that will decide how we accomplish our strategic priorities, we then worked out an agenda to help us create sustainable value that will benefit all stakeholders of Expolanka Holdings PLC. Given that the core business thrust was hinged on rapidly evolving sectors like Freight & Logistics, Travel & Leisure and Manufacturing, we felt that it is imperative that we deepen our business focus to explore both organic and inorganic growth that will produce greater returns and optimise the scalability of the business in the long term. Thinking along these lines, we continued to fine-tune our sectorial structure even more in the current financial year. The main focus however, was to sharpen each individual business model by strengthening core infrastructure to give a competitive edge, investing in the right knowledge that will help mitigate risk and then securing the commitment of the team to carry out corporate ambitions.



Sector	Strategic Initiatives in 2015/16
Freight & Logistics	<ul style="list-style-type: none"> • Focus on key customer acquisitions & improving market share through improved customer portfolio management • Strengthen African continent presence through partnerships, associations in order to scale up operations • Drive efficiencies which is particularly focused on Margin enhancement & Operational efficiencies • Emphasis & concentration on driving growth on ocean freight business aimed towards optimising growth within the product portfolio • Continue Solutions Innovations with the aim of maintaining speed of response and speed of services to the customer • Optimise Technology platform to drive growth in sales, flexibility of solutions and concentrated operational • Continue expansion on the Warehousing Sector by adopting a more asset light model aimed at improving returns and efficient allocation of resources

GROUP STRATEGY

Sector	Strategic Initiatives in 2015/16
Travel & Leisure	<ul style="list-style-type: none"> Continue expansion (and Investments) in the Outbound and Corporate Travel Market to drive growth, profitability and operational efficiencies. Enhance service portfolio by expanding the value added services segment and develop services across the value chain Restructure Inbound DMC operations with focus towards driving efficiencies and profits Continue developments on Technology platform with the aim of improving efficiencies and service excellence Focus on Innovations to drive higher yielding product solutions
International Trading & Manufacturing	<ul style="list-style-type: none"> Focus on core product portfolio with the aim of increasing sales and driving operational efficiencies Continue developments in the Value Added product range and concentrate operations on profitable products Complete Divestment initiatives within the sector
Investments and Services	<ul style="list-style-type: none"> Actively seek opportunities to divest remaining Passive Investments Continue developments in the GSA sector with the aim of driving growth in operations and scale Evaluate opportunities to look at bringing in cost efficiencies where possible

FUTURE GROWTH	LEVEL 1 RESTRUCTURE	LEVEL 2 RE-ENGINEER	LEVEL 3 OPTIMISATION
FREIGHT & LOGISTICS	Consolidate Core	Business Processes	Cost
INTERNATIONAL TRADING & MANUFACTURING	Invest in Stars	Integrate Technology	Efficiency
TRAVEL & LEISURE	Divest where Return > than if Maintained Long-term	Responsible Operations	Governance / Ethics
INVESTMENT & SERVICES	Sharpen Sector Focus	Work Force & Culture	Relationships

Stepwise Evolution of the Business Model

GROUP FINANCIAL REVIEW

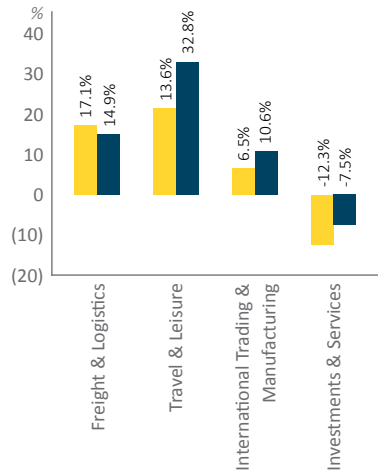
GROUP PERFORMANCE

	2015/16 Rs. Mn.	2014/15 Rs. Mn.	Change %
Turnover	56,015	52,652	6.4%
Earnings Before Interest & Tax (EBIT)	2,102	1,456	44.4%
Finance Cost	92	154	-40.6%
Profit Before Tax (PBT)	2,047	1,314	55.8%
Profit After Tax (PAT)	1,446	1,047	38.0%
Total Assets	22,675	21,993	3.1%
Total Equity	13,120	11,618	12.9%
Total Debt	1,793	1,819	-1.5%
Capital Employed	14,913	13,437	11.0%
Return on Equity (ROE)	11.02%	9.02%	22.2%
Return on Capital Employed (ROCE)	10.31%	8.94%	15.3%

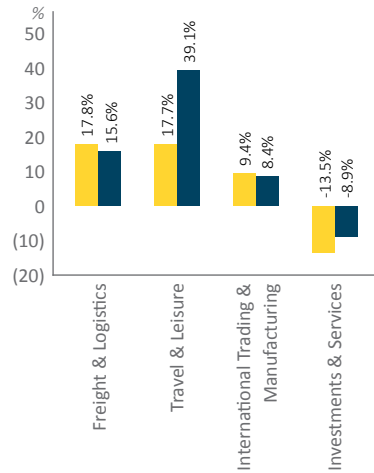
CONTRIBUTION TO THE GROUP

	Turnover	EBIT	Capital Employed	Equity
Freight & Logistics	84%	105%	66%	70%
International Trading & Manufacturing	7%	6%	5%	3%
Travel & Leisure	8%	6%	11%	7%
Investment & Services	1%	-17%	18%	20%
	100%	100%	100%	100%

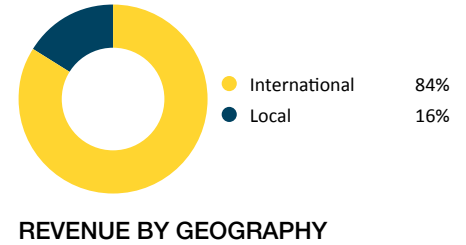
GROUP FINANCIAL REVIEW



● 2015/16
● 2014/15

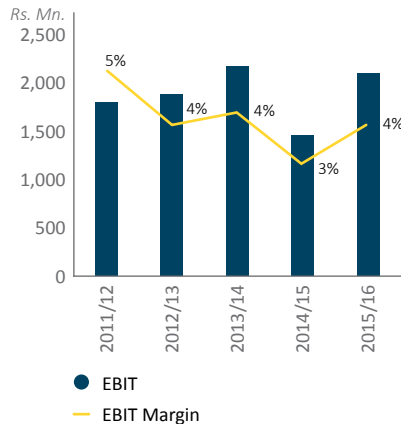


● 2015/16
● 2014/15

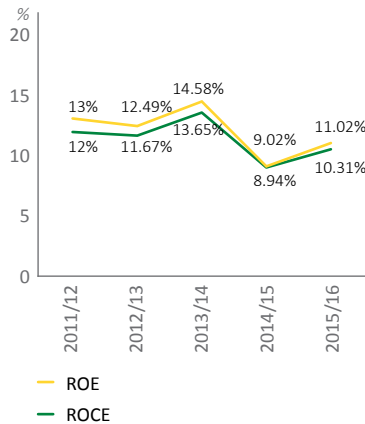


INDUSTRY GROUP ROCE COMPARISON

INDUSTRY GROUP ROE COMPARISON



EBIT & EBIT MARGIN

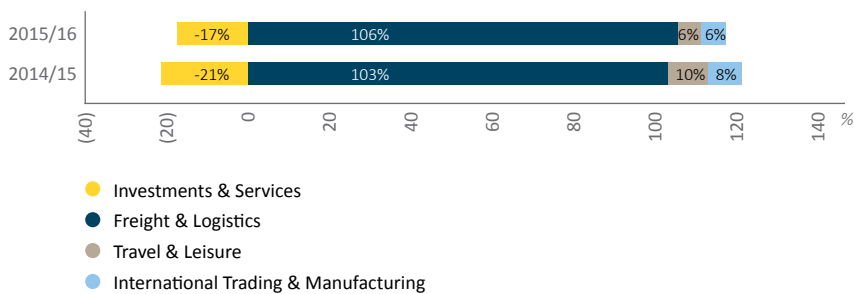


ROE VS ROCE

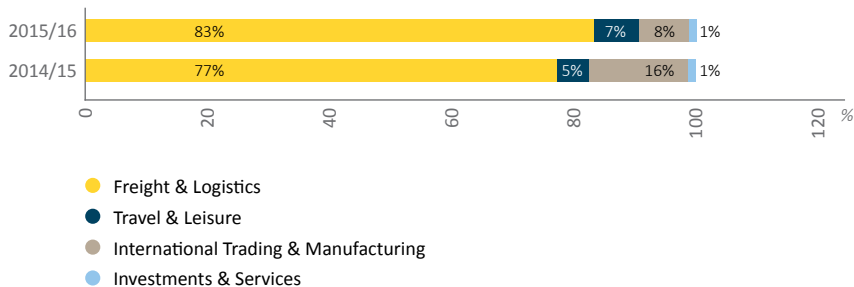


NPAT BY GEOGRAPHY

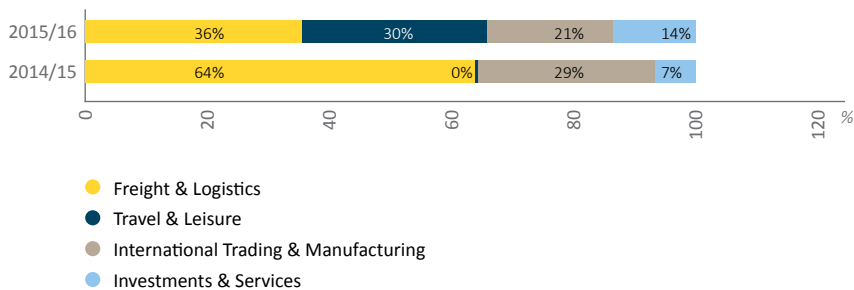
GROUP FINANCIAL REVIEW



EBIT COMPOSITION



REVENUE COMPOSITION



FINANCE COST COMPOSITION

NEWS HIGHLIGHTS

EFL (EXPO FREIGHT) STEERS AHEAD WITH HIGHJUMP SUPPLY CHAIN EXECUTION SOLUTION

Taking another step forward in its focus on integrating freight forwarding and logistics management into a single seamless process, EFL (Expo Freight) selected HighJump, a global provider of supply chain management software. HighJump offers a trading partner network technology that streamlines the flow of inventory and information from supplier to store shelf. HighJump supports more than 14,000 customers in 77 countries, ranging from small businesses to global enterprises. Its functionally rich and highly adaptable solutions efficiently manage customers' warehousing, manufacturing, transportation, distribution, trading partner integration, delivery routes and retail stores.



HighJump Supply Chain Execution



Standard Chartered Championship Trophy



EFL Expands Logistics Solutions in South Africa

EXPO FOOTBALL WINS STANDARD CHARTERED CHAMPIONSHIP TROPHY HELD IN MUMBAI

Expo Football defeated Delhi 2 to 0 to clinch the Standard Chartered Championship Trophy held in Mumbai. The team beat Chennai and Kolkata to qualify for the final. The win sealed Expo Football's chance to play the final round in Liverpool, England.

CLASSIC TRAVEL CONDUCTS TRAVEL FIESTA IN GALLE

In a bid to celebrate the Company's progress and the good rapport it has built over the years with residents of Galle, Classic Travel held a fiesta at the Galle Municipal Pavilion Ground. Classic Travel Fiesta Galle featured a day filled with fun and games for both adults and children, a product presentation stall, an inquiry booth in the shape of a star cruise as well as a raffle draw.

EFL EXPANDS LOGISTICS SOLUTIONS IN SOUTH AFRICA

In a bid to provide end to end services to customers in South Africa, EFL has invested in horse and trailers to move containers and break bulk cargo for both heavy and light weights. The fleet will be mainly used to cover movements between Johannesburg and Durban along with specialised services for domestic deliveries within the cities. The increasing demand for secure transport solutions is one of the driving reasons for EFL's investment and they hope to expand the fleet to keep with the market growth. EFL has been operating in the South African market for more than 14 years offering tailor-made supply chain solutions to multiple industries.



Travel Fiesta - Galle



Classic Travel Conducts Travel Fiesta in Galle

NEWS HIGHLIGHTS

EXPOLANKA HOLDINGS AND EXPO FREIGHT (EFL) CELEBRATES WORLD ENVIRONMENT DAY WITH BULB FOR BULB CAMPAIGN

Taking another step in its series of engaged environmental sustainability projects, Expolanka Holdings and Expo Freight (EFL) conducted a campaign to give away free Light-emitting diodes, or LED bulbs to its employees and a 1000 homes in Orugodawatta area in exchange for incandescent bulbs to celebrate World Environment Day. In addition, the campaign sought to induce participants to explore other energy saving methods such as harvesting rain water, recycling, other methods of reducing energy consumption etc.

CLASSIC TRAVEL CELEBRATES THREE YEARS OF STEADY SUCCESS IN RATNAPURA

Classic Travel celebrated its three year milestone in Ratanapura with an event featuring a product presentation, introduction to special April Holiday packages, entertainment acts and a raffle draw. Begun in February 2013, Classic Travel Ratnapura has gained the trust and loyalty of residents of Ratnapura and its suburbs with its unique customer centric approach and reliability. Classic Travel Ratnapura offers travel information and other travel related services from airline ticketing, global hotel reservations, visa handling services, passport extension services, travel insurance to booking of holiday packages to any destination worldwide.

CLASSIC TRAVEL OPTIMISES ITS BUSINESS CONTINUITY PLAN TO GAIN A COMPETITIVE EDGE

Leading Travel solutions provider, Classic Travel optimised its Business Continuity Plan (BCP) with PricewaterhouseCoopers (PwC) to

safeguard the continuity of each component of its business and ensure maximum benefits to customers. Classic Travel's BCP covers a fundamental aspects of its business including Corporate Sales Divisions located at Classic Travel head office, Outbound travel, MICE Division, Frequent Individual Travel (FIT) Division, Ticketing, Quality Assurance, Marketing, Visa, Information Systems (IS), Call Centre, Human Resource, Finance, Research and Development and Strategy Development.

POLAR AIR - AWARD FOR EFL HONG KONG 2015

Polar Air Cargo which owns the largest fleet of Boeing 747 freighters among U.S. scheduled all-cargo carriers, recognised EFL Hong Kong for the third consecutive year for the Company's valuable contribution.

CLASSIC TRAVEL SUPPORTS INTERNATIONAL COASTAL CLEAN UP

Leading Travel solutions provider, Classic Travel stepped forward to support International Coastal Cleanup 2015, held with the collaboration of the Marine Environment Protection Authority (MEPA), Sri Lanka at the Galle Face Green. The event organisers, South Asia Cooperative Environmental Programme is an inter-governmental organisation established by the Governments of South Asia in 1982. The International Coastal Cleanup engages people to remove trash and debris from the world's beaches and waterways, to identify the sources of debris and to change the behaviours that cause pollution.

EFL HONoured AT THE VIRGIN ATLANTIC CARGO AWARDS NIGHT

EFL was amongst the top Freight Forwarders honoured at the Virgin Atlantic Cargo awards night held in the United Arab Emirates.



Bulb for Bulb Campaign



Classic Travel Celebrates Success in Ratnapura



Classic Business Continuity



Polar Air - Award for EFL Hong Kong 2015

NEWS HIGHLIGHTS



Virgin Atlantic Cargo Awards Night

COX & KINGS LTD APPOINTS CLASSIC VACATIONS AS PSA IN SRI LANKA

Cox and Kings Ltd, the leading holidays and education travel group with operations in 23 countries, has appointed Classic Vacations as its Preferred Sales Agent (PSA) in Sri Lanka to promote and sell outbound holidays from Sri Lanka. Classic Vacations is one of the leading luxury vacation travel companies from the country.



Cox & Kings Ltd appoints Classic Vacations

EXPOLANKA CELEBRATES UNIVERSAL CHILDREN'S DAY WITH A FREE HEALTH CAMP FOR CHILDREN

Expolanka CSR celebrated Universal Children's Day 2015 with a free health camp and day filled with entertainment for 250 children, including differently abled children from five Children's Homes administered by the National Council for Child and Youth Welfare, Sri Lanka.



Expolanka Celebrates Universal Children's Day



Expolanka Celebrates World Elders Day



Expolanka and EFL Celebrates Earth Hour

EXPOLANKA AND EXPO FREIGHT (EFL) CELEBRATES EARTH HOUR ENCOURAGING EVERYONE TO PROTECT MOTHER EARTH

Expolanka and Expo Freight (EFL) initiated their Environmental campaign to celebrate Earth Hour with a series of activities. Among them was an 'Earth Hour Competition' for its Facebook audience for the second consecutive year. The competition which strives to reward environmentally friendly behaviour and spread awareness about sustainable practices is one of a series of endeavours of Expolanka and Expo Freight to contribute meaningfully to the worldwide Earth Hour movement.

EXPOLANKA CONDUCTS HEALTH CAMPS TO CELEBRATE WORLD ELDERS DAY 2015

Celebrating World Elders Day, Expolanka's CSR arm conducted 'Healthy Living', a series of health camps in Maskeliya, Sedawatta, Homagama and Wattala areas for over 300 elderly citizens in collaboration with HelpAge Sri Lanka. Healthy Living programme provided free health care for low income senior citizens who required general medical checkups. The health camps offered patients a complete checkup and consultation services that included Body Mass Index (BMI) calculation, vision care and dietary advice. Patients were also provided with free drugs on prescription which were handed out by the consultants at the health camp.



Enabling Entrepreneurship via Microfinance

EXPOLANKA ENABLES ENTREPRENEURSHIP AMONGST SENIOR CITIZENS THROUGH MICROFINANCE

In a bid to help address an emerging social problem in Sri Lanka, Expolanka initiated a microfinance project in collaboration with HASL (HelpAge Sri Lanka) to fund senior citizens to embark on entrepreneurship projects of their own. In order to establish a sustainable eco-

NEWS HIGHLIGHTS

system of entrepreneurship by senior citizens, the project aims to conduct a fully-fledged programme that includes forming senior citizen groups, training each group on starting self-employment activities, accounting, advocacy, lobbying as well as training the committees to provide care for the more vulnerable amongst them.

RATHUGALA WATER & SANITATION PROJECT

As part of the efforts to provide access to clean water, Expolanka Holdings PLC provided a ready source water for 400 families in the village of Rathugala, in Monaragala District. The project also included the construction of seven common toilet facilities at key locations including, the temple and the school, thereby improving the community infrastructure in the village.

CELEBRATING WORLD WATER DAY EXPOLANKA LENDS A HAND TO PROVIDE CLEAN WATER TO SCHOOL CHILDREN

In a bid to help address the current Chronic Kidney Disease (CKD) crisis in a meaningful manner, Expolanka Holdings stepped up to provide RO water purification solutions to four schools in Anuradhapura district. Over 3,000 school children in Vidyadarsha Maha Vidyalaya, Nochchiyagama, Rahula Maha Vidyalaya, Yaya, Rajanganaya, Karapittakada Vidyalaya, Karapittakada, Medawachchiya, Koongollawa Vidyalaya, Etawiragollawa, Medawachchiya will benefit from this endeavour.

VENTURE ENGINE 2015 POWERED BY EXPOLANKA

The Venture Engine entrepreneurship development programme drew to a close at OZO Colombo in June, marking a successful four-year run. The 11 finalists behind the top ranked projects made their final presentations to a panel of internationally-renowned judges comprising members of the Lankan Angel Network (LAN) and Indian Angel Network (IAN). Of the final presentations, the top three business plans belonging to Stripes & Checks, Yamu, and Audio Book received this year's honors.

'EXPO GOT TALENT': RECOGNISING EXPOLANKA'S MULTI-TALENTED EMPLOYEES

'Expo Got Talent', the first ever talent show organised by Expolanka Holdings for its employees concluded amidst much fanfare with the crowning of Niran Kanishka as the champion closely followed by Kaushalya Vaas and Diana Rajan as the first runner up and the second runner up respectively. Much hard work, music, dancing, drama, Yoga acts, martial arts and passion went into making the talent show a spectacular success. The electric atmosphere of the finale received an unexpected boost when Group CEO Hanif Yusoof announced his decision to double the cash prizes of the winners and award cash prizes to the rest of the finalists.



Water & Sanitation Project - Rathugala



Clean Water to School Children



Venture Engine



Expo Got Talent 2015

NEWS HIGHLIGHTS

EXPOLANKA SPONSORED VENTURE ENGINE WINS AT ASIA RESPONSIBLE ENTREPRENEURSHIP AWARDS (AREA)

Asia Responsible Entrepreneurship Awards programme 2015 (AREA) held in Macau on in June honoured Expolanka Holdings PLC for the Group's involvement in the entrepreneurship development programme, 'Venture Engine'. This is the second time that the Group received recognition at the prestigious AREA award designed to honour Asian businesses for championing sustainable and responsible entrepreneurship in several categories, including Green Leadership, Investment in People, Health Promotion, Social Empowerment, SME CSR and Responsible Business Leadership.

EXPO SPORTS HONOURS ITS SPORTS MEN AND WOMEN AT 'EXPO SPORTS' COLOURS NIGHT

Expo Sports recognised the outstanding achievements of its sports men and women at a 'Colours Night' ceremony held at the Sri Lanka Institute of Tourism auditorium. Expo Sports awarded 73 men and 19 women medals, trophies and certificates to celebrate individual and group achievements in their respective sports, namely, Football, Cricket, Netball, Badminton, Rugby and Swimming. In addition, the Colours Night honours extended towards the Coaching Staff, Team Managers Physiotherapist and Expo Sports Committee members for their valuable contribution to the record breaking success of Expo Sports throughout the years.

EXPO FOOTBALL RETAINS MERCANTILE A DIVISION CHAMPIONSHIP

Expo Football emerged as champions in the Mercantile 'A' Division Football League for the third year in a row. The Group defeated HNB and LB Finance in the knock out tournament to retain the title.

EXPOLANKA INTRODUCES TRAVELBRIDGE

Expolanka introduced its unique and innovative Business to Business (B2B) travel solution service, TravelBridge. The Company offers one-point access to all travel services to create a memorable itinerary and skilled consultants geared to troubleshoot and offer one-on-one training to help sell better. Once travel agents join the TravelBridge 'Travel Agent Programme', the Company offers a simplified contracting process with no overseas remittances, in addition to attractive commissions and competitive rates.



Asia Responsible Entrepreneurship Award



'Expo Sports' Colours Night



Expo Football Retains Mercantile A Division



Introducing TravelBridge

MEMBERSHIPS AND ACHIEVEMENTS

G4-16

MEMBERSHIPS

Expolanka Freight Ltd

- Sri Lanka Freight Forwarders Association
- American Chamber of Commerce in Sri Lanka

Classic Travel (Pvt) Ltd

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

Akquasun Sri Lanka (Pvt) Ltd

- Member of OTOAI (Outbound Tour Operators Association of India)
- Member of ETAA (Enterprising Travel Agents Association)

Expolanka (Pvt) Ltd

- National Chamber of Exporters of Sri Lanka
- The Ceylon Chamber of Commerce
- Sri Lanka - Pakistan Business Association
- Sri Lanka - Indonesia Business Association
- Spices & Allied Products, Producers & Traders Association
- Sri Lanka - China Business Association
- Sri Lanka Food Processors Association
- Lanka Fruits & Vegetables Producers, Processors & Exporters Association
- Sri Lanka Institute of Directors
- Coconut Products Traders Association
- Norfolk Foods (Pvt) Ltd
- Ceylon Chamber of Commerce
- The Council for Business with Britain
- Sri Lanka Maldives Bilateral Business Council

CERTIFICATIONS

Expolanka Freight Ltd

- US Customs and Border Protection
- Certified Customs - Trade Partnership against Terrorism (C-TPAT)
- ISO 9001:2008 Quality Management Systems Certification - SGS United Kingdom

Expolanka (Pvt) Ltd

- JAS (Japanese Agricultural Standards)
- EU (European Agricultural Standards)
- USDA (United States Agricultural Standards)
- HACCP - Sri Lanka Standard Institute
- ISO 22000 - Sri Lanka Standard Institute
- GMP - Sri Lanka Standard Institute
- Koche Certificate

Akquasun Sri Lanka (Pvt) Ltd

- Certificate of Allied Membership of TAFI (Travel Agents Federation of India)
- Certificate of Membership of TAAI (Travel Agents Association of India)
- Certificate of Membership of OTOAI (Outbound Tour Operators Association of India)
- Certification of Membership of ETAA (Enterprising Travel Agents Association)
- Certificate of Participation GPS (Global Panorama Showcase)
- Certificate of Membership of SIGTOA (South INDIA Global Tour Operators Association)

Norfolk Foods (Pvt) Ltd

- ISO 22000:2005 - Sri Lanka Standard Institute

AWARDS

- Mast Global Logistics - Best Service provider of the year 2016
- Emirates - Award for EFL Indonesia 2015/16
- Etihad - Award for EFL Indonesia 2015/16
- Polar Air - Award for EFL Hong Kong 2015
- Turkish Airlines - EFL Sri Lanka for Best Performance in Total Sales, 2015
- Classic Travel won the Silver award for Top Agent 2015 from Singapore Airlines.
- Classic Travel won the Platinum award for Top Agent from Cathay Pacific in 2015
- Classic Travel ranked among the Top three Travel Agents with all Airlines

- Expolanka Holdings PLC was honoured at the Asia Responsible Entrepreneurship Awards (AREA) under Entrepreneur Development category for the Group's part in the Venture Engine programme.
- Akquasun won the preferred Partner for the extended contribution in the year 2015 by Marriott at Mumbai
- Akquasun won the outstanding sales achievement award for the year 2015 by Holiday Inn Cotai Central at Venetian Macau
- Akquasun won the TJJ Jury Choice Award in the year 2016 for Innovative Edge in B2B Destination Promotion
- Akquasun was honoured as the Best Supportive Agent in 2015 by Chimelong Zhuhai Hong Kong
- Akquasun Hong Kong received Top Achiever Award for Indian Market in the year 2015 by Regal Hotels



Akquasun TJJ Jury Choice Award



Mast Award



Growing *with* courage

As we push the limits of what we, as a conscious conglomerate can achieve, we also pay special attention to what we can give back to our stakeholders as our responsibilities widen and gain more importance.

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EXPOLANKA HOLDINGS PLC
Annual Report 2015/16

CHAIRMAN'S STATEMENT

G4-1



CHAIRMAN'S STATEMENT

MARKING THE SECOND FULL YEAR IN OUR PARTNERSHIP WITH SG HOLDINGS GROUP OF JAPAN, I NOTE WITH GREAT SATISFACTION THAT THANKS TO THE CLARITY OF VISION PROVIDED BY THE ALLIANCE, THE EXPOLANKA GROUP IS NOW BROADLY WHERE WE EXPECTED TO BE AT THIS STAGE OF THE TRANSFORMATION PLAN. IN FACT WE ARE NOW BEGINNING TO SEE DEFINITE RESULTS ON MANY FRONTS.



NOBUAKI KONDO
Chairman

FOCUSED GROWTH

As I recap the key highlights for the year ended 31st March 2016, I am pleased to report the strategic realignment has provided Expolanka with a framework for accelerated innovation, increased engagement with customers and enhanced operational and financial performance, all of which have propelled the Group by leaps and bounds.

Further, the predominant focus on growth provided the impetus to build appropriate capabilities and strive to achieve a real competitive advantage in each of the sectors the Group represents. Simply put, the goal was to strengthen our position as a resilient and profitable business that will continue to grow notwithstanding negative headwinds in the external environment.

In this context, we made use of opportunities for strategic consolidation that would ensure revenue optimisation through synergistic alliances. New investment opportunities were viewed prudently and only considered based on the complementary value it would bring to the core proposition. More importantly, this was a strategy we felt most apt for the current year, particularly given the weak global economic conditions and depressed commodity markets that affected global trade in 2015.

I believe, the effectiveness of these measures are reflected in our results, with the Freight & Logistics, Travel & Leisure, Investments & Services and ITM (International Trading and Manufacturing) sectors, all demonstrating consistent growth for the current financial year.

Having said that, I must admit that some of the most important actions taken during the year have yet to manifest themselves fully, and would only be seen in the Groups' financial performance in the next few years.

SUSTAINABILITY FRAMEWORKS

To support our growth strategy, we did nevertheless continue to invest in certain resources, specifically technology, infrastructure and people, which we hope will enhance the resilience and scalability of our business, allowing us to migrate towards becoming a more sustainable business in the years to come. In doing so, we sought the guidance of our sustainability ethos to ensure that all such investments are not only financially sound, but also environmentally and socially rewarding for all our stakeholders.

In striving to become a more sustainable business, we also looked to our corporate governance mechanism and effective risk management practices to exemplify our corporate values. And as we grow, we realise that these processes too would need to be expanded and strengthened cognisant to changing market dynamics. In the current financial year, we updated our governance framework with the introduction of the Related Party Transactions Committee, a move aimed at ensuring fairness and transparency with regard to all related party transactions conducted worldwide.

INTEGRATED REPORTING

In demonstrating our progress to our many stakeholders, we have always sought to be as transparent as possible. To illustrate our

CHAIRMAN'S STATEMENT

commitment in this regard, we have for the past two years, embraced the principles of integrated reporting in presenting our annual reports, thereby providing an insight into a Group strategy and its value-adding ability in and across business units.

With our annual report being perused by thousands of stakeholders worldwide, we have made sure our reporting frameworks are dynamic and continuously evolving to help us stay relevant vis-à-vis our stakeholder responsibilities. As such, the current report has been prepared in accordance with the latest guidelines issued by the International Integrated Reporting Council (IIRC), and is based on the six capitals reporting framework covering; financial, manufactured, intellectual, human, social and natural capital, which emphasises our commitment to all our stakeholders, without exception.

FUTURE FOCUS

Expolanka Holdings PLC, today is in great shape, both strategically and operationally and we have now evolved into a much stronger and more focused business from what we were, a few years ago. While we must never be complacent amidst a dynamic and competitive marketplace, I remain confident that the work we have put into, to build a solid business foundation will serve us in good stead and help us face unforeseen business adversity in the years ahead.

And, as the business matures, our willingness to take advantage of growth opportunities and explore new market strategies would most likely be the main pivots from which Expolanka

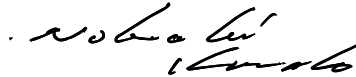
Holdings PLC will move forward in the coming years.

Moreover, I expect that the continued support from SG Holdings Co. of Japan and group companies around the world will be instrumental in strengthening the Expolanka Group balance sheet and core capital ratios, which will underpin our key strategic thrust in the long term.

APPRECIATIONS

I would like to take this opportunity to thank my colleagues on the Board for their support and on behalf of the Board of Directors, wish to express my sincere appreciation to the management and staff of the Expolanka Group, for their wholehearted commitment in ensuring the Groups' success, in the past year. My grateful thanks also to our valued customers across the world, for their loyal patronage and finally to our shareholders: I thank you for your loyal association with Expolanka Holdings PLC and seek your patronage in taking the Group forward in the years ahead.

Respectfully,



Nobuaki Kondo
Chairman

CEO'S REVIEW



CEO'S REVIEW

IT WAS YET ANOTHER REWARDING YEAR FOR YOUR COMPANY, EXPOLANKA HOLDINGS PLC, DENOTED BY A ROBUST PERFORMANCE ACROSS ALL ASPECTS OF THE BUSINESS, INDEED A TESTAMENT TO THE HARD WORK WE CONTINUE TO PUT IN, TO FULFILL THE PROMISES MADE TO OUR STAKEHOLDERS.



HANIF YUSOOF
Group Chief Executive Officer

GLOBAL ECONOMIC UPDATE

The world economy expanded by 2.4% in 2015, spearheaded by an uptick in the US economy, where improved consumer sentiments and a more resilient labour market led to strong consumer demand. The decision by the Federal Reserve to increase interest rates, for the first time in nearly a decade, was another sign of the growing confidence in the US economy, signaling its imminent recovery.

Many advanced economies especially in the Eurozone on the other hand, grew at a much slower pace, with the notable exception of Germany, which remained buoyant. Meanwhile, growth in many emerging economies declined, led by a cooling down of the Chinese economy, where a faster-than-expected slowdown in imports and exports, signaled weaker investment and manufacturing activity. These developments, together with general concerns about the future performance of the Chinese economy had a cascading effect on other economies, leading to lower trading activity, weaker commodity prices and greater financial market volatility.

In addition, the dramatic decline in imports in a number of emerging market and developing economies in economic distress, also weighed heavily on global trade.

Further, as global oil production began to exceed consumption levels from about September 2015, the ongoing slide in world crude oil prices took a turn for the worse, applying severe stress on fuel exporting nations, especially in those in the Middle East.

A RESILIENT PERFORMANCE BY SRI LANKA

In what appears to be clear resilience to the global economic ramifications, Sri Lanka registered consistent economic growth of 4.8% for 2015, only marginally lower than the 4.9% recorded in the previous year.

When compared to regional peers, the country's performance for 2015 came in second only to India, signaling a strengthening of Sri Lanka's strong economic fundamentals and accommodative policy framework.

SHARPENING THE FOCUS ON GROWTH

It was a busy and exciting year for us at Expolanka Holdings PLC as we continued to work with great tenacity to fulfill the growth mandate outlined through our partnership with SG Holdings of Japan. Much of our energy for the year went into consolidating our strengths and sharpening our competencies in all core sectors. In doing so, we constantly reviewed our position vis-à-vis our goals and continued to evolve cognisant to market dynamics.

In the freight and logistics cluster, as always our key strategic thrust was to promote EFL as the most preferred integrated logistics service provider, globally, a move that was aimed widening our reach beyond the Indian subcontinent. Although we did not expand our global network in the current financial year, we went full throttle to enhance EFL's visibility in all our key markets, especially in North America and East Asia. Moreover, given that over 70% of world trade takes place in

CEO'S REVIEW

these regions, these are crucial markets that will likely underpin EFL next growth phase. In fact our aggressive client acquisition strategies and premium service propositions have been driving results from these markets, which are fast becoming our top revenue drivers, having recorded year-on-year volume growth in the current financial year.

Putting this in perspective, I would like to point out that the spillover effects of the west coast port strike in the US created a window of opportunity to grow EFL's air cargo volumes, as shippers began to look for alternatives to re-route their cargo. Having swiftly capitalised on the situation, freight volumes from the North American trade lane showed a dramatic increase in the current financial year.

Meanwhile to bolster our returns from the Intra-Asia trade lane, we leveraged on our widespread presence in East Asia to garner freight volumes, particularly from Vietnam and Indonesia, both of which have been gaining traction as major apparel exporters in the region.

Our efforts to put EFL on the map as a main mover for the global fashion retail industry also gained momentum during the year. Our client acquisition strategies paid off and we were able to successfully canvass a number of well-renowned retail fashion brands, adding to our growing list of esteemed clients. Operationally too, we revisited our cost frameworks and looked to strengthen global procurement partnerships for both air and ocean freight, in an effort to produce a leaner, more cost

effective, value-driven operational model that will give EFL a leading edge in formulating a global pricing strategy.

Meanwhile, in the logistics business, we completed our transition from the conventional transactional freight forwarder model towards a more fluid structure, based on an integrated value network capable of offering the entire gamut of complementary Freight & logistics solutions. Aside from being a complete paradigm shift, the move also called for a rethink of our stand-alone product-centric approach and prompted a broader and more client-focused outlook aimed at projecting EFL as a fully-fledged, solution-based supply chain facilitator who would complement the customers' value chain and boost their bottom line.

Having clearly established this new strategic direction for EFL logistics, we spent a busy year, developing an integrated logistics proposition to cater broader spectrum of our customers' logistics requirements.

Despite being a relatively new concept for Sri Lanka, we took on the challenge to promote the integrated logistics proposition to the local market. We leveraged on the relationships with existing clients to promote a combination of warehousing solutions, pick-and-pack activities and advanced just in time loading, among others. And I find the response so far has been phenomenal, with a growing number of customers opting for our customised logistics plans.

In the Travel and Leisure sector, we focused on two strategic imperatives, namely; product-driven growth and retaining the leadership position in the local B2B outbound market. With value enhancements being earmarked as the key growth driver for the year, a series of investments were made to broaden the current portfolio and boost outbound B2B volumes and grow market share in this segment.

Meanwhile, with online travel causing a revolution in the mainstream travel sphere, we made a concerted effort to widen our coverage in the B2C market as well.

We further strengthened our airline GSA operations, which comes under the purview of the Investments and Services sector. We took the bold step to migrate to a multi-country GSA model that would provide access to major trade routes and facilitate the ease of air cargo movements between all major global markets.

Our DMC (Destination Management Company) on the other hand, came under some stress, which led to a weakening of margins for the year. However, given that our primary focus was margin building, a remodel of DMC operation was initiated and measures taken to sharpen the alignment with the core business objectives for the sector.

Following the strategic restructuring process that was initiated in 2014, the position of the ITM (International Trading and Manufacturing) sector has shown considerable improvement, as evidenced by the turnaround seen in

CEO'S REVIEW

I TAKE THIS OPPORTUNITY TO INVITE ALL STAKEHOLDERS OF OUR BUSINESS, TO REVIEW THE PROGRESS MADE DURING THE CURRENT FINANCIAL YEAR AND TO UNDERSTAND HOW WE, AS A COMPANY ENVISION THE "WAY TO GROW", INTO THE FUTURE.

the trading arm. The performance of the manufacturing sector was catalysed by the surge in consumer spending throughout 2015, in effect the result of the higher disposable incomes among Sri Lankans.

In the light of these developments, the main focus for the ITM sector during the year was to strengthen the bottom line through internal cost containment strategies and operational efficiencies that will further enhance the scalability of each business.

UNPRECEDENTED RESULTS

Expolanka Group recorded excellent results during the year with strong indication of sustained value creation for the medium term. Despite the challenging global context, with pressures on margins, your Group grew profitability posting a pre-tax profit of Rs 2 Billion and an after tax profit of Rs 1.4 Billion. The Group's balance sheet as at 31st March 2016 remained strong with comfortable assets: liabilities balance whilst sustaining sound ratios, across the board.

Summing up, 2015/16 was one of excellent performance, where our strategy over the past two years to concentrate on core business started to pay dividends. In fact, we attribute this to the concerted focus on core business, excellent customer service and the quality of our HR as the prime basis for Expolanka gaining recognition across Industrial sectors and global borders.

RESPONSIBLE GROWTH

At Expolanka Holdings PLC, sustainability is not merely symbolic, but lies at the core of everything we do, and all our brands strive to be known as the most sustainable proposition available in the market.

We believe in growing responsibly and have imbued this concept of sustainability across all our businesses. We have also appointed a dedicated team to ensure that our sustainability framework is in a constant state of evolution, so that we may respond quickly and efficiently to fulfill stakeholder expectations. I am happy to report that in 2015, we made great strides in our health and safety and environmental compliance initiatives and have continued to work with our business partners to improve efficiencies in the supply chain to drive down costs and minimise our carbon footprint.

FUTURE FOCUS

We enter the next financial year with a clear purpose, where we will continue to drive margin expansion across all our sectors, mainly focusing on streamlining operations and maintaining financial discipline. It is hoped that resulting economies of scale would bring cost advantages that would spearhead volume-based growth in existing markets.

In the freight and logistics sector, the emphasis on high-growth markets, products, and verticals would require leveraging on our core

CEO'S REVIEW

competencies and deepening our penetration in key market segments through an integrated, value-driven proposition. We expect that these strategies would help overcome growing regulatory pressures in the global freight and logistics business and enable the Group to maintain its market share in key growth markets.

As always, consolidating our global position remains a critical priority. In the near term, this would mean extensive brand building to expand the prospects in the USA and East Asia, along with focused efforts to reinforce the presence in the sub-continent, amidst heightened market competition in the region.

Further, we will also continue to invest in IT and other infrastructure, while strengthening the global talent acquisition platform and recruit the right people who will accept the challenge to take the business to the next level of the long term growth trajectory.

APPRECIATIONS

I wish to extend my sincere thanks to the Chairman of Expolanka Holdings PLC, Mr. Nobuaki Kondo and my colleagues on the Board for their wise counsel and unstinted support extended to me at all times.

I take this opportunity to also thank the Executive Management and the entire Expolanka team, for their passion and commitment that has been the key to our continued success.

My sincere gratitude is also extended to our valued customers, bankers, suppliers and business associates for their ongoing support.

I would like to extend a special word of thanks to all our shareholders for the trust and confidence in the Group over the years and on behalf of the Board, invite you to join us in our journey to take Expolanka to new heights in the future.



Hanif Yusoof
Group Chief Executive Officer



Growing *with* responsibility

Our community, our customers, our employees, our stakeholders... these are the building blocks of our growth and we will continue to serve them diligently and responsibly.

SUSTAINABILITY STRATEGY

The sustainability vision for the Expolanka Group is “to be a leader in enhancing the long term sustainability of the all stakeholders”. For us sustainability is not a static agenda. We know that the issues that impact our customers, employees and the broader community, and our response to those issues, will continue to evolve over time.

Following a formal restructuring of the sustainability framework, a few years ago, we revisited our position on sustainability. This helped us to widen our outlook and transform our thinking. Stemming from this attitudinal shift, we developed a new sustainability mission and embraced a broader cultural dynamic that has led to cohesive action in bringing forth lasting change for external and internal stakeholders of our business.

This approach has also helped to highlight emerging issues, which present risks and opportunities for our business and to our stakeholders now and in the future. As a responsible corporate citizen, we believe it is our duty to address these most pressing socio-economic and environmental issues by using our skills and expertise to make a meaningful difference. This means identifying emerging trends and issues early, mapping out the related business risks and opportunities and then working to trigger a positive impact through our own actions, raising awareness where needed and challenging everybody to do more.

In this regard, we have assigned key sustainability pillars to specific business sectors, with the aim of encouraging all sub

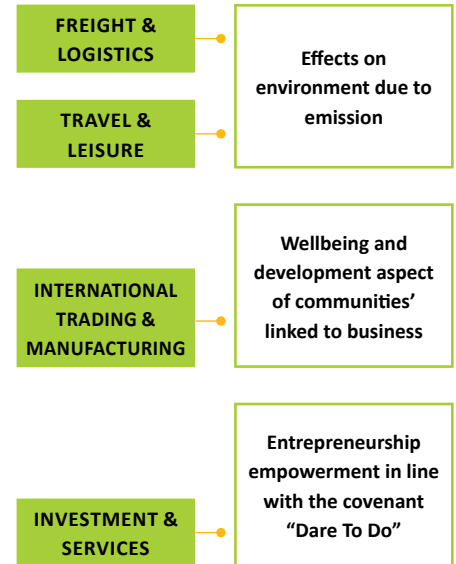
sectors to do their part, by engaging respective business operations to carry out projects that focus on five core areas: environment, health, community development, entrepreneurship empowerment and disaster relief.

Our approach is based on a holistic view, where sustainability is integrated into all business decisions, strategies and processes to help us create value for all our stakeholders.

We focus on integrating sustainability into our everyday business activities and in doing so have incorporated the principles of sustainable development into our core business model. In this regard, we have identified a number of key drivers that will strengthen our capacity to produce sustainable growth for all those associated with our business;



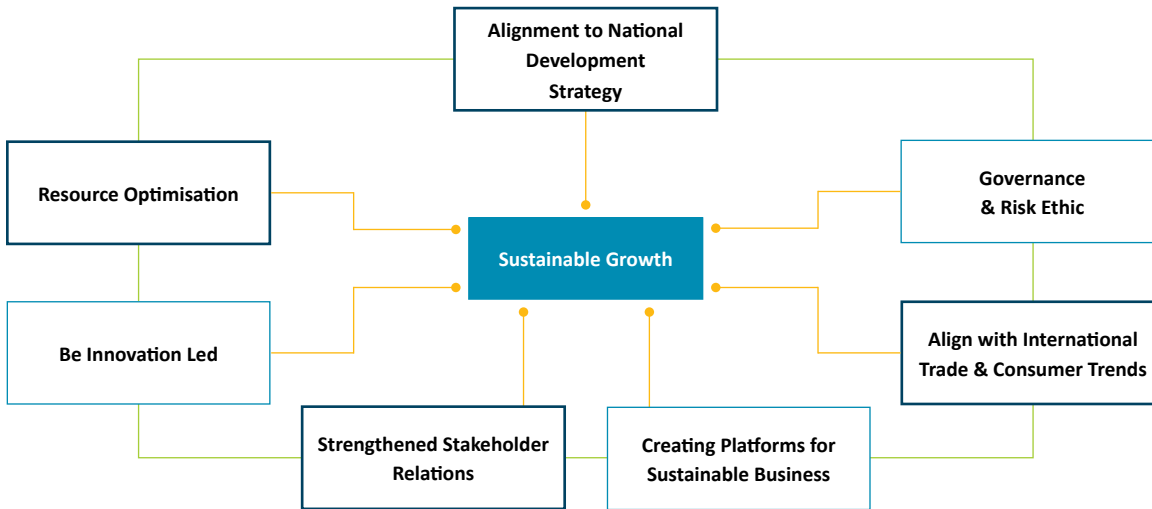
Elements of a Transformative Sustainability Mission



Sector-wise Allocation of Sustainability & CSR Focus

SUSTAINABILITY STRATEGY

STRATEGIC DRIVERS



Drivers of Sustainable Growth

🌱 **Align to National Development Strategy | Correlating corporate strategy & strengths to align with national priorities.**

Key Commitments for 2015/16:

Supporting Sri Lanka’s transition towards becoming a regional maritime hub vis-à-vis the Groups’ marine services arm, where investments have already been made to expand bunkering and dry-docking facilities, while more work is underway to improve the offshore handling capabilities as well

🌱 **Align with International Trade & Consumer Trends | Re-engineering service offerings to match international trade & consumer trends.**

Key Commitments for 2015/16:

Capitalising on the spillover effects of the west coast port strike in the US to grow EFL’s air cargo volumes in response to the high demand from shippers who began to look for alternatives to re-route their cargo shipments

🌱 **Platform for Sustainable Business: Create and sustain advantages of scale, be a first mover and strive to serve niche markets.**

Key Commitments for 2015/16:

Tangible Deliverables in 2015/16 | Travel & Tourism re-engineered the service offer through dissection of the travel & tourism product offer to provide specialist, high value, niche service sectors. First mover advantage secured for these new business units as well as for EGDC in the Freight & Logistics sector and ACR in Investments & Services sector.

SUSTAINABILITY STRATEGY

- **Strengthened Stakeholder Relationships**
| Nurture enduring relationships with stakeholders.

Key Commitments for 2015/16:

Proactive management of stakeholder relationships, through a broad range of communication channels to connect with employees, customers, investors, regulators, suppliers and business partners across all operations around the world.

- **Innovation Led | Use innovation to develop new capabilities, build infrastructure capacity and enhance Group-wide service architecture.**

Key Commitments for 2015/16:

Moving the freight and logistics operations to the EFL Campus in Orugodawatta, a fully-fledged facility constructed on par with international standards.

- **Resource Optimisation | Developing cost & resource efficiencies across the Group value chain in order to achieve cost leadership.**

Key Commitments for 2015/16:

Strengthen global procurement partnerships for both air and ocean freight, in an effort to produce a leaner, more cost effective, value-driven operational model that will give EFL a leading edge in formulating a global pricing strategy.

- **Governance & Risk Management Ethic**
| Strengthen the risk management and governance frameworks cognisant to global benchmarks.

Key Commitments for 2015/16:

The governance framework was updated, with the introduction of the Related Party Transactions Committee, a move aimed at ensuring fairness and transparency with regard to all third party transactions conducted worldwide.

MATERIALITY ASSESSMENT

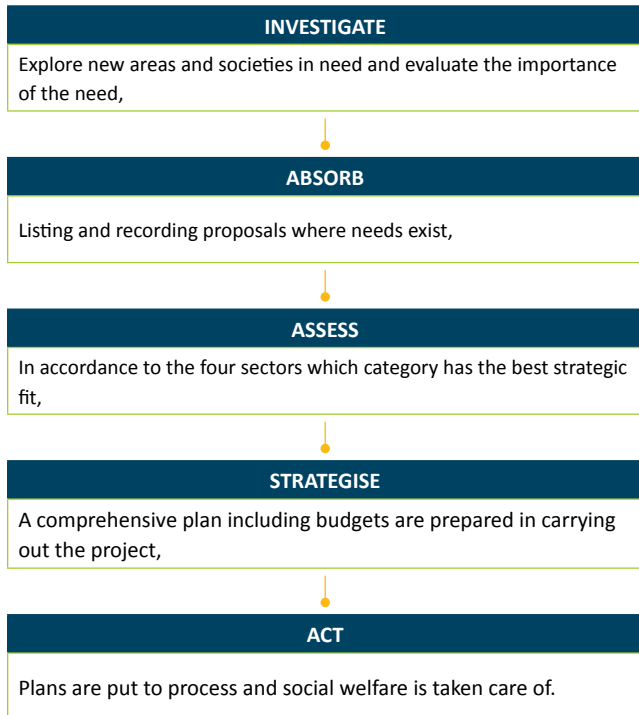
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SUSTAINABILITY GOVERNANCE

In addition to our policies, we also have in place, an integrated sustainability governance model to strengthen our overall framework.

At the highest-level, the Chairman and CEO provide sustainability stewardship and guidance, while a Sustainability and CSR unit identifies, assesses and implements Expolanka's corporate sustainability agenda and ensures best practices are followed in the day-to-day execution of these strategies. Spearheaded by the Head of Marketing, Corporate Communications & CSR, the unit is also tasked with maintaining a transparent reporting framework that provides stakeholders with information regarding the progress made in achieving sustainability goals.

Furthermore, the Group sustainability vision is carried out across all business sectors via a team of CSR champions at each group company, led by a CSR representative who reports to the group-level Sustainability and CSR unit.



Project Selection Process

DEFINING MATERIALITY

As outlined in the GRI guidelines, the Group recognises and accepts the importance of materiality. This Report covers topics and indicators that reflect the Group's significant economic, environmental and social impacts and stakeholder inclusiveness.

IDENTIFYING MATERIALITY

As a Group of companies that generates significant impacts on economy, environment, and community, we categorised and identified aspects based on their relevance and influence each aspect has on our stakeholders.

Indicators by Aspect	Materiality	Aspect Boundary	
		Internal	External
Economic			
Economic Performance	✓	✓	
Market Presence	✓	✓	
Indirect Economic Impact			
Procurement Practices			
Environmental			
Materials	✓	✓	
Energy			
Water			
Biodiversity			
Emissions	✓		✓
Effluents and Waste	✓		✓
Products and Services			
Compliance	✓	✓	
Transport	✓		✓
Overall	✓	✓	✓
Supplier Environment Assessment	✓	✓	✓
Environment Grievance Mechanisms	✓		✓

MATERIALITY ASSESSMENT

Indicators by Aspect	Materiality	Aspect Boundary	
		Internal	External
Social: Labour Practices and Decent Work			
Employment	✓	✓	
Labour/Management Relations			
Occupational Health and Safety	✓	✓	
Training and Education	✓	✓	
Diversity and Equal Opportunity	✓	✓	
Equal Remuneration for Women and Men	✓	✓	
Supplier Assessment for Labour Practices			
Labour Practices Grievance Mechanisms	✓	✓	
Social: Human Rights			
Investment			
Non-Discrimination	✓	✓	
Freedom of Association and Collective Bargaining			
Child Labour	✓	✓	
Forced labour or compulsory Labour	✓	✓	
Security Practices			
Indigenous Rights			
Assessment	✓	✓	
Supplier Human Rights Assessment			
Human Rights Grievance Mechanisms	✓	✓	

Indicators by Aspect	Materiality	Aspect Boundary	
		Internal	External
Society			
Local Communities	✓		✓
Anti-corruption	✓	✓	
Public Policy			
Anti-Competitive Behaviour	✓		✓
Compliance	✓	✓	
Supplier Assessment for impacts on Society			
Grievance Mechanisms for Impacts on Society	✓		✓
Social: Product Responsibility			
Customer Health and Safety	✓		✓
Product and Service Labelling	✓		✓
Marketing Communications	✓		✓
Customer Privacy	✓		✓
Compliance	✓		✓

- ✓ Aspect boundary is internal or external
- ✓ Aspect boundary is Material or Not Material

SUPPLY CHAIN ANALYSIS

G4-12

OUR SUPPLY CHAIN

As a diversified conglomerate, Expolanka has a vast number of suppliers across its various sectors. The Group recognises the importance of entrenching sustainability across its value chain towards promoting responsible businesses. In addition, we look at reducing risk to ensure quality, efficiency and effectiveness, whilst confirming that the social, economic and environmental impacts we create are neutral or positive.

The below table depicts the significant supplier for each sector:

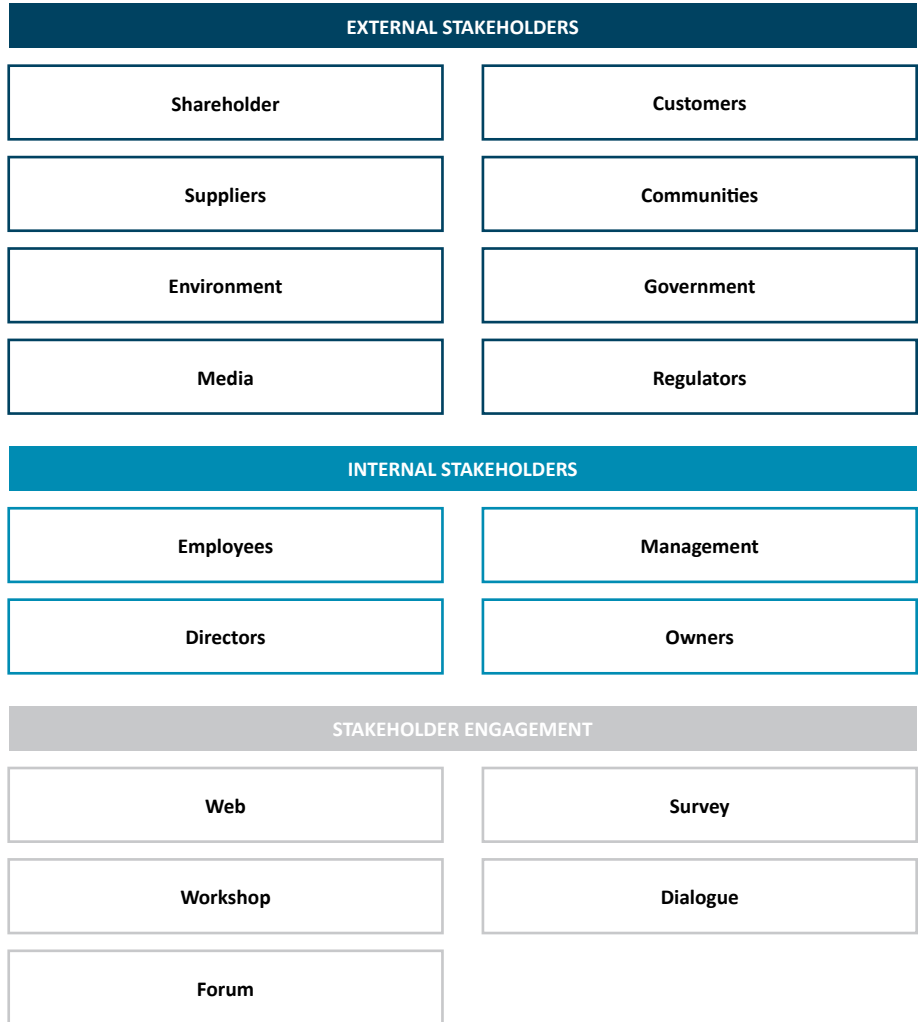
Significant Suppliers	Freight & Logistics	Travel & Leisure	International Trading & Manufacturing	Investment & Services
Airlines	✓	✓		✓
Shipping Lines	✓			
Hotels		✓		
Transporters	✓	✓	✓	✓
Advertising Agency	✓	✓	✓	✓
Warehouse & Office Space Providers	✓	✓	✓	✓
Packing Material	✓			
Fruit Farmers			✓	
Vegetable Farmers			✓	
Printers	✓	✓	✓	✓
Equipment / Machinery & Spare Parts			✓	
IT Equipment & Services	✓	✓	✓	✓
Packaging Material			✓	
Meat / Poultry			✓	
Coconut / Oil			✓	

STAKEHOLDER ENGAGEMENT

G4-24,25

Expolanka Holdings PLC identifies its stakeholders as per the GRI definition of “entities or individuals that can reasonably be expected to be significantly affected by the company’s activities, products, and/ or services, and whose actions can reasonably be expected to affect the ability of the company to successfully implement its strategies and achieve its objectives.”

Our relationship with each of these identified stakeholder groups has a direct impact on the sustainability of our business and also our ability to create and maintain resilient, and stable operations. And so we are committed to transparent, on-going communication and the development of sound, consultative and mutually beneficial relationships with all stakeholder groups. We continue to engage with our stakeholders in various ways. However, the frequency of the engagement depends on the stakeholder group and the issues that are being addressed.



STAKEHOLDER ENGAGEMENT

G4-26,27

Stakeholder	Sustainable Business Objectives	Method of Engagement	Key topics/ concerns/issues	Response
Investors	<ul style="list-style-type: none"> To meet the confidence of the current & potential investors and maintain a balance between profits and the ability to sustain a long term, stable stream of earnings. 	<ul style="list-style-type: none"> Annual General Meeting Investor Feedback Form Investor Relations Team Group website Email access to management team 	<ul style="list-style-type: none"> Better interaction Enhance financial returns & investor wealth creation 	<ul style="list-style-type: none"> Presentations to potential and current investors periodically Improved interactive website Regular email feedback of performance to investors who request same Implement best management practices to improve returns
Customers	<ul style="list-style-type: none"> To play the role of partner in the business success of customers. To always serve customers with passion and dedication. 	<ul style="list-style-type: none"> Customer relationship management Meetings with Senior Management Daily interactions at operational level Social events 	<ul style="list-style-type: none"> To enhance customer business outcomes through the offer of synergies drawn through business solutions. Responsive interaction 	<ul style="list-style-type: none"> Dedicated customer response/account management teams Establishment of the Expo Global Distribution Centre Customer-specific service adaptations and customisations Hi-tech Transport Management System Overseas offices in 20 countries to enhance customer response International JV's and Strategic partnerships to offer greater value

STAKEHOLDER ENGAGEMENT

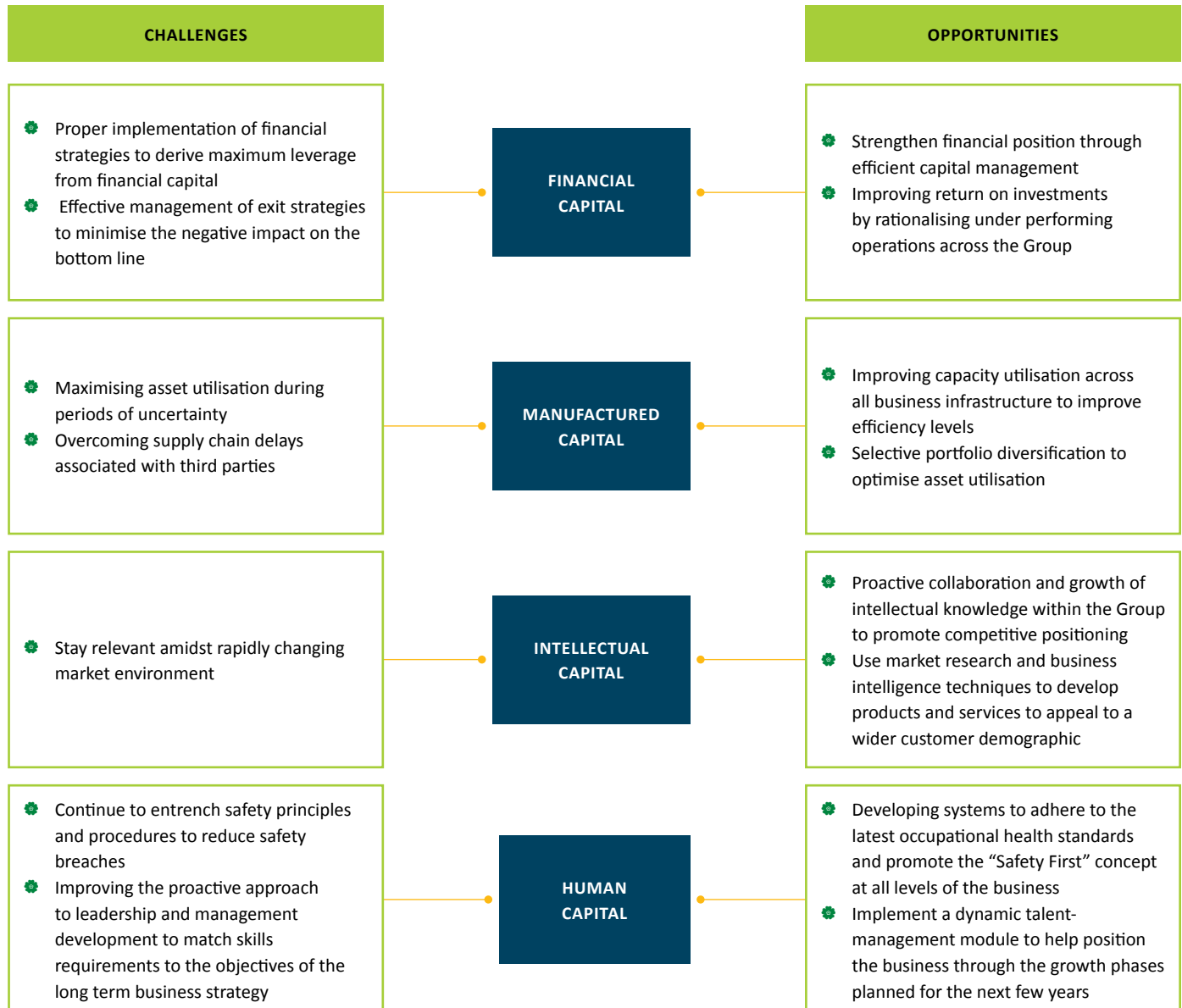
Stakeholder	Sustainable Business Objectives	Method of Engagement	Key topics/ concerns/issues	Response
Employees	<ul style="list-style-type: none"> To foster a diverse talent pool that delivers superior and efficient performance whilst ensuring that such efficiency is not achieved at the expense of work-life balance, ethics or corporate values. 	<ul style="list-style-type: none"> Open door policy for communication throughout the Group Regular sector specific Meetings Round Table discussions Cross functional committees Circulars Emails Video conferencing Performance Reviews In-house Magazine Intranet Online training modules & systems Discussion Forums Surveys Grievance handling procedure Online systems for HR & Training, Measurement & management of Key Performance Indicators Brainstorming Innovation driving tools Employee suggestion schemes 	<ul style="list-style-type: none"> Getting the balance right – work life balance Creating greater interaction amongst employees of all sectors – hence Group affinity Cross functional aptitude across sectors Inspiring Employees to innovate 	<ul style="list-style-type: none"> Organising activities outside of the work roles, Group social events that involve the families Events that bring together all employees together Group-wide committee that have representation from all sectors Programmes for employee suggestions, new thinking and employee involvement in system and process innovation

STAKEHOLDER ENGAGEMENT

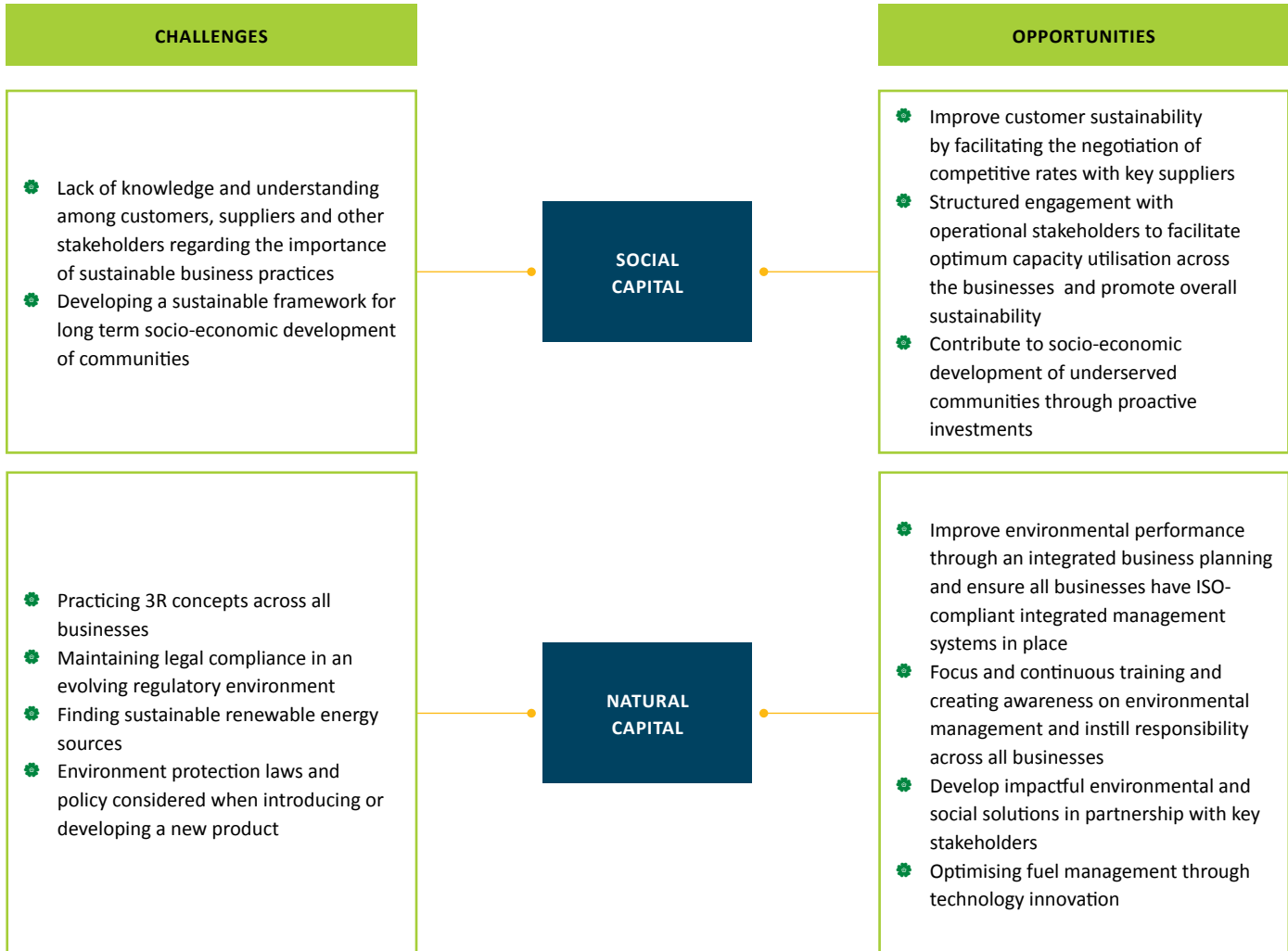
Stakeholder	Sustainable Business Objectives	Method of Engagement	Key topics/ concerns/issues	Response
Suppliers	<ul style="list-style-type: none"> To balance cost considerations with sustainable procurement practices. 	<ul style="list-style-type: none"> Supplier surveys for ongoing relationship management Feedback evaluations Registration of Suppliers Procurement committees Committees to address supplier appeals and grievances 	<ul style="list-style-type: none"> System for handling appeals and other grievances Support micro suppliers 	<ul style="list-style-type: none"> Appointment of committees to address supplier issues New supplier registration criteria to support small time operators
Community	<ul style="list-style-type: none"> To engage with the community through CSR. To act as a catalyst for positive change through action in healthcare, entrepreneurship empowerment access to water, access to medical care, community development, and disaster relief. 	<ul style="list-style-type: none"> Sponsorships Employee involvement and volunteerism in community projects Continuous dialogue through sector CSR leaders 	<ul style="list-style-type: none"> Needs that emerged through constant dialogue with the community 	<ul style="list-style-type: none"> CSR projects that build on the platforms of health, education, community development, disaster relief
Environment	<ul style="list-style-type: none"> To promote environmental conservation at the work place, integrating environmentally friendly practices into daily operations whilst also giving due consideration to responsible environmental behaviour outside of the workplace. 	<ul style="list-style-type: none"> Meetings and Consultancy Audits Events 	<ul style="list-style-type: none"> Climate change 	<ul style="list-style-type: none"> Eco friendly practices including 3R & 5R implementation Earth Hour World Environmental Day

SUSTAINABILITY CHALLENGES AND OPPORTUNITIES ASSESSMENT

G4-14



SUSTAINABILITY CHALLENGES AND OPPORTUNITIES ASSESSMENT





Growing through consolidation

By streamlining what we do and having a focused vision on our strategy, we are becoming more dynamic and flexible in adapting to challenge and opportunity alike.

GLOBAL ECONOMY

GENERAL OVERVIEW

Global growth again fell short of expectations in 2015, slowing to 2.4% from 2.6 % in 2014, mainly due to a further deceleration of activity in key emerging and developing economies, which in turn overshadowed the modest recovery in major high-income countries in 2015. This deceleration was accompanied by further declines in commodity prices, subdued global trade and falling oil prices.

On average, activity in emerging and developing commodity exporters stagnated in 2015, as they continued to be hard hit by declining commodity prices, which coincided with a rise in financial market volatility, and a substantial decrease in capital inflows. As a result, the contribution to global growth from these economies declined substantially and growth estimates for developing countries, reached only 4.3% in 2015, down from 4.9% in 2014, pointing to the fact that most of the largest emerging economies in each region appear to have been slowing simultaneously for the third consecutive year.

In contrast to the woes of the developing world, the recovery of the US economy gained traction last year, where stronger domestic demand, robust consumer spending and higher investment in the non-oil private sector, all of which led the US economy to record better than expected growth for 2015. A further strengthening the US dollar against many key global currencies was also seen during the year.

REGIONAL SUMMARY

East Asia and Pacific

Growth in the region excluding China was 4.6% in 2015, a pace that was broadly unchanged from 2014, as weaker growth in commodity exporters, including Indonesia and Malaysia, was offset by growth acceleration in Vietnam and moderate recovery in Thailand.

Meanwhile, China's economic rebalancing programme triggered a cooling down of the economy and growth eased to below 7% in 2015, reflecting soft exports and a slowdown

in investment. The deceleration was especially pronounced in the real estate and manufacturing sectors.

In Japan, recovery was fragile even as substantial policy stimulus failed to register a pick up in private consumption levels or stimulate investments, which meant the country experienced only soft growth in 2015.

Europe and Central Asia

GDP growth in the Europe and Central Asia is estimated to have eased down to 2.1% in 2015 from 2.3% in 2014.

The eastern part of the region was hard hit by sharply lower oil prices, geopolitical tensions (resulting, inter alia, in an output collapse in Ukraine), and intra-regional spillovers, especially from the Russian Federation.

Meanwhile, geopolitical tensions associated with Russia-Ukraine relations led to the imposition of international sanctions on Russia in the latter part of 2015, contributing to a weakening of confidence and investment. The combination of sanctions and lower oil prices, have strongly affected Russia, generating adverse spillovers for the region as a whole. Meanwhile, sustained low oil prices continue to dampen activity and expose vulnerabilities, especially for Eastern European nations, whose economies rely heavily on the export of oil.

South Asia

GDP growth in South Asia rose from 6.8% in 2014 to 7.0% in 2015, the fastest rate among all developing regions, helped by strengthening activity in the region's largest economies (India, Bangladesh, Pakistan and Sri Lanka).

India recorded brisk growth despite a slowing down of its industrial activity, while exports in Bangladesh appear to have rebounded strongly, as political tensions abated.

Further, as a net importer of oil, the region as a whole benefited from lower oil prices, which

improved their resilience to external shocks. Meanwhile, inflation moderated sharply across most of the region, except in Bangladesh where it has contributed to an appreciation of the currency in real terms.

Latin America and the Caribbean

Economic activity in the Latin America and the Caribbean region contracted in 2015. Following three consecutive years of slowing growth, output in the region fell 0.9% in 2015, partly reflecting sharp declines in economic activity of large regional economies, such as Brazil and Venezuela. This reduction in output stemmed from a combination of global and domestic factors, particularly the continued slump in commodity prices. Meanwhile, lower crude oil prices – down around 45% from 2014 levels, have reduced export earnings and fiscal revenues of regional oil exporters, such as Belize, Colombia, Ecuador, Mexico, and Venezuela. Moreover, several large South American economies have also been grappling with severe domestic macroeconomic challenges that have eroded consumer and investor confidence, further contributing to the regional output decline in 2015.

Middle East and North Africa

Growth in developing countries in the Middle East and North Africa was unchanged in 2015, at 2.5%. However, in most oil-exporting countries (Algeria, the Islamic Republic of Iran, and Libya), growth slowed, as oil production and investment fell with the steep decline in oil prices since mid-2014. The situation was worsened in Libya by ongoing conflict. In Iraq, however, despite protracted conflict, expansion in the oil sector was sufficient to reverse an economic contraction in 2014. In most oil-importing countries, growth strengthened in 2015, as lower oil prices provided support to demand and allowed reductions in fuel subsidies. Activity in Egypt and Morocco rebounded significantly, reflecting rising domestic consumption (Egypt) and a strong rebound in the agricultural sector (Morocco).

Source: *Global Economic Prospects* – www.worldbank.org

SRI LANKA'S ECONOMY

Data released by the Central Bank of Sri Lanka (CBSL) indicates that Sri Lanka's GDP contracted by 4.8% in 2015, only slightly lower than the 4.9% recorded in 2014.

The largest component of the economy; the service sector, grew by 5.3%, driven largely by robust growth in financial services, real estate tourism and transport subsectors. The industry sector, the second largest contributor to the economy, expanded by 3%, buttressed by healthy growth in manufacturing activities, while the agriculture sector tabled growth of 5.5% for 2015. Although the figures point to an obvious expansion, in all three sectors, the pace of growth was somewhat slower than what was seen for the past three years.

Hence it was the heightened domestic consumption levels that fueled much of the economic activity for the year. A notably higher degree of public sector consumption expenditure was observed, reflecting the increase in salaries and wages of public sector employees in 2015, while private consumption expenditure also grew during the year, mainly due to the low interest rate environment and increased real wages.

As a direct consequence of the heightened domestic consumption levels, the Port of Colombo recorded its highest annual container throughput in history during 2015, where the overall performance in terms of total ship arrivals indicated an increase of 12.2% over the previous year. Of this, container ship arrivals increased by 12.5%, while conventional cargo ship arrivals grew by a massive 60.7% for the twelve months ending 31st December 2015. This improved performance was a result of the strong results tabled by the Colombo

International Container Terminal (CICT), where total container handling grew by a phenomenal 127.5% during the year, in sharp contrast to the negative growth of container handling at other terminals.

INFLATION

Inflation, based on CCPI (2006/07=100), remained below mid-single digit levels and annual average headline inflation declined from the 3.3% registered in 2014 to 0.9% in 2015, suggesting the gradual buildup of demand pressures on the economy.

UNEMPLOYMENT

Despite amidst a marginal increase in labour force participation, total unemployment rates appear to have increased slightly to 4.6% during 2015, compared to 4.3% recorded in 2014. However, breaking down the numbers, it is found that the female unemployment rate has increased, while the male unemployment rate has declined, compared to 2014.

EXTERNAL SECTOR

The performance of Sri Lanka's external sector reflected the impact of the changing global economic environment as well as a number of developments in the domestic economy.

EXPORT EARNINGS

Earnings from exports, which grew at a healthy rate in 2014, contracted by 5.6% in 2015 reflecting the decline across all major export categories. The decline in international commodity prices, the slower pace of growth in advanced economies and geopolitical uncertainties in many of Sri Lanka's key export destinations were the main reasons for the substantial reduction in export earnings.

Workers' remittances, which had been a traditional source of foreign exchange, also declined in 2015. Again this decline can be largely attributed to the fall in incomes of oil exporting countries in the Middle East due to lower international oil prices. Further, the drop in worker migration levels under the semi-skilled and unskilled categories is seen as another contributory factor for the drop in worker remittances.

On the other hand, earnings from tourism grew by 22.6% during the year, bolstered by an increase in tourist arrivals, higher spending and a noticeably longer average-period-of-stay.

IMPORT EXPENDITURE

The fuel import bill inclined by US dollars 1.9 billion to US dollars 2.7 billion, due to the significant reduction in international oil prices and the lower import volume due to less reliance on oil based thermal power. However, the higher expenditure on the importation of personal motor vehicles and other consumer durables contributed largely to the increase in expenditure on non-fuel imports.

CURRENCY FRAMEWORK

In early September 2015, the Central bank decided to allow greater flexibility in the determination of the exchange rate. The Rupee, which until then had remained broadly stable, recorded a depreciation of 6.64% against the US dollar, resulting in an overall depreciation of 9.03% against the US dollar during the year.

INTEREST RATES

Market interest rates remained low during 2015 although some upward movement was observed during the latter part of the year.

SRI LANKA'S ECONOMY

INFRASTRUCTURE DEVELOPMENT

Despite a noticeable slowdown in large-scale infrastructure projects, Phase I of the East Container Terminal (ECT) at port of Colombo was completed in 2015. Phase I included the construction of a 440 metre long quay wall consisting of a 30 metre rail span, 20 metre wide back-reach area and a two lane road, a container yard on reclaimed land consisting of 12 dry stack lanes, one reefer lane and 30 metre wide peripheral roads, as well as services and utilities consisting gates, a fuelling station, electrical substations, sewerage treatment plant, fire fighting system, water storage and distribution network and a storm water drainage system. According to the Master Plan of the Colombo South Harbour Development Project, the ECT, once fully completed, could accommodate 2.4 million TEUs (twenty foot equivalent container units) per annum, and will have a quay length of 1,200 metres, consisting of three container berths with a water depth of 18 metres.

Large-scale infrastructure investments of this nature are aimed at making the Colombo Port accessible to a new generation of cargo vessels, which will be a key driver of the country's trade aspirations in the coming years.

KEY INSIGHTS FOR THE FUTURE

Located in the Indian ocean, the strategic position of the island of Sri Lanka in the middle of the maritime silk route from China to Europe must be exploited to harness the potential of the country.

Although Sri Lanka is identified as a part of the South Asia block, there are more differences than similarities in comparison to the other countries in the region, particularly in terms

of socio-economic development. This enables Sri Lanka to exploit opportunities in the region and provides a unique opportunity to connect both with the East Asian economic giants as well as the advanced economies in the West. Therefore, in order to become an integral component of this global value chain, it is critical that Sri Lanka develops competencies in logistical services and rebrands itself as the main Indian Ocean hub for trade and investment in the next few years.

Source: CBSL AR 2015

SECTOR SNAPSHOT

G4-4

Segment	Product Mix	Highlights 2015/16	
Freight & Logistics	<ul style="list-style-type: none"> • Air Freight • Sea Freight • Logistics • Warehousing • Transportation 	<ul style="list-style-type: none"> • Volume growth in Air Freight and Ocean Freight 16% and 18% respectively boosted the revenue growth. • Strong performance from Indian Sub-Continent and Vietnam, Indonesia and USA • Growth through acquisition of new customers as well as existing customers • Sector is offering solution based value additions to customers instead of transaction based services. 	
Travel & Leisure	<ul style="list-style-type: none"> • Outbound Leisure & Corporate Travel • Destination Management • Expo Rail 	<ul style="list-style-type: none"> • Innovation and broad basing service portfolio along with competitive pricing enabled to drive growth and sustain market leadership • New franchises and partnerships were added to strengthen the portfolio • Project underway to implement technology to drive operational efficiencies and sales via B2B platform. • Classic Travels to branch out into other travel segments through innovative offerings 	

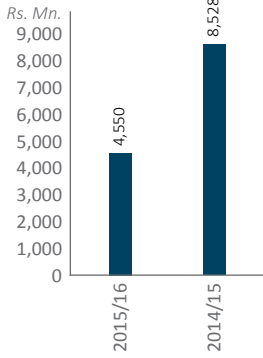
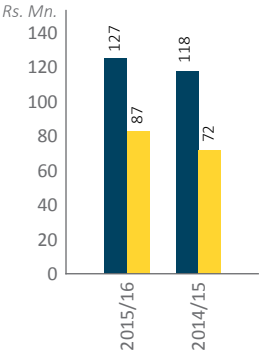
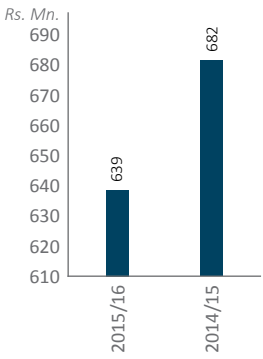
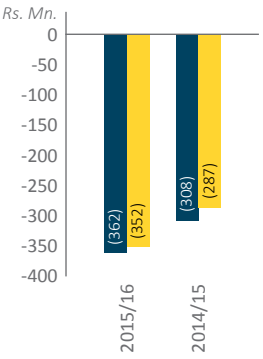
SECTOR SNAPSHOT

Revenue	Profits	Strategy															
 <p>Rs. Mn.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Revenue</th> </tr> </thead> <tbody> <tr> <td>2015/16</td> <td>46,666</td> </tr> <tr> <td>2014/15</td> <td>40,650</td> </tr> </tbody> </table> <p>● Revenue</p> <p>REVENUE</p>	Year	Revenue	2015/16	46,666	2014/15	40,650	 <p>Rs. Mn.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>EBIT</th> <th>Profit for the Year</th> </tr> </thead> <tbody> <tr> <td>2015/16</td> <td>2,220</td> <td>1,639</td> </tr> <tr> <td>2014/15</td> <td>1,499</td> <td>1,124</td> </tr> </tbody> </table> <p>● EBIT ● Profit for the Year</p> <p>EBIT & NP</p>	Year	EBIT	Profit for the Year	2015/16	2,220	1,639	2014/15	1,499	1,124	<ul style="list-style-type: none"> • Profitable market growth through existing and new customers • Growth in US Trade Lane through existing and new customers. • Segment focused strategy in Europe • Value added services offered by logistic solution • Margin improvement through operational efficiencies • Manage externalities on the environment through carbon neutral solutions and sustainable practices.
Year	Revenue																
2015/16	46,666																
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Year	Revenue																
2015/16	4,160																
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2015/16	117	71															
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SECTOR SNAPSHOT

Segment	Product Mix	Highlights 2015/16	
International Trading & Manufacturing	<ul style="list-style-type: none"> ✿ Export of Fresh & Desiccated Coconuts ✿ Export of Fruit & Vegetables ✿ Processed Fruit ✿ Processed Meats ✿ Waste Paper Operations 	<ul style="list-style-type: none"> ✿ Restructured to enable a lean structure. ✿ Export of fresh fruits and vegetables turnaround to record healthy results. 	
Investment & Services	<ul style="list-style-type: none"> ✿ Airline GSA Services ✿ Investments ✿ Corporate Office and services 	<ul style="list-style-type: none"> ✿ The Airline GSA business has turned around post restructure done in the previous year. 	

SECTOR SNAPSHOT

Revenue	Profits	Strategy
<p>Rs. Mn.</p>  <p>● Revenue</p> <p>REVENUE</p>	<p>Rs. Mn.</p>  <p>● EBIT ● Profit for the Year</p> <p>EBIT & NP</p>	<ul style="list-style-type: none"> ✿ Focus on core business to improve profitability ✿ Volume growth to generate economies of scale
<p>Rs. Mn.</p>  <p>● Revenue</p> <p>REVENUE</p>	<p>Rs. Mn.</p>  <p>● EBIT ● Profit for the Year</p> <p>EBIT & NP</p>	<ul style="list-style-type: none"> ✿ Consolidate on investments that give adequate returns ✿ Divest passive investments with low returns

FREIGHT & LOGISTICS



A CORE BUSINESS SECTOR OF THE GROUP, FREIGHT & LOGISTICS HAS OVER THE LAST THREE DECADES ESTABLISHED ITSELF AS A PREMIER PROVIDER OF FREIGHT FORWARDING AND SUPPLY CHAIN MANAGEMENT SOLUTIONS IN SRI LANKA AND OVERSEAS. OUR COMMITMENT TO CUSTOMERS AND ABILITY TO CATER TO ALL CLIENT NEEDS POSITIONS US AS A RELIABLE PROVIDER OF LOGISTICS SUPPORT. WITH A CLUSTER OF COMPANIES FOCUSING ON MULTI-MODAL FREIGHT AND TRANSPORT SOLUTIONS AND A GLOBAL FOOTPRINT, SPANNING FOUR CONTINENTS AND 17 COUNTRIES WE ARE ONE OF THE TOP INTERNATIONAL FREIGHT & LOGISTICS SERVICE PROVIDERS.

Rs. 46,666 MN
REVENUE FOR THE YEAR

84%
CONTRIBUTION TO GROUP REVENUE

105%
CONTRIBUTION TO GROUP PBIT

FREIGHT & LOGISTICS

Expolanka Holdings PLC's core business interests lie in Freight and Logistics. Being the mainstay of the business it is also the key driver of business growth.

The company's flagship EFL brand is now a global icon for air & ocean freight and advanced logistics support. EFL's fast-growing global presence now counts 17 countries and 54 cities across the Indian subcontinent, East Asia, Middle East, Sub-Saharan Africa and North America.

International Operations

Logistics Support

Warehousing

Free Port Operations

Marine Services

MAP TO INDICATE GLOBAL PRESENCE



FREIGHT & LOGISTICS

G4-8

SECTOR PERFORMANCE – REGION-WISE

Presence in the Indian Sub-continent

India		Bangladesh	Sri Lanka	Pakistan
Chennai	Moradabad	Dhaka	Colombo	Karachchi
Ahmedabad	Mumbai	Chittagong	Avissawella	Lahore
Bangalore	Nasik		Biyagama	
Cochin	New Delhi		Galle	
Coimbatore	Pune		Ja-ela	
Hyderabad	Tirupur		Hambantota	
Kandla	Tuticorin		Katunayake	
Karur	Visakhapatnam		Koggala	
Kohlapur			Seeduwa	
Kolkata			Orugodawatta	
Ludhiana				

Presence in East Asia

Vietnam	Philippines	Indonesia	Hong Kong	China	Cambodia
Ho Chi Minh	Manila	Jakarta	Kowloon	Shanghai	Phnom Penh
Hai Phong		Surabaya		Shenzhen	
Hanoi		Semarang			

Presence in Sub Saharan Africa

South Africa	Kenya	Mauritius	Madagascar
Johannesburg	Nairobi	Port Louis	Antananarivo
	Mombasa		

Presence in Middle East

United Arab Emirates
Dubai
Abu Dhabi
Jebel Ali

Presence in the United States

United States of America
New York
Chicago

FREIGHT & LOGISTICS

THE GLOBAL ECONOMY ROUNDUP 2015

As 2014 drew to a close it became increasingly clear that many of the world's major economies were slowing down, with the notable exception of the US, which continued to expand steadily throughout 2015.

Meanwhile, except for Germany, most other Euro Zone nations also failed to show any clear signs of recovery, with the region recording only meager growth for 2015. At the same time the steady decline in oil prices triggered an economic slump in Russia and many economies in the Middle East that relied heavily on oil exports.

Growth in China too was strained, with 2015 recording one of the slowest growth rates in recent history. The Indian economy too showed signs of a mild slowdown in 2015.

GLOBAL FREIGHT AND LOGISTICS –KEY HIGHLIGHTS FOR 2015

Ocean freight

Maritime transport remains the backbone of international trade and indeed the global economy. Around 80% of global trade by volume and over 70% of global trade by value, is carried by sea and handled by ports worldwide.

According to the data released by UNCTAD (United Nations Conference for Trade and Development), in 2015 total maritime trade volumes increased only slightly, reflecting an uneven recovery in the advanced economies and slower growth in developing economies.

Despite the sluggish economic performance registered by most developed economies in recent years, they do however still account for the largest share of world exports and

imports. Nevertheless their contribution has been declining over the years, even as the contribution to world trade made by developing and emerging economies continues to rise. Over the past decade, developing countries have incrementally shifted patterns of trade becoming major importers and exporters and a driving force behind seaborne trade flows. They have also been instrumental in creating the demand for maritime transport services. In terms of regional influence, Asia continued to dominate as the main trade lane, followed by the Americas, Europe, Oceania and Africa.

Air freight

It was a challenging year for the global air freight industry, which had to contend lower than expected growth and falling revenue. After a strong start in the first quarter, ostensibly due to shippers diverting cargo from ocean transport to avoid gridlock at U.S. West Coast ports during a labor slowdown, air

freight volumes declined through most of the year before ticking up in the latter part of the year.

According to statistics released by IATA, air freight volumes expanded by 2.2% in 2015, but mediocre economic activity in Europe and the Asia-Pacific regions kept the rate of growth at less than half that of the previous year. Meanwhile, cargo in Asia-Pacific, accounted for around 40% of freight traffic in 2015, a moderate expansion of 2.3% for the year. Europe and North America, which between them comprise about 43% of total cargo traffic, stayed more or less flat, while Latin America suffered a steep decline of -6.0%. The Middle East grew by 11.3% YoY with Africa also recording modest YoY growth of 1.2% compared to 2014.

Meanwhile, the freight load factor fell to an average 44.1% compared to 45.7% in 2014.

Source: IATA

Operational Process **G4-12**

FREIGHT & LOGISTICS

EFL'S BUSINESS REPORT 2015

Freight Operations (Air and Sea)

Strategy and Focus

The key strategic thrust for EFL was to grow worldwide business volumes. Accordingly, all activities carried out during the year were aimed at boosting the EFL brand identity as the preferred "first mover" for both ocean and air freight.

In the near term, the focus was to establish a controlling presence in key growth markets and strengthen strategic alliances that will facilitate broader access to all major international trade routes. This meant widening the footprint in the US and strengthening the presence in the Inter-Asia trade lane to allow access to key emerging markets in East Asia. Africa too was another region, where investments were deemed necessary to strengthen the EFL presence.

From an operational perspective, this meant improving the efficiency of the global ERP framework and strengthening global procurement parameters, in order to overcome the competitive challenges in the market.

Performance Summary

EFL's strong global presence across the world helped deliver good results for the year under review, despite the dull global economic conditions that failed to produce a suitable growth-conducive environment. Further, EFL was also able to grow market share in almost all major trade lanes, led by a competitive pricing structure and strong network facilitation to drive the integrated service platform. Nevertheless, the company did have its share of challenges to contend with in each region.

For instance the west coast port strike in Los Angeles in the early part of 2015 destabilised the key North American trade lane and affected the US supply chain. A troubling time for the ocean freight business in general as huge volume losses began to squeeze margins and all in the freight and logistics business began to tighten their belts. EFL too experienced these constraints, but leveraged on the opportunity to successfully grow air freight cargo volumes to the US in order to lessen the impact on the bottom line. In fact the sharp jump in EFL's air freight volumes in the first quarter of 2015/16 had a positive impact on revenue and profits for the entire year.

Meanwhile, the slowdown in the Chinese economy affected the Inter-Asia trade route, which saw a drop in cargo traffic movement to-and-from China, led by a notable drop in China-Europe trade volumes. EFL too felt the pinch, but made up for it by growing volumes in other markets in the Asian region, including Vietnam and Indonesia, to compensate for the loss in volumes from China. Meanwhile, being a key cargo facilitator for the Indian market helped EFL register strong volume growth, despite the slower pace of activity in the Indian economy.

Having begun to strengthen EFL's coverage along the Inter-Asia trade route, the focus for the year moved to Vietnam. EFL already has a strong presence in Vietnam, but the country's recent alliance with the Trans Pacific Partnership (TPP) was seen as a gateway to secure a large share of Vietnam's export traffic. Widening the coverage to Vietnam was therefore an obvious choice.

Meanwhile, safety concerns expressed by buyers regarding exports from Bangladesh provided EFL with another opportunity to promote high-level integrated solutions to facilitate the smooth flow of cargo traffic out of the Asian subcontinent.

Logistics Support

Strategy and Focus

From a serviceability angle, it is now abundantly clear that customers, especially those in emerging markets have come to expect more and more value added support services as part of their freight package. Having understood the customers' need for speed and convenience, EFL has, for some time now been responding to these demands with customised total logistics plans and advanced business solutions.

The priority now is to strengthen the alignment with customers' operations and processes, while identifying industry-specific characteristics in order to deliver integrated solution-based support to strengthen the customer's value chain. This calls for widespread data analytics to be carried out in order to preempt the needs of each business vertical.

Investments in IT resources to improve internal process efficiency and maintain 360° control would also be critical, while strategies to build a dynamic, high-productive team will not only increase throughput efficiency, but also reduce the heavy dependency on labour, in the long term.

FREIGHT & LOGISTICS

Performance Summary

In tandem with the strategy to strengthen the logistics support arm, all operations were shifted to the newly built EFL campus, a state-of-the-art green building located adjacent to the warehouse complex in Orugodawatta.

Ongoing efforts to improve the resources at the warehousing complex included investments in sophisticated hardware systems equipped with high bandwidth networking infrastructure that will provide secure, reliable, faster and more efficient services that support trade. The transport fleet was also increased and a new fleet management model was introduced to boost EFL's logistics capacity within Sri Lanka.

Steps were also taken during the year, to sharpen the alignment with international compliance standards vis-à-vis ISO 9001:2008 - Quality Management Systems, ISO 14001:2004 - Environmental Management Systems and OHSAS 18001:2007 - Occupational Health & Safety Management Systems.

The synergies resulting from these investments were then used to reposition EFL among the leading logistics service providers in the region, specifically to enhance EFL's profile as the premier logistics partner for the global fashion industry.

Stemming from this, an aggressive client acquisition strategy was launched spearheaded by a campaign to attract more top-tier global fashion retailers. The main objective here was to promote EFL as the preferred logistics partner in the Asian subcontinent.

Moreover, EFL's ability to provide superior on value added services proved to be successful on two counts; as a client retention strategy and as a key revenue driver for the year, by enabling EFL to secure a larger wallet share of existing customers.

THE CASE FOR INTEGRATED LOGISTICS SUPPORT

By definition, an Integrated Logistics Services Provider (ISP) would facilitate a variety of end-to-end logistics-related activities including intermodal transportation expertise, value-added warehousing, logistics planning, measurement and transparent tracking that make up a total logistics services package.

While the scope and scale of the services may vary between clients, essentially, an ISP should offer a consolidated logistics framework that would bolster their customer's bottom line. On the part of the ISP, this calls for an intuitive understanding of the customers' operations, corporate culture and business objectives in order to identify weak links in the customers' supply chain and provide solutions that can support and streamline the process.

In doing so, an ISP is expected to look at the entire logistics aspect of their customer's business from raw materials or components, through manufacturing to warehousing and on to the final delivery of finished product to dealers, distributors and end users. It is how ISP's can add value to the customers' supply chain and interestingly, the vast majority of successful ISP partnerships originate from an existing customer/provider relationship. In fact,

more often than not, it is the current service provider who is brought in to look at another part of the supply chain where the customer is facing challenges.

The rapid evolution of global business paradigms and more recently the advent of e-commerce, all offer massive potential for the development the ISP model, both locally and globally.

EFL 'S STRENGTHS

- Flagship EFL brand identity
- Over 20 years in the field
- Global Reach spanning 17 countries and 53 cities
- Over 1 Million Sq.ft of global warehousing space
- Fleet of 1,200 vehicles
- State-of-the-art software for back end support
- ISO 9001, 14001 and 18001 certified operational framework

FREIGHT & LOGISTICS

FREE PORT OPERATIONS

Expolanka's efforts to set up a the first-ever free port operation in Sri Lanka is a long term undertaking aimed at promoting the country as a regional trading hub. The process, which was initiated in 2014 remains at the pre-operational stage at present, with the current focus being to set up the operational framework needed to facilitate free port operations.

Given the high standards set by regional Free Port operators in Singapore, Hong Kong and Dubai, the company understands that a comprehensive regulatory framework would be a key enabler in Sri Lanka's journey towards facilitating Free Port operations. As such, Expolanka is currently working with the relevant local authorities to develop a suitable regulatory structure that will eventually accommodate fully-fledged Free Port operations in Sri Lanka.

At the same time, the company is also working to create greater awareness regarding Sri Lanka, especially in the US and in doing so, continues to leverage on EFL's global presence to establish trade links with customers, suppliers and other Free Port companies across the globe.

MARINE SERVICES

By nature, the demand for marine services is a derived one, and relies entirely on the level of import and export trade taking place at any given time. Therefore, supporting Sri Lanka's transition towards becoming a regional maritime hub is what drives the Groups' marine services arm.

At present the companys' expertise lies in providing marine services for vessels docked at the Colombo Port. However, from a business perspective, the goal is to be known as a premier maritime logistics specialist in the region capable of attracting vessels into the country. Achieving this means investing in new areas of services, specifically value added services that will boost the company profile as a sought-after maritime logistics partner.

In this regard, investments have already been made to expand bunkering and dry-docking facilities, while work is underway to improve the off shore handling capabilities as well. Moreover, the company expects that a competitive pricing structure together with the commitment to international quality benchmarks will offer a differentiated value proposition that will accelerate growth in the coming years.

THE OPPORTUNITY !

Over the past decade or so, the Indian Ocean Region has been in the constant spotlight, mainly because of its growing economic prowess. With nearly half of the world's container traffic passing through the region, Indian Ocean ports along the Inter-Asia maritime trade route are known to handle over 30% of global trade at any given time.

Sri Lanka's strategic location and proximity to key shipping lanes on the Inter-Asia trade route offers considerable potential for the country to develop into a vital maritime hub in the Indian Ocean region.

Admittedly, investments made by successive governments over the past few decades

have ensured that major infrastructure is already in place. This means that more than any other regional port, the Colombo port has the capacity to cater to the largest and bulkiest ships in the world, making it the best transit point between East Asia and the Middle East.

What is lacking now are the world-class marine services and sophisticated maritime logistics capabilities on par with ports in Singapore, Hong Kong and Dubai.

Needless to say, a competent marine services framework would be instrumental in attracting a steady stream of inbound vessels into the Colombo port.

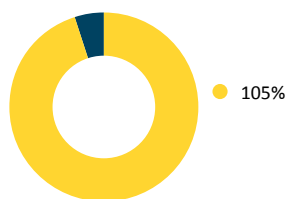
FREIGHT & LOGISTICS

Sector Performance - Financials

Freight & Logistics			
	2015/16 Rs. Mn.	2014/15 Rs. Mn.	Change %
Revenue	46,666	40,650	15%
Earnings Before Interest & Taxes (EBIT)	2,220	1,499	48%
Finance Cost	32	98	-67%
Profit Before Tax	2,187	1,385	58%
Profit After Tax	1,639	1,124	46%
Total Assets	16,302	14,081	16%
Total Equity	9,188	7,193	28%
Total Debt	617	1,028	-40%
Capital Employed	9,805	8,222	19%
Return on Equity	17.8%	15.6%	14%
Return on Capital Employed	17.1%	14.9%	15%



TURNOVER



EBIT



CAPITAL EMPLOYED

TRAVEL & LEISURE



EXPOLANKA OPERATES A BOUQUET OF COMPANIES FOCUSING ON INBOUND AND OUTBOUND TRAVEL, DESTINATION AND LEISURE MANAGEMENT SERVICES. CAPITALISING ON THE BOOMING TRAVEL INDUSTRY FOR BUSINESS AND LEISURE, WE PROVIDE AN ARRAY OF SERVICES TO DISCERNING CUSTOMERS. WITH SRI LANKA'S ONLY ROUND-THE-CLOCK TRAVEL AGENCY AND GLOBAL DESTINATION MANAGEMENT COMPANIES, EXPOLANKA HAS CARVED A NICHE IN THE TRAVEL & LEISURE SECTOR.

Rs. 4,160 MN
REVENUE FOR THE YEAR

7%
CONTRIBUTION TO GROUP REVENUE

6%
CONTRIBUTION TO GROUP PBIT

TRAVEL & LEISURE

THE GLOBAL TOURISM INDUSTRY
REACHES NEW HEIGHTS IN 2015

International tourist arrivals grew by 4.4% in 2015 to reach a total of 1,184 million in 2015, maintaining an above-average growth momentum for the 6th consecutive year.

Worldwide results indicate that overall demand for travel was robust, while a closer look reveals that individual destinations recorded mixed results for the year. This was mainly due to unexpected exchange rate fluctuations together with the drop in oil prices and other commodities, which helped to boost disposable income in importing countries while weakening the purchasing power of exporting nations. Meanwhile safety concerns arising from political unrest in certain parts of the world also had an impact on international travel patterns in 2015.

By region, Europe, Asia and the Pacific and the Americas all tabled over 5% growth in 2015, with Europe showing the strongest growth in arrivals, both in absolute and relative terms. Arrivals in Europe reached 609 million, 29 million more than in 2014. Of this, Central, Eastern and Northern Europe recorded the strongest growth at +6%, with other European territories following closely behind.

Asia and the Pacific recorded 13 million more international tourist arrivals for the twelve months to reach 277 million as at 31st March 2015. This was despite the somewhat uneven results registered across destinations, where Oceania (+7%) and South-East Asia (+5%) led the growth table, while South Asia and North-East Asia recorded an increase of only 4%.

International tourist arrivals in the America's grew 9 million to reach 191 million in 2015,

further consolidating the strong performance registered in 2014. The appreciation of the US dollar stimulated outbound travel from the United States, benefiting the Caribbean and Central America, both recording 7% growth. Overall results in South America and North America however, were more or less average, both standing at +4%.

Source: UNWTO World Tourism Barometer 2015

SRI LANKA'S OUTBOUND TRAVEL
INDUSTRY

Local Operating Environment

Sri Lanka's outbound travel market is estimated to be approximately Rs. 3.8 billion industry (Source: BSB, Airline Tickets). Meanwhile, rapid growth in disposable income in recent times, online travel bookings, reduction in fuel prices lowering airline ticket prices means more Sri Lankans are travelling now than ever before, leading to an upsurge in the B2C segment over the past decade. Accordingly, leisure and FIT (Free Independent Traveler) segments have been on the rise since 2012.

Parallel to this, the demand for additional services too has escalated, especially international tour packages and hotel reservations. This has opened out new opportunities for industry growth.

A relatively new branch of the B2B segment, MICE (Meetings, Incentives Conferences & Exhibitions) travel too appears to be on the rise, denoted by an increase in passenger numbers and turnover in 2015. The most significant trend observed in the MICE category however is the movement away from the traditional Southeast Asian destinations of Bangkok and Kuala Lumpur towards more adventurous choices in USA and South Africa.

Meanwhile, recent growth in the B2B segment appears to have attracted a new breed of travel agents into the market. Otherwise known as discount agents, these wholesalers operate by offering what appear to be ad-hoc bulk discounts to secure the travel accounts of large corporates. Such behaviour has made the airlines weary of all agents, prompting them to tighten their controls and even putting an end to the flexible terms enjoyed by longstanding players.

India remains a major outbound destination for the B2C category while South-East Asia has always been – and will continue to be among the most favoured destinations for FIT travellers. This is mainly due to the incomparable value that the airlines offer from time to time. In addition, destinations like Thailand and Malaysia combining value additions like star-class accommodation for US\$ 40-50 a night, per person, far cheaper than similar star class properties in Sri Lanka. Interestingly though, in the past two to three years there has been slow but steady shift towards other destinations as well, including China, Vietnam, Dubai and Europe.

Although these are all good signs for the future of travel in Sri Lanka, here too it appears to have attracted a vast number of unscrupulous travel operators causing a serious dilution in the quality of the local B2C market. Further, the proliferation of these new operators raises fresh concerns, calling into question the competency levels of these mushroom operators and their credibility with reputed international airline agents and tour operators. Such doubts places a heavy burden on the customer too, as they can no longer risk make a decision on price alone, but would

TRAVEL & LEISURE

G4-8

have to go as far as verifying the credentials of the travel agent, prior to transacting. However, widespread Internet access has made today's travellers much smarter and more knowledgeable and they are unlikely to be fooled by these mushroom operators as many of them now conduct their own research before finalising travel plans. This trend can be viewed as a positive sign for the future of the industry.

Moreover, an increasing number of tech-savvy travellers are now going online to purchase their tickets and availing themselves of better deals, either directly from the airline website or through an e-commerce portal. As a result many airlines have now begun to approach the customer directly to offer special discounted

fares or promotional offers tied to vendors. This was particularly evident in 2015, when world crude oil prices hit an all-time low and a number of leading airlines began to offer low promotional rates to selected destinations, as a strategy to build volumes. Such tactics by airlines have caused a loss of revenue to the local outbound travel trade.

However, regardless of these recent developments, Sri Lanka's outbound travel industry is still firmly anchored to the travel agent model. This is mainly because the industry has managed to evolve successfully to match the growing needs of the market and in doing so has continued to stay relevant in cognisance with the pulse of the customer.

EXPOLANKA'S OUTBOUND OPERATIONS
Strategy and Focus

Being in one of the fastest growing businesses, the key strategic thrust for Classic Travels, was to maintain its leadership position as the country's premier Travel Consultant for the Corporate sector, thereby justifying the vision "To be the preferred travel solutions provider for all Corporates".

Accordingly, the emphasis for the year was to generate organic growth in the B2B sector, driven by two main strategies – new client acquisition and expanding the wallet-share of existing B2B customers.

Operations and Marketing

Given the current market dynamics, added emphasis was placed on creating a niche service brand that would reaffirm the company's position at the top of the corporate B2B segment in Sri Lanka. This meant developing more client-centric offerings that would allow the company to boost the portfolio of integrated solutions offered to the corporate clientele. It also called for further specialisation of existing businesses and greater synergies to be derived from strategic investments made in new business vectors.

This prompted the setting up of Classic Visa, a new unit dedicated to offer clients an end-to-end solution for all their visa requirements. Geared to service not only clients ticketed by the company, the unit also accommodates walk-in customers who have purchased their tickets online or from other sources. The goal here is to use the Visa business as a platform to cross-sell integrated travel solutions in order to secure the future travel accounts of the client.

Operational Process **G4-12**

TRAVEL & LEISURE

The expansion of Classic Vacations, the outbound tour specialist under the Classic banner, was yet another move to strengthen business synergies. Investments were made to relocate Classic Vacations and equip the unit with a dedicated team. This was aimed at harnessing the growing demand for international tours from the MICE market & retail customers.

As always the success of these efforts depend on the strength of the relationships maintained with the overseas partner network. Reinforcing these ties therefore, remains a crucial part of the business model. To further increase the number of selling channels and widen market presence, in 2015, the company signed up with Make My Trip, TBO Holidays, Cox & Kings & GRN Connect, all major global travel brands offering the entire gamut of travel services.

The company continued to invest in refining operational efficiencies and productivity improvements.

DESTINATION MANAGEMENT**Strategy and Focus**

The key focus of the current year was to consolidate business growth in each market segment and augment the service portfolio in order to improve market share. Accordingly, the company undertook several initiatives to widen the global sales network, followed by a number of aggressive customer acquisition strategies and ongoing development of the Online Portal, all aimed at expanding operations.

From a branding and marketing perspective the emphasis was to enhance brand presence, prompting the company to participate in several international roadshow's and regional

conferences. The company also conducted its own Akquasun B2B Roadshow for the 4th consecutive year, which was well received by all participants.

Operating in a price driven market, the key challenge faced by the company was to create a distinctive value proposition for each target market. In this regard, it was felt that creating value through product differentiation and product depth and spread would be critical in positioning Akquasun's USP in the market.

As always, penetrating new source markets continued to be an integral part of the core growth strategy. The company strategised that the Middle East and East Asia would offer strong possibilities, particularly given the swift increase in the appetite for travel coming from these regions in recent years.

Furthermore, building a stronger international client base will allow the company to intensify efforts to cross-sell integrated B2B solutions to a wider geographical spread, in the long term.

Operations and Marketing

With the aim of strengthening its network spread, the company launched two new destinations during the current financial year, namely the Philippines and South America, bringing the total number of destinations on offer up to 16. The corporate website was also re-launched and all promotional material redesigned, while social media presence was initiated during the year, in a bid to capture the new progressive outlook of the business.

The Company refocused its efforts on driving its B2B Online Platform and strategised its positioning. The Online platform now has over 10,000 Hotel Rooms on offer across the globe.

Another key focus area during the current year was the need to drive operational efficiencies across all global operations. With this in mind, the Company began rolling out the new integrated operational management system, with full deployment completed in 3 countries during the current financial year.

Performance of the company

Marred by the economic downturn in India, Akquasun's main source market, growth in B2B traffic from India was slower than expected throughout the year. However, the company's established brand presence helped to consolidate market share and retain the core client portfolio across all product categories.

Other source markets such the Middle East and East Asia were restructured and visible improvements were seen in terms of contributions during the current year itself.

However, despite the growth in business volumes, severe competitive challenges led to the continued pressure on yields, with visibly lower margins being observed across most of the sectors during the year.

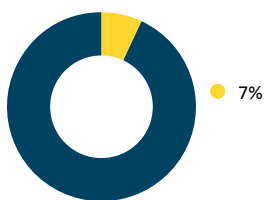
Meanwhile, the higher volumes also resulted in increasing cash flow requirements to service working capital needs, applying pressure on the balance sheet. However, taking a long-term view, the company continued to build infrastructure and processes, making several investments during the current year.

Lower margins and higher cash outflows on the DMC business had a negative impact on the profitability, where the company was not able to meet its profitability targets for the current year.

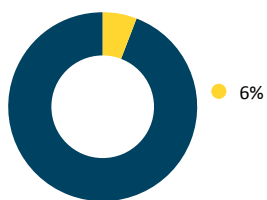
TRAVEL & LEISURE

Sector Performance - Financials

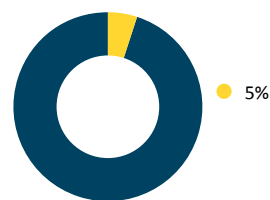
Travel and Leisure			
	2015/16 Rs. Mn.	2014/15 Rs. Mn.	Change %
Revenue	4,160	2,793	49%
Earnings Before Interest & Taxes (EBIT)	117	146	-20%
Finance Cost	28	1	5420%
Profit Before Tax	89	156	-43%
Profit After Tax	71	140	-49%
Total Assets	1,560	1,419	10%
Total Equity	403	357	13%
Total Debt	324	70	363%
Capital Employed	727	427	70%
Return on Equity	17.7%	39.1%	-55%
Return on Capital Employed	13.6%	32.8%	-58%



TURNOVER



EBIT



CAPITAL EMPLOYED

INTERNATIONAL TRADING & MANUFACTURING



PIONEERING THE EXPORT OF FRESH PRODUCE FROM SRI LANKA, EXPOLANKA HAS RAPIDLY EXPANDED ITS RANGE OF EXPORT PRODUCTS TO A FULLER SPECTRUM. AGRICULTURAL PRODUCTS SUCH AS COCONUT PRODUCTS AND OTHER COMMODITIES JOIN OUR ORIGINAL CORE PRODUCTS AS OUR EXPANSION OPENS FRESH PASTURES INCLUDING THE MIDDLE EASTERN, EUROPEAN AND THE AFRICAN MARKETS. OUR EXCURSION INTO THE MANUFACTURING SECTOR IS MARKED BY OUR DIVERSIFICATION INTO VARIED INDUSTRIES. THE MANUFACTURING SECTOR ADDS TO THE GROUP PORTFOLIO AN ASSORTMENT OF INTERESTS, INCLUDING FRESH AND PROCESSED FOOD PRODUCE AND ECO-FRIENDLY PAPER RECYCLING. EXPOLANKA'S SUCCESS IN THESE INDUSTRIES HAVE ENSURED HEALTHY MARKET SHARE AND CONSUMER APPRECIATION IN THESE INDUSTRIES.

Rs. 4,550 MN

REVENUE FOR THE YEAR

8%

CONTRIBUTION TO GROUP REVENUE

6%

CONTRIBUTION TO GROUP PBIT

INTERNATIONAL TRADING & MANUFACTURING

PERISHABLES

Trading

Strategic Focus

With the phase 1 of the business restructuring process now complete, it was felt that Expolanka Ltd, the Trading arm of the Group, was ready to embark on the next big growth phase.

Starting the year as a leaner, more focused business unit, the first priority was to strengthen core competencies. Meanwhile the emphasis on a cost efficient business model was aimed at generating good returns from the slimmed-down product portfolio. Further, it was decided that only value additions would be considered, should the company choose to

pursue potential business opportunities arising from global food trends.

While each of these strategic imperatives sought to safeguard the bottom line, ongoing reassessment of the operational code together with a suitable realignment of the business parameters was deemed necessary, in order to maintain market leadership.

Operations and Marketing

Migration to a multi-origin trading model was the first big step taken by Expolanka Ltd, in 2015. The goal here was to produce a clear competitive edge and also to garner new opportunities in the global market place. Stemming from this decision, an offshore

trading unit was then set up in India, thereby providing buyers with a more competitive multi-origin offering. Very similar in scale to the Sri Lankan trading arm, at present, the offshore unit is assigned only to trade in Desiccated Coconut and Fresh Coconut sourced in India. Further, the company hopes to leverage on strength of this Indian operation to break into other source markets within the region.

Establishing a presence in India was also part of the long term marketing strategy, as it would make it easier to gain a foothold in emerging markets in Europe and make inroads into the newly opening-up Iranian market.

EXTERNAL DRIVERS FOR 2015/16

- Stable global market prices for food and agricultural commodities
- Consistent demand for perishable commodities
- Inconsistent weather patterns affecting raw material supplies
- Regulatory framework for the export of perishables
- Devaluation of the Rupee giving Sri Lankan exports a competitive advantage

MAJOR TRENDS

- Emerging market for coconut-based derivatives such as virgin coconut oil, coconut cream and coconut water

Operational Process G4-12



INTERNATIONAL TRADING & MANUFACTURING

Efforts to strengthen existing market strongholds as well as explore into new opportunities, prompted the company participate in global trade forums held in the United States, Germany and Dubai.

Performance Summary

The decision to move away from a single-origin trading framework proved to be a timely and relevant move that helped to counteract the challenges arising from the government-imposed ban on the export of fresh coconut from Sri Lanka. First issued in December 2014, the ruling was in response to dangerously low yields caused by severe drought conditions. The ban was subsequently extended till November 2015 and went on to affect all exporters of Fresh Coconut in Sri Lanka, bringing the entire local industry to a standstill between April – November 2015. The country lost its market share in Europe as buyers began to source their requirements from other Asian region countries.

Even after the ban was lifted, the local industry did not pick up as expected. This was mainly due to the high export levies which made Sri Lankan fresh coconut exports uncompetitive in the world market. Consequently all local trading houses including Expolanka Ltd had to contend with a drastic drop in fresh coconut exports for the nine months ending 31st December 2015. On a more positive note however, an aggressive networking campaign initiated by Expolanka Ltd helped the company to recapture the Pakistani market and satisfactory volumes of fresh coconut were exported to Pakistan during the January – March 2016 quarter.

Low yields caused by drought-ridden conditions in 2014, affected Sri Lanka's Desiccated Coconut (DC) industry as well, particularly in the first half of 2015. However the steady flow of raw material helped the industry bounce back from August 2015. The stable commodity markets together with the benefits from the currency devaluation helped Expolanka Ltd record higher aggregate DC trading volumes in the 3rd and 4th quarters of the year under review.

The offshore unit also made progress, despite the challenges associated with breaking into the Indian market. Given the sheer size of the Indian market and the large number of trading houses, building volumes meant leveraging on established networks linked to the Expolanka brand. Nevertheless, initial results reveal that the unit has tabled a good performance for the first six months of operation, especially in the export of fresh coconut.

Meanwhile, in tandem with the rising demand for Virgin Coconut Oil (VCO) coming from developed nations, Expolanka Ltd began trading in Organic VCO in September 2015. As spelled out by the strategic plan, the company would right now only undertake value additions. Therefore, under the present operating model, VCO is procured in bulk form with only the post-sourcing value addition being carried out by the company, prior to export. Currently only a very small component of the trading volumes, the product line does however show notable growth prospects for the future.

The export of fresh fruits and vegetables too recorded acceptable volumes for the twelve months ending 31st March 2016.

PRODUCT PORTFOLIO

- Fresh Fruits & Vegetables
- Fresh Coconuts
- Desiccated Coconut
- Organic Virgin Coconut Oil
- Organic King Coconut Water
- Other Coconut Products (Coconut Milk, Coconut Flour, Coconut Butter, Coconut Vinegar)
- Organic Dried Fruits

G4-8

MARKETS

- **Middle East -**
(UAE, Saudi Arabia, Iran, Kuwait, Bahrain, Oman, Qatar, Turkey, Israel, Palestine, Jordan, Lebanon)
- **Europe -**
(UK, Germany, Netherlands, France, Italy, Spain, Croatia, Slovakia, Slovenia, Bulgaria, Poland, Malta, Hungary)
- **Africa -**
(Egypt, Sudan, South Africa)
- **American Market -**
(USA, Canada, Trinidad)
- **Others -**
(Pakistan, Russia, Australia)

Manufacturing

Strategy and Focus

Having emerged as a more competent business unit following the restructuring exercise, cost control was a high priority item for the organic produce business, where core products are; packed organic dried fruits and organic King Coconut water in canned form, both for the export market only. Given the global

INTERNATIONAL TRADING & MANUFACTURING

movement towards organic food, the emphasis for the year was to support both product lines by creating a strong brand proposition that will appeal to the discerning consumer in search of organic alternatives.

At the same time, maintaining product quality was deemed vital, in order to stay competitive in this global niche market. This points to the importance of managing the supply chain and realigning supplier dynamics in tandem business needs.

Systems and processes also came under scrutiny, as part of the overall strategy to strengthen quality parameters at every stage of the production process and generate economies of scale wherever possible. This meant developing a competent, lean-oriented workforce, together with efforts to imbue a sustainable cultural dynamic that will help the business to grow by benchmarking international best practices.

Factory Operations

Thinking along these lines prompted the company to begin the process of obtaining BRC certification process to add to the existing ISO 22000, HACCP and GMP accreditations. Most often a fundamental requirement for most global buyers, The BRC Global Standards is a leading safety and quality certification programme. It guarantees the standardisation of quality, safety and operational criteria and also ensures that manufacturers fulfill their legal obligations and conform to all regulations that offer protection for the end consumer. Obtaining this certification would certainly boost the profile of the manufacturing unit.

Meanwhile, attempts to trim excessive costs prompted the closure of the Puttalam collection centre, upon expiry of the lease period in 2015. All operations were then shifted to the Pannala facility to help curb costs and migrate to a more sustainable growth model.

Supply Chain Management

Being in the business of perishables, the supply chain remains a crucial part of the value chain. Therefore, supplier integration is seen as a key priority, especially with regard to the procurement of organic dried fruits. Ongoing efforts to develop a farmer-outgrower programme are aimed at facilitating backward integration of the supply chain in order to ensure a consistent supply of right quality raw materials. The programme currently offers a range of extension services to selected suppliers, to assist them in maintaining output quality and achieving higher yields. The scheme also provides a mutual platform for growth as it functions as a capacity building initiative to improve the livelihoods of grower communities.

Nurturing Environmental sustainability

Improving the environmental credentials of the factory was yet another important area and the focal points for the year were wastewater management and the disposal of solid waste. Steps taken in this regard, included enhancements to the existing wastewater management system to help improve the quality of the water discharge. Meanwhile, establishing partnerships with organic fertilizer manufacturers in the area provided a sustainable solution for the disposal of solid waste .

Building workforce competencies

The leaner business structure meant building a competent workforce who will become key drivers of future business growth. Accordingly, all employees at the factory were encouraged to sharpen industry-specific knowledge, while developing essential soft skills needed for career advancement, with a strong emphasis on self-motivation and self-development,

Processed Foods

Strategy & Focus

Having been in the market for the past two decades, both - Norfolk and Crescent branded frozen food have been catering to Sri Lanka's growing leisure and entertainment industry for some time now. Of late, the rapid growth in the number of international food franchises in Sri Lanka has helped both brands to widen the exposure to the HORECA (Hotels, Restaurants and Catering Establishments) market. Now the principal suppliers to all leading international food franchises, Norfolk and Crescent products have come to be widely accepted as a hallmark of premium quality frozen food and a perfect alternative for the imported product.

The main strategic thrust for the business now is to further strengthen brand positioning of both Norfolk and Crescent brands in order to sustain the leadership position in the key HORECA Channel. The underlying focus for the year was therefore to build greater product diversity through innovative, superior quality offerings that will continue to serve as an alternative to high-cost imported products.

It was also decided to deepen the penetration in the local retail channel, mainly to grow

INTERNATIONAL TRADING & MANUFACTURING

the Norfolk Crescent range. This would mean leveraging on current lifestyle trends and opportunities in the retail trade to stimulate the demand for products in the mass market. Cultivating a strong retail demand of this nature also calls for a distinctive marketing strategy to differentiate the Norfolk Crescent range from other mainstream commodity products offered by competitors. It was determined that the key pitch in this regard should be the wholesomeness associated with the Norfolk brand, which is reinforced by the absence of artificial flavours, colours or MSG.

Moreover, both Norfolk and Crescent are strictly quality-driven brands, which means quality remains a critical priority at all times. From a tactical point of view, this meant taking a closer look at the quality of the entire value chain to determine where precise improvements can be made in order to sharpen each value proposition being delivered to the target market segment. The emphasis for the year was therefore the management of core processes to ensure smoother integration between all end-to-end functions, which in turn would improve productivity and enhance the final outcome.

The strategy to improve productivity was strongly underpinned by the constraints imposed by the lack of readily available labour. Therefore the company has the culture of continuous automation development. Automation would not only help reduce the dependency on labour, eliminating under-utilised capacity, improving overall efficiency and boosting productivity levels across the factory floor.

Operations and Marketing

Underpinned by the strategy to augment the product portfolio, the specialty line was expanded during the year, with the addition of a new range of Italian and Chinese range. First introduced through the HORECA channel, both lines delivered encouraging results for the year, indicative of the strong potential for growth in the future.

Meanwhile, the ongoing focus on quality prompted the SLSI and SLS certification that was completed this year. The certification adds to the existing HACCP, ISO 22000 and Halal certification already obtained for the production facility located in Homagama.

A number of initiatives were also undertaken to develop the supply chain in order to guarantee the quality of produce. The introduction of just-in-time purchasing was one of the major developments for the year. In addition, current procurement practices were reviewed and the supplier assessment criteria enhanced in conformity with HACCP guidelines. Ongoing supplier integration programmes were carried out by dedicated HACCP team leaders aimed at encouraging suppliers to improve their quality parameters, while a random supplier audits were continued to assess their level of compliance to established guidelines.

New initiatives to improve packaging material also continued with special emphasis on migrating towards more eco-friendly packaging material.

From a marketing perspective, an aggressive campaign was initiated to penetrate both

the modern trade as well as the general trade in a focused effort to grow island-wide retail market share. Having understood the current market dynamics, it was decided to promote more of the Crescent range through the modern trade but allow only a selective offering through the general trade under the Norfolk Crescent Brand.

Performance Summary

Both brands performed well during the year for the period under review, tabling strong YoY volume growth of 24% in the HORECA channel. The retail channel too performed above expectations, denoted by a YoY volume growth of 24% as at 31st March 2016.

Meanwhile, incremental volumes from both channels helped boost the top line and bottom line by 24% and 75% respectively compared to the previous year.

MARKETS G4-8

-  Sri Lanka
-  Maldives

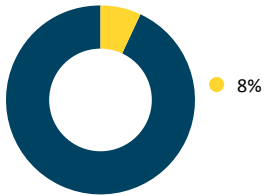
PRODUCT PORTFOLIO

-  Crumbed range
-  Savoury range
-  Sausages and grill range
-  Burgers range
-  Smoked range
-  Italian range
-  Chinese range
-  Specialty meats

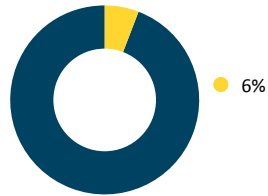
INTERNATIONAL TRADING &
MANUFACTURING

Sector Performance - Financials

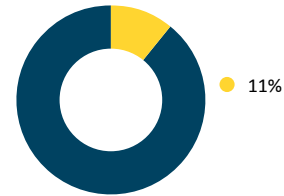
International Trading & Manufacturing			
	2015/16 Rs. Mn.	2014/15 Rs. Mn.	Change %
Revenue	4,550	8,528	-47%
Earnings Before Interest & Taxes (EBIT)	127	118	7%
Finance Cost	19	45	-58%
Profit Before Tax	108	74	47%
Profit After Tax	87	72	22%
Total Assets	2,621	2,492	5%
Total Equity	927	848	9%
Total Debt	700	246	185%
Capital Employed	1,627	1,094	49%
Return on Equity	9.4%	8.4%	11%
Return on Capital Employed	6.5%	10.6%	-39%



TURNOVER



EBIT



CAPITAL EMPLOYED

INVESTMENTS & SERVICES



Rs. 639 MN
REVENUE FOR THE YEAR

1%
CONTRIBUTION TO GROUP REVENUE

(17)%
CONTRIBUTION TO GROUP PBIT

EXPOLANKA'S GROWTH CONTINUES WITH FOCUSED INVESTMENTS AND PARTNERSHIPS IN STRATEGIC SECTORS. VENTURES IN THE AREA OF GSA REPRESENTATION OF MAJOR GLOBAL AIRLINES HAVE BEEN STEERED BY RESEARCH AND ANALYSIS, AND HAS PROPELLED THE GROUP TO MORE SUCCESS BASED ON THE PURSUIT OF DELIVERING EXCELLENCE.

INVESTMENTS & SERVICES

AIRLINE GSA

Global Assessment for 2015

After a strong start, global air freight volumes began a decline from about the 2nd quarter of 2015 and continued in the 3rd quarter until some improvements to world trade drove a modest pick-up in the final quarter of the year. An analysis of the varied cargo traffic patterns in key regions across the globe show that the Asia-Pacific region, which accounts for around 39% of freight traffic, expanded by a moderate 2.3%, while the Americas showed negative growth for the year as a whole. Meanwhile the Middle East grew strongly, while Africa registered modest growth for 2015. But it was Europe that really caught the headlines for 2015, from a growth of only 1.1% in Q1, then escalating to 3% to 4% in Q2 and Q3 respectively only to culminate in an even stronger 6% growth in the final quarter.

At the same time, global air freight capacity appears to be growing at a faster pace, especially with more dedicated air cargo carriers entering the market. Moreover in the

past five years, passenger aircrafts have too have become bigger and equipped with larger belly cargo capacity, leading to a significant increase in global air cargo capacity in recent years. This has not only caused severe price competition among cargo carriers, but left the global air cargo industry to face a number of serious challenges, key among them being the weakening freight load factor (FLF). On average the FLF for 2015, was 44.1% compared to 45.7% in 2014, a disturbing trend that continues to affect air cargo yields.

Meanwhile, air freight is still perceived to be a high-cost alternative compared to the value proposition offered by ocean freight and as such, ocean freight carriers remain the main competitor for air cargo space. Further, the vast improvements in the sea freight model in recent years have also served to heighten the level of competition between ocean freight and air freight carriers. Meanwhile, geopolitical concerns, volatility of oil prices, and recent economic trends favouring onshore or closer-to-home manufacturing, are some of the other

factors that appear to be affecting the demand for air cargo and are likely to do so in the coming years as well.

Source: IATA

THE COMPANY

Strategy and Focus

Airline Cargo Resources (ACR), the specialist airline services unit of the Group has been in the business for some time now and over the years, has represented a number of international passenger and cargo carriers. Now widely known as a premier General Sales Agency (GSA) service provider, ACR has more recently leveraged its widespread global geographical network to establish a number of international GSA offices in Asia, Middle East and Africa.

Managing a multi-country GSA model is no easy task, particularly given the complexity of the modern aviation industry. Therefore, a clear strategic vision was thought to be vital to underpin the evolution of the business and align the GSA operation with medium-term Group objectives.

This set in motion a series of activities during the year, to deepen the global investment in GSA services. As a first step, the existing GSA operation was re-scoped and expanded. This move is expected to spearhead the transition towards a multi-faceted GSA Management Model that will facilitate the increasingly complex needs of global trade.

ACR was then rebranded as Air Cargo Resources Dubai, a total GSA Management Company equipped to furnish an “end-to-end” air cargo solution. The flagship operation was then set up in Dubai. This was a tactical move

Operational Process G4-12



INVESTMENTS & SERVICES

aimed at becoming a dynamic regional player and breaking into new frontier markets as a Cargo Service Agent (CSA) in the foreseeable future.

Operations and Marketing

Prompted by the key strategic thrust for the year, several business propositions were pursued with targeted airlines. While strengthening existing partnerships, a number of new alliances were also forged in order to grow the global footprint.

The strategy delivered results, with ACR Dubai being nominated as the management for GSA's:

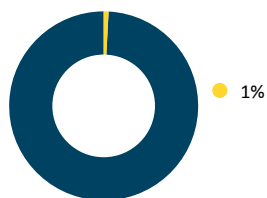
- Oman Air in Myanmar wef 1st Jan 2016
- Jal Cargo in Male wef 1st Jan 2016
- Etihad Cargo in Pakistan, wef 1st March 2016
- Saudia Cargo Male wef 1st March 2016

Performance Summary

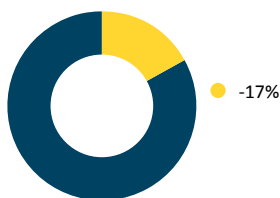
The company registered a healthy performance for the year, bolstered by a steady volume growth, notwithstanding the stress on the immediate operating environment resulting from Middle Eastern carriers enhancing their passenger/ freighter capacity in Sri Lanka. Further, all annual targets assigned by principals were also met, while all financial KPI's for the year, were maintained across the network.

Sector Performance - Financials

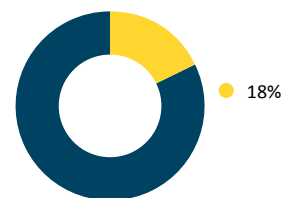
Investments and Services			
	2015/16 Rs. Mn.	2014/15 Rs. Mn.	Change %
Revenue	639	682	-6%
Earnings Before Interest & Taxes (EBIT)	(362)	(308)	18%
Finance Cost	12	10	22%
Profit Before Tax	(337)	(301)	12%
Profit After Tax	(352)	(287)	22%
Total Assets	2,192	4,000	-45%
Total Equity	2,603	3,219	-19%
Total Debt	151	475	-68%
Capital Employed	2,753	3,694	-25%
Return on Equity	-13.5%	-8.9%	51%
Return on Capital Employed	-12.3%	-7.5%	64%



TURNOVER



EBIT



CAPITAL EMPLOYED

INVESTMENTS & SERVICES

G4-8

**ACR Offices**

- | | |
|---|--|
| 1 Bangladesh - Dhaka | 9 Maldives - Male |
| 2 China - Shanghai, Beijing, Guangzhou, | 10 Mauritius - Mauritius |
| 3 Cambodia - Phnom Penh | 11 Pakistan - Karachi, Islamabad, Lahore |
| 4 Hong Kong - Hong Kong | 12 Philippines - Manila |
| 5 India - Chennai, Bangalore, New Delhi,
Bombay, Hyderabad, Ahmedabad,
Kolkata, Cochin, Goa, Trivandrum, Calicut,
Coimbatore | 13 Singapore - Singapore |
| 6 Indonesia - Jakarta | 14 South Africa - Johannesburg |
| 7 Kenya - Nairobi, Mombasa | 15 Sri Lanka - Colombo |
| 8 Madagascar - Madagascar | 16 UEA - Dubai, Abu Dhabi |
| | 17 USA - New York, Chicago |
| | 18 Vietnam - Ho chi minh, Saigon |

Network Partner Locations

- | |
|--|
| 1 United Kingdom - London |
| 2 Australia - Melbourne, Perth, Sydney |
| 3 New Zealand - Auckland |
| 4 Nepal - Kathmandu |
| 5 Malaysia - Kuala Lumpur |
| 6 Thailand - Bangkok |
| 7 Taiwan - Taipei |
| 8 Japan - Narita |
| 9 South Korea - Seoul |

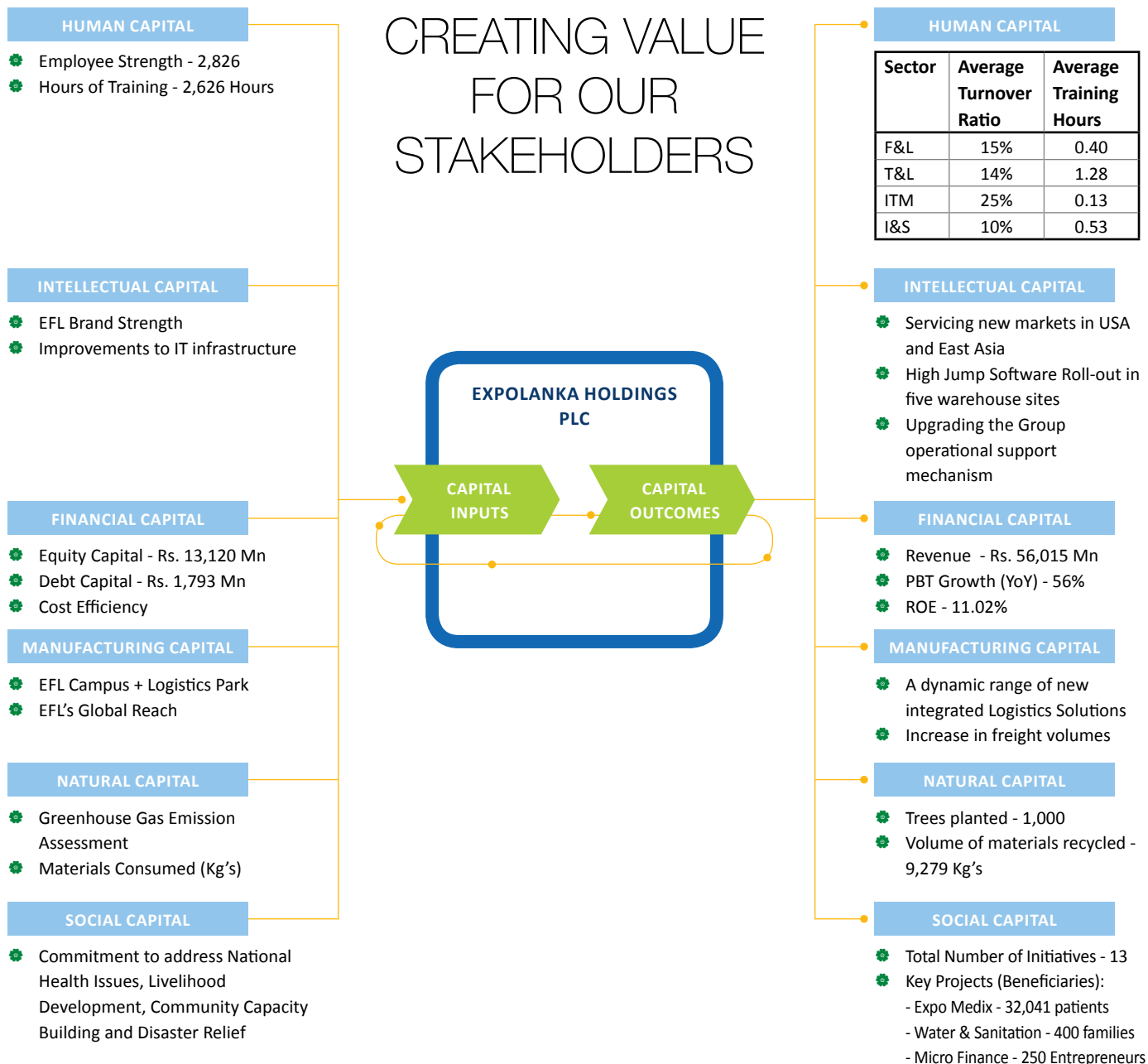


Growing into the future

Our efforts in being a sustainable business has far-reaching impacts in society as we affect not only the world around us but the world that we leave for the next generation.

VALUE CREATION

CREATING VALUE FOR OUR STAKEHOLDERS



FINANCIAL CAPITAL

G4-EC1

Economic Value Statement for 2015/16								
For the year ended 31st March	Group Total 2015/16		Freight & Logistics	Travel and Leisure	International Trading & Manufacturing	Investments and Services	Group Total	Eliminations / Adjustments
	Rs. Mn.	%						
Direct economic value generated								
Revenue	56,015	99.3%	46,680	4,161	4,550	692	56,083	(68)
Dividend income	3	0.0%	300	-	-	109	409	(407)
Other operating income	378	0.7%	478	30	43	96	647	(269)
Share of profit of an associate and Joint Venture	37	0.1%	-	-	-	24	24	13
Total Value Added	56,432	100%	47,457	4,190	4,594	922	57,163	(731)
Economic value distributed								
Operating costs	48,835	86.5%	40,727	3,614	4,186	655	49,183	(348)
Employee wages & benefits	4,877	8.6%	3,772	451	166	489	4,877	-
Payments to providers of funds	326	0.6%	727	37	41	251	1,055	(729)
Payments to government	808	1.4%	719	15	75	5	815	(6)
Total Distributed	54,847	97.2%	45,945	4,117	4,468	1,400	55,930	(1,083)
Economic value retained								
Depreciation & Amortisation	373	0.7%	268	11	64	30	373	-
Profit after dividends	1,211	2.1%	1,244	62	62	(508)	859	352
Retained for reinvestment/ growth	1,585	2.8%	1,512	73	126	(478)	1,233	352

MANUFACTURED CAPITAL

Manufactured capital, for us means the physical infrastructure needed for our business. Given our diverse business sectors, this would range from warehousing space and the transport fleet in the Freight & Logistics sector to the manufacturing facilities in the International Trading & Manufacturing sector.

However, our main focus for the current year was on consolidating activities in the freight and logistics sector, which prompted the company in setting up a model facility at the EFL Campus in Orugodattwatta, built at a cost of approximately Rs. 1 billion. The EFL campus is a fully-fledged facility that has been constructed on par with international standards and showcases our commitment to provide world-class integrated freight and logistics solutions for both local and international clients.

Further, we also made certain investments to upgrade the standards of the logistics park, key among them being the ISO 9001:2008 - Quality Management Systems, ISO 14001:2004 - Environmental Management Systems and OHSAS 18001:2007 - Occupational Health & Safety Management Systems.



INTELLECTUAL CAPITAL

What we consider as Intellectual Capital is in essence the know-how we possess to succeed in our line of business. For us, this includes mainly our virtual infrastructure, which broadly consists of our data storage mechanisms, innovation processes, control procedures and quality management systems.

While we have over the years, invested considerable financial resources in building our Intellectual Capital, in the current year, we felt it was important to rethink our IT strategy, particularly in the light of our fast-growing global footprint.

Accordingly, in 2015/16 we initiated a paradigm shift to transform Expolankas' IT framework from a modular focus towards a more integrated knowledge-based model that would sharpen EFL's competitive edge and position in the global market.

As a first step towards achieving this goal, we carried out a comprehensive research study to understand the IT requirements of a fast-growing freight and logistics company. We looked at a number of areas, including the organisational structure, key management areas, strategic assets, governance and risk implications among others. Further, we also considered key change management issues that are likely to arise from the transformation process. Based on the findings of the study, an IT roadmap was formulated to outline the main strategic thrust for the next two years, along with a IT budget to achieve the desired results.

To enhance the services provided to the customer, in September 2015, we began the process of commissioning the tier-1 HighJump software, a Warehouse Management Solution for the freight and logistic cluster.

Currently rated as one of the top Warehouse Management Solutions in the world, HighJump uses cutting edge technology to facilitate integrated supply chain management solutions.

As part of the first phase of the HighJump roll out, the system was commissioned at five key warehouses, of which four were in Sri Lanka and the fifth site being in Taipei.

Meanwhile, stemming from this strategic roadmap, a number of investments were made to enhance the internal systems and processes. One of the major investments made during the year was to expand the cloud services domain for back office functions, using the latest Microsoft Office 365 suite. To support this change, a series of additional cloud migration projects were also successfully completed. Among the key developments in this regard was the introduction of the wireless network management solution on the cloud, where entire wireless administration is done on the cloud. All support infrastructure including BYOD (Bring Your Own Device), security management and visibility, LAN performance management and corporate network policy implementation etc. were also closely coupled to this new cloud based solution, for enhanced functionality.

Further investments in the IT infrastructure were made to upgrade the technical aspects of the business vis-à-vis a new building management system (BMS), host desk solutions and RFID management, among others. Office automation technologies and digital displays for mass communications were also successfully implemented at the state of the art technology powered EFL campus and logistics park in Orugodawatta.

A new web-based travel portal is to be launched to manage internal corporate travel requirements of the Group. The new application, which comes under the purview of Classic Travels (Pvt) Ltd, is an end-to-end travel management model, covering travel requisitioning, development of the travel itinerary, pre/post travel updates, budget management and reimbursement processes, all in one convenient solution. The solution also includes the travel dashboard feature, which is a management information tool that provides online real time updates and statistics as per management requirements.

During the year, we also rolled out "EFL Express", a mobile app-based domestic courier solution, mainly for day-to-day corporate requirements. The app, which is available on the Android platform, is a highly focused business initiative, developed in-house by our software engineering team in order to improve overall business efficiencies across the Group.



The TMS Platform



HighJump WMS

HUMAN CAPITAL

MANAGEMENT APPROACH

As key stakeholders of the business, we are well aware of the critical role played by our employees in defining Expolanka's overall value proposition and continued commercial success. To deliver products and services that contribute to the lives of customers around the world, we believe it is essential to develop human talent that can participate actively and succeed in the global business environment and continue to provide numerous vertical and horizontal opportunities for employee enrichment.

Our meticulous strategies cascade down to all levels of the business through a broad-based policy framework that seeks to create a robust work environment for all our employees to grow and thrive. In doing so, we abide by the following policy guidelines at all times;

- Our working conditions should respect the dignity and human rights of all of our people. Accordingly we are committed to ensuring that we meet ILO standards and comply with all labour laws of the countries in which we operate
- Equality and diversity should be maintained at every stage of the employment process including recruitment, selection, evaluation, promotion, training and development of all employees. Expolanka's non-discriminatory approach prevents discrimination on the basis of race, color, religion, gender, age, disability, marital status, sexual orientation, or any other status protected by law.
- Employment should be at the free will of the employee and no individual will be forced to remain in employment should they not wish to do so
- Child labour will be strictly prohibited
- Freedom of association is considered a right of each individual and the company will respect the individual's right to be a part of an association or group as long as such a membership does not violate the fundamental rights of any other individual or group
- The company will ensure the health and safety of all employees in accordance with internationally accepted safety benchmarks for Occupational Health and Safety (ISO 18001)
- Regular reviews of our working conditions will be carried out, taking into account internal and external comparisons, broader labour and marketplace developments, and issues raised by our people or their representatives

HUMAN CAPITAL

EXPOLANKA'S HUMAN CAPITAL DEVELOPMENT MODEL

Workforce Planning and Staffing	Employee Relations	Performance Management	Training and Education	Career Advancement	Rewards and Recognition	Employee Wellbeing	Employee Grievances
<p>Expolanka's Commitment: Remuneration and benefits offered to employees will be in line with industry standards and will comply with the statutory labour laws of the country</p>	<p>Expolanka's Commitment: Ensure an active feedback mechanism that will provide the basis of a strong communicative culture</p>	<p>Expolanka's Commitment: All employees will be evaluated regularly to determine their performance and asses their capacity for progress. The results of these evaluations will help identify the training requirements and also highlight employees' potential for career progression within the organisation</p>	<p>Expolanka's Commitment: Every employee will be provided with learning opportunities to develop technical knowledge and improve behavioural skills</p>	<p>Expolanka's Commitment: Act as a mentor to develop leadership qualities in employees, so as to enable them to drive the future of the company as well as the nation</p>	<p>Expolanka's Commitment: Recognise and reward the achievements of individuals and teams who go beyond the call of duty to exemplify Expolanka's core values</p>	<p>Expolanka's Commitment: To enhance the quality of work life and improve the work-life balance of all employees</p>	<p>Expolanka's Commitment: All employees will have access to the formal grievance mechanism. All grievances will be reviewed impartially and resolutions provided quickly and efficiently</p>

Workforce Planning and Staffing

Recruitment

We at Expolanka believe that recruiting and selecting the right people is vital to ensure the continued success of our business. Therefore, all global recruitments are made in line with the Group Recruitment policy, which has been developed cognisant of the evolving needs of our business, to help match our workforce demographics with the diverse needs of our customer base at various locations across the world.

Employee Relations

We have always felt that strong employee relations, is the key to sustaining a skilled resource pool and preventing employee migration. Moreover, given Expolanka’s global presence, achieving a competitive business advantage depends on our ability to harness and optimise the human capital within the organisation. Hence we have adopted a proactive approach to continuously refine our relationships with our 2826 strong workforce. In doing so, we have implemented a wide range of communication channels to connect with employees across all our operations

around the world. As a priority we also seek to engage with and form constructive relationships with trade unions and other employee representative groups, to help us to better understand what makes our employees click.

Performance Management

The Group performance appraisal mechanism provides a means for discussing, planning and reviewing the performance of each employee, in addition to providing a fair basis for awarding compensation based on merit. It also acts as a pipeline to understand employee’s training needs and to map career aspirations of the employee in tandem with corporate goals.

At Expolanka, all full-time employees undergo a performance appraisal, where supervisors are required to evaluate annually, the performance of eligible employees’ under their purview.

Employee Guideline Book G4-56

To live up to the values, ethics, standards and norms among the workforce this book gives clear guidelines. The HR department is

responsible to maintain order as per these guidelines and all employees receive this book on induction.

Career Advancement

Underpinned by a “Develop from within” philosophy, Expolanka encourages and supports efforts by eligible employees to develop their capabilities and advance their careers in the overall context of meeting the goals and objectives of the organisation. Employees earmarked for development are provided with a range of tools, including access to comprehensive learning framework, career guidance and mentoring to strengthen their capacity for advancement within the Group.

Employee Wellbeing

As part of our efforts to create an environment that enables everyone to play an active role in the progress of the company, we have rolled out a series of initiatives to support a healthy work-life balance for employees. Our goal is to facilitate an environment in which it is easier for employees to take time off to enjoy life and balance the time they spend between work and their families.



The Performance Evaluation Continuum

HUMAN CAPITAL

Employee Grievances G4-LA 16, HR 12

As a large global organisation, we believe it is important to be sensitive and understanding towards workplace grievances. Our aim is to ensure our people have access to relevant specialists and to various channels for help, including some which can be accessed anonymously. Further, we believe in keeping our people informed of the status of their grievance through each step of the process and responding within reasonable time frames. At the same time, where possible, we assist our people to continue working as usual while the grievance is being dealt with. There has been no incidents reported on grievance, related to labour and human rights for this financial year.

Employer Branding

Employer branding plays a major role in attracting the best quality talent to the organisation. The Groups continuous efforts in educating the public about its operations & the career opportunities that it presents is immense. Participation at various career fairs conducted by the universities is evidence of its initiatives in building Employer Branding.

Participation at the EDEX Expo 2015/16 – Sri Lanka's largest education and career exhibition is yet another step in building awareness of the Groups' operations & opportunities it presents.

Social media and the prevalence of mobile devices and their ability to reach the new 'always on' generation is known quite well by the Group and hence a conscious effort is made to use social media as yet another form of branding the Group's operations and the opportunities in-store and also to publish the various employee related activities that take place within the Group.

Training and Development G4-LA 10

Expolanka actively strives towards the creation of a culture of learning, one that is built on a firm foundation of knowledge, skills and attitude. In nurturing people the Group effectively utilises Training and Development as a tool towards the creation of high levels of functional and as well emotional aptitude. A constantly changing external environment - global and local - together with a shifting market situation requires us to be equipped to tackle more potent challenges and to reap from future opportunities by building capacities and future leaders.

Most importantly, the Group's Training Plan mirrors the strategic vision, objectives and the overall strategic intent of Expolanka. Thus, the need to train and develop and the eventual Training Plan for the year are in direct alignment with the Group's mission for the long-term sustenance of the business. In the belief that strategic focus is imperative for the development of competencies for business growth, cost management, productivity, compliance and regulatory requirements, the Group's training and development gives

primary emphasis to these core themes. Support needs such as building and retaining lasting customer relationships, service quality, customer service excellence, understanding the importance of self management in realising individual and group objectives, the need to develop managerial competencies and pursuit of multi-skills to support succession planning and job rotations are also encapsulated in the overall training and development process.

The Group's Training Plan is designed in accordance with its training needs analysis based on information gathered from performance appraisals, questionnaires and recommendations from heads of departments. The Annual Training Needs Analysis and Annual Training Plan form the basis of continuous development of the workforce in terms of technical, managerial and specialised areas of knowledge and skills development.

With respect to training and development a total 2,626 hours were spent on developing the organisational capabilities in 2015/16. With participation in over 25 different programmes wherein participants were drawn

IT SKILLS

CUSTOMER CARE & SERVICE EXCELLENCE

LEADERSHIP AND MANAGEMENT

TECHNICAL SKILLS

WORK/ LIFE HEALTH & SAFETY

SOCIAL NETWORK MARKETING

COMMUNICATION SKILLS

TEAM BUILDING

Determining the Training needs

HUMAN CAPITAL

from across the each sector of the Group as well as across all levels of the organisation, based on predetermined development needs of each individual through a comprehensive competency-gap analysis.

Remuneration G4-ECS,LA13

Our remuneration practice seeks to be on par with the industry norms. We offer market competitive remuneration to all our employees and incentives are tied to performance, ascertained impartially by our performance appraisal scheme detailed above. Remuneration of employees is entirely dependent on the role, experience, qualification and performance of the individual. Expolanka abides by the National Minimum Wage of Workers Act No. 03 of 2016.

Defined Benefits G4-EC3

We are committed and consistent in meeting our defined benefit obligations. We contribute as per the stipulated norms, 12% of the basic salary to Employee Provident Fund (EPF) and 3% to Employee Trust Fund (ETF). As at the reporting period, the Group incurred a cost of Rs. 228,555,654 in terms of EPF and ETF. We are also regular in meeting our obligations on gratuity payable under the Payment of Gratuity Act No. 12 of 1983. The liability recognised as at the balance sheet date is Rs. 464,676,143.

Employee Benefits and Facilities G4-LA2

Following benefits are provided only for permanent employees, unless there is a special request.

Medical Insurance & Workmen Compensation Insurance Policy:

This is a comprehensive insurance scheme which covers employees general, surgical and hospitalisation needs. The scheme entails a

membership card for planned and emergency hospitalisation, covering leading hospitals and clinics. Employees are insured for personal as well as duty related accidents. The insurance is also extended to the immediate family members.

Vehicle Allowance

Based on the employee category, employees are entitled for a vehicle allowance.

Fuel Entitlement

Companies provide a fuel entitlement based on the employee category for official and personal transport needs.

Motor Bike Loan

This loan scheme is available only for EFL employees. All wharf officers, junior executives, whose services are based on the field work, van & lorry drivers whose working hours extend to late nights & any senior executive level employee who is entitled for a travel allowance, are eligible.

Emergency Staff Loan

The objective of this benefit is to assist employees in an unforeseeable circumstance resulting in financial hardship.

Festival Advance/Loan

Eligible to those employees who have completed 1 year of service under the permanent cadre. Festival loans are provided as means of financial support for employees to cover up any costs that they may incur during festival celebrations. Each employee will be entitled to only one loan per festival.

Medical (Hospitalisation & OPD)

All employees are eligible for this benefit and the limits are based on the employee categories.

Lunch & Lunchroom Facilities

All employees across the Group are eligible for this benefit. The suppliers of lunch and the cost that is allocated for the lunch will vary from company to company.

Overtime

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

Forced Labour G4-HR 6

We have been in operations for over three decades and have grown to be a conglomerate with rich traditions. Our culture does not advocate nor resort to any form of exploitation of the vulnerable for financial gains. We are vehemently opposed to forced or compulsory labour in our operations.

The Group respects all employees and has ensured humane management that fosters employee well-being. The level of wages paid to employees are just, equitable and on par with industry standards. Expolanka in most instances is considered as a benchmark in the area of employee remuneration. We are conscious and even demand this vital practice from our suppliers and outsourced service providers. There have been no forced labour cases recorded for this financial year.

Discrimination G4-HR 3

Expolanka is against any form of social prejudices. The Group did not encounter or record any incidence of discrimination during the reporting period. Procedures are well set out in the HR Manual on dealing with such incidents if and when they occur. No discrimination cases have been recorded for this financial year.

HUMAN CAPITAL

Child Labour **G4-HR 5**

At Expolanka, we strictly enforce the policy of the minimum age of employment - 18 years and above. We categorically shun child labour and we have never employed minors in any of our operations which spans over three decades. We are conscious and even demand this vital practice from our suppliers and outsourced service providers. No child labour cases have been recorded for this financial year.

Maternity Leave **G4-LA3**

All female employees at Expolanka are entitled to obtain maternity leave. A female employee will be allowed 14 working days maternity leave with full pay, immediately preceding before the expected date of confinement.

Commencing the date of confinement, maternity leave entitlement is as follows :

1st surviving child	70 working days with full pay	84 days
2nd surviving child	70 working days with full pay	84 days
3rd surviving child & more	28 working days with full pay	42 days

If the female employee does not take the 14 days prior to confinement, she will be entitled for it after confinement. Accordingly the total days are bolded above.

HR ACTIVITIES 2015/2016

Expolanka Holdings PLC

Medical Check Up

Conducted for the 4th consecutive year on the 22nd March 2016 at the Expolanka Holdings PLC 4th floor in collaboration with the Lanka Hospitals Pvt Ltd, the main objective of the event was to give an opportunity for

employees to undergo a free health checkup and to receive a health status update. Medical staff comprising of doctors and nurses from Lanka Hospital conducted examinations on each participant.

Annual Employees Trip

Expolanka employees and their families enjoyed a trip to Amaya Lake Dambulla. The two day trip was packed with exciting cricket matches, fun games for kids and adults, entertainment acts, delicious food alongside time and space to relax by the charming view of the lake.

Expo Got Talent 2015

'Expo Got Talent', the first ever talent show organised by Expolanka Holdings for its employees concluded amidst much fanfare with the crowning of Niran Kanishka as the champion closely followed by Kaushalya Vaas and Diana Rajan as the first runner up and the second runner up respectively. Much hard work, music, dancing, drama, Yoga acts, martial arts and passion went into making the talent show a spectacular success.

Classic Travel

Classic Day Out

This year's annual day outing for Classic staff and their families was successfully concluded in May. The event was held at Royal Palm Hotel in Kalutara and consisted of fun filled activities, prizes and a scrumptious lunch. It was a great opportunity for our staff members and their families to mingle with fellow colleagues, leaving aside their busy work schedules.



Medical Check Up



Annual Employees Trip



Expo Got Talent 2015



Classic Day Out



Christmas Party



Feed the Family



Health & Wellness Camp



Christmas and Kids Party 2015

Christmas Party

Classic Year End Party was held in mid-December. The event was a huge success among our staff as the party continued towards late night completed with dance, music and games.

Feed the Family

In February, Classic Travel held their inaugural feed the family initiative. The aim of the event was to show our appreciation for family members of our team for their continued support. Approximately 180 Kids were distributed among staff members to share with their loved ones. The management of Classic Travel hopes to continue this effort as an annual event.

EFL – Sri Lanka

Health & Wellness Camp

EFL Sri Lanka held their annual health camp in September 2015. All employees were subjected to a range of tests determining their personal fitness along with nutritional habits and a detailed report was given identifying areas of improvement.

Christmas and Kids Party 2015

EFL Sri Lanka organised the kids party 2015 at the EFL Campus on December. All staff and their families were invited to take part in the activities which featured carnival type games for kids and high intensity sports for adults.

EFL Transport – Day out

As a part of annual team building activities, the transport team of EFL Sri Lanka organised a day out in December 2015. The event was an action packed day full of entertainment and games for all staff.



EFL Transport – Day out

HUMAN CAPITAL



Fire Safety Training



Lantern Competition



Spreading Goodwill and Blessing



Efl Indonesia Staff Outing

Fire Safety Training

As a part of our ongoing efforts to educate employees on Health & Safety, all residents of the EFL campus were given regular trainings on fire safety. The programmes were carried out by certified instructors and gave an opportunity for staff to increase their awareness levels and also build on skills that they use in any situation.

Lantern Competition

To mark Vesak in Sri Lanka, the EFL team organised a Vesak Lantern competition where staff were given the opportunity to show off their talents in designing and handwork. The top 3 teams were awarded cash prizes and the event was held at the EFL campus.

Spreading Goodwill and Blessing

Together with MAS Active, the EFL team at the Nuge Road warehouse organised a traditional Pirith ceremony followed by an alms giving on August 2015. The ceremony and events were conducted as per local customs and was attended by the senior members of the both managements.

EFL Global Offices**EFL Indonesia**

In the spirit of fun at work, EFL Indonesia organised a team outing in August 2015. The day was filled with games and activities for all the team members and an opportunity to display their extra skills and talents.

EFL UAE

EFL Dubai organised a team outing in 2015. The day was filled with games and activities for all the team members and an opportunity to display their extra skills and talents.

EFL Pakistan

EFL Pakistan organised a cricket tournament and a day filled with fun and sportsmanship.



EFL Pakistan Cricket Tournament



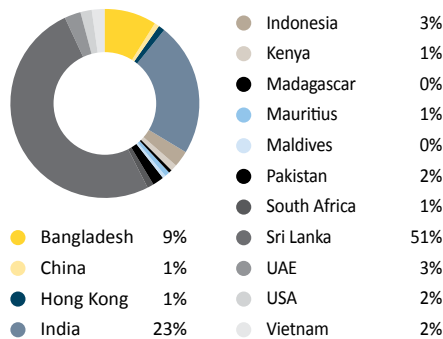
EFL UAE Staff Outing

KEY INDICATORS OF HUMAN CAPITAL

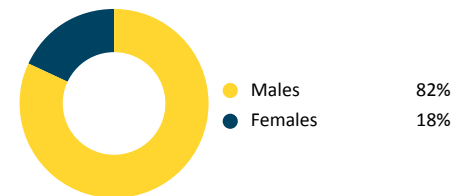
Sectors	Total Cadre	Gender Distribution		Age Analysis				Service Year Analysis				Category Distribution			Recruitments vs Resignations	
	Total Cadre as at 31st March 2016	Males	Females	18-25 years	26-35 years	36-45 years	46 years & above	0-5 years	6-10 years	11-20 years	21 years & above	Asst. Managers & above	Executives	Non Executives	Recruitments	Resignations
Freight & Logistics	2243	1911	332	409	971	645	218	1510	400	253	80	475	728	1040	447	328
Travel & Leisure	279	185	94	78	119	55	27	220	34	24	1	62	111	106	54	39
International Trading & Manufacturing	201	140	61	38	79	49	35	119	31	44	7	32	41	128	51	49
Investments & Services	103	79	24	13	45	30	15	59	22	19	3	39	39	25	11	11
Total Cadre	2826	2315	511	538	1214	779	295	1908	487	340	91	608	919	1299	563	427



CADRE SECTOR COMPOSITION
TOTAL CADRE 2826 AS AT 31ST MARCH 2016

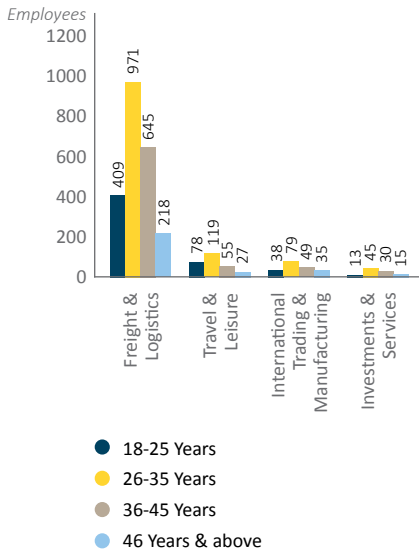


CADRE GEOGRAPHIC REPRESENTATION

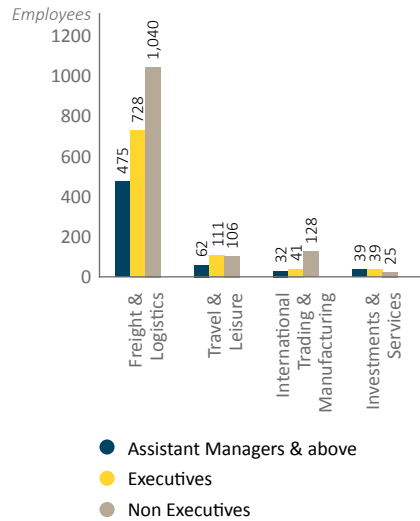


TOTAL CADRE - GROUP

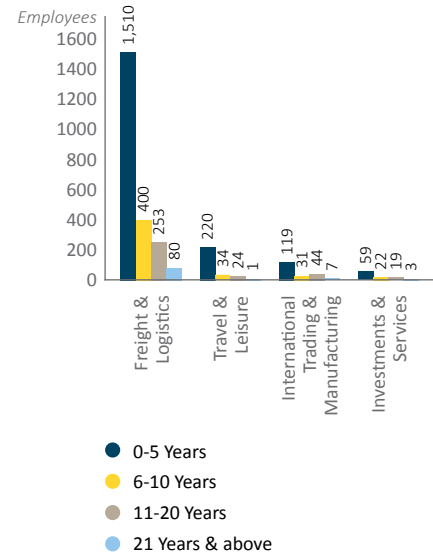
HUMAN CAPITAL



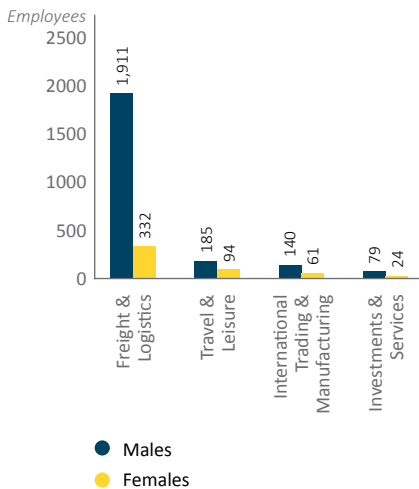
AGE ANALYSIS - SECTOR



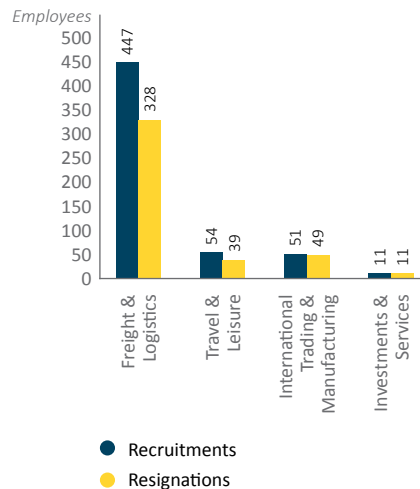
SECTOR STAFF CATEGORY COMPOSITION



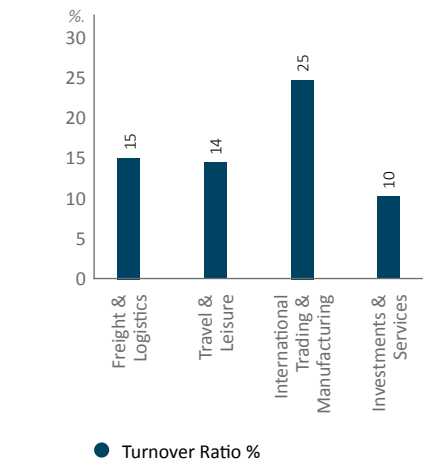
SERVICE YEARS ANALYSIS - SECTOR



GENDER DISTRIBUTION - SECTOR



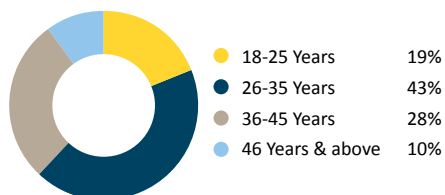
RECRUITMENTS VS RESIGNATIONS



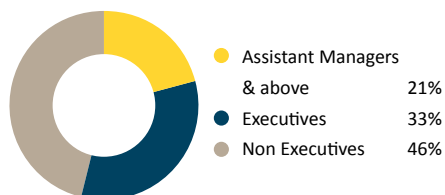
TURNOVER RATIO %

HUMAN CAPITAL

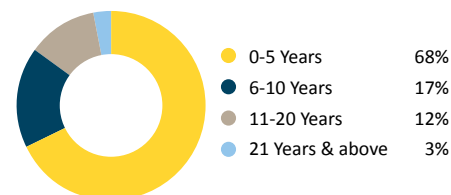
G4-10, LA 12



TOTAL CADRE - AGE ANALYSIS



TOTAL CADRE - CATEGORY ANALYSIS



TOTAL CADRE - SERVICE YEAR ANALYSIS

Geographic Representation - International Offices

Country	Total Cadre as at 31st March 2016
Bangladesh	239
China	24
Hong Kong	36
India	659
Indonesia	97
Kenya	18
Madagascar	10
Mauritius	18
Maldives	9
Pakistan	62
South Africa	20
Sri Lanka	1449
UAE	85
USA	44
Vietnam	56
Total Cadre	2,826

Employment Category by Gender and Age

	Assistant Manager and Above		Executives		Non Executives	
	Male	Female	Male	Female	Male	Female
18-25 years	3	1	52	27	253	65
26-35 years	114	26	364	125	427	85
36-45 years	229	44	196	42	229	29
46 years & above	114	15	41	8	82	18

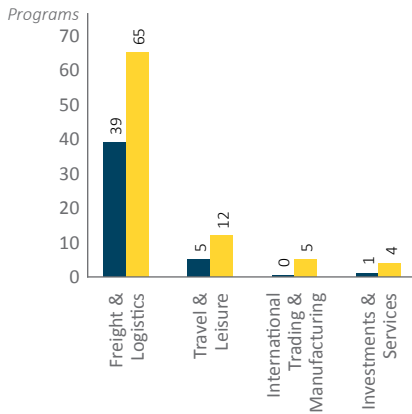
Above data does not include Bangladesh head counts.

Recruitments and Resignations by Sector and Gender G4-LA 1

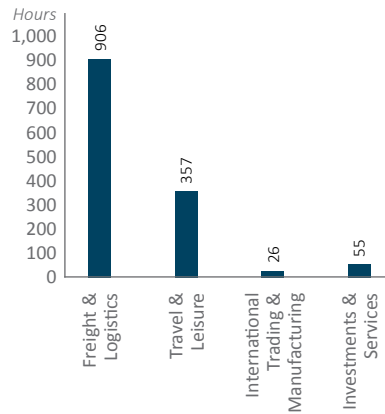
Sectors	Recruitments		Resignations	
	Male	Female	Male	Female
Freight & Logistics	328	119	255	73
Travel & Leisure	35	19	23	16
International Trading & Manufacturing	37	14	38	11
Investments & Services	8	3	10	1
Total Cadre	408	155	326	101

KEY INDICATORS OF HUMAN CAPITAL - TRAINING AND DEVELOPMENT **G4-LA 9**

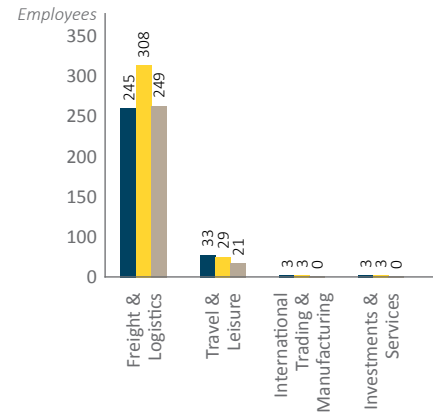
Sectors	Internal vs External Training Programmes			Category Wise			Average Training Hours per Employee
	Internal Programs	External Programs	Training Hours	Assistant Managers & Above	Executive Staff	Non Executive Staff	
Freight & Logistics	39	65	906	245	308	249	0.40
Travel & Leisure	5	12	357	33	29	21	1.28
International Trading & Manufacturing	0	5	26	3	3	0	0.13
Investments & Services	1	4	55	3	3	0	0.53
Total	45	86	1344	284	343	270	



● Internal Programmes
● External Programmes



● Training Hours



● Assistant Managers & above
● Executive Staff
● Non Executive Staff

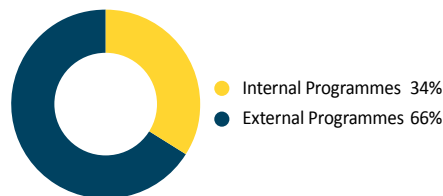
INTERNAL VS EXTERNAL TRAINING PROGRAMS

TRAINING HOURS

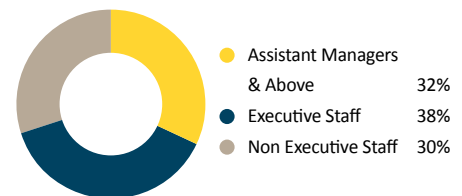
CATEGORY WISE



TRAINING INVESTMENT (SLRS)



TRAINING PROGRAMMES



CATEGORY WISE TRAINING BREAKUP

NATURAL CAPITAL

MANAGEMENT APPROACH

Although the impact on the environment resulting from our operations is decidedly limited, particularly given the nature of our business as a service provider, we do not afford ourselves the luxury of being complacent and make every effort to ascertain our impact on the environment, however small that may be. Because we believe that small actions can indeed make a big difference, we have made concern for the environment, a key part of our operational fabric and environmental management and sustainability, an integral component of our day-to-day activities. Underpinned by the Group Environmental Policy, we have formulated practices that are structured to deliver targeted results vis-à-vis the following group-wide initiatives and sector-specific strategies:

- Implementation of 3R (Reduce, Reuse, Recycle) concepts to limit the Group's carbon footprint
- Monitoring and reduction of Carbon Foot Print in Freight & Logistics sector
- Implement practices to improve resource efficiency across the business and optimise utilisation of the warehousing facility
- Comply with globally accepted fair trade practices for pre-assigned product lines in the International Trading & Manufacturing sector, thereby promoting ethical manufacture and production practices which endorse the preservation of soil conditions, air quality and water purity

Moreover, given the growing global focus on environmental sustainability in recent times, we have made a conscious effort not only to reduce our own imprint on the environment, but also to encourage our numerous stakeholders to renew their commitment

to the planet. The fact that we interact with millions on a daily basis gives us the opportunity to change social perceptions and transform behavior patterns for the betterment of the environment. These include;

- Implementation of an effective supplier assessment policy to encourage best practices for environmental management among suppliers
- Carrying out environmental CSR projects to increase awareness

KEY ENVIRONMENTAL ASPECTS RELEVANT TO THE GROUP

Materials

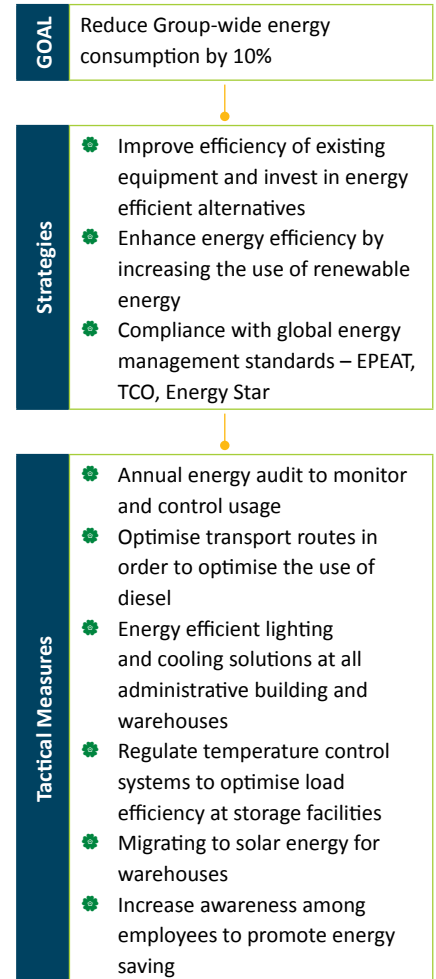
Large volumes of materials are used in the day-to-day operations across the different sectors of the Group, with paper accounting for a sizable percentage of the Groups' materials consumed annually, we realise that the paper waste we generate is likely to have a significant impact on the environment. Therefore, we believe it is imperative that we cut down on our use of paper. Recent efforts to reduce the consumption of paper have led to specific process improvements, including investments in electronic mediums for internal communication and document storage, among other things.

Furthermore, our ongoing partnership with Neptune Recyclers (Pvt) Ltd helps us to promote recycling of paper waste as much as possible. In the current financial year, 9,279 Kg's of paper waste was recycled in this manner.

Energy

The Group's primary energy sources are hydro electricity and diesel, used to power transport and logistics vehicles. The rapid expansion of the business in the recent past has resulted in a considerable increase in the Group's energy

requirements. The main strategic thrust for the Group therefore is to control the demand for energy, which in turn will help curb the impact on the environment.



NATURAL CAPITAL

Water

Water is used for business purposes mainly only in the Group's manufacturing sector, namely in the Organic dried fruits line and the Processed Meats facility. In all other sectors, water is used for sanitation purposes only. Of late however, we find that the consumption of water has grown in tandem with the expansion of the business. Nevertheless, the Group remains committed to generate a year-on-year of 5% reduction in the volume of water consumed, by streamlining operations and increasing awareness among employees.

Emissions G4-EN 15-17

The Carbon Consulting Company (CCC) conducted a customised, comprehensive Greenhouse Gas (GHG) assessment for Expolanka Freight, which measured and managed their Carbon Footprint, using data provided by the Company. The emission sources are outlined below.

The assessment was carried out in line with international standards, namely the Greenhouse Gas Protocol- Corporate Accounting & Reporting Standard (GHG Protocol) developed in partnership with the World Business Council for Sustainable Development and the World Resources Institute and ISO 14064-1:2006, Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals.

This standard provides guidelines regarding organisational and operational boundaries, quantification and standard reporting practices for GHG emissions.

Scope 1	GHG Emission (tCO ₂ e)
On Site Energy	
Stand By Generator - Diesel	23.66
Fugitive Emissions	
Air Conditioning Refrigerant	10.058
Fire Extinguishers	0.014
Company owned vehicles - cargo related fleet	2583.46
Company owned vehicles - administrative	10.381
Hired vehicles - cargo related fleet	5775.572
Scope 2	
Electricity	
Purchased Electricity	871.97
Scope 3	
Electricity - Transmission & Distribution losses	105.94
Third party Deliveries	
Local	
Inbound- local supply	0.98
Foreign	
Inbound- foreign supply - land	0.00008
Inbound - foreign supply - air	0.1077
Outbound- foreign supply - land	0.0019
Outbound- foreign supply - air	3.0185
Waste Transportation	0.06
Employee commuting	387.74
Employee Commuting - Fuel Allowance	375.60
Waste Disposal	42.86
Foreign Travel	37.93

Assessment Boundary

Includes nine locations including sample data verification. As per the GHG protocol, the assessment boundary for Expolanka Freight can be set according to its financial or operational control. However, for the purpose of this study, the boundary was set according to the company's financial control.

Results

CCC tabulated the company's overall Carbon Footprint for the 2015/16 financial year as 10229.36 tCO₂e.

Effluents and Waste

Effluents and waste is generated mainly from the Group's manufacturing sector, in the drying of Organic Fruits and during the manufacture of processed foods. Both factories are equipped with fully-fledged wastewater treatment plants in accordance with the stipulations of the Environmental Protection License issued by the Environmental Protection Authority of Sri Lanka.

Products and Services

The services offered under the Freight & Logistics and Travel & Leisure sectors have no direct negative impact on the environment. The only visible environmental impact arises from the packaging materials used for the packing Organic Dried Fruits and Processed Meat products. While at present, there is no process where we can reclaim packaging material of these products, once sold, we strive to make all packaging material as eco-friendly as possible, so that the end user can recycle them as needed. Our labeling policy further stipulates that we include a statement regarding the responsible disposal of packing material at all times.

Compliance

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

Transport

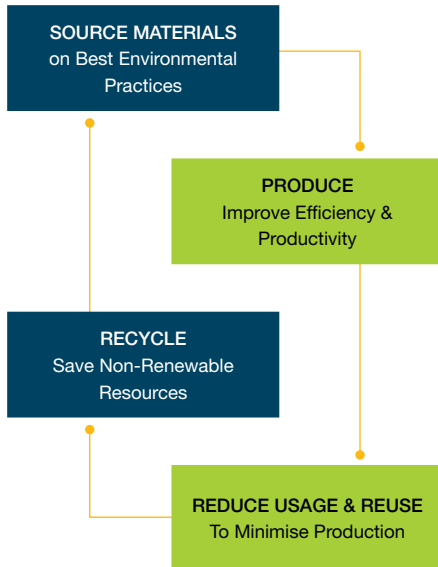
Other than for the emissions resulting from the Freight and Logistics sectors, the impacts of which are discussed above, there are no material direct environmental impacts that are generated as a result of transport of manufactured products, procured goods and materials or the transport of the workforce.

SUPPLIER ASSESSMENT FOR ENVIRONMENTAL IMPACTS

Being a diversified Group, we deal with a wide range of suppliers ranging from international airlines and shipping agents to small-scale fruit farmers. Given the diversity of our supplier base, we have refined our policies and practices to ensure that environmental impacts assessment is part and parcel of procurement agenda.

3R APPROACH

The Group adopts a 3R policy – Recycle, Reuse, Reduce - towards all tangible resources. The 3R policy has been embraced by the Group’s employees and has had considerable impact on behaviour towards resource utilisation. Our Environment Policy strongly advocates efficient utilisation of resources which underpins our operational success as well as our efforts towards creating a sustainable environment in a world where resources are fast depleting, in the face of rising materialism. The 3Rs in waste prevention - reduce, reuse and recycle are the most effective measures we could cost effectively adopt to manage and conserve our resources be it paper, energy, water or other resources and thereby make a difference in the battle against greenhouse gases and climate change. Key policy initiatives in 3R stewardship



3R Approach

Electronic Documents & Filing system	<ul style="list-style-type: none"> • Greater acceptance of e-documents in the decision making process • Document scanning system to transfer paper documents to electronic records • Secure and shareable electronic document library • Microsoft Sharepoint implemented for effective electronic documentation.
Electronic Communication	<ul style="list-style-type: none"> • Microsoft LYNC for internal communication • Email integration • E memo integration for reporting & approval
Intranet	<ul style="list-style-type: none"> • Secure share of info within the Group • Internal meetings via intranet • Web based training • Communicating Group policies, circulars & announcements
Interactive website	<ul style="list-style-type: none"> • For interaction with stakeholders • Online business transaction processing
Recycle Paper	<ul style="list-style-type: none"> • Systemic storage for used paper • Paper recycling • Use of recycled paper products
Print policy	<ul style="list-style-type: none"> • Stipulates print of only essential documents • Double sided printing • Used paper for confidentiality • Print policy communicated across organisation • Email alerts on print policy

NATURAL CAPITAL

RESOURCE MANAGEMENT **G4-EN 23**

As a Group, we believe that the efficient utilisation of energy across the business provides a number of benefits including the protection of global energy reserves and in the reduction of the Groups' environmental impact. Through the effective implementation of a range of energy efficiency principles and processes, instituted over a period of years, the Group has successfully achieved energy efficiencies in the year under review.

The Group also undertakes numerous initiatives to manage resources such as water, oil and to reduce impact on landfills. Through the Group's recycling efforts, it contributes towards conservation of trees, and its carbon reduction programmes have effectively reduced green house gas emission by 9,279kg.

Saving & Contribution to the Environment
Expolanka Group – Sri Lanka
(Total Recycle - 9,279 Kg)

Resources	Unit	2015/16
Trees	Number	158
Water	Liters	294,887
Electricity	KWH	37,116
Oil	Liters	16,285
Land Fill	Cubic Meters	28
Green House Gas Emission	kg	(9,279)

Source: Neptune Papers



EXPOLANKA GROUP
ENVIRONMENT POLICY

We as a part of the Expolanka Group recognise the importance of the global environment to mankind and give priority to its protection.

We are committed to minimise the impact of our activities on the environment and will adopt sustainability measures in the true spirit to achieve the status of a "Green Conglomerate".

To achieve the above;

1. We are committed to protect the environment and to take steps in minimising the impact on it by our corporate activities.
2. We will create Awareness & Consciousness on the overall environmental considerations among our employees & other stakeholders.
3. We will promote environmental friendly business practices which will improve the environmental footprint of our Group.
4. We will comply with environment regulations, legal legislations, agreements, and will work to protect the environment by establishing voluntary management targets.

.....
Hanif Yusoof
Group CEO

**WORLD ENVIRONMENT DAY
CELEBRATIONS**

To celebrate World Environment Day, Expolanka Holdings PLC and Expo Freight (EFL) gave away free LED bulbs to its employees and also to a 1000 community homes in Orugodawatta area, in exchange for incandescent bulbs. The main objective of the campaign was to create awareness regarding the importance of eco-friendly practices by encouraging people to explore energy saving alternatives as a way to reduce daily average energy consumption

CELEBRATING EARTH HOUR

Expolanka Holdings PLC and Expo Freight (EFL) initiated their Environmental campaign to celebrate Earth Hour with a series of activities. Among them was an 'Earth Hour Competition' aimed at encouraging the Groups' Facebook audience to participate in the worldwide Earth Hour movement. Conducted for the second consecutive year, the competition strives to reward environmentally friendly behaviour and spread awareness regarding environmental sustainability, among key stakeholders of the business.

The competitors were asked to post an authentic photograph or a video of an environmentally friendly activity and describe the said activity briefly. Expolanka CSR chose three winning activities out of over 100 submissions, rewarding each of the three winners with a cash prize of Rs 10,000/=. The other accepted entrants won free Earth Hour 'Change the World' t-shirts.

Competition entries portrayed various methods of reducing waste, saving energy and re-cycling such as composting food waste, switching to energy saving methods, reusing

plastic and minimising the use of polythene, among others.

UPLIFTING BIODIVERSITY

On World Environment Day 2013, the Group joined The Hiniduma Tree Planting Initiative with Carbon Consulting Company (CCC) and Rainforest Rescue International (RRI) to help preserve the rainforests of the country. Recognised as one of the finest biodiversity hotspots in the world, Sri Lanka is blessed with a flagship ecosystem, similar to the likes of Malayan peninsula rainforests. However, due to continuous deforestation, disintegration for agricultural purposes and illegal logging of timber, only 4% of the country's rainforest cover is said to be remaining.

The initiative announced on World Environment Day aims towards the setting up a biodiversity corridor between the two large remnant disturbed rainforest patches – Sinharaja and Kanneliya and to conserve buffer zones around the forest edges using the 'Analog Forestry' concept. This project will plant over 1,000 trees initially. As the area surrounding the rainforests is located in the Hiniduma area, the project is titled 'Hiniduma Bio Link Corridor'

At the forefront of biodiversity conservation, the Group aims towards improving not only the environment but also the connecting sources such as communities around the area. As a secondary objective, the project aspires to augment the livelihoods of traditional communities living in close proximity to tracts of natural forest where biodiversity is high, but under imminent threat. Subsequent to identifying and approaching farmers in the forest-edge communities along the Kanneliya Reserve buffer zone, the Group has involved

these communities to collaborate for the success of this unique project. In the long term the project adopts a 'payments for Ecosystem Services' model where participating farmers will receive staged payments in return for looking after the trees. Participants are paid a monthly amount for every tree that they continue to preserve for the duration of the project, which is 20 years.



World Environment Day Celebrations



Celebrating Earth Hour



Uplifting Biodiversity

SOCIAL CAPITAL

G4-S01

MANAGEMENT APPROACH

We at Expolanka Holdings PLC believe that giving something back to the community is as important as our bottom line. It is this philosophy that drives our passion for Corporate Social Responsibility (CSR) and inspires us to work for the betterment of underserved communities at all locations that we operate across the world. To determine what areas we should focus on, we encourage our employees to engage with local communities and identify any critical socio-economic needs that may hinder the progress of the communities around them. Over the years, we have focused on addressing national health issues, livelihood development, community capacity building and disaster relief.

The following are a few of the CSR projects conducted by Expolanka Holdings PLC in 2015/16;

“Eyes of hope” project in celebration of ‘World Sight Day’

An ongoing initiative by Expolanka Holdings PLC, the ‘Eyes of Hope’ project was initiated in 2014, to address premature blindness caused by uncorrected refractive errors and cataracts.

Under the 2015 programme, a series of free healthcare clinics were conducted in collaboration with HelpAge Sri Lanka, to commemorate “World Sight Day” and create awareness regarding the importance of early detection of ophthalmic issues. Over 300 senior citizens were screened in at four clinics conducted in Maskeliya, Sedawatta, Homagama and Wattala, where free spectacles



“Eyes of Hope” Project in Celebration of ‘World Sight Day’

were distributed to the participants. From the participants at the clinics, a total of 25 patients were identified as needing cataract surgery and the cost of the surgeries were fully sponsored by Expolanka Holdings PLC, bringing the number of patients the Group has supported to 50, since the commencement of the project.

Health camps to celebrate World Elders Day

“Healthy Living” was the theme used by Expolanka Holdings PLC to celebrate World Elders Day 2015, where a series of health camps were conducted in Maskeliya, Sedawatta, Homagama and Wattala areas.

Conducted in collaboration with HelpAge Sri Lanka, the programmes were aimed at providing free health care for low-income senior citizens who had little or no access to general medical checkups. The health camps offered patients a complete checkup and consultation services that included Body Mass Index (BMI) calculation, vision care and dietary advice. Patients were also provided with free prescription drugs, which were handed out by the consultants at the health camp.



Health Camps to celebrate World Elders Day



Health Camps to celebrate World Elders Day



Expo Medix

Expo Medix

A follow-up to the “Healthy Living” initiative, Expo Medix is an ongoing endeavour by Expolanka Holdings PLC to provide affordable medical clinics and facilitate free medical consultations and subsidised drugs to underprivileged communities. Total of 32,041 patients were screened for the year 2015/16.

Expo Medix Location Breakdown of Patients

Location	Number of Patients
Grandpass	6,682
Mattakkuliya	4,795
Slave Island	6,388
Hunupitiya	3,441
Heiyanthuduwa	4,011
Panadura	3,624
Kalutara	3,100
Total	32,041



Celebrating Universal Children's Day

Health Camp on Universal Children's Day

Expolanka Holdings PLC celebrated Universal Children's Day 2015 with a free health camp and day filled with entertainment for 250 children, including differently abled children from five Children's Homes administered by the National Council for Child and Youth Welfare, Sri Lanka.



Celebrating World Water Day

The programme was held at LOLC Care and was aimed at extending the benefits of preventive health care to children in the children's homes, which lack the resources to carry out regular check-ups that help prevent the spread of disease and detect critical illnesses.

As such, the Children's Day health camp facilitated general health checkups, blood glucose level checkups, BMI (Body Mass Index) calculations followed by necessary dietary advice.



Rathugala Water & Sanitation Project

Following the health camp, the children were provided with a specially prepared healthy lunch, enjoyed entertainment acts, took part in games and received gifts of stationary to conclude a day filled with camaraderie and fun.

Celebrating World Water Day

Continuing its efforts to provide clean water to schoolchildren in the country's North Central region, Expolanka Holdings PLC provided an RO water purification solution to five schools in the region. The second phase which was completed in March 2016 was for the benefit of over 3000 children from Punchikulama Vidyalaya Thirappane, Anuradhapura, Thalawa Navodya Vidyalaya Thalawa, Karagahawewa Vidyalaya Karagahawewa, Thalawa, Delnegama Vidyalaya Kiralogama, Eppawala and Adappane Sudarshana Maha Vidyalaya Adappane and Nochchiyagama villages in the Anuradhapura District.

Rathugala Water & Sanitation Project

As part of the efforts to provide access to clean water, Expolanka Holdings PLC provided a ready source water for 400 families in the village of Rathugala, in Monaragala District. The project also included the construction of seven common toilet facilities at key locations including, the temple and the school, thereby improving the community infrastructure in the village.

Supporting Entrepreneurship through "Venture Engine"

Expolanka Holdings PLC has always been an enthusiastic supporter of the country's entrepreneurial spirit and as such has been involved in the Venture Engine programme and has been its platinum sponsor for the past four years. 'Venture Engine' is an entrepreneurship development programme conceptualised by

SOCIAL CAPITAL



Supporting Entrepreneurship via "Venture Engine"



Microfinance - Phase 1



Microfinance - Phase 2 (funding)



School Items Distribution

Blue Ocean Ventures and the Indian Angel Network. This initiative has had a considerable impact on the start-up ecosystem through its nurturing of entrepreneurs raising over US\$ 5 million in seed funding, network building and providing necessary guidance to start-up ventures across Sri Lanka.

In 2015 Expolanka Holdings PLC was honoured by the Asia Responsible Entrepreneurship Awards (AREA) in recognition of the longstanding commitment to the Venture Engine programme.

Facilitating Entrepreneurship through Microfinance

Expolanka Holdings PLC initiated a microfinance project in collaboration with HASL (HelpAge Sri Lanka) to encourage the war affected to embark on entrepreneurship projects of their own. The initiative seeks to overcome the problems faced by them in obtaining seed money to start a business. Following the launch of the initiative, Rs. 1 million was granted as seed funding to 120 citizens as start-up money for a number of small business ventures including; vegetable sellers, fish mongers and many others.

However, this microfinance initiative is not merely a funding pipeline, but is an ambitious endeavor that aims to assist them to become self-sufficient and productive individuals rather than a burden to their families and to society.

It is a long term commitment by Expolanka Holdings PLC to create a sustainable entrepreneurship management model, including such activities as the formation of senior citizen groups, training each group on starting self-employment activities, accounting, advocacy, lobbying as well as setting up of

entrepreneur support committees to provide care for the more vulnerable amongst them.

School Items Distribution

In continuing the trend from last year, the Team 'B' of EFL Sri Lanka organised a donation of school books & stationery items for 131 children of minor staff category. The financial contribution was personally made by individuals of the senior management of EFL.

In June 2015 the EFL transport division contributed school items for the small underprivileged school (R/B Mulgama Vidyalaya) located in Balangoda area. The fund used were from the 3rd place award price that members received at the inter-company Vesak celebration. This list of items included school items, books, school bags and shoes to support the children who are studying at a school and two nurseries.



Transport Division School Item distribution



Alor Pothe – A school of Hope



Emergency Relief



Dry Macs to Outreach Pupils

PROJECTS BY EFL WORLDWIDE

EFL – Bangladesh

Alor Pothe – A school of hope

Confirming its commitment to support the Alor Pothe school for the 3rd consecutive year, EFL-Bangladesh renewed its support with the Sanjog Foundation. To make this commitment, the team visited the school on 18th October 2015 and along with Mr. Jan Van Der Poorten – Director & CEO of EFL Bangladesh distributed educational material to under privileged students.

Emergency relief

As a part of our commitment to CSR, the EFL-Bangladesh team handed over blankets, towels and tents to the Central Disaster Relief Committee, Nepal during the June 2015 earthquake. This gesture contributed positively to the livelihood of Nepalese people affected by earthquake and gave them hope for brighter future in that difficult period.

EFL South Africa

Dry Macs to outreach pupils

EFL South Africa contributed much needed Dry Macs to students of the Phumelela Outreach Programme in May 2015 to enable them to keep them warm during cold winter mornings. The Phumelela Outreach Programme started in 2011 through a collaborative effort between Holy Rosary High School, St. Benadict's Collage and Ekurhuleni Primary School, (situated within the informal settlement of Dukathole in Germiston).

PRODUCT RESPONSIBILITY: CONFORMITY TO GLOBAL STANDARDS AND SERVICE DELIVERY CRITERIA

Overview of Social Sustainability Performance	
Compliance	Monetary value of significant fines and total number of non monetary sanctions for non-compliance with laws and regulations;
	None
	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations;
Occupational Health & Safety	None
	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services;
	None
Occupational Health & Safety	The Group communicates an OH&S policy organisation-wide. In 2015/2016, there were zero reportable incidents concerning injuries or incidents of occupational diseases.
Non-discrimination	Total number of incidents of discrimination and actions taken;
	None
Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Each of the Group's operations determines customer satisfaction via customer response and feedback mechanisms. Based on periodic reviews, customer interaction processes are refined/ re-engineered.
	Social media is used actively to interact on a one on one basis with customers and potential customers. Of these Facebook and Twitter dominate whilst the Group's website is also a core base for interaction. SMS is used extensively to interact on a regular basis.
	To enhance quality assurance at the Group's sector SBU's practice 5S Good Housekeeping, Kaizen Quality Management techniques and various productivity enhancement techniques.
Marketing Communications	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship;
	None
	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data;
	None

Product and Service Labelling **G4-PR3**

All products or services offered at Expolanka are covered by and assessed for compliance with such procedures.

	YES	NO
The sourcing of components of the product or service	✓	
Content, particularly with regard to substances that might produce an environmental or social impact	✓	
Safe use of the product or service	✓	
Disposal of the product and environmental/social impacts	✓	
Other (explain)		

G4 INDEX IN ACCORDANCE WITH “CORE”

G4-32

GENERAL STANDARD DISCLOSURES

	Description	Page Number / Direct Response	External Assurance
STRATEGY AND ANALYSIS			
G4-1	Statement from the Chairman	35-37	Yes
ORGANISATION PROFILE			
G4-3	Name of the organisation.	Inner Back Cover	Yes
G4-4	Primary brands, products, and services.	62,64	Yes
G4-5	Location of the organisation's headquarters.	Inner Back Cover	Yes
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the Report.	11-12,167	Yes
G4-7	Nature of ownership and legal form.	Inner Back Cover	Yes
G4-8	Markets served.	68,76,81,88	Yes
G4-9	Scale of the reporting organisation.	4,103	Yes
G4-10	Total number of employees by employment type, employment contract and region, broken down by gender.	103,105	Yes
G4-11	Percentage of total employees covered by collective bargaining agreements.	None	Yes
G4-12	Organisation's supply chain.	50,69,76,80,86	Yes
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	14	Yes
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	55-56	Yes
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	03	Yes
G4-16	Memberships of associations and national or international advocacy organisations.	32	Yes
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Organisation's entities covered by the Report and entities not covered by the Report.	62,64,166-167	Yes
G4-18	Process for defining the Report content and the Aspect Boundaries.	03,48	Yes
G4-19	Material Aspects identified in the process for defining Report content.	48-49	Yes
G4-20	Material Aspect, report the Aspect Boundary within the organisation.	48-49	Yes
G4-21	Material Aspect, report the Aspect Boundary outside the organisation,	48-49	Yes
G4-22	Explanation of the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	None	Yes

G4 INDEX IN ACCORDANCE WITH “CORE”

	Description	Page Number / Direct Response	External Assurance
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None	Yes
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organisation.	51	Yes
G4-25	Basis for identification and selection of stakeholders with whom to engage.	51	Yes
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	52-54	Yes
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to them.	52-54	Yes
REPORT PROFILE			
G4-28	Reporting period.	03	Yes
G4-29	Date of most recent previous Report.	03	Yes
G4-30	Reporting cycle.	03	Yes
G4-31	Contact point for questions regarding the Report or its contents.	03	Yes
G4-32	Compliance with GRI G4 Guidelines, GRI Content Index and the External Assurance Report.	03,117-122	Yes
G4-33	Policy and current practice with regard to seeking external assurance for the Report.	03,123-124	Yes
GOVERNANCE			
G4-34	Governance structure of the organisation, including committees of the highest governance body responsible for decision-making on economic, environmental and social impacts.	128	Yes
ETHICS AND INTEGRITY			
G4-56	Values, principles, standards and norms of behavior.	97	Yes

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Material Aspects	Page Number / Direct Response	External Assurance
CATEGORY : ECONOMIC			
MATERIAL ASPECTS : ECONOMIC PERFORMANCE			
G4-EC1	Direct economic value generated and distributed and retained.	92	Yes
G4-EC3	Coverage of the organisation’s defined benefit plan obligations.	99,106	Yes

G4 INDEX IN ACCORDANCE WITH “CORE”

DMA and Indicators	Material Aspects	Page Number / Direct Response	External Assurance
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	99 (Partially)	Yes
CATEGORY : ENVIRONMENT			
MATERIAL ASPECTS : Materials			
G4-EN1	Materials used by weight or volume	107 (Partially)	Yes
MATERIAL ASPECTS : ENVIRONMENT EMISSIONS			
G4-EN15	Direct greenhouse gas emissions (Scope 1).	108	Yes
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2).	108	Yes
G4-EN17	Other indirect greenhouse gas emissions (scope 3).	108	Yes
MATERIAL ASPECTS : ENVIRONMENT EFFLUENTS AND WASTE			
G4-EN23	Total weight of waste by type and disposal method.	110	Yes
MATERIAL ASPECTS : ENVIRONMENT COMPLIANCE			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	None	Yes
MATERIAL ASPECTS : TRANSPORT			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce.	109	Yes
MATERIAL ASPECTS : ENVIRONMENT OVERALL			
G4-EN31	Total environmental protection expenditures and investments by type.	111 (Partially)	Yes
G4-EN32	Percentage of new supplier that were screened using environmental criteria	109 (Partially)	
ENVIRONMENTAL GRIEVANCE MECHANISMS			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	None	Yes
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK			
MATERIAL ASPECTS : EMPLOYMENT			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group.	105	Yes
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation.	99	Yes
G4-LA3	Return to work and retention rates after parental leave, by gender.	100 (Partially)	Yes

G4 INDEX IN ACCORDANCE WITH “CORE”

DMA and Indicators	Material Aspects	Page Number / Direct Response	External Assurance
MATERIAL ASPECTS : OCCUPATIONAL HEALTH AND SAFETY			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities, by region and by gender.	116	Yes
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	None	Yes
MATERIAL ASPECTS : TRAINING AND EDUCATION			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	106 (Partially)	Yes
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	98	Yes
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	97	Yes
MATERIAL ASPECTS : DIVERSITY AND EQUAL OPPORTUNITY			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	15-17,105	Yes
MATERIAL ASPECTS : EQUAL REMUNERATION FOR WOMEN AND MEN			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	99 (Partially)	Yes
MATERIAL ASPECTS : LABOUR PRACTICES AND GRIEVANCE MECHANISMS			
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	98 / None	Yes
MATERIAL ASPECTS : NON DISCRIMINATION			
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	99 / None	Yes
MATERIAL ASPECTS : CHILD LABOUR			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	100 / None	Yes
MATERIAL ASPECTS : FORCED OR COMPULSORY LABOUR			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	99 / None	Yes
MATERIAL ASPECTS : INDIGENOUS RIGHTS			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	None	Yes

G4 INDEX IN ACCORDANCE WITH “CORE”

DMA and Indicators	Material Aspects	Page Number / Direct Response	External Assurance
MATERIAL ASPECTS : ASSESSMENTS			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	None	Yes
MATERIAL ASPECTS : HUMAN RIGHTS GRIEVANCE MECHANISMS			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	98 / None	Yes
SUB CATEGORY : SOCIETY			
MATERIAL ASPECTS : LOCAL COMMUNITIES			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	112-115	Yes
MATERIAL ASPECTS : ANTI-CORRUPTION			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	None	Yes
G4-SO5	Confirmed incidents of corruption and actions taken.	None	Yes
MATERIAL ASPECTS : ANTI-COMPETITIVE BEHAVIOR			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	None	Yes
MATERIAL ASPECTS : COMPLIANCE			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	None	Yes
MATERIAL ASPECTS : GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY			
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	None	Yes
SUB - CATEGORY : PRODUCT RESPONSIBILITY			
MATERIAL ASPECTS : PRODUCT RESPONSIBILITY			
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	None	Yes
MATERIAL ASPECTS : PRODUCT AND SERVICE LABELING			
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	116	Yes

G4 INDEX IN ACCORDANCE WITH “CORE”

DMA and Indicators	Material Aspects	Page Number / Direct Response	External Assurance
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	None	Yes
MATERIAL ASPECTS : MARKETING COMMUNICATIONS			
G4-PR6	Sale of banned or disputed products.	None	Yes
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	None	Yes
MATERIAL ASPECTS : CUSTOMER PRIVACY			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	None	Yes
MATERIAL ASPECTS : COMPLIANCE			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	None	Yes

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EXPOLANKA HOLDINGS PLC
Annual Report 2015/16

COMPLIANCE

INDEPENDENT ASSURANCE REPORT

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INDEPENDENT ASSURANCE REPORT OF EXPOLANKA HOLDINGS PLC ON THE SUSTAINABILITY REPORTING CRITERIA PRESENTED ON THE INTEGRATED ANNUAL REPORT- 2015-16

Introduction and Scope of the Engagement

The management of Expolanka Holdings PLC (“the Company”) engaged us to provide an independent assurance engagement on the following elements of the sustainability reporting criteria presented in the annual report- 2015-16 (“the Report”).

- Reasonable assurance on the information on financial performance as specified on page 92 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative G4 ‘In accordance’ - Core guidelines.

Basis of Our Work and Level of Assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): ‘Assurance Engagements Other than Audits or Reviews of Historical Financial Information’, issued by the Institute of Chartered Accountants of Sri Lanka (“ICASL”).

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines (“GRI Guidelines”) and related information in particular, the requirements to achieve GRI G4 ‘In accordance’ - Core guideline publication, publicly available at GRI’s global website at “www.globalreporting.org”.

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Management of the Company’s Responsibility for the Report

The management of the Company is responsible for the preparation of the self-declaration, the information and statements

contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustaining reporting process in line with the GRI Sustainability Reporting Guidelines.

Ernst & Young’s Responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative G4 ‘In accordance’ - Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 27 April 2016. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the ICASL.

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

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INDEPENDENT ASSURANCE REPORT

Key Assurance Procedures

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

- Interviewing the relevant company's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Reviewing and validation of the information contained in the Report.
- Checking the calculations performed by the Company on a sample basis through recalculation.
- Reconciling and agreeing the data on financial performance are properly derived from the Company's audited financial statements for the year ended 31 March 2016.
- Comparison of the content of the Report against the criteria for a Global Reporting Initiative G4 'In accordance' - Core guidelines.

Our procedures did not include testing electronic systems used to collect and aggregate the information.

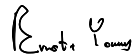
Limitations and Considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed, as described above, we conclude that;

- The information on financial performance as specified on page 92 of the Report are properly derived from the audited financial statements of the Company for the year ended 31 March 2016.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from GRI-G4-'In accordance' Core Sustainability Reporting Guidelines.



Chartered Accountants

28 June 2016

Colombo



Growing *in* strength

As the trunk supports the burgeoning branches and leaves, so have we supported new ideas and concepts that have made us stand out among the rest.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE REPORT

The Board and the management of Expolanka Holdings PLC thrive in attaining ethically driven business process that is committed to adding value and enhancing the organisation's wealth generation capacity by sustaining high standard of Corporate Governance and ensuring that sound practices are established in the best interest of the shareholders and the other stakeholders.

The Company strictly adheres to the governing laws and regulations and operates within the applicable guidelines and rules issued by regulatory authorities. Regular review of the Corporate Governance system are undertaken to safeguard and ensure that it is in line with the dynamic environment.

At Expolanka, it is vital that our company matters are managed in a fair and transparent manner which is imperative to retain the trust of the stakeholders. We consider it our fundamental duty to disclose timely and accurate insights regarding the financial performance as well as the governance of the entity. Expolanka have done the utmost to ensure that governance principles of trusteeship, transparency, accountability are retained. We also strongly believe that a clear platform for communication and understanding and being an ethical corporate citizen is essential for the entity's growth, competitiveness and sustainability.

Our approach for Corporate Governance reflects that the integrated governance structure within the Group which ensures our performance are aligned with the strategic goals and that the balance between performance and conformance are maintained.

Expolanka is committed in practicing Corporate Governance not just as a compliance requirement but as a precedence and it has been embedded into our culture and every aspect of our business.

Expolanka Holdings PLC is pleased to inform that it's practices are consistent with the requirements given in the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission of Sri Lanka (SEC), Companies Act No.7 of 2007, Listing Rules of the Colombo Stock Exchange (CSE) and Code of Business Conduct and Ethics.

The Board is committed towards maintaining its high standards of Corporate Governance in managing the Company in an ethical, efficient and effective manner whilst nurturing an entrepreneurial culture.

Furthermore I take this opportunity and hereby affirm that I am not aware of any violation to the Code of Business Conduct and Ethics within the Expolanka Group having joined the Board as the Chairman on the 1st of May 2014 and that we will continue to enhance our stance to adhere to the relevant laws and regulations to improve our perspective in Governance and compliance within all levels of the Group.

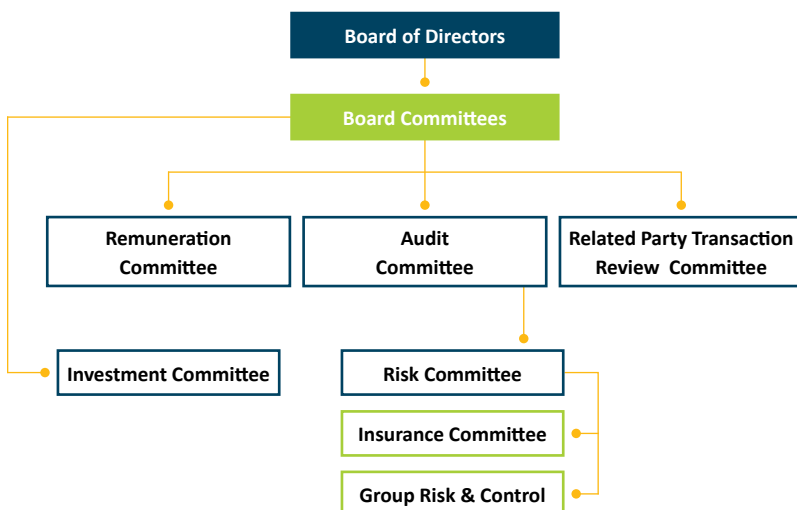


Nobuaki Kondo
Chairman

CORPORATE GOVERNANCE REPORT

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GOVERNANCE FRAMEWORK



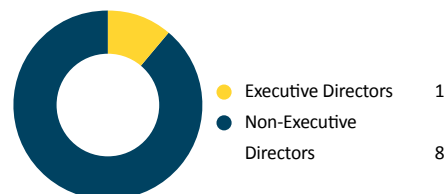
Board Meetings and Attendance

	Name of the Director	25/05/2015	03/08/2015	11/11/2015	02/02/2016
1	Mr. Nobuaki Kondo (Chairman)	✓	✓	✓	✓
2	Mr. Osman Kassim	x	✓	✓	✓
3	Mr. Hanif Yusoof	✓	✓	✓	✓
4	Mr. Harsha Amarasekera	✓	✓	✓	✓
5	Mr. Sanjay Kulatunga	✓	✓	✓	✓
6	Mr. Naosuke Kawasaki	✓	✓	✓	✓
7	Mr. Motonori Matsuzono	✓	✓	✓	✓
8	Mr. Yushifumi Matsubara	✓	✓	✓	✓
9	Mr. Toji Shiho	✓	✓	✓	✓

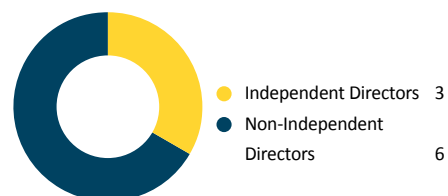
THE BOARD OF DIRECTORS

The Governance framework comprises of the Board of Directors, Board Committees and the Senior Management Committees. Board and Management are responsible for implementing and maintaining the governance within the Group. The ultimate responsibility of increasing the shareholder value lies with the Chairman and the Board of Directors. The Board of Directors ensures the highest standard of compliance to Corporate Governance for the Group.

Board Composition



DIRECTORSHIP STATUS



INDEPENDENCE

CORPORATE GOVERNANCE REPORT

GOVERNANCE CHECKLIST

This section of the annual report outlines the system of governance at Expolanka and its adherence to the requirements of the Code of Best Practice on Corporate Governance 2013 jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Section 1 – The Company

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
Directors			
A.1. The Board			
The Code prescribes the Board to effectively direct, lead and control the affairs of the company.			
A.1.1	Board Meetings	Compliant	<p>The Board meetings are held periodically to decide on the strategic direction and review the performance of the Group aligned to the aspired corporate goals. The meetings are structured with the minutes, agenda and Board papers circulated to all members in advance to facilitate informed and effective decision making. Additional meetings are also convened to deliberate on issues that demand immediate decisions.</p> <p>The attendance of the Board of Directors are given in the Governance Report of this Annual Report.</p>
A.1.2	Responsibilities of the Board	Compliant	<p>The Board is responsible to lead the strategic and business direction of the Group as described below:</p> <ul style="list-style-type: none"> • Formulates and implements a sound business strategy with a structured monitoring process to ensure sustainability of the Group. • Evaluates and takes responsible decisions in relation to new business ventures or restructuring of existing companies, if necessary. • Ensures the CEO and the management team possess the right skills, experience and knowledge to implement the formulated strategy effectively with proper succession planning. • Appoints suitable members to the Audit and Remuneration Committees. • Ensures effective systems to secure integrity of information, internal controls and risk management through delegation to the Audit Committee. (Compliance checklist is provided to all Board members to ensure compliance with applicable laws and regulations.) • Ensures all stakeholder interests are considered in corporate decisions making. • Accounting policies are reviewed annually to ensure compliance to evolving accountancy standards.
A.1.3	Compliance with laws and seek independent professional advice	Compliant	<p>Board is collectively and individually committed to ensure compliance with all applicable laws and regulations and adheres to best governance practices. The Directors obtain independent professional advice if required for decision making.</p>

CORPORATE GOVERNANCE REPORT

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.1.4	Company Secretary	Compliant	SSP (Pvt) Ltd is appointed as the Group's Company Secretary to ensure that matters concerning the Companies Act, Board procedures and other applicable rules and regulations are followed. All Directors have access to the advice and services of the Company Secretary.
A.1.5	Independent judgment of the Directors	Compliant	All Directors exercise independent judgment and opinions on issues that are discussed and considered at the Board.
A.1.6	Dedicate adequate time and effort by the Directors	Compliant	Board Meetings are held on a periodic basis. The Chairman and the Board Directors dedicate adequate time for the affairs of the Group by attending Board and Sub Committee meetings assiduously. In addition, the Board Directors meet and discuss with the senior management on operational and strategic issues as and when required.
A.1.7	Training for new and existing Directors	Compliant	The Board recognises the need for continuous training. Adequate knowledge sharing opportunities are provided to acquire requisite skills and exposure to effectively discharge their duties.
A.2. Chairman and CEO			
The Code prescribes to clearly differentiate the roles between the Chairman and the CEO to ensure balance of authority and good governance. The Chairman of the Group is responsible to effectively lead and guide the Board whilst the CEO is responsible to lead the senior management to ensure effective functioning of day to day operations of the Group, in consultation and guidance of the Chairman and the Board.			
A.2.1	Segregated roles and responsibilities of the Chairman and CEO	Compliant	The position of the Chairman and CEO are separated in order to prevent unfettered powers of decision making to a sole individual.
A.3. Chairman			
As prescribed by the Code, the Chairman of the Group with his integrity and experience in corporate governance is responsible to lead the strategic direction of the Board. The Chairman guides the Board in all decisions and presides and maintains order at Board meetings.			
A.3.1	Role of the Chairman	Compliant	The Chairman is responsible for the efficient conduct of Board meetings and to ensure, inter alia: <ul style="list-style-type: none"> • Ensure effective participation of both Executive and Non-Executive Directors, • Effective contribution of all Directors to decision making • Ensure a balance of power between Executive and Non-Executive Directors • Ascertain views of Directors on issues under consideration • Ensure the Board is in complete control of the company's obligations to all shareholders and other stakeholders

CORPORATE GOVERNANCE REPORT

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.4. Financial Acumen			
As per the Code, the Board is to be represented by some members with financial acumen and knowledge to advice on matters related to finance.			
A.4	Availability of sufficient financial acumen and knowledge	Compliant	The Board is made up of knowledgeable and experienced individuals for guidance on matters of Finance and Management. One of the Directors is an Associate Member of the Chartered Institute of Management Accounting as well as a Chartered Financial Analyst and chairs the Audit Committee.
A.5. Board Balance			
The Code stipulates that the Board has to be fairly represented with a balance between Executive and Non-Executive Directors.			
A.5.1	Presence of Non-Executive Directors	Compliant	Out of nine Directors in the Board, eight are Non-Executive Directors. Names of the Directors category wise are set out in the Annual Report under Board of Directors profiles.
A.5.2	Independent Non-Executive Directors	Compliant	Out of the Non-Executive Directors, three are Independent Non-Executive Directors complying with the requirement to have the higher of two, or one third of Non-Executive Directors, as Independent Non- Executive Directors.
A.5.3	Independence of Non-Executive Directors	Compliant	There are three Independent Non-Executive Directors out of the eight Non-Executive Directors and they are construed to be independent of management and free of any business or other relationship that could materially impair their independent judgment.
A.5.4	Declaration of Independence	Compliant	Each Independent Non-executive director submits a declaration of independence in a prescribed format.
A.5.5	Determination of independence of the Directors	Compliant	The Board has determined the independence of Directors based on the declarations submitted by the Independent Non-Executive Directors as to their independence, as a fair representation and the Board will continue to evaluate their independence on this basis annually.
A.5.6	Appointment of an Alternate Director	Not Applicable	An Alternate Director has not been appointed by a Non-Executive or an Independent Director.
A.5.7	Appointment of a Senior Independent Director	Not Applicable	The roles of the Chairman and the CEO are separated negating the applicability of this requirement.
A.5.8	Confidential discussions with Senior Independent Director	Not Applicable	Please refer the comment for A.5.7 above.
A.5.9	Chairman's meetings with Non-Executive Directors	Compliant	The Chairman meets with Independent Non-Executive Directors as deemed necessary.

CORPORATE GOVERNANCE REPORT

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
A.5.10	Recording of concerns in the Board Minutes	Compliant	All concerns that are not unanimously resolved are recorded in the Board Minutes as per Company Policy. However all decisions of the Board were taken unanimously and there were no concerns raised by the Directors which needed to be recorded in the Board Minutes during the reporting period.
A.6. Supply of Information			
The Code stipulates the management to supply all relevant and timely information to the Board in order to make effective decisions for the company.			
A.6.1	Management's obligation to provide appropriate and timely information to the Board	Compliant	The Management ensures that a set of timely, accurate, relevant and comprehensive information is provided to the Directors by way of a Board Paper prior to the Board Meeting, with adequate time for review and prepare for discussions.
A.6.2	Timely distribution of documents for Board meetings	Compliant	All papers related to the Board and Sub-Committee meetings are circulated at least seven days prior to the meetings.
A.8 Re-Election			
All Directors should be required to submit themselves for re-election at regular intervals			
A.8.1	Re-election of Non-Executive Directors	Compliant	Non-Executive Directors are subjected to a re-election process as specified by the Companies act and the re-appointment is not automatic.
A.8.2	Re-election of Chairman and Board Directors	Compliant	All Directors including the Chairman are subjected for re-election after their first appointment and have been re-elected at intervals of no more than three years.
A.10 Disclosure of information in respect of Directors			
The Code specifies Disclosure of relevant details regarding Directors to all shareholders through the Annual Report.			
A.10.1	Details of Directors	Compliant	This Annual Report discloses the relevant details of the Board in the Board of Directors profiles and Corporate Governance Sections.
A.11 Appraisal of CEO			
The Board is required to carry out an appraisal on the CEO's performance in relation to the Company's performance and set annual targets.			
A.11.1 & A.11.2	Setting annual targets and appraisal of the performance of the CEO by the Board	Compliant	The Board appraises the performance of the CEO against a prior set of agreed financial and non-financial, short to medium and long term objectives and targets. The Board carried out the CEO evaluation at the end of reporting financial year.

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
B.2.4	Performance related elements of remuneration of Executive Directors	Compliant	The Remuneration Committee reviews CEO's performance aligned to the pre agreed targets and goals in the best interest of the Company and the stakeholders. There are no performance related elements of remuneration for the Non-Executive Directors.
B.2.5	Executive Share Options	Not Applicable	Presently the Group does not have Executive Share Option schemes.
B.2.6	Executive Directors' Remuneration	Compliant	The Company does not have any long term incentive share option schemes. Non-Executive Directors are not eligible for performance based remuneration. A Report of the Remuneration Committee is given in this Annual Report.
B.2.7 & B.2.8	Early termination of Executive Directors	Compliant	There are no terminal compensation commitments other than gratuity in the company's contracts of service.
B.2.9	Remuneration for Non-Executive Directors	Compliant	Non-Executive Directors are remunerated in line with market practices and norms.
B.3 Disclosure of Remuneration			
As per the Code, the Company has to contain a statement of the Remunerations Policy and details of Remuneration of the Directors as a whole in the Annual Report.			
B.3.1	Disclosure of Remuneration	Compliant	A statement on Company's remuneration policy is set out in the Remuneration Committee Report in this Annual Report. The details of aggregate Remuneration of the Executive and Non-Executive Directors are disclosed in this Annual Report.
C. Relations with Shareholder			
C.1. Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings			
The Code stipulates that the Board shall convene an Annual General Meeting (AGM) to have a dialogue on company matters with the shareholders.			
C.1.1	Use of proxy votes	Compliant	A Form of Proxy accompanies the Annual Report, when they are dispatched to the shareholders. The Company has a mechanism to record all proxy votes and proxy votes lodged on each resolution.
C.1.2	Separate resolution for all separate issues at the AGM	Compliant	Each substantial issue is proposed as a separate resolution. The adoption of the Annual Report of the Board of Directors, along with the Financial Statements, is also proposed as a separate resolution.
C.1.3	Board Sub-Committee Chairman to be present at the AGM	Compliant	The Chairman of the Board ensures that the Chairman of Board Sub Committees are present at the AGM to respond to any queries posed by the shareholders.
C.1.4	Adequate notice of the AGM	Compliant	The notice of meeting and related documents are dispatched to the shareholders 15 working days prior to the AGM, as per Section 135 of the Companies Act No. 07 of 2007.

CORPORATE GOVERNANCE REPORT

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
C.1.5	Procedures of voting at the AGM	Compliant	The proxy form including a summary of the procedures governing voting at the AGM is circulated to all shareholders.
C.2 Communication with Shareholders			
The Code stipulates that the Board should implement effective communication with Shareholders			
C.2.1	Dissemination of timely information	Compliant	All information with regard to the Annual Report and Quarterly Reports are disseminated through Head of Marketing, Corporate Communications and CSR and all changes through the Company Secretary – SSP Corporate Services (Pvt) Ltd.
C.2.2	Disclosure of Method of communication with Shareholders	Compliant	Expolanka Holdings PLC maintains an ‘Open Door’ Policy with regard to communication with shareholders and shareholders are welcomed to direct their suggestions / inquiries to the Group CEO and Board Secretary.
C.2.3	Implementation of Policy and Method of communication	Compliant	Multiple channels of communication are available. The Feedback form in the Annual Report / the Group websites “contact us” link, the contact person details in the Annual Report are the main methods of communication. However interaction through investor meetings & Investor events also serve as engaging forms of interaction.
C.2.4	Disclosure of Contact Person	Compliant	The contact person for shareholder engagement is disclosed in the Annual Report whilst a contact link in the website also serves as a conduit for interaction.
C.2.5	Process and Disclosure of Director’s awareness of concerns of Shareholders	Compliant	Concerns are raised to the Group CEO for discussion with the Board, as and where the issues raised are deemed critical or noteworthy.
C.2.6	Requirements for the Contact Person	Compliant	Contact person details are clearly communicated. The contact person is well versed with the requirements of the role.
C.2.7	Process of Responding to Shareholder’s matters	Compliant	Shareholder matters are the first line of interaction by the key contact person, if issues / suggestions / inquiries are raised to the Group CEO or the Board, resolutions or clarifications are made by the office of the Group CEO.
C.3 Major Transactions			
All major transactions that will materially impact on the net asset base of the Company or the Group are to be disclosed to the shareholders.			
C.3.1	Disclosure on major transactions	Compliant	Procedures are in place to disclose major transactions that will materially alter the net asset base. During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which had a material impact on the net asset base of the Company and the consolidated Group.

CORPORATE GOVERNANCE REPORT

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D. Accountability and Audit			
D.1 Financial Reporting			
The Code requires a fair and a balance report on the organisation's financial position, performance and prospect.			
D.1.1	Board's responsibility for statutory and regulatory reporting	Compliant	<p>The Company's Interim and Annual Financial Statements are prepared in accordance to the Sri Lanka Accounting Standards and the Company's Act No 7 of 2007 and duly audited.</p> <p>The Interim and Annual Financial statements were published on time during the reporting period. All Regulatory Reports were filed by the due dates. Price sensitive information was disclosed to the Colombo Stock Exchange (CSE) on a timely basis during the financial year 2015/16.</p>
D.1.2	Directors' Report in the Annual Report	Compliant	The Annual Report of the Board of Directors on the affairs of the Company containing the subject declarations is given in this Annual Report.
D.1.3	Statement of Directors' and Auditor's responsibility for the Financial Statements	Compliant	<p>A Report on the Statement of Directors' Responsibilities is given in this Annual Report.</p> <p>The Auditor's Report on the financial statements for the year ended 2015/16 is given on page under Independent Auditors Report</p>
D.1.4	Management Discussion and Analysis		Management Discussion and Analysis is presented on the Company together with the subsidiaries as separate sections in this Annual Report.
D.1.5	Declaration by the Board on the business as a going concern	Compliant	The relevant information is set out in the Report of the Board of Directors on the Affairs of the company Report in this Annual Report.
D.1.6	Summon an Extra Ordinary General Meeting (EGM) to notify serious loss of capital	Compliant	EGMs are held for companies complying with the requirements However there was no requirement for the EGMs to be held in the FY 2015/16
D.1.7	Disclosure of Related Party Transactions in the Annual Report	Compliant	Related Party Transactions have been disclosed in Related Party Disclosures under Notes to the Financial Statements.

CORPORATE GOVERNANCE REPORT

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D.2 Internal Control			
The Board is required to maintain a comprehensive system of Internal Controls and Risk Management to safeguard the shareholder's wealth and Company's sustainability.			
D.2.1	Review the effectiveness of internal controls	Compliant	The Board has the overall responsibility for the system of internal controls covering financial, operational, compliance and risk management. The Board has delegated these responsibilities to the Audit Committee. Systems have been designed to provide the Directors with the reasonable assurance that assets are safeguarded; transactions are authorised and recorded properly whilst material errors and irregularities are prevented, detected and rectified effectively.
D.2.2	Internal Audit function	Compliant	Internal Audit Function is available in the Organisation.
D.2.3	Review the process of Internal Control and Risk Management	Compliant	Internal audit function has been outsourced to Messrs. PricewaterhouseCoopers Advisory Services (Pvt) Ltd. Group's Risk & Control Department coordinates and ensures that recommendations are implemented conscientiously apart from carrying out various other audits and special assignments across the Group. The effectiveness and the scope of the Internal Audit Function is assessed periodically.
D.2.4	Director's responsibility on maintaining a system of Internal Control and Contents of the Statement of Internal Control	Compliant	Audit Committee statement on Internal Controls in the Annual Report is provided under the Audit Committee Report.
D.3 Audit Committee			
The Board is responsible to appoint an Audit Committee to establish a formal and transparent process to select Accounting Policies, Financial Reporting and Internal Controls and to maintain a good relationship with the Auditors.			
D.3.1	Composition of the Audit Committee		The Audit Committee comprises of three Independent Non-Executive Directors. Please refer the Audit Committee Report in this Annual Report.
D.3.2	Duties of the Audit Committee		Please refer the Audit Committee Report as specified in D.3.1
D.3.3	Terms of Reference of the Audit Committee		The Audit Committee operates on a clearly defined Terms of Reference which focuses on the purpose of the Committee, its duties and responsibilities including the scope and functions of the Committee.
D.3.4	Disclosures of the Audit Committee		The Audit Committee Report highlights the names of the members, determination of independence of auditors and other relevant information.

CORPORATE GOVERNANCE REPORT

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
D.4 Code of Business Conduct and Ethics			
The Code stipulates the Company may adopt a Code of Business Conduct and Ethics for Directors, and Key Management Personnel and to declare any material violations.			
D.4.1	Disclosure of Code of Business Conduct and Ethics	Compliant	The Company has adopted and is in compliance to the Code of Business Conduct and Ethics applicable to Directors and all employees across the Group. Any violation of the Code is taken for consideration.
D.4.2	Affirmation of the Code of Business Conduct and Ethics	Compliant	Please refer the Chairman's Statement on Corporate Governance and the Annual Report of the Board of Directors which affirm that there are no material violations of the Company's Code of Business Conduct and Ethics during the reporting period.
D.5 Corporate Governance Disclosures			
The Code requires the Company to disclose the extent to which the Company adheres to established practices and principles good Corporate Governance.			
D.5.1	Disclosure of Corporate Governance	Compliant	The Corporate Governance Report herein sets out the manner in and the extent to which the Company has complied with the Code of Best Practice on Corporate Governance jointly issued by the ICASL and SEC.

Section 2 – Shareholders

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
E. Institutional Investors			
E.1 Shareholder Voting			
The Code specifies the Company to engage the institutional shareholders and encourage them to exercise their voting rights in key decision making.			
E.1.1	Communication with shareholders	Compliant	The AGM provides an ideal forum for shareholders to express their views and vote for key decisions. The Chairman ensures that any view expressed by investors at the AGM is discussed at the Board level. Shareholders are provided with Quarterly Financial Statements and the Annual Report including the operational and financial performance of the reporting year. These reports are also made available on the Group's official website and are provided to the Colombo Stock Exchange.
E.2 Evaluation of Governance Disclosures			
The Code specifies obtaining a feedback from institutional investors on the governance structure, composition and practices.			
E.2.1	Due weight by institutional Investors	Compliant	The Corporate Governance Report contains the Company's governance arrangements and Institutional investors are encouraged to give a feedback on the governance arrangements.

CORPORATE GOVERNANCE REPORT

SEC & ICASL Code Reference	Corporate Governance Principles	Compliance Status	Extent of Adoption
F. Other Investors			
F.1	Individual Shareholders	Compliant	<p>The Annual Report contains sufficient information in order to carry out adequate analysis or seek independent advice regarding Investing / Divesting decisions. Following are the main reports included in this Annual Report which provide an overall assessment of the Company's affairs during the financial year 2015/16 and the way forward:</p> <ul style="list-style-type: none"> • Chairman's Review • CEO's Review • Management Discussion and Analysis • Annual Financial Statements
F.2	Shareholder voting	Compliant	All shareholders are encouraged to participate at the AGM and cast their votes or exercise their proxy for decision making.
G. Sustainability Reporting			
G.1 Principles of Sustainability Reporting			
G.1.1	Economic Sustainability	Compliant	Please refer Economic Value Statement on page 92.
G.1.2	The Environment	Compliant	Please refer Natural Capital section on page 107.
G.1.3	Labour Practice	Compliant	Labour Practices have been discussed in the Human Capital Section on page 96.
G.1.4	Society	Compliant	Engagement with Society has been elaborated on the Social Capital Section on page 112.
G.1.5	Product responsibility	Compliant	Refer Product Responsibility on page 116.
G.1.6	Stakeholder Identification, Engagement and Effective Communication	Compliant	Stake Holder Identification & Engagement is discussed on page 51 under Stake Holder Engagement.
G.1.7	Sustainability Reporting and Disclosure	Compliant	Please refer About this Report section on page 03.

CORPORATE GOVERNANCE REPORT

Section B

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

- Non- Executive Directors
- Independent Directors
- Disclosures relating to Directors
- Remuneration Committee
- Audit Committee

CSE Rule No.	Subject	Requirement	Compliance	Details
7.10.1(a)	Non-Executive Directors	Two or one third of the total number of Directors, whichever is higher, shall be Non-Executive Directors.	Compliant	The Board comprises of eight Non-Executive Directors out of the total of nine Directors.
7.10.2 (a) & (b)	Independent Non- Executive Directors	Two or one third of Non-Executive Directors, whichever is higher, shall be independent. Declaration of Independence by Non-Executive Directors	Compliant	The Board comprises of three independent Non-Executive Directors. Non-Executive directors have submitted declaration of Independence
7.10.3(a)	Disclosure relating to Directors	The names of all Independent Directors shall be disclosed in the Annual Report.	Compliant	Please refer Directors Profiles section in the Annual Report for Directors' disclosures
7.10.3(b)	Disclosure relating to Directors	In the event a Director does not qualify as "independent" as per the rules of Corporate Governance but if the Board is of the opinion that the director is nevertheless independent, it shall specify the basis of the determination in the Annual Report.	Compliant	No such determination has been carried out by the Board.
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director which includes information on the nature of his/her expertise in relevant functional areas is to be published in the Annual Report.	Compliant	Please refer Directors Profiles in the Annual Report for Directors' disclosures
7.10.3(d)	Disclosure relating to Directors	Upon appointment of a new Director to its Board, the Company shall forthwith provide to the CSE a brief resume of such Director.	Compliant	Information on Directors have been shared with the CSE as per the requirement
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Compliant	Refer Remuneration Committee Report of this Annual Report.

CORPORATE GOVERNANCE REPORT

CSE Rule No.	Subject	Requirement	Compliance	Details
7.10.5(a)	Remuneration Committee – Members	The Remuneration Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non- Executive Directors, whichever is higher.	Compliant	The Remuneration Committee comprises two Independent Non-Executive Directors.
7.10.5(b)	Remuneration Committee Functions	The Remuneration Committee shall recommend to the Board remuneration payable to the Executive Directors and to the CEO	Compliant	Refer Remuneration Committee Report of this Annual Report.
7.10.5(c)	Disclosure in the Annual Report	The Annual Report should set out: <ul style="list-style-type: none"> • Names of the Directors of the Remuneration Committee • The statement of Remuneration Policy • Aggregate remuneration paid to Executive and Non-Executive Directors 	Compliant	Refer Remuneration Committee Report of this Annual Report.
7.10.6	Audit Committee	A listed company shall have an Audit Committee	Compliant	Refer Audit Committee Report of this Annual Report.
7.10.6(a)	Composition of the Audit Committee	<ul style="list-style-type: none"> • The Audit Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors, whichever is higher. • One of the Non-Executive Directors shall be appointed as the Chairman of the Committee by the Board of Directors • The CEO and CFO shall attend the Audit Committee meetings • The Chairman or one member of the Audit Committee shall be a member of a recognised professional accounting body 	Compliant	<ul style="list-style-type: none"> • The Audit Committee comprises of three Independent Non-Executive Directors • Mr. Sanjay Kulatunga (Independent Non-Executive Director) acts as the Chairman of the Committee • The Group CEO and CFO attend meetings by invitation • The Chairman is an Associate Member of the Chartered Institute of Management Accountants and is a Chartered Financial Analyst (CFA)

CORPORATE GOVERNANCE REPORT

CSE Rule No.	Subject	Requirement	Compliance	Details
7.10.6(b)	Functions of the Audit Committee	<p>The Audit Committee shall oversee the following functions.</p> <ul style="list-style-type: none"> • Preparation, presentation and disclosure of the financial statements and ensure they are in line with the Sri Lanka Accounting Standards • Compliance with financial reporting, Companies Act and other financial reporting regulations and requirements • Processes to ensure that Internal Controls and risk management are adequate to meet the requirements of Sri Lanka Accounting Standards • Assessment of the independence and performance of external auditors • Appointment, re-appointment and removal of external auditors and approve the terms of remuneration and terms of engagement. 	Compliant	Refer the Audit Committee Report in the Annual Report.
7.10.6(c)	Disclosure in the Annual Report	<p>The Annual Report shall disclose:</p> <ul style="list-style-type: none"> • Names of the Directors of the Audit Committee • The determination of the independence of the Auditors and the basis for such determination • A Report by the Audit Committee setting out the manner of compliance with the listing rule 7.10 on Corporate Governance 	Compliant	Refer the Audit Committee Report and the Directors' Disclosures on Directors Profiles.

RISK MANAGEMENT REPORT

Effective Risk Management is fundamental to the business activities of the Group and it should encompass a responsible approach to the risks and opportunities arising in connection with business operations. While we remain committed to increasing shareholder value by developing and growing our business within our Board determined risk appetite, we are mindful of achieving this objective in line with the interest of all stakeholders.

We seek to achieve an appropriate balance between risk and reward in our business and continue to build and enhance the risk management capabilities that assists in delivering our growth plans in a controlled manner. A disciplined approach to risk is important in a diversified organisation like ours in order to ensure that we are executing according to our strategic objectives and that we only accept risk for which we are adequately compensated.

Our philosophy is to have a strong culture of risk management, combined with a sound risk framework that effectively supports appropriate risk awareness, behaviors and sound risk-based decision making and we are committed to continually improve our risk management framework, capabilities, and the culture across the Group to ensure long term growth and sustainability of our business.

RISK GOVERNANCE

The Board recognises that risk is an integral component of the business, and that it is characterised by both threats and opportunity. The Group fosters a risk aware corporate culture in all decision-making, and is committed to managing risks in a proactive and effective manner.

The Group's approach to risk management is embedded in its Risk Governance Framework which consists of Committees at both Board and Management level which operate with approved terms of reference with clearly defined mandates and roles and responsibilities.



RISK MANAGEMENT REPORT

The Board is primarily responsible for ensuring that the risks are identified and properly managed across the Group. The Group Risk Committee, Risk & Control and Internal Audit are integral to the Group's risk governance structure where it reports to the Senior Management and the Audit Committee to evaluate the risks faced by the Group, as well as the effectiveness of the Group's management of these risks.

Committee	Representation	Terms of reference	Meeting Frequency	Objective
Audit Committee	Board	Audit Committee Charter	Quarterly	Review the effectiveness of the Group's risk management process, including the systems established to identify, assess, manage, and monitor the risks
Risk Committee	Management	Risk Committee Charter	Bi-monthly	Ensure all risks from Operational, Economic to Strategic identified across the Group through risk reviews, internal audits, external audits and other sources are mitigated through implementation of policies, processes and controls to ensure a robust Risk, Compliance & Governance framework in order to assist the Audit Committee in fulfilling its oversight responsibilities towards the Board with regard to the Risk Management
Insurance Committee	Management	Insurance Committee Charter	Periodically	Ensure sufficient and adequate coverage through insurance against risks faced by companies within the Group

Risk Committee meeting minutes are tabled at Audit Committee periodically concerning the adequacy and effectiveness of the internal control system and key risks within the Group.

RISK APPROACH

We recognise that risk management is the responsibility of everyone within the Group where risk management is integrated into business processes including strategy development, business planning, investment decisions, internal controls and day to day operations. Responsibility and accountability for risk management resides at all levels within the Group, from the Board down through the organisation to each Business Unit Head.

We recognise that effective and comprehensive risk management must include three distinct lines of defence including Business Units, Group Risk & Control and Internal Audit where:

1st Line of Defence - Head of Business Units

- Responsible for operating in accordance with the delegated mandates and managing risks and maintaining effective internal controls.

2nd Line of Defence - Risk & Control Function

- Assesses and reports on material risks, process lapses, non-compliance within the Group, monitors and follows up on closure of the risks.

3rd Line of Defence - Internal Audit

- Provides independent and objective assurance on the effectiveness of overall governance, risk management and control framework and monitors the effectiveness of implementation of agreed actions to mitigate identified risks through follow up audits.

RISK MANAGEMENT REPORT

RISK FACTORS

The below table highlights the main risk factors known to Expolanka in order of Expolankas' current view of expected significance which could affect the achievement of strategic and business objectives. The risk overview may, however, not include all the risks that may ultimately affect Expolanka. Aggregating the risks of companies within the Group remains a challenge due to the diverse business models, risk profiles and multiple geographies. However the management believes that there are adequate controls and mitigation action in place to manage the below identified risk factors.

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 13/14	Risk Grading 14/15	Risk Grading 15/16
Business Partner Risk	Loss of Principals/Business Partners due to global mergers and acquisitions, intense competition, service level gaps	<ul style="list-style-type: none"> • Transaction to Solution driven business initiatives to add value to the service provided. • Improvement to Service Level Agreements • Investment committee evaluations on new investments 	Medium	Medium	Medium
Product & Market Dependency Risk	Loss of market share or market leadership in relevant segment due to intense competition from existing and potential competitors, changes in customer attitudes due to adverse economic and social conditions.	<ul style="list-style-type: none"> • Synergistic acquisitions to broaden the product and market range • Venture into new markets with existing products for growth opportunities post in-depth review • Enhanced overall supply chain management to provide a comprehensive value added solutions to the customer 	Medium	Medium	Medium
Credit risk	Probable income loss arising due to the probability of default by the company's debtors.	<ul style="list-style-type: none"> • Credit Evaluation and Approvals • Company wise credit policies • Credit default recoveries through centralised legal department 	Medium	Medium	Medium
Investment Risk	The future profitability of the Group is affected by the degree of realisation of expected earnings on investments	<ul style="list-style-type: none"> • Investment appraisal on new ventures by the Investment Committee • Expert Legal advice on investment agreements • In-depth Financial, Commercial and Legal due diligence on investment prior to decision making 	Medium	Medium	Medium
Legal & Compliance Risk	Changes to regulations or new regulations imposed could bring adverse effect on our businesses.	<ul style="list-style-type: none"> • Monthly Report on Statutory Compliance • Legal Policies and Procedures • Legal Audit 	Low	Low	Medium
Human Capital Risk	Risk arising as a result of failure to attract, develop and retain a skilled workforce	<ul style="list-style-type: none"> • HR Leadership Development Programmes • Enhanced sources of recruitment • Reward and recognise hard work, innovation and excellence • Health camps 	Low	Low	Low

RISK MANAGEMENT REPORT

Risk Factors	Risk Exposure	Key Controls & Mitigating Actions	Risk Grading 13/14	Risk Grading 14/15	Risk Grading 15/16
System & Technology Risk	Potential for system failures, Inaccuracy or delays in decision making due to inaccurate or non-availability of timely information from key computer systems	<ul style="list-style-type: none"> • Independent ITGC Audit • Robust controls to secure IT systems and processing information to increase confidentiality and integrity of data. • Recruitment of Specialised IT Security personnel • Implementation of Disaster Recovery with latest technologies to support business continuity. • Improvement of existing IT security infrastructure and implementation of new firewall system to support branch network. • Trainings on existing and latest best suited technologies and adaptation of available IT best practice to align with IT governance. 	Medium	Medium	Medium
Foreign Exchange Risk	Potential losses as a result of high volatility in foreign currency exchange rates against the Sri Lankan Rupee.	<ul style="list-style-type: none"> • Group Treasury Policy • Natural Hedging through receivables and payables • Convert or Hold foreign currency strategy based on exchange rate movement 	Low	Low	Medium
Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events	<ul style="list-style-type: none"> • Group Policies and Procedures • Periodic audit performed by Internal Auditors to ensure compliance and the effectiveness of operational controls. • Business continuity plans to ensure smooth operations 	Medium	Medium	Medium
Country Risk	Risk of operating in new markets, political risks	<ul style="list-style-type: none"> • Analysing PEST factors and developing appropriate strategies • Monitoring of country specific legal & regulatory requirements 	-	Medium	Medium
Reputational Risk	Reputational risk results from damage to the Group's image among stakeholders, which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.	<ul style="list-style-type: none"> • Channeling of all media communications through Group's Corporate Communication department • Customer feedback system implemented to gauge customer satisfaction as a part of continuous development • Brand monitoring and approval process to mitigate potential brand threats • Communication of Code of Ethics to all recruits • Strict adherence to statutory and regulatory compliance 	-	Medium	Medium

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

PURPOSE

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

Related Party Transaction Review Committee assists the Board in reviewing related party transactions carried out by the Group. The purpose of the Committee is to conduct an appropriate review of the company's related party transactions and to ensure that the company complies with the rules set out in the Code. The primary objective of the rules is to ensure that the interests of the shareholders as a whole are considered when entering into related party transactions.

COMPOSITION

The Related Party Transactions Review Committee is appointed by the Board of Directors of the Company and comprised of below Independent Non-Executive Directors as at 31st March 2016. Brief profiles of the members are given on pages 16 to 17 of the Annual Report.

	Membership
Mr. Sanjay Kulatunga	Chairman
Mr. Harsha Amarasekera	Member
Mr. Toji Shiho	Member

The Company Secretary functions as the Secretary to the Related Party Transactions Review Committee.

ROLES & RESPONSIBILITIES

The mandate for the Committee includes inter-alia the following:

- To develop a Related Party Transaction policy consistent with the provisions of the Code and the Rules.
- To review all proposed Related Party Transactions in compliance with the provisions of the Code.
- To update the Board of Directors on the Related Party Transactions of the company on a quarterly basis.
- To make immediate market disclosures on applicable Related Party Transactions as required by the Continuing Listing Requirements of the CSE.
- To include appropriate disclosures on Related Party Transactions in the annual report as required by the Continuing Listing Requirements of the CSE.

On behalf of the Related Party Transaction Review Committee



Sanjay Kulatunga

Chairman

Related Party Transactions Review Committee

REMUNERATION COMMITTEE REPORT

The Remuneration committee of Expolanka Holdings PLC consists of two independent Directors. Namely;

- Mr. Harsha Amarasekera PC (Chairman)
- Mr. Sanjay Kulatunga

The ultimate objective of the Remuneration Committee and its' policy since its inception was to ensure that members of the Executive Management of the Company are provided with appropriate incentives to;

- a) Encourage enhanced performance
- b) Ensure fair and responsible rewards for individual contributions to the success of the Company
- c) Review the relevance of the remuneration policy and make required changes

The Remuneration Committee met once during the year. The committee reviewed the salary and benefits of the Group CEO of the company. The rating scale which was

established by the Remuneration Committee to measure performance and reward top management continued to be adopted during the year 2015/2016 in determining the salary revisions of the top management of the Group. The Remuneration Committee will initiate the revision of this scale for the financial year 2016/2017.

The committee interacted with the Group CEO, and the Director – Group Finance in carrying out their duties. The work of the committee was facilitated by the Director - Group HR based on the directions and requests of the Chairman and the members of the Remuneration Committee.



Harsha Amarasekera
Chairman - Remuneration Committee

FINANCIAL REPORTS

- 150** Annual Report of the Board of Directors on the Affairs of the Company
- 155** The Statement of Directors' Responsibilities
- 156** Audit Committee Report
- 159** Independent Auditor's Report
- 160** Statement of Financial Position
- 161** Statement of Profit or Loss
- 162** Statement of Comprehensive Income
- 163** Statement of Changes In Equity
- 164** Statement of Cash Flows
- 165** Notes to the Financial Statements

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors have pleasure in presenting the Annual Report on the State of Affairs, together with the Audited Financial Statements for the year ended 31st March 2016 of Expolanka Holdings PLC, a Diversified Holding Company, listed on the Colombo Stock Exchange, Audited Consolidated Financial Statement of the Group and the Auditors' Report on those Financial Statements. Expolanka Holdings PLC which was incorporated in Sri Lanka on 05th March 2003 as a Private Limited Liability Company under the Companies Act No. 17 of 1982 and Re-registered on 11th November 2008 as Public Limited Liability Company under the Company's Act No 07 of 2007, Company's Re-registration Number is PB 744PQ.

The contents of this Report are in accordance with the statutory requirements, the requirements of relevant regulatory authorities and best accounting practices which have been brought to the notice of the shareholders and other stakeholders. These Audited Financial Statements were approved by the Board of Directors on 28th June 2016.

COVENANT AND CORE VALUES

Expolanka's covenant is;
'Building a great business with a dare to do spirit'

and the Expolanka's core values are;

- We will always follow ethical business principles in transacting and managing business
- Caring for stakeholder's interests
- Commitment to excellence
- Innovation and entrepreneurship

The business activities of the Company and the Group are conducted maintaining the highest levels of ethical standards in achieving its corporate objectives. All new staff absorbed

to the permanent cadre of the Company are briefed on the requirements of the code of conduct and ethics.

PRINCIPAL ACTIVITIES

Expolanka Holdings PLC, the Group's holding Company manages a portfolio consisting of a range of diverse business operations, which together constitute the Expolanka Group, and provides numerous function based services to its Group Companies. The Companies within the Group and its holding percentages are described on pages 166 to 167 of this Annual Report. The principal activities of the Group are categorised into four sectors namely, Freight & Logistics, Travels & Leisure, International Trading & Manufacturing and Investments & Services.

BUSINESS REVIEW AND PROSPECTS

A review of both financial and operational performances during the year under review along with financial highlights and also future business developments and strategies of the Group Sectors and Individual Business Units are described in the Management Discussion and Analysis section, Chairman's Message and CEO's Review of the Annual Report. These reports together with the Audited Financial Statements reflect the state of the affairs of the Company and the Group.

The Directors, to the best of their knowledge and belief confirm that the Company and the Group have not engaged in any activities that contravene the laws and regulations of the country and any regulatory institutions.

FINANCIAL STATEMENTS

The Audited Financial Statements of the Company and the Group are given on pages 160 to 207.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 159.

ACCOUNTING POLICIES

Details of accounting policies have been discussed in Note 2.4 of the financial statements. There have been no changes in the accounting policies adopted by the Group during the year under review.

REVENUE

Revenue generated by the Company amounted to Rs.121, 107,876 (2015 – Rs.142, 547,931) whilst Group revenue amounted to Rs.56,014,968,958 (2015-Rs.52, 651,744,313). Contribution to the Group revenue from the different business segments is provided in page 200.

RESULTS AND APPROPRIATIONS

The profit after tax of the Holding Company was Rs. (256,058,813) (2015 - Rs. 402,837, 367) whilst the Group profit attributable to equity holders of the parent for the year was Rs. 1,113,390,922 (2015 - Rs. 885,785,599). Results of the Company and of the Group are given in the income statement in the audited financial statement.

The Company declared an interim dividend of Rs.234,589,803 at Rs. 0.12 cents per share for the financial year 2015/16. Dividend per share has been computed based on the amount of dividends recognised as distribution to the equity holders during the period. As required by Section 56 (2) of the Companies Act No 7 of 2007, the Board of Directors has confirmed that the company satisfies the solvency test in accordance with Section 57 of the Companies Act No 7 of 2007, and has obtained a certificate

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

from the auditors, prior to declaring the dividend.

DONATION

Total donations made by the Company and Group during the year amounted to Rs.0 (2015 -Rs.0) and Rs. 6,374,104 (2015 - Rs. 9,116,939) respectively. The amounts do not include contributions on account of Corporate Social Responsibility (CSR) initiatives. The CSR initiatives, including completed and on-going projects, are detailed in the sustainability report of the annual report.

PROPERTY, PLANT AND EQUIPMENT

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 30,183,952 (2015 - Rs. 44,064,097) and Rs. 3,422,884,974 (2015 - Rs. 3,376,244,302) for the Company and the Group respectively. Capital expenditure for the Company and the Group amounted to Rs. 6,748,809 (2015 - Rs.4, 837,004 and Rs. 573,240,997 (2015-Rs.479,410,062) respectively. Details of Property, Plant and Equipment and their movements are given in Note 3 to the financial statements.

INVESTMENTS

Investments of the Company in subsidiaries, associates, joint ventures and other external equity investments amounted to Rs. 4,487,116,367 (2015 - Rs.5, 105,448,950) respectively. Detailed description of the short and long term investments held as at the balance sheet date, are given in pages 185 to 190 to the financial statements.

STATED CAPITAL MOVEMENTS

There was no movement in the stated capital during the year under review and is given below;

Stated Capital	Rs.
As at 01st April 2015	4,097,985,000
Movements during the year	-
As at 31st March 2016	4,097,985,000

DIRECTORATE

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

- Mr. Nabuaki Kondo - Chairman
- Mr. Hanif Yusoof - CEO / Executive Director
- Mr. Naosuke Kawasaki - Non-Executive Director
- Mr. Motonori Matsuzono - Non-Executive Director
- Mr. Yushifumi Matsubara - Non-Executive Director
- Mr. Osman Kassim - Non-Executive Director
- Mr. Toji Shiho - Non-Executive Independent Director
- Mr. Sanjay Kulatunga - Non-Executive Independent Director
- Mr. Harsha Amarasekara - Non-Executive Independent Director

The Directors' brief profiles are given in the Board of Directors section of the Annual Report.

The section also includes names of persons holding office as Directors of the company and all its subsidiary and associate companies as at 31st March 2016.

DIRECTORS REMUNERATION

Directors' remuneration, in respect of the Company for the financial year 2015/16 is Rs.35,716,375. Directors' remuneration in respect of the Company's Subsidiaries for the financial year 2015/16 is Rs. 334,954,748.

AUDIT COMMITTEE

The following Directors serve the Audit committee;

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

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

REMUNERATION COMMITTEE

The following Directors serve the Remuneration Committee;

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

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

RELATED PARTY TRANSACTION REVIEW COMMITTEE

The following Directors serve the Related Party Transaction Review Committee;

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

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

SHARE INFORMATION

The distribution and composition of shareholders and the information relating to share trading is given in the Share Information section of the Annual Report. Given below, as additional disclosure, are the Expolanka Holdings PLC's Board of Directors' shareholdings as at 31st March 2016.

Name of Director	No of Shares
Nabuaki Kondo	Nil
Hanif Yusoof	147,021,464
Osman Kassim	Nil
Naosuke Kawasaki	Nil
Motonori Matzuson	Nil
Yushifumi Matsubara	Nil
Toji Shiho	Nil
Sanjay Kulatunga	Nil
Harsha Amarasekara	Nil

SHAREHOLDERS

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

Major Shareholding

No.	Name of Shareholder	31st March 2016		31st March 2015	
		No. of Shares	%	No. of Shares	%
1	SG Holdings Global (Pte.) Ltd	1,319,165,681	67.48	1,005,349,680	51.43
2	Hanif Yusoof	147,021,464	7.52	147,021,464	7.52
4	Farook Kassim	110,533,865	5.65	160,741,899	8.22
5	Sattar Kassim	108,490,132	5.55	161,944,128	8.28
6	Shafik Kassim	100,150,129	5.12	163,191,899	8.35
7	HSBC INTL NOM LTD-SSBT-WASATCH INTERNATIONAL OPPORTUNITIES FUND	57,183,777	2.93	42,897,800	2.19
8	HSBC INTL NOM LTD-BBH-MATTHEWS EMERGING ASIA FUND	10,496,963	0.54	9,348,946	0.48
9	Janashakthi General Insurance Limited	10,038,263	0.51	10,038,263	0.51
10	Guardian Capital Partners PLC	6,845,150	0.35	6,845,150	0.35
11	People's Bank	6,000,000	0.31	364,767	0.02
12	Janashakthi Insurance PLC (Policy Holders)	3,780,100	0.19	3,780,100	0.19
13	Employees Trust Fund Board	3,486,700	0.18	3,486,700	0.18
14	Mohamed Haji Omar	2,102,990	0.11	511,957	0.03
15	Bank of Ceylon No. 1 Account	1,716,193	0.09	1,657,820	0.08
16	Pusparaj Nadesapillai	1,455,900	0.07	1,455,900	0.07
17	Weerasinghe Amarakoon Mudiyansele	1,156,966	0.06	1,156,966	0.06
18	Mr. Shiraz Hussein	1,140,000	0.06	1,140,000	0.06
19	Lanka Orix Finance Company PLC	1,000,000	0.05	1,000,000	0.05
20	Employees Provident Fund	966,450	0.05	966,450	0.05
	Total	1,892,730,723	96.82	1,722,899,889	88.13

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange. The Expolanka Governance section on pages 127 to 142 discusses the areas pertaining to Corporate Governance in detail.

AUDITORS

Messrs Ernst & Young, Chartered Accountants, are deemed reappointed, in terms of Section 158 of the Companies Act No. 7 of 2007, as Auditors of the Company. A resolution proposing the Directors be authorised to determine their remuneration will be submitted at the Annual General Meeting. Details of audit fees are set out in Note 21 of the financial statements. In addition to the above, Group companies, both, local and overseas, engage with other audit firms. The Auditors of the Company and its Subsidiaries have confirmed that they do not have any relationships (other than that of Auditor) with, or interests in, the Company or any of its Subsidiaries.

The Auditors Report is found in the Financial Information section of the Annual Report. The Audit Committee reviews the appointment of the Auditor, its effectiveness, its independence and its relationship with the Group, including the level of audit and non-audit fees paid to the Auditor. The details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report.

EMPLOYMENT

The Company and its Subsidiaries have an equal opportunity policy and such employee related codes are protected in the respective selection, training, development and promotion policies, ensuring that all

related decisions are purely based on merit. In this regard the Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. The number of persons employed by the Company and its Subsidiaries at year-end was 2,826 (2015–2,727). The details of the Group's employment, human resources initiatives and employees are included under the Group Human Resources section of the Annual Report. There have been no material issues pertaining to the employees and employee relations of the Company and its Subsidiaries.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the company and its subsidiaries, and all other known statutory dues as were due and payable by the company and its subsidiaries as at the balance sheet date have been paid or, where relevant provided for, except as specified in the financial statements covering contingent liabilities.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms that there is an established process in place for identifying, evaluating and managing any significant risks faced by the Group. Risk assessment and evaluation for each business unit takes place as an integral part of the annual strategic planning cycle and the major risks and mitigating actions in place are reviewed on a periodic basis by the Board and the Audit Committee. The Board, through the involvement of the Internal Audit and Risk Committee takes steps to gain assurance on

the effectiveness of internal controls in place. The Audit Committee receives reports on the results of independent Internal Audits and recommendations are made to constantly enhance the internal control system. The Risk Management report is given under the Governance Section of the Annual Report.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date that would require adjustment, other than those disclosed in Note 27 to the Financial Statements.

GOING CONCERN

The Directors are satisfied that the company, its subsidiaries and associates, have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis. The Directors after making necessary inquiries and reviews including reviews of the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risks and cash flows, and such other matters are satisfied that the Company and the Group have adequate resources to continue operations into the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

ENVIRONMENTAL PROTECTION

The Group complies with the relevant environmental laws, regulations and endeavours to comply with best practices applicable in the country of operation. A summary of selected group activities in the above area is contained in the Sustainability Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

SUSTAINABILITY

The Group pursues its business goals under corporate business governance and the Group has taken numerous steps, particularly in ensuring the conservation of its natural resources and environment. These steps have been encapsulated in a group-wide sustainability programmes that were launched and are being launched on a continuous manner and immense progress have been made in various projects. The Sustainability Report form part of this annual report and could refer on page 117 to 124 (GRI index).

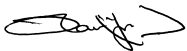
ANNUAL REPORT

The Board of Directors has approved the Company and the Consolidated Financial Statements on 28th June 2016. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

ANNUAL GENERAL MEETING

The Annual General Meeting of the company will be held at the Bougainvillea Ballroom, Hotel Galadari, No. 64, Lotus Road, Colombo 01, on Monday 3rd August 2016 at 4.30 pm.

By Order of the Board



Hanif Yusoof
Director



Osman Kassim
Director



SSP Corporate Services (Pvt) Ltd
Secretaries

28th June 2016

THE STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Responsibilities of the Directors' in relation to the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries are set out in this statement. The responsibilities of the external auditors, in relation to the financial statements is set out in the Report of the Auditors appearing on the page 159.

As per the provisions of the Companies Act No 7 of 2007, the Directors are required to ensure compliance with the requirements set out therein to prepare for each financial year and place before a general meeting financial statements which comprise of a statement of comprehensive income which presents a true and fair view of the financial performance of the Company and the Group for the financial year, and a statement of financial position which presents a true and fair view of the financial position of the Company and the Group as at the end of the financial year which complies with the requirements of the Companies Act No 07 of 2007.

The Directors have ensured that in preparing these financial statements;

- the appropriate accounting policies have been selected and applied in a consistent manner;
- all applicable accounting standards as relevant have been applied
- prudent judgement and reasonable estimates have been made so that the form and substance of transactions are properly reflected; and
- compliance with Companies Act, Listing Rules of Colombo Stock Exchange

Under the section 150 of the Company's Act No 07 of 2007, the Directors of the

Company are responsible for ensuring that proper books of accounts are maintained to record all transactions of the company and its subsidiaries and that financial statements are prepared for each financial year to give true and fair view of the state of affairs of the company and the Group as at the end of the financial year and of the profit or loss for the year. In keeping with requirement, company has maintained proper books of account and the financial reporting system is reviewed at regular intervals.

Following a review of the Company's financials, the Directors are satisfied that the company and its subsidiaries have adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the basis of going concern and the Board accepts responsibility for the integrity and objectivity of the financial statements presented.

The company's auditors, Messrs. Ernst & Young, reappointed were provided with every opportunity to take whatever steps and undertake whatever inspections that they considered being appropriate to enable them to express their opinion on the financial statements. The Report of the Auditors, shown on page 159 sets out their responsibilities in relation to the financial statements.

The Directors are aware of the responsibility for taking reasonable steps to safeguard the assets of the Company and of its subsidiaries through internal control systems to prevent and detect fraud and other irregularities. The Directors have accordingly instituted comprehensive internal control mechanism to ensure that as far as it is practically possible, the Company's business is carried out in an

orderly manner, that its assets are safeguarded and that the records of the company are accurate and reliable.

Further, as required by Section 56 (2) of the Companies Act No 7 of 2007, the Board of Directors have confirmed that the Company, based on the information available, satisfies the solvency test and have obtained certificates from the auditors, prior to declaring the first interim dividend of Rs. 0.12 per share declared on 9 July 2015.

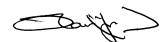
Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes and other statutory dues payable and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries for the financial year have been paid or provided for in arriving at the financial results for the year under review.



Osman Kassim
Director



Hanif Yusoof
Director

28th June 2016

AUDIT COMMITTEE REPORT

ROLE OF THE COMMITTEE

The Audit Committee operates under a written charter adopted by the Board of Directors which is in line with the provisions of the Code of Best Practice. Pursuant to that charter, the committee assists the Board of Directors in fulfilling its oversight responsibilities relating to:

- The quality and integrity of the Company's financial statements prior to the publication and financial reporting process
- The adequacy and effectiveness of the Company's internal controls and procedures for financial reporting;
- The effectiveness of management's enterprise risk management process that monitors and manages key business risks facing the Company;
- The selection and performance of the Company's independent Internal and External auditors; and
- The independent auditors' qualifications and independence.

COMPOSITION

The Committee comprises of 3 Independent Non-Executive Directors in accordance with the provisions of the Code of Best Practice on Corporate Governance. The Chairman of the Committee, Mr. Sanjay Kulatunga who is an Independent Non-Executive Director is an Associate Member of the Chartered Institute of Management Accountants (ACMA) as well as a Chartered Financial Analyst (CFA). He counts many years of experience in the Financial Services industry. Brief profiles of the members are given on the pages 16 to 17 of this annual report.

The composition of the Audit Committee changed during the year when, Mr. Toji Shio was appointed as a member to the Audit Committee in February 2016. Mr. Toji Shio holds a MBA in Finance, Accounting and Law and brings a wealth of experience in Business Restructuring and Mergers & Acquisitions and is well placed to add valuable insights to the Committee's deliberations.

MEETINGS

The Audit Committee of the company convened 4 meetings during the financial year and the attendance of the members of the Audit Committee was as follows:

	25th May 2015	3rd Aug 2015	11th Nov 2015	2nd Feb 2016
Mr. Sanjay Kulatunga	✓	✓	✓	✓
Mr. Harsha Amarasekera	✓	✓	✓	✓
Mr. Toji Shio				✓

** Appointed with effect from 2nd Feb 2016*

The Group Finance Director, Group CEO, Group COO, Group Risk & Control and Senior Management also attended the Audit Committee meetings by invitation. The External Auditors and the Internal Auditors were also invited to attend meetings when necessary.

The minutes of the Audit Committee meetings are tabled at the Board meetings and the committee provides regular updates to the Board on the key issues discussed at the Committee meetings.

Company Secretaries, S.S.P. Corporate Services (Pvt) Ltd act as the Secretary to the Audit Committee.

AUDIT COMMITTEE REPORT

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

Meeting Date	Key Points of Discussion
25th May 2015	<ul style="list-style-type: none"> • Review of Quarterly Financials for the period ending 31st March 2015 • Review and approval of Consolidated Financial Statements for the year ending 31st March 15 • Review of progress and savings materialised from the Cost Committee. • Review with EY Partner on areas highlighted in the Management Letter and the discussion with management on the actions taken/ to be taken with each point highlighted in the report • Discussion with PwC on key internal audit findings arising from the 14/15 audit cycle and actions and follow up procedures in place for the closure of the same along with the proposed Internal Audit plan for 15/16. • Presentation and progress update on the implementation of new ERP system along with cost, benefits, available resources and time lines
3rd August 2015	<ul style="list-style-type: none"> • Review of Financial Statements for the quarter ending 30th June 2015. • Sector wise review of 1st quarter financials • Discussion and review of Medical Insurance, Directors & Officers Liability Insurance cover and Travel Insurance cover across the Group • Discussion on the direction of carry forward tax losses • Tabling and review of Risk Committee minutes
11th November 2015	<ul style="list-style-type: none"> • Review of Financial Statements for the quarter ending 30th September 2015. • Sector wise review of 2nd quarter financials • Status update on company wise credit policy roll out • Discussion and update on the tax assessments of the Group. • A status and progress update by PwC on the Internal Audits carried out during the financial year. • Tabling and review of management responses to the Management Letter issued by External Auditors • Tabling and review of Risk Committee minutes with an update on the Compliance Reporting and direction on Intellectual Property audit • Discussion and Direction on the Formation of related Party Transaction Review Committee
2nd February 2016	<ul style="list-style-type: none"> • Review of Financial Statements for the quarter ending 31st December 2015. • Sector wise review of 3rd quarter financials. • Review of Group's tax assessments along with the exposure and the status quo. • Review of Medical Insurance for Overseas Stations and Travel Cover for frequent travelers of the Group. • Progress update on the new ERP implementation across the Group to centralise the finance of all freight stations in order to achieve the real time data through global integration.

INTERNAL CONTROL AND RISK MANAGEMENT

The Committee has reviewed the ongoing effectiveness of the company's risk management processes as a part of its wider review of the effectiveness of internal controls. Review of risks and internal controls encompassed periodic discussions with senior management, meetings with External and Internal Auditors and review of the minutes of the Risk Committee meetings which are tabled at the audit committee meetings.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT

The Audit Committee exercises oversight over the Internal Audit function. The Committee reviewed the adequacy of coverage of the risk based audit plan of independent internal auditors, Messrs. Price Waterhouse Coopers for 15/16 and approved the same at the beginning of the year. The frequency of Internal Audits are decided based on the risk profile of each company, higher risk areas being audited on a shorter audit cycle with greater focus. Follow up reviews were part of the scope to ascertain that audit recommendations are being acted upon.

The Committee met the auditors periodically to review the progress against the plan and key findings resulting from the audits in order to evaluate the company's internal control systems. The Committee also reviewed the results of audits and action plans given to address the findings.

The Audit Committee also reviewed the independence, objectivity and performance of the Internal Auditors.

EXTERNAL AUDIT

In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management and Messrs. Ernst & Young External Auditors the Company's audited financial statements, including the quality of the financial reporting, the reasonableness of significant accounting judgments and estimates and the clarity of disclosures in the financial statements, and the assessment of the Company's internal controls over financial reporting.

The Committee also reviewed the Management Letter issued by the External Auditor and the management responses thereto and action plans of the management to resolve the points in the letter.

The interim financial statements of the company were reviewed and discussed with prior to release of same to the Regulatory Authorities and shareholders.

The Committee reviewed the nature of services provided by the auditors, and has determined that Messrs. Ernst & Young were independent on the basis that they did not carry out any management related functions of the company.

The Committee reviewed the effectiveness of the external audit and recommended to the Board to reappoint Messrs. Ernst & Young Chartered Accountants as the Lead/ Consolidation auditors of the Group for the financial year ending 31st Mar 2017, subject to the approval by the shareholders at the Annual General Meeting.

The Audit Committee is satisfied that Group accounting policies and operational controls provide reasonable assurance that affairs of the Group are managed in accordance with regulatory and statutory requirements and that adequate safeguards are in place to meet general business risk.



Sanjay Kulatunga
Chairman - Audit Committee

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EXPOLANKA HOLDINGS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Expolanka Holdings PLC, ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at 31st March 2016, and the statement of profit or loss and statement of comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash

flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion, scope and limitations of the audit are as stated above.
- b) In our opinion:
 - 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,
 - the financial statements of the Company give a true and fair view of its financial position as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
 - the financial statements of the Company and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

28 June 2016
Colombo

STATEMENT OF FINANCIAL POSITION

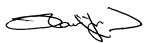
As at 31st March	Note	Group		Company	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
ASSETS					
Non-current Assets					
Property, Plant and Equipment	3	3,422,884,974	3,376,244,302	30,183,952	44,064,097
Intangible Assets	4	468,006,886	566,515,697	-	-
Investments in Subsidiaries	5	-	-	3,745,815,348	3,882,688,265
Investment in Associate and Joint Venture	6	377,526,242	351,646,882	43,990,000	43,990,000
Other Financial Assets	7	245,139,682	284,669,214	209,793,587	249,141,345
Deferred Income Tax Assets	14	75,845,754	65,286,025	-	-
		4,589,403,538	4,644,362,120	4,029,782,887	4,219,883,707
Current Assets					
Inventories	8	182,375,113	176,995,040	-	-
Trade and Other Receivables	9	12,224,467,805	11,691,818,247	1,237,802,073	1,043,585,229
Prepayments		1,886,006,779	1,940,720,208	31,931,896	7,876,473
Other Financial Assets	7	610,142,949	540,585,203	487,517,432	929,629,340
Income Tax Recoverable		44,714,257	40,397,228	-	-
Cash and Cash Equivalents	10	3,137,502,679	2,957,659,752	272,679,860	700,806,876
		18,085,209,582	17,348,175,678	2,029,931,261	2,681,897,918
Total Assets		22,674,613,120	21,992,537,798	6,059,714,148	6,901,781,625
EQUITY AND LIABILITIES					
Stated Capital	11	4,097,985,000	4,097,985,000	4,097,985,000	4,097,985,000
Reserves	12	408,515,548	10,653,110	(20,256,133)	(12,346,510)
Retained Earnings		7,347,912,590	6,518,225,206	1,786,534,392	2,283,893,309
Equity attributable to equity holders of the parent		11,854,413,138	10,626,863,316	5,864,263,259	6,369,531,799
Noncontrolling interest		1,265,715,845	990,957,260	-	-
Total Equity		13,120,128,983	11,617,820,576	5,864,263,259	6,369,531,799
Non-current liabilities					
Financing and Lease (Ijara) Payables	13	183,300,244	526,886,593	93,838,822	441,090,712
Deferred Income Tax liabilities	14	29,920,646	29,569,268	-	-
Retirement Benefit Obligation	15	464,676,143	347,921,828	23,660,399	14,062,518
		677,897,033	904,377,689	117,499,221	455,153,230
Current liabilities					
Financing and Lease (Ijara) Payables	13	1,609,279,107	1,292,168,760	5,476,166	4,828,365
Trade and Other Payables	16	6,749,540,208	7,830,043,362	72,475,502	72,268,231
Income Tax liabilities		517,767,789	348,127,411	-	-
		8,876,587,104	9,470,339,533	77,951,668	77,096,596
Total Equity and liabilities		22,674,613,120	21,992,537,798	6,059,714,148	6,901,781,625
Net Assets per Share		6.06	5.44	3.00	3.26

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



Mushtaq Ahamed
Director - Group Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,



Hanif Yusoof
Director



Osman Kassim
Director

The accounting policies and notes on pages 165 through 207 form an integral part of the financial statements.

161EXPOLANKA HOLDINGS PLC
Annual Report 2015/16**STATEMENT OF PROFIT OR LOSS**

Year ended 31st March	Note	Group		Company	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Revenue	17	56,014,968,958	52,651,744,313	121,107,876	142,547,931
Cost of Sales		(45,656,226,738)	(44,134,636,204)	-	-
Gross Profit		10,358,742,220	8,517,108,109	121,107,876	142,547,931
Other operating income and gains	18	380,088,596	477,458,505	176,708,929	678,576,935
Selling and distribution expenses		(1,099,905,417)	(614,995,663)	(5,004,019)	(8,366,080)
Administrative expenses		(7,536,862,057)	(6,923,876,454)	(547,510,345)	(407,743,188)
Operating profit/(loss)		2,102,063,342	1,455,694,497	(254,697,559)	405,015,597
Finance costs	19	(91,503,879)	(153,953,247)	(1,361,254)	(2,178,230)
Share of profit of associates and joint ventures (net of tax)	6	36,624,081	12,216,682	-	-
Profit/(loss) before tax	20	2,047,183,544	1,313,957,932	(256,058,813)	402,837,367
Income tax expense	21	(601,387,733)	(266,475,125)	-	-
Profit/(loss) for the year		1,445,795,811	1,047,482,806	(256,058,813)	402,837,367
Attributable to:					
Owners of the Parent		1,113,390,922	885,785,599		
Noncontrolling interest		332,404,889	161,697,207		
		1,445,795,811	1,047,482,806		
Basic Earnings/(Loss) per Share	22	0.570	0.453	(0.13)	0.21
Dividend per Share	22.3			0.12	-

The accounting policies and notes on pages 165 through 207 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Profit/(loss) for the year	1,445,795,811	1,047,482,806	(256,058,813)	402,837,367
Other comprehensive income				
Other comprehensive income to be reclassified to income statement in subsequent periods				
Net Exchange differences on translation of foreign operations	409,757,462	(56,419,312)	-	-
Net gain/(loss) on available-for-sale financial assets	(11,895,024)	30,740,654	(7,909,623)	23,728,870
Other comprehensive income not to be reclassified to income statement in subsequent periods				
Actuarial gain/(loss) on defined benefit plans	(52,783,147)	(70,300,449)	(6,710,301)	(1,163,387)
Income tax effect	3,669,412	599,258	-	-
	(49,113,735)	(69,701,191)	(6,710,301)	(1,163,387)
Other comprehensive income for the year, net of tax	348,748,703	(95,379,849)	(14,619,924)	22,565,483
Total comprehensive income for the year, net of tax	1,794,544,514	952,102,958	(270,678,737)	425,402,850
Attributable to:				
Owners of the Parent	1,462,139,625	790,405,751		
Noncontrolling interest	332,404,889	161,697,207		
	1,794,544,514	952,102,958		

The accounting policies and notes on pages 165 through 207 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital Rs.	Available for sale Reserve Rs.	Foreign Currency Translation Reserve Rs.	Retained Earnings Rs.	Total Rs.	Non- controlling Interest Rs.	Total Equity Rs.
As at 01st April 2014	4,097,985,000	(36,075,379)	72,407,147	5,702,140,798	9,836,457,566	928,940,755	10,765,398,321
Profit for the year	-	-	-	885,785,599	885,785,599	161,697,207	1,047,482,806
Other comprehensive income	-	30,740,654	(56,419,312)	(69,701,191)	(95,379,849)	-	(95,379,849)
Total comprehensive income	-	30,740,654	(56,419,312)	816,084,408	790,405,750	161,697,207	952,102,957
Dividend	-	-	-	-	-	(38,848,402)	(38,848,402)
Disposal of Subsidiaries	-	-	-	-	-	(63,639,748)	(63,639,748)
Amount transferred due to changes in holdings	-	-	-	-	-	2,807,448	2,807,448
As at 31st March 2015	4,097,985,000	(5,334,725)	15,987,835	6,518,225,206	10,626,863,316	990,957,260	11,617,820,576
Profit for the year	-	-	-	1,113,390,922	1,113,390,922	332,404,889	1,445,795,811
Other comprehensive income	-	(11,895,024)	409,757,462	(49,113,735)	348,748,703	-	348,748,703
Total comprehensive income	-	(11,895,024)	409,757,462	1,064,277,187	1,462,139,625	332,404,889	1,794,544,514
Dividend	-	-	-	(234,589,803)	(234,589,803)	(61,436,075)	(296,025,878)
Disposal of Subsidiaries	-	-	-	-	-	1,909,823	1,909,823
Amount transferred due to changes in holdings	-	-	-	-	-	1,879,948	1,879,948
As at 31st March 2016	4,097,985,000	(17,229,749)	425,745,297	7,347,912,590	11,854,413,138	1,265,715,845	13,120,128,983

Company	Stated Capital Rs.	Available for sale Reserve Rs.	Retained Earnings Rs.	Total Rs.
As at 01st April 2014	4,097,985,000	(36,075,380)	1,882,219,329	5,944,128,949
Profit for the year	-	-	402,837,367	402,837,367
Other comprehensive income	-	23,728,870	(1,163,387)	22,565,483
Total comprehensive income	-	23,728,870	401,673,980	425,402,850
As at 31st March 2015	4,097,985,000	(12,346,510)	2,283,893,309	6,369,531,799
Loss for the year	-	-	(256,058,813)	(256,058,813)
Other comprehensive income	-	(7,909,623)	(6,710,301)	(14,619,924)
Total comprehensive income	-	(7,909,623)	(262,769,114)	(270,678,738)
Dividend	-	-	(234,589,803)	(234,589,803)
As at 31st March 2016	4,097,985,000	(20,256,133)	1,786,534,392	5,864,263,259

The accounting policies and notes on pages 165 through 207 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Year ended 31st March	Note	Group		Company	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Cash Flows From / (Used in) Operating Activities					
Profit/(loss) before Income Tax Expenses		2,047,183,543	1,313,957,932	(256,058,813)	402,837,367
Adjustments for,					
Depreciation	3.1.2	346,319,641	458,082,221	19,344,728	21,976,411
Amortisation	5.1.2	27,145,002	17,717,007	-	-
Income from Investments		(1,408,946)	(14,338,404)	(28,457,813)	(48,353,384)
Profit on Sale of Property, Plant and Equipment		(31,801,219)	(20,986,931)	347,557	(5,727,500)
Profit on Sale of Subsidiaries		(13,738,853)	(116,562,143)	60,031,839	(552,065,834)
Profit on sale of Investments		-	(3,054,100)	-	(3,054,100)
Finance Cost		91,503,879	153,953,247	1,361,254	2,178,230
Profit share of investment in associates	7.2	(36,624,081)	(12,216,682)	-	-
Provision for falling value of investments		(36,112,402)	18,056,201	(36,112,402)	18,056,201
Provision for Bad and Doubtful Debtors		239,264,954	58,974,735	-	-
Provision for Impairment of Goodwill		74,612,859	-	-	-
Provision for Impairment of investments		-	-	66,201,281	-
Provision for Defined Benefit Plans		75,358,285	81,919,990	4,334,830	3,501,351
Operating Profit / (Loss) before Working Capital Changes		2,781,702,662	1,935,503,073	(169,007,539)	(160,651,258)
(Increase)/Decrease in Inventories		(20,224,134)	123,152,552	-	-
(Increase)/Decrease in Trade and Other Receivables		(910,448,310)	(1,494,330,948)	(185,238,523)	(328,267,376)
(Increase)/Decrease in Prepayments		29,845,246	(717,579,091)	(24,055,423)	16,979,631
Increase/ (Decrease) in Trade and Other Payables		(1,005,808,629)	962,304,164	31,645,405	2,768,398
Net change in working capital due to Group structure change		1,879,948	2,807,448	-	-
Cash Generated from Operations		876,946,783	811,857,199	(346,656,080)	(469,170,605)
Finance Cost paid		(91,503,879)	(153,953,247)	(1,361,254)	(2,178,230)
Income Tax Paid		(446,272,736)	(302,498,587)	-	-
Defined Benefit Plan Costs paid		(23,265,079)	(35,741,630)	(1,447,250)	(3,191,375)
Net Cash From / (Used in) Operating Activities		315,905,089	319,663,734	(349,464,584)	(474,540,210)
Cash Flows From / (Used in) Investing Activities					
Investment Income Received		1,408,946	14,338,404	19,479,491	38,330,942
Acquisition of Property, Plant and Equipment	3.1.4	(573,240,997)	(479,410,062)	(6,748,809)	(4,837,004)
Acquisition of Intangible assets		-	(116,103,759)	-	-
Proceeds from Sale of Property, Plant and Equipment		226,142,879	78,179,020	936,669	12,099,736
Net other current Investments		(71,057,746)	192,961,664	478,224,310	130,032,899
Net other non current investments		63,746,910	(31,137,911)	-	(13,675,228)
Net Acquisition of Subsidiaries		-	-	-	-
Investment made in Subsidiaries		-	-	-	(61,916,250)
Proceeds from Sale of Subsidiaries		15,393,797	740,000,000	10,639,797	740,000,000
Net Cash Flows Used in Investing Activities		(337,606,210)	398,827,355	502,531,458	840,035,095
Cash Flows From / (Used in) Financing Activities					
Net Proceeds From Financing and Lease (Ijara)		847,969,813	(916,363,262)	(4,828,132)	(4,180,564)
Dividends Paid to Minority Share holders		(61,436,075)	(38,848,402)	-	-
Dividends Paid to Parent Company Share Holders		(234,589,803)	-	(234,589,803)	-
Dividend received from Associate & Joint Venture		10,744,721	14,458,523	-	-
Net Cash Flows From / (Used in) Financing Activities		562,688,656	(940,753,141)	(239,417,935)	(4,180,564)
Effect of Exchange Rate Changes		381,489,480	(45,462,321)	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents		922,477,014	(267,724,373)	(86,351,061)	361,314,320
Cash and Cash Equivalents at the beginning of the year	10	1,468,398,497	1,736,122,870	265,775,664	(95,538,656)
Cash and Cash Equivalents at the end of the year	10	2,390,875,511	1,468,398,497	179,424,604	265,775,664

The accounting policies and notes on pages 165 through 207 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Expolanka Holdings PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 10, Mile Post Avenue, Colombo 03 and the principal place of business is situated at No. 15 A, Clifford Avenue, Colombo 03.

Ordinary shares of the company are listed on the Colombo Stock Exchange.

The financial statements for the year ended 31st March 2016, comprises “the Company” referring to Expolanka Holdings PLC as the holding company and “the Group” referring to the companies whose accounts have been consolidated therein.

1.2 Principal Activities and Nature of Operations

Holding Company

Expolanka Holdings PLC, the Group’s holding company, manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Expolanka Group and provides management and administration services to its subsidiaries and related companies.

Subsidiaries, Joint Ventures and Associates

The Subsidiaries, Joint Ventures and Associates of the Group were engaged in the business of Freight and Logistics, Travel and Leisure, International Trading and Manufacturing and Investments and Services.

There were no significant changes in the nature of principal activities of the Company and the Group during the financial year under review.

1.3 Parent and Ultimate Parent Entity

The Company’s parent entity is SG Holdings Global Pte Ltd, which is incorporated in Singapore.

1.4 Date of Authorisation for Issue

The Financial Statements for the year ended 31st March 2016 were authorised for issue by the Board of Directors on 28th June 2016.

2. ACCOUNTING POLICIES

2.1 Statement of Compliance

The Financial Statements which comprises the Statements of Financial Position, Statements of Profit or Loss, Statements of Comprehensive Income, Statements of Changes in Equity, Cash Flow statements together with accounting policies and notes have been prepared in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 7 of 2007.

2.2 Basis of Preparation

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (commonly referred by the term "SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka.

The financial statements have been prepared on an accrual basis and historical cost convention except for fair value through profit or loss financial assets and available-for-sale financial assets that have been measured at fair value.

2.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31st March 2016. Control is

achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

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Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The following subsidiaries have been incorporated in Sri Lanka.

Name of the Company	Holding Percentage	
	2016	2015
Classic Travel (Private) Limited	100%	100%
Expo Consolidators (Private) Limited	100%	100%
Expolanka (Private) Limited	100%	100%
Expolanka Freight (Private) Limited	100%	100%
Expolanka International (Private) Limited	100%	100%
Freight Care (Private) Limited	100%	100%
Globe Air (Private) Limited	100%	100%
International Airline Services (Private) Limited	100%	100%
Logistics Support Services (Private) Limited	100%	100%
Neptune Papers (Private) Limited	-	100%
Peri Logistics (Private) Limited	100%	100%
SG Logistics (Private) Limited	100%	100%
Sky Care (Private) Limited	100%	100%
UCL Logistics (Private) Limited	100%	100%
Tropical Green (Private) Limited	100%	100%
Classic Vacation (Private) Limited	100%	100%

Name of the Company	Holding Percentage	
	2016	2015
Akquasun Lanka (Private) Limited	100%	100%
Pulsar Shipping Agencies (Private) Limited	100%	100%
Travel Express (Private) Limited	100%	100%
Amoha (Private) Limited	-	60%
Global Logistics (Private) Limited	100%	100%
Norfolk Foods (Private) Limited	100%	100%
Logistics Park (Private) Limited	100%	100%
Pulsar Freight (Private) Limited	100%	100%
Alpha Aviation (Private) Limited	100%	100%
Alpha Air Solutions (Private) Limited	100%	100%
Sunpower Travels (Private) Limited	100%	100%
Pulsar Marine Services (Private) Limited	100%	100%
Bongo (Private) Limited	100%	100%
Travel Bridge (Private) Limited	100%	100%
Pulsar Marine Services (Pvt) Ltd	100%	100%

The following companies, with equity control less than 50%, have been consolidated as subsidiaries based on the power to govern the financial and operating policies of those entities.

	Holding Percentage	
	2016	2015
Expolanka Bangladesh Limited	45%	45%
Air Sea Logistics Kenya	45%	45%
UCL Logistics Ltd	41%	41%
Classic Travels Maldives Pvt Ltd	49%	49%

NOTES TO THE FINANCIAL STATEMENTS

The following subsidiaries have been incorporated outside Sri Lanka.

Name	Country of Incorporation	Functional Currency	Holding Percentage	
			2016	2015
Airline Cargo Resources Dubai- FZCO	Dubai	AED	100%	100%
Airline Cargo Resources Dubai LLC	Dubai	AED	100%	100%
Expo Freight India (Private) Limited	India	INR	90%	90%
Expolanka Bangladesh Limited	Bangladesh	BDT	45%	45%
Expolanka Freight (Proprietary) Limited	South Africa	ZAR	100%	100%
Expolanka Freight FZCO	Dubai	AED	100%	100%
Expolanka Freight Dubai LLC (Dubai/Jebel Ali/Abu Dhabi - United Arab Emirates)	Dubai	AED	100%	100%
Expolanka Freight Limited	Kenya	KES	100%	100%
Expolanka Freight Limited	Mauritius	MUR	100%	100%
Expolanka Madagascar SA	Madagascar	MGA	100%	100%
Union Cargo (Private) Limited	Pakistan	PKR	51%	51%
International Sky Services (India) Private Limited	India	INR	70%	70%
Expolanka Freight Vietnam	Vietnam	VND	51%	51%
PT Expo Unipara	Indonesia	USD	90%	90%
Expolanka Freight Limited	Philippines	USD	100%	100%
Classic Travels Maldives Pvt Ltd	Maldives	MVR	49%	49%
EFL Global Logistics	Singapore	USD	100%	100%
Expolanka USA LLC	USA	USD	70%	70%
Expo Freight (Hong Kong) Ltd	Hong Kong	HKD	100%	100%
Expo Freight (Shanghai) Ltd	China	CNY	75%	75%
Akquasun Holidays India pvt Ltd	India	INR	50%	50%
AVS Cargo Management Services Pvt Ltd	India	INR	46%	46%
Expotrade Services Pvt Ltd	India	INR	90%	90%
UCL Logistics Pvt Ltd	India	INR	90%	90%
Airline Carrier Resource Pvt Ltd	India	INR	90%	90%
Air Sea Logistics	Kenya	KES	45%	45%
UCL Logistics Ltd	Bangladesh	BDT	41%	41%
EFL Container Lines LLC	USA	USD	70%	70%
EFL Transportation LLC	USA	USD	70%	70%
Expo Freight (Shenzhen) Limited	China	CNY	100%	100%
EFL International (Pte) Ltd	Singapore	USD	100%	100%
Expolanka Freight (Cambodia) Ltd	Cambodia	KHR	51%	51%
Expo Century Logistics	India	INR	90%	90%

NOTES TO THE FINANCIAL STATEMENTS

2.4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the Consolidated Financial, unless otherwise indicated.

Accounting policies of subsidiaries and equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4.1 Business combinations and goodwill

Business Combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value

at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with LKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed

of and the portion the cash-generating unit retained.

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under the heading "Non-controlling Interest".

2.4.2 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate

NOTES TO THE FINANCIAL STATEMENTS

or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference

between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint ventures of the Group are;

Name	Country of Incorporation	Holding Percentage	
		2016	2015
Airline Cargo Resources Limited	Bangladesh	50%	50%
Airline Services Limited	Bangladesh	50%	50%
Cross Freight Lines Limited	Bangladesh	50%	50%
Freight Care Aviation Limited	Bangladesh	50%	50%
Wings Classic Tours & Travels Limited	Bangladesh	50%	50%
Expo Global Distribution Centre (Private) Limited	Sri Lanka	50%	50%

Associate of the Group is;

Amana Takaful Maldives PLC	22.73%	22.73%
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2.4.3 Foreign Currency Translations

The Group's consolidated financial statements are presented in Sri Lankan rupees, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income. Non-monetary items that are measured in terms of historical cost

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in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

Group companies

The assets and liabilities of foreign operations are translated into Sri Lankan Rupee at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.4.4 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in Statement of Other Comprehensive Income are also recognised in Statement of Other Comprehensive Income and not in the

Income Statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the

time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be

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recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Tax on Dividend

Tax on dividend income from subsidiaries are recognised as an expense in the Consolidated Income Statement.

2.4.5 Property, Plant and Equipment

Basis of measurement

Property, Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is

performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Significant accounting judgments, estimates and assumptions and Provisions for further information about the recorded decommissioning Provision.

The carrying value of property, plant and equipments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation

Depreciation is calculated by using a straight-line method on the cost of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

The estimated useful life of assets;

Freehold Buildings	2.5% - 10%
Plant and Machinery	12.5% - 33.33%
Furniture and Fittings	5% - 25%
Technological Equipment	25%
Office and Factory Equipment	10% - 33.33%
Computer and Accessories	20% - 33.33%
Motor Vehicles	20%
Leased Assets	25%
Tools and Equipment	25% - 33.33%
Leased Improvements	20%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on

derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.4.6 Leases – (Ijara Payables)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

2.4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful life of intangible asset is assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

The useful life of intangible asset is as follows;

Software	Over 4 Years
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Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2.4.9 Financial instruments – initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale

financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair

NOTES TO THE FINANCIAL STATEMENTS

value recognised in the income statement. Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under LKAS 39 are satisfied.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Group

has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs. The Group did not have any held to maturity investments during the years ended 31st March 2016.

d) Available-for-sale financial investments

Available-for-sale financial investments include equity investments. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

Quoted available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to the income statement in finance costs.

After initial recognition unquoted equity instrument that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is

unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition

A financial asset or a part of a financial asset or part of a group of similar financial assets is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

NOTES TO THE FINANCIAL STATEMENTS

- (a) The Group has transferred substantially all the risks and rewards of the asset, or
- (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the

group of financial assets that can be reliably estimated.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery

and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement;

Increases in their fair value after impairment are recognised directly in other comprehensive income.

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as

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hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of LKAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the

reporting date and the amount recognised less cumulative amortisation.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost.

2.4.10 Inventories

Inventories are valued at the lower of cost and net realisable value except commodity broker – traders. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- a) Raw materials:
 - Purchase cost on a first in, first out basis
- b) Finished goods and work in progress:
 - Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.4.11 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

2.4.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

2.4.13 Retirement Benefit Obligations

a) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund
Employees are eligible for Employees' Provident Fund Contributions and Employees'

Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

b) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 15. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The gratuity liability is not funded.

2.4.14 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset or cash-generating unit, unless the asset or cash-generating unit does

not generate cash inflows that are largely independent of those from other assets or cash-generating units. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment

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losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to Goodwill cannot be reversed in future periods.

Intangible Assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level, as appropriate.

2.4.15 Income Statement

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order

to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

a) Sale of Goods

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to buyer with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

b) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

c) Interest Income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which 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. Interest income is included in finance income in the income statement.

d) Dividends

Dividend income is recognised on a cash basis (net of dividend tax) when the shareholder's right to receive payment is established.

e) Gains and Losses

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non-current assets including investments are accounted for in the income statement, after deducting from proceeds on disposal, the carrying amount of the assets and related

selling expenses. On the disposal of revalued Property, Plant and Equipment, the amount remaining in the Revaluation Reserve, relating to that particular asset is transferred directly to Retained Earnings.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

f) Other Income

Other income is recognised on an accrual basis.

2.4.16 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the senior management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the senior management and board of directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

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2.5 Significant Accounting Judgments, Estimates & Assumptions

The preparation of the financial statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 14.

b) Defined Benefit Plans

The cost of the retirement benefit plan of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, special premium, retirement age and going concern of the Company. Due to the long term nature of the plan, such estimates are subject to significant uncertainty.

c) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher

of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

d) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e) Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

2.6 Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.7 Fair Value Measurement

The Group measures financial instruments and certain non financial assets at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

NOTES TO THE FINANCIAL STATEMENTS

Quantitative disclosures of fair value measurement hierarchy	Note 7
Investment in unquoted equity shares	Note 7
Financial instruments (including those carried at amortised cost)	Note 7.4

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.8 New Accounting Standards Issued but not Effective

SLFRS 9 – Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating

impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

SLFRS 15 – Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group will adopt these standards when they become effective. Pending the completion of a detailed review, the financial impact is not reasonably estimable.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Group

	Freehold Land	Freehold Buildings	Rail Carriage	Plant and Machinery Freehold	Leasehold	Furniture and Fittings	Office and Factory Equipment
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3.1.1 Cost							
As at 01st April 2015	1,192,550,619	889,456,467	56,279,734	348,647,514	115,792,897	513,027,017	303,263,170
Additions	81,359,903	3,982,918		47,787,258	450,000	75,393,615	28,869,369
Disposal of Subsidiary				(28,291,691)		(5,134,188)	(3,738,218)
Disposals	-	(1,179,047)	(3,539,335)	(67,906,632)	(4,476,076)	(62,316,525)	(20,332,632)
Transfers from / to others	-	23,873,108		2,733,883	-	24,835,415	8,599,601
Exchange translation difference	10,875,655	(2,540,491)		1,237,327	-	19,717,376	12,934,120
As at 31st March 2016	1,284,786,177	913,592,954	52,740,399	304,207,659	111,766,821	565,522,709	329,595,409
3.1.2 Accumulated Depreciation							
As at 01st April 2015	-	73,368,531	48,557,084	140,171,326	25,122,885	220,028,385	127,803,003
Charge for the year	-	44,677,234	5,347,789	19,250,269	9,168,165	66,835,090	38,789,867
Disposal of Subsidiaries				(26,022,024)		(5,057,382)	(1,673,295)
Disposal	-	(67,140)	(3,294,887)	(3,793,452)	(2,536,443)	(15,661,162)	(17,912,966)
Transfers from / to others	-	-		-	-	-	(1,554,643)
Exchange translation difference	-	-		-	-	9,053,158	6,060,292
As at 31st March 2016	-	117,978,625	50,609,987	129,606,119	31,754,608	275,198,089	151,512,259
3.1.3 Carrying Value							
As at 31st March 2016	1,284,786,177	795,614,329	2,130,412	174,601,540	80,012,213	290,324,621	178,083,150
As at 01st April 2015	1,192,550,619	816,087,936	7,722,650	208,476,188	90,670,011	292,998,632	175,460,167

3.1.4 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 573,690,997/-

(2015 - Rs. 493,057,914/-). Cash payments amounting to Rs.573,240,997/- (2015 - Rs.479,410,062/-) were made during the year ended for purchase of Property, Plant and Equipment.

NOTES TO THE
FINANCIAL STATEMENTS

Technological Equipment	Computer and Accessories	Motor Vehicle Freehold	Leasehold	Tools and Equipment	Other Assets	Leasehold Improvements	Capital work in progress	Total
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
156,900,852	448,181,073	343,609,823	203,817,594	23,686,213	65,595,848	119,084,261	106,190,370	4,886,083,452
22,855,173	53,057,227	130,084,816	-	370,570	5,472,287	70,948,208	53,059,652	573,690,997
(3,071,911)		(27,759,256)		(2,451,314)	(4,436,462)			(74,883,040)
(14,437,893)	(158,989,537)	(31,853,077)	(47,869,098)	(1,044,356)	(5,003,124)	(8,660,434)	(14,177,265)	(441,785,031)
22,533,773	(1,412,365)	-	-	1,655,801	9,980,794	-	(92,800,009)	0
(7,316,972)	8,406,154	21,133,605	(14,650,024)	-	543,803	86,612	-	50,427,164
177,463,022	349,242,551	435,215,911	141,298,473	22,216,914	72,153,146	181,458,647	52,272,749	4,993,533,541
121,192,503	362,828,204	239,789,763	96,250,869	4,469,909	10,499,663	39,757,024		1,509,839,150
37,251,372	22,252,776	46,968,131	24,710,157	2,671,442	10,248,127	18,149,222		346,319,641
(1,978,769)		(25,928,390)		(1,412,094)	(1,118,853)			(63,190,806)
(4,824,046)	(138,098,679)	(20,845,082)	(31,463,585)	(364,665)	(218,610)	(8,646,932)		(247,727,649)
-	-	5,966,223	(5,966,223)	1,554,643	-	-		-
(2,668,316)	5,569,118	7,392,440	(348,210)	(0)	271,840	77,910		25,408,232
148,972,743	252,551,419	253,343,084	83,183,008	6,919,235	19,682,168	49,337,224	-	1,570,648,567
28,490,280	96,691,132	181,872,826	58,115,465	15,297,678	52,470,978	132,121,423	52,272,749	3,422,884,974
35,708,349	85,352,869	103,820,060	107,566,725	19,216,304	55,096,185	79,327,237	106,190,370	3,376,244,302

NOTES TO THE FINANCIAL STATEMENTS

3.2 Company

	Motor Vehicles		Office	Technological	Furniture and	Computer and	Leasehold	Capital Work	Total
	Freehold	Leasehold	Equipment	Equipment	Fittings	Accessories	Improvements	in Progress	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

3.2.1 Cost

As at 01st April 2015	10,784,985	19,460,947	8,268,323	55,105,112	12,468,424	10,036,326	21,824,069	-	137,948,186
Additions	-	-	68,649	4,178,970	-	-	-	2,501,191	6,748,809
Classification	-	-	-	(2,433,130)	-	2,843,202	-	-	410,072
Disposals	-	-	-	-	(3,548,213)	-	(3,260,343)	-	(6,808,556)
As at 31st March 2016	10,784,985	19,460,947	8,336,971	56,850,952	8,920,211	12,879,528	18,563,727	2,501,191	138,298,512

3.2.2 Accumulated Depreciation

As at 01st April 2015	7,923,103	6,626,464	5,163,859	42,851,949	6,456,784	6,023,140	18,838,790	-	93,884,089
Charge for the year	2,117,000	3,892,189	814,502	6,466,071	1,447,319	515,955	4,091,691	-	19,344,728
Classification	(1,569,418)	1,595,415	34,592	(1,907,376)	178,640	6,340,433	(4,112,120)	-	560,166
Disposal	-	-	-	-	(2,516,932)	-	(3,157,491)	-	(5,674,423)
As at 31st March 2016	8,470,685	12,114,068	6,012,954	47,410,645	5,565,811	12,879,528	15,660,870	-	108,114,560

3.2.3 Carrying Value

As at 31st March 2016	2,314,300	7,346,879	2,324,018	9,440,307	3,354,401	-	2,902,857	2,501,191	30,183,952
As at 01st April 2015	2,861,882	12,834,483	3,104,464	12,253,163	6,011,640	4,013,186	2,985,279	-	44,064,097

3.2.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.6,748,809/- (2015- Rs. 4,837,004/-). Cash payment amounting to Rs.6,748,809/- (2015- Rs. 4,837,004/-) were made during the year ended for purchase of Property, Plant and Equipment.

NOTES TO THE
FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS

	Computer Software Rs.	Goodwill Rs.	2016 Rs.	Computer Software Rs.	Goodwill Rs.	2015 Rs.
4.1 GROUP						
Cost						
As at 1st April	171,179,454	483,518,614	654,698,067	171,179,454	483,518,614	654,698,067
Additions/Transfers	-	-	-	-	-	-
Exchange translation difference	3,642,847		3,642,847	-	-	-
As at 31st March	174,822,301	483,518,614	658,340,914	171,179,454	483,518,614	654,698,067
Amortisation						
As at 1st April	62,124,089	26,058,281	88,182,370	62,124,089	26,058,281	88,182,370
Amortisation/Impairment during the year	27,145,002	74,612,859	101,757,861	-	-	-
Exchange translation difference	393,797		393,797	-	-	-
As at 1st April	89,662,888	100,671,140	190,334,028	62,124,089	26,058,281	88,182,370
Carrying Value	85,159,413	382,847,473	468,006,886	109,055,365	457,460,332	566,515,697

4.1.1 Goodwill

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

	2016 Rs.	2015 Rs.
Norfolk Foods (Private) Limited	133,793,673	133,793,673
Expolanka Freight (Vietnam) Limited	33,262,114	33,262,114
Akquasun Holidays India pvt Ltd	81,456,123	136,456,123
EFL Global Logistics	134,335,565	134,335,565
Expolanka Freight Limited - Pakistan	-	8,650,047
Expolanka (Philliphine) inc.	-	3,215,500
Classic Travels Maldives (Private) Limited	-	7,747,312
	382,847,474	457,460,333

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

Key assumptions used in the VIU calculations**Gross margins**

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

NOTES TO THE FINANCIAL STATEMENTS

Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 0% growth rate.

4.2 Company

Computer Software

	2016	2015
	Rs.	Rs.
Cost		
As at 1st April	33,453,426	33,453,426
Retired/Transferred during the year	-	-
As at 31st March	33,453,426	33,453,426
Amortisation		
As at 1st April	33,453,426	33,453,426
Amortisation during the year	-	-
As at 1st April	33,453,426	33,453,426
Net Book Value	-	-

NOTES TO THE
FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES

	2016		2015	
	Holding %	Rs.	Holding %	Rs.
5.1 Company				
Non - Quoted				
SG Logistics (Private) Limited	100	79,105,042	100	79,105,042
Classic Travel (Private) Limited	100	25,597,538	100	25,597,538
Expolanka International (Private) Limited	100	1,924,090,988	100	1,924,090,988
Expolanka Freight (Private) Limited	100	292,098,014	100	292,098,014
Expolanka (Private) Limited	100	371,111,561	100	371,111,561
Freight Care (Private) Limited	100	4,423,590	100	4,423,590
Globe Air (Private) Limited	100	17,214,477	100	17,214,477
International Airline Services (Private) Limited	100	10,027,726	100	10,027,726
Neptune Papers (Private) Limited	-	-	100	70,671,636
Skycare (Private) Limited	100	1,679,053	100	1,679,053
UCL Logistics (Private) Limited	100	17,631,222	100	17,631,222
Expo Consolidators (Private) Limited	100	1,173,555	100	1,173,555
Peri Logistics (Private) Limited	60	10,000,000	60	10,000,000
Logistic Support Service (Private) Limited	100	260,000	100	260,000
Tropical Green (Private) Limited	100	1,000,050	100	1,000,050
Classic Vacation (Private) Limited	100	30	100	30
Norfolk Foods (Private) Limited	50	300,000,000	50	300,000,000
Logistics Park (Private) Limited	100	500,000,000	100	500,000,000
EFL Global Logistics (PTE) Ltd	100	136,051,250	100	136,051,250
Akquasun Holidays (India) Pvt Ltd	50	120,552,533	50	120,552,533
		3,812,016,629		-
(Less) Provision for impairment of Investments		(66,201,281)		-
Total Carrying Value of Investments in Subsidiaries		3,745,815,348		3,882,688,265

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN AN ASSOCIATE AND A JOINT VENTURE

6.1 Group

	Associate		Joint Ventures		Total	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Carrying Value						
Cost	44,020,000	44,020,000	258,457,113	258,457,113	302,477,113	302,477,113
Share of post acquisition Profit	47,947,948	40,624,452	1,718,933	(16,836,931)	49,666,882	23,787,521
Share of Capital Reserve	25,382,248	25,382,248	-	-	25,382,248	25,382,248
	117,350,196	110,026,700	260,176,046	241,620,182	377,526,242	351,646,882

	Associate		Joint Ventures		Total	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Share of Balance Sheet						
Total Assets	247,463,706	184,410,816	756,759,915	617,894,311	1,004,223,621	802,305,127
Total liabilities	(132,620,745)	(88,664,236)	(522,270,165)	(393,878,080)	(654,890,910)	(482,542,317)
Net Assets	114,842,961	95,746,580	234,489,750	224,016,231	349,332,711	319,762,810
Share of Capital Reserve	25,382,248	25,382,248	-	-	25,382,248	25,382,248
Net Carrying Value of the Investments	140,225,209	121,128,828	234,489,750	224,016,231	374,714,959	345,145,058
Fair value of Goodwill	(6,084,583)	(6,084,583)	-	-	(6,084,583)	(6,084,583)
Exchange Fluctuation	(16,790,430)	(5,017,544)	25,686,296	17,603,951	8,895,866	12,586,407
Net Assets	117,350,196	110,026,700	260,176,046	241,620,182	377,526,242	351,646,882

Share of the Revenue and Profit/(Loss)

Revenue	200,539,233	148,299,689	1,236,502,903	876,326,246	1,437,042,136	1,024,625,935
Profit/(Loss) before Income Tax	15,154,598	23,236,091	36,972,373	(1,798,687)	52,126,971	21,437,404
Income Tax	(2,459,962)	(3,427,053)	(13,042,929)	(5,793,669)	(15,502,890)	(9,220,722)
Profit/(Loss) after Income Tax	12,694,636	19,809,038	23,929,444	(7,592,356)	36,624,081	12,216,682
Dividend	(5,371,141)	(5,146,148)	(5,373,581)	(9,312,375)	(10,744,721)	(14,458,523)
	7,323,496	14,662,890	18,555,864	(16,904,731)	25,879,360	(2,241,841)

6.2 Company

	2016 Rs.	2015 Rs.
Cost	43,990,000	43,990,000
	43,990,000	43,990,000

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER FINANCIAL ASSETS

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Financial instruments at fair value through profit or loss				
Investments in Quoted Equity Securities (7.1)	487,563,832	451,440,400	487,517,432	451,405,030
	487,563,832	451,440,400	487,517,432	451,405,030
Available-for-sale investments				
Investments in Non-quoted Securities (7.2)	134,404,954	166,024,863	99,058,859	130,496,994
Investments in Quoted Equity Securities (7.3)	110,734,728	118,644,351	110,734,728	118,644,351
	245,139,682	284,669,214	209,793,587	249,141,345
Loans and receivables				
Investments in Fixed/Savings Deposits - Mudarabha	122,579,117	89,144,803	-	478,224,310
	122,579,117	89,144,803	-	478,224,310
Total current	610,142,949	540,585,203	487,517,432	929,629,340
Total non-current	245,139,682	284,669,214	209,793,587	249,141,345

Available-for-sale investments

Quoted

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

Non-quoted

For financial instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost.

Impairment on available-for-sale investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement.

In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is less than its cost.

NOTES TO THE FINANCIAL STATEMENTS

7.1 Investments in Quoted Equity Securities

	2016		2015	
	No. of Shares	Rs.	No. of Shares	Rs.
Group				
Amana Bank Limited	90,281,006	487,517,432	90,281,006	451,405,030
Bairaha Farms PLC	100	14,400	100	10,840
Cargills Ceylon PLC	100	15,000	100	13,700
Keells Foods PLC	100	17,000	100	10,830
Total Investments in Quoted Equity Securities		487,563,832		451,440,400
Company				
Amana Bank Limited	90,281,006	487,517,432	90,281,006	451,405,030
		487,517,432		451,405,030

7.2 Investments in Non-quoted Equity Securities

	2016		2015	
		Rs.		Rs.
Group				
SLFFA Cargo Services Limited		717,921		717,921
Expo Global Distribution Centre (EGDC) - Singapore		14,332,464		12,795,832
Envoy Textile Bangladesh		20,295,710		22,014,116
Asia Pacific Institution of Information Technology Lanka (Private) Limited		99,058,859		130,496,994
Total Investments in Non Quoted Equity Securities		134,404,954		166,024,863
Current		-		-
Non-current		134,404,954		166,024,863
		134,404,954		166,024,863
Company				
Asia Pacific Institution of Information Technology Lanka (Private) Limited		99,058,859		130,496,994
		99,058,859		130,496,994
Current		-		-
Non-current		99,058,859		130,496,994
		99,058,859		130,496,994

NOTES TO THE FINANCIAL STATEMENTS

7.3 Investments in Quoted Equity Securities

Group/Company	2016		2015	
	No. of Shares	Rs.	No. of Shares	Rs.
Amana Takaful PLC	79,096,234	110,734,728	79,096,234	118,644,351
		110,734,728		118,644,351

7.4 Fair value Measurement

Set out below is a comparison by class of the carrying amounts and fair values of the Group that are carried in the financial statements.

	Carrying amount		Fair value	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Trade and other receivables	12,224,467,805	11,691,818,247	12,224,467,805	11,691,818,247
Other financial assets				
Financial instruments at fair value through profit or loss	487,563,832	451,440,400	487,563,832	451,440,400
Loans and other receivables	122,579,117	89,144,803	122,579,117	89,144,803
Available-for-sale investments	245,139,682	284,669,214	245,139,682	284,669,214
Cash and short-term deposits	3,137,502,679	2,957,659,752	3,137,502,679	2,957,659,752
Total	16,217,253,116	15,142,793,659	16,217,253,116	15,142,793,659

The Management assessed that the fair value of cash and short-term deposits, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

As at 31st March 2016, the Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value	As at	Level 1	Level 2	Level 3
	31st March 2016			
	Rs.	Rs.	Rs.	Rs.
Financial assets at fair value through profit or loss	487,563,832	487,563,832	-	-
Available-for-sale Financial Assets				
Quoted Equity	131,030,438	131,030,438	-	-

During the reporting period ending 31st March 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS

After initial recognition unquoted equity instrument that do not have a quoted market price in an active market and whose fair value cannot be reliability measured are carried at cost. Accordingly equity investments in SLFFA Cargo Services Limited, Expo Global Distribution Centre (EGDC) - Singapore and Asia Pacific Institution of Information Technology Lanka (Private) Limited are carried at cost.

As at 31st March 2015, the Group held the following financial instruments measured at fair value:

Assets measured at fair value	As at	Level 1	Level 2	Level 3
	31st March 2015 Rs.	Rs.	Rs.	Rs.
Financial assets at fair value through profit or loss	451,440,400	451,440,400	-	-
Available-for-sale financial assets				
Quoted Equity	140,658,467	140,658,467	-	-

During the reporting period ending 31st March 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

After initial recognition unquoted equity instrument that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost.

8. INVENTORIES

	2016 Rs.	Group 2015 Rs.
Raw Materials	25,645,304	20,997,355
Packing Materials	45,135,985	44,676,870
Work in Progress	970,530	1,059,583
Finished Goods	101,403,763	102,978,756
Consumables	6,952,836	5,159,279
Stationeries	2,266,695	2,123,198
	182,375,113	176,995,040

NOTES TO THE FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Trade Debtors	12,115,074,484	11,340,997,191	-	-
Less: Provision for Doubtful Debts	(444,320,829)	(205,055,875)	-	-
	11,670,753,655	11,135,941,316	-	-
Other Debtors	553,714,150	555,876,931	9,614,953	7,729,530
Amounts Due from Related Parties (9.1)	-	-	1,228,187,120	1,035,855,699
	12,224,467,805	11,691,818,247	1,237,802,073	1,043,585,229

9.1 Amounts Due from Related Parties

Relationship		Group		Company	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Expo Consolidators (Private) Limited	Subsidiary	-	-	72,138,184	79,138,184
Expolanka Freight (Private) Limited	Subsidiary	-	-	349,345,951	38,248,257
Expolanka (Private) Limited	Subsidiary	-	-	423,724,059	429,994,218
SG Logistics (Private) Limited	Subsidiary	-	-	37,118,325	-
Freight care (Private) Limited	Subsidiary	-	-	3,496,068	3,511,403
Neptune Papers (Private) Limited	Subsidiary	-	-	-	30,118,861
Classic Travel (Private) Limited	Subsidiary	-	-	74,165,059	96,388,074
Expolanka International (Private) Limited	Subsidiary	-	-	3,288,423	99,461,473
International Airlines (Private) Limited	Subsidiary	-	-	33,171,926	33,171,925
Akquasun Lanka (Private) Limited	Subsidiary	-	-	8,952,769	16,700,318
Tropical Green (Private) Limited	Subsidiary	-	-	17,694,253	13,192,336
Globe Air (Private) Limited	Subsidiary	-	-	13,000,000	13,000,000
Akquasun Holiday India (Private) Limited	Subsidiary	-	-	3,411,878	2,294,322
Skycare (Private) Ltd	Subsidiary	-	-	25,690,374	25,690,374
Alpha Air Solutions (Pvt) Ltd	Subsidiary	-	-	7,296,214	4,136,214
Alpha Aviation (Pvt) Ltd	Subsidiary	-	-	5,459,447	809,740
Logistic Park (Private) Limited	Subsidiary	-	-	150,234,190	150,000,000
		-	-	1,228,187,120	1,035,855,699

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

NOTES TO THE FINANCIAL STATEMENTS

Group collectively impaired
Rs.

At 01st April 2015	205,055,875
Charge for the year	239,264,954
At 31st March 2016	444,320,829

As at 31st March, the ageing analysis of trade receivables, is as follows:

	Total Rs.	Neither past due nor impaired Rs.	Past due but not impaired		
			0-180 days Rs.	181-360 days Rs.	> 360 days Rs.
31st March 2016	11,670,753,657	10,609,433,935	818,487,301	229,023,425	13,808,996
31st March 2015	11,135,941,316	10,515,482,181	373,428,755	227,301,528	19,728,852

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Cash at banks and on hand	3,137,502,679	2,957,659,752	272,679,860	700,806,876
	3,137,502,679	2,957,659,752	272,679,860	700,806,876
Cash at banks and on hand	3,137,502,679	2,957,659,752	272,679,860	700,806,876
Bank overdrafts	(746,627,168)	(1,489,261,255)	(93,255,256)	(435,031,212)
Cash and cash equivalents	2,390,875,511	1,468,398,497	179,424,604	265,775,664

11. STATED CAPITAL

	2015/2016	
	Number	Rs.
Fully Paid Ordinary Shares	1,954,915,000	4,097,985,000

11.1 Fully Paid Ordinary Shares

Balance at beginning of the year	1,954,915,000	4,097,985,000
New Share issue	-	-
Direct cost on share issue	-	-
Balance at end of the year	1,954,915,000	4,097,985,000

NOTES TO THE
FINANCIAL STATEMENTS

12. RESERVES

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Available for Sale Reserve (12.1)	(17,229,750)	(5,334,726)	(20,256,133)	(12,346,510)
Foreign Currency Translation Reserve (12.2)	425,745,298	15,987,836	-	-
	408,515,548	10,653,110	(20,256,133)	(12,346,510)
12.1 Available for Sale Reserve				
Balance as at 1st April	(5,334,726)	(36,075,380)	(12,346,510)	(36,075,380)
Net Gain/(Loss) for the year	(11,895,024)	30,740,654	(7,909,623)	23,728,870
Balance as at 31st March	(17,229,750)	(5,334,726)	(20,256,133)	(12,346,510)
12.2 Foreign Currency Translation Reserve				
Balance as at 1st April	15,987,836	72,407,147	-	-
Currency translation difference during the year	409,757,462	(56,419,312)	-	-
Balance as at 31st March	425,745,298	15,987,836	-	-

13. FINANCING AND LEASE (IJARA) PAYABLES

	2016 Rs.	2015 Rs.
13.1 Group		
Current finance cost bearing loans and borrowings		
Finance Leases - Ijara (13.1.1)	68,092,312	63,912,870
Bank Financing (13.1.2)	887,814,883	174,025,847
Bank Overdrafts (10)	653,371,912	1,054,230,043
	1,609,279,107	1,292,168,760
Non-current finance cost-bearing loans and borrowings		
Finance Leases - Ijara (13.1.1)	90,044,988	91,855,381
Bank Financing (13.1.2)	-	-
Bank Overdrafts (10)	93,255,256	435,031,212
	183,300,244	526,886,593

NOTES TO THE FINANCIAL STATEMENTS

13.1.1 Finance Leases (Ijara)

	As At 01.04.2015 Rs.	New Leases (Ijara) Obtained Rs.	Repayment Rs.	As At 31.03.2016 Rs.	Current As At 31.03.2016 Rs.	Non-Current As At 31.03.2016 Rs.
Net Liabilities	155,768,251	45,767,821	(43,398,772)	158,137,300	68,092,312	90,044,988

13.1.2 Bank Financing

	As At 01.04.2015 Rs.	Finance Obtained Rs.	Repayment Rs.	As At 31.03.2016 Rs.
	174,025,847	1,275,696,905	(561,907,869)	887,814,883
	174,025,847	1,275,696,905	(561,907,869)	887,814,883

13.2 Company

	2016 Rs.	2015 Rs.
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Current finance cost bearing loans and borrowings

Lease (Ijara) Payables (13.2.1)	5,476,166	4,828,365
	5,476,166	4,828,365

Non-current finance cost-bearing loans and borrowings

Lease (Ijara) Payables (13.2.1)	583,566	6,059,500
Bank Overdrafts - (finance cost free) (10.2)	93,255,256	435,031,212
	93,838,822	441,090,712

13.2.1 Lease (Ijara) Payables

	As at 01.04.2015 Rs.	New Leases (Ijara) Obtained Rs.	Repayments Rs.	As at 31.03.2016 Rs.	Current As at 2016 Rs.	Non-Current As at 2016 Rs.
Gross Liabilities	12,824,291	-	-	12,824,291	6,189,405	6,634,887
Finance Charges Allocated to future periods	(1,936,477)	-	4,828,082	(6,764,559)	(1,096,642)	(5,667,916)
Net Liabilities	10,887,815	-	4,828,082	6,059,733	5,092,763	966,970

NOTES TO THE
FINANCIAL STATEMENTS

14. DEFERRED INCOME TAX

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
14.1 Deferred Income Tax Assets				
Balance as at the beginning of the period	65,286,025	45,879,011	-	-
Income arisen during the period	17,381,888	21,747,101	-	-
Disposal of Subsidiaries	(6,822,159)	(2,340,087)	-	-
Balance as at 31st March	75,845,754	65,286,025	-	-

Expolanka Holdings PLC has not recognised net deferred tax asset as at 31st March 2016 due to the Company being unable to assess with reasonable certainty that taxable profits would be available to recover the asset in the foreseeable future, against which the tax losses amounting to Rs. 816,154,806/- (2015 - Rs.846,264,908/-) can be utilised.

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
14.2 Deferred Income Tax Liabilities				
Balance as at beginning of the year	29,569,268	51,742,363	-	-
Provision made during the period	4,020,790	(14,075,930)	-	-
Tax effect on actuarial gains on defined benefit plans	(3,669,412)	(599,258)	-	-
Disposal of Subsidiaries	-	(7,497,907)	-	-
Balance as at end of the year	29,920,646	29,569,268	-	-

NOTES TO THE FINANCIAL STATEMENTS

15. RETIREMENT BENEFIT OBLIGATION-GRATUITY

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Balance as at beginning of the year	347,921,828	266,499,361	14,062,518	12,589,155
Service Charge for the year	64,267,868	80,535,183	2,928,578	2,116,544
Finance charge for the year	11,090,417	1,384,807	1,406,252	1,384,807
Actuarial Gain/(Loss)	52,783,147	70,300,449	6,710,301	1,163,387
Payments during the year	(23,265,079)	(35,741,630)	(1,447,250)	(3,191,375)
Exchange difference	16,029,722	(392,043)	-	-
Disposal of Subsidiaries	(4,151,760)	(34,664,299)	-	-
Balance as at end of the year	464,676,143	347,921,828	23,660,399	14,062,518

Principal assumption used in determining post employment benefit obligation are shown below:

Discount rate:	10.00%	10.00%	10.00%	10.00%
Salary Increment Rate	7.5%	7.5%	7.5%	7.5%
Expected remaining working life	7.3 Years	7.3 Years	7.3 Years	7.3 Years

Sensitivity of assumptions used- 2016	Discount Rate		Salary Increment	
	Group	Company	Group	Company

Effect on the defined benefit obligation liability

Increase by one percentage point	(14,198,234)	(2,254,890)	17,379,983	2,771,859
Decrease by one percentage point	15,955,038	2,607,137	(15,703,021)	(2,427,007)

Sensitivity information of the Group represent the local subsidiaries data.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Trade Payables	5,038,062,722	6,529,845,257	4,732,642	5,245,150
Sundry Creditors including Accrued Expenses	1,711,477,486	1,300,198,105	67,742,861	67,023,081
	6,749,540,208	7,830,043,362	72,475,502	72,268,231

NOTES TO THE FINANCIAL STATEMENTS

17. REVENUE

Summary	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Sales of Goods	4,550,256,325	8,527,572,020	-	-
Rendering of Services	51,464,712,633	44,124,172,293	121,107,876	142,547,931
	56,014,968,958	52,651,744,313	121,107,876	142,547,931

18. OTHER OPERATING INCOME AND GAINS

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Other Operating Income	53,231,003	93,243,926	4,556	-
Bad Debts Recovery	10,869,786	4,214,940	-	-
Commission Income	756,941	26,761,379	-	-
Investment Income	1,408,946	14,338,404	64,457,813	48,353,384
Exchange Gain	198,487,934	152,658,920	1,757,802	-
Rental Income	31,117,477	39,697,720	-	-
Management Fees	-	5,545,800	-	-
Profit on Disposal of subsidiaries	13,738,853	116,562,143	-	552,065,834
Profit on sale of Investments	-	3,054,100	-	3,054,100
Profit on Disposal of Property, Plant and Equipment	31,801,219	20,986,931	-	5,727,500
Change in Fair Value of Investment	36,112,402	-	36,112,402	-
Dividend Income	2,564,035	394,241	74,376,355	69,376,117
	380,088,596	477,458,505	176,708,929	678,576,935

18.1 During the year under review, Expolanka Holdings PLC divested Neptune Papers (Pvt) Ltd and Amoha (Pvt) Ltd to Aberdeen Holdings (Pvt) Ltd for a total consideration of Rs. 10.6 Million which recorded a gain of Rs. 10 Million to the Group and a loss of Rs. 60 Million to the Company. The main shareholders of Aberdeen Holdings (Pvt) Ltd consist a Director of Expolanka Holdings PLC.

19. FINANCE COSTS

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Finance Charges on Bank Financing	30,973,090	124,663,723	-	-
Finance Charges on Lease (Ijara) liabilities	60,530,789	29,289,524	1,361,254	2,178,230
	91,503,879	153,953,247	1,361,254	2,178,230

NOTES TO THE FINANCIAL STATEMENTS

20. PROFIT/(LOSS) BEFORE TAX

Stated after Charging	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Included in Administrative Expenses				
Employees Benefits including the following				
Defined Benefit Plan Costs - Gratuity	75,358,285	81,919,990	4,334,830	3,501,351
Defined Contribution Plan Costs - EPF and ETF	228,555,654	203,971,849	15,013,583	14,485,156
Depreciation	346,319,641	458,082,221	19,344,728	21,976,410
Directors' Emoluments	334,954,748	244,996,226	35,716,375	29,975,275
Auditors' Remuneration (Fees and Expenses)	31,833,363	35,774,115	4,549,738	4,250,000
Donations	6,374,104	9,116,939	-	-
Included in Selling and Distribution Costs				
Advertising Costs	109,310,229	67,877,490	1,265,245	4,508,019

21. INCOME TAX EXPENSE

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year (21.1)	587,046,053	297,204,640	-	-
Under/(Over) Provision of current taxes in respect of prior years	18,369,284	-	-	-
10 % of Withholding Tax on inter-company Dividends	9,333,495	5,093,517	-	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal)	(13,361,098)	(35,823,031)	-	-
	601,387,733	266,475,125	-	-

NOTES TO THE
FINANCIAL STATEMENTS

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
21.1 A reconciliation between tax expense and the product of accounting profit /(loss)				
Accounting Profit/(loss) before Income Tax	2,047,183,543	1,313,957,932	(256,058,813)	402,837,367
Profit from International Operations	(1,433,272,238)	(846,091,975)	-	-
Aggregate Disallowable Items	510,063,243	317,027,889	220,173,170	81,799,416
Aggregate Allowable Expenses	(418,834,750)	(137,260,535)	(13,558,616)	(25,940,137)
Aggregate Allowable Income	(199,343,837)	(400,051,664)	(112,121,614)	(624,496,051)
Tax loss utilised	(25,234,958)	(12,847,666)	-	-
Taxable Profit/(Loss)	480,561,003	234,733,981	(161,565,873)	(165,799,405)
Income Tax Expense	117,647,395	54,452,488	-	-
Income Tax on International Operations	469,398,657	242,752,152	-	-
Tax losses carried forward	(1,218,987,738)	(909,853,584)	(846,264,908)	(680,465,503)
Tax losses incurred during the year	(161,565,874)	(321,981,821)	(161,565,873)	(165,799,405)
Tax loss utilised	25,234,958	12,847,666	-	-
Tax loss readjustment	191,675,975		191,675,975	-
Tax losses brought forward	(1,163,642,679)	(1,218,987,738)	(816,154,806)	(846,264,908)

22. EARNINGS PER SHARE

22.1 Basic Earnings per share is calculated by dividing the Profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

22.2 The following reflects the income and share data used in the basic Earnings Per Share computations.

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Profit attributable to Ordinary Shareholders for basic Earnings Per Share	1,113,390,922	885,785,599	(256,058,813)	402,837,367
Number of Ordinary Shares used as the denominator:	Number	Number	Number	Number
Opening Balance	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000
Weighted average of during the year share issue				
Weighted average number of ordinary shares in issue applicable to basic Earnings Per Share	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000

22.3 Dividend

	Company			
	Rs.	2016	Rs.	2015
Declared and paid during the year				
Interim Dividend	0.12	234,589,803	-	-

NOTES TO THE FINANCIAL STATEMENTS

23. SEGMENT INFORMATION

Operating Segment	Freight and Logistics		Travel and Leisure	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Property, plant and equipment	2,013,409,530	1,938,782,258	66,982,028	57,564,232
Other Financial Assets	35,346,095	35,527,870	-	-
Other non-current assets	938,823,867	911,979,623	11,861,354	21,514,780
Segment non-current assets	2,987,579,493	2,886,289,751	78,843,382	79,079,012
Investments in Subsidiaries				
Goodwill				
Eliminations / adjustments				
Total non-current assets				
Inventories	2,266,695	2,123,198	156,256	202,346
Trade and Other Receivables	11,760,887,385	10,452,523,924	1,135,338,804	891,821,041
Other Financial Assets	70,757,723	55,194,468	51,821,395	33,950,336
Cash and Bank Balances	2,565,368,842	1,970,258,337	71,934,516	80,325,662
Other current assets	1,238,236,450	1,218,175,834	327,120,900	371,805,286
Segment current assets	15,637,517,095	13,698,275,761	1,586,371,871	1,378,104,670
Eliminations / adjustments				
Total current assets				
Total assets				
Financing and Lease (Ijara) Payables	255,709,563	285,033,039	24,250,991	222,617,677
Other non-current liabilities	331,459,253	243,081,243	37,779,135	24,236,379
Segment non-current liabilities	587,168,817	528,114,282	62,030,126	246,854,056
Eliminations / adjustments				
Total non-current liabilities				
Financing and Lease (Ijara) Payables	615,491,020	1,002,454,929	318,129,127	61,106,142
Trade and Other Payables	7,632,163,826	7,118,490,941	964,265,249	852,486,204
Other current liabilities	491,783,862	314,874,322	477,702	5,832,304
Segment current liabilities	8,739,438,708	8,435,820,191	1,282,872,078	919,424,650
Eliminations / adjustments				
Total current liabilities				
Total liabilities				
Total Segment asset	18,625,096,588	16,584,565,511	1,665,215,253	1,457,183,682
Total Segment liabilities	9,326,607,525	8,963,934,474	1,344,902,204	1,166,278,706
Primary segments (business segments)				
Revenue	46,666,380,028	40,649,634,437	4,159,764,858	2,793,009,726
Cost of Sales	(38,290,945,630)	(34,210,316,756)	(3,177,148,533)	(2,025,121,925)
Other Operation Income	229,579,538	256,567,489	29,610,749	30,896,506
Overhead	(6,417,744,365)	(5,294,906,603)	(922,962,433)	(642,728,099)
Share of Profit of an Associate	15,177	(15,852,703)	(251,906)	367,766
Profit Before Tax	2,187,284,748	1,385,125,864	89,012,736	156,423,974
Income Tax Expense	(547,938,629)	(261,376,097)	(17,622,149)	(16,763,339)
Profit for the year	1,639,346,119	1,123,749,766	71,390,587	139,660,635

NOTES TO THE
FINANCIAL STATEMENTS

International Trading and Manufacturing		Investments and Services		Total	
2016	2015	2016	2015	2016	2015
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,292,264,249	1,302,778,206	50,229,167	77,119,599	3,422,884,974	3,376,244,294
-	-	209,793,587	249,141,345	245,139,682	284,669,214
70,313	13,879,384	3,884,421,438	3,943,003,409	4,835,176,972	4,890,377,197
1,292,334,562	1,316,657,590	4,144,444,191	4,269,264,353	8,503,201,628	8,551,290,705
				(4,623,389,706)	(4,662,969,641)
				382,847,473	457,460,333
				326,744,143	298,580,724
				4,589,403,538	4,644,362,120
179,952,162	174,669,496	-	-	182,375,113	176,995,040
1,101,406,052	880,518,746	1,590,264,218	2,627,967,239	15,587,896,460	14,852,830,949
46,400	35,370	487,517,430	451,405,030	610,142,949	540,585,203
103,102,978	74,547,723	397,096,343	832,528,030	3,137,502,679	2,957,659,752
33,010,270	66,743,570	332,353,417	324,392,760	1,930,721,036	1,981,117,450
1,417,517,861	1,196,514,905	2,807,231,408	4,236,293,059	21,448,638,215	20,509,188,395
				(3,363,428,653)	(3,161,012,717)
				18,085,209,582	17,348,175,678
				22,674,613,120	21,992,537,798
6,640,158	65,771,806	161,517,855	445,263,731	448,118,568	1,018,686,253
67,062,884	68,639,167	58,295,517	41,534,305	494,596,789	377,491,094
73,703,042	134,410,973	219,813,372	486,798,036	942,715,357	1,396,177,347
				(264,818,324)	(491,799,658)
				677,897,033	904,377,689
693,742,854	449,769,440	82,967,209	57,462,158	1,710,330,210	1,570,792,669
928,892,456	978,363,261	548,968,738	1,824,220,137	10,074,290,269	10,773,560,542
3,613,753	-	21,892,470	27,420,784	517,767,787	348,127,409
1,626,249,063	1,428,132,701	653,828,418	1,909,103,078	12,302,388,267	12,692,480,620
				(3,425,801,163)	(3,222,141,087)
				8,876,587,104	9,470,339,533
				9,554,484,137	10,374,717,222
2,709,852,423	2,513,172,494	6,951,675,599	8,505,557,411	29,951,839,863	29,060,479,099
1,699,952,105	1,562,543,673	873,641,790	2,395,901,115	13,522,888,624	14,088,657,967
4,550,256,323	8,527,572,020	638,567,748	681,528,129	56,014,968,958	52,651,744,313
(3,991,005,439)	(7,660,342,073)	(197,127,137)	(238,855,450)	(45,656,226,738)	(44,134,636,204)
42,179,617	19,655,034	78,718,693	170,339,475	380,088,597	477,458,504
(493,402,129)	(813,377,589)	(894,162,426)	(941,813,072)	(8,728,271,353)	(7,692,825,363)
-	-	36,860,809	27,701,619	36,624,081	12,216,682
108,028,372	73,507,393	(337,142,312)	(301,099,298)	2,047,183,544	1,313,957,932
(21,014,531)	(1,985,083)	(14,812,424)	13,649,395	(601,387,733)	(266,475,125)
87,013,841	71,522,310	(351,954,736)	(287,449,904)	1,445,795,811	1,047,482,807

NOTES TO THE FINANCIAL STATEMENTS

24. RELATED PARTY DISCLOSURES

The company carried out transactions in the ordinary course of business with the following related entities at an arms length transaction. The list of directors at each of the subsidiary, joint venture and associate companies have been disclosed in the Group directory.

24.1 Transaction with related entities

	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Subsidiaries				
Management Fees Charged			5,478,000	7,424,063
Technical Fees Charged			111,834,876	131,095,648
Secretarial Fees Charged			3,795,000	4,028,220
Dividend Received			110,376,355	80,553,778
Settlement of liabilities by the Company on behalf of Subsidiaries			-	7,698,188
Settlements by Subsidiaries			271,073,291	5,770,968
Advance to Subsidiary			289,519,013	576,560,354
Settlement of advances by Subsidiaries			478,224,310	128,879,770
Net Advances				
Other related entities controlled by Key management personnel and Affiliates				
Provide of Services	116,289,061	79,677,259	-	-
Liabilities on behalf of the Company	67,341,636	45,889,589	-	-

* Other related entities includes Aberdeen Holdings (Pvt) Ltd, Fits Aviation (Private) Limited, Expolanka Teas (Pvt) Ltd, Expolanka Pharmaceuticals (Pvt) Ltd, Lanka Commodity Holdings (Pvt) Ltd, Bio Extracts (Pvt) Ltd, Lanka Premier Foods (Pvt) Ltd, Saffron Foods (Pvt) Ltd and Expack Corrugated Cartons (Private) Limited

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

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

	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Key Management Personnel Compensation				
Short-term employee benefits	334,954,748	244,996,226	35,716,375	29,975,275
	334,954,748	244,996,226	35,716,375	29,975,275

NOTES TO THE FINANCIAL STATEMENTS

25. ASSETS PLEDGED

There are no significant assets pledged as at the reporting date.

26. EVENTS OCCURRING AFTER THE REPORTING DATE

26.1 Sale of Norfolk Foods (Private) Limited

Expolanka Holdings PLC has principally finalised to divest 50% of its stake in Norfolk (Pvt) Ltd.

26.2 Sale of Akquasun Holidays India (Pvt) Ltd

Expolanka Holdings PLC's has principally finalised and signed an MOU for the divestment of its total stake of 50% in Akquasun Holidays.

27. COMMITMENTS AND CONTINGENCIES

27.1 Company

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

27.2 Group

27.2.1 Indemnification of VAT liability - APIIT

During the year 2014, the Company divested their investment in APIIT. Based on the agreement made, the Company has taken over 37% of the applicable liability of VAT assessment raised by the Department of Inland Revenue for the period 06/07, 07/08, 08/09, 09/10, 10/11. Currently the case is under the Court of Appeal.

27.2.2 Income Tax Assessment on SG Logistics (Pvt) Ltd

The Company has received an assessment from the Department of Inland Revenue for exemptions claimed under the section 13 ddd of Inland Revenue Act on income received in foreign currency. As per the request from the Commissioner General of Inland Revenue, company has made a detailed submission on 13th of May 2016.

27.2.3 Income Tax Assessment on Expolanka Holdings PLC for the year 12/13

The Company has received an assessment from the Department of Inland Revenue for treating dividend as an exempt income. Agreement to allocate part of the expenses against dividend income as per the IRD proposal in order to resolve the case is pending finalisation.

27.2.4 Expo Freight India (Pvt) Ltd

The Company has received an intimation from the Tax Authority in relation to the Service Tax on certain revenue streams. The Management of the Company is of the view that International Freight Forwarding services provided by the company do not fall under the category of such service tax based on the expert legal and tax advice received. Management has sought for clarity on the above from the Tax Authority and is pending as at the reporting date.

27.2.4 Capital Expenditure Commitments

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

NOTES TO THE FINANCIAL STATEMENTS

27.2.5 Contingent liabilities

The Group has given corporate guarantees to the following parties on behalf of the Group companies to obtain finance facilities. Based on the information currently available, Directors do not expect a Liabilities to arise from this guarantee.

	2016	2015
	Rs.	Rs.
Institution		
National Development Bank PLC	675,000,000	675,000,000
Commercial Bank of Ceylon PLC	19,800,000	16,900,000
Sampath Bank PLC	350,000,000	350,000,000
Pan Asia Banking Corporation PLC	500,000,000	500,000,000
Standard Chartered Bank	420,000,000	950,000,000
Bank of Ceylon	40,000,000	40,000,000
Others	593,000,000	558,000,000
	2,597,800,000	3,089,900,000

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities primarily comprise of short term borrowings for working capital requirements, trade and other payables, and trade and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds available – for – sale investments.

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

The Board of Directors and Group's senior management oversees the management of these risks. Reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: finance rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include: loans and borrowings, deposits and available for sale investments.

Finance Rate Risk

Finance rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The rates applied to Groups short term borrowings are fixed periodically. The Group manages its finance rate risk by aggressively negotiating rates for short and long term borrowings and having a portfolio of facilities from various financial institutions which gives avenues to use the facility based on competitive rates. As majority of the Groups revenue is generated in USD, this helps the Group in securing short and long term borrowings in USD at competitive rates.

NOTES TO THE FINANCIAL STATEMENTS

Finance Rate Sensitivity

The finance rate sensitivity determines the impact of a change in the finance rate to the Group's profit before tax. The long term borrowing which existed as of the previous financial year has been fully settled during the current financial year.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk through natural hedging mechanism where it has implemented techniques of leading and lagging of FOREX transactions.

Equity Price Risk

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

At the reporting date, the Groups exposure to quoted equity securities at market value was Rupees 598,298,560. A 4.95 % increase in comparison to the previous financial year where the market value stood at Rupees 570,084,751.

At the reporting date, the Groups exposure to non-quoted equity securities at carrying value was Rupees 134,404,954. This is a decrease of 19.04% on the carrying value which was held in FY 2015/16 for Rupees 166,024,863.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a robust policy to assess the credit worthiness of the parties it transact with. The parties who aspire to trade in credit terms have to go through a credit verification process. The Group also has continuous dialogue with the respective parties to monitor the receivables position.

Trade and Other Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.

NOTES TO THE FINANCIAL STATEMENTS

Liquidity Risk

The Group manages liquidity risk exposure through effective working capital management. The Company also has planning guidelines in place to ensure that the short term and medium term liquidity is managed at acceptable levels.

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

Year ended 31st March 2016	Less than 1 year	Above 1 year	Total
Bank Financing	887,814,883	-	887,814,883
Finance Leases (Ijara)	68,092,312	90,044,988	158,137,301
Trade and other payables	6,749,540,208		6,749,540,208

29. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Company Name	Country of incorporation and operation	2016	2015
Expolanka Bangladesh Ltd.	Bangladesh	55.00%	55.00%
Expo Freight India Holdings (Pvt) Ltd.	India	10.00%	10.00%
Expolanka Freight (Vietnam) Ltd.	Vietnam	49.00%	49.00%
Expolanka USA LLC	USA	30.00%	30.00%
		2016	2015
		Rs.	Rs.
Accumulated Balances of Material Non - Controlling Interest		757,230,993	616,806,029
Profit allocated to Material Non - Controlling Interest		249,931,518	118,633,837

NOTES TO THE FINANCIAL STATEMENTS

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

Summarised Statement of Profit or Loss	2016	2015
Revenue	27,363,530,445	23,216,040,613
Cost of sales	(23,684,973,512)	(20,658,647,657)
Administrative expenses	(2,359,110,206)	(2,231,759,221)
Finance costs	(11,532,647)	(38,566,063)
Profit before tax	1,013,327,353	538,173,514
Income tax	(314,368,381)	(129,321,256)
Profit for the year	698,958,973	408,852,258
Total comprehensive income	-	(38,413,246)
Attributable to noncontrolling interests	249,931,518	118,633,837
Dividends paid to noncontrolling interests	(171,181,256)	(37,346,100)

Summarised Statement of Financial Position	2016	2015
Current Assets	5,761,175,751	5,238,365,686
Non- Current Assets	494,985,387	1,004,512,048
Current Liabilities	3,478,664,891	3,454,067,099
Non- Current Liabilities	83,558,907	96,857,538
Total equity	2,693,937,340	2,177,265,603
Attributable to:	-	-
Equity holders of parent	1,936,706,348	1,560,459,574
Noncontrolling interest	757,230,993	616,806,029

Summarised Cash Flow Information	2016	2015
Operating	287,343,881	136,234,519
Investing	(6,002,712)	(308,376,349)
Financing	(250,206,958)	115,868,950
Net increase / (decrease) in cash and cash equivalents	31,134,211	(56,272,879)

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GROUP REAL ESTATE PORTFOLIO

Owning Company & Location	Buildings in SQ.FT	Free Hold Land in Perches	Net Book Value Mar-16
Properties in Colombo			
Expolanka Pvt Limited No 10, Mile Post Avenue, Kollupitiya , Colombo 3	4,530	23.50	109,996,875
Properties Outside Colombo			
Expolanka Freight Pvt Ltd No 69, Ramyaweera Mawatha, Kittampahuwa, Wellampitiya	20,881	303.50	258,858,517
Expolanka Freight Pvt Ltd No 73/2,Ramyaweera Mawatha, Kittampahuwa, Wellampitiya		30.97	15,535,000
Expolanka Pvt Limited No. 245/49 & 245/50,Avissawella Road, Orugodawatta, Wellampitiya	90,500	324.00	421,942,781
Expolanka Pvt Limited No 390, Avissawella Road, Orugodawatta, Wellampitiya	135,609	555.26	1,056,253,846
Pulsar Shipping Agencies (Pvt) Ltd 2/24th Portion of Bogahawatta, Galu Piyadda, Galle	1,200	15.75	5,780,300
Properties Outside Sri Lanka			
Expolanka Freight Pvt Ltd No. 23 – 25, Brabazon Road, Croydon, Kempton Park 1619, Johannesburg, South Africa	22,367	41.08	44,734,221
Expo Freight Limited Savar, Dhaka, Bangladesh		105.58	81,601,459
Expo Freight Limited Savar, Dhaka, Bangladesh		105.58	85,697,506
			2,080,400,506

FIVE YEAR SUMMARY

31st March	2015/16	2014/15	2013/14	2012/13	2011/12
In Rs. Millions					
OPERATING RESULTS					
Group Revenue	56,015	52,652	53,319	50,075	35,415
EBIT	2,102	1,456	2,169	1,882	1,796
Finance Expenses	(92)	(154)	(267)	(227)	(137)
Share of results of associates	37	12	35	15	5
Profit before tax	2,047	1,314	1,937	1,670	1,664
Tax expenses	(601)	(266)	(367)	(392)	(455)
Profit after tax	1,446	1,047	1,570	1,279	1,210
Attributable to:					
Non Controlling Interest	332	162	144	218	176
Equity holders of the parent	1,113	886	1,426	1,061	1,033
CAPITAL EMPLOYED					
Share capital	4,098	4,098	4,098	4,098	4,098
Capital reserves	409	11	36	73	119
Revenue reserves	7,348	6,518	5,702	4,910	4,037
Minority interest	1,266	991	929	1,156	964
Total equity	13,120	11,618	10,765	10,237	9,219
Total debt	1,793	1,819	2,701	2,662	2,029
CAPITAL EMPLOYED	14,913	13,437	13,466	12,899	11,248
ASSETS EMPLOYED					
Property plant and equipment	3,423	3,376	3,666	4,221	3,420
Other non current assets	1,167	1,268	1,193	1,262	912
Current assets	18,085	17,348	17,007	16,865	13,022
Liabilities net of debt	(7,762)	(8,556)	(8,401)	(9,449)	(6,107)
ASSETS EMPLOYED	14,913	13,437	13,466	12,899	11,248
CASH FLOW					
Cash flow from operating activities	316	320	373	1,064	(329)
Cash flow from / (used in) investing activities	(338)	399	417	(1,172)	(1,361)
Cash flow from / (used in) financing activities	563	(941)	(431)	(46)	1,744
Net increase / (decrease) in cash and cash equivalents	922	(268)	340	(186)	194
KEY INDICATORS					
Basic earnings per share (Rs.)	0.570	0.453	0.729	0.543	0.529
Finance cost cover (no. of times)	23.0	9.5	8.1	8.3	13.1
Net assets per share (Rs.)	6.06	5.44	5.03	4.65	4.22
Debt / equity ratio (%)	13.7%	15.7%	25.1%	26.0%	22.0%
Dividend payout (Rs. Millions)	235	-	645	235	235
Current ratio (no. of times)	2.0	1.8	1.8	1.5	1.8
Market price per share (Rs.)	7.0	8.5	8.7	6.8	6.2

SHARE INFORMATION

KEY DEVELOPMENTS

The Share price of Expolanka Holdings PLC (Expolanka) went through a period of consolidation and was within the range of Rs. 7.00 – Rs.8.00 throughout the year.

In a key development which showed continued confidence and faith in the Expolanka share, S.G Holdings Global (Pte.) Ltd, (SGH) further acquired 313,816,001 shares of Expolanka bringing their overall shareholding of the company to 67.48%.

Trading Summary 1st April 2015 – 31st March 2016

Number of shares in issue	1,954,915,000
Number of shares traded during the Year	370,857,667
Number of transactions for the Year	4,924
Value of Transactions for the year	3,079,180,228.70
Market Capitalisation as of 31st March 2016	13,684,405,000.00

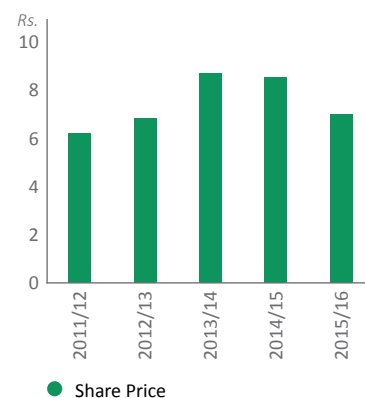
The market value of Expolanka consistently remained above the Rs. 13 billion range during the latter part of the year.

Although there was consistent interest on the share, the most significant transaction that took place was the acquisition of 313.8 million shares by SGH.

The movement of the Share price as of 31st March over the last four years is reflected in the following diagram.

A further analysis of the Expo Share performance over the last three years is reflected in the below table.

	31-Mar-2016	31-Mar-2015	31-Mar-2014
Highest (Rs.)	8.20	9.70	9.90
Lowest (Rs.)	5.90	8.50	7.50
Closing (Rs.)	7.00	8.50	8.70



SHARE PRICE

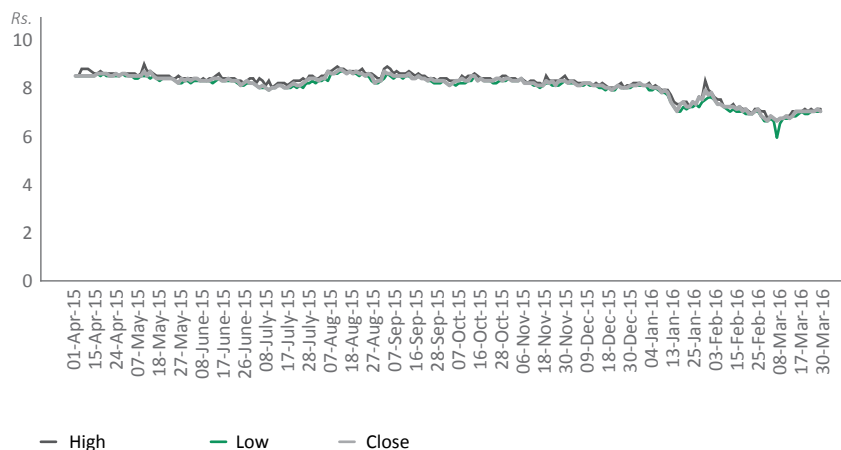
SHARE INFORMATION

Expo Share Performance

The movement of the Expo Share price during the 4 quarters is given below.

	High	Low	Closing	Volume of shares Traded
1st Quarter	9.00	8.10	8.10	9,416,135
2nd Quarter	8.90	7.90	8.20	38,868,542
3rd Quarter	8.60	7.90	8.10	3,618,849
4th Quarter	8.20	5.90	7.00	318,954,141

The below graph indicates the movement of the Expo share price during the year.



SHARE PRICE MOVEMENT

Share Valuations

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

	2015/16	2014/15	2013/14	2012/13
Net Asset Per Share	6.06	5.44	5.03	4.65
Earnings Per Share	0.57	0.45	0.74	0.54
Trailing P/E Multiple	12.28	18.89	11.91	12.03
ROE	11%	9.02%	14.58%	12.49%

The EPS of the company has grown steadily during the current year and is showing a YOY growth of 27%. This is a reflection of the improvement of the performance of the company during the current financial year.

SHARE INFORMATION

Share Distribution

The Expo Share is owned by a base of 6,922 voting registered shareholders as at 31st March 2016. The distribution of the shares held by these shareholders is given below.

Range of Shareholding	No. of Shareholders	No. of Shares	% of Shareholding
1 – 1,000	3,151	2,296,840	0.12
1,001-10,000	2912	12,629,830	0.64
10,001 – 100,000	751	24,891,391	1.28
100,001 – 1,000,000	90	23,109,870	1.19
Over 1,000,000	18	1,891,987,069	96.77

ANALYSIS OF SHAREHOLDING

Resident / Non Resident

	No. of Shareholders	No. of Shares	% of Shares
Resident	6,865	565,995,824	28.95
Non-Resident	57	1,388,919,176	71.05

Individuals / Institutional

	No. of Shareholders	No. of Shares	% of Shares
Individuals	6,736	524,943,901	26.85%
Institutional	186	1,429,971,099	73.15%

Public Holding of Shares

As of 31st March 2016, the public holding of Expolanka Holdings PLC shares stood at 488,727,855 shares which amounts to 25% of the issued Share Capital.

Shareholding by Directors

The following table indicates the number of shares held by the Board of Directors of the company.

Name	No. of Shares – 31st March 2016	No. of Shares – 31st March 2015
Mr. N Kondo	-	-
Mr. H Yusoof(Group CEO)	147,021,464	147,021,464
Mr. N Kawasaki	-	-
Mr. Osman Kassim	-	163,191,899
Mr. Y Matsubara	-	-
Mr. M Matzusono	-	-
Mr. S Kulatunga	-	-
Mr. H Amarasekera	-	-
Mr. T Shiho	-	-
Total	147,021,464	310,213,363

SHARE INFORMATION

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

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

Twenty Largest Shareholders as at 31st March 2016

The below tables provides the details of the Top 20 Shareholders of Expolanka Holdings PLC as at 31st March 2016.

No.	Name of Shareholder	31st March 2016		31st March 2015	
		No. of Shares	%	No. of Shares	%
1	SG Holdings Global PTE. LTD	1,319,165,681	67.48	1,005,349,680	51.43
2	Hanif Yusoof	147,021,464	7.52	147,021,464	7.52
4	Farook Kassim	110,533,865	5.65	160,741,899	8.22
5	Sattar Kassim	108,490,132	5.55	161,944,128	8.28
6	Shafik Kassim	100,150,129	5.12	163,191,899	8.35
7	HSBC INTL NOM LTD-SSBT-WASATCH INTERNATIONAL OPPORTUNITIES FUND	57,183,777	2.93	42,897,800	2.19
8	HSBC INTL NOM LTD-BBH-MATTHEWS EMERGING ASIA FUND	10,496,963	0.54	9,348,946	0.48
9	Janashakthi General Insurance Limited	10,038,263	0.51	10,038,263	0.51
10	Guardian Capital Partners PLC	6,845,150	0.35	6,845,150	0.35
11	People's Bank	6,000,000	0.31	364,767	0.02
12	Janashakthi Insurance PLC (Policy Holders)	3,780,100	0.19	3,780,100	0.19
13	Employees Trust Fund Board	3,486,700	0.18	3,486,700	0.18
14	Mohamed Haji Omar	2,102,990	0.11	511,957	0.03
15	Bank of Ceylon No. 1 Account	1,716,193	0.09	1,657,820	0.08
16	Pusparaj Nadesapillai	1,455,900	0.07	1,455,900	0.07
17	Weerasinghe Amarakoon Mudiyansele	1,156,966	0.06	1,156,966	0.06
18	Mr. Shiraz Hussein	1,140,000	0.06	1,140,000	0.06
19	Lanka Orix Finance Company PLC	1,000,000	0.05	1,000,000	0.05
20	Employees Provident Fund	966,450	0.05	966,450	0.05
	Total	1,892,730,723	96.82	1,722,899,889	88.13

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Annual Report 2015/16

NOTICE OF MEETING

Notice is hereby given that the 11th Annual General Meeting of Expolanka Holdings PLC will be held at the Bouganvillea, Galadari hotel, No 64 Lotus Road, Colombo 01 on Wednesday, 03rd August 2016 at 4.30 p.m.

AGENDA

1. To consider and adopt the Annual Report of the Board of Directors on the Affairs of the Company and the Statements of Accounts for the Financial Year ended 31st March 2016 with the Report of the Auditors thereon.
2. To re-elect Mr. Sanjay Sumanthri Kulatunga, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.
3. To re-elect Mr. Motonori Mastuzono, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.
4. To re-elect Mr. Toji Shiho, who in terms of Article 86 of the Articles of Association of the Company retires at the Annual General Meeting as a Director.
5. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors and authorise the Directors to determine their remuneration.
6. To authorise the Directors to determine contributions to charities for the financial year ending 31st March, 2017.

By order of the board of Expolanka Holdings PLC



S S P Corporate Services (Private) Limited
Secretaries

No.101, Inner Flower Road,
Colombo 03

11th July 2016

Note:-

A member is entitled to appoint a proxy to attend and vote instead of himself/herself and a Proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office of the Secretaries, No.101, Inner Flower Road, Colombo 03.

Security Check:-

We shall be obliged if the shareholders/proxies attending the Annual General Meeting produce their National Identity Card to the security personnel stationed at the entrance.

FORM OF PROXY

I/We of

being a member/members of Expolanka Holdings PLC hereby appoint (i)

..... failing him/her (ii) Nobuaki Kondo, Chairman of Expolanka Holdings PLC or failing him any one of the Directors of the Company as *my/our proxy to vote as indicated hereunder for *me/us and on *my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 3rd August 2016 at 4.30pm at the Bouganvillea, Galadari Hotel, No 64, Lotus Road, Colombo 01 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	FOR	AGAINST
1. To consider and adopt the Annual Report of the Board of Directors on the Affairs of the Company and the Statements of Accounts for the financial year ended 31st March 2016 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Sanjay Sumanthri Kulatunga, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. Motonori Mastsuzono, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Toji Shiho, who in terms of Article 86 of the Articles of Association of the Company retires at the Annual General Meeting as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors and authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine contributions to charities for the financial year ending 31st March, 2017.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of Two Thousand and Sixteen.

Signature:

Note:

- (a) *Please delete the inappropriate words.
- (b) Instructions are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy by filling in legibly your full name and address, your instruction as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Secretaries at No.101, Inner Flower Road, Colombo 03 at least 48 hours before the time appointed for the holding of the Meeting.
4. If the form of proxy is signed by an attorney, the relative power of attorney should accompany the form of proxy for registration, if such power of attorney has not already been registered with the Company

Note:

If the shareholder is a Company or body corporate, Section 138 of Companies Act No.7 of 2007 applies to Corporate Shareholders of Expolanka Holdings PLC. Section 138 provides for representation of Companies at meetings of Companies. A Corporation, whether a Company within the meaning of this act or not, may where it is a member of another Corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represent as that Corporation could exercise if it were an individual shareholder.

