



SEASONS OF RESILIENCE

Integrated Annual Report
2022/23



Integrated Annual Report

2022/23

Seasons of Resilience

Resilience in the face of seasonal challenges is embedded in the heart of our business. Our ability to adapt to change has enabled Expolanka to weather the uncertainties of a difficult year. Bound by an unwavering commitment to growth, we continue to extend and expand: reaching new shores, building stronger relationships, and enhancing our capabilities.

The success of our decades-long enterprise stands firm on a bedrock of integrity, stability, and maturity. Just as the cherry blossom blooms in the spring, heralding an exciting period of renewal and regeneration, Expolanka's ethos of excellence signals a continuing cycle of growth in the seasons ahead.

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GRI: 2-6

Group Snapshot

PURPOSE

Building great businesses with
a dare to do spirit



VALUES

To always follow ethical business principles
in transacting and managing business

Caring for stakeholders'
interests

Commitment to
excellence

Innovation and
entrepreneurship



Logistics >

Spearheaded by EFL Global, a world-leading service-driven logistics player ensuring safe, transparent, and on-time delivery of millions of products to our customers, every single day.



- Contributed 98.4% of Group revenue in FY 2023
- Operational in 39 countries across 4 continents
- Ranked amongst the leading global air and ocean freight forwarders
- Asset-light and customer-focused
- Working with leading global retail brands in North America

Services

- Air Freight
- Ocean Freight
- Consolidation services – CFS
- Warehousing
- Cross Dock and Transloading
- Drayage
- Brokerage
- 3PL

- Serving major manufacturing hubs of Asia, Africa, and Latin America
- Partnered with the largest air and sea freight carriers
- Growing domestic logistics capabilities in North America and Sri Lanka
- Acquisitions strengthening expansion in largest consumer markets: USA, Europe, and Asia

Industry verticals

- Apparels
- Technology
- Home furnishing
- Auto spares
- Pharmaceuticals
- Perishables

Leisure >

Led by Classic Travel, Sri Lanka's largest travel company.



Markets

- Sri Lanka
- India
- Bangladesh
- United Arab Emirates

Services

- Corporate travel
- Outbound leisure
- Inbound destination management
- Visa solutions
- Ground services

Investment >

Operations centred on two key growth verticals: international trading and Information Technology services.



Markets

- Middle East
- United States
- Europe

Services

- Trading: Trading of fresh produce, dried foods, and value added exports.
- IT: end-to-end IT solutions that support digital transformation.

Stable performance

- Rs. 546 Bn. Revenue
- Rs. 105 Bn. Gross Profit
- GP Margin grew to 19.3%
- Strong returns with EPS of Rs. 15.88

Capabilities for the future

- Capabilities for the future
- Continued deployment of technology capabilities
- 564% growth in training investment

Sustainable operations

- 42.4% reduction in Gross GHG Emissions (Scope 1 to 3)
- 19% increase in renewable energy generation

Our Flagship Business



Today, we are a truly international group in all aspects.

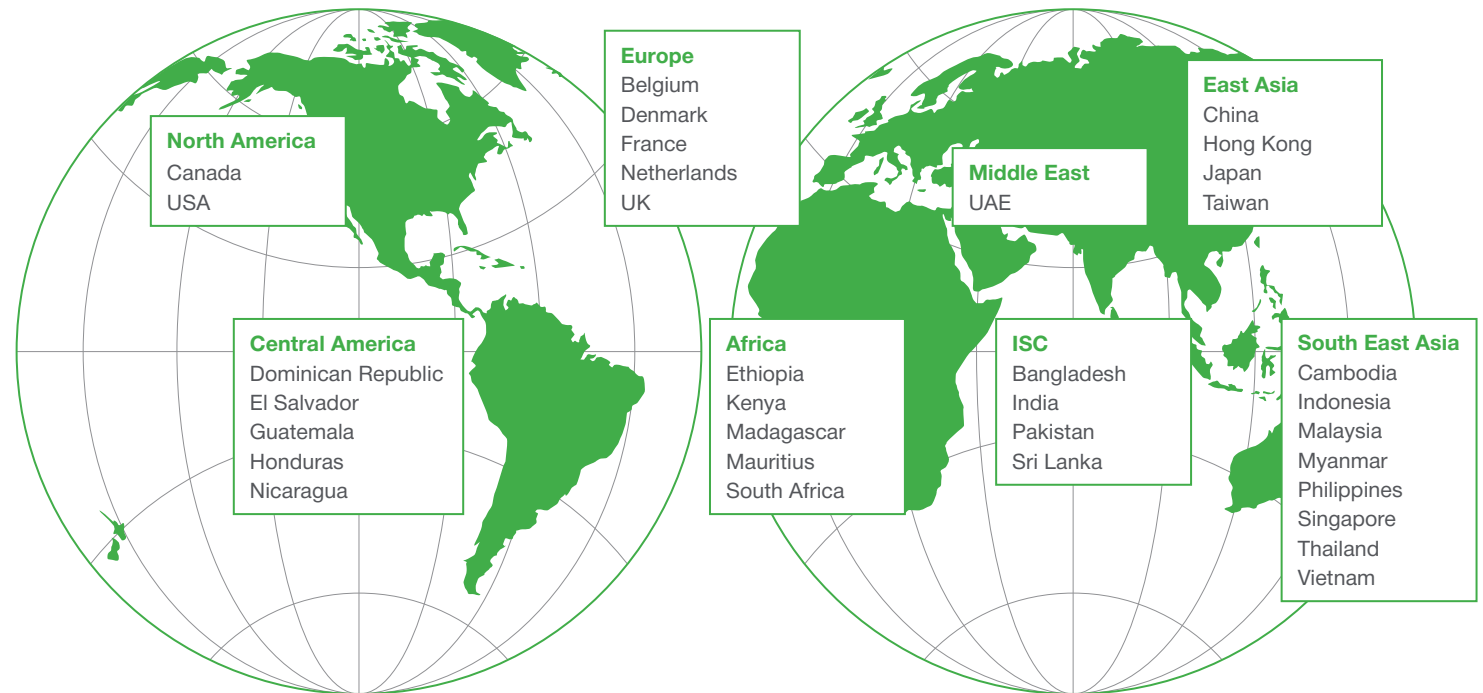
92%
of revenue from
international markets

Ranked amongst the
leading global air and
ocean freight forwarders

International customer
profile spanning multiple
industries

56.6%
of workforce based
internationally

Ventured into
06 new countries,
bringing the total to 39



Continued deployment of
technology capabilities



Increased wallet-share with
key customers



Increased domestic logistics
footprint



International customer profile
spanning multiple industries

Year Under Review

EFL Global

1

International Women's Day Celebrations – 22 March 2023



EFL Global celebrated International Women's Day across the world, with office celebrations, educational seminars, and the introduction of our new peer mentorship and support group, Lean In Circles.

Our educational seminars included "Overcoming Imposter Syndrome" with Ros Cardinal and "Managing Your Emotions" with Isabel Paul. These programs offered attendees the opportunity to learn about how to navigate imposter syndrome both in their personal life and career as well as how to understand emotional responses to respond more effectively.

As a global organisation, we remain committed to the women of our organisation and their success, education, and future endeavors. We #EmbraceEquity on International Women's Day, throughout Women's History Month, and every day!



In 2023, world leaders call on us to continue to forge women's equality, celebrate differences, and #EmbraceEquity. By creating a fair and equal world both in and out of the workplace, we are driving change for future generations.

At EFL Global, we are proud to empower, support, and celebrate the women of our #OneEFL family.

2

EFL Global Partners With Turkish Cargo – 22 March 2023



To commemorate our global partnership, the EFL Global team visited the Turkish Cargo SMARTIST facility in Istanbul. SMARTIST is a state-of-the-art air operations facility and one of the largest hubs in the world, designed to meet the growing demand for air cargo transportation and more seamless processes.

EFL Global – Hanoi: Emirates Sky Cargo and Cathay Pacific's Top Agents for 2022 – 17 March 2023

EFL Global appreciates this honor and looks forward to strengthening our partnership in 2023 and beyond.



Year Under Review

EFL Global – Vietnam: Emirates Top Five Agent of 2022 – 10 March 2023



We are pleased to announce that Emirates recognised our EFL Global – Vietnam team as a Top Five Agent of 2022!

We are thrilled to be presented with this honor and look forward to strengthening our partnership in 2023 across the globe

EFL Global – India Unlocks New Transshipment Route – 7 March 2023



Our EFL Global – India team pioneered a new route with a Land/Air Transshipment between Dhaka and Delhi, innovating exports for the retail and commerce sector in the region.

With the support of ministry officials, customs teams, Land Port Authority of India, and GMR, EFL Global successfully moved the cargo by land from Dhaka to Delhi Airport, clearing customs at the Petrapole-Benapole border before handing the cargo over to airport staff for its destination in Spain.

This transshipment was made possible by the efficient and experienced work of the EFL Global team, opening new possibilities for customers moving freight in the region.

Acquisition of Trans American Customhouse Brokers, Inc. – 27 February 2023



EFL Global completed acquisition of Trans American Customhouse Brokers, Inc. With this acquisition, EFL Global will expand its capabilities to offer more Customs Brokerage, clearance, and consulting solutions, allowing customers a wider range of products and services for global trade.

This acquisition marks the latest in a series of strategic moves for EFL Global, growing at the forefront of innovation in the supply chain and logistics sector for over 40 years. It continues to invest in its core business capabilities and global operations, and the acquisition of Trans American Customhouse Brokers, Inc. is further evidence of this commitment to excellence.

Year Under Review



EFL Global Acquires Locher Evers International – 30 March 2023

EFL Global completed acquisition of Locher Evers International (LEI), a long-standing, family-owned Canadian logistics company. With over 47 years of experience, LEI offers a full suite of logistics services, including air freight, ocean freight, customs brokerage, rail service, warehousing, distribution, fulfillment, domestic trucking, and drayage.

The acquisition of LEI expands EFL Global's footprint in the Canadian market and strengthens its capabilities to provide end-to-end logistics solutions to customers across various industries. By combining LEI's expertise with EFL Global's resources and technology, customers can expect to benefit from enhanced service offerings, improved efficiencies, and greater flexibility.

The acquisition of LEI is effective immediately, and the company will operate as a subsidiary of EFL Global. The management team and employees of LEI will remain in their current roles, ensuring a seamless transition for customers and suppliers.

EFL Global is committed to providing the highest level of service and support to customers and suppliers during the integration process.

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EFL Global Makes Transport Topics Top 50 Airfreight and Ocean Freight Forwarder Lists for the 2022 year – 7 April 2022



6

EFL Global – Indonesia team: Best Performance Award from Korean Air Cargo – 14 February 2023



This award recognizes EFL Global – Indonesia's achievements in cargo sales for the 2022 year in partnership with Korean Air Cargo. We're proud to strengthen this partnership, and look forward to more success in the year 2023.

EFL Global – Vietnam: Top Agent of Cathay Pacific – 28 January 2023



In 2022, Cathay Pacific celebrated its 30th anniversary since establishment in Vietnam, covering the region from 1992 – 2022. We are thrilled to receive this honor and look forward to many years of our steadfast partnership to come!

Year Under Review

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EFL Global – Sri Lanka: 2022 National Logistics Awards – 13 April 2022



We took home the Gold Award in the Freight Forwarders Large Category in recognition of our performance over the 2019/2020 fiscal year. Our teams work diligently to provide the best freight forwarding and logistics services in the business.

Thank you to the SLFFA for this incredible honor!

EFL Global – Sri Lanka Wins in Transport and Logistics category at the National Business Excellence Awards! – 8 April 2022



The ceremony is organised by The National Chamber of Commerce of Sri Lanka (NCCSL), recognising those organisations who excel in categories such as Corporate Governance, Capacity Building, Performance Management, Global and Local Market Reach, Corporate Social Responsibility and Environmental Sustainability, and Business and Financial Results.

Congratulations to the EFL Global – Sri Lanka team on this incredible achievement. We couldn't have done it without your hard work and dedication!

3PL

SLIM Awards – EFL 3PL Won Gold in B2B Brand of the Year Category at SLIM 2022



EFL 3PL has won Gold in B2B Brand of the Year Category for the second consecutive year at the SLIM Brand Excellence awards. The award recognises the best among the Business-to-Business brands marketed locally, and performed exceptionally well, showing resilience despite multiple challenges faced as a nation. The award is a testament to our exceptional brand and financial performance over the years as a result of our overall well-executed strategy that differentiates ourselves from the rest of the competitors while keeping our customers delighted.

Year Under Review

GRI: 2-28

Classic Travels



Growth and Expansion

- Acquired Gabo Travel (Private) Limited and related companies
- Operations expansion to Dhaka Bangladesh

Oki Doki



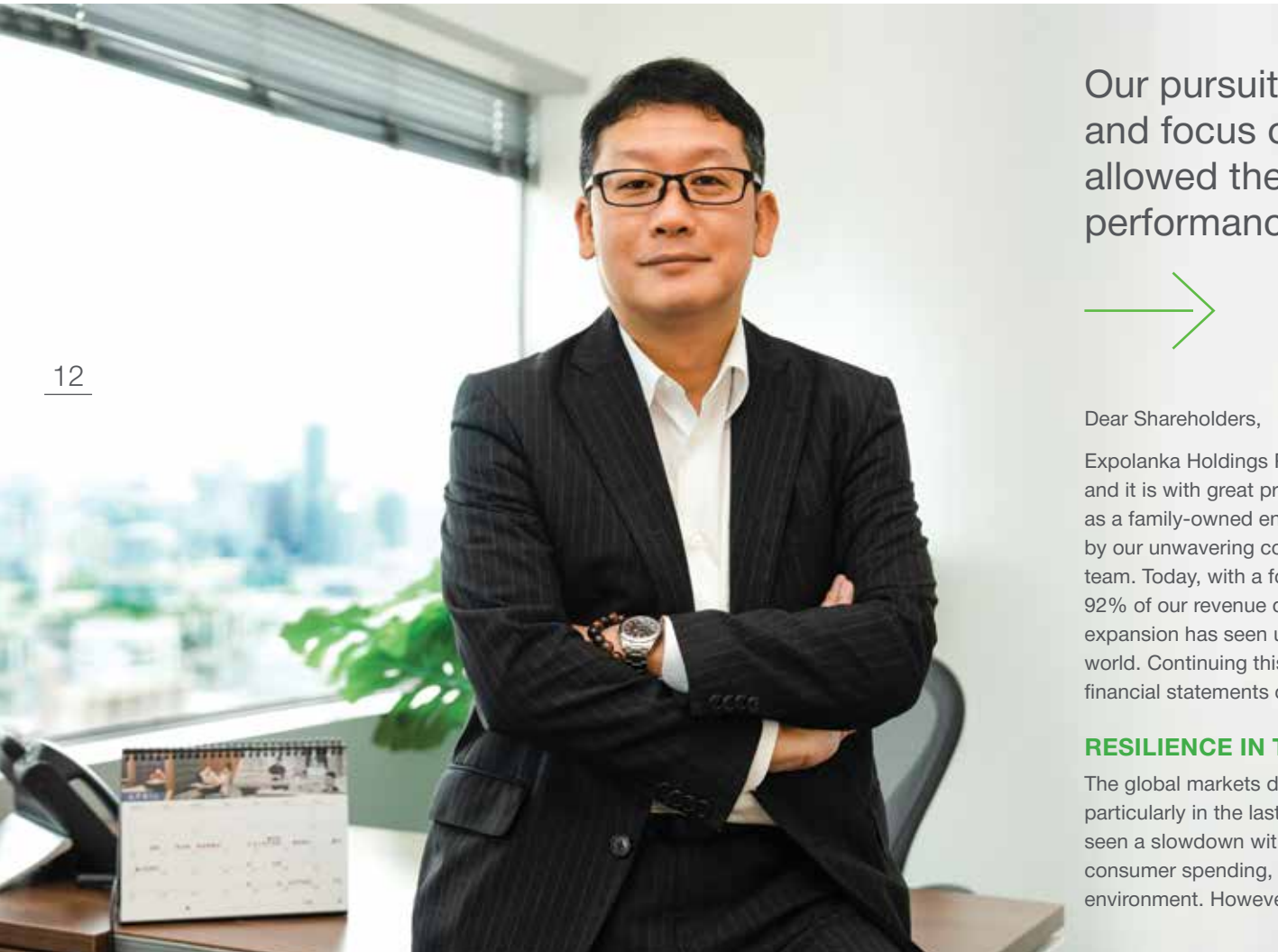
TAPA membership

- Oki Doki became the 1st Sri Lankan Transport management company to be part of the TAPA community.
- TAPA welcomed Oki Doki to its membership fraternity for the commitment displayed by us to enhance and implement quality & security standards in the supply chain.

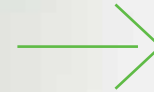
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Chairman's Message

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Our pursuit of a consistent strategy and focus on sound fundamentals have allowed the Group to deliver a stable performance during the year under review.



Dear Shareholders,

Expolanka Holdings PLC has witnessed tremendous growth over the last several years, and it is with great pride that I address you as part of this dynamic group. What began as a family-owned enterprise has evolved into a global logistics powerhouse, propelled by our unwavering commitment to excellence and the tireless efforts of our dedicated team. Today, with a footprint in 39 countries across 4 continents, and more than 92% of our revenue derived through international markets, Expolanka's phenomenal expansion has seen us reach the largest manufacturing and consumer markets in the world. Continuing this story of long-term growth, I present to you the annual report and financial statements of Expolanka Holdings PLC for the year ended 31 March 2023.

RESILIENCE IN THE FACE OF CHALLENGES

The global markets during this financial year presented numerous challenges, particularly in the last several months. The trade and logistics industry as a whole has seen a slowdown with factors such as retail overstocking, inflationary fears, reduced consumer spending, and geopolitical tensions contributing to a challenging operating environment. However, we view these challenges as short-term cyclical changes.

Chairman's Message

Our pursuit of a consistent strategy and focus on sound fundamentals have allowed the Group to deliver a stable performance during the year under review.

Expolanka Holdings PLC has shown remarkable resilience during an exceptionally challenging period. During the fiscal year ended 31 March 2023, we achieved a revenue of Rs. 546 Bn. and a profit after tax of Rs. 31 Bn. The strength of our financial results can be attributed to the effective implementation of the Group's long-term strategic plan. Additionally, our ability to remain agile and adaptable; expanding our customer base, enhancing our services, and building stronger partnerships across the Globe has contributed to this success. Furthermore, it is important to emphasise that our approach to business goes beyond these numbers, the Company's holistic outlook encompasses the strength of our brand, the reliability of our governance framework and policies, and our long-standing commitment to sustainability. Each of these aspects have played a significant role in creating true value for our stakeholders.

A YEAR OF REMARKABLE PROGRESS

Reinforcing our position as a leading global logistics player, our resilient performance can be attributed to the strength of our logistics sector, with the key driver being EFL Global. Successfully navigating a volatile and uncertain environment, our logistics sector achieved an overall revenue of Rs. 537 Bn. and a profit after tax of Rs. 29.4 Bn. for the year under review. EFL Global, having established itself as a top global logistics company, remains committed to building capabilities, infrastructure, systems, and processes that create sustainable value for our stakeholders.

Despite challenges, the business saw success from its core fundamentals, which reflects the continuity and consistency of EFL's long term strategy. Our strategic investments and expansionary efforts over the last few years bore fruit during the year under review. Expanded service capabilities in both origin and destination markets, coupled with our foray into the contract and domestic logistics business, have contributed positively to performance.

In alignment with our long-term growth strategy, EFL Global successfully completed two significant acquisitions, which will not only expand the service portfolio and customer base, but also consolidate operations in North America whilst laying the foundation for future growth. These acquisitions mark the largest undertaken by our Group and clearly demonstrate our determination to continue growing even in challenging times. While the Company has traditionally experienced organic growth, today we are actively seeking inorganic opportunities that align strategically and financially with our long-term vision.

Also noteworthy is the performance of the Group's leisure sector, where we significantly reorganised our portfolio during the last few years and made changes to a leaner operating model. Our efforts proved timely, as a resurgent leisure and tourism industry enabled the sector to achieve a record-breaking annual revenue of Rs. 3 Bn. Meanwhile, our investment sector revenue amounted to Rs. 6.5 Bn. for the financial year concluded.

A STRONG FINANCIAL POSITION FOR FUTURE GROWTH

The Group's focus on consolidation during the year saw significant efforts being directed toward improving cash flows and strengthening our financial position. We have

successfully settled debt owed to our parent company, SG Holdings, and significantly reduced our short-term borrowings. By retaining our working capital centric operating model, we have been able to adjust and adapt to changes in the macro-environment. This approach continues to ensure our operations are optimised to support the Group's growth trajectory.

Our strong cash flow generation enabled the Group to declare dividends of approximately Rs. 16 Bn. for the year under review. With the strength of improved working capital cycles and an excellent cash balance, we have been able to self-finance the majority of the investments and strategic acquisitions completed during the year. The strength of our balance sheet, coupled with the support of our parent company, place Expolanka in a strong position to fuel future growth requirements.

ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

As we have grown and expanded, our focus on sound corporate governance, compliance, and risk management have also evolved. We recognise the importance of continuously improving our governance framework and risk management capabilities. Alongside our growing geographic footprint, we comply with a series of local regulatory requirements, governance standards, and business best practices of the countries in which we operate. Our robust corporate governance and compliance framework also meets the requirements of our primary shareholder listed in Japan.

Expolanka has successfully implemented effective internal controls and resilient systems that safeguard our ability to create sustainable value for our shareholders in the

Chairman's Message

long-term. The Board plays a key role in driving forward the Group's corporate governance agenda, and is committed to strengthening an ethics-based culture of continuous improvement within our operations. During a challenging year with a rapidly changing macroenvironment, the Board of Directors, Board committees, and corporate management coordinated closely to navigate developments in the global business landscape, while continuously striving for improvement in all areas of governance.

CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

Alongside our focus on consolidating business operations and positioning for future growth, we placed equal emphasis on enhancing our Environmental, Social and Governance (ESG) practices in accordance with our Group sustainability strategy. Social responsibility is enshrined in our ethos, abundant in our corporate culture, and practiced by our teams across the Globe.

During the year under review we took concerted efforts to minimise the environmental impact of operations as part of our broader goal of achieving net-zero emissions by 2050: working with our partners to explore new avenues to decarbonise the logistics supply chain; supporting our suppliers to meet social and environmental best practices; launching pioneering new facilities that are powered by renewable sources; adding renewable energy generation capacity and transitioning existing facilities to cleaner energy sources; and leading social change through EFL's Global Goodness initiative. Our stations across the Globe took the lead in launching new community development projects, supporting the work of pioneering environmental groups, and continuing our commitment to the Global Goals through action and volunteerism.

LOOKING FORWARD

We will continue to focus on our long-term journey; developing synergies and seizing opportunities to complement our core business and position us for future growth that aligns with recovery of the global economy. Recognising that business environments are constantly evolving, we remain committed to effectively align with market conditions, managing costs efficiently and expanding our core logistics business. While our US operation will continue to be our largest contributor, we will also explore strategic growth opportunities in other markets and trade lanes. By expanding our industry exposure, developing our customer portfolio, improving internal efficiency, and leveraging technology and sustainability to augment our operations, we aim to ensure consistent growth across the Group.

As we venture into a new phase, we have embraced technology and innovation as fundamental aspects of our business across all sectors. We continue to leverage essential tools to improve visibility, enhance processes, drive efficiencies, and elevate our service offerings to customers. We are confident in our ability to grow as a digitally-integrated global logistics company; positioning ourselves at the forefront of the industry.

ACKNOWLEDGEMENTS

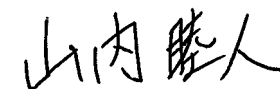
As we reflect on a challenging year, I am keen to acknowledge initiatives undertaken to drive growth, while retaining focus on the bigger picture and continuing to deliver high returns to our shareholders. Our journey over the years and the performance delivered by Expolanka this past year, is a testament to the power of a concentrated and consistent strategy executed effectively and efficiently

by our leadership team. I would like to express my heartfelt gratitude to the esteemed Board of Directors of Expolanka Group: despite the challenging market conditions we have faced, their exceptional resilience, commitment to excellence, and dedication to our organisation's vision and goals have been truly remarkable. I also extend my sincere gratitude to our shareholders for their unwavering trust and support. Looking ahead, we remain excited about the potential our business holds.

I would like to acknowledge the hard work and spirit demonstrated by the entire workforce across our network. Their dedication and loyalty have been defining factors in enabling the Group to grow from strength to strength and deliver impressive results.

Lastly, I would like to thank our esteemed customers: Your trust and loyalty have been instrumental in our achievements. We are committed to providing you with an exceptional experience that exceeds your expectations.

On behalf of the Board, I would like to express my sincere appreciation for your continued support and belief in Expolanka's vision. Together, we will continue to embrace growth, navigate challenges, and deliver excellence.



Sincerely,

BOKUTO YAMAUCHI

Non Executive Chairman,
Expolanka Holdings PLC

30 June 2023

Group CEO's Review



Throughout the year under review, our key focus was on consolidating performance in light of the challenging operating environment. We committed to strengthening the fundamentals of our business, which remained our primary focus.



I am proud to present the Annual Report of Expolanka Holdings PLC for the financial year 2022/23. The past year has presented us with a set of formidable challenges, characterised by market volatility and uncertainty. However, we have remained steadfast in our commitment to our strategy and unwavering in our pursuit of creating value for our shareholders. Despite adversities, we have demonstrated resilience and delivered a commendable performance overall.

Central to our success has been the consistent implementation of a comprehensive, agile, and aligned strategy. This robust framework, coupled with our daring spirit, perseverance, and focus on executing strategic initiatives, has been the cornerstone of our accomplishments.

Group CEO's Review

A CHALLENGING BUSINESS ENVIRONMENT

In the current economic landscape, we find ourselves amidst market uncertainties in global trade and logistics. The last quarter of 2022 reflected negative growth, while indicators for the first quarter of 2023 suggested stagnation in global trade. Inflation related concerns have raised fears and resulted in a drop in demand. This has had a notable impact on the purchasing behaviour of consumers, as indicated by various consumer confidence indexes; signalling slowdown on a global scale.

Increase in freight rates, which had occurred during the pandemic, was driven by capacity constraints in both air and ocean transportation. However, as capacity gradually returned and the situation normalised, we witnessed a reduction in rates across both the air and ocean sectors. This normalisation of rates had an impact on our margins and profitability.

During the year, we remained focused on maintaining stability and optimising yields. We continued to implement effective procurement strategies to mitigate the impact of fluctuating rates, ensuring a balanced approach to both air and ocean transportation.

Furthermore, supply chain disruptions experienced during the pandemic and its aftermath have had lingering effects on inventory levels, particularly within the retail sector. Many retail brands have maintained stagnant inventory levels and have refrained from restocking due to subdued consumer demand. This has also contributed to a slowdown in global trade. On the supply side, carrier capacity continued to improve in the context of reduced demand coupled with resurgence of the travel sector. As a result, there was a normalisation of freight rates, leading to corrections in revenues and yields.

Looking ahead to 2023/24, The World Trade Organization expects trade growth to rebound to 3.2%. However, it is important to note that potential downside risks, such as geopolitical tensions across key global economies, uncertainties surrounding the Russia-Ukraine war, food supply shocks, and the unforeseen impacts from prolonged monetary tightening bring with them a degree of uncertainty.

Despite the current challenging macroeconomic factors, our commitment to core business fundamentals remains unwavering. As we move forward, we remain cognisant of the evolving market dynamics and will continue to adapt and adjust our strategies accordingly. We will remain focused on creating value for our shareholders and other stakeholders. We are confident that our steadfast approach will enable us to navigate short-term economic stressors, while better positioning the Group for future growth.

A STABLE FINANCIAL PERFORMANCE

Expolanka Holdings PLC achieved a revenue of Rs. 546 Bn. and a Gross Profit of Rs. 105 Bn. Despite the Group recording an exchange loss of Rs. 2.3 Bn. during the fourth quarter from appreciation of the Sri Lankan rupee against the US Dollar, our strong financial performance translated to an impressive Earnings Per Share (EPS) of Rs. 15.88 per share and a Return on Equity (ROE) of 22.67%.

Driven by a clear vision, Expolanka has positioned itself among a select group of Sri Lankan entities with a global presence spanning 39 countries. Over 92% of our group revenue and over 73% of our Profit After Tax is now generated from foreign markets.

The group's core freight forwarding business encountered a year-on-year decline in both air and ocean freight volumes, brought on by a downturn across the sector. Our air freight operations handled a total of 105 million kilos of cargo, while our ocean freight operations managed the transportation of over 200,000 TEUs during the year.

Despite numerous challenges, the logistics sector remained focused on its core business fundamentals. EFL Global successfully onboarded a number of new customers and achieved an increase in wallet share with existing customers, demonstrating the continuity and consistency of its long-term strategy. Though demand-supply imbalances continue to impact the industry, our strategic investments and network expansion enabled the sector to expand service capabilities in both origin and destination markets. Investments in the contract and domestic logistics business also made positive contributions operationally and financially. The United States remained the main market during the year, while the European and Asian trade lanes performed satisfactorily.

Despite the challenging global macro environment and uncertain market conditions that have impacted visibility and predictability, the company remains committed to delivering strategic initiatives while adjusting to market challenges. With EFL Global's established position as a leading freight forwarder, we will continue to invest in capabilities, infrastructure and systems to create sustainable value for all stakeholders.

Group CEO's Review

STORY OF STRATEGIC GROWTH

Throughout the year under review, our key focus was on consolidating performance in light of the challenging operating environment. We committed to strengthening the fundamentals of our business, which remained our primary focus.

To drive future growth, EFL Global executed two significant acquisitions valued at Rs. 35 Bn., acquiring Trans American Customhouse Brokers LLC and its group companies (Trans American Group) and Locher Evers International Inc and its group companies (LEI Group). These acquisitions, completed during the latter part of the financial year, was a strategy to strengthen the North American Trade Lane, enhance our service capabilities, and expand EFL's customer base. These were amongst the largest acquisitions undertaken by the Group, and shows our commitment and desire for growth. We intend to continue investing in infrastructure to facilitate further growth and enhance operational efficiencies.

We expanded our industry presence and enhanced capabilities across various sectors. Our investments in growing the domestic logistics footprint played a crucial role in stabilising our earnings while strengthening and deepening customer relationships. Moreover, we successfully established operations in six new countries, which further emphasises our ongoing investments in expanding our global network.

A key initiative of the sector has been the development of a diverse customer base, spanning various growth-centric and scalable industry verticals such as lifestyle, fashion, apparel, technology, consumer retail, auto spares, and pharmaceuticals.

Our strategies have placed increasing importance on customer-centricity; with a strong emphasis on awareness, relationship-building, customer experience and satisfaction. These factors have also been the driving force behind our investments. Strategic acquisitions, specifically in the field of domestic logistics, have had the clear focus of deepening relationships with our valued customers.

Our strategic partners enable us to effectively serve our customers and thereby play a vital role in the business. These partners include airlines, shipping lines, and other business partners from across the globe. Rather than viewing them solely as suppliers, we see them as true partners in our progress. We believe in growing together; prioritising loyalty and collaboration. By fostering these strong and enduring partnerships, we are able to carry out our operations successfully, derive a competitive advantage and deliver exceptional value to our customers.

STRENGTH OF OUR GLOBAL TEAM

As a people-centric organisation, we prioritise the welfare and well-being of our staff, who form the backbone of our business success. With a global workforce of over 3,400 employees, wellbeing, engagement, and development of our staff remains paramount. During the year under review we invested over Rs. 93 Mn. in training and development opportunities; pioneered new initiatives to enhance work satisfaction, work-life balance, and employee engagement; and reviewed and revised our employee value proposition in line with global market conditions. Leveraging the strength of digitalisation, we also instituted a number of new systems and processes that enhanced our operations and empowered our teams.

In response to the challenges that surfaced in Sri Lanka, we took proactive measures to prioritise the welfare of our employees. We extended inflationary allowances, increased work-flexibility, strove to minimise disruptions to their lives and our business operations; and reinforced the features that make Expolanka a great place to work. By prioritising the needs of our staff, we have been able to create an environment with shared values where our teams can thrive, pursue their personal development goals, and contribute to the success of the organisation.

FOCUSING ON THE FUTURE

As a global logistics company competing on the international stage, digital transformation and enablement are a critical component of our future-focused strategy. Our impetus on technology as a business enabler and a strategy for future-proofing the business, is evident in our investments and deployment of the latest services and infrastructure. During the year under review, we continued to make progress in our digital transformation journey; enhancing IT security, upgrading our enterprise systems and solutions, forging new partnerships with technology providers, and scaling up development, integration, and automation across our business units. In the year ahead, we will continue to prioritise technology adoption to drive sustainable long-term growth and maintain our competitive edge.

Group CEO's Review

When navigating a changing business landscape and responding to short-term challenges, we recognise the need for continuous evolution and transformation. Our transition from a family-owned business to becoming a global leader in logistics has been a testament to our ability to adapt and embrace change. In the upcoming years, our recent and potential future acquisitions will receive prime focus as we prioritise the integration of these new additions into our business, maximising their potential, and enhancing their contribution to our overall performance.

Expanding our footprint in the global freight forwarding & logistics landscape remains a key strategic priority, and we will actively pursue suitable opportunities for both organic and inorganic growth. While consolidating our presence in the US market, we will also focus on expanding our footprint in Europe and Asia, capitalising on emerging markets and further strengthening our global reach.

Our strategic approach has consistently focused on delivering long-term value, which revolves around increasing volumes, expanding market share, enhancing our capabilities and improving efficiency through streamlined processes. Despite the various challenges presented by the global environment, we have successfully achieved our key targets for the year. This includes expanding our customer base, establishing new operations, completing two significant acquisitions, strengthening our cashflow and liquidity position, and fulfilling our goal of delivering shareholder returns.

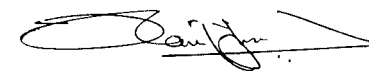
ACKNOWLEDGEMENTS

I would like to express my gratitude to our esteemed Board of Directors for their visionary guidance and unwavering commitment to Expolanka's success. I am exceedingly proud of the milestones we have accomplished and recognise this would not have been possible without the committed direction of our remarkable leadership. Let me also take this opportunity to thank our dynamic global team spanning multiple countries and continents for their sincere dedication and commitment. Their contribution has been instrumental in driving our growth.

I also extend my gratitude to our shareholders for their continued support and trust in our organisation. Their belief in our vision and strategies has been a driving force behind our accomplishments. I would also like to appreciate our customers and business partners, whose partnerships have been instrumental to our success. We remain committed to pursuing shared goals, delivering value, and building enduring relationships.

As we look to the future, we are confident that our unwavering commitment to our stakeholders, coupled with our agile and strategic approach, will enable us to navigate challenges and seize opportunities in the ever-evolving global landscape.

Together, we will strive to create sustainable value, drive innovation and shape the future of Expolanka Holdings PLC.



HANIF YUSOOF

Executive Director and Group CEO

30 June 2023

OUR GROUP

19



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GRI: 2-1

Founded in 1978 alongside Sri Lanka's move toward market liberalisation and re-entry into the global economy, Expolanka Holdings PLC has a long and storied history extending over four decades. What began as an enterprising endeavor involving a variety of investments, has grown in focus over the years. We have since realigned our portfolio, deployed world-leading innovation, displayed remarkable stability and resilience, and nurtured our businesses to excel on the global stage.

5-YEAR SUMMARY – KEY FINANCIAL/NON-FINANCIAL INDICATORS

	2022/23	2021/22	2020/21	2019/20	2018/19
Revenue (Rs. Bn.)	546	694	219	103	95
EBIT Margin (%)	7.24	12.50	7.72	0.63	3.42
Net Profit (Rs. Bn.)	31.0	72.7	14.8	(0.4)	1.9
Return on Equity (ROE) (%)	22.67	95.95	74.01	-3.06	12.81
Return on Capital Employed (ROCE) (%)	16.14	56.41	42.91	-0.29	10.47
Debt to Equity (%)	21.29	74.09	67.15	95.05	33.77

A PLATFORM FOR SCALE

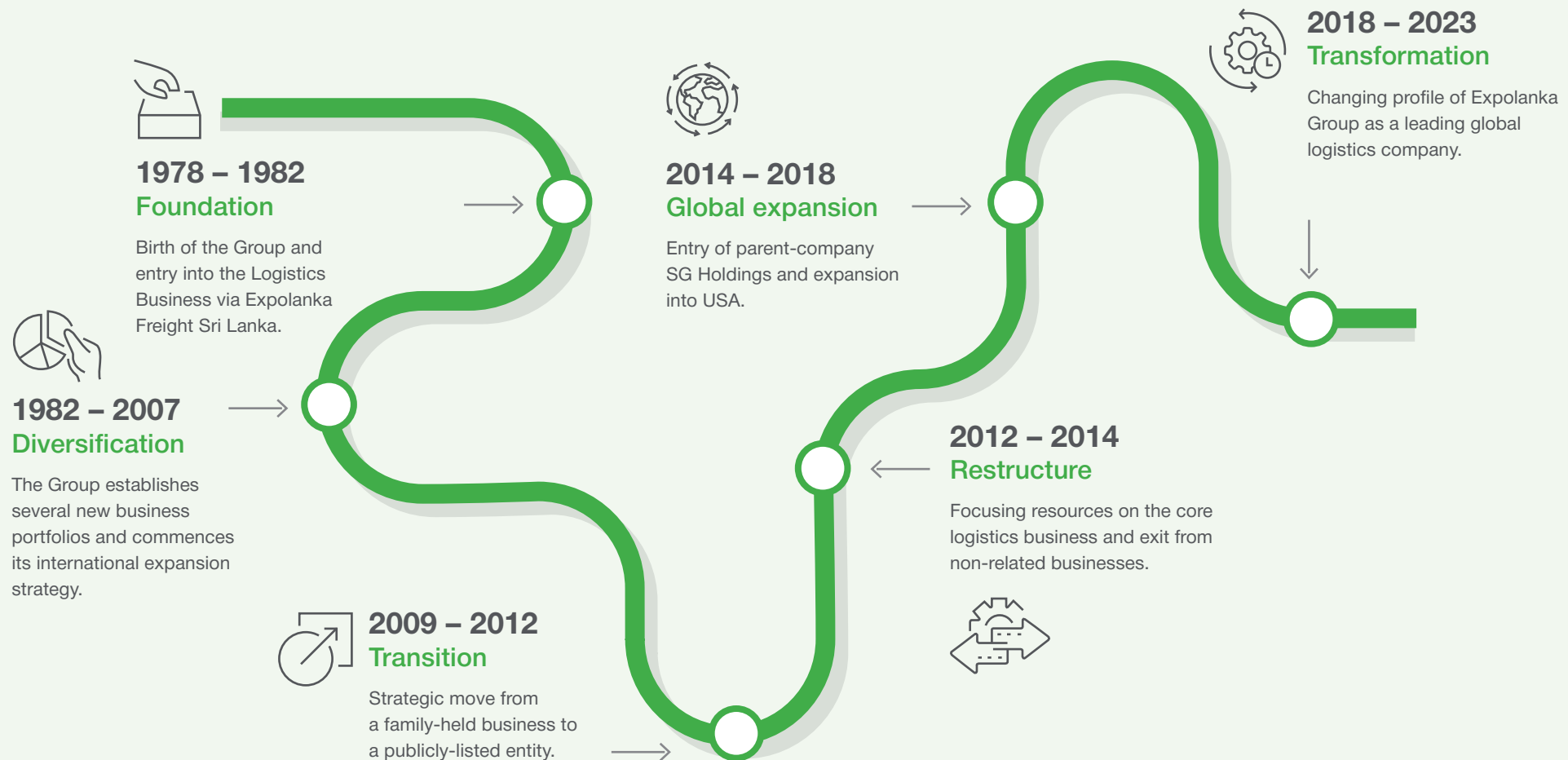
Our story is one of continuous growth. The Group adopts a business model to scale and expand businesses within its portfolio; enabling the organisation to venture into new international markets, expanding service portfolio, leveraging synergies between business units, and ultimately creating exceptional value for our stakeholders.

With years of experience, trust and integrity established through sound corporate governance, strength of an international logistics conglomerate, and dynamism of an international brand, Expolanka is a constantly evolving and growing organism.

A STORY OF GROWTH

Driven by a dynamic growth-focused strategy, the Group now has a footprint in 39 countries across 4 continents. With 92% of our revenue derived through international markets, Expolanka group continues to grow in the Americas region, Europe, Asia, and Africa; covering the largest manufacturing and consumer markets in the world.

Our Journey



Business Model

INPUTS >		VALUE DRIVERS >		
	Manufactured capital >	- Global network with stations across 39 countries - Asset-light operating model	Infrastructure and equipment to support value added exports	Infrastructural capacity to support domestic logistics and supplement 3PL operations
	Financial capital >	- Total Equity: Rs. 149.6 Bn. - Profit after tax: Rs. 31.8 Bn. - Efficient capital structure	- Centralised treasury management - Versatile and focused investment portfolio - Well-structured working capital model	- Backed by strong balance sheet of parent company - Business model with high operating leverage
	Intellectual capital >	- Strong internal processes - Drive for innovation and digital transformation	- Leading-edge proprietary technology and platforms - Experienced and diverse team - Globally renowned ERP platforms	- Leading global freight forwarding brand - Industry-leading travel brand
	Human capital >	3,700+ employees - Comprehensive policy framework - Effective HR governance and compliance	- Dynamic employee wellbeing programmes - Structured career development and progression	
	Social and relationship capital >	- Customer-centric strategy and business model - Strategic partnerships with leading suppliers and international carriers	- Strong and long-term customer relationships - Advanced customer enterprise systems and integration	Optimal fleet management capability supporting transport
	Natural capital >	- Environmental compliance and certification - Emission reduction programmes - Biodiversity conservation initiatives	- Stringent waste management practices - Standardising of environmental practices across Group and supply chain	

Consistent, comprehensive, agile, and congruent strategy

Integrated sustainability framework

Business Model

GROUP OUTPUTS >

- Continuous market development resulting in expansion into new international markets
- Enhanced service portfolio
- Improved supply chain capabilities
- Strengthened infrastructure capabilities
- Improved technology footprint
- Development of experienced and diverse workforce
- Revenue:
Rs. 546,400,880,718
- Gross profit:
Rs. 105,268,847,956
- PAT:
Rs. 31,050,158,656



STAKEHOLDER OUTCOMES

**Shareholders/Investors**

- ROE 22.67%
- ROCE: 16.14%
- Earnings per share Rs. 15.88

- Net assets per share Rs. 76.19
- Increased shareholder awareness through clear and precise IR initiatives

- Consistent and sustainable earnings
- Increase in shareholder value

**Customers**

- Reliable, dependable on time delivery across all networks
- Wide service offering

- Established strong relationships
- Innovative agile solution portfolio

- Enhanced visibility and customer centric approach

**Employees**

- Inclusive and diverse work culture across the global network
- Emphasis on employee wellness and wellbeing

- Increased focus on women's empowerment and female representation
- Focused training and development initiatives
- Leadership building exercises

- An efficient work-life balance
- A motivated and driven workforce
- Rewarding market-driven pay structures

**Suppliers and business partners**

- Prompt payments and business opportunities
- Transparent and ethical business practices

- Structured career development and progression

**Regulators**

- Compliance across statutory reporting
- Meeting all licensing requirements across global networks

- Participation in industry development initiatives

**Environment and local communities**

- Local community empowerment
- Emission reduction programmes for a green supply chain

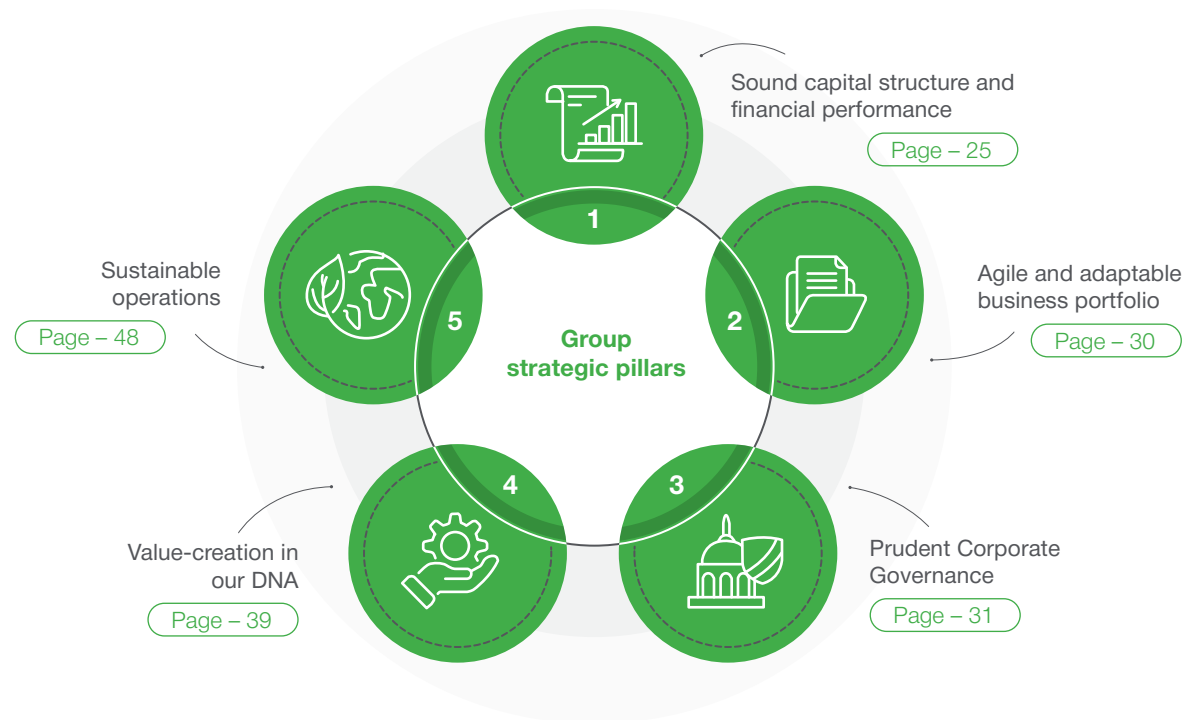
- Increase in environmental consciousness amongst all stakeholders

Group Strategic Pillars

At the heart of our Group's success is a consistent, comprehensive, agile, and congruent strategy.

The strategy has a five-fold focus that ensures we are: fuelled for growth by a sound capital structure; well positioned with our focused and scalable portfolio of business enterprises; upholding the highest levels of integrity through prudent corporate governance; supported by dynamic DNA geared toward value creation; and committed to sustainability in all our operations.

Our corporate strategy has enabled the Group to adapt to a dynamic operating environment, leverage opportunities, and display resilience in the face of challenges. Commitment to creating sustainable value for our customers, shareholders, partners, and other stakeholders is enshrined in our strategy, integrated into our core business model, and mainstreamed by our business operations at every level.

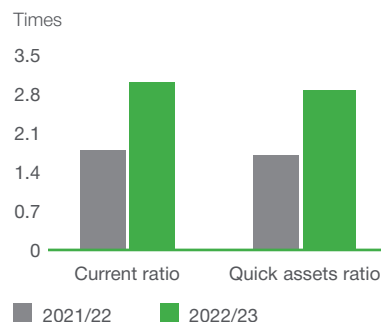


1 / Sound Capital Structure and Financial Performance

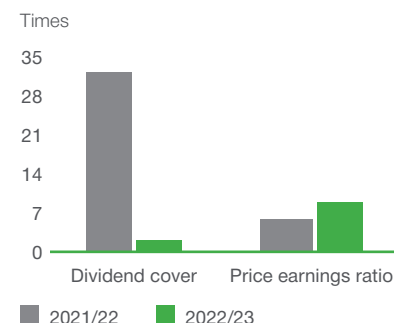


Expolanka Group delivered a stable performance in FY 2022/23, despite soft market conditions impacting global trade and the logistics sector.

Liquidity

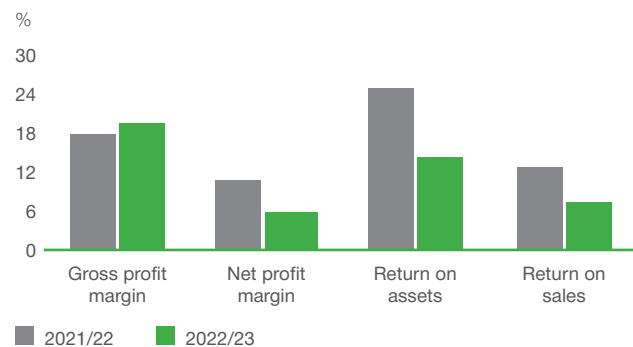


Dividend cover and price earnings ratio

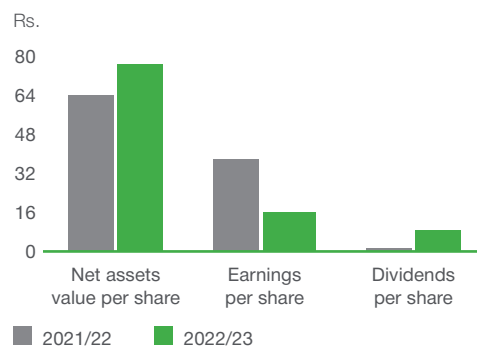


FINANCIAL INDICATORS

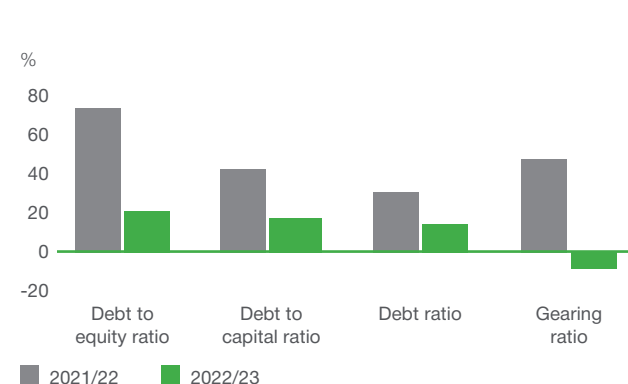
Profitability



Equity



Leverage



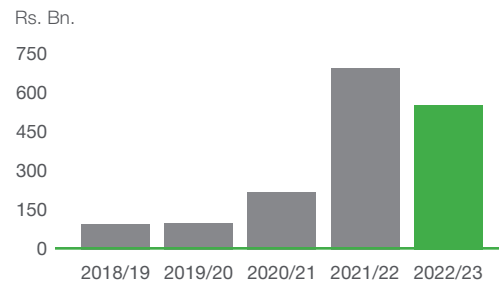
Sound Capital Structure and Financial Performance

GROUP PERFORMANCE

- Soft market conditions and subdued trade and logistics sector
- Performance impacted by currency fluctuation
- Stable revenue and increased wallet share despite challenges
- Demonstrated quality of earnings resulting in improved cash flow position
- Maintained stable overheads in USD terms
- Focused on consolidation with a long-term focus
- Funded strategic acquisitions focused on future growth

TOPLINE PERFORMANCE

Revenue



The Group posted a revenue of Rs. 546 Bn., down 21% from the previous year. This is a result of a normalization of freight rates and reduction in volumes across both air & ocean freight due to the challenging macro economic environment.

The global logistics sector experienced a moderation in volumes during the year, owing to a downswing in demand. Key factors impacting, included Inventory overstocking by retailers and inflationary impact on consumer spending in our primary markets of North America, and macro-economic pressures due to protracted geopolitical tensions and uncertainty surrounding the recovery pace of the global economy.

Freight rates that had reached supra-normal levels during the previous year, primarily due to global supply chain disruptions, normalised during FY 2023; resulting in a direct impact on yield and revenue for the Group.

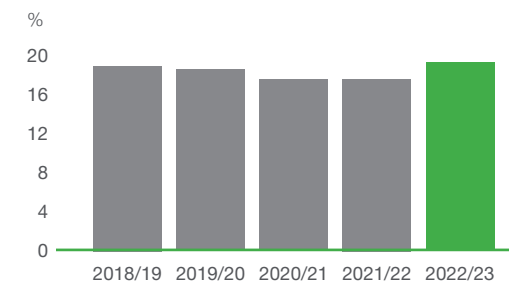
Despite reduction in value and volumes, the Group's flagship business, EFL Global, put up a sterling performance as a result of increased wallet-share and volume-share with key customers and increase in new strategic accounts with strong growth potential.

As a leading global logistics player, 98.4% of the Group's revenue came from our core business segment, which displayed resilience in the face of a global slowdown. The Group's leisure business showed notable growth: with an exceptional performance in FY 2023 due to proactive steps taken to right-size the business and realign the portfolio. The Group's investment sector also posted a stable performance during the year under review.

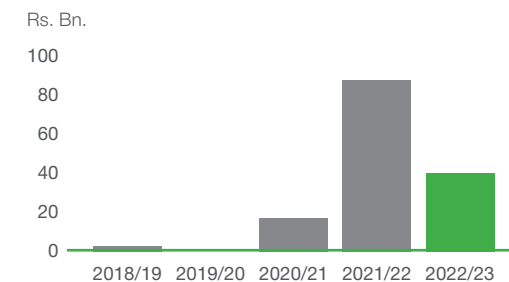
With 92% of our Revenue and 73% of our PAT derived from international markets, Expolanka continues to demonstrate the international reach of the business.

PROFITABILITY

Gross profit margin



EBIT

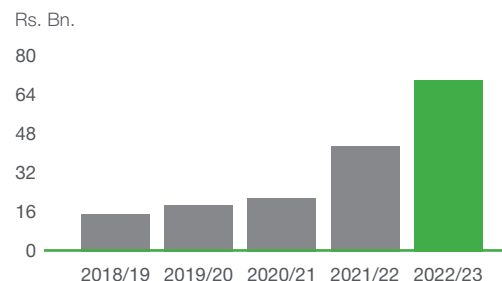


Driven by smart procurement strategies, close relationship-building with partners, a lean operating model, and efficient operations; the Group posted a Gross Profit of Rs. 105 Bn., Earnings Before Interest and Tax (EBIT) of Rs. 39.6 Bn., and a Profit After Tax (PAT) of Rs. 31 Bn. during the year under review.

The Group's performance was negatively impacted by currency fluctuations. In particular, appreciation of the Sri Lankan Rupee against the US Dollar during the latter end of the year under review, led to the Group recording a Rs. 2.3 Bn. exchange loss.

Despite challenging conditions, the GP Margin grew to 19.3% during the year under review, testament to the strength and continuity of the Group's long-term strategy, strength of internal processes, and efficiency of key investments.

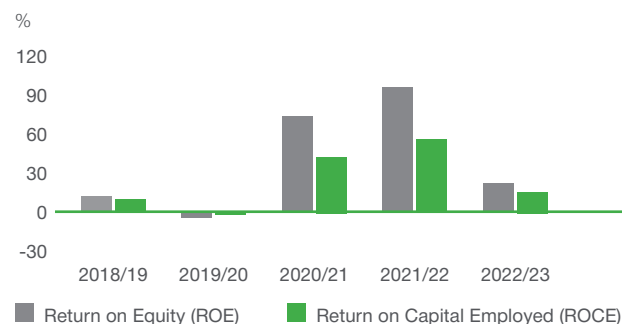
Overheads



Similarly, with overheads pegged to the dollar, on a reporting currency basis, the Group's overheads grew by 63%. However, in real terms, overheads increased by 12%, aligned with the Group's business model and reduced volumes experienced during the year under review.

The variable nature of the overheads enabled the group to maintain profitability despite reduction in Revenue and Gross Profit, thereby mitigating the negative impacts of the macroeconomic environment.

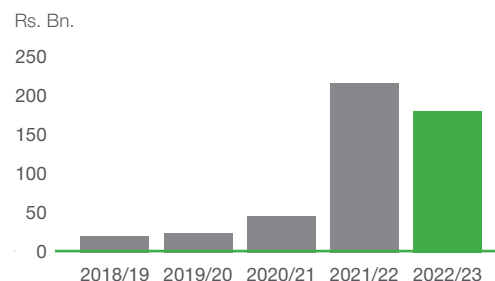
ROE vs ROCE



The Group maintained its track record of strong returns beyond industry averages, with Rs. 15.88 Earnings per Share (EPS), Trailing Twelve Months (TTM) Return on Equity (ROE) of 22.67%, and TTM Return on Capital Employed (ROCE) of 16.14% during the period under review.

OPTIMISED CAPITAL STRUCTURE

Total capital employed



Sound Capital Structure and Financial Performance

Expolanka maintains an optimal capital structure that strikes a balance between equity and debt. The year under review saw a growth in Total Equity by 20.3% to reach Rs. 150 Bn.

Debtor-levels declined more than proportionally during the year, while efficiency in cashflow was improved significantly; resulting in settling Rs. 89 Bn. of short-term debt. The Group closed FY 2023 with greatly reduced debt liabilities. Throughout, we remain committed to proactive and diligent management of working capital, which is our greatest asset.

Culmination of timely and strategic investments during the past years have enabled Expolanka to develop infrastructure, capabilities, and network with a focus on continued long-term growth. With the Group's focus on strengthening its position as a global logistics powerhouse, more than 75% of equity and capital were allocated to the Logistics business during the year under review.

Strength of the Group's balance sheet coupled with an optimised capital structure support Expolanka's growth ambitions and ensures we deliver exceptional value and the best returns for our shareholders.

While maintaining a 13.42% gearing ratio through to the end of 2022, two large acquisitions completed during the last quarter saw a reduction in gearing over time. The Group completed FY 2023 with a gross Gearing Ratio of 17.55% reflecting key acquisitions and investment into intangibles with a long-term focus.

Sound Capital Structure and Financial Performance

EXCEPTIONAL QUALITY OF EARNINGS

Quality of earnings capacity is paramount to Expolanka's long-term sustainability, and was reflected in the strength of the Group's Balance Sheet; with cash from business seeing a significant increase of 1,862% to Rs. 179.4 Bn.

The Group completed two large acquisitions during the last quarter of the financial year, with majority of the funding self-financed, further reflecting the strength of its balance sheet and cashflow position.

The Group's excellent cash balance coupled with funding from parent Company SG Holdings, enabled Expolanka to complete two strategic acquisitions as part of investing and financing activities amounting to approximately Rs. 134.5 Bn.

The Group's ability to settle debt, deliver strong returns to shareholders, and make strategic investments, showcases a strong balance sheet that augurs well for Expolanka's future growth and expansion potential.

ROBUST FINANCIAL POSITION

The Group's financial position remains strong at the close of the financial year ending 31 March 2023. The Group's Total Assets stand at Rs. 220.9 Bn. Considering our asset-light business model, fixed assets share constituted 4.48%, while current assets including assets for sale, trade, and other receivables, made up the larger share of 30.9%. Buoyed by a stable Current Ratio of 2.98, the Group is well set to take advantage of growth opportunities in the future as global markets rebound.

Sound Capital Structure and Financial Performance

ECONOMIC VALUE ADDED STATEMENT

For the year ended 31 March 2023	Group total	%	Logistics	Leisure	Investment	Gross group total	Eliminations/ Adjustments	Consolidated group total
In Rs. Mn.								
Direct economic value generated								
Revenue	546,401	99.2	537,669	3,098	6,532	547,299	(898)	546,401
Dividend income	4	0.0	10	–	2,784	2,794	(2,790)	4
Other operating and finance income	4,490	0.8	3,293	111	14,570	17,974	(13,484)	4,490
Share of profit of an associate and joint ventures	56	0.0	–	–	–	–	56	56
Total value added	550,951	100.0	540,972	3,209	23,886	568,067	(17,116)	550,951
Economic value distributed								
Operating costs	460,601	83.6	455,200	1,338	5,872	462,410	(1,809)	460,601
Employee wages and benefits	43,412	7.9	41,843	690	879	43,412	–	43,412
Payments to providers of funds	17,770	3.2	1,731	55	16,030	17,816	(46)	17,770
Payments to government	7,864	1.4	7,582	255	27	7,864	–	7,864
Total distributed	529,647	96.1	506,356	2,338	22,808	531,502	(1,855)	529,647
Economic value retained								
Depreciation and amortisation	6,265	1.1	5,175	60	122	5,357	908	6,265
Profit after dividends	15,039	2.7	29,429	811	1,025	31,265	(16,226)	15,039
Retained for reinvestment/growth	21,304	3.9	34,604	871	1,147	36,622	(15,318)	21,304

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

2/ Agile and Adaptable Business Portfolio



Expolanka's business strategy has historically incorporated an asset-light business model that ensures the Group's portfolio of businesses are scalable, agile, and able to generate sustainable returns.

ASSET-LIGHT BUSINESS MODEL

Coupled with our nimble and flexible approach, we are a dynamic and adaptable Group; able to seize opportunities and respond to market fluctuations, while generating strong returns for our shareholders.

Across sectors our asset-light business model has enabled businesses within the Group to scale at pace, deploy rapidly, optimise resource-use whilst generating strong and consistent returns. While Expolanka has favoured the asset-light model, the Group will not shy away from investing in asset-based opportunities where appropriate.

APPETITE FOR GROWTH

Our Group is hungry for growth. We aspire for international expansion across our business lines by harnessing the strengths of our business model, unique corporate DNA, diverse competencies, and strong relationships. Backed by forward-thinking technological adoption, value-focused innovation, and strong service capability.

Over the last decade, we have laid the groundwork and created a platform on which the Group's various business lines can expand and scale. Our concerted investments in capabilities, resources, relationships, and systems and processes, have demonstrated our commitment to growth in the face of dynamic market conditions, and we are well set for significant growth over the next five years.

Alongside organic growth through diversification, expansion, and scale; Expolanka's Mergers and Acquisitions (M&A) strategy sets out a clear course for inorganic growth that supports our business objectives. As a responsible corporate entity, we comply with relevant regulatory requirements and follow best practices when approaching new mergers or acquisitions. Strategic expansion in this regard is carefully assessed: not only to be in alignment with our business goals, but also ensuring a cultural fit with our corporate values and culture. We take a thoughtful and deliberate approach that ensures continuity alongside a smooth process for transition and integration.

3/

Prudent Corporate Governance



The Board of Directors of Expolanka identifies and accepts that good governance, accomplished through an ethical culture, effective control, competitive performance and legitimacy is able to enhance long term equity performance and to build sustainable value.

OUTGOING CHAIRMAN'S MESSAGE

Dear Shareholders,

It has been my honour to have served as the Chairman of Expolanka Holdings PLC during my nearly 3-year tenure. I was bestowed with this responsibility at the peak of the COVID-19 Pandemic where we experienced many challenges and opportunities. Your organisation was successfully able to overcome these challenges in a resilient and spirited manner and we were able to transform Expolanka Holdings PLC, as a truly global organisation.

I am forever thankful and privileged to have worked closely with my fellow board members as we chartered the course of your organisation. In doing so, we remained consistent with our strategies and were able to adopt and adjust to the market conditions ahead of us. As Expolanka was able to deliver unprecedented growth during the last three years, this undoubtedly was a great experience for me as Chairman. Kudos to the leadership and senior management team who worked tirelessly to execute our strategies and initiatives effectively in trying circumstances.

I am deeply appreciative of the unwavering support, dedication and commitment provided by the team throughout my service to the Group. I wish to express my sincere wishes to my successor and Expolanka for a successful future ahead as it works tirelessly to deliver shareholder value and wealth.

HITOSHI KANAHORI

30 June 2023

Prudent Corporate Governance

Experience at the Helm – Board of Directors



Bokuto Yamauchi
Non-Executive, Chairman

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



Hanif Yusoof
Executive Director and Group CEO

An elite business leader, Hanif Yusoof is amongst a selected few entrepreneurs who has been credited with transforming a Sri Lankan based family business into a leading global enterprise. As a key founding member of the Expolanka organisation, he spearheaded the logistics sector of the organisation in 1982 by establishing Expolanka Freight which soon became a market leader in Sri Lanka. With a vision of taking Sri Lanka to the world, Mr Yusoof then commenced the rapid international expansion of the organisation which paved the way for Expolanka to be positioned as a global market leader today. Under his leadership, Expolanka has become Sri Lanka's foremost company in terms of market capitalisation, whilst its Logistics business, EFL, is positioned amongst the leading ranks in the global freight forwarding industry.

As a thought leader and a prominent business personality, Mr Yusoof has played a vital role in the upliftment and expansion of the Logistics Industry in Sri Lanka in particular,

playing an advisory role across several capacities and has been a member of various presidential task forces in relation to Logistics. He has served as President of the Freight Forwarders Association of Sri Lanka, in addition to being on the UN/ESCAP panel of trainers for freight forwarding. In continuation of his contribution to the logistics industry in Sri Lanka, he was conferred the coveted the "Legend of Logistics" award by the Sri Lanka Freight Forwarders Association in 2022 (SLFFA).

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

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

A strong advocate of social enterprises, he has championed several initiatives to contribute and uplift the society and environment. Being a logistics veteran for over 40 years, he has built strong business relationships globally. His vast expertise is often sought in resolving various industry related matters.

He is also an alumnus of the prestigious Stanford-NUS (National University of Singapore) executive programme in international management.

Prudent Corporate Governance

**Ha Yo**

Executive, Non-Independent Director

Ha Yo is a Masters holder in Business Administration from Waseda University, Japan and holds 18 years of experience in international logistics business. He is currently the CEO of SG Holdings Global Pte. Ltd., Singapore and has gained specialised experience in the Sales and Marketing industry in Asia.

**Junji Shimasaki**

Non-Executive, Non Independent Director

Junji Shimasaki currently operates as the General Manager of Corporate Planning Department, Global Business Unit at SG Holdings. He started his illustrious career with Sagawa Air Service Co., Ltd. (now known as Sagawa Express Co., Ltd.) in the year 1993. He has close to 30 years of experience in the logistics business centered on international logistics, including over 10 years of experience as the President of Sagawa Express Vietnam Co., Ltd., and SG Sagawa Vietnam Co., Ltd.

Prudent Corporate Governance



Harsha Amarasekera P.C.

Non-Executive, Independent Director

Harsha Amarasekera, President Counsel is a leading light in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law.

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



Sanjay Kulatunga

Non-Executive, Independent Director

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

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

Prudent Corporate Governance

Senior Management

**Senthilnathan Shanmugam**

Group CEO – EFL Global

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

Today, as Group CEO, Senthil oversees the centralised management and operations of over 39 countries and over 2,900 employees. Senthil is committed to developing the future of the industry by sharing his knowledge to mentor the next generation of leaders across the EFL Group, and is dedicated to various philanthropic and social projects within the community. His journey is an inspiration to logistics and supply chain professionals at EFL and beyond.

**Mushtaq Ahamed**

Director – Group Finance

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

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

**Shantanu Nagpal**

Chairman – Investment Committee, Expolanka Holdings PLC and Non-Executive Director, EFL Global HQ (Pvt) Ltd.

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

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

Prudent Corporate Governance



Chris Robeson

Chief Operating Officer – Asia

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



Evan Rosen

President – Americas Region,
Global Chief Commercial Officer

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



Saif Yusooof

Managing Director – Expolanka Freight,
Classic Travel and ITX360

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

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

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

Prudent Corporate Governance

**Kanishka Wijesinghe**

Managing Director – EAM

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

**Shiham Imamudeen**

Chief Executive Officer – Classic Travel (Pvt) Ltd.

Shiham Imamudeen is the CEO of Classic Travel – the Spearhead of the Expolanka Leisure Group Cluster. His Industry Experience spans over 25 years and has greatly transformed processes at Classic Travel over the past 10 years. His Accounting Background and drive for innovation has paved the way for many company accolades in Business Excellence and Employee Experience. He is a participant of the “enterprise Leadership for Transformation” programme awarded by the National University of Singapore. Through his expertise in strategic planning and technology, he established a new scope to the leisure group by automating finance processes, streamlining operational workflows, implementing internal compliance and risk management, and initiating Company-wide welfare programmes to enhance employee experience.

**Silmy Ahamed**

Chief Executive Officer – ITX360

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

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

Prudent Corporate Governance

CORPORATE GOVERNANCE

We uphold the highest standards of corporate governance and are proactive in instituting systems, processes, controls, and internal strategies that contribute to the ethical and sustainable function of our operations.

The success of our corporate governance framework is reflected in our stringent compliance with global best practices. As a responsible corporate entity publicly listed on the Colombo Stock Exchange (CSE) and in full compliance with regulations outlined by the Securities and Exchange Commission (SEC) of Sri Lanka. With operations in 39 countries, we have refined our internal policies and established rigorous internal controls to guarantee adherence to local regulations across a variety of international standards. Our parent company being listed on the Tokyo Stock Exchange (TSE), ensures we also maintain successful compliance with further regulatory requirements and standards, including Japan's Financial Instruments and Exchange Law.

Incorporating routine compliance audits and benchmarking against global peers, we work toward greater transparency and accountability throughout our operations. The Corporate Governance report, on page 178, details our framework for corporate governance and compliance with regulations.

RISK MANAGEMENT

We are cognisant of the critical importance of a robust Risk Management process as the Group expands its operations in terms of scale, profile, geographic footprint; broadens service capabilities; and reaches new business verticals and customer segments.

Adopting a proactive process, Expolanka's Risk Management function plays a key role in our decision-making and management processes, enabling us to effectively manage risks while responding to the vicissitudes of a rapidly developing operating environment.

We take a conscious and balanced approach to risk management to ensure the Group is able to pursue growth ambitions, while remaining competitive across business lines, and generating sustainable value for all stakeholders.

Refer page 202 for a detailed Risk Management report, which includes a description of our risk management process, an assessment of key risks, and the Group's response to mitigate and manage them.

4/

Value-creation in Our DNA

At the nexus of Expolanka's expanding international presence is a cohesive and efficient service portfolio that upholds the highest service standards to deliver extraordinary value for the Group's portfolio of businesses.

Consolidation of ancillary functions and shared services provides the group with a strong base for operations, ensures infusion of corporate values and ethics, improves operational efficiency, leverages synergies, and provides for stronger bargaining power that gives us a competitive edge.

CUSTOMER-CENTRICITY

Over the past decade, the Group's expansionary trajectory has been enabled and elevated by our customer-centric approach and ability to evolve and grow alongside our customers. As a global player with a portfolio in various business verticals and geographies, we recognise the importance of building and sustaining strong customer relationships.

Our priority and focus have resulted in long and durable relationships with key customers.

Customer-centricity is a philosophy upheld by our teams and ingrained in the spirit of our business ventures. We are proactive in our engagements and focused on creating long-term value for our customers by upholding the highest service standards, and providing innovative, adaptable, and reliable solutions.

Listening to our customers is an essential element that we practice through customer surveys, proactive communication, and reliable support that complements our service delivery.

The business line reviews from pages 50 to 81 detail the evolution of our customer engagement strategies and the effectiveness of our efforts during the financial year 2022/23.

RESPONSIBLE SUPPLY-CHAIN

The Group's operations in multiple business verticals, especially in the logistics sector as a middle-mile player, involve working with a diverse network of suppliers, service providers, and business partners. Our focus on due diligence and supplier assessment coupled with strong supplier engagement are steps towards ensuring responsible transactions across a well-integrated supply chain.

Supplier assessments include a review of regulatory compliance and social and environmental risk assessments, and are supported by site visits, quality checks, routine reviews, and audits. We work closely with our suppliers to set expectations and address grievances proactively, to guarantee reliability of services and meet operational timelines and deliverables. As a responsible corporate, we are also diligent in ensuring timely payments and meeting contractual obligations.

Details of new strategic partnerships and outcomes of our consistent supplier engagement are discussed in the business line reviews from pages 50 to 81. Further details on our approach to stakeholder engagement, analysis of key stakeholders, and strategies for engaging them are described on pages 214 to 222.



Value-creation in Our DNA

GRI: 2-7

DYNAMIC TEAM

At the heart of our Group's success is an exceptional team of experienced professionals. As a service-oriented business, our people are critical to delivering value to our stakeholders and achieving our business goals. Managing a workforce based around the globe is a challenge and a boon, as our country offices, subsidiaries, and business units, contribute the strength of their diverse experience, and draw from the foundational strength of Expolanka's HR policies that are in compliance with global best practices and applicable regulations.

Sectors	Total cadre	Gender distribution	
		Male	Female
Logistics	3,228	2,266	962
Leisure	204	117	87
Investments	292	208	84
Total	3,724	2,591	1,133

GRI: 401-1/404-1

Total number of employees

16.3% ↗

2022/23 – 3,724
2021/22 – 3,202

Recruitments to permanent cadre (Nos.)

17.8% ↘

2022/23 – 614
2021/22 – 747

Training investment (Rs. Mn.)

564% ↗

2022/23 – 93
2021/22 – 14

Retention rate (%)

3% ↗

2022/23 – 85%
2021/22 – 82%

Average training hours per employee (Hr.)

45.4% ↗

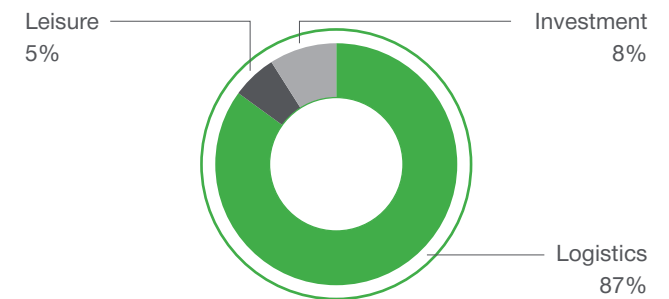
2022/23 – 9.8
2021/22 – 6.74

Average turnover rate (%)

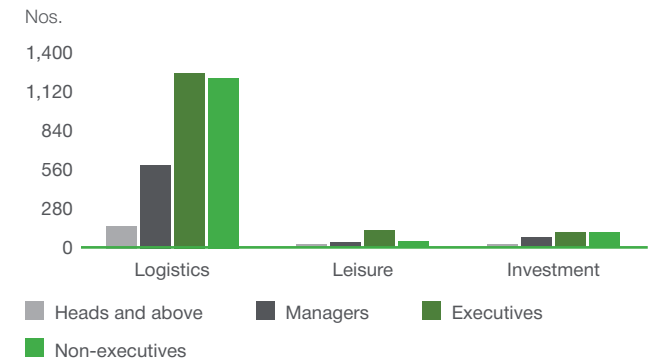
1% ↘

2022/23 – 15%
2021/22 – 16%

Total cadre by sector



Category distribution by sector



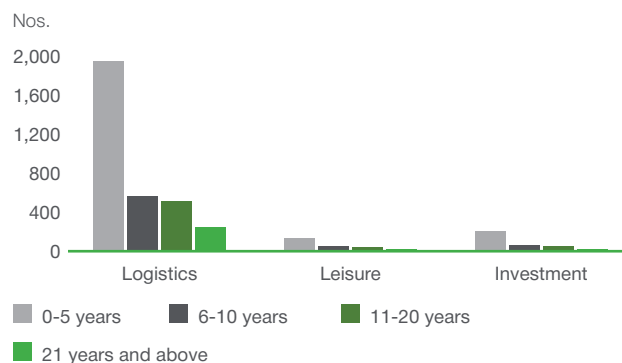
Value-creation in Our DNA

GRI: 2-7

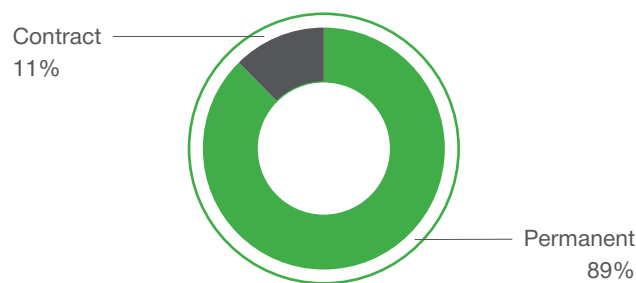
GEOGRAPHIC REPRESENTATION –
INTERNATIONAL OFFICES

Country	Total cadre	Permanent	Contract
Sri Lanka	1,618	1,517	101
India	677	676	1
USA	384	380	4
Canada	197	193	4
China	149	11	138
Vietnam	140	58	82
Kenya	123	98	25
Indonesia	102	64	38
Bangladesh	62	47	15
Hong Kong	55	55	0
UAE	44	44	0
Pakistan	33	33	0
Cambodia	23	11	12
Malaysia	19	14	5
Philippines	15	15	0
South Africa	14	13	1
Mauritius	12	12	0
Belgium	12	12	0
Thailand	12	12	0
Taiwan	11	11	0
Madagascar	9	9	0
Denmark	8	7	1
Singapore	5	4	1
Total	3,724	3,296	428

Service analysis by sector



Employees by type



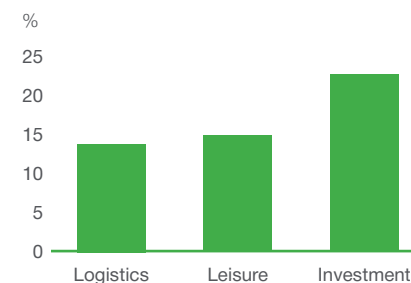
Partnerships with tertiary education providers and universities enabled the Group to draw from a reservoir of fresh talent entering the labour market. Upskilling initiatives were organised in a methodical manner to groom new talent and streamline the talent-acquisition process.

To ensure business continuity and improve retention, we formalised knowledge-transfer, introduced rapid induction and training for new entrants, and continued to invest in career path planning and succession planning at a cluster level. Competency development was coupled with performance management bootcamps and Strategic Business Units (SBUs) drafted clear roadmaps for operations, which minimised work disruption.

CORPORATE CULTURE

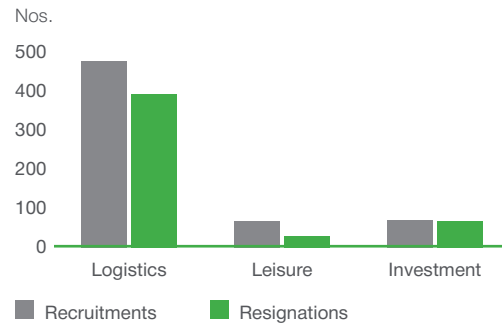
Our corporate culture, The Expolankian Way, is a dynamic and evolving philosophy that ties together diverse individuals and teams from across the globe, to share a common DNA and passion for the work we do. Our culture is defined by our corporate values, and driven by our people; the success of which is seen in our low turnover rates, high employee engagement, and repeated recertification as a great place to work.

Turnover ratio



Value-creation in Our DNA

Recruitment vs resignation by sector



GRI: 401-1

RESIGNATIONS BY COUNTRY

Country	Resignations
Sri Lanka	228
Overseas	259
Total	487

RESIGNATIONS BY AGE

Age category	Number	Percentage
18-25	99	20
26-35	233	48
36-45	108	22
46 and above	47	10
Total	487	100

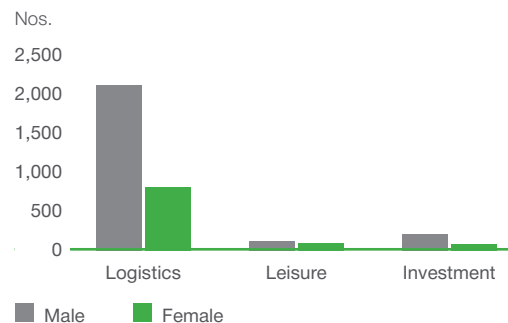
RESULTS-DRIVEN ENVIRONMENT

When competing in a globalised business environment, our competitive edge comes from the innovation, efficiency, and efficacy of our team. Alongside routine and impartial assessment of performance, we incorporate merit-based incentives as part of our remuneration package, which instills a performance-driven culture across our business units and teams. We also routinely review our remuneration policy and strategies in line with changes to the operating environment to ensure we provide fair and competitive remuneration, while attracting and retaining the best talent.

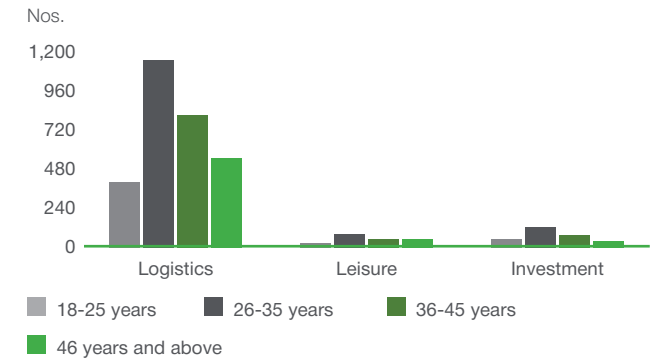
DIVERSITY, EQUITY, AND INCLUSION (DEI)

We strive to create an inclusive workplace across our operations to ensure our diverse team of professionals feel safe, heard, valued, and able to excel in their professional setting. Alongside our commitment to equality and fair remuneration, we are dedicated to maintain a work environment that is free from discrimination or harassment, in line with global best practices, standards and regulations.

Gender distribution by sector



Age analysis by sector



GRI: 403-1

HEALTH AND SAFETY (H&S)

Our Group is committed to creating a safe and healthy work environment for our teams. Driven by a comprehensive compliance, health, safety, environment, and security (C&HSES) policy, we are continually improving our standards, internal controls, and compliance measures to identify and manage risks and ensure adherence to regulations. Despite our asset-light, service-focused model, the Group's presence in the logistics sector dictates stringent H&S protocols within our operations. Where appropriate and feasible, our supplier assessments and due diligence enable us to work alongside our suppliers and partners to achieve better health and safety across the supply-chain.

Value-creation in Our DNA

GRI: 402-2

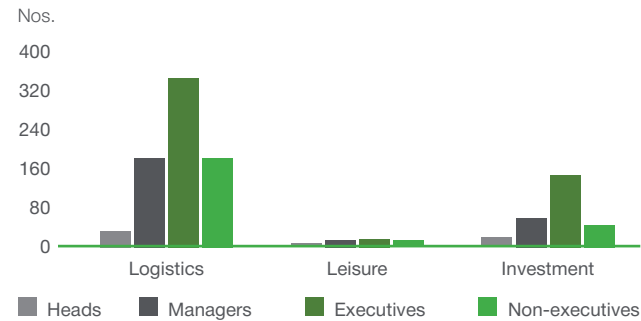
LEARNING AND DEVELOPMENT

Expolanka's value proposition to employees includes a supportive environment that provides necessary training and promotes capacity development. Working in a rapidly evolving operating environment, we believe that continuous development within a culture of learning is a key element that contributes to business success.

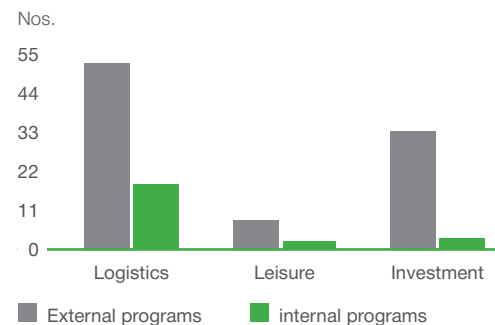
We continued to invest in innovative learning initiatives alongside traditional capacity building actions that ensured our teams were equipped with the technical, professional, personal, and inter-personal skills required for our global business model and expansionary efforts. As a globally diversified group, we also continued to offer our employees international and cross-sector training opportunities, where appropriate and feasible.

During the year, we redoubled our focus on strategic leadership development and succession/transition planning. Partnerships with external training institutions and digital platforms enabled us to roll-out a strong leadership development programme that included nominated middle-managers. The programme incorporated a tested self-study pathway that was well-received by employees across our primary business units.

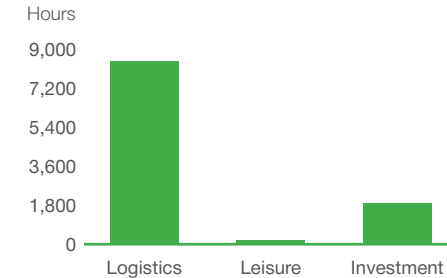
Employees trained by sector



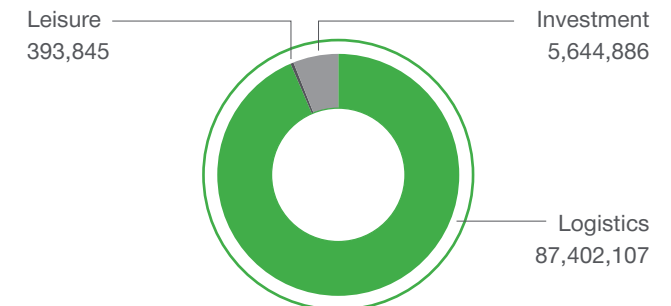
Training programmes by sector



Training hours by sector



Training investment (Rs.)



Value-creation in Our DNA

GRI: 401-3

MATERNITY LEAVE

All female employees at Expolanka are entitled to obtain maternity leave in keeping with the guidelines set by the Shop and Office Employees Act. They are given 14 working days leave with full pay, immediately preceding the expected date of confinement. They are also allowed to take the feeding entitlement of one hour after returning from maternity leave.

In the year under review, The retention rate after maternity leave corresponded to 100 percent. Some employees are currently on maternity leave and the remaining employees are still currently employed as of the end of the financial year.

GRI: 403-4, 403-6

EMPLOYEE WELLBEING

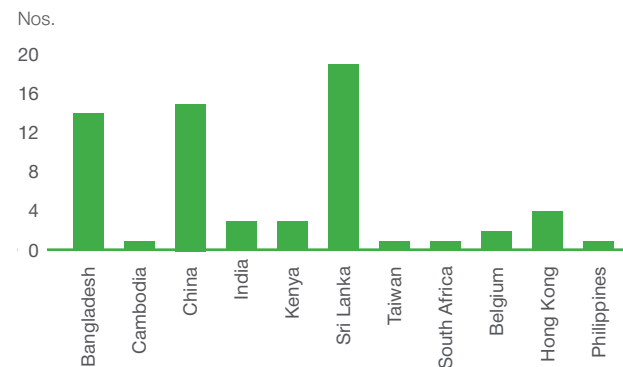
The Financial Year 2022/23 brought a number of challenges for several of our shared services headquartered in Sri Lanka, resulting in multiple pressures on our employees and HR function. The Country's ongoing economic crisis led to multiple disruptions to transport and accessibility during the first half of the year, while continued hardships proved to be a push-factor for out-migration, resulting in talent flight from the broader Sri Lankan labour market. In this climate, attracting appropriate talent and retaining skilled cadre proved to be a challenge. The Group's HR function took a multi-layered approach to address these challenges.

We initiated measures to strengthen our value proposition to employees; reviewing and revising remuneration and work policies to adjust remuneration scales, extend inflationary allowances, and increase work-flexibility to mitigate disruptions to transport. We also proactively worked toward reinforcing the features that make Expolanka a great place to work. Employee engagement included cultural events, inter-company sporting events, and year-end celebrations for employees and their families. Staff wellbeing was prioritised through awareness raising.

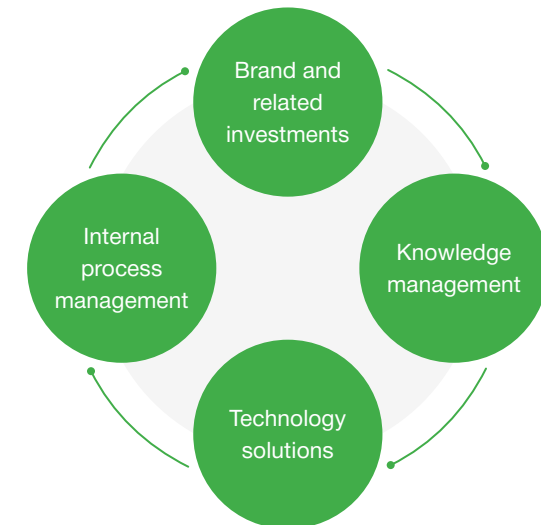
Refer the business line reviews from pages 50 to 81 for details of HR initiatives during the year, and the success of our people-management strategies.

Further details of our HR policies, codes of conduct, responsible workplace practices, and compliance with labor laws and regulations are outlined in the Supplementary Information on page 216.

Number of staff events



INTELLECTUAL CAPITAL KEY PRIORITIES



The strength of our intangible assets plays a critical role in our success as a renowned global conglomerate operating in a dynamic business backdrop. Our wide-ranging and diverse intellectual capital base consists of long-term assets that are essential to create value over time.

Value-creation in Our DNA

STRATEGIC OUTCOMES



Sustainable competitive advantage



Enhanced stakeholder engagement



Global leadership position

BRAND STRENGTH AND SYNERGIES

Expolanka Holdings is a strategic investment vehicle for globally iconic businesses in logistics, leisure, IT, and fresh produce. The Company stands committed to building a value-creating and resilient portfolio in multiple markets, which is essential for growth and success of the Organisation.

The Company's investment in global business is not just about expanding reach but also fostering a greater understanding of different cultures and ways of doing business, including building shareholder confidence, which is a fundamental objective of the brand. Applying a holistic approach, the Company balances short-term financial results with long-term strategic initiatives, fostering a favourable investment environment and rewarding the trust and confidence of shareholders.

Expolanka aims to allocate a significant portion of its resources to strategic investments while continuing to successfully develop brands within the existing portfolio, such as EFL Global and Classic Travels; both from a business and awareness perspective have obtained significant market share within their industries. By actively seeking investment opportunities, the company aims to diversify its portfolio, foster innovation, and tap into new avenues of revenue generation.

Our most prominent brand, EFL Global, leads the Group's leading business. EFL has grown from strength to strength, with the brand now recognised as one of the leading air and ocean freight forwarders in the world. Built on the values: Intimate, Flexible, Creative, Conscious, and Future-Ready; EFL represents the Group's DNA and communicates a strong commitment to its purpose: "Transforming Supply Chains and Growing Businesses".

The logistics sector consists of key brands such as EFL 3PL, Oki-Doki, and EAM, which continue to gain prominence in local and international markets. The leisure sector businesses consist primarily of the "Classic" brand: recognised as a leading travel company in Sri Lanka. Classic's brand recognition and exemplary service quality have enabled the Group's leisure sector to navigate a challenging operating environment and retain market leadership in Sri Lanka's travel sector. The Investment sector consists of two key brands: Tropikal Life and ITX360. While fairly recent additions to the Expolanka Group portfolio, these brands have continued to gain traction over the last several years.

The Group's other primary business units and subsidiaries have also carved out unique identities in their industries and areas of business as they expand in scale and reach.

Success of these individual brands is receiving recognition in the form of increased scale of business, industry-leading recognition and accreditation, and technical certifications in their own unique niche. These developments are supporting the attraction of talent and onboarding of top clients in a variety of business verticals.

INNOVATION AND DIGITAL TRANSFORMATION (DX)

A critical component of the overall strategy, the Group was able to make consistent headway in its digital transformation journey. Our focus on technology as a business enabler is supported by continued investments in process automation and digitalisation of operations. ITX 360 functions as the Group's consolidated technology service provider, deploying digital infrastructure investment, delivering a suite of services, and enabling custom development that supports specialised operations of our various business units.

IT security remains a key area of focus for the Group's shared services, as our continued efforts toward digitalisation result in greater dependence on IT systems across all operations. Ensuring business continuity and reliability of systems across the group were priorities during the year. In order to enable our businesses to be agile and responsive in a rapidly evolving operating backdrop, we also continued to invest in optimising enterprise platforms, enhancing collaborative tools, and developing integrated solutions.

Value-creation in Our DNA

INVESTMENTS IN INNOVATION AND DX

Enterprise systems and solutions	Upgraded enterprise systems for different business units to enhance customer experience, visibility, operational efficiency, workflow standardisation and data integrity. Group rollout of Darwinbox, a seamless platform for Human Resource Management, continued with 14 countries going live with the system by end of year.
Cybersecurity and data protection	Implemented a globally synergised programme covering cyber and data security, identity, data, device, and systems. Being a global organisation, we continued to adopt best practices, including achieving ISO 27001 certification and GDPR compliance. Reviewed and revised IT security policies to reflect changes in the operating environment with the goal of strengthening data privacy measures, improving cloud security, and standardising endpoint security across our operations. New Data Protection and Social Media policies were also introduced during the year in this regard.
Technology partnerships	Continued engagement with global technology giants enabled enhancement of our technology and data strategy with new and more agile technology solutions.

Development	Completed development and testing of a digital freight forwarding suite which includes features such as traceability, online booking, vendor management, and automated customer reporting. Development and implementation of a Compliance Management System to effectively monitor key compliance matters. Ongoing development support to platforms across business lines to enhance solution offerings.
Integration	Integration plays an important role in our customer-centric strategy and the organisation entered into a partnership with a global integration technology partner providing the company with the ability to integrate seamlessly with customers, service providers and other partners.
Automation	Continued deployment of Robotic Process Automation (RPA) solutions across business units to enhance operational processes and capabilities.

Refer page 77 in our business line reviews for further information on ITX360's certifications, accreditations, partnerships, and capacity development, which support the Group's digital transformation and IT strategy.

INVESTING IN OUR BRANDS

The Group takes a holistic approach to brand development, by aligning its strategies to all key areas of the business, including investor relations, corporate communications, sustainability, and human resource management.

Our commitment to ethical best practices in terms of environmental, social and governance considerations have further added to our brand repute. Continuous investment in programmes such as the EFL Global Goodness initiative and the Sabrina Yusoof Women Empowerment Initiative, among others, have added significant value to our brand standing.

Expolanka also strives to keep a consistent brand approach in all marketing communications, ensuring a cohesive and unified brand identity, which strengthens the brands recognition and positioning among stakeholders.

We have set our sights on investment opportunities and expanding our global footprint as a key strategy to achieve sustained growth and competitiveness in a rapidly evolving business landscape. By proactively investing in diverse sectors and expanding into new markets, the company aims to unlock new revenue streams, foster innovation, and position itself as a global industry leader.

The Group and its business units continued to be recognised in local, regional, and international forums as a best-in-class service provider with our partners, customers, and other awarding organisations. Refer Year Under Review on pages 7 to 11 for awards received by the Group during the year.

Value-creation in Our DNA

KNOWLEDGE MANAGEMENT

As a primarily service-driven Group, the analysis and utilisation of up-to-date business information is critical to our operations. Expolanka's Group-wide knowledge management function ensures we excel in strategic planning and data-driven decision-making. These processes enable our Board and management teams to navigate a dynamic operating environment while pursuing the Group's growth ambitions.

We prioritise sharing of expertise and market insights across all levels of management, encouraging a mix of organic and structured systems to ensure sharing of institutional knowledge. Our strategic planning sessions also play a pivotal role in this regard.

We also continue to invest in leadership development through training, mentoring, and succession planning-led at Board level. Coupled with Group-wide international exposure and a structured management trainee programme; these are key components of our knowledge management process.

During the year, we scaled up utilisation of digital tools such as MS Sharepoint and MS Teams, to create a more comprehensive repository of our tacit organisational knowledge, Standard Operating Procedures (SOPs), and routine systems and processes. This enabled us to rapidly deploy brief, yet comprehensive, training and induction programmes for new employees.

GRI: 402-1**EMPLOYEE RELATIONS**

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

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

5/ Sustainable Operations

Long-term sustainability of our operations is intrinsic to our success as a Group and enshrined in our vision and corporate values.

GRI: 2-14, 2-24

SUSTAINABILITY GOVERNANCE

We work to mainstream our strategic sustainability drivers with our core businesses and the value we create for our stakeholders. The Group employs a structured approach to management and implementation of our strategy, wherein the Board and Senior Management provide vision and policy direction, while the Sustainability and CSR function drives the agenda across the Group. Our business units and employees are the ambassadors, implementers, and drivers of our sustainability strategy; creating value for our stakeholders through every aspect of our operations. Reinforcing our commitment to sustainability as a key group fundamental, we appointed a new Chief Sustainability Officer during the year to take forward Expolanka's vision for sustainable operations.

GRI: 2-25

ADDRESSING GLOBAL CHALLENGES: MINIMISING THE IMPACT OF OUR OPERATIONS

As a Group with a footprint in 4 continents and a flagship business in the logistics sector, minimising our environmental footprint is an inherent part of our sustainability strategy. We are also committed to proactive environmental action that addresses humanities greatest challenges, such as climate change. We champion efforts that mitigate climate change, including freight decarbonisation and environmental conservation, and pursue initiatives that help local communities develop and adapt to the challenges of a warming planet.

SUSTAINABILITY STRATEGY



GRI: 2-22

Our strategy for sustainable operations is informed by the Group's purpose and values; considers international regulations and best practices; incorporates good governance and sound risk management; involves developing and deepening of stakeholder relationships; and is aligned with the SDGs to support local development and address pressing global challenges.

Expolanka's Board-approved environmental policy incorporates global best practices in environmentally responsible behavior, resulting in a low-carbon strategy for the Group that aligns with our sustainability agenda. Our Group companies prepare action-plans that align with our low-carbon strategy, and report regularly on key areas such as energy management, waste management, emissions control, and environmental compliance. Our corporate disclosure and reporting against environmental indicators are based on a well-structured mechanism to track, measure, and monitor our environmental performance. Certifications and accreditations achieved by the Group and its subsidiaries are detailed on page 63.

GRI: 305-1, 305-2, 305-4, 305-5

	2022/23	2021/22
Gross GHG emissions (Scope 1, 2, and 3) (tCO ₂ e)	2,526.15	4,385.55
GHG emissions (Scope 1) (tCO ₂ e)	893.726	961.00
GHG emissions (Scope 2) (tCO ₂ e)	1,128.05	1,864.08
GHG emissions (Scope 3) (tCO ₂ e)	504.37	1,560.46
GHG emissions intensity per employee (tCO ₂ e)	0.79	1.58
Carbon emissions reduction due to solar (tCO ₂ e)	471.16	396.03
Trees planted (nos.)	27,950	35,000
Paper recycled (kg)	10,191	20,247

Country	Scope 1	Scope 2	Scope 3	GHG Emissions (tCO ₂ e)
Bangladesh	2.898	35.049	55.802	93.750
Belgium	0.254	–	4.423	4.677
Cambodia		11.897		11.897
China	4.415	27.479	9.523	41.417
EL-Salvador	109.588	10.902	30.899	151.388
Honduras	148.254	12.827	20.635	181.716
India	122.275	313.632	122.751	558.659
Indonesia	16.684	19.879	9.244	45.807
Madagascar	7.698	1.274	0.330	9.302
Pakistan	0.585		0.027	0.612
Sri Lanka	131.863	643.921	178.034	953.818
Thailand	8.423	2.745	0.73	11.899
UAE	49.462	12.305	23.835	85.602
Philippines	225.950	19.049	0.570	245.569
South Africa	65.376	3.208	0.494	69.078
Hong Kong	–	0.012	46.208	46.220
Malaysia	–	0.827	0.004	0.831
Vietnam	–	13.05	0.86	13.909
Total	893.726	1,128.054	504.371	2,526.152

Environmental performance of our operations, compliance with regulations, and our actions toward freight decarbonisation are disclosed and discussed in the business line reviews on pages 50 to 81.

Sustainable Operations

GRI: 413-1
**SUPPORTING LOCAL DEVELOPMENT:
COMMUNITY ENGAGEMENT**

As a responsible corporation, our Group is committed to positively impacting the communities in which we operate. Giving back to our communities and supporting local development are close to our corporate ethos. We take a structured and long-term approach to identifying, supporting, or initiating projects that will have a significant effect on the lives of local communities.

THE GLOBAL GOODNESS INITIATIVE

Our flagship business, EFL Global, continues to spearhead the Global Goodness initiative. The initiative promotes volunteerism and involvement of our teams, and supports development of communities and protection of the environment in alignment with our overarching SDG priorities. The programme has successfully initiated and aided a number of large-scale, long-term projects across the countries in which we operate.

Our logistics business line review on page 51 presents further information on EFL's Global Goodness initiative.

OUR BUSINESSES

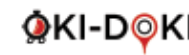


Logistics	51
Leisure	70
Investment	76

Logistics

Spearheaded by EFL Global, a world-leading service-driven logistics player ensuring safe, transparent, and on-time delivery of millions of products to our customers, every single day.

51



Logistics

OVERVIEW

Expolanka's leadership in global logistics is spearheaded by EFL Global, a recognised leader in freight forwarding that operates in 39 countries. EFL offers a wide array of services including air and ocean freight, warehousing, drayage, customs brokerage, transloading, CFS operations and more. Positioned as a middle-mile logistics specialist and backed by an expansive network, innovative offering, and commitment to reliability, the Company has gained the confidence of top brands in key destination markets. Business is concentrated in the North America Trade Lane, with a growing network presence in Asia, Africa, the Middle East, and Central America.

EFL 3PL is the third-party logistics arm of Expolanka Holdings offering a range of end-to-end services including warehousing, and related services to their clientele. Leveraging a strategic network of distribution centers and strong capacity within Sri Lanka, the Company's service offering is now expanding internationally.

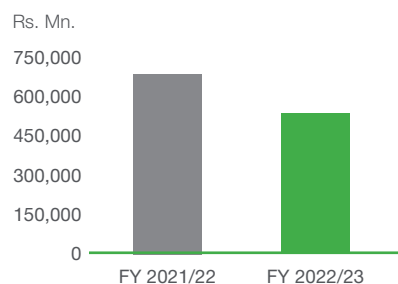
Oki Doki (Pvt) Ltd is a well-established, technology-driven, asset-lite, transportation solutions company. The Company manages the largest digitally operated fleet in Sri Lanka and services major exporters and retailers in the Country. Building on long-term partnerships and Group synergies, the Company is venturing overseas.

Expolanka Airline Management (EAM) is a top-tier regional General Sales Agent (GSA), representing over 16 leading international airlines in over 10 countries. Positioned as a one-stop-shop airline solutions company, EAM offers a wide range of GSA solutions to its airline principles. Industry acumen, wide service portfolio, experienced management team, and strong alliances, together with the backing of the parent Company, underscore EAM's value proposition.

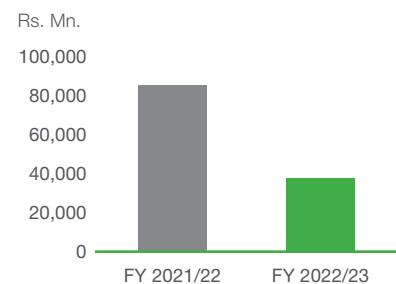
FINANCIAL HIGHLIGHTS

	FY 2022/23	FY 2021/22	% change
Revenue (Rs. Mn.)	537,669	689,723	-22 ▼
Gross profit (Rs. Mn.)	102,352	121,016	-15 ▼
Earnings before interest and taxes (EBIT) (Rs. Mn.)	37,851	85,800	-56 ▼
Net finance cost (Rs. Mn.)	(1,145)	(1,106)	4 ▲
Profit before tax (Rs. Mn.)	36,706	84,694	-57 ▼
Profit after tax	29,429	71,901	-59 ▼
Total assets (Rs. Mn.)	176,641	284,910	-38 ▼
Total equity (Rs. Mn.)	114,867	118,313	-3 ▼
Total debt (Rs. Mn.)	28,735	88,124	-67 ▼
Capital employed (Rs. Mn.)	143,602	206,437	-30 ▼
Return on equity (%)	25.2	99.3	-75 ▼
Return on capital employed (%)	17.5	58.6	-70 ▼

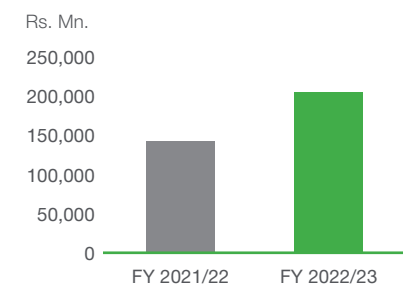
Logistics revenue



Logistics earnings before interest and taxes (EBIT)



Logistics capital employed



OPERATING CONTEXT

GLOBAL ECONOMY

Slowdown of the global economy continued during the year under review, with growth estimated at approximately 3.4% in 2022. While reopening of borders in major economies, such as China, contributed to a rebound later in the financial year, global GDP growth remained weaker than expected. Sluggish conditions are expected to continue during the next financial year with advanced economies anticipated to bear the brunt of growth deceleration. Inflationary pressures and monetary tightening from major central banks served to impede growth during the year under review. Subdued forecasts from the International Monetary Fund project a decline to 2.8% growth rate in 2023, before an uptick to 3.0% growth the following year.

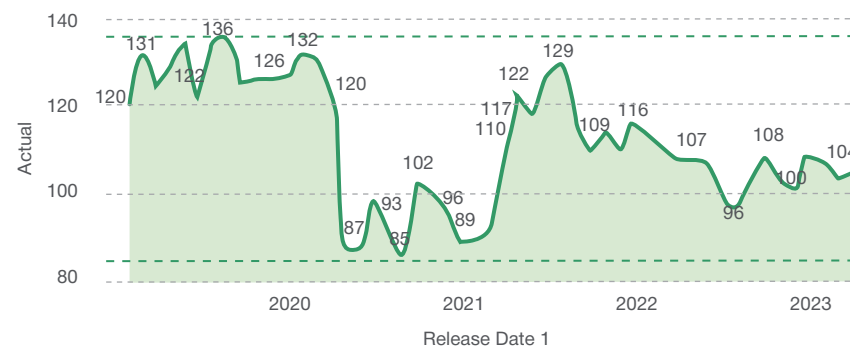
Stubbornly high inflation in North America remains a challenge and is stifling demand. The US Federal Reserve continuously raised key interest rates to contain inflation during the year and has signaled further rate hikes. While supply-chain bottlenecks have eased, wider geopolitical tensions including the ongoing war in Ukraine, China - US competition, and tensions between China and Taiwan have contributed to overall uncertainties. However, ensuing market conditions are expected to be a temporary point-in-time issue impacting the entire logistics industry; rather than a structural economic shift.

The global outlook for 2023 shows some improvement as energy and food prices are expected to see a decline, leading to reduced headline inflation across most countries. Soft market conditions that prevailed for the majority of the period under are expected to remain in the short-term. Easing of inflation rates toward the end of the financial year are a positive sign, even though markets are still to recover. Long-term economic stressors such as weakened investment, increased fragmentation of the global economy, lagging productivity growth, and high sovereign debt loads also remain a challenge.

GLOBAL TRADE

The previous year, 2021/22, saw pent post-pandemic demand, the tail-end of stimulus packages in major economies, and strong consumer confidence lead a rebound for global trade despite supply-chain disruptions. However, momentum of that breakout year waned toward the end of the first half of 2022.

US consumer confidence index (CCI)



Month	Change %	Actual
January	▼ -1.7	107.10
February	▼ -2.9	102.90
March	▲ 0.8	104.20

Tuesday, 28 March 2023

Logistics

According to the United Nations Conference on Trade and Development (UNCTAD), global trade achieved a record USD 32 trillion in 2022, with the global merchandise trade showing 2.7% growth, almost on par with global output. The second half of 2022 however, saw a reduction in volumes and value, as global trade declined and commodity prices dropped. The last of quarter of 2022 reflected negative growth while indicators for the first quarter of 2023 suggested stagnation in global trade of goods.

Extraordinarily high inventory levels from the previous year's over-ordering by retailers, was a major factor negatively affecting demand during the year under review: as inventory levels in the United States and other key markets reached all-time highs during the year. This also impacted demand cycles with lack of burgeoning demand in the last quarter of 2022. Further, negative inflationary impact on consumer purchasing power affected the pace of inventory replenishment, leading to a dip in orders and resultant drop in air and ocean freight volumes.

Rampant inflation and responsive hikes in interest rates across major consumer markets had a significant impact on consumer behavior: Escalated cost of borrowing has limited credit for purchase of durables, household goods, food, transport, while increased rates also affected credit card utilisation.

Geopolitical instability, persistently high energy prices, demand-supply imbalances, and supply-chain bottlenecks due to protracted COVID-19 preventive measures in China, with spillover amongst regional trading partners; all contributed to depressed performance of the trade and logistics sector.

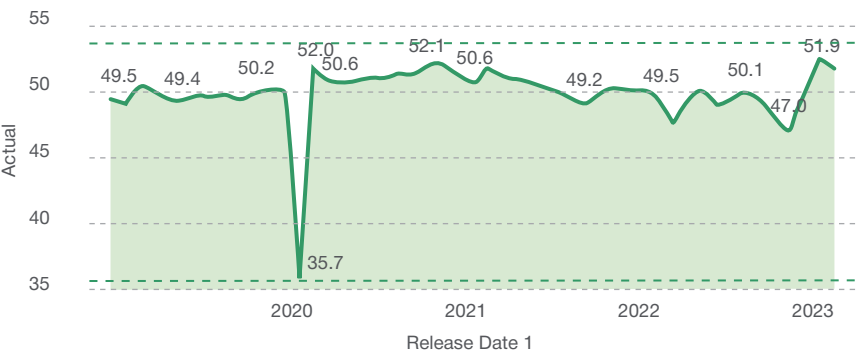
AIR FREIGHT

Tourism and passenger air travel continued a return to normalcy during the year under review; driving a continuous

increase in global air cargo capacity. Buildup of capacity saw air freight rates normalise after the previous year's pandemic-led demand surplus.

By early 2023, the air freight market had recovered approximately 75% of pre-pandemic cargo capacity. Demand for air cargo remained depressed but displayed resilience, as cargo tonne-kilometers (CTKs) showed month-on-month gains. Gradual stabilisation of air cargo traffic is expected to coincide with stimulus provided by new export orders from global manufacturing hubs, as indicated by an average upward trend of the Purchasing Managers Index (PMI).

China PMI



Month	Change %	Actual
January	▲ 6.60	50.10
February	▲ 4.99	52.60
March	▼ -1.33	51.90

Thursday, 30 March 2023

Logistics

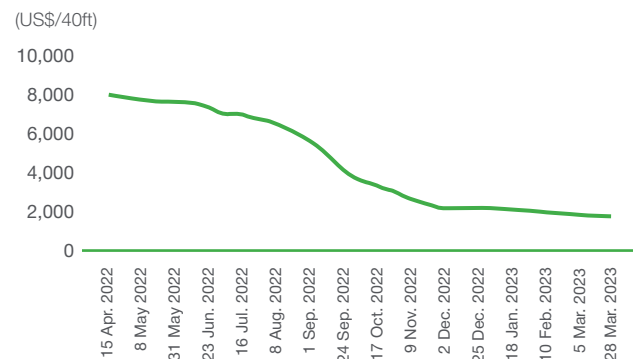
However, on the back of reduced demand, customer behaviour indicated increased willingness to accept longer lead times and overall preference for cheaper ocean freight over air freight. Air moving on ocean can lead to tightening of margins and conversion losses for logistics service providers dealing with the shift.

While rates are expected to fall further aligned with increased flight frequencies and reintroduction of routes, the market remains competitive and is likely to be impacted by fluctuations in season demand and energy prices.

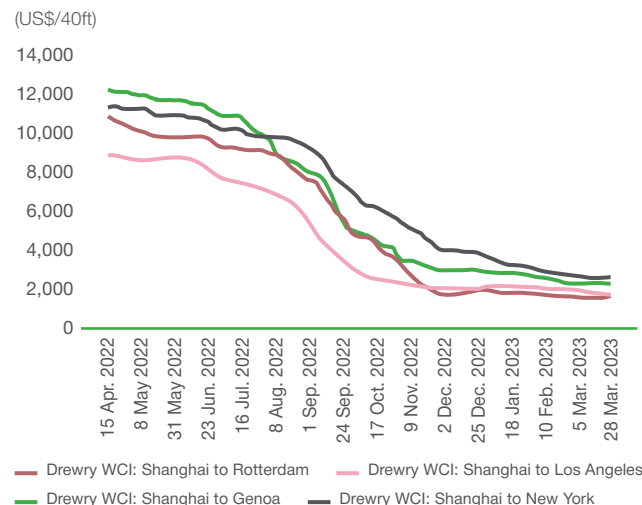
OCEAN FREIGHT

Decline in global trade volumes that occurred during the latter half of the year under review holds sway with year-on-year decline in Twenty-Foot Equivalent Units (TEUs). Similarly, ocean freight rates have normalised during the year under review, after a surge in ocean freight rates experienced during the previous year, caused by supply-chain disruptions.

Drewry World Container Index (WCI) – 13 April 2023



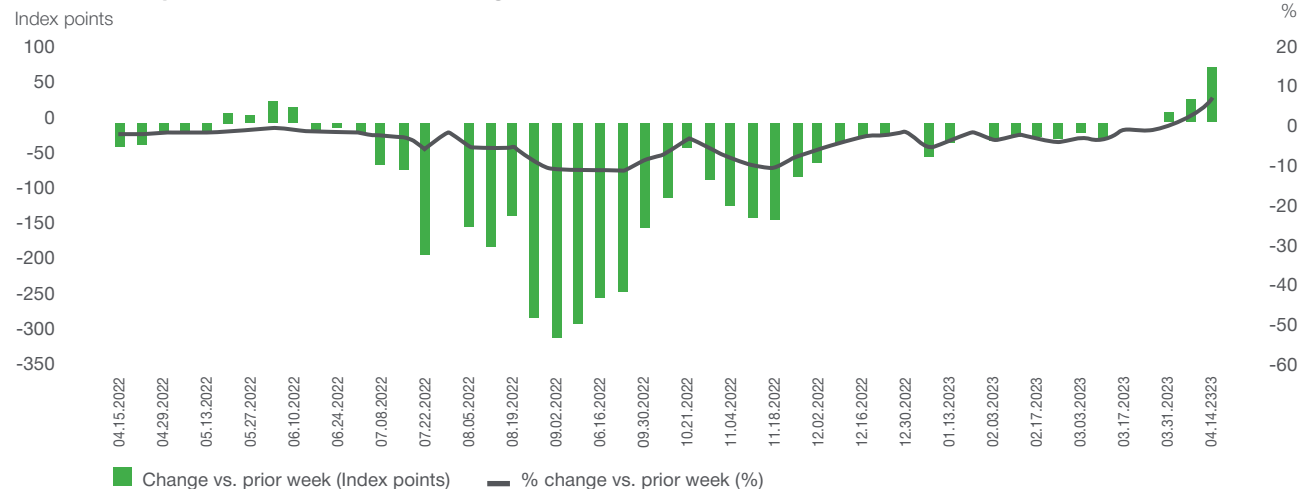
Drewry WCL: Trade Routes from Shanghai



Influx of newly deployed ships to the market brought on by carriers receiving fulfillment of past orders also served to drive down ocean freight rates as sea freight capacity surged and new strings were introduced.

Early 2023 has shown some signs of stability as containerised freight indices indicate easing after nine months of decline. While a gradual rebound is projected, inventory glut experienced by major retailers continues to pose a challenge for ocean freight volumes and rates in the near future. New global shipping regulations in the form of IMO 2023, aimed at reducing carbon emissions and promoting energy efficiency in ocean freight, may also impact ocean freight in the period ahead.

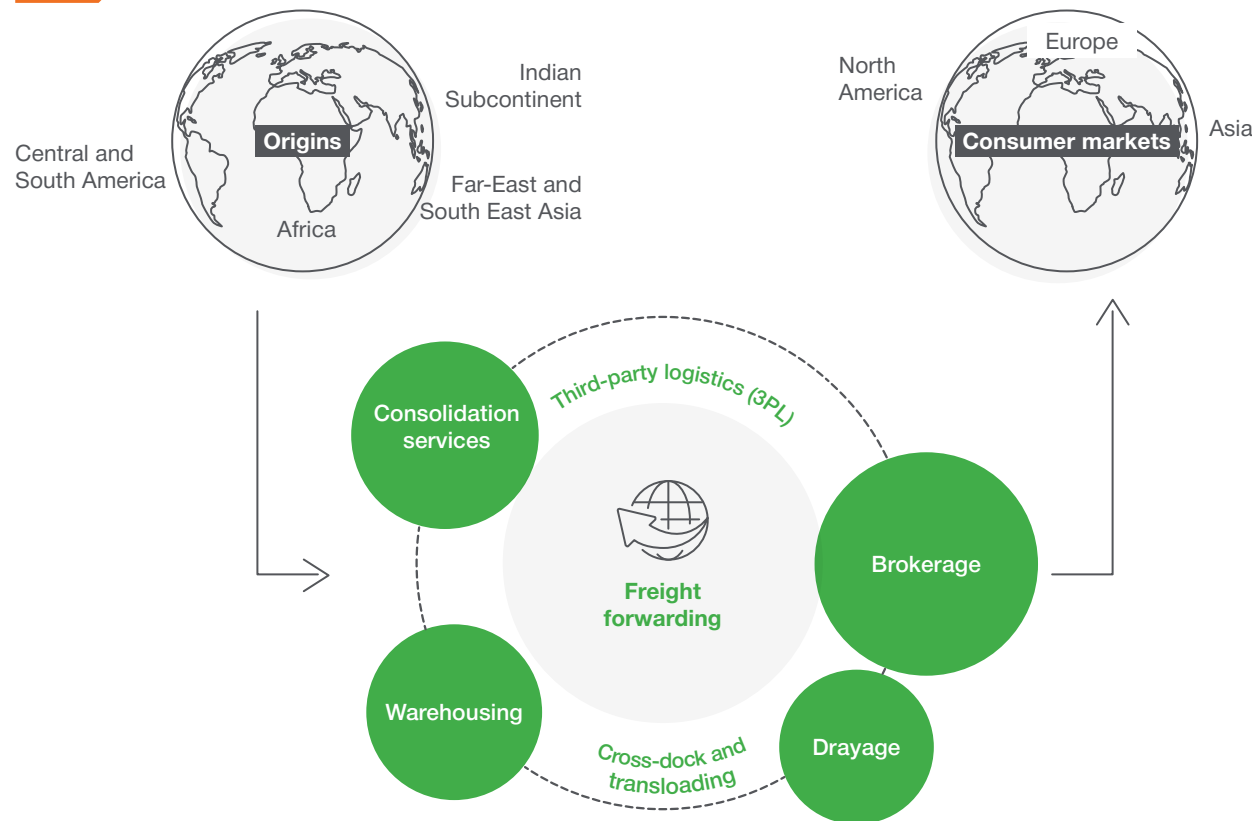
SCFI Global spot index week-on-week changes



Logistics



EFL GLOBAL BUSINESS MODEL



PERFORMANCE

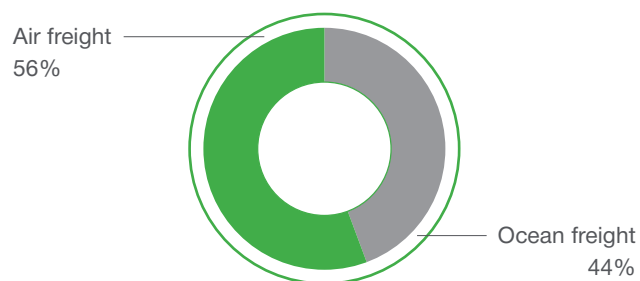
- **Rs. 537,669 Mn.** revenue
- **Rs. 29,429 Mn.** Profit After Tax (PAT)
- 02 acquisitions in FY 2023, valued at **USD 106.6 Mn.**
- **7** new markets entered into
- New global sustainability projects initiated – **7**
- Energy generated for operations through renewable sources – **929,367kWh**

FY 2023 was a challenging year for the global logistics sector, which was affected by soft market conditions and spillover impact of retail overstocking that occurred during the previous year. Depressed operating conditions led to a moderation of freight volumes and normalisation of rates, resulting in an overall decline in revenue. However margins remained stable during the course of the year.

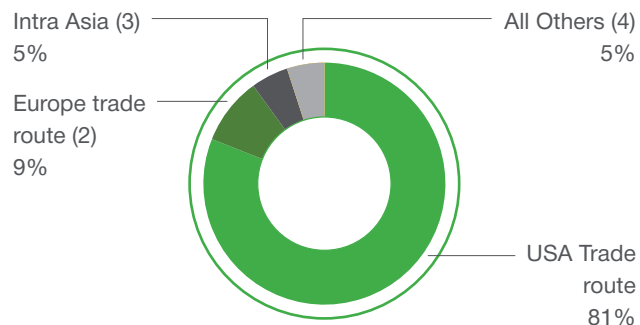
Despite subdued market conditions, EFL was able to deliver stable earnings; recording Rs. 537,669 Mn. in revenue and Rs. 29,429 Mn. Profit After Tax (PAT), with 95% of revenue from international markets. Market conditions led to a 28% reduction in ocean freight revenue and a 47% reduction in air freight revenue, year-on-year.

Logistics

Logistics revenue by main products



Trade lane gross profit



The Company's earnings capacity was reflected in retention of a large portion of revenue from the previous year, and gains to overall share of business from key customers. EFL onboarded a number of new customers and retained existing customers despite challenges; even seeing an increase in wallet-share with key customers during the year.

The Company focused on consolidation during the year, prioritising network development and enhancing service and staff capabilities. Investment in capability development and relationship-building are at the heart of EFL's consistent strategy.

Overheads in terms of Rupees increased by 63% during the year under review. Due to the depreciation of the Sri Lankan rupee, the devaluation impact on foreign currency monetary assets and liabilities was Rs. 2.3 Bn. Overall real terms OH is too an increase by 12%. Overall forex impact on performance amounted to Rs. 14.5 Bn.

Alongside addition of new warehousing capacity, the Company set up new stations in UK, Italy, Mexico, Costa-Rica, The Dominican Republic, Panama, and Brazil as part of a long-term strategy; with operating benefits to be realised in the future.

EFL showed remarkable resilience in the face of economic headwinds; closing the year with a strong balance sheet and excellent cash balance. The Company settled almost all short-term debt during the year, amounting to Rs. 89 Bn. Despite economic conditions pressuring working capital, debtor levels declined during the year. Retaining minimal debt levels with regard to short-term working capital, the Company was able to fuel its strategic acquisitions through long-term loans from the parent company and cash from the business.

The year under review concluded with two strategic acquisitions that serve to enhance the Company's service portfolio, widen its strategic customer base, and expand business opportunities in North America.

PROSPECTS

Even though the year under review saw reduction of volumes and normalisation of rates in response to subdued market conditions, Expolanka's logistics sector displayed resilience and made gains to facilitate future growth.

In the short-term, Expolanka's logistics sector has consolidated market-share; maintained stability in margins through strong relationship-building and smart procurement; improved back-office functions to ensure service delivery at lower cost; enhanced processes to reduce transaction costs; and increased collection efficiencies and working capital availability. Strong cash-conversion has enabled settlement of required payments, debts to the parent company, and short-term loans, while driving strategic acquisitions and investments during the year.

Logistics

SPRINGBOARD FOR GROWTH

In the medium to long-term, the Group is well set to capitalise on a market rebound. Profiled as a leading global logistics company, Expolanka has maintained a long-term focus that would set up the sector for future growth opportunities.

On the back of five strategic acquisitions in two years, network presence, service offering, and capabilities have expanded significantly. With preparatory work in place, the Group has plans to expand rapidly in the next five to seven years. Strong reserve build-up within the business and the backing of a strong parent company create the foundation for the next phase of growth.

The Group is set to expand into new markets and trade-lanes with efforts converging on two of the largest consumer markets in the world: Europe and Asia. The Asian retail market remains largely untapped and the group is exploring opportunities to meet import requirements of local brands, while providing necessary trucking and logistics services. Expolanka's engagement in the European market has primarily been through third-parties, but the Group remains watchful with the intention to grow the region into a strong second market after operations in North America.

STRATEGY IN MOTION

The sector strategy focuses on four key areas:

1. Customers and volumes

Acquiring volume by increasing wallet-share with existing customers and onboarding strategic new customers through service penetration and enhanced service capabilities.

2. Market and product diversification

Expanding offering by extending services along the supply chain and growing presence across business verticals.

3. Procurement management

Strengthening and developing partnerships to improve margins and profitability through better procurement.

4. Infrastructure, people, and technology

Leveraging technology and digital transformation to enhance procurement and improve service delivery within an efficient cost-structure.

5. Optimisation

Strengthening ancillary services and back-office functions to support operations in origins and destinations. Enhancing process efficiency to reduce transaction costs, and maintaining a strong capital structure and cashflows to propel future growth.

BUSINESS DRIVERS

1. STRATEGIC GROWTH

ORGANIC GROWTH

The Company saw organic growth in customers and business verticals despite soft market conditions. A focus on building strong relationships led to expansion of wallet-share with key customers.

During the year under review, EFL's compelling value proposition enabled the Company to attract a number of new strategic accounts across multiple markets in apparels



Logistics

and other related retail verticals. Additionally, EFL made notable growth across all key industry verticals: apparel, pharmaceutical, technology, perishables, home furnishing, auto spares, and consumer retail.

Continuing a long-term focus on network development as part of a geographic growth strategy to expand into growing markets, EFL moved into 07 new markets during the year: United Kingdom (UK), Italy, Mexico, Costa Rica, The Dominican Republic, Panama, and Brazil.

MERGERS AND ACQUISITIONS

EFL's growth ambitions are driven by a Mergers and Acquisition (M&A) strategy aimed at increasing service capability and penetration and expanding geographic reach into new regions, while consolidating the Company's presence in existing markets. Expansionary efforts are fuelled by a strong balance sheet, robust capital structure, and optimal gearing ratio.

The Company completed two strategic acquisitions during the year under review as part of its long-term strategic plan. This follows three strategic acquisitions completed during the previous financial year.



Acquisition of Trans America Custom Brokers Group, with a 100% equity interest for a total purchase consideration of USD 45.1 Mn. on a cash-free and debt-free (CFDF) basis.

Trans American Group has almost 40 years of experience in the logistics sector and has grown to become one of the leading brokerage companies in North America with

operations in Canada as well. Trans American services some of the largest brands in the United States from the F&B, Retail, Automotive and other related industries, with minimum overlap across EFL's client base.

The Trans American acquisition enables EFL Global to strengthen brokerage operations and position as a leading customs broker in the North American market. It would also serve to strengthen service capabilities to customers, thereby contributing to increased wallet-share. While consolidating EFL's position in North America, the acquisition also increases exposure to a wider and more diverse customer base.



Acquisition of 100% of Locher Evers Group, for a total purchase consideration of CAD 83.7 Mn. on a cash-free and debt-free (CFDF) basis.

Trans American Group has almost 40 years of experience in the logistics sector and has grown to become one of the leading brokerage companies in North America with operations in Canada as well. Trans American services some of the largest brands in the United States from the F&B, Retail, Automotive and other related industries, with minimum overlap across EFL's client base.

Established in 1976, Locher Evers Group (LEI) is amongst the leading logistics companies in Canada, specialising in ocean freight, warehousing, and other logistics services. With a history of nearly 47 years, the company has a client

base across a wide range of industries with minimum overlap for EFL. The Group has branches across Canada and around the globe, with the majority of business serviced from Far-East markets.

The acquisition of Canadian logistics giant LEI Group is part of EFL Global's strategy to scale up operations in the untapped Canadian market. The acquisition also enables EFL to strengthen infrastructure capabilities, extend its existing suite of services to customers across a variety of industries, and continue to grow Far-East operations.

CUSTOMER VERTICAL DIVERSIFICATION

A key element of EFL's successful expansion over the last few years has been a concerted focus on diversification into new customer verticals and future-proofing of the Company.

A decade ago, EFL's revenue was concentrated across a few strategic clients, with primary exposure in the apparel industry, service portfolio focused on air freight, and business centred around origins in South Asia.

Today, EFL's diversification and growth have made it a truly global business. The Company has a footprint in 39 countries; entered into new industry verticals such as electronics, home furnishing, and auto-spares; and has earned the trust of a large number of strategic accounts that contribute significantly to profit and revenues. Far-east business constitutes a strong portion of origins business, and the service portfolio has expanded to an even split between air and ocean freight.

New acquisitions completed during FY 2023 have further developed and diversified EFL's customer base, industry exposure, and geographic reach.

Logistics

2. CUSTOMER CENTRICITY

EFL's business strategy is centered on the customer, providing a wide suite of services, optimal visibility through technology, trusted reliability, and the potential to grow into new markets. The Company ensures maximum flexibility with a solutions-focused approach that meets the dynamic needs of market conditions and customer expectations.

At the core of operations is an ecosystem focused on building and maintaining strong relationships. EFL's North American operations is led by a dynamic team that serves as a singular contact point for US-based customers. The team works closely with customers, leverages demand-planning tools, and engages from point of planning to delivery.

The Company is selective in acquiring customers; favouring long-term relationships and growth potential over short-term gains. Teams collaborate with customers and partners at origins to ensure better understanding and closer coordination. As a network company, EFL's freight forwarding suite is a key element in improving customer experience, satisfaction, and service. Further details of EFL's digital-first freight forwarding suite and efforts to improve customer experience are described on page 51.

3. ASSET-LIGHT BUSINESS MODEL

As a middle-mile logistics service provider, EFL maintains an asset-light model that enables the Company to stay agile and capitalise on growth opportunities without compromising profits and margins. This model allows the Company to rapidly deploy services to customers and expand to new geographies in line with market shifts.

The asset-light model is complemented by strong operating leverage based on a cost-structure that incorporates a mix of variable and fixed-pay models. These ensure that EFL is able to maintain stable margins and generate strong returns in the long-term. Although the Company will continue to be asset-lite, some investments may be made in asset-based entities to complement EFL's suite of services.

4. SMART PROCUREMENT

EFL works with major air and ocean carriers across the globe to procure and maintain sufficient capacity to service the demands of a growing base of customers. The Company follows a proactive procurement strategy to ensure customer demands are fulfilled and capacity is available and utilised in an optimal manner. Developing and maintaining strong relationships with a range of carriers is key to EFL's success; developing capacity during crunch periods and ensuring timeliness and reliability of deliveries.

5. DIGITALISATION

Digital transformation remains a key strategic enabler for EFL; allowing the Company to generate value for customers through innovative solutions and the highest standards of service. Digitalisation and automation of processes has also led to operational efficiency gains and increased flexibility for teams across the business.

Operations are supported by an internal development process that customises and deploys technology tools fit for purpose. The Company utilises models and data to anticipate market movements, track and plan against customer demand-cycles, and provide solutions that are responsive to customer needs. More details of the Group's

consolidated digital transformation and development efforts via ITX360, are outlined on page 76. Support for supply-chain visibility through Oki Doki's integrated technology platform are detailed on page 68.

The CargoWise ERP system that was consolidated during the previous year has continued to benefit the business, with seamless connectivity across stations, simplified information-sharing, and real-time data availability that supports business decisions. Training programmes for the new system continued during the year under the review, equipping and inspiring teams to enhance productivity.

EFL's digital-first freight forwarding suite ensures customers have a user-friendly interface to the Company's services, improves integration, provides on-demand insights, and improves service delivery.

6. CAPABILITY DEVELOPMENT

EFL's service portfolio has expanded to encompass a wide range of services, spurred on by recent acquisitions and continuous investment in capability development. While augmenting customer penetration and increasing exposure across customers' value chains; expansion of services and network presence has strengthened EFL's proposition as a global third-party logistics (3PL) player.

EFL's North American domestic logistics business saw enhanced service capability with stronger competencies in trucking, warehousing, and brokerage due to acquisitions that were completed during the year under review.

The following section details EFL's investments in developing the capability of teams across the globe.

Logistics

7. PEOPLE-FIRST

As a service-focused logistics business, EFL's team is a key driver of the Company's ability to deliver value and achieve long-term goals. As such, developing a highly capable team is an utmost strategic priority. The Company continues to focus on developing skills and capabilities of employees, driving learning and development across the organisation, fostering a culture of innovation, and enhancing client engagement.

EFL's capabilities in domestic logistics, brokerage, and other products and services grew substantially with two acquisitions completed during the latter end of the year under review. The Company focused on integration of new teams and business units to enable a smooth transition and ensure continuity of services. People management during acquisitions was handled with a thoughtful and deliberate approach on the back of strong and continuous communication. Regional and global leadership were directly involved in communicating with leadership and teams and supporting integration in a staggered manner with minimal impact to employees or business operations.

ATTRACTING AND RETAINING TALENT

The Company took a systematic approach in hiring the right people to align with EFL's expansionary efforts. Building on EFL's growing brand strength in the sector, HR teams utilised Social Media and other channels to attract and recruit strong new talent for executive levels and below. HR policies were streamlined to ensure consistency across the Company's global footprint while accommodating variations in systems and the supply-chain and unique cultural values.

Contributing to a performance-driven culture, the Company adopted suitable remuneration schemes, including variable-pay, to ensure that employees were rewarded in line with business performance. Employee remuneration packages considered regional variations and country contexts, while ensuring a structured and systematic approach that contributes to employee satisfaction and business performance.

EFL's value proposition to employees went beyond benefits, to include a focus on culture, flexibility and work-life balance, diversity, mental health, and employee health and

safety. The Company celebrated mental health week during the year with expert-led awareness programmes as part of a concerted focus on mental-health and wellbeing of employees.

CORPORATE CULTURE

The Company continues to invest in creating a progressive workplace that develops teams and fosters employee engagement. The Group culture and common DNA is inculcated and developed across EFL's operations around the globe.



Logistics

EMPLOYEE ENGAGEMENT

Rollout of the Darwinbox HR management software continued during the year under review, with 14 countries incorporating the system and 4 others set to go live with phased deployment. The integrated HR management software intends to improve employee experience and engagement and contributes to the Group's overall people management strategy.

EFL introduced the Applause Awards across all geographies, wherein country heads and managers nominated outstanding employees who had upheld the Company's values. Winners from across the globe were selected based on assessment against EFL's five corporate values. The programme helped reinforce values and strengthen corporate culture across the Company's operations.

EFL's Global Goodness programme, detailed on page 63, supported a number of projects during the year, giving employees the opportunity to engage in community development and conservation work.

TRAINING AND DEVELOPMENT

During the year under review, training and development efforts focused on improving team capabilities for supply-chain management and local market development. The team was also strengthened with new capabilities in the e-commerce space.

Training programmes were guided by business needs and varied from technical skill to communication and personal development. EFL's global leadership development programme continued during the year with focus on country and department heads and middle-managers. The programme involved a structured approach that incorporated psychometric assessments, 360 degree feedback, one-on-one coaching, strengths-development, and targeted training.

In addition to the speed-mentoring programme conducted during the previous year; women across EFL's operations around the globe were able to access peer-mentorship and support alongside focused webinars on pertinent topics.

8. SUSTAINABLE LOGISTICS

EFL is a responsible global partner committed to ushering in a cleaner and greener supply-chain, collaborating and engaging with local communities, and addressing global challenges aligned with the Global Goals (UN SDGs) and as a signatory of the United Nations Global Compact (UNGC). The Company's sustainability strategy incorporates these aspects and integrates sustainability with core operations and corporate values.

GREENING THE SUPPLY CHAIN

Recognising the pivotal role EFL can play in the larger logistics sector and the supply chain of numerous industries, the Company works with customers, suppliers, and partners to pursue environmental goals and support decarbonisation across the supply chain.

As a global logistics services provider, EFL supports customers in their efforts to track, analyse, minimise, and mitigate their environmental footprint. Having committed to the Science Based Targets Initiative (SBTI), EFL measures Scope 1 and Scope 2 emissions, and is continually refining a holistic and dynamic approach to measuring Scope 3 emissions along the freight and logistics supply-chain. Emission information is made available to customers upon request in a transparent manner, in alignment with Global Logistics Emissions Council (GLEC) and Clean Cargo frameworks.

Staying abreast of sustainability efforts on a global scale and supporting customers in their climate journey; EFL works with airline partners to develop low-emission solutions that promote Sustainable Aviation Fuels (SAF), which are revolutionising the sustainability of air freight.

Working with suppliers and partners, EFL's stringent supplier assessment criteria incorporates sustainability and environmental assessments. Going further, the Company launched a Supplier Sustainability Code of Conduct, which encourages suppliers to adhere to sustainable processes and obtain necessary certifications and accreditations that enhance their sustainability performance. The Code of Conduct will be utilised as part of EFL's supplier onboarding process, requiring suppliers to disclose information pertinent to their sustainability performance, including Labour and Human Rights, Governance, Sustainability, and Ethical Sourcing.

EFL is also continuously engaged in multi-stakeholder dialogue and discourse, as a member of industry working groups such as Business for Social Responsibility (BSR) Sustainable Air Freight Alliance (SAFA) and Clean Cargo Working Group (CCWG). Engagement with industry peers and partners enables EFL to collaborate in making the supply chain greener, while offering customers the best possible solutions in alignment with their environment goals.

EFL GLOBAL GOODNESS

The Global Goodness initiative, launched in 2019, is EFL's pioneering programme that advocates for social and environmental consciousness among employees and contributes to the Company's delivery of its sustainability agenda and strategy. The programme engages employees in volunteerism and initiates or supports long-term development and conservation projects aligned with 06 UNSDGs that have been identified as most material to EFL's operations.

During the year under review, EFL launched a number of large-scale projects across its global operations, centered on ecosystem conservation and climate change mitigation through reforestation and afforestation; waste minimisation and management; and community development. Projects and their impact are detailed on page 63.

ENVIRONMENTAL FOOTPRINT OF OPERATIONS

Despite EFL's relatively small direct environmental impact as a logistics service provider, the Company continued to take concrete steps toward minimising and mitigating the environmental impact of operations. As a responsible corporation, EFL is working toward assessing and establishing ambitious emissions-reduction goals.

Having achieved ISO 14001:2015 certification for all EFL warehouses, the Company's subsidiary EFL 3PL holds ISO 14064:2006 as well as receiving the LEED GOLD Accreditation.

EFL measures environmental performance against clearly defined internal emission-reduction and waste-reduction targets, which are mainstreamed as performance indicators for business units. During the year under review, the Company continued to invest in renewable energy generation and finalised a Zero-Waste Policy that was rolled out across the business. EFL's Zero-Waste Policy encourages global stations to adopt the 5R concept of Refuse, Reduce, Reuse, Repurpose, Recycle with regard to waste management. The policy provides guidance on waste management practices and aims to minimise waste generation while ensuring waste management best practices are adopted across operations.

Hong Kong Recycles (Hong Kong)



EFL Hong Kong kicked off a weekly recycling initiative with HK Recycles to ensure waste is categorized and properly transported to recycling plants. This initiative has enabled EFL Hong Kong to ensure waste generated is collected and disposed responsibly.

Transition of EFL's India station to a completely paperless model was another significant achievement during the year. EFL 3PL retained carbon neutral certification during the year while adding renewable energy generation capacity.

Logistics

EFL Global Goodness projects

During the year under review, EFL's Global Goodness initiative focused on projects related to clean water and sanitation, reforestation, afforestation, and coast conservation; and community development. EFL's stations across the globe took the lead in launching projects, with Latin America, Africa, and Asia commencing a number of new endeavours. Long-term biodiversity and ecosystem conservation projects such as Revive Bundala in Sri Lanka, continued during the course of the year.

GRI: 304-2

ENVIRONMENTAL CONSERVATION Revive Bundala (Sri Lanka)



In 2019, EFL adopted 600 acres of the Bundala National Park in Sri Lanka to replant 125,000 trees over 5 years. Over 91,000 saplings have been planted at present, with 26,500 saplings planted during FY 2023.

Thaali Kulam and Urban Afforestation (India)



Launched in 2020 to restore Thaali Kulam, a body of water situated in South Chennai, India; the project took a phased approach to ecosystem recovery, initiated as a partnership between EFL India and the Environmentalist Foundation of India (EFI).

The project's second phase commenced in 2022 with the launch of "ForesTree"; an urban afforestation project at Rathinamanalam, southwest of Chennai. Forty EFL Global volunteers worked to plant a total of 210 native "Pungai" (Pongamia) tree saplings during this initiative, increasing the total number of saplings at the site to 460. A solar powered bore and watering system was also installed at the location to ensure long-term sustainability of the project.

Reforestation Tanay (Philippines)



EFL Philippines partnered with the Haribon Foundation, a renowned environmental conservation organisation in the Philippines, to reforest a plot of land in Tanay, situated east of Manila.

EFL employees volunteered and supported reforestation efforts. A total of 2,500 saplings will be planted across two phases under this project. The first phase was completed in 2022 and 1,250 saplings were planted.

Protect the Ocean (Nicaragua)

EFL Nicaragua together with Fauna and Flora International, an organisation with vast experience in conservation, launched a drive to educate and create awareness amongst EFL employees on the vitality of healthy ecosystems and the crucial role of sea turtles. The release of a cluster of sea turtle hatchlings into the sea was also conducted during the project.

Save the Coast (El Salvador)

EFL El Salvador in collaboration with FUNZEL, a renowned conservation organisation, conducted an awareness session on the impact of plastics on marine life and ecosystems, followed by a coastal clean-up and release of sea turtle hatchlings.

Coast Preservation (Hong Kong)

EFL Hong Kong conducted a coast conservation project in partnership with the Hong Kong Green Nature Union to remove pollutants at a beach in Lung Kwu Tan, Hong Kong. Employees of EFL Hong Kong directly contributed to the effort.

**LOCAL COMMUNITY ENGAGEMENT
Revive Bundala (Sri Lanka)**

EFL supports local communities residing in the vicinity of the park, by creating employment opportunities during the planting process. Dry ration packs were also distributed among community members to uplift their livelihoods in the face of Sri Lanka's economic crisis. EFL also supports the upliftment of children at the Bundala Primary School, one of the oldest schools in Sri Lanka.

Play Pump (South Africa)

In 2019, EFL South Africa identified a rural school, two hours from the capital, and installed an apparatus named "Play Pump" that pumps clean, drinkable groundwater to a tank overhead whenever children play. The tank distributes water to a local tap source connected through a pipeline. EFL continues to undertake for long-term maintenance and upkeep of 6 more "Play Pumps" across South Africa, which currently benefit more than 2,600 people.

Greater Hygiene (Kenya)

Many communities in Kenya, especially schools, operate under poor sanitary conditions hindering children's academic activities. Identifying this concern, EFL Kenya launched "Greater Hygiene" to construct a latrine at the Utumishi Primary School, benefiting more than 900 students.

Logistics

Clean Water (Vietnam)



Vietnam is currently listed as a location where water shortages and scarcity pose a major problem for the population. This can especially affect families and young children, where water scarcity leads to a multitude of issues.

EFL Vietnam worked to address these concerns by implementing a Clean Water Treatment Project at a Kindergarten in An Dinh Village, located North of Ho Chi Minh City. The school is home to 76 students and teachers. The project is aimed at providing clean water free of contaminants to the school, thereby keeping the children and staff safe and healthy.

EFL 40th Anniversary Projects

On EFL's 40th anniversary around March 2022, Expolanka's Founder committed to sponsoring and implementing 40 projects over 4 years to support the most vulnerable communities in Sri Lanka. In alignment with needs on the ground, EFL partnered with local educational institutions to support development of infrastructure and facilities so they can provide children with a higher standard of education and an improved school life.

Walasmulla Hospital Project – Walasmulla Base Hospital, Beliatta



EFL Sri Lanka supported the OGA of Girls' High School, Kandy to establish an Intensive Care Unit (ICU) at the Walasmulla Base Hospital, Beliatta. EFL Sri Lanka funded the purchase of a Q7 Modular Patient Monitor as part of the project.

Football Kits and Equipment – Bakinigahawela Muslim Central College, Bibile



Financial support for purchase of football kits, boots, and equipment for students at the Bakinigahawela Muslim Central College, Bibile, Monaragala. A total of 60 students benefitted from the project.

Library Renovation Thawlampitiya Maha Vidyalaya, Mirigama

Financial support for renovation of the library at Thawlampitiya Ma1ha Vidyalaya in Mirigama, Sri Lanka. This endeavor was aimed at bolstering quality education and creating an empowered environment for students of the school.

Main Hall Renovation

Kinivita Junior School, Mahapallegama



Carrying out a project to renovate the main hall of the Kinivita Junior School in Mahapallegama, Sri Lanka.

Desktop PC Donation

Jaffna Library, Jaffna

Donation of two Desktop PCs to the Jaffna Library in Sri Lanka to strengthen their e-learning area. The donation is also expected to improve the quality of education of a large number of children who will utilise the newly installed PCs.

GLOBAL GOODNESS – NEXT GEN

The “Next Gen” initiative was launched under EFL’s “Global Goodness” programme to make children and youth aware of sustainable development and building a generation of conscious future-citizens.

Yein Udaan (India)

EFL India supports Yein Udaan, a community-based NGO in India offering holistic learning programmes for children, youth, and their parents to meet their needs and improve their well-being.

EFL India has sponsored students in an after-school program with Yein Udaan, to offer the children a safe space to increase learning opportunities and overall wellness. The Yein Udaan programme caters to about 50 children up to 18 years old, held at Lady Andal School in Chennai, offering academic support along with co-curricular activities such as photography, computer studies, martial arts, and other community-based programmes to complement schoolwork.

**EFL 3PL
PERFORMANCE**

EFL 3PL delivered a strong performance during the year under review, despite Sri Lanka’s economic crisis and subdued global market conditions. The Company had a successful year driven by strong customer onboarding and retention, industry-leading value-addition and a dynamic suite of services.

The Company’s continuous efforts toward diversification strengthened presence in the pharmaceutical, FMCG, high-tech, and other strategic sectors. A wide service offering enabled deeper engagement and increase customer commitment, and strengthened relationships with key customers.

Testament to EFL 3PL’s dynamic work environment, the Company was recertified as a Great Place to Work for the 3rd time, and was ranked within the top 50 institutions in Asia during FY 2023.

EFL 3PL has won Gold in B2B Brand of the Year Category for the second consecutive year at the SLIM Brand Excellence awards. The award is a testament to the exceptional performance demonstrated by the company over the years.

Logistics

WAREHOUSING AND DISTRIBUTION

Investments in value and technology-driven warehousing solutions during FY23 included expansion of cold chain capabilities and temperature-controlled areas. Ongoing expansion projects in Katunayaka and Kandana continued during the year under review, with the Katunayaka expansion nearing completion. Upon completion, it is anticipated to augment the existing warehousing and distribution space (capacity) by an additional 22% by early 2023.

EFL 3PL's compliance, certifications, and accreditations are detailed on page 63.

SUSTAINABLE LOGISTICS

The Company continued to invest in Solar PV as part of efforts to scale up its share of renewable energy and decarbonise the logistics supply chain. Their freeport facility in Katunayake has been converted to a 1.1 MW solar power generating plant. The facility meets its electricity demand sustainably by utilizing only 30% of generated renewable energy, while the remaining 70% is supplied to the grid, advancing their carbon-negative goals.

It is also noteworthy to mention that EFL 3PL has obtained the International Renewable Energy Certificate (I-REC), converting their emissions at certain locations into renewable energy.

PROSPECTS

Following a strong performance, EFL 3PL is well positioned for strategic expansion overseas. The Company plans to leverage EFL Global's international reach and establish operations in key selected markets, with steps for expansion already underway. These efforts have drawn strong investment interest and are expected to increase service offerings and synergies within the Group.

With regard to the domestic logistics sector, continuous growth of warehousing and distribution capacity, technology development, and compliance leadership are planned for the years ahead. Coupled with diversification and deepening of new business verticals, such as the pharmaceutical sector, these investments are envisaged to fuel growth in the years to come.

The company remains one of the highly invested sectors within the group, and it is now reaping the fruitful results of these investments.

OKI-DOKI



PERFORMANCE

Alongside depressed economic conditions and a decline in global trade, order volumes dropped and margins were pressured as energy prices peaked and customers looked for rate reductions. Sri Lankan manufacturers were sandwiched between global economic headwinds and the local economic crisis that resulted in major disruptions to operations and sharp rise in inflation. Fuel shortages and energy price fluctuations created a challenging environment requiring the business to adapt to the conditions. The Company diligently managed volatility in energy costs and coordinated closely with customers to manage requirements, maximise planning and utilisation via backhauling, and streamline the supply chain. Rate strategies were discussed with customers and dynamic pricing was rolled out where appropriate, integrating fuel prices in the pricing formula.

Retaining a long-term focus, the Company took steps to offer value-added pricing to ensure long-term sustenance of the customer-base and supplier-base; wherein business can reach scale when the market turns around. These measures enabled attrition rates to be maintained below 5% without impact to market-share or wallet-share despite reduction in volumes.

Logistics

COMMUNITY FOCUS

The Company continued to work with the contracted transport fleet and trucker community during a particularly difficult year in the country. Training and awareness programmes were conducted, all payments were prioritised and released on time, and direct relief and supplies were made available where possible.



TECHNOLOGY-DRIVEN TRANSPORT

Oki Doki has continued to invest in its core offering of technology-driven logistics, improving security, monitoring and tracking, and ensuring uninterrupted service availability through its dedicated operations team and monitoring centre.

EXPOLANKA AIRLINE MANAGEMENT (EAM)



PROSPECTS

The Company's expansion overseas is set to begin in 2023 with venture into new regions in South East Asia. Operations are being set up on the back of strong partnerships with transport suppliers. Leveraging synergies within the Group, Oki Doki's technology-centered business model and strong value proposition are well disposed for replication in Asian domestic logistics markets.

On the local front, the Company is charting a watchful path for growth and scale through increased volumes, while offering customers competitive rates that support economic revival. The Company is also systematising meticulous planning to maximise efficiency gains and backhauling through modular customisations to the integrated transport management system. New systems and processes such as these are expected to result in significant cost savings while driving down overall emissions.

PERFORMANCE AND PROSPECTS

Soft market conditions paved the way for EAM to pursue a strategy of consolidation as the business focused on enhancing its services whilst developing existing capabilities. The business has constantly invested in developing its infrastructure; enhancing capability, and building international relationships with a view to driving forward its current operating advantage.

Leisure

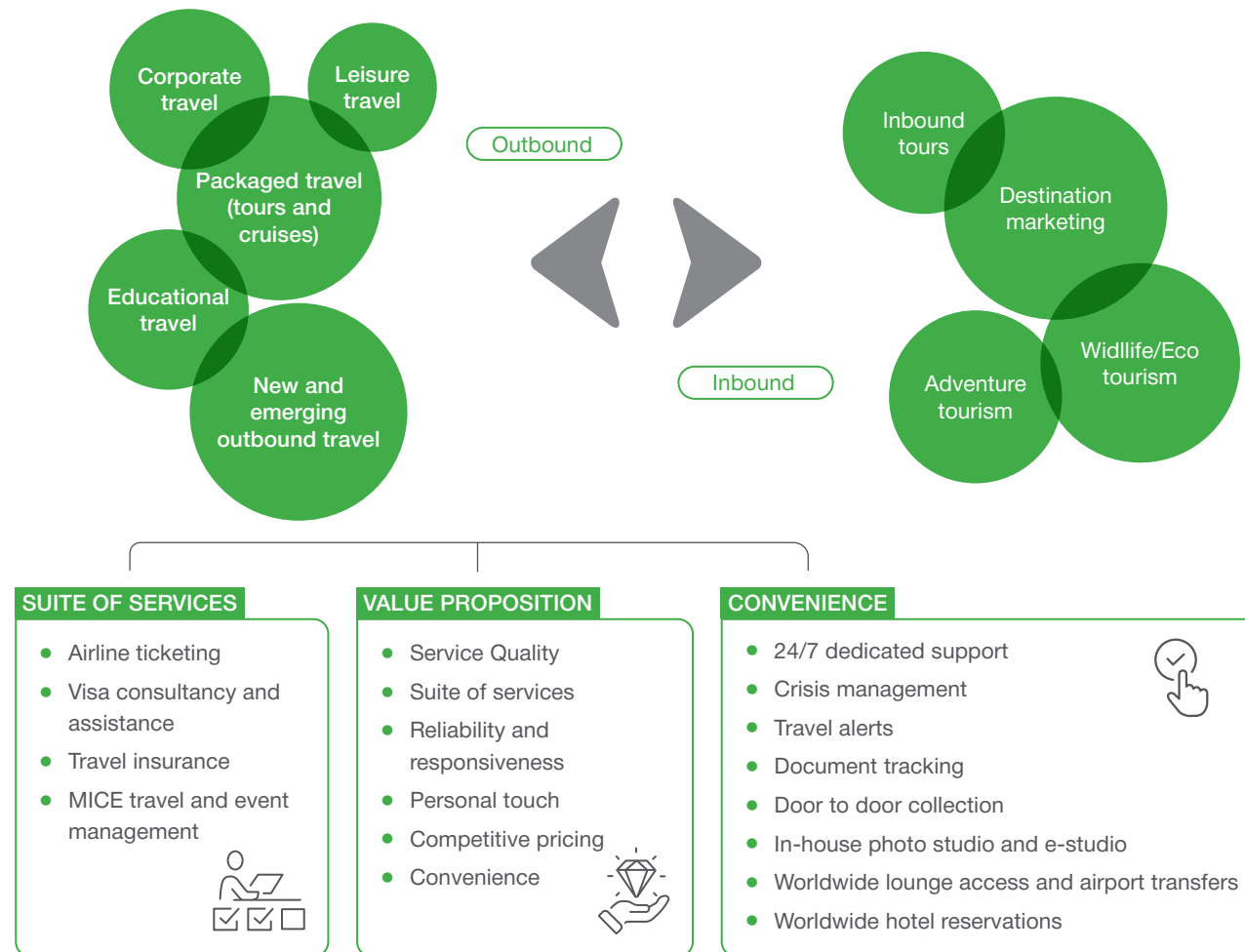
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Led by Classic Travel,
Sri Lanka's largest travel
company.



Leisure

LEISURE SECTOR BUSINESS MODEL



OVERVIEW

Expolanka's operations in the leisure sector comprises corporate travel, outbound leisure, inbound, Visa solutions, and ground services – with Classic Travel at the helm of the cluster.

Classic Travel is an IATA accredited travel agency with nearly three decades of industry experience. Offering end-to-end travel solutions for both the corporate and leisure markets, the Company has established itself as a market leader in Sri Lanka's travel industry. With the cluster headquarters strategically located in Colombo, Classic Travel has expanded its presence with two branches in Beruwala and Rathnapura, and forged international partnerships expanding its footprint to new markets such as Bangladesh.

Leisure



Classic Destinations, the sister company of Classic Travel, operates as a destination management company that specialises in providing bespoke travel experiences to inbound and domestic travellers.

Expo Visa Services, the independent Visa services arm of the leisure portfolio, enables the cluster to maximise synergies and independently deliver visa consultancy and support services to a wide swathe of customers.

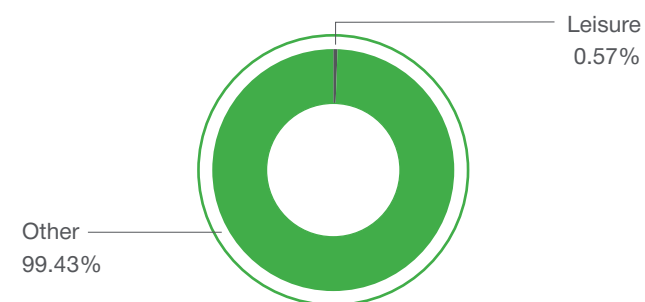
FINANCIAL HIGHLIGHTS

	2023	2022	Change %
Revenue	3,098	974	218 ▲
Gross profit	2,245	635	254 ▲
Earnings before interest and taxes (EBIT)	1,095	54	1,928 ▲
Net finance cost	(55)	(5)	1,000 ▲
Profit before tax	1,040	49	2,022 ▲
Profit after tax	811	38	2,034 ▲
Total assets	2,470	1,363	81 ▲
Total equity	1,263	486	160 ▲
Total debt	448	461	-3 ▼
Capital employed	1,711	947	81 ▲
Return on equity	92.7%	8.2%	1,031 ▲
Return on capital employed	65.2%	5.4%	1,110 ▲

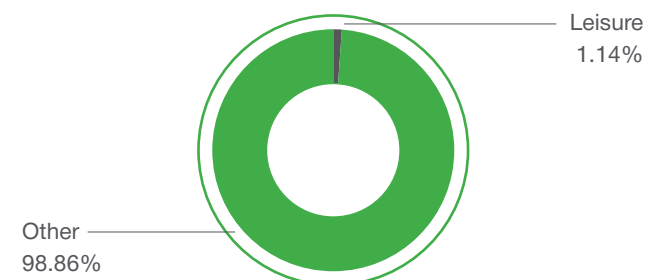
SECTOR PERFORMANCE

Expolanka's travel cluster was strongly positioned to capitalise on resurgence and momentum of the global and local travel sector. The cluster leveraged new growth opportunities in the market and achieved an outstanding performance during the year under review.

Revenue contribution from sector



Capital employed contribution from sector



Leisure

The cluster's transformational strategy implemented in 2020/21 to gear up for future expansion has yielded favourable outcomes. The sector recorded a revenue of Rs. 3,098 Mn., which is a 218% YoY increase. The cluster's Corporate Travel segment continues to contribute the largest volume of revenue, supported by the outbound leisure segment. The sector's strong performance was driven by revival of international travel, restarting of the MICE sector, pent-up demand for corporate travel, and growth opportunities related to student and emigrant travellers. Inbound destination management also showed favourable results, on the back of onboarding one of the largest franchises from Europe.

Sri Lanka faced a challenging start to the 2022/23 financial year due to the economic crisis and political unrest. However, Expolanka's leisure sector recorded strong consistent performance throughout the four quarters despite market conditions.

Supported by an efficient cost structure resulting from our rightsizing efforts, disciplined cost management, and increased productivity measures, the cluster achieved strong operating leverage with improved margins. As a result, Classic Travel delivered its best financial performance on record with an increase in turnover of over 78% compared to pre-COVID levels. This exceptional performance was driven by growth in market share, efficient procurement, and the Company's consolidation of a lean operating structure and business model during the last few years.

Despite airfare remaining at a premium across markets and carriers, we maintained relatively competitive pricing for customers through our strong, long-standing relationships with many leading airlines. Our main focus remained on

effective procurement to ensure that pricing remained competitive. The sector's value-based service portfolio, providing a differentiated experiential service to customers, continued to be a boon during the year; enabling effective performance at a transactional level.

Classic Travel maintained its dominant position in the Sri Lankan corporate travel market, holding a significant portion of the market share. The Company's reputation and track record have made it the preferred agency for many of Sri Lanka's leading companies for their international travel needs. Our efforts to expand our customer base proved successful and we were able to win new corporate accounts in the apparel, technology, manufacturing, exports, services, and gem and jewellery industries, which contributed to our strong performance.

GREAT PLACE TO WORK 2022

Classic Travel was certified as a "Great Workplace in Sri Lanka" for the 8th consecutive year. This accolade serves as a testament to the company's strong corporate values and commitment to maintaining a positive and supportive work environment. As a service provider, we recognise that our most important asset is our staff. We take pride in prioritising the health and safety, as well as the satisfaction and engagement, of our team.

With our complete suite of services and commitment to providing after-sales guarantees, we were able to offer customers dependability and reliability at an uncertain and challenging time. In addition, we were able to capitalise on the uptick in the MICE market and group travel, which had been stagnant following the 2019 Easter attacks and COVID-19 pandemic.

Building on the digitalisation journey that we embarked on during the period of lockdown, Classic Travel launched a new platform in January 2023 for the B2B market that was aimed at driving the topline and contributing to improved procurement. In the months that followed the launch, we recorded strong progress in onboarding B2B agents.

SECTOR STRATEGY PORTFOLIO STRENGTHENING

On the back of consolidation, realignment, and right-sizing during the pandemic period, Classic Travel's core operations catering to the corporate market were strengthened by new segments that were experiencing significant growth.

In the 2022/23 financial year, we capitalised on opportunities presented by outbound student travel and increasing out-migration resulting from Sri Lanka's protracted economic crisis. We also continued to strengthen our augmented service portfolio, including experiential travel offerings, medical facilitation services, travel insurance, visa services, and other ancillary services at the airport.

INBOUND TRAVEL

Classic Destinations, which manages inbound operations gained prominence and market share in Sri Lanka's tourism industry during the year. Although Sri Lanka experienced a significant downturn in tourist arrivals during the second and third quarters of 2022, we were able to recover well, with stability returning towards the end of the year. To achieve this, we implemented a well-planned strategy, making key investments, and dedicating time and effort to strengthen our destination offering, with a particular focus on experiential travel in niche markets.

Leisure

Classic Destinations acquired the franchise to represent the Liberty Group in Sri Lanka and the Maldives, and we have commenced operations in 2023. Liberty International Tourism Group brings over 30 years of expertise, with established offices on all continents and covering over 90 countries worldwide. The tie-up with Liberty Group would scale up the sector's market network, increase MICE movement, and support development of offerings to high-end leisure travellers.

In addition, we have continued to build the Classic Wildlife brand, which was launched last year to promote a differentiated value-added product offering, which sets us apart from our competitors.

CUSTOMER-CENTRICITY

As a result of the COVID-19 pandemic, we observed a significant drop in the number of travel agencies in the local market. As a result, many agencies were unable to meet customer expectations or offer reliability in a dynamic environment. In spite of the volatile market conditions, we maintained our commitment to delivering exceptional service and value to our customers, which we consider to be core strengths.

Our investments during the year enhanced call centre services and customer experience platforms, improving our reliability and responsiveness overall; a key value-add in the world of corporate travel.

CAPACITY DEVELOPMENT

The continuous development of our team and investment in digitalisation of our operational processes are crucial to attaining scalability, while maintaining an efficient and cost-effective structure.

Digitalisation, which was scaled up during the pandemic lockdown, led to the automation of several internal processes, greater efficiency and improved customer experience. These improvements now offer greater agility and help support our asset-light framework, which in turn helps position the business for growth and expansion.

Classic Travel continues to prioritise the development, motivation, and empowerment of staff through a strategic approach that focuses on building and retaining a high-performing team. By fostering a culture of excellence and providing opportunities for growth and advancement, we believe that our employees can achieve their full potential while delivering outstanding results for the company. We are dedicated to creating a workplace where everyone feels valued and supported, and where individual contributions are recognised and rewarded.

PARTNER DEVELOPMENT

Procurement is a critical component of our business and we continued to be the preferred service provider for a majority of the leading international airlines. We also expanded our capabilities in the areas of accommodation, insurance and other value-added services, by strengthening new and existing local and international partnerships.

Through our consolidated operation that offers comprehensive travel solutions, we were able to present customers, B2B agents, and small to medium-scale travel agencies with competitive rates and packages.

FUTURE OUTLOOK

A REBOUNDED TRAVEL SECTOR

The global tourism industry experienced a robust rebound in the 2022/23 period, with over 900 million tourists travelling internationally during the year 2022. This marked a twofold year-on-year (YoY) increase. All regions experienced noteworthy growth in international tourist arrivals, except for Asia and the Pacific, which only reached 23%, primarily due to more stringent pandemic-related restrictions, which only eased in late 2022. Several regions worldwide are projected to reach 80% to 95% of their pre-pandemic levels of international tourist arrivals in 2023/24. Nevertheless, the extent of global economic slowdown, recovery of travel in Asia and the Pacific, and development of the war in Ukraine, would continue to influence international travel.

Leisure

Alongside the leisure sector's rapid rebound after the setbacks of the COVID-19 pandemic, business travel is gradually making a comeback, while navigating new and distinct challenges brought on sluggish economic conditions across the globe, which could hinder complete recovery.

Most destinations have experienced noteworthy growth in international tourism receipts. This can be attributed to several factors: longer periods of stay resulting in higher average spending per trip, travellers' willingness to spend more on experiences, and elevated travel costs due to inflation.

At the same time, prevailing economic conditions have resulted in a rise in both airline operating costs and fares, which in turn has hampered growth in international airline ticket sales. This may lead tourists to adopt a more cautious approach in 2023, manifesting in: reduced spending, shorter trips, and a preference for trips closer to home.

RECOVERY OF THE TOURISM INDUSTRY IN SRI LANKA

Sri Lanka welcomed over 700,000 tourists to the Island during 2022, trending upward after a notably dry year in 2021. The first quarter of 2023 showed a continual uptick in tourist numbers reflecting double-digit growth YoY, and auguring well for the sector. The political and economic crisis that intensified from March to August in 2022 had a significant impact on the tourism sector, leading to the issuance of several travel advisories against visiting the country. Despite these challenges, the return to stability in the third quarter prompted a positive growth trajectory in tourist arrivals in the latter months.

Driving the resurgence, the top three countries generating tourist traffic to Sri Lanka in 2023 were India, Russia, and the United Kingdom. Following the lifting of pandemic-related travel restrictions, China is expected to regain its position as a major source market for Sri Lankan inbound tourism in the 2023/24 financial year.

SECTOR PLANS AND PROSPECTS

As the Sri Lankan economy enters a recovery phase, demand for outbound corporate travel is rebounding. Most local companies resumed international travel after the easing of travel restrictions, and while pent-up demand in the corporate travel sector is expected to ease as market conditions normalise, we expect opportunities in corporate travel to grow. Revival and turnaround of Sri Lankan businesses would support growth, particularly in the apparel and IT sectors where business relationships are a matter of priority.

New and emerging market opportunities are also opening-up, with demand for overseas education and niche leisure travel. Classic Travel is well positioned to capitalise on these new market opportunities and service growing demand in emerging sectors.

Inbound travel gained momentum in the last quarter of the year under review, with inbound tourist numbers showing a promising trend for Sri Lanka. Given a stable socio-economic environment in Sri Lanka, we expect to see an increase in demand for destination weddings and events, as well as growth in the MICE segment. Anticipating steady

growth for our inbound operations in the period ahead, we have expanded our strategic partner network to improve destination marketing, which we expect will create interest in nearly 200 countries, including the Australian, European, and Eastern European markets.

Looking overseas, the sector's growth plans are on track with international operations beginning to gain traction. Growth in this regard is expected to contribute significantly to sectoral performance in the coming years. Building on the success of our entrance into Bangladesh and Dubai, we will continue to explore key opportunities to diversify and strengthen our international presence and enhance our portfolio.

To establish a worldwide presence, we have implemented a digitalisation plan which includes a centralised office in Sri Lanka. Innovation and digitalisation will remain priorities as we aim to enhance our presence, reach, product offering, value-addition, and customer service.

Classic Travel is positioned to propel the Group's leisure sector to new heights in the upcoming year. Our experienced leadership team is committed to delivering on our robust corporate strategy, which is built on a solid foundation of differentiation, customer experience and value, ensuring that we remain the preferred choice for customers seeking travel services.

Investment

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Operations centred on two key growth verticals: international trading and Information Technology services.



ITX360

Investment

OVERVIEW

The Group's investment cluster involves operations in two key growth verticals of the Sri Lankan economy: Export of goods and Information Technology (IT) services.



EXPORT OPERATIONS

With 45 years in business, Tropikal International helms the Group's international trading arm and is involved in trading of fresh produce, dried foods, and value added exports. Expanding focus to include organic products, the Company maintains compliance with a number of international certifications for food safety and quality, such as ISO 22000, HACCP, BRC, and GMP; and produces and exports organic, kosher, and halal-certified products to selected markets.

IT SOLUTIONS

ITX360

Business Verticals →

- Telecommunications
- Logistics
- Banking and financial services
- Large enterprise and conglomerates
- Small and Medium Enterprises (SMEs)
- Public sector

Offering →

1. Infrastructure and networking
2. Information security
3. Cloud technologies
4. Transformation
5. Development
6. Automation
7. Smart Boardroom Solutions
8. Unified Communication
9. Managed IT
10. ERP Solutions
11. ELV

Advantage

- 360° solutions
- Reliable
- Reachable
- Innovative
- Customer-focused
- Global partner ecosystem

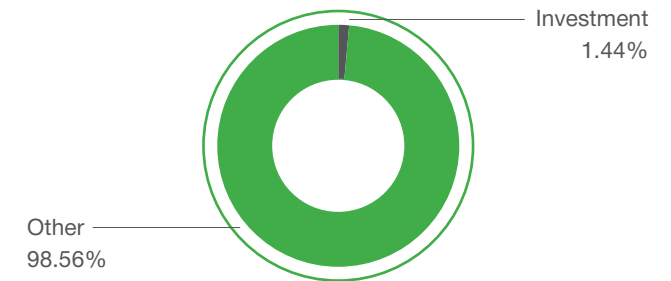
The Group's offering in the IT sector is led by ITX360, an end-to-end IT solutions provider. What began as an internal shared-services function that overlooked the IT needs of the Group, has developed into a modern company with a wealth of experience and rich client-base consisting of some of Sri Lanka's largest bluechip corporations. The Company employs over 130 professionals and offers a full suite of services. Backed by an extensive supplier ecosystem of global IT solutions providers, the Company is positioned to support digital transformation and organisational management requirements.

Investment

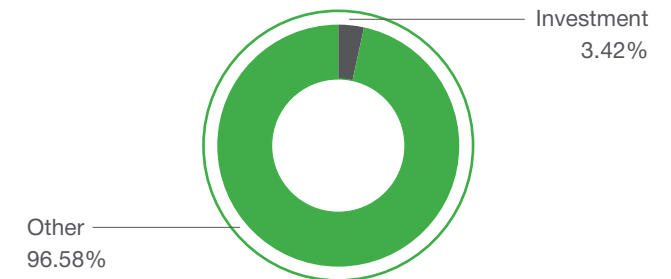
FINANCIAL HIGHLIGHTS

Key performance indicators	FY 2022/23 Rs. Mn.	FY 2021/22 Rs. Mn.	Change %
Revenue	6,532	3,644	79 ▲
Gross profit	1,569	647	143 ▲
Earnings before interest and taxes (EBIT)	570	799	-29 ▼
Net finance cost	16,369	2,720	502 ▲
Profit before tax	16,939	3,519	381 ▲
Profit after tax	17,036	3,637	368 ▲
Total assets	6,289	6,138	2 ▲
Total equity	2,163	1,214	78 ▲
Total debt	2,984	3,547	-16 ▲
Capital employed	5,147	4,761	8 ▲
Return on equity (%)	1,008.9	1,740.2	-42 ▼
Return on capital employed (%)	13.5	30.1	-55 ▼

EBIT contribution from sector



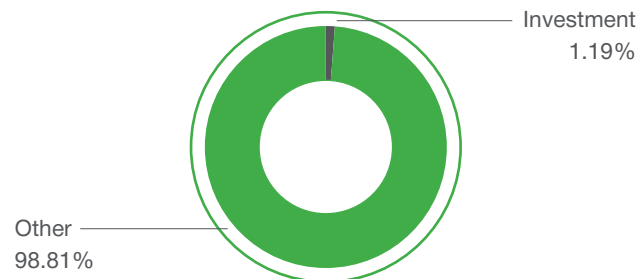
Capital employed contribution from sector



SECTOR PERFORMANCE

While representing a comparatively small business vertical within the Group, the investment arm was able to consolidate and produce a satisfactory performance despite market challenges and disruptions caused by the economic crisis in Sri Lanka. The Group's investment sector posted a revenue of Rs. 6.5 Bn. during the year under review, up 79% from the previous year.

Revenue contribution from sector



Investment

SECTOR STRATEGY**EXPORT OPERATIONS THROUGH STRATEGIC PARTNERSHIP**

The year under review saw realignment of the cluster strategy through exploration of a strategic partnership with a competent party for management of trading operations, on a profit-share basis. The partnership brought in a very competent team having strong international exposure in the trade.

GO-TO-MARKET STRATEGY FOR DIGITAL SOLUTIONS

Investment in strengthening and standardising a robust go-to-market strategy saw success, with the Company acquiring several new clients representing a variety of industries and levels of maturity; from major global multinational corporations to medium-scale enterprises looking to re-energise their businesses through digitalisation.

CAPABILITY DEVELOPMENT

The Group retained a focus on strengthening capabilities; recruiting qualified and experienced talent, and continuing to invest in employee engagement. A dynamic workplace culture and growing visibility in the IT sector saw ITX360 recertified as a Great Place to Work and ranking amongst the top 10 enterprises in the IT sector.

**BEST-IN-CLASS SYSTEMS AND PROCESSES**

ITX360 completed progress toward achieving ISO 27001 Information Security Management certification. This is addition to existing ISO 9001 certification for Quality Management and ISO 14001 certification for Environmental Management. Support service operations were strengthened during the year with ITX Care, a fully automated help-desk system put in place to enhance service quality. After-sales services and service engagements were also standardised to better meet customer requirements.



Investment

GROWING GLOBAL PARTNER ECOSYSTEM

Strengthening a wide-reaching partner and supplier ecosystem, ITX360 continued to acquire new technology partnerships to deepen its solutions offering and provide cutting-edge professional services in transformation, digitalisation, automation, and cyber-security domains. Through strong partnerships and continuous investment, the Company is fast becoming a leader in ICT integration in Sri Lanka and the region.

ITX360 received two awards during the year under review, recognising the strength of partnerships and contribution to partner goals.



STRENGTHENING GROUP IT INFRASTRUCTURE

In line with the Group's expansion and growth during the year, ITX360's shared service function oversaw rollout of major IT investments and developments. The Group IT security policy was reviewed and revised during the year and a dedicated team was set up in order to coordinate with customers and partners and maintain the Group's IT systems in compliance with international standards and regulations. Group-wide endpoint protection was standardised through the CrowdStrike platform, enabling better cloud security in alignment with a shift to flexible modes of work.

A number of developments were also rolled out during the year, including support for EFL 3PL's digital transformation through HighJump; improvements to Oki Doki's core Transport Management System; and support for Classic Travel's digitalisation plan. These were in addition to continuous process automation and process improvements for the Group's Finance and Human Resource shared service functions.

chemical fertiliser, and escalated costs coupled with scarcity of imported raw materials have served to dull the performance of the agriculture sector.

On the back of partnership with a new strategic management partner, the Business concentrated on fewer verticals and focused on a higher-yield, less-volatile portfolio of products. These steps have stabilised operations while ensuring the Group's trading arm is well positioned to exploit new opportunities in the export sector.

A focus on market expansion has strengthened growth in new markets beyond the Middle East, thereby creating opportunities for growth in wallet-share with key customers in the years to come.

Efforts to restructure and improve efficiencies within the trading arm, while strengthening capabilities through investment in new competencies, ensure the Business is refitted and focused on long-term growth.

FUTURE OUTLOOK

Downtrend of the global economy coupled with the scale of Sri Lanka's economic crisis presented a plethora of challenges during the year under review.

EXPORT OPERATIONS

Sri Lanka's trade deficit narrowed to its lowest point in decades on the back of stringent curbs on imports. However, Sri Lanka's economic crisis and resultant fuel shortages, aftershocks of the drastic ban on

IT SOLUTIONS

The ICT industry remains a rapidly growing and evolving sector around the globe and in Sri Lanka. Sparked by pandemic-induced disruptions and changes to ways of doing business, digital transformation projects by corporations and upgrade of legacy systems creates strong prospects for growth.

Future opportunities abound in areas such as Machine Learning (ML) and Artificial Intelligence (AI), cloud and edge computing, and process automation. Industry disruptors such as decentralisation and Web3 are

Investment

also seeing increased interest and more practical use-cases. Aligned with increased digitalisation and focus on competitiveness of Sri Lanka's service industries overseas; data privacy and cybersecurity are areas in which corporations are increasingly concerned.

The Group's IT solutions arm is focused on sustaining a formidable sales-drive to consolidate market presence in Sri Lanka in the short to medium-term, with long-term plans in place to grow internationally. New partnerships and capability development have strengthened cloud-services capability and delivery of digital transformation; with particular focus on digital workspaces and cybersecurity. Establishment of a fully-fledged data centre team with the capacity to design, implement, and manage data centres is a key step to grow the portfolio in Managed IT services. Further investments are also planned to strengthen the Company's cybersecurity division and expand offering to a wider portfolio of clients.

Providing modern and efficient digital solutions that support Expolanka's growth trajectory continues to be a priority in the years ahead. Plans are underway for formation of a standardised Security Operations Center (SOC) and Network Operations Centers (NOCs) that would enable better centralised management of the Group's growing IT security and service reliability requirements.

COMPLIANCE REPORT



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Annual Report of the Board of Directors on the Affairs of the Company

The Directors have pleasure in presenting the Annual Report on the State of Affairs, together with the Audited Financial Statements for both the Company and the Group pertaining to the financial year ended 31 March 2023 of Expolanka Holdings PLC and the Auditors' Report on the Financial Statements. Expolanka Holdings PLC which was incorporated in Sri Lanka on the 5 March 2003 as a Private Limited Liability Company under the Companies Act No. 17 of 1982 and Re-registered on in 2008 as a Limited Liability Company under Companies Act No. 07 of 2007, and in 2011 as a Public Limited Company under Companies Act No 07 of 2007 and the Company's Re-registration Number is PB 744. The contents of this Report are in accordance with the statutory requirements, the requirements of relevant regulatory authorities and best accounting practices which have been brought to the notice of the shareholders and other stakeholders. These Audited Financial Statements were approved by the Board of Directors on 30 June 2023.

COVENANT AND CORE VALUES

Covenant of Expolanka: "Building great businesses with a dare to do spirit"

Core values of Expolanka;

Follow ethical business principles in transacting and managing business

- Caring for stakeholder's interests
- Commitment to excellence
- Innovation and entrepreneurship

The business activities of the Company and the Group are conducted maintaining the highest levels of ethical standards in achieving its corporate objectives. All new staff absorbed to the permanent cadre of the Company are briefed on the requirements of the code of conduct and ethics.

PRINCIPAL ACTIVITIES

Expolanka Holdings PLC, the Group's holding Company manages a portfolio of investments consisting of a range of diverse business operations, which together constitute the Expolanka Group, and provides numerous function based services to its Group Companies. The Companies within the Group and its holding percentages are described on page 111 of this Annual Report. The principal activities of the Group are categorised into three sectors namely, Logistics, Leisure and Investment.

BUSINESS REVIEW AND OUTLOOK

A review of both financial and operational performances during the year under review along with financial highlights and future business developments and strategies of the Group and Individual Business Units are described in the Our Businesses 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 institution.

FINANCIAL STATEMENTS

The Audited Financial Statements of the Company and the Group are given on pages 97 to 176.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 98.

ACCOUNTING POLICIES

Details of accounting policies have been discussed in Note 02 of the Financial Statements. There have been no changes in the accounting policies adopted by the Group during the year under review.

REVENUE

Revenue generated by the Company amounted to Rs. 64,925,515 (2022 – Rs. 92,740,000) whilst Group revenue amounted to Rs. 546,400,880,718 (2022 – Rs. 694,157,420,841). Contribution to the Group revenue from the different business segments is provided in page 162.

RESULTS AND DIVIDENDS

The profit after tax of the holding Company was Rs. 16,578,128,114 (2022 – Rs. 3,736,326,373) whilst the Group profit attributable to equity holders of the parent for the year was Rs. 30,938,134,686 (2022 – Rs. 72,742,531,301). 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. 16,010,753,850 at Rs. 8.19 per share for the financial year 2022/23. Dividend per

Annual Report of the Board of Directors on the Affairs of the Company

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 from the Auditors, prior to declaring the dividend.

DONATION

The Company made a total donation of Rs. 111,492,341 (2022 – 47,246,680) and the Group made a total donation of Rs. 281,966,058 (2022 – Rs. 144,568,477) during the financial year 2022/23. 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 of the Company as at the balance sheet date amounted to Rs. 25,062,425 (2022 – Rs. 22,612,805) and Rs. 9,894,496,716 (2022 – Rs. 5,750,794,286) for the Group. Capital expenditure for the Company and the Group amounted to Rs. 10,975,564 (2022 – Rs. 5,886,105) and Rs. 5,095,271,733 (2022 – Rs. 1,958,160,799) respectively. The Board believes the carrying value of properties are approximately reflecting of the fair value. 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. 4,676,972,116 (2022 – Rs. 4,646,972,116) respectively. Detailed description of the short and long-term investments held as at the balance sheet date, are given in pages 138 to 141 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 1 April 2022	4,097,985,000
Movements during the year	–
As at 31 March 2023	4,097,985,000

DIRECTORATE

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

- Hitoshi Kanahori – Chairman
- Hanif Yusoof – CEO/Executive Director
- Ha Yo – Non-Executive Director
- Bokuto Yamauchi – Non-Executive Director
- Sanjay Kulatunga – Non-Executive Independent Director
- Harsha Amarasekera – Non-Executive Independent Director

Note: Mr Hitoshi Kanahori resigned with effect 31 March 2023 and was replaced by Mr Junji Shimasaki. Mr Bokuto Yamauchi was appointed as the Chairman and Mr Ha Yo was appointed as an Executive Director.

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

DIRECTORS REMUNERATION

Directors' remuneration, in respect of the Company for the financial year 2022/23 is Rs. 108,983,397 (Rs. 78,591,566 was paid as remuneration for Executive Directors and Rs. 30,391,840 was paid to Non Executive Directors of the Company). Directors' remuneration in respect of the Company's Subsidiaries for the financial year 2022/23 is Rs. 1,480,066,225.

AUDIT COMMITTEE

The following Directors serve the Audit Committee;

- Sanjay Kulatunga – Chairman
- Harsha Amarasekera – Member

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

REMUNERATION COMMITTEE

The following Directors serve the Remuneration Committee;

- Harsha Amarasekera – Chairman
- Sanjay Kulatunga – Member

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

Annual Report of the Board of Directors on the Affairs of the Company

RELATED PARTY TRANSACTIONS
REVIEW COMMITTEE

The following Directors serve the Related Party Transactions Review Committee;

- Sanjay Kulatunga – Chairman
- Harsha Amarasekara – Member

The report of the Related Party Transactions Review Committee is given under the section of Corporate Governance of the Annual Report. Further, the Board confirms that the transactions incurred between Related Parties which are listed in Note 28 are in compliance with Colombo Stock Exchange Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

SHARE INFORMATION

The distribution and composition of shareholders and the information relating to share trading is given in the Share Information section of the Annual Report. Given below, are details of shareholding, pertaining to the Directors of Expolanka Holdings PLC, as at 31 March 2023

Name of Director	31 March 2023
Hitoshi Kanahori	Nil
Hanif Yusoo	147,021,464
Ha Yo	Nil
Harsha Amarasekera	Nil
Sanjay Kulatunga	Nil
Bokuto Yamauchi	Nil

EQUITABLE TREATMENT OF SHAREHOLDERS

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

MAJOR SHAREHOLDING

No.	Name of shareholder	31 March 2023		31 March 2022	
		Shares	Holding %	Shares	Holding %
1.	SG Holdings Global Pte Ltd.	1,611,532,626	82.43	1,611,532,626	82.43
2.	Mr H Yusoo	147,021,464	7.52	147,021,464	7.52
3.	Sri Lanka Insurance Corporation Ltd. Life Fund	22,266,867	1.14	22,266,867	1.14
4.	Mr F Kassim	13,001,592	0.67	4,217,484	0.22
5.	Hatton National Bank PLC/Subramaniam Vasudevan	4,062,920	0.21	4,513,430	0.23
6.	Sri Lanka Insurance Corporation Ltd. – General Fund	3,510,519	0.18	3,510,519	0.18
7.	Nuwara Eliya Property Developers (Pvt) Ltd.	2,444,868	0.13	2,434,868	0.12
8.	Mr S Senthilnathan	2,379,256	0.12	2,379,256	0.12
9.	Simonas Trust Service Pvt Ltd.	2,261,768	0.12	2,261,768	0.12
10.	Commercial Bank of Ceylon PLC/G S N Peiris	2,006,515	0.10	3,070,000	0.16
11.	Rush Japan Corporation	1,976,622	0.10	1,515,477	0.08
12.	Mr M H Omar	1,935,875	0.10	1,935,875	0.10
13.	Phantom Investments (Pvt) Ltd.	1,730,000	0.09	1,470,000	0.08
14.	Amana Bank PLC/Mr Mohamed Nayaz Deen	1,340,477	0.07	1,340,477	0.07
14.1	Seylan Bank PLC/Mohamed Nayaz Deen	912,887	0.05	912,887	0.05
15.	Northern Trust Company S/A Legal & General Ica	1,290,141	0.07	1,290,141	0.07
16.	Mr M I M Shafie	1,200,000	0.06	1,057,000	0.05
17.	Mr S A Mohamed Basheer	1,111,000	0.06	1,111,000	0.07
18.	Seylan Bank PLC/Hiline Towers (Pvt) Ltd.	1,046,350	0.05	20,000	0.06
19.	Mr A H Musthakeem	1,033,000	0.05	1,033,000	0.05
20.	Acuity Partners (Pvt) Limited/Mr Elayathamby Thavagnanasooriyam/Mr Elayathamby Havagnanasundaram	1,000,212	0.05	1,000,212	0.05
		1,825,064,959	93.36	1,815,894,351	92.89

Annual Report of the Board of Directors on the Affairs of the Company

CORPORATE GOVERNANCE

The Board of Expolanka Holdings PLC is committed towards ensuring the Company has necessary processes in place to enable good governance practices. Accordingly, the Board confirm that the Company has complied with the Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange and further details are available under the Governance section of this Annual Report which is available from pages 178 to 201.

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 22 of the Financial Statements. In addition to the above, Group companies, both, local and overseas, engage with other audit firms. The Auditors of the Company and its Subsidiaries have confirmed that they do not have any relationships (other than that of Auditor) with, or interests in, the Company or any of its Subsidiaries. The Auditors Report is found in the Financial Information section of the Annual Report. The Audit Committee reviews the appointment of the Auditor, its effectiveness, its independence and its relationship with the Group, including the level of audit and non audit fees paid to the Auditor. The details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report.

EMPLOYMENT

The Company and its Subsidiaries have equal opportunity policy and such employee related codes are protected in the respective selection, training, development and promotion policies, ensuring that all related decisions are purely based on merit. In this regard the Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. The number of persons employed by the Company and its Subsidiaries at year-end was 3,734 (2022 – 3,202). The details of the Group's employment, human resources initiatives and employees are included under the Group Human Resources section of the Annual Report. There have been no material issues pertaining to the employees and employee relations of the Company and its Subsidiaries.

STATUTORY PAYMENTS

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms that there is an established process in place for identifying, evaluating and managing any significant risks faced by the Group. Risk assessment

and evaluation for each business unit takes place as an integral part of the annual strategic planning cycle and the major risks and mitigating actions in place are reviewed on a periodic basis by the Board and the Audit Committee. The Board, through the involvement of the Internal Audit and Risk Committee takes steps to gain assurance on the effectiveness of internal controls in place. The Audit Committee receives reports on the results of independent Internal Audits and recommendations are made to constantly enhance the internal control system. The Risk Management report is given under the Governance Section of the Annual Report.

EVENTS OCCURRING AFTER THE REPORTING DATE

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

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.

Annual Report of the Board of Directors on the Affairs of the Company

ENVIRONMENTAL PROTECTION

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

SUSTAINABILITY

The Group pursues its business goals under corporate business governance and the Group has taken numerous steps, particularly in ensuring the conservation of its natural resources and environment. These steps have been encapsulated in groupwide sustainability programmes that were launched and are being launched in a continuous manner and immense progress has been made in various projects. The Sustainability Report forms part of this annual report and could be referred on page 48.

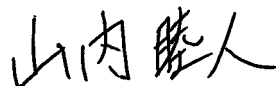
ANNUAL REPORT

The Board of Directors has approved the Company and the Consolidated Financial Statements on 30 June 2023. Further to the circular issued dated 27 May 2022 by the Colombo Stock Exchange, a digital copy shall be made available for download on www.expolanka.com and appropriately made available on the Colombo Stock Exchange website www.cse.lk.

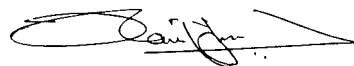
ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Grand Ballroom B partition, Hotel Galadari, No. 64, Lotus Road, Colombo 01, on 26 July 2023 at 4.00pm.

By Order of the Board



BOKUTO YAMAUCHI
Non Executive Chairman



HANIF YUSOOF
Director



SSP CORPORATE SERVICES (PVT) LTD SECRETARIES
30 June 2023

The Statement of Directors' Responsibility

The Responsibility of the Directors in relation to the Financial Statements is set out in the following statement. The responsibility of the Auditors, in relation to the Financial Statements prepared in accordance with the provisions of the Companies Act No. 7 of 2007, is set out in the Report of the Auditors.

The Directors are responsible under the Companies Act No. 7 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit and loss of the Company and the Group for the financial year. The Directors are also responsible under Section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, for the financial position and enable preparation of the Financial Statements. The Directors have taken adequate steps to ensure that the Company and its subsidiaries maintain sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company and its subsidiaries.

The Financial Statements comprise of;

1. Balance sheet which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.
2. Income statement of the Company and its subsidiaries, which presents a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year.

The Directors are required to confirm that the Financial Statements have been prepared;

3. Using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any disclosed and explained; and
4. Presented in accordance with the Sri Lanka Accounting Standards; and that
5. Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and
6. Provides the information required by and otherwise comply with the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange

The Directors are also required to ensure, based on their knowledge of the Company and the key operations, that the Company and its subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

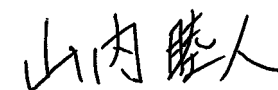
The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The External Auditors, Messrs. Ernst & Young, reappointed in terms of Section 158 of the Companies Act were provided with every opportunity to take whatever steps and undertake whatever inspections that they considered being appropriate

to enable them to give their audit opinion on the Financial Statements. The Report of the Auditors, shown on page 98 sets out their responsibilities in relation to the financial Statements. Further the Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory 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 specified in Note 31.1.3 to the Financial Statements covering contingent liabilities.



BOKUTO YAMAUCHI
Non Executive Chairman



HANIF YUSOOF
Director

30 June 2023

Related Party Transactions Review Committee Report

PURPOSE OF THE COMMITTEE

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

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

COMPOSITION

The Committee comprised of two (2) Independent Non-Executive Directors as of 31 March 2023 and is chaired by Mr Sanjay Kulatunga. Brief profiles of the members are given on pages 32 to 34 of this Annual Report.

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

SCOPE OF THE COMMITTEE

Scope of the Committee include the following:

- Formulate and recommend a policy for adoption on related party transactions for the Group which is consistent with the Code whilst ensuring that related party transactions are transacted at arm's length and are not prejudicial to the interests of the entity and its minority shareholders.
- Review proposed Related Party Transactions of the Company other than those transactions which are explicitly exempted in the Listing Rules. Further seek information from Management regarding transactions that require immediate market disclosures as required by the Continuing Listing Requirements of the CSE.
- Ensure that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee.
- Include appropriate disclosures on related party transactions in the Annual Report as required by the Continuing Listing Requirements of the CSE.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining independent advice from independent professional experts.

MEETINGS

The Related Party Transactions Review Committee convened 4 meetings during the financial year ended 31 March 2023 and the attendance of the members of the Related Party Transactions Review Committee was as follows:

	27 April 2022	26 July 2022	27 October 2022	25 January 2023	Attendance eligibility	Attended
1. Mr Sanjay Kulatunga	✓	✓	✓	✓	4	4
2. Mr Harsha Amarasekera	✓	✓	✓	✓	4	4

✓ Present – Excused

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

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

Related Party Transactions Review Committee Report

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

Meeting date	Key points of discussion
27 April 2022	- Update on the Related Party Borrowings as of 27 April 2022. The Committee was informed on the loans repaid to the parent entity since the start of the 4th Quarter of FY 22. It was noted that the borrowing cost has increased due to higher funding cost. - The timing of future repayments was discussed. The Committee evaluated the facilities available globally to address Geo-political challenges. The mechanism of mobilising working capital for global requirements were revisited. - Discussion on the current Credit Facility with Parent entity to accommodate working capital requirements stemming from increase in business. Update on the current reserve position and the ability to accommodate dividends was discussed. - Update on the status of compliance required by Multinational Groups exceeding the respective threshold in line with OECD BEPS Action 13 requirements.
26 July 2022	- Update on the Related Party Borrowings status as of 26 July was provided to the committee. The adequacy of the current funding lines available to the Group to meet future business requirements was discussed. The committee was also appraised on the steps taken to establish facility lines regionally to overcome the challenges in Sri Lanka. - Update was provided on Sri Lankas' Transfer Pricing regulations and the necessary disclosures that must be made for companies exceeding the threshold. - Update on the Transfer Pricing study done for entities with strategic significance to the Group. Discussion on the approach taken to create a transfer pricing policy framework and establishing economic substance in these entities. - Update on the status of compliance required by Multinational Groups exceeding the respective threshold in line with OECD BEPS Action 13 requirements.

Meeting date	Key points of discussion
27 October 2022	- Update on Related Party Borrowings as of 27 October 2022 and review of comparative funding rates. Discussion pertaining to the facility lines with financial institutions and the current outstanding. - Status update on conclusions reached pertaining to Transfer Pricing Compliance Requirements for local subsidiaries. The companies which were required to comply with the local transfer pricing compliance requirements had maintained required benchmarks to establish arm's length principle. - Findings of the Initial study done for the Transfer Pricing model in Singapore was presented. The Committee also discussed the future steps required to complete the model. - Update on the status of compliance required by Multinational Groups exceeding the respective threshold in line with OECD BEPS Action 13 requirements.
25 January 2023	- Update on Related Party Borrowings as of 25 January 2023. Committee was appraised on the borrowing being fully settled to the parent. It was noted that profit realisation and efficient collection of debtors resulted in settling the borrowings. - Discussion on the adequacy of credit facility lines with the Parent entity to cater to future business requirements. The committee evaluated the current requirement in line with the projected business and was given an update on the reserve position of the Group. - Status update on conclusions reached pertaining to Transfer Pricing Compliance Requirements for Subsidiaries globally. The companies which were required to comply with the local transfer pricing compliance requirements had maintained required benchmarks to establish arm's length principles. - Update on the status of compliance required by Multinational Groups exceeding the respective threshold in line with OECD BEPS Action 13 requirements.

On behalf of the Related Party Transactions Review Committee



SANJAY KULATUNGA

Chairman

Related Party Transactions Review Committee

30 June 2023

Remuneration Committee Report

COMPOSITION

During the financial year 2022/23, the Remuneration Committee of Expolanka Holdings PLC comprised of two Independent Non-Executive Directors who were appointed by the Board of Directors of the company. The composition of the Committee meets the requirement stipulated under the Listing Rule No. 7.10.5 of the Colombo Stock Exchange.

List of members of the committee are as below;

- Mr Harsha Amarasekera – Independent Non-Executive Director (Chairman)
- Mr Sanjay Kulatunga – Independent Non-Executive Director

A brief profile of the Directors are given on page 32 of the Annual Report.

SCOPE OF THE COMMITTEE

The scope and the responsibilities of the Remuneration Committee include;

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

MEETINGS

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

	25 July 2022
1. Mr Harsha Amarasekera	✓
2. Mr Sanjay Kulatunga	✓

✓ Present - Excused

The Remuneration Committee reviewed the existing remuneration and benefits scheme of the executive leadership team which included variable pay schemes to further align with overall group strategies & objectives.

The committee further reviewed policies and compensation guidelines to ensure that fair and equitable remuneration structures were in place in line with global best practices.

REMUNERATION POLICY

Remuneration policy of Expolanka Holdings PLC and its group companies has been designed to attract, motivate and retain the Executive team of the company by offering market competitive remuneration and benefit packages which will assist in achieving the objectives of the company. In order to ensure that the said objective is met, salaries and other benefits of the Executive team are reviewed periodically taking into account the performance of the individual and industry standards.

The remuneration packages are linked to the performance of the individuals which are aligned with the short- and long-term strategy of the company. The Committee will make every endeavour to ensure that the remuneration packages are adequate to attract and to retain the Executive Directors,

CEO and the members of the senior management team. The Committee takes into account the diverse, multicultural workforce and the requirement that it brings, current macro-economic environment and the impact it has on employees as well as ensuring the organisation has in place an effective performance based pay schemes which benefit the long term strategy of the company.

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

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

During the financial year under review, Rs. 78,591,566 was paid as remuneration for Executive Directors and Rs. 30,391,840 was paid as remuneration for Non-Executive Directors of Expolanka Holdings PLC.

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



HARSHA AMARASEKERA

Chairman

Remuneration Committee

30 June 2023

Audit Committee Report

ROLE OF THE COMMITTEE

The Audit Committee is a formally constituted subcommittee of the Board of Directors which operates under a written charter adopted by the Board of Directors. The Committee is empowered by the Board to assist the Board of Directors in fulfilling its oversight responsibilities relating to:

- Ensure adequacy and effectiveness of the Company's internal controls over financial reporting systems to provide accurate, appropriate and timely information to the stakeholders.
- Review the appropriateness of accounting policies and their adherence to statutory and regulatory compliance requirements and applicable accounting standards.
- Review the quality and integrity of interim and annual financial statements prepared for publication prior to submission to the Board of Directors
- Ensure the adequacy, design and operating effectiveness of risk management measures, internal control and governance processes in place to identify, avoid and mitigate risks.
- The selection and performance of the Company's independent Internal and External Auditors; and Independent Auditors' qualifications and independence.

Rules on Corporate Governance under Listing Rules of the Colombo Stock Exchange and Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka further regulate the composition, role and functions of the Audit Committee.

COMPOSITION

The composition of the Committee, which remained unchanged during the financial year is constituted of two Independent Non-Executive Directors. The Committee is chaired by Mr Sanjay Kulatunga who is an Associate Member of the Chartered Institute of Management Accountants (ACMA) as well as a Chartered Financial Analyst (CFA).

The composition of the Committee fulfilled the requirements of the Listing Rule No. 7.10.6 of the Colombo Stock Exchange. Brief profiles of the members are given on page 32 of this annual report.

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

MEETINGS

The Audit Committee functioned throughout and convened four meetings during the financial year ended 31 March 2023. The attendance of the members of the Audit Committee was as follows:

	27 April 2022	26 July 2022	27 October 2022	26 January 2023	Attendance eligibility	Attended
1. Mr Sanjay Kulatunga	✓	✓	✓	✓	4	4
2. Mr Harsha Amarasekera	✓	✓	✓	✓	4	4

✓ Present - Excused

The agenda and the papers for the meetings are circulated among the members with sufficient notice. The Group CEO, Group Finance Director, CFO and Risk and Control division attended the Audit Committee meetings by invitation. The CEO of Freight and Logistics Sector and Senior Management also attended as and when required. The External Auditors and the Internal Auditors were also invited to attend meetings when necessary.

The Board is apprised of the significant issues deliberated through verbal briefings and Audit Committee meeting minutes and considers and adopts, the recommendations of the Audit Committee as applicable.

Audit Committee Report

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

Meeting Date	Key Points of Discussion
27 April 2022	- Review of Quarterly Financials for the period ending 31 March 2022 including foreign exchange rate impact on the financials. - Review of Consolidated Financial Statements for the year ending 31 March 2022 and recommendation to the Board for approval. - Meeting with External Auditors, Ernst & Young Partner to review Key Audit Matters, Key Audit Considerations and Audit Deliverable Status of component auditors. - Status and progress update on the income tax assessments of the Group.
26 July 2022	- Discussion on customer invoicing efficiency, debtor collection and cashflows. - Review of Financial Statements for the quarter ending 30 June 2022 and recommendation to the Board for approval. - Discussion on strengthening of risk governance and reporting process of the Group including cyber security. - Status and progress update on the income tax assessments of the Group.
27 October 2022	- Discussion on the timely payment of receivables due from strategic customers. - Review of Financial Statements for the quarter ending 30 September 2022 and recommendation to the Board for approval. - Status update on J-Sox Readiness Project on the design and implementation and operating effectiveness of key internal controls covering the business and IT processes. - Status and progress update on the income tax assessments of the Group.
26 January 2023	- Discussion on the timely payment of receivables due from strategic customers. - Review of key recommendations for improvement arising from J-Sox Readiness Project. - Status update on the internal audits of the Group and performance review of outsourced Internal Auditor. - Review of Financial Statements for the quarter ending 31 December 2022 and recommendation to the Board for approval. - Review of external audit plan, audit approach, timelines, key audit matters and areas of focus. - Status and progress update on the income tax assessments of the Group.

FINANCIAL REPORTING

The Committee oversees the Company's financial reporting on behalf of the Board of Directors as part of its responsibility and reviews the Quarterly and Annual Financial Statements with the Management and the External Auditors and recommends

them to the Board for its deliberations. Accordingly, the Committee reviewed the following;

- Adequacy and effectiveness of the internal controls, systems, and procedures to provide reasonable assurance on the reported financials.
- Appropriateness of the accounting policies adopted, key judgments and estimates used in preparation of Financial Statements.
- Compliance with Sri Lanka Accounting Standards (SLFRSs & LKASs) and other regulatory provisions relating to financial reporting and disclosures and monitored the progress on the implementation of any new Accounting Standards.
- Quarterly financial reports and Annual financial reports prior to the recommendation of the same to the Board for approval.

The Committee is satisfied that the Company and its subsidiaries are able to continue as a going concern. Further, the Committee is also satisfied that the Company has made adequate disclosures in the Financial Statements in relation to the same.

INTERNAL AUDIT, INTERNAL CONTROLS
AND RISK MANAGEMENT

The Audit Committee, as a subcommittee of the main Board exercises oversight over the internal audit function. The risk based internal audit plans are approved by the Audit Committee which reviews the internal audit findings, recommendations and action plans with the Management and the Internal Auditors.

Audit Committee Report

The Committee reviewed the ongoing effectiveness of the Company's processes as a part of its wider review of the effectiveness of internal controls. Review of risks and internal controls encompassed periodic discussions with Senior Management and meetings with External and Internal Auditors. The Committee is also updated on the business risk, legal & compliance risk, operational risk etc. of the Group through the Risk Committee minutes which are tabled at Audit Committee meetings. The Committee deliberates on the findings with management, advice and where necessary escalate to the Board for further action. The key risks associated with the business are given in the Risk Management Report on pages 202 to 211.

Internal control self-assessment for the companies within Expolanka Group and compliance audit on the same was carried out twice during the year to ensure internal controls specified by Japan's Financial Instruments and Exchange Law are being established group-wide as part of continuous listing requirement of the ultimate parent company. The Committee noted that all the internal controls assessed under the scope for the period 2022/23 was reported as effective in the assessment report issued by the auditors of the ultimate parent company.

Further, the Committee noted that J-sox self-assessment exercise, an in-depth review of internal controls pertaining to business processes of key entities and application controls and information technology General Controls (ITGC) of key systems within the Group was performed during the year to test the design and implementation and operating effectiveness related to financial reporting. This self-assessment is a requirement under J-Sox compliance which is mandatory to be performed annually

for continuous listing requirement of SGH, the parent company of Expolanka Holdings PLC. Deloitte, Japan was engaged to provide advisory and EY, Sri Lanka assigned by Deloitte, Japan provided independent assurance on the operating effectiveness of internal controls covered under the scope.

EXTERNAL AUDIT

The Audit Committee met the Company's Principal Auditors Messrs. Ernst & Young along with the management prior to the commencement of the external audit and discussed the External Auditor's Audit plan, audit approach and scope of the audit.

The Committee reviewed the quality of the financial reporting, the reasonableness of significant accounting judgments and estimates and the clarity of disclosures in the Financial Statements, along with the assessment of the Company's internal controls over financial reporting with the Auditors and the Management. The Interim Financial Statements of the Company have been reviewed by the Audit Committee Members at Audit Committee Meetings, prior to release of same to the Regulatory Authorities and to the shareholders.

Further, a quarterly accounts review engagement is performed by Ernst & Young for the key entities of the Group in collaboration with the component auditors as per the requirement of the auditors of the parent company to provide greater assurance on the reported financials.

The Committee reviewed the results of the external audit and the recommendations of the Auditors and discussed key points with the management in order to take necessary action.

The Committee reviewed the nature of services provided by the Auditors and has determined that the Auditors were independent on the basis that they did not carry out any management related functions of the Company. The Committee has recommended to the Board, having considered their independence and performance, Messrs. Ernst & Young (EY), re-appointed as the lead/consolidation Auditors of the Group for the financial year ending 31 March 2024 subject to the approval by the shareholders at the forthcoming Annual General Meeting.

CONCLUSION

The Audit Committee is of the view that the internal control environment within the Company is satisfactory and provides reasonable assurance that the financial position of the Company is adequately monitored based on the reports submitted by the External Auditors and the Internal Auditors Of The Company, assurance provided by the Senior Management, and the discussions with the Management and the Auditors.

On behalf of the Audit Committee



SANJAY KULATUNGA

Chairman

Audit Committee

30 June 2023

Independent Assurance Report



Ernst & Young
Chartered Accountants
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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF EXPOLANKA HOLDINGS PLC

SCOPE

We have been engaged by Expolanka Holdings PLC ("the Entity") to perform a "limited assurance engagement," as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report (the "Subject Matter") as of 31 March 2023.

CRITERIA APPLIED BY EXPOLANKA HOLDINGS PLC

In preparing the Subject Matter, Expolanka Holdings PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

Such Criteria were specifically designed for purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report FY 2022/23 is in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

EXPOLANKA HOLDINGS PLC'S RESPONSIBILITIES

Expolanka Holdings PLC's management is responsible for selecting the Criteria, and for presenting the EESG indicators contained in the Integrated Annual Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Expolanka Holdings PLC on 1 June 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA FCMA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACA, D L B Karunathilaka ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

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Independent Assurance Report

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY CONTROL

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organisation through recalculation
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organisation's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

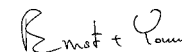
EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Integrated Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report as of 31 March 2023 in order for it to be in accordance with the Criteria.



30 June 2023

Colombo

FINANCIAL REPORT

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Independent Auditors' Report



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TO THE SHAREHOLDERS OF EXPOLANKA HOLDINGS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Expolanka Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2023, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA FCMA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

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Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
Acquisition of significant subsidiaries During the year the Group has invested Rs. 35,132 Mn. to acquire Trans American Customhouse Brokers, Inc and its subsidiaries (USA) and Locher Evers International (Canada) as further detailed in note 34. The two acquisitions were completed on 28 February and 30 March 2023 respectively. Initial accounting for business combinations in relation to the said investments have been carried out based on the provisional value of assets and liabilities as at acquisition date and the group has recognised provisional goodwill and intangible assets amounting to Rs. 32,827 Mn. as at 31 March 2023. We considered the acquisition of the subsidiaries as a key audit matter due to: • magnitude of the balance, and • significant judgments, assumptions and estimates involved in relation to recognition of provisional goodwill and intangible assets, as more fully described in Note 34 to the financial statements.	Our audit procedures included the following key procedures; • checked related share purchase agreements and other documents to obtain an understanding of the terms and conditions of the acquisition transactions. • checked investment value and transactions cost with the supporting documents. • checked management consultant' provisional reports to obtain an understanding of the judgment, assumptions and estimates made to recognise intangible and provisional goodwill. • assessed the adequacy of the related disclosures in Note 34 to the financial statements.
Annual impairment assessment of Goodwill As at 31 March 2023, the Group has accounted Goodwill amounting to Rs. 27,014 Mn. The Goodwill includes Rs. 24,889 Mn. provisional goodwill recognised during the current year and Rs. 2,125 Mn. goodwill recognised in prior periods. Goodwill is tested annually for impairment based on the recoverable amount determined using Value in Use computations (VIU). Such VIU calculations are based on the discounted cashflow models of each Cash Generating Unit (CGU) to which Goodwill has been allocated. A deficit between the recoverable value and the carrying values of the CGUs including Goodwill would result in an impairment. The VIU calculations are significant to our audit as it involves significant judgments and estimates of Management such as forecasts of sales, profit margins and appropriate discount rates for each CGU as more fully described in note 5.1.6 to the financial statements. We considered annual impairment assessment of goodwill as a key audit matter due to: • magnitude and significance of the balance, and • the degree of judgement and assumptions used in deriving the estimated future cashflows used in Annual impairment assessment of Goodwill.	Our audit procedures included the following key procedures; • involved our internal specialised resources to assist us in evaluating the assumptions and methodology used by the Group, in particular those relating to the forecasted revenue growth and profit margins of each Cash Generating Unit (CGU). • assessed the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill. • assessed the adequacy of the disclosures made by management in note 5.1.6 to the financial statements relating to approach/methodology and assumptions applied in relation to the impairment test carried out.

Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
Revenue During the financial year 2023, the Group recognised revenue of Rs. 546,40 Mn. which was generated from several geographical segments. We selected revenue as a key audit matter due to; • significance of the amount and, • geographical spread of the group operations and, the accounting policy on revenue recognition and other related disclosures are stated in the notes 2.2.14 and 18.	Our audit procedures included the following key procedures; We identified the operating segments that generate significant revenues and performed the following key procedures, with the involvement of component auditors, where relevant, • assessed the appropriateness of revenue recorded in respective segments in accordance with the accounting policy for revenue recognition. • involved our internal specialised resources to assist us in evaluating the IT general controls and application controls in relation to the revenue process. • evaluated the design of internal controls and tested the operating effectiveness of key controls relevant to revenue process of key components of the group. • performed analytical review procedures and test of details wherever applicable to assess the reasonableness of the reported revenues. • tested the appropriateness of revenue recognised for the period by reviewing the relevant service arrangements and other related supporting documents. • assessed the adequacy of the related financial statement disclosures in notes 2.2.14 and note 18.

OTHER INFORMATION INCLUDED IN THE GROUP'S 2022/23 ANNUAL REPORT

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we

conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it

Independent Auditors' Report

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1884.



30 June 2023
Colombo

Statement of Financial Position

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Assets					
Non-current assets					
Property, plant and equipment	3	9,894,496,716	5,750,794,286	25,062,425	22,612,805
Right-of-use assets	4	14,525,000,155	10,837,147,918	68,500,041	61,981,499
Intangible assets	5	36,313,013,905	3,835,125,688	3,080,133	2,981,990
Investments in subsidiaries	6	-	-	4,555,482,116	4,525,482,116
Investment in an associate and joint ventures	7	409,684,874	392,222,671	111,490,000	111,490,000
Other financial assets	8	19,653,983	18,925,709	10,000,000	10,000,000
Deferred income tax assets	23	447,126,095	347,788,615	-	-
		61,608,975,728	21,182,004,887	4,773,614,715	4,734,548,410
Current assets					
Inventories	9	264,555,543	291,593,049	-	-
Trade and other receivables	10	67,958,787,177	213,106,510,675	922,058,030	47,293,174
Prepayments and other assets	11	7,769,887,447	14,258,827,284	39,427,085	27,651,620
Other financial assets	8	336,469,506	225,982,529	8,774,998	5,959,514
Income tax recoverable		5,268,379,797	4,096,562,968	-	-
Cash and cash equivalents	12	77,781,817,840	43,192,921,348	3,655,491,019	3,758,302,668
		159,379,897,310	275,172,397,853	4,625,751,132	3,839,206,976
Total assets		220,988,873,038	296,354,402,740	9,399,365,847	8,573,755,386
Equity and liabilities					
Stated capital	13	4,097,985,000	4,097,985,000	4,097,985,000	4,097,985,000
Reserves	14	37,986,344,016	27,986,114,800	-	-
Retained earnings		106,851,258,991	91,847,724,125	2,526,947,906	1,969,955,169
Equity attributable to equity holders of parent		148,935,588,007	123,931,823,925	6,624,932,906	6,067,940,169
Non-controlling interest		693,093,887	422,115,701	-	-
Total equity		149,628,681,894	124,353,939,626	6,624,932,906	6,067,940,169

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Non-current liabilities					
Financing and lease payables	15	16,794,614,339	15,134,573,848	2,649,943,993	2,377,779,260
Deferred income tax liabilities	23	94,589,425	18,414,550	-	-
Retirement benefit obligation	16	1,068,437,484	929,802,260	19,627,000	34,056,859
		17,957,641,248	16,082,790,658	2,669,570,993	2,411,836,119
Current liabilities					
Financing and lease payables	15	15,062,191,673	76,996,999,199	15,126,121	12,281,968
Trade and other payables	17	33,406,245,412	64,995,563,827	89,735,827	81,697,130
Income tax liabilities		4,934,112,811	13,925,109,430	-	-
		53,402,549,896	155,917,672,456	104,861,948	93,979,098
Total equity and liabilities		220,988,873,038	296,354,402,740	9,399,365,847	8,573,755,386
Net assets per share		76.19	63.39	3.39	3.10

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Divanque Fernando

DIVANKE FERNANDO
Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by,

Hanif YusooF

HANIF YUSOOF

Sanjay Kulatunga

SANJAY KULATUNGA

The Accounting Policies and Notes on pages 109 through 176 form an integral part of the Financial Statements.

30 June 2023
Colombo

Statement of Profit or Loss

Year ended 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue from contracts with customers	18	546,400,880,718	694,157,420,841	64,925,515	92,740,000
Cost of sales		(441,132,032,762)	(572,249,262,480)	–	–
Gross profit		105,268,847,956	121,908,158,361	64,925,515	92,740,000
Other operating income and gains	19	3,791,516,725	7,474,872,616	17,063,751,921	4,150,973,586
Selling and distribution expenses		(5,633,892,074)	(2,796,763,175)	(85,666,178)	(19,273,353)
Administrative expenses		(63,910,367,295)	(39,932,916,532)	(701,978,164)	(482,481,636)
Operating profit		39,516,105,312	86,653,351,270	16,341,033,094	3,741,958,597
Finance costs	20	(1,759,722,467)	(1,262,725,264)	(3,978,605)	(8,553,736)
Finance income	21	702,828,682	87,975,300	241,073,625	2,921,512
Share of result of equity accounted investees (net of tax)	7	56,371,564	116,356,558	–	–
Profit before tax	22	38,515,583,091	85,594,957,864	16,578,128,114	3,736,326,373
Income tax expense	23	(7,465,424,435)	(12,803,236,519)	–	–
Profit for the year		31,050,158,656	72,791,721,345	16,578,128,114	3,736,326,373
Attributable to:					
Equity holders of the parent		30,938,134,686	72,742,531,301		
Non-controlling interest		112,023,970	49,190,044		
		31,050,158,656	72,791,721,345		
Earnings per share	24				
Basic		15.88	37.24	8.48	1.91
Diluted		15.88	37.24	8.48	1.91
Dividend per share	25			8.19	1.17

The Accounting Policies and Notes on pages 109 through 176 form an integral part of the Financial Statements.

Statement of Comprehensive Income

	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit for the year		31,050,158,656	72,791,721,345	16,578,128,114	3,736,326,373
Other comprehensive income					
Other comprehensive income to be reclassified to statement of profit or loss in subsequent periods					
Net exchange differences on translation of foreign operations	14	10,066,406,132	26,513,111,689	–	–
Net other comprehensive income to be reclassified to statement of profit or loss in subsequent periods		10,066,406,132	26,513,111,689	–	–
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods					
Actuarial gain/(loss) on defined benefit plans	16	77,938,896	(53,532,253)	(10,381,527)	3,963,315
Income tax effect		(1,784,866)	9,297,098	–	–
Net other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods		76,154,030	(44,235,155)	(10,381,527)	3,963,315
Other comprehensive income for the year, net of tax		10,142,560,162	26,468,876,534	(10,381,527)	3,963,315
Total comprehensive income for the year, net of tax		41,192,718,818	99,260,597,879	16,567,746,587	3,740,289,688
Attributable to:					
Equity holders of the parent		41,014,517,932	99,069,917,018	–	–
Non-controlling interest		178,200,886	190,680,861	–	–
		41,192,718,818	99,260,597,879	–	–

The Accounting Policies and Notes on pages 109 through 176 form an integral part of the Financial Statements.

Statement of Changes in Equity

Group	Note	Attributable to Equity holders of parent				Non-controlling interest	Total equity
		Stated capital	Foreign currency translation reserve	Retained earnings	Total		
As at 1 April 2021		4,097,985,000	1,614,493,928	21,436,678,529	27,149,157,457	231,434,840	27,380,592,297
Profit for the period		–	–	72,742,531,301	72,742,531,301	49,190,044	72,791,721,345
Other comprehensive income		–	26,371,620,872	(44,235,155)	26,327,385,717	141,490,817	26,468,876,534
Total comprehensive income		–	26,371,620,872	72,698,296,146	99,069,917,018	190,680,861	99,260,597,879
Dividends paid	25	–	–	(2,287,250,550)	(2,287,250,550)	–	(2,287,250,550)
As at 31 March 2022		4,097,985,000	27,986,114,800	91,847,724,125	123,931,823,925	422,115,701	124,353,939,626
Profit for the period				30,938,134,686	30,938,134,686	112,023,970	31,050,158,656
Other comprehensive income			10,000,229,216	76,154,030	10,076,383,246	66,176,916	10,142,560,162
Total comprehensive income		–	10,000,229,216	31,014,288,716	41,014,517,932	178,200,886	41,192,718,818
Dividends paid	25	–	–	(16,010,753,850)	(16,010,753,850)	–	(16,010,753,850)
Acquisition of subsidiaries		–	–	–	–	92,777,300	92,777,300
As at 31 March 2023		4,097,985,000	37,986,344,016	106,851,258,991	148,935,588,007	693,093,887	149,628,681,894

The Accounting Policies and Notes on pages 109 through 176 form an integral part of the Financial Statements.

Statement of Changes in Equity

Company	Note	Stated capital	Retained earnings	Total
As at 1 April 2021		4,097,985,000	516,916,031	4,614,901,031
Profit for the period		–	3,736,326,373	3,736,326,373
Other comprehensive income		–	3,963,315	3,963,315
Total comprehensive income		–	3,740,289,688	3,740,289,688
Dividends paid	25		(2,287,250,550)	(2,287,250,550)
As at 31 March 2022		4,097,985,000	1,969,955,169	6,067,940,169
Profit for the period		–	16,578,128,114	16,578,128,114
Other comprehensive income		–	(10,381,527)	(10,381,527)
Total comprehensive income		–	16,567,746,587	16,567,746,587
Dividends paid	25	–	(16,010,753,850)	(16,010,753,850)
As at 31 March 2023		4,097,985,000	2,526,947,906	6,624,932,906

The Accounting Policies and Notes on pages 109 through 176 form an integral part of the Financial Statements.

Statement of Cash Flows

	Notes	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash flows from/(used in) operating activities					
Profit before tax		38,515,583,091	85,594,957,864	16,578,128,114	3,736,326,373
Adjustments for,					
Depreciation of property, plant and equipment and right-of-use assets	22.1	5,984,729,119	2,769,066,361	40,396,772	35,935,734
Amortisation of intangible assets	5	280,679,702	191,974,509	1,133,015	1,343,615
Investment income	21	(699,039,031)	(78,158,718)	(129,066,502)	(2,921,512)
Profit/loss on sale of property, plant and equipment	22 and 19	(45,070,768)	23,667,964	–	(12,000)
Dividend income	21 and 19	(3,789,651)	(9,816,582)	(16,250,109,270)	(2,784,295,046)
Finance cost	20	1,759,722,467	1,262,725,264	3,978,605	8,553,736
Share of results of equity accounted investees	7.4	(56,371,564)	(116,356,558)	–	–
Loss on disposal of subsidiaries	22	10,998,135	–	–	–
Allowances for expected credit losses	16.1	2,187,282,663	1,267,054,406	–	–
Provision for defined benefit plans	22	361,367,759	164,665,432	5,577,322	5,065,851
Provision for assets held-for-sale	22	–	(229,645,328)	–	–
Unrealised net exchange gains		(369,494,368)	(6,564,321,137)	(686,387,759)	(1,305,193,590)
Expense relating to leases of low-value assets and short-term leases	22	815,362,782	117,626,245	–	–
Operating profit before working capital changes		48,741,960,336	84,393,439,722	(436,349,703)	(305,196,839)
(Increase)/decrease in inventories		27,374,120	(141,547,588)	–	–
(Increase)/decrease in trade and other receivables		175,345,672,204	(105,291,477,584)	16,487,896	225,699,250
(Increase)/decrease in prepayments		8,445,946,624	(8,798,055,590)	(11,775,465)	(4,999,322)
Increase/(decrease) in trade and other payables		(40,955,361,359)	27,622,796,355	8,038,697	27,637,500
Net change in working capital due to group structure change		(1,380,864,742)	(283,789,930)	–	–
Cash generated from/(used in) operations		190,224,727,183	(2,498,634,615)	(423,598,575)	(56,859,411)
Finance cost paid	20	(1,030,943,294)	(1,068,625,796)	–	(6,589,134)
Income tax paid		(19,213,732,169)	(5,899,559,478)	–	–
Defined benefit plan costs paid	16	(163,214,229)	(169,455,705)	(30,388,708)	(10,651,590)
Net cash from/(used in) operating activities		169,816,837,491	(9,636,275,594)	(453,987,283)	(74,100,135)

Statement of Cash Flows

	Notes	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash flows from/(used in) investing activities					
Investment income received	21	699,039,031	78,158,718	129,066,502	2,921,512
Dividend received		38,186,422	22,111,456	16,250,109,270	2,784,295,046
Acquisition of property, plant and equipment	3	(5,095,271,733)	(1,958,160,799)	(11,274,522)	(5,886,105)
Acquisition of intangible assets	5	(60,389,649)	(9,083,088)	(1,231,158)	–
Proceeds from sale of property, plant and equipment		314,944,070	183,416,137	298,955	413,044
Other current investments (net)		(107,261,881)	140,552,514	(2,815,484)	(4,551,512)
Other non current investments (net)		29,614	(437,713)	–	–
Proceeds from sale of subsidiaries	35	238,625,952	229,645,328	–	–
Net acquisition of subsidiaries, net of cash acquired	34	(31,685,753,735)	(3,439,774,481)	(30,000,000)	–
Loans granted to related parties net of repayments		–	–	(892,000,000)	–
Net cash flows from/(used in) investing activities		(35,657,851,909)	(4,753,571,928)	15,442,153,563	2,777,191,985
Cash flows from/(used in) financing activities					
Proceeds from financing	15.3.3	7,428,736,232	89,648,623,215	280,830,720	1,443,096,352
Repayment of financing	15.3.4	(84,379,510,410)	(43,760,118,802)	–	–
Repayment of lease	15.3.5	(5,874,536,016)	(2,153,605,003)	(48,189,806)	(36,529,788)
Dividends paid to equity holders of the parent	25	(16,010,753,850)	(2,287,250,550)	(16,010,753,850)	(2,287,250,550)
Net cash flows from/(used in) financing activities		(98,836,064,044)	41,447,648,860	(15,778,112,936)	(880,683,986)
Effect of exchange rate changes		(127,413,101)	8,521,844,758	687,135,007	1,304,788,167
Net increase in cash and cash equivalents		35,195,508,437	35,579,646,096	(102,811,649)	3,127,196,031
Cash and cash equivalents at the beginning of the year	12	42,011,242,735	6,431,596,639	3,758,302,668	631,106,637
Cash and cash equivalents at the end of the year	12	77,206,751,172	42,011,242,735	3,655,491,019	3,758,302,668

The Accounting Policies and Notes on pages 109 through 176 form an integral part of the Financial Statements.

GRI: 2-15, 2-16

Notes to the Financial Statements

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 GENERAL

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

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

The Financial Statements for the year ended 31 March 2023, comprises “the Company” referring to Expolanka Holdings PLC as the holding company and “the Group” referring to the companies whose accounts have been consolidated therein.

1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

HOLDING COMPANY

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

Subsidiaries, Joint Ventures and Associates are grouped into 3 sectors namely Logistics, Leisure and Investment.

LOGISTICS SECTOR

The logistics sector consists mainly of the group freight forwarding business represented by the EFL brand. The Company engages in providing air freight, ocean freight and other contract logistics services such as warehousing and transport services. The sector also includes a GSA operations representing key strategic airlines.

LEISURE SECTOR

The leisure sector consists mainly of corporate travel business which provides airline ticketing, hotel reservations, leisure services, inbound operations and event management services.

INVESTMENT SECTOR

The sector includes the export of commodities (desiccated coconut, a selection of fruits and vegetables), value added processing operation and IT services.

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

1.3 PARENT AND ULTIMATE PARENT ENTITY

The Company's parent entity is SG Holdings Global Pte Ltd. In the opinion of the directors, the Company's ultimate parent undertaking and controlling party is SG Holdings Co., Ltd, which is incorporated in Japan.

1.4 DATE OF AUTHORISATION FOR ISSUE

The Financial Statements for the year ended 31 March 2023 were authorised for issue by the Board of Directors on 30 June 2023.

2. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

2.1.1 STATEMENT OF COMPLIANCE

The Financial Statements of the Company and the Group, which comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with the Accounting Policies and Notes have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

2.1.2 BASIS OF MEASUREMENT

The Consolidated Financial Statements have been prepared on the historical cost basis, except for:

- Financial instruments reflected as fair value through profit or loss which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value.
- Retirement benefit obligations which are determined based on actuarial valuations.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

Notes to the Financial Statements

2.1.3 FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements are presented in Sri Lankan Rupees (Rs), which is also the Company's functional currency. Subsidiaries whose functional currencies are different as they operate in different economic environments are reflected in Note 2.2.1 to the Financial Statements.

2.1.4 MATERIALITY AND AGGREGATION

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.1.5 COMPARATIVE INFORMATION

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statement of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.1.6 OFFSETTING

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

2.2 SIGNIFICANT ACCOUNTING POLICIES

2.2.1 BASIS OF CONSOLIDATION

SUBSIDIARIES

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Notes to the Financial Statements

ANALYSIS OF SUBSIDIARIES OF THE GROUP BASED ON SECTORS WHICH ARE
INCORPORATED IN SRI LANKA:

Name of the Company	Holding Percentage	
	2023 %	2022 %
Logistics		
Direct		
A V S Cargo International (Private) Limited	100	100
EFL Global HQ (Private) Limited (E F L Headquarters (Private) Limited)	100	100
E F L Transport (Private) Limited	100	100
Excelsior Logistics (Private) Limited	100	100
Expolanka Freight (Private) Limited	100	100
Freight Care (Private) Limited	100	100
International Airline Service (Private) Limited	100	100
Logistics Park (Private) Limited	100	100
SG Logistics (Private) Limited	100	100
Mirai Relocations (Private) Limited [UCL Logistics (Private) Limited]	100	100
Indirect		
Alpha Air Solutions (Private) Limited	100	100
Alpha Aviation (Private) Limited	100	100
E A M Global (Private) Limited	100	100
E F L Global Freeport (Private) Limited	100	100
E F L Hub (Private) Limited	100	100
Oki Doki (Private) Limited	100	100
Peri Logistics (Private) Limited	100	100
Quickee Delivery Solutions (Private) Limited	100	100

Name of the Company	Holding Percentage	
	2023 %	2022 %
Leisure		
Direct		
Classic Destinations (Private) Limited	100	100
Classic Travel (Private) Limited	100	100
Expo Visa Services (Private) Limited	100	100
Indirect		
Bongo (Private) Limited	100	100
Liberty Tourism Lanka (Private) Limited (Classic Fun Time (Private) Limited)	100	100
Sunpower Travels (Private) Limited	100	100
Travel Bridge (Private) Limited	100	100
Gabo Travels Overseas (Private) Limited	100	–
Gabo Travels (Private) Limited	100	–
Gabo Holidays (Private) Limited	100	–
Investment		
Direct		
Expolanka (Private) Limited	100	100
I T X 360 (Private) Limited	100	100
Tropikal Life International (Private) Limited	100	100

Notes to the Financial Statements

ANALYSIS OF SUBSIDIARIES OF THE GROUP BASED ON SECTORS WHICH ARE INCORPORATED OUTSIDE SRI LANKA:

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2023 %	2022 %
Logistics				
Direct				
EFL Global Logistics (Pte.) Ltd.	Singapore	USD	100	100
Indirect				
Air Sea Logistics Limited	Kenya	KES	100	100
Airline Cargo Resources FZCO	Dubai	AED	100	100
AMZ Logistics Solutions Private Limited	India	INR	50.96	50.96
AVS Cargo Management Services Private Limited	India	INR	51	51
Complete Transport Solutions Inc	USA	USD	100	100
Corporacion K&C, S.A. de C.V	El Salvador	USD	100	100
EFL Brokerage LLC	USA	USD	100	100
EFL Container Lines LLC	USA	USD	100	100
EFL Europe B.V.	Netherlands	EUR	100	100
EFL Express Private Limited	India	INR	100	100
EFL Global (Thailand) Ltd.	Thailand	THB	73.99	73.99
EFL Global B.V.	Belgium	EUR	100	100
EFL Global LLC (Expolanka USA LLC)	USA	USD	100	100
EFL Global Logistics Canada Ltd.	Canada	CAD	100	100
EFL Malaysia Sdn. Bhd	Malaysia	MYR	100	100
EFL Taiwan (Private) Limited	Taiwan	TWD	100	100
EFL Transportation LLC	USA	USD	100	100
Expofreight (Hong Kong) Limited	Hong Kong	HKD	100	100
Expo Freight (Shanghai) Limited	China	CNY	100	100
Expofreight (Shenzhen) Limited	China	CNY	100	100

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2023 %	2022 %
Expo Freight Denmark ApS	Denmark	DNK	100	100
Expo Freight Limited	Myanmar	MMK	100	100
Expo Freight Private Limited	India	INR	100	100
Expolanka Freight (Cambodia) Limited	Cambodia	USD	100	100
Expolanka Freight (Philippines) Inc.	Philippines	USD	100	100
Expolanka Freight (Proprietary) Ltd.	South Africa	ZAR	100	100
Expolanka Freight (Vietnam) Ltd.	Vietnam	VND	99	99
Expolanka Freight Dubai LLC	Dubai	AED	100	100
Expolanka Freight FZCO	Dubai	AED	100	100
Expolanka Freight Ltd.	Kenya	KES	100	100
Expolanka Freight Ltd.	Mauritius	MUR	100	100
Expolanka Madagascar S.A.U	Madagascar	MGA	100	100
IDEA El Salvador S.A. de C.V	El Salvador	USD	100	100
IDEA Global LLC	USA	USD	100	100
IDEA Guatemala S.A	Guatemala	GTQ	100	100
IDEA Honduras, S. de R.L. de C.V	Honduras	HNL	100	100
IDEA International LLC	USA	USD	100	100
IDEA Nicaragua de S.A	Nicaragua	NIO	100	100
Interconexion: Distribuir Y Enviar Para Las Americas, LLC d/b/a IDEA ,LLC	USA	USD	100	100
International Sky Services India Private Limited	India	INR	100	100
PT. EFL Global Indonesia (PT. Expo Freight Indonesia)	Indonesia	USD	90	90
Seville Container Freight Station Inc	USA	USD	100	100
Seville Freight Systems Inc	USA	USD	100	100

Notes to the Financial Statements

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2023 %	2022 %
Seville Transfer Ltd.	USA	USD	100	100
EFL Global Projects Private Limited [Caliber Global India (Pvt) Ltd.]	India	INR	100	50
TT Aviation Handling Services (Private) Limited	India	INR	70	–
EFL Global Panama, SA	Panama	USD	100	–
Trans American Customhouse Brokers LLC	USA	USD	100	–
Transure Express LLC	USA	USD	100	–
Trans American Global Trade Services LLC	USA	USD	100	–
Trans American Customs Brokers of Canada Ltd.	Canada	CAD	100	–
Transparency Supply Chain Systems LLC	USA	USD	100	–
Locher Evers International Inc	Canada	CAD	100	–
LEI Cartage Ltd.	Canada	CAD	100	–
LEI Customs Brokers Inc.	Canada	CAD	100	–
Locher Evers International Limited (UK)	UK	GBP	100	–
Westcon Terminals Limited	Canada	CAD	100	–
Investment Indirect				
Expolanka Agri Exports (Private) Limited	India	INR	100	–
Information Technology – Intelligent Solutions LLC	USA	USD	100	–

CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN 50% SHARE HOLDINGS

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The following companies, with equity control equal to or less than 50%, have been consolidated as subsidiaries based on above criteria.

	Holding Percentage	
	2023 %	2022 %
Classic Travels Maldives Pvt Ltd.	49	49
Expo Freight Holdings (Thailand) Limited	49	49
Travel Classic (Private) Limited – Bangladesh	40	–

ACQUISITION OF SUBSIDIARIES

The assets and liabilities as at the acquisition date are stated at their provisional fair values and may be amended in accordance with SLFRS 3 – Business Combination.

Investment subsidiaries are carried at cost less impairments (if any) in the separate Financial Statements.

EQUITY ACCOUNTED INVESTEEES (INVESTMENT IN ASSOCIATES AND JOINT VENTURES)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Notes to the Financial Statements

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in its associate and joint venture are accounted at cost in the Company Financial Statements.

The Group's investments in its associate and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as "Share of profit of an associate and a joint venture" in the Statement of Profit or Loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint ventures of the Group are;

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2023 %	2022 %
Globe Air (Private) Limited	Sri Lanka	LKR	50	50

Associate of the Group/Company is;

Name of the Company	Country of Incorporation	Functional Currency	Holding Percentage	
			2023 %	2022 %
Amana Takaful (Maldives) PLC	Maldives	LKR	22.73	22.73

Principle business activities of the above Amana Takaful (Maldives) PLC is provision of Takaful Insurance.

2.2.2 BUSINESS COMBINATIONS AND GOODWILL

Business Combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquire either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed and included in administrative expenses.

Notes to the Financial Statements

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of Profit or Loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the Statement of Profit or Loss.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose

of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion the cash-generating unit retained.

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under the heading "Non-controlling Interest".

2.2.3 FOREIGN CURRENCY

TRANSACTIONS AND BALANCES

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss. Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

FOREIGN OPERATIONS

The results and financial position of all Group entities that have a functional currency other than the Sri Lankan Rupee are translated into Sri Lankan Rupees as follows:

- assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition are translated to Sri Lankan Rupees at the exchange rate prevailing at the reporting date;
- Income and expenses are translated at the average exchange rates for the period.

The exchange differences arising on translation for consolidation are recognised in Other Comprehensive

Notes to the Financial Statements

Income. On disposal of a foreign operation, the relevant amount in the translation reserve is transferred to the Statement of Profit or Loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest in that foreign operation. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to the Statement of Profit or Loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation, and translated at the spot rate of exchange at the reporting date.

2.2.4 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.
- A liability is current when:
- It is expected to be settled in a normal operating cycle

- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- It does not have a right at the reporting date to defer settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.5 PROPERTY, PLANT AND EQUIPMENT

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

BASIS OF RECOGNITION

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

BASIS OF MEASUREMENT

Items of property, plant & equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment losses, if any.

OWNED ASSETS

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of

the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

SUBSEQUENT COSTS

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant and equipment are recognised in the Statement of Profit or Loss as incurred.

DERECOGNITION

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

Notes to the Financial Statements

DEPRECIATION

Depreciation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Freehold buildings	1.58% - 10%
Plant and machinery	12.5% - 33.33%
Furniture and fittings	5% - 25%
Technological equipment	20% - 50%
Office and factory equipment	9.5% - 33.33%
Motor vehicles	10% - 20%
Tools and equipment	25% - 33.33%
Leased improvements	6.66% - 20%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes

a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2.2.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES
LEASES**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

BASIS OF RECOGNITION

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis

over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Properties	– 1 to 10 years
Motor vehicles	– 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

LEASE LIABILITIES

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement

Notes to the Financial Statements

date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applied the "short-term lease" and "lease of low-value assets" recognition exemptions during the year for any lease contracts.

2.2.7 INTANGIBLE ASSETS

BASIS OF RECOGNITION

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful life of intangible asset is assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

The useful life of intangible asset is as follows;

Software acquired	Over 3 - 5 Years
Software internally developed	Over 4 Years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2.2.8 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Notes to the Financial Statements

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

SUBSEQUENT MEASUREMENT

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

**FINANCIAL ASSETS AT AMORTISED COST
(DEBT INSTRUMENTS)**

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an employees included under other non-current financial assets.

**FINANCIAL ASSETS DESIGNATED AT FAIR VALUE
THROUGH OCI (EQUITY INSTRUMENTS)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e: removed from the Group's consolidated financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the Financial Statements

IMPAIRMENT OF FINANCIAL ASSETS

Further disclosures relating to impairment of financial assets are also provided in the following Notes:

● TRADE RECEIVABLES

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 360 days past due. However,

in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification as described below:

LOANS AND BORROWINGS

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

DERECOGNITION

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Notes to the Financial Statements

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 26 to the Financial Statements.

2.2.9 INVENTORIES

Inventories are valued at the lower of cost and net realisable value except commodity broker – traders. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

(a) Raw materials:

Purchase cost on a weighted average basis.

(b) Finished goods and work in progress:

Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

(c) Other inventories: At actual cost

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.2.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU

exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the Statement of Profit or Loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last

Notes to the Financial Statements

impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the Statement Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.2.12 PROVISIONS

Provisions are 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.

2.2.13 EMPLOYEE BENEFITS

(A) DEFINED CONTRIBUTION PLANS – EMPLOYEES' PROVIDENT FUND & EMPLOYEES' TRUST FUND

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

(B) DEFINED BENEFIT PLAN – GRATUITY

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 16. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The gratuity liability is not funded.

2.2.14 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has several operating segments which are described In Note 27 to these Financial Statements. In all operating segments, the Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Notes to the Financial Statements

SALE OF GOODS

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing component

The Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Where long-term advances are received

from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

RENDERING OF SERVICES (LOGISTICS SECTOR)

The Group generates its revenues from four principal services: (1) Sea freight, (2) Air freight, (3) Overland, and (4) Contract logistics.

Revenues reported in each of these reportable segments include revenues generated from the principal service as well as revenues generated from ancillary services like customs clearance, export documentation, import documentation, door-to-door service, and arrangement of complex logistics supply movement, that are incidental to the principal service.

In Sea freight, Air freight and Overland the Group generates the majority of its revenues by purchasing transportation services from direct (asset-based) carriers and selling a combination of those services to its customers. In its capacity of arranging carrier services, the Group issues a contract of carriage to customers. Revenues related to shipments are recognised based upon the terms in the contract of carriage and to the extent a service is completed. The Group measures the fulfilment of its performance obligations as services are rendered based on the status of a shipment.

There are no significant judgements involved in the measurement of the performance of its obligations and the Group's contracts do not include any material variable considerations.

The Group elects to use the practical expedient regarding the disclosure requirement of the transaction price allocated to unsatisfied performance obligations. In nearly all customer contracts either the original expected duration is one year or less or the revenue is recognised at the amount to which the Group has a right to invoice.

AGENCY SERVICES

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount that it retains for its agency services.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

CONTRACT LIABILITIES

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Notes to the Financial Statements

INTEREST

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental cost that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income is presented in finance income in the Statement Profit or Loss.

DIVIDEND

Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

GAINS AND LOSSES

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within "other income" in profit or loss.

OTHER INCOME

Other income is recognised on an accrual basis.

2.2.15 EXPENSES

Expenses are recognised in the profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. For the purpose of presentation of the Statement of Profit or Loss, the function of expenses method is adopted.

Repairs and renewals are charged to profit or loss in the year in which the expenditure is incurred.

FINANCE INCOME AND FINANCE COST

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in the Statement of Profit or Loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the Statement of Profit or Loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Foreign currency gains and losses are reported on a net basis.

2.2.16 TAX EXPENSE

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in Equity or in Other Comprehensive Income.

CURRENT TAX

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DEFERRED TAX

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the Financial Statements

In respect of taxable temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each

reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the Statement of Profit or Loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

SALES TAX

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables that are stated with the amount of sales tax.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

2.3 GENERAL**2.3.1 EVENTS OCCURRING AFTER
THE REPORTING DATE**

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

Notes to the Financial Statements

2.3.2 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.3.3 STATEMENT OF CASH FLOWS

The Statement of Cash Flows has been prepared using the "indirect method".

Interest paid is classified as an financing cash flow. Grants received, which are related to purchase and construction of property, plant and equipment are classified as investing cash flows. Dividend and interest income are classified as cash flows from investing activities.

Dividends paid are classified as financing cash flows.

2.3.4 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chairman and the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's Financial Statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Management has assessed that the application of these standards and amendments do not have material impact on the Financial Statements of the Company and Group.

AMENDMENTS TO SLFRS 17 INSURANCE CONTRACTS

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees

and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

AMENDMENTS TO LKAS 8 DEFINITION OF ACCOUNTING ESTIMATES

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

Notes to the Financial Statements

AMENDMENTS TO LKAS 12 DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the Financial Statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

AMENDMENTS TO LKAS 1 AND IFRS PRACTICE STATEMENT 2 DISCLOSURE OF ACCOUNTING POLICIES

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help

entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

AMENDMENTS TO LKAS 1 CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify -

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Disclosures

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements,

estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following Notes.

GOING CONCERN

In determining the basis of preparing Financial Statements for the year ended 31 March 2023, based on available information, the management has assessed the existing and anticipated effects on COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis. In March 2023, each sector evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios, relating to expected revenue streams, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedule, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue at least impacted as possible.

Notes to the Financial Statements

Having presented the outlook for each sector to the holding company Board and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries and associates have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting Financial Statements.

TAXATION

Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on

upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

MEASUREMENT OF THE EMPLOYEE BENEFIT OBLIGATIONS

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 16 to the Financial Statements. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

MEASUREMENT OF THE RECOVERABLE AMOUNT OF CASH-GENERATING UNITS CONTAINING GOODWILL

The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 2.2.9. The basis of determining the recoverable amounts of cash generating units and key assumptions used are given in Note 5.1.5 to the Financial Statements.

PROVISION FOR EXPECTED CREDIT LOSSES (ECL) OF TRADE RECEIVABLE

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the

historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 10.

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

- In the principal market for the asset or liability;
- or

- In the absence of a principal market, in the most advantageous market for the asset or liability;

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Financial Statements

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Senior Management and Board determines the policies and procedures for fair value measurement, such as land and buildings and biological assets.

Involvement of external valuers is determined annually by the Senior Management and the Board after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Senior Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Senior Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Senior Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Senior Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an annual basis, the Senior Management presents the valuation results to the Audit Committee and the Group's Independent Auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

3.1 GROUP

3.1.1 COST

	Freehold land Rs.	Freehold buildings Rs.	Plant and machinery Rs.	Furniture and fittings Rs.	Office and factory equipment Rs.	Technological equipment Rs.	Motor vehicle Rs.	Tools and equipment Rs.	Leasehold improvements Rs.	Capital work-in- -progress Rs.	Total Rs.
As at 1 April 2022	744,831,636	1,440,021,323	2,787,475,769	1,501,321,345	709,882,078	1,356,507,608	866,521,290	62,488,590	815,039,307	36,300,482	10,320,389,428
Additions	–	41,683,293	3,405,333,953	192,389,395	287,396,877	542,123,928	195,716,658	100,939,248	233,894,869	95,793,512	5,095,271,733
Disposals	–	–	(123,947,665)	(85,227,410)	(130,517,239)	(251,608,866)	(317,312,448)	(38,217,971)	(32,447,830)	–	(979,279,429)
Transfers from/to others	–	–	(4,267,061)	112,934,906	2,481,592	16,761,275	–	127,000	(108,916,230)	(19,121,482)	–
Acquisition of subsidiaries	136,535,508	209,840,620	581,738,057	111,617,807	67,771,838	190,630,055	2,444,174	–	75,012,892	–	1,375,590,951
Disposal of subsidiaries	(5,780,300)	–	–	(1,088,817)	(1,838,621)	(9,941,824)	(16,063,259)	–	–	–	(34,712,821)
Exchange difference	(8,066,421)	39,289,528	(172,848,024)	49,339,424	5,335,974	(1,474,269)	20,697,459	(458,189)	27,643,895	(5,032,713)	(45,573,336)
As at 31 March 2023	867,520,423	1,730,834,764	6,473,485,029	1,881,286,650	940,512,499	1,842,997,907	752,003,874	124,878,678	1,010,226,903	107,939,799	15,731,686,526

3.1.2 ACCUMULATED DEPRECIATION

As at 1 April 2022	–	400,262,739	1,027,144,600	757,293,469	381,471,608	882,817,169	643,890,250	49,436,721	427,278,586	–	4,569,595,142
Charge for the year	–	50,415,326	325,949,460	196,506,737	109,488,095	274,710,642	65,750,685	7,535,453	147,456,610	–	1,177,813,008
Disposal	–	–	(54,974,714)	(72,115,545)	(54,272,656)	(190,135,121)	(285,332,312)	(38,217,971)	(14,357,808)	–	(709,406,127)
Transfers from/to others	–	–	–	68,030,750	–	–	–	–	(68,030,750)	–	–
Acquisition of subsidiaries	–	55,052,822	410,694,968	99,131,022	40,976,293	115,603,696	678,254	–	72,985,079	–	795,122,134
Disposal of subsidiaries	–	–	–	(1,081,865)	(1,026,115)	(6,685,379)	(16,063,259)	–	–	–	(24,856,618)
Exchange difference	–	6,202,340	(58,698,477)	23,593,921	2,497,661	25,718,829	25,839,833	3,492,375	275,789	–	28,922,271
As at 31st March 2023	–	511,933,227	1,650,115,837	1,071,358,489	479,134,886	1,102,029,836	434,763,451	22,246,578	565,607,506	–	5,837,189,810

3.1.3 CARRYING VALUE

As at 31 March 2023	867,520,423	1,218,901,537	4,823,369,192	809,928,161	461,377,613	740,968,071	317,240,423	102,632,100	444,619,397	107,939,799	9,894,496,716
As at 1 April 2022	744,831,636	1,039,758,584	1,760,331,169	744,027,876	328,410,470	473,690,439	222,631,040	13,051,869	387,760,721	36,300,482	5,750,794,286

Notes to the Financial Statements

3.1.4 During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 5,095,271,733/- (2022 – Rs. 1,958,160,799/-). Cash payments amounting to Rs. 5,095,271,733/- (2022 – Rs.1,958,160,799/-) were made during the year ended for purchase of property, plant and equipment.

3.1.5 ACQUISITION OF SUBSIDIARIES - PROPERTY, PLANT AND EQUIPMENT

During the year, the Group has acquired TT Aviation Handling Services (Private) Limited, Trans American Customhouse Brokers LLC (and its group companies) and Locher Evers International Inc (and its group companies) with property, plant and equipment. Detailed disclosure is set out in Note 34.

The aggregate values of the property, plant and equipment of above companies as at the date of acquisition were as follows:

	Cost Rs.	Accumulated depreciation Rs.	Carrying value Rs.
Freehold land	136,535,508	–	136,535,508
Freehold buildings	209,840,620	55,052,822	154,787,798
Plant and machinery	581,738,057	410,694,968	171,043,089
Furniture and fittings	111,617,807	99,131,022	12,486,785
Office and factory equipment	67,771,838	40,976,293	26,795,545
Technological equipment	190,630,055	115,603,696	75,026,359
Motor vehicle	2,444,174	678,254	1,765,920
Leasehold improvements	75,012,892	72,985,079	2,027,813
	1,375,590,951	795,122,134	580,468,817

3.1.6 DISPOSAL OF SUBSIDIARIES – PROPERTY, PLANT AND EQUIPMENT

During the year, the Group has disposed the total investment of 100% in Pulsar Shipping (Private) Limited and Pulsar Marine (Private) Limited - Sri Lanka. Detailed disclosure is set out in Note 35.

The aggregate values of the property, plant and equipment of above companies as at the date of disposal were as follows:

	Cost Rs.	Accumulated depreciation Rs.	Carrying value Rs.
Freehold land	5,780,300	–	5,780,300
Furniture and fittings	1,088,817	1,081,865	6,952
Office and factory equipment	1,838,621	1,026,115	812,506
Technological equipment	9,941,824	6,685,379	3,256,445
Motor vehicle	16,063,259	16,063,259	–
	34,712,821	24,856,618	9,856,203

3.2 COMPANY

3.2.1 COST

	Furniture and fittings Rs.	Office and factory equipment Rs.	Technological equipment Rs.	Motor vehicle Rs.	Leasehold improvements Rs.	Total Rs.
As at 1 April 2022	11,085,894	6,248,580	45,958,587	49,211,450	26,233,731	138,738,242
Additions	55,001	2,837,790	8,082,773	–	–	10,975,564
As at 31 March 2023	11,140,895	9,086,370	54,041,360	49,211,450	26,233,731	149,713,806

3.2.2 ACCUMULATED DEPRECIATION

As at 1 April 2022	7,827,282	4,537,069	39,867,157	38,476,450	25,417,479	116,125,437
Charge for the year	1,312,823	748,508	2,670,794	3,420,000	373,819	8,525,944
As at 31 March 2023	9,140,105	5,285,577	42,537,951	41,896,450	25,791,298	124,651,381

3.2.3 CARRYING VALUE

As at 31 March 2023	2,000,790	3,800,793	11,503,409	7,315,000	442,433	25,062,425
As at 1 April 2022	3,258,612	1,711,511	6,091,430	10,735,000	816,252	22,612,805

Notes to the Financial Statements

3.2.4. During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 10,975,564/- (2022 – Rs. 5,886,105/-). Cash payments amounting to Rs. 10,975,564/- (2022 – Rs. 5,886,105/-) were made during the year ended for purchase of property, plant and equipment.

4. RIGHT-OF-USE ASSETS

The Group/Company has lease contracts for property and vehicles used in its operations. Leases of property generally have lease terms between 1 and 30 years, while motor vehicles generally have lease terms between 1 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group/Company also has certain leases of property, machinery and vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Group/ Company applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

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

4.1 COST

	Group			Company	
	Property Rs.	Motor vehicles Rs.	Total Rs.	Property Rs.	Total Rs.
As at 1 April 2022	15,543,861,303	156,521,579	15,700,382,882	83,158,971	83,158,971
Additions	7,593,494,145	56,000,158	7,649,494,303	38,364,704	38,364,704
Derecognition	(2,907,173,223)	(28,975,354)	(2,936,148,577)	(26,917,299)	(26,917,299)
Disposal of subsidiaries	(1,861,399)	(1,131,282)	(2,992,681)	–	–
Exchange difference	1,025,825,434	2,660,619	1,028,486,053	–	–
As at 31 March 2023	21,254,146,260	185,075,720	21,439,221,980	94,606,376	94,606,376

4.2 ACCUMULATED DEPRECIATION

	Group			Company	
	Property Rs.	Motor vehicles Rs.	Total Rs.	Property Rs.	Total Rs.
As at 1 April 2022	4,751,168,768	112,066,196	4,863,234,964	21,177,472	21,177,472
Charge for the year	4,788,738,792	18,177,319	4,806,916,111	31,846,161	31,846,161
Derecognition	(2,907,173,223)	(28,975,354)	(2,936,148,577)	(26,917,298)	(26,917,298)
Disposal of subsidiaries	(748,715)	(188,547)	(937,262)	–	–
Exchange difference	178,416,522	2,740,067	181,156,589	–	–
As at 31 March 2023	6,810,402,144	103,819,681	6,914,221,825	26,106,335	26,106,335

4.3 CARRYING VALUE

As at 31 March 2023	14,443,744,116	81,256,039	14,525,000,155	68,500,041	68,500,041
As at 1 April 2022	10,792,692,535	44,455,383	10,837,147,918	61,981,499	61,981,499

Notes to the Financial Statements

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

4.4 LEASE LIABILITY

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current portion of lease liability	15	4,415,684,151	3,079,132,134	15,126,121	12,281,968
Non-current portion of lease liability	15	10,463,321,089	7,684,458,632	31,723,943	40,389,930
Total Lease liability/lease creditor		14,879,005,240	10,763,590,766	46,850,064	52,671,898

The maturity analysis of lease liabilities are disclosed in Note 15.4.

4.5 AMOUNTS RECOGNISED IN PROFIT OR LOSS

	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Total depreciation expense of right-of-use assets	22.1	4,806,916,111	2,030,965,835	31,846,161	27,104,199
Interest cost on lease liabilities	20	728,779,173	194,099,468	3,978,605	1,964,602
Total expense relating to leases of low-value assets and short term leases	22.2	815,362,782	117,626,245	–	–
Total amount recognised in profit or loss		6,351,058,066	2,342,691,548	35,824,766	29,068,801

Notes to the Financial Statements

5. INTANGIBLE ASSETS

5.1 GROUP

5.1.1 COST

	Computer software Rs.	Goodwill Rs.	Brand value (with definite useful life) Rs.	Customer list (with definite useful life) Rs.	License (with indefinite useful life) Rs.	Trademark (with definite useful life) Rs.	Total Rs.
As at 1 April 2022	338,237,797	2,125,200,160	422,827,589	1,282,563,611	–	–	4,168,829,157
Additions	60,389,649	24,889,340,294	4,089,495,000	135,444,606	2,045,961,000	951,229,000	32,171,859,549
Acquisition of subsidiaries	1,080,079,980	–	–	–	–	–	1,080,079,980
Disposal of subsidiaries	(222,113)	–	–	–	–	–	(222,113)
Exchange difference	(87,298,256)	–	–	–	–	–	(87,298,256)
As at 31 March 2023	1,391,187,057	27,014,540,454	4,512,322,589	1,418,008,217	2,045,961,000	951,229,000	37,333,248,317

5.1.2 ACCUMULATED AMORTISATION

As at 1 April 2022	207,325,894	–	56,377,012	70,000,563	–	–	333,703,469
Amortisation for the year	80,348,185	–	84,565,518	115,765,999	–	–	280,679,702
Acquisition of subsidiaries	440,520,939	–	–	–	–	–	440,520,939
Disposal of subsidiaries	(9,255)	–	–	–	–	–	(9,255)
Exchange difference	(34,660,443)	–	–	–	–	–	(34,660,443)
As at 31 March 2023	693,525,320	–	140,942,530	185,766,562	–	–	1,020,234,412

5.1.3 CARRYING VALUE

As at 31 March 2023	697,661,737	27,014,540,454	4,371,380,059	1,232,241,655	2,045,961,000	951,229,000	36,313,013,905
As at 1 April 2022	130,911,903	2,125,200,160	366,450,577	1,212,563,048	–	–	3,835,125,688

Notes to the Financial Statements

5.1.4 SOFTWARE

The Transparency Pro Software is acquired from the acquisition of Trans American Group and it is a system developed in house to provide additional visibility to customers and extract information on a real time basis. The capitalisation policy was based on the Human Resource cost incurred to develop & maintain the system. The Information Technology Platform is a critical part of the business operation and has been customised to meet the Company's business requirements.

Detailed disclosure is set out in Note 34.

	Rs.
Acquisition of subsidiaries	
Cost	1,080,079,980
Accumulated amortisation	440,520,939
Carrying value	639,559,041

5.1.5 GOODWILL

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

	Country	2023 Rs.	2022 Rs.
EFL Global B.V.	Belgium	50,125,352	50,125,352
EFL Global Freeport (Private) Limited	Sri Lanka	206,922,113	206,922,113
Expo Freight (Shanghai) Limited	China	6,664,711	6,664,711
Expofreight (Hong Kong) Limited	Hong Kong	6,016,298	6,016,298
Expolanka Freight (Vietnam) Limited	Vietnam	33,262,114	33,262,114
Expolanka USA LLC	Americas	121,654,555	121,654,555
Quickee Delivery Solutions (Private) Limited	Sri Lanka	13,004,083	13,004,083
Seville Container Freight Station Inc	Americas	430,073,528	430,073,528
		867,722,754	867,722,754

	Country	2023 Rs.	2022 Rs.
Acquired during the period ended 31 March 2022:			
Complete Transport Solutions LLC	Americas	882,339,720	882,339,720
Corporacion K&C, S.A. de C.V	Americas	2,964,894	2,964,894
IDEA El Salvador S.A. de C.V	Americas	41,060,495	41,060,495
IDEA Global LLC	Americas	222,046,787	222,046,787
IDEA Guatemala S.A	Americas	22,189,558	22,189,558
IDEA Nicaragua de S.A	Americas	86,875,952	86,875,952
		1,257,477,406	1,257,477,406
Acquired during the period ended 31 March 2023:			
Gabo Travels Overseas (Private) Limited	Sri Lanka	25,807,042	–
LEI Cartage Ltd.	Canada	1,016,908,473	–
LEI Customs Brokers Inc.	Canada	945,810,760	–
Locher Evers International Inc	Canada	9,710,057,566	–
Locher Evers International Limited (UK)	United Kingdom	222,640,053	–
Trans American Customhouse Brokers, Inc.	Americas	7,343,609,800	–
Trans American Customs Brokers of Canada, LTD	Canada	2,549,108,424	–
Trans American Global Trade Services LLC	Americas	1,396,529,331	–
Transure Express LLC	Americas	1,465,086,846	–
TT Aviation Handling Services (Private) Limited	India	213,781,999	–
		24,889,340,294	–
		27,014,540,454	2,125,200,160

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

Notes to the Financial Statements

5.1.6 KEY ASSUMPTIONS USED IN THE VIU CALCULATIONS

The Group performed its annual impairment test in 31 March 2023 and 2022. Impairment test was based on the VIU calculation of respective companies. The value in use calculation is based on a discounted cash flow model. Management has considered 5 years free cash flows for this purpose.

The cash flows are derived from the most recent budget and do not included the restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generated unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

GROSS MARGINS

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

DISCOUNT RATES

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

INFLATION

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

VOLUME GROWTH

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 1% growth rate.

The volume growth of the respective countries are as follows:

	Volume growth rates (%)	
	1 to 5 years	Beyond 5 years
Americas	5 - 30	1
Belgium	15 to 60	1
China	1 - 5	1
Hong Kong	1 - 5	1
Sri Lanka	10 - 30	1
Vietnam	1 - 5	1

5.1.7 BRAND VALUE

	Useful life	Cost Rs.	Accumulated amortisation			Carrying value Rs.
			As at 1 April 2022 Rs.	Amortisation for the year Rs.	As at 31 March 2023 Rs.	
IDEA Global LLC	5 Years	191,723,974	25,563,197	38,344,794	63,907,991	127,815,983
IDEA Honduras, S. de R.L. de C.V	5 Years	136,114,630	18,148,618	27,222,937	45,371,555	90,743,075
IDEA Nicaragua de S.A.	5 Years	53,369,872	7,115,983	10,673,974	17,789,957	35,579,915
IDEA Guatemala S.A.	5 Years	19,268,751	2,569,167	3,853,750	6,422,917	12,845,834
IDEA El Salvador S.A. de C.V	5 Years	21,217,018	2,828,936	4,243,404	7,072,340	14,144,678
Corporacion K&C, S.A. de C.V.	5 Years	1,133,344	151,111	226,670	377,781	755,563
Locher Evers International Inc	25 Years	3,296,132,970	–	–	–	3,296,132,970
LEI Cartage Ltd.	25 Years	339,428,085	–	–	–	339,428,085
LEI Customs Brokers Inc.	25 Years	306,712,125	–	–	–	306,712,125
Locher Evers International Limited (UK)	25 Years	147,221,820	–	–	–	147,221,820
		4,512,322,589	56,377,012	84,565,518	140,942,530	4,371,380,059

Notes to the Financial Statements

5.1.8 CUSTOMER LIST

	Useful life	Cost	Accumulated amortisation			Carrying value
			As at 1 April 2022	Amortisation for the year	As at 31 March 2023	
IDEA Global LLC	12.5 Years	337,657,489	18,008,400	27,012,599	45,020,999	292,636,490
IDEA Honduras, S. de R.L. de C.V.	12.5 Years	409,103,328	21,818,845	32,728,265	54,547,110	354,556,218
IDEA Nicaragua de S.A.	12.5 Years	121,567,530	6,483,602	9,725,402	16,209,004	105,358,526
IDEA Guatemala S.A.	12.5 Years	43,890,952	2,340,850	3,511,277	5,852,127	38,038,825
IDEA El Salvador S.A. de C.V.	12.5 Years	48,328,774	2,577,535	3,866,302	6,443,837	41,884,937
Corporacion K&C, S.A. de C.V.	12.5Years	2,581,563	137,684	206,525	344,209	2,237,354
Complete Transport Solutions LLC	10 Years	319,433,975	18,633,647	31,943,399	50,577,046	268,856,929
TT Aviation Handling Services (Private) Limited	10 Years	135,444,606	–	6,772,230	6,772,230	128,672,376
		1,418,008,217	70,000,563	115,765,999	185,766,562	1,232,241,655

5.1.9 LICENSE (WITH INDEFINITE USEFUL LIFE)

	2023 Rs.	2022 Rs.
Locher Evers International Inc	1,649,044,566	–
LEI Cartage Ltd.	169,814,763	–
LEI Customs Brokers Inc.	153,447,075	–
Locher Evers International Limited (UK)	73,654,596	–
	2,045,961,000	–

5.1.10 TRADEMARK (WITH DEFINITE USEFUL LIFE)

	Useful life	Cost	Accumulated amortisation	Carrying value
Trans American Customhouse Brokers, Inc.	20Years	547,692,603	–	547,692,603
Trans American Customs Brokers of Canada, LTD	20Years	190,114,653	–	190,114,653
Transure Express LLC	20Years	109,267,411	–	109,267,411
Trans American Global Trade Services LLC	20Years	104,154,333	–	104,154,333
		951,229,000	–	951,229,000

5.2 COMPANY – SOFTWARE

5.2.1 COST

	2023 Rs.	2022 Rs.
As at 1 April	7,569,463	8,294,663
Additions	1,231,158	–
Derecognition	–	(725,200)
As at 31March	8,800,621	7,569,463

5.2.2 ACCUMULATED AMORTISATION

As at 1 April	4,587,473	3,969,058
Charge for the year	1,133,015	1,343,615
Derecognition	–	(725,200)
As at 31 March	5,720,488	4,587,473

5.2.3 CARRYING VALUE

As at 31 March	3,080,133	2,981,990
As at 1 April	2,981,990	4,325,605

Notes to the Financial Statements

6. INVESTMENTS IN SUBSIDIARIES

6.1 COMPANY

Note	2023		2022	
	Holding %	Amount Rs.	Holding %	Amount Rs.
Non-Quoted				
A V S Cargo International (Private) Limited – Sri Lanka	100	1,679,053	100	1,679,053
Classic Destinations (Private) Limited – Sri Lanka	100	30	100	30
Classic Travel (Private) Limited – Sri Lanka	100	25,597,538	100	25,597,538
E F L Transport (Private) Limited – Sri Lanka	100	260,000	100	260,000
EFL Global HQ (Private) Limited – Sri Lanka	100	1,924,090,988	100	1,924,090,988
EFL Global Logistics (Pte) Ltd. – Singapore	100	211,016,250	100	211,016,250
Excelsior Logistics (Private) Limited – Sri Lanka	100	100,000	100	100,000
Expo Visa Services (Private) Limited – Sri Lanka	100	1,173,555	100	1,173,555
Expolanka (Private) Limited – Sri Lanka	100	596,111,561	100	596,111,561
Expolanka Freight (Private) Limited – Sri Lanka	100	292,098,014	100	292,098,014
Freight Care (Private) Limited – Sri Lanka	100	4,423,590	100	4,423,590
Gabo Travels (Private) Limited – Sri Lanka	100	–	0	–
Gabo Travels Overseas (Private) Limited – Sri Lanka	100	30,000,000	0	–
Gabo Holidays (Private) Limited – Sri Lanka	100	–	0	–
International Airlines Services (Private) Limited – Sri Lanka	100	10,027,737	100	10,027,737
ITX 360 (Private) Limited – Sri Lanka	100	100,000,000	100	100,000,000
Logistics Park (Private) Limited – Sri Lanka	100	1,250,000,000	100	1,250,000,000
Mirai Relocations (Private) Limited (UCL Logistics (Private) Limited) – Sri Lanka	100	17,631,222	100	17,631,222
SG Logistics (Private) Limited – Sri Lanka	100	79,105,042	100	79,105,042
Tropikal Life International (Private) Limited – Sri Lanka	100	41,000,050	100	41,000,050
		4,584,314,630		4,554,314,630

Note	2023		2022	
	Holding %	Amount Rs.	Holding %	Amount Rs.
Less: Provision for impairment of investments in subsidiaries	6.1.1			
International Airlines Services (Private) Limited – Sri Lanka	100	(10,027,737)	100	(10,027,737)
Expo Visa Services (Private) Limited – Sri Lanka	100	(1,173,555)	100	(1,173,555)
Mirai Relocations (Private) Limited (UCL Logistics (Private) Limited) – Sri Lanka	100	(17,631,222)	100	(17,631,222)
Total carrying value of investments in subsidiaries		4,555,482,116		4,525,482,116

Investment in subsidiaries is initially recognised at cost in the Financial Statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses.

6.1.1 PROVISION FOR IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES

Impairment provision is recognised to the extent that exceeds the carrying value over the investee's recoverable value as at the reporting date. Note 2.2.9 provides further details on Group's policy of assessing the recoverable value.

The provision for impairment of investments in International Airlines Services (Private) Limited, Expo Visa Services (Private) Limited and Mirai Relocations (Private) Limited [UCL Logistics (Private) Limited] have been recognised in prior periods as the operations of these entities have been discontinued.

At each reporting date, the Company determines whether there is an indication that the above provision for impairment of investments recognised in prior periods needs to be reversed, based on the changes in the estimates used to determine the recoverable amount.

Notes to the Financial Statements

7. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES**7.1 INVESTMENT IN AN ASSOCIATE**

	Group					Company			
	Country	Number of shares	Effective holding %	2023 Rs.	2022 Rs.	Number of shares	Effective holding %	2023 Rs.	2022 Rs.
Quoted									
Amana Takaful Maldives PLC	Maldives	4,600,000	22.73	43,990,000	43,990,000	4,600,000	22.73	43,990,000	43,990,000

7.2 INVESTMENT IN JOINT VENTURES

Unquoted									
EFL Global Projects Private Limited (Caliber Global India Private Limited)	India	100,000	0(2022-50)	–	2,719,222	–	0	–	–
Globe Air (Private) Limited	Sri Lanka	250,001	50	67,500,000	67,500,000	250,001	50	67,500,000	67,500,000
Cumulative profit accruing to the Group net of dividend				274,605,995	252,631,201	–	–	–	–
Share of net assets of equity accounted investees				25,382,248	25,382,248	–	–	–	–
Change in ownership of joint ventures				(1,793,369)	–	–	–	–	–
				409,684,874	392,222,671	–	–	111,490,000	111,490,000

7.3 MARKET VALUE OF QUOTED INVESTMENTS

The market price of a share of Amana Takaful Maldives PLC amounts to MVR 9.00 equivalent to Rs. 190.53 (2022 – MVR 10.00 equivalent to Rs. 193.40)

The investment in equity accounted investees in separate financial statements are carried at cost.

Notes to the Financial Statements

7.4 SUMMARISED FINANCIAL INFORMATION OF EQUITY ACCOUNTED INVESTEEES

	Associate		Joint Ventures		Total	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	729,969,244	712,267,995	70,053,951	61,743,390	800,023,195	774,011,385
Other income	459,677,311	198,791,723	15,884,072	34,026,823	475,561,383	232,818,546
Administrative expenses, including depreciation	(712,030,016)	(339,426,989)	(113,400,745)	(53,352,534)	(825,430,761)	(392,779,523)
Selling and distribution cost	(140,878,500)	(83,474,584)	(3,183,350)	(1,140,801)	(144,061,850)	(84,615,385)
Net finance costs, including interest expense	(9,386,698)	(6,482,776)	(310,267)	(34,018)	(9,696,965)	(6,516,794)
Profit/(loss) before income tax	327,351,341	481,675,369	(30,956,339)	41,242,860	296,395,002	522,918,229
Income tax	(24,406,866)	(60,491,347)	6,381,411	–	(18,025,455)	(60,491,347)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	302,944,475	421,184,022	(24,574,928)	41,242,860	278,369,547	462,426,882
Loss on disposal of joint venture	–	–	(200,251)	–	(200,251)	–
Share of result of equity accounted investees	68,859,279	95,735,128	(12,487,715)	20,621,430	56,371,564	116,356,558
Dividends received	(24,396,770)	(12,294,873)	(10,000,000)	–	(34,396,770)	(12,294,873)
Profit accruing to the Group net of dividend	44,462,509	83,440,255	(22,487,715)	20,621,430	21,974,794	104,061,685
Total assets	5,876,084,371	4,856,927,632	31,967,839	112,684,114	5,908,052,210	4,969,611,746
Total liabilities	(2,952,436,834)	(1,937,619,712)	(27,412,588)	(96,268,550)	(2,979,849,422)	(2,033,888,262)
Net assets	2,923,647,537	2,919,307,920	4,555,251	16,415,564	2,928,202,788	2,935,723,484
Share of capital reserve	111,692,855	111,692,855	–	–	111,692,855	111,692,855
Net carrying value of the investments	3,035,340,392	3,031,000,775	4,555,251	16,415,564	3,039,895,643	3,047,416,339
Fair value of goodwill	(26,774,795)	(26,774,795)	134,728,346	134,728,346	107,953,551	107,953,551
Exchange fluctuation	(1,512,555,588)	(1,678,329,891)	–	(1,206,188)	(1,512,555,588)	(1,679,536,079)
Net assets	1,496,010,009	1,325,896,089	139,283,597	149,937,722	1,635,293,606	1,475,833,811
Group carrying amount of investment	340,043,075	301,376,181	69,641,799	74,968,861	409,684,874	376,345,042
Cash flows from/(used in) operating activities	765,824,100	608,327,823	(14,096,155)	19,935,542	751,727,945	628,263,365
Cash flows from/(used in) investing activities	(750,902,367)	(407,427,425)	853,617	1,096,152	(750,048,750)	(406,331,273)
Cash flows from/(used in) financing activities	(119,711,806)	(67,321,352)	(20,568,177)	(8,831,729)	(140,279,983)	(76,153,081)

Total assets, include cash and cash equivalents of Rs. 204,640,718 (2022 – Rs. 308,541,244/-) and prepayments of Rs. 357,005,140 (2022 – Rs. 56,344,706/-).

Profit before income tax is stated after charging depreciation and amortisation of Rs. 50,168,906 (2022 – Rs. 34,642,504/-) and interest expense of Rs. 309,990 (2022 – 6,516,794).

Notes to the Financial Statements

8. OTHER FINANCIAL ASSETS**8.1 OTHER FINANCIAL ASSETS – NON-CURRENT**

Note	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Equity instruments at fair value through OCI 8.1.1				
Investments in non-quoted securities				
SLFFA Cargo Services Limited	717,922	717,922	–	–
Peri Logistics (Private) Limited	–	–	10,000,000	10,000,000
Other non-equity investments				
Bank deposits (more than 1 year)	18,936,061	18,207,787	–	–
Total non-current other financial assets	19,653,983	18,925,709	10,000,000	10,000,000

8.1.1 INVESTMENTS IN NON-QUOTED SECURITIES

Fair value of the unquoted ordinary shares has been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

8.2 OTHER FINANCIAL ASSETS – CURRENT

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Debt instruments at amortised cost				
Loans given to employees	315,045,284	217,368,519	8,774,998	5,959,514
Other non-equity investments				
Bank deposits (between 3 months and 1 year)	21,424,222	8,614,010	–	–
Total current other financial assets	336,469,506	225,982,529	8,774,998	5,959,514

*Trade receivables included in Note 10 also classify as "Debt Instruments at Amortised Cost".

9. INVENTORIES

	Group	
	2023 Rs.	2022 Rs.
Raw materials	2,667,031	289,723
Packing materials	99,392,493	92,013,227
Finished goods	155,235,723	195,429,652
Consumables	7,260,296	2,178,435
Stationeries	–	1,682,012
Total of inventories lower of cost and net realisable value	264,555,543	291,593,049

9.1 The carrying amount of inventories carried at fair value less costs to sell of revolving perishable goods amounts to Rs. 267,100,946/- (2022 – Rs. 377,100,946/-). Other inventories are carried at cost.

9.2 The amount of inventories recognised as an expense during the period amounts to Rs. 1,327,686/- (2022 – Rs. 724,898/-).

Notes to the Financial Statements

10. TRADE AND OTHER RECEIVABLES

Note	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade debtors	72,100,984,714	189,687,104,454	–	–
Less: Allowances for expected credit losses	10.1 (5,548,698,787)	(2,833,692,938)	–	–
	10.2 66,552,285,927	186,853,411,516	–	–
Other debtors	1,378,486,930	26,189,374,408	–	2,000,000
Amounts due from related parties	10.3 28,014,320	63,724,751	30,058,030	45,293,174
Loans granted to related parties	–	–	892,000,000	–
	67,958,787,177	213,106,510,675	922,058,030	47,293,174

10.1 ALLOWANCES FOR EXPECTED CREDIT LOSSES

	Group	
	2023 Rs.	2022 Rs.
	Collectively impaired	Collectively impaired
As at 1 April	2,833,692,938	1,304,913,417
Charge for the year	2,187,282,663	1,267,054,406
Written off during the year	(270,129,967)	(385,627,261)
Acquisition of subsidiaries	805,790,772	–
Disposal of subsidiaries	(13,367,429)	–
Exchange fluctuation	5,429,810	647,352,376
As at 31 March	5,548,698,787	2,833,692,938

10.2 As at 31 March, the ageing analysis of trade receivables, is as follows:

	Group	
	2023 Rs.	2022 Rs.
Neither due nor past impaired	45,079,627,906	155,629,993,750
Past due but not impaired		
0 – 180 days	8,566,415,646	27,740,442,991
181 – 360 days	12,906,242,375	3,482,974,775
> 360 days	–	–
Allowance for expected credit losses	5,548,698,787	2,833,692,938
Gross carrying value	72,100,984,714	189,687,104,454
Allowance for expected credit losses	(5,548,698,787)	(2,833,692,938)
Total	66,552,285,927	186,853,411,516

Information on credit risk exposure are disclosed in Note 32.4.

10.3 AMOUNTS DUE FROM RELATED PARTIES

Note	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Subsidiaries	10.3.1 –	–	18,409,719	17,809,278
Equity accounted entities	10.3.2 13,517,978	11,936,132	8,847,945	8,847,945
Other related parties	10.3.3 14,496,342	51,788,619	2,800,366	18,635,951
	28,014,320	63,724,751	30,058,030	45,293,174

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

Notes to the Financial Statements

10.3.1 SUBSIDIARIES

Note	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
EFL Global Freeport (Private) Limited	–	–	–	25,000
EFL Headquarters (Private) Limited	–	–	–	1,368,028
Expolanka Freight (Private) Limited	–	–	–	191,250
ITX 360 (Private) Limited	–	–	2,209,719	–
Logistic Park (Private) Limited	–	–	–	25,000
Quickee Delivery Solutions (Private) Limited	–	–	16,200,000	16,200,000
	–	–	18,409,719	17,809,278

10.3.2 EQUITY ACCOUNTED ENTITIES

Joint Ventures				
Globe Air (Private) Limited	13,517,978	11,936,132	8,847,945	8,847,945
	13,517,978	11,936,132	8,847,945	8,847,945

10.3.3 OTHER RELATED PARTIES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Ultimate Parent				
SG Holdings Co., Ltd.	3,393,661	32,398	2,800,366	164,728
Fellow Subsidiaries				
Sagawa Express Vietnam Co. Ltd	74,071	–	–	–
Sagawa Global Logistics Co., Ltd.	392,506	2,895,955	–	–
SG Sagawa (Thailand) Co., Ltd.	(23,083)	328,101	–	–
SG Sagawa Ameroid Pte. Ltd.	8,340	–	–	–
SG Sagawa USA Inc.	2,050,145	1,133,593	–	–
SG Sagawa Vietnam Co., Ltd.	437,538	16,526,942	–	–
SGH Global Japan Co., Ltd.	8,163,164	12,410,407	–	10,000
Other Related Parties – Foundation				
Yahaguna Padanama	–	18,461,223	–	18,461,223
	14,496,342	51,788,619	2,800,366	18,635,951

10.4 LOANS GRANTED TO RELATED PARTIES

10.4.1 SUBSIDIARIES

Classic Travel (Private) Limited	–	–	310,000,000	–
Tropikal Life International (Private) Limited	–	–	582,000,000	–
	–	–	892,000,000	–

Notes to the Financial Statements

10.4.2 MOVEMENT OF LOANS GRANTED TO RELATED PARTIES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 April 2022	–	–	–	–
Loans granted during the year	–	–	1,425,000,000	–
Interest Income during the year	–	–	124,909,671	–
Repayments during the year	–	–	(657,909,671)	–
As at 31 March 2023	–	–	892,000,000	–

10.4.3 TERMS WITH RELATED PARTIES

Related Party	2023 Rs.	2022 Rs.	Repayment	Security
Classic Travel (Private) Limited	310,000,000	–	Revolved quarterly	None
Tropikal Life International (Private) Limited	582,000,000	–	Revolved quarterly	None
	892,000,000	–		

11. PREPAYMENTS AND OTHER ASSETS

	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Advances		540,512,669	11,718,198,355	1,214,006	2,830,943
Deposits	11.1	2,939,609,414	1,203,440,968	5,021,600	4,971,600
Prepaid Expenses		3,327,676,184	911,164,582	32,212,151	18,869,749
Statutory Receivables	11.2	962,089,180	426,023,379	979,328	979,328
Total Prepayments		7,769,887,447	14,258,827,284	39,427,085	27,651,620

11.1 Deposits include rental deposits of Rs. 972,865,834/- (2022 – Rs. 778,652,109/-.)

12. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Components of cash and cash equivalents					
Cash at banks and on hand		77,781,817,840	43,192,921,348	3,655,491,019	3,758,302,668
Bank overdrafts	15	(575,066,668)	(1,181,678,613)	–	–
Cash and cash equivalents for the purpose of the cash flow statement		77,206,751,172	42,011,242,735	3,655,491,019	3,758,302,668

13. STATED CAPITAL

	Note	Number	Rs.
Fully paid ordinary shares	13.1	1,954,915,000	4,097,985,000

13.1 FULLY PAID ORDINARY SHARES

	Number	Rs.
As at 1 April 2022	1,954,915,000	4,097,985,000
As at 31 March 2023	1,954,915,000	4,097,985,000

Notes to the Financial Statements

14. FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2023 Rs.	2022 Rs.
As at 1 April 2022	27,986,114,800	1,614,493,928
Currency translation difference during the year	10,000,229,216	26,371,620,872
As at 31 March 2023	37,986,344,016	27,986,114,800

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

15. FINANCING AND LEASE PAYABLES

15.1 CURRENT FINANCE COST BEARING LOANS AND BORROWINGS

Note	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Leases	4,415,684,151	3,079,132,134	15,126,121	12,281,968
Bank financing				
Short-term bank financing	–	1,363,939,638	–	–
Current portion of long-term bank financing	987,182	35,832,151	–	–
Related party borrowings				
Short-term related party borrowings	8,200,249,993	69,667,000,003	–	–
Current portion of long-term related party borrowings	1,870,203,678	1,669,416,660	–	–
Bank overdrafts	12 575,066,669	1,181,678,613	–	–
	15,062,191,673	76,996,999,199	15,126,121	12,281,968

15.2 NON-CURRENT FINANCE COST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Leases	10,463,321,089	7,684,458,632	31,723,943	40,389,930
Bank financing	2,618,220,050	2,360,636,888	2,618,220,050	2,337,389,330
Related party borrowings	3,713,073,200	5,089,478,328	–	–
	16,794,614,339	15,134,573,848	2,649,943,993	2,377,779,260
Total finance cost-bearing loans and borrowings	31,856,806,012	92,131,573,047	2,665,070,114	2,390,061,228

15.3 MOVEMENT OF FINANCE COST BEARING LOANS AND BORROWINGS

15.3.1 GROUP

Note	Leases Rs.	Bank financing Rs.	Related party borrowings Rs.	Total Rs.
As at 1 April 2022	10,763,590,766	3,760,408,677	76,425,894,991	90,949,894,434
Finance obtained	15.3.3. 7,649,494,303	284,192,584	8,587,750,000	16,521,436,887
Repayment	15.3.4. (4,343,346,213)	(1,554,546,548)	(84,268,170,211)	(90,166,062,972)
Acquisition of subsidiaries	12,952,152	–	–	12,952,152
Disposal of subsidiaries	(2,096,594)	–	–	(2,096,594)
Exchange difference	798,410,826	129,152,519	13,038,052,091	13,965,615,436
As at 31 March 2023	14,879,005,240	2,619,207,232	13,783,526,871	31,281,739,343
Non-current	10,463,321,089	2,618,220,050	3,713,073,200	16,794,614,339
Current	4,415,684,151	987,182	10,070,453,671	14,487,125,004
Bank overdrafts				575,066,669
Total current finance cost bearing loans and borrowings				15,062,191,673

Notes to the Financial Statements

15.3.2 COMPANY

	Leases Rs.	Bank financing Rs.	Total Rs.
As at 1 April 2022	52,671,898	2,337,389,330	2,390,061,228
Finance obtained	38,364,704	280,830,720	319,195,424
Repayment	(44,186,538)	–	(44,186,538)
As at 31 March 2023	46,850,064	2,618,220,050	2,665,070,114
Non-current	31,723,943	2,618,220,050	2,649,943,993
Current	15,126,121	–	15,126,121

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
15.3.3 PROCEEDS FROM FINANCING – AS PER CASH FLOW STATEMENT				
Bank financing	284,192,584	10,772,040,465	280,830,720	1,443,096,352
Related party borrowings	8,587,750,000	78,876,582,750	–	–
	8,871,942,584	89,648,623,215	280,830,720	1,443,096,352
15.3.4 REPAYMENT OF FINANCING – AS PER CASH FLOW STATEMENT				
Bank financing	(1,554,546,548)	(9,317,344,333)	–	–
Related party borrowings	(84,268,170,211)	(34,442,774,469)	–	–
	(85,822,716,759)	(43,760,118,802)	–	–

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
15.3.5 REPAYMENT OF LEASE – AS PER CASH FLOW STATEMENT				
Lease – principle payment	(4,343,346,213)	(1,841,879,290)	(44,186,538)	(34,565,186)
Lease Interest on operating leases	(728,779,173)	(194,099,468)	(3,978,605)	(1,964,602)
	(815,362,782)	(117,626,245)		
	(5,887,488,168)	(2,153,605,003)	(48,165,143)	(36,529,788)

15.4 MATURITY ANALYSIS

15.4.1 GROUP

	2023			Total
	Current – within 1 year Rs.	Non-current – between 1 and 5 years Rs.	Non-current – more than 5 years Rs.	Total Rs.
Gross lease liability	5,164,627,511	7,992,717,256	3,760,487,271	16,917,832,038
Interest in suspense	(748,943,360)	(896,704,385)	(393,179,053)	(2,038,826,798)
Net lease liability	4,415,684,151	7,096,012,871	3,367,308,218	14,879,005,240
Bank financing	987,182	2,618,220,050	–	2,619,207,232
Related party borrowings	10,070,453,671	3,713,073,200	–	13,783,526,871
Bank overdrafts	575,066,669	–	–	575,066,669
	15,062,191,673	13,427,306,121	3,367,308,218	31,856,806,012

Notes to the Financial Statements

	2022			
	Current – within 1 year	Non-current – between 1 and 5 years	Non-current – more than 5 years	Total
	Rs.	Rs.	Rs.	Rs.
Gross lease liability	3,462,917,866	6,628,156,170	1,349,361,276	11,440,435,312
Interest in suspense	(383,785,732)	(238,085,483)	(54,973,331)	(676,844,546)
Net lease liability	3,079,132,134	6,390,070,687	1,294,387,945	10,763,590,766
Bank financing	1,399,771,789	2,360,636,888	–	3,760,408,677
Related party borrowings	71,336,416,663	5,089,478,328	–	76,425,894,991
Bank overdrafts	1,181,678,613	–	–	1,181,678,613
	76,996,999,199	13,840,185,903	1,294,387,945	92,131,573,047

	2022			
	Current – within 1 year	Non-current – between 1 and 5 years	Non-current – more than 5 years	Total
	Rs.	Rs.	Rs.	Rs.
Gross lease liability	14,838,198	39,713,930	6,537,010	61,089,138
Interest in suspense	(2,556,230)	(5,672,790)	(188,220)	(8,417,240)
Net lease liability	12,281,968	34,041,140	6,348,790	52,671,898
Bank financing	–	2,337,389,330	–	2,337,389,330
	12,281,968	2,371,430,470	6,348,790	2,390,061,228

15.4.2 COMPANY

	2023			
	Current – within 1 year	Non-current – between 1 and 5 years	Non-current – more than 5 years	Total
	Rs.	Rs.	Rs.	Rs.
Gross lease liability	17,542,789	33,650,907	–	51,193,696
Interest in suspense	(2,416,668)	(1,926,964)	–	(4,343,632)
Net lease liability	15,126,121	31,723,943	–	46,850,064
Bank financing	–	2,618,220,050	–	2,618,220,050
	15,126,121	2,649,943,993	–	2,665,070,114

Notes to the Financial Statements

15.5 SECURITY AND REPAYMENT TERMS

15.5.1 TERMS WITH EXTERNAL FINANCIAL INSTITUTION

Company	Lending Institution	2023 Rs.	2022 Rs.	Repayment	Security
EFL Global B.V. – Belgium	ING Bank	–	33,402,790	Revolving overdraft facility	None
Expo Freight (Private) Limited – India	HDFC Bank Limited	–	35,549,170	Repayable in 60 monthly installments	Vehicle hypothecation
Expo Freight (Private) Limited – India	HDFC Bank Limited	–	746,887,967	Repayable in 3 months	Secured against the current assets of the Company
Expolanka (Private) Limited – Sri Lanka	Amana Bank PLC	–	205,000,000	Repayable in 90 to 180 days from borrowing date	None
Expolanka (Private) Limited – Sri Lanka	Amana Bank PLC	–	3,025,000	Repayable in 24 months days from borrowing date	None
Expolanka (Private) Limited – Sri Lanka	National Development Bank PLC	–	105,000,000	Repayable in 90 days from borrowing date	Corporate guarantee from Expolanka Holdings PLC
Expolanka Holdings PLC – Sri Lanka	National Development Bank PLC	2,618,220,050	2,337,389,330	Revolving overdraft facility under the pooling arrangement	None
Logistics Park (Private) Limited – Sri Lanka	Commercial Bank Ceylon PLC	987,182	12,833,317	Monthly installments ending in June 2023	Corporate guarantee from Expolanka Freight (Pvt) Ltd.
Logistics Park (Private) Limited – Sri Lanka	Commercial Bank Ceylon PLC	–	5,555,556	Repayable in 24 months days from borrowing date	Corporate guarantee from Expolanka Freight (Pvt) Ltd.
Tropical Life International (Private) Limited – Sri Lanka	Amana Bank PLC	–	240,000,000	Repayable in 90 days from borrowing date	None
Tropical Life International (Private) Limited – Sri Lanka	Amana Bank PLC	–	2,116,667	Repayable in 24 months days from borrowing date	None
Tropical Life International (Private) Limited – Sri Lanka	National Development Bank PLC	–	33,648,880	Repayable in 90 days from borrowing date	Corporate guarantee from Expolanka Holdings PLC
		2,619,207,232	3,760,408,677		

Non-current portion of bank financing	2,618,220,050	2,360,636,888
Short-term bank financing	–	1,363,939,638
Current portion of long-term bank financing	987,182	35,832,151
	2,619,207,232	3,760,408,677

Notes to the Financial Statements

15.5.2 TERMS WITH RELATED PARTIES

Company	2023 Rs.	2022 Rs.	Repayment	Security
Interest bearing borrowings from SG Holdings Co. Ltd. (Japan) – Ultimate Parent				
EFL Global Logistics Pte. Ltd. – Singapore	8,200,250,000	69,666,999,991	Revolved annually	None
EFL Global Logistics Pte. Ltd. – Singapore	95,669,571	261,625,000	Equal bi-annual installments ending in September 2023	None
EFL Global Logistics Pte. Ltd. – Singapore	1,049,632,000	1,360,450,000	Bi-annual installments ending in March 2025	None
EFL Global Logistics Pte. Ltd. – Singapore	501,855,300	562,120,000	Bi-annual installments ending in March 2037	None
EFL Global Logistics Pte. Ltd. – Singapore	1,476,045,000	1,584,700,000	Bi-annual installments ending in March 2027	None
EFL Global Logistics Pte. Ltd. – Singapore	2,460,075,000	2,990,000,000	Bi-annual installments ending in December 2025	None
	13,783,526,871	76,425,894,991		

Non-Current portion of related party borrowings	3,713,073,200	5,089,478,328
Short-term related party borrowings	8,200,249,993	69,667,000,003
Current portion of long-term related party borrowings	1,870,203,678	1,669,416,660
	13,783,526,871	76,425,894,991

15.6 RECURRENT RELATED PARTY TRANSACTIONS

Name of the related party entity	Relationship	Nature of transactions	Aggregate value of related party transactions entered into during the financial year	Aggregate value of related party transactions as a % of net revenue of 2019/20 audited financials	Terms and conditions of the related party transactions
SG Holdings Co., Ltd. – Japan	Ultimate Parent	Working capital funding for the Group	8,200,250,000	1.18%	Revolving working capital loan, borrowed at LIBOR +0.8% with no security pledged.

During the financial year the Group has additionally borrowed USD 25 Mn. (2022 – USD 340 Mn.) equivalent to Rs. 8,200,250,000/- (2022 – Rs. 76,622,966,100) from SG Holdings Co., Ltd. to fund its acquisitions. During the year it repaid back its working capital loan fully amounting to USD 233 Mn. (2022 – USD 150 Mn.) equivalent to Rs. 80,037,830,000/- (2022 – Rs. 28,774,082,848/-).

Notes to the Financial Statements

16. RETIREMENT BENEFIT OBLIGATION

Note	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 April	929,802,260	764,523,925	34,056,859	43,605,913
Current service cost 16.1	266,765,390	141,296,864	1,490,499	2,762,246
Past Service Cost	–	(14,285,143)	–	(753,170)
Finance charge for the year 16.1	94,602,369	37,653,711	4,086,823	3,056,775
Actuarial (gain)/loss	(77,938,896)	53,532,253	10,381,527	(3,963,315)
Payments during the year	(163,214,229)	(169,455,705)	(30,106,000)	(5,653,450)
Transfers during the year	–	–	(282,708)	(4,998,140)
Disposal of subsidiaries	(2,768,008)	–	–	–
Exchange difference	21,188,598	116,536,355	–	–
As at 31 March	1,068,437,484	929,802,260	19,627,000	34,056,859
16.1 The expenses recognised in the Income Statement in the following line items:				
Administrative expenses				
Current service cost	266,765,390	141,296,864	1,490,499	2,762,246
Past service cost	–	(14,285,143)	–	(753,170)
Finance charge for the year	94,602,369	37,653,711	4,086,823	3,056,775
	361,367,759	164,665,432	5,577,322	5,065,851

16.2 ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialists. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying

assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The principal assumptions used in determining post employment benefit obligation are shown below:

	Group		Company	
	2023	2022	2023	2022
Discount rate (%)	17 – 20	11 – 12	20	12.00
Salary increment rate (%)	15	10	15	10
Expected remaining working life (years)	2.87 – 11	3.44 – 14.52	4.19	6.73

16.3 SENSITIVITY OF ASSUMPTIONS USED

16.3.1 GROUP

	Discount rate		Salary increment rate	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Effect on the defined benefit obligation liability				
Increase by one percentage point	(43,650,255)	(33,847,898)	53,720,518	40,981,320
Decrease by one percentage point	48,546,108	37,842,032	(47,974,684)	(37,217,666)

16.3.2 COMPANY

	Discount rate		Salary increment rate	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Effect on the defined benefit obligation liability				
Increase by one percentage point	(663,906)	(1,944,875)	820,461	2,338,180
Decrease by one percentage point	714,064	2,169,812	(773,630)	(2,127,827)

Sensitivity information of the Group represent the local subsidiaries data.

Notes to the Financial Statements

16.4 MATURITY ANALYSIS OF THE PAYMENTS

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Less than or equal 1 year	105,390,576	150,880,980	4,365,585	4,305,985
Over 1 year and less than or equal 5 years	430,371,373	397,172,357	9,606,921	14,439,248
Over 5 year and less than or equal 10 years	320,954,778	222,053,847	4,998,049	8,438,871
Over 10 years	211,720,757	159,695,076	656,445	6,872,755
Total expected payments	1,068,437,484	929,802,260	19,627,000	34,056,859

17. TRADE AND OTHER PAYABLES

Note	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade payables	17,436,276,819	47,777,989,537	8,935,600	10,378,036
Sundry creditors including accrued expenses	15,856,135,171	17,120,712,518	60,032,876	63,447,694
Amounts due to related parties 17.1	113,833,422	96,861,772	20,767,351	7,871,400
	33,406,245,412	64,995,563,827	89,735,827	81,697,130

Trade and other payables are non-interest bearing and are normally settled on 30 – 120 day terms.

17.1 AMOUNTS DUE TO RELATED PARTIES

Note	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Subsidiaries 17.1.1.	–	–	18,037,500	–
Equity accounted entities 17.1.2.	9,373,779	7,038,115	–	–
Other related parties 17.1.3.	104,459,643	89,823,657	2,729,851	7,871,400
	113,833,422	96,861,772	20,767,351	7,871,400
17.1.1 SUBSIDIARIES				
Classic Travel (Private) Limited	–	–	–	–
EFL Headquarters (Private) Limited	–	–	18,037,500	–
	–	–	18,037,500	–
17.1.2 EQUITY ACCOUNTED ENTITIES				
Joint Ventures				
Globe Air (Private) Limited	9,373,779	7,038,115	–	–
	9,373,779	7,038,115	–	–
17.1.3 OTHER RELATED PARTIES				
Ultimate Parent				
SG Holdings Co., Ltd.	66,149,714	14,613,279	85,738	655,950
Parent				
SG Holdings Global Pte. Ltd.	1,876,395	3,609,568	1,876,188	3,607,725

Notes to the Financial Statements

Note	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Fellow Subsidiaries				
Sagawa Express (H.K.) Co., Ltd.	5,435,161	14,073,053	–	–
Sagawa Express Philippines Inc.	–	32,564	–	–
Sagawa Express International Taiwan Corp.	–	36,355	–	–
Sagawa Express Vietnam Co.Ltd	50,457	620,600	–	–
Sagawa Global Logistics Co., Ltd.	–	2,924,589	–	–
Sagawa Logistics Korea Co.Ltd	72,722	514,280	–	–
SG Sagawa (Thailand) Co., Ltd.	1,980,118	4,988,251	–	–
SG Sagawa Ameroid Pte. Ltd.	1,230,028	2,078,363	–	–
SG Sagawa Vietnam Co., Ltd.	1,125,684	12,669,364	–	–
SG Sagawa USA Inc.	–	10,046	–	–
SGH Global Japan Co., Ltd.	25,401,076	33,653,345	767,925	3,607,725
Other Related Parties – Foundation				
Yahaguna Padanama	1,138,288	–	–	–
	104,459,643	89,823,657	2,729,851	7,871,400

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

18.1 TIMING OF REVENUE RECOGNITION

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Goods transferred at a point in time	4,829,568,766	2,579,490,784	–	–
Services rendered over time	541,571,311,952	691,577,930,057	64,925,515	92,740,000
Total revenue from contracts with customers	546,400,880,718	694,157,420,841	64,925,515	92,740,000

18.2 DISAGGREGATION OF REVENUE

The Group presented disaggregated revenue with Group's reportable segments based on the timing of revenue recognition and geographical region in the operating segment information section.

Notes to the Financial Statements

19. OTHER OPERATING INCOME AND GAINS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Bad debts recovery	10,802,602	75,437,991	–	–
Commission received	–	–	134,421,400	–
Creditors forfeited	19,266,012	127,290,584	–	–
Dividend income	–	–	16,250,109,270	2,784,295,046
Exchange gain	2,853,771,707	6,870,237,173	679,221,251	1,366,666,540
Government subsidies	597,744,471	18,502,519	–	–
Profit on disposal of property, plant and equipment	45,070,768	–	–	12,000
Reversal of provision for assets held for sale	–	229,645,328	–	–
Sundry income	264,861,165	153,759,021	–	–
	3,791,516,725	7,474,872,616	17,063,751,921	4,150,973,586

Current year dividend income includes the dividends received from Amana Takaful (Maldives) PLC, EFL Global HQ (Private) Limited and Globe Air (Private) Limited.

20. FINANCE COSTS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Finance charges on bank financing	102,580,668	310,373,879	–	6,589,133
Finance charges on related party borrowing	928,362,626	758,251,917	–	–
Interest expense on lease liabilities	728,779,173	194,099,468	3,978,605	1,964,603
	1,759,722,467	1,262,725,264	3,978,605	8,553,736
Finance charges on bank financing				
Finance charges on bank financing	102,580,668	310,373,879	–	6,589,133
Finance charges on related party borrowing	928,362,626	758,251,917	–	–
Total finance charges paid as per Cash Flow Statement	1,030,943,294	1,068,625,796	–	6,589,133
Lease Interest on operating leases	728,779,173	194,099,468	3,978,605	1,964,603
Total finance costs	1,759,722,467	1,262,725,264	3,978,605	8,553,736

21. FINANCE INCOME

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Investment income	699,039,031	78,158,718	116,163,954	2,921,512
Interest income on related party loans	–	–	124,909,671	–
Dividend income	3,789,651	9,816,582	–	–
	702,828,682	87,975,300	241,073,625	2,921,512

Notes to the Financial Statements

22. PROFIT BEFORE TAX

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Included in cost of sales				
Employees benefits including the following:				
Defined contribution plan costs – EPF and ETF	3,657,364	2,814,684	–	–
Depreciation	–	–	–	–
Depreciation expense of property, plant and equipment	66,339,653	51,621,181	–	–
Depreciation expense of right-of-use assets	841,642,813	206,684,018	–	–
Expense relating to leases of low-value assets and short-term leases	–	–	–	–
Included in administrative expenses				
Employees benefits including the following:				
Defined benefit plan costs – Gratuity	361,367,759	164,665,432	5,577,322	5,065,851
Defined contribution plan costs – EPF and ETF	1,344,939,618	807,284,567	10,229,056	14,079,235
Depreciation	–	–	–	–
Depreciation expense of property, plant and equipment	1,111,473,355	686,479,345	8,525,944	8,831,535
Depreciation expense of right-of-use assets	3,965,273,298	1,824,281,817	31,846,161	27,104,199
Directors' emoluments	1,480,066,225	4,202,920,122	108,983,397	52,235,606
Auditors' remuneration (fees and expenses)	628,298,236	194,477,757	87,813,721	7,010,100
Donations	281,966,058	144,568,477	111,492,341	47,246,680

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Expense relating to leases of low-value assets and short-term leases	815,362,782	117,626,245	–	–
Loss on disposal of subsidiaries	10,998,135	–	–	–
Provision for assets held-for-sale	–	274,883,413	–	–
Loss on disposal of property, plant and equipment	–	23,667,964	–	–
Transaction costs of the acquisitions during the year	320,637,129	–	–	–
Included in selling and distribution costs				
Advertising costs	148,961,869	91,434,166	2,864,000	2,181,606
Allowances for expected credit losses	2,187,282,663	1,267,054,406	–	–

22.1 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS AS PER CASH FLOW STATEMENT

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Total depreciation expense of property, plant and equipment				
Included in cost of sales	66,339,653	51,621,181	–	–
Included in administrative expenses	1,111,473,355	686,479,345	8,525,944	8,831,535
	1,177,813,008	738,100,526	8,525,944	8,831,535

Notes to the Financial Statements

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Total depreciation expense of right-of-use assets				
Included in cost of sales	841,642,813	206,684,018	–	–
Included in administrative expenses	3,965,273,298	1,824,281,817	31,846,161	27,104,199
	4,806,916,111	2,030,965,835	31,846,161	27,104,199
Total Depreciation of property, plant and equipment and right of use assets as per Cash Flow Statement	5,984,729,119	2,769,066,361	40,372,105	35,935,734

22.2 TOTAL EXPENSE RELATING TO LEASES OF LOW-VALUE ASSETS AND SHORT TERM LEASES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Included in cost of sales	–	–	–	–
Included in administrative expenses	815,362,782	117,626,245	–	–
	815,362,782	117,626,245	–	–

23. INCOME TAX EXPENSE

	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current income tax	23.1				
Current tax expense on ordinary activities for the year		7,337,049,712	12,805,985,126	–	–
Under/(over) provision of current taxes in respect of prior years		64,417,810	89,838,455	–	–
Capital gain tax		83,754,857	–	–	–
Deferred income tax	23.2				
Deferred taxation charge/(reversal)		(19,797,944)	(92,587,062)	–	–
		7,465,424,435	12,803,236,519	–	–

23.1 CURRENT INCOME TAX

23.1.1 A reconciliation between tax expense and the product of accounting profit/(loss)

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Accounting profit before income tax	38,515,583,091	85,594,957,864	16,578,128,114	3,736,326,373
Exempt income	(10,983,189,171)	(37,085,095,844)	(16,250,109,270)	(2,599,422,971)
Aggregate disallowable items	11,241,812,666	1,274,978,907	814,556,705	277,157,749
Aggregate allowable expenses	(2,089,493,829)	(666,233,753)	(80,237,096)	(227,671,792)
Aggregate allowable income	(8,333,868,376)	(1,473,484,657)	(1,073,451,075)	(1,308,193,591)
Tax loss utilised	(884,303,859)	(284,703,873)	(266,595,780)	(2,921,512)
Taxable profit/(loss)	27,466,540,522	47,360,418,644	(277,708,402)	(124,725,744)

Notes to the Financial Statements

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Income tax expense on local operations	909,523,589	671,049,044	–	–
Income tax on international operations	6,427,526,123	12,134,936,082	–	–
Statutory income tax rates – Local (%)	14 - 30	14 - 24	–	–
Statutory income tax rates – International (%)	17 - 30	7 - 30	–	–

Provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and any subsequent amendments thereto, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022.

23.1.2 TAX LOSSES CARRIED FORWARD

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Tax losses brought forward	(1,389,172,657)	(1,443,347,355)	(301,837,710)	(183,027,604)
Tax losses incurred during the year	(413,785,400)	(164,706,159)	(277,708,402)	(124,725,742)
Tax loss utilised	884,303,859	284,703,873	266,595,780	2,921,512
Tax loss readjustment	(332,667,179)	(65,823,016)	(43,985,463)	2,994,124
Tax losses carried forward	(1,251,321,377)	(1,389,172,657)	(356,935,795)	(301,837,710)

23.2 DEFERRED INCOME TAX

23.2.1 DEFERRED TAXATION CHARGE/(REVERSAL)

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Included under income statement				
Accelerated depreciation for tax purposes	502,937	(29,388,511)	–	–
Employee benefit liability	(22,559,409)	34,609,392	–	–
Foreign exchange gain/loss	(57,685,545)	(24,221,437)	–	–
Impairment of doubtful debts	43,464,358	(3,068,453)	–	–
Leave encashment	(658,577)	(4,633,500)	–	–
Interest receivable and interest expense of unremitted interest income	94,466,880	(7,972,392)	–	–
Losses available for offset against future taxable income	(150,740,909)	(34,637,132)	–	–
Provision for diminution in value of non-current investments	117,175,334	(28,394,332)	–	–
Unclaimed right-of-use rental	(49,431,107)	(6,494,216)	–	–
Others	5,668,094	11,613,519	–	–
	(19,797,944)	(92,587,062)	–	–
Included under Other Comprehensive Income Statement				
Employee benefit liability	1,784,866	(9,297,098)	–	–
	1,784,866	(9,297,098)	–	–

Notes to the Financial Statements

23.2.2 DEFERRED INCOME TAX ASSETS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 April 2022	347,788,615	170,296,117	-	-
Charge (release) to Income Statement	103,395,390	82,968,363	-	-
Charge (release) to OCI Statement	(1,784,866)	8,975,497	-	-
Acquisition of subsidiaries	10,751,625	-	-	-
Exchange difference	(13,024,669)	85,548,638	-	-
As at 31 March 2023	447,126,095	347,788,615	-	-
The closing deferred tax asset balance relate to following;				
Accelerated depreciation for tax purposes	(37,537,679)	(29,142,040)	-	-
Employee benefit liability	110,767,309	86,423,034	-	-
Foreign exchange loss	62,503,707	37,521,399	-	-
Impairment of doubtful debts	2,200,947	4,066,859	-	-
Leave encashment	-	10,024,364	-	-
Losses available for offset against future taxable income	188,262,308	184,967,549	-	-
Provision for diminution in value of non-current investments	67,792,215	45,665,305	-	-
Short-term employee benefits	49,431,107	-	-	-
Unclaimed right-of-use rental	867,363	(658,577)	-	-
Others	2,838,818	8,920,722	-	-
	447,126,095	347,788,615	-	-

Expolanka Holdings PLC has not recognised net deferred tax asset as at 31 March 2023 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. 356,935,795/- (2022 – Rs. 301,837,710/-) can be utilised.

23.2.3 DEFERRED INCOME TAX LIABILITIES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 April 2022	18,414,550	20,928,710	-	-
Charge or release to Income Statement	83,597,447	(9,618,699)	-	-
Charge (release) to OCI Statement	-	321,601	-	-
Acquisition of subsidiaries	147,782	-	-	-
Exchange difference	(7,570,354)	6,782,938	-	-
As at 31 March 2023	94,589,425	18,414,550	-	-
The closing deferred tax asset and liability balance relate to following;				
Accelerated depreciation for tax purposes	-	7,892,702	-	-
Foreign exchange gain	-	5,206,202	-	-
Interest receivable and interest expense of unremitted interest income	94,466,880	-	-	-
Others	122,545	5,315,646	-	-
	94,589,425	18,414,550	-	-

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

Notes to the Financial Statements

24. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for outstanding share options) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Number of ordinary shares used as the denominator:				
Opening balance	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000
Weighted average number of ordinary shares	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000

24.1 BASIC EARNINGS PER SHARE

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit attributable to ordinary shareholders for basic earnings/(loss) per share	30,938,134,686	72,742,531,301	16,578,128,114	3,736,326,373
Weighted average number of ordinary shares	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000
Basic earnings per share	15.88	37.24	8.48	1.91

24.2 DILUTED EARNINGS/(LOSS) PER SHARE

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit attributable to ordinary shareholders for basic earnings per share	30,938,134,686	72,742,531,301	16,578,128,114	3,736,326,373
Adjusted weighted average number of ordinary shares	1,954,915,000	1,954,915,000	1,954,915,000	1,954,915,000
Diluted earnings per share	15.88	37.24	8.48	1.91

25. DIVIDEND PER SHARE

	2023		2022	
	Per share Rs.	Amount Rs.	Per share Rs.	Amount Rs.
Declared and paid during the year				
Interim dividend	8.19	16,010,753,850	1.17	2,287,250,550

Notes to the Financial Statements

26. FAIR VALUE MEASUREMENT

Set out below is a comparison by class of the carrying amounts and fair values of the Group that are carried in the Financial Statements.

26.1 FINANCIAL ASSETS**26.1.1 GROUP**

Note	Financial assets at amortised cost		Financial assets at fair value through OCI	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial instruments in non-current assets				
Other financial assets 8.1	18,936,061	18,207,787	717,922	18,925,709
Financial instruments in current assets				
Trade and other receivables 10	67,958,787,177	213,106,510,675	–	–
Other financial assets 8.2	315,045,284	217,368,519	–	–
Cash and short-term deposits 12	77,781,817,840	43,192,921,348	–	–

26.1.2 COMPANY

Note	Financial assets at amortised cost		Financial assets at fair value through OCI	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial instruments in non-current assets				
Other financial assets 8.1	–	–	10,000,000	10,000,000
Financial instruments in current assets				
Trade and other receivables 10	922,058,030	47,293,174	–	–
Other financial assets 8.2	8,774,998	5,959,514	–	–
Cash and short-term deposits 12	3,655,491,019	3,758,302,668	–	–

26.2 FINANCIAL LIABILITIES

Note	Financial liabilities measured at amortised cost			
	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial instruments in non-current liabilities				
Financing and lease payables 15	16,794,614,339	15,134,573,848	2,649,943,993	2,377,779,260
Financial instruments in current liabilities				
Financing and lease payables 15	15,062,191,673	76,996,999,199	15,126,121	12,281,968
Trade and other payables 17	33,406,245,412	64,995,563,827	89,735,827	81,697,130

The Management assessed that the fair value of cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the Financial Statements

27. SEGMENT INFORMATION

27.1 OPERATING SEGMENT

	Logistics		Leisure		Investments		Total	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Property, plant and equipment	9,192,049,951	5,058,954,633	39,215,686	39,394,123	663,231,079	652,445,530	9,894,496,716	5,750,794,286
Right-of-use assets	14,392,202,310	10,625,301,350	24,676,785	41,918,426	108,121,061	169,928,142	14,525,000,156	10,837,147,918
Intangible assets	679,565,403	118,100,753	14,441,995	8,460,742	3,654,339	4,350,409	697,661,737	130,911,904
Other financial assets	19,653,983	18,925,709	–	–	–	–	19,653,983	18,925,709
Deferred tax assets	361,314,762	299,489,766	21,522,160	12,879,945	64,289,173	35,418,904	447,126,095	347,788,615
Segment non-current assets	24,644,786,409	16,120,772,211	99,856,626	102,653,236	839,295,652	862,142,985	25,583,938,687	17,085,568,432
Investments in equity accounted investees							409,684,874	392,222,671
Goodwill							27,014,540,454	2,125,200,160
Other Intangibles on business combinations							8,600,811,714	1,579,013,625
Total non-current assets							61,608,975,729	21,182,004,888
Inventories	49,301,892	22,827,589	–	–	215,253,651	268,765,460	264,555,543	291,593,049
Trade and other receivables	65,425,499,773	211,358,113,605	1,875,837,097	998,047,118	1,113,138,970	902,389,086	68,414,475,840	213,258,549,809
Prepayments and other assets	7,162,485,110	13,757,277,290	292,745,241	170,828,602	314,657,096	330,721,392	7,769,887,447	14,258,827,284
Other financial assets	205,251,102	146,942,342	105,288,678	65,361,022	25,929,725	13,679,165	336,469,505	225,982,529
Income tax recoverable	5,413,708,400	4,093,136,890	(161,071,617)	3,426,078	15,743,014	–	5,268,379,797	4,096,562,968
Cash and bank balances	73,740,445,892	39,411,355,333	257,310,451	22,696,692	3,765,261,800	3,760,442,090	77,763,018,143	43,194,494,115
Segment current assets	151,996,692,169	268,789,653,049	2,370,109,850	1,260,359,512	5,449,984,256	5,275,997,193	159,816,786,275	275,326,009,754
							(436,888,965)	(153,611,901)
							159,379,897,310	275,172,397,853

Notes to the Financial Statements

	Logistics		Leisure		Investments		Total	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financing and lease payables	14,144,670,346	12,653,539,113	–	20,877,588	2,649,943,992	2,460,157,147	16,794,614,338	15,134,573,848
Deferred income tax liabilities	94,589,425	18,414,550	–	–	–	–	94,589,425	18,414,550
Retirement benefit obligation	872,367,713	738,518,707	104,690,698	88,512,137	91,379,074	102,771,416	1,068,437,485	929,802,260
Segment non-current liabilities	15,111,627,484	13,410,472,370	104,690,698	109,389,725	2,741,323,066	2,562,928,563	17,957,641,248	16,082,790,658
Eliminations/adjustments							–	–
Total non-current liabilities							17,957,641,248	16,082,790,658
Financing and lease payables	14,590,048,130	75,470,842,954	447,690,092	439,770,220	334,453,451	1,086,386,024	15,372,191,673	76,996,999,198
Trade and other payables	27,198,741,347	63,793,305,386	601,134,295	326,751,221	1,043,536,399	1,272,833,062	28,843,412,041	65,392,889,669
Income tax liabilities	4,874,073,429	13,922,799,966	53,329,270	694,560	6,710,112	1,614,904	4,934,112,811	13,925,109,430
Segment current liabilities	46,662,862,906	153,186,948,306	1,102,153,657	767,216,001	1,384,699,962	2,360,833,990	49,149,716,525	156,314,998,297
Eliminations/adjustments							4,252,833,371	(397,325,841)
Total current liabilities							53,402,549,896	155,917,672,456
Total liabilities							71,360,191,144	172,000,463,114
Total segment assets	176,641,478,578	284,910,425,260	2,469,966,476	1,363,012,748	6,289,279,908	6,138,140,178		
Total segment liabilities	61,774,490,390	166,597,420,676	1,206,844,355	876,605,726	4,126,023,028	4,923,762,553		

Inter company investments made by the Group of companies have not been considered for the calculation of segment assets.

Inter segment receivable and payable balances are eliminated on consolidation.

Notes to the Financial Statements

27.2 OPERATING SEGMENT

	Logistics		Leisure		Investments		Eliminations/adjustments		Total	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Timing of revenue recognition										
Goods transferred at a point in time	–	–	–	–	4,829,568,766	2,579,490,784	–	–	4,829,568,766	2,579,490,784
Services rendered over time	537,669,361,143	689,928,375,094	3,098,008,572	973,806,712	1,701,935,609	1,064,818,876	(897,993,372)	(389,070,625)	541,571,311,952	691,577,930,057
	537,669,361,143	689,928,375,094	3,098,008,572	973,806,712	6,531,504,375	3,644,309,660	(897,993,372)	(389,070,625)	546,400,880,718	694,157,420,841
Cost of sales	(435,317,097,369)	(568,912,752,475)	(852,797,970)	(339,134,641)	(4,962,137,422)	(2,997,375,365)	–	–	(441,132,032,761)	(572,249,262,481)
Other operating income and gains	2,716,485,972	5,766,657,691	110,820,048	12,418,714	966,171,676	1,696,471,921	(1,960,971)	(675,710)	3,791,516,725	7,474,872,616
Depreciation and amortisation	(5,175,403,847)	(2,782,560,069)	(60,402,869)	(51,404,678)	(121,619,640)	(127,076,123)	–	–	(5,357,426,356)	(2,961,040,870)
Overhead	(62,042,439,560)	(38,199,401,637)	(1,200,186,157)	(541,346,806)	(1,844,161,641)	(1,417,636,728)	899,954,345	389,746,334	(64,186,833,013)	(39,768,638,837)
Finance costs	(1,731,303,715)	(1,196,905,570)	(55,182,383)	(5,095,167)	(19,171,164)	(67,313,661)	45,934,795	6,589,134	(1,759,722,467)	(1,262,725,264)
Finance income	586,471,705	91,363,369	193,023	279,552	16,387,811,249	2,787,216,558	(16,271,647,295)	(2,790,884,179)	702,828,682	87,975,300
Share of result of equity accounted investees (net of tax)	(12,487,715)	20,621,430	–	–	68,859,279	95,735,128	–	–	56,371,564	116,356,558
Profit before tax	36,693,586,614	84,715,397,833	1,040,452,264	49,523,686	17,007,256,712	3,614,331,390	(16,225,712,498)	(2,784,295,046)	38,515,583,092	85,594,957,863
Income tax expense	(7,264,892,289)	(12,814,468,773)	(229,118,023)	(11,175,200)	28,585,877	22,407,454	–	–	(7,465,424,435)	(12,803,236,519)
Profit for the year	29,428,694,325	71,900,929,060	811,334,241	38,348,486	17,035,842,589	3,636,738,844	(16,225,712,498)	(2,784,295,046)	31,050,158,657	72,791,721,344

Inter-segment revenues are eliminated on consolidation.

Notes to the Financial Statements

27.3 SEGMENTS BASED ON GEOGRAPHICAL LOCATION

	2023			2022		
	Timing of revenue recognition		Non current assets*	Timing of revenue recognition		Non current assets*
	Goods transferred at a point in time Rs.	Services rendered over time Rs.		Goods transferred at a point in time Rs.	Services rendered over time Rs.	
Americas	–	382,790,421,693	17,734,883,178	–	530,786,624,690	10,423,591,448
China	–	23,250,655,527	347,906,180	–	18,752,700,400	462,914,267
Hong Kong	–	7,888,777,210	169,088,929	–	11,168,932,913	337,138,841
India	–	32,547,887,145	1,138,412,728	–	37,303,209,215	995,142,776
Kenya	–	18,032,307,660	503,690,100	–	10,222,310,457	260,744,321
Sri Lanka	4,829,568,766	39,544,026,284	4,106,595,748	2,579,490,784	27,951,642,937	3,686,524,007
Vietnam	–	12,691,299,349	311,199,003	–	25,358,639,839	287,302,944
Others	–	24,825,937,084	805,382,742	–	30,033,869,606	265,495,503
Total	4,829,568,766	541,571,311,952	25,117,158,608	2,579,490,784	691,577,930,057	16,718,854,107

* excluding goodwill, financial assets and deferred tax asset

28. RELATED PARTY DISCLOSURES

The Group/Company carried out transactions in the ordinary course of business with the following related entities at an arms length transaction. The list of Directors at each of the subsidiary, joint venture and associate companies have been disclosed in the Group directory.

Notes to the Financial Statements

28.1 TRANSACTIONS WITH RELATED ENTITIES

For the year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
28.1.1 SUBSIDIARIES				
Commission received	–	–	134,421,400	–
Dividends received	–	–	1,482,415,331	2,772,000,173
Interest received	–	–	124,909,671	–
Purchase of property and other assets	–	–	(1,985,262)	–
Receiving of services	–	–	(130,868,555)	(17,795,042)
Rendering of services	–	–	64,925,515	92,740,000
Rent paid	–	–	(382,423)	–
Settlements	–	–	133,236,240	2,864,740,172
28.1.2 EQUITY ACCOUNTED ENTITIES				
Associate				
Dividends received	34,396,771	12,294,874	34,396,771	12,294,874

For the year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
28.1.3 OTHER RELATED PARTIES				
Ultimate Parent				
Director fees	(54,591,557)	(9,035,606)	(54,591,557)	(9,035,606)
Interest cost	928,362,626	758,251,917	–	–
Loan repayment	(84,268,170,211)	(34,442,774,469)	–	–
Loans obtained	8,587,750,000	78,876,582,750	–	–
Rendering of services	2,104,864	2,741,380	–	–
Secondment fees	(27,454,326)	(10,689,441)	(27,454,326)	(10,689,441)
Settlements	–	–	81,960,145	19,069,097
Parent				
Dividends paid	(12,106,877,361)	(1,729,553,909)	(12,106,877,361)	(1,729,553,909)
Secondment fees	(4,800,000)	(4,800,000)	(4,800,000)	(4,800,000)
Settlements	–	–	2,923,605	1,192,275
Fellow Subsidiaries				
Receiving of services	(450,596,729)	(121,460,814)	–	–
Rendering of services	65,268,926	473,207,806	–	–
Secondment fees	(5,120,000)	(4,800,000)	(5,120,000)	(4,800,000)
Settlements	–	–	4,352,075	1,192,275

Notes to the Financial Statements

28.1.4 KEY MANAGEMENT PERSONNEL (KMP)**28.1.5 CLOSE FAMILY MEMBERS OF KMP****28.1.6 COMPANIES CONTROLLED/JOINTLY CONTROLLED/SIGNIFICANTLY INFLUENCED BY KMP AND THEIR CLOSE FAMILY MEMBERS****28.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL**

For the year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Short-term employee benefits	8,022,864,643	4,903,149,465	18,675,000	53,012,500
Post employment benefits	–	–	–	–
Termination benefits	28,425,000	–	28,425,000	–

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

29. ASSETS PLEDGED

Assets pledged for facilities obtained is given in Note 15.5 to the Financial Statements.

30. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that required adjustments to or disclosure in the Financial Statements.

31. COMMITMENTS AND CONTINGENCIES**31.1 GROUP****31.1.1 INCOME TAX ASSESSMENT ON SG LOGISTICS (PRIVATE) LIMITED FOR Y/A 2011/12 & 12/13**

The Company has filed an appeal at Tax Appeal Commission (TAC) against IT assessments for 2011/12 & 12/13 relating to exemptions claimed under the section 13 ddd of Inland Revenue Act on income received in foreign currency. Having discussed with independent legal and tax experts and based on information available, the contingent liability as at

31 March 2023 is estimated at Rs. 54 Mn. Accordingly, the Company had paid Rs.13 Mn. income tax in 2020 with the dismissal of appeal by TAC stated hereafter. The Company has therefore acknowledged with the determination of income for the above tax appeal received by the TAC as the Company is not entitled to the exemption claimed under section 13(ddd). However, the Company has made a request to transmit the case stated to the courts of appeal for further assessment. State Counsel appeared on behalf of the Attorney General's Department informed the courts that they agree with the set of documents filed with the motion dated 13 December 2021. Subsequently, the Counsel on behalf of SG Logistics (Private) Limited pleaded the courts to consider the motion dated 13 December 2021 with the additional documents, to be a part of the case brief in the future proceedings. The Senior Counsel on behalf of SG Logistics (Private) Limited informed courts that there are two additional documents which need to be annexed to the case record and M/s. Paul Ratnayake Associates will file it with a motion in the registry. This case was last mentioned on 16 May 2023. The senior counsel informed courts that all 5 additional copies for both matters have now been served to the courts after being correctly numbered. He also informed that we would need additional time to serve a concise docket to courts, only with the documents that will be needed for the Argument. Accordingly, these two matters were fixed to be mentioned on 08 August 2023.

31.1.2 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 Liabilities to arise from this guarantee.

	2023 Rs.	2022 Rs.
Institution		
Sampath Bank PLC	19,950,000	19,950,000
Standard Chartered Bank	–	227,522,669
National Development Bank PLC	–	138,648,881
Others	195,000,000	195,000,000
	214,950,000	581,121,550

Notes to the Financial Statements

31.1.3 CAPITAL EXPENDITURE COMMITMENTS

The Group does not have significant capital commitments as at the reporting date other than the leasehold improvements in progress amounting to Rs. 107,939,799 (2022 – 36,300,482).

31.2 COMPANY

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities primarily comprise of short term borrowings for working capital requirements, long term borrowings for project financing and strategic investments, trade and other payables, and trade and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations, acquire strategic assets and to provide guarantees to support its operations. The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

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

The Board of Directors and Group's senior management oversee the management of these risks. Further they review and agree policies for managing each of these risks, which are summarised below.

32.1 MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: finance rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include: loans and borrowings, deposits and available for sale investments.

32.2 FINANCE RATE RISK

Finance rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The rates applied to Groups long term and short-term borrowings are fixed periodically. The Group manages its finance rate risk by aggressively negotiating rates for short and long-term borrowings and having a portfolio of facilities from various financial institutions which gives avenues to use the facility based on competitive rates. As majority of the Groups revenue is generated in USD, this helps the Group in securing short and long-term borrowings in USD at competitive rates.

FINANCE RATE SENSITIVITY

The finance rate sensitivity determines the impact of a change in the finance rate to the group's profit before tax.

The table demonstrates the sensitivity to a reasonable possible change in interest rates with all other variables hold constant of the Group and profit before tax through the impact of floating rate borrowings.

	Increase/(decrease) in basis points		Effect on profit before tax	
	Rupee borrowings	Other currency borrowings	Group Rs.	Company Rs.
2023	+100	+100	137,835,268.71	–
	-100	-100	(137,835,268.71)	–
2022	+100	+100	777,968,765.91	–
	-100	-100	(777,968,765.91)	–

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk through natural hedging mechanism where it has implemented techniques of leading and lagging of FOREX transactions, SWAP & forward contracts.

Notes to the Financial Statements

32.3 EQUITY PRICE RISK

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

At the reporting date, the Groups exposure to non-quoted equity securities at carrying value was Rs. 717,922 (2022 – Rs. 717,922).

32.4 CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a robust policy to assess the creditworthiness of the parties it transact with. The parties who aspire to trade in credit terms have to go through a credit verification process. The Group also has continuous dialogue with the respective parties to monitor the receivables position.

RISK EXPOSURE

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available).

Following table shows the maximum risk positions.

2023	Deposits with bank Rs.	Trade and other receivables Rs.	Amounts due from related parties Rs.	Cash in hand and at Bank Rs.	Total credit risk exposure Rs.
Non-current financial assets	18,936,061	–	–	–	18,936,061
Cash in hand and at bank	–	–	–	77,781,817,840	77,781,817,840
Trade and other receivables	–	67,930,772,857	–	–	67,930,772,857
Short-term investments	21,424,222	–	–	–	21,424,222
Amounts due from related parties	–	–	28,014,320	–	28,014,320
Total	40,360,283	67,930,772,857	28,014,320	77,781,817,840	145,780,965,300
Total % of allocation	0.03	46.60	0.02	53.36	100.00

2022	Deposits with bank Rs.	Trade and other receivables Rs.	Amounts due from related parties Rs.	Cash in hand and at Bank Rs.	Total credit risk exposure Rs.
Non-current financial assets	18,207,787	–	–	–	18,207,787
Cash in hand and at bank	–	–	–	43,192,921,348	43,192,921,348
Trade and other receivables	–	213,042,785,924	–	–	213,042,785,924
Short-term investments	8,614,010	–	–	–	8,614,010
Amounts due from related parties	–	–	63,724,751	–	63,724,751
Total	26,821,797	213,042,785,924	63,724,751	43,192,921,348	256,326,253,820
Total % of allocation	0.01	83.11	0.02	16.85	100.00

CASH IN HAND AND BANK BALANCES

In order to mitigate the concentration, settlement and operational risks related to cash and cash equivalents, the Group consciously manages the exposure to a single counterparty taking into consideration, where relevant, the rating or financial standing of the counterparty, where the position is reviewed as and when required, the duration of the exposure in managing such exposures and the nature of the transaction and agreement governing the exposure.

Notes to the Financial Statements

TRADE AND OTHER RECEIVABLE

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.

An impairment analysis is performed at each reporting date using a provision matrix (simplified approach) to measure expected credit losses. The Group has received all the dues within agreed credit period in the past without any delays. The management also considered the local and global economic indicators and the results of negotiations and subsequent cash receipts in determining the provision for impairment.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	0 – 180 days	181 – 360 days	> 360 days	Total
Expected credit loss rate	0.72%	13.08%	100%	
Estimated total gross carrying amount at default	8,566,415,646	14,919,247,333	3,535,693,719	27,021,356,698
Expected credit loss	61,844,345	1,951,160,722	3,535,693,719	5,548,698,786

Refer Note 10. for analysis of debtors.

32.5 LIQUIDITY RISK

The Group manages liquidity risk exposure through effective working capital management. The Company also has guidelines in place to ensure that the short-term and medium-term liquidity is managed at acceptable levels.

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

Year ended 31 March 2023	On Demand Rs.	Less than 1 year Rs.	1-5 year Rs.	Above 5 year Rs.	Total Rs.
Bank financing	–	987,182	2,618,220,050	–	2,619,207,232
Related party borrowing	–	10,070,453,671	3,713,073,200	–	13,783,526,871
Leases	–	4,415,684,151	7,096,012,871	3,367,308,218	14,879,005,240
Trade and other payables	33,406,245,412	–	–	–	33,406,245,412

Year ended 31 March 2022	On Demand Rs.	Less than 1 year Rs.	1-5 year Rs.	Above 5 year Rs.	Total Rs.
Bank financing	–	1,399,771,789	2,360,636,888	–	3,760,408,677
Related party borrowing	–	71,336,416,663	5,089,478,328	–	76,425,894,991
Leases	–	3,079,132,134	6,390,070,687	1,294,387,945	10,763,590,766
Trade and other payables	64,995,563,827	–	–	–	64,995,563,827

32.6 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of the business. The Group's objectives when managing capital are to;

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

Notes to the Financial Statements

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio at minimum level. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	Note	2023 Rs.	2022 Rs.
Financing and lease payables	15	31,856,806,012	92,131,573,047
Trade and other payables	17	33,406,245,412	64,995,563,827
		65,263,051,424	157,127,136,874
(Less)			
Cash and cash equivalents	12	77,781,817,840	43,192,921,348
Net debt		(12,518,766,416)	113,934,215,526
Equity as shown in the statement of financial position		149,628,681,894	124,353,939,626
Total equity and net debt		137,109,915,478	238,288,155,152
Gearing ratio on net debt (%)		-9.13	47.81
Gearing ratio on gross debt (%)		17.55	42.56

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

32.7 FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

FOREIGN CURRENCY SENSITIVITY

The following tables demonstrate the sensitivity to a reasonably possible change in USD and GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD Rate	Effect on profit before tax Rs.	Effect on profit after tax Rs.
2023	+52%	16,941,066,540	14,519,332,049
	-52%	(16,941,066,540)	(14,519,332,049)
2022	+50%	14,741,896,207	12,763,161,565
	-50%	(14,741,896,207)	(12,763,161,565)

The assets and liabilities of foreign entities are translated at Rs. 328.01 per USD (2022 - 299 per USD). Further, the monthly average exchange rates used for translation of income and expense line items were ranging between Rs. 225.3617 and Rs. 366.8575 per USD (2022 - 225.36 per USD).

Given the fact that the functional currency base has significantly increased when compared to the prior year by 52%, the intensity and the exchange impact is severe than the prior year. Further, 92% out of group revenue is derived outside of Sri Lanka and 79% of the Sri Lankan entities' revenue is also generated in USD.

Notes to the Financial Statements

33. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

33.1 PROPORTION OF EQUITY INTEREST HELD BY NON-CONTROLLING INTERESTS:

Company name	Country of incorporation and operation	2023 %	2022 %
AVS Cargo Management Services (Private) Limited	India	49	49
EFL Global (Thailand) Ltd	Thailand	26	26
Expo Freight Holdings (Thailand) Limited	Thailand	51	51
PT. EFL Global Indonesia (PT. Expo Freight Indonesia)	Indonesia	10	10
TT Aviation Handling Services (Private) Limited	India	30	0

33.2 ACCUMULATED BALANCES OF MATERIAL NON-CONTROLLING INTEREST

	2023 Rs.	2022 Rs.
AVS Cargo Management Services (Private) Limited	116,601,183	131,949,061
EFL Global (Thailand) Ltd	94,203,479	1,025,081
Expo Freight Holdings (Thailand) Limited	4,954,595	7,490,742
PT. EFL Global Indonesia (PT. Expo Freight Indonesia)	368,243,907	255,424,304
TT Aviation Handling Services (Private) Limited	71,357,399	–
Accumulated material non-controlling interest	655,360,563	395,889,188
Profit allocated to material non-controlling interest	99,953,578	31,884,061

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

33.3.1 SUMMARISED STATEMENT OF PROFIT OR LOSS

	2023 Rs.	2022 Rs.
Revenue from contracts with customers	17,398,148,615	16,147,665,606
Cost of sales	(15,022,539,654)	(14,574,240,128)
Overheads	(1,555,313,059)	(1,011,014,630)
Other Income	104,946,918	27,345,386
Finance Income	23,580,320	14,110,015
Finance costs	(10,595,490)	(4,783,534)
Profit before tax	938,227,650	599,082,715
Income tax expense	(242,637,452)	(205,269,842)
Profit for the year	695,590,198	393,812,873
Total comprehensive income	695,590,198	393,812,873
Attributable to non-controlling interests	99,953,578	31,884,061
Dividends paid to non-controlling interests	–	–

33.3.2 SUMMARISED STATEMENT OF FINANCIAL POSITION

	2023 Rs.	2022 Rs.
Current assets	5,538,464,503	5,175,043,682
Non-current assets	293,738,353	140,767,307
Total assets	5,832,202,856	5,315,810,989
Current liabilities	1,148,552,378	1,927,244,575
Non-current liabilities	153,495,146	124,969,249
Total liabilities	1,302,047,524	2,052,213,824
Total equity	4,530,155,332	3,263,597,165
Attributable to:		
Equity holders of parent	3,874,794,768	2,867,707,978
Non-controlling interest	655,360,564	395,889,187

Notes to the Financial Statements

33.3.2 SUMMARISED CASH FLOW INFORMATION

	2023 Rs.	2022 Rs.
Cash flows from/(used in) operating activities	(50,330,430)	(91,675,365)
Cash flows from/(used in) investing activities	(51,128,422)	(18,151,252)
Cash flows from/(used in) financing activities	19,769,396	287,346,515
Net increase/(decrease) in cash and cash equivalents	(81,689,456)	177,519,898

34. BUSINESS COMBINATIONS

34.1 ACQUISITIONS OF SUBSIDIARIES DURING THE PERIOD ENDED
31 MARCH 2023.

ACQUISITION OF GABO COMPANIES

On 1 April 2022, the Group acquired 100% of the voting shares of Gabo Travels Overseas (Private) Limited, Gabo Travels (Private) Limited and Gabo Holidays (Private) Limited, non-listed companies based in Sri Lanka specialised in a varied portfolio of travel products with a reputation as a leading company under the banner of "Gabo Travels".

ACQUISITION OF EFL GLOBAL PROJECTS PRIVATE LIMITED

On 18 October 2022, Expo Freight Private Limited (EFL India), a fully owned subsidiary of Expolanka Holdings PLC, acquired the balance 50% equity interest of EFL Global Projects Private Limited (previously known as Caliber India Global (Private) Limited), a non-listed company based in India which is positioned to provide Logistics services for Infrastructure projects.

ACQUISITION OF TT AVIATION HANDLING SERVICES (PRIVATE) LIMITED

On 16 September 2022, Expo Freight Private Limited (EFL India), a fully owned subsidiary of Expolanka Holdings PLC, acquired 70% equity interest of TT Aviation Handling Services (Private) Limited, a non-listed company based in India specialised in providing bonded and non-trucking services.

ACQUISITION OF TRANS AMERICAN CUSTOMHOUSE BROKERS LLC AND ITS
RELATED COMPANIES

On 24 February 2023, EFL Global LLC (EFL USA), a fully owned subsidiary of Expolanka Holdings PLC, acquired 100% equity interest of Trans American Customhouse Brokers LLC and its related companies (Trans American Group).

Trans American Group is a leading Customs House Broker in North America with a history of nearly 40 years servicing a range of leading brands in the US and Canada. The acquisition will enable Expolanka to extend its brokerage services thereby enhancing its overall service capabilities, customer portfolio & operations in North America.

ACQUISITION OF LOCHER EVERS INTERNATIONAL INC AND ITS GROUP COMPANIES

On 30 March 2023, EFL Global Logistics (Pte.) Ltd (EFL Singapore), a fully owned subsidiary of Expolanka Holdings PLC, has acquired 100% equity interest of Locher Evers International Inc and its Group Companies (LEI Group).

LEI Group is a family-owned Canadian logistics company with a history of nearly 47 years offering a full suite of logistics services, including ocean freight, air freight, warehousing, customs brokerage, rail service, distribution, fulfilment, domestic trucking, and drayage.

As part of the Company's North America strategy, the acquisition enables EFL Global to expand its footprint in the Canadian market and strengthen capabilities to provide end-to-end logistics solutions to customers across various industries.

All acquisitions described above have been accounted for using the acquisition method.

Notes to the Financial Statements

ASSETS ACQUIRED AND LIABILITIES ASSUMED

The aggregate fair values of the identifiable assets and liabilities of above companies as at the date of acquisition were:

	Note	Fair value recognised on acquisition of					Total Rs.
		Gabo Companies Rs.	EFL Global Projects Private Limited Rs.	TT Aviation Handling Services (Private) Limited Rs.	Trans American Group Rs.	Locher Evers Group Rs.	
Assets							
Property, plant and equipment	3.1.5	–	489,094	102,988,397	59,143,044	417,848,282	580,468,817
Computer software	5.1.4	–	–	–	624,244,258	15,314,783	639,559,041
Deferred income tax assets	23.2.2	–	–	10,751,625	–	–	10,751,625
Trade and other receivables		–	4,130,257	332,556,079	1,126,610,978	5,130,791,467	6,594,088,781
Prepayments and other assets		–	1,093,730	66,005,257	31,854,873	188,423,235	287,377,095
Other financial assets – Current		–	–	3,950,443	–	91,111	4,041,554
Income tax recoverable		192,958	–	38,036,352	–	–	38,229,310
Cash and cash equivalents		4,000,000	9,160,866	19,131,121	2,243,926,626	1,942,191,276	4,218,409,889
		4,192,958	14,873,947	573,419,274	4,085,779,779	7,694,660,154	12,372,926,112
Liabilities							
Financing and lease payables	15.3.1	–	–	12,952,152	–	–	12,952,152
Deferred income tax liabilities	23.2.3	–	147,782	–	–	–	147,782
Bank overdrafts		–	–	154,629,252	–	15,717,820	170,347,072
Trade and other payables		–	1,826,066	100,108,004	2,955,600,471	4,928,138,308	7,985,672,849
Income tax liabilities		–	–	–	–	77,377,746	77,377,746
		–	1,973,848	267,689,408	2,955,600,471	5,021,233,874	8,246,497,601
Exchange difference		–	6,688,733	(3,527,804)	40,073,826	368,069,803	411,304,558
Non-controlling interest		–	–	92,777,300	–	–	92,777,300
Net assets		4,192,958	6,211,366	216,480,370	1,090,105,482	2,305,356,477	3,622,346,653

Notes to the Financial Statements

	Note	Fair value recognised on acquisition of					Total Rs.
		Gabo Companies Rs.	EFL Global Projects Private Limited Rs.	TT Aviation Handling Services (Private) Limited Rs.	Trans American Group Rs.	Locher Evers Group Rs.	
Goodwill	5.1.5	25,807,042	–	213,781,999	12,754,334,401	11,895,416,852	24,889,340,294
Brand value	5.1.7	–	–	–	–	4,089,495,000	4,089,495,000
Customer list	5.1.8	–	–	135,444,606	–	–	135,444,606
Licence	5.1.9	–	–	–	–	2,045,961,000	2,045,961,000
Trademark	5.1.10	–	–	–	951,229,000	–	951,229,000
Purchase consideration		30,000,000	6,211,366	565,706,975	14,795,668,883	20,336,229,329	35,733,816,553
Analysis of cash flows on acquisition:							
Transaction costs of the acquisition (included in cash flows from operating activities)							(320,637,129)
Net cash acquired with the subsidiary (included in cash flows from investing activities)							31,685,753,736
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)							–
Net cash flow on acquisition							31,365,116,607

From the date of acquisition, Gabo Companies, EFL Global Projects Private Limited, TT Aviation Handling Services (Private) Limited, Trans American Group and Locher Evers Group contributed Rs. 1,857.8 Mn. of revenue and Rs. 66.6 Mn. to profit before tax from continuing operations of the Group in the year ended 31 March 2023. If the combinations had taken place at the beginning of the financial year ended 31 March 2023, the contributions to revenue from continuing operations would have been Rs. 90,979.5 Mn. and profit before tax from continuing operations for the Group would have been Rs. 5,158.9 Mn.

Further, the initial accounting for the business combinations on acquisitions of Trans American Group and Locher Evers Group for purchase price allocation has done on an estimate basis. The final allocation will be validated by an expert.

Notes to the Financial Statements

34.2 ACQUISITIONS OF SUBSIDIARIES DURING THE PERIOD ENDED 31 MARCH 2022

ACQUISITION OF IDEA GLOBAL LLC AND ITS SUBSIDIARIES

On 10 August 2021, the Group acquired 100% of the voting shares of IDEA Global LLC (and its subsidiaries), a non-listed group of companies and US headquartered Central American Freight Forwarding, Warehousing & Trucking services companies.

The subsidiaries of IDEA Global LLC acquired are Corporacion K&C, S.A. de C.V, IDEA El Salvador S.A. de C.V, IDEA Guatemala S.A, IDEA Honduras, S. de R.L. de C.V, IDEA International LLC, IDEA Nicaragua de S.A and Interconexion: Distribuir Y Enviar Para Las Americas, LLC d/b/a IDEA ,LLC.

ACQUISITION OF COMPLETE TRANSPORT LLC

On 8 September 2021, the Group acquired 100% of the voting shares of Complete Transport LLC, a non-listed and US based bonded CFS and Trucking company.

Both acquisitions described above have been accounted for using the acquisition method.

ASSETS ACQUIRED AND LIABILITIES ASSUMED

The aggregate fair values of the identifiable assets and liabilities of above companies as at the date of acquisition were:

	Note	Fair value recognised on acquisition of;		
		IDEA Global LLC and its subsidiaries Rs.	Complete Transport LLC Rs.	Total Rs.
Assets				
Property, plant and equipment	3.1.5	155,276,911	32,431,326	187,708,237
Trade and other receivables		563,852,962	–	563,852,962
Other current assets		71,099,944	2,211,322	73,311,266
Cash and bank balances		134,233,573	20,300,000	154,533,573
		924,463,390	54,942,648	979,406,038

	Note	Fair value recognised on acquisition of;		
		IDEA Global LLC and its subsidiaries Rs.	Complete Transport LLC Rs.	Total Rs.
Liabilities				
Trade and other payables		320,981,405	32,392,893	353,374,298
		320,981,405	32,392,893	353,374,298
Exchange difference		(2,686,298)	(2,721,410)	(5,407,708)
Net assets		606,168,283	25,271,165	631,439,448
Goodwill	5.1.4	827,403,878	430,073,528	1,257,477,406
Brand value	5.1.6	422,827,589	–	422,827,589
Customer list	5.1.7	963,129,636	319,433,975	1,282,563,611
Purchase consideration		2,819,529,386	774,778,668	3,594,308,054
Analysis of cash flows on acquisition:				
Transaction costs of the acquisition (included in cash flows from operating activities)				–
Net cash acquired with the subsidiary (included in cash flows from investing activities)				3,439,774,481
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)				–
Net cash flow on acquisition				3,439,774,481

From the date of acquisition, IDEA Global LLC (and its subsidiaries) and Complete Transport LLC contributed Rs. 3,021 Mn. of revenue and Rs. 377 Mn. to profit before tax from continuing operations of the Group in the year ended 31 March 2022. If the combinations had taken place at the beginning of the financial year ended 31 March 2022, the contributions to revenue from continuing operations would have been Rs. 8,053 Mn. and profit before tax from continuing operations for the Group would have been Rs. 724 Mn.

Notes to the Financial Statements

35. DISPOSAL OF SUBSIDIARIES

Expolanka Holdings PLC, through its wholly owned subsidiary Expolanka Freight (Private) Limited has entered into a Share Sale & Purchase Agreement on the 15 of July 2022 with D P Logistics (Private) Limited to sell its entire stake in Pulsar Shipping Agencies (Private) Limited and Pulsar Marine Services (Private) Limited for an aggregated purchase consideration of Rs. 1,344,214,000/-. Accordingly, the impact on the cash flow statement is as follows:

Operating activities	
Loss on disposal of subsidiaries	10,998,135
Net change in working capital due to group structure change	(239,202,576)
Investing activities	
Proceeds from sale of subsidiaries	238,625,952

36. GROUP STATEMENT OF FINANCIAL POSITION IN USD

As at 31 March	2023 USD	2022 USD	2021 USD
ASSETS			
Non-current assets			
Property, plant and equipment	30,165,229	19,233,426	17,125,749
Right of use assets	44,282,187	36,244,642	18,652,635
Intangible assets	114,128,968	16,321,840	6,141,640
Investment in an associate and joint ventures	1,490,744	1,553,524	1,687,537
Other financial assets	59,919	63,297	63,880
Deferred income tax assets	1,363,148	1,163,173	854,429
	191,490,195	74,579,902	44,525,870

As at 31 March	2023 USD	2022 USD	2021 USD
Current assets			
Inventories	806,547	975,228	747,134
Trade and other receivables	207,185,108	712,730,805	246,971,064
Prepayments and other assets	23,687,959	47,688,386	9,378,298
Other financial assets	16,061,644	13,700,879	1,742,865
Income tax recoverable	1,025,790	755,794	1,719,715
Cash and cash equivalents	237,132,459	144,457,931	38,185,561
	485,899,507	920,309,023	298,744,637
Total assets	677,389,702	994,888,925	343,270,507
Equity and liabilities			
Stated capital	37,953,688	37,953,688	37,953,688
Reserves	(74,454,825)	(69,964,248)	(38,071,609)
Retained earnings	494,222,886	448,626,693	137,483,659
Equity attributable to equity holders of parent	457,721,749	416,616,133	137,365,738
Non-controlling interest	2,113,027	1,542,714	1,179,636
Total equity	459,834,776	418,158,847	138,545,374
Non-current liabilities			
Financing and lease payables	51,201,531	50,617,304	27,759,693
Deferred income tax liabilities	288,374	61,587	105,006
Retirement benefit obligation	3,257,332	3,109,707	3,835,857
	54,747,237	53,788,598	31,700,556
Current liabilities			
Financing and lease payables	45,919,916	257,515,047	64,495,716
Trade and other payables	101,845,205	218,854,161	104,315,636
Income tax liabilities	15,042,568	46,572,272	4,213,225
	162,807,689	522,941,480	173,024,577
Total equity and liabilities	677,389,702	994,888,925	343,270,507
Net assets per share	0.23	0.21	0.07

Notes to the Financial Statements

37. GROUP STATEMENT OF PROFIT OR LOSS IN USD

As at 31 March	2023 USD	2022 USD
Revenue from contracts with customers	1,532,716,437	3,080,192,990
Cost of sales	(1,238,061,989)	(2,539,248,467)
Gross profit	294,654,448	540,944,523
Other operating income and gains	13,713,456	33,168,341
Selling and distribution expenses	(15,818,534)	(12,410,111)
Administrative expenses	(178,969,695)	(177,262,290)
Operating profit	113,579,675	384,440,463
Finance costs	(4,930,163)	(5,603,106)
Finance income	1,951,060	390,374
Share of result of equity accounted investees (net of tax)	156,703	516,310
Profit before tax	110,757,275	379,744,041
Income tax expense	(20,876,702)	(56,811,954)
Profit for the year	89,880,573	322,932,087

SUPPLEMENTARY INFORMATION



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Corporate Governance

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE REPORT

Expolanka's Board of Directors, together with the corporate management, uphold the highest standards of corporate governance to ensure the Group's ability to create sustainable value for all stakeholders. The Board functions as the apex body responsible for the Group's corporate governance structure and processes. Risk Management is a key component of the Group's governance procedures and is incorporated across every stage of the business and across all business units.

Our corporate governance practices are in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL), 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.

During the year under review, the Board of Directors, Board Committees, Corporate Management, and Heads of Business Units coordinated closely to navigate a challenging economic environment and adequately respond to developments in the global business landscape.

GOVERNANCE FRAMEWORK

Expolanka Group's governance framework is based on the principles of accountability, transparency, and ethical management. As a responsible corporate citizen with over 40 years in business, our governance framework has evolved over time to incorporate global and local best practices, align with regulations, and uphold the trust of our valued stakeholders.

The Board-approved governance framework provides a vision for responsible governance and delineates processes for decision-making and adoption of responsible behaviour across operations. The Group's corporate governance charter outlines the mandate, roles, and responsibilities with regard to corporate governance practices and procedures.

As a business entity with a rapidly growing network and footprint, we continuously review the framework to ensure it is best suited to the evolving needs of our stakeholders and the pace of our growth trajectory. Considering developments on the global stage, we have also given priority to the Group's sustainability strategy and integration of Environmental, Social, and Governance (ESG) considerations into our decision-making, governance, and risk management functions.

The Corporate Governance Report, from pages 178 to 201, details the Group's corporate governance framework, adoption of governance principles, and status of compliance.

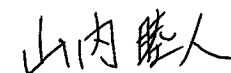
PURPOSE, VALUES AND CULTURE

The Board recognises its pivotal role in providing vision and guidance for adoption and propagation of good governance practices across the Group. Our commitment to responsible corporate governance includes inculcating an ethics-based corporate culture within the Expolanka Group. As such, our Core Values and Code of Conduct serve as guiding principles for management and employees alike, supported by a comprehensive suite of current and up-to-date corporate policies.

DECLARATION

My fellow Directors and I are committed to the highest standards of corporate governance, in ensuring the Company functions in an ethical, efficient, and effective manner whilst nurturing an entrepreneurial culture. The Board plays a critical role in shaping the culture of the Group, underpinned by the Group's Code of Ethics and Business Conduct, and Directors are conscious of their duty to comply with all pertinent laws, regulations, internal controls, and approved policies.

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



BOKUTO YAMAUCHI
Non Executive Chairman
30 June 2023

Corporate Governance

GRI: 2-9, 2-13, 2-24

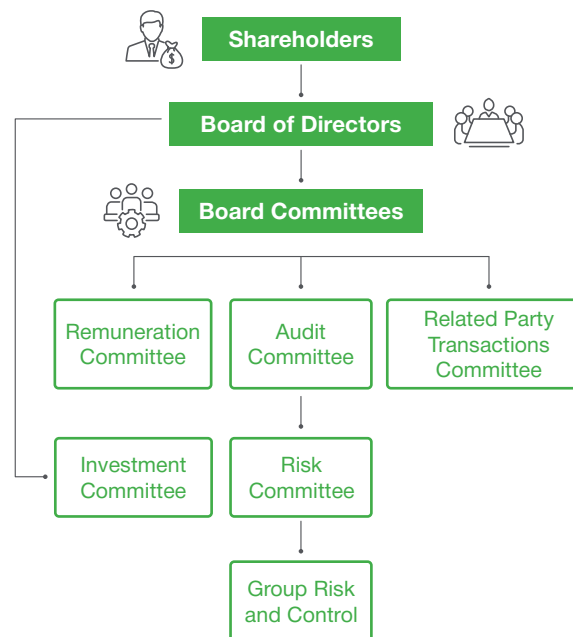
GOVERNANCE STRUCTURE

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

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

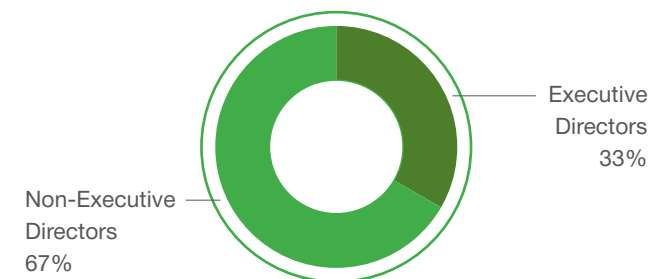
Expolanka Holdings PLC Board provides direction and leadership to the Group and assumes collective responsibility for the overall governance, performance, strategy and affairs of the Group. The Board has delegated functions warranting greater attention, to three Board Subcommittees in line with its mandate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

Further details of Board Subcommittees are provided in respective Subcommittee reports.

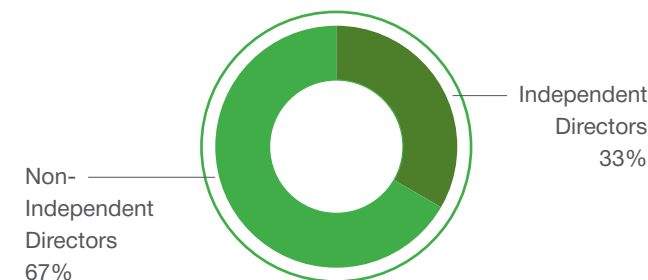


BOARD COMPOSITION

Directorship status



Independence status



BOARD MEETING AND ATTENDANCE

Name of the Director	27 April 2022	26 July 2022	27 October 2022	26 January 2023	Attendance eligibility	Attended
1. Mr Hitoshi Kanahori*	✓	✓	✓	✓	4	4
2. Mr Hanif Yusoof	✓	✓	✓	✓	4	4
3. Mr Harsha Amarasekera	✓	✓	✓	✓	4	4
4. Mr Sanjay Kulatunga	✓	✓	✓	✓	4	4
5. Mr Ha Yo*	✓	✓	✓	✓	4	4
6. Mr Akira Oyama*	✓	-	-	-	1	1
7. Mr Bokuto Yamauchi*	-	✓	✓	✓	3	3

✓ Present - Excused

* Mr Hitoshi Kanahori resigned with effect 31 March 2023 and was replaced by Mr Junji Shimasaki. Mr Bokuto Yamauchi was appointed to the Board on 7 June 2022 and was appointed as the Chairman and Mr Ha Yo was appointed as an Executive Director. Mr Akira Oyama resigned with effect 7 June 2022.

Corporate Governance

GOVERNANCE FRAMEWORK

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

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

- Articles of Association
- Terms of Reference of Board and Board Subcommittees
- Code of Business Conduct and Ethics
- Policies and Procedures
- Organisation Structure
- Risk Management Framework

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

GOVERNANCE CHECKLIST

This section of the Annual Report outlines the system of governance at Expolanka and its adherence to the requirements of the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered

Accountants of Sri Lanka and the Securities and Exchange Commission which comprises of eight fundamental aspects namely:

- (a) Directors
- (b) Directors' Remuneration
- (c) Relationship with Shareholders
- (d) Accountability and Audit
- (e) Institutional investors
- (f) Other investors
- (g) Internet of things and Cyber Security
- (h) Environment, Society and Governance (ESG)

GRI: 2-12, 2-23

SECTION 1 – THE COMPANY

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
A. Directors A.1. The Board The Code prescribes the Board to effectively direct, lead and control the affairs of the Company. Expolanka is led by a professional, multi-disciplined and experienced Board of Management comprising of the Chairman, Chief Executive Officer (CEO) and Executive and Non-Executive Directors including two Independent Non-Executive Directors as at the 31 March 2023. The profiles of the Board of Directors are set under the Directors Profiles in this Annual Report.			
A.1.1	Board meetings	Compliant	The Board meetings are held periodically to decide on the strategic direction and review the performance of the Group aligned to the aspired corporate goals. The meetings are structured with an agenda and minutes of previous meeting along with other related board papers which are circulated to all Board members, well in advance to facilitate informed and effective decision making. Additional meetings are also convened to deliberate on issues that demand immediate decisions. The attendance of the Board of Directors is given in the Corporate Governance Report of this Annual Report.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
A.1.2	Responsibilities of the Board	Compliant	The Board is responsible to lead the strategic and business direction of the Group as described below: • Formulates and implements a sound business strategy with a structured monitoring process to ensure sustainability of the Group. • Evaluates and takes responsible decisions in relation to new business ventures or restructuring of existing companies, if necessary. • Ensures the CEO and the Management Team possess the right skills, experience and knowledge to implement the formulated strategy effectively with proper succession planning. • Appoints suitable members to the Board Subcommittees. • Ensures effective systems to secure integrity of information, internal controls and risk management through delegation to the Audit Committee. (Compliance checklist is provided to all Board members to ensure compliance with applicable laws and regulations.) • Ensures all stakeholder interests are considered in corporate decisions making. • Accounting policies are reviewed annually to ensure compliance to evolving accounting standards including convergence towards the new Sri Lanka Financial Reporting Standards (SLFRS).
A.1.3	Compliance with laws and seek independent professional advice	Compliant	Board is collectively and individually committed to ensure compliance with all applicable laws and regulations and adheres to best governance practices. The Directors obtain independent professional advice if required for decision making.
A.1.4	Company Secretary	Compliant	SSP Corporate Services (Pvt) Ltd. is appointed as the Group's Company Secretary to ensure that matters concerning the Companies Act, Board procedures and other applicable rules and regulations are followed. All Directors have access to the advice and services of the Company Secretary. The Company has obtained appropriate insurance cover for the Board, Directors and Key Management Personnel.
A.1.5	Independent judgement of the Directors	Compliant	All Directors exercise independent judgement 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 Subcommittee meetings assiduously. In addition, the Board Directors meet and discuss with the Senior Management on operational and strategic issues as and when required.

Corporate Governance

GRI: 2-17

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
A.1.7	Decision on calling for a resolution	Compliant	Where necessary, in the best interest of the Company, one-third of the Directors call for a resolution to be presented to the Board. Depending on the business demand, specific resolutions are approved through circulation and detailed Board papers will be forwarded to support the same.
A.1.8	Training for new and existing Directors	Compliant	The Board 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: • The agenda for Board meetings is developed in consultation with the CEO, Directors and the Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance. • Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner. • All Directors are made aware of their duties and responsibilities and the Board and Committee structures through which it will operate in discharging its responsibilities. • The effective participation of both Executive and Non-Executive Directors is secured; All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company. • All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda. • The views of Directors of issues under consideration are ascertained and a record of such deliberations reflected in the minutes. • The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.

Corporate Governance

SEC and 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 Chartered Institute of Management Accounting as well as a Chartered Financial Analyst and chairs the Audit Committee.
A.5. Board Balance			
The Code stipulates that the Board has to be fairly represented with a balance between Executive and Non-Executive Directors.			
A.5.1	Presence of Non-Executive Directors	Compliant	Out of a total of six Directors in the Board, four are Non-Executive Directors. Names of the Directors category-wise are set out in the Annual Report under Board of Directors profiles.
A.5.2	Independent Non-Executive Directors	Compliant	Out of the Non-Executive Directors, two are Independent Non-Executive Directors complying with the requirement to have the higher of two, or two third of Non-Executive Directors, as Independent Non- Executive Directors.
A.5.3	Independence of Non-Executive Directors	Compliant	There are two Independent Non-Executive Directors and they are construed to be independent of management and free of any business or other relationship that could materially impair their independent judgement.
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	Independent Directors participate in all meetings where confidential matters which the other Directors believe have not been properly considered, are discussed. However, no such matters have been brought up to conduct separate discussions.
A.5.9	Chairman's meetings with Non-Executive Directors	Compliant	The Chairman meets with Independent Non-Executive Directors as deemed necessary.

Corporate Governance

SEC and 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 will be recorded in the Board minutes as per Company Policy. However, all decisions of the Board were taken unanimously and there were no concerns raised by the Directors which needed to be recorded in the Board minutes during the reporting period.
A.6. Supply of Information The Code stipulates the Management to supply all relevant and timely information to the Board in order to make effective decisions for the Company.			
A.6.1	Management's obligation to provide appropriate and timely information to the Board	Compliant	The Management ensures that a set of timely, accurate, relevant and comprehensive information is provided to the Directors by way of a Board paper prior to the Board Meeting, with adequate time for review and prepare for discussions.
A.6.2	Timely distribution of documents for Board meetings	Compliant	All papers related to the Board and Subcommittee meetings are circulated at least seven days prior to the meetings.
A.8 Re-election All Directors should be required to submit themselves for re-election at regular intervals			
A.8.1	Re-election of Non-Executive Directors	Compliant	Non-Executive Directors are subjected to a re-election process as specified by the Companies Act and the re-appointment is not automatic.
A.8.2	Re-election of Chairman and Board Directors	Compliant	All Directors including the Chairman are subjected for election after their first appointment and have been re-elected at intervals of no more than three years.
A.8.3	Resignation	Compliant	In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
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 and A.11.2	Setting annual targets and appraisal of the performance of the CEO by the Board	Compliant	The Board appraises the performance of the CEO against a prior set of agreed financial and non-financial, short to medium and long-term objectives and targets. The Board carried out the CEO evaluation at the end of the financial year.
B. Directors' Remuneration B.1 Procedure The Code specifies that a Remuneration Committee to be established formerly and transparently to independently determine the Remuneration Policy and the Remuneration of the Directors.			
B.1.1	Establishment of a Remuneration Committee	Compliant	A Remuneration Committee is appointed to assist the Board in establishing remuneration policy and guidelines for the remuneration of Directors. As per the policy, no Director or employee are involved in deciding his/her own remuneration.
B.1.2	Composition of the Remuneration Committee	Compliant	Both members of the Remuneration Committee are Independent Non-Executive Directors.
B.1.3	Chairman and the members of the Remuneration Committee	Compliant	The Remuneration Committee composition is listed out in the Remuneration Committee report in this Annual Report.
B.1.4	Determination of remuneration of Non-Executive Directors	Compliant	The Board determines the remuneration of the Non-Executive Directors to ensure that it is aligned to the current market practices.
B.1.5	Consultation with the Chairman, CEO and access to professional advice	Compliant	The Remuneration Committee consults the Chairman and the Group CEO and has access to professional advice from within and outside the Company.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
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 and 2.2	Executive Directors' remuneration package	Compliant	The Remuneration Committee reviews industry and market practices and norms when setting the remuneration of Executive Directors.
B.2.2	Executive Directors' remuneration package	Compliant	The Company has a competitive directors' remuneration package which promotes long-term success.
B.2.3	Comparison of remuneration with other companies	Compliant	The Remuneration Committee compares the remuneration levels of the Company with comparable industry norms.
B.2.4	Comparisons of remuneration with other companies in the Group	Compliant	The Remuneration Committee reviews and compares executive remuneration across the Group companies.
B.2.5	Performance related elements of remuneration of Executive Directors	Compliant	The Remuneration Committee reviews CEO's performance aligned to the pre-agreed targets and goals in the best interest of the Company and the stakeholders. There are no performance related elements of remuneration for the Non-Executive Directors.
B.2.6	Executive share options	Not Applicable	Presently the Group does not have executive share option schemes.
B.2.7 and 2.8	Executive Directors' remuneration	Compliant	The Company does not have any long-term incentive share option schemes. Non-Executive Directors are not eligible for performance-based remuneration. A report from the Remuneration Committee is given in this Annual Report.
B.2.9	Early termination of Executive Directors	Compliant	There are no terminal compensation commitments other than gratuity in the Company's contracts of service.
B.2.10	Remuneration for Non-Executive Directors	Compliant	Non-Executive Directors are remunerated in line with market practices and norms.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
B.3 Disclosure of Remuneration As per the Code, the Company has to contain a statement of the Remunerations Policy and details of Remuneration of the Directors as a whole in the Annual Report.			
B.3.1	Disclosure of remuneration	Compliant	A statement on Company's remuneration policy is set out in the Remuneration Committee Report in this Annual Report. The details of aggregate remuneration of the Executive and Non-Executive Directors are disclosed in this Annual Report.
C. Relations with Shareholder C.1. Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings The Code stipulates that the Board shall convene an Annual General Meeting (AGM) to have a dialogue on company matters with the shareholders.			
C.1.1	Adequate notice of the AGM	Compliant	The notice of AGM is circulated together with the Annual Report and Accounts which includes information relating to any other resolutions that will be set before the shareholders at the AGM 15 working days in advance as per Section 135 of the Companies Act No. 07 of 2007.
C.1.2	Separate resolution for all separate issues at the AGM	Compliant	Each substantial issue is proposed as a separate resolution. The adoption of the Annual Report of the Board of Directors, along with the Financial Statements, is also proposed as a separate resolution.
C.1.3	Use of proxy votes	Compliant	A Form of Proxy accompanies the Annual Report, when they are dispatched to the shareholders. The Company has a mechanism to record all proxy votes and proxy votes lodged on each resolution.
C1.4	Board Subcommittee Chairman to be present at the AGM	Compliant	The Chairman of the Board ensures that the Chairmen of Board Subcommittees are present at the AGM to respond to any queries posed by the shareholders.
C.1.5	Procedures of voting at the AGM	Compliant	The proxy form including a summary of the procedures governing voting at the AGM is circulated to all shareholders.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
C.2 Communication with shareholders			
The Code stipulates that the Board should implement effective communication with shareholders			
C.2.1	Dissemination of timely information	Compliant	All information pertaining to the Annual Report and Quarterly Financial Statements will be disseminated through Corporate Communications of Expolanka Holdings PLC and the Company Secretary, SSP Corporate Services (Pvt) Ltd. will circulate any other information.
C.2.2	Disclosure of method of communication with shareholders	Compliant	Expolanka Holdings PLC maintains an "Open Door" Policy with regard to communication with shareholders and shareholders are welcome to direct their suggestions/inquiries to the Group CEO and Board Secretary.
C.2.3	Implementation of policy and method of communication	Compliant	Multiple channels of communication are available. The Feedback form in the Annual Report/the Group websites' contact us link, and the contact person details in the Annual Report are the main methods of communication. However, interaction through investor meetings also serve as engaging forms of interaction.
C.2.4	Disclosure of contact person	Compliant	The contact person for shareholder engagement is disclosed in the Annual Report whilst a contact link on the website also serves as a conduit for interaction.
C.2.5	Process and disclosure of Director's awareness of concerns of shareholders	Compliant	Concerns are raised to the Group CEO for discussion with the Board, as and where the issues raised are deemed critical or noteworthy.
C.2.6	Requirements for the contact person	Compliant	Contact person details are clearly communicated in the inner cover page of this Annual Report. The contact person is well versed with the requirements of the role.
C.2.7	Process of responding to shareholder's matters	Compliant	Shareholder matters are at the first line of interaction by the key contact person, if issues/suggestions/inquiries are raised to the Group CEO or the Board, resolutions or clarifications are made by the office of the Group CEO.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
C.3 Major transactions All major transactions that will materially impact on the net asset base of the Company or the Group are to be disclosed to the shareholders.			
C.3.1	Disclosure on major transactions	Compliant	Procedures are in place to disclose major transactions that will materially alter the net asset base. During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which had a material impact on the net asset base of the Company and the Consolidated Group.
C.3.2	Public listed companies disclosures	Compliant	Procedures are in place to comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission and by the Colombo Stock Exchange.
D. Accountability and Audit D.1 Financial Reporting The Code requires a fair and a balance report on the Organisation's financial position, performance, and prospect.			
D.1.1	Present a balanced and understandable assessment of the Company's financial position compiling to relevant laws and regulations	Compliant	All efforts are taken to ensure that the Annual Report presents a balanced assessment of the Company's financial position. Care has been exercised to ensure that all statutory requirements are complied.
D.1.2	Board's responsibility for statutory and regulatory reporting	Compliant	The Company's Interim and Annual Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards and the Company's Act No. 7 of 2007 and duly audited. The Interim and Annual Financial Statements were published on time during the reporting period. All regulatory reports were filed by the due dates. Price sensitive information were disclosed to the Colombo Stock Exchange (CSE) on a timely basis during the financial year 2022/23.
D.1.3	Declaration by the Chief Executive and Chief Financial Officer on the Financial Statements	Compliant	The declaration is available under the Statement of Directors' Responsibility and Statement of Financial Position.
D.1.4	Directors' Report in the Annual Report	Compliant	The Annual Report of the Board of Directors on the Affairs of the Company containing the subject declarations is given in page 83 of this Annual Report.
D.1.5	Statement of Directors' and Auditor's Responsibility for the Financial Statements	Compliant	A Report on the Statement of Directors' Responsibilities is given in page 88 of this Annual Report. The Auditor's Report on the Financial Statements for the year ended 2022/23 is given on pages 97 to 176.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
D.1.6	Management Discussion and Analysis	Compliant	Management Discussion and Analysis is presented on the Company together with the subsidiaries as separate sections in this Annual Report.
D.1.7	Summon an Extra Ordinary General Meeting (EGM) to notify serious loss of capital	Compliant	EGMs are held for companies complying with the requirements.
D.1.8	Disclosure of Related party transactions in the Annual Report	Compliant	Related party transactions have been disclosed in Note 28 Related Party Disclosures (page 163) under Notes to the Financial Statements.
D.2 Internal Control			
The Board is required to maintain a comprehensive system of internal controls and risk management to safeguard the shareholder's wealth and Company's sustainability.			
D.2.1	Review the effectiveness of internal controls	Compliant	The Board has the overall responsibility for the system of internal controls covering financial, operational, compliance and risk management. The Board has delegated these responsibilities to the Audit Committee. Systems have been designed to provide the Directors with the reasonable assurance that assets are safeguarded; transactions are authorised and recorded properly whilst material errors and irregularities are prevented, detected and rectified effectively.
D.2.2	Review and confirm on the assessment of the principal risk faced by the Company and how they are being mitigated	Compliant	Please refer the Risk Management Report on page 202 for contents pertaining to Principal Risk.
D.2.3	Internal audit function	Compliant	Internal audit function is available in the Organisation.
D.2.4	Review the process of Internal Control and Risk Management	Compliant	Internal audit function has been outsourced to Messrs PricewaterhouseCoopers Advisory Services (Pvt) Ltd. and other renowned firms. Independent internal teams work closely with the Auditors to ensure that the audits are conducted and completed efficiently. Group's Risk and Control Department coordinates and ensures that recommendations are implemented conscientiously apart from carrying out various other audits and special assignments across the Group. The effectiveness and the scope of the Internal audit function is assessed periodically.
D.2.5	Director's responsibility on maintaining a system of internal control and contents of the Statement of Internal Control	Compliant	Audit Committee Statement on Internal Controls and contents of the Statement of Internal Control have been highlighted in the Annual Report under the Annual Report of the Board of Directors on the Affairs of the Company.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
D.3 Audit Committee The Board is responsible to appoint an Audit Committee to establish a formal and transparent process to select accounting policies, financial reporting and internal controls and to maintain a good relationship with the Auditors.			
D.3.1	Composition of the Audit Committee	Compliant	The Audit Committee comprises of two Independent Non-Executive Directors. Please refer the Audit Committee Report in this Annual Report.
D.3.2	Terms of reference of the Audit Committee	Compliant	The Audit Committee operates on a clearly defined terms of reference which focuses on the purpose of the Committee, its duties and responsibilities including the scope and functions of the Committee.
D.3.3	Duties of the Audit Committee and disclosures of the Audit Committee	Compliant	Please refer the Audit Committee Report on page 92 The Audit Committee Report highlights the names of the members, determination of independence of Auditors and other relevant information.
D.4. Related Party Transactions Review Committee The Code requires the Company to not engage in transaction with related parties in a manner that would grant such parties more favorable treatment.			
D.4.1	Related party and Related party transactions	Compliant	The Company's related party and related party transactions is defined as per LKAS 24.
D.4.2	Composition of the Related Party Transactions Review Committee	Compliant	The Related Party Transactions (RPT) Review Committee comprises of two Independent Non-Executive Directors and the Chairman is an Independent Non-Executive Directors appointed by the Board. Please refer the RPT Review Committee report.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
D.4.3	Disclosure of RPT Review Committee	Compliant	- Related Parties documentation is done as per the definition of LKAS 24 and the CSE Listing Rules and to comply with the requirement under section D.4.2 of the code. - A procedure to obtain a statement of related party interest from each such related party at least once in each quarter, when there's a change in the status and in any event prior to entering into any transaction between such related parties and the Company, its parent or any of subsidiaries, sub-subsidiaries, fellow subsidiaries, associates, joint ventures and any other entries which are considered related parties as defined as LKAS 24 unless they are exempted related party transactions as defined in CSE Listing Rules. - Key management personnel of the Company responsible for contracting, procurement, payments, and any other channel through which have an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any related party transaction within their area of responsibility. - A procedure to inform all related parties of what constitutes exempted related party transactions. - A procedure to identify and for Directors to report recurrent and non-recurrent related party transactions and to obtain Board or shareholder approval by special or ordinary resolution as required by the CSE Listing Rules. - A procedure and guideline to delegate to Key Management Personnel to deal with recurrent related party transactions as defined in the CSE Listing Rules. - A procedure for the RPT Review Committee to review and recommend to the Board matters relating to such transactions. - Any interested Director should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/information. - A procedure and definition of disclosures required to be made by the Company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval. - A procedure to identify related party transactions which require immediate disclosures as per the CSE Listing Rules and to ensure that required disclosures are made by the Company to the Colombo Stock Exchange in accordance with the CSE Listing rules. - A procedure to identify related party transactions which require shareholder approval by special resolution at an extra-ordinary general meeting. - The Company secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals and minutes. - Review and recommend to the Board the related party disclosures to be made in the Annual Report of the Company.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
D.5. Code of Business Conduct and Ethics The Code stipulates the Company may adopt a Code of Business Conduct and Ethics Directors and key Management Personnel and to declare any material violations.			
D.5.1	Disclosure of Code of Business Conduct and Ethics	Compliant	The Company has adopted and is in compliance to the Code of Business Conduct and Ethics applicable to Directors and all employees across the Group. Any violation of the Code is taken for consideration.
D.5.2	Process to ensure the material and price sensitive information is promptly identified and reported	Compliant	The Company has a process in place to ensure material and price sensitive information is promptly identified and reported in accordance with relevant regulations.
D.5.3	Disclosure on key management/ any other employees involved in financial reporting personnel shares	Compliant	All the Directors, Key Management Personnel and employees of the Company are required to declare details of their dealings in shares of the Company in a prescribed format to the Company Secretary. Shares pertaining to the Key Management Personnel information are duly disclosed.
D.5.4	Affirmation of the Code of Business Conduct and Ethics	Compliant	Please refer the Chairman's Statement on Corporate Governance and the Annual Report of the Board of Directors which affirm that there are no material violations of the Company's Code of Business Conduct and Ethics during the reporting period.
D.6 Corporate Governance Disclosures The Code requires the Company to disclose the extent to which the Company adheres to established practices and principles good Corporate Governance.			
D.6.1	Disclosure of Corporate Governance	Compliant	The Corporate Governance Report herein sets out the manner in and the extent to which the Company has complied with the Code of Best Practice on Corporate Governance jointly issued by the ICASL and SEC.

Corporate Governance

SECTION 2 – SHAREHOLDERS

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
E. Institutional Investors			
E.1 Shareholder voting			
The Code specifies the Company to engage the institutional shareholders and encourage them to exercise their voting rights in key decision making.			
E.1.1	Communication with shareholders	Compliant	The AGM provides an ideal forum for shareholders to express their views and vote for key decisions. The Chairman ensures that any view expressed by investors at the AGM is discussed at the Board level. Shareholders are provided with Quarterly Financial Statements and the Annual Report including the operational and financial performance of the reporting year. These reports are also made available on the Group's official website and are provided to the Colombo Stock Exchange.
E.2 Evaluation of Governance Disclosures			
The Code specifies obtaining feedback from institutional investors on the governance structure, composition and practices.			
E.2.1	Due weight by institutional Investors	Compliant	The Corporate Governance Report contains the Company's governance arrangements and Institutional investors are encouraged to give feedback on the governance arrangements.
F. Other Investors			
F.1	Individual shareholders	Compliant	The Annual Report contains sufficient information in order to carry out adequate analysis or seek independent advice regarding investing/divesting decisions. Following are the main reports included in this Annual Report which provide an overall assessment of the Company's affairs during the financial year 2022/23 and the way forward: • Chairman's Message • Group 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.

Corporate Governance

SEC and ICASL code reference	Corporate governance principles	Compliance status	Extent of adoption
H. Environment Society and Governance			
H.1 ESG Reporting			
H.1.1	ESG reporting		- A holistic framework covering environmental capital, social capital and governance is discussed in the Report. - Further content is provided in the Message from the Chairman and Group CEO's Review.
H.1.2	The Environment	Compliant	Environment has been discussed under Sustainable Operations
H.1.3	Social Governance	Compliant	Engagement with the society and labour practices have been discussed under the Our Group chapter from pages 19 to 49 of this Annual Report.
H.1.4	Governance	Compliant	Please refer the Corporate Governance section in this Annual Report for the governance structure.
H.1.5	Board's role on ESG factors	Compliant	- The independent Directors chair the Audit Committee, Related Party Transactions Committee and the Remuneration Committee. - The investment Committee reports to the Board. The CEO who is a Board member oversees areas of sustainability and governance in the organisation. - The Board periodically reviews various subject matters pertaining to governance and compliance.

SECTION B

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

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

Corporate Governance

CSE Rule No.	Subject	Requirement	Compliance	Details
7.6 (i)	Contents of Annual Report	Names of persons who during the financial year were Directors of the Entity.	Compliant	List of Directors with their profiles are available on page 32 of this Annual Report.
7.6 (ii)	Contents of Annual Report	Principal activities of the Entity and its subsidiaries during the year and any changes therein.	Compliant	Principal activities of the Company are explained on pages 50 to 81.
7.6 (iii)	Contents of Annual Report	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Compliant	As of the end of the financial year 202/23, Expolanka Holdings PLC has only issued voting shares and the top 20 shareholders are available on Share Information Note on pages 226 to 228.
7.6 (iv)	Contents of Annual Report	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Compliant	Information on float adjusted market capitalisation and related information are available under the Share Information Note on page 226.
7.6 (v)	Contents of Annual Report	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year.	Compliant	Opening and closing balances of shares held by the Directors and the CEO are available on page 227.
7.6 (vi)	Contents of Annual Report	Information pertaining to material foreseeable risk factors of the Entity.	Compliant	Information on material risk factors is discussed under the Risk Management Report on page 202.
7.6 (vii)	Contents of Annual Report	Details of material issues pertaining to employees and industrial relations of the Entity.	Compliant	Information on human resources of the Company are discussed under the Human Capital section on page 40.
7.6 (viii)	Contents of Annual Report	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Compliant	Information on lands and buildings held by the Company are available on page 223, Group Real Estate Portfolio.
7.6 (ix)	Contents of Annual Report	Number of shares representing the Entity's stated capital.	Compliant	Available under Share Information on page 226.
7.6 (x)	Contents of Annual Report	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the prescribed manner.	Compliant	Information is available under Share Information on page 226.
7.6 (xi)	Contents of Annual Report	Prescribed equity and debt ratios with market price information.	Compliant	Equity and debt ratios are available on page 20 and share price related information are available on pages 226 to 228.

Corporate Governance

CSE Rule No.	Subject	Requirement	Compliance	Details
7.6 (xii)	Contents of Annual Report	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value;	Compliant	Significant changes have not occurred to the Company's fixed assets and market value of lands.
7.6 (xiii)	Contents of Annual Report	If during the year the Entity has raised funds either through a public issue, Rights Issue, and private placement; (a) a statement as to the manner in which the proceeds of such issue has been utilised. (b) if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and, (c) any material changes in the use of funds raised through an issue of securities.	Compliant	During the financial year 2022/23, the Company has not raised funds through a Public Issue, Rights Issue or through a Private Placement.
7.6 (xiv) (a)	Employee Share Option Schemes	The following information shall be disclosed in the Annual Report of the Listed Entity in respect of each ESOS: (a) The number of options granted to each category of Employees during the financial year. (b) Total number of options vested but not exercised by each category of Employees during the financial year. (c) Total number of options exercised by each category of Employees and the total number of shares arising therefrom during the financial year. (d) Options cancelled during the financial year and the reasons for such cancellation. (e) The exercise price. (f) A declaration by the Directors of the Entity confirming that the Entity or any of its subsidiaries has not, directly or indirectly, provided funds for the ESOS.	Not Applicable	No Employee Share Option Schemes are available.

Corporate Governance

CSE Rule No.	Subject	Requirement	Compliance	Details
7.6 (xiv) (b)	Employee Share Purchase Scheme	The following information shall be disclosed in the Annual Report of the Listed Entity in respect of each ESPS: (a) The total number of shares issued under the ESPS during the financial year. (b) The number of shares issued to each category of Employees during the financial year. (c) The price at which the shares were issued to the Employees. (d) A declaration by the Directors of the Entity confirming that the Entity or any of its subsidiaries has not, directly or indirectly, provided funds for the ESPS.	Not Applicable	No Employee Share Purchase Schemes are available.
7.6 (xv)	Corporate Governance Practices	Disclosures pertaining to Corporate Governance practices.	Compliant	Disclosures relating to Corporate Governance practices are available from pages 178 to 201.
7.6 (xvi)	Related Party Transactions	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower to be disclosed.	Compliant	Please refer to the commentary of Section 9.3.2 (a).
7.10 (a)	Corporate Governance – Compliance	A Listed Entity shall publish in the Annual Report relating to the financial year commencing on or after 1 April 2007 a statement confirming that as at the date of the Annual Report they are in compliance with the Corporate Governance Rules and if they are unable to confirm compliance, set out the reasons for its inability to comply.	Compliant	Statement on Corporate Governance is available on page 178.
7.10 (c)	Corporate Governance – Compliance	Listed Entity shall make disclosures of compliance with Corporate Governance Rules applicable to that sector and the Annual Report must contain the relevant affirmative statements.	Compliant	Compliance status of Corporate Governance Rules are available from pages 178 to 201.
7.10.1(a)	Non-Executive Directors	Two or one third of the total number of Directors, whichever is higher, shall be Non-Executive Directors.	Compliant	The Board comprises of four Non-Executive Directors out of the total of six Directors.
7.10.2 (a) and (b)	Independent Non-Executive Directors	Two or one third of Non-Executive Directors, whichever is higher, shall be independent. Declaration of Independence by Non-Executive Directors.	Compliant	The Board comprises of two independent Non-Executive Directors. Non-Executive Directors have submitted a declaration of Independence.

Corporate Governance

CSE Rule No.	Subject	Requirement	Compliance	Details
7.10.3 (a)	Disclosure relating to Directors	The names of all Independent Directors shall be disclosed in the Annual Report.	Compliant	Please refer Directors Profiles section in this Annual Report on page 32 for Directors' disclosures.
7.10.3 (b)	Disclosure relating to Directors	In the event a Director does not qualify as "independent" as per the rules of Corporate Governance but if the Board is of the opinion that the Director is nevertheless independent, it shall specify the basis of the determination in the Annual Report.	Compliant	Both Independent Directors have been serving the Board for a period exceeding 9 years, disqualifying them as Independent Directors. However, the Board has reviewed their independence status against other criteria set out in the rule and have determined that they are continued to be independent. Accordingly, the Independent Directors have been re-appointed to the Board. Please refer Chairman's Statement on Corporate Governance on page 178.
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director which includes information on the nature of his/her expertise in relevant functional areas is to be published in the Annual Report.	Compliant	Directors Profiles are disclosed on page 32 of this Annual Report.
7.10.3 (d)	Disclosure relating to Directors	Upon appointment of a new Director to its Board, the Company shall forthwith provide to the CSE a brief resume of such Director.	Compliant	Information on Directors have been shared with the CSE as per the requirement.
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Compliant	Refer Remuneration Committee Report of this Annual Report.
7.10.5 (a)	Remuneration Committee – Members	The Remuneration Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors, whichever is higher.	Compliant	The Remuneration Committee comprises two Independent Non-Executive Directors.
7.10.5 (b)	Remuneration Committee Functions	The Remuneration Committee shall recommend to the Board remuneration payable to the Executive Directors and to the CEO.	Compliant	Refer Remuneration Committee Report of this Annual Report.
7.10.5 (c)	Disclosure in the Annual Report	The Annual Report should set out: - Names of the Directors of the Remuneration Committee - The statement of Remuneration Policy - Aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	All related information has been disclosed under the Remuneration Committee Report of this Annual Report on page 91 Remuneration paid to Executive and Non-Executive Directors are mentioned under the Annual Report of Board of Directors on the Affairs of the Company on page 83.
7.10.6	Audit Committee	A listed company shall have an Audit Committee.	Compliant	Refer Audit Committee Report on page 92 of this Annual Report.

Corporate Governance

CSE Rule No.	Subject	Requirement	Compliance	Details
7.10.6 (a)	Composition of the Audit Committee	- The Audit Committee shall comprise a minimum of two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors, whichever is higher. - One of the Non-Executive Directors shall be appointed as the Chairman of the Committee by the Board of Directors - The CEO and CFO shall attend the Audit Committee meetings. - The Chairman or one member of the Audit Committee shall be a member of a recognised professional accounting body.	Compliant	- The Audit Committee comprises of two Independent Non-Executive Directors. - Mr Sanjay Kulatunga (Independent Non-Executive Director) acts as the Chairman of the Committee. - The Group CEO and Director – Group Finance attend meetings by invitation. - The Chairman is an Associate member of the Chartered Institute of Management Accountants and is a Charter holder from CFA.
7.10.6 (b)	Functions of the Audit Committee	The Audit Committee shall oversee the following functions. - Preparation, presentation, and disclosure of the Financial Statements and ensure they are in line with the Sri Lanka Accounting Standards - Compliance with financial reporting, Companies Act and other financial reporting regulations and requirements - Processes to ensure that internal controls and risk management are adequate to meet the requirements of Sri Lanka Accounting Standards - Assessment of the independence and performance of External Auditors - Appointment, re-appointment, and removal of External Auditors and approve the terms of remuneration and terms of engagement.	Compliant	Refer the Audit Committee report on this Annual Report on page 92.
7.10.6 (c)	Disclosure in the Annual Report	The Annual Report shall disclose: - Names of the Directors of the Audit Committee - The determination of the independence of the Auditors and the basis for such determination - A report by the Audit Committee setting out the manner of compliance with the Listing Rule 7.10 on Corporate Governance	Compliant	Refer the Audit Committee Report on this Annual Report on page 92.

Corporate Governance

CSE Rule No.	Subject	Requirement	Compliance	Details
9.3.2 (a)	Related Party Transactions – Disclosures in the Annual Report	In the case of non-recurrent related party transactions, if aggregate value of the non-recurrent related party transactions exceeds 10% of the Equity or 5% of the total assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements information listed out in the rule must be presented in the Annual Report.	Compliant	There were no non-recurring transactions during the year under review.
9.3.2 (b)	Related Party Transactions – Disclosures in the Annual Report	In the case of recurrent related party transactions, if the aggregate value of the recurrent related party transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent related party transactions entered into during the financial year in its Annual Report. The name of the related party and the corresponding aggregate value of the related party transactions entered into with the same related party must be presented.	Compliant	Information pertaining to recurrent related party transactions during the financial year 2022/23 have been disclosed under Note 15.6 – Recurrent Related Party Transactions on page 149.
9.3.2 (c)	Annual Report disclosure	Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: (a) Names of the Directors comprising the Committee (b) A statement to the effect that the Committee has reviewed the related party transactions during the financial year and has communicated the comments/observations to the Board of Directors. (c) The policies and procedures adopted by the Committee for reviewing the related party transactions. (d) The number of times the Committee has met during the financial year	Compliant	Please refer page 89 for the Report on Related Party Transactions Review Committee.
9.3.2 (d)	Declaration by the Board of Directors	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to related party transactions or a negative statement in the event the entity has not entered into any related party transaction/s.	Compliant	Please refer page 83 The affirmative statement is given in the Report on Board of Directors on the Affairs of the Company.

Risk Management

INTRODUCTION

As a global entity operating in diverse markets, Expolanka Holdings is exposed to a variety of risks that could impact the business. These risks include, but are not limited to, economic, political, operational, financial, and legal risks. However, it is the belief of the Company management that with the right systems, processes, and people in place, it is possible to mitigate these risks and achieve the strategic objectives of the organisation. Entrepreneurial activity is characterised by both risks and opportunities, and every business decision is influenced by these factors. Expolanka, in its pursuit of sustainable success and competitiveness, proactively embraces risk and consistently seeks out and cultivates opportunities.

Once again, the past year was significantly influenced by various external factors that presented Expolanka with both challenges and opportunities. Volatility of the global market conditions, tempered consumer demand resulting from potential inflationary impacts and the global energy crisis continued to influence global trade and consumer demand worldwide. Our belief is that adopting a systematic approach to risk management allows us to effectively anticipate, mitigate, and manage risks while also capitalising on opportunities that emerge despite the unpredictable nature of the business environment.

Despite the persistent challenges faced by the business in 2022/23, Expolanka was able to deliver steady financial results by relying on its market expertise and robust risk management strategies to effectively anticipate and mitigate

potential risks, navigate market dynamics, and meet the ever-evolving expectations of our customers. This year, Expolanka significantly leveraged on its effective early risk warning mechanisms to identify potential risks and convert them into opportunities. The customer centric approach and effective procurement tactics whilst facilitating business success through streamlined operational performance has ensured continued success in the year under review for the organisation.

Expolanka continued to adjust to the challenging market conditions with a sharp focus on achieving the strategic objectives through the numerous strategic initiatives rolled out throughout the year in review. The emphasis on technology, process and the people ensured that performance is not compromised whilst navigating the way through the storm. The bottom-up approach of risk governance and management ensured agility and efficiency in our risk management approach.

Expolanka's risk management process is efficient, flexible, and continuously evolving. We regularly assess and analyse risks to ensure the management team is well-informed and can make informed decisions. By addressing a wide range of risks, the mitigation strategies enable the Company to develop cohesive policies with greater clarity and focus.

Accepting and tolerating risks is an important aspect of managing a business, as it allows the organisation to pursue opportunities that might otherwise be overlooked or avoided due to perceived risks. By acknowledging and accommodating certain risks, Expolanka has gained a

competitive advantage which has resulted in higher returns. Furthermore, tolerating certain risks has helped the business to adapt to changes and challenges in the market. In an ever-changing business landscape, it is important to be flexible and responsive to shifts in consumer preferences, technological advancements, and economic conditions. By accepting and tolerating risks, we have become more agile and resilient in the face of uncertainty. Our risk management approach has struck a balance between risk taking and risk management which has supported the organisation to achieve the desired outcomes whilst minimising potential downsides.

The primary components of our Risk Management Framework include:

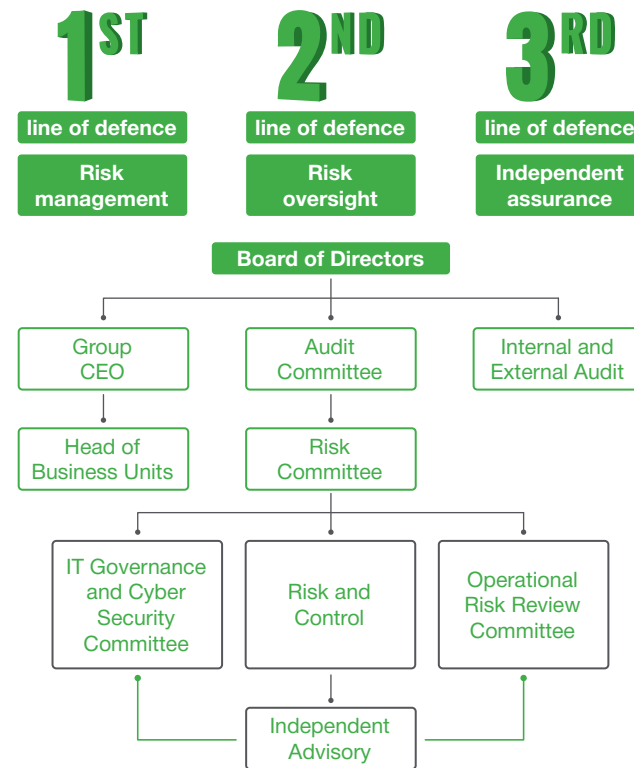


Risk Management

RISK GOVERNANCE STRUCTURE

Expolanka has implemented a risk governance framework that is proportionate to the size and complexity of the organisation, as well as its risk profile. This framework places emphasis on oversight responsibilities for risk management and ensures that accountability for managing risk is integrated into our management structures.

To accommodate varying levels of risk among its legal entities, Expolanka adopts a differentiated governance approach. Companies with high-risk profiles are subject to enhanced governance measures to better manage their risks.



Expolanka is deeply dedicated to preserving and enhancing a workplace culture that encourages employees to adhere to the highest standards of conduct, while also striving to continuously improve risk awareness and integrate it into the Company's culture.

The Group's Code of Conduct outlines the values that employees are expected to exhibit, and serves as the foundation for all behaviors and actions. Management actively promotes the Code of Conduct throughout the organisation, and all staff are required to abide by the Code's values and principles.

RISK MANAGEMENT FRAMEWORK

Expolanka's risk management framework encompasses a range of elements, including systems, structures, policies, processes, and people, all of which are designed to identify, monitor, report on, and control or mitigate both internal and external sources of material risks.

The Company has adopted a three-lines-of-defence model, which emphasises the segregation between Business (first line), Oversight functions (second line), and the independent audit function (third line). This model is intended to:

- Assign ownership and responsibility for managing risks to Business Units as the first line of defence, including maintaining effective internal controls.
- Establish the Audit Committee and Risk Committee act as the second line of defence, providing independent and objective review, oversight, monitoring, and reporting on the Group's material risks.
- Provide independent and objective risk-based assurance through independent audits as the third line of defence, assessing the compliance with and effectiveness of Expolanka's risk management systems and processes.

Risk Management

The adoption of the three lines of defence model distributes responsibilities throughout the organisation, ensuring that each group understands the scope of their responsibilities and how their role contributes to the Company's internal

control and risk management system. This approach is intended to establish a robust, cohesive, and group-wide risk culture founded on principles of ownership and accountability.

Role	Responsibility	Line of defence	Scope
Risk Management	Group CEO, Business Unit Heads & Individuals	1st Line of Defence	At Expolanka, the primary responsibility for risk management rests with the business level, and it is the duty of all business managers to ensure that they effectively manage risks. As the first line of defence, heads of individual divisions and departments take charge of managing the risks that their business units or functions encounter. They serve as the risk owners, responsible for identifying and assessing potential risks that may hinder the attainment of their business objectives. They then mitigate and monitor these risks by designing and implementing control procedures as part of their everyday operations, adhering to specific risk instructions and other guidelines issued by the Group.
Risk Oversight	Board Oversight – Audit Committee	2nd Line of Defence	The Audit Committee, acting on behalf of the Board, is responsible for overseeing, supervising, and advising the Board regarding the effectiveness of the internal risk management and control systems. The Committee also monitors the management's risk mitigation efforts in managing the significant risks of the Group.
	Risk Committee		The Risk Committee supports the Audit Committee in fulfilling its Corporate Governance obligations concerning risk management and internal controls. It evaluates the Group's overall risk profiles by examining the critical risks. The Risk Committee convenes at least four times annually and provides regular updates to the Audit Committee regarding its operations.

Role	Responsibility	Line of defence	Scope
Independent Assurance	Internal Audit/ External Audit	3rd Line of Defence	The third line of defence is comprised of independent audit processes and procedures carried out by both Internal and External Audit teams. Internal Audit determines its engagement plans by consulting with the Risk Committee and Senior Management to identify the relevant risks faced by the Group. As the third line of defence, Internal Audit adopts a risk-based approach to conduct internal audits, providing independent assurance to the Board and Senior Management on the adequacy and operational effectiveness of internal control, risk management, and governance systems and processes. Internal Audit evaluates whether risks have been properly identified, appropriate internal controls are in place to manage those risks, and whether those controls are functioning effectively. Identified issues are then followed up to validate remediation. The risk assessment findings are also incorporated into the internal audit plan to ensure systematic coverage of all significant risks and corresponding key controls.

The Risk Management Framework operates in parallel with the corporate governance structure of the Group and is closely tied to other functions such as Internal Audit, Compliance, Health, Safety, Environment, and Security (HSES). It is also seamlessly integrated across all businesses to identify risks and opportunities.

Risk Management

RISK MANAGEMENT PROCESS

Risk management is an integral part of all business processes, including strategy development, business planning, capital allocation, investment decisions, internal control, and day-to-day operations. We have defined internal processes to ensure that risk management is seamlessly integrated into our operations. While our diverse business sectors operate with high levels of autonomy, our Group governance structures play a vital role in harmonising policies, sharing best practices, guiding strategic direction, managing risks, and optimising resource allocation across the Group.

Expolanka considers strengthening its risk management processes a core priority. This is essential to maintain our medium-low risk profile in the face of constantly changing economic, social, and regulatory environments. To fulfill this commitment, the Group is actively working on improving our existing practices and adopting a cohesive risk management approach, as outlined below.



To ensure effective management of significant risks, we rely on both internal and external data and make proactive interventions as needed. We establish cross-functional working groups and seek advice from experts when necessary. Senior Management regularly monitors the main strategic risks identified by the Group, including any mitigating actions. If necessary, these risks are escalated to the Executive and Board for consideration.

The Risk Committee plays a crucial role in assisting the Audit Committee in fulfilling its Corporate Governance responsibilities related to risk management and internal controls. Its primary responsibility is to monitor the Group's risk profile. The Risk Committee meets at least four times per year and provides quarterly updates to the Audit Committee on its activities. Additionally, as an integral part of the operational ecosystem, the Risk Committee engages with Senior Management, Functional Heads, and other stakeholders to ensure that operational and functional risk aspects are discussed and appropriately escalated for direction.

The Operational Risk Committee and the IT Governance and Cyber Security Committee, which are subcommittees of the Risk Committee, are responsible for conducting in-depth reviews of critical areas of risk. The Risk Committee reviews the key matters discussed in the subcommittees and provides direction as appropriate.

Compliance with all applicable laws and regulations is of utmost importance to the Group. To ensure compliance, we have implemented a Compliance Management System (CMS) that periodically reports and monitors the statutory and regulatory compliance status across the Group.

The Risk Committee oversees the status of compliance and the effectiveness of the CMS.

We have established a clearly defined and documented authority matrix that governs the business across the Group. This matrix is periodically reviewed and updated to reflect changing risks and operational requirements, ensuring continuous improvement. The authority matrix establishes a robust framework of authority and accountability within the Group, including segregation of duties that facilitates effective and quality decision-making at the appropriate levels within the Group's hierarchy.

INSURANCE AS A RISK MANAGEMENT TOOL

Expolanka uses insurance as a tool for risk management. We have customised insurance policies that transfer the risks associated with our operations, including cargo and liability, property, and people. We continuously assess insurable risks and take steps to reduce them as part of our loss-prevention strategy. Our insurance policies help minimise the potential for business interruption and ensure that we can deliver to our customers.

BUSINESS CONTINUITY AND CRISIS MANAGEMENT

We have a global risk management process that includes procedures for business continuity and crisis management. These procedures establish the necessary requirements for local management teams to ensure they can respond effectively to disruptive events and continue their business operations at an acceptable level. Our continuous efforts to improve these procedures enable a quick return to normal activities and minimise any significant damage to the business.

Risk Management

The Risk Committee and Audit Committee regularly review significant risks and provide additional perspectives on existing and emerging risks. We maintain an ongoing dialogue between the Board, Audit Committee, and management to ensure the Group's effectiveness in managing risks.

RISK FACTORS

The key risks that could significantly jeopardise the Group's business model, future performance, solvency, liquidity, and reputation are referred to as principal risks. These risks have been identified through a comprehensive risk assessment process, and the table below presents an overview of the perceived principal risks, the controls in place to manage and reduce residual risk levels, and any changes in the profile of each risk during the year. It is important to note that the list of principal risks is not exhaustive and not prioritised in any specific order. Identifying these risks helps the Group's management to focus on the critical risks that may impede the achievement of its goals and objectives.

The Group considers and reviews these risks at various stages of its business process, and appropriate risk responses and strategies are implemented to reduce them to an acceptable level. However, the effectiveness of these mitigation strategies can change over time, and some risks may remain beyond the direct control of management.

Based on the current assessments, no new risks with a potentially critical impact on the Group's performance have been identified. Although there has been no significant change in the principal risks over the last year, the Group operates in a dynamic environment, where risks continue to evolve, and it continues to develop measures to mitigate them.

Risk factors	Risk exposure	Key controls and mitigating actions	Risk grading 2020/21	Risk grading 2021/22	Risk grading 2022/23
Business Partner Risk	Loss of principals/business partners, customers, suppliers, JV partners due to global mergers and acquisitions, intense competition, service level gaps	- Transitioning the businesses of the Group to a more solution-based value driven, partner centric business portfolio. - Developing and delivering strong service KPI's and Service Level Agreements. - Utilising technology and digital tools to enable and facilitate the business operations of the various sectors. - High level of integration, visibility and awareness between the Company & partners. - Working with customers as a partner to fulfill and meet respective compliance and service standards. - Adopting a flexible and agile operating model with the customer at the forefront of the business execution plan. - Optimising branch and network strength to offer a wholesome service. - Enhancing capability, competencies, and service portfolios to offer a wider more comprehensive solution. - Continue to invest in people, technology and processes to establish an experiential engagement to all parties.	Medium	Medium	Medium

Risk Management

Risk factors	Risk exposure	Key controls and mitigating actions	Risk grading 2020/21	Risk grading 2021/22	Risk grading 2022/23
Product and Market Dependency Risk	Loss of market share or market leadership in relevant segment due to intense competition from existing and potential competitors, changes in customer attitudes due to adverse economic and social conditions.	• Synergistic acquisitions to broaden the product and market range. • Enhanced overall supply chain management to provide a comprehensive value added solutions to the customer. • Customer broad basing and providing additional services to increase the wallet share. • Strengthening of core product market verticals. • Broadening the reach through branch operations. • Product diversification through active venturing into other verticals apart from our specialised area of apparels. • Increasing footprint in the other regions thus reducing concentration risk.	Medium	Medium	Medium
Credit risk	Probable income loss arising due to the probability of default by the Company's debtors.	• Credit evaluation and approvals. • Company-wise credit policies. • Improved invoicing efficiency and increased focus and follow up on debtor outstanding through dedicated corporate team focusing on debt collection. • Credit default recoveries through centralised legal department. • Monitoring of market on customer's and agent's credit profiles. • Deeper credit monitoring for certain business segments and extensive reporting. • Online screening for bad/sanctioned customers. • Review of quarterly published financials of listed entities to understand risk profile. • Monitoring of change in S&P and Moody's credit rating of key customers.	Medium	Medium	Medium
Investment and Resource Management Risk	The future profitability of the Group is affected by the degree of realisation of expected earnings on investments	• Investment appraisal based on strategic, commercial, and financial viabilities by the Investment Committee. • Investment focused on key growth verticals focusing on strategic fit, returns and ROE's. • Third -party expertise in undertaking investment transactions. • Careful and considerate due diligence process with an in-depth study on Financial, Commercial and Legal prior to decision making. • Strong governance structure for project approvals. • Continuous review from project implementation to maturity. • Post-merger integration to maximise synergies.	Medium	Medium	Medium

Risk Management

Risk factors	Risk exposure	Key controls and mitigating actions	Risk grading 2020/21	Risk grading 2021/22	Risk grading 2022/23
Legal and Compliance Risk	Non-compliance pertaining to statutory and regulatory provisions could bring adverse effect on our businesses.	• Monthly report and review of statutory compliance. • Legal policies and procedures. • Screening process to avoid dealing with sanctioned customers/countries. • Improvements to tighten data protection of stakeholders. • Improved governance structure pertaining to legal and compliance. • Periodic self-evaluation and legal audit on compliance. • Process automation on risk and compliance related reporting.	Medium	Medium	Medium
Human Capital Risk	Risk arising as a result of failure to attract, develop and retain a skilled workforce.	• Improved performance evaluation and measurement process. • Increased HR engagement to drive the culture across the Group. • Working towards building a strong succession plan through the leadership development programme called "EFL Leap". • Enhanced sources of recruitment.	Low	Low	Low
System and Technology Risk	Potential for system failures, Inaccuracy or delays in decision making due to inaccurate or non-availability of timely information from key computer systems and cyber attacks	• Periodic Independent ITGC Audit. • Improved security over IT systems and processing information to increase confidentiality and integrity of data. • Implementation of Disaster Recovery with latest technologies to support business continuity. • Improvement of existing IT security infrastructure and implementation of new firewall system to support branch network. • Continuous user awareness sessions and trainings on existing and latest best suited technologies and adaptation of available IT best practice. • Specialised systems to cater to respective business requirements. • Cyber Security Steering Committee (CCSC) to provide oversight over management and mitigation of security risk. • Continuous monitoring for end devices for cyber security incidents and periodic system penetration test to identify system vulnerabilities. • Periodic cyber risk assessment to determine the current maturity of controls.	Medium	High	High

Risk Management

Risk factors	Risk exposure	Key controls and mitigating actions	Risk grading 2020/21	Risk grading 2021/22	Risk grading 2022/23
Financial Risk	Potential losses as a result of high volatility in foreign currency exchange rates against the Sri Lankan Rupee and risk of business having insufficient funds to meet its financial commitments in a timely manner	• Group Treasury Policy. • Natural hedging through receivables and payables matching. • Leading and lagging in the conversion of foreign currency based on exchange rate movement projections. • Entering into SWAP and forward contracts to mitigate the FOREX risk. • Incorporating the projected downswing in exchange rates to the pricing of goods and services. • Securing debt funding diversity and maintaining an appropriate mix of committed credit facilities. • Reviewing liquidity, maintaining investment grade credit ratings and preserving a healthy capital structure. • Taking pre-emptive action for early completion of major financings with preferential terms.	Medium	Medium	Medium
Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events	• Group policies and procedures. • Periodic audit performed by Internal Auditors to ensure compliance and the effectiveness of operational controls. • Strengthening of business continuity plans to ensure smooth operations. • Systemising and monitoring of operational KPI's to bring service enhancement through technology. • Improved internal efficiencies by strengthening roles and responsibilities. • Robust documentation process supported through technology. • Implementation of HSE to build and promote a sound safety culture across the Group strengthening security surveillance at high-risk facilities. • Maintaining emergency response, crisis management, disaster recovery and business continuity plans with periodic drills to enable effective recovery from a major disruption. • Experienced customer service teams enable a responsive and agile operation.	Medium	Medium	Medium

Risk Management

Risk factors	Risk exposure	Key controls and mitigating actions	Risk grading 2020/21	Risk grading 2021/22	Risk grading 2022/23
Country, Geo Political and Economic Downturn Risk	Risk of operating in new markets, political risks	- Continuous and proactive evaluation of factors which effect the macroeconomic environment of the business - Monitoring of country specific legal & regulatory requirements - Enhanced organisational structure to minimise risk exposure - Diversification and strengthening of origin markets thus reducing the dependency on any single origin - Market entry strategy with captive business and local know how through engagement with teams and structures which are familiar	Medium	Medium	Medium
Reputational Risk	Reputational risk results from damage to the Group's image among stakeholders, which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.	- Channeling of all media communications through Group's Corporate Communication department - Customer feedback system implemented to gauge customer satisfaction as a part of continuous development - Brand monitoring and approval process to mitigate potential brand threats - Communication of Code of Ethics to all recruits - Strict adherence to statutory and regulatory compliance - Rollout of a revised media policy and an update to the EFL brand manual to ensure consistency in communication - Align PR strategy of the organisation with the business strategy - Proactive customer service engagement	Medium	Medium	Medium

Risk Management

EMERGING RISKS

As part of the risk assessment process, emerging risks are considered and identified through horizon scanning, regular communication with the business, and staying up to date with market and industry developments. The Group's management and key stakeholders assess and monitor these emerging risks as part of their ongoing risk management process to determine their potential impact on the business and take necessary measures. While these risks are not considered significant at present and are therefore not listed as one of the Group's principal risks, they are closely monitored in case they develop into more significant risks in the future.

- Geopolitical unrest impacts supply chain logistics in the form of economic sanctions and export controls and will remain as a key driver in supply chain decisions.
- Energy Crisis is one of the top global risks and surge in energy prices has had a massive impact on companies across multiple sectors.
- The pace of global shipping activity lost steam during the year in review as economic turmoil and regional conflict resulted in slowdown of global trade roiled by soaring inflation.
- With the global inflation rates rising, consumer spending has slowed down which remains a concern for global economy.
- The increasing interest rates, rising instability in the banking sector and tightened access to credit has significant implications for supply chains.
- The demand side outlook continues to weaken on war risk, skyrocketing energy costs, political instability, and general inflation, all of which could impact consumer spending and thus trade volumes.

OPPORTUNITIES

There was a deceleration in global markets during the year due to ongoing disruptions. The surge in demand caused by the pandemic has subsided, and as a result, there has been a gradual easing of capacity pressures during the year, leading to lower freight rates.

Our Risk Management Approach is aligned with the overall business strategy. The group remained resilient during this year given the challenging economic backdrop. Focus was on the fundamentals to ensure that the performance of the group remains consistent in the long term, deliver sustainable earnings and creating value to stakeholders.

Despite the challenges, Expolanka continued to concentrate on expanding customer reach, building partner networks, and improving competencies by remaining consistent and accurate in its long-term multi-pronged strategy of growing volumes, building capacity and enabling operational efficiencies.

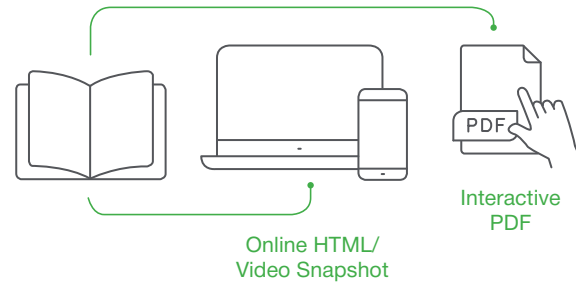
CONCLUSION

Effectively managing both current and potential risks is essential for our business to thrive in the long run and to attain our strategic goals. Despite facing challenges, the Group managed to enhance its business and maintain steady results by utilising its scalable business model, optimising procurement strategies, and capitalising on the business opportunities arising from the pandemic-induced disruptions in global supply chains. The Group's ongoing expansion into new geographies, products, and customer segments has decreased its exposure to concentration risk and positioned it to weather global economic downturns more effectively. With its attractive end markets and efficiency initiatives, the Group is highly optimistic about its future growth prospects.

GRI: 2-3, 2-4

About The Report

This report is accessible through the following mediums:



Expolanka Holdings PLC (Expolanka) presents its Annual Report for the financial year – 1 April 2022 to 31 March 2023. The Annual Report follows the Group's standard 12-month (financial year) reporting cycle and includes consideration for material events up until the Board approval date of 30 June 2023.

The Our Group section from pages 19 to 49 presents an integrated strategic perspective of Expolanka's position and performance during the year.

The business line reviews from pages 50 to 81 explore the operational performance and prospects of the Group's three business sectors: Logistics, Leisure, and Investment.

Pages 178 to 201 make up the Corporate Governance report: including reports of Board Committees and the Annual Report of the Board of Directors. The Risk Management report is presented on page 202.

The Board of Directors of Expolanka Holdings PLC acknowledges a responsibility to ensure the integrity of this annual report. The Board assures that the report addresses all material matters significant for the Group's ability to create value in the long-term, and presents a balanced account of the Group's consolidated performance.

This report was approved by the board of directors on 30 June 2023.

GRI: 2-2

REPORTING BOUNDARY

This annual report covers the global operations of Expolanka Holdings PLC (the Group) and its subsidiaries. The report presents the consolidated performance and results for the Group, unless otherwise stated. The report does not cover entities not operationally controlled by the Group.

There are no material changes to the scope of the report nor restatements of information provided in the annual report of the previous year. There were no significant changes in the Group's size, structure, or ownership.

GUIDELINES AND FRAMEWORKS CONSIDERED

This Annual Report follows local regulatory standards and global best practices for corporate disclosure, aligned with the following reporting guidelines and frameworks:

SUSTAINABILITY

- International Integrated Reporting <IR> framework 2021, IFRS Foundation.
- Integrated Thinking principles, IFRS Foundation.
- GRI Sustainability Reporting Standards – GRI Standards 2022
- UN Global Compact (UNGC) Principles
- Science Based Targets initiative (SBTi)

FINANCIAL/OPERATIONAL

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

CORPORATE GOVERNANCE

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

About The Report

RELIABILITY AND COMPLETENESS

The report attempts to present a balanced account of the Group's performance during the reporting period, with regard to its ability to create value for stakeholders. For completeness, the report considers the needs of our stakeholders and the principle of 'materiality' when discussing financial and non-financial performance.

We take all efforts to continually improve our reporting and corporate disclosure processes through robust internal controls, continual engagement with stakeholders, and independent external assurance.

The report's consolidated financial statements and notes, and sustainability reporting disclosures in line with the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, are assured by our external auditors – Ernst & Young.

FORWARD-LOOKING STATEMENTS

The Annual Report contains forward-looking statements and information, where pertinent to the Group's direct operations or the context in which the Group operates. By nature, such future-oriented information is uncertain and liable to change, thereby potentially affecting the Group's plans, prospects, forecasts, and future outlook.

Shareholders and other stakeholders are advised to be cautious when placing emphasis on such statements as the reality may materially differ from projected and anticipated information. The Group does not undertake to publicly update these forward-looking statements to reflect changes after the date of this report, except, in compliance with the applicable rules and regulations set by relevant statutory and regulatory bodies.

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

MUSHTAQ AHAMED

Director – Group Finance
Expolanka Holdings PLC
15A, Clifford Avenue,

Colombo 3

investor@expolanka.com

CARBON NEUTRAL CERTIFICATE
Climate Smart Initiatives (Pvt) Ltd assures that
Expolanka Holdings PLC's
Annual Report for the financial year **2022/23**
is a carbon neutral product having offset Annual Report's carbon footprint of 0.8 tCO₂e by purchasing United Nations Certified Emission Reductions (CERs) from the project activity 1994 registered under UN Clean Development Mechanism.

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

Certificate No : ClimateSI/CNP019
Date of Certification : 28/06/2023
Period of Assessment : 01/04/2022 to 31/03/2023
Period of Validity : 01/04/2023 to 31/03/2024
Scope of Certification : Cradle to Gate

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

VOLUNTARY CANCELLATION CERTIFICATE

Presented to
Expolanka Holdings PLC
Project
Yamun Lincang Zhenai Hydropower Project
Reason for cancellation
To achieve the carbon neutrality of Expolanka Holdings PLC's annual report for the year 2022/23, assessed by Climate Smart Initiatives (Pvt) Ltd.

Number of units cancelled **1 CERs**
(Equivalent to 1 tannet(s) of CO₂)

Unit serial number: CNE-0-04050176-01-0-0000
Unit serial number: CNE-0-04050176-01-0-0000

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

Stakeholder Engagement and Materiality

OUR STAKEHOLDERS



Shareholders/Investors

A diverse range of institutional and retail investors.



Employees

A multicultural workforce spanning 39 countries across 4 continents.



Customers

International and domestic customers from a variety of industries



Suppliers

Diverse mix of local and international suppliers



Regulators

Statutory and regulatory bodies from the Group's areas of operation



Local communities

Diverse communities living in areas we operate across the globe



Environment

Wider environment impacted by the global supply chain in which the Group operates



Media

Public and private electronic and print media institutions and social media



Financial institutions

Banks and finance companies that provide financial services

GRI: 2-29

STAKEHOLDER ENGAGEMENT

As a leading global logistics player, Expolanka caters to a wide and diverse group of stakeholders. We are committed to establishing and developing strong stakeholder relationships based on continuous engagement, transparency, and accountability.

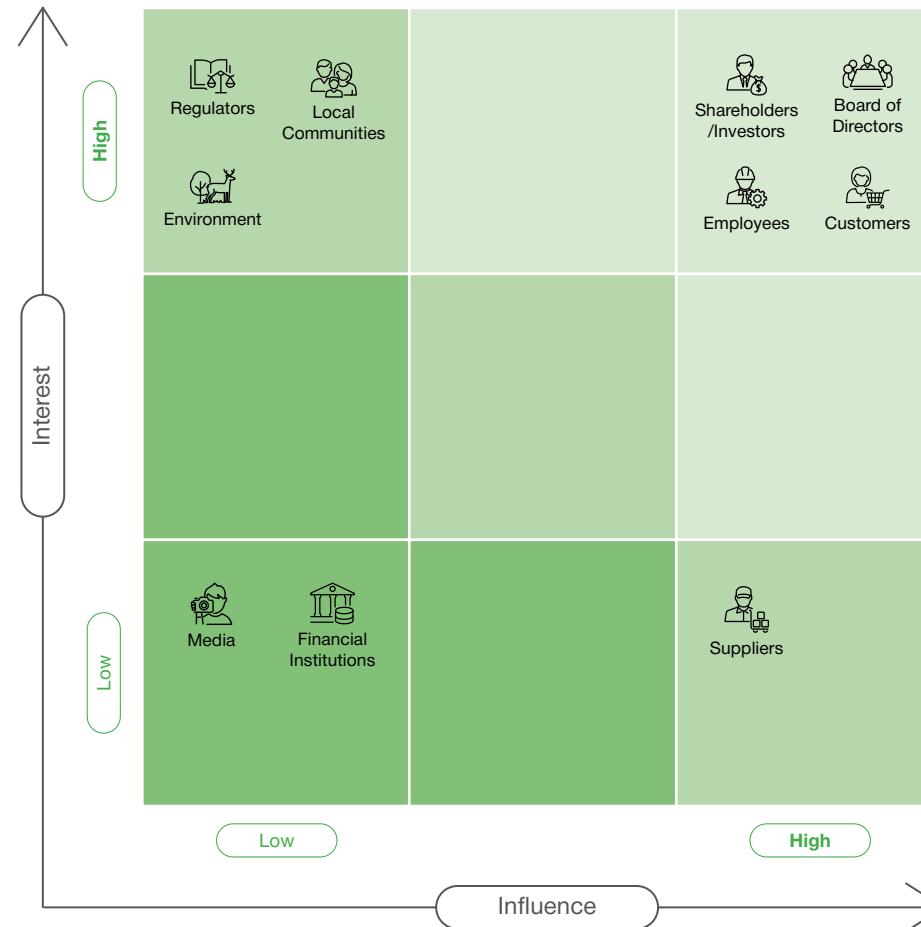
The Group implements a well-defined strategy for stakeholder engagement, which ensures consistent communication and regular feedback. This approach serves as the foundation for decision-making throughout our various businesses, enabling us to generate shared value and meet the expectations of our diverse stakeholders. The Group's stakeholder mapping and engagement process is described in brief below:

Stakeholder Engagement and Materiality

STAKEHOLDER ENGAGEMENT PROCESS



STAKEHOLDER INFLUENCE MATRIX



Stakeholder Engagement and Materiality

ENGAGEMENT CHANNELS AND STRATEGY

Stakeholder/Strategy	Key Topic/Concern/Issue	Method/Frequency Of Engagement	Our Response
 Shareholders/Investors Engagement Strategy: Closely engage and manage Objectives: Build investor confidence and maintain a balance between financial, environmental, social, and governance performance to ensure long-term sustainability.	• Profitability, returns on investment and wealth creation • Risk management • Responsible governance • Environmental and social considerations • Timely corporate disclosures • Better interaction	• Annual general meeting • Extraordinary general meeting – as required • Interim financial statements – quarterly • Corporate disclosures – as required • Annual report • Interaction with the investor relations team – as required • Investor relations forums – as required • Group website – ongoing • Press releases – as required	• Implement a perceptive strategy and closely monitor performance indicators • Follow best management practices • Comply with regulatory requirements on governance • Maintain an updated and interactive website • Engage in CSR initiatives • Organise investor forums periodically and respond to investor queries on performance
 Customers Engagement Strategy: Closely engage and manage Objectives: Partner and support customers in their business endeavours whilst ensuring customer service excellence.	• Product accessibility • Comprehensive business solutions • Fair pricing • Quality and prompt service • Responsive interaction	• Interactions with the customer relations team – ongoing • Communication materials – as required • Customer visits and review – periodically • Social media – ongoing • Customer surveys – periodically • Group website – ongoing • Social events – periodically	• Customer-specific service adaptations and business solutions • Wide distribution network with overseas offices in 70+ countries • Affiliations with joint ventures and strategic partnerships locally and internationally • Adopting best practices in doing business • Training on customer service
 GRI: 401-2 Employees Engagement Strategy: Closely engage and manage Objectives: Nurture an empowered workplace culture, focusing on developing skills, performance evaluations, employee wellbeing and work ethics aligned to Group values.	• Equal opportunity • Skills training • Quality of work-life • Fair remuneration and benefits • Career planning and advancement • Occupational health and safety • Performance management • Group exposure and networking • Employee creativity and innovation	• Open door policy for communication – daily • Team meetings – as required • Cross functional committees – as required • Video conferencing – as required • Performance reviews – bi-annual • Training initiatives – periodically • Grievance handling procedure – as required • Employee suggestion scheme – as required • Employee surveys – periodically	• Uphold best and current HR practices • Industry competitive remuneration and benefits • Comprehensive health and safety programme • Strategic training initiatives for all staff grades • Rewards and recognition based on performance merits • Group-wide networking events • Group-wide committees with job rotations • Programmes for employee suggestions and involvement in terms of systems and processes • innovation

Stakeholder Engagement and Materiality

Stakeholder/Strategy	Key Topic/Concern/Issue	Method/Frequency Of Engagement	Our Response
 Suppliers Engagement Strategy: Meet their needs Objectives: Build loyal and mutually beneficial relationships with like-minded suppliers; upholding sustainable procurement practices in line with our work ethics.	• Supplier contracts • Prompt payments and business opportunities • Ethical business practices • Handling appeals and other grievances • Supporting micro suppliers	• Registration of suppliers – annually • Supplier correspondence and meetings – as required • Supplier surveys – periodic • Supplier feedback evaluations – as required • Site visits to evaluate supplier operations – annually/as required • Supplier training – periodically • Procurement committees – Monthly • Committees to address supplier appeals and grievances – as required	• Maintain a regular dialogue with suppliers • Follow procurement best practices • Draw up supplier contracts with fair terms and conditions • Monitor and evaluate suppliers on their business practices including compliance with laws and regulations • Appointment of committees to address supplier issues • Review supplier registration criteria periodically • Extend fair referrals
 Regulators Engagement Strategy: Comply and keep informed Objectives: Ensure full and timely compliance with regulatory directives at all operational locations, thereby eliminating risk of noncompliance penalties, loss of licenses and negative reputational impacts.	• Responsible corporate management and governance • Risk management and internal controls • Compliance with statutory and regulatory requirements	• Meetings with legal team – as required • Correspondence - as required • Corporate disclosures – as required • Annual report • Press Releases – as required • Directives and circulars – periodically	• Group legal team ensures compliance with statutory and regulatory requirements • Uphold sustainable operations and disciplined financial management • Timely disclosures of corporate information and responsible reporting
 Local Communities Engagement Strategy: Show consideration Objectives: Align operations with SDGs and the UN Global Compact to support and build loyalty and trust with local communities in areas we operate.	• Community recruitment opportunities • Community business opportunities • Community development and support for natural disasters and emergencies • Philanthropy	• Group sustainability team community-based projects and campaigns – as required • Employee volunteerism – as required • Dialogue with community leaders, government and nongovernmental organisations – periodically • Social media – ongoing • Corporate website – ongoing	• Implementing well-planned community development projects and campaigns • Recruiting youth from local communities • Extending business opportunities to micro, small, and medium enterprises

Stakeholder Engagement and Materiality

Stakeholder/Strategy	Key Topic/Concern/Issue	Method/Frequency Of Engagement	Our Response
 Environment Engagement Strategy: Show consideration Objectives: Align operations with SDGs and UN Global Compact, and take proactive measures to minimise the Group's environmental footprint.	• Group's carbon footprint • Environmental conservation • Alternative energy • Resource utilisation efficiency • Progress on SDGs • Environmental best practices • Compliance with environmental laws and regulations	• Group sustainability team – as required • Employee volunteerism – as required • Staff training and awareness programmes – periodically • Meetings, consultancy and collaborations with government and non-government bodies – periodically • Report on progress against SDGs – annually • Environmental audits – periodically	• Integrate environmental-friendly practices into daily operations; including 3R and 5R implementation • Track, monitor and calculate green-house-gas emissions • Shift to alternative energy sources • Organise environmental awareness programmes across the Group • Implement dedicated environmental campaigns • Comply with environmental laws, regulations and directives in all operational locations • Comply with international environmental certifications

MATERIALITY

This report considers the concept of materiality: wherein the Group follows a process for determination of topics that are considered material for disclosure and discussion. These topics are identified based on their potential to impact the Group's ability to create value and sustain business in the medium and long-term.

The report highlights 21 key material topics that are considered to be of high to medium significance. These topics are aligned with the GRI Standards, SDGs, and other internationally recognised guidelines and frameworks such as the SBTI. There were no major changes to material topics from the previous year.

Expolanka's materiality determination process considers developments in the operating environment, including principal risks and opportunities, gathers insights from

stakeholders, and aligns with the Group's core values and strategic goals. All topics selected for disclosure are reviewed and approved by senior management, under the guidance of the Group Chief Executive Officer.

Stakeholder Engagement and Materiality

GRI: 3-1

MATERIALITY ASSESSMENT PROCESS

**Materiality Context**

Identify topics material to the Group, its businesses, and stakeholders; with regard to economic, environmental, social and governance context

**Define Topic Boundaries**

Establish boundaries based on significance to stakeholders and the business, and with consideration for likelihood and depth of impact.

**Align with global standards and best practices**

Match identified material topics against GRI Standards, SDGs, and other guidelines and frameworks including SBTi.

**Reporting**

Develop materiality matrix and determine reporting focus for content development.

MATERIALITY MATRIX

High	• Market presence • Diversity and inclusion	• Economic performance • Employment • Employee health, safety and wellbeing • Remuneration and benefits • Recruitment and retention • Labour/Management relations • Customer [Ma2] health and safety • Greenhouse Gas (GHG) Emissions
	• Anti-competitive behaviour • Anti-corruption • Customer privacy and data protection • Human rights • Supplier social standards	• Socioeconomic compliance
	Medium	High

Stakeholder Engagement and Materiality

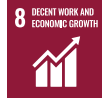
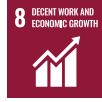
GRI: 3-2

MATERIAL TOPICS

(SDGs can be replaced with icons)

Material Topic/Rationale	Topic boundary/ Stakeholder	Related SDG	Relevant GRI indicator*	Reporting focus
ECONOMIC 1. Economic performance Economic success of the Group has a broader impact — with value creation across three key sectors and benefits reaching diverse stakeholder groups.	Shareholders Employees Customers Suppliers Local communities	   	GRI 201	High
2. Market presence ENVIRONMENTAL				
3. Greenhouse Gas (GHG) emissions As a leading global logistics Group with interactions across the global trade and logistics supply-chain, mitigating our direct emissions and working with partners to reduce indirect emissions is a priority.	Customers Regulators Environment		GRI 305	High

Stakeholder Engagement and Materiality

Material Topic/Rationale	Topic boundary/ Stakeholder	Related SDG	Relevant GRI indicator*	Reporting focus
SOCIAL 4. Employment Remuneration and benefits Recruitment and retention Diversity and inclusion Non-discrimination As a leading conglomerate in the Country, we employ and rely on a large workforce both locally and internationally. Their skills, talent and loyalty area key component of our long-term value creation. Our corporate values and culture enshrine the ethos of diversity, equity, and inclusion, while ensuring workplace practices eliminate discrimination and ensure fair treatment for all.	Employees Local communities	  	GRI 401	High
5. Employee health, safety, and wellbeing Providing employees with a safe and healthy workplace is critical to ensure their wellbeing and enable them to deliver their job roles with higher productivity, motivation, and loyalty.	Employees		GRI 403	High
6. Labour/Management Relations Maintaining good employee relations is part of our actions as an ethical and responsible corporate citizen, and also essential to our success: contributing to team spirit, motivation, higher productivity and lower turnover.	Employees Regulators Local communities		GRI 402	High
7. Human rights Child labour/Forced or compulsory labour Upholding Human Rights and promoting ethical best practices involves working with suppliers and partners across our supply chain to ensure zero tolerance for child labour or forced or compulsory labour.		 	GRI 408	Medium

Stakeholder Engagement and Materiality

Material Topic/Rationale	Topic boundary/ Stakeholder	Related SDG	Relevant GRI indicator*	Reporting focus
8. Supplier social standards Continuous engagement with our suppliers coupled with supplier assessments ensure compliance with relevant regulations and ethical business practices.	Suppliers			Medium
9. Socioeconomic compliance GOVERNANCE				
10. Anti-corruption Upholding ethical business practices and eliminating corruption in operations and supply-chain interactions is a key focus area.	Shareholders Employees Customers Suppliers Local communities		GRI 205	Medium
11. Anti-competitive behavior				
12. Customer privacy and data protection <i>Alongside increased digitalisation and the Group's expanding network, upholding contractual obligations to safeguard customer privacy warrants our focus.</i>	Customers Regulators			Medium

*The GRI Index on page 230 provides descriptions or linkages to key disclosures referred to in the table above.

Group Real Estate Portfolio

Owning company and location	Number of buildings	Buildings in SQ.FT	Free hold land in perches	Net book value March 2023
Properties in Colombo				
Expolanka (Private) Limited			23.50	108,015,000
No 10, Mile post Avenue, Kollupitiya, Colombo 3				
E F L Hub (Private) Limited	1	5,942		131,621,963
No 10, Mile post Avenue, Kollupitiya, Colombo 3				
Properties outside Colombo				
Expolanka Freight (Private) Limited	2	20,881	302.75	233,375,552
No 69, Ramyaweer Mawatha, Kittampahuwa, Wellampitiya				
Expolanka Freight (Private) Limited			30.97	33,642,566
No 73/2, Ramyaweer Mawatha, Kittampahuwa, Wellampitiya				
Expolanka (Private) Limited	1	135,609	555.26	987,712,256
No 390, Avissawella Road, Orugodawatte, Wellampitiya				
E F L Global Freeport (Private) Limited	1	240,000		317,942,492
Lot No. 117, Spur Road 3, Phase 1, Export Processing Zone (EPZ), Katunayake, Sri Lanka				
Properties outside Sri Lanka				
Locher Evers International Limited (UK)	1	2,350	26.00	274,112,132
19 Springfield Lyons Approach, Springfield, Chelmsford, CM2 5LB, UK				
				2,086,421,961

Ten Year Summary

In Rs. Mn.	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
OPERATING RESULTS										
Revenue from contracts with customers	546,401	694,157	218,735	103,246	95,455	77,533	63,492	56,015	52,652	53,319
Share of result of equity-accounted investees (Net of tax)	56	116	62	31	60	44	22	37	12	35
EBIT	39,572	86,770	16,893	652	3,263	1,864	2,061	2,134	1,454	2,179
Net finance costs	(1,057)	(1,175)	(308)	(372)	(190)	(195)	(369)	(88)	(140)	(242)
Profit before tax	38,515	85,595	16,585	280	3,073	1,669	1,692	2,046	1,314	1,937
Income tax expense	(7,465)	(12,803)	(1,705)	(718)	(1,164)	(708)	(463)	(601)	(266)	(367)
Profit for the year	31,050	72,792	14,880	(438)	1,909	961	1,229	1,445	1,048	1,570
Attributable to:										
Equity holders of the parent	30,938	72,743	14,830	(737)	1,448	711	955	1,113	886	1,426
Non-controlling interest	112	49	50	299	461	250	274	332	162	144
CAPITAL EMPLOYED										
Stated capital	4,098	4,098	4,098	4,098	4,098	4,098	4,098	4,098	4,098	4,098
Reserves	37,986	27,986	1,614	941	984	604	477	409	11	36
Retained earnings	106,851	91,848	21,437	7,600	9,194	8,075	7,675	7,348	6,518	5,702
Non-controlling interest	693	422	231	192	1,512	1,251	1,127	1,265	991	929
Total equity	149,628	124,354	27,380	12,831	15,788	14,028	13,377	13,120	11,618	10,765
Total debt	31,857	92,132	18,387	12,196	5,332	4,945	2,402	1,792	1,819	2,701
Capital employed	181,485	216,486	45,767	25,027	21,120	18,973	15,779	14,912	13,437	13,466
ASEETS EMPLOYED										
Property, plant and equipment	9,894	5,751	3,413	3,405	3,846	3,643	3,557	3,423	3,177	3,384
Right-of-use assets	14,525	10,837	3,718	3,023	116	105	75	138	199	282
Intangible assets on business combinations	35,615	3,704	868	438	375	375	375	383	457	457
Other non-current assets	1,575	890	643	862	1,064	656	526	645	811	736
Current assets (Including assets held for sale)	159,380	275,172	59,543	28,295	28,196	23,929	18,809	18,086	17,348	17,007
Liabilities net of debt	(39,503)	(79,868)	(22,417)	(10,996)	(10,764)	(8,284)	(7,563)	(7,763)	(8,555)	(8,400)
Assets employed	181,486	216,486	45,768	25,027	22,833	20,424	15,779	14,912	13,437	13,466

Ten Year Summary

In Rs. Mn.	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
CASH FLOW										
Cash flows from/(used in) operating activities	169,797	(9,301)	(98)	1,949	832	(1,180)	367	316	320	373
Cash flows from/(used in) investing activities	(35,638)	(5,000)	(1,900)	(648)	(830)	(157)	(42)	(338)	399	417
Cash flows from/(used in) financing activities	(98,836)	41,359	1,458	612	742	1,040	168	210	(941)	(431)
Net increase/(decrease) in cash and cash equivalents	35,196	35,580	(222)	2,438	1,423	(214)	523	581	(268)	340
KEY INDICATORS										
Basic earnings per share (Rs.)	15.88	37.24	7.61	(0.22)	0.74	0.36	0.49	0.57	0.45	0.73
Finance cost cover (Number of times)	22.49	68.72	46.00	1.43	13.60	8.03	5.20	22.45	9.53	8.25
Net assets per share (Rs.)	76.19	63.39	13.89	6.47	7.30	6.54	6.27	6.06	5.44	5.03
Debt/equity ratio (%)	21.29	74.09	67.15	95.05	33.77	35.25	17.96	13.66	15.66	25.09
Dividend payout (Rs. Mn.)	16,010.75	2,287.25	977.46	–	293.24	293.24	293.24	234.59	–	645.12
Dividend payout ratio (%)	51.56	3.14	6.57	0	15.36	30.51	23.86	16.23	0.00	41.09
Current ratio (Number of times)	2.98	1.76	1.73	1.64	1.75	1.81	2.17	2.04	1.83	1.77
Market price per share (Rs.)	138.00	207.75	44.70	2.00	4.00	4.90	6.00	7.00	8.50	8.70

Share Information

A trading summary of the Expolanka Holdings PLC shares for the financial year ended 31 March 2023 is given as below:

Trading Summary 1 April 2022 – 31 March 2023	
Number of shares in issue	1,954,915,000
Market capitalisation as of 31 March 2023	Rs. 269,778,270,000.00

EXPO SHARE PERFORMANCE

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

	31 March 2023	31 March 2022	31 March 2021
Highest (Rs.)	243.25	405.00	64.60
Lowest (Rs.)	90.00	43.10	1.70
Closing (Rs.)	138.00	207.75	44.70

The movement of the Expo share price during the four quarters is given below:

	High	Low	Closing	Volume of shares traded
1st Quarter	243.25	90.00	172.75	115,904,192
2nd Quarter	243.00	155.00	217.50	164,622,249
3rd Quarter	217.50	116.00	182.25	152,684,899
4th Quarter	204.00	128.25	138.00	37,210,892

SHARE VALUATIONS

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

	2022/23	2021/22	2020/21	2019/20
Net asset per share	76.19	63.39	13.89	6.47
Earnings per share	15.88	37.24	7.59	-0.38
Trailing P/E multiple	8.69	5.57	5.89	-5.31
ROE (%)	22.67	95.95	-74.01	-3.41

SHARE DISTRIBUTION

The Expo share is owned by a base of 23,173 voting registered shareholders as at 31 March 2023. The distribution of the shares is reflected below:

Range of shareholding	Number of shareholders	Number of shares	Percentage of shareholding
1 – 1,000	14,487	4,799,428	0.24
1,001 – 10,000	6,505	22,855,059	1.17
10,001 – 100,000	1,577	46,133,712	2.36
100,001 – 1,000,000	204	56,974,729	2.92
Over 1,000,000	20	1,824,152,072	93.31

FLOAT ADJUSTED MARKET CAPITALISATION

As at	31 March 2023	31 March 2022
Public shareholding (%)	9.921	16.674
Public shareholding	23,169	22,670
Float adjusted market capitalisation	26,764,702,167	67,702,469,661

Expolanka Holdings PLC is in compliant with the minimum public holding requirement under Option 1 as listed out in Section 7B (a) of CSE Listing Rules.

Share Information

ANALYSIS OF SHAREHOLDING

RESIDENT/NON-RESIDENT

	Number of shareholders	Number of shares	Percentage of shares
Resident	23,064	335,553,268	17.16
Non-resident	109	1,619,361,732	82.83

INDIVIDUALS/INSTITUTIONS

	Number of shareholders	Number of shares	Percentage of shares
Individuals	22,308	259,539,989	13.28
Institutions	865	1,695,375,011	86.72

PUBLIC HOLDING OF SHARES

As of 31 March 2023, number of shares held by the public was 9.921% of the issued shares. The total number of shareholders representing the public holdings as at 31 March 2023 was 23,169.

SHAREHOLDING BY DIRECTORS

The following table indicates the number of shares held by the Board of Directors of the Company

Name	Number of shares 31 March 2023	Number of shares 31 March 2022
Mr H Kanahori*	NIL	NIL
Mr H Yusoof	147,021,464	147,021,464
Mr Ha Yo*	NIL	NIL
Mr B Yamauchi	NIL	N/A
Mr S Kulatunga	NIL	NIL
Mr H Amarasekera	NIL	NIL
Mr J Shimasaki	NIL	N/A
Total	147,021,464	147,021,464

Share Information

THE SHAREHOLDING OF THE SPOUSES AND CHILDREN UNDER 18 YEARS OF THE DIRECTORS

There is no shareholding of spouses and children of Directors, aged under 18 years and dependants.

TWENTY LARGEST SHAREHOLDERS AS AT 31 MARCH 2023

The below table provides the details of the 20 top shareholders of Expolanka Holdings PLC as at 31 March 2023.

No.	Name of shareholder	31 March 2023		31 December 2022	
		Shares	Holding %	Shares	Holding %
1.	SG HOLDINGS GLOBAL PTE. LTD	1,611,532,626	82.43	1,611,532,626	82.43
2.	MR H YUSOOF	147,021,464	7.52	147,021,464	7.52
3.	SRI LANKA INSURANCE CORPORATION LTD – LIFE FUND	22,266,867	1.14	22,266,867	1.14
4.	MR F KASSIM	13,001,592	0.67	4,217,484	0.22
5.	HATTON NATIONAL BANK PLC/SUBRAMANIAM VASUDEVAN	4,062,920	0.21	4,513,430	0.23
6.	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	3,510,519	0.18	3,510,519	0.18
7.	NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	2,444,868	0.13	2,434,868	0.12
8.	MR S SENTHILNATHAN	2,379,256	0.12	2,379,256	0.12
9.	SIMONAS TRUST SERVICE PVT LTD	2,261,768	0.12	2,261,768	0.12
10.	COMMERCIAL BANK OF CEYLON PLC/G.S.N.PEIRIS	2,006,515	0.10	3,070,000	0.16
11.	RUSH JAPAN CORPORATION	1,976,622	0.10	1,515,477	0.08
12.	MR M H OMAR	1,935,875	0.10	1,935,875	0.10
13.	PHANTOM INVESTMENTS (PVT) LTD	1,730,000	0.09	1,470,000	0.08
14.	AMANA BANK PLC/MR.MOHAMED NAYAZ DEEN	1,340,477	0.07	1,340,477	0.07
14.1.	SEYLAN BANK PLC/MOHAMED NAYAZ DEEN	912,887	0.05	912,887	0.05
15.	NORTHERN TRUST COMPANY S/A LEGAL & GENERAL ICAV	1,290,141	0.07	1,290,141	0.07
16.	MR M I M SHAFIE	1,200,000	0.06	1,057,000	0.05
17.	MR S A MOHAMED BASHEER	1,111,000	0.06	1,111,000	0.07
18.	SEYLAN BANK PLC/ HILINE TOWERS (PVT) LTD	1,046,350	0.05	20,000	0.06
19.	MR A H MUSTHAKEEM	1,033,000	0.05	1,033,000	0.05
20.	ACUITY PARTNERS (PVT) LIMITED/MR.ELAYATHAMBY THAVAGNANASOORIYAM/MR.ELAYATHAMBY THAVAGNANASUNDARAM	1,000,212	0.05	1,000,212	0.05
		1,825,064,959	93.36	1,815,894,351	92.89

Financial Calendar

Important Events FY 2022/23	Date
Interim Financial Statements Three months ended 30 June 2022	29 Jul 2022
Interim Financial Statements Six months ended 30 September 2022	28 Oct 2022
Interim Financial Statements Nine months ended 31 December 2022	27 Jan 2023
Interim Financial Statements Twelve months ended 31 March 2023	28 April 2023
4th Quarter Investor Conference	3 May 2023
Annual report 2022/23	On or before 30 June 2023
17th Annual General meeting	On or before 31 July 2023
Important events FY 2023/24	Indicative Date
Interim Financial Statements Three months ended 30 June 2023	On or before 31 July 2023
Interim Financial Statements Six months ended 30 September 2023	On or before 31 October 2023
Interim Financial Statements Nine months ended 31 December 2023	On or before 31 January 2024
Interim Financial Statements Twelve months ended 31 March 2024	On or before 30 April 2024
Annual Report 2023/24	on or before 30 June 2024
18th Annual General Meeting	On or before 31 July 2024

GRI: 2-5

GRI Index

Statement of use: Expolanka Holdings PLC has reported the information cited in this GRI content index for the period 1 April 2022 to 31 March 2023 with reference to the GRI Standards.

GRI 1 used: GRI 1: Foundation 2021

GRI standard/Other source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organisational details	233			
	2-2 Entities included in the organisation's sustainability reporting	212			
	2-3 Reporting period, frequency and contact point	212			
	2-4 Restatements of information	212			
	2-5 External assurance	95			
	2-6 Activities, value chain and other business relationships	5			
	2-7 Employees	41			
	2-8 Workers who are not employees	41			
	2-9 Governance structure and composition	179			
	2-10 Nomination and selection of the highest governance body	179			
	2-11 Chair of the highest governance body	12			
	2-12 Role of the highest governance body in overseeing the management of impacts	180			
	2-13 Delegation of responsibility for managing impacts	179			
	2-14 Role of the highest governance body in sustainability reporting	48			
	2-15 Conflicts of interest	193			
	2-16 Communication of critical concerns	182			
	2-17 Collective knowledge of the highest governance body	182			
	2-18 Evaluation of the performance of the highest governance body	184			
	2-19 Remuneration policies	91			
	2-20 Process to determine remuneration	91			
	2-21 Annual total compensation ratio		2-21	Confidentiality constraints	Due to company confidentiality this information cannot be disclosed
	2-22 Statement on sustainable development strategy	48			
	2-23 Policy commitments	193			
	2-24 Embedding policy commitments	193			
	2-25 Processes to remediate negative impacts	48			
	2-26 Mechanisms for seeking advice and raising concerns	181			
	2-27 Compliance with laws and regulations		2-27	Not applicable	No compliance with laws and regulations during the reporting year
	2-28 Membership associations	11			
	2-29 Approach to stakeholder engagement	214			
	2-30 Collective bargaining agreements		2-30	Not applicable	No collective bargaining agreements in place

GRI Index

GRI standard/Other source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	219			
	3-2 List of material topics	219			
	3-3 Management of material topics	220			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	29			
	201-2 Financial implications and other risks and opportunities due to climate change		201-2	Not applicable	Not material to the company
	201-3 Defined benefit plan obligations and other retirement plans		201-3	Not applicable	Not material to the company
	201-4 Financial assistance received from government		201-4	Not applicable	No financial assistance received from the government
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		205-1	Not applicable	100% of the operations have been assessed for risks of corruption
	205-2 Communication and training about anti-corruption policies and procedures		205-2	Not applicable	Not material to the company
	205-3 Confirmed incidents of corruption and actions taken		205-3	Not applicable	There were no incidents of corruption during the reporting year
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		304-1	Not applicable	Not material to the company
	304-2 Significant impacts of activities, products and services on biodiversity	64			
	304-3 Habitats protected or restored		304-3	Not applicable	Not material to the company
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		304-4	Not applicable	Not material to the company
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	49			
	305-2 Energy indirect (Scope 2) GHG emissions	49			
	305-3 Other indirect (Scope 3) GHG emissions	49			
	305-4 GHG emissions intensity	49			
	305-5 Reduction of GHG emissions	49			
	305-6 Emissions of ozone-depleting substances (ODS)		305-6	Not applicable	Not material to the company
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7	Not applicable	Not material to the company

GRI Index

GRI standard/Other source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	42			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	216			
	401-3 Parental leave	44			
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	43			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	42			
	403-2 Hazard identification, risk assessment, and incident investigation		403-2	Not applicable	Not material to the company
	403-3 Occupational health services		403-3	Not applicable	Not material to the company
	403-4 Worker participation, consultation, and communication on occupational health and safety		403-4	Not applicable	Not material to the company
	403-5 Worker training on occupational health and safety		403-5	Not applicable	Not material to the company
	403-6 Promotion of worker health		403-6	Not applicable	Not material to the company
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		403-7	Not applicable	Not material to the company
	403-8 Workers covered by an occupational health and safety management system		403-8	Not applicable	Not material to the company
	403-9 Work-related injuries		403-9	Not applicable	Not material to the company
	403-10 Work-related ill health		403-10	Not applicable	Not material to the company
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour		408-1	Not applicable	There were no incidents of child labour during the reporting year

Corporate Information

NAME OF COMPANY

Expolanka Holdings PLC

LEGAL FORM

The Company is a Public Limited Liability Company. Incorporated in Sri Lanka on 5 March 2003 as a Private Limited Liability Company under the Companies Act No. 17 of 1982, 2003 – Private Limited Company under Companies Act No. 17 of 1982, 2008 – Limited Liability Company under Companies Act No 07 of 2007, 2011 – Public Limited Company under Companies Act No 07 of 2007. Currently ordinary shares have been listed on the Colombo Stock Exchange.

COMPANY REGISTRATION NUMBER

P B 744

BOARD OF DIRECTORS

Bokuto Yamauchi – Chairman
(w.e.f. 1 April 2023)
Hanif Yusoof – Chief Executive Officer
Harsha Amarasekera
Sanjay Kulatunga
Ha Yo
Shimasaki Junji

AUDIT COMMITTEE

Sanjay Kulatunga – Chairman
Harsha Amarasekera

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Sanjay Kulatunga – Chairman
Harsha Amarasekera

REMUNERATION COMMITTEE

Harsha Amarasekera – Chairman
Sanjay Kulatunga

REGISTERED OFFICE OF THE COMPANY

10, Milepost Avenue,
Colombo 3
Sri Lanka

CONTACT DETAILS

P. O. Box 1162
10, Milepost Avenue
Colombo 3
Sri Lanka
Telephone: +94 11 465 9500
Facsimile: +94 11 465 9565
Web: www.expolanka.com

CONTACT FOR MEDIA

Marketing and Corporate Communications
Expolanka Holdings PLC
15 A, Clifford Avenue
Colombo 3
Sri Lanka
Telephone: +94 11 465 9500
Facsimile: +94 11 465 9565
Web: www.expolanka.com

INVESTOR RELATIONS

Expolanka Holdings PLC
15A, Clifford Avenue
Colombo 3
Sri Lanka
Telephone: +94 11 465 9500
Facsimile: +94 11 465 9565
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email: investor@expolanka.com

BANKERS

Hong Kong and Shanghai Banking Corporation
HDFC
National Development Bank PLC
Standard Chartered Bank
Bank of Communications China
Bank of China
Commercial Bank Ceylon PLC
Industrial And Commercial Bank Of China
Sydbank
Bank Mandiri
Sampath Bank PLC
ING Bank
BIDC Bank Cambodia
Diamond Trust Bank
Vietnam Joint Stock Commercial Bank For Industry And Trade
Industrial Bank Banan
China Merchants Bank
Ned Bank

Dutch – Bangla Bank
MUFG Bank (Malaysia) Berhad
ENBD
Hatton National Bank PLC
Citi Bank
Bank SinoPac
Amana Bank PLC
Nations Trust Bank PLC
People's Bank

COMPANY SECRETARIES

SSP Corporate Services (Private) Limited
P V 931
101, Inner Flower Road
Colombo 3
Sri Lanka
Telephone: +94 11 257 3894
+94 11 257 6871
Facsimile: +94 11 257 3609

COMPANY AUDITORS

Messrs Ernst & Young
Chartered Accountants
No. 201, De Saram Place
Colombo 10
Sri Lanka.

Notice of Meeting

EXPOLANKA HOLDINGS PLC

NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH ANNUAL GENERAL MEETING OF EXPOLANKA HOLDINGS PLC WILL BE HELD AT HOTEL GALADARI, COLOMBO 1, ON 26 JULY 2023 AT 4.00PM FOR THE FOLLOWING PURPOSES:

AGENDA

1. To consider and adopt the Annual Report of the Board of Directors on the Affairs of the Company and the Statements of Accounts for the financial year ended 31 March 2023 with the Report of the Auditors thereon.
2. To re-elect Mr Shiran Harsha Amarasekera, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.
3. To re-elect Mr Sanjay Sumanthri Kulatunga, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.
4. To re-elect Mr Shimasaki Junji, in terms of Article 94 of the Articles of Association of the Company 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 31 March, 2024.

BY ORDER OF THE BOARD
OF EXPOLANKA HOLDINGS PLC
S S P CORPORATE SERVICES (PRIVATE) LIMITED



Secretaries

No.101, Inner Flower Road,
Colombo 3
4 July 2023

Note:
A member is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Head Office of the Company, No. 15A, Clifford Avenue, Colombo 3.

Form of Proxy

I/We of being a member/members of Expolanka Holdings PLC hereby appoint (i) of failing him/her (ii). Mr Bokuto Yamauchi, 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 Eighteenth Annual General Meeting of the Company to be held on, 26 July 2023 at Hotel Galadari, Colombo 1, at 4.00pm and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

Please indicate your preference by placing a “X” against the resolution Number

	For	Against
1. To consider and adopt the Annual Report of the Board of Directors on the Affairs of the Company and the Statements of Accounts for the financial year ended 31 March 2023 with the Report of the Auditors thereon.	☐	☐
2. To re-elect Mr Shiran Harsha Amarasekera, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.	☐	☐
3. To re-elect Mr Sanjay Sumanthri Kulatunga, who in terms of Article 86 of the Articles of Association of the Company retires by rotation at the Annual General Meeting as a Director.	☐	☐
4. To re-elect Mr Shimasaki Junji, in terms of Article 94 of the Articles of Association of the Company 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 31 March 2024.	☐	☐

Signed this day of Two Thousand and Twenty Three.

Signature:

Note:

- (a) *Please delete the inappropriate words.
(b) Instructions are noted on the reverse hereof.

.....
NIC Number/Reg. No.

.....
(Signatures)

Form of Proxy

PLEASE PROVIDE THE FOLLOWING DETAILS:

Full name of the Shareholder	:	
CDS A/C No./ NIC No./Company Reg No.	:	
Email address	:	
Folio No./No. of shares held	:	
Full name of the Proxy holder	:	
Proxy holder's ID No. (if not a Director)	:	
Proxy holder's email address	:	

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, your instruction as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Head Office of the Company at No. 15A, Clifford Avenue, Colombo 3 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.



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www.expolanka.com

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