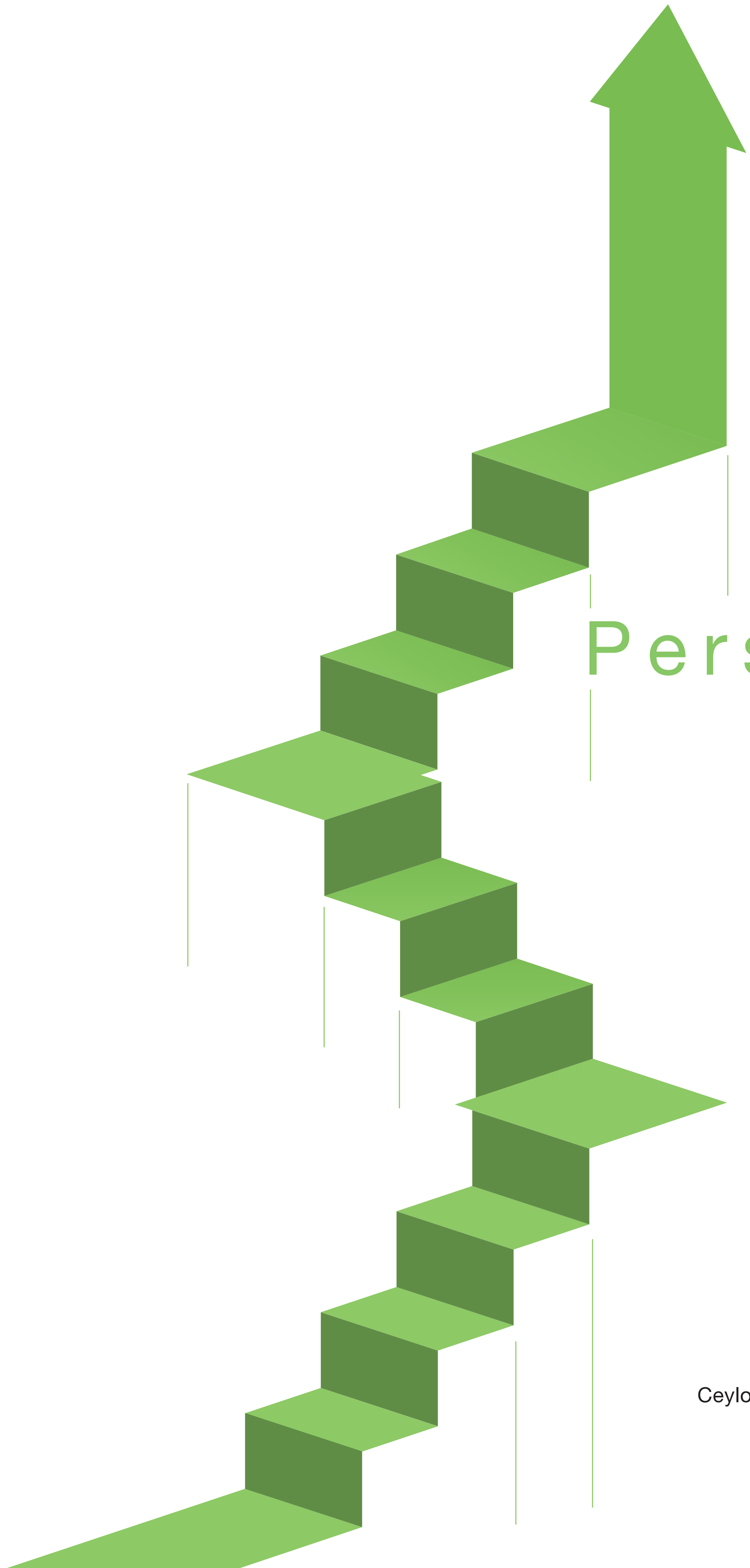


Persistence

Ceylon Cold Stores PLC | Annual Report 2021/22

View this Annual Report online at
https://www.elephanthouse.lk/media-hub/financial-reports/

Persistence

As we look towards the future, we cherish the core strengths that have upheld us through the good and bad times; our values and our propensity to offer best in class market leading experience. Our journey of progress never ends, and we firmly believe that our dedicated staff and dynamic strategies will sustain our reputation and value creation models. Our Retail Sector has redefined industry standards in Sri Lanka's modern trade industry, transforming the customer experience through superior service, technology, and a customer-centric product proposition. Giving our valuable partners uncompromised quality, our report is a veritable testament to our persistence to evolve into the future.

Contents

Our History

For 156 years, we have continuously evolved our products and processes and empowered our team to stay at the forefront of our business.

Our Vision

Our passion is to deliver pleasure and nutrition throughout people's lives, through exciting and superior products, whenever and wherever they choose to eat and drink.

Our Values

Innovation

Changing constantly, reinventing and evolving

In trying new ideas we win or learn, there is no failure.

Integrity

Doing the right thing always

Transparency is everything, so we just do it right!

Excellence

Constantly raising the bar

We get better every day.

Caring

Fostering a great place to work

We listen, we are thoughtful and we care to make a difference.

Trust

Building strong relationships based on openness and trust

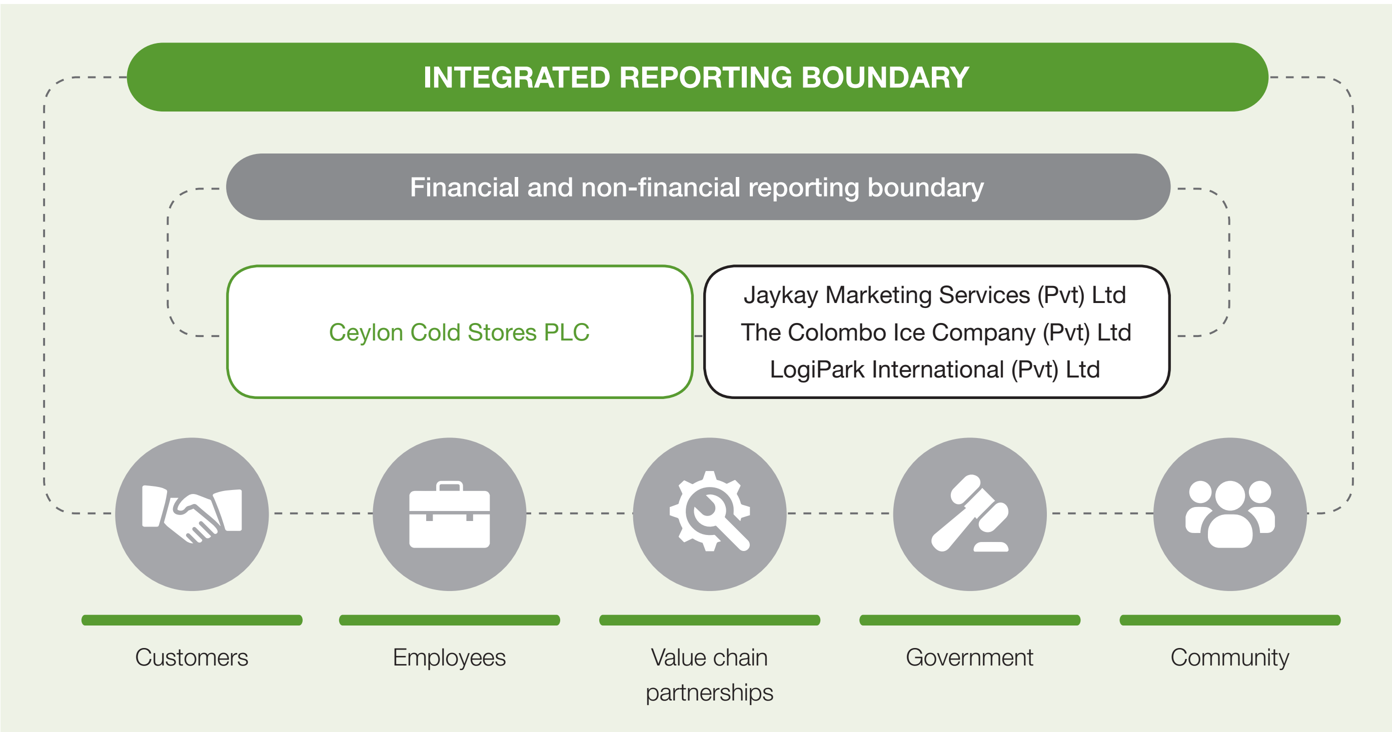
The foundation we work from.

Our Approach to Reporting

Our Integrated Annual Report for the financial year ending 31st March 2022, provides a holistic, balanced and concise overview of how Ceylon Cold Stores PLC ("CCS") directed its strategy in creating value to its stakeholders during the year. As our 7th Integrated Report and primary publication to shareholders, this Report includes information relating to the Group's operating landscape, corporate governance and risk management practices, strategy, performance and outlook among others.

Reporting Scope and Boundary

This Report covers the operations of Ceylon Cold Stores PLC (CCS) and its subsidiaries, The Colombo Ice Company (Pvt) Ltd (CICL), Jaykay Marketing Services (Pvt) Ltd (JMSL) and LogiPark International (Pvt) Ltd (LPIL) (collectively referred to as "Group"). The financial and non-financial information included in the narrative report represents both CCS and its subsidiaries. There were no material restatements to non-financial information published in previous reports.



Frameworks and principles

The financial and non-financial information presented in this Report have been prepared based on the following reporting frameworks.

Financial Statements and Reporting

- Sri Lanka Financial Reporting Standards
- Sri Lanka Accounting and Auditing Standards

External assurance provided by Messrs. Ernst and Young Chartered Accountants.

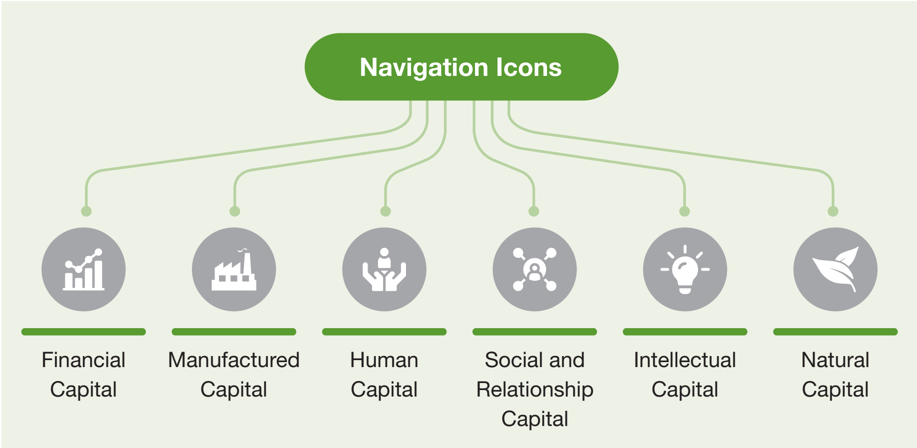
Narrative Report

- Integrated Reporting Framework of the International Integrated Reporting Council
- GRI Standards on Sustainability Reporting: In Accordance with 'Core'
- Sustainable Development Goals Reporting
- Gender Parity Reporting Framework of CA Sri Lanka

We have not sought external assurance on sustainability reporting.

Corporate Governance

- Companies Act No. 07 of 2007
- Listing Rules of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by the SEC and CA Sri Lanka
- Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987



Statement of Board Responsibility

The Board of Directors is ultimately responsible for ensuring the integrity of this Report. The Board hereby confirm that the 2021/22 Annual Report addresses all relevant material matters and fairly represents the Group's integrated performance, and we also confirm that the Report has been prepared in line with the guidance set out in the Integrated Reporting (IR) Framework.

The Report is approved and authorised for publication.

Signed on behalf of the Board,

Krishan Balendra
Chairman
20th May 2022

Feedback

We understand Integrated Reporting is an evolving principle and a continuous journey of improvement. We welcome your comments, suggestions and queries on this Report; please direct your feedback to,

Chief Financial Officer / Director
Ceylon Cold Stores PLC
148, Vauxhall Street
Email: Nelindra.ccs@keells.com

Performance Highlights

Snapshot of 2021/22

Operating Environment

- Pandemic-led disruptions
- Escalation of raw material prices
- Supply chain disruptions
- Inflation and foreign exchange led price increases
- Demand rebound in the last quarter of 2021/22

Strategic Priorities

- Increasing penetration in the water segment
- Innovation in the Frozen Confectionery range
- Distribution efficiency and effectiveness
- Enhancing customer service in Retail
- Catering to customers' increased focus on affordability

Way Forward

- Continued focus on customer affordability, given escalating inflation
- Innovation and product diversification in Manufacturing Segment
- Expansion of retail network
- Strategic focus on reducing environmental footprint

Metric		2021/22	2020/21	YoY Change
STRATEGIC PRIORITY: SUSTAINABLE GROWTH				
Financial Performance				
Revenue	Rs. million	84,543	68,766	23%
Gross Profit	Rs. million	9,136	7,651	19%
Operating Profit	Rs. million	4,744	4,112	15%
Profit Before Tax	Rs. million	2,782	2,375	17%
Profit After Tax	Rs. million	2,068	2,338	-12%
EBITDA	Rs. million	8,149	6,995	16%
Financial Position				
Total Assets	Rs. million	63,535	54,975	16%
Total Liabilities	Rs. million	45,428	38,192	19%
Total Debt	Rs. million	28,317	24,483	16%
Shareholders' Funds	Rs. million	18,107	16,783	8%
Return on Assets	%	3.49	4.53	(1.04)
Return on Capital Employed	%	10.82	10.61	0.21
Debt/Equity	%	156.39	145.88	10.51
Interest Cover	No. of Times	2.32	2.29	0.03
Working Capital				
Current Assets	Rs. million	16,204	12,526	29%
Current Ratio	No. of Times	0.66	0.57	0.09
Quick Ratio	No. of Times	0.23	0.20	0.03
Shareholder Information				
Earnings per Share	Rs.	2.18	2.46*	(0.28)
Dividends per Share	Rs.	1.20	1.70*	(0.50)
Net Asset Value per Share**	Rs.	19.05	17.66	1.39
Closing Share Price	Rs.	38.90	62.18*	(23.28)
Price Earnings Ratio	No. of Times	17.88	25.27	(7.39)
Dividend Payout	%	55.15	69.10	(13.95)
Dividend Yield	%	3.08	2.73	0.35
Market Capitalisation	Rs. million	36,971	59,091	-37%
Enterprise Value	Rs. million	63,942	83,012	-23%

**Adjusted for the 2021/22 share subdivision*

*** Net asset per share has been calculated, based on the number of shares in issue as at 31st March 2022*

Capital	Metric	Unit	2021/22	2020/21	YoY Change
MANUFACTURED CAPITAL	Property, plant and equipment	Rs. million	25,580	22,289	15%
	Capital expenditure	Rs. million	6,200	4,014	54%
	Retail outlets (Keells)	No.	128	123	5
HUMAN CAPITAL	STRATEGIC OBJECTIVE: EMPOWERED TEAM				
	Total employees	No.	7,086	6,698	388
	Payments to employees	Rs. million	7,368	6,243	1,125
	Employee retention rate	%	6	42	(36)
	Female representation	%	44	39	5
	Investment in training	Rs. million	45	43	4%
	Total training hours	Hours	161,034	172,677	(11,643)
	Average training hours/employee	Hours	23	26	(3)
	Workplace injuries	No.	144	39	105
	Graduates from JMSL training academy	No.	546	376	170
SOCIAL AND RELATIONSHIP CAPITAL	STRATEGIC PRIORITY: FULFILLING THE CUSTOMER PROMISE				
	New products launched	No.	10	11	(1)
	New outlets opened (Keells Super)	No.	5	15	(10)
	Non-compliance to product responsibility regulations	No.	Nil	Nil	-
	STRATEGIC PRIORITY: VALUE CHAIN AND COMMUNITY DEVELOPMENT				
	Payments to suppliers	Rs. million	74,043	61,129	12,913
	No. of farmer training programmes conducted	No.	104	74	30
	Investment in CSR	Rs. million	39	32	7
	Volunteer hours	No.	268	179	89
NATURAL CAPITAL	STRATEGIC PRIORITY: PRESERVING THE PLANET				
	Energy consumption	GJ	306,803	284,585	8%
	Water consumption	M3	673,172	604,874	11%
	Solid waste	MT	4,901	4,329	13%
	Effluents	m3	150,632	138,422	9%
	Carbon footprint	tCO2e	50,911	46,472	10%
	Energy intensity - Manufacturing	GJ/1,000 Ltrs	1.019	1.095	-7%
	Emission intensity - Manufacturing	tCO2e/1,000 Ltrs	0.163	0.175	-7%
	Water intensity - Manufacturing	Ltrs/1,000 Ltrs	4,304	4,566	-6%
	Energy intensity - Retail	GJ/Sqft	0.186	0.186	0%
	Emission intensity - Retail	tCO2e/Sqft	31.39	30.56	3%
	Water intensity - Retail	Ltrs/Sqft	0.24	0.23	4%
INTELLECTUAL CAPITAL	Investment in R & D	Rs. million	60	34	26
	New Products launched	No.	10	11	(1)

Performance Highlights

Human Capital

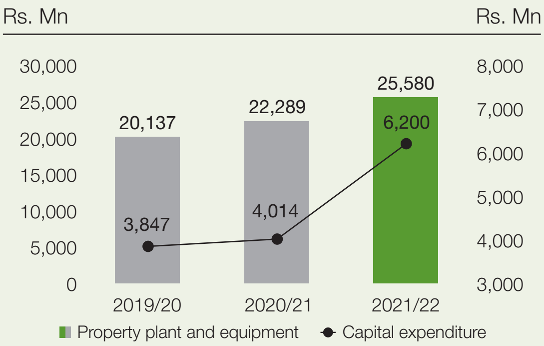
	2021/22	2020/21
No. of employees	7,086	6,698
Retention rate (%)	6%	42%
Female representation (%)	44%	39%
Investment in training (Rs. million)	45	43
Average training hours/employee	23	26
Workplace injuries	144	39

18%
Increase in payments to employees

Employee Satisfaction
75% Manufacturing
82% Retail

Manufactured Capital

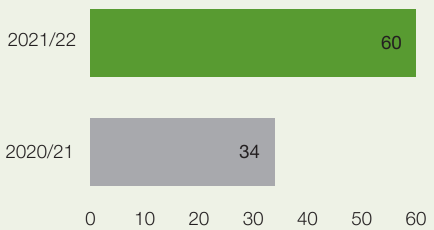
Capital Expenditure



128 Retail outlets

Intellectual Capital

Investment in R&D



Sri Lanka's most valuable supermarket brand for the 4th consecutive year

10 New products launched by Elephant House

Social and Relationship Capital

2,814 suppliers

201 distributors

9,217 farmers/outgrowers

68 private label suppliers

320+ farmers supported through "Govi Diri" initiative

250 livelihoods developed through "Praja Shakthi" program

Natural Capital

306,803 GJ Energy consumption +8%

673,172 m³ Water consumption +11%

4,901 MT Solid waste +13%

50,911 tCO_2e Carbon footprint +10%

Emission intensity

0.163 tCO_2e/Sqft
Manufacturing

31.39 tCO_2e/Sqft
Retail

15 Retail outlets installed with solar power

CICL solar project was commissioned on May 2021

57% Reduction in polythene usage in supermarkets

30,862 Kgs Plastic waste collected and recycled

Chairman's Message

Dear Shareholder,

On behalf of the Board of Directors of Ceylon Cold Stores PLC (CCS), it is my pleasure to present the Annual Report and the Audited Financial Statements for your Company for the year ended 31st March 2022. The Group demonstrated agility and resilience amidst unprecedented challenges to deliver Revenue and Profit Before Tax growth of 23% and 17% respectively, while fulfilling its commitments to internal and external stakeholders.

Operating Landscape

Sri Lanka's Gross Domestic Product (GDP) growth recovered to 3.7% in 2021, compared to the contraction of 3.6% in 2020. Economic activity rebounded in the first quarter of the year, before moderating in the second quarter following a surge in COVID-19 infections; activity subsequently gained encouraging momentum on the back of improved customer sentiments and a successful vaccination drive. However, the final quarter of the year saw significant macro-economic challenges, including notable constraints in the external front and inflationary impacts which exerted pressure on the performance of your Company. Global and domestic supply chain disruptions, including a surge in global commodity prices led to inflationary pressures on the economy, particularly on food items. Resultantly, headline inflation as measured by the YOY change in the National Consumer Price Index (NCPI) accelerated to 21.5% in March 2022, while food inflation YOY increased to 29.5%. Foreign currency reserves fell sharply on the back of liquidity constraints in the domestic foreign exchange market which prompted the Central Bank of Sri Lanka to accommodate a floating exchange rate regime from mid-March 2022; this resulted in the sharp depreciation of the Rupee in the ensuing weeks. Accordingly, the Rupee depreciated by 30% during the financial year.

Key impacts on the Manufacturing Sector stemming from the external landscape during the year, included the sharp increase in raw material prices which exerted pressure on margins, import restrictions and foreign exchange liquidity constraints which led to challenges in procuring essential raw materials for production and disruptions in the supply chain. This was further exacerbated by intermittent interruptions to power and fuel supply, although the business was able to manage the impact on its operations during the year. Demand patterns also shifted in view of macro-economic stresses, particularly towards the latter part of the year, with increasing preference towards economical, value-for-money propositions. Similarly, the Retail business also faced challenges during the year, in sourcing imported products due to liquidity constraints in foreign currency, drastic price increases in fresh produce due to drop in crop yield resulting from import restrictions on agrochemicals and price controls on essential items. The Retail business implemented cost management and supply chain strategies which supported affordability and availability of items thus contributed to the growth in footfall.

Strategy and Performance Review

Despite the challenging environment that prevailed, the Group recorded strong performance during the year with Consolidated Revenue increasing by 23%, supported by top line growth in both the Manufacturing (+26%) and Retail (+22%) Sectors. As detailed below, Revenue growth was supported by relentless focus on enhancing distribution efficiencies, strategic market activations and increased customer penetration in both Sectors.

Manufacturing Sector

Revenue growth was supported by both Beverages (+24%) and Frozen Confectionery (+27%) categories, which delivered volume growth of 22% and 17% respectively. The growth in the Beverage category was attributed to the performance of Carbonated Soft Drinks (CSD) which grew by 18% compared to a negative growth of 14% last year, and the water category which recorded a growth of 80%, compared to a negative growth of 31% last year. Beverage category recorded strong recovery, with the first quarter of 2021/22 recording a volume growth of 20%. Though this was followed by a degrowth in second quarter due to lockdowns, it reversed this trend in the third and fourth quarters showing strong growths of 43% each, aided by a revival in consumer spending and easing of restrictions. Notably, the fourth quarter volumes were the highest quarterly volumes recorded since year 2015/16. In responding to the sharp increase in the input costs of raw and packing materials and resultant pressure on margins, the business undertook Maximum Retail Price (MRP) increases in selected SKUs. Returnable glass bottles declined in volumes, reflecting post-COVID changes in consumer preferences, with PET bottles recording a corresponding growth. In line with its strategy of expanding the non-CSD range, the Beverages category acquired a water bottling plant in Kotagala in November 2021. The category also rolled out an advanced analytics transformation program where several well-defined use cases were successfully piloted, scaled and implemented.

Frozen Confectionery category reflected strong volume growth with impulse range growing at a faster pace (+26%) compared to the bulk range (+13%). In the first quarter of 2021/22, the category recorded a volume growth of 25% followed by a degrowth in the second quarter due to lockdowns before gaining momentum with third quarter and fourth quarter volumes increasing by 37% and 25% respectively. The business recorded its highest ever monthly sales volume in March 2022. The category continued to optimise its distribution channels to ensure product availability across the Island and leveraging on the opportunity presented by the higher growth in the impulse range to drive volume growth and to improve market share. Our premium range, Imorich, also delivered strong growth, increasing its contribution towards category sales during the year. The category continued to expand its product proposition through the launch of 'Feelgood' guilt-free frozen yoghurt range in December 2021 for customers seeking wellness lifestyles. The high reliance on imported raw materials, surge in freight costs and the significant increase in the prices of skimmed milk powder, sugar and fresh milk resulted in significant escalation in costs. Resultantly, the Frozen Confectionery category also undertook MRP increases in selected SKUs while introducing value packs to cater to increasing concerns on affordability.

Chairman's Message

Retail Sector

The Retail Sector continued its encouraging recovery momentum, aided by top line growth, focus on managing costs, and strengthening its supply chain to ensure availability and affordability across its product offerings. These measures allowed the Retail business to be resilient despite the challenging environment that prevailed, following the intermittent lockdowns during the first half of the year and the deterioration of macro-economic conditions towards the latter part of 2021/22. Growth was supported by customer footfall increasing by 4.5%, increase in basket values by 8% and same store growth of 13%. The Retail Sector implemented strategies to address customers' increasing concerns on affordability, through the private label range and maintaining attractive prices on essential items, which resulted in increased customer penetration. The business was better geared to navigate pandemic-related disruptions, with the e-commerce platforms via website and mobile apps gaining increased traction during the lockdown months and accounting for approximately 39% of daily volumes traded. As a result of these strategic interventions, the Retail Sector's market share expanded despite intensifying competitive pressures in Sri Lanka's modern trade industry. Meanwhile, liquidity constraints in the foreign currency market, devaluation of the local currency and import restrictions on non-essential items, affected the businesses' ability to import products. The Retail Sector rolled out a range of measures to effectively manage the foreign exchange liquidity pressures, including promotion of foreign currency receipts through the online platform. The state-of-the-art Distribution Centre, constructed at a cost of Rs. 4.3 billion, commenced operations during the year, facilitating increased efficiencies by centralising offerings across the dry, fresh, and chilled categories. The 260,000 sq.ft facility is the largest Distribution Centre supporting modern trade in Sri Lanka and features the latest technology, systems and safety standards.

Outlet expansion abated during the year under review, as pandemic-related disruptions resulted in delays in obtaining construction approvals. Despite the challenges, 5 new outlets were added during the year, with the total outlet count increasing to 128 by end-March 2022. During the year, the Retail Sector achieved a key milestone with the launch of a new concept "Keells" outlet at Lauries Road, Colombo. This outlet provides an enhanced customer experience through digital innovations such as 'Scan & Go' self-checkouts, a food ordering kiosk and Kafe serving a range of coffee, snacks, and beverages.

Financial Performance

The Group's Consolidated Revenue increased by 23% to Rs. 84.54 billion during the year, with the Manufacturing and Retail Sectors recording an increase of 26% and 22% respectively, driven by the factors discussed above. The Retail Sector contributed to the Group's Revenue profile, with a share of 79% during the year. The Consolidated Gross Profit increased by 19% to Rs. 9.1 billion, supported by scale efficiencies in the Retail Sector. The Consolidated Operating Profit grew by 15% with a 33% increase in the Retail Sector and decline of 1% in the Manufacturing Sector impacted by escalating costs which could not be fully passed on to customers. The Group maintained its Operating Profit margin at 6% during the year while the Manufacturing and Retail Sector recorded Operating Profit margins of 12% and 4% respectively. The Group's Income Tax expense normalised to Rs.713.7 million, in comparison to previous year where there was a significant benefit from a deferred tax reversal; resultantly the Group's Profit-After-Tax for the year was recorded at Rs.2.1 billion, a decline of 12% compared to the previous year. The Group has pursued debt funded capacity expansions in recent years resulting in a gradual increase in borrowings given continued business expansion. Accordingly Consolidated Total Debt (including leases) increased by 16% to Rs. 28.3 billion as at end-March 2022 primarily to fund capex and working capital investments.

Dividends

The Board recommended the payment of a final dividend of Rs. 0.33 per share, in addition to an interim dividend of Rs. 0.80 per share paid in March 2022. Resultantly, the total dividend per share amounted to Rs.1.13 for the financial year 2021/22, with a total pay-out of Rs. 1.07 billion.

People and Partnerships

The Group's strong performance during an extremely challenging year is attributed to the resilience and commitment of our teams who adopted well to new ways of working. Strategic focus on employee well-being through comprehensive safety measures enabled both the Manufacturing and Retail Sectors to ensure continuity of all manufacturing, and retail operations during the year. In line with the John Keells Group's "ONE JKH" initiative which focuses on Diversity, Equity and Inclusion, the Group launched several programmes to nurture an inclusive workplace including awareness sessions in addressing unconscious bias and preventing sexual harassment, revisions to recruitment guidelines and provision of subsidised child-care facilities among others. The Group continued to invest in upskilling its employees through Rs. 45 million investments directed towards training and development. Total value created to employees during the year amounted to Rs. 7.4 billion, an increase of 18% compared to the previous year. A key highlight during the year was the Group's proactive efforts in nurturing relationships across its supply and distribution chains, thereby supporting the commercial viability of our suppliers, farmers, private label manufacturers, distributors, and retailers.

Commitment to Strong ESG Practices

The pandemic has brought to focus the vital interconnectivities that exist between the economy, people, and the environment we live in. Against this backdrop, the Group has renewed its commitment to adopting holistic Environmental (E), Social (S), Governance (G) practices, to strengthen the resilience of its business while operating in a sustainable and responsible manner. Aligned to the John Keells Group's environmental aspirations, we are driving concerted efforts to reduce our carbon footprint through increased reliance on renewable energy and by driving energy efficiencies. During the year, the Retail Sector commissioned 15 solar roof systems, bringing the total number of systems in operation to 82 at the end of the year, with renewable energy generation now accounting for 16% of the Sector's energy consumption. We continued to drive efforts towards reducing plastic and polythene usage in both Manufacturing and Retail Sectors, whilst exploring alternative packaging materials for our products. Our social sustainability aspirations are centred on developing livelihoods across our value chain and driving meaningful change through strategic CSR initiatives. During the year, the Retail Sector engaged in capacity building on sustainable agricultural practices through the "Govi Diri" program, conducted in partnership with the Ministry of Agriculture. The Group also invested Rs. 39 million in its multi-faceted Praja-Shakthi CSR initiatives which are conducted in partnership with the John Keells Foundation.

Given the uncertainty that prevailed during the year, the Board of Directors continued to proactively monitor developments in the macro-economic landscape and potential implications on the Group's performance, people, and prospects. I am pleased to state that there were no departures from any of the provisions of the Code of Business Conduct and Ethics of the Code of Best Practice of Corporate Governance. I also wish to affirm our commitment to upholding Group policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace.

Future Outlook

The Manufacturing Sector is expected to face challenges in the short to medium term in lieu of the current macro-economic challenges with in the country. The sharp increases in inflation and interest rates together with impending fiscal consolidation measures are likely to result in a moderation in consumer discretionary spending, could hamper growth in demand for non-essential items in the immediate short-term. The notable increase in inputs costs, particularly prices of raw materials, both domestically and globally, on the back of supply chain constraints, inflation and currency impacts, will continue to exert significant pressure on margins in the short-term. Whilst the businesses will off-set these impacts, to the extent feasible, through the selective MRP increases taken in the latter part of 2021/22, margins are envisaged to come under pressure in the short to medium term. The businesses will proactively monitor its margins and take necessary measures, with due consideration on the price elasticity of demand for the products in the portfolio. The impact of exchange rates through the sharp depreciation is expected to be largely one-off if the currency stabilises with in next few months. The prevailing foreign currency shortage in the market, however, is likely to place further pressure on supply chains of the business and, unless the liquidity position and ability to establish trade facilities improve, there could be disruptions to manufacturing and seamless distribution of the products. While prolonged power cuts and fuel shortages may hamper factory operations and logistics in immediate short term, impeding supply chain outlook is that the Government is securing the bridging finance to ensure continuous supply of essential commodities. Considering these circumstances, the business will optimise the use of its available and expected raw material resources to manage its production and profitability.

In the current backdrop, managing stakeholder concerns remains pivotal. Emphasis will be placed on maintaining rigorous engagement with suppliers and distributors to ensure a seamless supply chain, better management of the working capital cycle, reduced credit exposure, greater stability in the distributor network, while cashflow and cost management will remain a priority throughout the ensuing year. In tandem with the trends witnessed in the latter end of the year, smaller pack sizes, particularly given its lower price points, is expected to continue its higher share of the volume mix. The business will continue to focus on reinventing its portfolio of products as well as packaging to manage costs while offering enhanced value to its consumer base.

Looking beyond the short-term impacts, the Manufacturing Sector remains confident of the underlying fundamentals of the industry that the businesses operate in, and envisages strong growth momentum in the medium and long term with a revival of the economy and improvement in consumer confidence post the fiscal consolidation process. The penetration of consumer food products in Sri Lanka continues to be relatively low in comparison to global and regional peers, demonstrating the significant potential in the Manufacturing Sector.

In Beverages category, we will focus on evolving our portfolio to cater to emerging customer needs through consolidating the current CSD range and prioritising the expansion of the non-CSD range. Improving sales force efficiency and exploring new operating models will also be a key focus as we strive to inculcate a lean culture across the Group. In Frozen Confectionery category, we will seek to expand our 'wellness' range while consolidating the current product portfolio and expanding into complementary products. In line with global trends, we expect a gradual shift in the product composition to impulse products; we are well positioned to capitalise on these dynamics through our state-of-the-art facility in Seethawaka, which facilitates innovation and increased operational efficiencies. Both categories will focus on leveraging its data analytics capabilities to support improved decision making through access to richer, deeper customer insights.

The Retail Sector is expected to be somewhat insulated from the ongoing macro-economic challenges, given that essential and household items constitute a large portion of the average consumer basket. The medium-to-long term outlook for the Sector remains positive reflecting the relatively low penetration of modern trade in Sri Lanka, increasing customer sophistication, and increasing demand for better quality and convenience. We are well positioned to capitalise on this demand by pursuing increased customer penetration through geographical expansion to capitalise on the anticipated growth of Sri Lanka's modern trade industry. The Retail Sector will also focus on sharpening its competitive edge through technology, customer-centric offerings and differentiating the shopping experience through service excellence and quality. Building resilient supply chains will also be a key priority for the Retail Sector as it continues to deepen relationships with farmers and business partners. Development and implementation of advanced analytics use cases to support data-driven decision making will be a key priority.

Acknowledgements

I take this opportunity to extend my gratitude to my colleagues on the Board for their valuable counsel and support in a challenging year. I also thank the employees of the CCS Group for their commitment and dedication to overcome the numerous challenges faced during the year and delivering a year of strong performance. On behalf of the Board, I thank all our valued stakeholders, including distributors, suppliers, business partners and shareholders for their continued trust and loyalty.

Your Sincerely,

Krishan Balendra

Krishan Balendra
Chairman

20th May 2022

CCS at a Glance

Organisational overview

CCS is a leading manufacturer and distributor of Beverages and Frozen Confectionery products, offering an array of exciting portfolio of products catering to customers' diverse occasions and evolving preferences. Through Elephant House, one of Sri Lanka's most iconic beverage and ice cream brands, CCS reaches millions of households across the country and is frequently recognised among the country's most loved brands. The Group's retail arm, JMSL operates the Keells supermarkets chain, the leading player in Sri Lanka's modern trade industry, with a network of 128 outlets and industry-leading standards in convenience and service quality.

Our portfolio

Beverages: Over 24 products in Carbonated Soft Drinks (CSD), plain and flavoured milk, fruit drinks, fruit-flavoured tea, energy drinks and water

Frozen Confectionery: 54 products offered in bulk containers, cups, sticks, cones and bite formats

Channels

In-home consumption

- General trade
- Modern trade
- E Commerce platforms

Out-of-home consumption

- Hotels
- Restaurants
- Cafés
- Other establishments serving food and beverages

Competitive edge

- Household brand names
- Established track record of over 156 years
- Island-wide distribution network
- Strong R&D capabilities
- Deep insights into consumer behaviour

Our portfolio

- 128 outlets across 12 districts
- E-commerce platform with the capability of processing 15,000 orders per day

Channels

- 6,500+ products across several stock keeping units
- 340+ private label products

Competitive edge

- Industry leading service standards
- Superior technological capabilities including data-driven decision making
- Extensive network of suppliers
- State-of-the-art distribution centre

Building Resilient Value Chain

The Group generates significant direct and indirect economic value across its operations, having nurtured extensive relationships with suppliers, farmers, private label manufacturers, distributors and retail outlets. With pandemic-led disruptions and macro-economic stress resulting in considerable shocks to our supply chain, the Group placed strategic focus on supporting and strengthening value chain partners, thereby increasing its socio-economic value creation.

MANUFACTURING SECTOR

'Jeevaya' Programme

Trade loyalty program supporting over 350 outlets through promotions, capacity building and store infrastructure

'Sector 500' Initiative

Top 500 Small and Medium Modern Trade (SMMT) outlets supported with bundled offer from CCS and its sister Company Keells Food Products

Farmer network

Rs. 809 million value additions to 7,055 farmers engaged in the manufacture of cashew, ginger, vanilla and milk

Community engagement through Praja Shakthi

Multi-faceted community engagement initiative supporting education, women empowerment and livelihood development

SME suppliers

Capacity building programs for 17 Small and Medium Enterprise (SME) suppliers with the aim of enhancing market-readiness

Private label suppliers

Continued engagement with over 68 private label manufacturers, including facilitation of the Small and Medium Enterprise (SME) certification and programmes on English language

Govi Diri

Capacity building on sustainable agricultural practices to 320+ farmers in partnership with the Ministry of Agriculture and Smallholder Agribusiness Partnership Programme

JMSL Retail Academy

Skills development and empowerment of the country's youth through a comprehensive 18-month course on retail

RETAIL SECTOR

Value Creation Model

The Group's value creation model depicts how we transform our capital inputs (resources and relationships) through our business activities to generate outcomes for our stakeholders. In this value transformation process, the Group nurtures, preserves and makes trade-offs in capital inputs, which in turn can lead to positive or negative outcomes. The value creation model is central to everything we do, providing a blueprint for how we utilise, transform and nurture our capitals.

CAPITAL INPUTS

Financial Capital

Financial resources are key in pursuing our growth ambitions and is represented by our shareholders' funds, borrowings and cash flows.

(Page 47 for more information)

Manufactured Capital

The physical infrastructure which enables us to manufacture and sell our products including our manufacturing facilities and retail outlets.

(Page 49 for more information)

Human Capital

The CCS family of 7,086 employees bring unique skills and competencies to the business, driving innovation and facilitating the customer experience.

(Page 53 for more information)

Social & Relationship Capital

The mutually beneficial relationships we have nurtured with our customers, suppliers, distributors, employees and other stakeholders.

(Page 64 for more information)

Intellectual Capital

Recipe library and product formulations as well as our capacity for innovation and our brands

(Page 61 for more information)

Natural Capital

Natural resources that are input our process including energy, water and raw materials

(Page 71 for more information)

CAPITAL TRANSFORMATION

Business Activities

Our Vision - CCS

Our passion is to deliver pleasure and nutrition throughout people's lives, through exciting and superior products, whenever and wherever they choose to eat and drink.

Manufacturing

Page 42

- Sourcing of raw materials
- Manufacturing
- Distribution
- Sales and marketing

Retail

Page 44

- Sourcing of goods
- Warehousing
- Distribution
- Sales and marketing

Our Vision - JMSL

Improve the quality of life for the Nation

Strategic priorities

1. Sustainable growth
2. Fulfilling the customer promise
3. Empowered team
4. Managing the value chain
5. Sustainable organisation

Underpinned by,

Robust corporate governance practices *(Page 78)*

Risk management *(Page 94)*

CAPITAL TRANSFORMATION

Beverages
- Carbonated soft drinks
- Fruit drinks
- Standardised milk
- Flavoured milk
- Fruit flavoured tea
- Water

Frozen Confectionery
- Bulk Ice Cream
- Impulse Ice Cream

Impacts
- Solid waste: **4,901 MT**
- Effluents: **150,632 M^3**
- Carbon footprint: **50,911 tCO_2e**

Financial Capital
- Earnings per share: **Rs. 2.18**
- Net asset value per share: **Rs. 19.05**
- Share price: **Rs. 38.90**

Manufactured Capital
- Acquisition of a water bottling plant
- Uninterrupted manufacturing activities
- Increased retail reach through 5 new outlets
- State of the art warehousing facility in Kerawalapitya
- Warehouse expansion in Ranala for beverages with racking system

Human Capital
- Payments to employees: **Rs. 7.4 Bn**
- Investment in training: **Rs. 45 Mn**
- Average training hours per employee: **23**

Social & Relationship Capital
- Payments to suppliers: **Rs. 74 Bn**
- Farmer trainings: **104**
- Private label manufacturers supported: **68**
- Investment in CSR: **Rs. 39 Mn**

Intellectual Capital
- **NCE Exports** – Gold Award for Elephant House
- **SLIM People's Choice Beverage Brand of the Year** – Elephant House Cream Soda
- **Keells** - most valuable supermarket brand for 4th consecutive year

Natural Capital
- Plastics recycled: **31 MT**
- **-7%** emission intensity for manufacturing & +**3%** for retail
- Renewable energy generated: **40,954 GJ**

Strategic Review

Listening to our stakeholders

As we entered the second year of the pandemic and witnessed unprecedented shifts in the operating landscape, balancing the needs and expectations of our stakeholders remained a crucial task. Highlights of our stakeholder engagement for 2021/22 are presented below:

	Importance	Engagement approach
SHAREHOLDERS	Securing shareholder trust is important achieving our future aspirations.	• Annual General Meeting and publication of Annual Report • Press releases, quarterly results updates • Through Company Secretary and Colombo Stock Exchange
CONSUMERS	Attracting and retaining customers are central to our commercial and social sustainability.	• Satisfaction surveys • Engagement through digital platforms and social media channels • Through the distributor and retailer network
EMPLOYEES	Employees drive our strategic aspirations, and are key to long-term success.	• Ongoing negotiations with trade unions • Engagement through digital platforms • Employee satisfaction survey • Interactive dialogue between HR and all departments to discuss prevalent issues
DISTRIBUTORS/ RETAILERS	Relationships in our distribution channel are vital in ensuring continued availability of our products to customers.	• Distributor management system (Surge) • Face to face engagement • Capacity building programmes
SUPPLIERS	Critical in supporting continued manufacturing and retailing operations.	• One-to-one engagement • Capacity development programs • Supplier audits • Distributor conventions • Distributor visits and audits and conventions
GOVERNMENT	Determines the regulatory and policy landscape in which we operate	• One-to-one engagement • Engagement through industry forums and Associations
COMMUNITIES	Nurturing mutually beneficial relationships with communities is important in maintaining our social license to operate	• Strategic CSR projects and community empowerment programs • Hotline and grievance mechanisms

Topics and concerns for 2021/22	Our response	Quality of relationship
• Implications of the macro-economic conditions and pandemic on financial performance, stability and liquidity • Avenues for sustainable growth • Corporate reputation • Risk management and corporate governance practices	The Group responded swiftly and with agility to the operating environment, ensuring continuity of operations, relentless focus on cost rationalisation, operating efficiencies and proactive management of liquidity risks.	Strong
• Product availability • Affordability considerations • Safety and hygiene in store operations • Good customer service • Product quality • Continuously evolving portfolio to fulfill emerging customer needs	Adopted an array of measures address concerns on product affordability and availability through discounts, promotions and ensuring uninterrupted distribution.	Strong
• Physical and mental well-being • Job and financial security • Opportunities for skill and career development • Work life balance	Maintained a high-level of engagement through digital platforms while placing strategic focus on supporting physical and mental well-being.	Strong
• Restrictions in movement and trading • Liquidity pressure arising from disruptions to operations • Stringent health and safety guidelines • Continued opportunities for business growth	Proactive efforts to enhance efficiency of distribution channel through sharing market insights, liquidity injections, infrastructure support and capacity building	Strong
• Disruptions to supply chains • Import restrictions and impact on supply chain • Liquidity pressure arising from forex crisis and scaled down operations • Financial support and capacity development • Farmer development and training programs	Supported commercial survival of suppliers through continued purchasing and strategic supplier development programs.	Good
• Implementation of health and safety guidelines in line with health authority requirements • Timely payment of taxes, duties and levies • Employment generation • Ethical business practices • Contribution towards the community development and environmental preservation	We fully complied with all regulatory developments in supporting the national policy agenda during the year.	Good
• Community engagement • Plastic recycling and single use polythene usage reduction • Livelihood upliftment and community development • Responsible water withdrawal and discharge	We continued to engage in community development programs with the aim of driving livelihood upliftment and long term economic empowerment with "Praja Shakthi" initiatives. We practice responsible waste management and advocate plastic recycling via Pasticycle.	Strong

Strategic Review

Adapting to market dynamics

The impact of the pandemic, together with evolving trends in the food and beverage and retail sectors have led to unprecedented shifts in the Group's operating landscape. A high-level overview of these factors and how we are adapting to these dynamics are presented in the table below.

Pandemic-led disruptions

Sri Lanka experienced the 2nd and 3rd waves of the pandemic during 2021/22, resulting in lockdowns and restrictions on mobility for over 3 months of the year. Restrictions were eased towards the latter part of the year, following a successful vaccination drive in most parts of the country. Despite the emergence of highly transmissible new variants, economic activity returned to relative normalcy by the last quarter of the financial year, as businesses demonstrated adaptability to operating in the conditions of limited mobility.

Implication on the CCS Group	
+ Opportunities	**- Risks**
• Increased preferences towards online channels • Sharpen competitive edge through offering a safety focused value proposition to customers	• Disruptions to supply chain • Escalation in health and safety risks • Implications on distribution channels • Customer affordability considerations • Scarcity of materials and cost escalations

Our strategic response

Stringent safety measures were adopted to minimise the risk of cross infection, while strategic focus was placed on enhancing distribution efficiency and effectiveness. We also catered to customers' increasing concerns on affordability through strategic interventions in our retail proposition.

Government policy and macro-economic changes

Government efforts to preserve foreign currency through restricting imports have had a considerable impact on our operations, given reliance on imported materials such as sugar, skimmed milk powder, packaging materials (Manufacturing) and finished goods in the Retail segment. The maximum retail price on water bottles was removed during the year and is likely to drive an increase in supply. The Government has also brought in regulations to eliminate the use of plastic spoons, straws and announced intentions to minimise the use of small PET bottles.

Implication on the CCS Group	
+ Opportunities	**- Risks**
• Pursue sustainable packaging options • Increased focus on the use of recycled packaging materials • Strengthening local supply chains	• Challenges in accessing certain raw materials and finished goods • Escalation in raw material costs and margin volatility • Rupee devaluation • Increase in interest rates

Our strategic response

In both Manufacturing and Retail segments, we worked closely with local suppliers in expanding their capacity to cater to the vacuum created by import restrictions. We increased the maximum retail prices while bringing in portfolio and cost rationalisation. We also engaged proactively with the John Keells Group Treasury in minimising exposure to foreign exchange risk.

Digital disruption

The accelerated pace of change in digital and data technologies are transforming both Manufacturing and Retail industries, reshaping consumer behaviour, decision-making and channels among others.

Implication on the CCS Group	
+ Opportunities	**- Risks**
• Enhance decision-making through data driven insights • Improve customer convenience through digital channels • Drive operational efficiencies and productivity	• Increased exposure to cyber security risks • Risk of system failures and breakdowns, resulting in reputational damage

Our strategic response

The Group has deployed new digital offerings in the Retail segment, thereby transforming customer experience and sharpening the competitive edge. We are also leveraging on data analytic capabilities to enrich decision-making and improve the effectiveness of customer engagement activities

Implication of climate change

Failure to address implications of climate change ranks among the top risks facing organisations today, with broad-based impacts on supply chains, demand conditions and price volatility. organisations and communities. The Group is exposed to the risks of climate change through the following :

- Disruptions to agricultural supply chains could impact security of raw materials in our Manufacturing operations as well as agricultural produce in our Retail operations
- Extended droughts had an impact on milk supply during the year
- Water stress and its' impact on our Manufacturing operations

Implication on the CCS Group	
+ Opportunities	**- Risks**
• Opportunity to build resilience across supply chain • Increase appeal among Generation Z and millennials who represent increasingly ethical consumers	• Disruptions to supply chain • Potential volatilities in input prices • Demand impact of natural disasters and erratic weather • Disruptions to power supply due to less rain

Our strategic response

The Group has pursued means of embedding sustainability considerations into its business through,

- Generating solar energy
- Recycling plastic waste
- Partnerships and value creation across supplier and distribution channel

Evolving customer preferences

- Increased willingness to replicate out-of-home experiences at home through preference for premium products
- Enhanced interest in health and well-being including immunity boosting offerings
- Increased price sensitivity given impacts on disposable income
- Increased focus on convenience and safety

Implication on the CCS Group	
+ Opportunities	**- Risks**
• Strengthen premium range in Frozen Confectionery category • Opportunities for new retail propositions • Increase penetration through digital channels	• Gradual reduction in demand for carbonated soft drinks products

Our strategic response

In Manufacturing, we have sought to expand our non-CSD range, mainly water, milk and fruit juice while focusing on reduction of sugar content in our beverages range. Frozen confectionery category has introduced wellness range with frozen yoghurt launch. In Retail, we are catering to evolving customer preferences through a new retail proposition while parallelly supporting customers' increasing concerns on affordability through competitive pricing.

Year at a Glance

2021

April

- Launched Avurudhu Limited Edition Pack (LEP) Mixed Fruit Ice cream.
- "Senehase Sisilasa" Avurudhu campaign was launched by Frozen Confectionery category.
- Cone multi pack was launched by Frozen Confectionery category.
- Beverages category launched the “Avurudu Beema” seasonal campaign.
- Season 2 of “Cream Soda Pop Studio” was launched.
- “Rasa Saara Kiri Saara” campaign was launched by Elephant House Milk as a digital-first initiative.
- Manufacturing sector initiated and conducted the ‘CCS Digital වසන්ත සැණකෙළිය’ as the first ever online Avurudu celebration.
- CCS extended support to the Navagamuwa Hospital to combat the spread of COVID 19 by donating PCR testing booths.
- Keells introduced a self-checkout machine at its Union Place outlet - the first in Sri Lanka.
- Keells introduced a new “Indulgance” range of premium cooked food items.

May

- TVCs were launched to promote IMORICH cones by Frozen Confectionery category.
- Frozen Confectionery category launched a Digital Field Coaching mobile application.
- Keells partnered with market development facility (MDF) to support farmers in tech installations.

June

- The internal sales motivation programme “Tuskers” was launched by the Manufacturing Sector.

July

1 Outlet opened

- Frozen Confectionery team conducted a program with IMORICH to commemorate "World Ice Cream Day"with discounted offers and deals.
- Frozen confectionery category launched Double Delight 2 liter tub.
- Launched the first phase of “Platinum Group” program focusing on an emerging sales channel as a combined effort by the Manufacturing Sector.
- CCS Ranala site successfully transferred to the 2018 version ISO 22000- Food Safety Management System certification audit (ISO 22000:2018).
- Keells was ranked 6th in the Top 100 Most Valuable Brands of 2022 in Sri Lanka, by Brand Finance. The most valuable supermarket brand for the fourth consecutive year.
- Keells launched its Affordability Campaign, including the relaunch of the “Perfectly Imperfect” campaign with vegetables sold 20% cheaper.
- At the Retail Asia 2021 Awards, Keells was named Food and Beverage Retailer of the year and won the award for Sustainability Initiative of the year.
- Keells opened a new outlet in Matara.

August

- ‘SHINE WITH VALUES’ week was facilitated to create quality time for employees in the Manufacturing Sector.
- Plasticycle, opened the Zerotrash Recyclable Plastic Collection Centre.
- Trade marketing program named “Green” was launched to drive trade execution by the Beverages category.
- Beverages category commenced a partnership with “Liquid Show” as a value adding and consumption moment development program.
- Keells launched the sale of electronic items of John Keells Office Automation (PVT) Ltd (JKOA) through its website.
- New initiatives were rolled out on the Keells website including the WhatsApp bot to ease customer order generation.

September

- The Manufacturing Sector embarked on its journey creating a Diversity, Equity and Inclusion (DE and I) culture.
- Keells was a finalist at the Omnichannel Transformation Award at the World Retail Awards.

October

2 Outlets opened

- EGB launched a restaurant support program during the travel restrictions.
- Elephant House Milk celebrated Word Children’s Day with a series of digital events.
- Keells opened 2 new outlets in Katubedda and Maharagama.

November

- Elephant House Frozen Confectionery has introduced "No Added Sugar" range in Vanilla and Chocolate flavours along with the introduction of the frozen yoghurt range in mixed berry and tropical mango flavours. Modern innovative paper-based packaging has been used for the "Feelgood" range.
- Elephant House Frozen Confectionery embarks upon a journey to empower women with "Dinanee" program.

- Implementation of SAP Batch Management for the production, storage and distribution processes at Seethawaka facility.
- Team 'SURGE' from the Manufacturing Sector won the 2021 John Keells Group Chairman's Award for Disruptive Innovation.
- At the John Keells - Chairman's Awards 2021, Keells won the awards for Sustainability and for Diversity, Equity and Inclusion.

- The Voice of CF was organised to facilitate all levels of employees across the Manufacturing Sector to showcase their singing talents.
- CCS acquired a water plant in Kotagala.
- Beverages category launched "Data Pop Up", the pilot project of a digital consumer promotion.
- In partnership with HNB, Keells enabled QR-based payments at all outlets.
- Keells launched the Freshness and "Govi Diri" campaigns shairing the success stories of the farmers.

December

2 Outlets opened

- Vanilla Shock in the stick range was launched under Frozen Confectionery.
- Mixed Berry 1 L pack was launched along with Imorich cone multi pack targeting the Christmas season by Frozen Confectionery.

- Ceylon Cold Stores PLC won the Gold award at the CA Sri Lanka Annual Report Awards held at BMICH on 9th December 2021.
- Keells opened 2 new outlets in Kalutara and Duplication Road.

- The first new-look Keells store was opened in Lauries road, introducing new payment technologies such as Scan and Go and extended product offerings.
- Keells launched new product ranges including thin-crust pizzas, premium coffee and marinated seafood.

2022

January

- NCE Export Awards: Gold Award under Medium Category for Frozen Confectionery.
- CCS opened a new warehouse for full bottles for beverages category in Ranala facility.

- Elephant House bottled water breaks all records by achieving the highest ever volume done by a bottled drinking water brand in history.
- Elephant House Cream Soda continued the partnership with "The Voice" franchise for the 3rd consecutive time.

- CICL site successfully transferred to 2018 version ISO 22000-Food Safety Management System certification audit (ISO 22000:2018).
- Keells introduced Kraft boxes and wooden utensils instead of aluminum foils and plastic cutlery.

February

- CCS team bagged 9 awards at the SLIM NASCO awards ceremony held on 8th February 2022 including Most outstanding territory manager award amidst overall industries.

- The Consumer Food's HR Team emerged as the Winner under the Food & Beverage Category of "The Great HR Quiz 2022" organised by The Chartered Institute of Personnel Management.

- Keells entered an MoU with University of Kelaniya to provide retail experience to under graduates who are following a marketing degree.

March

- Launch of the 2 Bar Mix Fruit Stick ice cream.
- Elephant House corporate campaign "Superheroes" was launched.
- Frozen Confectionery Category's women empowerment program "Dinnanee" partnered with Women's Bureau of Sri Lanka on International Women's Day.

- CCS celebrated international women's day highlighting the theme "break the bias" along with the launch of a women's day newsletter.
- CCS and MEPA (Marine Environmental Protection Agency) arranged a beach cleanup activity at crow island.

- Elephant House Cream Soda won the coveted "SLIM People's Choice Beverage Brand of the Year" award for the 16th consecutive year.
- Keells officially opened its new state-of-the-art centralised distribution centre (DC) in Kerawalapitiya.
- Keells opened retails skills center at NAITA in Havelock road.

Awards and Certifications

Awards

Elephant House Cream Soda won the coveted “SLIM People’s Choice Beverage Brand of the Year” award for the 16th consecutive year.

Ceylon Cold Stores PLC won the Gold award under the Food and Beverage Companies at the CA Sri Lanka Annual Report Awards.

CCS team bagged 9 awards at the SLIM NASCO awards ceremony held on 8th February 2022 including Most Outstanding Territory Manager manager award amidst overall industries.

At the Retail Asia 2021 Awards, Keells was named Food & Beverage Retailer of the year and won the award for Sustainability Initiative of the year.

The Manufacturing Sector HR Team won in “The Great HR Quiz 2022” organised by The Chartered Institute of Personnel Management.

NCE Export Awards: Gold Award for Medium Category – Frozen Confectionery.

Team ‘SURGE’ from The Manufacuturing Sector Sector won the 2021 John Keells Group Chairman’s Award Disruptive Innovation.

Keells won the awards for Sustainability and for Diversity, Equity and Inclusion (DE & I) at the John Keells Group Chairman's Awards 2021.

Keells was a finalist for the Omnichannel Transformation Award at the World Retail Awards.

Keells - Winner of SLIM Brand Excellence - Service Brand of the Year - Bronze.

Keells - Winner of Automation Excellence at the Ui Path Automation Excellence Awards.

SLIM Digis 2.1 – Silver Award for Keells in “Best Use of Technology in Marketing” category. Keells was a Finalist in “Best Response for COVID-19” category as well.

Certifications

	CCS - Ranala	CICL - Seethawake	Others	JMSL
Quality Awards/ Certifications for Food and Beverage	Certifications for ISO 9001:2015 based Quality Management System in the ice cream and soft drink plants	Certificate for ISO 9001: 2015 based Quality Management System	SLS 221: 2010 – FITO branded flavoured fruit drinks	
	Certifications for ISO 22000:2018 based Food Safety Management System in ice cream and soft drink plants	Certificate for ISO 22000:2018 based Food Safety Management System	SLS 894:2020 – EH branded Bottled Drinking Water	
	SLS 223: 2017 certificate for EH branded ice cream	SLS 223: 2017 certificate for EH branded ice cream	SLS 183: 2013 certificate for EH branded Carbonated Beverages manufactured at External locations	
	SLS 183: 2013 certificate for EH branded Carbonated Beverages	SLS 967: 1992 certificate for EH branded Frozen Confections / ice palam		
	SLS 183: 2013 certificate for KIK branded Carbonated Beverages	Halal Certification for ice cream / ice palam		
	Halal Certification for Elephant House ice cream			
Occupational Health and Safety Management System	ISO 45001: 2018 certificate			ISO 45001: 2018 certificate
Environmental Management System	ISO 14001: 2015 certificate			
COVID-19 Safety Management System	SLS 1672: 2020 certificate	SLS 1672: 2020 certificate		SLS 1672 : 2020 certificate
Good Manufacturing Practices				SLS 143: 1999 – Code of practice for general principals of food hygiene (second revision)
				SLS 956: 2916 – Code of hygienic practice for catering establishments
				SLS 965: 1992 – Code of hygienic practice for biscuit manufacturing and bakery units
Supermarket Management System				SLS 1432: 2011 certificate

Key Milestones

CCS

"Ceylon Cold Stores acquired the water manufacturing plant in Kotagala from Worldwide Enterprises Pvt. Ltd, for the production of Elephant House Bottled Water."

"Beverages factory at Ranala expanded its existing full bottle warehouse facility with a shuttle racking system during the year."

JMSL

"JMSL launched the third largest warehouse facility in the country and the largest technologically advanced distribution facility in the modern retail sector.

This is another milestone in the journey of Keells guaranteeing product availability and freshness to our customers while leading the transformation in the retail sector."

"The Retail Segment launched a new iteration of the retail offering through the launch of a new concept store at Lauries Road during the year.

Through this store, JMSL has pioneered best-in-class retail technology solutions to the Sri Lankan consumer including, "scan and go" and self-checkout options."

Board of Directors

Krishan Balendra
Non-Independent - Non-Executive Director / Chairman

Mr. Balendra was appointed to the Board of Ceylon Cold Stores PLC, on 1st January 2018 and was appointed as Chairman on 1st January 2019.

Mr. Balendra is the Chairman of John Keells Holdings PLC. He is a Director of the Ceylon Chamber of Commerce and the Hon. Consul General of the Republic of Poland in Sri Lanka. He is a former Chairman of Nations Trust Bank and the Colombo Stock Exchange. Mr. Balendra started his career at UBS Warburg, Hong Kong, in investment banking, focusing primarily on equity capital markets. He joined JKH in 2002. Mr. Balendra holds a law degree (LLB) from the University of London and an MBA from INSEAD.

Gihan Cooray
Non-Independent - Non-Executive Director

Mr. Cooray was appointed to the Board of Ceylon Cold Stores PLC, on 1st January 2018.

Mr. Cooray is the Deputy Chairman/Group Finance Director and has overall responsibility for the Group's Finance and Accounting, Taxation, Corporate Finance and Strategy, Treasury, Information Technology function and Corporate Communications. He is the Chairman of Nations Trust Bank PLC. Gihan holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is a Fellow member of the Chartered Institute of Management Accountants, (UK), a certified management accountant of the Institute of Certified Management Accountants, Australia and has a Diploma in Marketing from the Chartered Institute of Marketing, (UK). He serves as a committee member of The Ceylon Chamber of Commerce.

Daminda Gamlath
Executive Director

Mr. Gamlath was appointed to the Board of Ceylon Cold Stores PLC, on 1st November 2017.

Mr. Gamlath is the President of the Consumer Foods industry group and has been with the John Keells Group since 2002. He was the Sector Financial Controller for the Information Technology sector and then the Consumer Foods sector before he was appointed as the Head of Beverages in 2013 and the Sector Head in 2017. Prior to joining the John Keells Group, he worked at the Hayleys Group. Daminda holds a B.Sc. in Engineering from the University of Moratuwa, an MBA from the University of Colombo and is a passed finalist of the Chartered Institute of Management Accountants (UK).

Nelindra Fernando
Executive Director

Ms. Fernando was appointed to the Board of Ceylon Cold Stores PLC, on 1st January 2021.

Ms. Fernando is the Chief Financial Officer for the Consumer Foods industry group. Ms. Fernando joined the John Keells Group in 2013 as the Sector Financial Controller for Consumer Foods industry group. Prior to joining the JKH Group, she worked at the MAS group and Ernst & Young, Chartered Accountants. She is a member of the Chartered Institute of Management Accountants of (UK) and the Institute of Chartered Accountants of Sri Lanka.

Dr. (Ms.) Shanthi Wilson Wijeratnam
Independent - Non-Executive Director

Dr. (Ms.) Wijeratnam was appointed to the Board of Ceylon Cold Stores PLC, on 17th June 2016.

Dr. (Ms.) Wijeratnam graduated from University College London with a B.Sc. Hons. Degree in Microbiology and obtained her Ph.D. from the University of Cambridge, specialising in plant pathology and post-harvest technology. She was the Head of the Food Technology Section and subsequently Additional Director Research and Development at the ITI (former CISIR). She was the country representative for the UN- IAEA supported food irradiation programmes and a visiting scholar at Cornell University, RIKILT in the Netherlands, the University of Hawaii, the University of Cambridge, and the University of Guelph. She has served on the Board of the Atomic Energy Agency and was the Chairman of the Institute of Post- Harvest Technology. She has served on the Editorial Board of the Journal of the National Science Foundation. In 2017 she was appointed to the International Advisory Board of the USAID funded “Feed the Future – Horticulture Innovation Lab”, at the University of California, Davis. She is currently the President of the Sri Lanka Girl Guides Association.

Muhammed Hamza
Independent - Non-Executive Director

Mr. Hamza was appointed to the Board of Ceylon Cold Stores PLC, on 15th May 2015.

Mr. Hamza has over 30 years of managerial experience in the FMCG industry. He was the Chairman of the Sri Lanka Handicrafts Board – Laksala – till October 2019 and previously served as CEO and Director at Atlas Axillia (Pvt) Ltd. He had a 28-year career at Nestle, holding senior positions across Sri Lanka, India, Pakistan and Indonesia. Mr. Hamza was a key player in transforming Nestle’s footprint in Sri Lanka and was instrumental in building local flagship brands like Nestomalt and Milo. He holds a B.Com degree from the University of Peradeniya, an MBA from the American University in Washington D.C. and a Post Graduate degree in General Management from IMD, Switzerland.

Board of Directors

Charitha Subasinghe

Non-Independent - Non-Executive Director

Mr. Subasinghe was appointed to the Board of Ceylon Cold Stores PLC on 1st January 2021.

Mr. Subasinghe is the President of the Retail industry group. He has been with the John Keells Group since 2003. He was the Sector Financial Controller of the Retail industry group, before being appointed as the Chief Executive Officer in 2005. He was also employed at Aitken Spence Hotel Management as the Sector Financial Controller before moving over to John Keells. He is an Associate Member of the Chartered Institute of Management Accountants (UK) as well as a Diploma Holder of the Chartered Institute of Marketing (UK). He also holds an MBA from the University of Colombo.

Sharmini Ratwatte

Independent - Non-Executive Director

Ms. Ratwatte was appointed to the Board of Ceylon Cold Stores PLC, on 17th June 2016.

Ms. Ratwatte is a Fellow Member of the Chartered Institute of Management Accountants (UK) and also holds a Master's in Business Administration from the University of Colombo.

Ms. Ratwatte holds Non-Executive Directorships in BPPL PLC, a manufacturer and exporter of household and professional cleaning products and is a Trustee of Sunera Foundation, a non-profit organisation empowering differently abled persons using the performing arts. She is a Founding Trustee and former Chairperson of the Federation of Environmental Organisations, which works to support environmental organisations operating in Sri Lanka..

Management Team

Ceylon Cold Stores PLC

(In alphabetical order)

Daminda Gamlath

President / Executive Director

Daminda is the President of the Consumer Food Industry group. Daminda has been with the John Keells Group since 2002. He was the Sector Financial Controller for the Information Technology Sector and then the Consumer Food Sector before he was appointed as the Head of Beverages in 2013 and the Sector Head in 2017. Prior to joining the John Keells Group, he worked at the Hayleys Group. Mr. Gamlath holds a B.Sc. (Eng.) degree from the University of Moratuwa, an MBA from the University of Colombo and is a passed finalist of the Chartered Institute of Management Accountants (UK).

Dilshani Edirisinghe

Assistant Vice President

Dilshani is the Head of Marketing in the Beverages category of Ceylon Cold Stores PLC and joined the Company in 2019. She has over 20 years' experience in sales and marketing functions in diverse industry sectors. Prior to joining the John Keells Group she was attached to AkzoNobel Paints Lanka (Pvt) Ltd for nine years covering marketing & category management functions. Dilshani holds a diploma in Marketing from the Chartered Institute of Marketing (UK).

Duminda Gunawardena

Assistant Vice President

Duminda is the Head of Manufacturing of Ceylon Cold Stores PLC and joined the John Keells Group in 2016. He has over 20 years of experience in the FMCG sector having previously worked for Coca Cola Beverages Sri Lanka Ltd., Premium Exports Ceylon Ltd., Industrial Stainless-Steel Fabrication (Pvt) Ltd. holding key roles in engineering, production and project management. Duminda holds an Engineering Diploma NDT (Electrical Engineering) from the University of Moratuwa, Master of Manufacturing Management (MMM) and an MBA from the University of Colombo.

Jayampathi Mawilmada

Assistant Vice President

Jayampathi is the Head of Sales for the Beverages category of Ceylon Cold Stores PLC. He joined the John Keells Group in 2022. He has over 20 years of experience in the FMCG, Telecommunication and Pharmaceuticals industries. Prior to joining JKH, Jayampathi has worked at Bharti Airtel, Etisalat Lanka and Nestle Lanka PLC. He holds Post Graduate Diploma in Marketing (CIM- UK), Master's in Business Studies from University of Colombo and master's in business management from Postgraduate Institute of Management, University of Sri Jayawardanepura.

Jehani Kanagaraj

Assistant Vice President

Jehani is the Financial Controller of Consumer Foods Industry Group. She joined the John Keells Group in 2003 and was the Finance Manager of Keells Food Products PLC. Jehani is an Associate Member of the Chartered Institute of Management Accountants (UK) and the Chartered Global Management Accountants (CGMA).

Jude Martino

Vice President

Jude is the Head of Beverages category of Ceylon Cold Stores PLC. He joined the John Keells Group in 2020. Jude has over 15 years of experience in the FMCG industry. Prior to joining JKH, Jude has worked at Dialog Axiata, Unilever Sri Lanka, Reckitt Benckiser Bangladesh and Reckitt Benckiser Sri Lanka. He holds a bachelor's degree in Marketing & Management from Edith Cowan University, Australia and a Diploma in Industrial Psychology.

Kasun Gunarathne

Assistant Vice President

Kasun is the Head of Marketing in the Frozen Confectionery category of Ceylon Cold Stores PLC, He has over 11 years of experience in brand marketing and sales in multiple industries. Prior to joining JKH Kasun has worked at Mobitel (Pvt) Ltd and Prima Group Sri Lanka. He holds master's degree in Business Administration from University of Wales, Cardiff, UK and post graduate diploma in Marketing from Chartered Institute of Marketing (UK).

Mahendra Amarasinghe

Assistant Vice President

Mahendra is the Head of Sales for the Frozen Confectionery category. He joined Ceylon Cold Stores PLC in 1991 and has 30 years of experience in sales function in both Beverages and Frozen Confectionery categories.

Nelindra Fernando

Executive Vice President / Executive Director

Nelindra is the Chief Financial Officer for the Consumer Foods industry group. She joined the John Keells Group in 2013 as the Sector Financial Controller of the Consumer Foods Industry Group. Prior to joining the JKH Group, she worked at the MAS group and Ernst & Young, Chartered Accountants. She is a member of the Chartered Institute of Management Accountants of (UK) and the Institute of Chartered Accountants of Sri Lanka. She was appointed as a member of the John Keells Groups Operating Committee (GOC) in 2018.

Management Team

Nisansala Paranayapa
Vice President

Nisansala is the Head of Human Resources of the Consumer Foods Industry Group and joined the Group in 2015. Prior to that she worked at Ceylon Grain Elevators PLC and Ansell Lanka (Pvt) Ltd. She is a life member of the Bar Association of Sri Lanka, an Associate of Institute of Personnel Management (Sri Lanka) and a life member of MBA Alumni Association of University of Colombo. She holds a LLB (Hons) degree from the University of Colombo, Attorney at Law from Sri Lanka Law College and an MBA in Human Resource Management from the University of Colombo.

Nirosh Lalantha
Assistant Vice President

Nirosh is the Head of Quality Assurance of Ceylon Cold Stores PLC and Head of Research & Development of Keells Food Products PLC. He joined the John Keells Group in 2000. He has over 20 years of experience in different areas of FMCG industry. Nirosh holds a B.Sc. Degree in Agriculture from the University of Peradeniya and MBA from the PIM under University of Sri Jayewardenepura.

Sanjeewa Jayasundara
Vice President

Sanjeewa is the Head of Supply Chain Management of Ceylon Cold Stores PLC. He joined the John Keells Group in 2010, and has over 25 years' experience in the FMCG industry. Prior to that, he worked at Uniliver Sri Lanka for 14 years in different areas in the Supply Chain. He is an Associate Member of the Institute of Engineers, Sri Lanka and holds a B.Sc. Engineering degree from the University of Peradeniya and an MBA in Management of Technology from the University of Moratuwa.

Sathish Ratnayake
Vice President

Sathish is the Head of Frozen Confectionery category of Ceylon Cold Stores PLC. He has over 25 years' experience in sales and marketing functions in diverse industry sectors. Prior to joining John Keells Group, he was attached to Unilever Sri Lanka for 14 years covering sales, marketing, customer and trade marketing functions. He has also worked for Pure Beverages Ltd, Cargills Ceylon PLC, Bharti Airtel Lanka Ltd and Heineken Asia Pacific. Sathish holds a master's degree from the Cardiff Metropolitan University (UK) and a Diploma in Marketing from the Chartered Institute of Marketing (UK).

Thilina Abeygunawardane
Assistant Vice President

Thilina is the Head of Financial Planning and Analysis of Consumer Foods Industry Group. He joined the John Keells Group in 2010 and has over 10 years of experience in management accounting and financial planning in FMCG industry. Thilina holds a B.Sc Accounting Special Degree from the University of Sri Jayewardenepura, is a passed finalist of the Chartered Institute of Management Accountants (UK) and a Finalist of the Association of Chartered Certified Accountants (UK).

Thushani Wijewickrama
Assistant Vice President

Thushani is the Head of Tax for John Keells Consumer Food and Retail Industry Groups. She has over 13 years of experience in tax compliance and tax advisory services. Thushani joined the John Keells Group in 2021; having previously served at Ernst & Young, Sri Lanka. Thushani is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and holds a B.Sc. Finance (Special) degree from the University of Sri Jayewardenepura.

Udaya Padmakumara
Assistant Vice President

Udaya is the Head of Research & Development of Ceylon Cold Stores PLC and joined the John Keells Group in 2014. Prior to join JKH, he worked at Lion Brewery Ceylon PLC and Varun Beverages Lanka (Pvt) Ltd, and he has more than 19 years of experience in different areas of FMCG industry. Udaya holds a B.Sc. Degree in Microbiology from the University of Kelaniya and M.Sc. in Food Science & Technology from the University of Sri Jayewardenepura.

The Colombo Ice Company (Pvt) Ltd

Irsula Rajakaruna
Assistant Vice President

Irsula is the Factory Manager of The Colombo Ice Company (Pvt) Ltd and joined the John Keells Group in 2015. Prior to that, he worked at Unilever Sri Lanka for 8 years in the engineering function. He is an Associate member of the Institute of Engineers Sri Lanka and holds a B.Sc. (Eng.) degree from University of Moratuwa and has a MBA in Management of Technology from University of Moratuwa.

Jaykay Marketing Services (Pvt) Ltd

(In alphabetical order)

Amila Kuruppu

Assistant Vice President

Amila is the Head of Productivity Improvement of Jaykay Marketing Services (Pvt) Ltd and has been with the John Keells Group since 2006. He was attached to the operation department prior to being appointed as the Head of Productivity Improvement in July 2019. Prior to joining JKH, he has worked at the Morrisons, UK in Supermarket Operations. He holds a Diploma in Ticketing and Reservations at Emirates Training College as well as Certificate in Management at Postgraduate Institute of Management and Harvard Business Publishing.

Aravinda Wanniarachchi

Executive Vice President

Aravinda is the Chief Financial Officer of Jaykay Marketing Services (Pvt) Ltd and joined the John Keells Group in 2007. He was attached to the Group Corporate Finance and Strategy team of John Keells prior to joining the Retail Sector. He is a Chartered Financial Analyst, an Associate Member of the Chartered Institute of Management Accountants (UK) and holds a BBA Marketing (Sp.) degree from the University of Colombo. He was appointed as a member of the John Keells Group Operating Committee (GOC) in 2018.

Arunajith Nandana

Assistant Vice President

Arunajith is the Head of Learning and Development of Jaykay Marketing Services (Pvt) Ltd and joined the John Keells Group in 2018. He was attached to Access Group of Companies, as Human Resources Manager for the health care sector before joining John Keells Group. He is a Passed Finalist of Certified Management Accountants (SL) & Association of Accounting Technicians (SL). He holds a degree of Bachelor's in Business Management from Open University (SL), Master of Business Administration degree from Metropolitan University (UK) and a Certified Training Programme Assessor for NVQ Level 6 of Tertiary & Vocational Education Commission (SL).

Ashan Ransilige

Vice President

Ashan is the Head of Human Resources of Jaykay Marketing Services (Pvt) Ltd and joined the John Keells Group in 2016. He was attached to Dialog Axiata PLC, as the Human Resources Manager before moving to John Keells Group. He holds a Diploma in Teaching and Learning from the Institute of City and Guilds of London and also a Certified Training Programme Assessor of SHL Training Academy (UK) and holds an MBA from the University of Derby (UK).

Charitha Subasinghe

President / Director

Charitha is the President of the Retail industry group and has been with the John Keells Group since 2003. He was the Sector Financial Controller of the Retail industry group, before being appointed as the Chief Executive Officer in 2005. He was employed at Aitken Spence Hotel Management as the Sector Financial Controller before moving to John Keells Group. He is an Associate Member of the Chartered Institute of Management Accountants (UK) as well as a Diploma Holder of the Chartered Institute of Marketing (UK), and he also holds an MBA from the University of Colombo.

Fazil Buharie

Assistant Vice President

Fazil is the Financial Controller of Jaykay Marketing Services (Pvt) Ltd and joined the John Keells Group in 2014. He is a Fellow Member of the Association of Chartered Certified Accountants (UK), an Associate Member of the Institute of Chartered Accountants of Sri Lanka and holds a B.Sc. Accounting (Sp.) degree from the University of Sri Jayewardenepura.

Isuru Polgasdeniya

Assistant Vice President

Isuru is the Head of Supply chain of Jaykay Marketing Services (Pvt) Ltd and joined the John Keells Group in 2012. He was attached to the category management department prior to being appointed as Head of Supply chain in 2020. He holds a Bachelor of Business degree in Management and Marketing from Edith Cowan University, Australia and an MBA from the Cardiff Metropolitan University (UK).

Janith Gunasiri

Vice President

Janith is the Head of Commercial of Jaykay Marketing Services (Pvt) Ltd and has been with the John Keells Group since 2010. He was the Head of Supply Chain at Jaykay Marketing Services (Pvt) Ltd before being appointed as the Head of Commercial. He joined John Keells Group Transport Sector as a Finance Manager and then appointed as the Head of New Business Development in 2015. He worked at KPMG Ford, Rhodes, Thornton & Co. before joining the John Keells Group. He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka, a passed finalist of the Chartered Institute of Management Accountants (UK) and holds a BBA (Finance Special) from the University of Colombo

Mifrah Ismail

Vice President

Mifrah is the Head of Fresh Food of Jaykay Marketing Services (Pvt) Ltd and joined the John Keells Group in 2011. He was attached to the category management department before joining the fresh food team. He is an Associate Member of the Chartered Institute of Management Accountants (UK) as well as a Diploma Holder of the Chartered Institute of Marketing (UK). He holds a BBA Finance (Sp.) degree from the University of Colombo.

Nilusha Fernando

Vice President

Nilusha is the Head of Marketing of Jaykay Marketing Services (Pvt) Ltd and joined the John Keells Group in 2009. She is a passed finalist of the Chartered Institute of Management Accountants (UK), holds a BBA Finance (Sp.) degree from the University of Colombo (Sri Lanka) and an MBA from the Cardiff Metropolitan University (UK).

Management Team

Nilush Cooray
Vice President

Nilush is the Head of Operations of Jaykay Marketing Services (Pvt) Ltd and has been with the John Keells Group since 2003. He was the Head of Human Resources of the Retail sector, before being appointed as the Head of Operations in July 2011. He was also employed at the Carsons Group of companies for 4 years in the Human Resources function. He holds a Diploma in Human Resources Management from the Institute of Personnel Management, Sri Lanka and an MBA from the University of Southern Queensland (Australia).

Osanda Warnakulasooriya
Vice President

Osanda is the Head of IT for Retail industry group of John Keells Group. He started his career at JKH in 2013 and after leaving the Group, rejoined in 2017. He holds an Honors Degree of Bachelor of Science in Management Information Systems from "University College Dublin / National University of Ireland.

Ranella Jayasuriya
Assistant Vice President

Ranella is the head of Private Label and Direct Imports at Jaykay Marketing Services and joined the John Keells group in 2011. She was attached to the marketing division and later joined the purchasing division and now attached to the commercial department since 2017. She holds a Bachelor of Business degree in Management and Marketing from the Edith Cowan University Australia and an MBA from the University of Southern Queensland Australia.

Sajeev Jeganathan
Vice President

Sajeev is the Head of Projects of Jaykay Marketing Services (Pvt) Ltd and joined John Keells Group in 2010. He was attached to the Projects Department of Cinnamon Hotels Management Services (Pvt) Ltd before joining Jaykay Marketing Services (Pvt) Ltd in 2013. He holds a B.Eng in Aerospace Engineering from the University of Sheffield (UK).

Management Discussion and Analysis

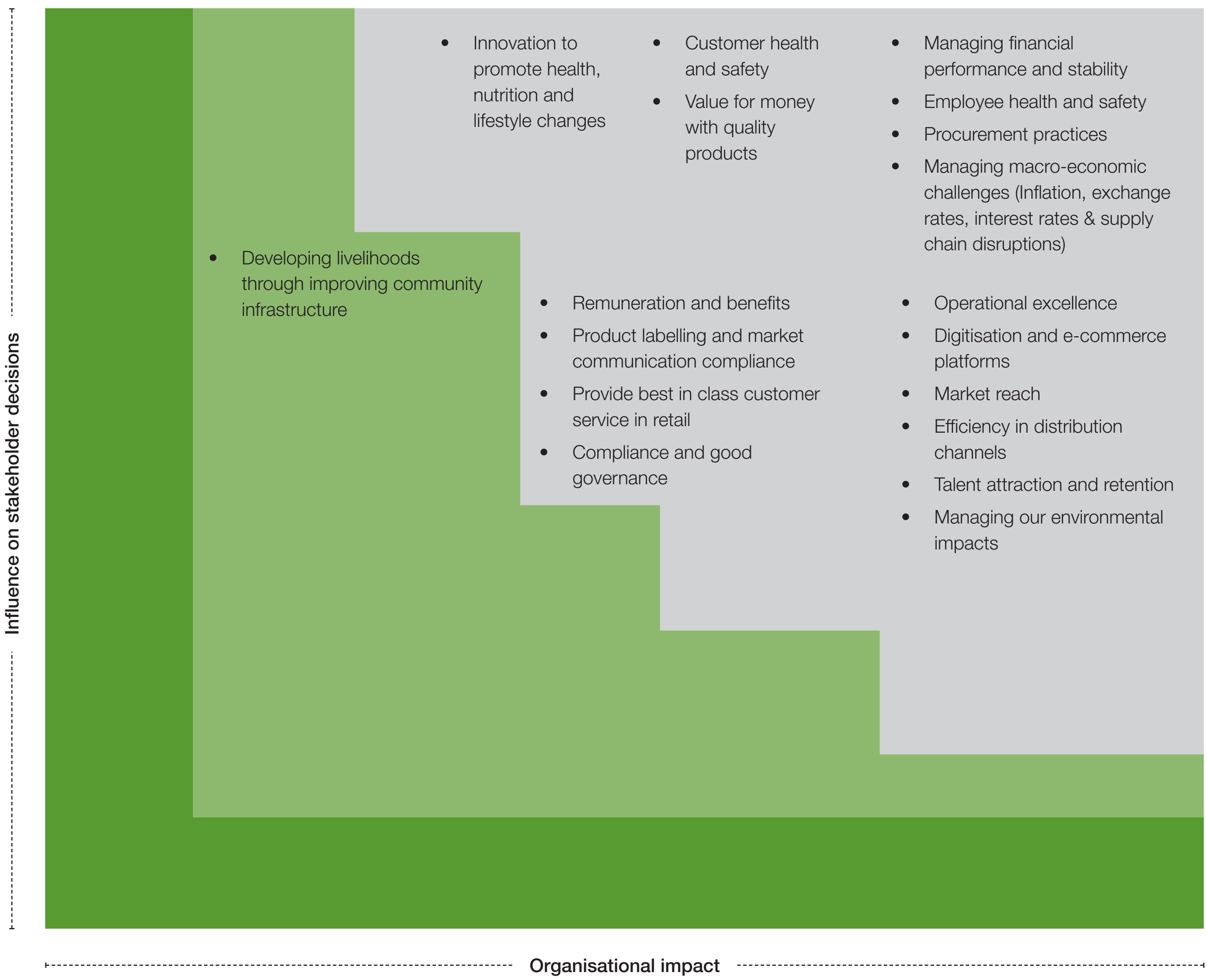
Material Matters

The Group's material issues are factors that are most relevant to our stakeholders and can have the most significant impact on the Group's performance, economy, society and environment. Material topics are determined following ongoing dialogue with our stakeholders, critical assessment of our value creation model as well as emerging risks and opportunities in the operating landscape.

During the year, the operating landscape continued to present an array of challenges, stemming from both pandemic-led disruptions and the country's macro-economic vulnerabilities. Accordingly, new factors were added to the matrix. The Group's material topics for 2021/22 are listed below:

New material topics in 2021/22

Managing macro-economic challenges



Material topic and developments in 2021/22	Materiality compared to last year	Corresponding GRI Topic and Sustainable Development Goal
Managing financial performance and stability Difficulties in fully passing cost increases to consumers had a impact on profitability margins	Increased in importance	Economic performance
Employee well-being Continued emphasis on minimising risk of cross infection and broadened to include mental well-being	Increased in importance	Occupational health and safety
Managing macro-economic challenges Sri Lanka's macro-economic stresses including shortage in foreign currency, high inflation and impacts on disposable income had a direct impact on our operations	New topic	
Procurement practices Strategic emphasis on widening local supplier base and ensuring uninterrupted supply of raw material given import restrictions and disruptions to supply chains.	Increased in importance	Procurement practices
Operational excellence Increased focus on driving manufacturing and process efficiencies in adapting to the new realities of post pandemic world.	Increased in importance	
Customer health and safety Critical need to of ensuring a safe environment for customers who are visiting our retail outlets	-	Customer health and safety
Digitisation and e-commerce platforms Reflects strategic emphasis on digital and data	Increased in importance	
Market leadership	-	
Market reach	-	
Talent attraction and retention	Increased in importance	Employment Diversity and equal opportunity Training and education Labour Management relations:
Providing value for money with quality products Reflects consumers' increasing concerns on affordability given the macro-economic conditions	Increased in importance	
Product labelling and market communication compliance	-	Marketing and Labelling
Provide best in class customer service in retail	-	
Innovation to promote health, nutrition and lifestyle changes	Increased in importance	
Efficiency in distributor channels Strategic emphasis on enhancing the effectiveness and efficiency of distribution channels given pandemic-led disruptions	Increased in importance	
Developing livelihoods through improving community infrastructure	-	Local communities Indirect economic impacts
Compliance and good governance	-	Socio economic compliance
Managing natural inputs and outputs	-	Raw materials Water Energy Waste and effluents Emissions Environmental compliance

Embedding Sustainability

Environment, Social and Governance (ESG) considerations have become even more prominent in the aftermath of the pandemic, as critical interdependencies that exist between the environment, communities and socio-economic landscape have taken centre stage. As a Group, we are acutely aware of the need to look beyond short-term financial results and proactively address our social, economic and environmental impacts, which in turn can help in building a more resilient business model. Accordingly, in recent years, we have strived to embed sustainability considerations into our strategy and value creation activities, as is demonstrated below:

E – ENVIRONMENT

- Reducing the carbon footprint of our operations
- Reduce consumption of single-use polythene
- Recycle plastic waste
- Propagate sustainable agricultural practices

S – SOCIAL

- Better products and healthier alternatives
- Diversity and inclusion
- Skill development along our value chain
- Inclusive and ethical sourcing

G – GOVERNANCE

- Responsible product labelling and marketing
- Ethics and compliance
- Transparency and accountability

Sustainability Context

- Widening income inequalities
- Intensifying implications of climate change
- Increased pressure from customers and other stakeholders to adopt sustainable business practices
- Increased landfill waste stemming from polythene and plastic usage
- Sedentary lifestyles and increasing prevalence of non-communicable diseases

Delivering our ESG Aspirations

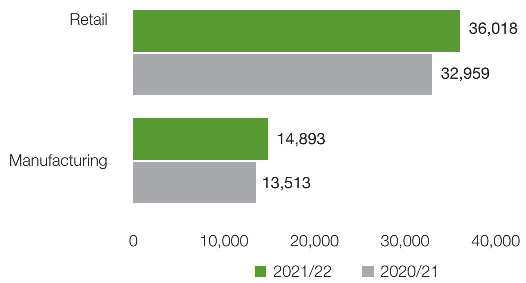
Healthier alternatives

With customers placing increasing focus on health and well-being, we have sought to offer a wider choice of heathier alternatives, in both the Manufacturing and Retail segments. This includes,

- 10 products available in the non-CSD range
- 99% of CSD portfolio in amber and green categories for sugar content
- 45% substitution of calorific sugar with natural sweetner in the CSD sugar content
- Launch of "Feelgood" wellness range under Frozen Confectionery with the introduction of Frozen Yogurt and No Added Sugar Ice Creams

Climate action

Carbon Footprint tCO_2e

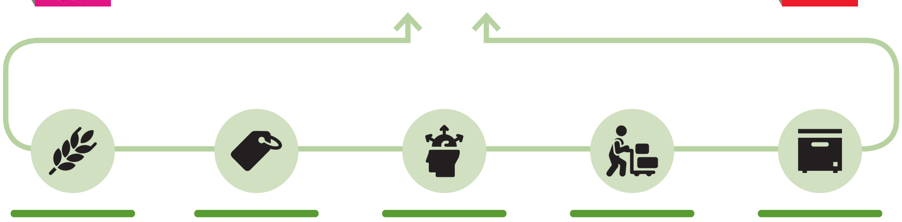


82 Retail outlets converted to solar	**100%** LED lighting in retail outlets	**7%** reduction in emission intensity-Manufacturing	**3%** increase in emission intensity-Retail

Circularity

35%	Reduction in single-use polythene
57%	Reduction in polythene usage
206	Plastic collection bins deployed
31 MT	Plastic waste collected and recycled

SUPPORTING OUR VALUE CHAIN MANAGEMENT



Sustainable agriculture training for 320+ farmers	68 private label manufacturers assisted	Skill development through JMSL Academy	Rs. 74 Bn supplier payments	2,742 Freezers and 1,022 Coolers added to the market

Leveraging partnerships

Keells "Govi Diri" - partnership with Smallholder Agriculture Partnership of the Ministry of Agriculture	Partnership with USAID to develop SME suppliers	Facilitating community engagement projects conducted through John Keells Foundation	Partnership with University of Kelaniya to support the Retail Management curriculum development

100%	Compliance to environmental regulations/guidelines	100%	Compliance to socio-economic regulations/guidelines

Strategy and Resource Allocation

Strategic priorities

The Group maintained focus on its five strategic priorities, which supported the continued creation of sustainable value to its stakeholders, despite the unprecedented challenges stemming from the operating environment. A summary of our resource allocation and strategic delivery is presented below, with further information available in subsequent sections of the Report.

Sustainable growth

Initiatives

Manufacturing

- Acquisition of water bottling plant, with the aim of expanding our non-CSD range
- New production capability to manufacture Frozen Yoghurt
- Focus on enhancing efficiency of distribution channels through proactive planning, analysis and monitoring
- Strategic market activations
- Expansion of full bottle warehouse with racking system in Ranala factory

Retail

- Opened 5 new retail outlets including Keells at Lauries and refurbished 16 outlets
- Expanded private label products and affordable range in our supermarkets
- State of the art warehouse facility for Keells

Resource allocation

Manufactured capital	**Capital expenditure** Rs. 1,324 Mn (Manufacturing) Rs. 4,876 Mn (Retail)
Human capital	8,186 New employees recruited

Fulfilling the customer promise

Initiatives

Manufacturing

- Launch of frozen yoghurt, low sugar range and several impulse products in frozen Confectionery

Retail

- Launch of a new iteration of the retail offering through Keells at Lauries Road, a new-format outlet offering an enhanced customer experience including Sri Lanka's first Scan & Go check-out option
- 123 supermarkets obtained the COVID-19 safety certification from SLS
- Increased investments in technology to drive faster transaction processing time and enhance the overall customer experience
- Increased focus on offering access to affordable products given the prevalent high-inflation environment

Resource allocation

Intellectual capital	Rs. 60 Mn investments in R&D
Human capital	5,552 employees trained on customer service

Empowered team

Initiatives

Manufacturing

- Comprehensive measures to ensure employee safety
- Focus on mental well-being by providing access to counselling and networking
- Strategic focus on creating a diverse and inclusive workplace
- Ongoing engagement via digital platforms
- Facilitated work-from-home arrangements for employees
- Launched inhouse coaching and mentoring program for executives at CCS

Retail

- Digitalisation of learning proposition through virtual development platforms in Retail

Resource allocation

Financial capital	Rs. 7,368 Mn payments to employees Rs. 45 Mn investment in training

Managing the value chain

Initiatives

Manufacturing

- Strengthened distributor relationships through trade loyalty schemes, promotions and infrastructure support
- Leveraged data analytics capabilities to drive route optimisation and enhance effectiveness of sales force
- Automation and collaboration with partners through digital platforms including Surge system
- Developing farmer communities for key ingredients like Ginger, Vanilla beans, Treacle etc.

Retail

- Completion of the Retail segment's state-of-the-art Distribution Centre
- Farmer and supplier skill building programmes including propagation of sustainable agricultural practices through "Govi Diri" initiative
- Automation and collaboration with partners via KANE

Resource allocation

Financial capital

Rs. 74 Bn
payments to suppliers

Rs. 2.3 Mn
investment in supplier development (Retail)

Manufactured capital

2,742
freezers and

1,022
coolers deployed

Sustainable & responsible organisation

Initiatives

Manufacturing

- Introduced paper-based packaging for the wellness range in frozen Confectionery
- Enhanced plastic collection and recycling capacity through Plasticycle
- Community empowerment projects
- Investment on 1MW solar power system at CICL production facility

Retail

- Solar roof systems installed in 15 supermarkets
- Replaced foil and plastics with cardboard boxes at food counters across our supermarket chain
- Youth empowerment through Retail Academy

Resource allocation

Financial capital

Rs. 373 Mn
investment in solar

Rs. 155 Mn
investment in environmental preservation (Retail)

Rs. 38.5 Mn
CSR spend

Measuring Progress

Sustainable Growth

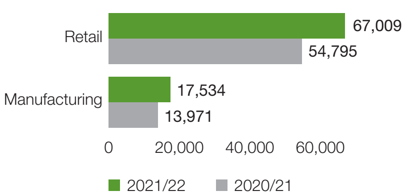
Performance

Despite the prevalent conditions, the Manufacturing sector recorded revenue growth of 26%, supported by volume expansion in both categories. Retail growth of 22% was supported by increased footfall and the continued expansion of the network.

KPIs

Revenue Growth

Rs. Mn



Market share

- Increased in Frozen Confectionery
- Maintained in Beverages & Retail

82% Overall Equipment Efficiency (OEE)

Capital outcomes/impacts

- Consolidated revenue growth of **23%** to **Rs. 84.5 Bn**
- **+15%** increase in PPE to **Rs. 25.6 Bn**
- **10%** increase in carbon footprint

Stakeholders impacted

- Shareholders
- Customers
- Suppliers and business partners

Fulfilling the customer promise

Performance

Customer satisfaction levels in Retail, as measured through the store equity index improved during the year, while Keells ranked as the most valuable supermarket brand for the 4th consecutive year. In Manufacturing, the Elephant House brand ranked among Sri Lanka's top 15 consumer brands and received 2 brand awards during the year.

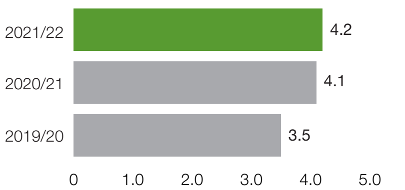
KPIs

New Products

10	42
New Launches	Private Label Products

Store equity index

Rs. Mn



Capital outcomes/impacts

- Strengthen customer relationships
- Expansion in product range/recipe library
- Strengthening of the brand

Stakeholders impacted

- Customers

An empowered team

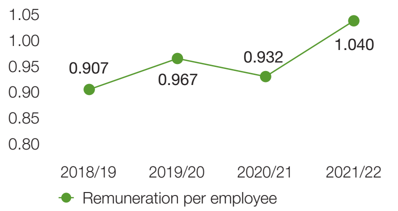
Performance

Employee satisfaction levels improved in both the Manufacturing and Retail segments, supported by ongoing engagement, contiued investments in training and development as well as ongoing emphasis on physical and mental well-being.

KPIs

Employee Remuneration

Rs. Mn



Employee Training

161,034	23
Training hours	Average training hours

Employee satisfaction rate

75%	82%
Manufacturing	Retail

Capital outcomes/impacts

- Payments to employees **Rs. 7,368 Mn**
- Conducive work environment
- Motivated and satisfied team

Stakeholders impacted

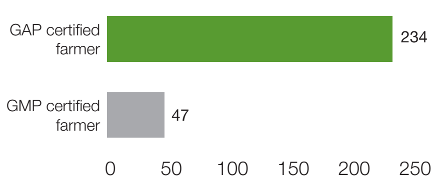
- Employees
- Customers

Value Chain development

A defining characteristic of the year was the Group's efforts to strengthen support to its distributors, suppliers and farmers. This included financial support, holistic development programmes, capacity building and strategic focus on developing and upscaling local suppliers

Farmer certifications

No.



Capacity building	
67 Supplier audits	104 Training programs
2,742 Freezers added	1,022 Coolers added

Strengthen partnerships and build resilience along value chain

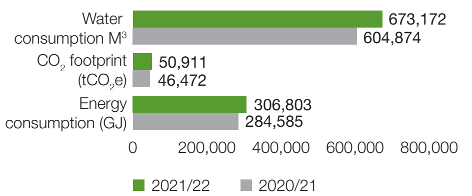
Increased customer reach and accessibility

Suppliers, distributors and retailers

Sustainable and responsible organisation

In line with the environmental aspirations of John Keells Holdings, the Group formulated defined goals and action plans for reducing its carbon footprint. The Retail segment achieved continued reduction in single-use plastic and polythene while expanding its solar powered outlets.

Environmental Impact



57% Reduction in polythene use

35% Reduction in single-use polythene

250 "Praja Shakthi" beneficiaries

+15 (total 81) retail outlets converted to solar

Community empowerment through strategic CSR projects

Increased use of natural resources

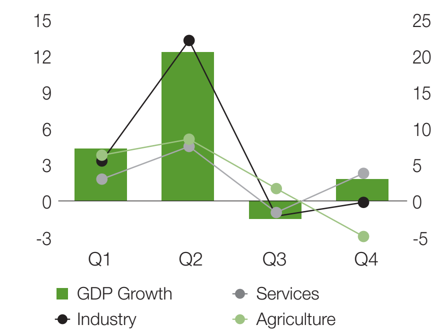
Communities

Operating Environment

ECONOMIC GROWTH

Sri Lanka's GDP expanded 3.7% in 2021 compared to the contraction of 3.6% in 2020, despite the imposition of movement restrictions during several months of the year due to the pandemic and supply disruptions given import restrictions. Economic recovery was underpinned by the gradual normalisation of economic activity following the vaccination drive, improved export performance and uptick in tourism earnings towards the latter part of the year. Economic activity in the fourth quarter of 2021/22, was however impacted by a surge in inflation, sharp depreciation of the Sri Lankan Rupee and disruptions to energy supply.

GDP Growth



Source: Dept. of Census and Statistics

IMPLICATIONS ON CCS

Demand side dynamics

- Movement restrictions imposed to curb the spread of the coronavirus.
- The adverse impact on consumers' disposable income led to escalating concerns on affordability. Resultantly,
  - ✦ Customers demonstrated increased price consciousness with a shift towards more value-for-money offerings.
  - ✦ CCS placed strategic emphasis on adapting its offering to cater to these dynamics while margins were impacted by absorbing a portion of the cost increases given market dynamics

Supply side dynamics

- Increase in average cost of production in the Manufacturing sector stemming from both imported and locally sourced products
- Broad-based increase in prices due to the sharp depreciation of the Sri Lankan Rupee in the fourth quarter of 2021/22
- Challenges in securing an uninterrupted supply of raw material due to disruptions in supply chains
- Difficulties in sourcing packaging materials
- Disruptions to power and fuel supply

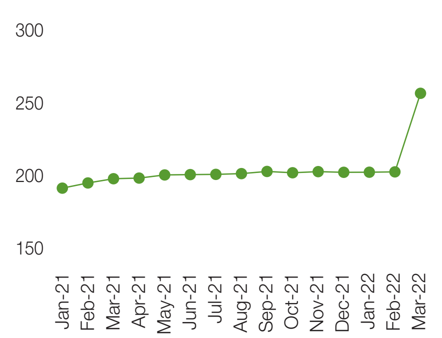
EXTERNAL POSITION

The country's external position came under significant pressure in 2021/22, with the foreign exchange reserves falling sharply to USD 1.7 billion by end-March 2022. Large debt repayments, together with a decline in worker's remittances and fall in tourism earnings offset the record-high export earnings inserting pressure on the external position. In efforts to preserve foreign currency reserves, restrictions on the importation of many goods continued into 2021/22, leading to supply disruptions across industries.

EXCHANGE RATE

The Sri Lankan Rupee experienced significant volatility during the financial year, reflecting persistent pressure on the country's external finances. With market forces allowed to determine the rate from mid-March 2022, the Rupee fell sharply during the last few weeks of March, reaching a record low of Rs. 305 per USD by end of Financial Year 2021/22.

Exchange Rate



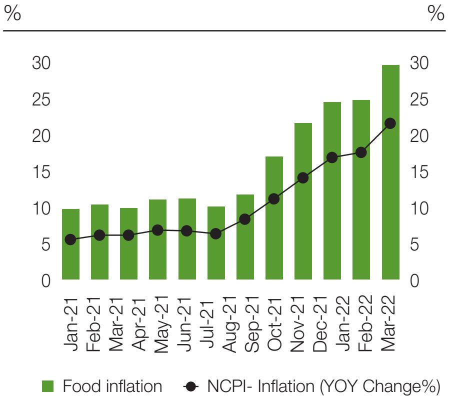
Source: Central Bank of Sri Lanka

INFLATION

Inflation soared during the second half of the financial year, on the back of elevated global prices, supply side disruptions, relaxation of price controls, gradual buildup of demand pressures and depreciating currency.

Headline inflation and core inflation increased by 12.1% and 8.3% YOY respectively during 2021. The global increase in commodity and fuel prices together with the sharp depreciation of the Rupee during the fourth quarter of 2021/22. Inflation stood at 14% in December 2021, which escalated by 53.5% and reached 26.2% by March 2022.

Inflation

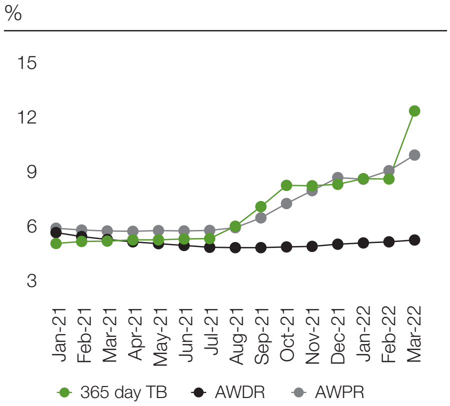


Source: Department of Census & Statistics

INTEREST RATES

Policy rates were increased several times from mid-August 2021 as the CBSL adopted monetary tightening measures to curb inflation and encourage savings. Accordingly, the Standing Deposit Facility Rate (SDFR), Standing Lending Facility Rate (SLFR), Statutory Reserve Ratio (SRR) and the Bank rates were increased during the year. Resultantly, market interest rates trended upwards towards the latter part of the year.

Interest Rate



Source: Central Bank of Sri Lanka

COMMODITY PRICES

Global food commodity prices increased in 2021/22 owing to climate and weather-related dynamics, uneven global recovery from COVID-19 and supply chain disruptions while crude oil prices rose as supply lagged demand on the back of global economic recovery and Russia's invasion of Ukraine. Further, sourcing packaging material such as paper and alufoil was also challenging given a pandemic-led increase in demand and limited supplies in the global market.

Prices of locally sourced raw materials also increased during the year; fresh milk price increased as supply grappled to keep pace with heightened demand given supply disruptions of imported milk powder.

Delivering our Strategy

Manufacturing

Rs. 17.5 Bn Revenue | **Rs. 1.9 Bn** PBT | **Rs. 24 Bn** Assets | **Rs. 8.9 Bn** Liabilities

Value Creation/Outcomes in 2021/22

Financial Capital	**26%** Revenue growth **Rs. 1,589 Mn (-15%)** Profit after tax
Manufactured Capital	• New plant for water-bottle manufacturing • New production line for frozen yoghurts • New shuttle racking facility for full bottle storage for Beverages
Human Capital	**Rs. 3,029 Mn** Payments to employees **Rs. 34 Mn (-8%)** Investment in training
Intellectual Capital	**10** New products launched **Elephant House Brand ranked 13th** Most Valuable Brand (Brand Finance, 2022)
Social & Relationship Capital	**Rs. 13 Bn (+47%)** Payments to suppliers **Rs. 809 Mn (+28%)** Payments to farmers **Rs. 24 Mn (-16%)** Investment in CSR
Natural Capital	**7%** decrease in energy intensity **6%** decrease in water intensity **10%** increase in carbon footprint

Strategy and Performance Overview

Sustainable growth

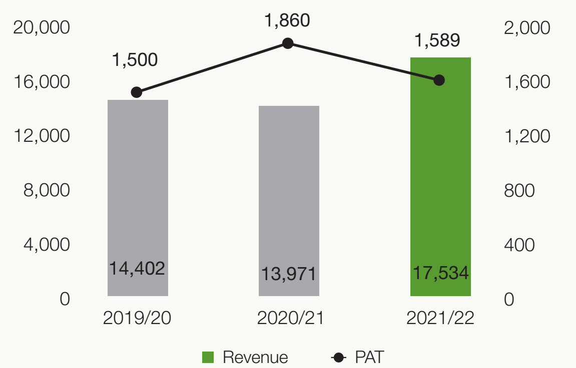
Expansion of the non-CSD range with the acquisition of a water bottling plant. Both categories also pursued strategic marketing and promotion activities to increase penetration of key products

Fulfilling the customer promise

Frozen Confectionery: Expanded the wellness range with the launch of frozen yoghurt and sugar-free ice cream.

Beverages: Limited edition launch of Elephant House Cream Soda Apple Pop

Manufacturing - Performance Rs. Mn



Strategy and Performance Overview

- Impact of macro-economic pressure and high inflation on disposable income and demand
- Sharp escalation in imported raw material prices following the depreciation of the Rupee and shortage in global supply
- Increased prevalence for healthy beverages including the non-CSD range

Our Manufacturing Sector is a leader in Sri Lanka's Beverages and Frozen Confectionery markets, with a unique competitive edge underpinned by household brand names, reputation for quality, extensive distribution network and array of exciting products, which have evolved with shifts in consumer preferences.

Empowered Team

Proactive measures to ensure physical safety of employees and support mental well-being. Enhanced reward schemes and continued focus on development and skill building.

Managing Value Chain

Close engagement with distribution and retail network in ensuring product availability, supporting value chain partners and optimising channels

Sustainable and responsible organisation

Increased focus on reducing plastic and polythene usage in our packaging.

Meaningful and impactful CSR engagements to empower communities

Despite pandemic-led disruptions for several months of the financial year, the Manufacturing Sector recorded a revenue growth of 26% driven by volume growth and price increases in both product categories. Frozen Confectionery recorded volume and revenue growth reflecting an increase in in-home consumption, rapid growth in the premium range and strategic efforts to ensure product availability across the distribution network, which in turn allowed the Sector to acquire market share. Beverages also recorded a volume growth reflecting efforts to increase availability through outlet expansion, route optimisation, targeted marketing on key brands and continued expansion of the non-CSD range, particularly water, fresh milk and juice. Both categories, however, experienced shortages and sharp escalations in raw material prices including sugar and milk due to supply chain disruptions and forex shortages, a part of which was passed onto the customers. This had a considerable impact on margins, with the Sector's operating profit margin narrowing to 12% from 15% the previous year, recording a Profit After Tax Rs. 1,589 Million.

- Potential disruptions to supply chains and operations stemming from interruptions to power supply
- Gradual recovery of the tourism sector leading to improvements in the HORECA channel

Way forward:

While the short-to-medium term outlook remains hampered by the prevalent macro-economic conditions, we remain optimistic on the Segment's long-term growth potential, given the anticipated stabilisation of economic fundamentals. Despite the current challenges we will seek to expand our offering in both categories, with plans in place to pursue opportunities in complementary products, thereby building a future-ready portfolio catering evolving customer needs. Strengthening and refining our distribution capabilities in line with the shifts in consumption patterns will also be a focus for the next year as we seek to further expand and optimise our channels.

Delivering our Strategy

Retail

Rs. 67.0 Bn Revenue | **Rs. 831 Mn** PBT | **Rs. 39.7 Bn** Assets | **Rs. 36.8 Bn** Liabilities

Value Creation/Outcomes in 2021/22	
Financial Capital	**22%** Revenue growth **Rs. 480 Mn (+0%)** Profit after tax
Manufactured Capital	**5** new outlets added to the network **Rs. 4,876 Mn** Capex in new stores and upgrades Completed construction of state-of-the-art distribution centre
Human Capital	**Rs. 4,340 Mn** Payments to employees **Rs. 10.9 Mn (+73%)** Investment in training
Intellectual Capital	**17%** increase in Keells brand value Data driven decision-making Technology-driven customer processes at outlets
Social & Relationship Capital	**Rs. 61 Bn (+17%)** Payments to suppliers **4.2** Store equity index
Natural Capital	**Nil** increase in energy intensity **36,400 GJ** Renewable energy generated **4%** increase in water intensity **9%** increase in carbon footprint

Strategy and Performance Overview

Sustainable growth

Opened 5 new outlets and refurbished 16 outlets

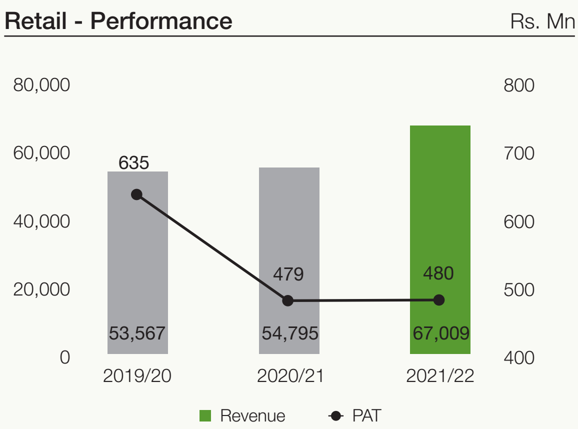
New brand iteration introduced through Keells at Lauries

Fulfilling the customer promise

Responded to customers' increasing concerns on affordability through direct import of essentials

Enhanced customer experience through Keells at Lauries outlet

Obtained the COVID-19 safety certifications for 123 outlets



Strategy and Performance Overview

- Impact of macro-economic pressure and high inflation on disposable income and demand
- Supply chain disruptions and its impact on product availability
- Disruptions stemming from interruptions/availability of energy supply

The Retail Sector is a leader in Sri Lanka's modern trade industry, operating a network of 128 outlets across the country which have redefined industry standards in convenience, quality and customer experience. As a result, the Keells brand has consecutively been ranked as Sri Lanka's most valuable supermarket brand for consecutive four years.

Empowered Team

Strategic emphasis on creating a diverse and inclusive workplace

Training opportunities through virtual platforms

Ongoing focus on physical and mental wellbeing

Managing Value Chain

Propagating sustainable agricultural practices among farmers through capacity building programs

Upscaling and supporting private label manufacturers and small business owners

Sustainable and responsible organisation

Increasing reliance on renewable energy through commissioning solar powered outlets

Efforts to reduce plastic packaging and single use polythene at supermarkets

Retail activity at our outlets demonstrated strong recovery during the months in which restrictions were eased and the Sector recorded strong growth in the 2nd half of the year, with revenue increasing by 22%. This was supported by increased footfall, higher basket values and contributions from the new outlets that were opened during the year. Focused efforts towards addressing concerns on affordability through value-for-money offerings, facilitated through increased customer penetration, which in turn enabled the Segment to strengthen its market share compared to previous year. Despite escalating cost pressures, the Segment grew its operating profit by 33%, supported by productivity improvements, proactive negotiations with suppliers and an improved product mix. Finance costs increased by 13% to Rs.1,874 Million, reflecting higher borrowings to fund capital expenditure. Resultantly, the Retail Sector generated a profit after tax of Rs. 480 Million, in par with the previous year.

- Increased customer sophistication and urbanization will drive growth for modern trade channels
- Gradual recovery of the tourism sector

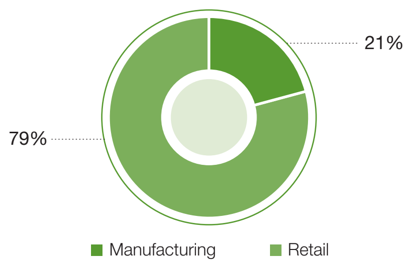
Way forward:

Over the short-to-medium term, growth is expected to be contracted by the prevalent macro-economic vulnerabilities, particularly given the surge in inflation, interruptions to the energy supply and negative consumer sentiments. Despite these downside risks, we are keen to take a longer-term view on value creation and hope to further expand our geographical footprint with the addition of new outlets across the country. We will continue to focus on catering to customers' shifting consumption patterns during this difficult period, offering affordability, quality and convenience across all our outlets.

Capital Management

Manufactured Capital

Property, plant and equipment



Value addition through expansion of manufacturing capabilities and retail network and leveraging technological capabilities to offer an enhanced experience (Page 49)

Financial Capital

23%	Revenue growth
15%	Operating profit growth
17%	Increase in Pre-tax profit
16%	Growth in Assets

Intellectual Capital

Rs. 13.05 Bn
Elephant House brand value

Rs. 27.92 Bn
Keells brand value

Brand enhanced through product innovation, customer engagement and strategic activations. (Page 61)

Human Capital

959
employees
Manufacturing Sector

6,127
employees
Retail Sector

Emphasis on creating an engaging, rewarding, diverse and inclusive work environment while supporting the physical and mental well-being of employees.

Social and Relationship Capital

Value creation through farmer training, capacity building and ongoing investment in community engagement initiatives (Page 64)

Natural Capital

Enhancing energy efficiency

Reducing emissions

Improving water optimisation

Ongoing efforts to reduce environmental impacts of our operations and enrich the planet through responsible behaviour (Page 71)

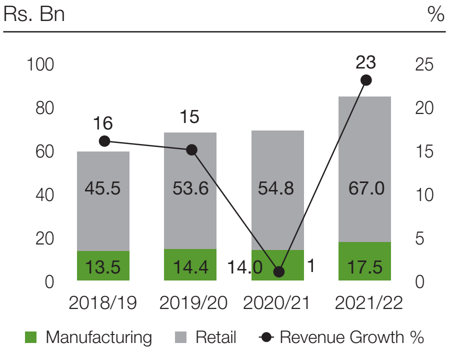
Financial Capital

Despite facing macro economical challenges during the year, the Group's efforts on customer reach, cost rationlisation, efficiency improvements and proactive working capital management enabled CCS Group to maintain profitability, thereby delivering shareholder value.

Revenue

Consolidated revenue increased 23% to Rs. 84.54 billion during the year, supported by the resilient performance of both the Manufacturing and Retail segments, which recorded strong rebound with the resumption of economic activity towards the latter part of the year. The Manufacturing Segment's revenue expanded by 26% to Rs. 17.53 billion, driven by volume growth of 22% and 17% in the Beverages and Frozen Confectionery categories respectively reflecting ongoing efforts to increase penetration. Meanwhile, the Retail segment recorded a revenue growth of 22% given increased footfall at stores, continued outlet expansions and utilisation of its digital infrastructure to enhance the online customer experience during lockdowns. The Retail segment contributed 79% to the Group's revenue during the year.

Revenue Growth



Gross Profit

Consolidated Gross Profit increased by 19% to Rs. 9.14 billion during the year. Despite higher input costs in the Manufacturing Sector owing to rising global commodity prices, supply chain disruptions and the sharp depreciation of the Rupee, the Group was able to leverage scale efficiencies in the Retail sector to maintain its Gross Profit Margin at 11%. Meanwhile, other income increased by 16% to Rs. 1,831 million and comprised primarily of promotional income in the Retail Sector.

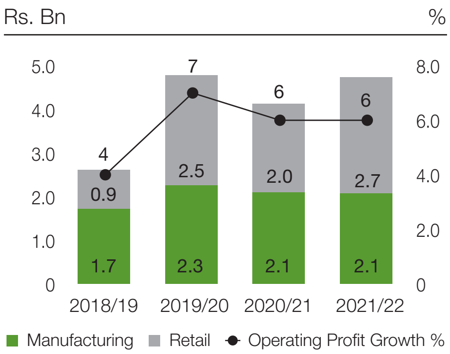
Cost Management

The Group's overhead expenses increased by 22% to Rs. 6.22 billion during the year. Both the Retail and Manufacturing segments carried out brand building campaigns resulting in a 17% year-on-year increase in selling and distribution expenses. Further, administrative expenses expanded by 28% mainly due to an increase in personnel costs and additional expenses associated with maintaining safety protocols across our manufacturing facilities and retail outlets. Other operating expenses increased by 16% during the year due to loss from disposals of property, plant and equipment and exchange losses.

Operating profitability

Consolidated Operating Profit grew by 15% during the year to Rs 4.74 billion upheld by a 33% increase in the Retail segment. The performance of the Retail segment was upheld by higher customer penetration and increased footfall at stores, increased efficiency in meeting online orders, and continued expansion of its reach. In contrast, cost pressure stemming from rising input costs and inability to fully passing on these cost increases to customers pressured the operating profitability of the Manufacturing Segment which decreased marginally by 1% during the year. The Group maintained its operating profit margin at 6% during the year while the Manufacturing and Retail segments recording operating profit margins of 12% and 4% respectively during the year.

Operating Profit



Profitability

The Group's net finance cost increased by 14% reflecting the gradual increase in market interest rates toward the latter part of the year. Overall pre-tax profit increased by 17% to Rs. 2.78 billion during the year with Manufacturing and Retail segments contributing 70% and 30% respectively. Meanwhile, the Group's tax expense normalised to Rs. 713.73 million during the year, following a deferred tax reversal stemming from previous year. Resultantly, the Group's profit-after-tax decreased by 12% to Rs. 2.07 billion.

Cashflow

Net cash inflow from operating activities dipped by 2% to Rs. 6.38 billion, mainly due to increased investments in working capital as the Group made a conscious decision to maintain buffer stocks due to supply chain disruptions. Net cash outflow from investing activities amounted to Rs. 6.20 billion primarily due to the Manufacturing segment's investments in the water bottling plant and in warehousing and the Retail segment's ongoing investments in the new distribution center and outlet expansion. Net cash inflow from financing activities remained relatively low at Rs. 57.75 million. Resultantly, the Group's cash and cash equivalents increased by Rs.238.75 million during the year.

Asset Strength

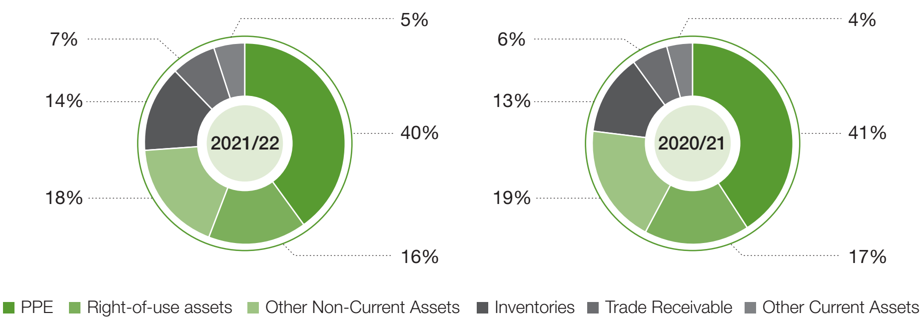
Consolidated Assets expanded by 16% to Rs. 63.54 billion as at the year-end reflecting capital expenditure and an increase in working capital investments. Total spend on property, plant and equipment amounted to Rs. 5.1 billion comprising investments in outlet expansion, acquisition of the water botting-plant and warehousing. The Group also made significant investments in its digital infrastructure with additions of Rs. 1.05 billion during the year; the Manufacturing segment enhanced its digital distributor management system while the Retail segment upgraded its online retail platform and enhanced its in-store customer experience through the introduction of new technology.

Capital Management

Financial Capital

Meanwhile, working capital investments increased by 27% in trade receivables and inventory while trade payables increasing by 26% Y-O-Y as both segments sought to secure inventories given disruptions to supply chains and restrictions on imports. Resultantly, current assets accounted for an increased 26% of total assets by end-March 2022, compared to 23% in the previous year.

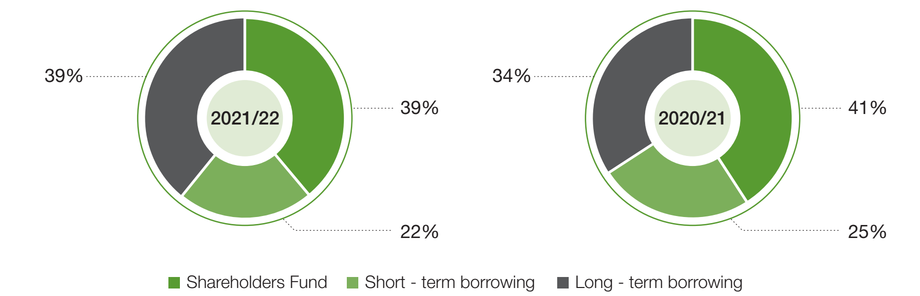
Asset Composition



Funding profile

The Group has pursued debt funded capacity expansions in recent years resulting in a gradual increase in borrowings although its debt-to-equity ratio remains healthy given continued business expansion. Accordingly, consolidated total debt (including leases) increased by 16% to Rs. 28.3 billion as at end-March 2022 primarily to fund capex and working capital investments. The Group's long-term borrowings increased by 31% as it proactively converted its short-term debt to longer term facilities given the prevalent low interest rate environment during the first half of the year. However, its overall funding mix remained relatively unchanged compared to last year. The Retail segment accounted for 90% of the Group's total borrowings, reflecting its growth aspirations. Meanwhile, the Group's equity increased by 8% to Rs. 18.11 billion reflecting strong profit generation and retention during the year.

Funding Composition



Shareholder Returns

Despite the challenges that prevailed, the Group Earnings per Share amounted to Rs. 2.18 while the Dividend per Share clocked in Rs. 1.20, compared to Rs. 1.70 the previous year. The Board recommended the payment of a final dividend of Rs. 0.33 per share, in addition to an interim dividend of Rs. 0.80 per share paid in March 2022. Resultantly, the total dividend per share amounted to Rs.1.13 for the financial year 2021/22, with a total pay-out of Rs. 1.07 billion.

Manufactured Capital

The Group's manufactured capital is a key input in its value creation process, supporting the efficient and uninterrupted production of a range of high-quality Frozen Confectionery and Beverage products in the Manufacturing Segment. In Retail, our island-wide network of outlets enables wider customer reach, while facilitating a superior retail experience.

Our Impulse Ice Cream Manufacturing plant in Seethawaka.

MANUFACTURING

Property, Plant and Equipment of **Rs. 8,610 Million**, comprising

- 3 manufacturing plants at Ranala, Kotagala and Seethawaka which produces a range of beverages and frozen Confectionery products
- Warehouse capacity enhancement with a racking system for beverages category.

RETAIL

Property, Plant and Equipment of **Rs. 16, 977 Million** comprising

- A network of **128** retail outlets across the island.
- State-of-the-art distribution center

Expanded manufacturing capabilities and digital infrastructure

- Expanded manufacturing capability to include bottled water.
- Digital infrastructure facilitated operational efficiencies, improved the customer experience, and provided richer market insights.

Facilitating customer reach

- Widened our customer reach with the addition of five new outlets.
- Enhanced the customer experience with the introduction of the new format retail store

Improved distribution efficiency

- Distribution efficiencies in both the Manufacturing and Retail segments following the introduction of the new distribution center.

Capital Management

Manufactured Capital

The Group invested Rs. 5.1 billion in its manufactured capital during the year of which 79% was in the Retail Sector. Accordingly, PPE accounted for 40% of the Group's total assets as at end-March 2022, compared to 41% the year before. The Group's key investments during the year are as follows:

MANUFACTURING

- Acquired a water bottling plant in Kotagala (Rs. 150 million)
- Addition of a new production line for frozen yoghurts (Rs. 5 million)
- Upgraded employee facilities at the factories
- State of the art warehouse with shuttle racking systems (Rs. 233 million)
- 2,742 freezers and 1,022 coolers (Rs. 348 million)

RETAIL

- Addition of 5 new outlets
- Launch of a new technology driven store concept
- Refurbishment of 16 outlets
- Completed construction of a state of the art distribution centre at Kerawalapitya (Rs. 4.3 billion)
- Installed solar panels at 15 retail outlets

Acquisition of water bottling plant

In line with our strategy of expanding our non-CSD range and the growth potential envisaged in the water market given increased consumer demand and the removal of retail price regulations, CCS acquired the water bottling plant from Worldwide Enterprises (Pvt) Ltd during the year. The plant is located within the Kotagala Industrial Estate and sources its water from streams and fountains in the hill country. This facility is ISO 22000 and SLS 894:2003 certified and had been contracted to supply bottled water to CCS for three years prior to the acquisition.

New format retail outlet

The Retail Segment launched a new iteration of the retail offering through the launch of a new concept store at Lauries Road during the year. Through this store, JMSL has pioneered best-in-class retail technological solutions to the Sri Lankan consumer including, "scan and go" and self-checkout options. The store also offers a wider range of products and many other new features that enhance the customer experience.

Technology Offering

- Scan and Go Technology
- Self-Checkout capability
- Electronic price labelling

New Features

- Kafé – serving hot/cold beverages
- Chef's counter – serving ready-to-eat meals
- Make your own pizza counter.

Digital infrastructure

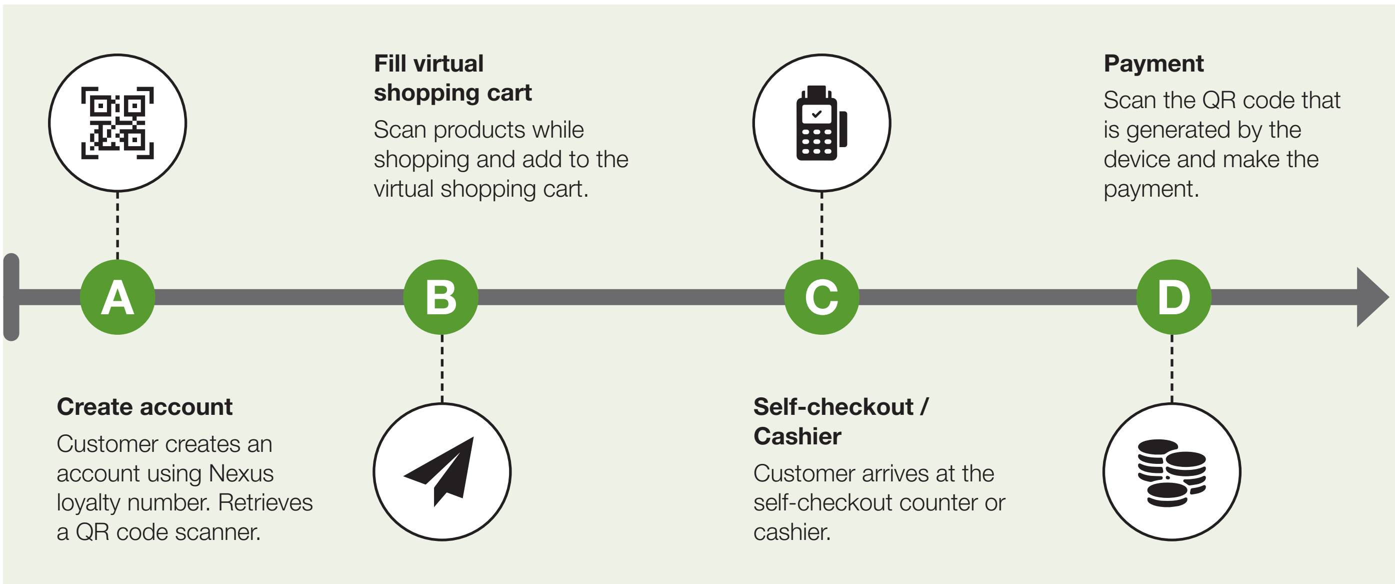
Investing in digital infrastructure is of strategic importance to the Group as it facilitates operational efficiencies across the value chain, offers valuable market insights on evolving consumer preferences and facilitates an enhanced customer experience at our retail stores. The Group invested Rs. 1,054 million on enhancing its digital infrastructure during the year under review. Key initiatives are as follows.

"Introduction of Scan and Go technology for the first time in Sri Lanka"

Initiative	Benefits accrued
Distributor Management System (Surge)	Enhanced the effectiveness and efficiency of the sales force through access to real - time sales information.
Keells Advance Network Exchange (KANE) Platform	Improved efficiencies in vendor management through the automation of routine processes and increased transparency.
Data driven decision making & analytics with Octave	Richer insights leading to better decision making through leveraging the Group's data analytical capabilities.
Upgraded the retail website	Incremental changes to the retail platform (faster and secure payment processing, pre-authorisation of credit cards, enabling foreign currency transactions, search enhancements, access to a wider range of mobile devices through the JKOA product portfolio) to improve the customer experience.
WhatsApp Bot	Increasing the digital ordering channells for customers.
Robotic process automation	Automation of routine and repetitive processes to drive increased efficiencies.
Technology at retail stores	Lanka QR payment integration at checkout counters, a food ordering kiosk and reduced the generation of paper bills by 6% through the introduction of an e-bill system.
Scan and go technology, self checkouts and restaurant management systems	Unique customer experience, increased convenience, superior adherence to health and safety guidelines and reduced workload for staff.

Scan and go technology

Enhance the customer experience using technology. The system consists of a QR code scanner, a web administration panel and QR code generator.



Capital Management

Manufactured Capital

Logistics and warehousing

The Retail segment's Rs. 4.3 billion, state-of-the-art Distribution Centre commenced operations in January 2022. The new 260,000 sqft facility is situated on a land extent of 9-acres and consolidated the operations of the three existing warehouses into a single location. This facility has the capacity to centralise 90% of the retail segment's modern trade offering across the dry, fresh and chilled categories with the exception of the frozen range. At present, the retail segment's fresh and dry product range has been centralised at the warehouse with plans to rolled out into the chilled product category in the coming year.

The warehouse also features a range of environmentally friendly design features, including solar power generation, rainwater harvesting and responsible water disposable.

CCS also completed construction of a state-of-the-art full bottle warehouse with a shuttle racking systems for its Beverage category during the year under review. The Rs. 233 million project, enabled an increase in full bottle warehousing capacity by 41% by adding 250 pallet positions and is expected to generate considerable benefits in warehousing and distribution efficiencies in the coming year.

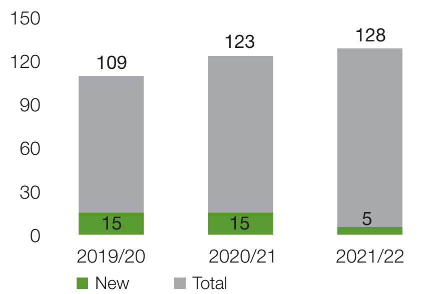
- **Efficiency Improvements**

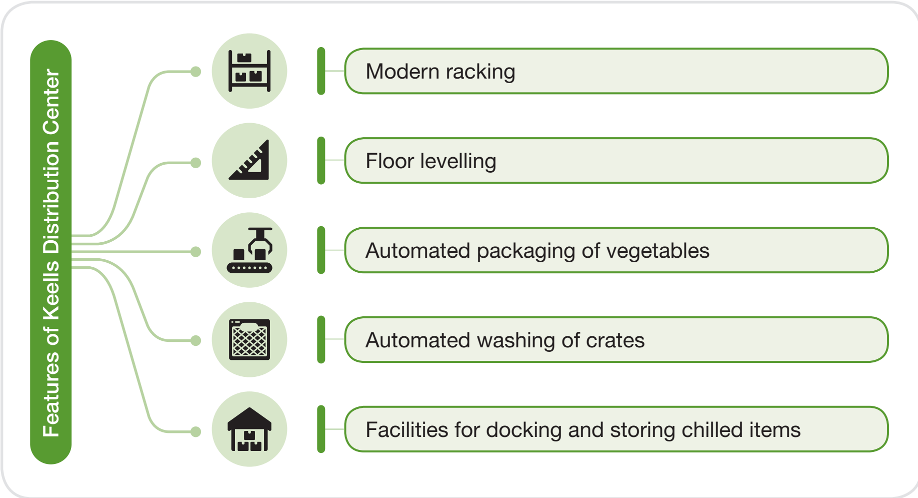
  Critical evaluation of plant maintenance resulted in considerable efficiency improvements in the Group's manufacturing facilities. Overall Equipment Efficiency 82% (2020/21 - 80%)
- **Facilitating Customer reach**

  With the opening of 5 new outlets during the year, the retail segment further widened its customer reach.

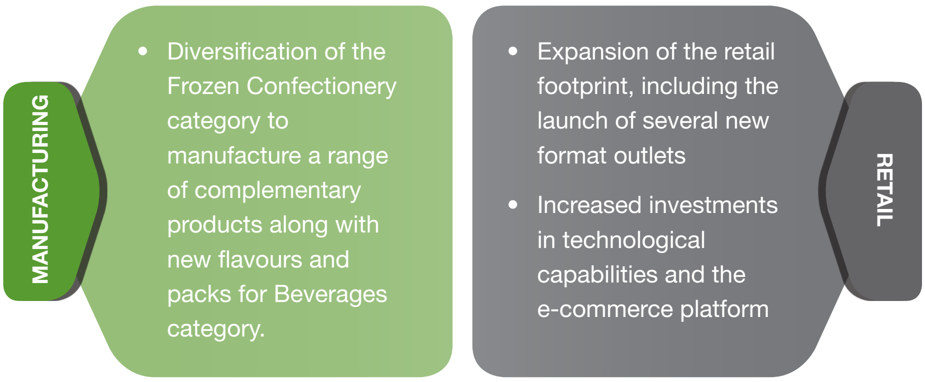
Retail Outlets

No.





Going forward



Human Capital

Our team of committed employees is the driving force behind our success, ensuring the achievement of our strategic objectives. We, in turn, offer our employees a dynamic and challenging workplace while ensuring their physical and mental well-being and fostering an environment of diversity and inclusion.

MANUFACTURING

- 959 employees operating at our 3 manufacturing plants, Head Office in Colombo, and across our distribution network.

RETAIL

- 6,127 employees serving across our network of 128 retail outlets, collection centers, warehouse, and at the Head Office in Colombo.

A diverse team

- Strategic focus on increasing diversity and gender parity within the organisation

Supporting physical and mental well-being

- Comprehensive health and safety management framework, maintaining COVID-19 related health guidelines and conducting mental wellbeing programmes.
- Operating bio bubbles at the manufacturing plants
- Agile work plan for employees

Engaging work environment

- Concerted efforts to listen to our employees and motivate them through engagement activities.
- Employee satisfaction rate

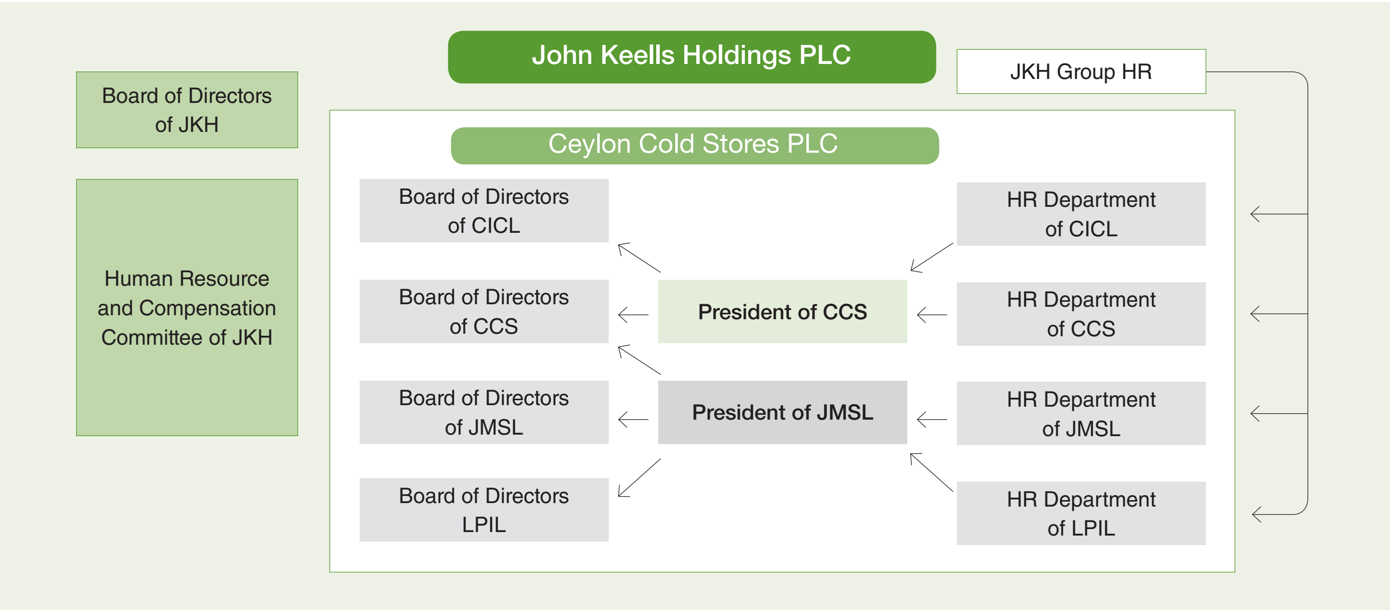
Manufacturing: 75% **Retail: 82%**

Capital Management

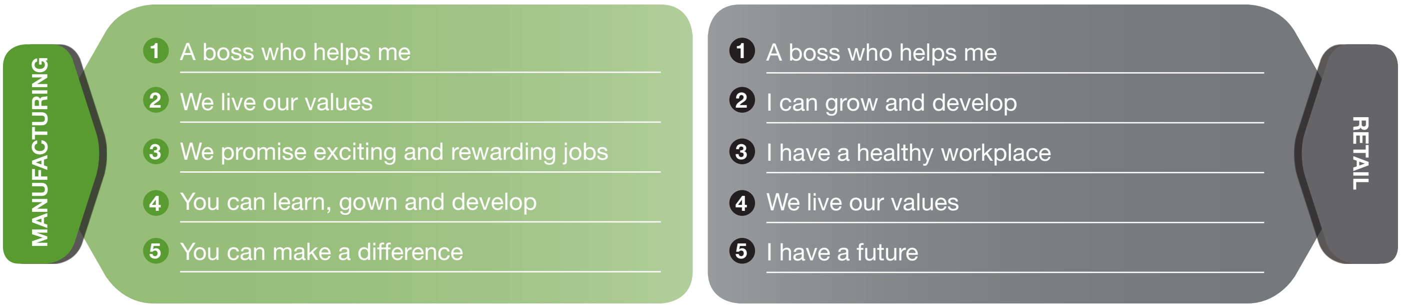
Human Capital

Governance Structure

CCS comprehensive people management framework is aligned to its parent, John Keells Holdings PLC's policy frameworks and procedures. Our 'People Promises' clearly define our commitment to our employees and what they can expect from being part of our organisation while the Group's Code of Conduct guides employee behaviour in accordance with organisational values. The Group's HR governance structure is presented below:



People Promises

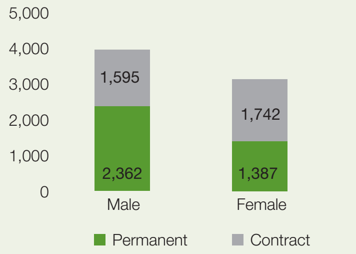


CCS Group Team profile

Team profile (GRI 102-8, 405-1, 102-41)

The CCS Group team comprises 7,086 employees with 53% employed on permanent contracts.

Employees by Contract and Gender

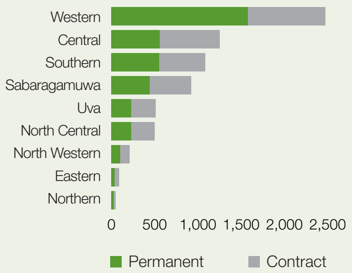


- Contract staff cadre increased as the Manufacturing Segment required additional employees to maintain bio-bubbles at the factories.
- The Group does not employ staff on a part-time basis.

Regional distribution

The regional distribution of the Group's permanent and contract staff cadre is shown below.

Employees by Region: Contract Vs Permanent



Diversity, Inclusion & Equity Profile

CCS Group actively promotes diversity and equality at work through its equal opportunity policy, anti-sexual harassment and non-discrimination policy.

By Category	Male	Female	Total
AVP and above	23	7	30
Managers	65	9	74
Assistant Managers	145	29	174
Executives	537	275	812
Non-executives	3,187	2,809	5,996
Total	**3,957**	**3,129**	**7,086**

Female Representation in work force

44% Overall female representation

Trade Union Representation

98% of CCS's non-executive cadre at the Ranala factory are members of trade unions.

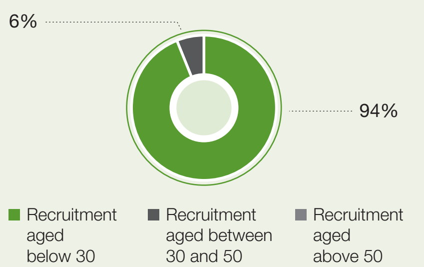
Recruitment and Turnover (GRI 401-1)

During the year, we recruited 8,186 employees with 98% absorbed into the retail segment given the high-level of turnover which is an industry-wide phenomenon. Our recruitment and turnover profile is given below.

Female : **49%**

Male : **51%**

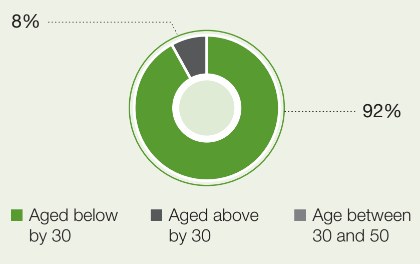
Recruitment by Age



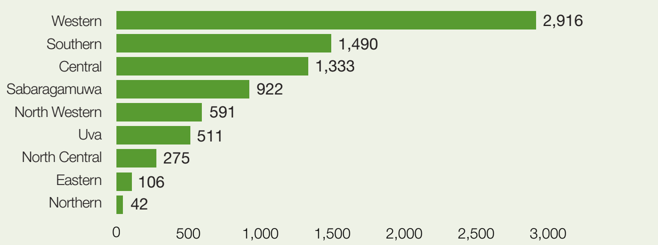
Female : **47%**

Male : **53%**

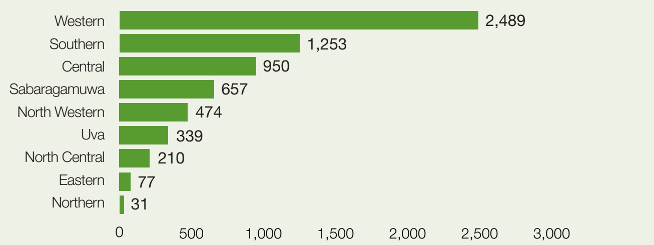
Employee Turnover by Age



New Recruits by Region



Employee Turnover by Region



Capital Management

Human Capital

Key People Strategy Initiatives

Employee well-being

Safeguarding our employees' physical and mental wellbeing continued to be a key priority during the year. The Group has a comprehensive occupational health and safety framework comprising Safety Committees, policies and safety standards complying with ISO 45001. This has enabled the Group to create a safe working environment at the Manufacturing facilities and Retail outlets.

The Group has the following processes in place to identify work-related hazards and risks:

- The Group has operated a process of identifying the hazards and mitigating the risks with the involvement of the workforce.
- Employee representatives are key members in CCS health, safety and environment committees, and they have been given the right to report all their environment, health and safety related issues even approaching the top management.
- In addition to this, the safety enhancement is processing through continuous discussions are carried out with the work force through Safety cycle meetings, internal audits, continuous Gemba walks and near-misses/ unsafe conditions and actions reporting system.
- Safety and environment has given a key priority from top to bottom. These were annually verified by an external audit and driving for continuous improvements.
- Employees are benefiting from the company health center facility and all of them were covered under medical insurance which covers both occupational and non-occupational health issues.

COVID-19 prevention measures

CCS' COVID-19 response was governed by top management and carried out under the organisation-wide theme of "No one is safe until everyone is safe". In addition to implementing stringent safety measures since the begining of the pandemic, the Group also helped facilitate the vaccination of all employees who wished to be vaccinated.

Safety culture

- "No-one is safe until everyone is safe" campaign across the company.
- Weekly monitoring by senior management through a comprehensive dashboard demonstrating key COVID-19 related data.
- Safety measures cascaded down to ground level through COVID committees.
- Reinforced safety guidelines among employees through online training sessions, leaflets, department-wise pocket awareness sessions, e-mail and weekly awareness sessions.

Safety Measures

- Facilitated vaccination of all employees who wished to be vaccinated.
- Random PCR testing as per the minimum requirement specified by health authorities.
- Implementation of additional cleaning and sanitization routines entry procedures such as temperature monitoring, footbaths, restricted access to visitors.
- Provision of personal protective equipment
- Provision of leave or agile working facilities to pregnant female employees.

Work Arrangements

- Implementation of bio-bubbles at manufacturing facilities to avoid cross-infection
- Separation of common facilities and provision of separate transport facilities to the Beverage and Frozen Confectionery workforce to minimise cross contamination.
- Implementation of agile work arrangements for office employees.

Quarantine Facilities

- Hospital care facilities for infected staff.
- Dry ration packs were provided to infected employees and their families.
- PCR testing was offered to family members of infected staff upon request.

Other notable initiatives undertaken by the CCS group included a Mental Wellbeing Programmes and a Drug Prevention Programme. These initiatives are summarised below.

Mental Wellbeing Programme

- Workshops conducted by mental health professionals
- Counselling sessions

Drug Prevention Programme

- Implemented by the Retail segment given the age profile and vulnerability of outlet employees.
- Training on the negative aspects of drug use.
- Hotline to raise concerns
- Directed affected employees to rehabilitation programmes.

The Group's health and safety record for the year is presented below.

	Total
Occupational injuries and diseases	144
Total No. of lost days due to occupational injuries/diseases	982
Health and safety training hours	7,841

Training and development

The transition to digital learning post-COVID-19 has facilitated a learning and development culture in both the Manufacturing and Retail Segments. Training modules were converted to electronic format and made available to Manufacturing Sector employees through iLearn, a Learning Management System implemented last year. Meanwhile, the Retail Segment's comprehensive, state of the art learning management system offers over 500 videos and 8,000 – 10,000 training hours per month, allowing employees the flexibility to engage in training at their convenience. These platforms also feature competitions and other forms of engagement to keep employees motivated. The Retail segment also invested in 130 tabs and data packages to facilitate training of staff at retail outlets.

Training programmes

Retail	• Skills development of retail staff carried out by the leadership team • Mental wellbeing trainning programs
Manufacturing	• Digitised field coaching • Sales Master Class – Frozen Confectionery • CCS Sales Academy – Beverages • Sessions on supply chain best practices • Knowledge sharing forums

Training record in 2021/22

Average training hours by category

Staff category	Total Head Count	Total Training Hours	Total Training Hours per Head
AVP and above	30	91	3
Manager	74	493	7
Assistant Manager	174	1,783	10
Executive	812	8,703	11
Non-Executive	5,996	149,965	25
Total	**7,086**	**161,034**	**23**

Average training hours by gender

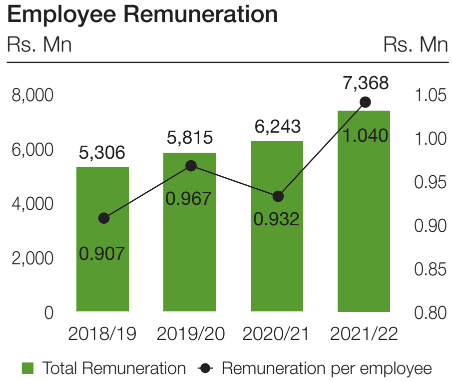
	Total Training hours	% of total training hours
Male	87,010	58%
Female	74,023	42%

"The Manufacturing sector launched an in-house mentoring programme during the year with the aim of creating an internal pool of coaches and mentors and nurturing a culture of knowledge sharing within the organisation Through an intensive programme comprising 12 modules, selected candidates were equipped with the skills required to guide and empower other employees. 3 employees completed the programme during the year while the goal is to achieve a pool of 10 by 2023/24."

Benefits and remuneration

Remuneration and benefits are governed by the Group's Remuneration Policy which ensures equitable and transparent determination of remuneration. Executive rewards are linked to performance through the annual performance appraisal while remuneration of unionised employees are determined by collective agreements negotiated every three years. All (100%) of our executive employees received performance appraisals during the year under review. The Retail segment offered its employees increments and subsidised meal plans during the year under review.

Employee Remuneration



Capital Management

Human Capital

Diversity, Equity and Inclusion (DE & I)

CCS is cognisant of the benefits of a diverse and well-represented team and has fostered an inclusive culture through our equal opportunity policy, anti-sexual harassment and non-discrimination policy. Diversity, Equity and Inclusion is also a key priority of our parent entity and in line with the Group's One JKH program, CCS Group has launched several new initiatives to enhance diversity and inclusion within our manufacturing and retail segments.

MANUFACTURING SEGMENT

- Appointment of a sector committee to drive diversity, equity and inclusion initiatives.
- Sharing best practices with professionals in similar industries on how best to embed diversity, equity and inclusion into corporate culture.
- Communication drive to address unconscious bias and raise awareness of how an inclusive culture enhances business performance and growth.
- Implementation of a new Standard Operating Procedure for recruitment which mandates the shortlisting of at least one female for traditionally male female (provided there are female applicants) roles such as in engineering and technical departments.
- Female friendly work environment through the provision of subsidised day-care facilities for children and provision of hygiene products to female employees etc.
- To encourage economic empowerment for women in our society, Elephant House Frozen Confectionery has taken initiatives by rolling out the "Dinanee" program by offering job opportunities for female sales representatives. It has also extended the invite for willing and able women to join the category as Ice Cream distributors, parlor operators, mobile unit operators etc. This program was amplified on Women's day in March 2022 via various online and traditional media platforms.

RETAIL SEGMENT

- Adhering to the One JKH targets on diveristy, equity and inclusion
- Recognising the contribution of female employees through the introduction of the "She Inspires Award".
- Conducted awareness sessions for staff on sexual harassment.
- Introduced a mock supermarket at NAITA.
- Adoption of female friendly infrastructure at the retail stores.

Retail Sector: "Winner of the Chairman's Award under Diversity, Equity and Inclusion category"

Key Indicators

Female representation

44%
of workforce

49%
of recruitment

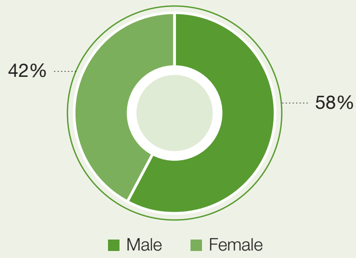
Promotions - Female

264
No of female employees

Female representation by category

By category	Male	Female	% of Female Employees
AVP and above	23	7	23%
Managers	65	9	12%
Assistant Managers	145	29	17%
Executives	537	275	34%
Non-Executives	3,187	2,809	47%
Total	**3,957**	**3,129**	**44%**

Training hours by Gender



Maternity leave and retention (GRI 401-3)

92%
Return to Work Rate

76%
Retention Rate

	Number
Total staff count that were on maternity leave as at 01.04.2021	59
Returned to work after maternity leave	54
Resignations after maternity leave	5
Retained within the organisation after 12 months taking maternity leave	45

Employee engagement

Employee engagement at CCS Group is facilitated through an open-door culture, frequent interaction with the leadership team and a year-round activity calendar.

- **Listening to our employees**
  CCS Group assesses employee satisfaction and obtains feedback from its workforce through a variety of methods including quarterly surveys, work from home survey, one-on-one meetings with supervisors and weekly townhall meetings.

Employee Satisfaction Scores

Manufacturing	75%
Retail	82%

Work From Home Survey

- Vaccination status
- Employees' state of mind around about the impact of COVID-19, job security, financial commitment, work environment etc.
- Ease of working from home
- Communication
- Support from supervisors
- Development opportunities
- Benefits and challenges of working from home
- Feedback on the adequacy of support

Approximately 98% of CCS's workforce is represented by unions as the Group recognises employees' right to freedom of association and collective bargaining. Union relations were cordial during the year and there were no disputes. Ceylon Cold Stores PLC signed Collective Agreements for three years with the Inter Company Employees Union at the EFC on 15th March 2022. CCS maintains cordial relations with the unions to strengthen work place harmony.

Capital Management

Human Capital

Culture

CCS Group directed substantial resources and efforts toward aligning its corporate culture with its core values of caring, integrity, trust, innovation and excellence. The Group devised innovative methods using digital platforms to encourage employee engagement, including the following:

Interventions

Numerous interventions aimed at engaging our employees and their families incuding an online avurudu festival, poson card competition, singing competition, art competition and Chlldren's Day celebration.

Living Values Programme

Manufacturing segment initiative to recognise and appreciate employees that demonstrate the core values of CCS in their daily activities. This was carried out through programmes such as

- Cheer the Peers
- Values Story Board
- Shine with Values Week
- Values Quizmasters

Women's Day Programme

As part of CCS' Diversity, Equity and Inclusion focus, the Manufacturing segment carried out a Women's Day Programme themed #BreakTheBias. This programme focused on fostering a collaborative work environment for women free of bias, stereotypes and discrimination. We also organised a breast cancer awareness session for all our female employees and launched a newsletter.

Going forward

MANUFACTURING

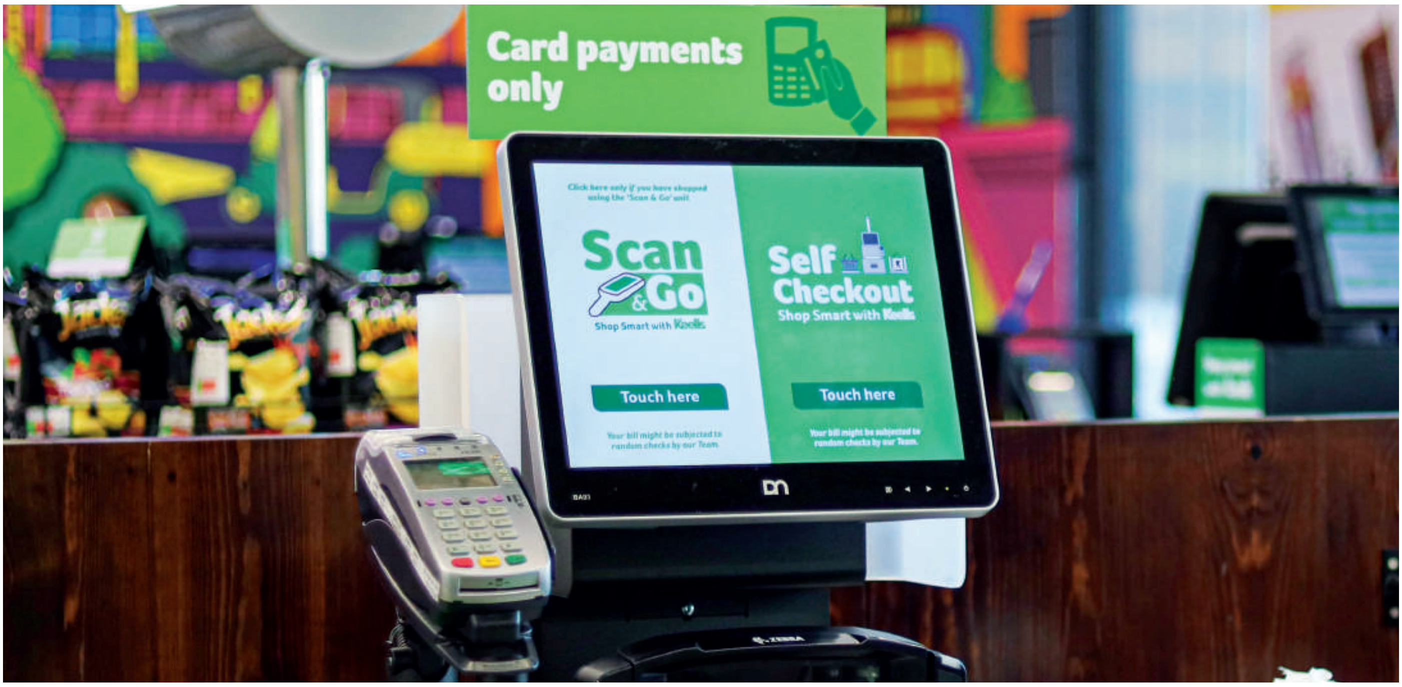
- Increase female representation to 18% by 2030, in line with the CCS Group's DE and I agenda in Manufacturing Sector
- Foster a corporate culture aligned with core values through employee engagement
- Implement work from home on a permanent basis for selective functions in the Manufacturing Sector
- Elevating our employer brand through a holistic approach

RETAIL

- Improve financial stability of employees in the retail segment through additional benefits such as lodging, uniforms and meals.

Intellectual Capital

The Group's intellectual capital comprises of the value of its brands, unparalleled recipe library and organisational tacit knowledge which enables the Group to effectively identify and respond to emerging customer preferences.



MANUFACTURING

- Brands - Elephant House, IMORICH, Twistee, Fito, Wonder, Feelgood
- Recipe Library
- R&D capabilities

RETAIL

- Brand - Keells

Maintained market position

- The Group maintained its strong market position in Beverages and Frozen Confectionery categories.
- In Retail, we continued to strengthen and expand our position.

Strengthening our brand

- Our brands are among Sri Lanka's top consumer brands.

Elephant House

Rs. 13.05* Billion

Brand value

13th most valuable brand in Sri Lanka

**Brand Finance, 2022*

Keells

Rs. 27.92* Billion

Brand value

6th most valuable brands in Sri Lanka

**Brand Finance, 2022*

We continued to enhance our brand value in the Manufacturing and Retail segments through activations.

Innovation and product development

- Launch of frozen yoghurt in two flavours and the sugar-free ice cream range in paper based packaging
- Launch of Berry 1 L pack and Imorich cone multi pack as seasonal LEPs
- Vanilla Shock stick, 2 Bar Vanilla mix fruit stick, Double delight 2 L pack, Wonder cone multipack and Mix fruit 1 L pack

Capital Management

Intellectual Capital

Brands

The competitive advantage gained through the strength of the ‘Elephant House’ brand as one of Sri Lanka’s most loved brands has enabled the Group to maintain its market leadership position despite the presence of competing global brands in Sri Lanka. Aligned with its strategy of diversifying its non-CSD product portfolio, the Group has also nurtured new brands such as Fit-O and IMORICH which continue to improve in popularity. The Group segment engaged in brand building activities during the year through traditional marketing campaigns, digital platforms and increasing trade visibility (through the provision of merchandising racks and gondolas) targeted at enhancing the value of the Elephant House and Cream Soda brands. Concerted efforts to drive increased penetration in the water segment, helped Elephant House Water to rank among the top 3 brands in bottled water during the year.

Brand activations carried out during the year are described below.

Brand	Activation
Elephant House (Ice Creams)	• Promotions with food delivery partners • Combo meal offers at partner restaurants and cafes • Influencer marketing for the "Feelgood" range • "Senehase Sisilasa" Avurudhu campaign • Voice partnership • Super Heroes campaign
Cream Soda	• Launched the Elephant House Cream Soda Pop Studio channel on YouTube to support the development of aspiring young musicians. • Sponsorship of “The Voice Sri Lanka”.
Necto	• Regional campaign in the North and East
Lemonade	• Relaunched to the market.
Flavoured Milk	• Art and craft competition using milk packs.
Milk	• Live online event for Children’s Day featuring dubbing, magic acts, origami and musical performances. (This event received 1,500 submissions and had over 400 live viewers).

In the Retail segment, the Keells brand retained its position as the most valuable supermarket brand in the country. The retail segment launched a brand building campaign titled “Freshness that you can taste” highlighting the processes in place to maintain the quality of fresh produce from source to store. The campaign drew attention to the efforts of the farmers that work with us, featuring their individual success stories. The success of our female farmers was given prominence in keeping with the diversity, equity and inclusion initiatives undertaken across the Group.

Elephant House	Keells
13th most valuable brands in Sri Lanka (Brand Finance, 2022)	6th most valuable brand in Sri Lanka (Brand Finance, 2022)
Estimated brand value of Rs. 13.05 billion (Brand Finance, 2022)	Most valuable supermarket brand in Sri Lanka (Brand Finance, 2022)
Elephant House Cream Soda won the coveted “SLIM People's Choice Beverage Brand of the Year” award for the 16th consecutive year.	Estimated brand value of Rs. 27.92 billion (Brand Finance, 2022)
	World Retail Awards – Finalist in the Best Omnichannel Transformation

Recipe Library

The Manufacturing segment has gradually developed its product offering in Beverages and Frozen Confectionery to include a range of products that cater to diverse consumer needs and occasions. Expanding the segment's product range is of strategic importance and is aptly supported by CCS' research and development team, organisational tacit knowledge and deep market insights.

Our product portfolio

Beverages

- Carbonated Soda Drinks
- Water
- Fruit Drinks
- Fruit Flavoured Tea
- Flavoured Milk
- Standardized Milk

Frozen Confectionery

- Bulk Ice Creams
- Ice Cream Cups
- Ice Cream Sticks
- Ice Cream Cones
- Ice Cream Bites
- Frozen Yoghurt

Innovation timeline

2016/17

- Launch of Lemoki
- Launch of Fit-O
- Re-branding of Wonder range

2017/18

- Reduced sugar content by 45% in CSD product range
- New flavours for IMORICH(Mint Choc) and Fit-O range (Mixed Fruit)

2018/19

- Sugar free range of CSDs
- Flavoured milk
- Bottled water
- New flavours for sticks and cones (Wonder Berry, Major Max, Chock Shock, Cream Soda)

2019/20

- Introduced the kids range for sticks.
- New flavours for IMORICH cones (Black Forest, Cookie Cream)
- Standardized milk

2020/21

Introduced new flavours in the

- CSD range (Cream Soda Apple Pop)
- IMORICH ice cream range (Salted Caramel)
- IMORICH cone range (Blueberry Cheesecake, Almond Crunch)
- Ice cream range (Mixed Fruit)
- Expanded kids' stick range (Batman Choco Knight and Flash Cotton Candy)
- Value added cups
- Wonder bar – multi pack

2021/22

- Introduced Frozen yoghurt (Mango and Mixed Berry)
- Low sugar ice cream (Vanilla, Chocolate)
- 2 Cone multi packs
- Mixed fruit 2 Bar stick

Going forward

MANUFACTURING

- Drive further reductions in sugar content in our products to be in line with the emerging customer preferences and regulations
- New product development
- Continuous R&D to cater to customers' evolving and diverse needs

RETAIL

- Leverage data analytical capabilities to offer a superior value proposition to customers

Capital Management

Social and Relationship Capital

Social and Relationship Capital represents the networks we have established across our distribution channels, supply chains and communities; we rely on these relationships in driving our strategic aspirations and creating shared value.

MANUFACTURING

- **1,372** suppliers
- **7,055** farmers
- **201** distributors

RETAIL

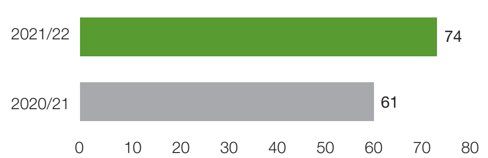
- **1,442** suppliers
- **68** private label manufacturers
- **47** GMP certified suppliers
- **234** GAP certified farmers
- **2,162** farmers benefited via Keells collection centers

Customer Value Creation

- Product innovation
  - 10 new products in Frozen Confectionery category
- Responded to increasing concerns of affordability through,
  - 42 new private label products
  - 12,348 units sold in "Vaasi Malla"
- 5 new outlets added including new format Keells at Lauries Road
- Transformation of retail customer experience through technology

Building resilient value chains

Payments to Supplier Rs. Bn



- >1,500 farmers trained on sustainable agriculture
- 2,742 Freezers and 1,022 Coolers deployed to distribution partners
- 17 SME manufacturers trained

Empowering communities

- Rs. 38.5 million investment in CSR activities
- Skill development through JMSL Academy

The unprecedented challenges that prevailed during the year under review, necessitated a strengthening of partnerships to ensure that the unique stakeholder needs arising at each point of our value chain were proactively identified and resolved.

Operating Context

Suppliers Including Farmers	Distributors/Retailers	Consumers
Affected by supply chain disruptions, pricing volatility, drop in crop yield due to restrictions on fertilizer imports, implications of climate change and sharp depreciation of the Sri Lankan Rupee during the year.	Impacted by pandemic-led disruptions to distribution capabilities, and liquidity crunch along the value chain.	Increasing concerns on affordability given escalating inflation and macro-economic pressures. Higher demands for convenience, safety and accessibility

Customer Relationships

The Group's customer base represents consumers of our manufacturing products and customers patronizing our retail outlets. Our value proposition to customers is multi-faceted and clearly articulated through our 'Customer Promises', which have been tailored to each segment to reflect the nature of the industries.

Manufacturing

	Progress in 2021/22
# Customer Promise 1: We promise a quality product We comply with a range of internal quality standards and external certifications including ISO 9001:2015, ISO 22000:2005, SLS 223: 2017 and SLS193:2013 among others. Following the outbreak of the pandemic, we also successfully obtained the SLS 1672 (Covid -19 safety management system) for both factories.	Comprehensive measures to ensure the safety of employees and minimise risk of cross infections within the factories
# Customer Promise 2: We promise to deliver choice We continue to evolve our product portfolio in both Beverages and Frozen Confectionery segments, aligned with changes in consumer needs	**Frozen Confectionery** • Launch of wellness range in Frozen Confectionery including frozen yoghurt and low-sugar ice cream. • Launch of 2 multi-pack impulse offerings • Introduction of a 2-bar variant (vanilla and mixed fruit) • Launched Vanilla Shock • Launch of Double Delight 2 Liter pack • Mixed Berry LEP was launched for the season in December
# Customer Promise 3: We promise to deliver products at the right price The price of milk, SMP, sugar and packaging materials increased during the year, resulting in the cost of production surging in both categories.	The cost increases were not fully passed on to the customers, given the prevalent macro-economic stresses and impact on affordability. Prices of frozen Confectionery and beverages increased during the year.
# Customer Promise 4: We promise to make our products accessible and available Our products are available in over 100,000+ contact points across the island, facilitated through 201 distribution partners.	Leveraged our automated distributor monitoring systems and data analytics to ensure availability of products across the island, thereby mitigating vulnerability to pandemic-led disruptions in distribution.

Capital Management

Social and Relationship Capital

Retail

	Progress in 2021/22
# Customer Promise 1: Enjoyable Shopping Experience The design and structure of stores have been carefully determined to ensure a unique retail experience to our customers, as attested by consistent improvements in customer satisfaction levels	• The launch of our new-format outlet Keells at Lauries represents a new iteration of our offering • Value addition to the online platform including, faster and secure payment processing, pre-authorisation on cards, enabling foreign currency transactions etc. This led to improvements in order fulfillment rates and fill rates • Integration of Lanka QR at all checkout counters
# Customer Promise 2: I get what I want Our stores feature adequate space between aisles and tri-lingual signage boards in all aisles	• Search enhancements to the online platform • Launch of a fully automated WhatsApp BOT to support customers engaging in online orders
# Customer Promise 3: Freshness Our freshness guarantee ensures that products obtained from our supermarkets are the freshest in the marketplace.	Commenced operations of the new Distribution Centre which features state-of-the-art technology, infrastructure and processes to ensure freshness of all products.
# Customer Promise 4: Offers and Deals We strive to offer the best deals and pricing in the market with a range of value-for-money propositions	Supporting customers through offering affordable propositions during the year was a key focus and actioned through, 1 Direct import of selected essential items which were offered at the lowest price in the market 2 Expanded the ‘imperfect’ fresh range (vegetables that do not meet visual quality guidelines) at a relatively lower price point 3 Introduction of "Vaasi Malla" a bundled offering of essential items 4 Expanded the private label range with the addition of 42 new products during the year
# Customer Promise 5: Staff is Great We offer ongoing training to staff on customer service to provide an unmatched experience.	• 5,552 employees trained on customer service • On the job training via the Retail Academy
# Customer Promise 6: Money’s Worth Value for money is one of our key brand attributes and we strive to ensure that the prices we offer are among the most competitive in the market	Widened our private label range with the addition of 42 product lines adding up to 341 products in total from 68 suppliers

Transforming the retail experience

Through its new-format outlet, Keells at Lauries, the Retail Sector has leveraged world-class retail technology to transform the customer experience, once again redefining industry standards in convenience and customer-centricity. Having received extremely encouraging response to this offering, we hope to further expand this proposition over the medium to long-term.

Sri Lanka's first Scan & Go technology

At the point of entry, customers are provided a hand-held digital scanning device, linked to the Nexus loyalty number, which can be used to scan all items at the point of selection. In addition to minimising human interaction, this device enables customers to gauge the full cost of items purchased prior to check-out

Self-check-out option

The self-check-out option allows customers to complete their shopping without the interaction of outlet staff, thereby improving convenience and speed to the customer.

Digital price tags

Electronic shelf labels/digital price tags have been introduced which enables the automatic update of prices without manual intervention. This has resulted in significant savings in employee time, thereby enhancing productivity within the outlets

Wider product offering

New features added include,

- Kafé with a range of hot and cold beverages and food
- Chef's kitchen offering made-to-order food
- Food ordering kiosk

Marketing and labelling

The Beverages and Frozen Confectionery categories are governed by the Food Act No. 26 of 1980 and the flavouring substances and flavour enhancing guidelines prescribed by the Food Advisory Committee of the Ministry of Health. During the year there were no incidents of non-compliance with regulations and voluntary codes concerning health and safety aspects of products. Meanwhile, product labelling and marketing communications are governed by the Food (Labelling and Advertising) regulation of 2005. Information to be disclosed includes date of manufacture and expiry, complete list of ingredients and instructions for storage. During the year there were no incidents of non-compliance with regulations and voluntary codes concerning health and safety aspects of products.

Capital Management

Social and Relationship Capital

Channel Partners

The Manufacturing Segment's extensive distributor network of over 200 partners play a vital role in facilitating our customer reach through the distribution of our products across the Island. Pandemic-led disruptions to distribution had a considerable impact on our distributor partners during the year, prompting the Group to implement a range of measures to ensure their commercial survival and continued to distribute our products.

Key initiatives/actions during the year included the following:

Frozen Confectionery

Jeevaya initiative	Sector 500 programme	Infrastructure Support
350 outlets Trade loyalty program for Elephant House distributors, focusing on increased communication, engagement and incentives. Loyalty schemes allows selected distributors to obtain attractive discounts. Through this initiative, we also deploy freezers, conduct product-related and technical training programmes which over the long-term drive increased footfall.	**520 small and medium modern trade outlets** Loyalty package offers were given by the Manufacturing Sector to selected small and medium modern trade outlets	**1,022 coolers and 2,742 freezers deployed to the market**

Beverages

Given the difficulties faced by the distributors, we placed strategic emphasis on deploying assets across our network through the deployment of new merchandising racks and gondolas and enhancing trade visibility. We also assessed the efficiency and profitability of the entire network and drove a route optimisation project, in addition to increasing our outlets to drive higher penetration.

Underpinned by

SURGE: Distributor Management System which has offered considerable efficiencies through addition controls and monitoring modules, stronger analytical capabilities, real-time performance dashboards and a range of other value-added features

Suppliers

Effective management of our supply chain was a vital area of focus during the year, given pandemic-led disruptions to supply chains, shortage in foreign currency, import restrictions, surge in freight rates and impacts of drop in crop yield due to restriction on import of fertilizer on our agricultural supply chains. Against this backdrop, the Manufacturing Sector focused on diversifying its supplier base and maintaining proactive engagement in securing supplies, thereby ensuring continued value creation to suppliers and farmers.

Input material and supplier base	Developments during the year	Value created through procurement	
		Volume (KG/Liters)	Rs. Million
Ginger (650 farmers)	• Continued procurement of materials, ensuring continued value addition • Training and capacity building on agricultural innovation • Support farmers in obtaining the Good Agricultural Practice (GAP) certification • Development of local suppliers in paper packaging	26,540	32
Vanilla (2,600 farmers through Kandy Vanilla Growers Association and farmers island wide)		363	22
Kithul Jaggery (150 farmers through Krushi Swayan Rekiya Samithiya and Self Employment Society of Nuwara Eliya)		36,240	28
Treacle (155 farmers from Waralla and Deniyaya)		150,450	21
Cashew nuts (1,800 farmers Nathawilluwa, Galewella, Adiyagama,Chilaw, Serukele and processed in Kuliyapitiya and Ja-Ela)		78,521	293
Fresh milk (1,700 suppliers from Kappetipola, Bogawanthalawa, Dickoya, Gampaha)		3,554,080	414

Retail

1,442 suppliers | **2,162** Farmers | **68** private label manufacturers

Similar challenges were faced in the Retail segment, in which disruptions to supply chains made it extremely challenging to ensure product availability. This was further compounded by drop in yields and volumes in the fresh supply chain, reflecting the shortage of fertilizer as well as climate-related implications. In addressing these challenges, the Retail Sector launched several unique programs, with the aim of securing an uninterrupted supply while supporting the long-term development of these supply chain partners.

Key developments during the year summarised below:

- Launch of Keells Govi Diri- a farmer development program in partnership with the Ministry of Agriculture and Smallholder Agriculture Partnership Program (Refer insert below)
- Leverage the Keells Advance Network Exchange (KANE) digital platform to effectively collaborate with suppliers, enabling the online viewing of payment status, price revisions, efficiency improvements etc. Around 100 suppliers have been onboarded to date, with full completion expected in 2022/23
- New partnerships with individuals/ businesses involving in the process and export of premium sea food to fill the vacuum in sea food supply following the unfortunate incident which occured due to the sinking of Express Pearl vessel
- 25 ethical suppliers featured in our retail outlets during the Christmas season
- Facilitated 82 farmers in obtaining the GAP certification
- Expansion of our private label suppliers, with 5 new partners added during the year. We also encouraged 16 suppliers to obtained the GMP certification, with 3 completing the process successfully during the year.
- Supplier development program for 17 SME suppliers which included 5 full days of training on various disciplines including finance, supply chain management, leveraging e-commerce platforms etc. conducted in partnership with USAID. We plane to expand the scope of this program which aims to elevate these suppliers in ensuring market-readiness over the short-to-medium term.
- Keells-MDF Digitalisation program: Automation of farmer engagement through the launch of a Farmer Management system, which enables the monitoring and projecting of crop volumes and yields among others

Keells Govi Diri

Launched in partnership with the Ministry of Agriculture and Smallholder Agribusiness Partnership Program, which aims to build capacity, provide technology and propagate sustainable agricultural practices among our farmers. The initiative proved a timely intervention during the year, given the unprecedented challenges faced by farmers in accessing chemical fertilizers. Key elements of the programme are as follows:

- Facilitate the establishment of 25 green houses with insect proof nets, which aided farmers in minimising the impact of fertilizer shortages
- Ongoing training on sustainable agriculture practices and use of new technology to 320+ farmers
- Equipment and input material for planting of seeds
- Sustainable irrigation solutions which will mitigate exposure to fluctuations in water availability

Capital Management

Social and Relationship Capital

Industry partnerships

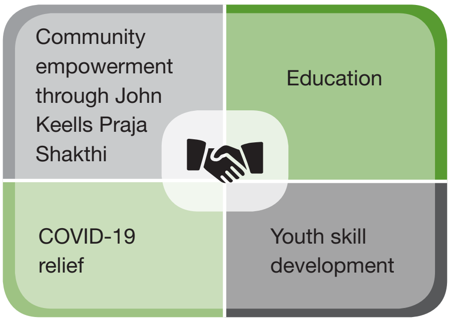
The Group is keen to leverage its unique base of organisational knowledge in the Retail sector, to drive collaboration with academic institutions in nurturing employment-ready talent for the Retail sector. To this end, JMSL entered into a partnership with the University of Kelaniya to develop a retail management module for undergraduate studies and continues to take in workshops and career development programs. We are also currently engaging with NAITA on the conceptualisation of a model supermarket to train differently abled persons for supermarket operations.

Industry Associations in which CCS holds membership

- Ceylon Chamber of Commerce
- Employers' Federation of Ceylon (EFC)
- National Chamber of Commerce
- Export Development Boards
- National Chamber of Exporters
- Sri Lanka - Maldives Bilateral Business Council
- Lanka Confectionery Manufacturers Association
- Sri Lanka Association of Testing Laboratories

Community engagement

The Group's CSR agenda is aligned to that of its parent entity, with several projects implemented in partnership with the John Keells Foundation. CCS supports these projects through identifying and prioritising potential beneficiaries in the communities within which it operates. Key priority areas during the year are set out alongside:



John Keells Praja Shakthi

This initiative is a unique livelihood development program aimed at creating sustainable avenues for financial empowerment among our communities. During the year, CCS collaborated with the John Keells Foundation to conduct the following programmes in Ranala:

- **Paper bag project:** Upskill and empower women entrepreneurs in paper-related production through offering training and guidance on new products to be provided to our retail outlets and knowledge sharing to make Vesak lanterns and creating market access
- **Pottery project:** The project aimed to support the potter community in Ranala by funding and facilitating the renovation of a clay mixing machine among the potters thereby enhancing operational capabilities and capacity. By engaging with an industry-expert, we also supported new product development in addition to market linkages through Laksala and digital marketing training.

1,883	26
Vesak lanterns sold. Total income generated of Rs. 0.2 million	Families benefited

Education

CCS conducted a Digital Learning initiative to facilitate online learning for underprivileged school children preparing for examinations. In partnership with the John Keells Foundation, CCS distributed electronic tabs with data packages for 50 deserving students from four government schools close to the Ranala factory, namely, Dedigamuwa K.V, Dewamitta M.V, Munidasa Kumarathunga Vidyalaya and Philip Thilakawardhane M.V. Meanwhile, we also awarded 5 scholarships for students engaged in Advanced Level and University education from Ranala under JKF's Higher Education Scholarship Program (HES)

COVID-19 relief

- Donation of PCR testing booths to the Nawagamuwa Hospital in order to expand testing capabilities
- Collaborated with the John Keells Foundation to provide a wall oxygen system for 5 High Dependency Unit beds along with 5 bed top Oxygen flow regulators to the Nawagamuwa Divisional Hospital

Skill development

Through the Keells Retail Academy, the Retail sector empowers the country's youth through providing opportunities for skill and career development. The course is accredited by NAITA and NVQ and is a comprehensive 18-month program on all operational aspects in the retail industry. Trainees are also absorbed to the supermarket cadre and have the opportunity of progressing to manager-grade through a fast-track development program. Keells has signed an MoU with University of Kelaniya to offer retail experience to graduates in Marketing.

546	80%
Graduates from the academy	Proportion of students are from regions outside of Western Province

Going forward

MANUFACTURING

- Enhance customer value proposition through new product development
- Further community engagement through the "Praja Shakthi" initiative, with focus on career development and providing internship opportunities

RETAIL

- Maintain focus on offering affordable, value-for-money offerings to customers
- Revamp the customer experience offered through the e-commerce platforms

Natural Capital

The Group relies on natural capital inputs which includes energy, water and raw materials. As we grow our business and increase our production volumes, we are cognizant of the increasing environmental impacts of our operations and are driving concerted efforts to reduce our environmental footprint.

MANUFACTURING

- **92,869 GJ** energy consumption (-7% in energy intensity)
- **392,276 M³** water consumption (-6% in water intensity)

RETAIL

- **213,934 GJ** energy consumption (No change in energy intensity)
- **280,896** water consumption (+4% in water intensity)

Reducing dependence on fossil fuels

- 15 outlets converted to solar during the year, bringing the total to 82 outlets
- CICL plant commissioned its solar operations in May 2021

40,955 GJ
Generation of renewable energy

-7% Manufacturing
+3% Retail
Change in emission intensity

Reducing plastic/polythene usage

- Concerted efforts to reduce plastic/ polythene usage at our retail outlets through introducing alternative packaging and customer awareness

35%
Reduction in single use polythene bags

Propagating sustainable agriculture practices

- Reducing water consumption across our supply chain by propagating sustainable agricultural practices across our supply chain.

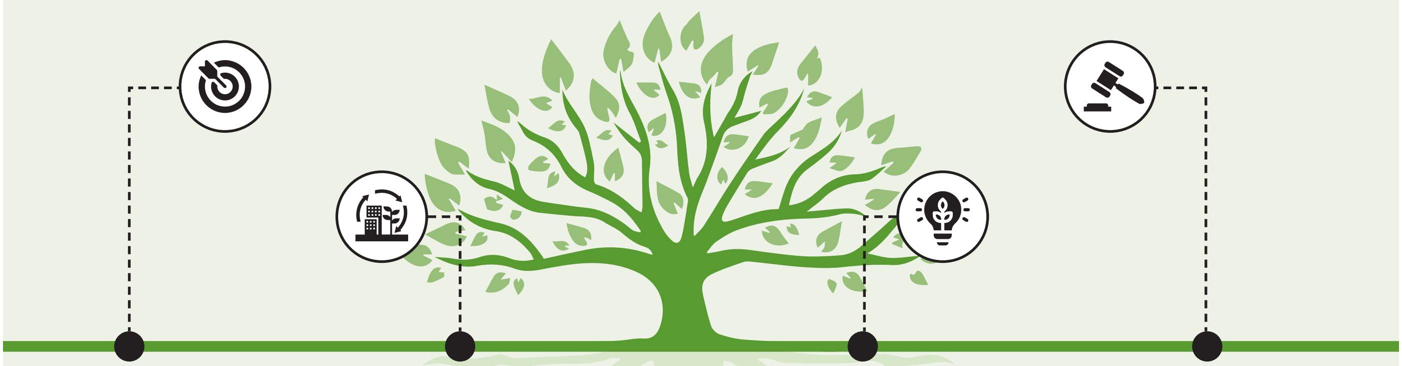
1,617
Farmers trained on sustainable agriculture

Capital Management

Natural Capital

Our environmental commitment

As implications of climate change and natural disasters continue to intensify across the world, understanding and effectively responding to environment-related risks has become key to business resilience. We are also aware of the adverse environmental impacts of our operations, particularly in reducing plastic/polythene usage and are driving concerted efforts to mitigate these impacts across our value chain. Our environmental management framework is aligned to that of the JKH Group's Environmental Policy, which includes robust mechanisms to measure the environmental impacts such as energy consumption, energy intensity and quality of and quantity effluents and waste. During the year, there were no fines or penalties imposed on the Group for non-compliance with environmental regulations/laws. Our approach and key priority areas are illustrated below:



Impacts on our operations

- Implications of climate change on our supply chains
- Water scarcity
- Potential implications on cost
- Interruptions to energy supply

Key environmental impacts

- Energy consumption and generation of emissions
- Plastic/polythene usage
- Water consumption

Our priorities

- Reducing our carbon footprint through solar power generation
- Reducing polythene/ recycle of plastic
- Water efficiency

Our approach

- John Keells Group Environmental Policy
- Earthcheck benchmarks to compare sustainability performance on a quarterly basis

Climate action

As an organisation relying on agricultural input materials, the Group has increasingly felt the implications of climate change on its supply chain, with vagaries in weather patterns which leading to crop failure, supply deficits and declining yields in our agricultural inputs. We have continued to monitor these trends proactively and are exploring avenues to diversify our supply chain, in mitigating exposure to environmental risks.

The Group's impact on climate change arises primarily from the consumption of energy across its manufacturing and distribution operations. Our primary sources of energy are electricity, LP gas, diesel, petrol, and furnace oil. Initiatives in place to enhance our energy efficiency and reduce dependence on fossil-fuel based energy sources are as follows:

- Conversion of retail outlets to solar power: With 15 outlets installed with solar power generation capability in 2021/22, the Group now generates solar energy of approximately 36,400 GJ units per year through 82 outlets (64% of total outlets)
- Renewable energy generation of approximately 3,887 GJ units through the roof-solar system at the CICL factory and 668 GJ from CCS factory.
- Optimising energy efficiency in retail outlets through the 100% of LED lighting solutions
- Use of energy efficient manufacturing technology in the Manufacturing Sector's operations

The Group's energy consumption and carbon footprint results are set out below; The Group computes its carbon footprint based on the GHG Protocol published by the World Resources Institute. Energy consumption increased by 8% during the year, while energy intensity recorded an improvement supported by ongoing focus on energy efficiency.

The Group's total carbon footprint increased by 10% due to higher electricity and LPG consumption. The increase in electricity consumption was driven by increased operational activity in terms of higher production volumes in the manufacturing sector compared to the corresponding period last year and the increase in the Retail sector was driven by expansion in the branch network at JMSL.

An increase of 56% seen in LPG consumption during the year 2021/22. This was due to increased demand for prepared food from retails outlets lead by gas shortage in the market and closure of eateries. In manufacturing sector Cone bakery operations catered to the increased demand for Cone ice creams which lead to increased LPG consumption.

	Units	2020/21	2021/22	Y-o-y change
Direct energy consumption (Kwh)				
Diesel	Litres	1,521,912	1,316,825	-13%
Furnace oil	Litres	372,297	388,552	4%
LPG	Kgs	137,775	214,257	56%
Indirect energy consumption (Kwh)				
Purchased from CEB	Units	46,348,030	51,966,111	12%
Purchased from LECO	Units	14,892,779	16,092,197	8%
Carbon footprint				
Scope 1 GHG emissions	tCO2e	4,730	4,523	-4%
Scope 2 GHG emissions	tCO2e	41,742	46,389	11%
Total emissions	tCO2e	46,472	50,911	10%
Emission intensity- Manufacturing	tCO2e/1,000 Ltrs	0.175	0.163	-7%
Emission intensity- Retail	GJ/Sqft	30.56	31.39	3%

Water and effluents

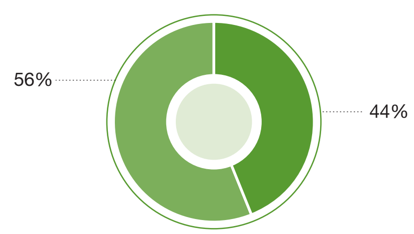
The Group's interaction with water is mainly in the Manufacturing Segment, where water is an input into the manufacturing process. Water needs are fulfilled through ground water and municipal line sources. Regular pumping tests are conducted in the deep wells in accordance with regulatory requirements to ensure that water levels in neighbouring communities are not impacted by our operations. Meanwhile, used water is discharged following treatment at a state-of-the-art sewerage system plant with water quality indicators consistently maintained within the regulatory parameters. Key initiatives in place to enhance the efficiency of water and manage discharge are listed below:

- Rainwater harvesting at the Ranala factory
- Employee engagement and awareness programs on the importance of water preservation
- The Retail Sector's Keells Govi Diri programme emphasised the sustainable use of water in farming operations, which is expected to improve water efficiency levels of our farming partners.

Water withdrawal: The Group's water consumption increased by 11% during the year, while water intensity in Manufacturing improved when Retail Sectors eroded during the year.

Water Withdrawal (M^3)	2020/21	2021/22	Y-o-y change
Ground water	280,837	298,256	6%
Municipality water	324,037	374,916	16%
Total water	604,874	673,172	11%
Water intensity-Manufacturing (Litres/1000 litres)	4,566	4,304	-6%
Water intensity-Retail (Litres/Sqft)	0.23	0.25	4%

Water Withdrawal



Effluent discharge

The Group's water discharge increased by 12% during the year, in view of increased water withdrawal given higher operational activity.

Water Discharge (M^3)	2020/21	2021/22	YoY %
Municipality sewerage, drainage	163,836	182,940	12%
ETPs and Recycled	387	278	-28%
To rivers, lakes after being treated	127,994	134,895	5%
Direct to rivers, lakes, wetlands, marshes	10,041	15,459	54%
Ground through soakage pits	138,923	161,794	16%
Provided to another organisation	9,821	7,756	-21%
Total water discharge	**451,002**	**503,122**	**12%**

Capital Management

Natural Capital

Materials

In Manufacturing, the Group consumes a range of agricultural raw materials including sugar, milk, vanilla and ginger. Packaging material is also a key input and includes PET bottles and corrugated boxes. We are acutely aware of the adverse environmental implications of our packaging material and have continued to drive initiatives to reduce the landfill waste of our packaging material through reducing the PET bottle weight, plastic levels and polythene gauge among others. During the year, we also introduced paper-based packaging for the newly launched wellness range in Frozen Confectionery. The consumption of key raw materials during the year are set out below;

E-bill initiative

E-bills were introduced at our retail outlets to reduce the use of paper consumption

6% Of total bills dispatched through e-bills

Consumption of materials

Input materials	
Fresh Milk (Litres)	3,145,585
SMP (Kgs)	1,440,398
Sugar (Kgs)	7,384,827
Whey Powder (Kgs)	249,006
Packaging materials	
Plastic - Pet (BT)	55,579,132
Plastic - Containers (PC)	17,205,717
Corrugated boxes (NO/PC)	4,462,517

Circularity and Waste management

Reducing the use of plastic/polythene waste and food waste in its Manufacturing operations and across retail outlets is key to the Group's environmental agenda. To this end, the Group aims to reduce its in-store single use polythene bag usage and single use food packaging by 50% in JMSL by the year 2025. While encouraging both customers and outlet employees to contribute towards these aspirations. Ongoing initiatives launched to achieve these objectives are listed below:

Zero trash

CCS partnered Plasticycle in the construction of a dedicated collection centre for recycling, in line with its Extended Producer Responsibility (EPR). The Centre is powered by dedicated transport and service personnel to collect used plastic from collection points, while the general public is also given the opportunity to drop off plastic waste. The Group raised awareness on the new centre through customer communication and social media platforms.

Plasticycle

As part of the JKH Group's social entrepreneurship project Plasticycle, CCS and JMSL installed bins in 14 locations during the year, bringing the total bins sponsored by the Group to 206. This included 5 bins placed in Siripada, targeting the pilgrimage season.

30,862 KG Total plastic collected in 2021/22

Reducing plastic/polythene usage in Initiatives launched include,

1 Use of paper straws at juice counters

2 Compostable packaging for top crust bread bags

3 Compostable bags at fish/meat and fresh counters

4 Introduction of cardboard boxes at food counters

57% Reduction in polythene/ plastic usage

-15% Use of Keells disposable bags

Reducing food waste

- The Retail Segment carries out the redistribution of consumable fresh produce through 107 stores every month
- Imperfect vegetables that do not meet the visual quality guidelines are sold at a relatively lower price, in 63 outlets across our network

Going forward

In line with the environmental aspirations of the John Keells Holdings Group, CCS has formulated long-term goals for reducing its environmental impact, including intensity of energy, water and emissions by 2025.

MANUFACTURING

- Concerted efforts to drive energy and water efficiency across the manufacturing process

RETAIL

- Continue our investment in installing solar panels at our retail outlets
- Increased engagement with customers to reduce the use of polythene/plastic at our outlets

Way Forward

Macro-economic pressures, particularly in the short-to-medium term are expected to have a negative impact on disposable incomes and given the sharp increase in inflation, driven by the depreciation of the Sri Lankan Rupee, increase in interest rates and the hike in energy prices. These expected to result in a significant increase in our costs, where we will be challenged to fully pass on to customers given the increasing concerns on affordability. Against this backdrop, the Group's key areas of focus over the short-to-medium term and long-term are as follows:

MANUFACTURING

Short-to-medium term

- Securing adequate raw materials to ensure uninterrupted production
- Ongoing focus on distribution effectiveness and efficiency in both the Frozen Confectionery and Beverages segments
- Continued focus on supporting the top of mind recall on all key brands

Long-term

- Pursue increased diversification in the Frozen Confectionery category through expansion into complementary products
- Develop a future ready Beverages portfolio catering to customers' evolving needs

RETAIL

Short-to-medium term

- Cater to customers' needs for value-for-money offerings given the prevalent concerns on affordability and ensure awareness through correct communications
- Improve mechanisms to monitor customer satisfaction through introducing touch screens across all outlets
- Continued expansion of the network for 2022/23 including the new-format stores

Long-term

- Pursue increased customer penetration through geographical expansion and customer-centric offerings
- Leverage technology to enhance the customer experience
- Position ourselves as technical experts for farmers, offering technical assistance and training on sustainable agriculture practices through partnerships with international organisations

Capital Connectivity and Trade-offs

When driving its strategy, the Group makes inevitable trade-offs in its resources and relationships, which over the long-term lead to nurturing, preserving and/or eroding its capitals. A summary of these trade-offs during the year are listed in the table below:

	Trade-off	Financial	Manufactured	Human	Intellectual	Social & Relationship	Natural
Sustainable growth	Increased automation in our operations will over the long-term lead to reduced human capital requirements while strengthening financial performance	↑		↓			
	Short-term impact on financial capital arising from increased capex on digital infrastructure, outlet expansion, and promotional activities for new product	↓	↑				
	Business expansion and its inevitable impact on the environment through increased energy/ water usage, generation of carbon footprint and plastic consumption	↑					↓
Fulfilling the customer promise	Comprise profitability margins to cater to increased customer concerns on affordability	↓				↑	
	Investments in technology to enhance the overall customer experience in the Retail segment	↓				↑	
Empowered team	Significant investments in ensuring employee health and well-being	↓		↑			
	Nurturing a unique talent pool through ongoing investment in training			↑	↑		
	Improved customer relationships arising from better service, particularly in our Retail outlets			↑		↑	
Managing our value chain	Stronger value chain partnerships lead to improved availability of products and increased supply chain efficiencies, thereby enhancing profitability in the long-term	↑				↑	
	Injection of liquidity to support distributors and retail partners across our value chain	↓				↑	
Sustainable organisation	Despite the initial financial outlay, efforts to drive energy and carbon efficiency is expected to build organisational resilience over the long-term.	↓					↑
	Investment in strategic CSR efforts to drive more meaningful community relationships	↓				↑	
	Ongoing emphasis on reducing our environmental footprint is expected to lead to stronger customer relationships given customers' increasing propensity towards sustainability					↑	↑
	Propagate sustainable agriculture practices among our farmers and out growers	↑				↑	↑

Enterprise Governance

Corporate Governance Commentary

In furtherance of CCS Group's sustainability and digitisation efforts, coupled with the need to strike a balance between the principles of conciseness and completeness in Integrated Reporting, the CCS Group has used a variety of reporting formats to meet diverse stakeholder requirements. Whilst the section that ensues discusses the key highlights for the year under review and the mandatory disclosures required under various regulatory frameworks.

The CCS Group's robust and comprehensive corporate governance framework, endeavours to create an enabling environment for growth in a structured, predictable and sustainable manner. The Group's corporate governance philosophy is institutionalised across all its business units, and it is this philosophy that has continuously created value for all its stakeholders, notwithstanding the external environment and macro conditions.

Ceylon Cold Stores PLC (CCS) and its subsidiaries (collectively CCS Group) has its own set of internal policies, processes and structures towards meeting accepted best practice, in addition to the 'triggers' which ensure compliance with mandatory regulatory requirements. This framework is regularly reviewed and updated to reflect global best practices, evolving regulations, and dynamic stakeholder needs, while maintaining its foundational principles of accountability, participation and transparency

The ensuing discussion comprises of the following key aspects:

- Significant components of the JKH Corporate Governance System
- Monitoring mechanism in place to ensure strict compliance to the Group's Governance policy
- Outlook and emerging challenges for corporate governance
- JKH's compliance with all mandatory requirements of law and its voluntary adoption of recommended codes in the governance field

A detailed discussion of Corporate Governance Commentary is found on the corporate website (www.elephanthouse.lk)

COMPLIANCE SUMMARY

Regulatory Benchmarks

Standard / Principle / Code	Adherence
The Companies Act No.07 of 2007 and regulations	Mandatory provisions - fully compliant
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory provisions - fully compliant
Securities and Exchange Commission of Sri Lanka Act (SEC), No. 19 of 2021, including directives and circulars	Mandatory provisions - fully compliant
Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC)	Mandatory provisions - fully compliant
Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary provisions - fully compliant
Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka	Voluntary provisions - compliant with the 2017 Code, to the extent of business exigency and as required by the CCS Group

Key Internal Policies

- Articles of Association of the Company
- Recruitment and selection policies
- Learning and development policies
- Policies on equal opportunities, non-discrimination, career management and promotions
- Rewards and recognition policy
- Leave, flexi-hours, tele-working and agile working policies, including health and safety enhancements and protocols in light of the COVID-19 pandemic
- Code of conduct, which also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information
- Policies on diversity, equity and inclusion including gender
- Policy against sexual harassment
- Policies on forced, compulsory and child labour and Child Protection adopted by the Group
- Disciplinary procedure
- Policy on grievance handling
- Policies on anti-fraud, anti-corruption and anti-money laundering and countering the financing of terrorism
- Policy on communications and ethical advertising
- Ombudsperson policy
- Group accounting procedures and policies
- Policies on enterprise risk management
- Policies on fund management and FX risk mitigation
- IT policies and procedures, including data protection, classification and security
- Group environmental and economic policies
- Whistleblower policy
- Policies on energy, emissions, water and waste management
- Policies on products and services

KEY CORPORATE GOVERNANCE HIGHLIGHTS OF THE CCS GROUP FOR THE YEAR 2021/22

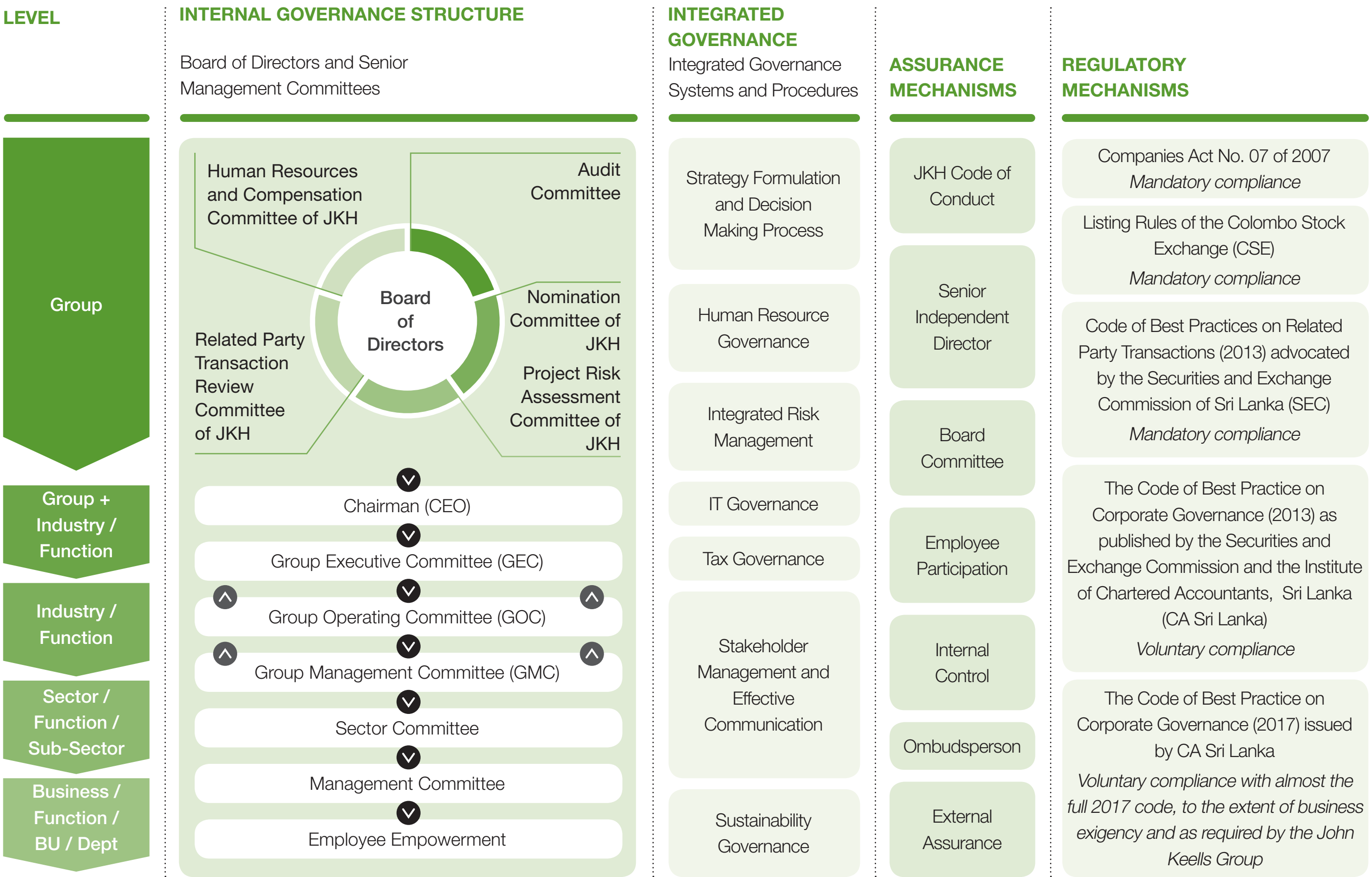
- During the year under review, CCS Group was mentioned under one of the most improved Companies for the year 2020/21 in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL). The improvement noted was in the area of "Organisational Transparency", moving upto 100% from 50% in previous year. This ranking is based on an assessment of corporate disclosure practices among the top 75 Public Limited Companies listed on the Colombo Stock Exchange; under three different thematic areas crucial to fighting and preventing corruption: reporting on anti-corruption programmes, transparency in Company holdings and the disclosure of key financial information in domestic operations.

- In furtherance of the Group's emphasis on creating an inclusive, diverse and equitable work environment, the Group rolled out various initiatives such as introduction of subsidised crèche facilities, implementation of the first phase of the "SanNap" programme whereby free sanitary napkins were provided free-of-charge to all female employees of the Group. As noted in the 2020/21 Annual Report, the Group has a goal of increasing women participation up to 40% by the end of 2025/26.
- Given the prevalent significant macro-economic challenges and developments in the country - the Board of Directors and the Group Executive Committee (GEC) frequently deliberated and evaluated the resilience of the Group under multiple stress tested scenarios.
- Cognisant of the economic hardships faced by the CCS Group employees on account of rising prices and the scarcity of essential items, CCS Group provided a one-off, uniform financial care package in the form of an ex-gratia payment, to all eligible Group employees during the month of April 2022.
- Further, a set of initiatives and programmes in the form of non-financial and indirect financial support are in the process of being rolled out in order to address the hardships faced by employees and assist employees of the CCS Group to bridge the cost of essential items. These include awareness sessions and webinars.
- The CCS Board declared a final dividend of Rs. 0.40 per share in June 2021 for the financial year 2020/21. For the year under review, the Board declared an interim dividend of Rs. 0.80 per share in March 2022. A final dividend of Rs. 0.33 has been declared by the Board in May 2022, to be paid in June 2022.

The Corporate Governance System

The diagram below illustrates the key components of the Corporate Governance System of the CCS Group. It depicts the internal governance structure, from the Board of Directors cascading down to employee level, the integrated governance systems and procedures within the Group, the Assurance Mechanisms in place and the various regulatory frameworks the Group is compliant with from a Governance standpoint.

A detailed discussion of each of the components shown below is found on the corporate website (www.elephanthouse.lk).



- *Except for the Audit Committee the other four Boards Sub Committees of JKH, act on behalf of CCS and are chaired by Independent Directors appointed by the JKH Board. The Audit Committee is appointed by the CCS Board.*
- *The Chairman is present at all Human Resources and Compensation Committee meetings unless the Chairman's performance assessment or remuneration is under discussion. The Deputy Chairman/ Group Finance Director is invited as necessary.*
- *Audit Committee meetings are attended by the Presidents and Chief Financial Officers of CCS and Jaykay Marketing Services (Pvt) Ltd (JMSL) and the Head of Group Business Process Review, Internal and External Auditors are regular attendees.*
- *The GOC acts as the binding agent to the various businesses within the CCS Group towards identifying and extracting CCS Group synergies*
- *Due to space constraints only the key components are depicted in the diagram.*

Corporate Governance Commentary

THE BOARD OF DIRECTORS

Board Composition

As at 31st March 2022, the Board comprised of eight Directors, with three of them being Non-Executive Independent (NED/ID), three of them being Non-Executive Non-Independent (NED/NID) and two of them being Executive Non-Independent (ED/NID). The Group policy is to maintain a healthy balance between the Executive Directors (ED), Non-Executive Directors (NED) and Independent Directors (ID), in keeping with the applicable rules and codes, with the EDs bringing in deep knowledge of the businesses and the NED/IDs bringing in experience, objectivity and independent oversight.

There were no changes to the Board composition during the year under review.

MANAGING CONFLICTS OF INTERESTS AND ENSURING INDEPENDENCE

The CCS Group takes necessary steps to ensure that Directors avoid situations in which they have, or could have, a direct or indirect interest which conflicts with, or might potentially conflict with, the interests of the CCS Group.

In order to avoid such potential conflicts or biases, the Directors make a general disclosure of interests, as illustrated below, at appointment, at the beginning of every financial year and during the year as required. Such potential conflicts are reviewed by the Board from time to time to ensure the integrity of the Board's independence. Details of companies in which Board members hold Board or Board Committee membership are available with the Company Secretary for inspection by shareholders, on request.

Prior to Appointment

Nominees are requested to make known their various interests

Once Appointed

- Directors obtain Board clearance prior to:
  - Accepting a new position
  - Engaging in any transaction that could create or potentially create a conflict of interest
- All NEDs are required to notify the Chairman of any changes to their current Board representations or interests and a new declaration is made annually.

Adherence

- Directors who have an interest in a matter under discussion:
  - Excuse themselves from deliberations on the subject matter
  - Abstain from voting on the subject matter (abstentation from decisions are duly minuted)

The independence of its Non-Executive Independent Directors was reviewed on the basis of criteria summarised below;

Criteria for Defining Independence	Status of Conformity of NEDs
1. Shareholding carrying not less than 10% of voting rights	None of the individual EDs' or NED/IDs' shareholding exceed 1%
2. Director of another company*	None of the NED/IDs are Directors of another related party company, as defined
3. Income/non-cash benefit equivalent to 20% of the Director's income	NED/ID income/cash benefits are less than 20% of individual Director's income
4. Employment at CCS Group and/or material business relationship with CCS Group, currently or in the two years immediately preceding appointment as Director	None of the NED/IDs are employed or have been employed at CCS Group or any of its subsidiaries or JKH Group
5. Close family member is a Director or a Key Management Personnel	No family member of the NED/IDs is a Director of a related party company
6. Has served on the Board continuously for a period exceeding nine years from the date of the first appointment	No NED has served on the Board for more than nine years
7. Is employed, has a material business relationship and/or significant shareholding in other companies*. Entails other companies that have significant shareholding in CCS Group and/or CCS Group has a business connection with	None of the NED/IDs are employed, have a material business relationship or a significant shareholding of another related party company as defined

**Other companies in which a majority of the other Directors of the listed company are employed, or are Directors or have a significant shareholding or have a material business relationship.*

None of the above Non-Executive Independent Directors has a conflict of interest as per the criteria for independence outlined above.

BOARD MEETINGS

During the financial year under review, there were four (4) pre-scheduled Board meetings. In addition to these Board meetings, where issues of strategic importance requiring extensive discussions are considered, the Board of Directors communicate, as appropriate, when issues of strategic importance requiring extensive discussions arise.

The attendance at the Board meetings held during the financial year 2021/22 is given below:

Name	Year of Appointment	28/04/2021	20/07/2021	27/10/2021	24/01/2022	Eligibility	Attended
Non-Executive Non-Independent							
Mr. K N J Balendra – Chairman	2018	✓	✓	✓	✓	4	4
Mr. J G A Cooray	2018	✓	✓	✓	✓	4	4
Mr. K C Subasinghe	2021	✓	✓	✓	✓	4	4
Executive Non-Independent							
Mr. D P Gamlath	2017	✓	✓	✓	✓	4	4
Ms. P N Fernando	2021	✓	✓	✓	✓	4	4
Non-Executive – Independent							
Mr. M Hamza	2015	✓	✓	✓	✓	4	4
Ms. S T Ratwatte	2016	✓	✓	✓	✓	4	4
Dr. (Ms.) R S W Wijeratnam	2016	✓	✓	✓	✓	4	4

BOARD SUB-COMMITTEES

The Board has delegated some of its functions to Board Sub-Committees, while retaining final decision rights. Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise.

The five Board Sub-Committees are as follows:

i. Audit Committee
ii. Human Resources and Compensation Committee of the Parent Company – JKH
iii. Nominations Committee of the Parent Company – JKH
iv. Related Party Transactions Review Committee of the Parent Company – JKH
v. Project Risk Assessment Committee of the Parent Company – JKH

Audit Committee

No of meetings - 4

Composition

- All members to be NED/IDs, with at least one member having significant, recent, and relevant financial management and accounting experience and a professional accounting qualification.
- The Sector Presidents, Sector Chief Financial Officers and Head of Group Business Process Review of JKH are permanent invitees for all Committee meetings.

Scope

- Review the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations.
- Assess the adequacy and effectiveness of the internal control environment in the CCS Group and ensure appropriate action is taken on the recommendation of the internal auditors.
- Evaluate the competence and effectiveness of the risk management systems of the CCS Group and ensure the robustness and effectiveness in monitoring and controlling risks.
- Review the adequacy and effectiveness of the internal audit arrangements.
- Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence.

Corporate Governance Commentary

The CCS Group's Audit Committee comprises of three (3) NED/IDs where one of them has current membership of a reputed accountancy body. The CCS Group's Audit Committee had four (4) meetings during the year and attendance of the Audit Committee members are indicated in the Audit Committee Report.

The Audit Committee consisted of the following members as of 31st March 2022

1. Ms. S T Ratwatte – Chairperson
2. Mr. M Hamza
3. Dr. (Ms.) R S W Wijeratnam

Human Resources and Compensation Committee of the Parent Company – JKH

No of meetings - 2

Composition

- Committee to comprise exclusively of Non-Executive Directors, a majority of whom shall be independent.
- The Chairman of the Committee must be a Non-Executive Director.
- The Chairman and Deputy Chairman/Group Finance Director are present at all Committee meetings unless the Chairman or Executive Director remuneration is under discussion, respectively.
- The Deputy Chairman/Group Finance Director is the Secretary of the Committee.

Scope

- Review and recommend overall remuneration philosophy, strategy, policies and practice and performance-based pay plans for the John Keells Group.
- Determine and agree with the Board a framework for the remuneration of the Chairman and Executive Directors based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration.
- Succession planning of Key Management Personnel.
- Determining compensation of Non-Executive Directors will not be under the scope of this Committee.

The Human Resources and Compensation Committee as of 31st March 2022 consisted of the following members.

1. Mr. D A Cabraal – Chairman
2. Mr. M A Omar
3. Dr. S S H Wijayasuriya

Report of the Human Resources and Compensation Committee

The Human Resource and Compensation Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration philosophy, strategy, policies and practice and, performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the Chief Executive Office ("CEO"), the other Executive Directors, and key executives who support and implement decisions at an apex level, the overall business strategy and make recommendation thereon to the Board of Directors. The Committee also reviews and monitors the performance of the Group's top talent for purposes of organisational growth and succession planning, with particular emphasis on succession at key executive level.

In performing this role, the Committee is conscious of the need to ensure that stakeholder interests are aligned, the Group is able to attract, motivate and retain talent and ensure their loyalty; the integrity of the Group's compensation and benefits programme is maintained and importantly, that the compensation policy and schemes are compliant with applicable laws and regulations.

In this context, the Committee determined the remuneration of the Executive Directors including the Chairman-CEO in terms of the methodology set out by the Board, upon an evaluation of their performance by the Non-Executive Directors. The evaluation of the members of the Group Executive Committee (GEC) were considered by the Committee and remuneration was determined based on performance, market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy.

As per the mandate outlined, the report from the Chairman of the Human Resources and Compensation Committee continues to be a standing agenda item at the quarterly Board meetings. The Chairman of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

The Committee wishes to report that the Company has complied with the Companies Act in relation to remuneration of Directors. The annual performance appraisal scheme, the calculation of short-term incentives, and the award of ESOPs were executed in accordance with the approvals given by the Board, based on discussions conducted between the Committee and the Management.

A. Cabraal

Mr. A Cabraal
Chairman of the Human Resources and Compensation Committee

20th May 2022

DIRECTOR REMUNERATION

Executive Director Remuneration

The Human Resources and Compensation Committee of JKH is responsible for determining the compensation of the EDs of the CCS Group. The Human Resources and Compensation Committee operates in conformity with applicable rules and regulations.

A significant proportion of Executive Director remuneration is variable. The variability is linked to the peer adjusted consolidated Group bottom line and expected returns on shareholder funds. Further, the Human Resources and Compensation Committee consults the Chairman about any proposals relating to the Executive Director remuneration, other than that of the Chairman.

During the year, Employee Share Options (ESOPs), valued using a binomial pricing model, were granted to the Executive Directors as well as to all other eligible employees. Further details are found in the Notes to the Financial Statements section and Share Information section of this Annual Report.

Excluding ESOPs granted, total aggregate of EDs remuneration for the year under review was Rs. 49.8 million. (2020/21 - Rs. 36.6 million)

Non-Executive Director Remuneration

Compensation of NEDs is determined in reference to fees paid to other NEDs of comparable Companies, and adjusted, where necessary, in keeping with the complexity of the CCS Group.

It is noted that fees payable to Non-Executive nominees of JKH are paid to JKH and not to individual Directors.

Total aggregate of NED remuneration for the year was Rs. 6.0 million. (2020/21 - Rs. 5.5 million)

Corporate Governance Commentary

Nominations Committee of the Parent Company – JKH

No of meetings – 3

Composition

- Majority of the members of the Committee shall be Non-Executive Directors together with the Chairman.
- The Chairman of the Committee must be an Independent Non-Executive Director.
- The Secretary to the Board is the Secretary of the Committee.

Scope

- Assess the skills required on the Board given the needs of the businesses.
- From time to time assess the extent to which the required skills are represented at the Board.
- Prepare a clear description of the role and capabilities required for a particular appointment.
- Identify and recommend suitable candidates for appointments to the Board.
- Ensure, on appointment to Board, Non-Executive Directors receive a formal letter of appointment specifying clearly expectation in terms of time commitment, involvement outside of the formal Board meetings, participation in Committees, amongst others.
- Ensure that every appointee undergoes an induction to the Group.
- The appointment of the Chairperson and Executive Directors is a collective decision of the Board.

Nominations Committee as at 31st March 2022 consisted of the following Members;

1. Mr. M A Omar – Chairman
2. Dr. S S H Wijayasuriya
3. Ms. M P Perera
4. Mr. K N J Balendra

Report of the Nominations Committee

The Nominations Committee as at 31 March 2022, consisted of the following members:

Mr. M A Omar (Chairman)	Mr. K N J Balendra
Ms. P Perera	Dr. S S H Wijayasuriya

In its annual self-review, the Nominations Committee reaffirmed its mandate as follows:

- Recommend to the Board the process of selecting the Chairman and Deputy Chairman.
- Assess the skills required for each business, based on the strategic demands to be met by JKH and other Listed Companies of the Group.
- Identify suitable persons to be appointed as Non-Executive Directors to the Board of JKH and make recommendations to other Listed Companies in the Group.
- Review the structure, size, composition and skills of each Board.
- Ensure that every appointee undergoes an induction.
- Make recommendations on matters referred to it by the Board.

During the reporting period, the following appointments and contract renewals were made consequent to the recommendation made by the Committee:

Asian Hotels and Properties PLC:

- Ms. A Nanayakkara (new appointment)
- Mr J Durairatnam (renewal)
- Mr A S de Zoysa (renewal)

Ceylon Cold Stores PLC:

- Mr. M Hamza (renewal)

Tea Smallholder Factories PLC:

- Mr. S K L Obeysekere (renewal)
- Mr. A S Jayatilleke (renewal)

Trans Asia Hotels PLC:

- Mr. H A J de Silva Wijeratne (new appointment)

Union Assurance PLC:

- Mr. D H Fernando (renewal)
- Mr. S A Appleyard (renewal)

The Committee reports its activities at each Board Meeting.

The Committee continues to work with the Board on reviewing its skills mix, based on the immediate and emerging needs of JKH. Further, the Committee discusses with the Board the outputs of the Annual JKH Board Evaluation.

Mr. M A Omar

Chairman of the Nominations Committee

20th May 2022

Related Party Transactions Review Committee of the Parent Company – JKH

No of meetings - 4

Composition

- The Chairman must be a Non-Executive Director.
- May include at least one Executive Director.

Scope

- The John Keells Group has broadened the scope of the Committee to include senior decision makers in the list of key management personnel, whose transactions with Group companies also get reviewed by the Committee, in addition to the requisitions of the CSE.
- Develop, and recommend for adoption by the Board of Directors of John Keells Group and its listed subsidiaries, a Related Party Transaction Policy which is consistent with the operating model and the delegated decision rights of the John Keells Group.
- Update the Board on related party transactions of each of the listed companies of the John Keells Group on a quarterly basis.
- Define and establish the threshold values for each of the subject listed companies in setting a benchmark for related party transactions, related party transactions which have to be pre-approved by the JKH Board, related party transactions which require to be reviewed annually and similar issues relating to listed companies.

Related Party Transaction Review Committee as at 31st March 2022 consisted of the following Members

1. Ms. M P Perera – Chairperson
2. Mr. D A Cabraal
3. Mr. A N Fonseka

Corporate Governance Commentary

Report of the Related Party Transactions Review Committee

The following Directors served as members of the Committee during the financial year:

Ms. M P Perera

Mr. N Fonseka

Mr. A Cabraal

The Chairman-CEO, Deputy Chairman/Group Finance Director, and Group Financial Controller attended meetings by invitation. The Head of Group Business Process Review served as the Secretary to the Committee.

The objective of the Committee is to exercise oversight on behalf of the Board of John Keells Holdings PLC and its listed Subsidiaries, to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ("The Code") and with the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka.

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring that:

- there is compliance with "the Code"and the Listing Rules of the CSE
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee reviewed and pre-approved all proposed non-recurrent Related Party Transactions (RPTs) of the parent, John Keells Holdings PLC, and all its listed subsidiaries, namely: John Keells PLC, Tea Smallholder Factories PLC, Asian Hotels and Properties PLC, Trans Asia Hotels PLC, John Keells Hotels PLC, Ceylon Cold Stores PLC, Keells Food Products PLC, and Union Assurance PLC.

Recurrent RPTs as well as the disclosures & assurances provided by the senior management of the listed companies in the Group in relation to such transactions, in terms of formulated guidelines so as to validate compliance with sec 9.5(a) of the listing rules and thus exclusion from the mandate for review & pre-approval by the Committee, were reviewed annually by the Committee.

Other significant transactions of non-listed subsidiaries were presented to the Committee for information.

In addition to the Directors, all Presidents, Executive Vice Presidents, Chief Executive Officers, Chief Financial Officers and Financial Controllers of respective companies/sectors have been designated as KMPs in order to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee.

The Committee held four meetings during the financial year. Information on the attendance at these meetings by the members of the Committee is given below.

The activities and views of the Committee have been communicated to the Board of Directors, quarterly, through verbal briefings, and by tabling the minutes of the Committee's meetings.

Ms. M P Perera
Chairperson of the Related Party Transaction Review Committee

20th May 2022

Project Risk Assessment Committee of the Parent Company – JKH

No of meetings – 1

Composition	Scope
• Should comprise of a minimum of four Directors • Must include the Chairman and Group Finance Director • Must include two Non-Executive Directors • The Chairman must be a Non-Executive Director.	• Review and assess risks associated with large-scale investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated. • Ensure stakeholder interests are aligned, as applicable, in making this investment decision. • Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the Group Finance Director. • Recommend to the Board, necessary action required, to mitigate risks that are identified in the course of evaluating a project in order to ensure that those risks are captured by the Group Risk Matrix for monitoring and mitigation. Note that the Committee shall convene only when there is a need to transact in business as per the terms of its mandate.

Project Risk Assessment Committee as at 31st March 2022 consisted of the following Members;

1. Dr. S S H Wijayasuriya - Chairman
2. Mr. K N J Balendra
3. Mr. J G A Cooray
4. Ms. M P Perera

The Project Risk Assessment Committee was established to further augment the John Keells Group's Investment Evaluation Framework. The committee provides the Board of John Keells Holdings PLC (JKH) with enhanced illumination of risk perspectives with respect to large-scale new investments, and assess the potential impact of risks associated with such investments. Investments which are referred to the committee are those which exceed a Board-agreed threshold in terms of quantum of investment and/or potential impact to the John Keells Group. Accordingly, the committee provides early-stage recommendations to the Board with regard to the extent of risk and adequacy of mitigation strategies.

Whilst the sub-committee convened once during the year under review to discuss other investments of the John Keells Group, no meetings were convened in relation to investments made by Ceylon Cold Stores PLC.

Given the impact of the pandemic on Group businesses and the challenging macro-economic uncertainties and volatilities during the latter part of the year, the JKH Board held frequent discussions affording the opportunity for matters pertaining to Group investments and risk assessments to be deliberated by all Board members.

Corporate Governance Commentary

OUTLOOK

The need for maintaining a well-grounded corporate governance framework has become vital in operating in an environment of dynamic corporate change and global volatility. A strong governance mechanism is pivotal in enhancing accountability to diverse stakeholders, ensuring corporate fairmindedness and creating sustainable value. In this light, the CCS Group will continue to stay abreast of governance best practice and assess its level of preparedness and its capability in meeting these evolving external challenges.

In the wake of corporate disintegrations, the pursuit of continuous improvement in governance, emphasis on environmental and social considerations and a call for increased accountability and transparency continue to influence and shape the role of Board governance aspects. The primary areas of focus and challenges, amongst many others, being recurrently addressed by CCS Group are detailed in the ensuing section.

- Board Diversity.
- Board Independence
- Increasing emphasis on Environmental, Social and Governance (ESG) aspects
- Continual Strengthening of Internal Controls.
- Digital Oversight and Cyber Security.
- Data Protection, Information Management and Adoption.
- Greater Employee Involvement in Governance

Board Diversity

CCS Group acknowledges the need for diversity in Boards and is conscious of the need to attract appropriately skilled Directors who reflect the values and requirements of its businesses and vision. Whilst the Group is of the view that diversity ranging across demographic attributes, backgrounds, experiences and social networks improve a Board's understanding of its vast pool of stakeholders, providing diverse connections with the external environment and aiding the Group in addressing stakeholders' claims in a more responsive manner, CCS Group is also conscious of the need to maintain a strong culture of meritocracy, ensuring that Board diversity does not come at the expense of Board effectiveness. In this regard, every effort will be made to attract suitably qualified personnel from diverse demographics and backgrounds. In furtherance of this initiatives, and to amplify the CCS Group's emphasis on creating an inclusive, diverse and equitable work environment, CCS Board comprises of 3 females as at 31st March 2022.

Board Independence

There is an increased emphasis on Board independence by stakeholders, stock exchange and regulatory bodies worldwide. In order for a Board to be effective, CCS Group is of the view that companies must take steps, both in their structures and in their nominating procedures, to ensure fostering of independent decision-making and mitigating potential conflicts of interest which may arise.

The criteria for defining independence of Boards vary significantly across countries. The CCS Group is of the view that the intended vision of achieving improved governance and higher independence can be achieved through various checks and balances, whilst not compromising on the underlying operating model of a corporate. These checks and balances may entail, among others, establishment of various assurance mechanisms and the use of systematic and comprehensive board evaluation processes and independent director lead engagement. To this end, the CCS Group will continue to place emphasis on further augmenting the Board's independence whilst striking a balance with the Group's operating model, which addresses the complexities and intricacies of a diversified business setting.

Anti-fraud, anti-corruption and anti-bribery

The CCS Group places the highest value on ethical practices and has promulgated a zero-tolerance policy towards corruption and bribery in all its transactions and strives to maintain a culture of honesty as opposition to fraud and corruption. Based on this commitment, the Code of Conduct, anti-fraud, fraud prevention, anti-corruption, anti-bribery, validation, audit and transparency policies, amongst many others, outline the principles to which the Group is committed in relation to preventing, reporting and managing fraud and corruption. It covers inter alia, theft, embezzlement, overriding controls, giving or receiving kickbacks, bribery, allowing oneself to be placed in situations of conflict of interest and statements (financial or non-financial) dishonestly and recklessly made contrary to the factual position.

The CCS Group seeks to ensure that ethical business practices are the norm from the business unit level, down to the individual employee. Its transparent control and prevention mechanisms also extend to its value chain, to its customers, suppliers and business partners. The CCS Group will continue its stance of zero-tolerance towards corruption and bribery in all its transactions and foster transparency and honesty in all business dealings, whilst continually developing its governance frameworks in line with international best practice.

The Group's continuous effort to strengthen transparency in Corporate Reporting is evident from the fact that the CCS Group was mentioned under one of the most improved Companies for the year 2020/21, in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL), whilst being the only entity to obtain a full overall score for transparency in disclosure practices among the top 75 Public Limited Companies listed on the Colombo Stock Exchange.

Increasing Emphasis on Environmental, Social and Governance (ESG) Aspects

ESG analysis and investing continue to gain traction amongst Governments, investment professionals and high net worth investors, given the aim of reducing negligent and irresponsible corporate behaviour that may have an adverse impact on the environment, harm human rights and foster corruption and bribery, among others, and disintegrate the corporate in the long-term. The unprecedented nature of the COVID-19 pandemic and its impacts globally have accelerated and intensified such discussions on the interlinkages between sustainability considerations and financial performance.

The CCS Group is of the view that emphasis on ESG fosters a 360-degree analysis of performance and enables a sustainable business model, which can derive value to all stakeholders. Various measures have been, and are, in place, to ensure a holistic view of performance including managing scare natural resources, enhancing the wellbeing of all stakeholders and ensuring effective governance mechanisms. Such metrics are revisited regularly during decision-making. Initiatives such as the launch of Sustainability Goals 2025, roll-out of the Gender Policy and strengthening of internal controls are implemented with a view of ensuring a strong ESG framework. The CCS Group will stay abreast of developments in this regard and continue to integrate ESG elements with business strategy, operations and in reporting.

Continual Strengthening of Internal Controls

Augmenting transactional and financial internal controls with operational aspects, in line with international best practice, remains a medium-term priority for the CCS Group. Continuous strengthening of internal controls through a streamlined process that optimises and facilitates process audit information, life cycle management and related processes are expected to:

- eliminate inefficiencies inherent in manual processes.
- provide a platform based on process enforcement.
- enable management follow-up based on centrally held data in a compliance repository.
- identify trends, action taken, effectiveness and opportunities for process improvement by analysing movement of the compliance posture.

Digital Oversight and Cyber Security

The rapidly advancing nature of technology and the continual integration of the CCS Group's operations with technological progress has resulted in increased vulnerability for the Group from a digital standpoint. As a result, the Board places significant emphasis on ensuring that the Group's soft and hard infrastructure is designed in a manner, and adequate, to deal with a potential breach. Data protection and cyber security are regularly addressed during the and Audit Committee meetings and periodically discussed at a Board level.

Data Protection, Information Management and Adoption

The presence of continuously evolving IT infrastructure and platforms to meet requirements of day-to-day business, augured well for the Group, particularly given restrictions in movement and social distancing measures in light of the COVID-19 pandemic. The Group witnessed an acceleration of digitisation and better user adoption. Despite this, adoption of such systems and features remain at a relatively early stage across the Group and is a key focus area for the CCS Group.

Given the emergence of regulations such as European Union General Data Protection Regulation (GDPR) and the proposed Sri Lankan data protection legislation, data security, integrity and information management will be pivotal. In addition to this, the CCS Group's initiatives on advanced data analytics also necessitate an established governance framework to manage the flow of data. To this end, the CCS Group will continue to strengthen its data governance structure to ensure ownership and accountability of clearly articulated data governance policies and processes and Group wide data quality standards.

Greater Employee Involvement in Governance

Whilst all necessary compliance and assurance frameworks are believed to be in place, the CCS Group recognises the pivotal role played by employees in reinforcing an effective governance system across the Group. The CCS Group will continue to encourage greater employee participation through:

- a further strengthened continuous performance management process, which envisages continuous feedback and enhanced engagement via the newly implemented employee information systems.
- engagement and empowerment via greater delegation of authority.
- increased communication and collaboration.
- adoption of differentiated means of communication based on the age dynamics of employee segments.

Corporate Governance Commentary

STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURE

Mandatory Provisions - Fully Compliant

Rule		Compliance Status	Reference (within the CCS Annual Report)
(i)	Names of persons who were Directors of the Entity	Yes	Board of Directors
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis, Annual Report of Board of Directors and Financial Statements
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Yes	Your Share in Detail
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Yes	Your Share in Detail
(v)	A statement of each Director's holding in shares of the Entity at the beginning and end of each financial year	Yes	Annual Report of Board of Directors
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Enterprise Risk Management Report
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	N/A	During the year 2021/22, there were no material issues pertaining to employees and industrial relations of the CCS Group
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Group Real Estate Portfolio
(ix)	Number of shares representing the Entity's stated capital	Yes	Your Share in Detail
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	
(xi)	Financial ratios and market price information	Yes	Your Share in Detail and Key Figures and Ratios
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Notes to the Financial Statements
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	N/A	
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Yes	Share Information and Notes to the Financial Statements
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance Commentary
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Corporate Governance Commentary/ Notes to the Financial Statements

STATEMENT OF COMPLIANCE UNDER SECTION 7.10 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

Mandatory Provisions - Fully Compliant

CSE Rule		Compliance Status	Reference (within the CCS Annual Report)
7.10 Compliance			
a./b./c.	Compliance with Corporate Governance Rules	Yes	CCS Group is in compliance with the Corporate Governance Rules and any deviations are explained where applicable.
7.10.1 Non-Executive Directors (NED)			
a./b./c.	At least 2 members or 1/3 of the Board, whichever is higher should be NEDs	Yes	6 out of 8 Board members are NEDs. The CCS Group 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
7.10.2 Independent Directors			
a.	2 or 1/3 of NEDs, whichever is higher shall be "independent"	Yes	3 out of the 6 NEDs are independent
b.	Each NED to submit a signed and dated declaration of his/her independence or non-independence	Yes	Independence of the Directors has been determined in accordance with CSE Listing Rules and the 3 Independent NEDs have submitted signed confirmation of their independence.
7.10.3 Disclosures Relating to Directors			
a./b.	Board shall annually determine the independence or otherwise of NEDs	Yes	All Independent NEDs have submitted declarations as to their independence.
c.	A brief resume of each Director should be included in the annual report including the directors' experience	Yes	Board of Directors section of this Annual Report
d.	Provide a resume of new Directors appointed to the Board along with details	Yes	Board of Directors section of this Annual Report, no new Directors appointed during the financial year 2021/22
7.10.4 Criteria for Defining Independence			
a. to h.	Requirements for meeting the criteria to be an Independent Director	Yes	Corporate Governance Commentary Section - Managing
7.10.5 Remuneration Committee			
a.1	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	Yes	The Human Resources and Compensation Committee of the Parent Company only comprises of Independent NEDs
a.2	One NED shall be appointed as Chairman of the Committee by the Board of Directors	Yes	The Senior Independent NED is the Chairman of the Committee.
b.	Remuneration Committee shall recommend the remuneration of the Executive Directors	Yes	The remuneration of the Executive Director is determined as per the remuneration principles of the JKH Group, and as recommended by the Human Resources and Compensation Committee.
c.1	Names of Remuneration Committee members	Yes	Corporate Governance Commentary – The Human Resources and Compensation Committee
c.2	Statement of Remuneration Policy	Yes	Corporate Governance Commentary – The Human Resources and Compensation Committee
c.3	Aggregate remuneration paid to EDs and NEDs	Yes	Annual Report of Board of Directors and Financial Statements

Corporate Governance Commentary

CSE Rule		Compliance Status	Reference (within the CCS Annual Report)
7.10.6 Audit Committee			
a.1	Audit Committee (AC) shall comprise of NEDs, a majority of whom should be independent	Yes	The Audit Committee comprises only of Independent NEDs.
a.2	A NED shall be the Chairman of the committee	Yes	The Chairman of the Audit Committee is an Independent NED.
a.3	Sector President and Sector Chief Financial Officer should attend AC meetings	Yes	The Presidents and Chief Financial Officers are permanent invitees to all Audit Committee meetings and the External Auditors attended most parts of the Audit Committee meetings by invitation.
a.4	The Chairman of the AC or one member should be a member of a recognised professional accounting body	Yes	The Chairman of the Audit Committee is a member of a recognised professional accounting body.
b. The Functions of the Audit Committee as set in the CSE Listing Rules 7.10.6			
b.1	Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/LKAS	Yes	The Audit Committee Report
b.2	Overseeing the compliance with financial reporting requirements, information requirements as per laws and regulations	Yes	The Audit Committee Report
b.3	Overseeing the process to ensure that the internal and risk management controls, are adequate, to meet the requirements of the SLFRS/LKAS	Yes	The Audit Committee Report
b.4	Assessment of the independence and performance of the Entity's External Auditors	Yes	The Audit Committee Report
b.5	Make recommendations to the Board pertaining to External Auditors	Yes	The Audit Committee Report
c.1	Names of the Audit Committee members shall be disclosed	Yes	The Audit Committee Report
c.2	Audit Committee shall make a determination of the independence of the External Auditors	Yes	The Audit Committee Report
c.3	Report on the manner in which Audit Committee carried out its functions.	Yes	The Audit Committee Report

STATEMENT OF COMPLIANCE UNDER SECTION 9.3.2 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

Mandatory Provisions - Fully Compliant

Rule		Compliance Status	Reference (within the CCS Annual Report)
(a)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	Annual Report of the Board of Directors and Notes to the Financial Statements
(b)	Details pertaining to Recurrent Related Party Transactions	Yes	Annual Report of the Board of Directors and Notes to the Financial Statements
(c)	Report of the Related Party Transactions Review Committee	Yes	Corporate Governance Commentary, Report of the Related Party Transactions Review Committee
(d)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to RPT, or a negative statement otherwise	Yes	Annual Report of the Board of Directors

STATEMENT OF COMPLIANCE PERTAINING TO THE COMPANIES ACT NO. 7 OF 2007

Mandatory Provisions - Fully Compliant

Rule		Compliance Status	Reference (within the CCS Annual Report)
168 (1) (a)	The nature of the business together with any change thereof	Yes	Notes to the Financial Statements
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Notes to the Financial Statements
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements
168 (1) (g)	Corporate donations made by the Company	Yes	Notes to the Financial Statements
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of Board of Directors
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	The Audit Committee Report
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of Board of Directors

Enterprise Risk Management

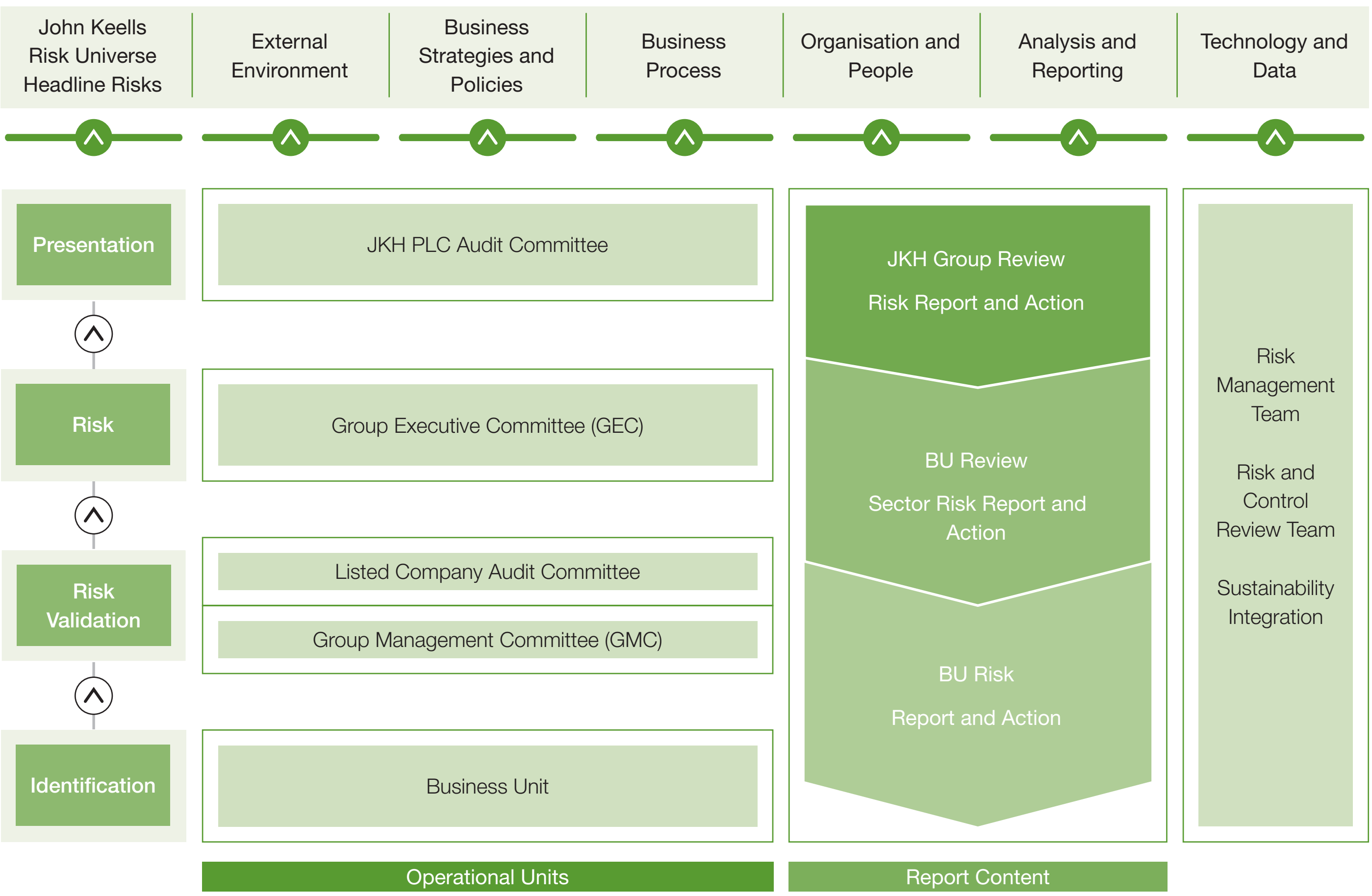
Enterprise Risk Management

Risk Management plays a pivotal role in the strategic decision-making process of the Group. A rigorous and consistent Risk Management culture is embedded across the Group, where an Annual Risk Management cycle begins with a detailed discussion with the JKH Enterprise Risk Management division on the identification of impact, likelihood and velocity of risks, along with preventive, detective and corrective mitigation plans of the identified risks. The Group assesses if the ratings reflect the changing macro-economic and operating environments. The entire Risk Management process is carried out via an online Enterprise Risk Management platform which further enhances transparency and ownership of all risk-related responsibilities and ensures that Risk Management is a holistic and dynamic process.

Individual business units are the ultimate owners of its risks and are responsible for reviewing their risk assessment forms on a quarterly basis. Identified risks are then validated at the Group Management Committees (GMC) and presented to the Audit Committee.

The outcomes of the Company risk review are considered by the JKH ERM division in consolidating risks for the JKH Group. The Risk Management cycle is concluded with the distribution of a Group Risk Report, which is compiled by the JKH ERM division, containing risk profiling and analysis, to the JKH Group Audit Committee. The Risk Management process and information flow adopted by JKH Group is depicted below in Table 1.

TABLE 1 - JKH GROUP RISK MANAGEMENT PROCESS



The ERM Framework adopted by the JKH Group and implemented by the Company and its Subsidiaries involves the following three steps:

I. Identification of types of Risk

A Risk Event - Any event with a degree of uncertainty which, if it occurs, may result in the Organisation or Business Unit failing to meet its stated objectives.

Core Sustainability Risks - Core Sustainability Risks are defined as those risks having a catastrophic impact to and from the organisation but may have a very low or nil probability of occurrence.

II. Establishment of Risk Grid with Likelihood of Occurrence and Severity of Impact

Based on JKH Group Guidelines, risk registers are established for the Company and its Subsidiaries. Every risk is analysed in terms of likelihood of occurrence and severity of impact, assigning a number ranging from 1 (low probability/impact) to 5 (high probability/impact) to signify the probability of occurrence and the level of impact to the Organisation. Please see Table 2 for further details.

III. Establishment of Level of Risk based on the Risk Rating Grid

Based on the values assigned for each individual risk, using the matrix given in Table 2, a level of risk is established by multiplying the likelihood of occurrence with severity of impact.

Quarterly Review of the Risks Identified Using Risk Framework by the Group

It is the responsibility of the President/Sector Head of each business unit to ensure that each risk item is tracked over the course of the year and that the mitigation actions identified during the risk review process are being carried out adequately. This results in a dynamic risk document that is updated based on the internal and external environment.

TABLE 2 - GUIDELINE FOR RATING RISKS

Impact/Severity						
Catastrophic/ Extreme Impact	5	5	10	15	20	25
Major/Very High Impact	4	4	8	12	16	20
Moderate/ High Impact	3	3	6	9	12	15
Minor Impact	2	2	4	6	8	10
Low/ Insignificant Impact	1	1	2	3	4	5
		Rare/Remote to Occur	Unlikely to Occur	Possible to Occur	Likely to Occur	Almost Certain to Occur
		1	2	3	4	5

Occurrence/Likelihood

Priority Level	1	2	3	4	5
Colour Code	Ultra high	High	Medium	Low	Insignificant
Score	13-25	10-12	7-9	3-6	1-2

Enterprise Risk Management

Risk Universe

The Group's risk universe allows categorisation of each risk identified and analysed in to seven broad themes, allowing for consistency across businesses and industry groups, as defined by the JKH Group. The risk universe of the CCS Group is tabulated in Table 3.

Table 3 - Risk Universe

Headline Risk	External Environment	Business Strategies and Policies	Business Process	Organisation and People	Analysing and Reporting	Technology and Data	Sustainability and CSR
Related Risks	Political stability	Reputation and brand image	Internal business process	Leadership/ Talent pipeline	Performance Measurement and Reporting	Technology Infrastructure / Architecture	Sustainability strategy
	Competition	Governance	Operations - Planning, production and process	Training and Development	Budgeting/ Financial Planning	Technology reliability and recovery	Bio diveristy and climate change
	Terrorism and breakdown of law and order	Capital and finance	Operations Technology - Design, Execution, Continuity	Human Resources policies and procedures	Accounting/Tax	Data relevance, processing and integrity	Natural / sustainable resource utilisation
	Stakeholder expectations	Strategy and planning	Interdependency	Ethics	Internal/ External reporting and disclosures	Cyber security	Community investment and philanthropy
	Macro economic	Business/Product portfolio	Customer Satisfaction	Fraud and abuse		Information technology processes	Oversight / Monitoring / Compliance
	Foreign Exchange and interest rate	Organisational Structure	Legal, regulatory, compliance and privacy	Attrition		Cloud computing	Goal congruence dependence
	Weather and climate	Innovation and R&D	Property, plant and equipment damage and breakdown	Knowledge and Intellectual capital			
	COVID 19 risks	Investment, mergers and acquisitions	Vendor/Partner reliance	Employee relations and welfare, health and safety			
	Price Volatility of Key Raw Materials	Treasury, hedging and insurance		Performance management and compensation			

Sustainable Risk Management

The CCS Group's Risk Management strategy is closely interwoven with its sustainability management framework and corporate social responsibility functions, enabling a holistic approach to the management and mitigation of risk. Risk Management therefore extends beyond managing the operational and financial risks faced by the Group, and extends to environmental, community, employee, value chain and other non-financial risks related to the triple bottom-line approach of the Group, providing a foundation for productive engagements with internal and external stakeholders.

Risk Management during the Reporting Year

As pandemic-led disruptions continued to impact operations, the Group's risk landscape shifted dramatically during the year, necessitating a further strengthening of risk identification, management and measurement.

All high-level risks are reviewed by the Group Management Committee headed by the President/Sector Head of the Industry Group as a means of validating the Risk Management process at business unit level. The Group's online Enterprise Risk Management Platform enhances transparency and provides a dynamic risk register, which facilitates a more robust risk assessment in the quarterly risk reviews conducted by the Group. The significant risk areas that impact the achievement of the strategic business objectives of both the Manufacturing and Retail segments which include Ceylon Cold Stores PLC (CCS), The Colombo Ice Company (Pvt) Ltd (CICL), JayKay Marketing Services (Pvt) Ltd (JMSL) and LogiPark International (Pvt) Ltd and the measures taken to address these risks are discussed below;

Mitigation Strategies Adopted by the Group to Address its Risk Landscape

The Group identified the following significant risks during the year. The risk rating for 2020/21 and 2021/22 and the mitigation strategies implemented by each Company have been provided to describe for each significant risk area identified.

Risk Item	Impact on value creation	Risk Mitigation strategy	Risk Rating	
			2021/22	2020/21

COVID 19 related risks	• Increased vulnerability to health and safety risks of employees, particularly in the manufacturing facilities, retail outlets and in field operations
	• Implications on consumer demand, given the impacts on disposable income and disruptions to distribution channels. As the cost of raw materials escalated in line with supply chain disruptions (both globally and locally) and the depreciation of the Rupee, passing on cost increases to the customer remained challenging. Pandemic induced pressure on liquidity stemming from reduced operational activity during the lockdown. Distributor partners also faced liquidity pressure and operating challenges due to lower volumes and restriction to mobility.
	• Potential adverse implications on the brand and resultantly business growth, in the event of infection within the factory, outlets or field.
	• Liquidity risk and inability to maintain the required level of working capital.
		• Executed the operational guidelines on preparedness and response to COVID-19 outbreak at workplaces issued by Ministry of Health since April 2020 in both factory and field staff. Measures implemented included periodic awareness sessions, provision of protective equipment provided and regular sanitation of premises.
		• Random PCR tests were conducted on a sample of employees covering all categories/ work groups within the organisation, on a weekly basis to minimise risk of cross infection.
		• Other measures adopted included,
		  ◦ Daily declaration surveys across all staff categories and for external parties, based on the guideline stipulated by relevant Health Authorities.
		  ◦ Premises restricted for visitors with access given only for essential services
		  ◦ Facilitating agile working arrangements for office employees.
		  ◦ Bubble operations initiated at the manufacturing plants to avoid cross contamination as well as to ensure employee health and safety.
		  ◦ Improved adaptability and agility of employees, leveraging the learning obtained during the first wave of the pandemic.
		• Improved COVID-19 safety precautions as set out in SLS 1672:2020; COVID-19 Safety Management System, which both CCS and CICL and the Retail segment successfully obtained from the Sri Lanka Standards Institute thereby attesting to the stringency of processes to ensure safety.
		• Internal audit of supermarkets by the Retail segment, and identified deviations from established operational guidelines are promptly rectified.
		• Explore local substitutes for imported raw materials, which supported cost savings and continuity of production. We also worked with banks on facilitating payment arrangements to mitigate the impact of import restrictions.
		• Leveraged our distribution network to ensure continued and immediate distribution directly to consumers using curfew passes.
		• Renegotiation with suppliers on prices and evaluate alternative suppliers and options to mitigate the adverse price impacts.
		• Proactive management of working capital by freezing capital expenditure except for critical maintenance and replacements and ongoing cashflow reviews through – Cashflow Monitoring War Room
		• Maintained higher raw and packing material stocks to ensure uninterrupted supply of materials for production.
		• In the retail business, as pandemic-led disruptions and macro-economic stress resulted in increased concerns on affordability, we widened our private label products, offered competitive pricing on essential items and introduced 'Vaasi Malla'- a bundled package of staples. We also widened our value for money offerings through launching value packs in 2-liter range along with multi packs in cones and sticks ranges to offer affordable offerings.
			High	High

Enterprise Risk Management

Risk Item	Impact on value creation	Risk Mitigation strategy	Risk Rating	
			2021/22	2020/21
Macro-economic vulnerabilities including changes, in interest, exchange rate fluctuations, taxes and tariffs	• The macro-economic landscape has a direct impact on the Group's cost base and business volumes, through supply chain disruptions and implications on disposable incomes and demand. • Given reliance on imported materials in the Manufacturing segment (CCS and CICL), was exposed to fluctuations in the exchange rate, which directly impacted the cost of key raw materials • Negative impacts from unexpected changes in taxes, tariffs, government policies and regulatory requirements cannot readily be passed on to customer which adversely affects profitability.	• Continuous review of macro-economic developments and consumer behavior through market surveys while maintaining ongoing dialogue with regulators, financial institutes and related parties. • The CCS Group manages the risk in exchange rates with the support of Treasury division of JKH. In addition to re-establishing buffer stocks levels of imported materials, the CCS Group arranged a UPAS facility for key raw materials. • The CCS Group manages interest rate risk by controlling, monitoring and mitigating exposure to interest rate fluctuations. The Group also reviews working capital requirements on a more frequent basis to minimise the investment on working capital stemming from high interest rates. • Development of alternative suppliers locally for raw materials and backward integration possibilities are under review.	High	High
Price Volatility of Key Raw Materials	• During the recent past the significant price volatility in the world market as well as in the local market with regards to certain raw materials in the manufacturing process directly impacts the price sensitive market of the manufacturing segment. • Changes to Government policies on material imports and restrictions on usage of raw materials in the food and beverage industry also directly impact the cost of production	• Wherever possible, CCS and CICL have sought to enter into long-term agreements for key ingredients and packaging materials, without compromising quality and availability. • Monitoring of world market prices of key materials and development of alternative local suppliers for raw materials to enjoy tariff benefits where available and lobbying for stable government policies by maintaining ongoing dialogue with the regulators and industry counterparts.	High	Medium
Terrorism and Breakdown of Law and Order	• Economic and social scarring arising from a terrorist attack and/or break of law and order, will have significant impact on the operations, demand and supply dynamics of the Group.	• CCS Group has taken proactive measures to ensure the safety of its human capital with enhanced security measures set in consultation with the authorities and security experts and periodic awareness of the same. • Systematic review of contingency planning and scenario modelling with external professionals have enabled a firm BCP for the Manufacturing and Retail business of the Group.	Low	Medium

Risk Item	Impact on value creation	Risk Mitigation strategy	Risk Rating	
			2021/22	2020/21
Natural Disasters and Fire	• The CCS Group's manufacturing facilities are potentially exposed to the risk of a catastrophic fire or a natural disaster which may render the facility inoperable for a significant period. Although the likelihood of such an event is low, the impact would be significant. • In retail sector, this risk is diluted as the stores are spread across a wide geographical area.	• Infrastructure to detect and extinguish fires as well as carrying out periodic fire drills, registration with the fire brigade for effective response, and audits by independent experts on fire safety. • In addition to the above, the Companies have comprehensive insurance to adequately cover such risks and a comprehensive Business Continuity Plan (BCP) to face such extreme events.	Medium	Medium
Ensuring Safety within Supermarket Premises	• The risk of injuries to customers, employees and suppliers within the supermarket premises.	• The construction of all outlets are in accordance with design guidelines that specifies layout of the outlet to ensure adequate space for unhindered movement, appropriate levels of ventilation, and standard safety specifications of equipment and wiring. The merchandising and store operating standards that are in place helps to minimise the risk of accidents. The main elements of the standards are included in the Regional Managers' checklist to ensure compliance. As a preventive measure, all stores are comprehensively covered by insurance.	Medium	Medium
Human Resource, Labour Relations, Loss of Talent and Health and Safety	• For the Manufacturing Sector (CCS and CICL), and Retail Sector (JMSL and LPIL) ensuring a safe working environment for its employees remains a top priority to ensure safety and improve the motivation and the productivity of the staff while reducing accidents at the workplace. Given the prevalent conditions, the risk of employee turnover has escalated.	• The Group maintains cordial industrial relations with the unions by identifying and promptly addressing concerns of employees. • The CCS Ranala manufacturing plant has obtained the OHSMS certification, streamlined manufacturing and other processes, and makes continuous process improvements to ensure safe working conditions for its employees. Compliance to the laid down process is monitored via regular audits. • The Group has a comprehensive occupational health and safety framework comprising Safety Committees, policies and safety standards complying with ISO 45001. This has enabled the Group to create a safe and injury-free working environment at the Manufacturing facilities and Retail outlets. • CCS, CICL and JMSL invest in developing the skills and expertise of the staff via regular training programs. • JMSL operates the Keells Retail Academy (KRA) to train new recruits as well as offer refresher training for specialised staff. KRA online, the Company's digital training platform facilitates self-directed learning for employees and also serves as a training tool for trainers. The HR Partner of each store is responsible for on the job training and refresher training of the store staff. • The CCS Group conducts people surveys to assess the employee satisfaction levels and action plans to address the issues • Proactively engage with employees, working with EFC training hub to improve engagement between workforce and management	High	Low

Enterprise Risk Management

Risk Item	Impact on value creation	Risk Mitigation strategy	Risk Rating	
			2021/22	2020/21
Product Liability Risk	• The key risk of the Manufacturing segment (CCS and CICL) is product liability arising due to a fault in the product, whereas for the Retail segment (JMSL) the core risk is the erosion of brand value due to food poisoning and selling expired items.	• Adhering to the certified manufacturing processes as per ISO 9001(2008) and ISO 22000, comprehensive quality assurance process, adherence to Good Manufacturing Practices (GMP), and stringent Food Safety Standards, in addition to rules and regulations enacted by the Government. • At JMSL, a near-expiry product tracking process is in place by physically examining products to identify near expiry items. This process is carried out daily in the case of bakery products, chilled dairy, fish and meat items, and monthly for dry items. Temperature is monitored daily to ensure the consistency of the performance of refrigeration units. Quality controls are in place at the point of receiving meat and fish to the stores where the temperature of the consignment is checked prior to acceptance. • Traceability of product recalls, communication and PR strategy, Digital Crisis Management Plan in place. • All Companies within the Group are equipped with hotlines with trained call centre agents and social media platforms for customers and other stakeholders to engage in case of complaints/ suggestions. An internal mechanism is in place to promptly address such communications.	Medium	Medium
Credit Risk	• Credit facilities are offered to the CCS and CICL customers and distributors in view of the operating conditions. Hence, the Group is exposed to the risk of defaulting payments and increase in cost of operations due to bad debts	• Continuous evaluation of credit worthiness when setting up credit limits. • Obtaining bank guarantees. • Granting approval on additional credit facilities by adequately safeguarding exposures with sufficient asset backed securities. • Close monitoring of debtors and frequently ensuring the outstanding are settled on time despite of the contraction of the economic activities due to COVID-19 pandemic.	High	Low
Political instability	• Public outcry against the escalation in cost of living could have significant repercussions on the business landscape. • Political instability could affect investment returns arising from a possible change in Government, legislative bodies, other foreign policymakers or military control.	• Monitoring the situation and adapting to policy changes of the authorities to the betterment of the business.	High	-
Vulnerabilities from IT Related Risks (Cyber Risk)	• As the Group increasingly relies on IT and digital services, it is inevitably exposed to risks stemming from data privacy, cyber-crime and other IT risks. • Following the pandemic, employees were given the opportunity to work from home which in turn has escalated potential risks pertaining to network security, information leakage and device stability.	• Installing stringent access controls, firewalls, security software and dedicated user ID's. • Comprehensive disaster recovery plan to ensure continuity of business operations. • Obtain daily, weekly, and monthly "on-site" and "off-site" data backups, cloud storage for all users. • An open DNS security system (Umbrella Roaming Client) are installed. • Maintain up to date virus definition files and firewalls. • Continuous training to employees on information security	Low	Low

GRI Index

GRI Standard	Disclosure	Page number	Omission
GRI 101: Foundation 2016 (does not include any disclosures)			
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of Organisation	4	
	102-2 Activities, brands, products and services	12	
	102-3 Location of headquarters	125	
	102-4 Location of operations	125	
	102-5 Ownership and legal form	125	
	102-6 Markets served	65-68	
	102-7 Scale of the organisation	6-7	
	102-8 Information on employees and other workers	53-60	
	102-9 Supply chain	68-69	
	102-10 Significant Changes to the organisation and its supply chain	49-50, 64-70	
	102-11 Precautionary principle	95-100	
	102-12 External initiatives	4-5	
	102-14 Statement from senior decision maker	9-11	
	102-16 Values, principles, norms and standards of behaviour	3, 78-93	
	102-18 Governance Structure	78-93	
	102-40 List of stakeholder groups	16-17	
	102-41 Collective bargaining agreements	57	
	102-42 Identifying and selecting stakeholders	16-17	
	102-43 Approach to stakeholder engagement	16-17	
	102-44 Key topics and concerns raised	16-17	
	102-45 Entities included in the consolidated financial statements	125	
	102-46 Defining report content and topic boundary	32-33	
	102-47 Material topics	32-33	
	102-48 Restatement of Information	5	
	102-49 Changes in reporting	5	
	102-50 Reporting period	5	
	102-51 Date of most recent report	5	
	102-52 Reporting cycle	5	
	102-53 Contact point for questions regarding Report	5	
	102-54 Claims of reporting in accordance with GRI Standards	5	
	102-55 GRI context index	101-104	
	102-56 External assurance	N/A	Company has not obtained External assurance on this report

GRI Index

GRI Standard	Disclosure	Page number	Omission
Economic Performance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	9-11	
	103-3 Evaluation of the Management Approach	9-11	
	201-2 Financial Implications and other risks and opportunities due to climate change	18-19	
Procurement practices			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	68-69	
	103-3 Evaluation of the Management Approach	68-69	
GRI 204: Procurement practices	204-1 Proportion of spending on local suppliers	68-69	
Materials			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	74	
	103-3 Evaluation of the Management Approach	74	
GRI 301: Raw materials	301-1: Raw materials used by weight or volume	74	
Energy			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	71-73	
	103-3 Evaluation of the Management Approach	71-73	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	71-73	
	302-4 Reduction of energy consumption	71-73	
Water & Effluents			
Management Approach	303-1 Interactions with water as a shared resource	32-33	
	303-2 Management of water-discharge related impacts	73	
GRI 303: Water & Effluents (2018)	303-3 Water withdrawal	73	
	303-4 Water discharge	73	
	303-5 Water consumption	73	
Emissions			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	73	
	103-3 Evaluation of the Management Approach	73	
GRI 305 Emissions 2016	GRI 305-1 Direct (Scope 1) GHG emissions	73	
	GRI 305-2 Energy Indirect (Scope 2) GHG emissions	73	
	GRI 305-5 Reduction in GHG emissions	73	

GRI Standard	Disclosure	Page number	Omission
Waste			
Management Approach	306-1 Waste generation and significant waste-related impacts	32-33	
	306-2 Management of significant waste related impacts	73	
GRI 306 : Waste (2018)	306-3 Waste generated	73	
	GRI 306-4 Water diverted from disposal	73	
	GRI 306-5 Waste directed to disposal	73	
Environmental Compliance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	73	
	103-3 Evaluation of the Management Approach	73	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	73	
Employment			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	54-55	
	103-3 Evaluation of the Management Approach	54-55	
GRI 401: Employment 2016	401-1 Employee hires and turnover	54-55	
Labour Management Relations			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	54-60	
	103-3 Evaluation of the Management Approach	54-60	
GRI 402: Labour Management Relations	402-1 Minimum notice periods regarding operational changes	54-60	
Occupational Health and Safety			
Management Approach	403-1 Occupational health and safety management system	32-33	
	403-2 Hazard identification, risk assessment and incident investigation	56-57	
	403-3 Occupational health services	56-57	
	403-4 Worker participation, consultation and communication on occupational health and safety	56-57	
	403-5 Worker training on occupational health and safety	56-57	
	403-6 Promotion of worker health	56-57	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	56-57	
GRI 403: Occupational Health and Safety 2018	403-9 Worker related injuries	56-57	

GRI Index

GRI Standard	Disclosure	Page number	Omission
Training and Education			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	57	
	103-3 Evaluation of the Management Approach	57	
GRI 404: Training and education	404-1 Average hours of training per year per employee	57	
	404-2 Programmes for upgrading skills and transition assistance programmes	57	
	404-3 Percentage of employees receiving regular performance and career development reviews	57	
Local Communities			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	68-69	
	103-3 Evaluation of the Management Approach	68-69	
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments and development programmes	68-69	
Customer Health and Safety			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	66	
	103-3 Evaluation of the Management Approach	66	
GRI 416: Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	66	
Marketing and Labelling			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	67	
	103-3 Evaluation of the Management Approach	67	
GRI 417: Product and Service labelling	417-2 Incidents of non-compliance concerning product and service information and labelling	67	
	417-2 Incidents of non-compliance concerning marketing communications	67	
Socio economic Compliance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32-33	
	103-2 The Management Approach and its components	65-66, 70	
	103-3 Evaluation of the Management Approach	65-66, 70	
GRI 419: Socio economic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	65-66, 70	

Financial Reports

Financial Calender

1st Quarter Released on	20th July 2021
2nd Quarter Released on	27th October 2021
3rd Quarter Released on	24th January 2022
4th Quarter Released on	20th May 2022
Annual Report Released on	20th May 2022
125th Annual General Meeting on	22nd June 2022

Annual Report of the Board of Directors

The Board of Directors of Ceylon Cold Stores PLC has pleasure in presenting their Annual Report which covers the Audited Financial Statements, Chairman's Statement, Corporate Governance Commentary, Management Discussion and Analysis, Risk Management and all other relevant information for the year ended 31st March 2022.

In the year under review, the CCS Group's businesses recorded volume and profitability growth, underpinned by the recovery momentum post the easing off of the restrictions, with businesses reached pre COVID-19 levels of operations. The management has formed judgment that the Group have adequate resources to continue in operational existence for the foreseeable future driven by the continuous application of risk mitigation initiatives and monitoring of business continuity and response plans by the operations backed by the financial strength of the Group.

This report has also considered the requirements of the Companies Act No. 07 of 2007 (Companies Act), the relevant Listing Rules of the Colombo Stock Exchange (CSE) and recommended best reporting practices, such as the rules on Corporate Governance (2013) jointly issued by the Securities and Exchange Commission (SEC) of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and are also guided by recommended best accounting practices.

The Company was incorporated as a Limited Liability Company in 1866 as Colombo Ice Company Limited and in 1941 the Company changed its name to Ceylon Cold Stores Limited. The Company was listed on the CSE in January 1970 as Ceylon Cold Stores PLC. Pursuant to the requirements of the Companies Act, the Company was re-registered and obtained a new Company number, PQ 4, on 15th June 2007.

Corporate Conduct and the Vision of the Company

The business activities of the Company and its Subsidiaries (CCS Group) are conducted in accordance with the highest level of ethical standards to achieve the vision. The Company's vision is given on page 3 of this Annual Report.

Principal Activities

Company

The principal activities of the Company, are manufacturing, marketing and distribution of Beverages and Frozen Confectionery, have remained unchanged since its incorporation.

Subsidiaries

Jaykay Marketing Services (Pvt) Ltd

The principal activity of Jaykay Marketing Services (Pvt) Ltd (JMSL) which is 100% owned by the Company, remained unchanged as that of owning and operating of a chain of supermarkets, under the brand "Keells". JMSL also operates and manages the Nexus loyalty programme.

LogiPark International (Pvt) Ltd

LogiPark International (Pvt) Ltd (LPI) is a 100% owned subsidiary of JMSL. LPI was incorporated on 06th July 2018 to construct and operate a 260,000 sq ft. mega logistics center on a 9-acre land in Kerawalapitiya. The lease agreement for the respective land was awarded by the Cabinet of Ministers to John Keells Logistics (Pvt) Ltd, and was signed between John Keells Logistics (Pvt) Ltd and Sri Lanka Land Reclamation and Development Corporation and was subsequently sub-leased to LPI. The Company has also qualified for Section 17 of the Board of Investment (BOI) Act to execute the project.

The Colombo Ice Company (Pvt) Ltd

The Colombo Ice Company (Pvt) Ltd (CICL) is a BOI registered Company, 100% owned by the Company, and was incorporated in May 2016. The principal activity of CICL is to manufacture, market and distribute Frozen Confectionery products.

Ultimate Parent

The Company's ultimate Parent and controlling entity is John Keells Holdings PLC (JKH), a Company incorporated in Sri Lanka.

Review of Operations

A review of the operations of the Company and the CCS Group during the financial year 2021/22 and results of their operations are contained in the Chairman's Statement (pages 9 to 11) and Management Discussion and Analysis section (pages 31 to 76) of this Annual Report. These reports form an integral part of the Annual Report of the Board of Directors and together with the Audited Financial Statements reflect the state of the affairs of the Company and the CCS Group as at 31st March 2022.

Financial Statements and Auditor's Report

The Financial Statements of the Company and the CCS Group duly signed by the Directors are provided on pages 118 to 191 and the Auditor's Report on the Financial Statements is provided on pages 115 to 117 of this Annual Report. These reports form an integral part of the Annual Report of the Board of Directors and together with the Audited Financial Statements provide a fair review of the performance of the Company and the CCS Group during the financial year ended 31st March 2022.

Going Concern

The Group has prepared the Financial Statements for the year ended 31 March 2022 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing macro-economic challenges on the CCS Group and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the CCS Group's ability to continue to operate as a going concern. In determining the above, significant management judgements, estimates and assumptions including the impact of the current macro-economic challenges has been considered. The Group's outlook has been presented in the Chairman's Message on page 11 and the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and hence adopting the going concern basis in preparing and presenting these Financial Statements.

Financial Results and Appropriations

Accounting Policies

The Accounting policies based on the Accounting Standards (SLFRS/ LKAS) issued by CA Sri Lanka are provided in detail in the notes to the Financial Statements on pages 125 to 191 of the Annual Report.

Revenue

The net revenue generated during the year under review by the Company amounted to Rs. 12,837 million (2020/21 - Rs. 10,585 million), whilst the consolidated net revenue of the CCS Group amounted to Rs. 84,543 million (2020/21 - Rs. 68,766 million). An analysis of revenue is given in Notes 6 and 12 to the Financial Statements.

Financial Results

The Company recorded a Profit After Tax of Rs. 1,435 million for the year (2020/21 - Rs. 1,628 million) whilst the Consolidated Profit After Tax was Rs. 2,068 million (2020/21 Rs. 2,388 million).

A synopsis of the CCS Group's performance is presented as follows;

For the year ended 31 March	2022 Rs.'000	2021 Rs.'000
Results from operating activities	4,744,285	4,112,478
Finance cost	(2,041,375)	(1,796,462)
Finance income	61,911	54,644
	2,764,821	2,370,660
Change in fair value of investment property	16,955	3,873
Profit before tax	2,781,776	2,374,533
Provision for taxation including deferred tax	(713,728)	(36,278)
Profit after tax	2,068,048	2,338,255
Unappropriated profit brought forward from the previous year	12,362,751	11,688,239
Amount available for appropriation	14,430,799	14,026,494
Final dividend paid for the previous year	(380,174)	-
1st Interim dividend paid for the current year	(760,320)	(807,840)
2nd Interim dividend paid for the current year	-	(807,840)
	13,290,305	12,410,814
Adjustments	21,991	(48,063)
Unappropriated profit carried forward	**13,312,296**	**12,362,751**

Provision for Taxation

Provision for taxation has been computed at the rates given in Notes 19.3 and 19.10 to the Financial Statements.

Surcharge Tax

Surcharge Tax Act No. 14 of 2022 was enacted on 8 April 2022 and is applicable to the Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds Rs. 2,000 Mn, for the year of assessment 2020/2021. The liability is computed at the rate of 25% on the taxable income of the individual Group companies, net of dividends from Subsidiaries. As the Act was certified by the Speaker of Parliament after the financial reporting date, no liability has been recognised in FY 2021/22 on account of the one-off Surcharge Tax as the law had not been enacted as at 31st March 2022.

Total Surcharge Tax liability of Rs. 249 Mn will be recognised in the Financial Statements of FY 2022/23 for the Group and the Company as an adjustment to the 1st April 2021 retained earnings in the Statement of Changes in Equity as per the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

On 20th April 2022, the Company paid Rs. 124 Mn on account of the first instalment of the Surcharge Tax liability with the balance payable on 20th July 2022.

Segment Reporting

A segmental analysis of the activities of the CCS Group is given in Note 6 to the Financial Statements.

Related Party Transactions

The Company's transactions with Related Parties is given in Note 41 to the Financial Statements and have complied with the CSE Listing Rules Section 9.3.2 and Code of Best Practices on Related Party Transactions issued by the SEC under the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987.

There were no non-recurrent related party transactions entered into by the Company which exceeds the lower of 10% of equity or 5% of the total assets of the Company as per the latest audited Financial Statements for the year ended 31st March 2021.

There were no recurrent related party transactions, where the aggregate value of the transaction exceeded 10% of the consolidated revenue of the CCS Group as per the latest audited Financial Statements for the year ended 31st March 2021.

The Directors confirm that transactions with related parties in terms of the Sri Lanka Accounting Standard LKAS 24 - Related Party Disclosure have been detailed in Note 41 to the Financial Statements as well as that the requirements as per the listing rules of the CSE have been complied with.

Corporate Donations

During the year the CCS Group made donations (including CSR related campaigns) amounting to Rs. 39 million (2020/21 - Rs. 32 million). The CCS Group made no political donations.

Dividends

A final dividend of Rs. 0.40* per share for the financial year 2020/21 (2019/20 Nil) was paid on the 18th of June 2021. An interim dividend of Rs.0.80 per share for the financial year 2021/22 (2020/21 -1st interim Rs.0.85* and 2nd interim Rs.0.85*) was paid on 28th March 2022.

**For better presentation purposes, the comparative dividend per shares in the previous year, has been adjusted for the share subdivision that took place on 25th February 2022.*

The Board of Directors has now approved a final dividend of Rs. 0.33 per share for the financial year 2021/22 to be paid on or before 20th of June 2022 to those shareholders on the register as of the 1st June 2022. In accordance with the Sri Lanka Accounting Standard 10, events after the reporting period, the declared dividend has not been recognised as a liability as at 31st March 2022.

As required by section 56 (2) of the Companies Act, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of Companies Act, and a certificate has been obtained from the Auditors, prior to declaring all dividends.

Annual Report of the Board of Directors

Property, Plant and Equipment

The value of property plant and equipment as at the reporting date amounted to Rs. 4,876 million (2020/21 Rs. 4,354 million) for the Company and Rs. 25,580 million (2020/21 Rs. 22,289 million) for the CCS Group. The details of property, plant and equipment of the Company and the Subsidiaries are shown in Note 20 to the Financial Statements.

Capital Expenditure

The total capital expenditure on acquisition of property, plant and equipment of the Company and the CCS Group amounted to Rs. 939 million and Rs. 5,099 million (2020/21 Rs. 429 million and Rs. 2,606 million) respectively, details of which are given in Note 20 to the Financial Statements. Capital expenditure approved but not provided in the Financial Statements, are given in Note 43 to the Financial Statements. Additions of intangible assets of the Company and the CCS Group during the year amounted to Rs. 248 million and Rs. 1,054 million (2020/21 Rs. 204 million and Rs. 1,408 million) respectively, and all other related movements are disclosed in Note 23 to the Financial Statements.

Valuation of Land, Buildings and Investment Properties

The land and buildings owned by the Group and the Company were revalued by Messrs. P B Kalugalagedara & Associates and Mr. G H P A K Fernando – Chartered Valuation Surveyors as at 31st December 2021. The Directors are of the opinion that the revalued amounts are not in excess of the current market values of such properties.

The investment property in Trincomalee was revalued as at 31st December 2021 by Messrs. P.B. Kalugalagedara & Associates – Chartered Valuation Surveyors. The land was valued at open market value. The details of the revaluation and relevant accounting policies are provided in Notes 20 and 22 to the Financial Statements respectively.

Details of the Group's real estate as at 31st March 2022, are disclosed in the Group real estate portfolio page 195 of the Annual Report.

Investments

Details of investments held by the Company is disclosed in Note 24 to the Financial Statements.

Stated Capital and Revenue Reserves

In compliance with the Companies Act the Financial Statements reflect the stated capital of the Company. The stated capital is the total of all amounts received by the Company in respect of the issue of shares and calls on shares.

The total Stated Capital of the Company as at 31st March 2022 was Rs. 918 million (31st March 2022 - Rs. 918 million), as given in Note 31 to the Financial Statements.

Revenue Reserve as at 31st March 2022 for the Company and the Group amounted to Rs. 11,014 million (31st March 2021 - Rs. 10,703 million) and Rs. 13,312 million (31st March 2021 - Rs. 12,363 million) respectively. The movement and the composition of the reserve is disclosed in the Statement of Changes in Equity.

Unquoted Investment in Waterfront Properties (Pvt) Ltd

As at the reporting date, the Company's holding in Waterfront Properties (Pvt) Ltd (WPL) was diluted to 7.55% (as at 31st March 2021 9.32%) as a result of the direct equity infusion in WPL, by its Parent Company, JKH, as envisaged at the outset of the project. Details of the investment is given in Note 25 of the Financial Statements

Events after the Reporting Period

Events occurring after the reporting period is given in Note 44 to the Financial Statements.

Contingent Liabilities and Capital Commitments.

There were no material contingent liabilities or capital commitments as at 31st March 2022 except as disclosed in Notes 42 and 43 to the Financial Statements.

Outstanding Litigations

In the opinion of the directors and in consultation with the company lawyers, litigations currently pending against the Company and CCS Group will not have a material impact on the reported financial results and future operations of the Company and the CCS Group.

Human Resources

The CCS Group employed 7,086 persons as at 31st March 2022 (31st March 2021 – 6,698). The CCS Group is committed to pursuing various Human Resources initiatives that ensure the individual development of the team as well as facilitating the creation of value for themselves, the CCS Group and all other stakeholders.

There were no material issues pertaining to employees and industrial relations during the year under review.

System of Internal Controls

The Directors acknowledge their responsibility for the system of internal controls of the Company and its Subsidiaries and having conducted a review of internal controls covering financial, operational, compliance and risk management, have obtained reasonable assurance of their effectiveness and successful adherence for the period up to the date of signing the Financial Statements.

Corporate Governance

Corporate Governance practices and principles with respect to the management and operations of the CCS Group is set out on pages 78 to 93 of the Annual Report. The Directors confirm that the CCS Group complies with the rules on Corporate Governance as per the Listing Rules of the CSE.

The Directors declare that;

- The Company and its Subsidiaries have not engaged in any activities, which contravene laws and regulations.
- The Directors have declared all material interests in contracts involving the Company and its Subsidiaries and refrained from voting on matters in which they were materially involved.
- The Company has made all endeavours to ensure the equitable treatment of all shareholders.
- A review of internal controls covering financial, operational and compliance and risk management has been conducted, and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.
- The Board of Directors are committed to maintaining an effective Corporate Governance structure and process. A detailed report on Corporate Governance is found on pages 78 to 93.

Risk Management

The Board and the Management of the Company and its Subsidiaries have put in place a comprehensive risk identification, measurement and mitigation process. The risk management process is an integral part of the annual strategic planning cycle. A detailed overview of the process is outlined in the Enterprise Risk Management Report on pages 94 to 100.

BOARD SUB-COMMITTEES

Audit Committee

The following Non-Executive Independent Directors of the Board served as members of the Audit Committee during the year.

Ms. S T Ratwatte - Chairperson

Mr. M Hamza

Dr. (Ms.) R S W Wijeratnam

The report of the Audit Committee is given on pages 112 and 113 of this Annual Report. The Audit Committee has reviewed the other services provided by the external Auditor to the CCS Group to ensure that their independence as Auditor has not been compromised.

Human Resources and Compensation Committee

As permitted by the Listing Rules of the CSE, the Human Resources and Compensation Committee of JKH, the Parent Company functions as the Human Resources and Compensation Committee of the Company. The Human Resources and Compensation Committee of JKH comprises of three Independent Non- Executive Directors;

Mr. D A Cabraal - Chairman

Mr. M A Omar

Dr. S S H Wijayasuriya

The Compensation policy is detailed in the Corporate Governance Commentary of the Annual Report.

Nominations Committee

The Nominations Committee of the Parent Company JKH as permitted by the Listing Rules of the CSE, functions as the Nominations Committee of the Company and its Subsidiaries.

The Nominations Committee members of the Parent Company are as follows;

Mr. M A Omar – Chairman

Dr. S S H Wijayasuriya

Ms. M P Perera

Mr. K N J Balendra

The Nomination Committee policy is detailed in the Corporate Governance Commentary of this Annual Report.

Related Party Transactions Review Committee

Related Party Transactions Review Committee of the Parent Company JKH as permitted by the Listing Rules of the CSE, functions as Related Party Transactions Review Committee of the Company and its Subsidiaries.

The Related Party Transactions Review Committee members of the Parent Company JKH are as follows;

Ms. M P Perera – Chairperson

Mr. D A Cabraal

Mr. A N Fonseka

The Related Party Transactions Review Committee policy is detailed in the Corporate Governance Commentary of this Annual Report.

Project Risk Assessment Committee

Project Risk Assessment Committee of JKH, the Parent Company functions as the Project Risk Assessment Committee of the Company and its Subsidiaries.

The Project Risk Assessment committee members of the Parent Company are as follows;

Dr. S S H Wijayasuriya - Chairman

Mr. K N J Balendra

Mr. J G A Cooray

Ms. M P Perera

The Project Risk Assessment Committee policy is detailed in the Corporate Governance Commentary of this Annual Report.

Share Information

An Ordinary Share of the Company was quoted on the CSE at Rs. 38.90 - as at 31 March 2022 (Rs. 621.75 as at 31 March 2021). Market price per share is based on the number of shares in issue at the end of each reporting period. Information relating to earnings, dividends, net assets and market value per share is given in the key figures and ratios section on page 195. Information on share trading is given on page 193 of this Annual Report.

Subdivision of Shares

The Company received approval to subdivide 1 ordinary share in existence into 10 ordinary shares at the Extraordinary General Meeting held on 22nd February 2022. On this basis, the 95,040,000 shares in issue as at 25th February 2022 were subdivided into 950,400,000 shares.

Shareholdings

There were 3171 registered shareholders, holding ordinary voting shares as at 31st March 2022 (2,166 registered shareholders as at 31st March 2021). The distribution of shareholdings including the percentage held by the public is given on page 192 of this Annual Report.

Float Adjusted Market Capitalisation

As at 31st March 2022, Company had a float adjusted market capitalisation of Rs. 6.9 billion and 3,165 public shareholders (18.55% public shareholdings). Therefore, the Company is compliant under option 1 of the minimum threshold requirements for the Main Board of the CSE as per section 7.6 of the Listing Rules of the CSE.

Equitable Treatment to all Shareholders

The Company has made every endeavour to ensure the equitable treatment of all shareholders and has adopted adequate measures to prevent information asymmetry.

Substantial Shareholdings

The list of the top twenty shareholders is given on page 193 of this Annual Report.

Information to Shareholders

The Board strives to be transparent and provide accurate information to shareholders in all published material. The quarterly financial information during the year has been sent to the CSE in a timely manner.

Directorate

The Board of Directors of the Company who served during the year and as at the end of the Financial Year are given below and their brief profiles are given on pages 25 and 26 of this Annual Report.

No other Director held office during the year under review.

- Mr. K N J Balendra (Non-Executive, Non-Independent)
- Mr. J G A Cooray (Non-Executive, Non-Independent)
- Mr. D P Gamlath (Executive)
- Mr. K C Subasinghe (Non-Executive, Non-Independent)
- Ms. P N Fernando (Executive)
- Ms. S T Ratwatte (Non-Executive, Independent)
- Mr. M Hamza (Non-Executive, Independent)
- Dr. (Ms.) R S W Wijeratnam (Non-Executive, Independent)

Annual Report of the Board of Directors

The Board of Directors of JMSL who served during the year and as at the end of the Financial Year are given below;

No other Director held office during the period under review.

- Mr. J G A Cooray
- Mr. K C Subasinghe
- Mr. W A D A Wanniarachchi
- Ms. N W Tambiah

The Board of Directors of LPI who served during the year and as at the end of the Financial Year are given below;

No other Director held office during the period under review.

- Mr. K C Subasinghe
- Mr. A Z Hashim
- Mr. W A D A Wanniarachchi

The Board of Directors of CICL who served during the year and as at the end of the Financial Year are given below;

No other Director held office during the period under review.

- Mr. D P Gamlath
- Ms. P N Fernando

Responsibility of the Board

Details of the responsibilities of the Board and the manner in which those responsibilities were discharged during the year are disclosed in the Corporate Governance section of the Annual Report.

Retirement and Re-Election of Directors

In accordance with Article 84 of the Articles of Association of the Company, Dr. (Ms.) Romola Shanthi Wilson Wijeratnam and Mr. Muhammed Hamza who retire and being eligible will offer themselves for re- election at the Annual General Meeting.

Directors' Interests in Shares

The Directors' (including their spouses) individual shareholdings in the Company as at 31st March 2022 and 31st March 2021 were as follows;

Name of Director	2022 No. of Shares	2021* No. of Shares
Mr. K N J Balendra	819,040	81,904
Mr. J G A Cooray	-	-
Mr. D P Gamlath	-	-
Mr. K C Subasinghe	-	-
Ms. P N Fernando	-	-
Mr. M Hamza	10,000	1,000
Dr. (Ms.) R S W Wijeratnam	-	-
Ms. S T Ratwatte	26,780	1,000

**In the comparative, number of shares as at 31st March 2021 have not been adjusted to reflect the share subdivision that was done on 25th February 2022.*

Remuneration to Directors

Executive Directors' remuneration is established within a framework approved by the Human Resources and Compensation Committee of the Parent Company JKH. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The remuneration of the Non-Executive Directors are determined according to scales of payment decided upon by the Board previously. Details of Directors' fees and emoluments paid during the year is disclosed in the Note 16 to the Financial Statements.

Directors' Meetings

Details of Directors' meetings is presented on page 81 of this Annual Report.

Interests Register

The Company has maintained an Interests Register. In compliance with the requirements of the Companies Act, this Annual Report contains particulars of entries made in the Interests Register. As the Subsidiaries are Private Limited Companies, who have dispensed with the need to maintain an Interests Register, this Annual Report does not contain the particulars of entries made in the Interests Register of the Subsidiaries.

Interests Register is available at the Registered office of the Company in keeping with the requirement of the section 119 (1) (d) of the Companies Act.

Particulars of entries in the Interests Register for the Financial Year 2021/22.

a) Interests in Contracts - The Directors have all made a General Disclosure to the Board of Directors as permitted by Section 192 (2) of the Companies Act, and no additional interests have been disclosed by any Director.

b) Share Dealings by Directors;

Director	Date of Purchase	No. of Shares	Price per Share Rs.
S T Ratwatte	12th November 2021	678	578.00
	24th November 2021	1,000	524.00

c) Indemnities and Remuneration

1. Mr. Hamza's contract as a Non-Executive Independent Director of Ceylon Cold Stores PLC as renewed for a further period of 3 years at Non-Executive Directors fees approved by the Human Resources and Compensation Committee of John Keells Holdings PLC the holding company, which fees are commensurate with the market complexities of the Company with effect from 15 May 2021.

2. The Board approved the payment to Mr. D P Gamlath Executive Director of the Company, a remuneration, comprising of:

    - A short-term variable incentive based on individual performance, organisation performance and role responsibility based on the results of the financial year 2020/21;

      and

    - A long-term incentive plan in the form of Employee Share Options at John Keells Holdings PLC;

3. The Board approved the payment to Ms. P N Fernando Executive Director of the Company, a remuneration, comprising of:

    - A short-term variable incentive based on individual performance, organisation performance and role responsibility based on the results of the financial year 2020/21;

      and

    - A long-term incentive plan in the form of Employee Share Options at John Keells Holdings PLC;

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group to reflect a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act. and the Listing Rules of the CSE.

Employee Share Option Scheme (ESOP)

The Company does not offer its shares under an ESOP Scheme. The ESOP Scheme made available to the Senior Executives of the Company is from the Parent Company, JKH. The Company has not directly or indirectly provided funds to its employees to purchase shares under ESOP Scheme.

Compliance with Laws and Regulations

The Company and the CCS Group has complied with all applicable laws and regulations. A compliance checklist is signed on a quarterly basis by responsible officers and any violations are reported to the Audit Committee and Board of Directors.

Supplier Policy

The CCS Group endeavours to transact business with reputed organisations capable of offering quality goods and services at competitive prices with a view to building mutually beneficial business relationships.

Statutory Payments

The Directors confirm to the best of their knowledge all taxes, duties and levies payable by the CCS Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the CCS Group and all other known statutory dues as were due and payable by the CCS Group as at the end of the reporting period have been paid or where relevant provided for.

Environment Protection

The CCS Group is conscious of the impact, direct and indirect, on the environment due to its business activities. Every endeavour is made to minimise the adverse effects on the environment to ensure sustainable continuity of our resources.

Independent Auditors' Appointment

The Financial Statements for the year have been audited by Messrs. Ernst & Young Chartered Accountants. The retiring Auditor, Messrs. Ernst & Young have intimated their willingness to continue in office and a resolution to reappoint them as Auditor and authorising the Directors to determine their remuneration will be proposed at the upcoming Annual General Meeting.

The Audit Committee reviews the reappointment of the Auditors, its effectiveness, independence and its relationship with the CCS Group, including the level of audit and non-audit fees paid to the Auditors. The details of fees paid to the Auditors for the Company and its Subsidiaries are set out in Note 16 to the Financial Statements. As far as the Directors are aware, the Auditors have no other relationship with the Company and its Subsidiaries.

Independent Auditor's Report

The Auditor's Report is found on pages 115 to 117 of the Annual Report.

Approval of the Financial Statements

The Audited Financial Statements were approved by the Board of Directors on 20th May 2022. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

Annual General Meeting

The Annual General Meeting of the Company will be held as a virtual meeting on the 22nd of June 2022. The notice of meeting related to the 125th Annual General Meeting is given on pages 197 and 198.

The Annual Report is signed for and on behalf of the Board of Directors by:

D P Gamlath
Director

J G A Cooray
Director

Keells Consultants (Private) Limited
Secretaries

20th May 2022

Audit Committee Report

The Audit Committee is tasked with assisting the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and other stakeholders in relation to the integrity of Financial Statements of the Group, that a good financial reporting system is in place and is well managed in order to give accurate, appropriate and timely information, that it is in accordance with the Companies Act and other legislative reporting requirements and that adequate disclosures are made in the Financial Statements in accordance with the Sri Lanka Accounting Standards.

The powers and responsibilities of the Audit Committee are governed by the Audit Committee Charter, which is approved and adopted by the Board. The terms of reference comply with the requirements of the Corporate Governance Rules as per section 7.10 of the Listing Rules of Colombo Stock Exchange (CSE). The Audit Committee's functions, and scope are in compliance with the requirements of the Code of Best Practice on Audit Committee and conducted its affairs in compliance with the requirements of the Code of Best Practice on Audit Committee.

The Audit Committee ensures that the internal controls and the risk management process are effective and adequate to meet the requirements of the Sri Lanka Auditing Standards and that the Group is in compliance with legal, regulatory and ethical requirements.

The Audit Committee assesses the Group's ability to continue as a going concern in the foreseeable future.

The Committee evaluates the performance and the independence of the Internal Auditors and External Auditor. The Committee is also tasked with the responsibility of recommending to the Board the re-appointment or change of External Auditor and to recommend their remuneration and terms of engagement.

In fulfilling its purpose, the Audit Committee maintains a free and open communication with the independent External Auditor, the outsourced Internal Auditors and the management of the Company and the Subsidiaries to ensure that all parties are aware of their responsibilities.

The Audit Committee is empowered to carry out any investigations it deems necessary and review all internal control systems and procedures, compliance reports, risk Management reports etc. to achieve the objectives as stated above.

The Committee has reviewed and discussed with the management and the External Auditor the audited Financial Statements for the year ended 31st March 2022 as well as matters relating to the Group's internal control over financial reporting, key judgement and estimates in the preparation of Financial Statements and the processes that support certification of the Financial Statements by the Directors and the Chief Financial Officer (CFO).

The committee also reviewed and approved the quarterly unaudited Financial Statements.

Composition of the Audit Committee

The Audit Committee is a sub-committee of the Board of Directors appointed by and responsible to the Board of Directors.

The Audit Committee consists of three Independent, Non-Executive Directors in conformity with the listing rules of Colombo Stock Exchange, who are;

1. Ms. S T Ratwatte – Chairperson
2. Mr. M Hamza
3. Dr. (Ms.) R S W Wijeratnam

The Audit Committee comprises of individuals with extensive experience and expertise in the fields of Finance, Corporate Management, Economics, Food Technology and Marketing. The Chairperson of the Audit Committee is a Chartered Management Accountant. A brief profile of each member of the Audit Committee is given on pages 25 and 26 of this report under the section Board of Directors.

Meetings of Audit Committee

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment, and at least quarterly each year. During the year under review there were four (4) virtual meetings via MS teams and attendance of the Committee members are given below;

Audit Committee Attendance

Name	4th May 2021	16th July 2021	22nd October 2021	21st January 2022
Ms. S T Ratwatte	✓	✓	✓	✓
Mr. M Hamza	✓	✓	✓	✓
Dr. (Ms.) R S W Wijeratnam	✓	✓	✓	✓

The Presidents, the Chief Financial Officers, the Head of JKH Group Business Process Review and the Heads of the Categories attended such meetings by invitation and briefed the Committee on specific issues. The External Auditor and Internal Auditors were also invited to attend meetings when necessary. The Chairperson of the Audit Committee reports the proceedings of the Audit Committee to the Board of Directors.

Summary of Activities during the Financial Year

Oversight of Company and Consolidated Financial Statements

The Committee reviewed with the Independent External Auditor who is responsible for expressing an opinion on the truth and fairness of the audited Financial Statements and their conformity with the Sri Lankan Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS).

The Committee also reviewed the accounting policies of the Company and the Group and such other matters as are required to be discussed with the independent External Auditor in compliance with Sri Lanka Auditing Standard 260 – Communication of Audit Matters with those charged with governance. The quarterly Financial Statements were also reviewed by the Committee and recommended their adoption to the Board.

The Committee also reviewed the process to assess the effectiveness of the internal financial controls that have been designed to provide reasonable assurance to the Directors that the financial reporting system can be relied upon in preparation and presentation of the Financial Statements of the Company and the Group.

Internal Audit

The Committee monitors the effectiveness of the internal audit function and is responsible for approving their appointment or removal and to ensure they have adequate access to information required to conduct their audits.

The internal audit function of the Company is outsourced to Messrs. PricewaterhouseCoopers (Private) Limited, a firm of Chartered Accountants and that of Subsidiary, Jaykay Marketing Services (Pvt) Ltd is outsourced to BDO Partners – Chartered Accountants and the Subsidiary The Colombo Ice Company (Pvt) Ltd is outsourced to Messrs. PricewaterhouseCoopers (Private) Limited.

The Audit Committee has agreed with the Internal Auditors as to the frequency of audits to be carried out, the scope of the audit and the fee to be paid for their services.

During the year under review, the Audit Committee has met the Internal Auditors to consider their reports, management responses and matters requiring follow up on the effectiveness of internal controls and audit recommendations.

The internal audit frequency depends on the risk profile of each area, higher risk areas being on a shorter audit cycle. The Audit Committee is of the opinion that the above approach provides an optimal balance between the need to manage risk and the costs thereof.

Risk and Control Review

The Audit Committee has reviewed the business risk management process and procedures adopted by the Group to manage and mitigate the effects of such risks and observe that the risk analysis exercise had been conducted within the Group. The key risks that could impact operations had been identified and appropriate actions have been taken to mitigate their impact to the minimum extent.

Potential Financial Implications Arising From Macro Economic Challenges in the Country

The Audit Committee reviewed the risk and going concern assessment carried out by the Board after considering the existing and potential financial implications in the macro-economy such as Sri Lanka Rupee devaluation, hyperinflation, significant cost escalations, fuel rate increase and interest rate hikes. Further, the Committee is also satisfied that the Company has made adequate disclosures in the financial statements in relation to the above.

External Audit

The External Auditor of the Company and of the Subsidiaries, Messrs. Ernst & Young, Chartered Accountants, submitted a detailed audit plan for the financial year 2021/22, which specified, inter alia, the areas of operations to be covered in respect of the Company and the Subsidiaries.

The audit plan specified 'areas of special emphasis' which had been identified from the last audit and from a review of current operations. The Audit Committee had meetings with the External Auditor to review the scope, timelines of the audit plan and approach for the audits.

The areas of special emphasis had been selected due to the probability of error and the material impact it can have on the Financial Statements. At the conclusion of the audit, the External Auditor met with the Audit Committee to discuss and agree on the treatment of any matters of concern discovered in the course of the audit and also to discuss the Audit Management Letters. Actions taken by the management in response to the issues raised were discussed with the President. There were no issues of significance during the year under review.

The Audit Committee also reviewed the audit fees of the External Auditor of the Company and of the Subsidiaries and recommended its adoption by the Board. It also reviewed the other services provided by the Auditors in ensuring that their independence as Auditor was not compromised.

The Audit Committee has received a declaration from Messrs. Ernst & Young as required by the Companies Act, No. 07 of 2007, confirming that they do not have any relationship or interest in the Company, which may have a bearing on their independence within the meaning of the Code of Conduct and Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee has proposed to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, be recommended for reappointment as Auditor for the year ending 31st March 2022, at the next Annual General Meeting.

Compliance with Financial Reporting and Statutory Requirements

The Audit Committee receives a quarterly declaration from the President and the Chief Financial Officer, listing any departures from financial reporting, statutory requirements and Group policies. Reported exceptions, if any, are followed up to ensure that appropriate corrective action has been taken.

With a view of ensuring uniformity of reporting, the Group has adopted the standardised format of Annual Financial Statements developed by the Parent Company.

Support to the Committee

The Committee received the necessary support and information from the management of the Company and the Subsidiaries during the year to enable them carry out its duties and responsibilities effectively.

Evaluation of Committee

The Audit Committee formally evaluated the performance of the Committee as well as the individual contribution of each member. Steps have been taken to address the matters highlighted following such evaluation.

Conclusion

The Audit Committee is satisfied that the effectiveness of the organisational structure of the Company and the Subsidiaries in the implementation of the accounting policies and operational controls provide reasonable, assurance that the affairs of the Company and the Subsidiaries are managed in accordance with accepted policies and that assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the Group's Internal and External Auditors have been effective and independent throughout the period under review.

S T Ratwatte
Chairperson, Audit Committee

20th May 2022

Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the Financial Statements, is set out in the following statement. The responsibility of the Auditor in relation to the Financial Statements prepared in accordance with the provisions of the Companies Act, No. 07 of 2007, is set out in the Independent Auditors' Report on pages 115 to 117 of the Annual Report.

As per the provisions of the Companies Act, No. 07 of 2007 the Directors are required to prepare, for each financial year and place before a General Meeting, Financial Statements which comprise of;

- An Income Statement, which presents a true and fair view of the profit or loss of the Company for the financial year; and
- A Statement of Other Comprehensive Income; and
- A Statement of Financial Position,

which presents a true and fair view of the state of affairs of the Company as at the end of the financial year.

The Directors have ensured that, these Financial Statements have been prepared;

- Using appropriate accounting policies, which have been selected and applied in a consistent manner, and material departures, if any have been disclosed and explained; and
- All applicable Accounting Standards (SLFRS/LKAS) as relevant have been applied; and
- Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and
- Provided the information required by and otherwise comply with the Companies Act, No. 07 of 2007 and the listing rules of the Colombo Stock Exchange.

The Directors are also required to ensure that the Company and its Subsidiaries have adequate resources to continue in operation, to justify applying the going concern basis in preparing these Financial Statements.

Further the Directors have a responsibility to ensure that the Company and its Subsidiaries maintain sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company and of the CCS Group.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the CCS Group, and in this regard to give a 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 Auditor with every opportunity to take whatever steps and undertake whatever inspections they may consider being 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 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 end of the reporting period have been paid or, where relevant provided for except as specified in Note 42 to the Financial Statements covering contingent liabilities.

By Order of the Board

Keells Consultants (Private) Limited
Secretaries

20th May 2022

Independent Auditor's Report

Building a better working world

Ernst & Young
Chartered Accountants
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TO THE SHAREHOLDERS OF CEYLON COLD STORES PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Ceylon Cold Stores PLC (''the Company"), and the consolidated financial statements of the Company and its subsidiaries (''the Group"), which comprise the statement of financial position as at 31 March 2022, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of unquoted financial assets classified as Fair Value through Other Comprehensive Income (FVOCI)	
The Fair Value through Other Comprehensive income (FVOCI) balance of the Group consists of an unquoted equity investment in Waterfront Properties (Pvt) Ltd. The fair value was determined based on the discounted cash flow approach, which is derived based on the projected cash flows of Waterfront Properties (Pvt) Ltd. This was a key audit matter due to; • Materiality of the reported unquoted investment balances which amounted to LKR 7,206 Mn and represents 11% of the total assets. • The degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for unquoted equity investment valuation considering current economic conditions. Key areas of significant management judgements, estimates and assumptions used in the valuation of unquoted equity investments included the use of a valuation technique and unobservable inputs such as revenue and EBITDA margins, discount rate, etc. as further disclosed in note 25.3 in the financial statements.	Our audit procedures focused on the valuation of the FVOCI investment performed by the management, and included the following; • We assessed the appropriateness of the cash flow forecast and revenue growth rates based on the best available information up to the date of our audit report. Our evaluation involved the use of comparable market data considering the impacts of the current economic conditions prevailing in the country on those forecasts. • We evaluated the appropriateness and completeness of the information included in the value in use calculation including review of strategic initiative and minutes of the executive committee meetings. • We assessed the appropriateness of the valuation techniques and reasonableness of assumptions used by the management to ascertain the fair value of the unquoted equity investments. Further, we evaluated the adequacy of the related disclosures in notes 25.3 to the financial statements.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Existence and carrying value of Inventory	
As at 31 March 2022, the carrying value of inventory amounted to Rs. 9,075 Mn after considering a provision of Rs. 220 Mn for slow moving and obsolete inventory as disclosed in note 27 to the financial statements. Existence and carrying value of inventory was a key audit matter due to: • Materiality of the reported amount, which represents 14% of the Group's total assets. • Inventory being held at multiple locations. The existence of inventory is verified by management through a combination of physical inventory counts performed throughout the year on a cyclic basis and as at the year-end. • Significant management judgements are applied in determining the adjustments required for the measurement of inventory on account of spoilages, shelf life and other industry factors.	Our audit procedures included the following: • Understanding the process followed by the management to identify adjustments required for the measurement of inventory on account of spoilages, shelf life and other industry factors. • Attended physical inventory counts at selected locations and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the period end. • Assessed the reasonableness of significant management judgements applied in determining provision for slow-moving and obsolete inventory. Our assessment included the basis applied to determine inventory spoilages, shelf-life and perishables. • Tested whether inventories were stated at the lower of cost and net realisable value, by comparing cost with subsequent selling prices of such items. When items remained unsold as at the date of our testing, we compared cost with approved selling prices. We also evaluated the adequacy of the disclosures in note 27 to the financial statements.
Fair value assessment of Land and Buildings	
Property, Plant and Equipment and Investment Property include land and buildings carried at fair value. The fair values of land and buildings were determined by an external valuer engaged by the Group. This was a key audit matter due to: • Materiality of the reported Land and Buildings balances which are carried at fair value amounted to LKR 9,819 Mn and represent 15% of the total assets. • The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of Land and Buildings such as reliance on comparable market transactions, and current market conditions. Key areas of significant judgments, estimates and assumptions used in the valuation of the land and buildings included the following: • Estimate of per perch value of the land • Estimate of the per square foot value of the buildings	Our audit procedures focused on the valuations performed by the external valuer engaged by the Group, and included the following; • We assessed the competency, capability and objectivity of the external valuer engaged by the Group. • We read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property. • We assessed the reasonableness of the significant judgements made by the valuer and valuation techniques, per perch price and value per square foot used by the valuer in the valuation of each property. We have also assessed the adequacy of the disclosures made in notes 20.2 and 22.2 to the financial statements relating to the significant judgements, valuation techniques and estimates used by the external valuer.

Other information included in the Group's 2021/2022 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 2097.

Ernst & Young

20th May 2022

Colombo

Income Statement

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Continuing operations					
Goods transferred at a point in time	12.2	84,543,205	68,766,324	12,837,064	10,584,847
Total revenue from contracts with customers		**84,543,205**	**68,766,324**	**12,837,064**	**10,584,847**
Cost of sales		(75,407,351)	(61,115,358)	(9,269,113)	(7,158,838)
Gross profit		9,135,854	7,650,966	3,567,951	3,426,009
Dividend income	13	-	-	592,799	510,000
Other operating income	14.1	1,830,959	1,576,453	577,831	454,299
Selling and distribution expenses		(3,148,677)	(2,694,845)	(2,122,653)	(1,871,380)
Administrative expenses		(2,837,022)	(2,215,358)	(820,140)	(722,939)
Other operating expenses	14.2	(236,829)	(204,738)	(142,510)	(148,675)
Results from operating activities		4,744,285	4,112,478	1,653,278	1,647,314
Finance cost	15	(2,041,375)	(1,796,462)	(60,192)	(15,341)
Finance income	15	61,911	54,644	33,684	40,045
Net finance income/(cost)		(1,979,464)	(1,741,818)	(26,508)	24,704
Change in fair value of investment property	22.1	16,955	3,873	16,955	3,873
Profit before tax	16	2,781,776	2,374,533	1,643,725	1,675,891
Tax expense	19.1	(713,728)	(36,278)	(209,052)	(47,851)
Profit for the year		**2,068,048**	**2,338,255**	**1,434,673**	**1,628,040**
Attributable to:					
Equity holders of the Parent		2,068,048	2,338,255		
		Rs.	Rs.		
Earnings per share					
Basic / Diluted	17	2.18	2.46		
Dividend per share	18	1.20	1.70		

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 125 to 191 form an integral part of these Financial Statements.

Statement of Comprehensive Income

		Group		Company	
For the year ended 31st March	Notes	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit for the year		2,068,048	2,338,255	1,434,673	1,628,040
Other Comprehensive Income					
Other Comprehensive Income not to be reclassified to Income Statement in subsequent periods					
Re-measurement gain / (loss) on defined benefit plans	36.3	27,322	(52,870)	20,029	(48,045)
Revaluation of land and buildings	20.1	238,870	226,450	136,705	61,105
Gain on equity instruments at fair value through Other Comprehensive Income	25.3	157,821	5,678	157,821	5,678
Net Other Comprehensive Income not to be reclassified to Income Statement in subsequent periods		424,013	179,258	314,555	18,738
Tax (charge) / credit on Other Comprehensive Income	19.2	(68,303)	43,173	(43,994)	69,711
Other Comprehensive Income for the year, net of tax		355,710	222,431	270,561	88,449
Total comprehensive income for the year, net of tax		**2,423,758**	**2,560,686**	**1,705,234**	**1,716,489**
Attributable to:					
Equity holders of the Parent		**2,423,758**	**2,560,686**	**1,705,234**	**1,716,489**

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 125 to 191 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	20.1	25,579,561	22,289,230	4,876,455	4,353,604
Right-of-use assets	21.1.1	10,103,030	9,567,318	47,402	-
Investment property	22.1	317,250	300,295	317,250	300,295
Intangible assets	23.1	2,822,191	1,941,128	418,084	205,114
Investment in Subsidiaries	24.1	-	-	2,965,049	2,959,745
Non-current financial assets	25.1	7,503,034	7,296,046	7,357,832	7,169,026
Other non-current assets	26	1,006,726	1,054,856	38,383	48,280
		47,331,792	42,448,873	16,020,455	15,036,064
Current assets					
Inventories	27	9,074,881	7,108,717	2,191,741	1,198,847
Trade and other receivables	28	4,269,588	3,357,686	2,228,542	1,728,984
Amounts due from related parties	41.1	3,028	3,372	207,243	171,994
Other current assets	29	1,510,721	970,586	267,746	82,208
Short-term investments	30	-	523,534	-	-
Cash in hand and at bank		1,345,397	562,104	447,550	163,324
		16,203,615	12,525,999	5,342,822	3,345,357
Total assets		**63,535,407**	**54,974,872**	**21,363,277**	**18,381,421**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Parent					
Stated capital	31	918,200	918,200	918,200	918,200
Revenue reserves	32	13,312,296	12,362,751	11,014,022	10,703,419
Other components of equity	33	3,876,658	3,501,719	3,287,932	3,014,357
Total equity		**18,107,154**	**16,782,670**	**15,220,154**	**14,635,976**
Non-current liabilities					
Interest-bearing loans and borrowings	35.2	8,307,738	5,141,667	316,434	-
Lease liabilities	21.1.2	9,927,569	8,827,562	2,441	-
Deferred tax liabilities	19.3	1,756,840	1,457,883	628,002	563,351
Employee benefit liabilities	36.1	902,906	807,769	555,274	531,349
Other non-current liabilities	37	96,183	101,054	96,183	101,054
		20,991,236	16,335,935	1,598,334	1,195,754
Current liabilities					
Trade and other payables	38	12,353,187	9,823,845	2,715,007	1,457,461
Amounts due to related parties	41.2	704,069	619,345	50,133	222,348
Income tax liabilities	19.4	265,955	222,898	214,160	220,437
Short-term borrowings	40	2,000,000	3,071,103	-	-
Interest-bearing loans and borrowings	35.2	2,179,283	1,700,000	55,864	-
Lease liabilities	21.1.2	477,149	337,991	36	-
Other current liabilities	39	1,031,908	676,625	399,054	288,198
Bank overdrafts		5,425,466	5,404,460	1,110,535	361,247
		24,437,017	21,856,267	4,544,789	2,549,691
Total equity and liabilities		**63,535,407**	**54,974,872**	**21,363,277**	**18,381,421**

I certify that the Financial Statements comply with the requirements of the Companies Act, No. 07 of 2007.

P N Fernando
Chief Financial Officer / Director

The Board of Directors is responsible for these Financial Statements.

D P Gamlath
Director

J G A Cooray
Director

The accounting policies and notes as set out on pages 125 to 191 form an integral part of these Financial Statements.

20th May 2022
Colombo

Statement of Changes in Equity

	Attributable to equity holders of the Parent					
	Stated capital	Revaluation reserve	Other capital reserves	Fair value reserve of financial assets at FVOCI*	Revenue reserve	Total equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group						
As at 1 April 2020	918,200	1,044,056	495,230	1,660,851	11,688,239	15,806,576
Profit for the year	-	-	-	-	2,338,255	2,338,255
Acquisition of Subsidiary	-	-	-	-	(8,950)	(8,950)
Other Comprehensive Income	-	256,434	-	5,110	(39,113)	222,431
Total comprehensive income	-	256,434	-	5,110	2,290,192	2,551,736
Share based payment transactions	-	-	40,038	-	-	40,038
1st interim dividend paid - 2020/21	-	-	-	-	(807,840)	(807,840)
2nd interim dividend paid - 2020/21	-	-	-	-	(807,840)	(807,840)
As at 31 March 2021	918,200	1,300,490	535,268	1,665,961	12,362,751	16,782,670
Profit for the year	-	-	-	-	2,068,048	2,068,048
Other Comprehensive Income	-	191,680	-	142,039	21,991	355,710
Total comprehensive income	-	191,680	-	142,039	2,090,039	2,423,758
Share based payment transactions	-	-	41,220	-	-	41,220
Final dividend paid - 2020/21	-	-	-	-	(380,160)	(380,160)
Preference share dividend paid - 2020/21	-	-	-	-	(14)	(14)
Interim dividend paid - 2021/22	-	-	-	-	(760,320)	(760,320)
As at 31 March 2022	**918,200**	**1,492,170**	**576,488**	**1,808,000**	**13,312,296**	**18,107,154**
Company						
As at 1 April 2020	918,200	902,849	311,256	1,660,851	10,726,025	14,519,181
Profit for the year	-	-	-	-	1,628,040	1,628,040
Other Comprehensive Income	-	118,305	-	5,110	(34,966)	88,449
Total comprehensive income	-	118,305	-	5,110	1,593,074	1,716,489
Share based payment transactions	-	-	15,986	-	-	15,986
1st interim dividend paid - 2020/21	-	-	-	-	(807,840)	(807,840)
2nd interim dividend paid - 2020/21	-	-	-	-	(807,840)	(807,840)
As at 31 March 2021	918,200	1,021,154	327,242	1,665,961	10,703,419	14,635,976
Profit for the year	-	-	-	-	1,434,673	1,434,673
Other Comprehensive Income	-	112,098	-	142,039	16,424	270,561
Total comprehensive income	-	112,098	-	142,039	1,451,097	1,705,234
Share based payment transactions	-	-	19,438	-	-	19,438
Final dividend paid - 2020/21	-	-	-	-	(380,160)	(380,160)
Preference share dividend paid - 2020/21	-	-	-	-	(14)	(14)
Interim dividend paid - 2021/22	-	-	-	-	(760,320)	(760,320)
As at 31 March 2022	**918,200**	**1,133,252**	**346,680**	**1,808,000**	**11,014,022**	**15,220,154**

**Fair value through Other Comprehensive Income*

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 125 to 191 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before working capital changes	A	8,465,115	7,042,256	1,787,149	1,715,744
(Increase) / decrease in inventories		(2,043,752)	(1,349,990)	(1,008,191)	154.678
(Increase) / decrease in trade and other receivables		(1,068,854)	(431,465)	(520,274)	(184,043)
(Increase) / decrease in amounts due from related parties		344	(14,910)	(35,249)	(117,832)
(Increase) / decrease in other current assets		(730,928)	354,114	(185,538)	151,880
Increase / (decrease) in trade and other payables		2,529,342	1,824,283	1,257,546	360,115
Increase / (decrease) in amounts due to related parties		84,724	222,409	(172,215)	185,813
Increase / (decrease) in other current liabilities		355,283	(10,343)	110,856	31,661
Increase / (decrease) in other non-current liabilities		(4,871)	(16,886)	(4,871)	(16,886)
Cash generated from operations		7,586,403	7,619,468	1,229,213	2,281,130
Finance income received		48,329	35,722	14,798	13,980
Finance expenses paid		(975,735)	(745,454)	(60,147)	(15,341)
Tax paid	19.4	(230,531)	(357,057)	(194,672)	(302,727)
Employee benefit (gratuity) paid	36.3	(51,168)	(57,684)	(45,982)	(53,490)
Net cash flow from operating activities		6,377,298	6,494,995	943,210	1,923,552
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Purchase and construction of property, plant and equipment	20.1	(4,996,701)	(2,606,182)	(836,507)	(429,322)
Purchase of intangible assets	23.1	(1,053,599)	(1,408,159)	(248,167)	(204,014)
Proceeds from sale of property, plant and equipment		3,092	5,944	1,357	2,380
Proceeds from sale of intangible assets		472	-	-	-
Proceeds from sale of right-of-use assets		-	2,626	-	-
Acquisition of water plant	8.1	(149,558)	-	(149,558)	-
Acquisition of Subsidiary, net of cash acquired	8.2	-	(1,705,891)	-	-
Dividend income received	13	-	-	592,799	510,000
Net cash flow used in investing activities		(6,196,294)	(5,711,662)	(640,076)	(120,956)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Dividend paid to equity holders of Parent	18	(1,140,480)	(1,615,680)	(1,140,480)	(1,615,680)
Dividend paid to preference shareholders	17.1	(14)	-	(14)	-
Proceeds from interest-bearing loans and borrowings	35.1	5,352,298	6,000,000	372,298	-
Repayment of interest-bearing loans and borrowings	35.1	(1,706,944)	(616,666)	-	-
Repayment of lease liabilities	21.1.2	(1,376,008)	(1,276,343)	-	-
Proceeds from/(repayment of) other financial liabilities (net)		(1,071,103)	1,530,036	-	-
Net cash flow from / (used) in financing activities		57,749	4,021,347	(768,196)	(1,615,680)

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		238,753	4,804,680	(465,062)	186,916
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(4,318,822)	(9,123,502)	(197,923)	(384,839)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**(4,080,069)**	**(4,318,822)**	**(662,985)**	**(197,923)**
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Favorable balances					
Short-term investments		-	523,534	-	-
Cash in hand and at bank		1,345,397	562,104	447,550	163,324
Unfavorable balances					
Bank overdrafts		(5,425,466)	(5,404,460)	(1,110,535)	(361,247)
Total cash and cash equivalents		**(4,080,069)**	**(4,318,822)**	**(662,985)**	**(197,923)**
Note A					
Profit before working capital changes					
Profit before tax		2,781,776	2,374,533	1,643,725	1,675,891
Adjustments for:					
Finance income	15	(61,911)	(54,644)	(33,684)	(40,045)
Finance cost	15	2,041,375	1,796,462	60,192	15,341
Dividend income	13	-	-	(592,799)	(510,000)
Change in fair value of investment property	22.1	(16,955)	(3,873)	(16,955)	(3,873)
Depreciation of property, plant and equipment	20.1	1,984,755	1,762,780	551,552	494,533
Amortisation of right-of-use assets	21.1.1	1,042,049	918,774	668	-
Foreign exchange loss on lease liability	21.1.2	48,525	4,507	-	-
Amortisation of intangible assets	23.1	299,092	142,806	35,197	2,825
(Profit) / loss on sale of property, plant and equipment	14	34,484	8,946	144	(1,433)
Share based payment expense	34	41,220	40,038	19,438	15,986
Employee benefit provisions and related costs	36.2	173,185	173,578	89,494	94,967
Provision for / (reversal of) slow moving inventory	27.1	79,446	(138,197)	17,155	(46,648)
Impairment of trade and other receivables	28	18,262	16,546	13,210	18,200
Gain on bargain purchase of water plant	8.1	(188)	-	(188)	-
		8,465,115	**7,042,256**	**1,787,149**	**1,715,744**

Cash and cash equivalents in the Statement of Financial Position comprise of cash at banks and in hand and short-term deposits with a maturity of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Figures in brackets indicate deductions.

The accounting policies and notes as set out on pages 125 to 191 form an integral part of these Financial Statements.

Index to Notes

Notes to the Financial Statements

CORPORATE AND GROUP INFORMATION

1. CORPORATE INFORMATION

Reporting entity

Ceylon Cold Stores PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. Principal place of business of the Company is located at 148, Vauxhall Street, Colombo 02. The manufacturing facilities for the production of Beverages and Frozen Confectionery are located at Ranala, Kaduwela.

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

Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31st March 2022, comprise "the Company" referring to Ceylon Cold Stores PLC (CCS) as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein.

Approval of Consolidated Financial Statements

The Consolidated Financial Statements of the Group for the year ended 31st March 2022 were authorised for issue by the Directors on 20th May 2022.

Principal Activities and Nature of Operations

Company

The principal activity of the Company is the manufacture, marketing and sales of Beverages and Frozen Confectionery.

Subsidiaries

Jaykay Marketing Services (Pvt) Ltd

The principal activity of the wholly-owned Subsidiary, Jaykay Marketing Services (Pvt) Ltd (JMSL) is owning and operating a chain of supermarkets and "Nexus Mobile" loyalty programme .The registered office of the Company is located at 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. Principal place of business of the Company is located at 148, Vauxhall Street, Colombo 02.

LogiPark International (Pvt) Ltd

LogiPark International (Pvt) Ltd (LPI) is a wholly owned Subsidiary of JMSL. LPI was incorporated on the 06th July 2018 to construct and operate a 260,000 sq ft. mega logistics center on a 9-acre land in Kerawalapitiya. The lease agreement for the respective land was awarded by the Cabinet of Ministers to John Keells Logistics (Pvt) Ltd, and was signed between John Keells Logistics (Pvt) Ltd and Sri Lanka Land Reclamation and Development Corporation and was subsequently sub-leased to LPI. The Company has also qualified for Section 17 of the Board of Investment (BOI) Act to execute the project.

The Colombo Ice Company (Pvt) Ltd

The Principal activity of the Company is the manufacture, marketing and sales of Frozen Confectionery products. The registered office of the Company is located at 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. Principal place of business of the Company is located at 148, Vauxhall Street, Colombo 02. The manufacturing facility of the Company is located at Seethawaka Industrial Zone, Avissawella.

There was no significant change in the nature of the principal activities of the Group during the financial year under review other than mentioned above.

Parent Enterprise and Ultimate Parent Enterprise

The Company's Parent undertaking is John Keells Holdings PLC.

The Directors are of the opinion that the Company's ultimate Parent undertaking and controlling party is John Keells Holdings PLC which is incorporated in Sri Lanka.

Responsibility for Financial Statements

The responsibility of the Board of Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility on page 114 in the Annual Report.

Statement of Compliance

The Financial Statements which comprise the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act, No. 07 of 2007.

BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2. BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for the land, buildings, investment properties and financial assets at fair value through Other Comprehensive Income.

Notes to the Financial Statements

Going Concern

The Group has prepared the Financial Statements for the year ended 31 March 2022 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the Financial Statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing macro-economic conditions and its effect on the CCS Group and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the CCS Group's ability to continue to operate as a going concern. In determining the above, significant management judgements, estimates and assumptions including the impact of the current macro-economic challenges have been considered as of the reporting date and required disclosures have been made under the relevant notes in the Financial Statements. The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and hence adopting the going concern basis in preparing and presenting these Financial Statements.

Presentation and Functional Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees (Rs.), the Group's functional and presentation currency, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

Each material class of similar items is presented cumulatively 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'.

All values are rounded to the nearest rupees thousand (Rs. '000) except when otherwise indicated.

The significant accounting policies are discussed with relevant individual notes.

Comparative information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of significant accounting policies has been disclosed along with the relevant individual notes in the subsequent pages.

Those accounting policies presented with each note have been applied consistently by the Group.

Other significant accounting policies not covered with individual notes

Following accounting policies which have been applied consistently by the Group, are considered to be significant but are not covered in any other sections.

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
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is considered as current when:

- it is expected to be settled in normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

Foreign Currency translation, foreign currency transactions and balances

The Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs.), which is the Company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which the entities of the Group operate. All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the Consolidated Financial Statements have been discussed in the individual notes of the related Financial Statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the Financial Statements. The Group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The line items which have most significant effect on accounting, judgements, estimates and assumptions are as follows;

a) Valuation of property, plant and equipment and investment property (Note 20 and Note 22)
b) Impairment of intangible assets (Note 23)
c) Share based payments (Note 34)
d) Taxes (Note 19)
e) Employee benefit liability (Note 36)
f) Provision for expected credit losses of trade receivables (Note 28)
g) Right-of-use assets and lease liabilities (Note 21)
h) Valuation of unquoted equity investments (Note 25)
i) Going concern basis (Note 2)

5 CHANGES IN ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

5.1 Changes in accounting standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1st January 2021.

The following amendments and improvements did not have a significant impact on the Group's Financial Statements.

- Amendments to SLFRS 16: Covid-19 Related Rent Concessions beyond 30th June 2021

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The Group has applied practical expedient for Covid-19 related rent concessions which have been extended up to June 2022.

- Amendments to SLFRS 3 : Definition of a Business
- Amendments to SLFRS 7 and SLFRS 9 : Interest Rate Benchmark Reform
- Amendments to LKAS 1 and LKAS 8 : Definition of Material
- Conceptual Framework for Financial Reporting

5.2 Standards issued but not yet effective

The following amendments and improvements are not expected to have a significant impact on the Group's Financial Statements.

- Amendments to SLFRS 1 : Subsidiary as a first-time adopter
- Amendments to SLFRS 9 : Fees in the '10 per cent' test for derecognition of financial liabilities
- Amendments to LKAS 1 : Classification of liabilities as Current or Non-current
- Amendments to SLFRS 3 : Reference to the Conceptual Framework
- Amendments to LKAS 16 : Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to LKAS 37 : Onerous Contracts - Cost of Fulfilling a Contract

GROUP BUSINESS, OPERATION AND MANAGEMENT

6 OPERATING SEGMENT INFORMATION

Accounting Policy

The Group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risks and returns are similar. The operating segments represent this business structure.

In addition, segments are determined based on the Group's geographical spread of operations as well. The geographical analysis of turnover and profits are based on location of customers and assets respectively.

As such for management purposes, the Group is organised into business units based on their products and services and has two operating business segments as manufacturing and retailing.

The measurement policies the Group uses for segment reporting under SLFRS 8 are the same as those used in its Financial Statements.

The manufacturing business is mainly carried out by the Company and fully owned Subsidiary The Colombo Ice Company (Pvt) Ltd. Retailing is carried out by the fully-owned Subsidiary Jaykay Marketing Services (Pvt) Ltd and its fully owned Subsidiary LogiPark International (Pvt) Ltd.

Each of these operating segments are managed by Presidents acting as segment managers namely;

- Manufacturing segment – President, Consumer Foods Sector
- Retail Segment – President, Retail Sector

These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

Segment information

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group.

All Inter-Segment transfers are carried out at arm's length prices.

The following tables present revenue and profit information regarding the Group's operating segments.

6.1 Business segments

	Manufacture		Retail		Total	
For the year ended 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Goods transferred at a point in time						
- External Revenue	17,534,371	13,971,255	67,008,834	54,795,069	84,543,205	68,766,324
- Inter segment revenue	600,530	487,466	-	-	600,530	487,466
Total segment revenue from contracts with customers	18,134,901	14,458,721	67,008,834	54,795,069	85,143,735	69,253,790
Elimination					(600,530)	(487,466)
Net segment revenue from contracts with customers	18,134,901	14,458,721	67,008,834	54,795,069	84,543,205	68,766,324
Segment operating profit	2,652,369	2,628,823	2,672,107	2,015,558	5,324,476	4,644,381
Finance costs	(167,807)	(139,747)	(1,873,568)	(1,656,715)	(2,041,375)	(1,796,462)
Finance income	29,639	33,654	32,272	20,990	61,911	54,644
Change in fair value of investment property	16,955	3,873	-	-	16,955	3,873
Eliminations / adjustments					(580,191)	(531,903)
Profit before tax	2,531,156	2,526,603	830,811	379,833	2,781,776	2,374,533
Tax (expense) / credit	(362,452)	(134,953)	(351,276)	98,675	(713,728)	(36,278)
Profit for the year	**2,168,704**	**2,391,650**	**479,535**	**478,508**	**2,068,048**	**2,338,255**
Purchase and construction of property, plant and equipment	921,246*	538,728	4,075,455	2,067,454	4,996,701*	2,606,182
Addition to intangible assets	253,479	216,421	800,120	1,191,738	1,053,599	1,408,159
Depreciation of property, plant and equipment	765,344	695,428	1,219,411	1,067,352	1,984,755	1,762,780
Amortisation of intangible assets	37,512	3,905	261,580	138,901	299,092	142,806
Amortisation of right-of-use assets	5,503	4,835	1,036,546	913,939	1,042,049	918,774
Employee benefit provisions and related costs	91,481	96,959	81,704	76,619	173,185	173,578

**Excludes the acquisition of the water plant*

In addition to segment results, information such as finance cost and finance income, tax expenses and tax credits have been allocated to segments for better presentation.

6.2 Disaggregation of revenue - Geographical segment analysis (by location of customers)

	Group		Company	
For the year ended 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Sri Lanka	84,013,603	68,486,555	12,356,212	10,337,654
Outside Sri Lanka	529,602	279,769	480,852	247,193
Total revenue from contracts with customer	**84,543,205**	**68,766,324**	**12,837,064**	**10,584,847**

Notes to the Financial Statements

6.3 Following is a reconciliation of the amounts in the Statement of Financial Position for the reportable segments

	Manufacture		Retail		Total	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
ASSETS						
Non-current assets						
Property, plant and equipment	8,609,502	8,183,760	16,977,321	14,112,732	25,586,823	22,296,492
Right- of - use assets	266,611	224,044	9,836,419	9,343,274	10,103,030	9,567,318
Investment property	317,250	300,295	-	-	317,250	300,295
Intangible assets	435,925	219,958	2,271,260	1,606,164	2,707,185	1,826,122
Non-current financial assets	7,364,940	7,180,448	138,094	115,598	7,503,034	7,296,046
Other non-current assets	42,907	49,257	963,819	1,005,599	1,006,726	1,054,856
Segment non-current assets	17,037,135	16,157,762	30,186,913	26,183,367	47,224,048	42,341,129
Goodwill					115,006	115,006
Eliminations / adjustments					(7,262)	(7,262)
Total non-current assets	**17,037,135**	**16,157,762**	**30,186,913**	**26,183,367**	**47,331,792**	**42,448,873**
Current assets						
Inventories	3,143,331	1,709,338	5,954,732	5,433,999	9,098,063	7,143,337
Trade and other receivables	2,870,789	2,369,471	1,398,799	988,215	4,269,588	3,357,686
Amounts due from related parties	207,483	173,587	102,639	16,917	310,122	190,504
Other current assets	351,491	99,947	1,159,230	870,639	1,510,721	970,586
Short-term investments	-	-	-	1,700,434	-	1,700,434
Cash in hand and at bank	493,443	171,014	851,954	391,090	1,345,397	562,104
Eliminations / adjustments					(330,276)	(1,398,652)
Total segment current assets	7,066,537	4,523,357	9,467,354	9,401,294	16,203,615	12,525,999
Total assets	**24,103,672**	**20,681,119**	**39,654,267**	**35,584,661**	**63,535,407**	**54,974,872**
LIABILITIES						
Non-current liabilities						
Interest bearing loans and borrowings	316,434	541,667	7,991,304	4,600,000	8,307,738	5,141,667
Lease liabilities	144,880	93,619	9,782,689	8,733,943	9,927,569	8,827,562
Deferred tax liabilities	956,663	817,925	800,177	639,958	1,756,840	1,457,883
Employee benefit liabilities	563,259	538,071	339,647	269,698	902,906	807,769
Other non-current liabilities	96,183	101,054	-	-	96,183	101,054
Total segment non-current liabilities	2,077,419	2,092,336	18,913,817	14,243,599	20,991,236	16,335,935
Current liabilities						
Trade and other payables	3,498,820	1,800,738	8,854,367	8,023,107	12,353,187	9,823,845
Amounts due to related parties	180,476	340,729	830,687	464,580	1,011,163	805,309
Income tax liabilities	265,955	222,898	-	-	265,955	222,898
Short- term borrowings	-	-	2,000,000	4,248,003	2,000,000	4,248,003
Interest bearing loans and borrowings	590,587	500,000	1,588,696	1,200,000	2,179,283	1,700,000
Lease liabilities	153	70	476,996	337,921	477,149	337,991
Other current liabilities	437,753	324,050	594,155	352,575	1,031,908	676,625
Bank overdrafts	1,863,900	1,217,024	3,561,566	4,187,436	5,425,466	5,404,460
Eliminations / adjustments					(307,094)	(1,362,864)
Total segment current liabilities	6,837,644	4,405,509	17,906,467	18,813,622	24,437,017	21,856,267
Total liabilities	**8,915,063**	**6,497,845**	**36,820,284**	**33,057,221**	**45,428,253**	**38,192,202**

6.4 Following is a summary of cash flows from/(used in) operating segments.

	Manufacture		Retail		Total	
For the year ended 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Net cash flow from operating activities	2,031,481	2,913,133	4,325,568	3,560,872	6,377,298	6,494,995
Net cash flow used in investing activities	(729,888)	(752,769)	(4,853,359)	(4,937,902)	(6,196,294)	(5,711,662)
Net cash flow from/(used in) financing activities	(1,626,040)	(2,042,289)	(85,910)	6,063,636	57,749	4,021,347
Net increase/(decrease) in cash and cash equivalents	**(324,447)**	**118,075**	**(613,701)**	**4,686,606**	**238,753**	**4,804,680**

7 BASIS OF CONSOLIDATION

Accounting Policy

The Consolidated Financial Statements comprise the Financial Statements of the Company and its Subsidiaries as at 31st March 2022. The Financial Statements of the Subsidiaries are prepared in compliance with the Group's accounting policies unless otherwise stated.

Control over an investee

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

The following Companies have been consolidated based on above criteria.

Name of the Company	Effective holding
Jaykay Marketing Services (Pvt) Ltd	100%
The Colombo Ice Company (Pvt) Ltd	100%
LogiPark International (Pvt) Ltd	100%

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The Financial Statements of the Subsidiaries are prepared for the same reporting period as the Company, which is 12 months ending 31st March, using consistent accounting policies.

The total profits and losses for the year of the Company and of its Subsidiaries included in consolidation are shown in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income and all assets and liabilities of the Company and of its Subsidiaries included in consolidation are shown in the Consolidated Statement of Financial Position.

The Consolidated Statement of Cash Flows includes the Cash Flows of the Company and its Subsidiaries.

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

Transactions Eliminated on Consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Loss of Control

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

7 BASIS OF CONSOLIDATION (CONTD.)

Accounting Policy

Non-controlling Interest

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Consolidated Income Statement and Statement of Comprehensive Income and as a Component of Equity in the Consolidated Statement of Financial Position, separately from the equity attributable to the shareholders' of the Parent. The Group does not have non controlling interest as the Group consist of fully owned Subsidiaries.

8 BUSINESS COMBINATIONS AND GOODWILL

Accounting Policy

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree is lower than the fair value of net assets acquired, a gain is recognised immediately in the Income Statement. The Group elects on a transaction by-transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Income Statement, in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

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

Accounting Policy

Common Control Business Combinations

SLFRS 3 – Business Combination scopes out common control business combinations. LKAS 8 – Accounting policies, Changes in Accounting estimates and errors – requires that in the absence of specific guidance in SLFRS, management should use its judgment in developing and applying an accounting policy that is relevant and reliable. Accordingly, The Group selected pooling of interest method as the most appropriate method for accounting the business combinations involving business under common control.

The concept underlying the use of pooling of interest method to account for a business combination is that no acquisition has occurred and there has been a continuation of the risks and benefits to the controlling party (or parties) that existed prior to the business combination.

Under the pooling of interest method, the net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity are recorded at the book values as stated in the Financial Statements of the controlling party.

No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination.

Impairment of goodwill

Goodwill is tested for impairment annually (as at 31st March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

8.1 Acquisition of Water Plant

On 29th October 2021, the Company purchased a Water Bottling Plant from Worldwide Enterprises (Pvt) Ltd for a consideration of Rs.150 Mn using a term loan facility obtained from a commercial bank. The acquisition was done for the purpose of increasing the efficiency and reduction in cost of the current operation.

Fair value of the net assets acquired	Notes	Group and Company 2022 Rs.'000
ASSETS		
Current assets		1,858
Right-of-use asset	21.1.1	48,070
Property, plant and equipment	20.1	102,692
LIABILITIES		
Employee benefit liabilities	36.3	(442)
Lease liability	21.1.2	(2,432)
Total identifiable net assets at fair value		149,746
Gain on bargain purchase recognised in other operating income	14.1	(188)
Net cash outflow on purchasing the water plant		**149,558**

8.2 Acquisition of Subsidiary

Acquisition of LogiPark International (Pvt) Ltd

LogiPark International (Pvt) Ltd, a Subsidiary of John Keells Holdings PLC (Parent) was acquired to the Group on 12th March 2021 as a wholly owned Subsidiary of Jaykay Marketing Services (Pvt) Ltd by making a total investment of Rs. 1,059 Mn.

	Group	
Book value of the net assets acquired	2022 Rs.'000	2021 Rs.'000
ASSETS		
Cash	-	8,975
Short term investments	-	523,534
Trade and other receivables	-	1,403
Other current assets	-	53,422
Deferred tax assets	-	2,692
Right-of-use asset	-	582,176
Property, plant and equipment	-	1,115,214
LIABILITIES		
Bank overdrafts	-	(2,750)
Short-term borrowings	-	(1,176,900)
Amounts due to related parties	-	(14,020)
Trade and other payables	-	(43,946)
Total identifiable net assets at cost	-	1,049,800
Amount transferred to revenue reserve	-	8,950
Total purchase consideration	-	1,058,750
Negative cash and cash equivalent acquired	-	647,141
Net cash outflow on acquisition of the Subsidiary	**-**	**1,705,891**

9 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial assets held by the Group, principally comprise of cash, loans to executives, trade and other receivables, financial assets at fair value through Other Comprehensive Income. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

The Group's principal financial liabilities, comprise of loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support it's operations.

The financial risk governance framework provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Group's policies and risk objectives. The Group is exposed to market risk, credit risk and liquidity risk.

9.1 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 trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, financial assets at fair value through Other Comprehensive Income and loans to executive, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counterparties fulfil their obligations.

9.1.1 Credit risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). The following table shows the maximum risk positions;

Group

As at 31st March	Notes	Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short-term investments	Amounts due from related parties	Total	% of allocation
		2022						
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Loans to executives	9.1.2	297,223	-	100,237	-	-	397,460	7%
Trade and other receivables	9.1.3	-	-	4,169,351	-	-	4,169,351	70%
Amounts due from related parties	9.1.4	-	-	-	-	3,028	3,028	0%
Cash in hand and at bank	9.1.5	-	1,345,397	-	-	-	1,345,397	23%
Total credit risk exposure		297,223	1,345,397	4,269,588	-	3,028	5,915,236	100%
Financial assets at fair value through OCI	9.1.6	7,205,811	-	-	-	-		
Total equity risk exposure		7,205,811	-	-	-	-		
Total		**7,503,034**	**1,345,397**	**4,269,588**	**-**	**3,028**		

As at 31st March	Notes	Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short-term investments	Amounts due from related parties	Total	% of allocation
		2021						
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Deposits with bank	9.1.7	-	-	-	523,534	-	523,534	11%
Loans to executives	9.1.2	248,056	-	121,934	-	-	369,990	8%
Trade and other receivables	9.1.3	-	-	3,235,752	-	-	3,235,752	69%
Amounts due from related parties	9.1.4	-	-	-	-	3,372	3,372	0%
Cash in hand and at bank	9.1.5	-	562,104	-	-	-	562,104	12%
Total credit risk exposure		248,056	562,104	3,357,686	523,534	3,372	4,694,752	100%
Financial assets at fair value through OCI	9.1.6	7,047,990	-	-	-	-		
Total equity risk exposure		7,047,990	-	-	-	-		
Total		**7,296,046**	**562,104**	**3,357,686**	**523,534**	**3,372**		

Notes to the Financial Statements

9.1.1 Credit risk exposure (Contd.)

Company

As at 31st March	Notes	Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short-term investments	Amounts due from related parties	Total	% of allocation
				2022				
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Loans to executives	9.1.2	152,021	-	56,221	-	-	208,242	6%
Trade and other receivables	9.1.3	-	-	2,172,321	-	-	2,172,321	72%
Amounts due from related parties	9.1.4	-	-	-	-	207,243	207,243	7%
Cash in hand and at bank	9.1.5	-	447,550	-	-	-	447,550	15%
Total credit risk exposure		152,021	447,550	2,228,542	-	207,243	3,035,356	100%
Financial assets at fair value through OCI	9.1.6	7,205,811	-	-	-	-		
Total equity risk exposure		7,205,811	-	-	-	-		
Total		**7,357,832**	**447,550**	**2,228,542**	**-**	**207,243**		

As at 31st March	Notes	Non-current financial assets	Cash in hand and at bank	Trade and other receivables	Short-term investments	Amounts due from related parties	Total	% of allocation
				2021				
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Loans to executives	9.1.2	121,036	-	86,131	-	-	207,167	9%
Trade and other receivables	9.1.3	-	-	1,642,853	-	-	1,642,853	75%
Amounts due from related parties	9.1.4	-	-	-	-	171,994	171,994	8%
Cash in hand and at bank	9.1.5	-	163,324	-	-	-	163,324	8%
Total credit risk exposure		121,036	163,324	1,728,984	-	171,994	2,185,338	100%
Financial assets at fair value through OCI	9.1.6	7,047,990	-	-	-	-		
Total equity risk exposure		7,047,990	-	-	-	-		
Total		**7,169,026**	**163,324**	**1,728,984**	**-**	**171,994**		

9.1.2 Loans to executives

Loans to executive portfolio is largely made up of vehicle loans which are given to staff at assistant manager level and above. The respective business units have obtained the necessary Power of Attorney/promissory notes as collateral for the loans granted.

9.1.3 Trade and other receivables

		Group		Company	
As at 31st March		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Neither past due nor impaired					
	days				
	< 30	3,719,813	2,701,181	1,899,887	1,272,963
	30–60	318,468	418,736	192,764	277,225
	61–90	83,261	64,218	56,350	45,488
Past due but not impaired					
	91–120	30,309	26,926	7,918	25,626
	121–180	6,066	22,115	4,561	19,358
	> 181	11,434	2,576	10,841	2,193
Past due and impaired		90,006	71,744	79,709	66,499
Gross carrying value		4,259,357	3,307,496	2,252,030	1,709,352
Allowance for expected credit losses		(90,006)	(71,744)	(79,709)	(66,499)
Total		**4,169,351**	**3,235,752**	**2,172,321**	**1,642,853**

The Group has obtained bank guarantees from customers by reviewing their past performance and credit worthiness, as collateral.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The individual receivable balances were re-assessed, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect the different rearrangement of homogeneous groups. Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macro-economic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

9.1.4 Amounts due from related parties

The Group's amount due from related parties mainly consists of the balances from affiliate companies and Parent.

9.1.5 Credit risk relating to cash and cash equivalents

In order to mitigate the concentration, settlement and operational risks related to cash and cash equivalents, the Group consciously manages the exposure to a single counterparty taking into consideration, where relevant, the rating or financial standing of the counterparty, where the position is reviewed as and when required, the duration of the exposure in managing such exposures and the nature of the transaction and agreement governing the exposure. The Group held a negative balance of cash and cash equivalents of Rs.4,080 Mn at 31st March 2022 (2021 - Rs.4,319 Mn).

9.1.6 Financial Assets at fair value through OCI

The unquoted equity investment in Waterfront Properties (Pvt) Ltd is classified as a financial assets at fair value through OCI. The Company shareholding as at the reporting date was 7.55% (2021 - 9.32%).

All unquoted equity investments are made after obtaining the Board of Directors approval.

Notes to the Financial Statements

9.1.7 Deposits at Bank

Deposits with bank consists of fixed deposits

As at 31st March 2022, Group and the Company do not carry any deposits at bank (2020/21-100% rated "AAA" Rs. 524 Mn).

As at 31st March	Group			
Fitch ratings	2022 Rs.000	Rating % of total	2021 Rs.000	Rating % of total
AAA	-	-	523,534	100%

9.2 Liquidity Risk

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 medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds 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. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans, overdrafts over a broad spread of maturities.

9.2.1 Net (debt)/cash

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Short-term investments	-	523,534	-	-
Cash in hand and at bank	1,345,397	562,104	447,550	163,324
Total liquid Assets	1,345,397	1,085,638	447,550	163,324
Interest-bearing loans and borrowings (Non-current)	8,307,738	5,141,667	316,434	-
Lease liabilities (Non-current)	9,927,569	8,827,562	2,441	-
Short-term borrowings	2,000,000	3,071,103	-	-
Interest-bearing loans and borrowings (Current)	2,179,283	1,700,000	55,864	-
Lease liabilities (Current)	477,149	337,991	36	-
Bank overdrafts	5,425,466	5,404,460	1,110,535	361,247
Total liquid liabilities	28,317,205	24,482,783	1,485,310	361,247
Net debt	(26,971,808)	(23,397,145)	(1,037,760)	(197,923)

9.2.2 Liquidity risk management

Group has implemented a mixed approach that combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreements, or other secured borrowings.

The Group continued to place emphasis on ensuring that cash and undrawn committed facilities are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Constant dialogue between Group companies and banks regarding financing requirements, ensures that availability within each single borrower limit is optimised by efficiently reallocating under-utilised facilities within the Group.

The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities as at 31st March 2022 based on contractual undiscounted (principal plus interest) payments.

As at 31st March	2022						
	Within 1 year Rs.'000	Between 1-2 years Rs.'000	Between 2-3 years Rs.'000	Between 3-4 years Rs.'000	Between 4-5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest-bearing loans and borrowings	2,718,326	2,497,183	4,349,970	1,922,756	297,062	-	11,785,297
Lease liabilities	1,680,087	1,680,218	1,721,839	1,465,794	1,461,275	11,679,813	19,689,026
Trade and other payable	12,353,187	-	-	-	-	-	12,353,187
Amounts due to related parties	704,069	-	-	-	-	-	704,069
Short-term borrowings	2,000,000	-	-	-	-	-	2,000,000
Bank overdrafts	5,425,466	-	-	-	-	-	5,425,466
	24,881,135	4,177,401	6,071,809	3,388,550	1,758,337	11,679,813	51,957,045

The table below summarises the maturity profile of the Group's financial liabilities as at 31st March 2021 based on contractual undiscounted (principal plus interest) payments.

As at 31st March	2021						
	Within 1 year Rs.'000	Between 1-2 years Rs.'000	Between 2-3 years Rs.'000	Between 3-4 years Rs.'000	Between 4-5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest-bearing loans and borrowings	2,145,554	2,035,098	1,437,209	1,337,167	1,038,583	-	7,993,611
Lease liabilities	1,470,470	1,508,742	1,506,310	1,539,497	1,277,562	11,021,680	18,324,261
Trade and other payable	9,823,845	-	-	-	-	-	9,823,845
Amounts due to related parties	619,345	-	-	-	-	-	619,345
Short-term borrowings	3,071,103	-	-	-	-	-	3,071,103
Bank overdrafts	5,404,460	-	-	-	-	-	5,404,460
	22,534,777	3,543,840	2,943,519	2,876,664	2,316,145	11,021,680	45,236,625

Maturity analysis - Company

The table below summarises the maturity profile of the Company's financial liabilities as at 31st March 2022 based on contractual undiscounted (principal plus interest) payments.

As at 31st March	2022						
	Within 1 year Rs.'000	Between 1-2 years Rs.'000	Between 2-3 years Rs.'000	Between 3-4 years Rs.'000	Between 4-5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest-bearing loans and borrowings	81,170	114,292	107,079	99,865	37,931	-	440,337
Lease liabilities	176	176	176	176	176	4,217	5,097
Trade and other payable	2,715,007	-	-	-	-	-	2,715,007
Amounts due to related parties	50,133	-	-	-	-	-	50,133
Bank overdrafts	1,110,535	-	-	-	-	-	1,110,535
	3,957,021	114,468	107,255	100,041	38,107	4,217	4,321,109

9.2.2 Liquidity risk management (Contd.)

The table below summarises the maturity profile of the Company's financial liabilities as at 31st March 2021 based on contractual undiscounted (principal plus interest) payments.

As at 31st March	2021						
	Within 1 year Rs.'000	Between 1-2 years Rs.'000	Between 2-3 years Rs.'000	Between 3-4 years Rs.'000	Between 4-5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Trade and other payable	1,457,461	-	-	-	-	-	1,457,461
Amounts due to related parties	222,348	-	-	-	-	-	222,348
Bank overdrafts	361,247	-	-	-	-	-	361,247
	2,041,056	**-**	**-**	**-**	**-**	**-**	**2,041,056**

9.3 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 prices comprise four types of risk:

- Interest rate risk
- Foreign 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 optimising the return.

The Group and the Company do not have a direct impact from the Commodity price risk.

The sensitivity analysis in the following sections relate to the position as at 31 March 2022 and 2021.

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.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the Statement of Financial Position items mainly relates to derivatives and debt instruments.
- The sensitivity of the relevant Income Statement items is the effect of the assumed changes in respective market risks.
- This is based on the financial assets and financial liabilities held at 31 March 2022 and 2021.

9.3.1 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 long-term debt obligations with floating interest rates.

Most lenders grant loans under floating interest rates. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount.

The Central Bank of Sri Lanka adopted a tightening monetary policy stance during the latter half of the financial year, resulting in an upward trend in interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency in March 2022 have resulted in strong policy actions by the CBSL on monetary policy post the end of the reporting period. Such actions have raised monetary policy rates significantly and helped bridge the gap between policy and market interest rates. The Group proactively managed the risk of increasing interest rates by re-balancing its portfolio of borrowings and moved a sizeable portion of the Sri Lankan Rupee borrowings on a long-term basis. Further, where relevant and possible, a majority of the Sri Lankan Rupee long-term facilities were on a fixed rate basis over the tenor of the loan.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

		Group	**Company**
For the year ended 31st March	Increase/ (decrease) in basis points	Effect on profit before tax Rs.'000	Effect on profit before tax Rs.'000
2022	+ 270 basis points	42,454	-
	- 270 basis points	(42,454)	-
2021	+ 379 basis points	28,425	-
	- 379 basis points	(28,425)	-

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base floating interest rates.

9.3.2 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. JKH Group treasury analyses the market condition of foreign exchange and provides market updates to the GEC, with the use of external consultants' advice. Based on the suggestions made by Group treasury the GEC takes decisions on whether to hold, sell, or make forward bookings of foreign currency as per decisions rights given by the Board of Directors.

The Sri Lankan Rupee witnessed significant volatility, particularly during the latter part of the year. Whilst the exchange rate was maintained at stable levels during the year, as per the guidelines issued to the banks by the Central Bank of Sri Lanka, the currency depreciated sharply in March 2022 once the CBSL allowed a free float of the currency which resulted in a steep depreciation of the Sri Lankan Rupee by 31 March 2022. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country. This resulted in a series of measures such as the continuation of certain import controls and stipulations on foreign currency conversions and remittances. The lack of confidence in the market however resulted in a sharp reduction in foreign currency employment remittances which exacerbated the liquidity situation. The Group adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows.

		Group		**Company**	
For the year ended 31st March	Increase/ (decrease) in exchange rate	Effect on profit before tax Rs.'000	Effect on equity Rs.'000	Effect on profit before tax Rs.'000	Effect on equity Rs.'000
2022					
USD	.+/-52.50%	(247,987)	(247,987)	(113,687)	(113,687)
Euro	.+/-4.85%	(50)	(50)	(50)	(50)
GBP	.+/-1.63%	(942)	(942)	(942)	(942)
2021					
USD	.+/-6.71%	(7,730)	(7,730)	403	403
Euro	.+/-18.10%	(805)	(805)	(702)	(702)
GBP	.+/-17.06%	4,482	4,482	4,482	4,482

Assumptions

The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

9.3.3 Equity price risk

The Group's unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment instruments.

9.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

	Group		Company	
As at 31st March	2022	2021	2022	2021
Debt / Equity	156.39%	145.88%	9.76%	2.47%

The increase in the debt to equity ratio is due to increase in borrowings to finance the retail segment's operational growth. Having access to sufficient sources of funding, the debt maturing within 12 months can be rolled over with existing lenders. Further with the expected growth in the retail sector debt will be served in a timely manner.

10 FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are only, disclosed are reflected in this note. Beside this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

- Investment in unquoted equity shares (Note 25.3)
- Property, plant and equipment under revaluation model (Note 20)
- Investment properties (Note 22)
- Financial Instruments (including those carried at amortised cost) (Note 11)

Accounting Policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Accounting Policy

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for nonrecurring measurement, such as assets held for sale in discontinued operations.

The services of external valuers are obtained for valuation of significant assets, such as lands and buildings and investment properties. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained.

The Group decides, after discusions with the external valuers, which valuation techniques and inputs to use for individual assets.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value hierarchy

10.1 Fair value measurement hierarchy - Group

The Group held the following financial and non-financial assets carried at fair value in the Statement of Financial Position:

Financial assets

		Level 1		Level 2		Level 3	
As at 31st March	Notes	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Unquoted equity investments	25.3	-	-	-	-	7,205,811	7,047,990
		-	**-**	**-**	**-**	**7,205,811**	**7,047,990**
Non- financial assets							
Land and buildings	20.1	-	-	-	-	1,698,877	1,546,729
Buildings on lease hold land	20.1	-	-	-	-	7,802,544	4,891,131
Investment Property	22.1	-	-	-	-	317,250	300,295
		-	**-**	**-**	**-**	**9,818,671**	**6,738,155**

10.2 Fair value measurement hierarchy - Company

The Company held the following financial and non-financial assets carried at fair value in the Statement of Financial Position:

Financial assets

		Level 1		Level 2		Level 3	
As at 31st March	Notes	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Unquoted equity investments	25.3	-	-	-	-	7,205,811	7,047,990
		-	-	-	-	7,205,811	7,047,990
Non - financial assets							
Land and buildings	20.1	-	-	-	-	1,698,877	1,546,729
Buildings on lease hold land	20.1	-	-	-	-	50,129	-
Investment Property	22.1	-	-	-	-	317,250	300,295
		-	-	-	-	2,066,256	1,847,024

In determining the fair value of non-financial assets of the Group and the Company, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also the valuers have made reference to market evidence of the transaction prices for similar properties, with appropriate adjustments for the size and location. The appraised fair values are rounded within the range of values.

10.3 Reconciliation of fair value measurements of level 3 financial instruments

The Group and the Company carries unquoted equity shares as equity instruments designated at fair value through OCI classified as Level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below;

	Group and Company Rs.'000
As at 1st April 2021	7,047,990
Remeasurement gain recognised in OCI	157,821
As at 31st March 2022	7,205,811

Fair valuation done as at 31st March 2022 for all unquoted equity shares are classified as Level 3 within the fair value hierarchy using fair valuation methodology. Fair value would not significantly vary if one or more of the inputs were changed.

11 FINANCIAL INSTRUMENTS AND RELATED POLICIES

Accounting Policy

Financial Instruments-Initial recognition and subsequent measurement

Financial Assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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.

The Group's financial assets include cash and short-term deposits, trade and other receivables and unquoted financial instruments.

Subsequent measurement

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

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

Debt Instruments

Financial assets at 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. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

  And

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

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

The Group's and the Company's financial assets at amortised cost includes trade and other receivables,amounts due from related parties, short term investments, loans and receivables and cash in hand and at bank.

Notes to the Financial Statements

11 FINANCIAL INSTRUMENTS AND RELATED POLICIES (CONTD.)

Accounting Policy

Financial assets at fair value through OCI

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. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

  And

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

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 Income Statement.

The Group and the Company have no debt instruments that is carried at fair value through OCI as at the reporting date.

Equity Instruments

Financial assets designated at fair value through OCI

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

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

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

The Group's and the Company's financial assets at fair value through OCI includes unquoted equity investment

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group and the Company have no equity instruments that is carried at fair value through profit or loss as at the reporting date.

Financial assets - derecognition

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.

Accounting Policy

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the Group's effective interest rate.

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. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, lease liabilities and amounts due to related parties.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Income Statement.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Financial Assets and Liabilities by Categories

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

Notes to the Financial Statements

11.1 Financial assets by categories

	Group				Company			
	Financial assets at amortised cost		Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition		Financial assets at amortised cost		Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Financial instruments in non-current assets								
Non-current financial assets	297,223	248,056	7,205,811	7,047,990	152,021	121,036	7,205,811	7,047,990
Financial instruments in current assets								
Trade and other receivables	4,269,588	3,357,686	-	-	2,228,542	1,728,984	-	-
Amounts due from related parties	3,028	3,372	-	-	207,243	171,994	-	-
Short-term investments	-	523,534	-	-	-	-	-	-
Cash in hand and at bank	1,345,397	562,104	-	-	447,550	163,324	-	-
Total	**5,915,236**	**4,694,752**	**7,205,811**	**7,047,990**	**3,035,356**	**2,185,338**	**7,205,811**	**7,047,990**

11.2 Financial liabilities by categories

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Financial instruments in non-current liabilities				
Interest-bearing loans and borrowings	8,307,738	5,141,667	316,434	-
Lease liabilities	9,927,569	8,827,562	2,441	-
Financial instruments in current liabilities				
Trade and Other payables	12,353,187	9,823,845	2,715,007	1,457,461
Amounts due to related parties	704,069	619,345	50,133	222,348
Short-term borrowings	2,000,000	3,071,103	-	-
Interest-bearing loans and borrowings	2,179,283	1,700,000	55,864	-
Lease liabilities	477,149	337,991	36	-
Bank overdrafts	5,425,466	5,404,460	1,110,535	361,247
Total	**41,374,461**	**34,925,973**	**4,250,450**	**2,041,056**

The management assessed that cash and short-term deposits,trade and other receivables, trade payables, bank overdrafts, and other current financial liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under leases, as well as non-current financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Fair value of the unquoted ordinary shares has been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Accounting judgements, estimates and assumptions

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

NOTES TO INCOME STATEMENT, STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

12 REVENUE

Accounting Policy

12.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

12.2 Disaggregation of revenue

The Group presented disaggregated revenue with Group's reportable segments based on the timing of revenue recognition stated below. Further disaggregation of revenue according to geographical segments have been disclosed in the operating segment information section in Note 6.

	Group		Company	
For the year ended 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Goods transferred at a point in time				
Manufacturing	17,534,371	13,971,255	12,837,064	10,584,847
Retail	67,008,834	54,795,069	-	-
Total revenue from contracts with customers	**84,543,205**	**68,766,324**	**12,837,064**	**10,584,847**

Inter-segment revenue has been eliminated for the Group.

Notes to the Financial Statements

12 REVENUE (CONTD)

Accounting Policy

12.3 Reconciliation of revenue

Reconciliation between Revenue from contracts with customers and revenue information that is disclosed for each reportable segment has been provided in the operating segment information section in Note 6.

12.4 Contract balances

Contract assets

Contract assets are Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, with rights that are conditioned on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables. As at 31 March 2022 the Company and the Group has no contract assets.

Contract liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services as well as transaction price allocated to unexpired service warranties, and loyalty points not yet redeemed. Contract liabilities of the Group have been disclosed in other current liabilities in Note 39.

12.5 Performance obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

Manufacturing

Manufacturing segment which includes Ceylon Cold Stores PLC and The Colombo Ice Company (Pvt) Ltd. focuses on manufacturing of Beverages and Frozen Confectionery. Revenue is recognised at the point in time when the control of the asset is transferred to the customer, which is generally upon delivery of the goods. Revenue is measured based on actual sales, and therefore the output method is used for revenue recognition.

Retail

The Retail sector which includes Jaykay Marketing Services (Pvt) Ltd and LogiPark International (Pvt) Ltd focuses on modern organised retailing through a chain of supermarkets.

Revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, which is generally upon delivery of the goods. The output method will provide a faithful depiction in recognising revenue.

Customers who purchase from outlets may enter the entity's customer loyalty programme and earn points that are redeemable against future purchases of the entity's products. The entity will allocate a portion of the transaction price to the loyalty programme based on relative stand alone selling price.

13 DIVIDEND INCOME

Accounting Policy

Dividend income is recognised when the Group's right to receive the payment is established.

	Company	
For the year ended 31st March	2022 Rs.'000	2021 Rs.'000
Dividend income from investment in Subsidiaries	592,799	510,000

14 OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Accounting Policy

Other income and expenses

Other income and expenses are recognised on an accrual basis.

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the Income Statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

	Group		Company	
For the year ended 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
14.1 Other Operating Income				
Exchange gain	-	-	87,609	-
Promotional income	1,432,801	1,308,081	-	-
Write back of dealer deposits	593	17,761	593	17,761
Scrap sales	13,174	16,338	8,806	13,915
Rental income	89,930	74,511	434	394
Franchise income	22,935	23,309	15,865	12,273
Royalty income	17,755	15,004	212,703	157,793
Shared service fee	21,736	20,442	196,960	170,361
Gain on disposal of property, plant and equipment	-	-	-	1,433
Utility collection commission	72,429	54,725	-	-
Write back of expired gift vouchers	45,294	15,828	-	-
Gain on bargain purchase of water plant	188	-	188	-
Sundry income	114,124	30,454	54,673	80,369
	1,830,959	**1,576,453**	**577,831**	**454,299**

	Group		Company	
For the year ended 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
14.2 Other Operating Expenses				
Exchange Loss	16,291	13,079	-	2,139
Spoilage and wastage	137,506	150,327	129,183	137,576
Bank charges	15,080	10,365	8,788	5,653
Cash collection charges	28,088	18,078	-	-
Loss on disposal of property, plant and equipment	34,484	8,946	144	-
Other expenses	5,380	3,943	4,395	3,307
	236,829	**204,738**	**142,510**	**148,675**

Notes to the Financial Statements

15 NET FINANCE INCOME/(COST)

Accounting Policy

Finance income

Finance income comprises of interest income on funds invested and interest income on financial guarantees that are recognised in the Income Statement.

For all financial instruments measured at amortised cost interest income is recorded using the effective interest rate (EIR), which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Income Statement.

Finance costs

Finance costs comprise interest expense on borrowings that are recognised in the Income Statement.

Interest expense is recorded as it accrues using the Effective Interest Rate (EIR), which is the rate that discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

		Group		Company	
For the year ended 31st March		2022	2021	2022	2021
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Finance income					
Interest income - staff loans		46,341	49,363	25,100	29,195
Interest income - short-term investments		15,570	5,281	3,280	3,012
Interest income - financial guarantee given to the Subsidiary*		-	-	5,304	7,838
Total finance income		**61,911**	**54,644**	**33,684**	**40,045**
Finance costs					
Interest expense on lease liabilities	21.1.2	(1,087,053)	(1,051,008)	(45)	-
Interest expense on borrowings - Long-term		(454,636)	(152,450)	(6,466)	-
Interest expense on borrowings - Short-term		(499,686)	(593,004)	(53,681)	(15,341)
Total finance cost		(2,041,375)	(1,796,462)	(60,192)	(15,341)
Net finance income/(cost)		**(1,979,464)**	**(1,741,818)**	**(26,508)**	**24,704**

**Represents the notional guarantee fee recognised in the books of the Company on account of the corporate guarantee given to the Subsidiary, The Colombo Ice Company (Pvt) Ltd to obtain a term loan from a commercial bank. Please refer Note 35.3 for further information.*

16 PROFIT BEFORE TAX

Accounting Policy

Expenditure recognition

Expenses are recognised in the Income Statement 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 the Income Statement.

For the purpose of presentation of the Income Statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's and Group's performance.

Profit before tax is stated after charging all expenses including the following;

		Group		Company	
For the year ended 31st March	Notes	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Remuneration to Executive Directors		106,854	77,155	49,826	36,578
Remuneration to Non-Executive Directors		6,960	6,420	6,000	5,460
Auditors' remuneration					
Audit		3,015	2,780	1,625	1,560
Non-audit		565	827	488	753
Costs of defined employee benefits					
Defined benefit plan cost	36.3	137,338	138,907	66,268	72,788
Defined contribution plan cost - EPF and ETF		434,641	365,577	144,652	134,069
Other long-term employee benefits cost	36.4	35,847	34,671	23,226	22,179
Staff expenses		6,634,027	5,620,165	2,304,948	2,044,300
Excise Duty		810,096	729,240	810,096	729,240
Share based payment expenses	34	41,220	40,038	19,438	15,986
Depreciation of property, plant and equipment	20.1	1,984,755	1,762,780	551,552	494,533
Amortisation of intangible assets	23.1	299,092	142,806	35,197	2,825
Amortisation of Right-of-use assets	21.1.1	1,042,049	918,774	668	-
Loss / (Profit) on disposal of property, plant and equipment	14	34,484	8,946	144	(1,433)
Corporate social responsibility related expenses		38,520	31,909	17,092	21,036
Donations		1	87	-	65

17 EARNINGS PER SHARE (EPS)

Accounting Policy

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent (after adjusting for outstanding share options) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

For the year ended 31st March	Notes		Group 2022	Group 2021
17.1 Basic earnings per share				
Profit for the year		Rs. '000	2,068,048	2,338,255
Dividend on preference shares		Rs. '000	(14)	-
Profit attributable to equity holders of the Parent		Rs. '000	2,068,034	2,338,255
Weighted average number of ordinary shares	17.3	No. '000	950,400	950,400*
Basic earnings per share **		Rs.	2.18	2.46
17.2 Diluted earnings per share				
Profit attributable to equity holders of the Parent		Rs. '000	2,068,034	2,338,255
Adjusted weighted average number of ordinary shares	17.3	No. '000	950,400	950,400*
Diluted earnings per share **		Rs.	2.18	2.46
17.3 Amount used as denominator				
Ordinary shares at the beginning of the year		No. '000	95,040	95,040
Bonus element on share subdivision- 2021/22		No. '000	855,360	855,360
Weighted average number of ordinary shares in issue before dilution		No. '000	950,400	950,400
Effects of dilution		No. '000	-	-
Adjusted weighted average number of ordinary shares		No. '000	950,400	950,400

**Weighted average and adjusted weighted average number of ordinary shares of 2020/21 have been restated to reflect the share subdivision done in 2021/22. Refer Note 31.*

***Basic and Diluted EPS of 2020/21 have been restated for the share subdivision done in 2021/22. Refer Note 31.*

18 DIVIDEND PER SHARE (DPS)

Equity dividend on ordinary shares

For the year ended 31st March	Group 2022 Rs.	Group 2022 Rs.'000	Group 2021 Rs.	Group 2021 Rs.'000
Declared and paid during the year				
Final dividend**	0.40*	380,160	-	-
1st Interim	0.80	760,320	0.85*	807,840
2nd Interim	-	-	0.85*	807,840
Total dividend	**1.20**	**1,140,480**	**1.70**	**1,615,680**

**DPS has been restated for the share subdivision done in 2021/22. Refer Note 31.*

***2020/21 final dividend was paid in 2021/22*

19 TAXES

Accounting Policy

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and for items recognised in Other Comprehensive Income shall be recognised in Other Comprehensive Income and not in the Income Statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgment on the application of tax laws including transfer pricing regulations involving identification of Associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

The Group has conformed with the arm's length principles relating to Transfer Pricing, as prescribed in the Inland Revenue Act.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in Subsidiaries and Associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and tax losses carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except;

- Where the deferred income tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deducible temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside the Income Statement is recognised outside the Income Statement. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except ;

- Where the sales tax incurred on the purchase of an asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

19 TAXES (CONTD.)

Accounting Policy

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the Interpretation had an impact on its Consolidated Financial Statements. Group determined that it is probable that its tax treatments (including those for the Subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the Consolidated Financial Statements of the Group.

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
19.1 Tax Expense					
Current income tax					
Tax charge for the period	19.5	254,173	286,007	168,980	248,601
Under provision of current tax of previous years	19.5	19,415	19,385	19,415	-
Irrecoverable Economic Service Charge	19.7	209,486	144,683	-	-
Deferred tax charge/(reversal)					
Relating to origination and reversal of temporary differences	19.2	230,654	(413,797)	20,657	(200,750)
		713,728	**36,278**	**209,052**	**47,851**

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
19.2 Deferred tax expense					
Income Statement					
Deferred tax expense arising from;					
Accelerated depreciation for tax purposes		289,829	(176,137)	27,313	(238,255)
Employee benefit liabilities		(26,654)	27,058	(7,912)	37,118
Revaluation of investment property to fair value		1,696	387	1,696	387
Benefit arising from tax losses		(32,971)	(264,500)	-	-
Others		(1,246)	(605)	(440)	-
Deferred tax charged/(credited) directly to Income Statement	19.1	**230,654**	**(413,797)**	**20,657**	**(200,750)**
Other Comprehensive Income					
Deferred tax expense arising from;					
Actuarial gain/(loss) on employee benefit liabilities		5,331	(13,757)	3,605	(13,079)
Revaluation of buildings		27,420	40,601	4,837	13,385
Revaluation of land		19,770	(70,585)	19,770	(70,585)
Gain on financial assets valued at fair value through OCI		15,782	568	15,782	568
Deferred tax charged / (credited) directly to Other Comprehensive Income		68,303	(43,173)	43,994	(69,711)
Total deferred tax charged/(credited)		**298,957**	**(456,970)**	**64,651**	**(270,461)**

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
19.3 Deferred Tax Liabilities					
At the beginning of the year		1,457,883	1,917,545	563,351	833,812
Charge/(release)	19.2	230,654	(413,797)	20,657	(200,750)
Acquisition of Subsidiary		-	(2,692)	-	-
Tax on Other Comprehensive Income	19.2	68,303	(43,173)	43,994	(69,711)
At the end of the year		**1,756,840**	**1,457,883**	**628,002**	**563,351**
The closing deferred tax liability balances relate to the following;					
Accelerated depreciation for tax purposes		1,945,500	1,655,671	469,845	442,532
Employee benefit liabilities		(176,497)	(149,843)	(95,629)	(87,717)
Losses available for offset against future taxable income		(365,864)	(332,893)	-	-
Revaluation of investment property to fair value		8,865	7,169	8,865	7,169
Tax effect on actuarial gain/(loss)		(10,422)	(15,753)	(8,351)	(11,956)
Revaluation of land to fair value		168,880	149,110	168,880	149,110
Revaluation of buildings to fair value		184,596	157,176	79,884	75,047
Tax effect on gain on financial assets valued at fair value through OCI		19,509	3,727	19,509	3,727
Deferred tax on SLFRS 9 transitional adjustments		(14,561)	(14,561)	(14,561)	(14,561)
Acquisition of Subsidiary		(2,692)	(2,692)	-	-
Others		(474)	772	(440)	-
		1,756,840	**1,457,883**	**628,002**	**563,351**

The Group's deferred tax has been computed at the rate of 18% and 24%.

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
19.4 Income Tax Liabilities					
At the beginning of the year		222,898	274,563	220,437	274,563
Charge for the year	19.5	254,173	286,007	168,980	248,601
Under provision of current tax of previous years	19.5	19,415	19,385	19,415	-
Tax paid, set-off against tax credits and refunds		(230,531)	(357,057)	(194,672)	(302,727)
At the end of the year		**265,955**	**222,898**	**214,160**	**220,437**

Accounting judgements, estimates and assumptions

The Group is subject to income tax and other taxes including VAT. Significant judgment was required to determine the total provision for current, deferred and other taxes due to uncertainties that exist with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these Financial Statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

The Group has contingent liabilities amounting to Rs.36.5 million (2021 – Rs.36.5 million) in relation to income tax assessments relating to years of assessments 2011/12, 2012/13 and 2013/14. These have been arrived at after discussing with independent and legal tax experts and based on information available. All assumptions are revisited at the reporting date. Further details on contingent liabilities are disclosed in Note 42 in the Financial Statements.

19 TAXES (CONTD.)

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
19.5 Reconciliation between current tax charge and the accounting profit					
Profit before tax*		2,781,776	2,374,533	1,050,926	1,165,891
Dividend income from Group companies		-	-	592,799	510,000
Consolidation adjustments		580,191	531,903	-	-
Profit after adjustment		3,361,967	2,906,436	1,643,725	1,675,891
Exempt profits		(16,396)	(15,176)	(16,396)	(15,176)
Income not liable for income tax		(31,217)	(30,636)	(31,217)	(30,636)
Adjusted accounting profit chargeable to income taxes		3,314,354	2,860,624	1,596,112	1,630,079
Disallowable expenses		4,957,044	4,389,199	813,697	679,283
Allowable expenses		(10,040,190)	(6,511,968)	(1,351,982)	(828,348)
Qualifying payment deductions		(456)	(398)	(456)	(398)
Utilisation of tax losses	19.8	-	(244,253)	-	-
Taxable income		**(1,769,248)**	**493,204**	**1,057,371**	**1,480,616**
Income tax charged at					
Standard rate - 24%		12,653	14,265	12,121	13,458
Lower rates - 14% and 18%		241,520	271,742	156,859	235,143
Tax charge for the period	19.1	254,173	286,007	168,980	248,601
Under provision for previous years	19.1	19,415	19,385	19,415	-
Current tax charge		**273,588**	**305,392**	**188,395**	**248,601**

**Profit before tax excluding dividend income from Group Companies.*

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
19.6 Reconciliation between tax expense and the product of accounting profit					
Adjusted accounting profit chargeable to income taxes		**3,314,354**	**2,860,624**	**1,596,112**	**1,630,079**
Tax effect on chargeable profits		626,083	519,792	265,954	275,504
Tax effect on non deductible expenses		32,188	20,196	8,370	9,106
Gratuity Transfers		(1,858)	7,829	(3,535)	8,584
Tax effect on deductions claimed		(346,902)	(280,383)	(153,462)	(43,547)
Deferred tax reversal due to rate differentials		-	(394,336)	-	(198,555)
Net tax effect of unrecognised deferred tax assets for the year		72,310	(888)	72,310	(3,241)
Under provision for previous years		122,481	19,385	19,415	-
Irrecoverable economic service charge	19.7	209,486	144,683	-	-
Tax expense		**713,728**	**36,278**	**209,052**	**47,851**

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000
19.7 Tax recoverable			
At the beginning of the year		212,283	373,560
Acquisition of Subsidiary		-	2,797
Irrecoverable Economic Service Charge	19.6	(209,486)	(144,683)
Withholding taxes paid / set off		-	(6)
Set-off against income tax liability		-	(19,385)
At the end of the year	29	**2,797**	**212,283**

As at 31st March	Group 2022 Rs.'000	Group 2021 Rs.'000
19.8 Tax losses carried forward		
Tax losses brought forward	1,194,339	244,253
Tax losses arising during the year	3,300,089	1,194,339
Adjustments on finalisation of liability	35,136	-
Utilisation of tax losses	-	(244,253)
At the end of the year	**4,529,564**	**1,194,339**

Out of the carried forward tax loss of Rs.4.5 Bn a deferred tax asset to the extent of Rs.3.2 Bn has not been recognised in the Statement of Financial Position as at 31st March 2022.

These tax losses are to be expired in the years of assessment commencing from 2024/25 to 2031/32.

19.9 Surcharge Tax

Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022 and is applicable to the Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds Rs. 2,000 Mn, for the year of assessment 2020/21. The liability is computed at the rate of 25% on the taxable income of the individual Group companies, net of dividends from Subsidiaries.

As the Act was certified by the Speaker of Parliament after the financial reporting date, no liability has been recognised in financial year 2021/22 on account of the one-off Surcharge Tax as the law had not been enacted as at 31st March 2022.

Total Surcharge Tax liability of Rs. 249 Mn will be recognised in the Financial Statements of financial year 2022/23 for the Group and the Company as an adjustment to the 1st April 2021 retained earnings in the Statement of Changes in Equity as per the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

On 20th April 2022, the Company paid Rs. 124 Mn on account of the first instalment of the Surcharge Tax liability with the balance payable on 20th July 2022.

19.10 Applicable rates of income tax

The income tax liability of the Group and the Company is computed at the standard rate of 24% (2020/21 - 24%) and other lower rates where applicable.

20 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of recognition

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

Basis of measurement

Property, plant and equipment except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Income Statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Any revaluation surplus is recognised in Other Comprehensive Income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement. A revaluation deficit is recognised in the Income Statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve related to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. The Company has adopted a policy of revaluing land and building at least every 5 years.

The Subsidiaries Jaykay Marketing Service (Pvt) Ltd and LogiPark International (Pvt) Ltd have adopted a policy of revaluing its buildings on leasehold land by a professional valuer after the asset completes 3 years of its useful life as the management believes that within the first 3 years, the initial recognition amount represents the assets' fair value.

Capital work-in-progress is stated at cost including borrowing cost capitalised where applicable.

Derecognition

An item of property, plant and equipment is derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Income Statement in the year the asset is derecognised.

Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write-off such amounts over the estimated useful economic life of such assets.

Accounting Policy

The estimated useful life of assets is as follows:

Assets	Years
Buildings	20-50
Building on leasehold land	25 or over the period of lease
Plant and machinery	3-30
Equipment, furniture and fittings	5- 15
Motor vehicles	3-15
Others assets	3-20
Returnable containers	4 -10

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of property plant and equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the Income Statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the Statement of Other Comprehensive Income to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Businesses continued to respond with specific plans to enable smooth and uninterrupted functioning of businesses and operations, despite some of the immediate term challenges due to constraints on supply chains and electricity and fuel disruptions, whilst maintaining strict adherence to Government directives and health and safety considerations. The Group managed to circumvent these issues without a significant impact on output. As such, the Group has not determined impairment as at the reporting date.

20 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

20.1

As at 31st March	Land and buildings Rs.'000	Buildings on leasehold land Rs.'000	Plant and machinery Rs.'000	Equipment, furniture and fittings Rs.'000	Motor vehicles Rs.'000	Returnable containers Rs.'000	Others Rs.'000	Capital work in progress Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
Group										
Cost or valuation										
At the beginning of the year	1,559,602	8,738,382	10,284,661	3,656,611	179,730	935,114	3,820,024	1,818,344	30,992,468	27,643,035
Additions	165,961	735,151	590,205	694,805	602	20,021	445,318	2,344,638	4,996,701	2,606,182
Acquisition of water plant*	-	50,835	47,943	2,566	1,348	-	-	-	102,692	-
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	-	1,115,246
Disposal	-	(36,566)	(29,402)	(37,646)	-	(10,827)	(104,025)	(11,794)	(230,260)	(174,769)
Revaluations	136,705	102,165	-	-	-	-	-	-	238,870	226,450
Transfers**	1,320	2,001,726	522,888	496,736	-	-	101,396	(3,149,667)	(25,601)	(17,893)
Transfers (from revaluation adjustment)	(35,015)	(365,877)	-	-	-	-	-	-	(400,892)	(405,783)
At the end of the year	1,828,573	11,225,816	11,416,295	4,813,072	181,680	944,308	4,262,713	1,001,521	35,673,978	30,992,468
Accumulated depreciation and impairment										
At the beginning of the year	(8,348)	(487,747)	(3,859,251)	(1,450,005)	(111,545)	(689,977)	(2,096,365)	-	(8,703,238)	(7,506,088)
Charge for the year	(37,752)	(429,332)	(697,852)	(446,342)	(15,113)	(56,872)	(301,492)	-	(1,984,755)	(1,763,051)
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	-	(32)
Disposal	-	29,569	26,670	24,155	-	10,826	101,464	-	192,684	159,879
Transfers**	327	-	-	(327)	-	-	-	-	-	271
Transfers (from revaluation adjustment)	35,015	365,877	-	-	-	-	-	-	400,892	405,783
At the end of the year	(10,758)	(521,633)	(4,530,433)	(1,872,519)	(126,658)	(736,023)	(2,296,393)	-	(10,094,417)	(8,703,238)
Carrying value:										
As at 31 March 2022										
At valuation	1,698,877	7,802,544	-	-	-	-	-	-	9,501,421	-
At cost	118,938	2,901,639	6,885,862	2,940,553	55,022	208,285	1,966,320	1,001,521	16,078,140	-
	1,817,815	**10,704,183**	**6,885,862**	**2,940,553**	**55,022**	**208,285**	**1,966,320**	**1,001,521**	**25,579,561**	**-**
As at 31 March 2021										
At valuation	1,546,729	4,891,131	-	-	-	-	-	-	-	6,437,860
At cost	4,525	3,359,504	6,425,410	2,206,606	68,185	245,137	1,723,659	1,818,344	-	15,851,370
	1,551,254	**8,250,635**	**6,425,410**	**2,206,606**	**68,185**	**245,137**	**1,723,659**	**1,818,344**	**-**	**22,289,230**

**Acquisition of water plant – Refer Note 8.1*

***Transfers include, transfer from capital work in progress and transfers between classes of assets.*

20.1 (Contd.)

Company

As at 31st March	Land and buildings Rs.'000	Buildings on leasehold land Rs.'000	Plant and machinery Rs.'000	Equipment, furniture and fittings Rs.'000	Motor vehicles Rs.'000	Returnable containers Rs.'000	Others Rs.'000	Capital work in progress Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
Cost or valuation										
At the beginning of the year	1,559,602	-	3,461,818	105,901	179,004	935,113	2,966,787	2,954	9,211,179	8,872,066
Additions	165,961	-	63,958	111,766	602	20,021	390,115	84,084	836,507	429,322
Acquisition of water plant*	-	50,835	47,943	2,566	1,348	-	-	-	102,692	-
Disposal	-	-	(17,891)	(1,588)	-	(10,827)	(98,219)	-	(128,525)	(119,950)
Revaluations	136,705	-	-	-	-	-	-	-	136,705	61,105
Transfers**	1,320	-	-	1,634	-	-	-	(2,954)	-	(461)
Transfers (from revaluation adjustment)	(35,015)	-	-	-	-	-	-	-	(35,015)	(30,903)
At the end of the year	1,828,573	50,835	3,555,828	220,279	180,954	944,307	3,258,683	84,084	10,123,543	9,211,179
Accumulated depreciation and impairment										
At the beginning of the year	(8,348)	-	(2,279,375)	(70,275)	(110,820)	(689,976)	(1,698,781)	-	(4,857,575)	(4,512,949)
Charge for the year	(37,752)	(706)	(236,267)	(13,213)	(15,113)	(56,872)	(191,629)	-	(551,552)	(494,541)
Disposal	-	-	17,888	1,098	-	10,826	97,212	-	127,024	119,004
Transfers**	327	-	-	(327)	-	-	-	-	-	8
Transfers (from revaluation adjustment)	35,015	-	-	-	-	-	-	-	35,015	30,903
At the end of the year	(10,758)	(706)	(2,497,754)	(82,717)	(125,933)	(736,022)	(1,793,198)	-	(5,247,088)	(4,857,575)
Carrying value:										
As at 31 March 2022										
At valuation	1,698,877	50,129	-	-	-	-	-	-	1,749,006	-
At cost	118,938	-	1,058,074	137,562	55,021	208,285	1,465,485	84,084	3,127,449	-
	1,817,815	50,129	1,058,074	137,562	55,021	208,285	1,465,485	84,084	4,876,455	-
As at 31 March 2021										
At valuation	1,546,729	-	-	-	-	-	-	-	-	1,546,729
At cost	4,525	-	1,182,443	35,626	68,184	245,137	1,268,006	2,954	-	2,806,875
	1,551,254	-	1,182,443	35,626	68,184	245,137	1,268,006	2,954	-	4,353,604

**Acquisition of water plant – Refer Note 8.1*

***Transfers include, transfer from capital work in progress and transfers between classes of assets.*

20.2 Revaluation of land and buildings

Accounting judgements,estimates and assumptions

The Group uses the revaluation model of measurement of land and buildings. The Group engaged Messrs. P B Kalugalagedara & Associates and Mr. G H A P K Fernando, who are independent expert valuers, to determine the fair value of its land and buildings and they have carried out the valuation in accordance with Sri Lanka Accounting Standards and International Valuation Standards published by the International Valuation Standards Committee (IVSC). Fair value is determined by reference to market-based evidence. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was carried out on 31st December 2021.

The valuations as of 31st December 2021 contained a higher estimation uncertainty as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value. The value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

The changes in fair value recognised in Other Comprehensive Income and in the Statement of Changes in Equity.

Details of Group's land and buildings stated at valuation are indicated below.

Property	Name of Chartered Valuation surveyor	Method of valuation	Significant unobservable inputs				Correlation to fair value
			Estimated price per perch		Estimated price per square foot		
			2022	2021	2022	2021	
Land and buildings							
Ceylon Cold Stores PLC	P.B.Kalugalagedara	Open market value method	Rs.200,000-Rs.225,000	Rs.170,000-Rs.200,000	-	-	Positive
Ceylon Cold Stores PLC	P.B.Kalugalagedara	Open market value method	-	-	Rs.500 - Rs.4,500	Rs.500 - Rs.5,000	Positive
Buildings on leasehold land							
Ceylon Cold Stores PLC	G.H.A.P.K. Fernando	Open market value method	-	-	Rs. 750 - Rs.5,000	-	Positive
Jaykay Marketing Services (Pvt) Ltd	P.B.Kalugalagedara	Investment method	-	-	Rs.20 - Rs.185	Rs.30 - Rs.180	Positive
The Colombo Ice Company (Pvt) Ltd	P.B.Kalugalagedara	Open market value method	-	-	Rs.2500 - Rs.8000	Rs.2500 - Rs.8000	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.

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.

20.3 The carrying amount of revalued buildings of the Group if they were carried at cost less depreciation and impairment, would be as follows;

As at 31st March	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Cost	9,082,452	5,592,646	649,265	483,304
Accumulated depreciation and impairment	(1,228,263)	(872,513)	(113,139)	(110,835)
Carrying value	**7,854,189**	**4,720,133**	**536,126**	**372,469**

20.4 Property, plant and equipment that have been fully depreciated and continue to be in use by the Group are as follows;

As at 31st March	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Cost of fully depreciated assets	2,940,338	2,372,338	2,019,338	1,674,338

20.5 During the year, borrowing costs of Rs. 122.5Mn and Rs. 2.2Mn was capitalised in the Group and the Company respectively (2020/21 - Nil).

	Year	Borrowing cost incurred Rs.'000	Borrowing cost capitalised Rs.'000
Ceylon Cold Stores PLC	2021/22	6,466	2,236
LogiPark International (Pvt) Ltd	2021/22	143,181	120,233

Details of the loans are given under Note 35.3.

20.6 Other assets of the Company mainly comprise of freezers, bottle coolers and crates. The net book value of those assets are as follows;

As at 31st March	2022 Freezers Rs.'000	2022 Coolers Rs.'000	2022 Crates Rs.'000	2021 Freezers Rs.'000	2021 Coolers Rs.'000	2021 Crates Rs.'000
Cost	1,378,156	929,449	585,956	1,178,563	868,510	594,084
Accumulated depreciation and impairment	(542,715)	(432,379)	(575,592)	(525,669)	(380,129)	(578,478)
Carrying value	**835,441**	**497,070**	**10,364**	**652,894**	**488,381**	**15,606**

20.7 Group property, plant and equipment with a carrying value of Rs. 1,876 Mn (2021 - Nil) have been pledged as security for loans obtained, details of which are disclosed in Note 35.3.

20.8 The Group assessed for impairment indications of assets at the end of reporting period and there were no indications observed. No idle assets were observed that require disclosures in the Financial Statements.

21 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Accounting Policy

Right-of-use assets

The Group recognises right-of-use assets when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group uses 6 months AWPLR based plus margin when calculating the incremental borrowing rate which reflects the average rate of borrowings in the Group. Quarterly calculated incremental borrowing rates were used to discount new leases obtained during the year.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Businesses continued to respond with specific plans to enable smooth and uninterrupted functioning of businesses and operations, to the extent possible, whilst maintaining strict adherence to Government directives and health and safety considerations. As such, the Group has not determined impairment as at the reporting date.

The Group companies received rent concessions such as rent payment holidays and deferral of payments during the year. The practical expedient has been chosen to adopt amendments to SLFRS 16 COVID-19 Related Rent Concessions which is insignificant to disclose separately. These concessions has been extended up to June 2022.

21.1 Amounts recognised in the Statement of Financial Position and Income Statement

Set out below, are the carrying amounts of the Group's right of use assets and the movements for the year ended 31 March.

21.1.1 Right-of-Use Assets

		Group		Company	
		2022	2021	2022	2021
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost					
At the beginning of the year		11,254,097	8,765,188	-	-
Additions		1,643,678	1,909,359		-
Acquisition of water plant	8.1	48,070	-	48,070	-
Acquisition of Subsidiary	8.2	-	582,176	-	-
Derecognition		(113,987)	(2,626)	-	-
At the end of the year		12,831,858	11,254,097	48,070	-
Accumulated amortisation and impairment					
At the beginning of the year		(1,686,779)	(768,005)	-	-
Amortisation		(1,042,049)	(918,774)	(668)	-
At the end of the year		(2,728,828)	(1,686,779)	(668)	-
Carrying value		**10,103,030**	**9,567,318**	**47,402**	**-**

Set out below are the carrying amounts of lease liabilities and the movements for the period ended 31 March.

21.1.2 Lease Liabilities

		Group		Company	
		2022	2021	2022	2021
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year		9,165,553	7,599,022	-	-
Additions		1,711,134	1,909,359	-	-
Acquisition of water plant	8.1	2,432	-	2,432	-
Transfers		(98,571)	(122,000)	-	-
Interest expense		1,087,053	1,051,008	45	-
Disposals		(135,400)	-	-	-
Payments		(1,376,008)	(1,276,343)	-	-
Exchange loss		48,525	4,507	-	-
At the end of the year		10,404,718	9,165,553	2,477	-
Non-current		9,927,569	8,827,562	2,441	-
Current		477,149	337,991	36	-
At the end of the year		**10,404,718**	**9,165,553**	**2,477**	**-**

The maturity analysis of lease liabilities are disclosed in Note 9.2.2.

Notes to the Financial Statements

21.1.3 The following are the amounts recognised in Income Statement:

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Amortisation expense of right-of-use assets	21.1.1	1,042,049	918,774	668	-
Interest expense on lease liabilities	21.1.2	1,087,008	1,051,008	45	-
Exchange loss	21.1.2	48,525	4,507	-	-
Total amount recognised in Income Statement		**2,177,582**	**1,974,289**	**713**	**-**

Expenses relating to short-term leases and leases of low value assets amounting to Rs.65 Mn and Rs.1.1 Mn (2021 - Rs.60.4 Mn and Rs.3.5 Mn) have been recognised in the Income Statement by the Group and the Company, respectively.

22 INVESTMENT PROPERTY

Accounting Policy

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of the investment property. 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 the Income Statement in the year in which they arise. Fair values are evaluated at least every 3 years by an accredited external independent valuer. The most recent revaluation was carried out on 31st December 2021.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the Income Statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use for a transfer from investment property to owner occupied property or inventory (WIP), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property or inventory (WIP), 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. 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 using Group accounting policy for property, plant and equipment.

As at 31st March	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
22.1 Carrying value				
At the beginning of the year	300,295	296,422	300,295	296,422
Change in fair value during the year	16,955	3,873	16,955	3,873
At the end of the year	**317,250**	**300,295**	**317,250**	**300,295**
Freehold property	317,250	300,295	317,250	300,295
Carrying value	**317,250**	**300,295**	**317,250**	**300,295**

22.2 Valuation details of investment property

Accounting judgements estimates and assumptions

Fair value of the Investment Property is ascertained by annual independent valuations carried out by Messrs. P B Kalugalagedara & Associates - Chartered valuation surveyors as at 31st December 2021, that has recent experience in valuing properties of similar location and category. Investment Property was appraised in accordance with LKAS 40 and 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC), by the independent valuer.

In determining the fair value, the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also valuer has made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

The changes in fair value are recognised in the Income Statement. The determined fair values of investment properties were based on the open market value method.

Property	Name of Chartered Valuation surveyor	Method of valuation	Significant unobservable inputs				Correlation to fair value
			Estimated price per perch		Estimated price per square foot		
			2022	2021	2022	2021	
Ceylon Cold Stores PLC							
Land	P.B.Kalugalagedara	Open market value method	Rs. 1,650,000	Rs. 1,550,000			Positive
Building	P.B.Kalugalagedara	Open market value method	-	-	Rs. 1,000 - Rs. 2,000	Rs. 1,000 - Rs. 2,000	Positive

22.3 Income and expenses arising from investment property

Investment property generated rental income and direct operating expenses are as follows;

For the year ended 31st March	Company 2022 Rs.'000	Company 2021 Rs.'000
Rent Income	434	394
Direct operating expenses incurred	1,116	1,038

23 INTANGIBLE ASSETS

Accounting Policy

Basis of recognition

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

Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged to Income Statement in the year in which the expenditure is incurred.

23 INTANGIBLE ASSETS (CONTD.)

Accounting Policy

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end and such changes are treated as accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement.

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

Purchased software

Purchased software is recognised as intangible assets and is amortised on a straight line basis over its useful life.

Software licence

Software licence costs are recognised as an intangible asset and amortised over the period of expected future usage of related ERP systems.

Developed Software

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent Expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

A summary of the policies applied to the Group's intangible assets is as follows;

Intangible assets	Useful life	Acquired/ Internally generated	Impairment testing/ amortisation
Purchased Software	3-10	Acquired	When indicators of impairment arise. The amortisation method is reviewed at each financial year end.
Software Licences	3-6	Acquired	
Developed Software	10	Internally generated	Annually for assets not yet in use and more frequently when indicators of impairment arise. For assets in use, when indicators of impairment arise. The amortisation method is reviewed at each financial year end.

Derecognition

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

23.1

As at 31st March	Licences Rs.'000	Software Purchased Rs.'000	Software Developed Rs.'000	Goodwill** Rs.'000	2022 Rs.'000	2021 Rs.'000
Group						
Cost						
At the beginning of the year	15,143	1,038,570	1,147,794	115,006	2,316,513	890,462
Additions	-	251,704	801,895	-	1,053,599	1,408,159
Transfers*	131,236	25,601	-	-	156,837	17,892
Disposals / de-recognition	-	(30,285)	-	-	(30,285)	-
At the end of the year	**146,379**	**1,285,590**	**1,949,689**	**115,006**	**3,496,664**	**2,316,513**
Accumulated amortisation						
At the beginning of the year	(7,487)	(344,831)	(23,067)	-	(375,385)	(232,579)
Amortisation	(5,530)	(154,004)	(139,558)	-	(299,092)	(142,535)
Transfers*	-	-	-	-	-	(271)
Disposals / de-recognition	-	4	-	-	4	-
At the end of the year	**(13,017)**	**(498,831)**	**(162,625)**	**-**	**(674,473)**	**(375,385)**
Carrying value						
As at 31 March 2022	133,362	786,759	1,787,064	115,006	2,822,191	-
As at 31 March 2021	7,656	693,739	1,124,727	115,006	-	1,941,128

As at 31st March	Licences Rs.'000	Software Purchased Rs.'000	Software Developed Rs.'000	2022 Rs.'000	2021 Rs.'000
Company					
Cost					
At the beginning of the year	4,104	43,613	183,054	230,771	26,296
Additions	-	-	248,167	248,167	204,014
Transfers*	-	-	-	-	461
At the end of the year	**4,104**	**43,613**	**431,221**	**478,938**	**230,771**
Accumulated amortisation					
At the beginning of the year	(2,307)	(23,350)	-	(25,657)	(22,832)
Amortisation	(561)	(5,228)	(29,408)	(35,197)	(2,817)
Transfers*	-	-	-	-	(8)
At the end of the year	**(2,868)**	**(28,578)**	**(29,408)**	**(60,854)**	**(25,657)**
Carrying value					
As at 31 March 2022	1,236	15,035	401,813	418,084	-
As at 31 March 2021	1,797	20,263	183,054	-	205,114

**Includes, transfers between classes of assets and reclassifications*

***Goodwill - The recoverable amount of the cash generating unit relevant to goodwill is more than the carrying amount at the end of the reporting period. Therefore, no impairment loss is recognised in respect of goodwill as at 31st March 2022.*

An amount of Rs. 248 Mn (2021 - Rs. 183 Mn) has been recognised as research and development expenditure during the year 2021/22.

23.2 Goodwill

Accounting judgements estimates and assumptions

Goodwill acquired through business combination is due to the purchase of Jaykay Marketing Services (Pvt) Ltd and goodwill is tested for impairment as explained below.

Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the industry growth rates of one to four years immediately subsequent to the budgeted year.

Sensitivity of assumptions used

The Management tested several scenario based calculations on possible changes of the assumptions due to the prevailing macro-economic conditions. Based on those calculations, the management has concluded that there is no material impact to Value in Use which was computed.

23.3 Intangible assets that have been fully amortised and continue to be in use by the Group are as follows.

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost of fully amortised intangible assets	95,198	89,618	24,198	19,618

24 INVESTMENTS IN SUBSIDIARIES

Accounting Policy

Investment in Subsidiaries is initially recognised at cost in the Financial Statements of the Company. Any transaction cost relating to acquisition of investment in Subsidiaries are immediately recognised in the Income Statement. Following initial recognition, investment in Subsidiaries are carried at cost less any accumulated impairment losses.

As at 31st March	Number of shares No.'000	Effective holding %	Company 2022 Rs.'000	Company 2021 Rs.'000
24.1 Carrying value				
Investment in Subsidiaries				
Unquoted ordinary shares				
Jaykay Marketing Services (Private) Ltd	202,239	100	1,022,892	1,022,892
The Colombo Ice Company (Private) Ltd	170,000	100	1,742,157	1,736,853
LogiPark International (Private) Ltd*	105,875	100	-	-
Unquoted preference shares				
Jaykay Marketing Services (Private) Ltd**	80,000		200,000	200,000
			2,965,049	**2,959,745**

**LogiPark International (Pvt) Ltd is a wholly owned Subsidiary of Jaykay Marketing Service (Pvt) Ltd.*

***On 17th July 2013 the Company invested a sum of Rs. 200 Mn in 80 Mn 10% Non - Cumulative, Non Voting, Redeemable Preference Shares valued at Rs. 2.50 per share. The date of redemption shall be any time after five (05) years from the date of issue to be determined by the Board of Directors of Jaykay Marketing Services (Pvt) Ltd.*

25 NON-CURRENT FINANCIAL ASSETS

Accounting Policy

Non-current financial assets within the scope of SLFRS 9 are classified as financial assets at initial recognition.

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
25.1 Non-current financial assets					
Loans to executives - Receivable between one and five years	25.2	297,223	248,056	152,021	121,036
Unquoted equity investments	25.3	7,205,811	7,047,990	7,205,811	7,047,990
Total non-current financial assets		**7,503,034**	**7,296,046**	**7,357,832**	**7,169,026**

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
25.2 Loans to executives					
At the beginning of the year		369,990	352,437	207,167	212,100
Loans granted		166,002	136,252	78,267	68,790
Recoveries		(138,532)	(118,699)	(77,192)	(73,723)
At the end of the year		397,460	369,990	208,242	207,167
Receivable within one year	28	100,237	121,934	56,221	86,131
Receivable after one year					
Receivable between one and five years		297,223	248,056	152,021	121,036
		397,460	369,990	208,242	207,167

25 NON-CURRENT FINANCIAL ASSETS (CONTD.)

As at 31st March	Number of shares No.'000	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
25.3 Unquoted equity investments					
Waterfront Properties (Pvt) Ltd (WPL)*	539,286				
At the beginning of the year		7,047,990	7,042,312	7,047,990	7,042,312
Remeasurement gain recognised for the year		157,821	5,678	157,821	5,678
At the end of the year		7,205,811	7,047,990	7,205,811	7,047,990

**The unquoted equity investment has been fair valued using the discounted cash flow method of the investee (WPL). The value per share of WPL as at 31st March 2022 was Rs. 13.37 (2021 - Rs.13.07). The Company shareholding in WPL as at the reporting date was 7.55% (2021 - 9.32%).*

Details of the valuation as at 31st March 2022 is given below;

The valuation of the investment in Waterfront Properties (Pvt) Ltd (WPL) has been conducted based on the Discounted Cash Flow Method.

Discounted Cash Flow Method

Estimates the fair market value of the entity considering the future cash flow generation of the Company, as of now. Projected cash flows, which are denominated in USD, are discounted at a USD cost of equity, to arrive at the net present value of the investment. Key assumptions used in the Discounted Cash Flow Method are noted below;

- Forecast Horizon

  Cash Flows have been forecasted for 7 years, with the Terminal Value based on an appropriate Terminal Growth Rate in line with the market.

- Revenue and EBITDA margins

  Assumptions have been forecasted under scenarios of a base case and a sensitised case, with corresponding probabilities factored. A minority discount has also been considered given the Company's shareholding percentage in WPL. Whilst the base case scenario is based on the business plan under a normalised environment, the sensitised case is forecasted taking into account the possible continuation of macro-economic uncertainties prevalent at present in the country. Revenue and EBITDA margins have been adjusted for project specific aspects and the margin projections are based on an extrapolation of the existing operations in the market, independent market studies, as applicable, and the performance of similar properties regionally.

- Discount Rate

  The USD discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

Sensitivity of assumptions used

The Management tested several scenario based calculations on possible changes of the assumptions due to the prevailing macro-economic conditions. Based on those calculations, the management has concluded that there is no material impact to the fair value of the asset recognised as at the end of the reporting period.

Details of the valuation as at 31st March 2021 is given below;

The valuation of the investment in Waterfront Properties (Pvt) Ltd (WPL) has been conducted based on the Discounted Cash Flow Method.

Discounted Cash Flow Method

Estimates the fair market value of the entity considering the future cash flow generation of the Company, as of now. Projected cash flows, which are denominated in USD, are discounted at a USD cost of equity, to arrive at the net present value of the investment. Key assumptions used in the Discounted Cash Flow Method are noted below;

- **Probability Weighted Scenarios**

  Assumptions have been forecasted under scenarios of a base case and a sensitised case, with corresponding probabilities factored. Whilst the base case scenario is based on the current business plan, the sensitised case takes into account the uncertainties prevalent at present and possible disruptions to the commencement and ramp up of operations in the event the current situation in the country and the region continues for a prolonged period of time.

- **Forecast Horizon**

  Cash Flows have been forecasted for 7 years, with the Terminal Value based on an appropriate Terminal Growth Rate in line with the market.

- **Revenue and EBITDA margins**

  Revenue and EBITDA margins have been projected based on the existing operations in the market, independent market studies, as applicable, and the performance of similar properties regionally, which has been adjusted for project specific aspects.

- **Discount Rate**

  The USD discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

26 OTHER NON-CURRENT ASSETS

Accounting Policy

Group classifies all non financial non-current assets that are not expected to be realised within twelve months under other non-current assets.

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Prepaid staff cost*	44,002	59,621	21,605	30,949
Deposits	891,884	804,779	16,778	17,331
Prepaid rent and advances	70,840	67,371	-	-
Licenses	-	123,085	-	-
	1,006,726	1,054,856	38,383	48,280

**Prepaid staff cost represent the prepaid portion of the loans granted to the Staff.*

27 INVENTORIES

Accounting Policy

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

Provision for inventory is recognised when the expected net realisable value of inventory is lower than its carrying amount. This includes provision for obsolete, slow-moving and perishable inventory which requires a level of judgement on how the condition of inventory is impacted along with other industry factors.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows;

Inventory	Basis of valuation
Raw materials, machinery spares and other inventories	Actual cost on a weighted average basis
Finished goods, retail inventories and work-in-progress	At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity but excluding borrowing costs

27 INVENTORIES (CONTD.)

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Raw materials		1,947,228	663,211	1,367,780	510,120
Work-in-progress		187,488	205,849	166,875	183,288
Finished goods and retail goods		6,452,738	5,774,605	358,011	244,803
Machinery spares		552,257	451,581	365,724	314,333
Other inventories		155,239	154,094	18,748	14,545
Provision for slow moving inventories	27.1	(220,069)	(140,623)	(85,397)	(68,242)
		9,074,881	7,108,717	2,191,741	1,198,847

27.1 Movement in the provision for slow-moving inventories

As at 31st March	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
At beginning of the year	140,623	278,820	68,242	114,890
Charge/(reversal) for the year	79,446	(138,197)	17,155	(46,648)
At the end of the year	220,069	140,623	85,397	68,242

28 TRADE AND OTHER RECEIVABLES

A receivable represents the Group's right to an amount of consideration that is unconditional. Trade receivables are non-interest bearing and are generally on credit period of 17 to 75 days. In 2022, Rs. 90 Mn (In 2021, Rs. 71.7 Mn) and Rs. 79.9 Mn (In 2021, Rs. 66.5 Mn) were recognised as provision for expected credit losses on trade receivables by the Group and the Company respectively.

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Trade Receivables		4,065,892	3,269,476	2,200,875	1,695,756
Less: Allowance for expected credit loss		(90,006)	(71,744)	(79,709)	(66,499)
		3,975,886	3,197,732	2,121,166	1,629,257
Deposits and other receivables		193,465	38,020	51,155	13,596
Loans to executives	25.2	100,237	121,934	56,221	86,131
		4,269,588	3,357,686	2,228,542	1,728,984

29 OTHER CURRENT ASSETS

Accounting Policy

Group classifies all non-financial current assets under other current assets.

		Group		Company	
As at 31st March		2022	2021	2022	2021
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Pre-payments		244,865	203,975	12,120	21,968
Advances		446,350	134,843	255,626	60,240
Other receivables		816,709	419,485	-	-
Income tax recoverable	19.7	2,797	212,283	-	-
		1,510,721	970,586	267,746	82,208

30 SHORT-TERM INVESTMENTS

Accounting Policy

Group classifies investment in government securities, other short-term investments and term deposits with a maturity of twelve months or less, under short-term investments.

Short-term investments are liquid assets or cash, which are being held for a short period of time, with the primary purpose of controlling the tactical asset allocation.

	Group		Company	
As at 31st March	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deposits at bank	-	523,534	-	-
Reported in Statement of Cash Flow	-	523,534	-	-

31 STATED CAPITAL

	Group and Company			
	2022		2021	
As at 31st March	Number of shares No.'000	Value of shares Rs.'000	Number of shares No.'000	Value of shares Rs.'000
Fully paid ordinary shares	950,400	918,000	95,040	918,000
Fully paid preference shares	25	200	25	200
		918,200		918,200
Fully paid ordinary shares				
At the beginning of the year	95,040	918,000	95,040	918,000
Subdivision of shares	855,360	-	-	-
At the end of the year	950,400	918,000	95,040	918,000
Fully paid Preference Shares				
At the beginning of the year	25	200	25	200
At the end of the year	25	200	25	200

The issued ordinary shares of the Company are listed on the Colombo Stock Exchange.

Subdivision of Shares

The Company received approval to subdivide 1 ordinary share in existence into 10 ordinary shares at the Extraordinary General Meeting held on 22 February 2022. On this basis, the 95,040,000 shares in issue as at 25 February 2022 were subdivided into 950,400,000 shares.

32 REVENUE RESERVES

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Retained Earnings	13,312,296	12,362,751	11,014,022	10,703,419
	13,312,296	**12,362,751**	**11,014,022**	**10,703,419**

33 OTHER COMPONENTS OF EQUITY

		Group		Company	
As at 31st March	Notes	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Revaluation reserve on					
Land	33.1	831,205	741,145	831,205	741,145
Building	33.1	660,965	559,345	302,047	280,009
		1,492,170	1,300,490	1,133,252	1,021,154
Employee share option plan reserve	34	576,488	535,268	346,680	327,242
Fair value reserve of financial assets at FVOCI	33.2	1,808,000	1,665,961	1,808,000	1,665,961
		3,876,658	**3,501,719**	**3,287,932**	**3,014,357**

33.1 Revaluation reserve consists of the surplus on the revaluation of land and buildings net of deferred tax effect.

33.2 Fair value reserve of financial assets at FVOCI includes changes in fair value of equity instruments, net of deferred tax effect.

34 SHARE-BASED PAYMENT PLANS

Accounting Policy

Employee share option plan - equity-settled transactions

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The Group applies SLFRS 2 Share Based Payments in accounting for employee remuneration in the form of shares from 1 April 2013 onwards.

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Income Statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Accounting Policy

Employee share option scheme

Under the John Keells Group's employees share option scheme (ESOP), share options of the Parent are granted to executives of the Group generally with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vest over a period of four years and is dependent on a performance criteria and a service criteria. the performance criteria being a minimum performance achievement of “”met expectations”” and service criteria being that the employee has to be in employment at the time the share options vest. The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted.

The contractual term for each option granted is five years. there are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

Accounting judgements, estimates and assumptions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

		Group		Company	
As at 31st March		2022	2021	2022	2021
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year		535,268	495,230	327,242	311,256
Expense arising from equity-settled share-based payment transactions		41,220	40,038	19,438	15,986
At the end of the year	33	576,488	535,268	346,680	327,242

Movements in the year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year;

	Group		Company	
As at 31st March	2022		2022	
	No.	WAEP Rs.	No.	WAEP Rs.
Outstanding at 1 April	6,575,445	149.06	3,641,409	150.84
Granted during the year	1,435,100	136.64	699,600	136.64
Lapses/forfeited	(1,269,527)	144.95	(775,351)	146.02
Outstanding at 31 March	6,741,018	147.19	3,565,658	149.10
Vested as at 31 March	3,396,296	156.91	1,946,262	158.73

Fair value of the share options and assumptions

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The valuation takes into account factors such as stock price, expected time to maturity, exercise price, expected volatility of share price, expected dividend yield and risk free interest rate.

35 INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
35.1 Movements				
At the beginning of the year	6,841,667	1,458,333	-	-
Cash movements				
Loans obtained	5,352,298	6,000,000	372,298	-
Repayments	(1,706,944)	(616,666)	-	-
Non-cash movement	-	-	-	-
At the end of the year	**10,487,021**	**6,841,667**	**372,298**	**-**
35.2 Total Borrowings				
Re-payable after one year	8,307,738	5,141,667	316,434	-
Re-payable within one year	2,179,283	1,700,000	55,864	-
	10,487,021	**6,841,667**	**372,298**	**-**

35.3 Details of Group's interest-bearing loans and borrowings are as follows;

Company	Nature of facility	Nominal interest rate and security	Repayment terms	2022 Rs.'000	2021 Rs.'000
Ceylon Cold Stores PLC	Term loan	Fixed rate on clean basis	48 monthly installments commencing from August 2022 after a one year grace period	221,245	-
Ceylon Cold Stores PLC	Term loan	Fixed rate on clean basis	48 monthly installments commencing from October 2022 after a one year grace period	151,053	-
The Colombo Ice Company (Pvt) Ltd	Project loan	1 month cost of funds plus margin A corporate guarantee of Rs. 3.8 Bn originally given has been revised to Rs.733.3 Mn by the Parent as at the reporting date	60 monthly installments commencing from March 2017 after a one year grace period	534,723	1,041,667
Jaykay Marketing Services (Pvt) Ltd	Term loan	Fixed rate on clean basis	20 equal quarterly instalments commencing from March 2021	3,000,000	3,800,000
	Term loan	Fixed rate on clean basis	20 equal quarterly instalments commencing from May 2021	1,600,000	2,000,000
	Term loan	Fixed rate on clean basis	Repayment on maturity	2,000,000	-
LogiPark International (Pvt) Ltd	Term loan	3 months cost of funds plus margin and mortgage over the property	15 equal quarterly instalments commencing from September 2022 after a one year grace period with the final payment to be made in the 58th month	2,980,000	-
				10,487,021	**6,841,667**

36 EMPLOYEE BENEFIT LIABILITIES

Accounting Policy

Employee contribution plans-Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Group contributes the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

Employee defined benefit plan - gratuity

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in Statement of Comprehensive Income. Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The obligation is not externally funded.

Other long-term employee benefits

A new long-Term Incentive Plan (LTI) has been launched for senior employees of the Group. The overall incentive will be paid in cash as a lump sum payment upon achievement of key performance indicators linked to the five year strategic plan in place.

The liability recognised in respect other long-term employee benefits are measured as the present value of the estimated future cash outflows expected to be made by the Group in relation to the performance and the services of the relevant employees, up to the reporting date.

		Group		Company	
As at 31st March		2022	2021	2022	2021
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
36.1 Employee benefit liabilities					
Employee defined benefit plan - gratuity	36.3	782,234	722,944	477,905	477,206
Other long-term employee benefits	36.4	120,672	84,825	77,369	54,143
		902,906	**807,769**	**555,274**	**531,349**

		Group		Company	
For the year ended 31st March		2022	2021	2022	2021
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
36.2 Total employee benefit provisions and related costs					
Employee defined benefit plan - gratuity	36.3	137,338	138,907	66,268	72,788
Other long-term employee benefits	36.4	35,847	34,671	23,226	22,179
		173,185	**173,578**	**89,494**	**94,967**

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
36.3 Employee defined benefit plan - gratuity					
At the beginning of the year		722,944	588,851	477,206	409,863
Current service cost		80,133	75,890	27,115	27,703
Past service cost*		(1,269)	-	(466)	-
Interest cost on benefit obligation		58,474	63,017	39,619	45,085
		137,338	138,907	66,268	72,788
Acquisition of water plant	8.1	442	-	442	-
Transfers in / (out)		8,129	6,953	(53)	(358)
Payments		(59,297)	(64,637)	(45,929)	(53,132)
		(51,168)	(57,684)	(45,982)	(53,490)
(Gain) / loss arising from changes in assumptions		(27,322)	52,870	(20,029)	48,045
At the end of the year	36.1	**782,234**	**722,944**	**477,905**	**477,206**
The expenses are recognised in the Income Statement in the following line items;					
Cost of sales		93,090	88,224	39,629	44,641
Selling and distribution expenses		15,612	15,955	15,388	15,731
Administrative expenses		28,636	34,728	11,251	12,416
	36.2	**137,338**	**138,907**	**66,268**	**72,788**

**During the year 2021/22, the gratuity arrangement for employees were adjusted to reflect new legal requirement as per minimum retirement age of Workers Act No. 28 of 2021 regarding the retirement age. As a result of the plan amendment, the Group and the Company defined benefit obligation decreased by Rs. 1.3 Mn and Rs. 0.5 Mn respectively. (2020/21 - Nil) and the corresponding past service cost was recognised in the Income Statement during the year 2021/22.*

The employee benefit liabilities of the Group and the Company is based on the actuarial valuations carried out by Messrs. Smiles Global (Pvt) Ltd.

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
36.4 Other long-term employee benefits					
At the beginning of the year		84,825	50,154	54,143	31,964
Current service cost	36.2	35,847	34,671	23,226	22,179
At the end of the year	36.1	**120,672**	**84,825**	**77,369**	**54,143**

36.5 Accounting judgments, estimates and assumptions

Employee benefit liability - gratuity

The employee benefit liability of the Group is based on the actuarial valuation carried out by an independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The principal assumptions used in determining the cost of employee benefits were:

	Group		Company	
As at 31st March	2022	2021	2022	2021
Discount rate	9%-10%	8%-11%	9%-10%	9%
Future salary increases				
Executives	8%	8%	8%	8%
Non-executives	8%-9%	8%-9%	8%-9%	8%-9%
Retirement Age;				
Executive staff and sales representatives				
As of 17th November 2021, employees who have attained the age of;				
Less than 52 years	60 years	55 Years	60 years	55 Years
53 years	59 years	55 Years	59 years	55 Years
54 years	58 years	55 Years	58 years	55 Years
55 years	57 years	55 Years	57 years	55 Years
Clerical and factory staff	60 years	55-60 Years	60 years	55-60 Years

The Management tested several scenario based calculations on possible changes of the assumptions due to the prevailing macro-economic conditions. Based on those calculations, the management has concluded that there is no material impact to retirement benefit obligations liability of the Group and the Company.

36.6 Sensitivity of assumptions used

A percentage point change in the assumptions would have the following effects to employee benefit plan - gratuity;

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Discount rate				
1% Increase	(36,733)	(29,832)	(23,407)	(21,432)
1% Decrease	35,282	32,402	25,819	23,499
Salary increment rate				
1% Increase	43,105	34,206	27,608	24,934
1% Decrease	(39,586)	(32,036)	(25,448)	(23,140)

36.7 Maturity analysis of the payments

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

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Within the next 12 months	23,799	39,589	22,576	37,731
Between 1 and 5 years	325,404	423,027	159,170	185,869
Between 5 and 10 years	383,175	225,300	262,334	222,137
Beyond 10 years	49,856	35,028	33,825	31,469
Total expected payments	**782,234**	**722,944**	**477,905**	**477,206**
Weighted average duration (years) of defined benefit obligation	6.99	6.02	7.86	7.10

Notes to the Financial Statements

37 OTHER NON-CURRENT LIABILITIES

Accounting Policy

Group classifies all non-financial non-current liabilities which comprises distributor deposits and deferred rent under other non-current liabilities.

Deposit on returnable containers and crates represents the cash deposits collected from distributors when issuing returnable containers and crates by the Company. At the time of termination of a distributor the deposit is refunded in case the returnable containers and crates were returned to the Company or the deposit was forfeited to the extent the returnable containers and crates were not returned to the Company. At each reporting date, the Company evaluates the liability based on a mathematical formula that considers the tenure of the distributorship and number of return crates and containers. Any difference between the calculated liability and the book balance is transferred to the Income Statement.

		Group		Company	
As at 31st March		2022	2021	2022	2021
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deposits with the Company	37.1	96,183	101,054	96,183	101,054
		96,183	**101,054**	**96,183**	**101,054**

	Group		Company	
As at 31st March	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
37.1 Deposits with the Company				
At the beginning of the year	101,054	117,940	101,054	117,940
Deposits received during the year	12,294	9,430	12,294	9,430
Deposits settled during the year	(16,109)	(8,555)	(16,109)	(8,555)
Reversal during the year*	(1,056)	(17,761)	(1,056)	(17,761)
	96,183	**101,054**	**96,183**	**101,054**

**During the year 2021/2022, a detailed analysis was undertaken by the management to establish the liability considering the past data relating to distributor termination, refund and forfeiture of deposits. A mathematical formula was derived from this analysis taking into consideration the tenure of distributorship and the number of returnable containers and crates returned at the point of distributor termination. The liability calculated based on this model was compared against the balance as per the books of accounts. The difference arising out of this was transferred to the Income Statement.*

38 TRADE AND OTHER PAYABLES

Accounting Policy

Trade payables are the aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business. Trade payable are classified as current liabilities if payment is due within one year. Trade and other payables are normally non-interest bearing and settled within one year.

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Trade payables	9,226,048	7,562,481	1,185,699	505,685
Accrued expenses	1,660,240	1,223,090	626,243	491,524
Sundry creditors	1,466,899	1,038,274	903,065	460,252
	12,353,187	**9,823,845**	**2,715,007**	**1,457,461**

39 OTHER CURRENT LIABILITIES

Accounting Policy

Group classifies all non-financial current liabilities under other current liabilities.

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Other taxes payable	465,242	246,168	399,054	288,198
Other payables*	283,776	228,826	-	-
Contract liabilities**	282,890	201,631	-	-
	1,031,908	**676,625**	**399,054**	**288,198**

**Other payables consists of loyalty awards points payable to customers, by the Retail segment of the Group.*

***Contract liabilities includes, gift vouchers sold to customers by the Retail segment of the Group.*

The Group operates the Nexus loyalty programme where customers accumulate points for purchases made which entitle them to redeem such points on future purchases. The cost of Nexus loyalty points is a part of the fair value of the consideration received and recognised as a liability and subsequently recognised as revenue over the period that the award points are redeemed. The value of points awarded is treated as a deduction from revenue. Nexus membership is valid for a period of 3 years and if a member fails to renew his membership within 3 months from such expiry, his/her entitlement to reward points would be null and void.

40 SHORT-TERM BORROWINGS

Accounting Policy

Short-term borrowings are interest-bearing borrowings of the Group which fall due within 12 months from the end of the financial year. These are obtained for working capital requirements.

	Group	
As at 31st March	2022 Rs.'000	2021 Rs.'000
Bank borrowings*	2,000,000	3,071,103
	2,000,000	**3,071,103**

**The movement during the year is reflected in the Statement of Cash Flows under financing activities on a net basis since the turnover is quick,the amounts are large, and maturities are short.*

41 RELATED PARTY TRANSACTIONS

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business on an arm's length basis with the related entities.

Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

The governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transaction Review Committee under Corporate Governance Commentary Section and Corporate Information in Note 1 to the Financial Statements.

Non-recurrent related party transactions

There were no non-recurrent related party transactions of which the aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company's Audited Financial Statements as at 31st March 2021, which requires additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2021 audited Financial Statements, which requires additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

		Group		Company	
As at 31st March		2022	2021	2022	2021
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
41.1 Amounts due from related parties					
Ultimate Parent		-	-	-	-
Subsidiaries		-	-	198,059	168,516
Companies under common control		1,000	1,001	8,930	3,478
Equity accounted investees of Ultimate Parent		2,028	2,371	254	-
Key management personnel		-	-	-	-
	41.3	3,028	3,372	207,243	171,994
41.2 Amounts due to related parties					
Ultimate Parent		408,635	259,091	38,777	208,835
Subsidiaries		-	-	-	-
Companies under common control		295,434	360,233	11,356	13,504
Equity accounted investees of Ultimate Parent		-	21	-	9
Key management personnel		-	-	-	-
	41.4	704,069	619,345	50,133	222,348

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
41.3 Amounts Due from Related Parties					
Ultimate Parent					
John Keells Holdings PLC		-	-	-	-
Subsidiaries					
Jaykay Marketing Services (Pvt) Ltd		-	-	97,569	80,189
LogiPark International (Pvt) Ltd		-	-	182	182
The Colombo Ice Company (Pvt) Ltd		-	-	100,308	88,145
Companies Under Common Control					
Asian Hotels & Properties PLC		-	-	-	1
Beruwala Holiday Resorts (Pvt) Ltd		-	6	-	-
Ceylon Holiday Resorts Ltd		100	129		
Cinnamon Hotel Management Ltd		213	236	-	-
Habarana Lodge Limited		-	19	-	-
Habarana Walk Inn Ltd		8	2	-	-
Kandy Walk Inn Limited		1	-	-	-
Keells Food Products PLC		-	-	8,930	3,477
Trinco Holiday Resorts (Pvt) Ltd		1	8	-	-
Union Assurance PLC		674	601	-	-
Yala Village (Pvt) Ltd		3	-	-	-
Equity Accounted Investees of Ultimate Parent					
DHL Keells (Pvt) Ltd		390	1,981	180	-
Fairfirst Insurance Ltd		40	-	74	-
Maersk Lanka (Pvt) Ltd		-	69	-	-
Nations Trust Bank PLC		387	321	-	-
South Asia Gateway Terminals (Pvt) Ltd		1,211	-	-	-
Key Management Personnel		-	-	-	-
	41.1	**3,028**	**3,372**	**207,243**	**171,994**

41 RELATED PARTY TRANSACTIONS (CONTD.)

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
41.4 Amounts Due to Related Parties				
Ultimate Parent				
John Keells Holdings PLC	408,635	259,091	38,777	208,835
Subsidiary				
Jaykay Marketing Services (Pvt) Ltd	-	-	-	-
The Colombo Ice Company (Pvt) Ltd	-	-	-	-
LogiPark International (Pvt) Ltd	-	-	-	-
Companies Under Common Control				
Asian Hotels & Properties PLC	6,299	11,216	-	-
Habarana Lodge Limited	44	-	44	-
Infomate (Pvt) Ltd	3,256	3,149	463	371
John Keells Information Technology (Pvt) Ltd	44,556	67,506	4,426	1,456
John Keells Logistics (Pvt) Ltd	33,365	96,005	2,141	1,146
John Keells Office Automation (Pvt) Ltd	16,493	8,690	90	65
John Keells Properties (Pvt) Ltd	631	-	-	-
John Keells Foundation	-	11,251	-	7,593
John Keells Maldivian Resorts (Pvt) Ltd	421	-	421	-
Kandy Walk Inn Limited	-	216	-	216
Keells Consultants (Pvt) Ltd	295	194	172	138
Keells Food Products PLC	181,378	158,996	-	-
Mack International Freight (Pvt) Ltd	1,459	31	1,459	651
Mackinnons Travels (Pvt) Ltd	130	-	130	-
Trans Asia Hotels PLC	344	282	-	282
Whittall Boustead (Pvt) Ltd	6,763	2,654	2,010	1,586
Yala Village (Pvt) Ltd	-	43	-	-
Equity Accounted Investees of Ultimate Parent				
Fairfirst Insurance Ltd	-	21	-	9
Key Management Personnel	-	-	-	-
	704,069	**619,345**	**50,133**	**222,348**

The Group and the Company held interest-bearing deposits of Rs. 257 Mn (2021 - Rs. 16 Mn) and Rs. 252 Mn (2021 - Rs. 15.4 Mn) respectively, at Nations Trust Bank PLC as at 31st March 2022. The Group held short-term borrowings of Rs. 2 Bn (2021 - 2 Bn) borrowed from Nations Trust Bank PLC as at 31st March 2022.

For the year ended 31st March	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
41.5 Transactions with Related Parties				
Ultimate Parent - John Keells Holdings PLC				
Sale of goods	207	180	-	-
Receiving of services	369,276	287,917	109,216	102,146
Purchase of intangible assets	222,817	252,484	53,045	63,120
Subsidiaries				
Sales of goods	-	-	751,725	570,245
Purchase of goods	-	-	263,056	180,498
Receiving of services	-	-	47,258	47,540
Rendering of services	-	-	174,132	149,919
Guarantee income	-	-	5,304	7,838
Royalty income	-	-	194,948	142,789
Dividend received	-	-	592,799	510,000
Companies Under Common Control				
Sales of goods	5,871	8,937	46	366
Purchase of goods	1,186,975	1,110,245	-	-
Purchase of property, plant and equipment / Intangible assets	147,051	207,476	2,490	-
Rendering of services	30,028	29,738	22,828	20,442
Receiving of services	1,159,511	1,383,553	74,379	56,424
Franchise income received	15,865	12,273	15,865	12,273
Key Management Personnel (KMP)				
Sale of goods	-	-	-	-
Close Family Members of KMP				
Sale of goods	-	-	-	-
Companies Controlled / Jointly Controlled / Significantly Influenced by KMP and their close Family Members				
Sale of goods	-	-	-	-
Post Employment Benefit Plan				
Contributions to the provident fund	126,534	116,622	116,047	107,494

For the year ended 31st March	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
41.6 Transactions with Related Parties - Equity Accounted Investees of Ultimate Parent				
Sales of goods	9,567	6,551	-	-
Receiving Services	53,292	26,881	10,804	13,687
Interest received / (paid)	(112,809)	(11,060)	(3,936)	171
Rent received	2,509	1,481	-	-

41.7 Compensation of key management personnel

Key management personnel include members of the Board of Directors of the Group.

	Group		Company	
For the year ended 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Short-term employee benefits	113,814	83,575	55,826	42,038
Post employee benefits	2,083	1,460	990	691
Share based payment	21,956	15,540	10,207	6,584
	137,853	**100,575**	**67,023**	**49,313**

OTHER DISCLOSURES

42 CONTINGENT LIABILITIES

Accounting Policy

Provisions, Contingent assets and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Income Statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of:

- The amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or
- The amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15).

Contingent assets are disclosed, where inflow of economic benefit is probable.

The contingent liability of the Company as at 31 March 2022, relates to the following;

Income tax assessments relating to years of assessments 2011/12, 2012/13 and 2013/14

Assessments were raised by the IRD in November 2014, November 2015 and May 2016 assessing the income from write back of deposits on returnable containers and crates amounting to Rs. 202 Mn, Rs. 43 Mn and Rs. 41 Mn respectively. The Company has lodged valid appeals against the assessments raised and is contesting these under the appellate procedure. Having discussed with independent legal and tax experts and based on the information available, the contingent liability as at 31 March 2022 is estimated at Rs. 36.5 Mn (2021 - Rs. 36.5 Mn).

Other than the above there were no other contingenet liabilities for the Group at the end of the reporting period.

43 CAPITAL AND OTHER COMMITMENTS

Capital Commitments approved and contracted but not provided for as at the reporting date is as follows;

	Group		Company	
As at 31st March	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Capital commitments approved but not provided for	2,563,901	3,215,591	193,737	215,501
Guarantees*	-	-	733,333	1,170,000
Total	**2,563,901**	**3,215,591**	**927,070**	**1,385,501**

**A Rs.3.8 Bn Corporate guarantee was given by the Company to a commercial bank on behalf of a term loan facility obtained by The Colombo Ice Company (Pvt) Ltd (CICL), a fully owned Subsidiary of the Company. This corporate guarantee was reduced to Rs. 733 Mn as at the reporting date.*

44 EVENTS AFTER THE REPORTING PERIOD

There were no material events occurring after the reporting period that require adjustment to or disclosure in the Financial Statements other than following;

Final Dividends

The Board of Directors has approved the payment of a final dividend of Rs. 0.33 per share to be paid on or before 20th June 2022.

As required by section 56 (2) of the Companies Act, No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act, No. 07 of 2007, and has obtained a certificate from the auditors, prior to approving the final dividend.

Surcharge Tax

Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022. Financial impact arising from the same is discussed in Note 19.9.

Your Share in Detail

Ordinary Shareholding

Number of Ordinary Shares	950,400,000

Distribution of Shareholders

Shareholding Range	31st March 2022 No. of Shareholders	31st March 2022 No. of Shares Held	31st March 2022 %	31st March 2021 No. of Shareholders	31st March 2021 No. of Shares Held	31st March 2021 %
Less than or equal to 1,000	1,515	445,905	0.05	1,506	320,121	0.34
1,001 to 10,000	926	4,120,888	0.43	425	1,701,074	1.78
10,001 to 100,000	498	18,921,987	1.99	208	6,327,640	6.66
100,001 to 1,000,000	207	61,623,900	6.49	22	4,388,829	4.62
Over 1,000,001	25	865,287,320	91.04	5	82,302,336	86.60
Total	**3,171**	**950,400,000**	**100.00**	**2,166**	**95,040,000**	**100.00**

Categories of Shareholders	31st March 2022 No. of Shareholders	31st March 2022 No. of Shares Held	31st March 2022 %	31st March 2021 No. of Shareholders	31st March 2021 No. of Shares Held	31st March 2021 %
John Keells Holdings & Subsidiaries	2	773,212,040	81.36	2	77,321,204	81.36
Others	3,169	177,187,960	18.64	2,164	17,718,796	18.64
Total	**3,171**	**950,400,000**	**100.00**	**2,166**	**95,040,000**	**100.00**
Sri-Lankan Residents	3,043	862,365,900	90.74	2,037	85,721,248	90.19
Non-Residents	128	88,034,100	9.26	129	9,318,752	9.81
Total	**3,171**	**950,400,000**	**100.00**	**2,166**	**95,040,000**	**100.00**
John Keells Holdings & Subsidiaries	2	773,212,040	81.36	2	77,321,204	81.36
Directors and Spouses	4	855,820	0.09	4	83,904	0.08
Shareholders holding more than 10%	-	-	-	-	-	-
Public*	3,165	176,332,140	18.55	2,160	17,634,892	18.56
Total	**3,171**	**950,400,000**	**100.00**	**2,166**	**95,040,000**	**100.00**

**Percentage of the shares held by the public as at 31st March 2022 is 18.55%. Company had a float adjusted market capitalisation of Rs. 6.9 billion and 3,165 public shareholders as at 31st March 2022. Thus the Company is compliant under option 1 of the minimum threshold requirements for the Main Board of the CSE, as per section 7.6 of the Listing Rules of the CSE.*

Top 20 Shareholders

As at 31st March		2022		2021	
		No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
1	John Keells Holdings PLC	671,558,120	70.66	67,155,812	70.66
2	Whittal Boustead (Pvt) Ltd	101,653,920	10.70	10,165,392	10.70
3	GF Capital Global Limited	21,042,410	2.21	2,044,241	2.15
4	BBH Luxfidelity Funds-Pacific	17,686,730	1.86	1,768,673	1.86
5	CITI Bank Newyork S/A Norges Bank Account 2	11,631,090	1.22	1,168,218	1.23
6	JPMCB NA- Fidelity Asian Values PLC	7,726,110	0.81	360,639	0.38
7	BBH Fidelity Funds	6,026,960	0.63	602,696	0.63
8	Sisira Investors Limited	2,591,320	0.27	259,132	0.27
9	Deutsche Bank AG Singapore A/C 2	2,409,870	0.25	240,987	0.25
10	Standard Chartered Bank Mauritius S/A Chambers Street Global Fund	2,150,310	0.23	455,819	0.48
11	Life Insurance Corporation (Lanka) Ltd	1,944,120	0.20	5,100	0.01
12	Est of Late M Radhakrishnan (Deceased)	1,692,560	0.18	169,256	0.18
13	Mrs. J R Printer (Deceased)	1,679,360	0.18	167,936	0.18
14	Hatton National Bank PLC-Senfin Growth Fund	1,627,050	0.17	121,205	0.13
15	BPSS SIN-BNP Paribas Securities Services as trustee of Harvest Funds Series (Hongkong) - Asia Frontier Equity Fund	1,517,600	0.16	100,165	0.11
16	Merrill J Fernando & Sons (Pvt) Ltd	1,508,480	0.16	150,848	0.16
17	CACEIS Bank, Luxembourg Branch -NEF	1,422,640	0.15	142,264	0.15
18	Mr. M V Theagarajah	1,335,480	0.14	133,548	0.14
19	Mrs. H M Mount (Deceased)	1,253,600	0.13	125,360	0.13
20	Deutsche Bank AG as trustee for JB Vantage Value Equity Fund	1,231,390	0.13	94,135	0.10

As at 31st March	2022		2021	
Share Prices (Rs.)				
Beginning of the year	62.18*		65.50*	
Highest for year	78.85*	(25.01.2022)	73.99*	(20.05.2020)
Lowest for year	37.00	(30.03.2022)	58.32*	(12.05.2020)
As at 31 March	38.90		62.18*	

**Adjusted for the 2021/22 share subdivision*

Decade at a Glance

Group

Year ended 31st March	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000	2013 Rs.'000
Trading results										
Gross revenue*	89,238,849	72,571,919	73,924,033	64,880,330	56,744,775	48,043,180	37,632,551	30,968,590	26,330,083	23,788,855
Profit from operating activities	4,744,285	4,112,478	4,786,077	2,605,644	3,640,211	4,788,129	3,928,389	2,160,444	1,541,245	1,003,999
Profit before taxation	2,781,776	2,374,533	3,067,185	2,042,648	3,750,358	5,089,748	4,052,469	2,146,665	1,545,188	2,200,654
Taxation	(713,728)	(36,278)	(931,971)	(732,483)	(1,182,903)	(1,536,845)	(1,177,596)	(621,170)	(327,471)	(345,051)
Profit after taxation	2,068,048	2,338,255	2,135,214	1,310,165	2,567,455	3,552,903	2,874,873	1,525,495	1,217,717	1,855,603
As at 31 March										
Assets, equity and liabilities										
Property, plant & equipment	25,579,561	22,289,230	20,136,947	18,121,188	12,868,657	8,107,133	6,122,560	5,365,259	5,446,846	5,180,158
Investment property	317,250	300,295	296,422	254,034	228,601	207,042	111,404	94,457	85,482	5,040,924
Investment in associate	-	-	-	-	-	6,029,201	5,886,679	5,362,161	5,262,414	-
Right of Use Assets - Leasehold Properties	10,103,030	9,567,318	7,997,183	-	-	-	-	-	-	-
Other non-current assets	11,331,951	10,292,030	8,932,928	9,110,722	6,788,933	1,063,349	657,420	532,745	560,011	555,780
Total non-current assets	47,331,792	42,448,873	37,363,480	27,485,944	19,886,191	15,406,725	12,778,063	11,354,622	11,354,753	10,776,862
Net current assets	(8,233,402)	(9,330,268)	(10,531,394)	(8,314,480)	(2,154,067)	(375,187)	906,782	471,249	(201,234)	(419,723)
	39,098,390	33,118,605	26,832,086	19,171,464	17,732,124	15,031,538	13,684,845	11,825,871	11,153,519	10,357,139
Long term right of use Lease Liability	9,927,569	8,827,562	7,392,687	-	-	-	-	-	-	-
Long-term interest-bearing loans and borrowings	8,307,738	5,141,667	958,333	1,458,333	1,958,333	129,525	15,000	84,073	185,337	324,935
Other non-current liabilities	2,755,929	2,366,706	2,674,490	2,313,173	2,091,018	1,712,615	1,324,114	1,085,462	967,966	856,717
Net assets	**18,107,154**	**16,782,670**	**15,806,576**	**15,399,958**	**13,682,773**	**13,189,398**	**12,345,731**	**10,656,336**	**10,000,216**	**9,175,487**
Represented by										
Stated capital	918,200	918,200	918,200	918,200	918,200	918,200	918,200	918,200	918,200	918,200
Capital reserves	3,876,658	3,501,719	3,200,137	3,029,785	1,196,142	2,168,837	1,682,641	974,395	795,699	3,252,326
General reserve	-	-	-	-	-	-	-	646,000	646,000	646,000
Retained profits	13,312,296	12,362,751	11,688,239	11,451,973	11,568,431	10,102,361	9,744,890	8,117,741	7,640,317	4,358,961
Shareholder's funds	**18,107,154**	**16,782,670**	**15,806,576**	**15,399,958**	**13,682,773**	**13,189,398**	**12,345,731**	**10,656,336**	**10,000,216**	**9,175,487**

**Gross revenue includes output VAT*

Key Figures & Ratios

Ratios & other information - Group

As at 31st March	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Dividend per Share (Rs.) - Paid	1.20	1.70*	20.00	15.00	15.00	32.00	18.00	11.00	4.00	4.00
Dividend Payout (%)	55.15	69.10	89.02	108.77	55.53	85.61	59.51	68.53	31.22	20.49
Net Assets per Share (Rs.) **	19.05	17.66	16.63	16.20	14.40	13.88	13.00	11.21	10.52	9.65
Market Value per Share (Rs.)	38.90	62.18*	655.00	575.00	950.00	811.00	430.00	298.20	140.70	135.90
Debt / Equity Ratio (%)	156.39	145.88	129.32	71.61	40.50	7.57	5.41	6.65	14.50	16.68
Interest Cover (No. of Times)	2.32	2.29	2.62	4.03	113.50	701.08	336.57	35.59	11.06	9.93
Earnings per Share (Rs.)	2.18	2.46*	22.47	13.79	27.01	37.38	30.25	16.05	12.81	19.52
Price Earnings Ratio (No. of Times)	17.88	25.27	29.15	41.70	35.17	21.70	14.22	18.58	10.98	6.96
Current Ratio (No. of Times)	0.66	0.57	0.51	0.55	0.82	0.95	1.15	1.10	0.95	0.91
Return on Total Assets (%)	3.49	4.53	4.98	3.90	9.87	16.80	15.83	9.51	8.00	13.86
Return on Equity (%)	11.76	14.33	13.41	8.84	18.85	26.95	24.53	14.62	9.69	7.80
Dividend Yield (%)	3.08	2.73	3.05	2.61	1.58	3.95	4.19	3.69	2.84	2.94
Earnings Yield (%)	5.59	3.96	3.43	2.40	2.84	4.61	7.03	5.38	9.11	14.37

**Adjusted for the 2021/22 share subdivision*

***Net asset per share has been calculated for all periods, based on the number of shares in issue as at 31st March 2022*

Group Real Estate Portfolio

Owning Company and Location	No. of Buildings	Buildings in (Sq. ft)	Freehold Land in Acres	Leasehold Land in Acres	2022 NBV/ Valuation Rs. '000	2021 NBV/ Valuation Rs. '000
Ceylon Cold Stores PLC						
Kaduwela	22	334,804	27.35	-	1,817,815	1,551,254
Trincomalee	3	19,071	1.06	-	317,250	300,295
Kotagala	6	13,354	-	0.71	97,531	-
Jaykay Marketing Services (Pvt) Ltd						
Improvements to Keells Super outlets on leasehold properties	130	1,405,272	-	99.64	16,558,631	15,536,347
The Colombo Ice Company (Pvt) Ltd						
Avissawella	9	182,937	-	9.30	1,694,225	1,699,430
LogiPark International (Pvt) Ltd						
Kerawalapitiya	1	238,603	-	9.36	2,456,826	582,176
Consolidated value of land and buildings, right-of-use assets and investment property	**171**	**2,194,041**	**28.41**	**119.01**	**22,942,278**	**19,669,502**

Glossary of Financial Terminology

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

Asset Turnover
Revenue divided by average total assets

Capital Employed
Average of shareholders' funds + Average of total debt

Current Ratio
Current Assets divided by Current Liabilities

Debt / Equity Ratio
Total Debt as a percentage of Shareholders' Funds

Dividend Payable
Final dividend per share multiplied by the latest available total number of shares as at the reporting date

Dividends per Share - Paid
Gross Dividends paid to ordinary shareholders divided by Number of Ordinary Shares issued

Dividend Cover
Earnings per share divided by dividend per share

Dividend Payout Ratio
Total Dividend paid as a percentage of Consolidated profits

Dividend Yield
Dividend per Share as a percentage of market price per share at the end of the period

Earnings Per Share (EPS)
Profit attributable to equity holders of the Parent divided by the weighted average number of ordinary shares in issue during the period

Earnings Yield
Earnings per Share as a percentage of Market Price per Share at the end of the period

EBIT
Earnings before interest and tax (includes other operating income)

EBIT Margin
EBIT divided by turnover

EBITDA
Earnings before interest, tax, depreciation and amortisation

Effective Rate of Taxation
Income Tax including Deferred Tax over Profit Before Tax

Enterprise Value
Market Capitalisation + Debt - Cash

FVOCI
Fair value through Other Comprehensive Income

Interest Cover
Profit on Operating Activities over Finance Expenses. Gains from lease rights forgone is excluded from profit on operating activities

Long-Term Debt to Total Debt
Long-term loans as a percentage of total debt

Market Capitalisation
Number of Shares in issue at end of the period multiplied by the market price per share at the end of the period

Market Value Added
Market Capitalisation - Shareholders' funds

Net Assets
Total Assets - Current Liabilities - Long Term Liabilities - Minority interest

Net Asset per Share
Net Assets divided by number of ordinary shares in issue at the end of the period

Net Debt
Total Debt - (Cash in hand and at Bank + Short-Term Investments)

Net Profit Margin
Profit after tax attributable to equity holders of the Parent divided by total revenue

Net Working Capital
Current Assets - Current Liabilities

Price Earnings Ratio
Market Price of the share at the end of the period divided by Earnings per Share

Price to Book Ratio
Market price per share over net asset value per share

Public Holding
Percentage of shares held by the public calculated as per the Colombo Stock Exchange Listing Rules as at the date of the Report

Quick Ratio
Cash + Short-term Investments + Trade and Other Receivables divided by Current Liabilities

Return on Assets (ROA)
Profit After Tax divided by Average Total Assets

Return on Equity (ROE)
Consolidated Profit after Tax and Minority interest (gain from lease rights forgone and change in fair value of Investment Property are excluded) as a Percentage of Average Shareholders' Funds

Return on Capital Employed (ROCE)
Earnings before interest and tax (gains from lease rights forgone is excluded) as a % of Capital Employed

Shareholders' Funds
Total of issued and fully paid share Capital, Capital Reserves and Revenue Reserves

Total Assets
Fixed Assets + Investments + Non Current Assets + Current Assets

Total Debt
Long and short-term loans, including lease liabilities and overdrafts

Total Debt / Total Assets
Total Debt divided by Total Assets

Working Capital
Trade Receivables + Inventory + Cash in Hand and at Bank - Trade and Other Payables - Short-Term Borrowings - Bank Overdrafts

Notice of Meeting

Notice is hereby given that the 125th Annual General Meeting of Ceylon Cold Stores PLC will be held as a virtual meeting on Wednesday, 22nd June 2022 at 11.00 a.m. for the following purposes;

1. To read the notice convening the meeting.
2. To receive and consider the Annual Report of the Board of Directors and the Financial Statements for the Financial year ended 31st March 2022, with the Report of the Auditors thereon.
3. To re-elect as Director, Dr. (Ms.) Romola Shanthi Wilson Wijeratnam who retires by rotation in terms of Article 84 of the Article of Association of the Company. A brief profile of Dr. (Ms.) Romola Shanthi Wilson Wijeratnam is contained in the Board of Directors section of the Annual Report.
4. To re-elect as Director Mr. Muhammed Hamza who retires by rotation in terms of Article 84 of the Article of Association of the Company. A brief profile of Mr. Muhammed Hamza is contained in the Board of Directors section of the Annual Report.
5. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.
6. To consider any other business of which due notice has been given in terms of the relevant laws and regulations.

This year the Annual Report and Financial Statements of the Company are available on the:

1) Corporate Website - https://www.elephanthouse.lk/media-hub/financial-reports/
2) CSE Website - https://www.cse.lk/Search Company - Ceylon Cold Stores PLC - (CCS.N0000).

Members may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code.

By order of the Board

CEYLON COLD STORES PLC

Keells Consultants (Private) Limited

Secretaries

Colombo

20th May 2022

Notice of Meeting

For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Asanka Kumara +94 774488062 during normal office hours (8.30 a.m. to 4.30 p.m.) or email asankak.ccs@keells.com.

Should any Members wish to obtain a hard copy of the Annual Report, they may send a written request to 148, Vauxhall Street Colombo 02. or a facsimile to No. +94 11 2447422 by filling the request form attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days from the date of receipt of the request.

Note :

a) A Member unable to attend is entitled to appoint a Proxy to attend and vote in his/her place.

b) A Proxy need not be a member of the Company.

c) A Member wishing to vote by Proxy at the meeting may use the Proxy form enclosed.

d) In order to be valid, the completed Proxy form must be lodged at the Registered Office of the Company or forwarded to the email address: keellsconsultants@keells.com or facsimile No.+94 11 2439037 not less than 48 hours before the Meeting.

e) Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy

f) A vote can be taken on a show of hands or by poll. If a poll is demanded, each share is entitled to one vote. Votes can be cast in person, by Proxy or corporate representatives. In the event an individual Member and his/her Proxy holder are both present at the Meeting, only the Member's vote is counted. If Proxy holder's appointor has indicated the manner of voting, only the appointor's indication of the manner of vote will be used.

Form of Proxy

I/We ....

.... of .... being

a shareholder/s of Ceylon Cold Stores PLC hereby appoint ....

....

.... of .... or failing him/her

Mr. Krishan Niraj Jayasekara Balendra	or failing him
Mr. Joseph Gihan Adisha Cooray	or failing him
Mr. Daminda Prabath Gamlath	or failing him
Mr. Kaminda Charitha Subasinghe	or failing him
Ms. Payagalage Nelindra Fernando	or failing her
Mr. Muhammed Hamza	or failing him
Ms. Sharmini Thamara Ratwatte	or failing her
Dr. (Ms.) Romola Shanthi Wilson Wijeratnam	

as my/our Proxy to represent me/us and vote for me/us on my/our behalf at the 125th Annual General Meeting of the Company to be held on Wednesday, 22nd June 2022 at 11.00 a.m and adjournment thereof and at every poll which may be taken in consequence thereof.

I/We, the undersigned, hereby direct my/our Proxy to vote for me/us and on my/our behalf on the specified Resolution as indicated by the letter “X” in the appropriate cage:

	For	Against
1. To re-elect as a Director Dr. (Ms.) Romola Shanthi Wilson Wijeratnam who retires in terms of Article 84 of the Articles of Association of the Company		
2. To re-elect as a Director Mr. Muhammed Hamza who retires in terms of Article 84 of the Articles of Association of the Company.		
3. To re-appoint Auditors and to authorise the Directors to determine their remuneration.		

Signed this .... day of .... Two Thousand and Twenty Two (2022)

Signature/s of Shareholder/s

Note :

Instructions as to completion of Proxy form are noted on the reverse

Form of Proxy

Instructions as to Completion

1. Please perfect the Form of Proxy by filling in legibly your full name and address, by signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company at No.117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, or forwarded to the email address: keellsconsultants@keells.com or facsimile No.+94 11 2439037 not later than 48 hours before the time appointed for the holding of the meeting.
3. If the Form of Proxy is signed by an Attorney, the Power of Attorney should accompany the Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. If the appointer is a Company or Corporation, this Form must be executed under the Common Seal or the hand of a duly Authorised Officer.
5. If this Form is returned without any indication as to how the person appointed as Proxy shall vote, the Proxy shall exercise his/her discretion as to how he/she votes, or whether he/she abstains from voting.

Please fill in the following details:

Name	:	....
Address	:	....
Jointly with	:	....
National Identity Card no	:	....
Share Folio No./CDS Account no	:	....

Corporate Information

Name of the Company
Ceylon Cold Stores PLC

Legal Form
Public Limited Liability Company

Established in 1866 as Colombo Ice Company Limited

Name changed to Ceylon Cold Stores Limited in 1941

Quoted in the Colombo Stock Exchange in January 1970

Registered under the Companies Act No.07 of 2007.

Company Registration No.
PQ4

Registered Office of the Company
No. 117, Sir Chittampalam A Gardiner Mawatha,

Colombo 02. Sri Lanka.

Tel : +94 11 2318798

Fax : +94 11 2447422

E-mail : info.ccs@keells.com

Web : www.elephanthouse.lk

Kaduwela Factory
Samadaragahawatte, Ranala, Sri Lanka

Tel: +94 11 2161700

Fax : +94 11 2161875

Head Office of the Company
148,Vauxhall Street
Colombo 02, Sri Lanka.

Tel: +94 11 2318798

Fax : +94 11 2447422

E-mail : info.ccs@keells.com

Web : www.elephanthouse.lk

Customer Call Centre
Tel: +94 11 2303800

Board of Directors
Mr. K N J Balendra (Chairman)

Mr. J G A Cooray

Mr. D P Gamlath

Mr. K C Subasinghe

Ms. P N Fernando

Mr. M Hamza

Dr. (Ms.) R S W Wijeratnam

Ms. S T Ratwatte

Audit Committee
Ms. S T Ratwatte (Chairperson)

Dr. (Ms.) R S W Wijeratnam

Mr. M Hamza

Secretaries and Registrars
Keells Consultants (Pvt) Ltd.

No. 117, Sir Chittampalam A Gardiner Mawatha, Colombo 02, Sri Lanka

Tel : +94 11 230 6245

Fax : +94 11 243 9037

External Auditors
Ernst & Young

Chartered Accountants,
201, De Saram Place,
P.O.Box 101,
Colombo 10, Sri Lanka

Internal Auditors
PricewaterhouseCoopers

Chartered Accountants,

100, Braybrooke Place,

Colombo 02, Sri Lanka.

BDO Partners

Chartered Accountants,

Charter House,

65/2, Sir Chittampalam A Gardiner Mawatha,
Colombo 02, Sri Lanka.

Bankers
Bank of Ceylon

Bank of China

Commercial Bank of Ceylon PLC

Citibank N.A

Deutsche Bank AG

Hattion National Bank PLC

Habib Bank Limited

Hongkong & Shanghai Banking Corporation Ltd

Nations Trust Bank PLC

Standard Chartered Bank

Sampath Bank PLC

Subsidiaries
Jaykay Marketing Services (Pvt) Ltd

LogiPark International (Pvt) Ltd

The Colombo Ice Company (Pvt) Ltd

Designed & produced by
emagewise
Digital plates and printing by Gunaratne Offset (Pvt) Ltd

www.elephanthouse.lk