

ANNUAL REPORT **2022/23**



Browns
A Heritage of Trust

BROWN AND COMPANY PLC

Contents

OUR VISION

To be a leading Sri Lankan conglomerate excelling through sunrise and sunshine industries with a global presence and cutting edge technology.

OUR MISSION

With generations of trust and reliability, our aim is to continuously enhance the value propositions to our stakeholders through innovative and customer-centric solutions.

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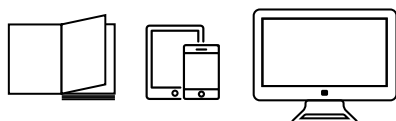
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<https://www.brownsngroup.com/investor-relations/>



Financial Highlights

31st March	Group	2023	2022	2021	2020	2019
Results for the Year						
Revenue [Gross]	Rs.Mn	72,652	50,304	29,391	20,439	21,194
EBIT	Rs.Mn	35,779	43,137	2,799	4,448	3,980
Profit/[Loss] before Tax	Rs.Mn	[11,108]	30,304	[2,783]	[970]	118
Profit/[Loss] after Tax	Rs.Mn	[12,528]	29,747	[3,344]	[1,515]	3
Group Profit/ [Loss] Attributable to Equityholders	Rs.Mn	[6,230]	21,589	[16]	3,620	1,274
Position at the Year end						
Shareholders' Funds	Rs.Mn	79,104	85,208	46,888	30,257	25,720
Total Assets	Rs.Mn	466,854	415,402	195,762	147,673	92,736
Market Capitalisation	Rs.Mn	25,409	28,385	33,006	8,930	10,206
Retained Earnings	Rs.Mn	36,572	43,154	19,985	16,520	12,753
Financial Ratios						
Gross Profit	%	28.55	23.33	24.84	24.37	24.22
Interest Cover	Times	0.76	3.36	0.50	0.82	1.03
Current Ratio	Times	0.39	0.47	0.46	0.51	0.58
Price/earnings [year-end]	Times	[4.08]	1.31	[2,057]	2.47	6.65
Debt to Equity	%	62.07	59.26	61.27	50.97	56.57
Return on Shareholders' funds	%	[7.88]	25.34	[0.03]	11.97	4.96
Per Share						
Earnings/ [Loss] per Share	[Rs.]	[29.30]	101.54	[0.08]	17.03	7.22
Market Price per Share	[Rs.]	119.50	133.52	155.25	42.00	48.00
Net Assets per Share [year-end]	[Rs.]	372.03	400.74	220.52	142.30	120.97

Rs. 73Bn

Revenue [Gross]

Rs. 36Bn

EBIT

44%

YoY Revenue Growth

Rs. 467Bn

Total Assets

Rs. 79Bn

Shareholders' Funds

Rs. 37Bn

Retained Earnings

Board of Directors

ISHARA NANAYAKKARA

Executive Chairman

Appointed as a Non-Executive Director in 2005 before becoming an Executive Director and Executive Chairman at Browns in 2013.

Mr. Ishara Nanayakkara is a prominent entrepreneur serving on the Boards of many corporates and conglomerates internationally. Coming from a strong business background, involved in their family enterprises, he ventured into the arena of financial services with a strategic investment in LOLC Holdings PLC and was appointed to the respective Board in 2002. In less than two decades, Nanayakkara has navigated LOLC to become not only a financial conglomerate but the most profitable conglomerate in the country making a significant impact in the global financial arena as the first Sri Lankan company with a dynamic MSME platform across the globe.

Over the years, reputed financial institutions in Sri Lanka, Cambodia, Myanmar, Pakistan, Indonesia, Philippines, Singapore, Zambia, Nigeria, Egypt, Malawi, Tanzania, Zimbabwe, Kenya, Kyrgyzstan and Tajikistan have reaped benefits from his extensive knowledge in the Micro Finance business and MSME markets. He was also instrumental in setting up Life and General Insurance businesses in the Group and pioneered the concept of Micro Insurance in Sri Lanka and Cambodia. His business acumen extends to the growth sectors of developing economies with notable investments in Leisure, holding one of the largest hotel portfolios in Sri Lanka, Maldives and Mauritius in addition to other key investments in construction, plantation, trading, manufacturing and more recently in uniquely innovative scientific initiatives.

Ishara continues to spearhead all strategic decisions of the LOLC group, both in financial and non-financial sector investments, with his vision for LOLC, being well executed with precision and commitment to create long-term value for all stakeholders.

He held many prestigious positions including the Chairmanship of the Sri Lanka Institute of Nano-technology, the national arm for advanced technological solutions based on Nano technology. Known for his innovative spirit, the Group has ventured into many bio-tech businesses, including conversion of pure graphite to graphene, incorporating technological advancements, creating value to the Group's plantation portfolio of cinnamon, tea, sugarcane, rubber, and bi-products. Investments in renewable energy in both, Sri Lanka and in Sierra Leone, with the largest sugar-based bio ethanol and power plant in Africa, has added multi-dimensional know how to his versatile business portfolio.

Ishara is a featured businessman in the international community, recognised for his invaluable contribution to Micro Finance in particular, by independent international platforms such as INSEAD business school including winning the prestigious 'Young Entrepreneur of the Year' Award at the Asia Pacific Entrepreneurship Awards (APEA) back in 2012.

He is the Executive Deputy Chairman of LOLC Holdings PLC, and Executive Chairman of Browns Investments PLC. He also sits on several other boards of Group companies both locally and overseas.

MRS. KALSHA AMARASINGHE

Non-Executive Director

Joining the Group in 2012, Mrs. Kalsha Amarasinghe brings strong listed company experience and management expertise to the Board. She holds an Honours Degree in Economics and has an outstanding vision for investments. This vision has led her to play a key role in the strategic planning and implementation of the Group. Due to her strong board governance experience across diverse industries, she is also vested with the responsibilities for advising the senior management on the risk mitigation processes. She serves on the Boards of subsidiaries of Browns Group of Companies and LOLC Holdings PLC.

Other key appointments: Executive Director – LOLC Holdings PLC, LOLC Finance PLC. Non-Executive Director – Browns Investments PLC, Eden Hotel Lanka PLC, Palm Garden Hotels PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC. Director – LOLC Life Assurance Limited, Riverina Resorts [Pvt] Ltd, Green Paradise [Pvt] Ltd, Browns Holdings Ltd, Frontier Capital Lanka [Pvt] Ltd, Sanctuary Resorts Lanka [Pvt] Ltd, Kammala Hoteliers [Pvt] Ltd, Serendib Leisure Management Ltd., P L Resorts Ltd.

KAPILA JAYAWARDENA

Non-Executive Director

Considering his wealth of experience in local and international fields of Banking and Investment Banking, Mr. Kapila Jayawardena has earned a solid reputation as a captain of industry and a dynamic leader who relishes challenges. He joined LOLC Holdings PLC in the year 2007 as the Group Managing Director/CEO and has since steered the Group from strength to strength, while implementing its ambitious expansion in 25 countries in Asia and Africa.

He is also the Chairman/Director of Group Companies including Eden Hotel Lanka PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, LOLC Securities Limited and Palm Garden Hotels PLC. He also functions as a Director of Browns Investments PLC, LOLC International [Private] Limited, LOLC Advanced Technologies (Private) Limited, LOLC Asia (Private) Limited (formerly LOLC Private Limited), LOLC Global (Private) Limited (Formerly LOLC Asia (Pvt) Ltd), Ceylon Graphene Technologies (Private) Limited, LOLC Africa Holdings (Private) Limited and Leapstitch Technologies (Private) Limited. He is also on many Boards of the subsidiaries of LOLC Group.

Prior to coming on-board the LOLC Group, Mr. Kapila Jayawardena served as Country Head and CEO (Sri Lanka and Maldives) of Citibank NA from 1998 to 2007, along with being tasked with short assignments for Citibank in New York and Manila (Philippines). He has also served as the Chairman of Sri Lanka Banks' Association (SLBA) in 2003/04; President of the American Chamber of Commerce in Sri Lanka in 2006/07; Member of the Financial Sector Reforms Committee (FSRC); Member of the National Council of Economic Development (NCED) and as a Board Member of the United States - Sri Lanka Fulbright Commission.

He holds an MBA in Financial Management and is a fellow member of the Institute of Bankers and an Associate Member of the Institute of Cost and Executive Accountants, London, UK.

TISSA BANDARANAYAKE

Independent Non – Executive Director

Joining the Board in 2014, Mr. Tissa Bandaranayake counts more than four decades of commercial and professional experience. He retired from Ernst & young as a Senior Partner in 2009, where he served for 27 years, managing a large portfolio of clients both local and multinational, in various industries. Mr. Bandaranayake brings deep knowledge of audit and financial services together with strong leadership and strategic expertise. He is vested with the responsibility of chairing the Audit and Related Party Transactions Review Committees. Mr. Bandaranayake is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and he holds a B.Sc. Degree from the University of Ceylon.

Mr. Bandaranayake is a Past Chairman of the Audit Faculty of the Institute and a Past President of the Practicing Chartered Accountants Forum. He chaired the Quality Assurance Board established by the Institute since its inception until 2021. He is also a Past President of the National Stroke Association of Sri Lanka, a past member of the Rotary International Finance Committee and the Rotary International District Governor for Sri Lanka in 1999-2000.

Mr. Bandaranayake was inducted to the Hall of Fame of the Institute of Chartered Accountants of Sri Lanka in recognition of his contribution to the development of the accounting profession, the business world and the country.

Other key appointments: Independent Non-Executive Director - Nawaloka Hospitals PLC, Samson International PLC, Overseas Realty (Ceylon) PLC, Renuka Holdings PLC and Harischandra Mills PLC, Consultant - Board of Noritake Lanka Porcelain (Pvt) Ltd.

JANAKA DE SILVA

Independent Non – Executive Director

Janaka de Silva holds a B.Sc., (Ceylon) and an MBA (Sri Jayawardenapura). He is a Fellow of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), the Chartered Institute of Management Accountants and the Institute of Bankers of Sri Lanka. Mr. de Silva has served as the Senior Accountant at the State Engineering Corporation and as the Finance Manager at Building Material Corporation. He has also served as a Lecturer/Accountant at Indeco Ltd, Lusaka, Zambia. Mr. de Silva joined Bank of Ceylon as the Assistant General Manager/Controller and was elevated to the position of Corporate Advisor. He set up the IT function which grew to become the largest IT facility in the country by the end of 1985. He introduced computerised banking with central processing and multipoint access to Sri Lanka. He was the head of the Audit function, conducting the internal audits of over 200 branch offices throughout the country. Further he introduced new techniques such as statistical sampling. He was also a member of the Steering Committee appointed to set up the Automated Clearing House of Sri Lanka. In 1987, Mr. de Silva joined Sampath Bank as its first General Manager/CEO. He made the bank the most technologically advanced financial institution with all branches connected online for the first time in Sri Lanka. He was the first to introduce credit cards with a major international franchise and a multipoint ATM network. He pioneered many new innovations such as extended banking hours, interest on daily balance on Savings Accounts, and the use of UV lights for signature verification.

During 1992 to 1995, he served as the Director - Operations of American Express Bank, Colombo and was responsible for all operational activities and functioned as the Quality Coordinator of the Colombo Office. Mr. de Silva joined the Union Bank of Colombo Ltd as the General Manager/Chief Operations Officer and designed and implemented its information systems topology, pioneered web presence and Internet banking amongst indigenous banks. Under his direction the Bank obtained ISO 9002 Quality Certification and became the first bank in Sri Lanka to connect ATMs to a major international network. Mr. de Silva was appointed Managing Director/CEO in 2002. Later he served as a Consultant to the National Development Bank during the period of 2003 - 2007 and advised the Bank on the integration of financial and accounting systems in the merger of National Development Bank with NDB Bank.

Board of Directors

DANESH ABEYRATHNE

Executive Director

Dynamic corporate professional Danesh Abeyrathne serves the LOLC Group as Director and Chief Executive Officer of LOLC Advanced Technologies, the Research and Innovation arm of the renowned LOLC Group. He is also the former Chief Operating Officer and presently the Executive Director of the Browns Group. The young professional, with his proven track record in the fields of Engineering, Manufacturing, Plantation, Agriculture, Marketing, and Research and Development, is also serves on some noteworthy foreign boards.

His extensive board affiliations extend to LOLC Advanced Technologies (Pvt) Ltd, LOLC Advanced Technologies Australia (Pvt) Ltd, Ceylon Graphene Technologies (Pvt) Ltd, Gal Oya Plantations (Pvt) Ltd, Gal Oya Holdings (Pvt) Ltd, AgStar PLC, Browns Agri Solutions (Pvt) Ltd, BI Commodities & Logistics (Pvt) Ltd, Browns Leisure (Pvt) Ltd, Browns Industrial Park (Pvt) Ltd, LOLC Geo Technologies, Grey Reach Investment Ltd, Sunbird Bioenergy Ltd (Sierra Leone), Tropical Island Commodities (Pvt) Ltd, Fortigrains (Pvt) Ltd, Sun Yield Bio Ingredients (Pvt) Ltd, and several other subsidiaries of the Group.

Mr. Abeyrathne holds a Bachelor of Science (Hons) degree in Engineering from the University of Ruhuna. He is an Associate Member of the Chartered Institute of Marketing (UK) and the Institute of Engineers (SL), as well as a Fellow Member of the Chartered Institute of Management Accountants (UK) and the Chartered Global Management Accountants (CGMA) (USA).

THAMOTHARAMPILLAI SANAKAN

Executive Director / Chief Executive Officer

Thamotharampillai Sanakan joined Browns Group in 2013 as the Chief Financial Officer and was tasked with an additional role of leading the operations in 2020 as the Chief Operating Officer. He counts for over 25 years of experience where he held many senior management positions in multiple industries such as Financial Services, Trading, Export, Manufacturing, Healthcare, Commodities and Consumer. Presently he serves as the Director/ Chief Executive Officer of the Browns Group of Companies and also the Chairman of Ajax Group. Driving the Group towards new revenue streams with multifaceted local and regional expansions while maintaining sustainable growth in a challenging environment has been a key factor for Sanakan. He previously held the position of Chief Operating Officer at LOLC Securities Ltd in the LOLC Group.

He excels in the areas of digital transformation, change management, new business start-ups, business process re-engineering, project management and strategic business management. He served in the Board of Commercial Leasing & Finance PLC, the Board of LOLC Development Finance PLC and Audit Committee Chairman for LOLC Development Finance PLC and currently serving Associated Battery Manufacturers (Ceylon) Ltd., BI Holdings Ltd and several other group companies. He is an Associate Member of Chartered Institute of Management Accountants of UK and Chartered Global Management Accountants of USA.

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THE PAGES AHEAD BRING
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OF OUR WIDE-RANGING
PORTFOLIO OF BUSINESS
SECTORS, A REVIEW OF
THE YEAR'S
PERFORMANCE AND A
DESCRIPTION OF
OUR ACHIEVEMENTS IN
EACH OF THE
SEGMENTS WE SERVE.

OPERATING ENVIRONMENT

“THE FIRST QUARTER OF 2023 HAS BROUGHT WITH IT A GLIMMER OF HOPE FOR SRI LANKA’S ECONOMY AS THE CENTRAL BANK OF SRI LANKA REPORTED THAT THE COUNTRY’S GDP GREW BY 3.6%.”

GLOBAL ECONOMY IN 2022

Global economic growth showed a significant decline compared to 2021 as economic conditions deteriorated substantially in advanced economies as high inflation eroded household purchasing power and dented confidence, while rapid monetary policy tightening weighed on demand. The Russia-Ukraine war resulted in severe energy supply disruptions in the Euro area, pushing up energy prices and prices of some food items, thereby hampering production and consumption and fuelling uncertainty. In addition, economic activity in China slowed in 2022 amidst large and repeated COVID-19 outbreaks and accompanying lockdowns. Furthermore, activity in emerging market and developing economies decelerated sharply in 2022 due to tight global financial conditions, reduced consumer spending amidst high inflation, dampened external demand and spillovers from the Russia-Ukraine conflict.

Global inflation is estimated to have peaked in 2022 and projected to be easing in 2023 amidst weakening demand and easing commodity prices. Consumer prices in the world (according to IMF’s World Economic Update - January 2023) rose by 8.8% in 2022, compared to 4.7% in 2021. Many central banks around the world started raising their key policy rates during 2022, gradually rolling back pandemic related stimuli, in view of rising inflationary pressures and unfavorable inflation expectations.

LOCAL MACROECONOMIC ENVIRONMENT

The Sri Lankan economy experienced multiple challenges during the year under review, resulting in a contraction in the GDP by 7.8% compared to the 3.5% growth in 2021. Fuel shortages due to the dearth of foreign exchange hampered activities as a result of disrupted supply chains, prolonged power outages, scarcity of raw materials amidst imports compression and a surge in the cost of production. Furthermore, significant upward revisions in major utility prices amidst soaring global energy prices and the depreciation of the exchange rate, along with accelerated inflation and tax hikes affected the disposable income of households.

Meanwhile, the Government sought assistance from the International Monetary Fund (IMF) for a funding arrangement and announced a debt standstill as an interim measure, pending negotiations on debt restructuring with bilateral and commercial creditors. Following the staff level agreement reached with the IMF in September 2022, dialogue with bilateral creditors were commenced to secure financing assurances.

All sectors of the economy were impacted by the economic crisis. The overall size of Sri Lanka’s economy in US dollar terms contracted to US dollars 77.1 Bn in 2022, compared to US dollars 88.5 Bn in 2021, due to the large depreciation of the exchange rate. Per capita GDP also declined to US dollars 3,474 in 2022 from US dollars 3,997 in 2021.

During the nine months ending September 2022, headline inflation was on a rapid acceleration path reflecting price pressures from multiple fronts, including price hikes in food, energy, and transport sectors and their spillovers, stemming from supply disruptions, rapid adjustments to administered prices, sharp depreciation of the Sri Lanka rupee, and aggregate demand pressures owing to the lagged impact of monetary accommodation undertaken over the past few years, among others. The Central Bank of Sri Lanka raised the key monetary policy rates by a record high level in 2022 to curb inflation. The stability of the banking sector however was maintained during 2022, despite the looming challenges.

Nevertheless, the first quarter of 2023 has brought with it a glimmer of hope for Sri Lanka’s economy as the Central Bank of Sri Lanka reported that the country’s GDP grew by 3.6% in the first quarter of 2023, compared to the same period the previous year. There are a number of factors that have contributed to this growth, including increased industrial production and higher demand for Sri Lankan exports. The manufacturing sector, in particular, has seen strong growth, with production increasing by 6.9% in the first quarter of 2023. The agriculture sector has also performed well, with tea and rubber exports increasing significantly. In addition, the tourism industry has shown signs of recovery, with a 29% increase in tourist arrivals in the first quarter of 2023 compared to the previous year.

“DEMONSTRATING STRONG GROWTH YEAR AFTER YEAR, THE BROWNS BATTERY SBU RECORDED THE HIGHEST BOTTOM LINE AND TOPLINE GROWTH BY AS MUCH AS 115% DURING 2022/23 - THE HIGHEST-EVER IN ITS HISTORY.”

BROWNS BATTERY SBU

Browns Battery is the sole distributor for Exide automotive batteries in Sri Lanka and Browns Exide, the best SLS certified battery in Sri Lanka, which leads the local market with a market share of over 76%. Browns Battery SBU strengthened its supply chain and product availability island wide where a fuel crisis existed and also to cater the growing demands in the market.

Demonstrating strong growth year after year, the Browns Battery SBU recorded the highest bottom line and topline growth by as much as 115% during 2022/23 - the highest-ever in its history.

The SBU has been on an accelerated digitalisation path to offer customers a more enhanced user experience. During the year under review, an online warranty registration system and a battery tracking system were implemented. The customer warranty registration process was launched through an online cloud portal and android and iOS-based mobile apps with over 200 dealers, with the purpose of implementing a paperless warranty management system and claims process. Meanwhile, the battery tracking system was implemented through integration of QR code scanning at the point of loading at Browns stores and during unloading at dealer points

for greater transparency in the warehouse and fleet management.

Operating in the market for over nine decades, Browns engages in various sustainability initiatives to uplift the sector. The SBU conducted activities such as the Exide Masterclass for its channel partners and special branding activities at Exide exclusive dealer points.

The SBU's pioneering presence continues to attract awards and accolades. The Exide Masterclass, which was a YouTube video series, won the SLIM DIGI at SLIM Digis 2022 under the Best Branded content category.

GENERAL TRADING SBU

Continuing its strong performance, the General Trading SBU achieved a significant increase in the top line in the year under review. The SBU has been expanding its footprint with the appointment of new franchise service agents across the country to streamline the delivery of its after-sales service. The main service center at its Makita flagship store was revamped with state-of-the-art technology to provide an elevated after-sales service to customers. Committed to improving the speed and efficiency of its services, an in-house developed feedback capturing system - Smart Assist was

implemented to capture real-time customer feedback of walk-in customers. An online cloud portal for the re-distribution operation was commenced during the year under review which smoothen the re-distribution and secondary sales operation.

General Trading SBU as the leading provider of globally-renowned high-quality building material solutions in Sri Lanka, partnered with Sierra Industries, a prominent player in general engineering construction in the country, to distribute uPVC fittings, pipes and conduits to the local market. Sierra offers a wide range of products for both domestic and industrial purposes, designed using some of the finest state-of-the-art technology and tailor-made to meet each customer's unique need.

BROWNS THERMAL ENGINEERING SBU

Browns Thermal Engineering SBU is the radiator manufacturing arm of Browns Group which holds the market leadership for the brass and copper radiators and is the only large scale radiator manufacturer in Sri Lanka. During the year under review, the SBU moved into the manufacturing of aluminum plastic radiators with the installation and commissioning of the Country's first and only state of the art factory which matches all global standards and guidelines.

Management Discussion and Analysis

AUTOMOTIVE & HARDWARE CLUSTER

Browns management believed in its manufacturing capabilities and moved to the above strategy at a time where multiple hardships were faced in the industry due to the economic disruption. Browns continued to invest in the manufacturing and also continued to operate uninterrupted while fulfilling all market requirements without a fail.

The SBU achieved a significant increase in Gross profit and a growth in sales during the period under review.

A raw material and finished goods inventory was optimally maintained to further sustain market share. Regular product development of radiators and plastic products continued, which helped the SBU maintain product quality and ensure customer satisfaction. In-house coolant manufacturing was increased to cater the growing market requirements also aimed at a higher market share. After a dead lock due to import restrictions, RADCO brake liner business re-commenced its operations during the last quarter of the year. As the Bosch auto parts distributor in Sri Lanka, the SBU continued its business to service the market requirements without any fail.

In order to remain top-of-mind in the market, various marketing activities such as dealer boards and garage promotions were sustained through the year to drive brand loyalty.

“ADHERING TO THE HIGHEST STANDARDS, THE SBU WAS AWARDED THE PRESTIGIOUS ISO 9001:2015 AND ISO 14001:2015 ACCREDITATIONS FOR TOTAL OPERATIONS AS WELL AS FOR ENVIRONMENTAL SUSTAINABILITY.”

VETERINARY & PHARMACEUTICAL SBU

Pharma and Consumer cluster recorded a significant increase in net profit by 67% through strategic product portfolio management and extensive sustainable industry engagement. During 2022/23, the Veterinary Pharmaceuticals SBU recorded exceptional financial results, recording 91% increase in net profits which has spurred growth and expansion for the business. Its Feed Grade sector operation was expanded by introducing a new product range with existing and new suppliers. Multiple new products were introduced during the year under review from reputed principles in Singapore, China and Japan.

A new vaccine range was introduced under MSD Animal Health Supplier of Netherlands with Nobilis Reo Inac and Nobilis Salenvac ETC as inactivated vaccines for ensuring health of poultry. Economical cat treats were also introduced to the pet care market with a new supplier.

Adhering to the highest standards, the SBU was awarded the prestigious ISO 9001:2015 and ISO 14001:2015 accreditations for total operations as well as for environmental sustainability. This is the very first time that in Sri Lanka that a veterinary pharmaceuticals company in the veterinary industry has obtained ISO certification.

Furthermore, reflecting the SBU's sustainability focus, extensive initiatives were carried out during the year under review. Emerging disease outbreaks and other economical fluctuations in the economy lead to high losses for small and medium scale farms. In order to keep pace with diseases, new solutions and farm management techniques were introduced to manage their farmers' cost level and increase profit.

As a leading company in the veterinary industry Browns Pharmaceuticals SBU identified the requirements of customers and arranged to fulfill those as value added services. The veterinary pharmaceuticals SBU's Technical and Farm Management Support programme offers free support and services to small and medium scale customers in order to provide them with technical knowledge about the veterinary industry and farm management techniques. The main purpose is to provide relevant knowledge and uplift their status to become more competitive with the help of technical managers (veterinary doctors) to attend to their requirements in daily basis.

Veterinary Pharmaceuticals SBU initiated an online cloud portal for customer purchase orders, payments along with reports which provides a great customer experience and is the first to have such a system in place in the industry. Engagement and communication between its customers and the SBU

improved significantly with the digitalization initiatives and provided greater visibility and transparency.

Browns Pharmaceuticals organises anti-rabies vaccination programmes with the purpose of making cities and communities safer, while donating anti-rabies vaccines to welfare societies for vaccinating street dogs to avoid the spread of rabies.

INTEGRATED ENGINEERING SOLUTIONS SBU

The Integrated Engineering Solutions SBU, which recorded an improvement in its net profit by 50% on 2022/23, is expanding its water treatment sector and introduced a new economical chemical range together with its new supplier, VASU Chemicals of India. With the new addition, the SBU provides total preventive water treatment solutions for the Sri Lankan industrial market through our representation of the world recognized Deuterium brand treatment solutions from United Kingdom and India.

The SBU is the exclusive dealer of world renowned ELGI Equipment, which offers a complete range of compressed air solutions. ELGI's range of air compressors including oil lubricated and oil-free electric powered rotary screw compressors, diesel powered portable screw compressors, oil lubricated, and oil-free reciprocating compressors, centrifugal compressors, dryers, air receiver tanks and other air accessories.

Management Discussion and Analysis

PHARMACEUTICALS, CONSUMER & INTEGRATED ENGINEERING SOLUTIONS CLUSTER

BROWNS DEALS SBU

Browns Deals SBU is the consumer electronics arm of the Browns Company and it sells consumer electronics, kitchen appliances, gadgets, accessories and consumer goods and offers after sales services. Browns Deals re-launched its e-commerce site matching international standards and multiple key new features in the site during the year under review. With the new upgrade, the site provided latest and unmatched features such as chatbots, social media logins, reviews, comparisons, product suggestions, multiple payment options, installment schemes, shipping options and more.

The product portfolio was also expanded with the additions of Mobile Phones and laptops from world-renowned brands such as Apple, HP and Dell. It also added Kingston brand of flash drives and memory cards to increase footfall and repeat purchases. The decades of trust, after sales service and the variety of quality of products enabled Browns Deals to gain a considerable number of new customers and to be the most sought after one stop location for consumer electronics.

BOILER SBU

The Boiler SBU having been in the business for over one and half centuries, traditionally, its main focus for Browns has been to promote quality Boilers from reputed suppliers over the world. A number of projects were delayed this year due to the economic downturn and disruptions which forced many services to be cancelled or postponed. The SBU however was successful at securing several large-scale projects during the year despite the challenges.

Meanwhile, the Browns Boiler BU introduced a new range of industrial type water pumps, vertical multi stage pumps, while expanding the grain cleaning and processing machinery portfolio. However, overall there was a contraction in demand for this segment during the year.

“THE COMPANY SUCCESSFULLY MAINTAINED ITS MARKET LEADERSHIP STATUS IN THE TRACTOR AND HARVESTER AGRI MACHINERY SEGMENTS BY DEPLOYING A HOST OF MARKETING AND CUSTOMER SERVICE PROJECTS.”

BROWNS AGRICULTURE SBU

Despite the challenges prevailing in the market, the company successfully maintained its market leadership status in the tractor and harvester agri machinery segments by deploying a host of marketing and customer service projects to engage its target market and grow closer to its customers. Its ‘Trac Tec Camp’ mega service campaign was successfully held as a proactive strategy to convert customers.

Browns Agriculture has proven time and time again that it is the unbeatable after sales service provider in the industry even after the warranty period. The company increased brand visibility in the digital landscape through its digital campaigns, especially via the Browns Agriculture social media pages.

Playing a vital role to uplift the industry, its ‘Sisu Nena Pahana’ training project offered agriculture machinery training programmes for university students and agri vocational training institutes. This programme delivered machinery knowledge to students who will be entering the machinery, service and technical sector. Display of new models of machineries and training programmes were held for farmer organizations under the ‘Govi Nena Pahana’ training programme. Enhancing its interaction with the corporate sector, product

training sessions were held for officers in the corporate sector as well where required.

In the expansion of its product portfolio, the company introduced the Sifang Boat Tractor, which is designed specifically for use in muddy fields and has excellent appearance and performance.

Committed to building an eco-system of sustainability, the company provided more than 1,000 Mee plant (*Madhuca longifolia*) to customers as a gift with an aspiration of future progress in sustainable agriculture. In recognition of its rapid progress, the company won the Silver Award [Global Brand Category] at the SLIM Brand Excellence Awards 2022 for the TAFE brand. As the pioneer in agriculture mechanisation in Sri Lanka and as a trusted brand, this recognition is a key milestone in Browns Agriculture’s journey.

BROWNS AGRI SOLUTIONS (PVT) LTD

The company achieved a growth of 150% in terms of turnover in 2022/23 in comparison to the financial year 2021/22. The highest revenue for the year was recorded in the month of November 2022 followed by January 2023, with the country’s economy showing some positive signs of recovery from the economic crisis. The company is now ranked within the top ten in the Agri Inputs sector

becoming one of the fastest to achieve such a milestone. Some of the new products introduced during the year include a herbicide, growth hormones and fertilizer coating material. The company has established a new research farm at Ethiliwewa to drive innovation and expand its portfolio.

Special marketing campaigns consisted of Field Campaign, Awareness Programmes, Farm Visits and Demonstrations, touching the lives of more than 45,000 farmers with the utilisation of digital technologies.

As a responsible corporate citizen, ethical operations and compliance and transparency are key attributes of the organisation. In keeping with this ethos, the company was granted the Environmental Protection License while its factory was certified by ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and Schedule Waste Management License.

In order to stay competitive, the company drives R&D and has exciting plans for 2023/24 including a new paddy Herbicide and Glyphosate Pre-mix solution for Tea Plantations, while Hybrid Corn Seed Production will also be initiated. Building a new partnership, the company hopes to join hands with an agency from Israel to enhance its technical expertise.

Management Discussion and Analysis

AGRICULTURE & HEAVY MACHINERY CLUSTER

POWER SYSTEMS SBU

The focus in the Power Systems SBU was three-fold: drive innovation, improve efficiency and enhance competitiveness through a slew of measures.

The Internet of Things (IoT), often known as IoT, is a groundbreaking idea that is reshaping our interactions with the world. The Generator Monitoring Device (iGen Powered by Browns), a fully-integrated and adaptable online monitoring suite that enables continuous status evaluation and the earliest detection of any concerns that may arise, can be used by any type of generator.

Further to above, Internet of Things (IoT)-based equipment monitoring solutions were implemented to service vehicles to increase the effectiveness and faster response time for customer inquiries around the country by tracking the real-time locations.

Enhancing competitiveness, the SBU expanded its product and service solutions portfolio to meet customer requirements such as providing repair solutions instead of replacements; offering extended warranty for services and repairs; and extending free offerings such as the IoT-based generator remote monitoring device for two-year annual maintenance contracts.

HEAVY MACHINERY SBU

As the representative of world-leading brands for Heavy Machinery such as Tata Hitachi, Sakai, Mahindra, and Okada, Browns Heavy Machinery provides an unmatched product and services for its clients in the construction industry. The state-of-the-art service facilities of Browns Heavy Machinery facilitate the standards of services required by the customers and the expectations of principals. The 24-hour, on-site assistance through highly trained, experienced staff provides an unparalleled service.

Further expanding its offerings, the company initiated the trading of used equipment in the local market as well as foreign markets to serve their customers for re-fleeting option. The export of refurbished equipment achieved revenue of US\$ 9 Mn during 2022/23.

The contribution to the export business by the SBU increased the USD inflow into the country by expanding its business to overseas markets. The SBU has achieved profitability by exploring overseas business opportunities as a solution for declining demand in construction machinery.

Browns Heavy Machinery remains a pioneering solutions provider to the industry by exploring new opportunities while offering reliability.

BROWNS AIR-CONDITIONING SOLUTIONS SBU

The Browns Air Conditioner Solutions SBU markets wall mounted air conditioners, floor/ceiling type air conditioners, ceiling cassette type air conditioners, VRF systems and chillers.

With BG brand, which has a history of over 12+ years, the SBU continued its exemplary service of its customers despite the economic downturn. Timely services, after sales service, island wide coverage, continuous services and supply chain were some of the key deliverables to customers.

In addition, there is an on-going project to implement IoT-based SMART-HOME concepts to optimise energy utilisation for air-conditioners remotely in order to minimise energy waste and increase comfort and productivity. Further, with the aim of improving efficiency, there is an emphasis on expanding product support strength, capability and capacity of service facilities by way of providing unique service tools and fully-loaded service trucks. During the year, the product portfolio was expanded

to meet customer requirements under its 'Green concept' by introducing the supply and installation of stationary off-grid solar power systems and portable solar power systems, which reflects the company's commitment to sustainability.

MARINE & LEISURE SBU

Notwithstanding the challenges induced by the economic crisis, during the financial year 2022/23, Browns' marine business segment demonstrated exceptional performance, achieving an impressive 11% increase in gross profit. This growth can be attributed to the company's adeptness in capitalizing on market opportunities, expanding its customer base and optimising operational efficiencies to drive product profitability. The financial year under review marked a significant milestone as the company successfully ventured into the construction of large vessels in collaboration with the Colombo Dockyard PLC.

Browns demonstrated a strong commitment to sustainability in the marine industry. Various initiatives were implemented to minimise environmental impact, promoting responsible business practices, and contributing to the overall well-being of the marine ecosystem. The Marine SBU has recently partnered with the Cey Nor Foundation to sign a Memorandum of Understanding [MOU] that involves the supply of boat engines.

The SBU has adopted responsible supply chain practices, ensuring that the marine engines, boat spares and other products sourced and sold met rigorous ethical standards aligned with government regulation. The entity emphasizes the importance of sustainability, fair trade and responsible sourcing in its procurement processes and international relationships for ethical supply chain management.

“CULTIVATING A DIVERSE RANGE OF PRODUCE SUCH AS BLACK AND GREEN TEA, RUBBER, CINNAMON, COCONUT, COMMERCIAL TIMBER AND ANCILLARY CROPS.”

Browns Plantations, a subsidiary of Browns Investments PLC, is one of the country's leading and largest plantation companies, spanning an impressive land extent of 25,415 hectares. Cultivating a diverse range of produce such as Black and Green Tea, Rubber, Cinnamon, Coconut, Commercial Timber and Ancillary Crops, the company comprises of three main entities: Maturata Plantations Limited [MPL], Udapussellawa Plantations PLC [UPL] and Hapugastenne Plantations PLC [HPL]. The 3 plantations combined recorded a Net Profit of Rs. 4.2 Bn for the year 2022/23, with the main contribution being derived from the increase in tea prices and exchange gain from the depreciation of the rupee. During the year, the overall national production of tea declined by 22% due to chemical fertilizer shortages and irregular weather patterns.

Since its inception, Browns Plantations has been recognised with many accolades and has achieved significant milestones both locally and globally. Some of these include the esteemed Needle Tea Award at the Leafies Tea Academy Awards, London [2022]; 2nd place - Tea & Herbal Association of Canada at Annual North American Tea Conference [2022]; Social Dialogue Award, Responsible Care Award and as the Gold Winner in the Ceylon Tea Specialty Estate of the Year Competition. Making an impressive mark at the 8th Asia-Pacific Tea Competition in Beijing, China, in April this year, Browns Plantations garnered a total of 6 awards, including 1 Gold and 5 Silver

awards. These achievements underscore Browns Plantations' unwavering dedication to producing exceptional quality tea that is a cut above the rest.

Reflecting its adherence to high sustainability and quality standards, the plantations hold internationally-recognised certifications such as the Rainforest Alliance, ISO 2200 and HACCP, among other prestigious qualifications listed here:

- » Maturata upcountry factories - certified under ISO 22000:2018, ISO 9001:2015, GMP, HACCP standards.
- » Blairlmond Tea factory - certified under the FSSC standard
- » All UPL/HPL factories - certified under ISO 22000:2018 and ISO 9001:2015 standards
- » The first tea plantation company to be certified under the Sustainability Framework standard in the world [Ragalla, Liddesdale and High Forestt estates]
- » Certification audit successfully completed in High Forest, Liddesdale and Ragalla estates under the Fairtrade standard.

MATURATA PLANTATIONS LIMITED

As one of the main tea producers in Sri Lanka while also claiming the country's largest cinnamon plantation along with 19 estates in

total, Maturata Plantations stands tall in the plantations sector. Altogether, Maturata has 7 functioning factories and almost 17,000 hectares in expansive land extent. During the year under review, the company achieved Rs. 126 Mn in Profit Before Tax.

UDAPUSSELLAWA & HAPUGASTENNE PLANTATIONS

In December 2021, Browns Investments acquired Hapugastenne Plantations and Udapussellawa Plantations from Finlays, adding over 30 estates and 15 tea factories to its portfolio. Udapussellawa and Hapugastenne Plantations, both listed on the Colombo Stock Exchange, cover 11 and 19 estates respectively. Udapussellawa specialises in tea, coffee, commercial forestry, cardamom, coconut and cocoa, while Hapugastenne cultivates tea, rubber, commercial forestry, pepper, cinnamon and cocoa. During the year, Hapugastenne Plantations Limited recorded a net profit of Rs. 671 Mn while Udapussellawa Plantations Limited achieved Rs. 1,0345Mn.

As a company with extensive land holdings in the upcountry regions, the estates are home to significant water catchment and high conservation areas. Recognising the critical importance of preserving these valuable ecosystems, the company has taken proactive measures to engage the younger generation in conservation efforts and by organising various community events to make a sustainable impact on the environment.

Management Discussion and Analysis

AGRI BUSINESS & PLANTATIONS SECTOR

AGSTAR

The AgStar Group achieved a historical financial performance in 2022/23 despite facing unprecedented obstacles including the economic crisis, ban of chemical fertilizer, higher raw material cost, rising interest rates, scarcity of foreign currency and lowered sovereign rating. In 2022/23, Group revenue increased by 24% and the Gross profit margin by 71%. As a result of the ban on inorganic fertilizers, the company focused on the organic fertilizer market and managed to deliver over 20,000MT, resulted in a 302% increase in volumes of organic fertilizer. Its overall revenue increased by 32% in 2022/23. The cropcare segment was also affected by the fertilizer ban and thus the company mostly catered to government tenders. As a result, revenue and gross profit decreased by 36% and 45%. In 2022/23, the Seeds segment revenue increased by 59%, while revenues of Prith seeds increased by 38%.

The company remains committed to driving sustainability in the agri sector and has demonstrated its focus on green technology by installing solar energy generation systems in its four warehouses at Dehiattakandiya, Dambulla, Polonnaruwa and Anuradhapura.

TROPICAL ISLAND COMMODITIES

Counted amongst the top 20 cinnamon exporters, Tropical Island Commodities [Pvt] Ltd., is growing strongly as one of the leading exporters of pure Ceylon cinnamon to the international spice market. The company recorded strong topline growth in 2022/23, marking an impressive 50% growth, amounting to Rs. 235 Mn in gross profit. The streamlining of systems and processes is still underway since its recent acquisition.

Alongside restructuring the company, its export markets are also being expanded, with the inclusion of Mexico, US and Spain. Further, the company is gearing up with various certifications needed to break into these markets, including ISO and GMP certifications along with the Ceylon cinnamon certification to cater to high value markets.

SUNBIRD - SIERRA LEONE

Sunbird is the Group's overseas plantation company based in Sierra Leone, Africa, which is engaged in producing ethanol. The plantation consists of about 4500 ha, but has the potential to expand up to 10,000 ha. During the year under review, approximately 131,000 MT of cane was harvested, which resulted in about 8.7 million litres of ethanol. It is one of the largest sugar facilities in the West Africa with a 32 MW renewable energy power plant, one of the largest renewable energy power plants in Sierra Leone.

“BROWNS HOTELS & RESORTS OFFERS A VARIETY OF EXPERIENCES TO SUIT THE TASTES OF A WIDE VARIETY OF TOURISTS AND PRESENTLY ALMOST ALL PROPERTIES HAVE BEEN REFURBISHED.”

OVERVIEW

Tourist arrivals, which started to gather momentum from late 2021, peaked in March 2022, before being hampered by heightened social tensions, shortage of fuel for domestic travel, and resultant negative publicity and travel advisories issued by major source markets. In addition, the Russia-Ukraine war that caused spillovers to European countries. The outward travel ban in China also negatively impacted the recovery in tourist arrivals. However, a gradual pickup of arrivals was seen since October 2022, and increased momentum towards early 2023. The resumption of operations of many international airlines, charter flights and cruise tourism as well as the global promotions in many countries also contributed to a resurgence of tourist arrivals.

Accordingly, tourist arrivals recorded a significant increase during 2022 to 719,978 from 194,495 in 2021. Europe continued to be the largest source region of tourist arrivals to Sri Lanka, while India remained the largest single country of tourist arrivals.

Earnings from tourism in 2022 recorded a significant increase, compared to 2021, amounting to US dollars 1,136 million compared to US dollars 507 million in 2021, recording an impressive annual growth of 124.2%. However, earnings from tourism were far below the US dollars 4.4 billion levels achieved in 2018.

Based on revised estimates of the SLTDA on tourist spending and duration of stay, the average spending per tourist in 2022 amounted to US dollars 169.0 per day, compared to US dollars 172.6 per day in 2021.

Investment in the tourism sector was hampered in 2022, with delays and scaling down of projects by investors, as well as disturbances in the construction industry amidst the challenging economic conditions. Despite global recession fears, Sri Lanka's tourism industry is off to a promising start with average monthly arrivals rising month on month.

BROWNS HOTELS & RESORTS

The LOLC Group possesses nine operating properties in different geographies. In total, the leisure arm reported a revenue of Rs 3.2 Bn for the year ended 31st March 2023, compared to Rs 1.6 Bn reported in the previous year. All operating properties reported higher occupancy in the year under review when compared to the previous year.

Eden Hotel Lanka PLC, a 5-star property of the group, completed an extensive refurbishment exercise and commenced its commercial operations from January 2023. The refurbishment increased the overall value proposition of the Hotel which delivered positive results in the final quarter in 2022/23

financial year. Eden Hotel Lanka PLC recorded a top line of Rs 250 Mn for the final quarter of 2022/23 financial year. Eden Hotel Lanka PLC and Green Paradise (Pvt) Limited entered into a management agreement with Barcelo Group and upon completing the refurbishment, the Group has handed over both properties to Barcelo Group for management.

Sheraton Turtle Beach Resort reported top line of Rs 1Bn in the year under review, followed by Dolphin Hotels PLC and Serendib Hotels PLC with a revenue of Rs 576 Mn and Rs 464 Mn respectively. Dickwella Resorts (Pvt) Limited experienced a significant growth in revenue while recording a net revenue of Rs 321 Mn. Frontier Capital Lanka (Pvt) Limited, which is the Villa collection of the Group, reported a revenue of Rs 156 Mn for the year under review. The Calm Resort recorded its highest income of Rs. 164 million in the year 2022/23.

The Browns Hotels & Resorts Group closely engages with Foreign Tour Operators (FTOs) and local Destination Management Companies (DMCs) to ascertain the current market conditions of the target market segments. The last quarter of 2022/23 witnessed strong interest in Sri Lanka from airlines, FTOs, global media, DMCs and online travel agents, all of whom are promoting Sri Lanka aggressively. This augurs well for growing inbound tourist numbers for the rest of 2023.

Management Discussion and Analysis

LEISURE & ENTERTAINMENT CLUSTER

Browns Hotels & Resorts offers a variety of experiences to suit the tastes of a wide variety of tourists and presently almost all properties have been refurbished to gear up for increased tourist numbers. The group is leveraging on social media and online promotions amongst stakeholders. Its media communication conveys the experiential travel that Sri Lanka as a destination offers and the unique experiences that Browns Hotels & Resorts' properties curate for their valued guests, coupled with luxury accommodation, delectable cuisine and signature hospitality. The group has invited international influencers to witness first-hand its authentic experiences while simultaneously conducting a public relations push in global source markets.

EXCEL WORLD

Excel World is operated as the entertainment hub with significant potential business opportunities. It is a business hub catering interesting game arcades, a food court, a bowling alley, and several other fun rides. The entertainment hub underwent much-needed refurbishment in the recent past, which has upgraded the property to a different level. Excel World reported revenue of Rs 436 Mn for year under review, which is a significant achievement compared to the previous year's Rs 248.8Mn.

REVEAL THE COLLECTION

This portfolio of high-end boutique hotels caters to tourists looking for a different experience. Browns Hotels & Resorts embarked on this new journey to provide a high-end experience under the brand 'Reveal the Collection'. These are small properties with 6 to 8 rooms, providing an unmatched experience in terms of customised culinary service and luxury.

SUSTAINABILITY INITIATIVES

The group practices responsible tourism as a respected corporate citizen, ensuring its operations do not have a negative impact on the society and environment. Browns Hotels & Resorts works closely with various government and non-government organisations to protect the environment and to reduce its carbon footprint.

One of its key focus areas is to usage of plastics and polythene in its properties through recycling. As a result the group has

reduced its plastic footprint by as much as 99.9% across its properties. In addition, the group conducts regular ocean and beach cleanups to minimise marine pollution whilst also conducting awareness sessions and sharing information through leaflets and posters on how to conserve the nation's rich biodiversity and precious flora and fauna.

During the year under review, the group properties undertook various sustainability initiatives. Sustainable tourism at Thaal Bentota focuses on putting people and planet first and bringing everyone from government and business to local communities together around a common vision of maximizing social and economic benefits for the local community in a more sustainable, inclusive and resilient sector. The property received the ISO 22000:2018 Certification by SGS during the year.

Meanwhile, Club Hotel Dolphin promoted the Green hut concept where vegetable such as cabbage, green chilli, radish, capsicum, beetroot, beans, long beans, brinjal, basil and mint were grown to build self-sufficiency. Excel World also embarked on the Green hut concept by planting vegetables and later embarked on a waste project to ensure optimal waste management practices.

Set amidst nature, Hotel Sigiriya conducted tree planting activities around Sigiriya Rock to maintain forest cover and to ensure endemic flora and fauna remain undisturbed.

The flagship property of the group, Eden Beruwela has a strong focus on renewable energy and installed Rs. 16.4 million worth of solar panels to generate solar energy for its operations to reduce its carbon footprint.

Reveal the Collection is supporting a turtle hatchery and working with the wildlife department to release 3000+ turtles into the ocean, thereby sustaining Sri Lanka's reputation for nurturing the turtle population.

RECOGNITION & AWARDS 2022/23

One of the most awarded leisure groups, Browns Hotels & Resorts received an array of awards in 2022/23, including a STAAH Best Performance Award for Q12023.

MARINA HOTEL HOLDINGS

The Marina Hotel, located within the Colombo Port City, alongside the Colombo Marina, is to be developed as an iconic luxury hotel positioned to attract discerning tourists and business travellers to Sri Lanka. Combined with a magnificent sea view and city view, the hotel will be developed with a classical contemporary ambience.

COLOMBO MARINA DEVELOPMENT

Colombo Marina Development, located within the Colombo Port City, is a first-of-its-kind investment in Sri Lanka. Once complete, Colombo Marina will create a luxury experience in boating, dining, shopping and nightlife - unparalleled with any other location in Sri Lanka.

MAURITIUS HOTELS

Browns Investments' four-star 100-room beach front property in Mauritius, being operated as Radisson Blu, performed strongly during the year. It was recognized with key accolades such as the Tripadvisor Travelers' Choice and Holiday Check awards. Radisson Blu Poste Lafayette Resort & Spa is now a certified Green Key property, a prestigious sustainability award which shows the property has a positive impact on communities by creating shared value. The hotel is contributing to communities with food, shelter and a better future for at risk children, along with moving towards carbon neutral status.

MALDIVES HOTELS

The construction of Bodofinalu resort in the Maldives is moving at a rapid pace and will be launched this year. The property has 100 keys and is being constructed at a total cost of around US\$27 to US\$ 30 Mn.

Nasandhura, another hallmark project in the capital of Male, consisting of a hotel and an apartment complex, is the largest building in the main Male island, with 118 apartments and 136 keys in the hotel, and is gearing for completion by December 2023. Several other leisure projects are in the pipeline for the Maldives and some islands have been secured for the same.

“THE LOLC GROUP WILL BUILD COLOMBO PORT CITY’S FIRST STAR-CLASS HOTEL, THE MARINA HOTEL, WITHIN THE COLOMBO PORT CITY, ALONGSIDE THE COLOMBO MARINA, WHICH IS A FIRST-OF-ITS-KIND INVESTMENT IN SRI LANKA.”

BROWNS ENGINEERING & CONSTRUCTION

As a result of the pandemic and ensuing economic crisis, Sri Lanka’s construction industry faced the biggest contraction in its history. Browns Engineering & Construction also faced severe challenges as did most other construction companies. Nevertheless, the company moved towards completion of the Group’s Bodofinalu resort in the Maldives as the management contractor for the 5-star resort, now almost at the completion stage. It has 100 keys and is being constructed at a total cost of around US\$27 to US\$ 30 Mn and will be commissioned by September.

The telecommunications division under Browns Engineering & Construction performed strongly during the year as the sector’s primary service provider - with regard to home connect ports under the SLT FTTH project. The company won an award as the highest contributing contractor of the year for the SLT FTTH project. The company is also the service provider for the maintenance of all Dialog base stations islandwide. As the exclusive contractor for Huawei Technologies, the company was presented the Golden Supply Award for 2022.

In light of the country’s subdued economic conditions, the company branched out to explore opportunities in UAE and Fiji. The company was awarded its first telecommunication project in Fiji this year. The focus ahead will be on further global expansion to maintain growth momentum and earn valuable foreign exchange for the country.

As for the company’s overall performance, the telecommunication business recorded a top line of Rs. 8.7 Bn in 2022/23 as compared to Rs. 8.6 Bn achieved in the previous year.

BROWNS METAL AND SANDS

A subsidiary of Browns Investments PLC, Browns Metal and Sands has successfully acquired the necessary government approvals to begin manufacturing metal aggregates and manufactured sand to be supplied to the construction sector. The manufacturing facility will be equipped with the infrastructure required for the operation which is being constructed in the interim. More than 200 acres of land have been acquired along with the IML-A category license, which is the highest license in the industry. The company is hoping to achieve annual production of about 90,000 cubes of metal. Importation of

the machinery was put on hold considering the dire economic situation in the country. Currently, products are in the testing stage, including granite, samples of which have been handed to testing agencies. The projects seem viable thus far.

SIERRA CABLES

Despite the construction industry’s decline, the profitability of Sierra Cables doubled, as it recorded an operational profit of about Rs.1.9 Bn and Net Profit of about Rs. 1 Bn for the year, marking 100% plus increase over the previous year. Among the main contributing factors is the infusion of best practices by the LOLC Group, who acquired the company in January 2022, and put the company on the path of operational excellence through cost optimisations and enhanced process efficiencies – all of which contributed to the company’s strong financial performance. More importantly, Sierra Cables also embarked on exports and dollar sales, contributing to 24% of the company’s income. The company was bestowed with the Gold award [medium category] in the Electronic and Electrical Products sector at the Annual Export Awards ceremony organised by the National Chamber of Exporters.

Management Discussion and Analysis

CONSTRUCTION CLUSTER

Sierra Cables was also awarded the Best Cable Manufacturer of the Year award (large category), at the South Asian Business Excellence awards, and received a Certificate of Ethical Trading from the National Chamber of Exporters. Since the company's inception 23 years ago, the year under review witnessed the highest Net profit, crossing the Rs. 1 Bn mark. Going ahead, the company is investing in R&D development to pioneer new cables at its state-of-the-art laboratory. Moreover, the company is also partnering the Browns General Trading channel for sales and marketing of its cables.

AJAX GROUP

Ajax Engineers is a strong player in the fabrication and installation of Aluminum doors, windows and facades, cladding work, structural glazing work and handrails for high-rises buildings and the household market. It is the most preferred and successful Aluminium fabricator and installer among blue chip construction companies, with the Company having strong lines of businesses, including large apartment projects to corporate buildings.

Gurind Accor Private Limited., since it was taken over in September 2018, has shown strong potential as a business unit. Being one of the pioneering glass processing companies in the country, Gurind has the reputation as a reliable and quality processing company. The company invested over Rs. 150 Mn in a start-of-the-art Tempering plant during the year under review to match the growing requirements in the market and also to be ahead of competition.

General Accessories, the company which has a powder coating facility along with the Ajax operation, engages in importing accessories and complements the overall business strategy of this cluster.

WOODLAYS

Woodlays, previously known as BI commodities, recorded an impressive net profit of Rs. 38 Mn in the period under review

as a result of revamped marketing strategies and greater emphasis on wooden flooring to capitalise on the scarcity of tiling products in the market due to import restrictions and soaring prices. The company also offers pallets and treatment of timber by Vacuum Pressure Impregnation technique and Kiln seasoning. As a result, it was able to carve out a greater share of the market. The strong profit has helped turnaround the company and the focus going ahead is on strengthening the Woodlays brand name in the market.

PORT CITY CIFIC PROJECT

The LOLC Group will build Colombo Port City's first star-class hotel, The Marina Hotel, within the Colombo Port City, alongside the Colombo Marina, which is a first-of-its-kind investment in Sri Lanka. The Colombo Marina is envisioned as a luxury experience in boating, dining, shopping and nightlife.

The Colombo International Financial Center (CIFIC) marks the first development project to be approved within the Colombo Port City. Browns Investments, the strategic arm of the LOLC Group, joins China Harbour Engineering in this US\$450 million mixed development project on reclaimed land. CIFIC will become an international hub that offers business and lifestyle facilities comparable to other renowned business hubs in the world. The total envisaged Gross Floor Area of the project is 160,807m² and it can be further divided into 45% of luxury high-rise residences, 30% for Grade A offices, 15% for retail facilities, and 10% for serviced apartments.

REAL ESTATE PORTFOLIO

Real estate investments are an integrated part of the Group's effort in value creation through an anti-inflationary asset investment strategy. LOLC intends to focus more on its real estate portfolio due to the fast-growing global demand for office space, warehousing and residential apartments, while property values are on the rise.

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THE CORPORATE
GOVERNANCE
PHILOSOPHY AT
BROWNS IS BASED
ON A CULTURE OF
PERFORMANCE
WITHIN A
FRAMEWORK OF
COMPLIANCE AND
CONFORMANCE.

“OUR GOVERNANCE FRAMEWORK OPERATES AT AN APPROPRIATE LEVEL TO ENSURE THE BOARD FUNCTIONS EFFECTIVELY AND WITH PURPOSE IN THE INTERESTS OF ALL OUR STAKEHOLDERS.”

COMPLIANCE WITH “THE CODE”

THE BOARD IS COMMITTED TO HIGH STANDARDS OF GOVERNANCE AND BELIEVES THAT DURING THE YEAR THE COMPANY WAS IN FULL COMPLIANCE WITH ALL APPLICABLE PRINCIPLES AND PROVISIONS SET OUT IN THE COMPANIES ACT NO. 7 OF 2007, LISTING RULES OF THE CSE, THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE (“THE CODE”) JOINTLY ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA (SEC) AND THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (AS AMENDED)

DETAILS OF HOW THE PRINCIPLES OF THE CODE HAVE BEEN APPLIED CAN BE FOUND THROUGHOUT THIS CORPORATE GOVERNANCE REPORT AND COMMITTEE REPORTS.

We are proud of the way our colleagues came together to support each other, our customers and other stakeholders. Our purpose sets out our commitment to the communities we serve and the wider environment. As a Board we are responsible for ensuring that the business is purpose-led and our decision making and activities reflect the core purpose and drive the right behaviors. Every decision we take, and every plan we develop, helps to serve our customers and communities in better way. 2022/2023 saw the Board focus on managing the ongoing economic crisis prevailing in the country and around the globe and setting strategic priorities to deliver against an agreed performance framework. The Group emerged even stronger to capitalize on the opportunities presented by evolving trends in our markets.

Our corporate governance framework clearly defines responsibilities and ensures that the Group has the right systems and controls to enable the Board and its Committees to effectively oversee the business, providing challenge where necessary.

How we do business, and the behaviours demonstrated by colleagues across the Group, is of vital importance to the Board. We recognise that culture plays a fundamental role in the delivery of our strategic priorities and the Board is ultimately responsible for

ensuring that our activities reflect the culture we wish to instil in our colleagues and other stakeholders to drive the right behaviours. The Board is committed to providing a strong and positive culture and upholding our well-established core values that underline how we run our business.

Our Code of Business Conduct defines how we engage with stakeholders, ensuring that the standards and behaviours of our colleagues are consistent across the Group at all levels of the organisation.

OVERVIEW OF THE YEAR

During the year, the Board continued to oversee the Group’s medium and long-term strategy, in particular the work required for our Journey to Greatness, which will drive stronger revenue and high-quality profitable growth. The Board has continued to be updated on the Group’s acquisition pipeline, supply chain activity, regional growth initiatives and ongoing programmes to engage, retain and develop talented individuals to achieve our goals.

Other areas of focus for the Board over the past year have included consideration of the Group’s product range expansion plans for our customers as well as supporting the Group’s enhanced supply chain strategy. As always our people continue to be our strongest and most powerful differentiator and we recognized their contribution with a bonus for all permanent employees.

THE BOARD

The Board has a clear division of responsibilities between the running of the Board and running the business of the Group. The roles of the Chairman, Group Chief Executive Officer, and Independent Non-Executive Directors are set out in this report.

CHAIRMAN

The Chairman is responsible for the effective leadership of the Board and maintaining a culture of openness and transparency.

The Chairman also promotes effective communication between Executive and Non-Executive Directors and ensures all Directors effectively contribute to discussions and feel comfortable in engaging in healthy debate and constructive challenge.

GROUP CHIEF EXECUTIVE OFFICER

The Group Chief Executive Officer (CEO) has day-to-day responsibility for the effective management of the Group and for ensuring that Board decisions are implemented. He plays a key role in devising and reviewing Group strategies for discussion and approval by the Board.

The Group CEO is also tasked with providing regular operational updates to the Board on all matters of significance relating to the Group's businesses or reputation and for ensuring effective communication with shareholders and other key stakeholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Non-Executive Directors bring insight and experience to the Board. They have a responsibility to constructively challenge the strategies proposed by the Executives; scrutinise the performance of management in achieving agreed goals and objectives; and play leading roles in the functioning of the Board Committees, bringing an independent view to the discussion.

BOARD LEADERSHIP AND COMPANY PURPOSE

Role of the Board

The Board's principal responsibility is to ensure the long-term sustainable success of the Group as a whole. The Board is accountable to stakeholders for the Group's financial and operational performance and is responsible for taking strategic decisions and providing oversight across the Group ultimately to ensure stakeholder interests are protected. The Board aims to lead with integrity and in a sustainable commercial manner to ensure value is created for all the Group's stakeholders. The Board also provides leadership to executive and senior management and applies a robust governance framework to ensure that this leadership is delivered effectively.

Purpose, values, strategy and culture

The Board is responsible for ensuring that the culture in which we operate drives the right behaviors. The Board and senior management set the tone from the top and lead by example. Our Code of Business Conduct defines the standards and behaviors expected of colleagues, and is a fundamental part of our culture and training to support our values. All new colleagues are required to complete training on the Code of Business Conduct.

Assessing opportunities and risks

The Board considers the principal risks and opportunities, including ESG factors, for the future of the business. Details of the risks assessed are set out in the Management Discussion & Analysis on pages 6 to 19, together with consideration of the sustainability of the Group's business model.

At each Board meeting, the Director/ CEO presents a comprehensive update on performance, challenges, the competitive market and possible business opportunities. Quarterly reports to the Board give an overview on the external market, how components of the business perform. This ensures the Board has oversight across the business, allowing its governance processes to contribute strongly to the delivery of our strategy.

BOARD COMMITTEES

The Board has delegated specific responsibilities to Board Committees. The main statutory committees are each chaired by a Non-Executive Director, focusing on specific areas of the Board’s responsibilities.

AUDIT COMMITTEE Provides independent Assessment and oversight of financial reporting processes. It oversees, on behalf of the Board, the risk management strategy, risk appetite and the effectiveness of internal control processes. It also oversees the effectiveness of the internal and external audit functions.	REMUNERATION COMMITTEE Reviews and recommends the policy on remuneration of the Senior Management team. Monitors the implementation of the Remuneration Policy. Oversees general pay practices across the Group.	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE Reviews and recommends the policy on all Related Party Transactions practices across the Group.	BUSINESS OPERATIONS COMMITTEE Reviews strategic investment proposals and recommends the chosen proposals to the Board.	MANAGEMENT COMMITTEE Chaired by the Executive Chairman and the Senior Management, the Committee meets every month to review Group Corporate, Divisional and Departmental performances against pre-determined Annual Business Plans and Budgets. The introduction of peer adjusted organisational ratings in determining pay for performance has resulted in the search by business units, sectors and industry Groups for productivity enhancements, process improvements and cost efficiencies within a framework of better teamwork.
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BOARD AND COMMITTEE MEETINGS

Board and Committee meetings are scheduled in advance for the entire year on a quarterly basis. The Board held four scheduled meetings during the year, which included presentations/updates by senior management on each of the business areas. Directors are expected to attend all Board and relevant Committee meetings. The table below shows their record of attendance at the

scheduled Board and Committee meetings. The Board is supported by the activities of the Board Committees, which ensure specific matters receive the right level of attention and consideration.

The composition of each Committee is reviewed annually. The Committee also reviews Board composition and succession planning. Each Committee Chair provides a verbal update on Committee activities to the

Board after each Committee meeting and Committee papers and minutes are shared with all Directors. Matters considered by each of the Committees are set out in the Committee terms of reference.

The Board delegates responsibility for the day-to-day operational management of the Company to the Director/ CEO, who is supported by other Executive Director, Senior Management and Business Operations Committee.

The compositions of the Board Committees as at date are as follows:

Audit Committee	Remuneration Committee	Related Party Transactions Review Committee	Business Operations Committee	Group Management Committee
Two Independent Non-Executive Directors	Two Independent Non-Executive Directors	Two Independent Non-Executive Directors	One Executive Director (Chairman)	One Executive Director (Chairman)
One Non-Executive Director	One Non-Executive Director	Two Non-Executive Directors	Two Non-Executive Directors	Senior Management

Board attendance

	31.05.2022	15.08.2022	15.11.2022	15.02.2023	Total
Ishara Nanayakkara	✓	✓	✓	✓	4/4
Kapila Jayawardena	✓	✓	✓	✓	4/4
Mrs. Kalsha Amarasinghe	x	✓	✓	✓	3/4
Danesh Abeyrathne	x	x	x	✓	1/4
Janaka de Silva	✓	✓	✓	✓	4/4
Tissa Bandaranayake	✓	✓	✓	✓	4/4
Thamotharampillai Sanakan [appointed on 02nd January 2023]	x	x	x	✓	1/4

SUMMARY OF MATTERS RESERVED FOR THE BOARD

The Board has adopted a formal schedule of matters reserved for its attention, detailing matters that are considered of significance to the Group owing to their strategic, financial or reputational importance. These include group strategy, operating plans, long-term plans and budget; changes to corporate and capital structure; major acquisitions, mergers, joint ventures and disposals; significant capital expenditure and borrowing; material contracts; risk management and internal control; financial reporting and disclosures; review of remuneration policies; and dividend policy and payment.

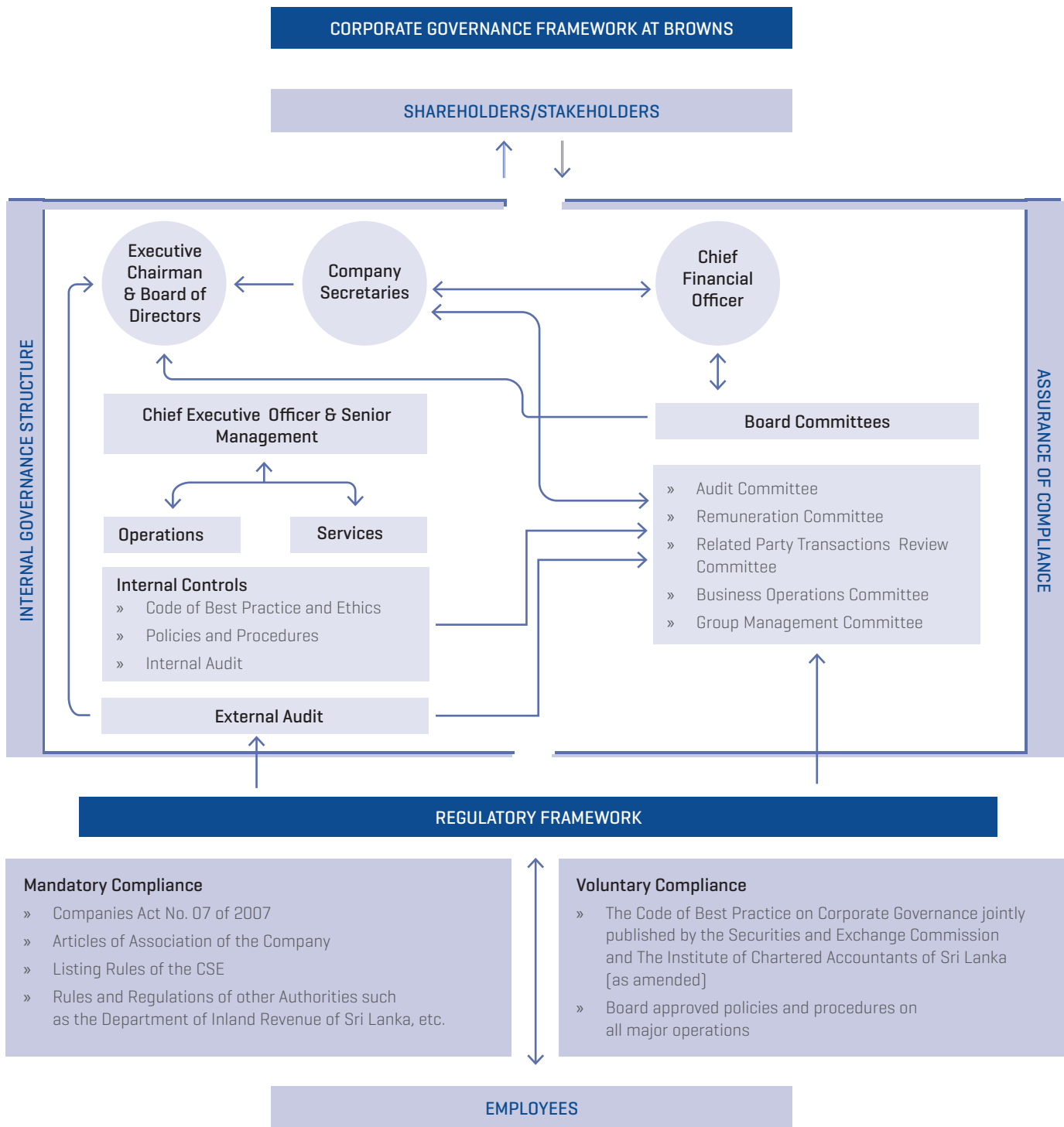
CORPORATE GOVERNANCE FRAMEWORK

Having an effective corporate governance framework defines responsibilities, helps

the Board to deliver the Group's strategy and is vital to its decision making. It supports long-term sustainable growth while operating within a framework of effective controls. Having the right systems and controls in place ensure the Board and its Committees effectively oversee the business, maintain the highest standards of corporate governance and allow Directors to provide challenge where necessary. The Board has overall responsibility for ensuring adequate resource is available to deliver on its strategic priorities. The Board has a delegation of authority schedule in place to ensure the Board has the right level of oversight for matters that are material to the Group. The Board has established a risk management framework to manage and report the risks we face as a business, which are reviewed quarterly. The Board also undertakes a robust assessment of the Company's emerging and principal

risks. Efficient internal reporting, effective internal controls and oversight of current and emerging risks are embedded into our business processes, which align to our strategic priorities, purpose and values. The Board, with the support of its Committees, places great importance on ensuring we achieve a high level of governance across the Group.

Directors are allowed to raise their concerns about the Company or a proposed action and oppositions if any are recorded in the Board minutes. No such concerns were raised in 2022/23. Directors report actual or potential conflicts of interest to the Board for consideration and if such conflicts exist, Directors excuse themselves from consideration of the relevant matter. The Company maintains an interest register which is reviewed annually.



BOARD ACTIVITY

The Board has a detailed programme of activities that ensures operational and financial performance, risk, governance, strategy, culture and stakeholder matters are discussed frequently to support Directors' oversight and understanding. This ensures that any consideration and decision making is appropriate for the business, our stakeholders and the markets in which we operate. During the year, the Board reviewed and approved entry into material contracts taking into consideration the associated operational

and financial benefits and risks. It also considered the impact on all stakeholders including financial returns, security of supply, improved pricing and quality of products. The Director/CEO holds an annual strategic planning session at which senior managers of all business units are present. The aim is to better understand market trends, technology developments, innovation and people strategies. Updates to the Board from the Group Director/CEO and other members of senior management are scheduled in respect of all material matters to ensure the delivery of strategy in line with our purpose and values.

BOARD COMPOSITION

The Group is led by an effective and committed Board, with a culture of openness and transparency at Board meetings. As at the date of this report, the Board comprises seven Directors with a wide range of knowledge and experience from a variety of sectors. Our values and leadership behaviours are a vital part of our culture, helping us ensure that through our conduct we do the right thing for the business and our stakeholders.

HIGHLIGHTS OF BOARD DECISIONS DURING THE YEAR

- » Approved the Quarterly Financial Statements for the FY 2022/2023
- » Approved acquisition of material assets
- » Approved policy on revaluation of properties
- » Approved the Annual Budget for the FY 2023/2024
- » Recommended the re-appointment of External Auditors

The Board considers that the two Independent Non-Executive Directors are independent in character and judgement and that they are each free from any business or other relationships which would materially interfere with the exercise of their independent judgement. The Independent Non-Executive Directors have submitted signed confirmations of their independence.

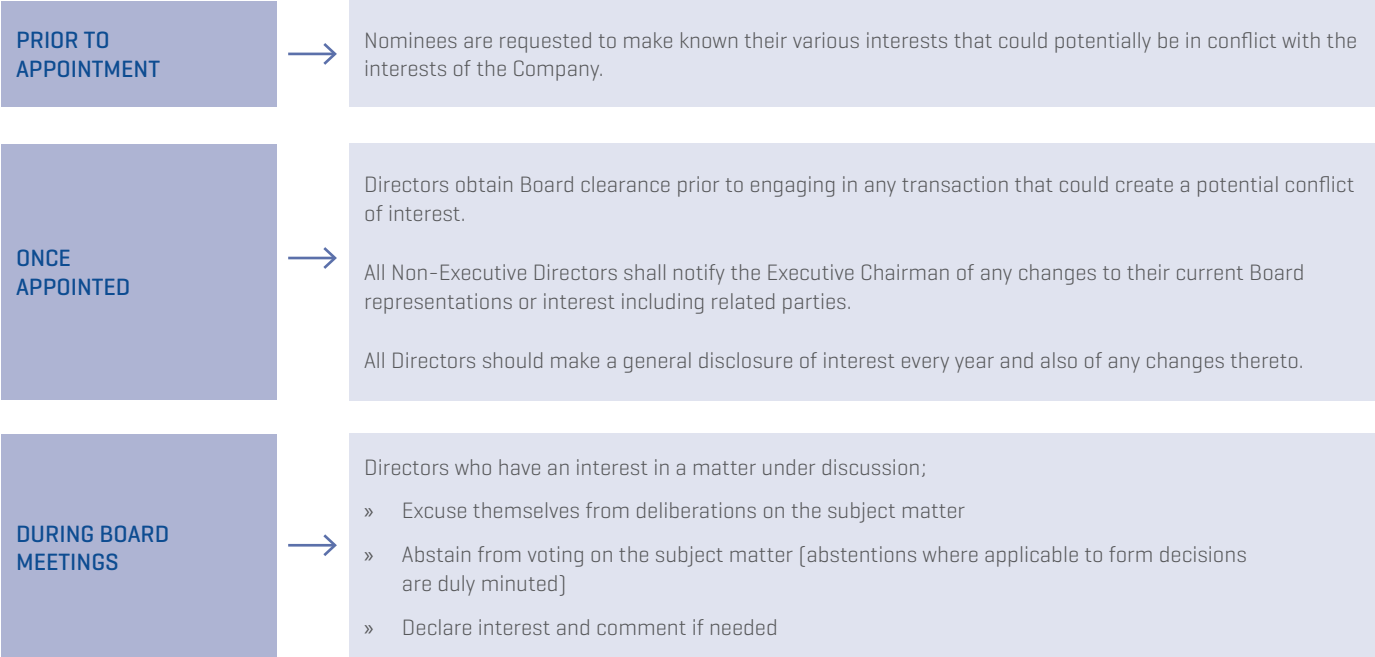
No	Name of Director	Executive / Non-Executive	Independent/ Non-independent	Involvement/ interest in shareholding	Gender representation
1	Ishara Nanayakkara	Executive	Non-independent	Yes	Male
2	Kapila Jayawardena	Non-Executive	Non-independent	No	Male
3	Mrs. Kalsha Amarasinghe	Non-Executive	Non-independent	No	Female
4	Janaka de Silva	Non-Executive	Independent	No	Male
5	Tissa Bandaranayake	Non-Executive	Independent	No	Male
6	Danesh Abeyrathne	Executive	Non-independent	No	Male
7	Thamotharampillai Sanakan	Executive	Non-independent	No.	Male

Mr. Janaka de Silva, Director completed his term of Nine [09] years on 23rd September 2019. The Board considered factors affecting the Independence of Mr. de Silva in accordance with the Colombo Stock Exchange Rules and determined that he is independent in character and judgement.

BOARD EXPERTISE

We are satisfied that our members of the Board and its Committees have and maintain the necessary skills to deliver the Group's strategic priorities, taking into account the Board's diversity and inclusion policy.

APPOINTMENT, INDUCTION AND DEVELOPMENT



Upon appointment, all new Directors receive a comprehensive induction programme designed to facilitate their understanding of the business and is tailored to their individual needs. The Board believes strongly in the development of its Directors and colleagues throughout the Group.

To assist the Board in undertaking its responsibilities, ongoing training is provided for all Directors and training needs are assessed as part of the Board evaluation procedure. The Board programme includes regular presentations from management, site visits if necessary, and informal meetings, to build their understanding of the business and sector. During the past year, Directors received regular training on our local markets, our operating environment and recent legal and governance developments impacting Browns.

DIVERSITY AND INCLUSION

The Board believes that it is vital to have a diverse Board, with a mix of skills, knowledge and experience across professional backgrounds, gender, tenure, age and

ethnicity. A diverse Board with different perspectives, insights and viewpoints in decision making ultimately benefits the Group’s stakeholders through better business performance and decision making. The Board understands that supporting our workforce in a culture of trust and respect is essential to the success of the Company where colleagues feel valued and rewarded for the work they do. All colleagues are given equal opportunities through recruitment, learning and development and actively champion and support our colleague networks and training on the importance of inclusion.

BOARD EVALUATION

To ensure the Board remains effective, a performance evaluation is carried out each year to review the effectiveness of the Board, its Committees and Directors. The Board was satisfied with their independence and through previous reviews identify further opportunities for improvement.

Re-election of Directors

The Company’s Articles of Association require one of the Directors in office to retire at each

Annual General Meeting. The Director who retires will be the one who has been longest in office since his/her appointment/ re-appointment. Retiring Directors are generally eligible for re-election by the shareholders.

COMPANY SECRETARIES

The Group Company Secretaries are responsible for advising the Board on all governance matters and for ensuring that Board procedures are followed, applicable rules and regulations are complied with, and that due account is taken of relevant codes of best practice. They are also responsible for ensuring communication flows between the Board and its Committees, and between senior management and Non-Executive Directors. All Directors have access to the advice of the Company Secretaries and, in appropriate circumstances, may obtain independent professional advice at the Company’s expense. In addition, a Directors’ and Officers’ liability insurance policy is maintained for all Directors. The appointment and removal of the Company Secretaries is a matter reserved for the Board as a whole.

AUDIT, RISK AND INTERNAL CONTROL

The Board is responsible for ensuring the risks facing the Group are effectively identified and controlled through the work of the internal audit activities. The Board has continued to monitor the established risk management and internal control procedures to ensure that they continue to be appropriate and effective within the specific context of the Group's activities.

The Internal Auditors monitor and report on the adequacy of the Financial and Operational systems of the Business Units, in order to strengthen internal controls. The Internal Audit team comprises the necessary skills and experience relevant to the operation of each business. All of the internal audit activities are coordinated centrally by the LOLC-Enterprise Risk Management Team.

The Audit Committee assists the Board in discharging its responsibilities with regard to external and internal audit activities and controls including reviewing audit reports, internal controls and risk management systems. The Audit Committee is satisfied that the Group's risk management and internal control framework in relation to the Group's risk profile and strategy was effective and adequate. The Board therefore remained satisfied that the system of internal control continued to be effective in identifying and assessing the various risks to the Group and in monitoring and reporting progress on their potential impact.

Some of the policies which play a key role in this respect are:

1] Code of Business Conduct and Ethics

This applies to all the employees of the Company. The code ensures that there is no conflict of interest where individuals' interest conflicts with the interests of the Company, and makes timely disclosure of such situations; maintains confidentiality of information, ensures fair dealing with the Company's customers and suppliers and refrains from any unfair dealing and

manipulations, thereby promoting ethical behaviour within the Company.

2] IT Governance

The Company believes that IT environment and the controls over this are the fundamental building block upon which our internal control environment is built.

The strong IT governance structure in place at Browns ensures that the effective and efficient use of IT enables the Company to create innovations to increase our digital savviness across the business. A thorough review was undertaken of our cyber environment to ensure that we have appropriate data and information governance processes and controls, e-commerce defences, proactive security and strong incident management processes across the business.

LOLC Technology Services Limited (LOITS), a subsidiary of the Parent Company, LOLC Holdings PLC provides the IT related services to the Company.

3] Enterprise Resources Planning (ERP)

Browns, adapting to the constantly changing technological world and ever-evolving company trends embarked on the digital transformation journey by launching the company's third ERP system, Microsoft Dynamics 365 Business Central SaaS. Prior to the newly implemented system, Browns has been using Microsoft Dynamics AX which was implemented in 2012 to accelerate the operational processes. Microsoft Business Central is based on cloud, enabling employees a wide range of capabilities with regard to their everyday work. With the implementation of ERP, a major change was that the entire organisation was converted to a full time Microsoft ERP platform. The overall business information model has improved tremendously and further improvements were added in the areas of after sales and front-end services. This enhanced the quality of information processes along with the new standard operating procedure and

ERP functional user manuals which were developed in order to set the ground rules for continued good administration. The ERP also assisted the organization in its business expansion programme by providing flexibility in decision making with both speed and volume of data availability.

GOING CONCERN AND VIABILITY

The Board is responsible for assessing the Group's long-term viability and deciding if it is appropriate to adopt the going concern basis in preparing the Group and Company accounts. The Audit Committee reviews and challenges, where necessary, the Group's assumptions, process and assessment of its going concern and viability.

SUBSIDIARY COMPANIES' MONITORING FRAMEWORK

All subsidiary companies of Brown and Company PLC are managed by their respective Boards according to the respective companies' Articles of Associations and in the best interest of their stakeholders. Brown and Company PLC monitors the performance of subsidiary companies.

ASSURANCE OF COMPLIANCE

The Board, through the Group Legal and Secretarial Division, the Group Finance Division and its other operating structures, monitors and assesses the level of compliance of the Company with laws and regulations. It also reviews the changes in regulations and strives to ensure that the Company is in compliance with the regulatory requirements of the country. The Board receives updated reports on compliance at each Board meeting held after a Financial Quarter with regard to the significant legal and regulatory frameworks that are applicable to its operations.

When carrying out the function of compliance, the Internal and External audit as well as Board Committees also play a vital role in the governance structure of the Company.

Corporate Governance Report

ACCOUNTABILITY

The Board recognises its responsibility to present a fair, balanced and understandable assessment of the Company's position, performance, business model and strategy. This extends to interim and other price-sensitive public reports, reports to regulators, and information required to be presented by statutory regulations. In relation to this, reference is made to the Statement of Directors' Responsibility for preparing the Financial Statements set out on page 52 of this Annual Report and Accounts. A description of the Company's business model for sustainable growth is set out in the Management Discussion & Analysis on pages 6 to 19. This section provides an explanation of the basis on which the Group generates value and preserves it over the long term and its strategy for delivering its objectives.

EXTERNAL AUDIT

The External Audit Report enables the Board to determine the adequacy and effectiveness of the Company's internal controls. M/s. PricewaterhouseCoopers, Chartered Accountants acted as the External Auditors of the Company for the reporting year. The Company has the necessary mechanisms in place to ensure the independence of the External Auditors, and the Audit Committee verifies that the services provided by the Auditors comply with applicable legislation.

STAKEHOLDER ENGAGEMENT

The Board is accountable to stakeholders for ensuring the Group is appropriately managed and achieves its objectives in a way that is supported by the right culture and behaviours. The Board spends time listening to and understanding the views of its key stakeholders and, when discussing matters at Board meetings, these views form an integral part of decision making. We also take other factors into account that we consider relevant to our decision making, including the interests and views of the communities we operate in.

SHAREHOLDER RELATIONS

The Company reports formally to shareholders in a number of ways. Significant matters relating to trading or development of the business, and routine reporting obligations,

are disseminated by way of Stock Exchange announcements and by press releases. The Board considers the Annual General Meeting as a prime opportunity to communicate with shareholders. Shareholders are given the opportunity of exercising their rights at the Annual General Meeting. Each resolution brought before the shareholders at the Annual General Meeting is voted on separately by them. The notice of the Annual General Meeting and the relevant documents required are published within the statutory period. The Annual General Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company. The External Auditors are also present at the Annual General Meeting to render any professional assistance that may be required. Shareholders who are not in a position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their choice.

Shareholders can also contact the Company directly via a dedicated email address or via dedicated telephone numbers, provided on the inside back cover of this report. The Company's website also contains information for institutional and retail shareholders alike. The Company's Registrars provides access facility for registered shareholders, providing details of their shareholdings. Facilities are also provided for shareholders to lodge proxy appointments electronically.

CORPORATE SOCIAL RESPONSIBILITY

The Board actively takes part in defining and overseeing the corporate culture and values, particularly in the corporate social responsibility policy. The Board continuously reviews the policies for sustainability, corporate culture and values, and on relations with stakeholders, especially employees, customers and consumers in countries where the Group operates. The corporate social responsibility policy is structured in line with the business strategy and risk appetite and putting into place mechanisms to ensure that all Group entities know how they fit into these strategies and that their processes and mechanisms are consistent with those of the policy of the Ultimate Parent.

STATEMENT OF COMPLIANCE UNDER SECTION 7.10 OF THE RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON CORPORATE GOVERNANCE. (IMPLEMENTED ON 1ST APRIL 2009 AND INCLUDES AMENDMENTS TO DATE)

CSE RULE		Compliance Status	Company's Action
7.10	COMPLIANCE		
	Compliance with Corporate Governance Rules	✓	The Company is in compliance with the Corporate Governance Rules and any deviations are explained where applicable
7.10.1	Non-Executive Directors (NED)		
	At least 2 members or 1/3 of the Board, whichever is higher should be NEDs	✓	4 out of the 7 Board members are NEDs. The Company is conscious of the need to maintain an appropriate mix of skills and experience in the Board and to refresh progressively its composition over time, in line with needs.
7.10.2	Independent Directors		
a.	2 or 1/3 of NEDs, whichever is higher shall be "independent"	✓	2 out of the 4 NEDs are independent
b.	Each NED to submit a signed and dated declaration of his/her independence or non-independence	✓	Independence of the Directors has been determined in accordance with CSE Listing Rules based on a signed confirmation obtained from the Non-Executive Directors during the year under review
7.10.3	Disclosures relating to Directors		
a.	Names of the independent Directors should be disclosed in the Annual Report	✓	The Company's Independent Non-Executive Directors are: » Janaka de Silva » Tissa Bandaranayake
b.	The Board shall annually determine the independence or otherwise of NEDs.	✓	Based on the declarations received from the Non Executive Directors the Board has determined that the above two Directors are independent.
c.	A brief resume of each Director should be included in the Annual Report including the Director's experience.	✓	Complied. Refer the Board of Directors section of the Annual Report.
d.	Provide a resume of new Directors appointed to the Board along with details	✓	Complied. Refer the Board of Directors section of the Annual Report.
7.10.4	Criteria for defining the Independence of Directors		
	Requirements for meeting the criteria to be an Independent Director	✓	All of the Independent Directors of the Company met the criteria for independency specified in this rule.
7.10.5	Remuneration Committee		
a.1	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	✓	The Remuneration Committee comprises of two Independent Non-Executive Directors and one Non-Executive Director.
a.2	One NED shall be appointed as the Chairman of the Committee by the Board of Directors.	✓	A Non-Executive Director is the Chairman of the Committee.
b.	The Remuneration Committee shall recommend the remuneration of the Executive Directors	✓	The remuneration of the Chairman/ Executive Director is determined as per the remuneration principles of the Group and recommended by the Remuneration Committee.
c.1	Names of Remuneration Committee members	✓	Refer the Board Committees section of the Annual Report.
c.2	Statement of Remuneration Policy	✓	Refer Remuneration Committee Report

Corporate Governance Report

CSE RULE		Compliance Status	Company's Action
c.3	Aggregate remuneration paid to EDs and NEDs.	✓	Aggregate remuneration – Company EDs – Rs. 2.9 Mn. NEDs – Rs. 2.9 Mn.
7.10.6	Audit Committee		
a.1	The Audit Committee [AC] shall comprise of NEDs, a majority of whom should be independent	✓	The Audit Committee comprises two Independent Non-Executive Directors and one Non- Executive Director.
a.2	A Non-Executive Director shall be the Chairman of the Committee	✓	The Chairman of the Audit Committee is an Independent Non-Executive Director.
a.3	The Head of Finance should attend AC meetings	✓	The Head of Finance attended Audit Committee meetings by invitation.
a.4	The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	✓	The Chairman of the Audit Committee is a member of a professional accounting body
b.	Functions of the AC	✓	The Audit Committee carries out all the functions stated in the Audit Committee Report section
b.1	Overseeing the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/LKAS	✓	The Audit Committee assists the Board in fulfilling its oversight responsibilities regarding the integrity of the financial statements of the Company and the Group
b.2	Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations.	✓	The Audit Committee has overall responsibility for overseeing the preparation of financial statements in accordance with the laws and regulations of the country and also for recommending to the Board, the adoption of best accounting policies
b.3	Ensuring that the internal controls and risk management are adequate to meet the requirements of the SLFRS/LKAS.	✓	The Audit Committee assesses the role and effectiveness of the Group Business Process which is largely responsible for internal controls and risk management
b.5	Make recommendations to the Board pertaining to External Auditors	✓	The Committee is responsible for appointment, re-appointment, removal of External Auditors and also the approval of remunerations and terms of engagements
c.1	Names of the Audit Committee members shall be disclosed	✓	Refer the Board Committee section in the Annual Report
c.2	Audit Committee shall make a determination of the independence of the External Auditors	✓	Refer the Report of the Audit Committee in the Annual Report
c.3	Report on the manner in which the Audit Committee carried out its functions	✓	Refer the Report of the Audit Committee in the Annual Report

CODE OF BEST PRACTICES OF CORPORATE GOVERNANCE JOINTLY ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA [SEC] AND THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA [CA SRI LANKA] (ISSUED ON 1ST JULY 2008 AND INCLUDES AMENDMENTS TO DATE)

Section		Compliance Status	Company's Action
A. DIRECTORS			
A.1 The Board			
A.1	The Company to be headed by an effective Board to direct, lead and control the Company	✓	The Company is headed by an effective Board of Directors who are responsible and accountable for the stewardship function of the Company.
A.1.1.	Regular Board meetings	✓	The Board meets quarterly and as and when required
A.1.2	The Board should be responsible for matters including implementation of business strategy, skills and succession of the management team, integrity of information, internal controls and risk management, compliance with laws and ethical standards, stakeholder interests, adopting appropriate accounting policies and fostering compliance with financial regulations and fulfilling other Board functions	✓	Powers specifically vested in the Board to execute their responsibility include: » Providing direction and guidance to the Company in the formulation of its strategies, with emphasis on the medium and long term, in the pursuance of its operational and financial goals. » Reviewing and approving annual budget plans. » Reviewing HR processes with emphasis on top management succession planning. » Monitoring systems of governance and compliance » Overseeing systems of internal control and risk management. » Determining any changes to the discretions/ authorities delegated from Board to executive levels. » Reviewing and approving major acquisitions, disposals and capital expenditure. » Approving any amendments to constitutional documents.

Corporate Governance Report

Section		Compliance Status	Company's Action
A.1.3	Act in accordance with the laws of the country and obtain professional advice as and when required	✓	The Board seeks independent professional advice when deemed necessary. During the year under review, professional advice was sought on various matters, including the following: » Impacts on BCL's business operations as a result of the current and future economic and geo-political shifts. » An employee satisfaction survey and participation in employee compensation and benefit surveys done to ensure that BCL is more than just a workplace of the highest standards. » Legal, tax and accounting aspects, particularly where independent external advice was deemed necessary in ensuring the integrity of the subject decision. » Market surveys, as necessary for business operations. » Valuation of property including that of investment property. » Specific technical know-how and domain knowledge required for identified project feasibilities and evaluations.
A.1.4	Access to advice and services of the Company Secretary. Appropriate insurance cover as recommended by the Nominations Committee for the Board, Directors and KMPs	✓	To ensure robust deliberation and optimum decision making, the Directors have access to the services of the Company Secretaries whose appointment and/or removal is the responsibility of the Board. The Company has appropriate insurance cover for KMPs according to the Group policy.
A.1.5	Bring independent judgment on various business issues and standard of business conduct		Collectively, the Non-Executive Directors bring a wealth of value adding knowledge, ranging from domestic and international experience to functional know-how, thus ensuring adequate Board diversity in accordance with principles of Corporate Governance. Furthermore, every member of the Board brings independent judgment on various business issues
A.1.6	Dedication of adequate time and effort	✓	Allowing for Non-Executive Director's involvement in various Board Committees and time spent by them in considering various matters that require discussion and decision in between the formal Board meetings, the Company estimates that Non-Executive Directors devoted sufficient time for the Group during the year, with more than 15 per cent of the time devoted to strategy formulation.

Section		Compliance Status	Company's Action
A.1.7	One third of Directors can call for a resolution to be presented to the Board in the best interests of the Company.	✓	All Directors are encouraged to submit any items/ proposals to the agendas of the Board meetings.
A.1.8	Board induction and training	✓	In instances where Non-Executive Directors are newly appointed to the Board, they are apprised of the: » Values and culture » Operations of the Group and its strategies » Operating model » Policies, governance framework and processes » Responsibilities as a Director in terms of prevailing legislation » Important developments in the business activities of the Group
A.2 The Chairman			
A.2.1	Maintain a clear division between Chairman and the Chief Executive Officer	✓	Complied with.
A.3 The Chairman's role			
A.3.1	The Chairman should ensure Board proceedings are conducted in a proper manner	✓	Refer Chairman's role in Corporate Governance section in this Annual Report
A.4 Financial acumen			
A.4	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance	✓	Two Board members hold membership in professional accounting bodies. Refer Board Member Profiles for more information
A.5 Board balance			
A.5.1	The Board should include Non-Executive Directors of sufficient caliber.	✓	Refer Board Member Profiles section
A.5.2	Three or two third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be "independent"	Not adopted	Two out of the four Non-Executive Directors are independent
A.5.3	Definition of Independent Directors	✓	Both the Independent Directors of the Company are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.
A.5.4	Declaration of Independent Directors	✓	Each Non-Executive Director has submitted a signed and dated declaration of his independence.

Corporate Governance Report

Section		Compliance Status	Company's Action
A.5.5	Board determinations on independence or non-independence of Non-Executive Directors on annual basis	✓	Both of the Independent Directors of the Company meet the criteria for independence specified in this rule.
A.5.6	Alternate Director	✓	Complied with
A.5.7	In the event the Chairman and the CEO are the same person, the Board should appoint one of the Independent Non-Executive Directors to be the 'Senior Independent Director' [SID]	Not Applicable	
A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns	Not Applicable	
A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, at least once each year.	✓	Informal discussions have been held with the Non-Executive Directors without the Executive Directors being present.
A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes	✓	All the Board meeting proceedings are comprehensively recorded in the Board minutes.
A.6 Supply of information			
A.6.1	Board should be provided with timely information to enable it to discharge its duties	✓	The Board is provided with: » Information as is necessary to carry out their duties and responsibilities effectively and efficiently. » Information updates from management on topical matters, new regulations and best practices as relevant to the Group's business » External and Internal Auditors' opinions » Experts and other external professional services » The services of the Company Secretaries. » Periodic performance reports.
A.6.2	Timely submission of the minutes, agenda and papers required for the Board meeting	✓	Board agendas and necessary Board Papers and minutes are dispatched in advance of the Board meetings

Section		Compliance Status	Company's Action
A.7 Appointment to the Board			
A.7.1	Formal and transparent procedure for Board appointments	✓	Board appointments follow a transparent and formal process.
A.7.2	Assessment of the capability of Board to meet strategic demands of the Company	✓	The Board as a whole assesses its own composition to ascertain whether the experience and exposure of the Board members are adequate to meet the strategic demands faced by the Company. Currently, the Board members have varying qualifications in economic, environmental and social topics and are involved in many committees and associations that serve the business community as a whole.
A.7.3	Disclosure of new Board member profile and interests	✓	The required disclosures with regard to the new director appointment was made as per the regulatory requirements.
A.8 Re-election			
A.8.1/ A.8.2	Re-election at regular intervals and should be subject to election and re-election by Shareholders	✓	The Directors are subject to re-election on the basis of 'longest in the office' as provided in the Articles of Association. One Director shall retire by rotation on the basis prescribed in the Articles of the Company. A Director who is subject to appointment or a Director retiring by rotation is eligible for election and re-election by a shareholder resolution at the AGM.
A.8.3	In the event of a Director resigns prior to his appointed term, shall give reasons for resignation	Not applicable	
A.9 Appraisal of Board performance			
A.9.1.	The Board should annually appraise itself on its performance in the discharge of its key responsibilities	✓	The Board continued with its annual Board performance appraisal. This is a formalised process of self-appraisal, whereby each member assesses, on an anonymous basis, the performance of the Board

Corporate Governance Report

Section		Compliance Status	Company's Action
A.9.2.	The Board should also undertake an annual self-evaluation of its performance and that of its Committees.	✓	Evaluations were carried out under the areas of: » Role clarity and effective discharge of responsibilities » People mix and structures » Systems and procedures » Quality of participation » Board image
A.9.3.	The Board should review the performance of each Director at the time of re-election	✓	Reviews are conducted annually according to the Constitution of the Company.
A.9.4	The Board should state how such performance evaluations have been conducted	✓	The performance evaluation is analysed to give the Board an indication of its effectiveness as well as areas that required addressing and/or strengthening. Despite the original anonymity of the remarks, the open and frank discussions that follow, including some Directors identifying themselves as the person making the remark, reflects the keenness of the Board.
A.10 Disclosure of information in respect of Directors			
A.10.1	» Profiles of the Board of Directors » Directors' interests » Board meeting attendance » Board Committee memberships	✓	Refer Board profiles and Corporate Governance sections
A 11 Appraisal of CEO		✓	Appraisal of the CEO was conducted according to the Group Policy
B. DIRECTORS REMUNERATION			
B.1 Remuneration procedure			
B.1.1	The Board of Directors should set up a Remuneration Committee	✓	Refer Corporate Governance Section
B.1.2.	Remuneration Committee should consist exclusively of Non-Executive Directors	✓	All members of the Remuneration Committee are Non-Executive Directors
B.1.3.	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year	✓	Refer Board Committees

Section		Compliance Status	Company's Action
B.1.4.	Determination of the remuneration of Non-Executive Directors	✓	Compensation is determined in reference to fees paid to other NEDs of comparable companies. NEDs receive a fee for devoting time and expertise for the benefit of the Group in their capacity as Directors and additional fees for either chairing or being a member of a Committee.
B.1.5	The Remuneration Committee should consult the Chairman about its proposals relating to the remuneration of other Executive Directors	Not adopted	Remuneration of the Executive Directors are governed by the Remuneration Policy of the Group
B.2 The level and make up of remuneration			
B.2.1/ B.2.2	The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors and designed to promote the long term success of the Company	✓	The Remuneration Committee as a whole is aware that the reward structure should be designed to attract and motivate high caliber people in a highly competitive environment. During the financial year, the Remuneration Committee conducted a market survey of Executive Director's remuneration with a view to assessing the appropriateness of compensation with market benchmarks.
B.2.3	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies		
B.2.4 / B.2.5	Comparison of remuneration with other Companies in the Group	✓	Having taken into account the complexities associated with the Group, it was established that the compensation is in line with the market. Benchmarking exercises of this nature will continue to take place in the future at regular intervals.
B.2.6	Executive share options not to be offered at a discount	Not applicable	No share options were given during the year under review.
B.2.7	Remuneration Committee should follow schedule E in designing schemes of performance-related remuneration	Not adopted	the remuneration scheme is in line with the Group policies.
B.2.8/B.2.9	Compensation for termination of contracts of Directors	Not adopted	the compensation scheme is in line with the Group policies.
B.2.10	Level of remuneration of NEDs	✓	The fees received by NEDs are determined by the Board and reviewed annually.
B.3 DISCLOSURE OF REMUNERATION			
B.3	Disclosure of remuneration policy and aggregate remuneration	✓	Please refer Annual Report of the Directors & the Remuneration Committee Report

Corporate Governance Report

Section		Compliance Status	Company's Action
C. RELATIONS WITH SHAREHOLDERS			
C.1 Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings			
C.1.1	The Notice of AGM and related papers to be sent to shareholders as determined by the Statute, before the meeting.	✓	Notice of the AGM and related documents are sent to shareholders along with the Annual Report within the specified period. The contents of this Annual Report will enable existing and prospective stakeholders to make better informed decisions in their dealings with the Company.
C.1.2	Separate resolution to be proposed for each item and the proxy appointment forms to have options to vote for or against each of the item	✓	Two-way proxy forms are provided
C.1.3.	Counting of proxy votes	✓	As a matter of practice, proxy votes together with the votes of the shareholders present at the AGM are considered for each resolution.
C.1.4.	Heads of Board Committees to be available to answer queries	✓	All the NEDs who are the Heads of Board Committees are available at the Meeting to answer queries.
C.1.5	Summary of procedures governing voting at General meetings to be informed	✓	Refer Form of Proxy
C.2 Communication with Shareholders			
C.2.1 – C.2.7	Effective communication with shareholders	✓	Refer Shareholder Relations section in the Corporate Governance Section
C.3 Major and Material Transactions			
C.3.1	Disclosure of all material facts involving any proposed acquisition, sale or disposition of assets	✓	All material and price sensitive information about the Company is promptly communicated to the Colombo Stock Exchange where the shares of the Company are listed, and released to the employees, press and shareholders.
C.3.2	Compliance with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulations of the SEC/CSE for listed companies		
D. ACCOUNTABILITY AND AUDIT			
D.1. Financial reporting			
D.1.1.	The Board should present an annual report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	✓	Refer Introduction to the Report, Corporate Governance Section and Statement of Directors' Responsibility
D.1.2.	Disclosure of interim and other price sensitive and statutorily mandated reports to regulators	✓	The Audit Committee together with the Board of Directors have taken all reasonable steps to ensure accuracy and timeliness of published information with a view of presenting the true and fair view of the interim and annual financial statements.

Section		Compliance Status	Company's Action
D.1.3	The Board should obtain compliance statements and declarations from the CEO and the Head of Finance before approving the financial statements	✓	Declarations are obtained from the Director/ CEO & Head of Finance that in his opinion the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company.
D.1.4	Declaration by the Directors that the Company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary	✓	Refer Corporate Governance and Annual Report of the Board of Directors
D.1.5.	Statement of Directors' Responsibility	✓	Refer Statement of Directors' Responsibility
D.1.6.	Management Discussion and Analysis	✓	Refer Management Discussion and Analysis.
D.1.7.	Remedial action at Extraordinary General Meeting [EGM] if net assets fall below half of value of Shareholders funds	✓	In the unlikely event that the net assets of the Company fall below a half of Shareholders funds, shareholders would be notified and the requisite resolution would be passed on the proposed way forward.
D.1.8	Disclosure of Related party Transactions	✓	Refer Notes to the Financial Statements
D.2 Risk Management and Internal Control			
D.2.1	Annual review of effectiveness of system of risk management and internal control and report to shareholders as required	✓	The Board has taken the necessary steps to ensure the integrity of the Group's accounting and financial reporting systems and internal control systems that remain effective via the review and monitoring of such systems on a periodic basis.
D.2.2	Robust assessment of the principal risks faced by the Company	✓	Refer Risks and Opportunities section
D.2.3.	Internal Audit Function	✓	The internal audit function of the Company is not outsourced to the External Auditors of the Company to ensure the independence of the External Auditors of the Company. The Auditors' report on the Financial Statements of the Company for the year under review is found in the financial information section of the Annual Report.
D.2.3/ D.2.4	Maintaining sound system of internal control	✓	Refer Corporate Governance Report

Corporate Governance Report

Section		Compliance Status	Company's Action
D.3 Audit Committee			
D.3.1.	The Audit Committee should comprise a minimum of three non-executive directors of whom at least two should be Independent. The Chairman of the Committee should be an Independent Non-Executive Director. At least one member should have recent and relevant experience in financial reporting and control.	✓	The Audit Committee comprises two Independent Non-Executive Directors and one Non-Executive Director. The Committee is chaired by an Independent Non-Executive Director who is a member of a professional accounting body.
D.3.2.	The Audit Committee to have written terms of reference covering the salient aspects as stipulated in the section	✓	The Audit Committee has written terms of reference outlining the Scope.
D.3.3.	Duties and responsibilities of the Committee	✓	The Audit Committee has the overall responsibility for overseeing the preparation of Financial Statements in accordance with the laws and regulations of the country and also recommending to the Board, on the adoption of best accounting policies. The Committee is also responsible for maintaining the relationship with the External Auditors. Refer Audit Committee Report
D.4 Related Party Transactions Review Committee [RPTR Committee]			
D.4.1	Definition of a Related Party and Related Party Transactions	✓	Refer Notes to the Financial Statements
D.4.2	The RPTR Committee should comprise exclusively of non-executive directors with a minimum of three. Majority should be independent. The Chairman of the Committee should be an Independent Non-Executive Director.	✓	The Committee comprises of four Non-Executive Directors out of which two are independent. One Independent Non-Executive Director acts as the Chairman of the Committee.
D.4.3.	The RPTR Committee to have written terms of reference covering the salient aspects as stipulated in the section	✓	The RPTR Committee has written terms of reference outlining the Scope.
D.5 Code of Business Conduct and Ethics			
D.5.1	Adoption of Code of Business Conduct and Ethics	✓	Business ethics at the Company ensure the business is carried out in an ethical manner
D.6 Corporate Governance disclosure			
D.6.1.	The Directors should include in the Company's Annual Report a Corporate Governance Report	✓	Refer the Corporate Governance Section
E. INSTITUTIONAL INVESTORS			
E.1 Shareholder voting			
E.1.1	A listed Company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives.	✓	The Company has a well-developed investor relations programme to address the information needs of investment institutions and analysts regarding the Company, its strategy, performance and competitive position
E.2 Evaluation of governance disclosures			

Section		Compliance Status	Company's Action
E.2.1.	When evaluating the company's governance arrangements, particularly those relating to the Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention	✓	Institutional investors are informed of any changes to the governance structure.
F. OTHER INVESTORS			
F.1 Investing/divesting decisions			
F.1.1.	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions	✓	The Company maintains an active dialogue with shareholders, potential investors, investment banks, stock brokers and other interested parties. Any concerns raised by a Shareholder are addressed promptly and forwarded, when necessary, to the Company Secretaries for consideration and advice.
F.2 Shareholder voting			
F.2.1	Individual shareholders should be encouraged to participate in General Meetings of Companies and exercise their voting rights.	✓	All steps are taken to facilitate the exercise of shareholder rights at AGMs, including the receipt of notice of the AGM and related documents within the specified period. Shareholders exercise their voting rights for each resolution passed at the AGM.
G. INTERNET OF THINGS AND CYBER SECURITY			
G.1. – G.5	A review with regard to the cyber environment to ensure that appropriate data and information governance processes and controls, e-commerce defences, proactive security and strong incident management processes across the business are in place.	✓	LOITS, a subsidiary of the Parent Company, LOLC Holdings PLC manages the cyber security of the Company and the Parent Company reviews and monitors the cyber environment of the Group.
H. ENVIRONMENT, SOCIETY AND GOVERNANCE			
H.1 – H.5.	Adherence to the ESG principles	✓	Refer Introduction to the Report and Social and Relationship Capital Report.

THE COMMITTEE PLAYS AN IMPORTANT ROLE IN ENSURING THE INTEGRITY OF FINANCIAL REPORTING, THE INTERNAL CONTROL ENVIRONMENT AND RISK MANAGEMENT PROCESSES

COMMITTEE MEMBERSHIP, INDEPENDENCE AND EXPERIENCE

The Committee membership is solely comprised of Non-Executive Directors namely:

- » **Mr. Tissa Bandaranayake**
Independent Non-Executive Director - Chairman
- » **Mr. Janaka de Silva**
Independent Non-Executive Director - Member
- » **Mrs. Kalsha Amarasinghe**
Non-Executive Director - Member

Two Committee Members have recent and relevant financial experience as required by the Code. The Board considers that the Committee members collectively have competence relevant to the Group's sectors, in addition to their general management and commercial experience.

ROLE OF THE COMMITTEE

The Committee's main role is to monitor and review the integrity of the Company's financial information. This includes recommending to the Board whether the Company's Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and whether the assessment of the Group's going concern assumptions and longer-term viability are reasonable. The Committee is also responsible for providing assurance to the Board that the Group's internal controls and risk management systems are fit for purpose and regularly reviewed, as well as overseeing the effectiveness and independence of the External Auditors including recommending to the Board the approval of fees and appointment.

MEETINGS

Meetings of the Committee are scheduled to take place four times a year and occur in line with the financial and reporting cycles of the Company. Meetings are generally held prior to Board meetings so that optimum collaboration with the Board is maintained. Members and their attendance at meetings during the year are set out in the table below. Each meeting followed a distinct agenda to reflect the financial reporting cycle and particular matters for the Committee's consideration. Committee members hold private sessions with the External Auditors to provide an additional opportunity for open dialogue and feedback without management present.

The invitations to attend Audit committee meetings are extended to all Directors including the Chair of the Board, the Director/CEO the Company Secretary, AGM Finance, Head of Finance and Chief Manager Enterprise Risk Management. The External Auditors are invited prior to releasing the interim financial statements for the last quarter as well as to discuss key audit matters and the Management Letter. The Head of IT is invited at the time of any updates required on the Group's information security strategy. Heads of relevant departments and HR are invited when relevant Internal Audits report are being discussed.

The Chair provides updates to the Board on the proceedings, considerations and findings of each meeting.

During the year under review five meetings were held and the attendance were as follows:

	31.05.2022	17.06.2022	15.08.2022	15.11.2022	15.02.2023	Total
Tissa Bandaranayake	✓	✓	✓	✓	✓	5/5
Janaka de Silva	✓	✓	✓	✓	✓	5/5
Kalsha Amarasinghe	✗	✗	✗	✓	✓	2/5

FINANCIAL REPORTING

The primary role of the Committee in relation to financial reporting is to monitor the integrity of the Group's published financial information including reviewing its full-year and quarterly financial results. The Committee undertakes this with both management and the External Auditors and concentrates on ensuring compliance with the relevant financial and governance reporting requirements. The Committee considers the principal accounting policies that are used when preparing these results as well as reviewing the significant accounting issues and areas of judgements made and other key areas of focus. The Committee receives regular reports from the Director/CEO to support this work. The Committee has continued to focus on the key audit matters. All of these matters were conducted to the satisfaction of the Committee.

FAIR, BALANCED AND UNDERSTANDABLE REPORTING

The Committee considered whether the overall reporting was consistent with the quarterly financial statements, the industry as a whole and the wider economic environment. In addition, the Committee assessed whether suitable accounting policies had been adopted by the Group and reviewed papers prepared by the Senior Management on the main financial reporting judgements as well as the External Auditor's reports on the yearly results.

RISK MANAGEMENT

The Committee reviewed the Group's principal and emerging risks and mitigation strategies, with particular discussion around prioritised risks and risk movements. A robust assessment of the Group's principal risks were carried out.

The Committee continued to oversee the Group's progress across Risk & Audit, People and Technology. This included monitoring the continued progress in relation to IT general controls, technology security and control initiatives to mitigate the Group's risk exposure and responsiveness to changing environments. The Committee reviewed assessments undertaken by the Internal Audit and was satisfied that the issues had been identified promptly and that appropriate remediation of underlying controls were implemented.

INTERNAL AUDIT

Internal Audit functions are provided by the Enterprise Risk Management (ERM) division of the parent Company, LOLC Holdings PLC. The Chief Manager of ERM reports directly to the Committee and administratively to the Director/CEO, with a remit to provide independent and objective assurance over the Group's prioritised risks and management structures. Internal Audit plays an integral role in the Group's governance structure and provides regular reports to the Committee on the effectiveness of systems, processes and controls across the Group.

Internal Audit's activity is primarily driven by the Internal Audit Plan (the Audit Plan) that reflects the key risks the Group faces, the governance frameworks, management structures and the operations. Following

approval by the Committee and the Board, on an annual basis, the Audit Plan remains under review and subject to change throughout the year to ensure changes to the risk profile or key drivers are appropriately considered. The Committee reviews and approves if any changes to the Audit Plan and receives regular updates on the outcome of the work performed.

Management culture is considered through evaluation of the control environment as part of every audit undertaken. Several other assurance activities are conducted including continuous controls reviews, post-implementation audits, and other management-requested assurance. The results of these reviews are also presented and reviewed by the Committee. The Committee approved the Audit Plan for the FY 2023/2024. The Committee satisfied itself with the effectiveness of Internal Audit by considering the results of the assessments, as well as through ongoing review and oversight of the assurance activities.

INTERNAL CONTROLS

Management is responsible for identifying and managing risks, and for maintaining a sound system of internal control. The internal control framework is intended to effectively manage rather than eliminate the risk of failure to achieve the business objectives. It can only provide reasonable, but not absolute, assurance against the risk of material misstatement or financial loss. The key elements of the Group's internal control framework are monitored throughout the year and the Committee has conducted a review of the effectiveness of the Group's risk management and internal control systems on behalf of the Board. The Committee's review of the effectiveness of internal controls has encompassed a review of various reports provided by management, Internal Audit and External Audit.

EXTERNAL AUDITORS

M/s. PricewaterhouseCoopers (PwC) continued as the Group's External Auditors for the 2022/23 financial year. The Committee reviewed the role of the External Auditors and the scope of its work. The Committee also considered the effectiveness of the External Auditors on an ongoing basis during

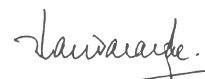
the year. Amongst others, the review covered the Auditors' independence, objectivity and professional aspects. The Committee is satisfied that the External Auditors are independent.

The group has restricted the areas where the external auditors can provide non-audit services, such that only certain types of non-audit services which are closely related to an audit or required by law or regulation can be provided. The Committee oversees the process for approving all non-audit work provided by the External Auditors to safeguard the objectivity and independence of the auditors and comply with regulatory and ethical guidance. Details of fees charged by the external Auditors during the year under review are set out in Note 8 to the Consolidated Financial Statements.

M/s. PwC were first appointed in 2018 and re-appointed each year at the AGM. The Committee reviews the re-appointment of the External Auditors annually. Having considered the matters detailed above, the Committee recommended to the Board the re-appointment of PwC as the Auditors of the Company for the financial year ending 31st March 2024 subject to the approval of the shareholders, at a remuneration to be agreed by the Board.

FAIR, BALANCED AND UNDERSTANDABLE STATEMENT

The Committee considered this Annual Report and Financial Statements, taken as a whole, and concluded that the disclosures, as well as the processes and controls underlying its production, were appropriate. The Committee recommended to the Board that the Annual Report and Financial Statements for the year ended 31st March 2023 is fair, balanced and understandable while providing the necessary information to assess the Company's position and performance, business model and strategy.



Tissa Bandaranayake
Chairman - Audit Committee

31st August 2023

Remuneration Committee Report

This year saw another very strong performance for the Company, reflecting the continued work our people have done in strengthening our position in the sectors we operate. We have grown our market share and delivered strong profit growth, global supply chain disruptions and cost inflation.

We have invested in talent, empowered our leaders and incentivised our teams with stretching targets. This has been key to the exceptional Group performance. Given the importance of our people, the Group ensured that we continued to offer competitive pay and benefits during the year.

This review took into account the resilience of delivery given the impact of ongoing external challenges that were outside of management's direct and indirect control, as well as the overall experience of the Group's stakeholders.

The Committee undertook the annual review of incentives taking into account, a range of relevant factors. Salary adjustments during the year under review was in line with the framework offered by the Parent Company. The annual bonus was based on a balanced set of key financial and strategic priorities for the year.

COMPOSITION

The members of the Remuneration Committee are:

Mrs. Kalsha Amarasinghe
Chairperson/Non-Executive Director

Tissa Bandaranayake
Member/Independent Non - Executive Director

Janaka de Silva
Member/Independent Non-Executive Director

Director /CEO and Human Resources Manager of the Company are invited to the meetings, with the Company Secretaries functioning as its Secretary.

A review of the effectiveness of remuneration policies and practices in support of strong historical performance, and the next phase of the Company's development was conducted. The Committee was satisfied that purpose of the remuneration policy remains to attract, retain and motivate the talent capable of delivering the Group's purpose and strategy and provide clear leadership. In this way, it aims to create long-term sustainable performance and increased shareholder value.

The Committee also considered on the incentives provided for staff and reviewed the methods imposed by the management to attract new talent into the Group. The Committee was satisfied that the Management had been able to retain key talents amidst prevailing economic crisis and political instability.



Kalsha Amarasinghe
Chairperson - Remuneration Committee

31st August 2023

The Related Party Transactions Review Committee Report

The Board has established Related Party Transactions Review Committee [RPTR Committee] in order to review the related party transactions of Brown and Company PLC and its subsidiaries.

COMPOSITION

The Committee is appointed by the Board and comprises four Non-Executive Directors out of which two are independent. One Independent Non-Executive Director acts as the Chairman of the Committee.

The members are;

Tissa Bandaranayake
Chairman /Independent Non-Executive Director

Janaka de Silva
Member/Independent Non-Executive Director

Mrs. Kalsha Amarasinghe
Member /Non-Executive Director

Kapila Jayawardena
Member/Non-Executive Director

The Director/CEO of the Group attend the meetings by invitation.

The Company Secretaries provide assistance to the members of the Committee, including but not limited to assisting the Committee Chair in planning the work of the Committee, formulating meeting agendas, maintenance of committee minutes, collation and distribution of information required by the Committee and providing practical support, as and when needed.

COMMITTEE MEETINGS

The Committee met four times during the year under review. The minutes of all meetings were properly documented and communicated to the Board of Directors.

Any member of the Committee who has a potential interest in any Related Party Transaction will disclose his/her interests therein and excuse and abstain from discussions leading to the eventual voting and approval of the Related Party Transaction/s. The RPTR Committee considers all relevant facts and circumstances respecting such transaction/s.

The attendance details during the year under review are as follows:

	31.5.2022	15.8.2022	15.11.2022	15.02.2023	Total
Tissa Bandaranayake	✓	✓	✓	✓	4/4
Janaka de Silva	✓	✓	✓	✓	4/4
Kalsha Amarasinghe	✗	✗	✓	✓	2/4
Kapila Jayawardane	✓	✓	✓	✓	4/4

ROLE OF THE COMMITTEE

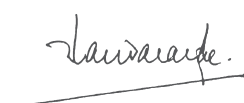
The RPTR Committee is tasked with reviewing all Related Party Transactions of the Company and ensuring that they comply with the Listing Rules of the Colombo Stock Exchange [CSE]. The Committee reviews and pre-approves all proposed non-recurrent Related Party Transactions of the Company. Further, the Committee reviews all recurrent Related Party Transactions on a quarterly basis and annually to ensure compliance with the limits and reporting guidelines specified by the Listing Rules of CSE.

REVIEW OF THE YEAR

- » The Committee reviewed all related party transactions, and ensured there were neither any non-recurrent transaction nor transactions that require the approval of shareholders of the Company [except for the exempted transactions under Rule 9.5 of the CSE Listing Rules];
- » Obtained required information from the management, employees or external parties with regard to any transaction entered into with a related party;
- » After each meeting, the Committee updated the Board on any disclosures that need to be made in Quarterly Financial Statements or the Annual Report, any other market disclosures with regard to any particular related party transaction and any other observations or comments that may require the attention of the Board;
- » Ensured that no Director of the Company participated in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director was requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee;
- » Established guidelines and policies for the management and reporting of related party transactions. The Committee also considered the necessary market disclosures in a timely and detailed manner and disclosures in the Annual Report as required by the applicable rules/regulations;
- » Assessed the adequacy of related party reporting systems along with the advice of the External Auditors;
- » Ensured that all reporting requirements of the CSE Listing Rules and other relevant statutes and regulations are met;
- » The Committee was satisfied that all related party transactions of the entity were transacted on normal commercial terms and were not prejudicial to the interests of the entity and its minority shareholders.

DECLARATION

The Committee has reviewed all related party transactions during the period and has established that they are in the best interest of the Company and comply with all standards of best practice and reporting. The recurrent and non-recurrent related party transactions of the Company are given in detail on page 153 to 160.



Tissa Bandaranayake
Chairman - Related Party Transactions Review Committee

31st August 2023

Business Operations Committee Report

This Committee was formed in 2006 to strengthen the business operations of the Company.

The Committee presently comprises of the Executive Chairman and two Non-Executive Directors namely,

Ishara Nanayakkara

Executive Chairman

Kalsha Amarasinghe

Non-Executive Director

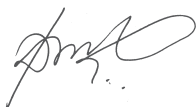
Kapila Jayawardena

Non-Executive Director

The primary responsibility of this Committee is to look at strategic directives and investments for the Group, prior to being ratified by the Board, so as to have a better representation in this process and to expedite decisions.

The Committee meets depending on need and urgency.

The Browns Group is in the process of expanding, which includes not only investments into the existing manufacturing and trading operations but also in areas that are strategic and would complement the core growth strategies of the organization. The Committee also evaluates the pros and cons of such substantial investments and the related opportunity costs of funds, to have a better balance between the growth strategies and stakeholder requirements. In such evaluations the Committee endeavours to strike a balance between the short, medium and long-term investments in order to post continuous and harmonious growth without interruption.



Ishara Nanayakkara

Executive Chairman

31st August 2023

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WE WILL CONTINUE
TO WORK TOWARDS
BUILDING A MORE
RESILIENT BUSINESS
THAT WILL ENSURE
CONTINUITY AND
SAFEGUARD OUR
147-YEAR-OLD
LEGACY.

Annual Report of the Board of Directors

The Directors of Brown and Company PLC have pleasure in presenting to members their Report and the Audited Consolidated Financial Statements for the year ended 31st March 2023.

The Financial Statements and the disclosures made herein conform to the requirements of the Companies Act No. 7 of 2007. The Report also includes relevant disclosures required to be made under the Listing Rules of the Colombo Stock Exchange and is guided by the recommended best practices on accounting and corporate governance.

BROWN AND COMPANY PLC

Brown and Company PLC is a public limited liability Company incorporated in Sri Lanka on 17th August 1892 under the Joint Stock Companies Ordinance 1861 and the Company was re-registered as required under the provisions of the Companies Act No. 07 of 2007 on 25th July 2007. The Company was listed on the Main Board of the Colombo Stock Exchange on 25th April 1991 and was transferred to Diri Savi Board with effect from 15th October 2018. The Registered Office of the Company is No. 481, T.B. Jayah Mawatha, Colombo 10. The Business Office is situated at No. 34, Sir Mohamed Macan Markar Mawatha, Colombo 3.

VISION, MISSION AND CORPORATE CONDUCT

The Vision and Mission statements are given on inner cover of this Annual Report.

The Company conducts its business activities at a high level and maintains ethical standards in achieving its vision and mission. The Board of Directors of the Company as well as its employees have pledged to abide by and comply with the respective Codes of Conduct and Ethics.

PRINCIPAL ACTIVITIES

Browns Group consists of a portfolio of diverse business operations in the commercial market today by continuously expanding in all business segments in line with the core strategy of creating wealth for all stakeholders.

The principal activities of Brown and Company PLC and the review of the Group's progress and performance during the year with comments on the financial results and prospects are given in the Management Discussion and Analysis section on pages 6 to 19 of this Report.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Browns Group will continue to align itself with strategic areas in the national economy, with Sri Lanka well positioned to grow in sectors such as leisure and tourism, construction, agri business, trading and manufacturing, among others. Large construction projects that are in the pipeline offer significant potential for related goods and services marketed by the organization.

GROUP REVENUE

The Revenue of the Group was Rs. 73 Bn as compared with Rs. 50 Bn. in the previous year. A detailed analysis of the Group Revenue is given in Note No 4 of the Financial Statements.

GROSS PROFIT

The Group's Gross Profit for the year was Rs. 21 Bn compared with the Group's Gross Profit of Rs. 12 Bn for the previous year.

GROUP INVESTMENTS

Investments of the Group and the Company in subsidiaries, associates, joint ventures, long term and short term investments amounted to Rs. 48 Bn 2022- Rs. 43 Bn] and Rs. 44 Bn. [2022 - Rs. 30 Bn] respectively. A detailed description of the subsidiaries, associates, joint ventures, long term and short term investments are fully described in Notes 17 to 19 and Note 26 respectively.

PROPERTY, PLANT AND EQUIPMENT

Information relating to the movement in Property, Plant and Equipment is given in Note 11 of this Financial Statements.

MARKET VALUE OF PROPERTIES

Revaluations are made with sufficient regularity for land and buildings owned by the Group and the Company by independent professional valuers. A detailed description is given in Notes 11 and 13 to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at the date of this Report is Rs.9,093,101,000 which consists of 212,625,000 ordinary shares [2022 Rs.9,093,101,000 which consists of 212,625,000 ordinary shares].

RESERVES

The total Group Reserves as at 31st March 2023 amounts to Rs. 70 Bn as compared with Rs. 76 Bn in the previous year.

SEGMENT REPORTING

Segment wise contribution to the Group revenue, results, assets and liabilities is provided in Note 45 to the Financial Statements.

TAXATION

Income tax expense for the Group is Rs. 1.4 Bn compared to Rs. 558 Mn in the previous year. Income tax expense for the Company is Rs 1.1 Bn compared to Rs. 378 Mn in the previous year. Taxation has been provided at the appropriate rates indicated in Note No 9 of the Financial Statements.

SHARE HOLDINGS / SHARE INFORMATION

The market value of an ordinary share of the Company as at 31st March 2023 was Rs.119.50 [31st March 2022 - Rs. 133.50]. The number of shareholders as at 31st March 2023 was 4,954 [31st March 2022 was 4,290]. An analysis of shareholders based on shares held, the distribution of ownership and market values for the last five years are provided on pages 180 to 181.

The information in respect of earnings, dividends, net assets per share is given on page 1.

SHAREHOLDERS

It is the Group's policy to treat its shareholders equitably and maximize shareholder wealth. Quarterly returns of financial results with any developments or changes are hosted on the CSE website.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Events Occurring after the Balance Sheet Date are disclosed in Note No 44 to the Financial Statements.

EMPLOYMENT POLICIES

The Group employment policies respect the individuals and offer equal career opportunities, regardless of sex, race or religion and consider the relationship with the employees to be good. The number of persons employed in the Company as at 31st March 2023 was 597 (31st March 2022 was 553).

The Company promotes a culture of teamwork, integrity and dedication and remuneration is linked to performance by annual appraisals of both qualitative and quantitative performance of all employees.

CUSTOMERS

The Group firmly believes in investing time and effort in discovering exactly what the customer wants and then giving it to them at the best price and building relationship and loyalty by supplying the demand in the best manner possible every single time. In other words, we believe in selling customer excellence. In addition the Company also carries out customer awareness programmes and customer service campaigns. The Company deals with both corporate and retail customers.

SUPPLIER POLICY

The Group places great emphasis on the importance of suppliers to the Group and building loyalty and ensure payments promptly. Further a clear communication terms of payment as part of commercial agreements is being maintained.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Group Companies, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the Company and its Group Companies and all other known statutory dues as were due and payable by the Company and Group Companies as at the Statement of Financial Position date have been paid or, where relevant provided for.

ENVIRONMENTAL PROTECTION

It is the Group policy to keep the adverse effect on the environment to a minimum and to promote co-operation and compliance with the relevant authorities and regulations.

CORPORATE GOVERNANCE & INTERNAL CONTROL

The information called for by this item with respect to the practice followed by the Group is set out in the Corporate Governance Report on pages 20 to 41.

GOING CONCERN

As in the Statement of Directors' Responsibility given on page 52 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 in adopting the going concern basis in preparing the Financial Statements.

PROFIT AND APPROPRIATIONS

Group	2023 Rs. 000	2022 Rs. 000
Balance as at 1st April	43,154,141	19,985,456
Adjustments for Surcharge Tax	[532,098]	-
Profit/ (Loss) for the year	[6,230,356]	21,589,061
Other Comprehensive income	[155,256]	1,579,085
Forfeited Dividend	-	539
Adjustments due to change in group holdings	335,777	-
Balance as at 31st March	36,572,208	43,154,141

Company	2023 Rs. 000	2021 Rs. 000
Balance as at 1st April	19,815,139	18,011,324
Adjustments for Surcharge Tax	[82,510]	-
Profit/ (Loss) for the year	[1,429,851]	1,794,465
Other Comprehensive income	[456]	9,350
Balance as at 31st March	18,302,322	19,815,139

DIRECTORATE

The Directors of the Company during the year under review were as follows:

Ishara Nanayakkara
Executive Chairman

Kapila Jayawardena
Non-Executive Director

Kalsha Amarasinghe
Non-Executive Director

Danesh Abeyrathne
Executive Director

Thamotharampillai Sanakan
Executive Director /Chief Executive Officer

Tissa Bandaranayake
Independent Non-Executive Director

Janaka de Silva
Independent Non-Executive Director

D. Eshana Amarasinghe
[Alternate Director to Mrs. Kalsha Amarasinghe]

Annual Report of the Board of Directors

APPOINTMENT OF EXECUTIVE DIRECTOR

Mr. T. Sanakan was appointed as the Executive Director with effect from 2nd January 2023 in addition to his present position as Group Chief Executive Officer.

DIRECTORS' MEETINGS

The Directors conduct Board Meetings at least once in a Quarter and as and when necessary. Board decisions are resolved by resolutions at meetings, by circulation and also through circular Board papers which are approved and signed by all the Directors and tabled at the Board Meetings. The Minutes of the Board Meetings, the Agenda for the next meeting and the Management Reports are circulated to all the Directors in advance of the meetings.

The schedules of Directors' attendance at Board Meetings and at the Board Committee Meetings are appended in the Corporate Governance Report on pages 20 to 41.

RE-ELECTION OF DIRECTORS

In accordance with Article No. 24(2) of the Articles of Association of the Company Mr. T. Sanakan Executive Director retires by rotation and being eligible offers himself for re-election.

In accordance with Article No. 24(6) of the Articles of Association of the Company Mr. Kapila Jayawardena, Non-Executive Director retires by rotation and being eligible offers himself for re-election.

Directors hereby recommend that Mr. Janaka de Silva and Mr. Tissa Bandaranayake, who vacate office in terms of Section 210 (2) (b) of the Companies Act, be re-appointed as the Independent Non-Executive Directors of the Company, in terms of Section 211 of the Companies Act No. 7 of 2007 for a period of one year or until the conclusion of the next Annual General Meeting whichever occurs first and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Directors.

BOARD COMMITTEES

The Board has established committees for better monitoring and guidance of different aspects of operations and control.

AUDIT COMMITTEE

Tissa Bandaranayake
Chairman / Independent Non-Executive Director

Janaka de Silva
Member/ Independent Non-Executive Director

Kalsha Amarasinghe
Member/ Non-Executive Director

The report of the Audit Committee is given on pages 42 to 43.

REMUNERATION COMMITTEE

Kalsha Amarasinghe
Chairperson/ Non-Executive Director

Tissa Bandaranayake
Member/ Independent Non-Executive Director

Janaka de Silva
Member/ Independent Non-Executive Director

The report of the Remuneration Committee is given on page 44.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Tissa Bandaranayake
Chairman/ Independent Non-Executive Director

Janaka de Silva
Member/ Independent Non-Executive Director

Kapila Jayawardena
Member/ Non-Executive Director

Kalsha Amarasinghe
Member/ Non-Executive Director

The report of the Related Party Transactions Review Committee is given on page 45.

BUSINESS OPERATIONS COMMITTEE

Ishara Nanayakkara
Executive Chairman

Kalsha Amarasinghe
Non-Executive Director

Kapila Jayawardena
Non-Executive Director

The report of the Business Operations Committee is given on page 46.

GROUP MANAGEMENT COMMITTEE

Ishara Nanayakkara
Executive Chairman

The Members of the Senior Management

INTEREST REGISTER

The Directors have made the declarations required by the Companies Act No. 7 of 2007. These have been entered into the Interest Register which is maintained by the Company.

The Company carried out transactions in the ordinary course of business with entities in which a Director of the Company is a Director. The transactions with entities where a Director of the Company either has control or exercises significant influence have been classified as related party transactions and disclosed in Note No. 41 to the Financial Statements.

RELATED PARTY TRANSACTIONS

In terms of Section 9 of the Listing Rules of the CSE, there were no any related party transactions that required shareholder approval or non-recurrent related party transactions that required immediate market disclosures during the year under review except those which were duly disclosed by way of market announcements via CSE website.

The Directors declare that the Company has complied with Section 9 of the Listing Rules of the CSE.

DIRECTORS' SHAREHOLDINGS

The Directors' interests in shares as at 31st March 2023 and 31st March 2022 were as follows :-

	As at 31st March 2023	As at 31st March 2022
Sampath Bank PLC/Ishara Nanayakkara	299,700	299,700
Kapila Jayawardena	Nil	Nil
Kalsha Amarasinghe	Nil	Nil
Janaka de Silva	Nil	Nil
Tissa Bandaranayake	Nil	Nil
Danesh Abeyrathne	Nil	Nil
Thamotharampillai Sanakan	Nil	Nil

REMUNERATION OF DIRECTORS

The Directors' emoluments are disclosed in Note No 8 to the Financial Statements.

LIST OF MAJOR SHAREHOLDERS

The list of 20 major shareholders and the percentage held by each as at 31st March 2023 is given on page 181 of the Financial Statements.

SUBSIDIARY AND ASSOCIATE COMPANIES AND ITS DIRECTORS

The Directors of subsidiary and associate companies as at date are given on pages 182 to 190 of this Annual Report.

AUDITORS' REPORT

The Auditors of the Company Messrs PricewaterhouseCoopers, Chartered Accountants have carried out the audit of the Consolidated Financial Statements for the financial year ended 31st March 2023 and their Report on the Financial Statements appear on pages 53 to 59 of this Annual Report.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 68 to 88.

COMPANY SECRETARIES

L O L C Corporate Services [Private] Limited serves as the Company Secretaries of the Company.

ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statements on 31st August 2023. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the required stipulated time frame.

ANNUAL GENERAL MEETING

The 131st Annual General Meeting will be held on Tuesday, 26th September 2023 at 12.00 noon as an online audio-visual meeting at LOLC Holdings PLC, No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya. The Notice of the Annual General Meeting is given on page 192.

AUDITORS

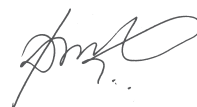
In accordance with Section 154 [1] of the Companies Act No. 7 of 2007 a resolution proposing the re-appointment of Messrs. PricewaterhouseCoopers, Chartered Accountants as the Auditors of the Company for the ensuing financial year will be proposed at the Annual General Meeting.

In terms of Section 155 [a] of the Companies Act No. 7 of 2007 a resolution authorizing the Directors to fix the remuneration of the Auditors Messrs. PricewaterhouseCoopers, Chartered Accountants for the ensuing financial year will be proposed at the Annual General Meeting.

The fees paid to the Auditors are disclosed in Note 8 to the financial statements.

As far as the Directors are aware, the Auditors do not have any relationship [other than that of an Auditor] with the Company or any of its subsidiaries other than those disclosed above. The Auditors also do not have any interest in the Company or any of its Group Companies.

For and on behalf of the Board



Ishara Nanayakkara
Executive Chairman



Kapila Jayawardena
Director



Secretaries
L O L C CORPORATE SERVICES [PRIVATE] LIMITED

Colombo
31st August 2023

Statement of Directors' Responsibility

The responsibility of the Directors in relation to the Financial Statements for the year ended 31st March 2023 which have been prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards, the Listing Rules of the Colombo Stock Exchange and the Companies Act No.7 of 2007, is set out in the following statement.

The responsibility of the Auditors in relation to the Financial Statements is set out in the Report of the Auditors on pages 53 to 59 of the Report. As per the provisions of the Companies Act No. 7 of 2007, the Directors are required to prepare Financial Statements, for each financial year and place before a General Meeting which comprise of:

- 1] An Income Statement, which presents a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year;
- 2] A Statement of Financial Position, 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;
- 3] A Statement of Changes in Equity which presents a true and fair view of the changes in the Company's and its Subsidiaries retained earnings for the financial year;
- 4] A Statement of Cash Flow which presents a true and fair view of the flow of cash in and out of the business for the financial year;

and which comply with the requirements of the Act.

The Directors are of the view that, in preparing these Financial Statements:

- » The appropriate accounting policies have been selected and applied in a consistent manner. Material deviations, if any have been disclosed and explained;
- » All applicable Accounting Standards, as relevant, have been followed;
- » Judgements and estimates have been made which are reasonable and prudent

The Directors are also of the view that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company and of the Group, also to reflect the transparency of transactions and to ensure that the Financial Statements presented comply with the requirements of the Companies Act.

The Directors are also responsible for taking reasonable steps to safeguard the Assets of the Company and that of the Group 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 Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and

undertake whatever inspections they may consider to be appropriate to enable them to give their Audit Opinion.

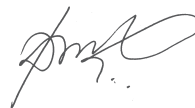
The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all 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.

The Board of Directors confirms that the Company, based on the information available, satisfies the Solvency test as and when required according to the Section 56(2) of the Companies Act No 07 of 2007.

By order of the Board



Ishara Nanayakkara
Executive Chairman

31st August 2023

Independent Auditor's Report



TO THE SHAREHOLDERS OF BROWN AND COMPANY PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Brown and Company PLC [“the Company”] and the consolidated financial statements of the Company and its subsidiaries [“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.

What we have audited

The financial statements of the Company and the consolidated financial statements of the Group, which comprise:

- » the statement of financial position as at 31 March 2023;
- » the statement of profit or loss for the year then ended;
- » the statement of comprehensive income for the year then ended;
- » the statement of changes in equity for the year then ended;
- » the statement of cash flows for the year then ended; and
- » the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka [“CA Sri Lanka Code of Ethics”], and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

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Partners D T S H Mudalige FCA, C S Manoharan FCA, Ms S Perera ACA, Ms S Hadgie FCA, N R Gunasekera FCA
T U Jayasinghe FCA, H P V Lakdeva FCA, M D B Boyagoda FCA, Ms W D A S U Perera ACA, Ms L A C Tillekeratne ACA

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD)

Key audit matters (Contd)

The Company:

Key audit matter	How our audit addressed the Key audit matter
RECOVERABILITY OF INVESTMENTS IN SUBSIDIARIES <i>Refer to notes 3.2.1 and 17 of the consolidated financial statements for disclosures of related accounting policies, judgments, estimates and balances.</i> The carrying value of the Company's investments in subsidiaries as at 31 March 2023 amounted to Rs. 41,102 Mn. In determining the recoverability of the investments in subsidiaries management considered the impact of the current uncertain economic conditions on the operational cash flows of the subsidiaries and had performed sensitivity analysis over their cash flow forecasts and earnings projections of the subsidiaries, which are sensitive to changes in future economic conditions During the year ended 31 March 2023, the Company has not recognised an additional provision for impairment of investments in subsidiaries. We focused on this matter because the: » Carrying value of the investments in subsidiaries in the statement of financial position is significant; and » Inherently subjective nature of determining the recoverable amounts due to the use of estimates and assumptions about the future results of the businesses and discounts rates applied for future cash flow forecasts.	Our audit procedures included the following: » Obtaining an understanding of the process by which management evaluates the recoverability of investments in subsidiaries; » Evaluating management's assessment in determining whether there are any indicators that the carrying amounts of investments in subsidiaries may not be recoverable; » Where impairment indicators were noted by management, satisfying ourselves that the final impairment calculations, including the assumptions used, were approved by senior management; » Checking the appropriateness of the selection of the impairment testing technique by assessing the carrying value against the recoverable asset amount; » Obtaining management's impairment calculations and testing the reasonableness of the key assumptions used in the discounted cash flow model as detailed below: - Agreeing the forecasted information to management approved budgets and business plans; - Comparing the long term growth rate by comparing it to the economic forecasts; and - Testing the reliability of management's projections, by comparing actual results for 2022/ 2023 to the forecasts prepared for 2022/ 2023 in the previous year; and - Checking the reasonability of the calculation of the discount rate by assessing the cost of capital for the company and comparable organisations, as well as considering territory specific factors; » Checking the mathematical accuracy of the discounted cash flow model; and » Re-performing the sensitivity analysis performed by management by stress-testing the discount rate and terminal growth rate. Our procedures did not result in material findings with respect to the impairment assessment of the investment in the subsidiaries.

Key audit matter	How our audit addressed the Key audit matter
VALUATION OF INVESTMENT PROPERTY <i>Refer to notes 3.10 and 13 of the consolidated financial statements for disclosures of related accounting policies, judgments, estimates and balances.</i> As at 31 March 2023, the carrying value of the land and buildings, classified as investment properties of the Company and Group amounted to Rs. 19,074 Mn and Rs. 111,395 Mn respectively. The Group determines the fair value of its investment property portfolio in accordance with the Group's valuation policy. This policy requires all investment properties to be valued by an independent valuation expert, at least annually. During the year ended 31 March 2023, the Company and the Group reported gains on changes in fair values of investment property of Rs. 4,390 Mn and Rs. 19,341 Mn respectively. The fair values of investment properties are dependent on the valuation methodology adopted by the valuation expert and the inputs into the valuation model. Factors such as prevailing market conditions, the nature, condition and location of each individual property and the expected future income from each property directly impact fair values. We focused on this matter because the: » Investment property balances in the Company's and consolidated statements of financial position are significant; » Quantum of fair value gains reported in the Company's and consolidated financial statements; and » Inherently subjective nature of investment property valuations due to the use of estimates, assumptions and judgments in the valuation methodology.	Our audit approach mainly included substantive audit procedures as follows: » Through inquiries with management, and by inspecting the underlying supporting documents obtaining an understanding of the specific characteristics of selected individual properties including, amongst other things, any properties acquired during the year and changes, if any, in the use of the respective properties; » Meeting with management's external valuation expert, who performed the investment property valuations for the Group, to discuss the appropriateness of the methodologies adopted and reasonability of assumptions and estimates used in the valuations; » Assessing the independence, qualifications and experience of the valuation expert of the Group; » Checking the completeness and accuracy of the information provided to the valuation expert of the Group; » Comparing a sample of the recent transactions used by the valuation expert to ascertain the valuation of the Group's properties with other publicly available sales transactions and sales listings for similar properties in proximity; » Inspecting the final valuation reports and agreeing the fair values, including the fair value gains recognized to the Company's accounting records and in the financial statements of the Company and the Group; » Discussing with and obtaining information from the valuation expert of the Group to understand the extent to which the impact of the current uncertain and volatile macro-economic conditions had been considered in the valuations; and » Reviewing the adequacy and appropriateness of management's disclosures in the financial statements in relation to investment property. Our procedures did not result in material findings with respect to the valuation of the investment property and the gains recorded during the year.

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD)

Key audit matters (Contd)

The Group:

Key audit matter	How our audit addressed the Key audit matter
IMPAIRMENT ASSESSMENT ON THE GROUP'S GOODWILL <i>Refer to notes 3.12.1 and 14.1 of the consolidated financial statements for disclosures of related accounting policies, judgments, estimates and movement in balance.</i> As at 31 March 2023, the Group had goodwill aggregating to Rs. 1,728 Mn in the consolidated financial statements. As required by Sri Lanka Accounting Standards management performed an impairment assessment over the goodwill balance by calculating the recoverable amount for each Cash Generating Unit ("CGU") in respect of which goodwill had been recognised in the financial statements. Management used the discounted cash flow model ("DCF") to determine the recoverable amounts of each CGU and it involves judgements about the future results of the business and the discount rates applied to future cash flow forecast. In preparing the discounted cash flows, management also considered the current uncertain economic conditions on each CGUs' operational cash flows. » During the year ended 31 March 2023, the Group has not recognised any additional provision for impairment of goodwill. » We considered the impairment assessment on the Group's goodwill as a key audit matter because of the following: » the value of the Group's goodwill is significant; and » the use of the discounted cash flow model in determining the recoverable amounts of each CGU involves a number of key assumptions and estimates in relation to projections on earnings based on future economic and market conditions and cash flow forecasts, which require significant management judgment.	Our audit procedures included the following: » Obtaining an understanding of the process by which management assesses the impairment of the Group's goodwill; » Satisfying ourselves that the final impairment calculations, including the assumptions used, were approved by senior management; » Checking the appropriateness of the selection of the impairment testing technique by assessing the carrying value against the recoverable asset amount and checking its mathematical accuracy; » Obtaining management's impairment calculations and testing the reasonableness of the key assumptions used, in respect of the discounted cash flow model as follows: » Agreeing the forecasted information to management approved budgets and business plans; » Assessing the reliability of management's projected future cash flows, operating margins and working capital requirements, by comparing actual results for 2022/2023 to the forecasts prepared for 2022/2023 in the previous year; » Checking the reasonability of the calculation of the discount rate including agreeing by assessing the cost of capital for the company and comparable organisations, as well as considering territory specific factors; and » Re-performing the sensitivity analysis performed by management by stress-testing the discount rate, guest occupancy, where applicable, and terminal growth rate. Our procedures did not result in material findings with respect to the impairment assessment of the goodwill for the year.

Key audit matter	How our audit addressed the Key audit matter
VALUATION OF CONSUMABLE BIOLOGICAL ASSETS <i>Refer to notes 3.14.2 and 16 of the consolidated financial statements for disclosures of related accounting policies, judgments, estimates and movements in the balance.</i> The Group's consumable biological assets recognised in the consolidated financial statements amounted to Rs. 7,848 Mn as at 31 March 2023 and the gains on change in fair values of such biological assets amounted to Rs. 726 Mn for the year then ended. Consumable biological assets that are to be harvested as agricultural produce or sold as biological assets and are stated at fair value less estimated point-of-sale cost at harvest. Management engaged an independent external valuation expert to assist them in determining the fair value of the consumable biological assets. We focused on the valuation of biological assets since it requires significant levels of judgment and technical expertise in selecting appropriate valuation models and assumptions. Further, changes in key assumptions such as discount rate, value of timber per cubic meter and available timber quantity, used for the estimation may have a material impact on the carrying value of biological assets recognised in the consolidated statement of financial position and the quantum of gain recognised in the consolidated statement of profit or loss.	Our audit procedures included the following: » Assessing the competence, experience and independence of the external valuation expert engaged by the Group; » Meeting with management and the valuation expert to understand the valuation models and assumptions used in the valuation; » Checking the completeness and accuracy of the information provided to the external valuation expert; » Comparing historical valuations against current year valuations and checking whether the changes in pricing were in line with the overall movement in the market and the actual sales during the year; » Checking the reasonability of the cubic meter quantity and growth considered for the valuation, by selecting a sample, and comparing to the historical timber content and growth; » Obtaining the valuation calculation and testing the mathematical accuracy; » Agreeing the valuation to that recorded in the consolidated statement of financial position and the checking the resulting gain recognised in the consolidated statement of profit or loss; and » Checking the adequacy of disclosures made in the consolidated financial statements in relation to valuation of consumable biological assets. Our procedures did not result in material findings with respect to the valuation of consumable biological assets of the Group.

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD)

Key audit matters (Contd)

Other information

Management is responsible for the other information. The other information comprises the Brown and Company PLC Annual Report 2022/2023 [but does not include the financial statements and our auditor's report thereon].

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the separate/consolidated financial statements, management is responsible for assessing the Company's/ 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 Company/ Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements

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

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

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.

The logo for PricewaterhouseCoopers, featuring a stylized 'P' followed by the company name in a cursive script.

CHARTERED ACCOUNTANTS

CA Sri Lanka membership number 4997

COLOMBO

31 August 2023

Statement of Profit or Loss

For the year ended 31st March	Notes	Group		Company	
		2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Revenue from Contracts with Customers	4	72,651,843	50,303,640	22,341,404	22,043,428
Cost of Sales		(51,910,127)	(38,565,454)	(16,632,229)	(17,505,079)
Gross Profit		20,741,716	11,738,185	5,709,175	4,538,349
Other Income/(Expenses)	5	(256,380)	(218,690)	319,859	(834,247)
Distribution Expenses		(2,052,154)	(1,796,549)	(975,809)	(665,347)
Administrative Expenses		(11,145,455)	(8,158,906)	(1,734,484)	(1,286,390)
Finance Income	6	4,104,539	914,892	698,564	393,414
Finance Costs	7	(46,886,564)	(12,832,521)	(8,684,982)	(2,041,503)
Net Finance Cost		(42,782,025)	(11,917,629)	(7,986,418)	(1,648,090)
Change in Fair Value of Investment Properties	13	19,178,670	16,204,742	4,389,735	2,067,712
Change in Fair Value of Consumable Biological Assets	16	725,731	750,732	-	-
Gain on disposal of subsidiaries	17.4	77,764	-	-	-
Gain on Disposal of Investment in Equity Accounted Investees		-	811,853	-	-
Gain on Bargain Purchase of Subsidiaries		-	3,729,722	-	-
Gain on Bargain Purchase of Associates	18.3.1	162,458	18,436,233	-	-
Share of Profit of Equity Accounted Investees (Net of Tax)	18	4,241,909	724,383	-	-
Profit/ (Loss) before Taxation	8	(11,107,766)	30,304,075	(277,941)	2,171,988
Income Tax Expense	9	(1,419,743)	(557,500)	(1,151,909)	(377,523)
Profit/ (Loss) for the Year		(12,527,509)	29,746,575	(1,429,851)	1,794,465
Profit/ (Loss) Attributable to:					
Equity holders of the Company		(6,230,356)	21,589,061	(1,429,851)	1,794,465
Non-Controlling Interests		(6,297,153)	8,157,514	-	-
Profit/ (Loss) for the Year		(12,527,509)	29,746,575	(1,429,851)	1,794,465
Basic Earnings/ (Loss) per Share (Rs.)	10.1	(29.30)	101.54	(6.72)	8.44
Diluted Earnings/ (Loss) per Share (Rs.)	10.2	(29.30)	101.54	(6.72)	8.44

The Notes as set out in Pages 68 to 176 form an integral part of these Financial Statements.

The figures in brackets indicate deductions.

Statement of Comprehensive Income

For the year ended 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Profit/[Loss] for the Year	(12,527,509)	29,746,575	(1,429,851)	1,794,465
Other Comprehensive Income				
Items that will not be Reclassified to Profit or Loss				
Revaluation of Property, Plant and Equipment	449,974	10,173,004	-	785,725
Revaluation of Right-of-Use Assets	36,536	-	-	-
Deferred Tax impact on Revaluation	(3,671,309)	(1,045,004)	(157,107)	(188,574)
Actuarial Gain/ (Loss) on Retirement Benefit Obligation	(813,427)	422,345	(652)	12,303
Deferred Tax impact on Actuarial Gain/ (Loss) on Retirement Benefit Obligation	249,641	(38,234)	195	(2,953)
Share of Other Comprehensive Income of Equity Accounted Investees (Net of Tax)	1,103,666	1,636,236	-	-
Change in Fair Value of FVOCI Financial Assets	1,028	1,038,158	-	-
Items that may be Reclassified to Profit or Loss				
Exchange Differences on Translation of Foreign Operations	4,813,662	25,539,499	-	-
Other Comprehensive Income for the Year	2,169,770	37,726,002	(157,563)	606,501
Total Comprehensive Income for the Year (Net of Tax)	(10,357,739)	67,472,577	(1,587,413)	2,400,966
Attributable to:				
Equity Holders of the Company	(5,907,744)	38,319,289	(1,587,413)	2,400,966
Non-Controlling Interests	(4,449,995)	29,153,288	-	-
Total Comprehensive Income for the Year	(10,357,739)	67,472,577	(1,587,413)	2,400,966

The Notes as set out in Pages 68 to 176 form an integral part of these Financial Statements.

The figures in brackets indicate deductions.

Statement of Financial Position

As at 31st March	Notes	Group		Company	
		2023	2022	2023	2022
		Rs.000	Rs.000	Rs.000	Rs.000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	11	174,129,783	160,992,095	3,567,495	3,267,02
Right-of-Use Assets	12	33,160,603	31,656,429	296,110	343,101
Investment Properties	13	111,248,257	92,171,533	19,073,660	14,678,650
Intangible Assets	14	1,756,727	1,897,194	20,286	29,618
Bearer Biological Assets	15	5,515,415	4,528,204	-	-
Consumable Biological Assets	16	7,847,595	7,087,008	-	-
Investments in Subsidiaries	17	-	-	41,101,517	27,858,633
Investments in Equity Accounted Investees	18	42,281,967	37,500,607	1,227,958	1,227,958
Other Financial Assets	19	763,825	496,087	55,000	55,000
Deferred Tax Assets	20	1,905,037	180,099	-	-
Total Non-Current Assets		378,609,209	336,509,257	65,342,026	47,459,981
Current Assets					
Inventories	21	23,623,833	20,298,697	5,209,909	4,334,355
Trade and Other Receivables	22	51,927,607	46,120,972	5,460,852	2,757,965
Loans to Related Parties	23	2,076,411	785,506	2,415,846	2,357,880
Amounts due from Related Parties	24	912,923	865,893	618,410	2,398,338
Income Tax Recoverable	25	69,155	55,299	3,716	11,674
Other Financial Assets	26	4,504,663	4,844,136	1,391,633	1,237,840
Derivative Assets		-	355,359	-	
Cash and Cash Equivalents	27	5,130,176	5,566,417	281,762	2,292,363
Total Current Assets		88,244,768	78,892,279	15,382,128	15,390,416
Total Assets		466,853,977	415,401,536	80,724,154	62,850,397
EQUITY AND LIABILITIES					
Equity					
Stated Capital	28	9,093,101	9,093,101	9,093,101	9,093,101
Capital Reserves	29	33,438,204	32,960,336	3,613,885	3,770,992
Revenue Reserve	30	36,572,208	43,154,141	18,302,322	19,815,139
Equity Attributable to Equity holders of the Company		79,103,513	85,207,578	31,009,308	32,679,232
Non-Controlling Interests		93,538,908	98,074,405	-	-
Total Equity		172,642,421	183,281,984	31,009,308	32,679,232

As at 31st March	Notes	Group		Company	
		2023	2022	2023	2022
		Rs.000	Rs.000	Rs.000	Rs.000
Non-Current Liabilities					
Loans and Borrowings	31	29,733,779	32,231,853	3,868,333	4,921,363
Lease Liabilities	32	17,389,971	17,124,076	291,849	324,456
Retirement Benefit Obligations	33	2,467,941	2,180,025	124,885	103,825
Deferred Tax Liabilities	34	14,907,757	8,884,096	2,461,154	1,176,028
Deferred Income	35	409,678	432,885	42,919	31,049
Loans from Related Parties	37	4,150,823	3,004,536	-	-
Total Non-Current Liabilities		69,059,949	63,857,470	6,789,141	6,556,721
Current Liabilities					
Trade and Other Payables	36	62,179,819	51,852,384	5,384,572	4,332,572
Loans and Borrowings	31	7,775,562	6,304,303	4,053,037	4,122,748
Lease Liabilities	32	324,646	382,850	95,589	90,987
Loans from Related Parties	37	16,796,645	23,473,113	16,819,118	2,055,678
Amounts due to Related Parties	38	106,060,261	59,656,034	731,547	899,626
Income Tax Payable	39	1,024,551	487,080	-	-
Dividend Payable		10,279	10,279	5,839	5,839
Short Term Borrowings		29,069,859	24,852,569	14,952,162	12,004,865
Bank Overdrafts	27	1,909,985	1,243,470	883,842	102,128
Total Current Liabilities		225,151,607	168,262,082	42,925,706	23,614,443
Total Equity and Liabilities		466,853,977	415,401,536	80,724,154	62,850,397

The Notes as set out in Pages 68 to 176 form an integral part of these Financial Statements.

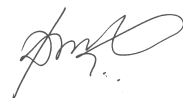
I certify that these Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act No.7 of 2007.



Chanaka De Silva
Head of Finance

The Board of Directors is responsible for the Preparation and Presentation of these Financial Statements.

Signed for and on behalf of the Board,



Ishara Nanayakkara
Executive Chairman



Kapila Jayawardena
Director

Colombo
31st August 2023

Statement of Changes in Equity - Group

	Equity Attributable to Equity holders of the Company						Non-Controlling Interests	Total Equity
	Stated Capital	Revaluation Reserve	Fair Value through Other comprehensive income Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total		
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at 1st April 2021	9,093,101	14,692,618	[99,311]	3,215,885	19,985,456	46,887,750	50,180,938	97,068,688
Profit for the year	-	-	-	-	21,589,061	21,589,061	8,157,514	29,746,575
Other Comprehensive income	-	4,728,393	[463,245]	10,885,996	1,579,085	16,730,228	20,995,774	37,726,002
Total Comprehensive income for the year	-	4,728,393	[463,245]	10,885,996	23,168,146	38,319,289	29,153,287	67,472,577
<i>Transactions with owners directly recorded in the Equity</i>								
On acquisition of subsidiaries	-	-	-	-	-	-	4,616,901	4,616,901
Share issue by subsidiaries to non-controlling interest	-	-	-	-	-	-	14,123,279	14,123,279
Forfeited Dividend	-	-	-	-	539	539	-	539
Balance as at 31st March 2022	9,093,101	19,421,011	[562,556]	14,101,881	43,154,141	85,207,578	98,074,405	183,281,984
Adjustment for Surcharge Tax	-	-	-	-	[532,098]	[532,098]	[244,710]	[776,807]
Adjusted Balance as at 1st April 2022	9,093,101	19,421,011	[562,556]	14,101,881	42,622,044	84,675,481	97,829,696	182,505,177
Loss for the year	-	-	-	-	[6,230,356]	[6,230,356]	[6,297,153]	[12,527,509]
Other Comprehensive income	-	[1,593,958]	213,938	1,857,888	[155,256]	322,612	1,847,159	2,169,770
Dividend Paid	-	-	-	-	-	-	[135,321]	[135,321]
Total Comprehensive income for the year	-	[1,593,958]	213,938	1,857,888	[6,385,612]	[5,907,744]	[4,585,316]	[10,493,060]
<i>Transactions with owners directly recorded in the Equity</i>								
Adjustments due to change in group holdings and other adjustments	-	-	-	-	335,777	335,777	775,705	1,111,482
On Disposal of subsidiary	-	-	-	-	-	-	[481,177]	[481,177]
Balance as at 31st March 2023	9,093,101	17,827,053	[348,618]	15,959,769	36,572,208	79,103,513	93,538,908	172,642,421

The Notes as set out in Pages 68 to 176 form an integral part of these Financial Statements.

The figures in brackets indicate deductions.

Statement of Changes in Equity - Company

	Stated Capital Rs.000	Revaluation Reserve Rs.000	Retained Earnings Rs.000	Total Equity Rs.000
Balance as at 01st April 2021	9,093,101	3,173,841	18,011,324	30,278,266
Profit for the year	-	-	1,794,465	1,794,465
Other Comprehensive Income				
Other Comprehensive Income for the year	-	597,151	9,350	606,501
Total Comprehensive Income for the year	-	597,151	1,803,815	2,400,966
Balance as at 31st March 2022	9,093,101	3,770,992	19,815,139	32,679,232
Adjustments for Surcharge Tax	-	-	[82,510]	[82,510]
Adjusted Balance as at 1st April 2022	9,093,101	3,770,992	19,732,629	32,596,721
Loss for the year	-	-	[1,429,851]	[1,429,851]
Other Comprehensive Income				
Other Comprehensive Income for the year	-	[157,107]	[456]	[157,563]
Total Comprehensive Income for the year	-	[157,107]	[1,430,307]	[1,587,414]
Balance as at 31st March 2023	9,093,101	3,613,885	18,302,322	31,009,308

The Notes as set out in Pages 68 to 176 form an integral part of these Financial Statements.

The figures in brackets indicate deductions.

Statements of Cash Flows

For the year ended 31st March	Notes	Group		Company	
		2023	2022	2023	2022
		Rs.000	Rs.000	Rs.000	Rs.000
Cash flows from Operating Activities					
Profit/[Loss] before Taxation		(11,107,766)	30,304,075	(277,941)	2,171,988
Adjustments for:					
Share of Profit of Equity Accounted Investees (Net of Tax)	18	(4,241,909)	(724,383)	-	-
Depreciation on Property Plant and Equipment	11	4,677,581	1,661,150	86,315	80,492
Amortisation of ROU Assets	12	1,425,131	632,105	55,741	54,212
Amortisation of Bearer Biological Assets	15	1,085,091	478,083	-	-
Amortisation of Intangible Assets	14	38,714	40,979	9,955	12,475
Deferred Income	35	(29,122)	(3,994)	11,870	16,969
Provision for Retirement Benefit Obligations	33	441,836	194,467	27,126	15,537
Provision/ (Reversal of Provision) for Bad and Doubtful Debts	8	204	(170,622)	(37,485)	(70,971)
Reversal of Provision for Related Party Receivables	5	-	-	(31,218)	-
Provision/(Reversal of Provision) for Impairment Losses for Inventories	8	552,703	84,638	473,114	(77,331)
Gain on Bargain Purchase of Subsidiaries	17	-	(3,729,720)	-	-
Gain on Bargain Purchase of Associates	18	(162,458)	(18,436,233)	-	-
Gain on disposal of subsidiary		(77,764)	-	-	-
Dividend Income	5	-	(11,621)	(1)	-
Interest Income	6	(4,104,539)	(914,892)	(698,564)	(393,414)
Change in Fair Value of Investment Properties	13	(19,178,670)	(16,204,742)	(4,389,735)	(2,067,712)
Change in Fair Value of Consumable Biological Assets	16	(725,731)	(750,732)	-	-
Gain on Disposal of Investments		(102,952)	(29,728)	-	-
Gain on Disposal of Investment in Equity Accounted Investees		-	(811,853)	-	-
Impairment of Goodwill	5	-	57,641	-	-
(Gain)/ Loss on Changes in Fair Value of Short term Investments	5	(328,042)	72,547	(153,793)	576,336
Loss/(Gain) on Disposal of Property, Plant and Equipment	5	(30,262)	(92,455)	-	-
Interest Expense	7	46,886,564	12,832,521	8,684,982	2,041,503
Operating Profit before Working Capital Changes		15,018,611	4,477,232	3,760,366	2,360,083
Changes in					
Inventories		(3,389,877)	(8,462,284)	(1,348,046)	(1,987,160)
Trade and Other Receivables		(6,135,901)	(25,990,784)	(2,645,326)	566,438
Amounts due from Related Companies		(47,030)	(163,813)	1,811,147	(1,380,606)
Trade and Other Payables		10,510,594	27,163,761	(245,887)	898,075
Amounts due to Related Companies		46,404,228	43,920,776	(168,079)	55,751
Cash Generated from Operations		62,360,624	40,944,889	1,164,175	512,581
Interest Paid		(44,291,671)	(12,207,672)	(7,158,884)	(1,458,630)
Income Tax / ESC Paid	25,39	(308,896)	(65,635)	(98,246)	-
Retiring Gratuity Paid	33	(967,347)	(199,060)	(6,718)	(11,924)
Net Cash Generated from/(Used in) Operating Activities		16,792,709	28,472,522	(6,099,673)	(957,973)

For the year ended 31st March	Notes	Group		Company	
		2023	2022	2023	2022
		Rs.000	Rs.000	Rs.000	Rs.000
Cash flows from Investing Activities					
Acquisition of Property, Plant and Equipment	11	(12,041,290)	(5,245,725)	(387,412)	(74,728)
Investment in Bearer Biological Assets	15	(2,055,462)	(190,266)	-	-
Proceeds from Disposal of Bearer Biological Assets		28,974	3,312	-	-
Acquisition of Investment Properties	13	(30,408)	(41,041,072)	(5,275)	(76,163)
Proceeds from Disposal of Subsidiaries		581,716	-	-	-
Proceeds from Disposal of Investment Properties		-	1,628	-	-
Acquisition of Intangible Assets	14	(21,711)	(60,303)	(622)	(38,868)
Disposals of Intangible Assets		1,293	-	-	-
Investment in Subsidiaries	17	-	(6,517,227)	(13,242,884)	-
Proceeds from disposal of Equity Accounted Investees	18	-	3,276,427	-	-
Net Investment in Financial Assets		914,343	(13,163,630)	-	-
Net Investment in Equity Accounted Investees		(3,135)	-	-	-
Deferred income Received	35	5,914	1,441	-	-
Net Additions/(Proceeds) from consumable biological assets		(34,857)	64,323	-	-
Net Movement in Loans Given to Related Parties		(1,290,905)	101,924	-	-
Proceeds from Loans Given to Related Parties		-	-	6,534,866	14,607,306
Loans Granted to Related Parties		-	-	(6,592,833)	(15,104,231)
Proceeds from Disposal of Property, Plant and Equipment		84,557	129,430	-	-
Dividend Income Received		-	598,215	1.04	-
Interest Income Received	6	4,104,539	914,892	698,564	59,242
Net Cash Used in Investing Activities		(9,756,432)	(61,126,632)	(12,995,595)	(627,441)
Cash flows from Financing Activities					
Proceeds from Interest Bearing Liabilities	31	9,039,569	6,790,524	3,245,665	3,627,264
Repayment of Interest Bearing Liabilities	31	(11,130,599)	(4,530,309)	(4,368,406)	(1,850,710)
Debenture Issue		-	2,780,000	-	2,000,000
Proceeds from Interest bearing Short term Borrowings		2,619,781	6,202,487	5,985,698	2,384,140
Repayment of Interest bearing Short term Borrowings		-	-	(3,232,673)	(2,323,234)
Lease Rentals Paid	32	(4,113,764)	(406,545)	(90,772)	(79,796)
Loans Obtained from Related Parties		-	-	27,815,257	9,835,724
Repayment of Loans from Related Parties		-	-	(13,051,817)	(9,889,500)
Net movement in Loans from Related Parties		(5,530,181)	9,345,948	-	-
Shares Issued by Subsidiaries to Non-Controlling interest		1,111,482	14,123,279	-	-
Dividend Paid		(135,321)	-	-	(74)
Net Cash Generated/[(Used in) from Financing Activities		(8,139,033)	34,305,383	16,302,952	3,703,814
Net Increase/[(Decrease) in Cash and Cash Equivalents during the year					
Cash and Cash Equivalents at the beginning of the year		4,322,947	2,671,674	2,190,236	71,835
Cash and Cash Equivalents at the end of the year		3,220,191	4,322,947	(602,080)	2,190,236
Analysis of Cash and Cash Equivalents at the end of the year					
Cash at Bank and in Hand		5,130,176	5,566,417	281,762	2,292,363
Bank Overdrafts		(1,909,985)	(1,243,470)	(883,842)	(102,128)
	27	3,220,191	4,322,947	(602,080)	2,190,236

The Notes as set out in Pages 68 to 176 form an integral part of these Financial Statements.

The figures in brackets indicate deductions.

Notes to the Financial Statements

Note No	Note Name
Note 01	Reporting Entity
Note 02	Basis of Preparation
Note 03	Summary of Significant Accounting Policies
Note 04	Revenue From Contracts With Customers
Note 05	Other Income/[Expenses]
Note 06	Finance Income
Note 07	Finance Cost
Note 08	Profit/ (Loss) Before Taxation
Note 09	Income Tax Expenses
Note 10	Earnings Per Share
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Note 13	Investment Properties
Note 14	Intangible Assets
Note 15	Bearer Biological Assets
Note 16	Consumable Biological Assets
Note 17	Investments In Subsidiaries
Note 18	Investments In Equity Accounted Investees
Note 19	Other Non-Current Financial Assets
Note 20	Deferred Tax Assets
Note 21	Inventories
Note 22	Trade and Other Receivables
Note 23	Loans to Related Parties

Note No	Note Name
Note 24	Amounts due from Related Parties
Note 25	Income Tax Recoverable
Note 26	Other Current Financial Assets
Note 27	Cash and Cash Equivalents
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Note 36	Trade and Other Payables
Note 37	Loans from Related Parties
Note 38	Amounts due to Related Parties
Note 39	Income Tax Payables
Note 40	Net Assets per Share
Note 41	Related Party Disclosures
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1. REPORTING ENTITY

1.1 General

Brown and Company PLC ('the Company') is a public quoted company incorporated on 17th August 1892 and domiciled in Sri Lanka. The address of the Company's registered office is at No. 481, T. B. Jayah Mawatha, Colombo 10, Sri Lanka and the business office is situated at No. 34, Sir Mohamed Macan Markar Mawatha, Colombo 3.

The financial statements as at, and for the year ended 31st March 2023 comprise the separate financial statements of Company and consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

Ordinary shares of the Company are listed on the Diri Savi Board of the Colombo Stock Exchange [CSE].

1.2 Principal activities and nature of operations

Principal activities of the Company and the Group are described in the 'Management Discussion and Analysis' in pages 6 to 19 of this report.

1.3 Parent entity and ultimate parent entity

In the opinion of the Board of Directors, the Group's ultimate parent undertaking and controlling party as at the date of financial position is LOLC Holdings PLC, a Company incorporated and domiciled in Sri Lanka.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards [herein referred to as SLFRSs/LKASs], which comprise Sri Lanka Financial Reporting Standards ["SLFRS"s], Sri Lanka Accounting Standards ["LKAS"s], relevant interpretations of the Standing Interpretations Committee ["SIC"] and International Financial Reporting Interpretations Committee ["IFRIC"]. Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices [SoRPs], Statements of Alternate Treatments [SoATs] and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. These financial statements also provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange.

2.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, except for:

- » Certain financial assets, certain classes of property, plant and equipment, right-of-use assets and investment properties measured at fair value;
- » Consumable Biological assets are measured at fair value less costs to sell on initial recognition and at the end of each reporting period, and
- » Agricultural produce harvested from biological assets are measured at its fair value less costs to sell at the point of harvest.

2.3 Directors' Responsibility for Financial Reporting

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors on the Affairs of the Company" and "Director's Responsibility for Financial Reporting".

These Financial Statements include the following components:

- » A Statement of Profit or Loss providing the information on the financial performance of the Group and the Company for the year under review;
- » A Statement of Other Comprehensive Income providing the information of the other comprehensive income of the Group and the Company;
- » A Statement of Financial Position providing the information on the financial position of the Group and the Company as at the yearend;
- » A Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company;
- » A Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and the needs of entities to utilize those cash flows; and
- » Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

Notes to the Financial Statements

2.4 Approval of financial statements by the Board of Directors

The consolidated financial statements of the Group and the separate financial statements of the Company for the year ended 31st March 2023 were approved and authorized for issue by the Board of Directors on 31st August 2023. The directors have the power to amend and reissue the financial statements.

2.5 Functional currency and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary

economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sri Lankan Rupee [Rs.], which is Company's functional and Group's presentation currency.

Functional currency of all the Group companies is Sri Lankan Rupees, other than the following companies whose functional currency is given below.

Company	Country of Incorporation	Functional Currency
Bodufaru Beach Resorts (Private) Limited	Maldives	United States Dollar
NPH Investments (Private) Limited	Maldives	United States Dollar
Browns Ari Resorts (Private) Limited	Maldives	United States Dollar
Browns Raa Resorts (Private) Limited	Maldives	United States Dollar
Browns Kaafu N Resorts (Private) Limited	Maldives	United States Dollar
LOLC Global (Private) Limited	Singapore	United States Dollar
B Commodities ME (FZE)	United Arab Emirates (U.A.E.)	United States Dollar
Sunbird Bioenergy (SL) Limited	Sierra Leone	Euro
Grey Reach Investments Limited	British Virgin Islands	United States Dollar
BI Leisure Holdings FZE	United Arab Emirates (U.A.E.)	United States Dollar
PL Resorts Limited	Mauritius	MUR - Rupee of Mauritius

2.5.1 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income/other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2.5.2 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- » assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- » income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- » all resulting exchange differences are recognised in statement of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.6 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the financial statements in order to enhance the understanding of the current period's financial statements and to enhance the inter period comparability. The presentation and classification of the financial statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.7 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of profit or loss, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies.

2.9 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

2.10 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current / non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading.

Or

Is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2.11 Use of accounting estimates and judgements

The preparation of the financial statements of the Group and Company in conformity with SLFRSs/LKAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes to these financial statements.

Notes to the Financial Statements

Critical accounting estimate/judgement	Note
Useful lives of bearer biological assets	15
Fair value of consumable biological assets	16
Determination of fair value of Investment Properties	13
Revaluation of Land and Buildings	11
Goodwill on Acquisition	14
Retirement Benefit Obligations	33
Deferred Tax Assets/ Liabilities	20 & 34
Useful lives of Property, Plant and Equipment	11
Useful lives of Intangible Assets	14
Provisions and contingencies	43
Fair Value of Financial Assets	3.29
Leases	3.11 & 12

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Brown and Company PLC and its subsidiaries.

3.1.1 New standards and amendments – applicable for the first time for periods commencing 1 April 2022

The group has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 April 2022:

- (i) **Amendment to LKAS 16, Property, Plant and Equipment**
- Proceeds before intended use – this amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.
- (ii) **Amendments to SLFRS 3, Reference to the Conceptual Framework**
- Minor amendments were made to SLFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of LKAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

(iii) **Amendments to LKAS 37, Onerous Contracts – Cost of Fulfilling a Contract**

The amendment to LKAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

(iv) **Annual Improvements to SLFRS Standards 2018–2020**

The following improvements were finalised in May 2020:

- » SLFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- » SLFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- » SLFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same SLFRS 1 exemption.
- » LKAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under LKAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Most of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

These Standard and amendments are effective for the annual periods beginning on or after 1 April 2022.

3.1.2. **New standards and amendments issued but not effective or early adopted in 2022/2023**

The following standards and interpretations had been issued by IASB, but not mandatory for annual reporting periods ending 31 March 2023. Further, the group has not early adopted these new standards and/or amendments.

(i) **Classification of Liabilities as Current or Non-current – Amendments to LKAS 1**

The narrow-scope amendments to LKAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the

end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what LKAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

(ii) Disclosure Initiative: Accounting Policies - Amendments to LKAS 1

The amendments to LKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments to LKAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023.

(iii) Definition of Accounting Estimates (Amendments to LKAS 8)

The amendments introduced the definition of accounting estimates and included other amendments to LKAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023.

(iv) Amendment to LKAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

LKAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

3.2 Principles of consolidation and equity accounting

3.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 3.2.6).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, comprehensive income, statement of changes in equity and statement of financial position respectively.

3.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see [3.2.4] below), after initially being recognised at cost.

3.2.3 Joint arrangements

Under SLFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Interests in joint ventures are accounted for using the equity method (see [3.2.4] below), after initially being recognised at cost in the consolidated statement of financial position.

3.2.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in statement of comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Notes to the Financial Statements

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3.13.

3.2.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in statement of comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in statement of comprehensive income are reclassified to profit or loss where appropriate.

3.2.6 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- » fair values of the assets transferred;
- » liabilities incurred to the former owners of the acquired business;

- » equity interests issued by the Group;
- » fair value of any asset or liability resulting from a contingent consideration arrangement; and
- » fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- » consideration transferred,
- » amount of any non-controlling interest in the acquired entity, and
- » acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company which assesses the financial performance and position of the Group, and makes strategic decisions has been identified as being the chief operating decision maker.

The Group's reportable segments comprise of Trading, Manufacturing & Construction, Plantation, Investments, Leisure, Real Estate and others.

Segment results, assets and liabilities 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 segment assets that are expected to be used for more than one period.

Expenses that cannot be directly identified to a particular segment are allocated on bases decided by the management and applied consistently throughout the year.

3.4 Revenue from Contracts with Customers

3.4.1 Sale of goods - wholesale

The Group imports / manufactures and sells a range of products in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler / dealer, the wholesaler / dealer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's / dealer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler / dealer, and either the wholesaler / dealer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 3.22.1.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Payment of the transaction price is due immediately when the customer purchases the products and takes delivery in store.

3.4.2 Sale of goods - retail

The Group operates retail stores selling range of products. Revenue from the sale of goods is recognised when a Group entity sells a product to the customer.

Payment of the transaction price is due immediately when the customer purchases the products and takes delivery in store. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 3.22.1.

3.4.3 Sale of goods - export

In relation to sales with foreign customers, the Group take in to account the term related to each shipment of goods. A receivable is recognised when the term related to each shipment of goods is satisfied as this is the point in time that the consideration is unconditional.

3.4.4 Sale of goods - plantation produce

Black tea and Rubber produce are sold at the Colombo tea/rubber Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognised at the point in time when the control of the goods has transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

3.4.5 Sale of services

Revenue from providing services is recognised in the accounting period in which the services are rendered. All revenues are recognised on an accrual basis over the time duration of the providing of the services to the customer. Payment of the transaction price is due immediately when the customer receives the services.

3.4.6 Construction contracts

Revenue from construction-related contracts is recognised upon satisfaction of a performance obligation agreed in the contract. At contract inception, the Group determines whether it satisfies the performance obligation over time or at a point in time. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The progress is assessed based on surveys of work performed. When the outcome of construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

The Group provides aluminium fabricators, doors and windows design, manufacturing, civil, telecommunication, engineering, installation and support services under fixed-price and variable price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual costs spent relative to the total expected costs.

Notes to the Financial Statements

Some contracts include multiple deliverables, such as the sale of products and related installation services. However, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of products, revenue for the products is recognised at a point in time when the products are delivered, the legal title has passed, and the customer has accepted the products.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced based on actual services provided and consideration is payable when invoiced.

3.4.7 Hotel operations

Apartment revenue is recognised for the rooms occupied on a daily basis. All revenues are recognised on an accrual basis over the time of the duration of the stay of the customer and matched with the related expenditure where they simultaneously receive and consumes the benefits of the services rendered.

Restaurant revenue includes the revenue recognized on the sale of food and beverage. All revenue is accounted for at the time of sale.

Bar revenue are accounted for at the time of sale.

Spa is operated by a third party and invoices are raised together with the spa bills. Spa related revenue is recognized gross after completion of service/treatments.

Transfers and excursions include the consideration earned from providing excursions to customers. Revenue is recognised for at the time of rendering the service.

Telephone, laundry, and diving represents the services provided to customers which are implied as business practice in the industry. All revenue is recognised for at the time of rendering the service.

3.4.8 Sale of live timber trees and rubber trees

Revenue from the sale of live timber trees and Rubber trees is recognised at the point that the legal ownership, risk of loss and the rewards have been passed to the purchaser and the quantity sold is determinable. Revenue on harvesting of live timber trees and Rubber trees is recognised when the purchaser acquires the right to harvest specified no of trees on a tract of land, at an agreed-to price by entering into a contractual agreement at which point the risk and rewards are transferred. Those revenue are deducted from the relevant biological assets to arrive at gain/ [loss] on valuation in statement of profit or loss.

Payment of the sale of the timber trees is due at the time of entering an agreement with the customer for the sale of timber.

3.4.9 Energy supplied

Revenue from energy supplied is recognised upon delivery of energy. Delivery of electrical energy shall be completed when electrical energy meets the specifications as set out in Power Purchase Agreements [PPA] is received at the metering point.

Payment for the energy supplied is due when invoiced on a monthly basis.

3.4.10 Commission income

When the Group acts in the capacity of an agent rather than the principal in a transaction, the revenue recognition is the net amount of commission earned by the Group.

Payment of the commission price is due when invoiced on pre-agreed terms.

3.4.11 Other income

Rent income is accounted for on accrual basis.

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized in profit or loss as it accrues, using the effective interest method.

Gain on disposal of property, plant and equipment and other non-current assets, including investments held by the Group have been accounted for in the Statement of profit or loss, after deducting from the net sales proceeds on disposal of the carrying amount of such assets.

3.4.12 Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

3.5 Government grants and subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

Grants related to property, plant and equipment and bearer biological assets are initially deferred and allocated to the Profit or loss on a systematic basis over the useful life of the related property, plant and equipment.

Revenue grants are recognized in the profit or loss in the period in which they are receivable.

3.6 Expenses recognition

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the statement of profit or loss the Directors are of the opinion that the function of the expenses method present fairly the elements of the Group's performance, and hence such a presentation method is adopted.

Preliminary and pre-operational expenditure is recognized in the statement of profit or loss.

Repairs and renewals are charged to the Statement of profit or loss in the year in which the expenditure is incurred.

3.7 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in statement of comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Companies enjoying tax holidays

Group companies enjoying a tax exemption period shall only recognize deferred tax in their financial statements for temporary differences, where reversals of such differences extend beyond the tax exemption period.

Deferred Tax shall not be considered nor provided for assets / liabilities for which tax impacts and reversals take place within the tax exemption period. If there will be no tax implications that take place after the expiration of the tax exemption period for such assets.

Where a Company is entitled to claim the total value or any part of expenditure made during the tax holiday period, as deductions for tax purposes after the tax holiday period, such an entity will treat such amount of expenditure as part of the tax base throughout the tax holiday period in the purpose of recognizing deferred tax.

3.8 Property, plant and equipment

3.8.1 Freehold property, plant and equipment

i) Basis of recognition

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

ii) Basis of measurement

Items of property, plant and equipment other than freehold land, building and motor vehicles, are measured at cost less accumulated depreciation and any impairment losses.

Cost 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 assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site at which they are located and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

iii) Cost model

The Group applies the cost model to all property, plant and equipment except freehold land, buildings and motor vehicles which are recorded at cost of purchase together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

iv) Revaluation model

The Group revalue its freehold land, buildings and motor vehicles which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of land, buildings and motor vehicles, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it offsets a previous decrease in value of the same asset that was recognized in profit or loss. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

v) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized 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 de-recognized. The costs of the day-to-day servicing of property, plant and equipment are expensed as incurred.

vi) Depreciation

Depreciation is based on the cost / revalued amount of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Land is not depreciated.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized.

Depreciation methods, useful lives, residual values are assessed at the reporting date and adjusted if appropriate.

The estimated useful lives for the current year are listed below.

Property, Plant & Equipment	No. of years range	Rate range
Building	20-60 Years	2% to 5%
Plant and Machinery	5-30 Years	3.33% to 20%
Motor Vehicles	1-15 Years	6.66% to 100%
Furniture and Office Equipment	5-20 Years	5% to 20%
Ergonomic Equipment	25 Years	4%
Land Preparation/Land Improvements	20-30 Years	3%-5%
Sugar Cane Roots	20 Years	20%
Pivots and Pump Stations in Plantations	5-25 Years	4% to 20%
Water, Sanitation and Others	20 Years	5%
Roads and Bridges	50 Years	2%
Penstock Pipeline	20 Years	5%
Security Fences	3 Years	33.33%
Air Conditioners	5 Years	20%
Generator	8 Years	12.5%
Cutlery, Crockery and Glassware	2-5 Years	20%
Linen	3 Years	20% to 50%
Sewage System	20 Years	5%
Solar Power Plant	10 - 20 Years	5-10%
Surge Arrestors 33 kv	20 Years	5%

The cost of areas coming into bearing are transferred to mature plantations and depreciated as follows.

Bearer Biological Assets	No. of years range	Rate range
Tea	30 to 33 1/3 years	3% to 3.33%
Mixed/Other Crops	10 to 15 years	6.66% to 10%

vii] De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in the Statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.9 Capital work-in progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of capital assets.

3.10 Investment properties

3.10.1 Basis of recognition

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

3.10.2 Basis of measurement

i] Fair value model

Investment properties are initially recognized at cost. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions at the reporting date. Gains or losses arising from changes in fair value are included in profit or loss in the year in which they arise.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted for as per LKAS 16 - Property, Plant and Equipment.

ii] De-recognition

Investment properties are de-recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

iii] Subsequent transfers to / from investment property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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iv) Determining Fair Value

External and independent valuers, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the investment property portfolio every year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

3.11 Leases

The Group leases various offices, warehouses, equipment and vehicles.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- » fixed payments (including in-substance fixed payments), less any lease incentives receivable
- » variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- » amounts expected to be payable by the group under residual value guarantees
- » the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- » payments of penalties for terminating the lease, if the lease term reflects the group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental

borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- » where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- » uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- » makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- » the amount of the initial measurement of lease liability;
- » any lease payments made at or before the commencement date less any lease incentives received;
- » any initial direct costs; and
- » restoration costs.

The Group revalue Right-Of-Use Assets relating to Lands which meets the definition of a property, plant and equipment. Revaluations are made with sufficient regularity, by carrying out a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the Right-of-use assets being valued.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Group revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

3.11.1 Permanent land development costs

Permanent land development costs are those costs incurred making significant infrastructure development and building new access roads on leasehold lands.

These costs have been capitalized and amortised over the remaining lease period.

Permanent impairments to land development costs are charged to the Profit or loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.12 Intangible assets

3.12.1 Goodwill

Goodwill is measured as described in note [3.2.6]. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

3.12.2 Right to generate solar power

Separately acquired Right to Generate Solar Power are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

3.12.3 Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- » it is technically feasible to complete the software so that it will be available for use;
- » management intends to complete the software and use or sell it;
- » there is an ability to use or sell the software;
- » it can be demonstrated how the software will generate probable future economic benefits;
- » adequate technical, financial and other resources to complete the development and to use or sell the software are available; and

- » the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

3.12.4 Subsequent expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied by these assets. All other expenditure is expensed when incurred.

3.12.5 De-recognition

Intangible assets are de-recognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset.

3.12.6 Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful life of each intangible asset is as follows;

Computer Software	3 - 8 years
Right to Generate Solar Power	20 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.13 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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3.14 Biological assets

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, standing sugar cane, commercial grass, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea and rubber trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognize the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

3.14.1 Bearer biological assets

i) The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer plants (Tea, Rubber & Coconut fields), which come into bearing during the year, has been transferred to mature bearer biological assets and depreciated over their useful life in accordance with the LKAS16 – Property, Plant and Equipment.

The fair value of produce growing on trees prior to year end is classified as agricultural produce attached to bearer biological assets. Such agricultural produce prior to harvest continues to be in the scope of LKAS 41 – Agriculture and measured at fair value less cost to sell.

When deriving the estimated quantity, the Group limits to one harvesting cycle and measured based on the last day of the harvest in the immediately preceding cycle.

In order to ascertain the fair value of produce growing on trees, 50% of estimated crop in that harvesting cycle is used for the valuation as follows,

- » Tea - 3 days crop (50% of 6 days Cycle)
- » Rubber 1 day Crop (50% of 2 days Cycle)
- » Coconut 1 months (50% of 2 months Cycle)

For the valuation of the produce it was agreed to use the farm gate price of the produce adjusted for the cost of harvest. Hence market value on the crop in the bush should be based on the selling value of agricultural produce adjusted for the cost of harvesting and transport.

- » Tea - Bought Leaf rate (current month) less cost of harvesting & transport
- » Rubber - latex Price (95% of current RSS1 Price) less cost of tapping & transport

Further it was not considered the risk adjustments for weather and other factors of the plant in to biological transformation in the valuation.

ii) Immature and Mature Plantations

The cost of replanting and new planting are classified as immature plantations up to the time of being ready for harvesting.

Further, the general charges incurred on the plantation are apportioned based on the labour days spent on respective replanting and new planting areas and capitalized on the immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

The cost of areas coming into bearing is transferred to mature plantations at end of the financial year.

iii) Growing Crop Nurseries

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

iv) Infilling Costs on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalized to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling standard of performance assessment. Infilling costs so capitalized are depreciated over the newly assessed remaining useful life of the relevant mature plantation or the unexpired lease period, whichever is lower.

Infilling cost that are not capitalized have been charged to the Profit or loss for the year in which they are incurred.

v) Amortization

The cost of areas coming into bearing are transferred to mature plantations and depreciated as follows.

Bearer Biological Assets at Cost – Replanting and New Planting.

Category	No. of Years
Tea	30 Years
Rubber	20 Years
Coconut	50 Years
Cinnamon	30 Years
Other Crops	15 – 30 Years

No amortization is provided for immature plantations.

3.14.2 Consumable Biological Assets

Consumable biological assets include managed timber trees that are to be harvested as agricultural produce or sold as biological assets.

The managed timber trees of the Group are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell in terms of LKAS 41 – Agriculture. The cost of young plants which are below 4 years is treated as an approximation to the fair value as the impact on biological transformation of such plants to price during the period is immaterial. All assumptions and sensitivity analysis are given in note 16.

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in the profit or loss for the period in which it arises.

3.15 Investments and other financial assets and liabilities

3.15.1 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- » those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- » those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

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- » FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- » FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income/ (expenses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3.15.2 Non-derivative financial liabilities

i) Other financial Liabilities

All financial liabilities other than those at fair value through profit and loss are classified as other financial liabilities.

All other financial liabilities are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

ii) Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3.15.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the 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.

3.16 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula:

Agricultural Produce Harvested from Biological Assets

Agricultural produce harvested from the Group's biological assets is measured at its fair value less cost to sell at the point of harvest. Such measurement is deemed to be the cost at the time of transferring the harvested crop to inventories.

Finished goods manufactured from agricultural produce of biological assets

These are valued at the lower of cost and estimated net realizable value, after making due allowance for obsolete and slow moving items.

Input Material, Spares and Consumables

At actual cost on weighted average basis.

Finished Goods

First In First Out (FIFO) basis.

Food and Beverages

Weighted average cost basis.

3.17 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 180 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments according to an agreed repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3.18 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.19 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.20 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Notes to the Financial Statements

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.21 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

3.22 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.22.1 Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

3.23 Deferred income

3.23.1 PHDT Lease Rentals

Premises at St. Andrew's Drive in Nuwara Eliya has been leased out to Plantation Human Development Trust [PHDT] for a period of 20 years commencing from August 2005 at a total lease rental of Rs.10,734,696/-.

Lease Rentals received are deferred and amortised over the lease period commenced from August 2005.

3.23.2 Rain Forest Eco Loge (Private) Limited (RFELL)

Value of 6,399,375 Ordinary Shares received by Maturata Plantations Limited, which is equivalent to 14.5% of the issued Ordinary Shares of RFELL at Rs.10/= each in lieu of releasing the company's right to use the leasehold land of 488 Hectares in Enselwatte, Deniyaya to RFELL for Eco Tourism Project is deferred and amortised as income to the statement of profit or loss over the unexpired balance lease period.

3.24 Employee benefits

3.24.1 Defined contribution plans

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Plans are recognized as an employee benefit expense to profit or loss in the periods during which services are rendered by employees.

i) Employee provident fund and employee trust fund – Sri Lanka

For employees in Sri Lanka the Group contributes a sum not less than 12% of the gross emoluments as provident fund benefits and a sum equivalent 3% of the gross emoluments as trust fund benefits.

ii) Employees pension scheme – Maldives

All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives. The Group contributes 7% of the pensionable wage of such employees to this scheme.

iii) Voluntary Pension – Sierra Leone

The Sierra Leone employees of the Group, makes a voluntary contribution towards the retirement of its employees at a rate of 5% of employees' basic salary on a monthly basis. These contributions are kept in a separate fund account and are paid to employees upon their retirement.

3.24.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted.

The calculation is performed every year by a qualified actuary using the projected unit credit method. For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimate provided by the qualified actuary is used.

The Group recognizes all actuarial gains and losses arising from the defined benefit plan in Statement of Comprehensive Income and all other expenses related to defined benefit plans are recognized in profit loss. The retirement benefit obligation is not externally funded.

3.24.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.25 Stated capital and equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.26 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.27 Related party transactions

The Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures". Disclosure has been made in respect of the related party transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is being charged or not.

3.27.1 Transactions with key management personnel

According to LKAS 24 - Related Party Disclosures, Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity.

3.28 Earnings per share

3.28.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

3.28.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

the weighted average number of additional ordinary shares that would have been outstanding during the financial year.

3.29 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

3.29.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is disclosed in note 42 to the financial statements.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Notes to the Financial Statements

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

3.29.2 Valuation techniques used to determine fair values

Specific valuation techniques used to value assets and liabilities include:

i) **Property, plant and equipment acquired in business combinations**

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction. The fair value of items of plant, equipment fixtures and fittings is based on market prices for similar items when available and depreciated replacement cost when appropriate.

ii) **Property, plant and equipment owned by the Group including the right-of-use assets on Land**

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land and building owned by the Group based on market values, this 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.

iii) **Investment property**

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land and building owned by the Group based on market values, this 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.

iv) **Equity securities**

The fair value of the equity securities is determined by reference to their quoted share price at the reporting date if quoted; or if unquoted either using discounted cash flow analysis using expected future cash flows and a market related discounted rate or based on the adjusted net assets of the investee company.

v) **Financial instruments other than equity securities carried at fair value through profit or loss and fair value through other comprehensive income**

Fair value of these financial instruments is estimated by discounting the difference between the contractual price of the instrument and the current price of the instrument for the residual maturity of the contract based on quoted price, or obtained from brokers if not quoted, using a credit adjusted risk free interest rate.

vi) **Consumable Biological Assets**

The fair value of timber trees is determined using a discounted cash flow model based on the expected timber content and the market prices of timber after allowing for harvesting costs and other costs yet to be incurred in getting the trees up to a harvestable size.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

For the year ended 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Gross Revenue (Note 4.1)	72,651,843	50,303,640	22,341,404	22,043,428
4.1 Revenue				
Manufacturing	4,161,930	2,110,002	-	-
Trading	34,394,495	28,211,580	22,341,404	22,043,428
Hotelier revenue	5,586,935	1,694,534	-	-
Provision of services	12,517,338	10,998,888	-	-
Plantation	15,887,413	6,843,148	-	-
Renewable Energy	103,732	445,487	-	-
Total Revenue	72,651,843	50,303,640	22,341,404	22,043,428

5 OTHER INCOME/(EXPENSES)

For the year ended 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Rent Income	549,810	247,793	157,622	135,563
Gain on Disposal of Property, Plant and Equipment	30,262	92,455	-	-
Loss on Translation of Foreign Currency	[1,718,448]	[643,967]	-	[402,023]
Change in Fair Value of Other Financial Assets	328,042	[72,547]	153,793	[576,336]
Gain on Disposal of Other Financial Assets	102,952	29,731	-	-
Dividend Income	-	11,621	-	-
Sale of Refuse Tea	278,017	27,850	-	-
Impairment of Goodwill	-	[57,641]	-	-
Miscellaneous Income	172,985	146,016	8,444	8,550
	[256,380]	[218,690]	319,859	[834,247]

6 FINANCE INCOME

For the year ended 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Interest Income	4,104,539	914,892	698,564	393,414
	4,104,539	914,892	698,564	393,414

Notes to the Financial Statements

7 FINANCE COST

For the year ended 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Interest on Borrowings	(44,291,672)	(12,207,672)	(8,631,953)	(1,988,099)
Interest on Lease Assets	(2,594,892)	(624,849)	(53,029)	(53,404)
	(46,886,564)	(12,832,521)	(8,684,982)	(2,041,503)
Net Finance Cost	(42,782,025)	(11,917,629)	(7,986,418)	(1,648,090)

8 PROFIT/(LOSS) BEFORE TAXATION

For the year ended 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Directors' Emoluments	78,755	56,514	5,716	5,716
Auditors' Remuneration	36,664	31,882	3,163	2,750
Depreciation on Property, Plant and Equipment	4,677,581	1,661,150	86,315	80,492
Amortization of Finite Life Intangible Assets	38,714	40,979	9,955	12,475
Provision/ [Reversal of Provision] for Bad and Doubtful Debts	204	(170,622)	(37,485)	(70,971)
Provision/ [Reversal of Provision] for Impairment Losses for Inventories	552,703	84,638	473,114	(77,331)
Amortization of Right-of-Use Assets	1,425,131	632,105	55,741	54,212
Amortization of Bearer Biological Assets	1,085,091	478,083	-	-
Salaries and Wages	6,739,626	3,941,880	346,085	344,656
Defined Contribution Plan Cost- EPF and ETF	836,567	357,075	58,687	55,142
Defined Benefit Plan Cost- Retiring Gratuity	441,836	194,467	27,126	15,537

9 INCOME TAX EXPENSE

The Company and its Subsidiaries operating in Sri Lanka, are liable to taxation at the rate of 30% to 14% in accordance with the provisions of Inland Revenue Act No. 24 of 2017 and subsequent amendments there to.

For the year ended 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000

9.1 Income Tax Expense

Current Tax Expense				
Income Tax on current year profits [Note 9.2]	735,313	443,861	-	122,791
Under/(Over) Provision in respect of previous years	[2,087]	[7,597]	23,694	[19,359]
Irrecoverable economic service charge	2,282	-	-	-
	735,508	436,264	23,694	103,432
Deferred Tax				
Origination and [Reversal] of Temporary Differences [Note 9.4]	684,235	121,236	1,128,215	274,091
	1,419,743	557,500	1,151,909	377,523

9.2 Reconciliation of Accounting Profit/(Loss) to Income Tax

Accounting Profit/(Loss) before Taxation	(11,107,766)	30,304,075	(277,941)	2,171,988
Consolidation Adjustments	(3,819,681)	(22,356,381)	-	-
Adjustment on Disallowable Expenses	21,077,749	8,374,784	812,583	815,219
Adjustment on Allowable Expenses	(3,040,444)	(1,785,840)	(317,536)	(175,743)
Income from Other Sources and Exempt Income	(19,920,615)	(18,183,512)	(4,625,606)	(2,299,835)
Tax Losses Utilized [Note 9.3]	(3,095,702)	(441,915)	(856,187)	-
Tax Loss incurred for the year [Note 9.3]	23,081,059	6,671,841	5,264,688	-
Taxable Income	3,174,602	2,583,052	-	511,628
Income Tax @ 30%	391,156	-	-	-
Income Tax @ 24%	89,697	205,375	-	122,791
Income Tax @ 17%	254,312	73	-	-
Income Tax @ 14%	148	230,033	-	-
Income Tax @ 10%	-	8,380	-	-
Income Tax on Current year Profits	735,313	443,861	-	122,791

Notes to the Financial Statements

9 INCOME TAX EXPENSE CONTD.

For the year ended 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000

9.3 Tax Losses Utilized

Tax Loss Brought Forward	26,381,344	19,979,670	-	-
Adjustments for brought forward tax losses	(5,936,393)	171,749	-	-
Tax Losses Utilized during the year	(3,095,702)	(441,915)	(856,187)	-
Tax Loss incurred during the year	23,081,059	6,671,841	5,264,688	-
Tax Losses carried forward	40,430,309	26,381,344	4,408,501	-

9.4 Deferred Tax Expense

Origination of Temporary Differences	684,235	121,236	1,128,215	274,091
	684,235	121,236	1,128,215	274,091

9.5 Companies Exempt From Income Tax

Company	Statute	Exemption period
AgStar Grains (Pvt) Ltd	Section 17 of BOI Law No .04 of 1978.	6 years ending 2023/2024
Sagasolar Power (Pvt) Ltd.	Section 17 of BOI Law No .04 of 1978.	10 years
Sun and Fun Resorts Ltd	Section 17 of BOI Law No .04 of 1978.	15 years from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations, which year is earlier

9.6 Companies Incorporated and Operating Outside Sri Lanka

Company	Country	Rate
Bodufaru Beach Resort (Pvt) Ltd.	Republic of Maldives	15%
NPH Investments (Pvt) Ltd.	Republic of Maldives	15%
Browns Ari Resorts (Pvt) Ltd.	Republic of Maldives	15%
Browns Raa Resorts (Pvt) Ltd.	Republic of Maldives	15%
Browns Kaafu N Resorts (Pvt) Ltd.	Republic of Maldives	15%
Sunbird Bioenergy (SL) Limited.	Republic of Sierra Leone	30%
B Commodities ME (FZE)	United Arab Emirates (U.A.E.)	Nil
PL Resorts Limited	Mauritius	
BI Leisure Holdings FZE	United Arab Emirates (U.A.E.)	Nil

9.7 Companies Liable to Tax at Concessionary Rates

Company	Concessionary rate till 30th September 2022
Maturata Plantations Ltd.	14% under Inland Revenue Act No 24 of 2017.
Ajax Engineers [Pvt] Ltd.	14% under Inland Revenue Act No 24 of 2017.
Eden Hotel Lanka PLC	14% under Inland Revenue Act No 24 of 2017.
Palm Garden Hotels PLC	14% under Inland Revenue Act No 24 of 2017.
Tropical Villas [Pvt] Ltd.	14% under Inland Revenue Act No 24 of 2017.
Dickwella Resorts [Pvt] Ltd.	14% under Inland Revenue Act No 24 of 2017.
BG Air Services [Pvt] Ltd.	14% under Inland Revenue Act No 24 of 2017.
Excel Restaurants [Pvt] Ltd.	14% under Inland Revenue Act No 24 of 2017.
Green Paradise [Pvt] Ltd.	14% under Inland Revenue Act No 24 of 2017.
Hotel Sigiriya PLC	14% under Inland Revenue Act No 24 of 2017.
Serendib Hotels PLC	14% under Inland Revenue Act No 24 of 2017.
Frontier Capital Lanka [Pvt] Ltd.	14% under Inland Revenue Act No 24 of 2017.
Dolphin Hotels PLC	14% under Inland Revenue Act No 24 of 2017.
Udapussellawa Plantations PLC	14% under Inland Revenue Act No 24 of 2017.
Hapugastenne Plantation PLC	14% under Inland Revenue Act No 24 of 2017.
Sierra Piling [Pvt] Ltd.	14% under Inland Revenue Act No 24 of 2017.
AgStar Exports [Pvt] Ltd.	18% under Inland Revenue Act No 24 of 2017.
AgStar Seeds [Pvt] Ltd.	18% under Inland Revenue Act No 24 of 2017.
Mahaweli Agro Trading [Pvt] Ltd.	18% under Inland Revenue Act No 24 of 2017.
AgStar Cropcare [Pvt] Ltd.	18% under Inland Revenue Act No 24 of 2017.
BI Logistics and Commodities [Pvt] Ltd.	18% under Inland Revenue Act No 24 of 2017.
Browns Global Farm [Private] Limited.	14% under Inland Revenue Act No 24 of 2017.
Browns Engeneering & Construction [Pvt] Ltd.	14% under Inland Revenue Act No 24 of 2017.
Sunsun Boutique Hotels Ltd.	14% under Inland Revenue Act No 24 of 2017.

10 EARNINGS/[LOSS] PER SHARE

10.1 Basic Earnings/[Loss] per Share

The calculation of basic earnings/[loss] per share is based on the profit/[loss] attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

Basic Earnings/[Loss] per share is calculated as follows:

	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Profit/[Loss] Attributable to Equity holders of the Company	[6,230,356]	21,589,061	[1,429,851]	1,794,465
Weighted Average Number of Ordinary Shares in Issue	212,625	212,625	212,625	212,625
Basic Earnings/[Loss] per Share [Rs.]	[29.30]	101.54	[6.72]	8.44

10.2 Diluted Earnings/[Loss] Per Share

There were no potentially dilutive ordinary shares outstanding at any time during the year / previous year, hence diluted earnings/[loss] per share is equal to the basic earnings/[loss] per share.

11. PROPERTY, PLANT AND EQUIPMENT**11.1 Property, Plant and Equipment - Group**

As at 31st March	Immovable (JEDB/ SLSPC)	Freehold Land	Reclaimed Land	Freehold Buildings	Buildings on leasehold land	Plant and Machinery	Furniture and Office Equipments	Freehold Motor Vehicles	Leasehold Motor Vehicles	Loose Tools & Computers	Other Tangible Assets	Capital Work-in- progress (Note -11.6)	Total 2023	Total 2022
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Cost/Valuation														
Balance at the beginning of the year	901,057	18,049,643	22,760,381	28,012,447	466,002	53,990,431	2,326,336	3,927,142	43,611	679,460	57,462,280	28,517,114	217,155,902	142,280,515
On Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	12,670,023
Disposal of Subsidiaries	-	-	-	(1,883)	-	(2,970)	(326)	-	-	(609)	(2,660,289)	-	(2,665,977)	-
Additions	-	125,845	-	981,737	53,096	715,742	296,356	92,707	-	75,172	291,370	9,409,265	120,41,290	5,245,725
Revaluation	-	42,823	-	407,151	-	-	-	(70,926)	-	-	-	-	379,048	9,784,584
Disposals/ Derecognitions	-	-	-	-	-	(31,348)	(456)	(72,666)	-	(300)	-	-	(104,770)	(54,883)
Transfers from/(to) PPE/WIP/ROU	-	162,000	-	-	-	102,196	12,835	-	-	83	(14,686)	(752,012)	(488,586)	(18,788)
Transfers from/(to) Investment Properties	-	56,936	-	75,417	-	-	-	-	-	-	-	-	132,354	122,800
Exchange Translation Difference	-	-	1,578,248	237,711	-	3,337,215	2,529	170,879	-	2,706	3,668,610	16,402,10	106,38,109	47,125,947
Balance at the end of the year	901,057	18,437,248	24,338,629	28,712,581	539,098	58,111,367	2,637,274	4,047,136	43,611	756,511	58,747,283	38,814,578	237,086,370	217,155,902
Accumulated Depreciation														
Balance at the beginning of the year	828,059	-	-	2,101,173	346,022	14,736,701	1,554,421	2,941,556	3,661	447,694	33,201,291	-	561,63,807	36,767,192
On Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	4,010,658
Charge for the year	16,725	-	-	607,971	36,743	2,271,407	163,835	251,221	6,191	83,662	1,239,888	-	4,677,581	1,661,150
Disposal of Subsidiaries	-	-	-	(465)	-	(667)	(318)	-	-	(579)	(841,273)	-	(843,292)	-
Disposals	-	-	-	-	-	(1,493)	-	(48,499)	-	-	(483)	-	(50,475)	(17,908)
On Revaluation	-	-	-	-	-	-	-	(70,926)	-	-	-	-	(70,926)	(388,854)
Transfers	-	-	-	-	-	1,097	13,473	(1,643)	-	86	(14,637)	-	(1,624)	(14,603)
Exchange Translation Difference	-	-	-	76,526	-	681,655	4,719	168,332	-	1,282	2,149,003	-	3,081,516	14,146,172
Balance at the end of the year	844,784	-	-	2,785,215	382,765	17,688,701	1,736,129	3,240,041	9,791	532,145	35,733,789	-	62,956,587	56,163,807
Carrying Value														
As at 31st March 2023	56,273	18,437,248	24,338,629	26,927,366	156,333	40,422,666	901,146	807,096	33,820	224,367	23,013,494	38,814,578	174,129,783	
As at 31st March 2022	72,598	18,049,643	22,760,381	25,911,274	139,980	39,253,729	771,915	985,586	39,950	231,767	24,260,989	28,517,114	160,992,095	

11.1.1.1 The fully depreciated Property, Plant and Equipment of the group, which are still in use as at the reporting date is Rs. 17,373 Mn (2021/22 - Rs. 13,901 Mn). And the company which are still in use as at the reporting date is Rs. 590 Mn

11.1.1.2 During the year the group capitalised borrowing cost amounting to Rs. 2,859 Mn (2021/22 - Rs. 1,304 Mn).

11.2 Property, Plant and Equipment – Company

As at 31st March,	Freehold Land	Freehold Buildings	Buildings on leasehold land	Plant and Machinery	Furniture and Office Equipments	Freehold Motor Vehicles	Computers	Capital Work-in-progress (Note - 11.6)	Total 2023	Total 2022
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Cost/Valuation										
Balance at the beginning of the year	2,812,050	206,087	352,585	113,850	136,456	88,568	106,610	19,909	3,836,115	3,042,881
Additions	-	17,480	39,389	37,776	28,991	7,444	54,823	201,509	387,412	74,728
On Revaluation	-	-	-	-	-	-	-	-	-	737,855
Transfers	-	-	-	(2,246)	-	-	-	-	(2,246)	(18,822)
Disposals	-	-	-	-	-	-	-	-	-	(528)
Balance at the end of the year	2,812,050	223,567	391,974	149,380	165,447	96,011	161,433	221,418	4,221,281	3,836,115
Accumulated Depreciation										
Balance at the beginning of the year	-	14	312,773	65,480	115,172	-	75,656	-	569,093	554,806
Charge for the year	-	7,581	25,209	18,060	14,878	6,340	14,247	-	86,315	80,492
On Disposals	-	-	-	-	-	-	-	-	-	(528)
Transfers	-	-	-	(1,624)	-	-	-	-	(1,624)	(17,807)
On Revaluation	-	-	-	-	-	-	-	-	-	(47,870)
Balance at the end of the year	-	7,594	337,981	81,916	130,050	6,340	89,903	-	653,784	569,093
Carrying Value										
As at 31st March 2023	2,812,050	215,973	53,993	67,464	35,397	89,672	71,529	221,418	3,567,497	
As at 31st March 2022	2,812,050	206,073	39,813	48,370	21,284	88,568	30,954	19,909	3,267,021	

The carrying value of the company's land and building that would have been recognized had the assets been carried out under cost model amounts to Rs. 3,028 Mn.

11.3

Land and Buildings	2023 Rs.000
Cost	3,035,617
Accumulated depreciation	7,594
Net book amount	3,028,023

Notes to the Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT CONTD.

11.4 Property, Plant and Equipment - Group

11.4.1 Revaluation of Land and Buildings

Details of Group's land and building stated at valuation are indicated below;

Company	Property	Effective Date of Valuation	Total Land Extent	Main Building Sq.Ft.	Land and Building Rs.000
Brown & Company PLC	Land & Building At No. 75, Devanampiyatissa Mawatha, Colombo-10	31st March 2022	A1-R0-P30.9	9,767	2,576,077
Brown & Company PLC	Land & Building At Dambulla	31st March 2022	A0-R3-P0	3,842	304,927
Brown & Company PLC	Land At Palle Bogala, Kegalle	31st March 2022	A0-R1-P16.5	-	800
Brown & Company PLC	Land & Building At Ranala	31st March 2022	A0-R3-P27.25	13,534	146,220
Dolphin Hotels PLC	Land & Building At Waikkal	31st March 2022	A15-R3-P27.0	231,254	2,723,731
Frontier Capital Lanka (Pvt) Ltd.	Land & Building At Lantern Boutique Hotel Mirissa	31st March 2022	A0-R1-P30.8	10,069	330,465
Frontier Capital Lanka (Pvt) Ltd.	Land At Lantern Boutique Hotel at Kamburugamuwa	31st March 2022	A0-R1-P5.24	-	113,000
Frontier Capital Lanka (Pvt) Ltd.	Land & Building At Ubuntu 1 Beach Villa at Mirissa	31st March 2022	A0-R1-P34	9,283	321,476
Frontier Capital Lanka (Pvt) Ltd.	Land & Building At Ubuntu 1 Beach Villa 2 at Mirissa	31st March 2022	A0-R1-P38.4	9,283	332,796
Sunsun Boutique Hotels Ltd.	Land & Building At Pothana in Dambulla	31st March 2022	A53-R1-P09	61,546	1,073,954
Hotel Sigiriya PLC	Building Sigiriya	31st March 2022	-	68,167	535,873
Maturata Plantations Limited.	Building	31st March 2022	-	-	100,258
Browns Properties (Private) Limited.	Building No.19,Dudley Senanayake Mw,Colombo 08	31st March 2022	-	-	1,057,001
Sierra Readymix (Pvt) Ltd.	Land & Building at Panagoda Village	31st March 2022	A0-R2-P0	17,216	91,536
Samudra Beach Resorts (Private) Limited.	Land & Building At Okade Road, Kosgoda	31st March 2022	A5-R1-P0.5	244,126	8,031,459
Samudra Beach Resorts (Private) Limited.	Land & Building At Okade Road, Kosgoda	31st March 2022	A0-R1-P17.0	900	23,978
Samudra Beach Resorts (Private) Limited.	Land & Building At Okade Road, Kosgoda	31st March 2022	A0-R0-P15.7	1,730	24,997
Samudra Beach Resorts (Private) Limited.	Land & Building At Okade Road, Kosgoda	31st March 2022	A0-R1-P32	280	69,838

Company	Property	Effective Date of Valuation	Total Land Extent	Main Building Sq.Ft.	Land and Building Rs.000
Samudra Beach Resorts (Private) Limited.	Land At Okade Road, Kosgoda	31st March 2022	A0-R1-P10.5	-	35,000
Samudra Beach Resorts (Private) Limited.	Land At Okade Road, Kosgoda	31st March 2022	A0-R01-P16.3	-	45,000
Samudra Beach Resorts (Private) Limited.	Land At Okade Road, Kosgoda	31st March 2022	A0-R0-P44	-	44,000
Samudra Beach Resorts (Private) Limited.	Land At Okade Road, Kosgoda	31st March 2022	A0-R0-P09.9	-	8,900
Samudra Beach Resorts (Private) Limited.	Land At Okade Road, Kosgoda	31st March 2022	A0-R3-P6.5	-	158,000
Palm Garden Hotels PLC	Land Area Fronting Galle Road	31st March 2022	A2-R1-P27	-	483,750
Palm Garden Hotels PLC	Land Middle Area Galle Road	31st March 2022	A8-R0-P5.54	-	1,542,250
Palm Garden Hotels PLC	Land Area with Beach Frontage Galle Road	31st March 2022	A7-R2-P0	-	1,620,000
Serendib Hotels PLC	Land & Building at Bentota	31st March 2022	A0-R0-P20	98,829	1,042,770
Browns Engineering & Construction (Pvt) Ltd.	Land at Battaramulla	31st March 2022	A0-R1-P36.33	-	1,219,639
Browns Engineering & Construction Limited.	Building at Sapugaskanda	31st March 2022	-	16,216	302,579
Newburgh Green Teas (Private) Limited.	Building	31st March 2022	-	-	6,337
Browns Metal and Sands Pvt Ltd.	Land & Building Neboda Village Dodangoda	31st March 2022	A198-R0-P0	2,369	298,981
Dikwella Resort (Private) Limited.	Land & Building At Batheegama, Dickwella	31st March 2022	A6-R2-P3.93	96,648	2,571,567
Dikwella Resort (Private) Limited.	Land At Batheegama, Dickwella	31st March 2022	A1-R3-P29.25	-	247,400
BI Commodities and Logistics Pvt Ltd.	Land Hendala, Wattala	31st March 2022	A1-R1-P16.5	-	186,334
BI Commodities and Logistics Pvt Ltd.	Land & Building Hendala, Wattala	31st March 2022	A1-R3-P13.6	24,050	294,098
Green Paradise (Private) Limited.	Land & Building Dambulla	31st March 2022	A11-R0-P13.27	103,866	2,105,619
Browns Ari Resort (Pvt) Ltd.	Reclaimed Land South Ari Atoll in Republic of Maldives	30th September 2020	69,550 sqm	-	7,521,713

Notes to the Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT CONTD.

11.4 Property, Plant and Equipment - Group Contd.

11.4.1 Revaluation of Land and Buildings Contd.

Company	Property	Effective Date of Valuation	Total Land Extent	Main Building Sq.Ft.	Land and Building Rs.000
Bodufaru Beach Resort (Pvt) Ltd.	Reclaimed Land North Male Atoll in Maldives	30th September 2020	299,000 sqm	-	15,601,045
Browns Raa Resort (Pvt) Ltd.	Reclaimed Land Raa atoll in Republic of Maldives	30th September 2020	52,500 sqm	-	1,215,873
Sunbird Bioenergy (SL) Limited.	Sierra Leone		ha 23,500	257,110	1,791,962
Browns Investments PLC	Land At Hiddaruwa, Kosgoda	31st March 2022	A0-R1-P36.7	-	23,000
Browns Investments PLC	Land & Building At Batawala Road, Meegoda	31st March 2022	A2-R3-P12.9	28,872	217,250
Sun & Fun Resorts Ltd.	Building At Pasikuda Village, Kalkuda	31st March 2022	-	109,240	1,374,552
Tropical Villas (Private) Limited.	Land At Moragalle, Beruwala	31st March 2022	A2-R1-P27	-	483,000
Browns Leisure (Pvt) Ltd.	Building At Kotmalgama, Katukitula, Pussellawa	31st March 2022		29,324	208,888
Eden Hotel Lanka PLC	Land & Building At Kaluwamodara, Aluthgama	31st March 2022	A6-R1-P25.82	237,571	5,230,450
Tropical Island Commodities (Pvt) Ltd.	Land & Building At Kamburugoda, Bandaragama	31st March 2022	A0-R0-P16	1,200	61,960
Tropical Island Commodities (Pvt) Ltd.	Land At Ethkandura, Kurundugaha Hathapma	31st March 2022	A0-R1-P39.5	-	9,000
Tropical Island Commodities (Pvt) Ltd.	Land At Aluthwala, Baddegama	31st March 2022	A0-R3-P14	-	17,000
Sierra Piling (Pvt) Ltd.	Land At Hanwella	31st March 2022	A5-R0-P26	-	153,000
Mahaweli Agro Trading (Pvt) Ltd.	Building At Sandunpura, Dehiattakandiya	31st March 2022		41,600	91,883
Agstar PLC	Land & Building At Puliyankulama Village in Anuradhapura	31st March 2022	A3-R2-P19.22	59,894	395,268
Agstar PLC	Land & Building At Welikada in Borella South	31st March 2022	A0-R0-P16.32	6,740	231,105
Agstar PLC	Land & Building No.93, Minuwangoda Road, Ekala	31st March 2022	A8-R3-P19.55	101,449	1,710,481

Company	Property	Effective Date of Valuation	Total Land Extent	Main Building Sq.Ft.	Land and Building Rs.000
Agstar PLC	Land & Building Dambulla Matale Road at Panampitiya Village	31st March 2022	A0-R1-P23.75	10,165	56,375
Agstar PLC	Building No-2012/Thama/05 Habarana Polonnaruwa road at Bendiwewa	31st March 2022	-	7,970	42,000
Creations Wooden Fabricators (Pvt) Ltd.	Land & Building	31st March 2022	-	-	14,857
Udapussellawa Plantations PLC	Building	31st March 2022	-	2,049,844	200,576
Hapugastenne Plantation PLC	Building	31st March 2022	-	4,596,022	229,285
PL Resorts Limited.	Building	31st March 2022	-	*8,556.6 Sq.m	2,665,323
LOLC Investment Holding Four (Pvt) Ltd.	Land Thambiliyana Kuruwita		A3-R0-P16	-	13,512
TIASA Constructions (Pvt) Ltd.	Land Nilambe Estate , Pahala Delthota		A12-R0-P9.11	-	21,839
TIASA Constructions (Pvt) Ltd.	Land Nilambe Estate , Pahala Delthota		A7-R0-P0	-	21,279
TIASA Constructions (Pvt) Ltd.	Land Saththurukondan , Batticaloa		A2-R0-P35	-	30,159
					69,703,244

* Year of acquisition is 2021/22.

The above land and buildings have been revalued by qualified valuers, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the revalued properties on the basis of current market value method of valuation.

Notes to the Financial Statements

Land and buildings are considered under Level 03 of the fair value hierarchy.

Significant unobservable inputs used as follows;

Property	Method of valuation	Significant unobservable inputs		
		Estimated price per perch	Estimated price per square foot	Correlation to fair value
Land and Buildings				
Brown & Company PLC	DCC/CM	Rs.500,000 - Rs.15,000,000	Rs.2,250-Rs. 12,000	Positive
Dolphin Hotels PLC	DCC/CM	Rs.350,000	Rs. 3,000 - Rs. 13,500	Positive
Frontier Capital Lanka (Pvt) Ltd.	DCC/CM	Rs.2,500,000	Rs.6,000-Rs.20,000	Positive
Sunsun Boutique Hotels Ltd.	DCC/CM	Rs.44,000-Rs.53,000	Rs.3,000-20,000	Positive
Hotel Sigiriya PLC	CM	-	Rs.350-7,500	Positive
Sierra Readymix (Pvt) Ltd.	DCC/CM	Rs.350,000	Rs.1,500	Positive
Samudra Beach Resorts (Private) Limited.	DCC/CM	Rs.250,000-Rs.1,500,000	Rs.3,500-Rs.30,000	Positive
Palm Garden Hotels PLC	DCC	Rs.1,150,000-Rs.1,300,000	-	Positive
Serendib Hotels PLC	DCC/CM	Rs.500,000	Rs.5,000-Rs.16,500	Positive
Browns Engeneering & Construction (Pvt) Ltd.	DCC/CM	Rs.11,000,000	Rs.2,000-Rs.4,750	Positive
Browns Metal and Sands Pvt Ltd.	DCC/CM	Rs.900,000-Rs.1,850,000	Rs.935-Rs.1,800	Positive
Dikwella Resort (Private) Limited.	DCC/CM	Rs.800,000-Rs.1,500,000	Rs.850-Rs.20,000	Positive
BI Commodities and Logistics Pvt Ltd	DCC/CM	Rs.750,000-Rs.800,000	Rs.1,000-Rs.5,000	Negative
Green Paradise (Private) Limited.	DCC/CM	Rs.200,000	Rs.7,000-Rs.25,000	Positive
Browns Investments PLC	DCC/CM	Rs.200,000-Rs.300,000	Rs.1,300 - Rs.2,750	Positive
Sun & Fun Resorts Ltd.	CM	-	Rs.1,200-Rs.18,000	Positive
Tropical Villas (Private) Limited.	DCC	Rs.1,200,000	-	Positive
Browns Leisure (Pvt) Ltd.	CM	-	Rs.1,500-Rs.12,000	
Eden Hotel Lanka PLC	DCC/CM	Rs.700,000-Rs.1,500,000	Rs.1,000-Rs.20,000	Positive
Tropical Island Commodities (Pvt) Ltd.	DCC/CM	Rs.115,000-Rs.500,000	-	Positive
Sierra Piling (Pvt) Ltd.	DCC	Rs.300,000-Rs.500,000	-	Positive
Agstar PLC	DCC/CM	Rs.200,000-Rs.12,000,000	Rs.2,500-Rs.20,000	Positive
Mahaweli Agro Trading (Pvt) Ltd.	CM	-	Rs.200-Rs.6,000	Positive

Summary description of valuation methodologies;

Open market value method [OMV]

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Direct capital comparison method [DCC]

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalized value of the property is fixed by direct comparison with capitalized value of similar property in the locality.

Contractors method [CM]

The replacement cost [contractor's] method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current building costs and often the land price will be established by comparison.

Investment method [IM]

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

11.5 Property, Plant and Equipment - Company

11.5.1 Revaluation of Land and Buildings - Company

Property	Effective Date of Valuation	Total Land Extent	Main Building Sq.Ft.	Carrying Value of Land & Building Rs.000	No of Buildings
Land & Building At No. 75, Devanampiyatissa Mawatha, Colombo-10	31st March 2022	A1-R0-P30.9	9,767	2,576,077	1
Land & Building At Dambulla	31st March 2022	A0-R3-P00	3,842	304,927	1
Land At Palle Bogala, Kegalle	Cost*	A0-R1-P16.5	-	800	-
Land & Building At Ranala	31st March 2022	A0-R3-P27.25	13,534	146,220	5
				3,028,024	7

* Year of acquisition is 2014/15.

Property	Method of valuation	Significant unobservable inputs		
		Estimated price per perch	Estimated price per square foot	Correlation to fair value
Land and Building				
Brown & Company PLC	DCC/CM	Rs.500,000 - Rs.15,000,000	Rs.2,250-Rs. 12,000	Positive

Notes to the Financial Statements

11.5.2 Summary description of valuation methodologies;

Open market value method [OMV]

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Direct capital comparison method [DCC]

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalized value of the property is fixed by direct comparison with capitalized value of similar property in the locality.

Contractors method [CM]

The replacement cost [contractor's] method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current building costs and often the land price will be established by comparison.

Investment method [IM]

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

11.6 Capital Work in Progress

Capital Work in Progress includes the construction of capital assets which mainly consists of buildings and plant & machinery.

12 RIGHT OF USE ASSETS

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	31,656,429	19,575,908	343,101	397,359
Additions	294,097	259,090	9,437	-
Amortisation expense	[1,425,131]	[632,105]	[55,741]	[54,212]
Acquisition of Subsidiaries	-	5,355,010	-	-
Reversal on Disposal	[57,404]	-	-	-
Other Adjustments	915,982	41,140	[687]	[47]
Revaluation gain during the year	36,536	-	-	-
Exchange difference	1,740,094	7,057,388	-	-
Balance at the end of the year	33,160,603	31,656,429	296,110	343,101

12.1 Right-of-Use-Assets of the Group Include the Following

As at 31st March	2023 Rs.000
Land	32,247,126
Buildings	664,593
Vehicles	188,938
Machinery	59,945
	33,160,603

13 INVESTMENT PROPERTIES

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	92,171,533	23,896,929	14,678,650	12,534,776
Additions	34,248	47,449,015	5,275	76,163
Adjustments	[3,840]	-	-	-
Acquisitions	-	4,745,275	-	-
Disposals	-	[1,628]	-	-
Transfers from Property Plant and Equipment	[132,354]	[122,800]	-	-
Change in Fair Value	19,178,670	16,204,742	4,389,735	2,067,712
Balance at the end of the year	111,248,257	92,171,533	19,073,660	14,678,650

13.1 Income Earned from Investment Properties

For the year ended 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Rental income	407,600	428,913	127,839	126,267
Direct Operating expenses	[16,757]	[35,898]	-	-

13.2 Details of Investment Properties

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Owned properties	28,793,053	23,587,791	18,301,660	14,003,650
Properties held under operating leases	82,455,204	68,583,742	772,000	675,000
	111,248,257	92,171,533	19,073,660	14,678,650

Notes to the Financial Statements

13.3 Investment Properties of the Group Include the Following

Company	Property	Effective Date of Valuation	Total Land Extent	Land Rs.000	Buildings Rs.000
Brown & Company PLC	Land & Building At No. 481, T.B. Jayah Mawatha, Colombo-10	31st March 2023	A1-R2-P3.2	5,228,000	1,020,000
Brown & Company PLC	Land At Dunbar Rd, Dumburugiriya, Hatton	31st March 2023	A1-R1-P0	63,600	-
Brown & Company PLC	Land At Negombo-Divulapitiya Road, Demanhandiya	31st March 2023	A25-R1-P15	454,000	-
Brown & Company PLC	Land At Main Street, Ambalantota	31st March 2023	A0-R1-P24.8	129,000	-
Brown & Company PLC	Land At Glennie Street, Colombo-02	31st March 2023	A0-R2-P18.59	2,366,000	-
Brown & Company PLC	Land At T.B. Jayah Mawatha, Colombo-10	31st March 2023	A2-R2-P20.21	9,041,060	-
Brown & Company PLC	Land & Building At Orugodawatta	31st March 2023	A1-R0-P6.77	717,000	55,000
S. F. L. Services (Pvt) Ltd.	Land At Glennie Street, Colombo-02	31st March 2023	A0-R0-P30.5	762,000	-
S. F. L. Services (Pvt) Ltd.	Land At Malabe Rd, Malabe	31st March 2023	A0-R2-P33.5	297,000	-
Browns Group Industries (Pvt) Ltd.	Land At Shantha Sebastiyen Mw, Mudungoda, Kadawatha	31st March 2023	A0-R1-P25	32,500	-
Browns Industrial Park Ltd.	Land & Building At Gonawila, Markandura	31st March 2023	A21-R2-P19.8	238,500	1,529,856
Millennium Development (Pvt) Ltd.	Land & Building At No. 381, T.B. Jayah Mawatha, Colombo-10	31st March 2023	A5-R2-P17.17	5,176,788	275,000
Browns Properties (Pvt) Ltd.	Land & Building At Dudley Senanayake Mawatha, Colombo-08	31st March 2023	A0-R1-P9.5	678,656	778,606
Browns Properties (Pvt) Ltd.	Land At No.05, Summer Place, Colombo 08.	31st March 2023	A0-R0-P33.75	337,000	-
Browns Investments PLC	Land At Kuchchaveli, Trincomalee	31st March 2023	A5-R0-P14.5	142,000	-
Browns Investments PLC	Land At Nalluruwa, Panadura	31st March 2023	A0-R1-P38.32	172,000	-
Browns Investments PLC	Land At Kaduwela Rd, Malabe	31st March 2023	A0-R2-P5.05	467,000	-
Browns Investments PLC	Land At Egoda Uyana, Moratuwa	31st March 2023	A1-R0-P32.75	289,000	-
Browns Investments PLC	Land & Building At "Nadungahalanda", Dampe, off Diggala Piliyandala road, Kesbewa	31st March 2023	A3-R0-P5	662,000	35,000
Browns Investments PLC	Land & Building At Yagoda, Gampaha	31st March 2023	A0-R1-P4.5	15,500	8,500

Company	Property	Effective Date of Valuation	Total Land Extent	Land Rs.000	Buildings Rs.000
Browns Investments PLC	Land At Kohuwala, Nugegoda	31st March 2023	A0-R2-P1.81	327,000	-
Browns Hotels & Resorts Ltd.	Land At Duwemodara, Kosgoda	31st March 2023	A1-R0-P16.98	81,500	-
Browns Health Care Negombo (Pvt) Ltd.	Land & Building At St Joseph Rd, Negombo	31st March 2023	A0-R1-P16.15	134,760	103,240
Eden Hotel Lanka PLC	Land At Waththala, Gampaha	31st March 2023	A0-R1-P25.66	70,000	-
Sierra Developments Ltd.	Land & Building At Havelock Road, Colombo 05	31st March 2023	A0-R1-P16.4	1,100,000	3,554,000
Sierra Readymix (Pvt) Ltd.	Land At Lot B of Elowita, 8th Mile Post Road, Welivita	31st March 2023	A6-R1-P8.3	383,000	-
Sierra Readymix (Pvt) Ltd.	Land At Galdolelanda	31st March 2023	A0-R3-P29.05	56,000	-
Sierra Readymix (Pvt) Ltd.	Land At Hinnapitiya Estate	31st March 2023	A0-R0-P31.1	5,131	-
Ceylon Real Estate Holdings (Pvt) Ltd.	Land At Port City, Colombo	31st March 2023	A7-R2-P11.01	38,123,220	-
Colombo Marina Development (Pvt) Ltd.	Land At Port City, Colombo	31st March 2023	A7-R2-P16.79	21,737,662	-
Marina Hotel Holdings (Pvt) Ltd.	Land At Port City, Colombo	31st March 2023	A3-R0-P34.21	14,602,179	-
Group Total				103,889,055	7,359,202

The above Investment Properties have been revalued by qualified valuers, who hold recognised and relevant professional qualifications and have recent experience in the location and category of the revalued properties on the basis of current market value method of valuation.

Notes to the Financial Statements

Investment Properties are considered under Level 3 of the fair value hierarchy.

Significant unobservable inputs used as follows;

Property	Method of valuation	Significant unobservable inputs		
		Estimated price per perch	Estimated price per square foot	Correlation to fair value
Land and Building				
Brown & Company PLC	DCC / CM	Rs.50,000 - Rs.24,000,000	Rs.8,000 - Rs.18,000	Positive
S. F. L. Services (Pvt) Ltd.	DCC	Rs.1,800,000 - Rs.25,000,000	-	Positive
Browns Group Industries (Pvt) Ltd.	DCC	Rs.500,000	-	Positive
Browns Industrial Park Ltd.	DCC / CM	Rs.150,000	Rs.500 - Rs.12,000	Positive
Browns Health Care Negombo (Pvt) Ltd.	DCC / CM	Rs.2,400,000	Rs.6,500 - Rs. 10,000	Positive
Millennium Development (Pvt) Ltd.	DCC / CM	Rs.14,000,000	Rs.1,500 - Rs.5,500	Positive
Browns Properties (Pvt) Ltd.	DCC / CM	Rs.10,000,000 - Rs 19,000,000	Rs.22,000	Positive
Browns Investments PLC	DCC / CM	Rs.175,000 - Rs 5,500,000	Rs.3,000 - Rs.7,500	Positive
Browns Hotels & Resorts Ltd.	DCC	Rs.100,000 - Rs 500,000	-	Positive
Eden Hotel Lanka PLC	DCC	Rs.1,066,000	-	Positive
Sierra Developments Ltd.	DCC / CM	Rs.19,500,000	Rs.17,000 - Rs.28,500	Positive
Sierra Readymix (Pvt) Ltd.	DCC	Rs.165,000 - Rs 380,000	-	Positive
Ceylon Real Estate Holdings (Pvt) Ltd.	DCC	USD.97,000	-	Positive
Colombo Marina Development (Pvt) Ltd.	DCC	USD.46,000 - USD.57,000	-	Positive
Marina Hotel Holdings (Pvt) Ltd.	DCC	USD.87,500	-	Positive

13.3.1 Summary description of valuation methodologies;

Open market value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Direct capital comparison method (DCC)

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalized value of the property is fixed by direct comparison with capitalized value of similar property in the locality.

Contractors method (CM)

The replacement cost (contractor's) method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current building costs and often the land price will be established by comparison.

Investment method (IM)

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Land	103,889,055	85,679,817
Buildings	7,359,202	6,491,716
	111,248,257	92,171,533

13.5 Investment Properties of the Company Include the Following

Company	Property	Effective Date of Valuation	Total Land Extent	Land Rs.000	Buildings Rs.000	No of Buildings in Each Location
Brown & Company PLC	Land & Building At No. 481, T.B. Jayah Mawatha, Colombo-10	31st March 2023	A1-R2-P3.20	5,228,000	1,020,000	5
Brown & Company PLC	Land At Dunbar Rd, Dumburugiriya, Hatton	31st March 2023	A1-R1-P0	63,600	-	-
Brown & Company PLC	Land At Negombo-Divulapitiya Road, Demanhandiya	31st March 2023	A25-R1-P15	454,000	-	-
Brown & Company PLC	Land At Main Street, Ambalantota	31st March 2023	A0-R1-P24.8	129,000	-	-
Brown & Company PLC	Land At Glennie Street, Colombo-02	31st March 2023	A0-R2-P18.59	2,366,000	-	-
Brown & Company PLC	Land At T.B. Jayah Mawatha, Colombo-10	31st March 2023	A2-R2-P20.21	9,041,060	-	-
Brown & Company PLC	Land & Building At Orugodawatta	31st March 2023	A1-R0-P6.77	717,000	55,000	1
				17,998,660	1,075,000	6

Significant unobservable inputs used as follows;

Property	Method of valuation	Significant unobservable inputs		
		Estimated price per perch	Estimated price per square foot	Correlation to fair value
Land and Building				
Brown & Company PLC	DCC / CM	Rs.50,000 - Rs.24,000,000	Rs.8,000 - Rs.18,000	Positive

Notes to the Financial Statements

13 INVESTMENT PROPERTIES CONTD.

13.5 Investment Properties of the Company Include the Following Contd.

13.5.1 Summary description of valuation methodologies;

Open market value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Direct capital comparison method (DCC)

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalized value of the property is fixed by direct comparison with capitalized value of similar property in the locality.

Contractors method (CM)

The replacement cost (contractor's) method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current building costs and often the land price will be established by comparison.

Investment method (IM)

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

13.6 Summary of Investment Properties - Company

As at 31st March	Company	
	2023 Rs.000	2022 Rs.000
Land	17,998,660	13,791,650
Buildings	1,075,000	887,000
	19,073,660	14,678,650

14 INTANGIBLE ASSETS

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Gross Value				
Balance at the beginning of the year	2,628,691	2,102,777	166,897	128,029
On Acquisition of Subsidiary	-	301,229	-	-
Disposals	(30,438)	-	-	-
Disposal of Subsidiaries	(146,919)	-	-	-
Additions/ Adjustments during the year	21,711	60,303	622	38,868
Exchange Difference	22,469	164,381	-	-
Balance at the end of the year	2,495,513	2,628,691	167,519	166,897
Amortisation and impairment				
Balance at the beginning of the year	731,495	415,385	137,278	124,803
Amortisation during the year	38,714	40,979	9,955	12,475
Disposals	(12,093)	-	-	-
Impairment during the year	-	57,641	-	-
On Acquisition of Subsidiary	-	127,154	-	-
Disposal of Subsidiaries	(41,729)	-	-	-
Exchange Difference	22,398	90,335	-	-
Balance at the end of the year	738,786	731,495	147,233	137,278
Carrying Value	1,756,727	1,897,194	20,286	29,618

14.1 Summary of Intangible Assets - Group

As at 31st March	2023				2022			
	Goodwill	Software	Right to Generate Solar Power	Total	Goodwill	Software	Right to Generate Solar Power	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Gross value								
Balance at the beginning of the year	1,667,236	807,416	146,919	2,628,691	1,481,914	466,824	146,919	2,102,777
Additions/ Adjustments during the year	-	21,711	-	21,711	-	60,303	-	60,303
Disposals	(17,053)	(13,385)	-	(30,438)	-	-	-	-
Acquisition of subsidiary	-	-	-	-	111,276	189,953	-	301,229
Disposal of Subsidiaries	-	-	(146,919)	(146,919)	-	-	-	-
Exchange Difference	-	22,469	-	22,469	74,046	90,336	-	164,381
Balance at the end of the year	1,650,183	838,210	-	2,495,513	1,667,236	807,416	146,919	2,628,691
Amortisation and impairment								
Balance at the beginning of the year	66,314	595,672	39,893	731,495	8,673	344,549	32,547	415,385
Amortisation during the year	-	36,878	1,836	38,714	-	33,633	7,346	40,979
Disposals	-	(12,093)	-	(12,093)	-	-	-	-
Impairment during the year	-	-	-	-	57,641	-	-	57,641
On Acquisition of Subsidiary	-	-	-	-	-	127,154	-	127,154
Disposal of Subsidiaries	-	-	(41,729)	(41,729)	-	-	-	-
Exchange Difference	-	22,398	-	22,398	-	90,335	-	90,335
Balance at the end of the year	66,314	642,855	-	738,786	66,314	595,672	39,893	731,495
Carrying Value	1,583,869	195,355	-	1,756,727	1,600,922	211,744	107,026	1,897,194

14.2 Summary of Intangible Assets - Company

As at 31st March	2023		2022	
	Software Rs.000	Total Rs.000	Software Rs.000	Total Rs.000
Gross value				
Balance at the beginning of the year	166,897	166,897	128,029	128,029
Additions/ Adjustments during the year	622	622	38,868	38,868
Balance at the end of the year	167,519	167,519	166,897	166,897
Amortisation and impairment				
Balance at the beginning of the year	137,278	137,278	124,803	124,803
Amortisation during the year	9,955	9,955	12,475	12,475
Balance at the end of the year	147,233	147,233	137,278	137,278
Carrying Value	20,286	20,285	29,619	29,619

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14.3 Summary of Goodwill - Group

As at 31st March	Carrying Value	
	2023 Rs.000	2022 Rs.000
Klevenberg (Pvt) Ltd.	51,805	51,805
Browns Healthcare Negombo (Pvt) Ltd.	250	250
Browns Investments PLC	9,564	9,564
Ajax Engineers (Pvt) Ltd.	25,057	25,057
Excel Restaurants (Pvt) Ltd.	20,524	20,524
Browns Hotels & Resorts Ltd.	1,205,258	1,205,258
Saga Solar Power (Pvt) Ltd.	-	17,053
NPH Investments (Pvt) Ltd.	151,646	151,646
Gurind Accor (Pvt) Ltd.	8,490	8,490
Tropical Island Commodities (Pvt) Ltd.	111,276	111,276
	1,583,869	1,600,922

14.4 Goodwill as at the reporting date has been tested for impairment and appropriate adjustments has been made for the impairment loss for the year.

The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The key assumptions used are given below;

Business growth rate – Based on the long term average growth rate for each business unit.

Inflation rate – Based on current inflation rate.

Discount rate – Risk free rate adjusted for the specific risk relating to the industry.

14.5 Software with a finite life is amortized over the period of the expected economic benefit. As per the Group policy, software is amortized over 3 to 8 years.

15 BEARER BIOLOGICAL ASSETS

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
On Finance Lease [Note 15.1]	5,577	11,890
Investments after formation of the Company [Note 15.2]	5,507,891	4,512,511
Growing Crop Nurseries [Note 15.3]	1,947	3,803
	5,515,415	4,528,204

As at 31st March	On Finance Lease Rs.000	Investments after formation of the Company Rs.000	Growing Crop Nurseries Rs.000	Total 2023 Rs.000	On Finance Lease Rs.000	Investments after formation of the Company Rs.000	Growing Crop Nurseries Rs.000	Total 2022 Rs.000
Cost	211,770	15,437,943	1,947	15,651,660	211,770	12,926,291	3,803	13,141,864
Accumulated amortisation	[206,193]	[9,930,052]	-	[10,136,245]	[199,879]	[8,413,780]	-	[8,613,660]
	5,577	5,507,891	1,947	5,515,415	11,890	4,512,511	3,803	4,528,204

15.1 On Finance Lease

As at 31st March	Mature Plantations Tea		Mature Plantations Rubber		Mature Plantations Coconut		Total	Total
	2023	2022	2023	2022	2023	2022	2023	2022
Cost								
Balance as at the beginning of the year	203,272	203,272	227	227	8,269	8,269	211,770	211,770
Balance as at the end of the year	203,272	203,272	227	227	8,269	8,269	211,770	211,770
Accumulated Amortisation								
Balance as at the beginning of the year	191,895	185,094	227	210	7,755	7,480	199,879	192,784
Charge for the year	6,037	6,801	-	17	276	276	6,314	7,095
Balance as at the end of the year	197,932	191,895	227	227	8,031	7,755	206,193	199,879
Carrying amount								
As at 31st March 2023	5,340	11,377	-	-	239	515	5,577	
As at 31st March 2022	11,377	18,178	-	17	515	790	11,890	

15.2 Investments after formation of Subsidiaries

As at 31st March	Immature Plantations					Mature plantations					Total 2023 Rs.000	Total 2022 Rs.000	
	Tea	Rubber	Coconut	Mixed Crops	Total	Tea	Rubber	Coconut	Mixed Crops	Total			
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000			
Cost/Valuation													
Balance as at the beginning of the year	142,630	169,126	11,222	145,217	468,194	2,257,484	1,293,702	72,730	697,021	8,137,161	12,458,098	12,926,291	7,367,805
Additions	151,837	34,775	3,489	186,964	377,065	2,474	-	-	3,978	1,671,946	1,678,398	2,055,462	189,809
Disposals	(9,973)	(14,558)	-	(2,354)	(26,884)	-	(9,066)	-	-	-	(9,066)	(35,950)	(4,004)
Transfers	(35,643)	(21,303)	-	(20,809)	(77,755)	35,643	21,303	-	20,809	-	77,755	-	-
Acquisition of Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	2,915,667
Exchange Differences	-	-	-	-	-	-	-	-	-	492,139	492,139	492,139	2,457,014
Balance as at the end of the year	248,851	168,040	14,711	309,018	740,620	2,295,602	1,305,939	72,730	721,808	10,301,247	14,697,325	15,437,943	12,926,291
Accumulated Depreciation													
Balance as at the beginning of the year	-	-	-	-	-	972,984	136,955	6,336	47,773	6,934,554	8,413,780	8,413,780	4,966,825
Charge for the year	-	-	-	-	-	69,587	61,631	1,554	27,222	918,783	1,078,777	1,078,777	470,989
Disposals	-	-	-	-	-	-	(8,833)	-	-	-	(8,833)	(8,833)	(1,341)
Acquisition of Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	851,728
Exchange Differences	-	-	-	-	-	-	-	-	-	446,327	446,327	446,327	2,125,579
Balance as at the end of the year	-	-	-	-	-	1,042,571	189,753	7890	74,995	8,299,665	9,930,052	9,930,052	8,413,780
Carrying amount													
As at 31st March 2023	248,851	168,040	14,711	309,018	740,620	1,253,031	1,116,186	64,839	646,813	2,001,582	4,767,273	5,507,891	
As at 31st March 2022	142,630	169,126	11,222	145,217	468,194	1,284,500	1,156,747	66,393	649,248	1,202,607	4,044,318	4,512,511	

15.3 Growing Crop Nurseries

As at 31st March	2023			2022		
	Tea	Mixed crops	Total	Tea	Mixed crops	Total
Cost						
Balance as at the beginning of the year	3,717	86	3,803	3,260	735	3,995
Additions	-	-	-	457	-	457
Disposals/ Written off	[1,644]	[212]	[1,856]	-	[649]	[649]
Balance as at the end of the year	2,073	[126]	1,947	3,717	86	3,803

15.4 Amortization/ Depreciation for the year recognized for bearer biological assets

For the year ended 31st March	2023 Rs.000	2022 Rs.000
On Finance Lease	6,314	7,095
Investments after formation of the Company	1,078,777	470,989
	1,085,091	478,084

These are investments in bearer biological assets carried at cost (Tea, Rubber, Coconut, Cinnamon and Mixed Crop) which comprises of immature/ mature plantations since the formation of the Company. Further, investment in immature plantations taken over by way of leases are shown in this note. When such plantations become mature, the additional investments since, taken over to bring them to maturity will be moved from immature to mature under this note.

16 CONSUMABLE BIOLOGICAL ASSETS

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Balance as at the beginning of the year	7,087,008	4,007,383
Increase due to new planting	111,772	18,156
Net increase due to births/deaths (Growing Crop Nurseries)	[166]	450
Acquisition of subsidiary	-	2,393,217
Written off during the year	[4,091]	-
Decrease due to harvesting of timber trees	[72,659]	[82,929]
Change in fair value less estimated costs to sell	725,731	750,732
Balance as at the end of the year	7,847,595	7,087,008

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16.1 Change in fair value less estimated costs to sell

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Due to price changes	710,919	666,152
Due to physical changes	14,812	84,580
	725,731	750,732

16.1.1 The carrying value of Consumable biological assets as at the year end has been computed as follows;

As at 31st March	Notes	Group	
		2023 Rs.000	2022 Rs.000
Valuation of consumable biological assets		7,658,968	6,811,570
Carrying value of immature timber trees		187,871	271,624
Growing Crop Nurseries	16.1.2	756	3,814
		7,847,595	7,087,008

Managed timber trees include commercial timber plantations cultivated on estates. The above carrying amount as at 31st March 2023 includes a sum of Rs. 187.9 Mn- [As at 31st March 2022 - Rs. 271.6 Mn] which is the cost of immature trees up to the age of 4 years which is treated as approximate fair value particularly on the ground of little biological transformation taking place and impact of such transformation on price is expected to be immaterial.

Borrowing costs of Rs. 16.26 Mn [Previous year - Rs. 15.05 Mn] have been capitalized during the year in to immature fields.

16.1.2 Growing crop nurseries

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Balance as at 01st April	3,814	3,364
Additions	411	450
Impairment/writeoff	(3,469)	-
Balance as at 31st March	756	3,814

16.2 Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used.

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
Discounted cash flows The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis. Expected cash flows are discounted using a risk-adjusted discount rate of 19% comprising a risk premium of 4%.	Determination of Timber Content Timber trees in inter-crop areas and pure crop areas have been identified field-wise and species were identified and harvestable trees were separated, according to their average girth and estimated age. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size. Determination of Price of Timber Trees have been valued as per the current timber prices per cubic meter based on the price list of the State Timber Corporation and prices of timber trees sold by the estates and prices of logs sawn timber at the popular timber traders in Sri Lanka. In this exercise, following factors have been taken into consideration. a) Cost of obtaining approval of felling b) Cost of felling and cutting into logs c) Cost of transportation d) Sawing cost Risk-adjusted discount rate 2022/2023 - 19% [Risk Premium - 4%] 2021/2022 - 19% [Risk Premium - 4%]	The estimated fair value would increase / [decrease] if; » the estimated timber content were higher / [lower] » the estimated timber prices per cubic meter were higher / [lower] » the estimated selling related costs were lower / [higher] » the estimated maturity age were higher / [lower] » the risk-adjusted discount rate were lower / [higher]

16.3 The valuation of consumable biological assets was carried by Mr.W.M.Chandrasena, an independent Chartered Valuation Surveyor, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried covering all the estates.

16.4 Timber Trees namely Eucalyptus Torariyana, Albezzia, Graveelia, Eucalyptus Grandis, Astonia, Pinus, Toona, Mahogany, Teak, Jak, Turpentine, Nadun, Mango, Pellen, Hora, Domba, Lunumidella, Wal Del and Mara on the plantations have been taken into consideration in this valuation of Timber Trees.

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16.5 In valuing the timber plantations, under-mentioned factors have been taken into consideration.

- 1 The present age of trees
- 2 Maturity age of the tree - Maturity of the tree is based on the variety of the species of the tree
- 3 Annual marginal increase in timber content
- 4 Number of years to harvest
- 5 Timber content of harvestable trees on maturity
- 6 Timber Plants having below three years of age have not been taken into the valuation
- 7 The timber content of immature trees at an estimated future harvestable year
- 8 The current price of species of timber per cubic foot at the relevant year

16.6 Trees have been valued as per the current timber prices in the domestic market based on the price list of the State Timber Corporation and prices of timber trees sold by estates and prices of logs and sawn timber in the popular timber traders in Sri Lanka.

16.7 The fair value is determined on the basis of net present value of expected future cash flows using a discount rate of 19% per annum. The significant assumptions used in the valuation of Consumable Biological Assets are as follows:

- 1 Future cash flows are determined by references to current timber prices without considering the inflationary effect
- 2 The ongoing cost of growing trees which are deducted in determining the net cash flows are constant in real terms
- 3 Timber trees that have not come upto a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size
- 4 The present value of the trees is worked out based on the projected size and the estimated number of years it would take to reach the size. This is worked out on the basis of an annual marginal increase of timber content which normally ranges from 0.50 to 1.50 cm per year for trees of diameter girth over 10 cm
- 5 The value of each matured species of timber is worked out on the price of a cubic foot of timber in the market of the species and the available cubic content of timber in the tree
- 6 Due consideration has been given for cost of felling, transport, sawing, cost to sell including obtaining of approval for felling

16.8 Managed trees include commercial timber plantations cultivated in estates. The cost of immature trees is treated at approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.

16.9 The fair value of managed trees was ascertained since LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by the Institute of Chartered Accountants of Sri Lanka. The valuation was carried out by using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber a physical verification was carried out covering all the estates.

16.10 The valuations, as presented in the external valuation models based on net present values, take into account the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long-term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in LKAS 41 against his own assumptions.

16.11 The biological assets of Group is cultivated in the leasehold lands. When measuring the fair value of the biological assets it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

16.12 Sensitivity analysis for biological assets

16.12.1 Sensitivity variation on sales price

Values as appearing in the Statement of Financial Position are sensitive to price changes with regard to the average sales prices applied. Simulation made for timber to show that a rise or a decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

As at 31st March	Notes	Group	
		2023 Rs.000	2022 Rs.000
Carrying amount	16.1.1	7,847,595	7,087,008
Sensitivity on sales price	+10%	765,897	692,283
	-10%	[765,897]	[692,283]

16.12.2 Sensitivity variation on discount rate

Values as appearing in the Statement of Financial Position are sensitive to changes of the discount rate applied. Simulations made for rubber, coconut and timber show that a rise or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets;

As at 31st March	Notes	Group	
		2023 Rs.000	2022 Rs.000
Carrying amount	16.1.1	7,847,595	7,087,008
Sensitivity on Discount Rate	+1%	[339,340]	[199,367]
	-1%	378,000	217,764

16.13 Risk factors

The Group is exposed to a number of risks related to its timber plantations;

Regulatory and environmental risks

The Group is subject to laws and regulations imposed by the environmental authorities of Sri Lanka. The Group established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Group's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

Notes to the Financial Statements

17 INVESTMENTS IN SUBSIDIARIES

As at 31st March	Holding %		Company			
	2023	2022	No. of shares		Amount	
			2023	2022	2023	2022
Browns Group Motels Ltd.	99.37%	99.37%	15,762,359	15,762,359	160,364	160,364
CFT Engineering Ltd.	99.99%	99.99%	3,075,950	3,075,950	307,698	307,698
The Hatton Transport & Agency Co. (Pvt) Ltd.	100%	100%	1,537,250	1,537,250	153,835	153,835
S.F.L. Services (Pvt) Ltd.	100%	100%	1,776,000,000	481,711,591	18,382,332	5,439,448
Browns Group Industries (Pvt) Ltd.	100%	100%	18,162,500	18,162,500	275,744	275,744
Browns Thermal Engineering (Pvt) Ltd.	100%	100%	16,862,497	16,862,497	269,913	269,913
Snowcem Products Lanka (Pvt) Ltd.	100%	100%	15,762,500	15,762,500	156,999	156,999
Klevenberg (Pvt) Ltd.	100%	100%	30,962,500	30,962,500	358,889	358,889
Browns Healthcare Negombo (Pvt) Ltd.	100%	100%	158,625,000	158,625,000	158,625	158,625
Walker & Greig (Pvt) Ltd.	100%	100%	15,362,501	15,362,501	192,263	192,263
Browns Investments PLC	46.06%	46.06%	6,618,280,773	6,618,280,773	17,051,228	17,051,228
Browns Pharma Ltd.	100%	100%	25,362,500	25,362,500	253,625	253,625
BI Holdings (Pvt) Ltd.	17.58%	17.58%	301,000,000	301,000,000	3,010,000	3,010,000
Browns Agri Solutions (Pvt) Ltd.	100%	100%	32,500,001	2,500,001	325,000	25,000
Browns Global Farm (Pvt) Ltd.	20%	20%	11,837,608	11,837,608	56,702	56,702
Browns Leisure (Pvt) Ltd.	90%	90%	4,500,000	4,500,000	45,000	45,000
					41,158,219	27,915,335
Provision for fall in value of Investments (Note 17.1)					[56,702]	[56,702]
					41,101,517	27,858,633

17.1 Provision for fall in value of Investments

Browns Global Farm (Pvt) Ltd.					56,702	56,702
					56,702	56,702

17.2 During the year, company has made following additional investments

Company Name	2023	
	No of Shares	Rs.000
S.F.L Services (Pvt) Ltd (Note 43.1)	1,294,288,409	12,942,884
Browns Agri Solutions (Pvt) Ltd (Note 43.1)	30,000,000	300,000
	1,324,288,409	13,242,884

17.3 Group Holdings in Subsidiaries

As at 31st March	Principal Activity	2023		2022	
		No of Shares	Control Holding %	No of Shares	Control Holding %
Subsidiary					
Ajax Engineers (Pvt) Ltd.	Aluminium Fabrication	469,987	100%	469,987	100%
B G Air Services (Pvt) Ltd.	Travel	50,000	100%	50,000	100%
BI Commodities and Logistics (Pvt) Ltd.	Manufacturing	35,500,250	100%	35,500,250	100%
BI Zhongtian Holdings (Pvt) Ltd.	Pre-Operational	25,500,000	51%	25,500,000	51%
Bodufaru Beach Resorts (Pvt) Ltd.	Hotelier - Pre operational	235,800	88.32%	235,800	88.32%
Browns Agri Solutions (Pvt) Ltd.	Trading	32,500,001	100%	2,500,001	100%
Browns Ari Resort (Pvt) Ltd.	Hotelier - Pre operational	40,100	100%	40,100	100%
Browns Kaafu N Resort (Pvt) Ltd.	Hotelier - Pre operational	100	99.96%	100	99.96%
Browns Raa Resort (Pvt) Ltd.	Hotelier - Pre operational	100	99.96%	100	99.96%
Browns Engineering and Construction (Pvt) Ltd.	Construction and Engineering	350,000,002	50%	350,000,002	50%
Browns Metal and Sands (Pvt) Ltd.	Pre-Operational	1	100%	1	100%
B Commodities ME(FZE).	Pre-Operational	150,000	100%	150,000	100%
Browns Teas (Pvt) Ltd.	Pre-Operational	1	100%	1	100%
Browns Global Farm (Pvt) Ltd.	Agriculture	58,295,328	100%	58,295,328	100%
Browns Group Industries (Pvt) Ltd.	Trading	18,162,500	100%	18,162,500	100%
Browns Group Motels Ltd.	Non-operating	15,762,359	99.37%	15,762,359	99.37%
Browns Hotels and Resorts Ltd.	Holding Company	1,191,919,624	100%	1,191,919,624	100%
Browns Industrial Park Ltd.	Renting Premises	30,767,637	100%	30,767,637	100%
Browns Investments PLC	Holding Company	9,275,581,367	64.55%	9,275,581,367	64.55%
Browns Healthcare Negombo (Pvt) Ltd.	Pre-Operational	158,625,000	100%	158,625,000	100%
Browns Leisure (Pvt) Ltd.	Leisure	4,500,000	90%	4,500,000	90%
Browns Pharma Ltd.	Pre-Operational	25,362,500	100%	25,362,500	100%
Browns Fabric Limited.	Manufacturing	1	100%	-	-
BI Holding Ltd.	Holding Company	1,712,300,000	100%	1,712,300,000	100%
Browns Thermal Engineering (Pvt) Ltd.	Trading	16,862,497	100%	16,862,497	100%
CFT Engineering Ltd.	Non-operating	3,076,130	99.99%	3,076,130	99.99%
Creations Wooden Fabricators (Pvt) Ltd.	Wooden Fabrication	18,000	90%	18,000	90%
Ceylon Roots Lanka (Pvt) Ltd.	Pre-Operational	12,000,000	60%	12,000,000	60%
Dickwella Resort (Pvt) Ltd.	Hotelier	481,314	100%	481,314	100%
Eden Hotel Lanka PLC	Hotelier	486,545,375	89.38%	486,545,375	89.38%
Excel Global Holdings (Pvt) Ltd.	Holding Company	53,448,329	100%	53,448,329	100%
Excel Restaurants (Pvt) Ltd.	Food & beverages	10,004	100%	10,004	100%
F L C Estates Bungalows (Pvt) Ltd.	Pre-Operational	100,000	100%	100,000	100%
Browns Power Holdings (Pvt) Ltd.	Investing	100,000,000	100%	100,000,000	100%
Browns Properties (Pvt) Ltd.	Real estate	82,500,000	100%	82,500,000	100%
F L P C Management (Pvt) Ltd.	Plantation management	92,052,838	95.34%	92,052,838	95.34%
Green Paradise (Pvt) Ltd.	Hotelier	5,000,007	100%	5,000,007	100%
General Accessories and Coating (Pvt) Ltd.	Manufacturing	18,000	100%	18,000	100%
Gurind Accor (Private) Limited.	Manufacturing	10,761,000	60%	10,761,000	60%
Klevenberg (Pvt) Ltd.	Trading	30,962,500	100%	30,962,500	100%
Maturata Plantations Ltd.	Plantations	25,200,000	72%	25,200,000	72%

Notes to the Financial Statements

As at 31st March	Principal Activity	2023		2022	
		No of Shares	Control Holding %	No of Shares	Control Holding %
Subsidiary					
Millennium Development (Pvt) Ltd.	Renting Premises	44,390,823	100%	44,390,823	100%
NPH Investments (Pvt) Ltd.	Investing	141,555,600	51%	141,555,600	51%
Palm Garden Hotels PLC	Holding Company	38,671,013	89.38%	38,671,013	89.38%
Riverina Resort (Pvt) Ltd.	Hotelier - Pre operational	35,050,000	100%	35,050,000	100%
S.F.L. Services (Pvt) Ltd.	Intra-Group Funding	1,776,000,000	100%	481,711,591	100%
Sifang Lanka (Pvt) Ltd.	Trading	17,362,500	100%	17,362,500	100%
Sifang Lanka Trading (Pvt) Ltd.	Non-operating	2,997,750	100%	2,997,750	100%
Snowcem Products Lanka (Pvt) Ltd.	Non-operating	15,762,500	100%	15,762,500	100%
Samudra Beach Resorts (Pvt) Ltd.	Hotelier	219,027,500	100%	219,027,500	100%
Sun & Fun Resorts Ltd.	Hotelier	16,287,848	51%	16,287,848	51%
Sunbird Bioenergy (SL) Limited.	Plantations	2,816	75.10%	2,816	75.10%
Serendib Hotels PLC	Hotelier	182,739,232	55.75%	111,525,794	55.75%
Dolphin Hotels PLC	Hotelier	43,849,317	69.33%	31,621,477	65.18%
Hotel Sigiriya PLC	Hotelier	11,300,770	64.29%	5,859,000	63.08%
Frontier Capital Lanka (Pvt) Ltd.	Hotelier	3,216,295	100%	3,216,295	100%
Serendib Leisure Mgt Ltd.	Holding Company	6,050,000	100%	6,050,000	100%
Sanctuary Resorts Lanka (Pvt) Ltd.	Hotelier	2	100%	2	100%
Grey Reach Investment Limited.	Investing	20,000	66.67%	20,000	66.67%
The Tea Leaf Resort Holding (Pvt) Ltd.	Leisure	250,000	50%	250,000	50%
The Hatton Transport & Agency Company (Pvt) Ltd.	Non-operating	153,725,000	100%	153,725,000	100%
Tropical Villas (Pvt) Ltd.	Non-operating	14,959,232	100%	14,959,232	100%
Walker & Greig (Pvt) Ltd.	Non-operating	15,362,501	100%	15,362,501	100%
Hapugastenne Plantations PLC	Plantations	46,315,790	90%	46,315,790	90%
Udapussellawa Plantations PLC	Plantations	17,458,966	90%	17,458,966	90%
Newburgh Green Teas (Private) Limited.	Plantations	6,500,000	54%	6,500,000	54%
ICONIC Trust (Pvt) Ltd.	Investment	1	100%	1	100%
TIASA Constructions (Pvt) Ltd.	Construction	1	100%	1	100%
Sierra Piling (Pvt) Ltd.	Construction	4,310,005	100%	4,310,005	100%
Sierra Readymix (Pvt) Ltd.	Construction	6,460,000	85%	6,460,000	85%
Agstar PLC	Trading	269,308,461	55%	269,308,461	55%
AgStar Cropcare (Pvt) Ltd.	Trading	5,000,000	100%	5,000,000	100%
AgStar Seeds (Pvt) Ltd.	Trading	5,000,000	100%	5,000,000	100%
AgStar Grains (Pvt) Ltd.	Trading	34,000,000	100%	34,000,000	100%
Mahaweli Agro Trading (Pvt) Ltd.	Trading	19,549,996	100%	19,549,996	100%
AgStar Exports (Pvt) Ltd.	Trading	4,500,000	100%	4,500,000	100%
Prith Seeds (Pvt) Ltd.	Trading	10,000	100%	10,000	100%
Royal Seeds Pvt] Limited.	Trading	2	100%	2	100%
Euro Asia Tea (Pvt) Ltd.	Trading	51,000,000	54%	51,000,000	54%
Sunsun Boutique Hotels Ltd.	Leisure	50,100,868	88%	50,100,868	88%
Colombo Marina Development (Pvt) Ltd.	Investment	1	100%	1	100%
Marina Hotel Holdings (Pvt) Ltd.	Investment	1	100%	1	100%
Ceylon Real Estate Holdings (Pvt) Ltd.	Investment	1	100%	1	100%

17 INVESTMENTS IN SUBSIDIARIES CONTD.

17.4 Disposal of Sagasolar Power [Pvt] Ltd

On 5th July 2022, Browns Investments PLC[Subsidiary of Browns Group] has disposed the entirety of its shareholding amounting to 50.1% of Sagasolar Power [Pvt] Ltd to Aitken Spence PLC for a consideration of Rs. 701 Mn that resulted a gain of Rs. 77.8 Mn.

Subsidiaries	Controlling Interest Sold	Cash and Cash Equivalent Received Rs. 000	Disposal Related Costs Rs. 000	Total Consideration of Disposal Rs. 000
Sagasolar Power [Private] Limited	50.10%	701,399	[19,124]	682,275
Disposal Gain/[Loss] Computation				
Total Consideration received				682,275
Net Assets Attributable to Parent				
Derecognition of Non Controlling Interest				481,177
Goodwill on Acquisition				[17,053]
Fair Value of Net Assets Disposed				[1,068,636]
				77,764

The provisional fair values of the identifiable assets and liabilities of the disposed as at the date of disposal were;

Subsidiaries				Rs. 000
Assets				
Property, plant and equipment				1,822,685
Intangible assets				105,190
Trade and other receivables				326,780
Right of Use Assets				57,404
Deferred tax Assets				2,124
Cash and cash equivalents				100,560
				2,414,742

Notes to the Financial Statements

Subsidiaries				Rs. 000
Liabilities				
Interest-bearing borrowings				1,022,061
Current Tax Payables				2,938
Trade and other payables				314,106
Deferred tax liabilities				7,001
				1,346,106
Net Assets disposed				1,068,636
Fair value of identifiable net assets disposed				1,068,636
Net cash received from disposal				Rs.000
Consideration received				701,399
[-] Disposal related costs				[19,124]
Positive cash balances				[100,560]
Net cash received from disposal				581,715

18 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

18.1 Investments in Equity Accounted Investees - Group

As at 31st March	Group			
	Holding %		No. of shares	
	2023	2022	2023	2022
Unquoted Investments				
Gal Oya Holdings (Pvt) Ltd. [GHPL]	50%	50%	1,300,000	1,300,000
Associated Battery Manufacturers (Cey) Ltd. [ABM]	38.50%	38.50%	2,439,355	2,439,355
Gal Oya Plantations (Pvt) Ltd.[GPPL]	22.10%	22.10%	22,309,412	22,309,412
Virginia International Investments Ltd. [VIIL]	40%	40%	800,000	800,000
NPH Developments (Pvt) Ltd. [NPHD]	50%	50%	999	999
LOLC Global (Pvt) Ltd.	43.08%	43.08%	19,000,000	19,000,000
Sierra Cables PLC [SCABLES]	29.18%	29.18%	156,866,167	156,866,167
Hatton National Bank [HNB] - Voting Shares	9.99%	9.99%	42,781,221	42,024,032
-Non Voting Shares	45.87%	45.84%	49,131,696	48,156,437

18.1.1 Group share of Net Assets of Equity Accounted Investees

	Equity Value of Investment in Equity Accounted Investees - Group										
	LOLC Global Rs.000	VUIL Rs.000	NPHD Rs.000	ABM Rs.000	SCL Rs.000	SHL Rs.000	GHPL Rs.000	GPPL Rs.000	HNB Rs.000	SCABLES Rs.000	Total Rs.000
Equity Value of Investment as at 1st April 2021	3,751,900	5,138	117,294	104,863	1,165,039	1,252,211	-	-	-	-	6,396,386
On acquisition	-	-	-	-	-	-	-	-	11,370,510	1,786,457	13,156,968
Gain on Bargain Purchase of Associates	-	-	-	-	-	-	-	-	18,436,232	-	18,436,232
Share of Profit/(Loss) of Equity Accounted Investees (Net of Tax)	(93,597)	-	(5,181)	(87,458)	(63,122)	110,552	-	-	847,196	15,991	724,383
Share of other comprehensive income of equity accounted investees (Net of Tax)	1,853,752	-	141,138	603	(508)	400	-	-	(356,384)	(2,766)	1,636,236
Disposals	-	-	-	-	(1,101,409)	(1,363,164)	-	-	-	-	(2,464,574)
Transferred from Other Financial Assets	-	-	-	-	-	-	-	-	201,571	-	201,571
Dividend Paid	-	-	-	-	-	-	-	-	(586,594)	-	(586,594)
Equity Value of Investment as at 31st March 2022	5,512,056	5,138	253,192	18,009	-	-	-	-	29,912,531	1,799,683	37,500,607
Gain on Bargain Purchase of Associates	-	-	-	-	-	-	-	-	162,458	-	162,458
Share of Profit/(Loss) of Equity Accounted Investees (Net of Tax)	(348,766)	-	(117,817)	192,916	-	-	19,601	1,180,996	3,013,400	301,580	4,241,909
Share of other comprehensive income of equity accounted investees (Net of Tax)	551,461	-	39,937	-	-	-	-	5,513	563,064	(56,307)	1,103,668
Adjustment for Surcharge Tax	-	-	-	-	-	-	-	-	(674,584)	-	(674,584)
Change in Holding	-	-	-	-	-	-	-	-	12,761	-	12,761
Transferred from Other Financial Assets	-	-	-	-	-	-	-	-	3,135	-	3,135
Dividend Paid	-	-	-	-	-	-	-	-	(67,987)	-	(67,987)
Equity value fo Investment as at 31st March 2023	5,714,750	5,138	175,311	210,924	-	-	19,601	1,186,509	32,924,778	2,044,956	42,281,967

Notes to the Financial Statements

18 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES CONTD.

18.1.1 Group share of Net Assets of Equity Accounted Investees Contd.

Summarised Financial Information of Equity Accounted Investees

Statement of Profit & loss	For the year ended 31st March 2023									
	LOLC Global Rs.000	VIII Rs.000	NPHD Rs.000	ABM Rs.000	SCL Rs.000	SHL Rs.000	GHPL Rs.000	GPPL Rs.000	HNB Rs.000	SCABLES Rs.000
Revenue/Net operating										
Income	739,217	-	-	8,785,024			40,116	14,090,586	168,975,775	7,069,360
Cost of sales	-	-	-	[7,473,573]			-	[5,673,260]	-	[4,424,283]
Other Income	-	-	-	44,188			28	37,243	-	180,038
Expenses	[1,483,993]	-	[235,634]	[739,484]			[710]	[3,159,722]	[149,815,722]	[1,558,572]
Profit/(Loss) before taxation	[744,776]	-	[235,634]	616,155			39,434	5,294,847	19,160,053	1,266,543
Income tax expenses	[481]	-	-	[115,076]			-	61,143	[1,680,932]	[233,026]
Profit/(Loss) for the year	[745,257]	-	[235,634]	501,079			39,434	5,355,990	17,479,121	1,033,517

Statement of Profit & loss	For the year ended 31st March 2022									
	LOLC Global Rs.000	VIII Rs.000	NPHD Rs.000	ABM Rs.000	SCL Rs.000	SHL Rs.000	GHPL Rs.000	GPPL Rs.000	HNB Rs.000	SCABLES Rs.000
Revenue	102,563	-	-	5,424,364	9,508,978	21,026,236	14,987	8,933,471	20,032,320	1,951,760
Cost of sales	-	-	-	[5,097,896]	[8,181,011]	[16,620,470]	-	[4,168,075]	-	-
Other Income	-	-	-	40,118	27,760	46,654	5	8,688	-	-
Expenses	[319,825]	-	[10,361]	[608,948]	[1,688,194]	[3,085,411]	[129]	[2,681,582]	[13,616,896]	[13,616,896]
Profit/(Loss) before taxation	[217,262]	-	[10,361]	[242,362]	[332,467]	1,367,009	14,863	2,092,502	6,415,424	[11,665,136]
Income tax expenses	-	-	-	15,199	-	[308,386]	-	-	[1,054,324]	[1,054,324]
Profit/(Loss) for the year	[217,262]	-	[10,361]	[227,163]	[332,467]	1,058,623	14,863	2,092,502	5,361,100	[12,719,460]

Statement of Financial Position	As at 31st March 2023							
	LOLC Global	VIII	NPHD	ABM	GHPL	GPPL	HNB	SCABLES
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Non Current Assets	16,927	-	7,681,726	594,100	39	10,999,455	-	3,083,407
Current Assets	27,466,947	12,767	4,531,035	5,060,891	38,286	3,176,818	-	4,908,074
Total Assets	27,483,874	12,767	12,212,761	5,654,991	38,325	14,176,273	1,858,771,745	7,991,481
Non Current Liabilities	-	-	[10,919,976]	[948,493]	-	[3,451,461]	-	[973,132]
Current Liabilities	[14,615,564]	[190]	[1,433,895]	[4,160,209]	[233]	[5,343,821]	-	[2,384,327]
Total Liabilities	[14,615,564]	[190]	[12,353,871]	[5,108,702]	[233]	[8,795,282]	[1,661,072,759]	[3,357,459]
Net Assets	12,868,310	12,577	[141,110]	546,289	38,092	5,380,991	197,698,986	4,634,022

Statement of Financial Position	As at 31st March 2022							
	LOLC Global Rs.000	VIII Rs.000	NPHD Rs.000	ABM Rs.000	GHPL Rs.000	GPPL Rs.000	HNB Rs.000	SCABLES Rs.000
Non Current Assets	16,927	-	5,378,627	655,147	11	3,235,623	-	2,874,148
Current Assets	27,466,947	12,767	3,772,234	2,768,910	381	1,764,882	-	5,212,786
Total Assets	27,483,874	12,767	9,150,861	3,424,057	392	5,000,505	1,604,852,440	8,086,934
Non Current Liabilities	-	-	(2,071,123)	(1,105,082)	-	(5,213,140)	-	(676,049)
Current Liabilities	(14,615,564)	(190)	(6,608,568)	(2,273,765)	(1,517)	(4,550,277)	-	(3,583,360)
Total Liabilities	(14,615,564)	(190)	(8,679,691)	(3,378,847)	(1,517)	(9,763,417)	(1,423,888,537)	(4,259,409)
Net Assets	12,868,310	12,577	471,170	45,210	(1,125)	(4,762,912)	1,604,852,440	3,827,525

18.2 Investments in Equity Accounted Investees - Company

As at 31st March	Holding %		No. of shares		Company	
	2023	2022	2023	2022	2023	2022
Unquoted Investments						
Gal Oya Plantations [Pvt] Ltd.	22.10%	22.10%	22,309,412	22,309,412	248,998	248,998
Gal Oya Holdings [Pvt] Ltd.	50%	50%	1,300,000	1,300,000	13,000	13,000
LOLC Asia [Pvt] Ltd.	13.60%	13.60%	6,000,000	6,000,000	965,960	965,960
					1,227,958	1,227,958

Gal Oya Plantations [Pvt] Ltd. is the private public partnership entered into by the Group where a total of 49% of the Company is held by LOLC Holdings PLC and Brown & Company PLC.

Gal Oya Holdings [Pvt] Ltd. is the management company of Gal Oya Plantations [Pvt] Ltd.

18.3 Results on further acquisition of Group investments in Associates

Following is a summary of the results on acquisition of Group Investments during the period.

18.3.1 Further Investment in Hatton National Bank PLC [HNB PLC]

	In Rs' 000
Cost of the Investment	(3,135)
Net Assets Attributable	165,593
Gain on bargain purchase	162,458

19 OTHER NON CURRENT FINANCIAL ASSETS

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Quoted Investments [Notes 19.1]	452	942	-	-
Unquoted/ Other Investments [Notes 19.2, 19.3]	763,373	495,146	55,000	55,000
	763,825	496,087	55,000	55,000

Notes to the Financial Statements

19.1 Quoted Investments - Group

As at 31st March	Holding %		Number of shares		Fair Value	
	2023	2022	2023	2022	2023 Rs.000	2022 Rs.000
Fair Value Through OCI						
Commercial Leasing & Finance PLC	0.001%	0.001%	34,621	34,621	452	942
					452	942

19.2 Unquoted/ Other Investments - Group

As at 31st March	Number of shares		Fair Value	
	2023	2022	2023 Rs.000	2022 Rs.000
Rain Forest Eco Lodge (Pvt) Ltd.	7,683,376	7,683,376	35,951	35,951
Sri Lanka Institute of Nanotechnology	3,810,180	3,810,180	55,000	55,000
Jada Resorts & SPA (Pvt) Ltd.	24,449,480	24,449,480	121,997	122,137
Wealth Trust securities (Pvt) Ltd	-	3,156,480	-	250,000
Sierra Industries (Pvt) Ltd	3,900,001	-	3,668	-
			216,617	463,089
Investments at amortised cost				
Investment in Term Deposits			524,887	32,057
Others			21,870	-
			763,373	495,146

19.3 Unquoted/ Other Investments - Company

As at 31st March	Number of shares		Carrying Value	
	2023	2022	2023 Rs.000	2022 Rs.000
Sri Lanka Institute of Nanotechnology	3,810,180	3,810,180	55,000	55,000
			55,000	55,000

20 DEFERRED TAX ASSETS

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	180,099	48,691
On Acquisition of Subsidiary	-	52,724
Disposal of subsidiaries	(2,124)	-
Transfer from Deferred Tax Liabilities	-	198,389
Origination/ (reversal) of temporary differences recognised in,		
- income statement	1,500,936	(162,169)
- other comprehensive income	229,179	(4,258)
Exchange differences on translation of foreign operations	(3,052)	46,721
Balance at the end of the year	1,905,037	180,099

20.1 The Closing Deferred Tax Asset relates to the following Temporary Differences;

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Property, Plant & Equipment / Investment Properties/ROU Assets	43,956	25,961
Employee Benefit Liabilities	466,325	22,124
Losses available for offset against future Taxable Income	13,225,729	4,691,738
Provision for Slow Moving Stocks	1,728	1,559
Provision for Bad and Doubtful Debts	53,483	632
	13,791,221	4,742,014

21 INVENTORIES

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Raw Material	5,246,958	3,590,443	1,662,354	708
Work-in-Progress	2,090,221	3,287,342	7,854	21,641
Finished Goods	10,275,973	9,905,049	4,298,639	4,652,258
Ethanol	2,721,077	915,348	-	-
Input Material	221,085	180,718	-	-
Growing crop nurseries	11,927	19,022	-	-
Unharvested produce stock at fair value	103,924	17,220	-	-
Harvested crops				
- Tea	817,426	613,049	-	-
- Rubber	8,405	7,440	-	-
- Coconut	1,250	896	-	-
- Commercial cane	116,368	113,996	-	-
- Other	2,256	756	-	-
Food and beverages	188,046	68,984	-	-
Real Estate Stock	3,597	3,075	-	-
Consumables and Spares	2,657,060	1,935,874	-	-
Goods - in - Transit	437,061	365,583	192,274	196,599
	24,902,633	21,024,794	6,161,120	4,871,205
Less: Impairment of Inventories	[1,278,800]	[726,097]	[951,211]	[536,850]
	23,623,833	20,298,697	5,209,909	4,334,355

Notes to the Financial Statements

22 TRADE AND OTHER RECEIVABLES

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Trade Receivables	27,613,473	18,327,588	4,824,049	2,719,090
Other Receivables [Note 22.1]	25,394,524	28,873,977	1,222,756	663,158
	53,007,997	47,201,566	6,046,805	3,382,247
Less: Impairment of Trade Receivables	[936,523]	[952,682]	[559,839]	[598,170]
Less: Provision For other Receivables	[143,867]	[127,912]	[26,113]	[26,113]
	51,927,607	46,120,972	5,460,852	2,757,965

22.1 Other Receivables

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Value Added Tax Recoverable	273,167	311,658	41,301	-
Economic Service Charge Recoverable	15,760	53,803	-	-
Staff Loan	9,476	14,177	371	270
Withholding Tax Recoverable	133,393	126,922	118	90
Deposits, Advances and prepayments	6,946,302	4,620,019	44,913	46,426
Mobilisation Advances	1,608,120	6,021,044	-	-
Share holder receivable	14,178,840	14,659,532	-	-
Reimbursement of expenses	950,613	25	1,136,053	615,406
GST Recoverable	712,469	626,976	-	-
Receivables from CEB	-	2,427,370	-	-
Others	566,384	12,452	-	965
	25,394,524	28,873,977	1,222,756	663,158

23 LOANS TO RELATED PARTIES

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Browns Investments PLC	-	-	-	1,200,737
S.F.L.Services (Pvt) Ltd.	-	-	-	343,351
Browns Agri Solutions (Pvt) Ltd.	-	-	1,011,759	-
Browns Thermal Engineering (Pvt) Ltd.	-	-	750,114	486,993
Browns Group Industries (Pvt) Ltd.	-	-	403,972	326,799
Klevenberg (Pvt) Ltd.	-	-	250,000	-
NPH Development Pvt Ltd.	330,595	302,023	-	-
Chain Holdings Ltd.	-	483,483	-	-
Ishara Traders (Private) Limited.	1,476,915	-	-	-
Sierra Cables PLC	260,037	-	-	-
LOLC Financial Sector Holdings Pvt Ltd.	8,864	-	-	-
	2,076,411	785,506	2,415,846	2,357,880

23.1 Security and Repayment Terms of Related Party Loans

Name of the Company	Repayment	Security	Outstanding As at 31st March 2023	
			Group Rs.000	Company Rs.000
Browns Agri Solutions (Pvt) Ltd.	On demand	Unsecured	-	1,011,759
Browns Thermal Engineering (Pvt) Ltd.	On demand	Unsecured	-	750,114
Browns Group Industries (Pvt) Ltd.	On demand	Unsecured	-	403,972
Klevenberg (Pvt) Ltd.	On demand	Unsecured	-	250,000
NPH Development Pvt Ltd.	On demand	Unsecured	330,595	-
Ishara Traders (Private) Limited.	On demand	Unsecured	1,476,915	-
Sierra Cables PLC	On demand	Unsecured	260,037	-
LOLC Financial Sector Holdings Pvt Ltd.	On demand	Unsecured	8,864	-
			2,076,411	2,415,846

Notes to the Financial Statements

24 AMOUNTS DUE FROM RELATED PARTIES

24.1 Amounts Due from Related Parties - Due Within One Year

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Associated Battery Manufacturers (Cey) Ltd.	313	313	-	-
Ajax Engineers (Pvt) Ltd.	-	-	1,333	-
Commercial Leasing & Finance PLC	-	237	237	237
BG Air Services (Pvt) Ltd.	-	-	9,739	89,953
Browns Group Industries (Pvt) Ltd.	-	-	6,152	5,873
Browns Industrial Park Ltd.	-	-	3,051	7,822
Browns Thermal Engineering (Pvt) Ltd.	-	-	25,305	51,409
Browns Global Farm (Pvt) Ltd.	-	-	178	178
Browns Tours (Pvt) Ltd.	70,083	55,037	-	-
C.F.T. Engineering Ltd.	-	-	8,844	8,844
Engineering Services (Pvt) Ltd.	24,404	24,320	24,404	24,320
Gal Oya Holdings (Pvt) Ltd.	72	7,927	72	72
Gal Oya Plantations (Pvt) Ltd.	30	137	-	7,927
Klevenberg (Pvt) Ltd.	-	-	-	10,885
Masons Mixture Ltd.	10,301	10,217	10,092	10,008
Sifang Lanka Trading (Pvt) Ltd.	-	-	3	3
Sifang Lanka (Pvt) Ltd.	-	-	1,176	1,358,220
Browns Holdings Limited.	100	100	-	-
- Snowcem Products Lanka (Pvt) Ltd.	-	-	27,026	27,026
LOLC Holdings PLC	-	589,423	-	-
Taprobane Plantations Ltd.	168,660	153,539	-	-
Browns Health Care Negombo (Pvt) Ltd.	-	-	134,899	132,868
LOLC Advanced Technologies (Pvt) Ltd.	1,542	1,542	1,542	1,542
Browns Agri Solutions (Pvt) Ltd.	-	-	-	418,683
Sun & Fun Resorts Ltd.	-	-	-	3,000
Ishara Traders (Pvt) Ltd.	29,930	26,105	-	-
LOLC Finance PLC	3,236	-	-	-
East Coast Land Holdings (Pvt) Ltd.	984	500	-	-
Walker & Greig (Pvt) Ltd.	-	-	2,050	2,050
The Hatton Transport Agency Company Ltd.	-	-	1,055	1,055
Samudra Beach Hotels (Pvt) Ltd.	-	-	2	2
S.F.L.Services (Pvt) Ltd.	-	-	-	306
Maturata Plantations Ltd.	-	-	4,765	4,765
Gurind Accor (Private) Limited	-	-	1,081	-
General Accessories And Coating (Private) Limited	-	-	533	-
Browns Fabric Limited	-	-	47,533	-
Leapstitch Apparel (Pvt) Ltd	-	-	36,002	-
Leapstitch Technologies (Pvt) Ltd	-	-	5,502	-
Browns Leisure (Pvt) Ltd.	-	-	265,833	262,509
Sierra Holding (Private) Limited	-	1,281	-	-
Ishara Traders (Private) Limited	603,267	1,835	-	-
	912,923	872,513	618,410	2,429,556
Less: Provision for Intercompany Receivables (Note 24.2)	-	[6,621]	-	[31,218]
	912,923	865,893	618,410	2,398,338

24.2 Provision for Intercompany Receivables

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Snowcem Products Lanka (Pvt) Ltd.	-	-	-	24,597
Masons Mixture Ltd.	-	6,621	-	6,621
	-	6,621	-	31,218

25 INCOME TAX RECOVERABLE

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	55,299	150,391	11,674	115,106
Transfer from /(to) Income Tax payables	14,182	[22,083]	-	-
Over provision in respect of previous years	-	2,359	[7,959]	19,359
Provision for the year	[23,694]	[122,772]	-	[122,791]
Acquisition of Subsidiaries	-	47,405	-	-
Payments made during the year	23,368	-	-	-
Balance at the end of the year	69,155	55,299	3,716	11,674

26 OTHER CURRENT FINANCIAL ASSETS

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Fixed deposits and Commercial Papers	2,389,445	3,307,398	-	-
Investment in Treasury Bills	548	8,381	-	-
Investment in Quoted Shares [Notes 26.1, 26.2]	2,114,670	1,528,358	1,391,633	1,237,840
	4,504,663	4,844,136	1,391,633	1,237,840

Notes to the Financial Statements

26 OTHER CURRENT FINANCIAL ASSETS CONTD.

26.1 Investments in Quoted Shares

As at 31st March	Group					
	Number of Shares		Cost		Carrying Values	
	2023	2022	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Fair Value through profit or loss						
John Keells Holdings PLC	343	343	26	26	49	50
Seylan Bank PLC- Voting	41,169,196	39,225,095	2,122,020	2,122,020	1,370,934	1,215,978
Hayleys PLC	287,050	287,050	11,314	11,314	20,120	21,270
Ambeon Holdings PLC	100	100	-	-	4	4
CT Land Development PLC	19,500	19,500	470	470	548	548
Vallibel Finance PLC	90,400	90,400	249	249	2,974	3,354
Raigam Wayamba Salters PLC	26,200	26,200	121	121	181	121
Hatton National Bank PLC.	397	358	62	62	35	40
DFCC Bank PLC	4,013	4,013	267	267	176	193
Hapugastenna Plantation PLC	100	100	1	1	4	1
Lanka Indian Oil Company PLC	27,800	27,800	751	751	-	-
Sierra Cables PLC	7,400	7,400	12	12	89	50
Overseas Reality PLC	18,171,366	18,171,366	275,295	275,295	287,711	283,473
Colombo Land and Development Company PLC	2,722	2,722	74	74	55	72
Pan Asia Bank	296,698	296,698	4,500	4,500	3,709	3,204
United Motors Lanka PLC	3,156,480	-	250,000	-	428,082	-
			2,665,161	2,415,161	2,114,670	1,528,358

26.2 Investments in Quoted Shares

As at 31st March	Company					
	Number of Shares		Cost		Carrying Values	
	2023	2022	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Fair Value through profit or loss						
John Keells Holdings PLC	343	343	26	26	49	50
Seylan Bank PLC- Voting	41,169,196	39,225,095	2,122,020	2,122,020	1,370,934	1,215,978
Hayleys PLC	286,000	286,000	11,279	11,279	20,592	21,736
Colombo Land and Development Company PLC	2,722	2,722	74	74	55	72
Ambeon Holdings PLC	100	100	-	-	4	4
			2,133,399	2,133,399	1,391,633	1,237,840

27 CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Cash at Bank	4,279,177	5,157,794	279,964	2,284,970
Cash in Hand	102,443	58,138	1,798	7,393
Short Term Deposits	748,556	350,484	-	-
	5,130,176	5,566,417	281,762	2,292,363
Bank Overdraft	(1,909,985)	(1,243,470)	(883,842)	(102,128)
Cash and Cash Equivalents for the purpose of Statement of Cash Flows	3,220,191	4,322,947	(602,080)	2,190,236

28 STATED CAPITAL

As at 31st March	Number of shares		Group		Company	
	2023	2022	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Ordinary Shares	212,625,000	212,625,000	9,093,101	9,093,101	9,093,101	9,093,101

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders.

29 CAPITAL RESERVES

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Revaluation Reserve	17,827,053	19,421,011	3,613,885	3,770,992
Fair Value through Other Comprehensive Income Reserve	(348,618)	(562,556)	-	-
Foreign Currency Translation Reserve	15,959,769	14,101,881	-	-
	33,438,204	32,960,336	3,613,885	3,770,992

29.1 Revaluation Reserve

The Revaluation reserve relates to the revaluation surplus of property, plant & equipment. Once the respective revalued items have been disposed, the relevant portion of the revaluation surplus is transferred to retained earnings.

29.2 Fair Value through Other Comprehensive Income Reserve - FVOCI Reserve

The FVOCI reserve comprises the cumulative net changes in the fair value through OCI financial assets until the assets are derecognised or impaired.

29.3 Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve comprises the cumulative net change in foreign currency translation.

Notes to the Financial Statements

30 REVENUE RESERVE

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Retained Earnings	36,572,208	43,154,141	18,302,322	19,815,139
	36,572,208	43,154,141	18,302,322	19,815,139

31 LOANS AND BORROWINGS

31.1 Long-Term Borrowings

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	35,756,156	20,651,303	7,044,111	5,267,557
Obtained during the year	9,039,569	6,790,524	3,245,665	3,627,264
Exchange translation difference	2,086,276	6,401,740	-	-
Acquisition of subsidiaries	-	6,442,898	-	-
Disposal of Subsidiaries	[1,022,061]	-	-	-
Repayments	[11,130,599]	[4,530,309]	[4,368,406]	[1,850,710]
Balance at the end of the year	34,729,341	35,756,156	5,921,370	7,044,111

31.2 Debentures

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Debentures (Note 31.5.3)	2,780,000	2,780,000	2,000,000	2,000,000
Balance at the end of the year	2,780,000	2,780,000	2,000,000	2,000,000
Total (31.1 and 31.2)	37,509,341	38,536,156	7,921,370	9,044,111
Due after one Year	29,733,779	32,231,853	3,868,333	4,921,363
Due within one Year	7,775,562	6,304,303	4,053,037	4,122,748
	37,509,341	38,536,156	7,921,370	9,044,111

31.3 Analysis of Loans and Borrowings - Company

Name of the Lending Institution	Payable Within One year Rs.000	Payable after One year			As at 31st March 2023 Rs.000	As at 31st March 2022 Rs.000
		Payable 1-2 years Rs.000	Payable 2-5 Years Rs.000	More than 5 Years Rs.000		
Commercial Bank of Ceylon PLC	100,008	224,978	-	-	324,986	424,994
Sampath Bank PLC	513,557	198,000	-	-	711,557	3,285,000
Seylan Bank PLC	197,640	152,230	-	-	349,870	549,910
DFCC Bank PLC	-	-	-	-	-	122,807
Amana Bank PLC	205,000	526,000	-	-	731,000	860,000
Pan Asia Bank PLC	83,340	145,825	-	-	229,165	-
Hatton National Bank PLC - Trustee Loans	119,992	-	-	-	119,992	1,177,000
Hatton National Bank PLC - Trustee Loans	192,000	246,300	-	-	438,300	624,400
Hatton National Bank PLC - Trustee Loans	1,162,000	-	-	-	1,162,000	-
Peoples Bank PLC - Trustee Loans	1,009,500	-	-	-	1,009,500	-
LOLC Development Finance PLC	370,000	-	-	-	370,000	-
State Mortgage and Investment Bank	100,000	375,000	-	-	475,000	-
Total	4,053,037	1,868,333	-	-	5,921,370	7,044,111

31.4 Analysis of Short Term Loans - Company

Name of the Lending Institution	As at 31st March 2023 Rs.000	As at 31st March 2022 Rs.000
Cargills Bank PLC	150,000	150,000
Commercial Leasing & Finance PLC	1,000,000	1,000,000
Commercial Bank of Ceylon PLC	650,000	649,172
DFCC Bank PLC	450,000	1,178,791
Hatton National Bank PLC	620,040	633,373
ICICI Bank	62,604	-
LOLC Finance PLC	4,537,982	1,098,175
Nations Trust Bank PLC	250,000	250,000
Pan Asia Bank PLC	250,000	500,000
Peoples Bank	560,160	582,000
Sampath Bank PLC	2,155,128	2,034,295
Seylan Bank PLC	500,000	500,000
Standard Chartered Bank	-	351,000
The National Development Bank PLC	1,100,000	815,027
Union Bank PLC	300,000	700,114
Total	12,585,914	10,441,947
Commercial Papers		
Capital Alliance Investments Limited	-	777,178
Browns Investment PLC	289,893	245,957
Distilleries Company of Sri Lanka PLC	182,453	53,047
LOLC Life Assurance Limited	331,671	-
LOLC General Insurance PLC	494,378	486,737
Individual Persons	66,320	-
CAL Fixed Income Opportunities Fund	1,001,534	-
Total	2,366,248	1,562,919
Balance at the end of the year	14,952,162	12,004,866

Notes to the Financial Statements

31 LOANS AND BORROWINGS CONTD.

31.5.1 Security and Repayment Terms - Company

Name of the Lending Institution	Nature of facility	Repayment Terms	Security	Outstanding Balance as at 31 st March 2023 Rs.000
Commercial Bank of Ceylon PLC	Term Loan	60 monthly installments	Mortgage over Land and Buildings at Dambulla and stocks of Brown & Company PLC.	324,978
Sampath Bank PLC	Term Loan	35 equal monthly installments of Rs. 27.8 Mn & final installment of Rs. 27 Mn.	1) Lien Over Shares Owned by Mr.I C Nanayakkara held in Sampath Bank PLC custodial/collateral account.	261,557
		71 equal monthly installments of Rs. 21 Mn & final installment of Rs. 9 Mn.	2) Lien Over shares owned by Director held in Seylan Bank PLC custodial/ collateral account.	450,000
Seylan Bank PLC	Term Loan	60 monthly installments	Mortgage over Land at Glennie Street.	349,870
Amana Bank PLC	Term Loan	72 monthly installments - Rs 200 Mn + interest from the date of first disbursement.	1) Mortgage over two properties of S. F. L. Services Pvt Ltd [Subsidiary of Brown & Company PLC].	731,000
		72 monthly installments - Rs 520 Mn + interest from the date of first disbursement.	2) Lien Over shares owned by Brown & Company PLC in Agstar PLC held in custodial/ collateral account.	
		72 monthly installments - Rs 140 Mn + interest from the date of first disbursement.	3) Corporate Guarantee by S. F. L. Services Pvt Ltd.	
Hatton National Bank PLC	Trustee Loan	Securitization 6	Trade debtors of the Company	438,300
		Tranche 1		
		30 monthly installments		
		1) For the first 6 months X Rs 3 Mn + interest		
		2) For the next 10 months X Rs 5 Mn + interest		
		3) For the next 2 month X Rs 5.5 Mn + interest		
		4) For the next 7 months X Rs 13 Mn + interest		
		5) For the next 5 month X Rs 16 Mn + interest		
		Tranche 2		
		30 monthly installments		
		1) For the first 6 months X Rs 4.2 Mn + interest		
		2) For the next 10 months X Rs 7 Mn + interest		
		3) For the next 2 month X Rs 7.7 Mn + interest		
		4) For the next 7 months X Rs 18.2 Mn + interest		
		5) For the next 5 month X Rs 22.4 Mn + interest		

Name of the Lending Institution	Nature of facility	Repayment Terms	Security	Outstanding Balance as at 31 st March 2023 Rs.000
Hatton National Bank PLC	Trustee Loan	Securitization 7 Tranche 1 Below monthly installments 1) For the first month X Rs 40 Mn + interest 2) For the next month X Rs 30 Mn + interest 3) For the next month X Rs 30 Mn + interest 4) For the next month X Rs 30 Mn + interest 5) For the next month X Rs 25 Mn + interest 6) For the next month X Rs 25 Mn + interest 7) For the next month X Rs 25 Mn + interest 8) For the next month X Rs 25 Mn + interest 9) For the next month X Rs 25 Mn + interest 10) For the next month X Rs 25 Mn + interest 11) For the next month X Rs 40 Mn + interest 12) For the next month X Rs 40 Mn + interest 13) For the next month X Rs 40 Mn + interest 14) For the next month X Rs 40 Mn + interest 15) For the next month X Rs 40 Mn + interest 16) For the next month X Rs 40 Mn + interest Tranche 2 Below monthly installments 1) For the first 3 months X Rs 5 Mn + interest 2) For the next month X Rs 20 Mn + interest 3) For the next month X Rs 20 Mn + interest 4) For the next month X Rs 5 Mn + interest 5) For the next month X Rs 10 Mn + interest 6) For the next month X Rs 100 Mn + interest 7) For the next month X Rs 50 Mn + interest 8) For the next month X Rs 15 Mn + interest Tranche 3 Below monthly installments 1) For the first month X Rs 40 Mn + interest 2) For the next month X Rs 5 Mn + interest 3) For the next month X Rs 25 Mn + interest	Trade debtors of the Company	120,000

Notes to the Financial Statements

31 LOANS AND BORROWINGS CONTD.

31.5.1 Security and Repayment Terms - Company Contd.

Name of the Lending Institution	Nature of facility	Repayment Terms	Security	Outstanding Balance as at 31 st March 2023 Rs.000
Hatton National Bank PLC	Trustee Loan	Securitization 8 Tranche 1 05 monthly installment 1) For the first month X Rs 150 Mn + interest 2) For the next month X Rs 150 Mn + interest 3) For the next month X Rs 150 Mn + interest 4) For the next month X Rs 200 Mn + interest 5) For the next month X Rs 250 Mn + interest Tranche 2 02 monthly installment 1) For the first month X Rs 100 Mn + interest 2) For the next month X Rs 100 Mn + interest Tranche 3 02 monthly installment 1) For the first month X Rs 200 Mn + interest 2) For the next month X Rs 70 Mn + interest Tranche 4 02 monthly installment 1) For the first month X Rs 13 Mn + interest 2) For the next month X Rs 442 Mn + interest	Trade debtors of the Company	1,162,000

Name of the Lending Institution	Nature of facility	Repayment Terms	Security	Outstanding Balance as at 31 st March 2023 Rs.000
People's Bank PLC	Trustee Loan	Securitization 1 Tranche 1 07 monthly installment 1) For the first month X Rs 10 Mn + interest 2) For the next month X Rs 50 Mn + interest 3) For the next month X Rs 79 Mn + interest 4) For the next month X Rs 150 Mn + interest 5) For the next month X Rs 100 Mn + interest 6) For the next month X Rs 85 Mn + interest 7) For the next month X Rs 26 Mn + interest Tranche 2 06 monthly installment 1) For the first month X Rs 27.5 Mn + interest 2) For the next month X Rs 70 Mn + interest 3) For the next month X Rs 2 Mn + interest 4) For the next month X Rs 5 Mn + interest 5) For the next month X Rs 100 Mn + interest 6) For the next month X Rs 1 Mn + interest Tranche 3 03 monthly installment 1) For the first month X Rs 4.5 Mn + interest 2) For the next month X Rs 125 Mn + interest 3) For the next month X Rs 37 Mn + interest Tranche 4 05 monthly installment 1) For the first month X Rs 60 Mn + interest 2) For the next month X Rs 31.5 Mn + interest 3) For the next month X Rs 13 Mn + interest 4) For the next month X Rs 1 Mn + interest 5) For the next month X Rs 32 Mn + interest	Trade debtors of the Company	1,009,500
LOLC Development Finance PLC	Term Loan	On Demand	Corporate Guarantee issued by Browns Investment PLC	370,000
State Mortgage & Investment Bank	Term Loan	Capital to be repaid by 20 equal quarterly installments of Rs.25Mn.	1) Corporate Guarantee of LOLC Holdings PLC 2) Hypothecation bond for Rs. 770Mn over dealer receivables attributable to Brown & Company PLC, Browns Exide Battery Division	475,000
Pan Asia Bank PLC	Term Loan	35 equal monthly installments of Rs. 6.945Mn & final installment of Rs. 6.925 Mn.	Loan agreement	229,165
Company Total				5,921,370

Notes to the Financial Statements

31 LOANS AND BORROWINGS CONTD.

31.5.2 Security and Repayment Terms - Group

Name of the Lending Institution	Nature of facility	Repayment Terms	Security	Outstanding Balance as at 31 st March 2023 Rs.000
Dolphin Hotels PLC				
Hongkong and Shanghai Banking Corporation Limited	Term Loan	HSBC - GBP 1.2M + interest	Primary Mortgage Bond No. 427 dated 11/02/2019 for Rs. 592,320,000 executed over Club Hotel Dolphin's Hotel premises at Waikkala owned by the subsidiary.	406,190
	Term Loan	HSBC - Euro 1.6M + interest	Concurrent Mortgage Bond No. 429 dated 03/04/2019 for Rs. 316,672,000 executed over Club Hotel Dolphin's Hotel premises at Waikkala owned by the subsidiary.	519,840
				926,030
Maturata Plantation Limited				
Sampath Bank PLC	Term Loan	To be repaid in 59 equal monthly instalment of Rs. 16,700,000 and a final instalment of Rs. 14,700,000 Payable on 26th of each month commencing one month from the date of disbursement	Primary Mortgage Bonds totaling to Rs. 940,000,000/- and Rs.185,000,000/- over Land & Building owned by the subsidiary.	215,100
				215,100
Browns Engeneering & Construction [Pvt] Ltd				
Seylan Bank PLC	Term Loan	16 quarterly installments of LKR 93,750,000.00 together with monthly interest after an initial grace period of 24 Months.	1) Corporate Guarantee from Browns Investments PLC for LKR 1,500,000,000. 2) Assignment over promissory notes issued by Sri Lanka Telecom for LKR 1,500,000,000. 3) Secondary Mortgage Bonds for LKR 603,500,000. under Land and Building.	1,312,500
				1,312,500
Browns Ari Resort [Pvt] Ltd - Maldives				
People's Bank PLC	Term Loan	1) The term loan is to repaid within seven years including one year grace period from the date drawdown. 2) The tenor of the loan facility is 72 months from the first drawdown date under the agreement comprising of a grace period of 12 months + interest.	The facility was secured by a mortgage over head lease right of Browns Ari Resort Private Limited, situated in Bodufinolhu Island, South Ari Atoll, Republic of Maldives.	4,611,456
				4,611,456
Sunsun Boutique Hotels Ltd				
Commercial Bank of Ceylon PLC	Term Loan	10 monthly installments commencing from September 2021 to June 2022.	The facility was secured by a mortgage over head lease right of Browns Ari Resort Private Limited, situated in Bodufinolhu Island, South Ari Atoll, Republic of Maldives.	20,375
				20,375
Agstar PLC				
Bank of Ceylon PLC	Term Loan	36 monthly installments + interest		151,000

Name of the Lending Institution	Nature of facility	Repayment Terms	Security	Outstanding Balance as at 31 st March 2023 Rs.000
				151,000
Sierra Development Ltd National Development Bank PLC	Term Loan	01] 12 monthly installments X Face Value = Rs 150,000,000.00 + interest 02] 24 monthly installments X Face Value = Rs 15,000,000.00 + interest 03] 27 monthly installments X Face Value = Rs 45,000,000.00 + interest 04] 30 monthly installments X Face Value = Rs 45,000,000.00 + interest 05] 33 monthly installments X Face Value = Rs 45,000,000.00 + interest 06] 36 monthly installments X Face Value = Rs 45,000,000.00 + interest 07] 39 monthly installments X Face Value = Rs 45,000,000.00 + interest 08] 42 monthly installments X Face Value = Rs 45,000,000.00 + interest 09] 45 monthly installments X Face Value = Rs 45,000,000.00 + interest 10] 48 monthly installments X Face Value = Rs 45,000,000.00 + interest 11] 51 monthly installments X Face Value = Rs 45,000,000.00 + interest 12] 54 monthly installments X Face Value = Rs 45,000,000.00 + interest 13] 57 monthly installments X Face Value = Rs 45,000,000.00 + interest 14] 60 monthly installments X Face Value = Rs 45,000,000.00 + interest 15] 63 monthly installments X Face Value = Rs 45,000,000.00 + interest 16] 66 monthly installments X Face Value = Rs 45,000,000.00 + interest 17] 69 monthly installments X Face Value = Rs 42,500,000.00 + interest 18] 72 monthly installments X Face Value = Rs 42,500,000.00 + interest 19] 75 monthly installments X Face Value = Rs 40,000,000.00 + interest 20] 78 monthly installments X Face Value = Rs 40,000,000.00 + interest 21] 81 monthly installments X Face Value = Rs 40,000,000.00 + interest 22] 84 monthly installments X Face Value = Rs 40,000,000.00 + interest 23] 87 monthly installments X Face Value = Rs 40,000,000.00 + interest 24] 90 monthly installments X Face Value = Rs 40,000,000.00 + interest 25] 93 monthly installments X Face Value = Rs 40,000,000.00 + interest 26] 96 monthly installments X Face Value = Rs 40,000,000.00 + interest	In year 2019 the company has fully settled Commercial Bank loan and obtained a Finance facility from National Development Bank. The amount of the loan facility is Rs. 1,200 Mn. The agreement to mortgage for Rs. 1,200 Mn to be executed over the land at No. 112, Havelock Road, Colombo 05, owned by the subsidiary. Repayment terms of the loan facility is in 26 tranches after grace period of 11 months.	720,000

Notes to the Financial Statements

31 LOANS AND BORROWINGS CONTD.

31.5.2 Security and Repayment Terms - Group Contd.

Name of the Lending Institution	Nature of facility	Repayment Terms	Security	Outstanding Balance as at 31 st March 2023 Rs.000
				720,000
Sun & Fun Resorts (Private) Limited Sampath Bank PLC	Term Loan	72 monthly installments of 2,700,000.00 + interest.	Loans are secured by the property and the project assets located at Passikudha.	125,158
				125,158
Udapussellawa Plantations PLC Commercial Bank of Ceylon PLC	Term Loan	47 equal monthly installments of Rs. 1,042,000/- each and a final installment of Rs.1,026,000 commencing from 25.03.2020 + interest.		22,908
				22,908
Frontier Capital Lanka (Pvt) Ltd Development Finance Corporation of Ceylon	Term Loan	30 monthly installments commencing 2021	1) Primary Mortgage of Rs.42 Mn over allotments of Land marked Lot X depicted in Plan No. 3625B dated 07/12/2010 made by M.L.M Razmi Licensed Surveyor and Lot 1 depicted in Plan No. 21031 dated 28/11/2010 made by M.G.Nazoor Licensed Surveyor together containing in extent A0-R1-P38.4 situated at Kamburugamuwa Village in Weligam Pradeshiya Sabaha in District of Matara together with everything else standing thereon owned by the Subsidiary. 2) Further mortgage of Rs. 20 Mn over the allotments of Land marked Lot X depicted in Plan No. 3625B dated 07/12/2010 made by M.L.M Razmi Licensed Surveyor and Lot 1 depicted in Plan No. 21031 dated 28/11/2010 made by M.G.Nazoor Licensed Surveyor together containing in extent A0-R1-P38.4 situated at Kamburugamuwa Village in Weligam Pradeshiya Sabaha in District of Matara together with everything else standing thereon owned by the Subsidiary. 3) Rs.42 Mn Over the allotments of Land marked as Lot 1 and 2 depicted in Plan No. 21031 dated 28/11/2010 made by M.G.Nazoor Licensed Surveyor together containing in extent A0-R1-P34 situated at Kamburugamuwa in Weligam Korale in the District of Matara together with everything else standing thereon owned by the Subsidiary.	21,410
National Development Bank PLC	Term Loan	25 monthly installments commencing 2021	Primary fixed mortgage of R. 20 Mn over land marked as Lot 0003 in zone 3 Cadastral Map No. 820079 made by Surveyor General, situated in Talaramba containing in extent of OA-OR-28.05P owned by the Subsidiary.	514
				21,924

Name of the Lending Institution	Nature of facility	Repayment Terms	Security	Outstanding Balance as at 31 st March 2023 Rs.000
Sierra Piling [Pvt] Ltd	Term Loan	1) 23 monthly installments X Rs 129,500		
Seylan Bank PLC		2) 53 monthly installments X Rs 2,800,000		89,144
		3) 23 monthly installments X Rs 475,000		
				89,144
Samudra Beach Resorts (Private) Limited				
Bank of Ceylon PLC	Term Loan	60 monthly installments + interest which commenced 01/04/2020.	Primary mortgage over property and project assets at Hiddaruwa, Kosgoda	502,985
	Term Loan	60 monthly installments + interest which commenced 01/04/2020.		175,201
	Term Loan	24 equal monthly installments of Rs. 2,185,121.00 + interest which commenced 01/04/2021.		6,555
	Term Loan	24 equal monthly installments of Rs. 2,132,890.06 + interest which commenced 01/04/2021.		4,266
	Term Loan	24 equal monthly installments of Rs. 798,907.49 + interest which commenced 01/04/2021.		799
				689,806
Sierra Readymix [Pvt] Ltd				
DFCC Bank PLC	Term Loan	Monthly installment of Rs. 2,213,173.39 till 20/03/2023.	1) Primary mortgage bond for Rs.15 Mn Over an allotment of land situated at panagoda, [Extent of QA 3R 29.05P]. 2) A Primary Mortgage bond for Rs.22Mn Over Movable Machineries [Truck Mounted crane, CAT Loader]. 3) A primary mortgage bond for Rs 53Mn Over movable machinery [Six Concrete mixture truck]. 4) A Corporate guarantee from Sierra construction [Pvt] Ltd.	54,472
Bank of Ceylon PLC	Covid Loan	Monthly installment of Rs. 1,388,888.00 till 24/01/2023.	A corporate guarantee from Sierra Construction [Pvt] Ltd.	6,187
Vallibel Finance Loan	Term Loan		1) Facility Granted 3,000,000 [Mortgage Vehicle LA 5826, 43-4720] 2) Facility Granted 2,000,000 [Mortgage Vehicle KD 1526] 3) Facility Granted 2,730,000 [Mortgage Vehicle 56-8435, 54-1723, 54-1516] 4) Facility Granted 2,145,000 [Mortgage Vehicle GD 2889, PC 8977] 5) Facility Granted 3,250,000 [Mortgage Vehicle PF 3888] 6) Facility Granted 5,000,000 [Mortgage Vehicle CAP 3357]	11,147
Bank of Ceylon PLC	Covid Loan	Monthly installment of Rs. 1,388,888.00 till 24/01/2023.	A corporate guarantee from Sierra Construction [Pvt] Ltd.	7,166
	Covid Loan	Monthly installment of Rs. 1,060,607.00 till 05/07/2024.		15,742

Notes to the Financial Statements

31 LOANS AND BORROWINGS CONTD.

31.5.2 Security and Repayment Terms - Group Contd.

Name of the Lending Institution	Nature of facility	Repayment Terms	Security	Outstanding Balance as at 31 st March 2023 Rs.000
				94,714
Hapugastenne Plantation PLC Commercial Bank of Ceylon PLC	Term Loan	48 equal monthly installments of Rs.2,083,000 each commenced from 25.09.2020 + interest.	Adawatte, Demodera and Shawlands in favour of Sampath Bank PLC, NDB Bank PLC and Commercial Bank	45,842
				45,842
Browns Investments PLC Sampath bank	Term Loan	10 monthly installments + interest	1) Lien of 42,024,032 voting shares of Hatton National Bank of PLC. 2) Lien of 45,968,883 non voting shares of Hatton National Bank of PLC.	4,000,000
				4,000,000
NPH Investments Pvt Ltd Bank of Ceylon PLC	Term Loan	105 monthly installments with the grace period of 45 months and capital to be repaid over remaining 60 months. The term loan facility were extended by further 12 months from 105 months up to 117 months including 42 months of capital moratorium period and 6 months interest moratorium in addition to the already granted 9 months interest moratorium.	1) Mortgage over the lease hold rights of Nasandhura Palace Hotel, Male, Maldives. 2) Joint and Several guarantee of Directors of the Company. 3) Corporate guarantee obtained from LOLC Holdings PLC.	5,186,100
				5,186,100
Eden Hotels Lanka PLC Seylan Bank PLC	Term Loan	10 Bi-annually installments.	Primary floating mortgage bond over freehold property at Kaluwamodera, Aluthgama.	478,085
				478,085
B Commodities ME[FZE] Peoples Bank	Term Loan	02 Years from the date of disbursement including 01 year grace period Interest to be serviced monthly including grace period commencing one month after the 1st drawdown date	Personal guarantee by Directors of the Group	8,107,322
				8,107,322
PL Resorts Limited Mauritius Commercial Bank LTD	Term Loan			1,990,508
				1,990,508
Group Total				34,729,341

31.5.3 Debentures

Year of Issue	Year of Redemption	Type of Issue	Interest Payable			Group		Company	
			Fixed Rate Annually	Fixed Rate Semi-annually	Fixed Rate Quarterly	2023	2022	2023	2022
2022	2027	Listed Rated Guaranteed Senior Redeemable	-	-	15.42%	1,932,700	1,932,700	1,932,700	1,932,700
2022	2027	Listed Rated Guaranteed Senior Redeemable	15.50%	-	-	67,300	67,300	67,300	67,300
2022	2024	Senior Secured Redeemable	-	9.50%	-	780,000	780,000	-	-
Total						2,780,000	2,780,000	2,000,000	2,000,000

32 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements for the year ended 31 March 2023

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	17,506,926	7,083,210	415,443	441,839
Additions	81,732	6,472,293	9,437	-
Interest expense	2,594,892	624,849	53,330	53,404
Payments	(4,113,764)	(406,545)	(90,772)	(79,796)
Acquisition of Subsidiaries	-	697,919	-	-
Other Adjustments	997,399	(107,345)	-	(4)
Exchange difference	647,432	3,142,545	-	-
Lease liabilities as at 31 March	17,714,616	17,506,926	387,438	415,443

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Current	324,646	382,850	95,589	90,987
Non Current	17,389,971	17,124,076	291,849	324,456
Total lease liabilities as at 31 March	17,714,616	17,506,926	387,438	415,443

Notes to the Financial Statements

33 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000

Change in the Retirement Benefit Obligations are as follows,

Defined Benefit Obligation at the beginning of the year	2,180,025	973,087	103,825	112,515
Interest Cost	267,246	94,072	15,574	9,001
Current Service Cost	174,590	100,395	11,552	6,536
Actuarial Loss / (Gain)	813,427	[422,344]	652	[12,303]
On acquisition of Subsidiary	-	1,633,875	-	-
Benefit paid	[967,347]	[199,060]	[6,718]	[11,924]
Defined Benefit Obligation at the end of the year	2,467,941	2,180,025	124,885	103,825

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, as at 31st March 2023. The actuarial present value of the promised retirement benefits as at 31st March 2023 amounted to Rs. 2,468 Mn [Company - Rs. 125 Mn]. The liability is not externally funded.

33.1 The total amount charged to the Income Statement in respect of Retirement Benefit Obligations is made up as follows:

For the Year Ended	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000

Retiring Gratuity charge for the year				
Interest charge for the year	267,246	94,072	15,574	9,001
Current service cost	174,590	100,395	11,552	6,536
	441,836	194,467	27,126	15,537

33.2 The principal assumptions used in the actuarial valuation are as follows:

33.2.1 Financial Assumptions

As at 31st March	Group	
	2023	2022

a]	Discount rate		
	[The rate of interest used to discount the future cash flows in order to determine the present value]	14%	15%
b]	Future salary increase		
	Executive	11.5%	12.5%
	Non - Executive	11.5%	12.5%
c]	Retirement age	60yrs	60yrs
d]	The Company will continue as a going concern		

33.2 The Principal Assumptions Used In The Actuarial Valuation Are As Follows:

33.2.2 Demographic Assumptions

In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. "A 67/07 mortality table" issued by the Institute of Actuaries, London was used to estimate the gratuity liability of the Company.

33.2.3 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

For the Year Ended	Group			
	Discount rate		Future salary increases	
	-1% Rs.000	1% Rs.000	-1% Rs.000	1% Rs.000
Impact on profit and loss	32,706	[27,391]	[24,339]	29,455

For the Year Ended	Company			
	Discount rate		Future salary increases	
	-1% Rs.000	1% Rs.000	-1% Rs.000	1% Rs.000
Impact on profit and loss	6,993	[6,175]	[6,878]	7,660

33.2.4 The following payments are expected on employee benefit plan - gratuity in future years.

	Company					
	Within the next 12 months	Between 1 and 2 years	Between 3 and 5 years	Between 6 and 10 years	Beyond 10 years	Total expected payments
Retirement Benefit Obligation	16,262	26,816	31,465	31,404	18,938	124,885

Notes to the Financial Statements

34 DEFERRED TAX LIABILITIES

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	8,884,096	4,981,695	1,176,028	710,410
Transfers to deferred tax Assets	-	198,389	-	-
Acquisition of Subsidiaries	-	1,266,924	-	-
Disposal of Subsidiaries	[7,001]	-	-	-
Origination/ (reversal) of temporary differences recognised in,				
- income statement	2,185,172	[40,933]	1,128,215	274,091
- other comprehensive income	3,650,848	1,079,395	156,911	191,527
Exchange translation difference	194,642	1,398,626	-	-
Balance at the end of the year	14,907,757	8,884,096	2,461,154	1,176,028

34.1 The Closing Deferred Tax Liabilities balance relates to the following temporary differences;

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Property, Plant & Equipment / Investment Properties/ROU Assets	73,952,695	55,252,197	14,458,787	10,159,983
Bearer Biological Assets	3,342,277	3,050,322	-	-
Consumable Biological Assets	5,799,930	5,039,099	-	-
Warranty Provision	[119,173]	[84,862]	[119,173]	[84,862]
Provision for Slow Moving Stocks	[951,211]	[536,850]	[951,211]	[536,850]
Provision for Bad and Doubtful Debts	517,590	[690,691]	[559,839]	[598,170]
Employee Benefit Liabilities	[1,642,359]	[2,027,516]	[124,885]	[103,825]
Losses available for offset against future taxable income	[9,607,464]	[5,237,344]	[4,408,501]	-
Other	[125,771]	[97,752]	[91,328]	[72,342]
	71,166,516	54,666,603	8,203,850	8,763,935

35 DEFERRED INCOME

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Capital Grants [Note 35.1]	324,136	356,815	-	-
PHDT Lease Rentals [Note 35.2]	1,263	1,800	-	-
Income Received in Advance [Note 35.3]	42,919	31,049	42,919	31,049
Rain Forest Eco Lodge [Pvt] Ltd. [Note 35.4]	41,360	43,221	-	-
	409,678	432,885	42,919	31,049

35.1 Capital Grants

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Gross Value		
Balance at the beginning of the year	455,294	161,590
Acquisition of subsidiaries	-	292,262
Additions during the year	5,914	1,441
Balance at the end of the year	461,208	455,294
Amortization		
Balance at the beginning of the year	98,479	91,132
Amortisation during the year	38,593	7,347
Balance at the end of the year	137,072	98,479
Balance at the end of the year- Net	324,136	356,815

The above represents the following.

Funds received from the Plantation Housing and Human Development Trust (PHDT), MTIP, MPI for the development of workers welfare facilities and improvements to institutional facilities.

Funds received from the Plantation Reform Project for the development of Forestry Plantations.

The amounts spent is capitalized under the relevant classification of Property, Plant and Equipment. The corresponding grant component is reflected under Deferred Income and is being amortized over the useful life span of the related asset.

35.2 PHDT Lease Rentals

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	1,800	2,337
Amortisation during the year	[537]	[537]
Balance at the end of the year	1,263	1,800

Premises at St.Andrew's Drive in Nuwara Eliya has been leased out to Plantation Human Development Trust (PHDT) for a period of 20 years commencing from August 2005 at a total lease rental of Rs. 10.7 Mn.

Lease rentals received are deferred and amortized over the lease period commencing from August 2005.

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Maturity analysis		
Not later than one year	537	537
Later than one year and not later than five years	726	1,263
	1,263	1,800

Notes to the Financial Statements

35 DEFERRED INCOME CONTD.

35.3 Income Received in Advance

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	31,049	25,299	31,049	14,080
Additions during the year	35,562	60,029	35,562	59,503
Amortisation during the year	[23,693]	[54,280]	[23,693]	[42,534]
Balance at the end of the year	42,919	31,049	42,919	31,049

This represents income received in advance in respect of maintenance agreements with customers.

35.4 Rain Forest Eco Lodge [Pvt] Ltd. [RFELL]

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	43,221	45,082
Amortisation during the year	[1,861]	[1,861]
Balance at the end of the year	41,360	43,221

This represents the value of 6,399,375 No. of Ordinary Shares received by Maturata Plantations Ltd. equivalent to 20% of the issued Ordinary Shares of RFELL at Rs.10/- each in lieu of releasing the leasehold rights of 488, Hectares in Enselwatte , Deniyaya for Eco Tourism Project. The value of Ordinary Shares are deferred and amortized over the unexpired balance lease period. However due to the rights issue shareholdings percentage has come down from 20% to 13.44%.

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Maturity analysis		
Not later than one year	1,861	1,861
Later than one year and not later than five years	7,445	7,445
Later than five years	32,054	33,915
	41,360	43,221

36 TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Trade payables	10,689,964	11,215,915	2,282,061	2,709,419
Accrued Expenses	15,603,941	7,351,830	2,738,354	1,075,711
Value Added Tax Payable	961,256	246,292	-	-
Warranty Provision	119,173	84,862	119,173	84,862
Advances from Customers	5,337,591	5,743,468	13,738	303,673
GST Payable	870,848	628,465	-	-
SSCL Payable	19,078	-	19,078	-
Other Tax Payables	163,398	86,209	-	-
Security deposits payable	1,140,783	1,044,419	-	-
Payable to Former Shareholders of Subsidiaries	-	1,428,306	-	-
Payable to China Harbour Engineering Company	22,709,853	17,187,966	-	-
Payable to shareholders of Former Associates	1,611,505	3,543,972	-	-
Other Payables	2,952,431	3,290,678	212,168	158,907
	62,179,819	51,852,384	5,384,572	4,332,572

37 LOANS FROM RELATED PARTIES

37.1 Due After One Year

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
LOLC Finance PLC	-	438
LOLC Holdings PLC	1,290,567	999,795
LOLC Asia Pvt Ltd.	2,855,536	2,004,303
LOLC Financial Sector Holdings Pvt Ltd.	4,720	-
	4,150,823	3,004,536

37.2 Due Within One Year

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
LOLC Holdings PLC.	16,796,645	1,970,908	16,769,463	1,660,933
Klevenberg [Pvt] Ltd.	-	-	-	312,245
Browns Investments PLC	-	-	49,655	-
Ishara Traders [Pvt] Ltd.	-	21,502,205	-	-
Browns Industrial Park Ltd.	-	-	-	82,500
	16,796,645	23,473,113	16,819,118	2,055,678

Notes to the Financial Statements

37 LOANS FROM RELATED PARTIES CONTD.

37.3 Security and Repayment Terms of Related Party Loans - Due Within One Year

Name of the Company	Repayment Terms	Security	Outstanding Balance as at 31st March 2023	
			Group Rs.000	Company Rs.000
LOLC Holdings PLC	On demand	Unsecured	16,796,645	16,769,463
Browns Investments PLC	On demand	Unsecured	-	49,655
			16,796,645	16,819,118

38 AMOUNTS DUE TO RELATED PARTIES

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Taprobane Plantations Ltd.	41,553	3,230	-	-
Galaxy Enterprises Maldives (Pvt) Ltd.	580	193,155	-	-
Klevenberg (Pvt) Ltd.	-	-	34,496	-
LOLC General Insurance Company Ltd.	-	1,608	-	-
LOLC Motors Ltd.	1,133	39	-	-
LOLC Corporate Services (Pvt) Ltd.	3,708	338	300	53
Ishara Traders (Pvt) Ltd.	205,128	17	205,128	-
LOLC Holdings PLC	104,311,944	58,835,290	359,213	756,007
LOLC Finance PLC	1,282,439	287	-	-
LOLC Technology Services Ltd.	137,072	71,471	3,436	6,376
Browns Holdings Ltd.	3,963	3,963	3,963	3,963
Browns Tours (Pvt) Ltd.	48,716	32,729	-	-
Browns Investments PLC	-	-	19,073	17,972
Browns Group Motels Ltd.	-	-	6,607	6,607
Browns Pharma Ltd.	-	-	84,782	84,782
BI Holdings (Pvt) Ltd.	-	-	4,630	4,630
S. F. L.Services (Pvt) Ltd.	-	-	9,920	-
LOLC Development Finance PLC	2	2	-	-
NPH Development (Pvt) Ltd.	6,862	5,794	-	-
Tropical Island Commodities (Pvt) Ltd.	-	-	-	19,237
Sierra Construction (Private) Limited.	-	502,067	-	-
Sierra Holding (Private) Limited.	-	5,743	-	-
LOLC Property Five (Pvt) Ltd.	3,813	300	-	-
Chain Holdings Ltd.	13,346	-	-	-
	106,060,261	59,656,034	731,547	899,626

39 INCOME TAX PAYABLE

As at 31st March	Group	
	2023 Rs.000	2022 Rs.000
Balance at the beginning of the year	487,080	258,948
Provision for the year	711,619	321,089
Over Provision in respect of previous year	(2,087)	(5,238)
Transfer Income Tax Recoverable	14,182	(22,083)
Disposal of Subsidiaries	(2,938)	-
Payments made during the year	(183,306)	(65,635)
Balance at the end of the year	1,024,551	487,080

40 NET ASSETS PER SHARE

As at 31st March	Group	
	2023	2022
Equity Attributable to Equity holders of the Company [Rs.000]	79,103,513	85,207,578
Weighted Average Number of Ordinary Shares in Issue ['000]	212,625	212,625
Net Assets per Share [Rs.]	372.03	400.74

41 RELATED PARTY DISCLOSURES**41.1 Ultimate controlling party**

The ultimate controlling party of the Group is LOLC Holdings PLC.

41.2 Transactions with key management personnel**Key management personnel compensation**

According to Sri Lanka Accounting Standard- LKAS 24 "Related Party Disclosures", Key management personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly, the Board of Directors (including executive and Non-executive Directors) has been classified as Key Management Personnel of the Company. Emoluments paid to Key Management Personnel have been disclosed in Note 8.

There were no loans given to the Directors of the company during the financial year or as at the year-end.

This note should be read in conjunction with Note 23 - Loans to Related Parties, Note 24 - Amounts due from Related Parties, Note 37 - Loans from Related Parties and Note 38 - Amounts due to Related Parties.

41.3 Terms and conditions of transactions with Related Parties

All related party transactions are carried out in the normal course of business and transacted at normal business terms. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and comparable with those that would have been charged from un-related companies. All related party outstanding balances at the year-end are unsecured and are to be settled in cash. The Group does not have any material commitments to related parties.

Notes to the Financial Statements

41 RELATED PARTY DISCLOSURES CONTD.

Transactions of Brown & Company PLC with Related Companies

For the year ended	Note	2023 Rs.000	2022 Rs.000
SUBSIDIARIES			
Purchase of Goods/ Services	41.3.1	714,044	51,983
Sale of Goods	41.3.1	364,754	56,795
Loan			
Granted	41.3.2	4,991,683	15,104,231
Recovered	41.3.2	5,086,366	13,836,142
Obtained	41.3.3	110,307	5,446,224
Settled	41.3.3	459,245	5,397,500
Interest			
Income	41.3.2	496,001	249,387
Expense	41.3.3	47,782	50,314
Expenses Transferred To	41.3.4	1,207,990	1,274,664
Shares			
Investments made	41.3.5	13,242,884	4,500,000
Rental Income			
Received	41.3.6	3,638	4,500
ASSOCIATES			
Purchase of Goods/Services	41.3.1	6,991,959	4,304,240
Sale of Goods	41.3.1	449,336	94,654
Loan			
Recovered	41.3.2	-	771,164
Interest			
Income	41.3.2	-	84,785
OTHER RELATED COMPANIES			
Sale of Goods	41.3.1	112,191	211,873
Purchase of Goods	41.3.1	61,974	30,383
Loan			
Obtained	41.3.3	31,897,733	4,839,500
Settled	41.3.3	15,055,624	4,492,000
Interest			
Expense	41.3.3	2,956,874	392,835
Expenses Transferred To	41.3.4	41,672	928
Expenses Transferred From	41.3.5	330,723	834,898
Rental Income			
Received	41.3.6	166,632	127,587

Balances of the Brown & Company PLC with Related Companies

For the year ended	Note	2023 Rs.000	2022 Rs.000
Trade Receivables - Related Parties	41.4	293,376	178,088
Trade Payables - Related Parties	41.5	1,544,845	913,131

41.3.1 Trading Transactions

The Company has engaged in the following trading transactions with Related Companies.

For the year ended	2023		2022	
	Sales Rs.000	Purchases Rs.000	Sales Rs.000	Purchases Rs.000
SUBSIDIARIES				
AgStar PLC	-	-	113	-
Ajax Engineers (Pvt) Ltd.	738	-	1,068	-
B.G Air Services (Pvt) Ltd.	13	-	3	491
Browns Agri Solutions (Pvt) Ltd.	43	30	20	-
Browns Ari Resorts (Pvt) Ltd.	48,317	-	963	-
Browns Engineering & Constructions (Pvt) Ltd.	3,587	-	22,261	-
Browns Group Industries (Pvt) Ltd.	1,303	1,047	5,462	216
Browns Health Care Negombo (Pvt) Ltd.	-	-	56	-
Browns Industrial Park Ltd.	204	49,124	73	47,843
Browns Metal & Sands (Pvt) Ltd.	183	-	109	-
Browns Properties (Pvt) Ltd.	-	282	2,246	-
Browns Thermal Engineering (Pvt) Ltd.	277,921	35,377	1,347	3,433
Creations Wooden Fabricators (Pvt) Ltd.	-	-	1,588	-
Dickwella Resort (Pvt) Ltd.	94	-	2,974	-
Eden Hotel Lanka PLC	12,638	-	837	-
Excel Restaurants (Pvt) Ltd.	-	1,684	-	-
Frontier Capital Lanka (Pvt) Ltd.	366	-	1,130	-
General Accessories & Coating (Pvt) Ltd.	549	-	341	-
Green Paradise (Pvt) Ltd.	3,558	-	2,448	-
Gurind Accor (Pvt) Ltd.	-	-	79	-
Hotel Sigiriya PLC	1,090	-	3,713	-
Klevenberg (Pvt) Ltd.	381	4,561	333	-
Maturata Plantations Ltd.	4,569	-	3,685	-
Millennium Development (Pvt) Ltd.	-	-	98	-
S F L Services (Pvt) Ltd.	111	-	40	-
Riverina Resorts (Pvt) Ltd.	195	-	-	-
Samudra Beach Resorts (Pvt) Ltd.	3,541	-	2,565	-
Serendib Hotels PLC	2,567	-	2,817	-
Sierra Developments Ltd.	1,488	-	-	-
Sifang Lanka (Pvt) Ltd.	184	621,885	-	-
Sun & Fun Resorts Ltd.	1,112	54	425	-
	364,754	714,044	56,795	51,983

Notes to the Financial Statements

41 RELATED PARTY DISCLOSURES CONTD.

41.3.1 Trading Transactions contd.

For the year ended	2023		2022	
	Sales Rs.000	Purchases Rs.000	Sales Rs.000	Purchases Rs.000
ASSOCIATES				
Gal Oya Plantations (Pvt) Ltd.	423,605	-	86,128	-
Associated Battery Manufacturers (Cey) Ltd. (Note 41.3.1.1)	23,449	6,991,959	8,444	4,304,240
Taprobane Plantations Ltd.	16	-	49	-
Sierra Construction Ltd.	2,266	-	33	-
	449,336	6,991,959	94,654	4,304,240
OTHER RELATED COMPANIES				
Bestie Beverages (Pvt) Ltd.	2,466	-	-	-
Ceylone Graphene Technologies (Pvt) Ltd.	-	-	77	-
Commercial Insurance Brokers (Pvt) Ltd.	149	-	104	-
Commercial Leasing & Finance PLC	1,083	-	84,276	-
Leapstitch Apperal (Pvt) Ltd	62	-	-	-
Leapstitch Technologies (Pvt) Ltd	3,287	-	-	-
LOLC Development Finance PLC	22	-	487	-
LOLC Advanced Technologies (Pvt) Ltd.	896	-	674	-
LOLC Corporate Services (Pvt) Ltd.	-	953	-	-
LOLC Holdings PLC	29,567	26,894	25,855	3,013
LOLC Finance PLC	7,020	-	97,867	-
LOLC Motors Ltd.	421	706	82	-
LOLC General Insurance Ltd.	66,970	6,809	504	27,162
LOLC Life Assurance Ltd.	198	26,189	213	24
LOLC Technology Services Ltd.	50	423	1,696	184
Seylan Bank PLC	-	-	38	-
	112,191	61,974	211,873	30,383

41.3.1.1 Following transactions are made with Associated Battery Manufacturers (Cey) Ltd.

Name of the Company	Relationship	Nature of the transactions	Aggregate Value	As a % of Gross Revenue	Terms and Conditions
Associated Battery Manufacturers (Cey) Ltd.	Associate	Purchases in the normal course of business	6,991,959	31%	Arm's length transactions

41.3.2 Loans granted to Related Companies

The Company has granted and recovered the following Loan balances during the year.

Name of the Company	2023			2022		
	Loan Granted Rs.000	Interest Income Rs.000	Loan Recovered Rs.000	Loan Granted Rs.000	Interest Income Rs.000	Loan Recovered Rs.000
SUBSIDIARIES						
Browns Agri Solutions (Pvt) Ltd.	818,924	192,835	-	-	-	-
Klevenberg (Pvt) Ltd.	250,000	-	-	-	-	-
Browns Investments PLC	2,200,693	46,470	3,447,900	7,334,597	120,009	9,853,471
S. F. L. Services (Pvt) Ltd.	-	-	-	6,024,267	56,852	1,810,000
Eden Hotel Lanka PLC	-	-	-	-	497	105,530
Dickwella Resorts (Pvt) Ltd.	-	-	-	-	2,300	416,120
Riverina Resorts (Pvt) Ltd.	-	-	-	-	863	156,235
Browns Hotels & Resorts Ltd.	-	-	-	-	-	12,189
Browns Thermal Engineering Ltd.	1,187,066	143,522	1,067,466	586,866	44,835	477,097
Browns Group Industries (Pvt) Ltd.	535,000	113,174	571,000	1,158,500	24,031	1,005,500
	4,991,683	496,001	5,086,366	15,104,231	249,387	13,836,142
ASSOCIATES						
Gal Oya Plantations (Pvt) Ltd.	-	-	-	-	84,785	771,164
	-	-	-	-	84,785	771,164

41.3.3 Loans obtained from Related Companies

Name of the Company	2023			2022		
	Loan Obtained Rs.000	Interest Expense Rs.000	Loan Settled Rs.000	Loan Obtained Rs.000	Interest Expense Rs.000	Loan Settled Rs.000
SUBSIDIARIES						
Browns Investments PLC	110,307	47,782	64,500	4,113,904	16,346	4,130,250
Klevenberg (Pvt) Ltd.	-	-	312,245	1,148,320	26,798	1,096,250
Browns Industrial Park Ltd.	-	-	82,500	184,000	7,170	171,000
	110,307	47,782	459,245	5,446,224	50,314	5,397,500
OTHER RELATED COMPANIES						
Commercial Leasing & Finance PLC	-	169,943	-	-	123,233	-
LOLC Holdings PLC [Note 41.3.3.1]	27,704,950	1,943,581	14,540,001	4,389,500	102,236	4,492,000
LOLC Finance PLC	3,440,000	741,200	-	-	130,472	-
LOLC Life Assurance Ltd.	275,000	56,671	-	-	-	-
LOLC General Insurance Ltd.	477,783	45,480	515,623	450,000	36,894	-
	31,897,733	2,956,874	15,055,624	4,839,500	392,835	4,492,000

Notes to the Financial Statements

41 RELATED PARTY DISCLOSURES CONTD.

41.3.3.1 Following transactions are made with related companies.

Name of the Company	Relationship	Nature of the transactions	Aggregate Value	As a % of Gross Revenue	Terms and Conditions
LOLC Holdings PLC	Parent Company	Loans Obtained	27,704,950	38%	Unsecured loan at interest rate of AWPLR + 4.5% - 10%
LOLC Holdings PLC	Parent Company	Loans Settled	14,540,001	20%	Unsecured loan at interest rate of AWPLR + 4.5% - 10%

41.3.4 The Company has incurred Group Expenses on behalf of the Related companies during the year on reimbursement basis as follows;

Name of the Company	2023 Expenses Transferred To Rs.000	2022 Expenses Transferred To Rs.000
SUBSIDIARIES		
Ajax Engineers (Pvt) Ltd.	1,333	-
BG Air Services (Pvt) Ltd.	26,786	13,127
Browns Agri Solutions (Pvt) Ltd.	276,290	151,521
Browns Fabric Limited	47,308	-
Browns Global Farm (Pvt) Ltd.	-	1
Browns Group Industries (Pvt) Ltd.	100,279	119,756
Browns Thermal Engineering (Pvt) Ltd.	178,947	194,229
Browns Investments PLC	27,538	24,440
Browns Industrial Park Ltd.	63,928	46,967
Browns Health Care Negombo (Pvt) Ltd.	2,032	4,891
Browns Leisure (Pvt) Ltd.	3,323	66,960
General Accessories & Coating (Pvt) Ltd.	533	-
Gurind Accor (Pvt) Ltd.	1,081	-
Klevenberg (Pvt) Ltd.	120,968	144,674
S. F. L. Services (Pvt) Ltd.	779	288
Sifang Lanka (Pvt) Ltd.	356,865	507,810
	1,207,990	1,274,664
OTHER RELATED COMPANIES		
Masons Mixture Ltd.	84	66
Engineering Services (Pvt) Ltd.	84	87
Leapstitch Apparel (Pvt) Ltd	36,002	-
Leapstitch Technologies (Pvt) Ltd	5,502	-
LOLC Advanced Technologies (Pvt) Ltd.	-	776
	41,672	928

Name of the Company	2023 Expenses Transferred From Rs.000	2022 Expenses Transferred From Rs.000
OTHER RELATED COMPANIES		
LOLC Technology Services Ltd.	46,716	77,807
LOLC Corporate Services (Pvt) Ltd.	900	10,386
LOLC Holdings PLC	283,107	746,705
	330,723	834,898

41.3.5 The Company has made the following new investments during the year.

Name of the Company	2023 Rs.000	2022 Rs.000
Investment in Subsidiaries [Note 17.2]		
S.F.L. Services [Private] Limited	12,942,884	4,500,000
Browns Agri Solutions [Pvt] Ltd	300,000	-
	13,242,884	4,500,000

41.3.6 Company earned Rental income from following companies during the year;

Name of the Company	2023 Rent Income Rs.000	2022 Rent Income Rs.000
SUBSIDIARIES		
General Accessories & Coating [Pvt] Ltd.	3,638	4,500
	3,638	4,500
OTHER RELATED COMPANIES		
LOLC Finance PLC	34,333	29,649
LOLC Securities Ltd.	12,780	11,594
LOLC Life Assurance Ltd.	38,146	26,292
LOLC General Insurance Ltd.	49,672	35,268
LOLC Holdings PLC	1,368	1,320
LOLC Development Finance PLC	30,333	23,464
	166,632	913,131

Notes to the Financial Statements

41 RELATED PARTY DISCLOSURES CONTD.

41.4 Trade Receivables - Related Parties

	Company	
	2023 Rs.000	2022 Rs.000
Subsidiaries	101,267	44,600
Associates	130,736	53,906
Other Related companies	61,373	79,581
	293,376	178,088

41.5 Trade Payables - Related Parties

	Company	
	2023 Rs.000	2022 Rs.000
Subsidiaries	5,179	5,508
Associates	1,523,874	906,424
Other Related companies	15,792	1,199
	1,544,845	913,131

42 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also holds FVTPL and fair value through OCI financial investments. The Group's principal financial liabilities, comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group is exposed to market risk, credit risk and liquidity risk.

42.1 Credit Risk

Credit risk is the risk that a 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 trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counterparties fulfill their obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Trade and other receivables	27,622,949	18,341,766	4,824,420	2,719,360
Loans to related companies	2,076,411	785,506	2,415,846	2,357,880
Amount due from Related Companies	912,923	865,893	618,410	2,398,338
Cash at Bank	5,027,733	5,508,278	279,964	2,284,970
	35,640,015	25,501,442	8,138,639	9,760,548

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the default risk of the industry in which customers operate, as this factor may have an influence on credit risk.

Each new customer is analysed individually for credit worthiness before the Group's Standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available and in some cases bank references. Sales limits are established for each customer, which represents the maximum open amount without requiring approval from the management. These limits are reviewed periodically. The Group has obtained customer deposits as collateral from major customers by reviewing their past performance and credit worthiness. In addition, receivable balances are monitored on an ongoing basis with the result that Group's exposure to bad debts is not significant.

Age analysis of trade receivables:	Expected Loss rate		Company	
	2023	2022	2023 Rs.000	2022 Rs.000
0-120	1%	1%	4,047,819	2,079,189
120-240	4%	4%	356,253	160,321
240-364	16%	16%	35,120	14,302
Over 365	100%	100%	384,857	465,278
Trade receivables - Gross			4,824,049	2,719,090
Loss allowance	22%	22%	[559,839]	[598,170]
Trade receivables - Net			4,264,209	2,120,920

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period assessed by the board of directors.

Loans Given to Related Parties

The Group's amount due from related parties consist of the balances from affiliate companies.

Except for the specific provisions identified, the Company believes that there is no credit risk from the receivables from the related parties, because these counterparties are under the control of the Company's ultimate shareholders, who are financially healthy companies.

These balances represent amount receivable on demand. At Company level these related party exposures are closely monitored to avoid any negative impact by way of credit risk.

Carrying Amount	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Loans to related companies	2,076,411	785,506	2,415,846	2,357,880
Amount due from Related Companies	912,923	872,513	618,410	2,429,556
	2,989,334	1,658,020	3,034,255	4,787,436
Less: Provision for Intercompany Receivables	-	[6,621]	-	[31,218]
	2,989,334	1,651,399	3,034,255	4,756,218

Cash at Bank

The Group held cash at bank of Rs. 4,263 Mn as at the reporting date, which represents its maximum credit exposure on these assets. The Cash and cash equivalents are held with bank and financial institution counterparties, with good credit ratings.

Notes to the Financial Statements

42 FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT CONTD.

42.1 Credit Risk contd.

Impairment losses

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Collective impairment/ Specific provisions	Company Rs.000
Balance at 1 April 2021	744,330
Impairment loss recognised	[146,160]
Balance at 31 March 2022	598,170
Impairment loss recognised	[38,331]
Balance at 31 March 2023	559,839

42.2 Liquidity Risk

Liquidity risk is the risk that Group will encounter difficulty in meeting the Obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its short and medium term capital and funding obligations, including organic growth and acquisition activities, and meet any unforeseen obligations and opportunities. The Group hold cash and undrawn committed facilities to enable the group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. trade receivable, other financial assets) and projected cash from operations.

The Group objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans, overdrafts and finance leases over a broad spread of maturities.

Maturity Analysis	On demand Rs.000	Less than 3 months Rs.000	3 to 12 months Rs.000	More than 1 years Rs.000	2023 Total Rs.000
Group					
Interest bearing borrowings	-	-	8,100,207	47,123,750	55,223,957
Short term interest bearing borrowings and bank overdrafts	-	30,979,844	-	-	30,979,844
Trade and Other payables	62,179,819	-	-	-	63,077,182
Amounts due to related parties	106,060,261	-	-	-	106,060,261
Loans from related parties	16,796,645	-	-	4,150,823	20,947,469
Other payables	-	1,041,559	-	-	1,041,559
	185,036,725	32,014,674	8,100,207	51,274,573	276,426,180
Company					
Interest bearing borrowings	-	-	4,148,625	4,160,182	8,308,808
Short term interest bearing borrowings and bank overdrafts	-	15,836,005	-	-	15,836,005
Trade and Other payables	5,384,572	-	-	-	5,384,572
Amounts due to related parties	731,547	-	-	-	731,547
Loans from related parties	16,819,118	-	-	-	16,819,118
Other payables	-	5,839	-	-	5,839
	22,935,237	15,841,844	4,148,625	4,160,182	47,085,889

42.2.1 Net Debt

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Other Current Financial Assets	4,504,663	4,844,136	1,391,633	1,237,840
Cash in hand and at bank	5,130,176	5,566,417	281,762	2,292,363
Total liquid assets	9,634,839	10,410,553	1,673,395	3,530,203
Non current portion of borrowings	29,733,779	32,231,853	3,868,333	4,921,363
Short term borrowings	29,069,859	24,852,569	14,952,163	12,004,866
Current portion of borrowings	7,775,562	6,304,303	4,053,037	4,122,748
Bank overdrafts	1,909,985	1,243,470	883,842	102,128
Lease Liabilities	17,714,616	17,506,926	387,438	415,443
Loans from Related Parties	16,796,645	23,473,113	16,819,118	2,055,678
Total liabilities	103,000,447	105,612,234	40,963,931	23,622,226
Net debt	[93,365,608]	[95,201,681]	[39,290,535]	[20,092,023]

42.3 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 risk comprise of the following types of risk:

- » Interest Rate Risk
- » Currency Risk
- » Commodity price risk
- » Equity Price Risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The analysis excludes the impact of movements in market variables on the carrying values of other post-retirement obligations, provisions, and the non-financial assets and liabilities.

42.3.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

Most lenders grant loans under floating interest rates. The management periodically analyse the interest rate movements to manage this risk by taking mitigating actions.

Notes to the Financial Statements

42 FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT CONTD.

42.3.2 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements. Group treasury analyses the market condition of foreign exchange and provides market updates to the board, with the use of external consultants' advice. Based on the suggestions made by Group treasury, the board takes decisions on whether to hold, sell, or make forward bookings of foreign currency.

42.3.2.1 Exposure

The company's exposure to foreign currency risk at the end of the reporting period, was as follows:

Company

As at 31st March	2023			2022		
	USD	LKR	Others	USD	LKR	Others
Trade and other receivable	-	4,824,420	-	-	2,719,360	-
Loans to related companies	-	2,415,846	-	-	2,357,880	-
Amount due from Related Companies	-	618,410	-	-	2,398,338	-
Cash at Bank	-	279,964	-	-	2,284,970	-
Loans and Borrowings	-	23,260,971	-	-	21,464,420	-
Trade and Other Payables	4,935	5,383,006	380	8,612	4,235,958	88,002
Loans from Related Parties	-	16,819,118	-	-	2,055,678	-
Amounts due to Related Parties	-	731,547	-	-	899,626	-
Bank Overdrafts	-	883,842	-	-	102,128	-

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business. Capital consist of ordinary share, retained earnings and non- controlling interests of the group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary share holders.

The Board seeks to maintain a balance between the higher returns that might be possible with the higher levels of borrowings and the advantage and security afforded by a sound capital position.

As at 31st March	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Net debt	93,365,608	95,201,681	39,290,535	20,092,023
Total equity	172,642,421	183,281,984	31,009,308	32,679,232
Net debt to equity ratio	54%	52%	127%	61%

42.4.1 Financial Instruments - Group

- a) The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation or sale.
- (i) Classes of financial instruments that are not carried at fair value and of which carrying amounts are a reasonable approximation of fair value are trade and other receivables, amounts due from related parties, loans given to related parties, cash and cash equivalents, trade and other payables, amount due to related parties, loans from related parties and loans and borrowings.

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9

Financial assets by categories	Financial assets at amortised cost		Financial assets at fair value through profit or loss [FVTPL]		Fair Value through Other Comprehensive income [FVOCI]		Total Fair Value	
	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000

Financial instruments in non-current assets

Other non-current financial assets	546,756	32,057	-	-	217,069	464,030	763,825	496,087
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Financial instruments in current assets

Trade and other receivables	27,622,949	18,341,766	-	-	-	-	27,622,949	18,341,766
Loans to Related Parties	2,076,411	785,506	-	-	-	-	2,076,411	785,506
Amounts due from related parties	912,923	865,893	-	-	-	-	912,923	865,893
Other current financial assets	2,389,993	3,315,779	2,114,670	1,528,358	-	-	4,504,663	4,844,136
Cash at bank	5,027,733	5,508,279	-	-	-	-	5,027,733	5,508,279
Total	38,576,765	28,849,279	2,114,670	1,528,358	217,069	464,030	40,908,504	30,841,667

Both carrying amounts and fair value of Fair Value through Other comprehensive income [FVOCI] financial assets and financial assets at fair value through profit or loss are equal.

The fair value of loans and receivables does not significantly vary from the value based on the amortised cost methodology.

Notes to the Financial Statements

42 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT CONTD.

42.4.1 Financial Instruments - Group contd.

Financial liabilities by categories As at 31st March	Financial liabilities measured at amortised cost	
	2023 Rs.000	2022 Rs.000
Financial instruments in non-current liabilities		
Borrowings	29,733,779	32,231,853
Loan from Related parties	4,150,823	3,004,536
Total	33,884,602	35,236,389
Financial instruments in current liabilities		
Trade and other payables	62,173,090	51,852,384
Amounts due to related parties	106,060,261	59,656,034
Loans from Related parties	16,796,645	23,473,113
Short term borrowings	29,069,859	24,852,569
Current portion of borrowings	8,100,207	6,687,153
Other current financial liabilities	1,041,559	497,359
Bank overdrafts	1,909,985	1,243,470
Total	225,151,607	168,262,082

The fair value of financial liabilities does not significantly vary from the value based on the amortised cost methodology.

42.4.2 Financial Instruments - Company

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

Financial assets by categories	Financial assets at amortised cost		Financial assets at fair value through profit or loss (FVTPL)		Fair Value through Other Comprehensive income (FVOCI)		Total Fair Value	
	As at 31st March 2023 Rs.000	As at 31st March 2022 Rs.000	As at 31st March 2023 Rs.000	As at 31st March 2022 Rs.000	As at 31st March 2023 Rs.000	As at 31st March 2022 Rs.000	As at 31st March 2023 Rs.000	As at 31st March 2022 Rs.000
Financial instruments in current assets								
Trade and other receivables	4,824,420	2,719,360	-	-	-	-	4,824,420	2,719,360
Loans to related parties	2,415,846	2,357,880	-	-	-	-	2,415,846	2,357,880
Amounts due from related parties	618,410	2,398,338	-	-	-	-	618,410	2,398,338
Other current financial assets	-	-	1,391,633	1,237,840	55,000	55,000	1,446,633	1,292,840
Cash at bank	279,964	2,284,970	-	-	-	-	279,964	2,284,970
Total	8,138,639	9,760,548	1,391,633	1,237,840	55,000	55,000	9,585,273	11,053,388

Both Carrying amounts and fair value of FVOCI financial assets and financial assets at fair value through profit or loss are equal.

The fair value of financial asset and liabilities at amortised cost does not significantly vary from the value based on the amortised cost methodology for the company.

42.4.2 Financial Instruments - Company Contd.

Financial liabilities by categories As at 31st March	Financial liabilities measured at amortised cost	
	2023 Rs.000	2022 Rs.000
Financial instruments in non-current liabilities		
Loans and Borrowings	3,868,333	4,921,363
Total	3,868,333	4,921,363
Financial instruments in current liabilities		
Trade and other payables	5,384,572	4,332,572
Amounts due to related parties	731,547	899,626
Loan from Related parties	16,819,118	2,055,678
Short term borrowings	14,952,163	12,004,866
Current portion of borrowings	4,053,037	4,122,748
Other current financial liabilities	5,839	5,839
Bank overdrafts	883,842	102,128
Total	42,830,120	23,523,457

The Company has not designated financial liabilities upon initial recognition, fair value through profit or loss.

The fair value of financial liabilities does not significantly vary from the value based on the amortised cost methodology.

42.4.3 Financial Assets and Liabilities by Fair Value Hierarchy - Group

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs with significant effect on the recorded fair values are observable, either directly or indirectly;

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Fair value of financial instruments by classes that are not carried at fair value and of which carrying amounts are reasonable approximation of fair value are current trade and other financial receivables and payables, current and non-current loans and borrowings at floating rate, other bank deposits and cash and bank balances.

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Notes to the Financial Statements

42 FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT CONTD.

42.4.3 Financial Assets and Liabilities by Fair Value Hierarchy – Group contd.

The Group held the following financial instruments carried at fair value in the statement of financial position:

Financial assets by categories	Level 1		Level 2		Level 3	
	As at	As at	As at	As at	As at	As at
	31st March	31st March	31st March	31st March	31st March	31st March
	2023	2022	2023	2022	2023	2022
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Financial assets						
Fair value through profit or loss	2,114,670	1,528,358	-	-	-	-
Fair Value through Other comprehensive income	-	-	452	942	238,486	463,089
Loans & Receivable	-	-	-	-	2,936,749	3,347,836
Total	2,114,670	1,528,358	452	942	3,175,236	3,810,924

For financial assets at fair value through profit or loss and Fair Value through Other comprehensive income financial assets, the carrying amount and fair value are equal.

The fair value of loans and receivables does not significantly vary from the value based on the amortised cost methodology.

42.4.4 Financial Assets and Liabilities by Fair Value Hierarchy – Company

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs with significant effect on the recorded fair values are observable, either directly or indirectly;

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The company held the following financial instruments carried at fair value in the statement of financial position:

Financial assets by categories	Level 1		Level 2		Level 3	
	As at	As at	As at	As at	As at	As at
	31st March	31st March	31st March	31st March	31st March	31st March
	2023	2022	2023	2022	2023	2022
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Financial assets						
Fair value through profit or loss	1,391,633	1,237,840	-	-	-	-
Fair Value through Other comprehensive income	-	-	-	-	55,000	55,000
Total	1,391,633	1,237,840	-	-	55,000	55,000

42.4.5 Valuation techniques and significant unobservable inputs used as follows,

Valuation Technique – Net assets basis/ Market return on a comparable investment.

Significant unobservable inputs – Carrying value of assets and liabilities adjusted for market participant assumptions/ Current market interest rates.

Relationship between inputs and fair value measurement – Variability of inputs are insignificant to have an impact on fair values.

43 COMMITMENTS AND CONTINGENT LIABILITIES

43.1 Commitments

Company

There have been no capital commitments contracted but provided for, or authorized by the board but not contracted for, outstanding as at the reporting date.

Group Companies

There have been no capital commitments contracted but provided for, or authorized by the board but not contracted for, outstanding as at the reporting date other than followings,

a) **Browns Ari Resort (Private) Limited**

The Board of Directors of Browns Ari Resort Private Limited has approved US\$ 25.86 budget for the construction of a resort in Bodufinolhu Island in Republic of Maldives.

b) **Bodufaru Beach Resort (Private) Limited**

The Board of Directors of Bodufaru Beach Resort Private Limited has approved US\$ 102 Mn budget for the construction of a tourist resort in Republic of Maldives.

c) **NPH Investment (Private) Limited**

NPH Investment Private Limited is required construct and develop a hotel in accordance with development concept submitted by the management and approved by the Government of Maldives, within a maximum period of twenty (20) months from the commencement date of the lease agreement entered. However, said agreement has been amended by the 5th addendum and has extended construction period for another 68 months period until 7 November 2023. The commitment for construction of the city hotel of NPH Investment Private Limited as at the reporting date is US\$ 24 Mn.

d) **Riverina Resorts (Private) Limited**

Capital Commitments of Riverina Resort (Private) Limited as at 31st March amounted to Rs. 4,538 Mn.

e) **Agstar PLC**

Description	Estimated cost	Sq.ft	Completion %
Construction of new warehouse in Ekala	Rs. 380 Mn	85,000	98
Renovation of bag store and workshop building in Ekala	Rs. 11 Mn	3,895	98
Construction of warehouse with lab in Polonnaruwa	Rs. 35.3 Mn	8,900	95

f) **Ceylon Real Estate Holdings (Private) Limited**

The Company has capital commitment of USD 13.8 Mn or equivalent LKR amount as rental payment for acquisition of leasehold rights of land plots.

Notes to the Financial Statements

43 COMMITMENTS AND CONTINGENT LIABILITIES CONTD.

43.2 Contingent Liabilities

Company

- a. A corporate guarantee has been issued to DFCC Bank PLC for sum of Rs. 525 Mn for the Banking facilities obtained by Browns Agri solutions (Pvt) Ltd.
- b. A corporate guarantee has been issued to People's Bank for sum of Rs. 200 Mn for the credit facilities obtained by Gal Oya Plantations (Pvt) Ltd.
- c. A corporate guarantee has been issued to Bank of Ceylon for sum of Rs. 120 Mn for the credit facilities obtained by Gal Oya Plantations (Pvt) Ltd.
- d. A corporate guarantee has been issued to Hatton National Bank PLC for sum of Rs. 50 Mn, for the Banking facilities obtained by BG Air Services (Pvt) Ltd.
- e. A corporate guarantee has been issued to Sampath Bank PLC for sum of Rs. 600 Mn for the Banking facilities obtained by Browns Industrial Park (Pvt) Ltd.
- f. A corporate guarantee has been issued to Seylan Bank PLC for sum of US\$. 2,104 Mn for the Banking facilities obtained by Browns Investments PLC.
- g. A corporate guarantee has been issued to Sampath Bank PLC for sum of Rs. 5Bn for the Banking facilities obtained by Browns Investments PLC.
- h. A corporate guarantee has been issued to ZTE Lanka Pvt Limited for sum of US\$ 20Bn for the Banking facilities obtained by Browns Engineering & Construction (Pvt) Ltd.

Group Companies

a) Browns Agri Solutions (Pvt) Ltd.

A corporate guarantee has been given to DFCC Bank for a sum of Rs.10 Mn for facilities obtained by Browns Agri Solutions (Pvt) Ltd.

b) Browns Investments PLC

A corporate guarantee has been given to Peoples Bank for a sum of Rs.360 Mn for facilities obtained by Ajax Engineers (Pvt) Ltd.

A corporate guarantee has been given to DFCC Bank for a sum of Rs.155 Mn for facilities obtained by Ajax Engineers (Pvt) Ltd.

A corporate guarantee has been given to Seylan Bank for a sum of Rs.373 Mn for facilities obtained by Ajax Engineers (Pvt) Ltd.

A corporate guarantee has been given to Nations Trust Bank PLC for a sum of Rs.425 Mn for facilities obtained by Ajax Engineers (Pvt) Ltd.

A corporate guarantee has been given to State Bank of India for a sum of US\$ 400,000 for facilities obtained by Gurind Accor (Pvt) Ltd.

A corporate guarantee has been given to Nations Trust Bank PLC for a sum of Rs.425 Mn for facilities obtained by Brown & Company PLC.

A corporate guarantee has been given to Commercial Leasing & Finance PLC for a sum of Rs.1Bn for facilities obtained by Brown & Company PLC.

A corporate guarantee has been issued to the Seylan Bank PLC for a sum of Rs. 1.5 Bn for the facility obtained by Browns Engineering and constructions (Pvt) Ltd.

c] **Serendib Hotels PLC**

An employee has filed a case against Serendib Hotels PLC, charged for non-payment of Budgetary Relief Allowance after resignation.

Bentota Pradeshiya Sabha has filed a case against Serendib Hotels PLC at Magistrate Court- Balapitiya, charged for operating the Hotel without the required permit issued by the Pradeshiya Sabha in the year 2019 , 2020, 2021 and 2022.

Wennappuwa Pradeshiya Sabha has filed a case against Club Hotel Dolphin at Magistrate Court- Marawila, charged for operating the Hotel without the required permit issued by the Pradeshiya Sabha in the years 2016, 2017, 2018 , 2019 and 2020.

An employee has filed a case against Hotel Sigiriya PLC at Labour Tribunal – Colombo claiming for back compensation and reinstatement on grounds of wrongful termination.

Labour Commissioner has filed a case against Hotel Sigiriya PLC at Magistrate's Court- Dambulla, charged for violation of the provisions of the Industrial Disputes Act.

d] **Agstar PLC**

A bank guarantee has been issued from Commercial Bank PLC to Lanka Postpate Limited for sum of Rs. 11Mn by Agstar PLC.

A bank guarantee has been issued from Commercial Bank PLC to Department of Customs for sum of Rs. 187,000 by Agstar PLC.

A bank guarantee has been issued from Commercial Bank PLC to Secretary Production, Supply and Regulation of Organic Fertilizer of Rs. 500,000 by Agstar.

e] **BG Air Services**

Guarantees given by Hatton National to Civil Aviation Authority of Sri Lanka for Air Transport License amounting to Rs. 500,000/-

f] **Browns Properties (Pvt) Ltd**

The Company has issued an indemnity in favour of Colombo Municipal Council against any claims or demands of any damages to the adjacent structures and moveable an immoveable properties due to the construction and also relating to the boundary disputes and or/ownership disputes including access roads and service line issues relating to the height or number of floors issues at the property at No.19 Dudley Senanayake Mawatha Colombo 08.

g] **Maturata Plantations Ltd.**

The contingencies in respect of pending litigation before labour tribunals are not expected to crystallize in a material liability to the Maturata Plantations Ltd.

The 8% cumulative preference dividends computed up to 31st March 2023 amounted to Rs.70,070,960/- [2021/22 - Rs.66,014,030/-]. However, this amount has not been accrued as payable in the financial statements, since it is classified under Equity.

44 SUBSEQUENT EVENTS

Subsequent to the reporting date, no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements.

Notes to the Financial Statements

45 SEGMENTAL INFORMATION

45.1 Primary Segments (Business Segments)

45.1.1 Group

	Trading		Manufacturing & Constructions		Investments		Plantation		
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000	
a) Segment Result									
Revenue	34,649,301	25,773,084	16,346,278	14,928,203	374,041	429,529	16,852,165	7,270,019	
Cost of Sales	(24,044,691)	(20,032,957)	(13,355,292)	(11,228,735)	(377,958)	(330,329)	(12,538,325)	(6,273,332)	
Gross Profit/ (Loss)	10,604,610	5,740,128	2,990,986	3,699,468	(3,917)	99,200	4,313,840	996,687	
Add: Other Income/(Expenses)	(193,844)	(1,287,926)	4,962	390,673	(384,881)	1,266,698	456,318	95,677	
Share of Loss of Equity Accounted Investees (Net of Income Tax)	-	-	-	-	-	-	-	-	
Change in fair value of Investment Properties	4,389,735	2,115,841	31,031	35,025	13,828,843	13,950,796	-	-	
Change in fair value of consumable biological assets	-	-	-	-	-	-	725,731	750,732	
Change in fair Value of bearer biological assets	-	-	-	-	-	-	-	-	
Gain on Disposal of Investment in Equity Accounted Investees	-	-	-	-	-	811,853	-	-	
Gain on Bargain Purchase of Subsidiaries	-	-	-	-	-	-	-	-	
Gain on Bargain Purchase of Associates	-	-	-	-	-	-	-	-	
Loss on disposal of subsidiaries	-	-	-	-	77,764	-	-	-	
Less : Expenses	(12,699,778)	(4,474,091)	(5,088,080)	(2,114,025)	(15,953,942)	(5,321,799)	(10,071,194)	(5,490,821)	
Profit/ (Loss) before Taxation	2,100,723	2,093,952	(2,061,101)	2,011,141	(2,436,132)	10,806,747	(4,575,305)	(3,647,725)	
Income Tax Expense	(1,848,288)	(369,078)	205,293	(316,988)	(211,004)	58,995	62,520	66,204	
Profit/ (Loss) for the Year	252,435	1,724,874	(1,855,809)	1,694,153	(2,647,136)	10,865,741	(4,512,785)	(3,581,520)	
b) Segment Assets									
Non-current Assets	73,290,371	53,631,189	11,173,240	5,584,377	226,580,356	200,973,642	108,561,052	104,664,794	
Current Assets	22,842,675	23,716,865	33,134,008	28,202,217	86,112,754	65,759,211	10,595,831	7,905,486	
	96,133,046	77,348,054	44,307,248	33,786,594	312,693,110	266,732,853	119,156,883	112,570,280	
c) Segment Liabilities									
Non-current Liabilities	7,749,964	8,501,555	4,516,739	4,206,034	23,646,189	23,839,747	8,536,691	8,544,066	
Current Liabilities	47,245,101	28,011,342	26,814,527	20,691,242	154,219,558	121,408,416	33,020,736	24,722,969	
	54,995,065	36,512,897	31,331,266	24,897,276	177,865,746	145,248,164	41,557,427	33,267,034	

	Leisure		Real Estate		Others		Adjustments		Group Total	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
	5,778,337	1,269,643	340,650	304,933	112,123	447,941	[1,801,053]	[119,712]	72,651,843	50,303,639
	[2,910,165]	[509,010]	[30,512]	[21,659]	[58,946]	[181,800]	1,405,761	12,367	[51,910,127]	[38,565,454]
	2,868,172	760,632	310,138	283,274	53,177	266,142	[395,291]	[107,346]	20,741,716	11,738,185
	[29,173]	32,344	164,328	[2,661]	[187]	3	[273,903]	[713,498]	[256,380]	[218,690]
	-	-	-	-	-	-	4,241,909	724,383	4,241,909	724,383
	13,000	6,000	876,061	133,526	40,000	11,684	-	[48,129]	19,178,670	16,204,742
	-	-	-	-	-	-	-	-	725,731	750,732
									-	-
	-	-	-	-	-	-	-	-	-	811,853
	-	-	-	-	-	-	-	3,729,722	-	3,729,722
	-	-	-	-	-	-	162,458	18,436,233	162,458	18,436,233
	-	-	-	-	-	-	-	-	77,764	-
	[12,194,803]	[4,675,245]	[610,853]	[222,558]	[94,580]	[112,772]	733,596	538,228	[55,979,633]	[21,873,085]
	[9,342,803]	[3,876,268]	739,675	191,580	[1,590]	165,056	4,468,769	22,559,592	[11,107,766]	30,304,075
	789,010	148,446	[393,655]	[142,395]	[23,619]	[2,684]	-	-	[1,419,743]	[557,500]
	[8,553,793]	[3,727,822]	346,020	49,185	[25,210]	162,372	4,468,769	22,559,592	[12,527,509]	29,746,575
	90,697,222	79,854,919	15,400,729	13,937,891	10,925,323	10,897,141	[158,019,082]	[133,034,695]	378,609,209	336,509,257
	13,309,450	10,574,464	1,543,048	1,188,890	469,284	456,338	[79,762,277]	[58,911,186]	88,244,768	78,892,279
	104,006,672	90,429,383	16,943,777	15,126,781	11,394,607	11,353,479	[237,781,359]	[191,945,882]	466,853,977	415,401,536
	25,353,401	19,700,964	2,765,988	2,416,501	1,096,772	1,129,640	[4,605,795]	[4,481,038]	69,059,949	63,857,470
	43,614,483	30,724,333	2,708,220	1,865,540	1,110,520	798,315	[83,581,538]	[59,960,071]	225,151,607	168,262,082
	68,967,884	50,425,297	5,474,208	4,282,041	2,207,293	1,927,955	[88,187,333]	[64,441,109]	294,211,556	232,119,552

Notes to the Financial Statements

46 NON CONTROLLING INTERESTS

The following table summarises the information relating to Browns Investments PLC that has material NCI. Inter-company eliminations have been made to the information for the Browns Investments PLC subgroup in order to show the interests of NCI in that subgroup as a whole.

As at 31st March	Browns Investments PLC	
	2023	2022
Holding %	64.55%	64.55%
NCI%	35.45%	35.45%
	Rs.000	Rs.000
Total assets	415,902,450	372,781,266
Total liabilities	[244,158,513]	[190,195,333]
Net assets attributable to Equity Holders	[78,300,278]	[84,514,881]
Carrying value of NCI	93,443,659	98,071,052
Gross income	42,015,935	23,998,957
Profit/(Loss) for the year	[12,120,675]	31,598,389
Profit/(Loss) attributable to Equity Holders	[5,898,791]	23,438,954
Profit/(Loss) attributable to NCI	[6,221,884]	8,159,435
OCI for the year	2,849,228	35,198,992
Net cash generated from/ (used in) Operating Activities	26,915,860	29,254,479
Net cash used in from Investing Activities	[10,341,829]	[43,454,300]
Net cash generated from Financing Activities	[14,952,352]	14,041,605
Total net cash inflow	1,621,679	[158,216]

47 IMPACT OF THE ECONOMIC CRISIS

Impact of the current uncertain economic conditions on the business and Going Concern

The Group and the Company incurred a loss of Rs.12,528 Mn and Rs.1,430 Mn respectively during the year ended 31 March 2023 and as at that date the Group's and the Company's current liabilities exceeded the current assets by Rs.136,907 Mn and Rs. 27,544 Mn respectively.

The Company and the Group have invested in the long-term investments using the funds borrowed from related companies and financial institutions. The profitability of the Company and the Group was impacted mainly due to the following unfavorable economic conditions during the year.

Adverse movement on the foreign exchange rate

The Central Bank of Sri Lanka (CBSL) abandoned a peg of Rs. 200 against the USD in March 2022, allowing the exchange rate to be decided by market factors. This resulted with the rupee depreciating at a rapid rate of up to 45% against the US dollar. As at the end of March 2023, the USD buying rate stood at USD (\$) 1 : Rs. 318 and the selling rate stood at USD (\$) 1 : Rs. 336 and remains fluctuating around the same range in August 2023. This resulted in the cost of imported inputs experiencing a significant increase. The Company incurs a significant portion of its costs of sales in foreign currency, in terms of cost of importation, the Sri Lankan Rupee depreciation against other currencies have had an unfavorable impact on the Company.

Increasing inflation

Country experienced a 50.30% YoY headline inflation in the month of March 2023 as per the CCPI. This is mainly due to the increase in import prices and domestic prices resulting from rupee depreciation and excessive money printing by CBSL. Nevertheless, the YoY headline inflation rates decreased to 6.30%, as at the end of July 2023 in line with the remedial actions taken by CBSL. The declining inflation rates will have a favorable impact on the cost management of the Group and ultimately the operating profits. Impact in the financial year addresses the areas of material purchase costs, payroll costs, distribution costs and other general administration and distribution costs.

Increasing interest rates

CBSL raised the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 100 basis points to 15.50 per cent and 16.50 per cent, respectively in March 2023. Nevertheless, the SDFR in the month of August 2023 rates stood at 11 per cent and 12 per cent, respectively. The Group and the Company incurred a net finance cost of Rs.42,782 Mn and Rs.7,986 Mn respectively during the year ended 31 March 2023 owing to the significant amount of debt obtained including borrowings from related parties. Majority of these borrowings have been obtained at market interest rates. With the reduction of the policy rates and the AWPLR subsequent to the year end, the management expects that the burden of the high finance costs would smoothen in the upcoming financial year. Impact in the financial year addresses the areas which significantly impacts the finance costs on loans obtained at AWPLR, as the Group and Company had increased its debt holding structure, in view of the long-term expansion of the company.

In March 2023, the International Monetary Fund (IMF) Board approved a 48-month extended arrangement under the Extended Fund Facility (EFF) of SDR 2.286 billion (about US\$3 billion) to support Sri Lanka's economic policies and reforms. The objectives of the EFF-supported program are to restore macroeconomic stability and debt sustainability, safeguarding financial stability, and stepping up structural reforms to unlock Sri Lanka's growth potential. The management believes this will make a conducive business environment and will have a positive impact on the business performance.

Global economic crisis

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecasted to be at 2.7% in 2023, which the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.

The Company primarily engages in trade of goods whereas, it was noted that over the first three months of 2023, trade in goods went up by 1.9% from the last quarter of 2022.

In perspective of the Group which holds a diversified portfolio, one of the industries most impacted is the leisure sector where the recession is forecasted to slow down travel demand. However, the management is in constant dialog with Foreign Tour Operators (FTO's) and local Destination Management Companies (DMC's), to ascertain the current market conditions of the target market segments. Even though the industry is having a temporary drawback, those local and foreign tour operators are positive for the medium and long term. Several FTOs are in discussions to finalize contracts for the immediate future.

Global inflation has risen from 4.1% to 6.5% in 2022 and is forecasted to decline to 6.5% in 2023 and to 4.1% by 2024.

Impact on the going concern.

It is the view of the management that the basis of preparation of the financial statements of the Group and the Company remains appropriate and that the Group and Company continue to operate as a going concern for the foreseeable future. The Company's business recorded strong improvement in revenues compared to the previous year, to support in which, as per published results, during the quarter ended 30 June 2023, the Group and the Company recorded an increase in revenue of 19.13% and 13.8%, respectively. With the improvement of the macroeconomic conditions, the management expects the finance costs to reduce and the total revenues to increase in the upcoming year.

Notes to the Financial Statements

Further, with the view of strengthening the financial position while reducing the entity level debts of Palm Garden Hotels PLC and Eden Hotel Lanka PLC, the subsidiaries of the Company which engaged in the leisure sector. The Board of Directors approved the following Rights issues on 13 June 2023:

Entity	Number of shares	Consideration per share [Rs.]	Stated capital expected to raise [Rs.]
Palm Garden Hotels PLC	432,670,000	41	17,739,470,000
Eden Hotel Lanka PLC	1,056,000,000	10	10,560,000,000

The management has formed reasonable a judgement that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans, along with the financial strength of LOLC Group.

The Group and the Company obtain support from the ultimate parent company, LOLC Holdings PLC, to manage its investments portfolio and working capital management, as required. Further, the Group has also taken operational measures in sustaining revenue by re-exporting and through cost optimization measures.

The Group expects the economy to revive with the resumption of business activities where the Group is already seeing positive momentum. Given the volatile and evolving landscape, the Group will continue to monitor the impacts on its operations and pro-actively take measures to ensure the business continues as seamlessly as possible.

In determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the effects of the prevailing macroeconomic conditions and its effects on the Group and the Company and the appropriateness of the use of the going concern basis.

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AS ONE OF THE
NATION'S OLDEST
TRADING HOUSES,
WE KNOW WE HAVE
TO BE PROGRESSIVE,
RESILIENT AND
INNOVATIVE IF
WE ARE TO STAY
RELEVANT TO THE
NATION'S CHANGING
NEEDS.

Ten Year Summary

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Group revenue	72,651,843	50,303,640	29,391,036	20,438,843	21,193,726	20,554,110	22,648,082	19,890,181	10,072,684	9,749,825
EBIT	35,778,798	43,136,596	2,799,436	4,448,224	3,979,584	5,402,671	7,330,374	133,830	2,083,560	2,834,467
Finance expenses	(46,886,564)	(12,832,521)	(5,582,525)	(5,418,665)	(3,861,751)	(2,970,629)	(2,910,399)	(1,370,381)	(893,396)	(1,023,541)
Share of results of Equity Accounted Investees	4,241,909	724,383	(122,597)	(278,942)	56,017	77,845	66,225	53,651	83,718	(37,707)
Profit/(Loss) before tax	(11,107,766)	30,304,075	(2,783,090)	(970,441)	117,833	2,432,042	4,419,975	(1,236,551)	1,190,164	1,810,926
Tax expense	(1,419,743)	(557,500)	(561,334)	(544,230)	(114,889)	(495,569)	(458,499)	(74,201)	(75,793)	(137,904)
Profit/(Loss) for the year	(12,527,509)	29,746,575	(3,344,424)	(1,514,671)	2,944	1,936,473	3,961,476	(1,310,752)	1,114,371	1,673,022
Attributable to:										
Equity holders of the parent	(6,230,356)	21,589,061	(16,046)	3,620,315	1,274,458	613,961	1,897,766	(205,109)	1,331,699	1,674,805
Non-Controlling interest	(6,297,153)	8,157,514	(3,328,378)	(5,134,986)	(1,271,514)	1,122,512	2,063,710	(1,105,643)	(217,328)	(1,783)
	(12,527,509)	29,746,575	(3,344,424)	(1,514,671)	2,944	1,936,473	3,961,476	(1,310,752)	1,114,371	1,673,022
CAPITAL EMPLOYED										
Stated capital	9,093,101	9,093,101	9,093,101	9,093,101	9,093,101	2,005,601	2,005,601	2,005,601	2,005,601	2,005,601
Capital reserves	33,438,204	32,960,336	17,809,193	4,643,864	3,873,928	2,454,529	2,080,753	2,010,848	1,282,743	1,072,759
Revenue reserves	36,572,208	43,154,141	19,985,456	16,520,105	12,753,386	14,900,123	14,123,385	11,997,076	12,200,875	10,809,655
Share holders funds	79,103,514	85,207,578	46,887,750	30,257,070	25,720,415	19,360,253	18,209,739	16,013,525	15,489,219	13,888,015
Non-Controlling interests	93,538,908	98,074,405	50,180,938	46,497,651	20,471,343	17,178,560	15,012,565	18,145,838	17,499,633	8,462,687
Total equity	172,642,422	183,281,984	97,068,688	76,754,721	46,191,759	36,539,813	33,222,304	34,159,363	32,988,852	22,350,702
Total debt	107,151,270	108,616,770	59,473,332	39,124,909	26,128,926	18,011,778	15,405,063	16,098,683	14,083,558	10,308,733
	279,793,692	291,898,754	156,542,019	115,879,630	72,320,685	54,551,591	48,627,367	50,258,047	47,072,410	32,659,435
ASSETS EMPLOYED										
Property, plant and equipment (PPE)	174,129,783	160,992,095	105,513,324	79,958,922	35,302,341	30,939,740	25,271,442	22,499,974	19,464,012	14,625,051
Non-current assets other than PPE	204,479,427	175,517,162	59,646,236	44,656,606	38,120,004	27,615,835	22,345,198	25,322,724	23,331,866	11,903,802
Current assets	88,244,768	78,892,279	30,602,185	23,057,277	19,313,775	16,706,508	18,438,331	13,715,260	11,989,412	8,731,912
Liabilities other than debt	(187,060,286)	(123,502,782)	(39,219,725)	(31,793,176)	(20,415,436)	(20,710,492)	(17,427,604)	(11,279,931)	(7,712,880)	(2,601,330)
	279,793,692	291,898,754	156,542,019	115,879,630	72,320,684	54,551,591	48,627,367	50,258,047	47,072,410	32,659,435
CASH FLOW										
Net cash flows generated from / (used in) operating activities	16,792,709	28,472,522	(985,535)	8,922,656	(6,327,487)	(2,761,368)	6,746,905	714,220	(633,413)	(1,347,635)
Net cash flows generated from / (used in) investing activities	(9,756,432)	(61,126,632)	(6,311,442)	(13,426,033)	(8,870,409)	(4,173,486)	(5,521,737)	(1,826,082)	(2,026,387)	87,306
Net cash flows generated from / (used in) financing activities	(8,139,033)	34,305,383	9,499,726	5,422,655	14,785,630	2,185,327	2,335,446	1,890,376	2,995,879	2,157,494
Net Increase / (decrease) in Cash and Cash Equivalents during the year	(1,102,756)	1,651,273	2,202,748	919,278	(412,265)	(4,749,526)	3,560,614	778,514	336,079	897,165
KEY INDICATORS										
Earnings/ (Loss) per Share (Rs.)	(29.30)	101.54	(0.08)	17.03	7.22	11.48	26.78	(2.89)	18.79	23.63
Net Assets per Share (Rs.)	372.03	400.74	220.52	142.30	120.97	273.16	256.93	225.94	218.54	195.95
Market Price per Share (Rs.)	119.5	133.5	155.2	42.0	48.0	69.0	71.0	79.8	96.5	90
Market Capitalization	25,408,688	28,385,438	33,005,779	8,930,250	10,206,000	4,890,375	5,032,125	5,655,825	6,839,438	6,378,750
Return on Shareholders' funds (%)	(7.88)	25.34	(0.03)	11.97	4.96	4.20	10.42	(1.28)	8.60	12.06
Return on Capital Employed (%)	12.79	14.78	1.79	3.84	5.50	9.90	15.07	0.27	4.43	8.68
Price Earnings Ratio (times)	(4.08)	1.31	(2.057)	2.47	6.65	6.01	2.65	(27.57)	5.17	3.81
Interest Cover (times covered)	0.76	3.36	0.50	0.82	1.03	1.82	2.52	0.10	2.33	2.77
Current Ratio (times)	0.39	0.47	0.46	0.51	0.58	0.57	0.71	0.81	0.92	0.89
Debt to Equity Ratio (%)	62.07	59.26	61.27	50.97	56.57	49.29	46.37	47.13	41.22	45.58
Number of Shares	212,625	212,625	212,625	212,625	212,625	70,875	70,875	70,875	70,875	70,875

Economic Value Statement

As at 31st March	GROUP	
	2023 Rs.000	2022 Rs.000
Economic Value Generated		
Revenue	72,651,843	50,303,639
Interest Income	4,104,539	914,892
Dividend Income	-	11,621
Change in Fair Value of Investment Properties	19,178,670	16,204,742
Gain on Disposal of Investment in Equity Accounted Investees	-	811,853
Gain on Bargain Purchase of Subsidiaries	-	3,729,722
Gain on disposal of subsidiaries	77,764	-
Gain on Bargain Purchase of Associates	162,458	18,436,233
Other Income	469,351	520,421
	96,644,624	90,933,123
Economic Value Distributed		
Operating Costs	48,131,501	41,600,976
Employee Wages and Benefits	8,018,029	4,493,421
Payments to Providers of Funds	46,886,564	12,832,521
Payments to Government	1,419,743	557,500
	104,455,837	59,484,418
Economic Value Retained		
Depreciation	4,677,581	1,661,150
Amortization	38,714	40,979
Profit/ (Loss) for the year	[12,527,509]	29,746,575
	[7,811,213]	31,448,704

Investor Relations

SHARE ANALYSIS AS AT 31ST MARCH 2023

	TOTAL		
	NO. OF SHAREHOLDERS	NO. OF SHARES	[%]
1 to 1,000 shares	3,239	892,622	0.41
1,001 to 10,000 shares	1,279	4,636,208	2.18
10,001 to 100,000 shares	395	11,132,017	5.23
100,001 to 1,000,000 shares	30	6,593,734	3.11
over 1,000,000 shares	11	189,370,419	89.07
Total	4,954	212,625,000	100.00

CATEGORIES OF SHAREHOLDERS

	NO. OF SHAREHOLDERS	NO. OF SHARES	[%]
Individual	4,578	16,783,928	7.89
Institutional	376	195,841,072	92.11
Total	4,954	212,625,000	100
Resident	4,749	206,634,544	97.18
Non-Resident	205	5,990,456	2.82
Total	4,954	212,625,000	100.00

DIRECTORS' SHAREHOLDINGS

NO. OF SHARES	31ST MARCH 2023	31ST MARCH 2022
Sampath Bank PLC/Mr. Ishara Nanayakkara	299,700	299,700
Mr. Kapila Jayawardena	Nil	Nil
Mrs. Kalsha Amarasinghe	Nil	Nil
Mr. Janaka de Silva	Nil	Nil
Mr. Tissa Bandaranayake	Nil	Nil
Mr. Danesh Abeyratne	Nil	Nil
Mr.Thamotharampillai Sanakan	Nil	Nil

SHARE PRICE INFORMATION ON ORDINARY SHARES OF THE COMPANY FOR FIVE YEARS (2018/19 - 2022/23)

Year	High [Rs.]	Low [Rs.]	Close [Rs.]
2022 - 2023	139.00	107.50	119.50
2021 - 2022	414.75	125.00	133.50
2020 - 2021	285.00	35.00	155.25
2019 - 2020	92.30	36.90	42.00
2018 - 2019	74.00	46.50	48.00

LIST OF 20 MAJOR SHAREHOLDERS

31.03.2023 NAME	NO.OF SHARES	%
1 SEYLAN BANK PLC/LOLC HOLDINGS PLC [COLLATERAL]	60,000,000	28.22
2 L O L C HOLDINGS PLC	52,092,103	24.50
3 HATTON NATIONAL BANK PLC/LOLC HOLDINGS PLC	30,000,000	14.11
4 ENGINEERING SERVICES (PVT) LIMITED	16,588,962	7.80
5 MASON MIXTURE LIMITED	13,732,632	6.46
6 EMPLOYEE'S PROVIDENT FUND	6,914,625	3.25
7 BROWNS HOLDINGS LIMITED	4,948,182	2.33
8 ACE BONUS INVESTMENTS LIMITED	1,755,000	0.83
9 HATTON NATIONAL BANK PLC/ SUBRAMANIAM VASUDEVAN	1,165,195	0.55
10 VYJANTHI & COMPANY LTD.	1,155,897	0.54
11 S. V. SOMASUNDARAM	1,017,823	0.48
12 SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	786,990	0.37
13 COMMERCIAL BANK OF CEYLON PLC/S.A. GULAMHUSEIN	716,015	0.34
14 HATTON NATIONAL BANK PLC/ ARUNASALAM SITHAMPALAM	395,695	0.19
15 HATTON NATIONAL BANK PLC/ SARRAVANAN NEELAKANDAN	346,011	0.16
16 MRS.P.C.COORAY	331,408	0.16
17 SAMPATH BANK PLC/ISHARA CHINTHAKA NANAYAKKARA	299,700	0.14
18 HATTON NATIONAL BANK PLC/ PALANIYANDY MURALITHARAN	270,000	0.13
19 MR.B.W.KUNDANMAL	247,442	0.12
20 BANK OF CEYLON NO. 1 ACCOUNT	234,241	0.11
TOTAL	192,997,921	90.79
No. of shares held by public	34,963,421	16.44
No. of public shareholders	4,947	

31.03.2022 NAME	NO.OF SHARES	%
1 SEYLAN BANK PLC/LOLC HOLDINGS PLC [COLLATERAL]	60,000,000	28.22
2 L O L C HOLDINGS PLC	52,092,103	24.50
3 HATTON NATIONAL BANK PLC/LOLC HOLDINGS PLC	30,000,000	14.11
4 ENGINEERING SERVICES (PVT) LIMITED	16,588,962	7.80
5 MASON MIXTURE LIMITED	13,732,632	6.46
6 EMPLOYEE'S PROVIDENT FUND	6,914,625	3.25
7 BROWNS HOLDINGS LIMITED	4,948,182	2.33
8 ACE BONUS INVESTMENTS LIMITED	1,755,000	0.83
9 HATTON NATIONAL BANK PLC/ SUBRAMANIAM VASUDEVAN	1,183,111	0.56
10 VYJANTHI & COMPANY LTD.	1,155,897	0.54
11 S. V. SOMASUNDARAM	992,083	0.47
12 SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	786,990	0.37
13 COMMERCIAL BANK OF CEYLON PLC/S.A. GULAMHUSEIN	716,015	0.34
14 CAPITAL TURST HOLDINGS LTD	515,939	0.24
15 HATTON NATIONAL BANK PLC/ ARUNASALAM SITHAMPALAM	395,695	0.19
16 HATTON NATIONAL BANK PLC/ SARRAVANAN NEELAKANDAN	361,011	0.17
17 HATTON NATIONAL BANK PLC/BISWAJITH UDAYAPRIYA HETTIARACHCHI	334,514	0.16
18 MRS. P.C. COORAY	331,408	0.16
19 SAMPATH BANK PLC/ISHARA CHINTHAKA NANAYAKKARA	299,700	0.14
20 HATTON NATIONAL BANK PLC/ PALANIYANDY MURALITHARAN	270,000	0.13
TOTAL	193,373,867	90.97
No. of shares held by public	34,963,421	16.44
No. of public shareholders	4,283	

Float adjusted market capitalisation - Rs. 4.18 Bn.

The Company complies with minimum public holding requirement under Option 1 as set out in the Listing Rules 7.14.1 [b] as at reporting date.

Parent, Subsidiary and Associate Companies

COMPANY	DIRECTORS
LOLC Holdings PLC	Ishara Nanayakkara Kapila Jayawardena Kalsha Amarasinghe Dr. Ravindra Fernando Deshamanya M D D Peiris Conrad Dias
Browns Investments PLC	Ishara Nanayakkara Kamantha Amarasekera Stefan Furkhan Mrs.Kalsha Amarasinghe Kapila Jayawardena Dr.Jayanta Swaminathan
Associated Battery Manufacturers Ceylon Limited	Asish Kumar Mukherjee Avik Roy Thamotharampillai Sanakan Manju Gunawardena Ajith De Silva Partha Sarkar Sandeep Bendre
S.F.L.Services [Pvt] Ltd	Mrs.Rohini Nanayakkara Thamotharampillai Sanakan Danesh Abeyrathne
Engineering Services [Pvt] Ltd	Rohini Nanayakkara Thamotharampillai Sanakan Danesh Abeyrathne
Masons Mixture Limited	Rohini Nanayakkara Thamotharampillai Sanakan Danesh Abeyrathne
Browns Group Motels Ltd	Mrs.Rohini Nanayakkara Thamotharampillai Sanakan
C.F.T.Engineering Ltd	Mrs.Rohini Nanayakkara Thamotharampillai Sanakan
Browns Group Industries [Pvt] Ltd	Mrs.Rohini Nanayakkara Thamotharampillai Sanakan
The Hatton Transport And Agency Company [Pvt] Ltd	Rohini Nanayakkara Thamotharampillai Sanakan
Walker & Greig [Pvt] Ltd	Mrs.Rohini Nanayakkara Thamotharampillai Sanakan
Klevenberg [Pvt] Ltd	Danesh Abeyrathne Thamotharampillai Sanakan
Sifang Lanka [Pvt] Ltd	Mrs.Rohini Nanayakkara Thamotharampillai Sanakan
Galoya Holdings [Private] Limited	Kithsiri Gunawardena Danesh Abeyrathne Sanjaya Kalidasa Ananda Wijayaratne

COMPANY	DIRECTORS
Galoya Plantations (Pvt) Ltd	Kithsiri Gunawardena Danesh Abeyrathne Wasantha Batagoda Gayan Dissanayake Dr.Pradeep Uluwaduge Ms.Damitha Rathnayake Prasanna Thewarapperuma Sanjeewa Senewirathne
Browns Thermal Engineering (Pvt) Ltd	Mrs. Rohini Nanayakkara Damcene Fernando Anoj Munudasa
Browns Health Care Negombo (Pvt) Ltd	Thamotharampillai Sanakan Danesh Abeyrathne
Browns Industrial Park Ltd (Formerly Known as East West Textiles (Pvt) Ltd)	Mrs.Rohini Nanayakkara Thamotharampillai Sanakan Danesh Abeyrathne
Snowcem Products Lanka (Pvt) Ltd	.Danesh Abeyrathne Thamotharampillai Sanakan
Browns Holdings Ltd	Kalsha Amarasinghe Kithsiri Gunawardena
Browns Pharma Ltd	Thamotharampillai Sanakan Manju Gunawardena
Browns Agri Solutions (Pvt) Ltd	Danesh Abeyrathne Manju Gunawardena Thamotharampillai Sanakan Wasantha Batagoda
B.I.Holdings (Pvt) Ltd (Formerly known as Browns Pharmaceuticals Limited)	Thamotharampillai Sanakan Mangala Wijesinghe
Browns Leisure (Pvt) Ltd	Danesh Abeyrathne Thamotharampillai Sanakan Gunendra Jayasena
Ceylon Nano Diagnostics (Pvt) Ltd	Danesh Abeyrathne Wasantha Batagoda Manju Gunawardena Nareshkumar Handagama Azeez Mubarak Sanjaya Bathige
Browns Property Holdings (Pvt) Ltd	Gunendra Jayasena Thamotharampillai Sanakan Danesh Abeyrathne Thamotharampillai Sanakan
Browns Fabric Limited	Dulip Samaraweera Charitha Jayasingha

Parent, Subsidiary and Associate Companies

COMPANY	DIRECTORS
B.G.Air Services [Pvt] Ltd	Thamotharampillai Sanakan Kamantha Amarasekera Danesh Abeyrathne Panduka Weerasingha Gunendra Jayasena
Samudra Beach Resorts [Pvt] Ltd	Kamantha Amarasekera Rohini Nanayakkara Sunjeevani Kotakadeniya
Millennium Development [Pvt] Ltd	Kamantha Amarasekera Thamotharampillai Sanakan Eksath Wijeratne
Excel Global Holdings [Pvt] Ltd	Kamantha Amarasekera Thamotharampillai Sanakan
Taprobane Plantations Ltd	Nilimini Nanayakkara Hewa Maddumage Siripala
Excel Restaurants [Pvt] Ltd	Kamantha Amarasekera Thamotharampillai Sanakan Eksath Wijeratne
Ajax Engineers [Pvt] Ltd	Kamantha Amarasekera Vishwa Kumarasinghe Verny Gunarathne Thamotharampillai Sanakan Charitha Jayasinghe
Creations Wooden Fabricators [Pvt] Ltd	Ajith Weeratunga Thamotharampillai Sanakan Kamantha Amarasekera Vishwa Kumarasinghe
Green Paradise [Pvt] Ltd	Kamantha Amarasekera Eksath Wijeratne Kalsha Amarasinghe
B I Zhongtian [Pvt] Ltd	Gunendra Jayasena Kamantha Amarasekera
Browns Global Farm [Pvt] Ltd	Gunendra Jayasena Kamantha Amarasekera
Sun & Fun Resorts Ltd	Gunendra Jayasena Vamsi Vemuru Kamantha Amarasekera Tilak Selviah Eksath Wijeratne

COMPANY	DIRECTORS
B I Commodities and Logistics (Pvt) Ltd	Kamantha Amarasekera Sunjeevani Kotakadeniya Gunendra Jayasena Danesh Abeyrathne Manju Gunawardena Anura Vithanage
Ceylon Roots Lanka (Pvt) Ltd	Gunendra Jayasena Kamantha Amarasekera Nishantha Perera Dishan Perera
Browns Teas (Pvt) Ltd	Kamantha Amarasekera Gunendra Jayasena Panduka Weerasingha
Browns Metal & Sands (Private) Ltd	Kamantha Amarasekera Danesh Abeyrathne Sunjeevani Kotakadeniya Panduka Weerasingha
Browns Engineering and Construction (Pvt) Ltd	Ishara Nanayakkara Kamantha Amarasekera Nimal Lokuge Kithsiri Gunawardena Jagath Pathirena Sunjeevani Kotakadeniya Shantha Kurumbalapitiya
General Accessories and Coating (Pvt) Ltd	Kamantha Amarasekera Gunendra Jayasena Charitha Jayasinghe
Gurind Accor (Pvt) Ltd	Gurmeet Singh Kamantha Amarasekera Sunjeevani Kotakadeniya
F L P C Management (Pvt) Ltd	Kamantha Amarasekera Gunendra Jayasena Panduka Weerasingha
Browns Power Holdings (Pvt) Ltd	Kamantha Amarasekera Dr. Pradeep Uluwaduge
Browns Properties (Pvt) Ltd	Kamantha Amarasekera Gunendra Jayasena Panduka Weerasingha Wasantha Batagoda
Maturata Plantations Ltd	Dr. Pradeep Uluwaduge Kamantha Amarasekera Kithsiri Gunawardena Sunjeevani Kotakadeniya Christine Sriyani Perera

Parent, Subsidiary and Associate Companies

COMPANY	DIRECTORS
The Tea Leaf Resort Holding [Pvt] Ltd	Priyantha Perera Anton Aloysius Shamendra Panditha Kamantha Amarasekera
Serendib Hotels PLC	Kapila Jayawardena Kalsha Amarasinghe Kamantha Amarasekera Dr. Jayanta Swaminathan Thilan Wijesinghe Andrew Chojnacki Shantha Kurumbalapitiya Dilip Rajakarier
Dolphin Hotels PLC	Kapila Jayawardena Kalsha Amarasinghe Kamantha Amarasekera Dr. Jayanta Swaminathan Sarada De Silva Shantha Kurumbalapitiya
Hotel Sigiriya PLC	Kapila Jayawardena Kalsha Amarasinghe Kamantha Amarasekera Dr. Jayanta Swaminathan Sarada De Silva Shantha Kurumbalapitiya
Frontier Capital Lanka [Pvt] Ltd	Kamantha Amarasekera Shantha Kurumbalapitiya Dr. Jayanta Swaminathan
Sanctuary Resorts Lanka [Pvt] Ltd	Kamantha Amarasekera Shantha Kurumbalapitiya Dr. Jayanta Swaminathan
Kammala Hoteliers [Pvt] Ltd	Kamantha Amarasekera Sarada De Silva Dr. Jayanta Swaminathan
NPH Investment [Pvt] Ltd	Kamantha Amarasekera Ibrahim Mohamed Tilak Selviah Ali Niman Kithsiri Gunawardena Sunjeevani Kotakadeniya Mohomed Manik
Serendib Leisure Management Ltd	Kalsha Amarasinghe Kamantha Amarasekera Dr. Jayanta Swaminathan Dillip Rajakarier Shantha Kurumbalapitiya

COMPANY	DIRECTORS
Sunbird Bioenergy (SL) Limited	Ishara Nanayakkara Kamantha Amarasekera Danesh Abeyrathne Deepak Kohli Richard Bennett
Grey Reach Investments Ltd	Ishara Nanayakkara Kamantha Amarasekera Danesh Abeyrathne Kithsiri Gunawardena Deepak Kohli Richard Bennett Loc D Nguyen
Browns Ari Resort (Pvt) Ltd	Ishara Nanayakkara Kamantha Amarasekera Mohomed Niham S Mohmed
Browns Raa Resort (Pvt) Ltd	Ishara Nanayakkara Kamantha Amarasekera Mohomed Niham
B Commodities ME FZE	BI Commodities & Logistics (Pvt) Ltd
Browns Hotels and Resorts Ltd	Sunjeevani Kotakadeniya Jayantha Kelegama Kamantha Amarasekera
Sri Spice (Private) Limited	Danesh Abeyrathne Manju Gunawardena Janaka Wickramasinghe
Tropical Island Commodities (Private) Limited	Danesh Abeyrathne Manju Gunawardena Janaka Wickramasinghe Danushkha Mallawarachchi Sunjeevani Kotakadeniya
Ceylon Real Estate Holdings (Pvt) Ltd	Imraz Iqbal Kamantha Amarasekera Kithsiri Gunawardena
Colombo Marina Development (Pvt) Ltd	Imraz Iqbal Kamantha Amarasekera Kithsiri Gunawardena
Marina Hotel Holdings (Pvt) Ltd	Imraz Iqbal Kamantha Amarasekera Kithsiri Gunawardena
Marina Hotel (Pvt) Ltd	Dulip Samaraweera Shehan Bartholomeuz Imraz Iqbal

Parent, Subsidiary and Associate Companies

COMPANY	DIRECTORS
Colombo Marina International (Pvt) Ltd	Dulip Samaraweera Shehan Bartholomeuz Imraz Iqbal
Hapugastenne Plantations PLC	Dr. Pradeep Uluwaduge Dushanth Ratwatte Sunjeevani Kotakadeniya Kamantha Amarasekera Anusha Perera Thiyagarajah Dharmarajah Ebert Silva Dhamitha Perera
Udapussellawa Plantations PLC	Dr. Pradeep Uluwaduge Dushanth Ratwatte Sunjeevani Kotakadeniya Kamantha Amarasekera Anusha Perera Thiyagarajah Dharmarajah Ebert Silva Dhamitha Perera
Newburgh Green Teas (Pvt) Ltd	Dr. Pradeep Uluwaduge Dushanth Ratwatte Niwantha Amarasinghe Jayantha Karunaratne Anusha Perera Sisira Pushpakumara Abhaya Gurusinghe Chandana De Silva Amrit Dayananda
Iconic Trust (Pvt) Ltd	Kamantha Amarasekera Kithsiri Gunawardena Sunjeevani Kotakadeniya Panduka Weerasingha
Agstar PLC	Indika Gunawardhana Sunjeevani Kotakadeniya Pasad Weerasekera Kamantha Amarasekera Athula Ranaweera Dr. Damitha De Zoysa Siromi Wickramasinghe Danesh Abeyrathne Panduka Weerasingha Manju Gunawardena

COMPANY	DIRECTORS
Sierra Cables PLC	Priyantha Perera Kamantha Amarasekara Nimal Rupasinghe Prof. Ananda Jayawardena Buwanekabahu Perera Shamendra Panditha Panduka Weerasingha Sunjeevani Kotakadeniya Gunendra Jayasena
Sierra Pilling (Private) Limited	Kamantha Amarasekera Panduka Weerasingha Jagath Pathirana Sunjeevani Kotakadeniya Nimal Lokuge
Sansun Boutique Hotels Ltd	Panduka Weerasingha Eksath Wijeratne Gunendra Jayasena Kamantha Amarasekara
Sierra Developments Limited	Wasantha Batagoda Kamantha Amarasekara Panduka Weerasingha
Sierra Industries (Pvt) Ltd	Priyantha Perera Sharmendra Panditha Harsha Jayatunga
Agstar Seeds (Pvt) Ltd	Pasad Weerasekera Danesh Abeyarathne Panduka Weerasingha
Agstar Grains (Pvt) Ltd	Harsha Jayatunga Danesh Abeyarathne Panduka Weerasingha
Euro Asia Tea (Pvt) Ltd	Danesh Abeyarathne Sudath Lansakkara
Mahaweli Agro Trading (Pvt) Ltd	Pasad Weerasekera Danesh Abeyarathne Panduka Weerasingha
Agstar Exports (Pvt) Ltd	Pasad Weerasekera Danesh Abeyarathne Panduka Weerasingha
Prith Seeds (Pvt) Ltd	Pasad Weerasekera Danesh Abeyarathne Panduka Weerasingha
Agstar Cropcare (Pvt) Ltd	Pasad Weerasekera Danesh Abeyarathne Panduka Weerasingha

Parent, Subsidiary and Associate Companies

COMPANY	DIRECTORS
Royal Seed Company (Pvt) Ltd	Pasad Weerasekera Danesh Abeyarathne Panduka Weerasingha
Eden Hotel Lanka PLC	Kapila Jayawardena Kalsha Amarasinghe Kamantha Amarasekara Stefan Furkhan Dr Jayantha Swaminathan
Palm Garden Hotels PLC	Kapila Jayawardena Kalsha Amarasinghe Kamantha Amarasekara Dr Jayantha Swaminathan
Dickwella Resorts (Pvt) Ltd	Jayantha Kelegama Gunendra Jayasena
B I Leisure Holdings (FZE)	Ishara Nanayakkara Kamantha Amarasekara
Bodufaru Beach Resort (Pvt) Ltd	Kamantha Amarasekara Kithsiri Gunawardena Mohamed Niham I Riswaan
Browns Kaafu N Resorts (Pvt) Ltd	Kamantha Amarasekara Ishara Nanayakkara A. Razzak
LOLC Investment Holdings Four (Pvt) Ltd	Kamantha Amarasekara Gunendra Jayasena Danesh Abeyarathne
PL Resorts Ltd	Kamantha Amarasekara Kalsha Amarasinghe Shantha Kurumbalapitiya Assad Muhammad
Riverina Resorts (Pvt) Ltd	Kalsha Amarasinghe Kamantha Amarasekara
Tropical Villas (Pvt) Ltd	Kamantha Amarasekara Jayantha Kelegama Gunendra Jayasena
Hatton National Bank PLC	Nihal Jayawardene Jonathan Alles Devaka Cooray Damien Fernando Prasad Samarasinghe Dilshan Rodrigo Osman Chandrawansa Rimoe Saldin Kithsiri Gunawardena Rasitha Gunawardana Madu Ratnayake Visvanathamurthy Govindasamy
NPH Developments (Pvt) Ltd	Ibrahim Mohamed Ali Niman Sanjaya Vajirabuddhi Dulanga Asanthi

Glossary of Financial Terms

ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED

Shareholders' funds plus non-controlling interests and debt.

CONTINGENT LIABILITIES

A condition or situation existing at the balance sheet date due to past events, where the obligation is crystallised by the occurrence or non-occurrence of one or more future events.

CURRENT RATIO

Current assets divided by current liabilities.

DEBT/EQUITY RATIO

Debt as a percentage of shareholders' funds and non-controlling interests.

DIVIDEND PAYABLE

Final dividend per share multiplied by the latest available total number of shares as at the date of the report.

DIVIDEND PAYOUT RATIO

Dividend as a percentage of company profits.

EARNINGS PER SHARE

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

EBIT

Earnings Before Interest and Tax (includes other income).

INTEREST COVER

Consolidated profit before interest and tax over finance expenses.

MARKET CAPITALISATION

Number of shares in issue at the end of period multiplied by the market price at the end of the period.

NET ASSETS

Total assets minus current liabilities minus long term liabilities minus non-controlling interests.

NET ASSETS PER SHARE

Net assets as at a particular financial year end divided by the number of shares in issue as at the current financial year end.

PRICE EARNINGS RATIO

Market price per share over earnings per share.

PUBLIC HOLDING

Percentage of shares held by the public calculated as per the Colombo Stock Exchange's Listing Rules as of the date of the Report.

RETURN ON CAPITAL EMPLOYED (ROCE)

Consolidated profit before interest and tax as a percentage of capital employed.

RETURN ON SHAREHOLDERS' FUND

Profit attributable to shareholders as a percentage of shareholders' funds.

SHAREHOLDERS' FUNDS

Total of stated capital, capital reserves and revenue reserves.

TOTAL DEBT

Long term loans plus short term loans plus overdrafts.

TOTAL EQUITY

Shareholders' funds plus non-controlling interest.

Notice of the Annual General Meeting

BROWN AND COMPANY PLC - REG. NO. PQ 25

NOTICE IS HEREBY GIVEN that the 131st ANNUAL GENERAL MEETING of the Company will be held on Tuesday, 26th September 2023 at 12.00noon as a virtual meeting with arrangements for the on-line meeting platform made at LOLC Holdings PLC, No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya.

The business to be brought before the meeting will be:

- » To receive and consider the Report of the Directors and Statement of Accounts of the Company for the Financial Year ended 31st March 2023 with the Auditors' Report thereon.
- » To re-elect Mr. T. Sanakan as an Executive Director who retires in accordance with Article 24(2) of the Articles of Association of the Company.
- » To re-elect Mr. Kapila Jayawardena as a Non-Executive Director who retires by rotation in accordance with Article 24(6) of the Articles of Association of the Company.
- » To re-appoint Mr. Janaka de Silva as an Independent Non-Executive Director. A Notice has been received from a shareholder in terms of Section 211 of the Companies Act No. 7 of 2007 of the intention to propose the following Resolution as an Ordinary Resolution:

RESOLUTION

"That Mr. Janaka De Silva who reached the age of 79 years on 24th August 2023 be and is hereby re-appointed as an Independent Non-Executive Director of the Company for a period of one year or until the conclusion of the next Annual General Meeting whichever occurs first and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director"

- » To re-appoint Mr. Tissa Bandaranayake as an Independent Non-Executive Director. A Notice has been received from a shareholder in terms of Section 211 of the Companies Act No. 7 of 2007 of the intention to propose the following Resolution as an Ordinary Resolution:

RESOLUTION

"That Mr. Tissa Bandaranayake who reached the age of 80 years on 3rd January 2023 be and is hereby re-appointed as an Independent Non-Executive Director of the Company for a period of one year or until the conclusion of the next Annual General Meeting whichever occurs first and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director"

- » To re-appoint M/s. PricewaterhouseCoopers, Chartered Accountants, as the External Auditors of the Company for the ensuing financial year at a remuneration to be fixed by the Directors.
- » To approve in terms of the Companies [Donations] Act No. 26 of 1951, the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.

By order of the Board

BROWN AND COMPANY PLC



LOLC CORPORATE SERVICES (PRIVATE) LIMITED

Secretaries

31st August 2023

Notes:

- 1 A member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote in his stead
- 2 A proxy need not be a member of the Company. A Form of Proxy is found at the end of this Annual Report.
- 3 The completed Form of Proxy must be addressed to 'LOLC Corporate Services (Pvt) Ltd- Secretaries for Brown and Company PLC' and posted to No. 34, Sir Mohamed Macan Markar Mawatha, Colombo 03 or scanned and emailed to the email address, corporateservices@lolc.com or sent by facsimile to +94 112865602 *[with the email subject titled "BCL AGM PROXY"]* not later than 48 hours before the time appointed for the holding of the AGM.

Form of Proxy

BROWN AND COMPANY PLC - REG. NO. PQ 25

I/We..... holder of NIC/ Reg. No.

of.....

being a member/members of Brown and Company PLC hereby appoint

..... of.....whom failing

Ishara Nanayakkara or failing him
Kapila Jayawardena or failing him
Kalsha Amarasinghe or failing her
Danesh Abeyrathne or failing him
Thamotharampillai Sanakan or failing him
Janaka de Silva or failing him
Tissa Bandaranayake

as my/our proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held as an online meeting on Tuesday, 26th September 2023 at 12.00noon and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

Please indicate your preference by placing an 'X' against the Resolution.

	For	Against
» To adopt the Annual Report of the Directors and Statement of Accounts of the Company for the Financial Year ended 31st March 2023 with the Auditors' Report thereon.	☐	☐
» To re-elect Mr.T. Sanakan as an Executive Director, who retires in accordance with Article 24[2] of the Articles of Association of the Company.	☐	☐
» To re-elect Mr.Kapila Jayawardena as a Non- Executive Director, who retires by rotation in accordance with Article 24[6] of the Articles of Association of the Company.	☐	☐
» To re-appoint Mr.Janaka de Silva as an Independent Non-Executive Director	☐	☐
» To re-appoint Mr. Tissa Bandaranayake as an Independent Non-Executive Director	☐	☐
» To re-appoint M/s. PricewaterhouseCoopers, Chartered Accountants, as the Auditors of the Company for the ensuing financial year at a remuneration to be fixed by the Directors	☐	☐
» To authorize the Directors to make donations	☐	☐

Dated this day of Two Thousand Twenty Three.

.....
Signature/s of shareholder/s

Please provide the following details:

Shareholder's NIC No. :

No. of shares held :

Proxy holder's NIC No. :

[if not a Director of this Company]

INSTRUCTIONS AS TO COMPLETION

1. Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
2. The Proxy shall
 - a) In the case of an individual, be under the hand of the shareholder or his/her Attorney, and if signed by an Attorney a notarially certified copy of the Power of Attorney should be attached to the completed Form of Proxy if it has not already been registered with the Company.
 - b) If the shareholder is a company or a corporation, be either under its common seal or under the hand of an Officer or Attorney authorized by such organization in that behalf in accordance with its Articles of Association or Constitution
3. Please indicate with an 'X' how the proxy should vote on each Resolution. If no indication is given, the proxy shall exercise his/her discretion and vote as he/she thinks fit.
4. The Completed Form of Proxy should be deposited at LOLC Corporate Services [Pvt] Ltd, Secretaries to Brown and Company PLC, 4th Floor, No.34, Sir Mohamed Macan Markar Mawatha, Colombo 3, or scanned and emailed to corporateservices@lolc.com or sent by facsimile to + 94 112865602 with the email subject titled "BCL AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.

Corporate Information

BROWN AND COMPANY PLC - REG. NO. PQ 25

LEGAL FORM

A Public Limited Liability Company incorporated in Sri Lanka on 17th August 1892 under the Joint Stock Companies Ordinance 1861 and re-registered under the Companies Act No. 07 of 2007. The Company was listed on the Colombo Stock Exchange on 25th April 1991.

COMPANY REGISTRATION NO.

PQ 25

DIRECTORS

Ishara Nanayakkara
Executive Chairman

Mrs. Kalsha Amarasinghe
Non-Executive Director

Kapila Jayawardena
Non-Executive Director

Tissa Bandaranayake
Independent Non-Executive Director

Janaka de Silva
Independent Non-Executive Director

Danesh Abeyrathne
Executive Director

Thamotharampillai Sanakan
Executive Director/CEO

Ms.D.Eshana Amarasinghe
Alternate Director to Mrs. Kalsha Amarasinghe

SECRETARIES

L O L C Corporate Services (Private) Limited,
No.100/1, Sri Jayewardenepura Mawatha,
Rajagiriya.
Tel : 011 5063000
Fax : 011 2307380

REGISTRARS

S S P Corporate Services (Pvt) Ltd
101, Inner Flower Road,
Colombo 03
Tel : 011 2573894
Fax : 011 2573609

REGISTERED OFFICE

No. 481, T. B. Jayah Mawatha (Darley Road),
P. O. Box 200, Colombo 10.
Tel : 011 5063000
Fax : 011 2307380
Website : www.brownsngroup.com

BUSINESS OFFICE

No. 34, Sir Mohamed Macan Markar Mawatha,
Colombo 3.
Tel : 011 5063000
Fax : 011 2307380
Website : www.brownsngroup.com.

AUDITORS

Messrs PricewaterhouseCoopers,
Chartered Accountants,
No. 100, Braybrooke Place, Colombo 02.
Tel : 011 7719838
Fax : 011 2303197
Website : www.pwc.com

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
Cargills Bank Ltd.
DFCC Bank PLC
Hatton National Bank PLC
ICICI Bank Ltd.
MCB Bank Ltd.
National Development Bank PLC
Nations Trust Bank
Peoples Bank
Pan Asia Banking Corporation PLC
Standard Chartered Bank
Sampath Bank PLC
Seylan Bank PLC
Union Bank of Colombo PLC



www.brownsgroup.com

BROWN AND COMPANY PLC

No. 481, T. B. Jayah Mawatha (Darley Road), P. O. Box 200, Colombo 10.

Tel: 011 5063000 Fax: 011 2307380

Website: www.brownsgroup.com