



2022/23  
Annual Report

**Colombo Fort Investments PLC**



# Contents

Chairman's Review	02
Board of Directors	03
Corporate Governance	05
Risk Management Report	13
Management Discussion and Analysis	14
<b>Financial Reporting</b>	
Annual Report of the Board of Directors	17
Audit Committee Report	21
Related Party Transactions Review Committee Report	23
Independent Auditors' Report	24
Statement of Profit or Loss and Other Comprehensive Income	28
Statement of Financial Position	29
Statement of Changes in Equity	30
Statement of Cash Flows	31
Notes to the Financial Statements	32
Financial Summary	65
Information to Shareholders and Investors	66
Notice of Meeting	68
Form of Proxy	71

# Chairman's Review

On behalf of the Board of Directors, I warmly welcome all the shareholders of Colombo Fort Investments PLC to the Company's Thirty Ninth Annual General Meeting. It gives me great pleasure to present to you the Annual Report and Audited financial statements of the Company for the year ended 31st March 2023.

The financial year just past, was one of the most volatile periods of Sri Lanka's post-independence era. The extreme economic crisis has inflicted much pain on the Sri Lankan economy. A rapid depreciation of the Sri Lankan Rupee, surging inflation rates and high interest rates has characterized most of this period. Major shortages of fuel and other essential items along with widespread power outages also caused chaos within the economy.

As a result of this economic upheaval, the Colombo Stock Exchange performance also reflected bearish sentiments amongst investors. The All Share Price Index (ASPI) reached a high of 10,072.4 points in September 2022. The index ranged between 8,000 to 9,000 points in the following months. ASPI ended the year at 9,301.09 (31.03.2022 – 8,903.87), gaining 4.5% in comparison with the previous financial year. It is envisioned that the developments in the macro-economic condition will positively impact investor sentiment resulting in an improved equity market, which will strengthen the value of the Portfolio of the Company.

During the year under review, the Company recorded a revenue of Rs. 35.09 Million. The Revenue has decreased by 14.9% in comparison to the previous year's revenue of Rs. 41.23 Million. The profit prior to the fair value adjustment on Financial Assets was Rs. 36.09 Million compared to Rs. 36.58 Million in the previous year.

The Net Asset Value of your Company was Rs.207.93 per share as against Rs. 155.13 per share in the preceding year. The fair value of quoted investments as at 31st March, 2023 and 31st March 2022 were Rs. 1.78 Billion and Rs. 1.13 Billion respectively.

Based on the performance of the Company your Board recommends a First and Final Dividend of Rs. 1.20 per share in the form of a Scrip Dividend for the financial year ended 31st March, 2023.

I appreciate the confidence placed in the Company by our Shareholders, and the advice and guidance from my colleagues on the Board.

**A. Rajaratnam**  
Chairman

09th May, 2023

# Board of Directors

**A.Rajaratnam** - Chairman  
FCA

Mr.A.Rajaratnam was appointed to the Board of Colombo Fort Investments PLC in 1995 and was appointed Chairman on 12th August, 2011.

**S.D.R.Arudpragasam** - Deputy Chairman  
FCMA (UK)

Mr.S.D.R.Arudpragasam is a Fellow member of the Chartered Institute of Management Accountants (UK). He was appointed to the Board as Deputy Chairman in August, 2011. Having held the position of Deputy Chairman until end June, 2022 he was appointed Chairman of The Colombo Fort Land & Building PLC (CFLB) with effect from 1st July, 2022. He also holds the position of Chairman of Lankem Ceylon PLC and Chairman / Managing Director of E. B. Creasy & Company PLC in addition to serving on the Boards of other companies within the CFLB Group.

**S.Shanmugalingam** - Director

Mr.S.Shanmugalingam was appointed to the Board in 2004. He has over 26 years experience in Share Trading and the Capital Market and has worked for many years as a Senior Stock broker. He currently functions as an Adviser. He holds a Higher Diploma in Information Technology.

**A.M.de S.Jayaratne** - Director  
B.Sc. (Econ.), FCA

Mr.A.M.de S.Jayaratne was appointed to the Board in 2005. He has graduated in Economics and is a Chartered Accountant by profession. He was the former Chairman of Forbes & Walker Ltd., Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. He is a Director of several public listed companies.

**S.Rajaratnam** - Director  
B.Sc., CA

Mr.S.Rajaratnam was appointed to the Board in 2008. He holds a Bachelor of Science Degree in Business Administration from Boston College, USA and is a Member of the Institute of Chartered Accountants in Australia. He has been associated with overseas companies in the field of finance and currently holds the position of Joint Managing Director of E.B. Creasy & Company PLC amongst other Directorships.

**Dr.J.M.Swaminathan** - Director  
Attorney-at-Law, LLB (Ceylon), LL.M, M.Phil.  
(Colombo), and LLD (Honoris Causa)

Dr.J.M.Swaminathan is an Attorney-at-Law with over 59 years of practice. He was the former Senior Partner of Messrs. Julius & Creasy. He was a Member of the Office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Colombo. He is also a Member of the Company Law Advisory Commission and the Intellectual Property Law Advisory Commission. He is the Chairman of the Studies of the Council of Legal Education and also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He is a Member of the Visiting Faculty of the LL.M Course of the University of Colombo. He also serves on the Boards of several public and private companies.

**Amrit Rajaratnam** - Director  
LLB (Notts.), Barrister-at-Law

Mr. Amrit Rajaratnam was appointed to the Board in March, 2022. He holds a Bachelor's Degree in Law from the University of Nottingham and is a Barrister-at-Law (Lincoln's Inn). He began his career at the Law Firm Julius & Creasy and later joined Lankem Ceylon PLC.

## Board of Directors

### **Anushman Rajaratnam**

*B.Sc. (Hons.), CPA, MBA*

Mr. Anushman Rajaratnam was appointed to the Board of Directors of Colombo Fort Investments PLC on 09th June, 2022. He is at present the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB). In addition, he serves on the Board of several subsidiary companies of the CFLB Group. Prior to joining the CFLB Group, he worked overseas for a leading global Accountancy Firm.

### **P.M.A. Sirimane** - Director

*FCA, MBA*

Mr.P.M.A.Sirimane was appointed to the Board on 07th October, 2022. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Masters in Business Administration from the University of Swinburne, Victoria, Australia. Mr.Sirimane serves on the Board of The Colombo Fort Land & Building PLC (CFLB) and also serves on the Boards of several subsidiary companies in the CFLB Group. Amongst other senior positions he has functioned as Managing Director/CEO of Mercantile Leasing Ltd., Group Finance Director of United Tractor & Equipment Ltd., Chief Finance Officer of Sri Lanka Telecom Ltd., and Director of SLT Hong Kong Ltd. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex-officio member of the International Leasing Association.

# Corporate Governance

Colombo Fort Investments PLC is committed to a policy of maintaining the highest standard of accountability in all its business and other activities.

The Company firmly believes that good governance adopted and implemented will strengthen the confidence and trust of all stakeholders.

## Board Composition

Currently the Board of Colombo Fort Investments PLC comprises of Nine Non-Executive Directors, of whom three are Independent.

These Directors are named below and their profiles appear on page 03 and 04.

Mr.A.Rajaratnam	- Chairman Non-Executive
(Alternate	
Mr.Anushman Rajaratnam)	- Non-Executive
Mr.S.D.R.Arudpragasam	- Deputy Chairman Non-Executive
Mr.S.Shanmugalingam	- Non-Executive
Mr.A.M.de S. Jayaratne	- Independent / Non-Executive
Mr.S.Rajaratnam	- Non-Executive
Dr.J.M.Swaminathan	- Independent / Non-Executive
Mr.Amrit Rajaratnam	- Non-Executive
Mr.Anushman Rajaratnam	- Non-Executive
Mr. P.M.A.Sirimane	- Independent / Non-Executive

These Directors have submitted declarations of their Independence or Non-Independence to the Board of Directors.

Mr.A.M.de S.Jayarathne and Dr.J.M.Swaminathan are on Boards of other listed companies, in which a majority of the Directors of the Company are Directors and also serve on the Boards of other listed entities which have significant shareholdings in the Company. Mr.A.M.de S.Jayarathne and Dr. J.M.Swaminathan have served for over a period of nine years on the Board of the Company. However, the Directors having considered the fact that the said Directors are not involved in the

Management of the Company and having taken into consideration all other circumstances listed in the Colombo Stock Exchange Listing Rules pertaining to the "Criteria for Defining Independence" is, of the opinion that Mr. A.M.de S.Jayarathne and Dr.J.M.Swaminathan to be nevertheless Independent.

Mr. P.M.A.Sirimane was appointed as an Independent Non-Executive Director of the Company on 07th October, 2022. He serves on the Board of other listed companies in which a majority of the Directors of the Company are Directors and also serves on the Board of other listed entities which have significant shareholdings in the Company. Nevertheless having considered the fact that the said Director is not involved in the Management of the Company and having taken into consideration all other circumstances listed in the Colombo Stock Exchange Listing Rules pertaining to the "Criteria for Defining Independence" the Directors are of the opinion that Mr. Sirimane is Independent.

## Decision Making of the Board

During the year the Board has met on five occasions. In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing.

The attendance at Board meetings had been as follows:

	19.05.2022	09.06.2022	04.08.2022	03.11.2022	08.02.2023	
Mr.A.Rajaratnam	-	-	-	-	-	Excused
Mr.S.D.R.Arudpragasam	-	-	✓	✓	✓	3/5
Mr.S.Shanmugalingam	✓	✓	✓	✓	✓	5/5
Mr.A.M.de S.Jayarathne	✓	✓	✓	✓	✓	5/5
Mr.S.Rajaratnam	✓	✓	-	-	✓	3/5
Dr.J.M.Swaminathan	✓	✓	✓	✓	✓	5/5
Mr.Amrit Rajaratnam	✓	-	-	-	✓	2/5
Mr.Anushman Rajaratnam) (Appointed w.e.f. 09.06.2022)	N/A	✓	✓	-	✓	3/4
Mr.P.M.A.Sirimane (Appointed w.e.f. 07.10.2022)	N/A	N/A	N/A	✓	✓	2/2

## Corporate Governance

### Appointment and Re-election of Directors

The Board as a whole decides on the appointment of Directors in accordance with the Articles of Association of the Company and in compliance with the Rules on Governance.

In terms of the Articles of Association a Director appointed by the Board holds office until the next Annual General Meeting, at which he seeks re-election by the shareholders. The Articles require that one of the Directors in office to retire at each Annual General Meeting. The Director to retire, is he who has been longest in office since his last election. A retiring Director is eligible for re-election.

### Financial Acumen

The Directors are from varied business and professional backgrounds and have vast experience and proven ability in the field of investment, management and trading in securities. Their expertise enables them to exercise independent judgement and their views carry substantial weight in decision making. The Board includes six finance professionals who possess the necessary knowledge to offer guidance on matters of finance.

If necessary, professional advice is obtained from external independent parties.

The Board is responsible for the proper management of the Company along with monitoring an effective system of internal control covering the financial matters.

### Remuneration Committee

The Company has no employees and consequently the appointment of a Remuneration Committee does not arise.

### Audit Committee

The Audit Committee consists of Mr. A.M.de S. Jayaratne – Chairman (Independent / Non-Executive Director), Dr. J.M.Swaminathan (Independent / Non-Executive Director) and Mr. S. Rajaratnam (Non-Executive Director). The Audit Committee Report is given on pages 21 and 22 of this Report.

### Related Party Transactions Review Committee

The Committee comprises of Mr. A.M.de S. Jayaratne – Chairman (Independent / Non-Executive Director), Dr. J.M.Swaminathan (Independent / Non-Executive Director) and Mr. S. Rajaratnam (Non-Executive Director). The Related Party Transactions Review Committee Report is given on page 23 of this report.

### Managers & Secretaries

The Directors may seek advice from Corporate Managers & Secretaries (Private) Limited, (CMSL) who are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007. The Company does not employ any staff and all accounting services are provided by CMSL. Proper internal control procedures are adopted within CMSL.

### Annual General Meeting / General Meetings

The Board considers the Annual General Meeting / General Meetings an opportunity to communicate with shareholders and encourage their participation.

### Compliance with Legal Requirements

The Board strives to ensure that the Company complies with the Laws and Regulations of the country.

### Corporate Social Responsibility

Corporate decisions are made with due consideration taking into account the rights and claims of all Non-shareholder Groups.



## Corporate Governance

### ADHERENCE TO THE CORPORATE GOVERNANCE RULES OF THE COLOMBO STOCK EXCHANGE

Rule	Adherence
<b>7.10.1 Non-Executive Directors</b>	
(a) The Board of Directors of a listed Company shall include at least - * two Non-Executive Directors or * such number of Non - Executive Directors equivalent to one third of the total number of Directors whichever is higher.	Complied (The Board of Directors consist of Nine Directors and all are Non-Executive Directors)
(b) The total number of Directors is to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting.	Not Applicable (The Board consist of only Non- Executive Directors)
(c) Any change occurring to this ratio shall be rectified within 90 days from the date of the change.	Not Applicable
<b>7.10.2 Independent Directors</b>	
(a) Where the constitution of the Board of Directors includes only two Non-Executive Directors in terms of Rule 7.10.1 (a) above, both such Non-Executive Directors shall be 'independent'. In all other instances two or 1/3 of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be 'Independent'.	Complied (Three Non-Executive Directors are Independent)
(b) The Board shall require each Non-Executive Director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria.	Complied
<b>7.10.3 Disclosures Relating to Directors</b>	
(a) The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director based on such declaration and other information available to the Board and shall set out in the Annual Report, the names of Directors determined to be 'Independent'.	Complied
(b) In the event a Director does not qualify as 'independent' against any of the criteria set out in the listing rules but if the Board taking into account all the circumstances is of the opinion that the Director is nevertheless 'Independent', the Board shall specify the criteria not met and the basis for its determination in the Annual Report.	Complied
(c) In addition to disclosures relating to the Independence of a Director set out above, the Board shall publish in its Annual Report a brief resume of each Director on its Board which includes information on the nature of his/her expertise in relevant functional areas.	Complied
(d) Upon appointment of a new Director to the Board, the Company shall forthwith provide to the Exchange a brief resume of such Director for dissemination to the public. Such resume shall include information on the matters itemized in Rule 7.10.3 (a), (b) and (c) mentioned above.	Complied New appointments were made on 09/06/2022 and 07/10/2022.

## Corporate Governance

Rule	Adherence
<b>7.10.5 Remuneration Committee</b>	
A listed Company shall have a Remuneration Committee in conformity with the following : (a) Composition (b) Functions (c) Disclosure in the Annual Report	Not Applicable (Refer the Corporate Governance Disclosure in the Annual Report)
<b>7.10.6 Audit Committee</b>	
A listed Company shall have an Audit Committee in conformity with the following :	Complied (Refer Audit Committee Report in the Annual Report)
<b>(a) Composition</b> The Audit Committee shall comprise a minimum of two Independent/ Non-Executive Directors (in instances where a company has only two Directors on its Board); or Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.	Complied (Audit Committee comprises of three Non-Executive Directors of whom two are Independent)
* In a situation where both the Parent Company and the Subsidiary are 'Listed Companies', the Audit Committee of the Parent Company may function as the Audit Committee of the Subsidiary.	Not Applicable
* However, if the Parent Company is not a listed Company, then the Audit Committee of the Parent Company is not permitted to act as the Audit Committee of the Subsidiary. The Subsidiary should have a separate Audit Committee.	Not Applicable
* One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors.	Complied
* Unless otherwise determined by the Audit Committee the Chief Executive Officer and the Chief Financial Officer of the Listed Company shall attend Audit Committee meetings.	Representatives of the Managers & Secretaries were in attendance on invitation.
* The Chairman or one Member of the Committee should be a member of a recognised professional accounting body.	Complied

## Corporate Governance

Rule	Adherence
<b>(b) Functions shall include -</b> * Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Company, in accordance with Sri Lanka Accounting Standards.	Complied
* Overseeing of the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements..	Complied
* Overseeing the processes to ensure that the Company's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards.	Complied
* Assessment of the independence and performance of the Company's external auditors.	Complied
* To make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	Complied
<b>(c) Disclosure in the Annual Report</b> The names of the Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee should be disclosed in the Annual Report.	Complied (Disclosure made in the Audit Committee Report)
* The Committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the Annual Report.	Complied
* The Annual Report shall contain a report by the Audit Committee, setting out the manner of compliance by the Company in relation to the above, during the period to which the Annual Report relates.	Complied
<b>9.1 Shareholder Approval</b>	
A Listed Entity shall obtain prior approval from the shareholders by way of a Special Resolution for the following Related Party Transactions :	
<b>9.1.1 Non-recurrent Transactions</b>	
<b>(a) Any Related Party Transaction of a value equal to, or more than:</b>	
<b>(i)</b> 1/3 of the Total Assets of the entity as per the latest Audited Financial Statements of the entity; or	Not Applicable
<b>(ii)</b> 1/3 of the Total Assets of the entity as per the latest Audited Financial Statements of the entity; when aggregated with other non-recurrent transactions entered into with the same Related Party during the same financial year.	Not Applicable

## Corporate Governance

Rule	Adherence
<b>9.1.2 Recurrent Transaction</b>	
<b>(a)</b> Any recurrent Related Party Transaction of a value equal to, or more than:	
<b>(i)</b> 1/3 of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the entity; or	Not Applicable
<b>(ii)</b> 1/3 of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the entity as per the latest Audited Financial Statements of the entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year. and	Not Applicable
<b>(iii)</b> The transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favourable to the Related Party than those generally available to the public.	Not Applicable
<b>9.2 Related Party Transactions Review Committee</b>	
A listed Entity shall have a Related Party Transactions Review Committee (RPTRC) in conformity with the following:	
<b>9.2.1 Review of Transactions</b>	
Except for transactions set out in Rule 9.5, all other Related Party Transactions should be reviewed by the Related Party Transactions Review Committee.	Complied (Refer Related Party Transactions Review Committee Report in the Annual Report)
<b>9.2.2 Composition</b>	
The Committee shall comprise a combination of Non-Executive Directors and Independent Non-Executive Directors and may also include Executive Directors at the option of the Listed Entity.	Complied (RPTRC comprises of Three Non-Executive Directors of whom two are Independent)
One Independent Non-Executive Director shall be appointed as Chairman of the Committee.	Complied
<b>9.2.3 Related Party Transactions Review Committee of the Parent Company</b>	
In a situation where both the Parent Company and the Subsidiary are Listed Entities, the RPTRC of the Parent Company may be permitted to function as the RPTRC of the Subsidiary.	Not Applicable
However, if the Parent Company is not a Listed Entity, then the RPTRC of the parent company is not permitted to act as the RPTRC of the Subsidiary, the Subsidiary shall have a separate RPTRC.	Not Applicable

## Corporate Governance

Rule	Adherence
<b>9.2.4 Committee Meetings</b>	
The Committee shall meet at least once a calendar quarter.	The Committee has met on four occasions
The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	Complied
<b>9.2.5 Professional and Expert Advice</b>	
Directors of the Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, they should obtain appropriate professional and expert advice from an appropriately qualified person.	Complied
<b>9.3 Disclosures</b>	
<b>9.3.1 Immediate Disclosure</b>	
<p><b>(a) (i)</b> The Listed Entity shall make an immediate announcement to the exchange;</p> <ul style="list-style-type: none"> <li>- of any non-recurrent Related Party Transaction with a value exceeding 10% of the equity or 5% of the total assets whichever is lower, of the Entity as per the latest Audited Financial Statement,</li> <li>or</li> <li>- of the latest transaction if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the equity or 5% of the total assets which ever is lower of the Entity as per latest Audited Financial Statements.</li> </ul>	Not Applicable (All non-recurrent transactions were below the disclosure threshold)
<b>(ii)</b> Listed Entity shall disclose subsequent non-recurrent transactions which exceeds 5% of the equity of the Entity, entered into with the same Related Party during the financial year.	Not Applicable
<b>9.3.2 Disclosure in the Annual Report</b>	
<p><b>(a) Disclosure of Non-recurrent Related Party Transactions</b> If aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements, the information must be presented in the Annual Report in accordance with the prescribed format under 9.3.2 (a).</p>	Not Applicable (All non-recurrent transactions were below the disclosure threshold)
<p><b>(b) Disclosure of Recurrent Related Party Transactions</b> If the Aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of Recurrent Related Party Transactions entered into during the financial year in the Annual Report in accordance with the prescribed format under 9.3.2(b).</p>	Complied (Refer Note 18(f) of the Annual Report)

## Corporate Governance

Rule	Adherence
c) Report by the Related Party Transactions Review Committee.	Complied (Refer Related Party Transactions Review Committee Report)
d) A declaration by the Board of Directors.	Complied (Refer RPTRC Report and Annual Report of the Board of Directors)
<b>9.4 Acquisition and Disposal of Assets from/to Related Parties</b>	
<b>9.4.1</b> The Listed Entity nor any of its subsidiaries without obtaining prior approval from the shareholders by way of a Special Resolution, should not acquire or dispose of from/to any Related Party an asset/s amounting to a value which exceeds 1/3 of the total assets of the Entity a (substantial asset) as per latest Audited Financial Statements.	Not Applicable
<b>9.4.4</b> The members of the Related Party Transactions Review Committee should obtain competent independent advice from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration.	Not Applicable
<b>9.4.5</b> The competent independent advice obtained in terms of Rule 9.4.4 above should be circulated with the notice of meeting to obtain the shareholder approval as set out in Rule 9.4.1 above.	Not Applicable

# Risk Management Report

Colombo Fort Investments PLC is exposed to a variety of risks in the course of its operations. Being an investment Company, our success depends on achieving an acceptable balance between the risks we take and returns we earn. The Company's risk management framework has been developed to identify and manage risks in a systematic and professional manner. The Board of Directors of the Company is responsible for the management of risks.

The key risks faced by the Company are categorised into four; being market risk, portfolio risk, regulatory risk and operational risk.

## Market Risk

Market risk is caused by changes in the macroeconomic environment which have an impact on the financial markets as a whole. Changes in borrowing costs, foreign exchange rates, inflation and government policies are some of the causes of this form of risk. Market risk cannot be eliminated. It is an ever present factor in the management of equity portfolios. At Colombo Fort Investments, market risks and the potential implications of those risks are factored into all asset allocation and investment decisions.

## Portfolio Risk

Portfolio risk arises from the unique risks associated with each security that the Company invests. In our equity portfolio the value of shares we invest will fluctuate with the fortunes of the company issuing those shares. We adopt a disciplined process of evaluating investment in order to ensure that our portfolio risk is within acceptable limits given our strategy of growth in the value of our investments in a sustainable manner over the long term. As part of the process of monitoring the performance of our investments, the Board periodically reviews the Company's investments in related companies as well.

## Regulatory Risk

Regulatory risk refers to the risk taken if the Company does not comply with all legal and regulatory provisions applicable to it. Internal systems and processes are structured to ensure that the Company complies with all legal and regulatory provisions. All investments are made and trades executed in compliance with the Companies Act, CSE/SEC Regulations, Tax Regulations and other applicable regulatory provisions.

## Operational Risk

Operational risk is the risk of loss resulting from failed or inadequate internal processes, people and systems or from external events. Operational risk management is an integral part of the overall responsibility resting with the Board and they strive to maintain an appropriate internal control environment to commensurate with the nature of the operations within the framework of the Company's policies and procedures. The Board in consultation with the Audit Committee, assesses the effectiveness of the internal control systems and monitors the compliance with them on a regular basis. The observations of the above review process are used by the Board to improve those controls further and to update them in response to changing conditions associated with the business.

The Company also maintains its policies with regard to access, control and protection of data and ability to cope with unexpected contingencies. Necessary safeguards are constantly introduced and upgraded to ensure the integrity of the information and the continuity of business operations. Preventive and proactive measures such as firewalls, virus guards and regular backup systems are amongst other steps kept in place.

The Company does not employ any staff and all services are provided by Corporate Managers & Secretaries (Private) Limited. Thereby, the Company does not face material issues pertaining to employees and industrial relations.

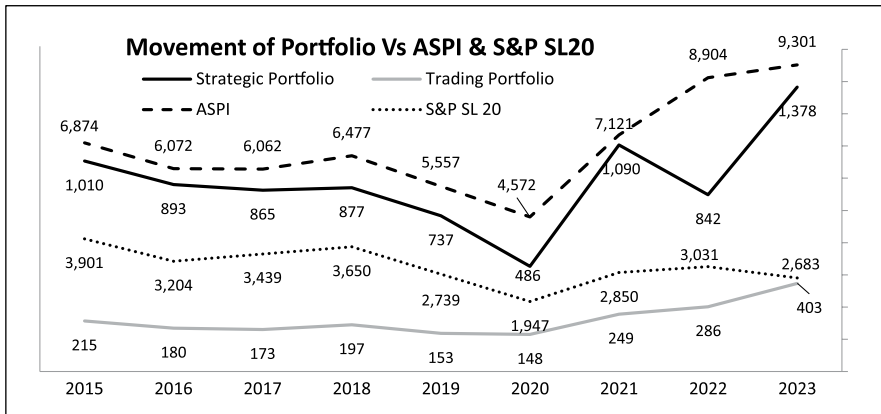
# Management Discussion and Analysis

Sri Lanka experienced the worst ever economic crisis and political uncertainty in the year 2022; financial year started with the collapse of local currency amidst the balance of payment crisis, which resulted in a sharp rise in inflation, and rationing of fuel and some essential items. Further, country was forced to default on foreign debt servicing for the first time in history. Interest rates of short-term government securities reached over 30% levels while inflation reached as high as 70%. The Colombo Stock Exchange (CSE) witnessed series of circuit breakers due to heavy sell-off on margin calls. Declining trend in CSE lasted till July 2022; at one point ASPI declined by 49% (6,552 points) from its all-time high of 13,457 points recorded in January 2022. Market started to recover from August 2022 following the counter measures taken by the government to arrest the situation with the help of IMF and the stability in political environment.

Recovery was highly volatile due to the uncertainties and speculation. As per the

available estimates, Sri Lanka’s economic growth is to remain negative for 2023 and recover from 2024. Increase in interest rates, high inflation, and the worries over recession in the developed economies, are affecting the exports. Import restrictions and higher taxation in the country on the other hand, are expected to keep the economic activities at lower levels. However, plantation sector was the largest gainer during this crisis; average tea prices doubled when compared to the previous year prices and made the plantation companies earn all time high profits, some of the plantation sector share prices also reached all-time high levels.

Foreign interest kicked in on Expo Lanka from September 2022 and infused near Rs. 30 Billion in to the market. Daily average turnover for the year 2022 declined to Rs. 3 Billion compared to Rs. 4.9 Billion in the previous year. The All Share Price Index (ASPI) closed the financial year with a gain of 4.5% (397 points) year on year during the period under review.





## Management Discussion and Analysis

As proposed in January 2022, the Rights Issue was completed successfully with 98% subscription in June 2022. We found several undervalued stocks with long term growth potential to include in our portfolios. Accordingly, Rs. 17.7 Million was invested in the Strategic Portfolio while Rs. 53.5 Million was invested in the trading portfolio. Large portion of the Rights Issue proceeds were invested in Commercial Bank of Ceylon PLC - Voting shares (Rs. 17.7 Million), Nestle Lanka PLC (Rs. 16.9 Million), Haycarb PLC (Rs. 11.7 Million) and Hayleys PLC (Rs. 6.7 Million) at very attractive prices.

Despite the higher volatility in CSE during the period under review our Strategic Portfolio has increased by 64% to Rs. 1.38 Billion and the Trading portfolio has increased by 41% to Rs. 403 Million while the total portfolio has increased by 58% at close of financial year 2023 at Rs. 1.78 Billion. Near 100% increase in the share price of The Colombo Fort Land & Building PLC (CFLB), which is our largest single investment, dominating 39% of the total portfolio, contributed Rs. 347 Million gains during the period under review.

### Financial Review and Shareholder Returns

Colombo Fort Investments PLC reported a profit after tax of Rs. 83.3 Million for the year ended 31st March 2023 compared to a profit of Rs. 50.8 Million recorded in the previous year.

During the period under review the company's dividend income has decreased by 15% to Rs. 35.09 Million compared to Rs. 41.2 Million in the previous year.

In the year ended 31st March 2023 the Company's Net Asset Value (NAV) per share increased by 34% to Rs. 207.93. The company's share price of Rs. 67.50 indicates a discount of 68% compared to the Net Asset Value per share.

### Outlook

Looking beyond the economic crisis, we see potential in Sri Lanka on a long-term basis, which is expected to attract foreign direct investments in the energy sector, ports and tourism. Developments in the region, especially the economic potential of India, and Sri Lanka's strategic location as a maritime hub are creating opportunities. Tourism industry is recovering after about four years and the focus on MICE tourism is expected to boost the sector.

Increased policy rates and taxes are expected to keep the economic activities low till the debt restructuring process completes. Following that, we expect a gradual pickup in the economy with the upward revision of rating and improvement in foreign investor confidence.

The outlook for recovery in the global economy is remaining weak because of the continuing Russia - Ukraine war and the financial stability across the world.

We are closely monitoring the developments in economy and the external factors, to enhance the portfolio.

# Financial Reporting

Annual Report of the Board of Directors	17
Audit Committee Report	21
Related Party Transactions Review Committee Report	23
Independent Auditors' Report	24
Statement of Profit or Loss and Other Comprehensive Income	28
Statement of Financial Position	29
Statement of Changes in Equity	30
Statement of Cash Flows	31
Notes to the Financial Statements	32

# Annual Report of the Board of Directors

The Board of Directors of Colombo Fort Investments PLC present their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March, 2023.

## Principal Activities / Business Review

The principal activity of the Company is investing in the Stock Market and in other types of Securities.

The Chairman's Review, the Management Discussion Analysis together with the Financial Statements reflect the state of affairs of the Company.

The Directors, to the best of their knowledge and belief, confirm that the Company has not engaged in any activities that contravene laws and regulations.

## Financial Statements

The Financial Statements of the Company are given on pages 28 to 64.

## Independent Auditors' Report

The Auditors' Report on the Financial Statements is given on pages 24 to 27.

## Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 32 to 39.

## Interest Register

### Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192(2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 18 to the Financial Statements which are given on pages 55 to 58.

### Directors' Interest in Shares

Directors of the Company who have an interest in the shares of the Company are required to disclose their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act.

Details pertaining to Directors' direct Shareholdings are set out below.

Name of Director	No. of Shares As at 31.03.2023	No. of Shares As at 31.03.2022
	Mr.A.Rajaratnam (Alternate Mr.Anushman Rajaratnam)	1
Mr.S.D.R.Arudpragasam	NIL	NIL
Mr.S.Shanmugalingam	*405	*24
Mr.A.M de S.Jayarathne	NIL	NIL
Mr.S.Rajaratnam	NIL	NIL
Dr.J.M.Swaminathan	NIL	NIL
Mr. Amrit Rajaratnam	NIL	N/A
Mr. Anushman Rajaratnam (Appointed w.e.f. 09.06.2022)	NIL	N/A
Mr.P.M.A.Sirimane (Appointed w.e.f. 07.10.2022)	NIL	N/A

\* Aggregate of 327 fractional shares held in Trust consequent to the Scrip Dividend in 2021 and 2022.

### Directors' Fees

Directors' fees in respect of the Company for the financial year 2022/23 is given in Note 5 to the Financial Statements on page 40.

### Corporate Donations

No donations were made during the year.

## Annual Report of the Board of Directors

### Directorate

The names of the Directors who held office during the financial year are given below and are profiled on page 03 and 04.

Mr.A.Rajaratnam	- Chairman Non-Executive
(Alternate Mr.Anushman Rajaratnam)	- Non-Executive
Mr.S.D.R.Arudpragasam	- Deputy Chairman / Non-Executive
Mr.S.Shanmugalingam	- Director / Non-Executive
Mr.A.M.de S. Jayaratne	- Director / Independent / Non-Executive
Mr.S.Rajaratnam	- Director / Non-Executive
Dr J.M.Swaminathan	- Director / Independent / Non-Executive
Mr.Amrit Rajaratnam	- Director / Non-Executive
Mr.Anushman Rajaratnam	- Director / Non-Executive
(Appointed w.e.f. 09.06.2022)	- Non-Executive
Mr.P.M.A.Sirimane	- Director /
(Appointed w.e.f. 07.10.2022)	Independent / Non-Executive

Mr. P.M.A.Sirimane the Director appointed during the year retires in terms of Article 92 of the Articles of Association and being eligible offers himself for re-election.

In terms of Articles 85 and 86 of the Articles of Association, Mr. S.Shanmugalingam retires by rotation and being eligible offers himself for re-election.

Mr.A.M.de S. Jayaratne who is over 70 years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company, which is referred to in the Notice of Meeting.

Dr.J.M.Swaminathan who is over 70 years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company, which is referred to in the Notice of Meeting.

Mr.A.Rajaratnam who is over 70 years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company, which is referred to in the Notice of Meeting.

Mr.S.D.R.Arudpragasam who is over 70 years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company, which is referred to in the Notice of Meeting.

### Corporate Governance

The Corporate Governance Principles adhered to by the Company are given on pages 05 to 12.

### Auditors

The Financial Statements for the year have been audited by Messrs. V.S. & Associates.

The amount payable to Messrs. V.S. & Associates as audit fee and fees for audit related services by the Company was Rs. 270,000/- (2021/22 Rs.240,000/-) In addition, they were paid Rs. 70,000/- (2021/22 - Rs.60,000/-) by the Company for non-audit related work, which consisted mainly of fees for tax compliance services. Further, Rs. 33,800/- was paid to obtain the Solvency Certificate required under the Companies Act.

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interest in the Company.

### Revenue

The revenue of the Company for the year was Rs. 35.09 Million (2021/22- Rs. 41.23 Million).

## Annual Report of the Board of Directors

### Results

The Company made a Net Profit before tax of Rs. 85.03 Million, as against a Net Profit of Rs. 54.53 Million in the previous year. The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 28.

### Taxation

In terms of the Inland Revenue Act No. 24 of 2017 and the Inland Revenue (Amendment) Act No. 10 of 2021, the Company is liable to pay income tax at the rate of 24% on the profits and 14%, on Dividend Income up to 30th September, 2022. As per the Inland Revenue (Amendment) Act No. 45 of 2022, the rates were revised to 30% and 15% respectively from 1st October 2022. The Company is liable to pay Rs. 1.75 Million as income tax. The detailed income tax computation is given in Note 9 to the Financial Statements on page 41.

### Dividends

The Board of Directors have resolved to pay a First & Final dividend of Rs. 1.20 per share by way of Scrip Dividend for the Year ended 31st March, 2023 to the registered shareholders of the Company as at the end of trading on the third (3rd) market day (i.e. the "Record date") from and excluding the date of the Annual General Meeting at which the requisite Resolution is passed by the Shareholders of the Company in the proportion of 01 new ordinary share for every 48.6667476825 existing ordinary shares. The said resolution will be proposed at the Annual General Meeting to be held on 22nd June, 2023.

The Directors have confirmed that the Company satisfies the Solvency Test requirement under Section 56 of the Companies Act No.07 of 2007 for the proposed dividend.

A Solvency certificate has been sought from the Auditors in respect of the aforementioned dividend.

### Investments

The Fair Value of Quoted Securities held as at 31st March, 2023 was Rs. 1.78 Billion (2021/22- Rs.1.13 Billion).

The detailed investment portfolio is given in Note 12 to the Financial Statements on pages 43 to 51.

### Property, Plant and Equipment

The Company does not own any property, plant and equipment.

### Stated Capital

As at the year ended 31st March 2023 the Stated Capital of the Company was Rs.303.38 Million represented by 8,610,121 Ordinary shares.

### Rights Issue

The Company made a Rights Issue of 1,403,915 Ordinary shares at a price of Rs. 52.00 per share to the holders of the Issued Ordinary Shares of the Company as at the end of trading on 18th May, 2022, in the proportion of One (1) new Ordinary Share for every Five (5) existing Ordinary Shares held in the Capital of the Company. The issue closed on 13th June, 2022. The total shares subscribed for on the said Rights Issue was 1,368,823 and the total consideration received was Rs. 71,178,796.00. The purpose of the issue was to raise funds for further investing in details on the shares listed on the Colombo Stock Exchange. The details on the utilization of the Rights issue proceed are disclosed in Note 15 on page 53.

### Reserves

The total reserves of the Company as at 31st March, 2023 amounted to Rs. 1,486.95 Million comprising General Reserves of Rs.16.50 Million (2021/22 - Rs.16.50 Million), Fair Value Reserve of Financial Assets at FVOCI of Rs. 1,063.51 Million (2021/22 - Rs.550.15 Million) and Retained Earnings of Rs. 406.94 Million (2021/22- Rs. 334.59 Million). The movements are shown in the Statement of Changes in Equity in the Financial Statements.

## Annual Report of the Board of Directors

### Related Party Transactions

During the financial year there were recurrent related party transactions which exceeded the disclosure threshold. These transactions are disclosed in Note 18 to the Financial Statements. There were no non-recurrent related party transactions which exceeded the disclosure threshold. The Directors declare that the Company has complied with the requirements of Section 9 of Colombo Stock Exchange Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the Financial Statements are disclosed in Note 18 on pages 55 to 58.

### Capital Expenditure Commitments and Contingent Liabilities

Capital Expenditure Commitments and Contingent Liabilities as at the reporting date are disclosed in Notes 20 and 21 to the Financial Statements on page 59.

### Events after the Reporting Period

No circumstances have arisen since the reporting date that would require adjustments to or disclosures in the Financial Statements, other than those disclosed in Note 23 to the Financial Statements on page 59.

### Share Information

Information relating to earnings, dividend, net assets, market value per share and share trading is given on page 66 and 67.

### Employment Policy

The Company does not employ any staff. All operational services are provided by Corporate Managers & Secretaries (Private) Limited, to whom a fee is paid.

### Shareholders

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

### Statutory Payments

The Directors to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government have been paid or where relevant, provided for.

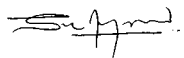
### Internal Control

The Directors acknowledge their responsibility for the Company's system of internal controls. The system is designed to give assurance regarding the safeguarding of investments, the maintenance of proper accounting records and the reliability of financial information generated.

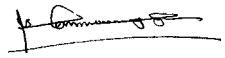
### Going Concern

The Directors, after making necessary inquiries and reviews of the Company's future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

For and on behalf of the Board

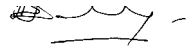


**S.D.R. Arudpragasam**  
Director



**S. Shanmugalingam**  
Director

By Order of the Board



**Corporate Managers & Secretaries (Private) Limited**  
Secretaries

Colombo  
09th May, 2023

# Audit Committee Report

The Audit Committee Report focuses on the activities of the Company for the year under review, which the Committee has reviewed and monitored as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective views.

## Composition

The Audit Committee of Colombo Fort Investments PLC comprises of three Non-Executive Directors, of whom two are Independent. The Committee is chaired by Mr.A.M.de S.Jayaratne who is a Chartered Accountant.

Mr.A.M.de S.Jayaratne	-	Chairman Independent Non-Executive Director
Dr.J.M.Swaminathan	-	Independent Non-Executive Director
Mr.S.Rajaratnam	-	Non-Executive Director

The members have varied experience, financial knowledge and business acumen to carry out their role effectively and efficiently. Two of the Committee members including the Chairman are finance professionals.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

## Meetings of the Committee

The Committee met on five occasions during the year under review and the attendance was as follows;

	19.05.2022	09.06.2022	04.08.2022	03.11.2022	08.02.2023	
Mr.A.M.de S.Jayaratne	✓	✓	✓	✓	✓	5/5
Dr.J.M.Swaminathan	✓	✓	✓	✓	✓	5/5
Mr.S.Rajaratnam	✓	✓	-	-	✓	3/5

The Directors of the Company and Managers from Corporate Managers & Secretaries (Private) Limited attended these meetings on the invitation of the Audit Committee.

The activities and views of the Committee have been communicated to the Board of Directors by tabling the minutes of the Committee meetings.

## Financial Reporting

The Committee, as part of its responsibility to oversee the Company's financial reporting process, has reviewed and discussed with the Management, the quarterly and annual Financial Statements prior to their release including the extent of compliance with the Companies Act No. 07 of 2007 and the adequacy of disclosures required by other applicable laws, rules and guidelines.

The Committee has discussed the operations of the Company and its future prospects with Management and is satisfied that all relevant matters have been taken into consideration in the preparation of the Financial Statements and that the financial position of the Company is secure.

## Risks and Controls

The Committee reviewed the significant business risks and internal control issues and have suggested, where necessary, appropriate remedial measures.

## Audit Committee Report

### External Audit

The Committee undertook the annual evaluation of the independence and objectivity of the External Auditor and the effectiveness of the audit process.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to conflict of interest. Due consideration has been given to the level of audit and non-audit related fees received by the External Auditors' from the Company.

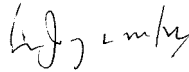
The Audit Committee has recommended to the Board of Directors the re-appointment of the External Auditor, Messrs. V.S. & Associates, Chartered Accountants subject to the approval by the shareholders at the forthcoming Annual General Meeting.

### Regulatory Compliance

The Committee reviewed the procedures established by the Management of the Company for compliance with the requirements of regulatory bodies.

### Conclusion

Based on the assurances and certifications provided by the Board of Directors, and the discussions with Management and the Auditors both at formal meetings and informally, the Committee is of the view that the control environment within the Company is satisfactory and provides reasonable assurance that the financial position of the Company is adequately monitored and safeguarded.



**A.M.de S.Jayaratne**  
*Chairman*  
*Audit Committee*

Colombo  
09th May, 2023



# Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee Report focuses on the related party transactions of the Company during the financial year, which the Committee has reviewed as to provide compliance with the regulations governing listed entities, through a process of independent views.

## Composition

The Related Party Transactions Review Committee of Colombo Fort Investments PLC comprised of the following members,

Mr.A.M. de S.Jayaratne	- Chairman Independent Non-Executive Director
Dr.J.M.Swaminathan	- Independent Non-Executive Director
Mr.S.Rajaratnam	- Non-Executive Director

The Company's Secretaries Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Related Party Transactions Review Committee.

## Meetings of the Committee

The Related Party Transactions Review Committee met on four occasions during the financial year under review and the attendance was as follows;

	19.05.2022	04.08.2022	03.11.2022	08.02.2023	
Mr.A.M.de S.Jayaratne	✓	✓	✓	✓	4/4
Dr.J.M.Swaminathan	✓	✓	✓	✓	4/4
Mr.S.Rajaratnam	✓	-	-	✓	2/4

The representatives of the Managers, Corporate Managers & Secretaries (Private) Limited attended these meetings on the invitation of the Committee. The activities and views of the Committee have been communicated to the Board of Directors by tabling the minutes of the Committee Meetings at Meetings of the Board.

## Policies and Procedures

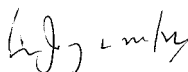
The Committee as part of its responsibility to review the related party/entities transactions, has identified the persons considered as "Related Parties". Declarations are obtained from each Director of the Company to identify such "Related Parties". Managers are requested to inform and obtain the approval prior to transactions being entered into with such "Related Parties".

The Committee ensures that they have access to the terms and conditions of the proposed transactions and reviews all aspects and where necessary, would obtain professional and expert advice from an appropriately qualified person and request the Board of Directors to approve the proposed transaction, where necessary. The Committee would further ensure that adequate and appropriate disclosures are made to the stakeholders.

## Conclusion

The Related Party Transactions Review Committee has reviewed the Related Party transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

The Board of Directors has also declared in the Annual Report that there were no non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of Colombo Stock Exchange Listing Rules. The Board further declares that recurrent related party transactions have exceeded the respective threshold and are disclosed in Note 18 of the Financial Statements and the Company has complied with the requirements of Section 9 of the Colombo Stock Exchange Listing Rules on Related Party Transactions.



**A.M.de S.Jayaratne**

*Chairman*

*Related Party Transactions Review Committee*

Colombo  
09th May, 2023

# Independent Auditors' Report



**V.S. & ASSOCIATES**  
Chartered Accountants

20/62, Fairfield Gardens,  
Colombo 8.

Sri Lanka.

Tel: (94-11) 26996006, 2699917, 2691281

Fax: (94-11) 2699918

email: vsa@slf.lk

Partners

Mrs. L.R. SHAH F.C.A

L.J. SELVANAYAGAM F.C.A

## TO THE SHAREHOLDERS OF COLOMBO FORT INVESTMENTS PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Colombo Fort Investments PLC ("the Company"), which comprise the statement of financial position as at 31st March 2023, and the statement of profit or loss and other 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 give a true and fair view of the financial position of the Company as at 31st March 2023, and its financial performance and its 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 Company 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.

*Valuation of Financial Assets classified as Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL).*

The Investments of the Company as at 31st March 2023 comprise FVOCI financial assets of Rs. 1,377,892,088.75 (in 2022 Rs. 842,380,405.70) and FVTPL financial assets of Rs. 402,857,447.05 (2022 - 286,357,302.35) and, represent 76.93% and 22.49% of total assets respectively.

As at the reporting date, the Company's portfolio is made with;

## Independent Auditors' Report (Contd.)

### Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

	2023	2022
	Rs. Mn	Rs. Mn
1) Quoted equity shares		
a) Related Companies :	1,133.75	672.53
b) Non Related Companies :	242.42	168.13
2) Unquoted equity shares		
a) Related Companies :	1.52	1.52
b) Non Related Companies :	0.2	0.2

### Financial Assets at Fair Value through Profit or Loss (FVTPL)

	2023	2022
	Rs. Mn	Rs. Mn
1) Quoted equity shares		
a) Related Companies :	280.94	213.77
b) Non Related Companies :	121.91	72.58
2) Unquoted equity shares		
a) Non Related Companies :	-	-

Risks;

Quoted Financial Assets - due to materiality in the context of the financial statements as a whole and market volatility, this is considered to be an area which had the greatest effect on the financial statements;

Unquoted Financial Assets - due to subjective nature of the valuation methodology and management assumptions used.

Our audit procedures included;

- Documenting and testing the design, implementation and operating effectiveness of the investment valuation process and key controls in place;
- Recomputed the disposal gains & losses relating to investments by referring to underlying documents;

- Quoted Investments - Checking the CDS confirmation to verify the existence, completeness and accuracy of number of shares invested in each Company;
- Agreeing the valuation of quoted investments in portfolio to externally quoted prices as at 31.03.2023.
- Checked the individual and sector vice fair value changes of equity instruments after the reporting period in order to identify whether there is a necessity for further impairment.
- Assessing the investment realisations in the period, comparing with actual sales proceeds to prior year valuations to understand the reasons for significant variances and determining whether they are indicative of bias or error in the Company's approach;
- Assessing the adequacy of disclosures in the financial statements and inherent degree of subjectivity and key assumptions in the estimates as required by the relevant accounting standards.
- We further evaluated the adequacy of the related disclosures in the notes 2.2.1, 12 and 25.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

## Independent Auditors' Report (Contd.)

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## Independent Auditors' Report (Contd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 Company 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.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding

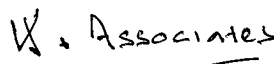
independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1638.



**V.S. & Associates**  
Chartered Accountants

Colombo  
09th May, 2023

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Notes	2023 Rs. '000	2022 Rs. '000
<b>Revenue</b>	<b>3</b>	<b>35,090</b>	41,227
Other Income	4	<b>7,945</b>	1,024
		<b>43,035</b>	42,251
Administrative Expenses	5	<b>(4,701)</b>	(3,782)
Fair Value changes on Financial Assets	6	<b>48,942</b>	17,956
Other Expenses	7	<b>(816)</b>	(276)
<b>Profit / (Loss) from Operating Activities</b>		<b>86,460</b>	56,149
Finance Costs	8	<b>(1,426)</b>	(1,618)
<b>Profit / (Loss) before Tax</b>		<b>85,034</b>	54,531
Income Tax Expense	9	<b>(1,753)</b>	(3,675)
<b>Profit / (Loss) for the year</b>		<b>83,281</b>	50,856
<b>Other Comprehensive Income</b>			
<i>Items that will not to be reclassified to Profit or Loss</i>			
- Profit / (Loss) on changes in Fair Value on Financial Assets at Fair Value through Other Comprehensive Income		<b>513,356</b>	(255,925)
- Transfer of realised gains on disposal of Financial Assets at Fair Value through Other Comprehensive Income		-	58
- Profit / (Loss) on disposal of Financial Assets at Fair Value through Other Comprehensive Income		-	(39)
<b>Total Other Comprehensive Income / (Expense) for the year</b>		<b>513,356</b>	(255,906)
<b>Total Comprehensive Income / (Expense) for the year</b>		<b>596,637</b>	(205,050)
Basic Earnings / (Loss) per Share	<b>10</b>	<b>10.08</b>	7.02
Dividend Proposed per Share	<b>11</b>	<b>1.20</b>	1.20

Figures in brackets indicate deductions.

The Notes to these Financial Statements from pages 32 to 64 form an integral part of these Financial Statements.

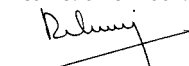
# Statement of Financial Position

As at 31st March	Notes	2023 Rs. '000	2022 Rs. '000
<b>Assets</b>			
<b>Non - Current Assets</b>			
Financial Assets at Fair Value through Other Comprehensive Income	12.1	1,377,892	842,380
<b>Total Non-Current Assets</b>		<b>1,377,892</b>	<b>842,380</b>
<b>Current Assets</b>			
Financial Assets at Fair Value through Profit or Loss	12.2	402,857	286,357
Receivables		5,311	6,274
Prepayments		89	81
Amounts due from Related Party	13	994	1,482
Cash & Cash Equivalents	14	3,961	7,230
<b>Total Current Assets</b>		<b>413,212</b>	<b>301,424</b>
<b>Total Assets</b>		<b>1,791,104</b>	<b>1,143,804</b>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Stated Capital	15	303,377	222,132
General Reserve	16	16,500	16,500
Fair Value Reserve of Financial Assets at FVOCI	16	1,063,507	550,151
Retained Earnings		406,938	334,587
<b>Total Equity</b>		<b>1,790,322</b>	<b>1,123,370</b>
<b>Non - Current Liabilities</b>			
<b>Total Non-Current Liabilities</b>		-	-
<b>Current Liabilities</b>			
Trade & Other Payables	17	441	17,756
Dividends Payable		-	36
Income Tax Liability		341	2,642
<b>Total Current Liabilities</b>		<b>782</b>	<b>20,434</b>
<b>Total Equity &amp; Liabilities</b>		<b>1,791,104</b>	<b>1,143,804</b>
<b>Net Asset Per Share</b>		<b>207.93</b>	<b>155.13</b>

Figures in brackets indicate deductions.

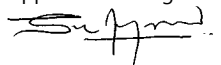
The Notes to these Financial Statements from pages 32 to 64 form an integral part of these Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



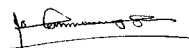
**M. V. M. Paulraj**

Director  
Corporate Managers & Secretaries (Private) Limited  
Approved and signed for and on behalf of the Board by



**S. D. R. Arudpragasam**

Director  
Colombo  
09th May, 2023



**S. Shanmugalingam**

Director

# Statement of Changes in Equity

For the year ended 31st March, 2023

	Stated Capital	General Reserve	Fair Value Reserve of Financial Assets at FVOCI	Retained Earnings	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 01st April, 2021</b>	213,840	16,500	806,018	292,068	1,328,426
Profit for the year	-	-	-	50,856	50,856
Other Comprehensive Income / (Expense)	-	-	(255,867)	(97)	(255,964)
	<u>213,840</u>	<u>16,500</u>	<u>550,151</u>	<u>342,827</u>	<u>1,123,318</u>
<b>Transactions with owners of the Company recognised directly in equity</b>					
Scrip Dividend - First & Final for the year ended 31st March, 2021	8,292	-	-	(8,292)	-
Unclaimed Dividend Written back	-	-	-	52	52
	<u>8,292</u>	<u>-</u>	<u>-</u>	<u>(8,240)</u>	<u>52</u>
<b>Balance as at 31st March, 2022</b>	<b>222,132</b>	<b>16,500</b>	<b>550,151</b>	<b>334,587</b>	<b>1,123,370</b>
Profit for the year	-	-	-	83,281	83,281
Other Comprehensive Income / (Expense)	-	-	513,356	-	513,356
	<u>222,132</u>	<u>16,500</u>	<u>1,063,507</u>	<u>417,868</u>	<u>1,720,007</u>
<b>Transactions with owners of the Company recognised directly in equity</b>					
Rights Issue of Ordinary Shares	71,179	-	-	-	71,179
Rights Issue Expenses	-	-	-	(900)	(900)
Scrip Dividend - First & Final for the year ended 31st March, 2022	10,066	-	-	(10,066)	-
Unclaimed Dividend Written back	-	-	-	36	36
	<u>81,245</u>	<u>-</u>	<u>-</u>	<u>(10,930)</u>	<u>70,315</u>
<b>Balance as at 31st March, 2023</b>	<b>303,377</b>	<b>16,500</b>	<b>1,063,507</b>	<b>406,938</b>	<b>1,790,322</b>

Refer Note No. 15 on page 52 for Stated Capital and Note No. 16 on page 54 for Fair Value Reserve of Financial Assets at FVOCI.

Figures in brackets indicate deductions.

The Notes to these Financial Statements from pages 32 to 64 form an integral part of these Financial Statements.



# Statement of Cash Flows

For the year ended 31st March	Notes	2023 Rs. '000	2022 Rs. '000
<b>Cash Flows from Operating Activities</b>			
Profit / (Loss) before Interest and Tax		86,460	56,149
<b>Adjustments for;</b>			
Fair Value changes on Financial Assets	6	(48,942)	(17,956)
(Profit) / Loss on Disposal of Financial Assets	4	(7,933)	(1,009)
Dividend received as Scrip Dividend		(5,001)	(4,107)
Provision / (Reversal) for Impairment of Amounts due from Related Party	4	(12)	(15)
<b>Profit before Working Capital Changes</b>		<b>24,572</b>	<b>33,062</b>
<b>Changes in Working Capital</b>			
(Increase) / Decrease in Receivables		963	(895)
(Increase) / Decrease in Prepayment		(7)	-
(Increase) / Decrease in Amounts Due from Related Parties	13	500	304
Increase / (Decrease) in Trade & Other Payables	17	(17,315)	(1,883)
<b>Cash generated from / (Used in) Operating Activities</b>		<b>8,713</b>	<b>30,588</b>
Tax paid		(4,054)	(2,154)
Interest Paid	8	(1,426)	(1,618)
<b>Net Cash Flows from / (used in) Operating Activities</b>		<b>3,233</b>	<b>26,816</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Financial Assets		(92,549)	(31,718)
Proceeds from Disposal of Financial Assets		15,768	9,456
<b>Net Cash Flows from / (used in) Investing Activities</b>		<b>(76,781)</b>	<b>(22,262)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Rights Issue	15	71,179	-
Rights Issue Expenses		(900)	-
<b>Net cash Flows from / (used in) Financing Activities</b>		<b>70,279</b>	<b>-</b>
<b>Net Increase/[Decrease] in Cash &amp; Cash Equivalents</b>			
		<b>(3,269)</b>	4,554
Cash & Cash Equivalents at the beginning of the year		7,230	2,676
<b>Cash &amp; Cash Equivalents at the end of the year [Note A]</b>		<b>3,961</b>	<b>7,230</b>
<b>Note A: Cash &amp; Cash Equivalents at the end of the year</b>			
Cash at bank	14	3,961	7,230
		<b>3,961</b>	<b>7,230</b>

Figures in brackets indicate deductions

The Notes to these Financial Statements from pages 32 to 64 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1 Reporting Entity

### 1.1 General

Colombo Fort Investments PLC is a Public Quoted Company with Limited Liability incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is located at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1.

### 1.2 Principal Activities and Nature of Operations

The principal activity of the Company, which is investing in securities, remained unchanged during the year.

### 1.3 Number of Employees

The Company did not employ any staff. All staff related services are provided by Corporate Managers & Secretaries (Private) Limited.

### 1.4 Approval of Financial Statements by the Board of Directors

The Financial Statements for the year ended 31st March, 2023 were authorised for issue by the Board of Directors in accordance with the resolution passed at the meeting held on 09th May, 2023.

### 1.5 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of these Financial Statements as per Sri Lanka Accounting Standards (SLFRS/ LKAS) and the provisions of the Companies Act No.07 of 2007.

## 2 Basis of Preparation

### 2.1 Statement of Compliance

The Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the CSE.

#### 2.1.1 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, except for the measurement of financial assets classified as fair value through other comprehensive income (FVOCI) - Equity Instruments and fair value through profit or loss (FVTPL) in the statement of financial position which are measured at fair value.

#### 2.1.2 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency.

#### 2.1.3 Use of Estimates, Judgements and Assumptions

The presentation of the Financial Statements in conformity with SLFRS/ LKAS requires management to make judgements, estimates and assumptions that affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses.

## Notes to the Financial Statements

Actual results may differ from those estimates and judgemental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### 2.1.4 Use of Materiality and Offsetting

#### a) Materiality and Aggregation

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

Notes to the Financial Statements are presented in a systematic manner which ensure the understand-ability and comparability of Financial Statements of the Company.

Understand-ability of the Financial Statements is not compromised by observing material information or by aggregating material items that have different nature of functions.

#### b) Offsetting

Assets and liabilities and income and expenses in the Financial Statements are not set-off unless permitted by Sri Lanka Accounting Standards.

### 2.1.5 Going Concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

### 2.1.6 Changes in Accounting Policies

There were no changes in accounting policies for the year ended 31st March, 2023.

## 2.2 Significant Accounting Policies

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

### 2.2.1. Financial Instruments

#### 2.2.1.1 Financial Assets

##### a) Initial Recognition and Measurement

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

Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised

## Notes to the Financial Statements

when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### b) Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The financial assets of the Company comprise financial assets at amortised cost, financial

assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

### Financial Assets at Amortised Cost

The Company 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 Company's financial assets at amortised cost include cash & cash equivalent and other receivables.

### Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

## Notes to the Financial Statements

### **Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)**

This category only includes the equity instruments, which the Company intends to hold for the foreseeable future.

Gains & losses on these financial assets are never recycled to profit or loss. Dividends are recognised as income in profit or loss.

### **Financial Assets at Fair Value through Profit or Loss (FVTPL)**

Financial assets at fair value through profit or loss include financial assets held for trading.

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.

This category include investments in related, quoted and unquoted companies. Dividend on equity investments are also recognised as income in the statement of profit or loss when the right of payment has been established.

### **c) De-recognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of

ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

### **d) Impairment of Financial Assets**

SLFRS 09 establishes a new model for impairment which is a forward looking expected credit loss model.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into

## Notes to the Financial Statements

account any credit enhancements held by the Company. If outstanding contractual amounts remains for more than three months, management will take necessary actions to recover the balances through negotiations. Based on the likelihood of recoverability, Company considers a financial asset to be in default.

A financial Asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.2.2.2. Financial Liabilities

#### a) Initial Recognition and Measurement

Financial liabilities within the scope of SLFRS 9 remains broadly the same as LKAS 39, are classified as financial liabilities at fair value through profit or loss, or at amortised cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include loans and borrowings and trade and other payables.

#### b) Subsequent Measurement of Financial Liabilities

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

### Loans and Borrowings

This is the category most relevant to the Company. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

#### c) Derecognition

A Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 as treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### 2.2.3 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

## Notes to the Financial Statements

As per the Companies Act No. 07 of 2007, Section 58(1), Stated Capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of calls in arrears.

### 2.2.4 Property, Plant & Equipment

Company did not own any Property, Plant & Equipment during the year.

### 2.2.5 Provisions

A provision is recognised in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37 - 'Provisions, Contingent Liabilities and Contingent Assets'. The amount recognised is the best estimate of the consideration required to settle the present obligation at the Reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

### 2.2.6 Commitments and Contingencies

Capital commitments and contingent liabilities of the Company are disclosed in respective notes to the Financial Statements.

### 2.2.7 Employee Benefits

#### 2.2.7.1 Defined Benefit Plan-Retirement Gratuity

Provision has not been made for gratuity in the accounts as per LKAS 19 - 'Employee Benefits', since the Company did not employ any staff. All staff related services are provided by Corporate Managers & Secretaries (Private) Limited.

#### 2.2.7.2 Defined Contribution Plans-Employees' Provident Fund and Employees' Trust Fund

Contribution for Employees' Provident Fund and Employees' Trust Fund have not been made since the Company does not employ any staff.

### 2.2.8 Statement of Profit or Loss and Other Comprehensive Income

#### 2.2.8.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue represents dividend income, interest income and profit or loss on disposal of financial assets.

The following specific criteria are used for the purpose of recognition of revenue.

## Notes to the Financial Statements

### a) Dividend Income

Dividend Income is recognised when the Shareholders right to receive such dividend is established.

### b) Profit or Loss on Disposal of Financial Assets

Profit or Losses on disposal of Financial Assets are accounted for in the Statement of Profit or Loss on the basis of realised net profit or loss.

### 2.2.8.2 Expenditure Recognition

All expenditure incurred in the running of the business has been charged to revenue in arriving at the profit or loss for the year. For the purpose of presentation of the Statement of Profit or Loss, the Directors are of the view that "function of expense method" fairly presents the elements of the Company's performance, hence such presentation method is adopted.

### Income Tax Expense

Income tax expense comprises of tax for the current period. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

### Current Tax

The provision for taxation is based on the elements of Income & Expenditure as reported in the Financial Statements & computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and Inland Revenue (Amendment) Act, No. 10 of 2021, Inland revenue (Amendment) act, No. 45 of 2022 and subsequent changes thereto.

### Deferred Tax

Deferred tax is not applicable since the Company does not have temporary differences.

## 2.3 Segmental Reporting

A segment is a distinguishable component of the Company that is engaged in providing related products or services which is subject to different risks and rewards. However, there are no distinguishable components to be identified as segments of the Company (geographical segments) which is subject to different risks and rewards.

## 2.4 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Indirect method".

## 2.5 Earnings per Share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the



## Notes to the Financial Statements

profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### 2.6 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

### 2.7 Transactions with Related Parties

Disclosures have been made in respect of the transactions between parties who are defined as related parties as per Sri Lanka Accounting Standard (LKAS) 24 - "Related Party Disclosures".

Related Party Receivables are treated as Current Assets as they are deemed to be of a temporary nature.

### 2.8 New Accounting Standards Issued But Not Yet Effective

A number of new standards and amendments to standards are effective for annual periods beginning after 01st January, 2023 and earlier application is permitted. However, the Company has not early adopted the new and amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1). The amendment applies to annual reporting periods beginning on or after 01st January, 2023.
- Definition of Accounting Estimates (Amendments to LKAS 8).
- Disclosure of Accounting Policies (Amendments to LKAS 1).

## Notes to the Financial Statements

For the year ended 31st March	2023 Rs.'000	2022 Rs.'000
<b>3 Revenue</b>		
Dividend Income	35,090	41,227
	<b>35,090</b>	<b>41,227</b>
<b>4 Other Income</b>		
Profit on disposal of Financial Assets	7,933	1,009
Reversal of Impairment on Related Party Balances	12	15
	<b>7,945</b>	<b>1,024</b>
<b>5 Administrative Expenses</b>		
<i>Include the following:</i>		
Auditors' Fees	270	240
Directors' Fees	500	360
Audit Committee Fees	90	90
Secretarial Fees	500	480
<b>6 Fair value changes on Financial Assets</b>		
Profit / (Loss) on Financial Assets at fair value through profit or loss	48,942	17,956
	<b>48,942</b>	<b>17,956</b>
<b>7 Other Expenses</b>		
Transaction Cost	816	276
	<b>816</b>	<b>276</b>
<b>8 Finance Costs</b>		
Interest on Margin Trading	1,426	1,618
	<b>1,426</b>	<b>1,618</b>

## Notes to the Financial Statements

For the year ended 31st March	2023 Rs.'000	2022 Rs.'000
<b>9 Income Tax Expense</b>		
<b>Current Income Tax</b>		
Tax Expense on Ordinary Activities for the Year (9.1)	<b>1,753</b>	3,675
	<b>1,753</b>	3,675
<b>9.1 Reconciliation of Accounting Profit and Taxable Income for the year</b>		
Accounting Profit / (Loss) before Tax	<b>85,034</b>	54,531
Aggregate Disallowed Expenses	<b>6,943</b>	5,676
Aggregate Allowable Expenses	<b>(91,977)</b>	(60,208)
Assessable Income/ (Expenses) from Business	-	-
Dividend Income		
- First Period	<b>11,577</b>	26,252
- Second Period	<b>878</b>	-
Taxable Income	<b>12,455</b>	26,252
Income Tax expense for the year is made up		
Statutory Tax Rate		
Dividend Income		
- First Period 14%	<b>1,621</b>	3,675
- Second Period 15%	<b>132</b>	-
	<b>1,753</b>	3,675

In accordance with Inland Revenue (Amendment) Act, No. 10 of 2021, Business Income is liable to Income Tax at 24% and in accordance with the provision of the Inland Revenue (Amendment) Act, No. 45 of 2022, as per para 4 (a) (ii) (c) of the first schedule, the Business Income is liable to income tax at 30% w.e.f from 01st October 2022.

Further as per the Inland Revenue (Amendment) Act, No. 10 of 2021, Dividend received from a resident company is liable to income tax at 14% and a dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company is exempt from income tax w.e.f. 01.01.2020.

As per the Inland Revenue (Amendment) Act, No. 45 of 2022, amendment of Third Schedule item (35)(4) (ooo) (ii) on or after 01st October 2022 a dividend paid by a resident company to a member to the extent that such dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company which is subject to Advance Income Tax, is exempt from income tax.

In accordance with the Inland Revenue (Amendment) Act, No. 45 of 2022, item (19) (aa) on or after 1st January 2023, dividends paid by a resident company shall be subject to a final withholding payment of 15% which is considered as a final tax.

Further according to Notice PN/IT/2023-01, applicable Income Tax rate for dividend received or derived by residents during the period from 1st October, 2022 to December 31, 2022 is 15%.

In terms of item (h) of third schedule of the Inland Revenue Act, No. 24 of 2017, gains made on the realisation of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka are exempt from income tax.

## Notes to the Financial Statements

### 10 Earnings / (Loss) Per Share

The Calculation of basic earnings / (loss) per share has been based on the following profit / (loss) attributable to Ordinary Shareholders and the weighted average number of ordinary shares outstanding during the year.

<b>For the year ended 31st March</b>	<b>2023</b>	2022
<b>Amounts used as the Numerator</b>		
Profit / (Loss) for the year (Rs'000)	<b>83,281</b>	50,856
<b>Number of Ordinary Shares used as Denominator</b>		
Weighted average number of Ordinary Shares (No.'000) (10.1)	<b>8,264</b>	7,241
Basic Earnings / (Loss) Per Share (Rs.)	<b>10.08</b>	7.02

#### 10.1 Weighted Average Number of Ordinary Shares for Basic Earnings Per Share

	<b>2023</b>	<b>Outstanding</b>
	<b>'000</b>	<b>No. of Shares</b>
		2022
		'000
Number of shares in issue as at 1st April	<b>7,020</b>	6,910
Number of shares issued due to scrip dividend on 09th September 2021	-	109
Number of shares issued due to scrip dividend on 08th September 2022	<b>222</b>	222
Effect of Rights Issue	<b>1,022</b>	-
Number of shares in issue as at 31st March	<b>8,264</b>	7,241

There was no dilution of ordinary shares outstanding. Therefore, diluted earnings per share is the same as basic earnings per share.

## Notes to the Financial Statements

As at 31st March	2023 Rs.'000	2022 Rs.'000
<b>11 Dividend Proposed per Share</b>		
First & Final Proposed Dividend (Rs.'000)	<b>10,332</b>	10,066
Number of Ordinary Shares entitled for Dividend (No.'000)	<b>8,610</b>	7,020
<b>Dividend Per Share (Rs.)</b>	<b>1.20</b>	1.20
<b>12 Financial Assets</b>	<b>2023 Rs.'000</b>	2022 Rs.'000
<b>12.1 Financial Assets at Fair Value through Other Comprehensive Income (Equity Instruments)</b>		
Financial Assets in Related Companies - Quoted (Note 12.1.1)	<b>1,133,752</b>	672,532
Financial Assets in Quoted Companies (Note 12.1.2)	<b>242,421</b>	168,129
Financial Assets in Related Companies - Unquoted (Note 12.1.3)	<b>1,519</b>	1,519
Financial Assets in Unquoted Companies (Note 12.1.4)	<b>200</b>	200
	<b><u>1,377,892</u></b>	<u>842,380</u>
<b>12.2 Financial Assets at Fair value through Profit or Loss</b>		
Financial Assets in Related Companies - Quoted (Note 12.2.1)	<b>280,943</b>	213,768
Financial Assets in Quoted Companies (Note 12.2.2)	<b>121,907</b>	72,582
Financial Assets in Unquoted Companies (Note 12.2.3)	<b>7</b>	7
	<b><u>402,857</u></b>	<u>286,357</u>
<b>Total of Financial Assets</b>	<b><u>1,780,749</u></b>	<u>1,128,737</u>

The fair value of the Company's listed equity portfolio is based on the volume weighted average price published by the Colombo Stock Exchange on the last day of trading for the financial year ended 31st March 2023.

## Notes to the Financial Statements

As at 31st March	2023			2022		
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
<b>12.1 Financial Assets at Fair Value through Other Comprehensive Income (Equity Instruments)</b>						
<b>12.1.1 Financial Assets in Related Companies - Quoted</b>						
Beruwala Resorts PLC	3,000,000	3,735	4,200	3,000,000	3,735	2,700
C M Holdings PLC	109,400	2,363	6,903	109,400	2,363	8,621
E B Creasy & Company PLC	15,929,000	3,594	320,173	15,912,000	3,335	268,913
Lankem Ceylon PLC	1,290,673	62,692	97,704	1,290,688	62,692	36,139
Marawila Resorts PLC	1,430,000	4,507	3,003	1,430,000	4,507	2,717
Muller and Phipps (Ceylon) PLC	90,000	58	108	90,000	58	90
Sigiriya Village Hotels PLC	5,300	306	297	5,300	306	318
The Colombo Fort Land & Building PLC	26,863,895	169,741	701,147	26,727,282	168,138	352,800
York Arcade Holdings PLC	1,525	82	217	1,525	82	234
<b>Total</b>		<b>247,078</b>	<b>1,133,752</b>		<b>245,216</b>	<b>672,532</b>
<b>12.1.2 Financial Assets in Quoted Companies</b>						
<b>Banks</b>						
Commercial Bank of Ceylon PLC-Voting	1,183,936	52,079	75,298	805,569	31,982	50,509
Commercial Bank of Ceylon PLC-Non-Voting	10,401	534	563	10,000	504	609
DFCC Bank PLC	18,565	1,538	815	17,717	1,508	850
		<b>54,151</b>	<b>76,676</b>		<b>33,994</b>	<b>51,968</b>

## Notes to the Financial Statements

As at 31st March	2023		2022			
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
<b>12.1.2 Financial Assets in Quoted Companies</b>						
<b>Capital Goods</b>						
Aitken Spence PLC	60,360	215	7,907	60,360	215	4,449
Hayleys PLC	30,000	43	2,160	30,000	43	2,307
John Keells Holdings PLC	72,977	4,348	10,217	72,977	4,348	10,582
		<u>4,606</u>	<u>20,284</u>		<u>4,606</u>	<u>17,338</u>
<b>Consumer Services</b>						
Aitken Spence Hotel Holdings PLC	24,633	270	1,476	24,633	270	874
Asian Hotels & Properties PLC	20,000	253	880	20,000	253	740
		<u>523</u>	<u>2,356</u>		<u>523</u>	<u>1,614</u>
<b>Food Beverage &amp; Tobacco</b>						
Ceylon Cold Stores PLC	229,160	213	9,166	229,160	213	8,914
Ceylon Tobacco Company PLC	24,144	253	16,436	24,144	253	13,913
Nestle Lanka PLC	12,000	82	12,828	12,000	82	11,265
		<u>548</u>	<u>38,430</u>		<u>548</u>	<u>34,092</u>
<b>Materials</b>						
Chevron Lubricants Lanka PLC	28,700	1,683	2,629	27,000	1,546	2,352
CIC Holdings PLC	1,260,000	2,572	89,712	1,260,000	2,572	48,006
Union Chemicals Lanka PLC	5,500	77	3,843	5,500	77	4,293
		<u>4,332</u>	<u>96,184</u>		<u>4,195</u>	<u>54,651</u>
<b>Real Estate</b>						
Overseas Realty (Ceylon) PLC	47,410	772	730	47,410	772	740
		<u>772</u>	<u>730</u>		<u>772</u>	<u>740</u>
<b>Retailing</b>						
John Keells PLC	112,800	90	7,761	112,800	90	7,726
		<u>90</u>	<u>7,761</u>		<u>90</u>	<u>7,726</u>
<b>Total</b>		<b>65,022</b>	<b>242,421</b>		<b>44,728</b>	<b>168,129</b>

## Notes to the Financial Statements

As at 31st March	2023			2022		
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
<b>12.1.3 Financial Assets in Related Companies - Unquoted</b>						
Agarapatana Plantations Limited	250,000	501	501	250,000	501	501
Capital Leasing Company Limited	150,000	1,500	989	150,000	1,500	989
Union Group (Private) Limited	2,998	29	29	2,998	29	29
Imperial Hotels Limited	625	125	-	625	125	-
		<u>2,155</u>	<u>1,519</u>		<u>2,155</u>	<u>1,519</u>
Diminution in value of Financial Assets		(636)	-		(636)	-
<b>Total</b>		<u>1,519</u>	<u>1,519</u>		<u>1,519</u>	<u>1,519</u>
<b>12.1.4 Financial Assets in Unquoted Companies</b>						
Bartleet Transcapital Limited	10,000	200	200	10,000	200	200
<b>Total</b>		<u>200</u>	<u>200</u>		<u>200</u>	<u>200</u>
<b>Total Financial Assets at Fair Value through Other Comprehensive Income</b>		<b>313,819</b>	<b>1,377,892</b>		<b>291,663</b>	<b>842,380</b>

The following investment in shares have been disposed during the year. Expected disposal price of this security was not reached and therefore only a small quantity was disposed.

Subsequently it was decided not to dispose any further shares.

	Fair Value as at date of Disposal Rs.	Cumulative Gain or Loss on Disposal Rs.
Lankem Ceylon PLC	420.00	103.24



## Notes to the Financial Statements

As at 31st March		2023 Cost Rs. '000	Fair Value Rs. '000	No. of Shares	2022 Cost Rs. '000	Fair Value Rs. '000
12.2	<b>Financial Assets at Fair Value through profit or loss</b>					
12.2.1	<b>Financial Assets in Related Companies - Quoted</b>					
	C M Holdings PLC	1,648	1,392	22,058	1,107	1,072
	Colombo Investment Trust PLC	116,626	216,444	1,826,529	114,467	197,499
	C.W.Mackie PLC	20,738	21,481	262,285	2,314	2,227
	Lankem Developments PLC	7,209	37,500	1,500,000	13,855	8,056
	Laxapana Batteries PLC	2,225	4,126	315,000	2,225	4,914
	<b>Total</b>	<b>148,446</b>	<b>280,943</b>		<b>133,968</b>	<b>213,768</b>
12.2.2	<b>Financial Assets in Quoted Companies</b>					
	<b>Automobiles &amp; Components</b>					
	Kelani Tyres PLC	21	114	1,920	21	111
		21	114		21	111
	<b>Banks</b>					
	Hatton National Bank PLC	144	197	1,521	65	56
	National Development Bank PLC	156	143	3,192	143	167
	Nations Trust Bank PLC	2,146	4,688	73,252	1,830	3,039
	Sampath Bank PLC	1,034	1,723	32,811	1,034	1,503
	Seylan Bank PLC-Voting	6	5	158	5	5
	Seylan Bank PLC-Non-Voting	4	4	173	4	4
	Union Bank Colombo PLC	5	2	200	5	2
		3,495	6,762		3,086	4,776
	<b>Capital Goods</b>					
	ACL Cables PLC	1,978	2,302	27,965	-	-
	Central Industries PLC	285	1,351	16,026	211	1,460
	Hayleys PLC	6,305	5,400	75,000	-	-
	Hemas Holdings PLC	316	374	5,750	-	-
	John Keells Holdings PLC	1,244	1,358	9,700	-	-
	Lanka Tiles PLC	36	1,175	27,255	36	1,627
	Lanka Walltiles PLC	10	101	2,100	10	146
	Royal Ceramics Lanka PLC	1,976	1,932	70,000	6	177
	Sierra Cables PLC	6	23	1,900	6	13
	Vallible One PLC	43	61	1,677	43	67
		12,199	14,077		312	3,490

## Notes to the Financial Statements

As at 31st March	2023		2022			
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
<b>12.2.2 Financial Assets in Quoted Companies</b>						
<b>Commercial &amp; Professional Services</b>						
Gestetner of Ceylon PLC	230	32	15	230	32	15
		32	15		32	15
<b>Consumer Durables &amp; Apparel</b>						
Dankotuwa Porcelain PLC	6,187	87	127	6,187	87	61
Hayleys Fabric PLC	12,000	263	302	12,000	263	349
Hayleys Fibre PLC	4,800	23	240	4,800	23	265
Hela Apparel Holdings PLC	39,900	416	319	3,000	45	39
Regnis (Lanka) PLC	2,484	12	114	2,484	12	135
Singer Industries (Ceylon) PLC	1,210	10	45	1,210	10	46
Teejay Lanka PLC	85,000	2,564	2,720	35,000	859	1,393
		3,375	3,867		1,299	2,288
<b>Consumer Services</b>						
Eden Hotel Lanka PLC	565	5	10	565	5	7
John Keells Hotels PLC	30,000	475	567	30,000	475	351
Tal Lanka Hotels PLC	3,000	14	46	3,000	14	40
The Nuwara Eliya Hotels Company PLC	29	39	43	29	39	32
		533	666		533	430
<b>Diversified Financials</b>						
Asia Capital PLC	1,550	42	7	1,550	42	9
Capital Alliance PLC	2,600	26	85	2,600	26	25
Lanka Ventures PLC	15,300	155	581	15,300	155	689
LOLC Holdings PLC	37,000	23	13,875	37,000	23	22,108
Merchant Bank of Sri Lanka & Finance PLC	9,000	108	31	9,000	108	46
Peoples' Leasing & Finance PLC	27,138	445	214	25,083	432	203
Singer Finance (Lanka) PLC	2,500	32	28	2,500	32	33
		831	14,821		818	23,113

## Notes to the Financial Statements

As at 31st March	2023		2022	
	No. of Shares	Cost Rs. '000	No. of Shares	Cost Rs. '000
<b>12.2.2 Financial Assets in Quoted Companies</b>				
<b>Energy</b>				
Lanka IOC PLC	31,000	2,342	21,000	567
Laugfs Gas PLC	1,000	23	1,000	23
		<u>2,365</u>		<u>590</u>
				<u>647</u>
<b>Food &amp; Staples Retailing</b>				
Cargills (Ceylon) PLC	7,429	1,120	7,429	1,120
C.T.Holdings PLC	3,190	663	3,190	663
		<u>1,783</u>		<u>1,783</u>
				<u>1,356</u>
				<u>483</u>
				<u>1,839</u>
<b>Food Beverage &amp; Tobacco</b>				
Agalawatte Plantations PLC	30,500	1,339	22,500	1,123
Browns Investments PLC	22,000	55	22,000	55
Carson Cumberbatch PLC	3,000	489	3,000	489
Ceylon Beverage Holdings PLC	516	15	516	15
Hapugastenne Plantations PLC	100	1	100	1
HVA Foods PLC	1,800	29	1,800	29
Kahawatte Plantations PLC	165	2	165	2
Lanka Milk Foods (CWE) PLC	1,645	82	1,645	82
Lion Brewery Ceylon PLC	1,550	43	1,550	43
Nestle Lanka PLC	18,076	16,715	-	-
Renuka Agri Foods PLC	10,900	25	10,900	25
Talawakelle Tea Estate PLC	2,000	38	2,000	38
Melstacorp PLC	50,000	2,279	-	-
		<u>21,112</u>		<u>1,902</u>
				<u>3,202</u>
<b>Healthcare Equipment &amp; Services</b>				
Asiri Hospitals Holdings PLC	30,000	233	30,000	233
Nawaloka Hospitals PLC	20,000	37	20,000	37
The Lanka Hospitals Corporation PLC	500	8	500	8
		<u>278</u>		<u>278</u>
				<u>1,125</u>
				<u>130</u>
				<u>25</u>
				<u>1,280</u>
<b>Insurance</b>				
Ceylinco Insurance PLC	3,626	30	3,626	30
HNB Assurance PLC	51,000	249	51,000	249
Janasakthi Insurance Co PLC	4,000	48	4,000	48
LOLC General Insurance PLC	4,600	32	2,300	18
Peoples Insurance PLC	17,571	278	14,600	219
		<u>637</u>		<u>564</u>
				<u>8,340</u>
				<u>2,208</u>
				<u>90</u>
				<u>16</u>
				<u>439</u>
				<u>11,093</u>

## Notes to the Financial Statements

As at 31st March	2023		2022			
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
<b>12.2.2 Financial Assets in Quoted Companies</b>						
<b>Materials</b>						
ACL Plastics PLC	300	12	118	300	12	109
Chevron Lubricants Lanka PLC	6,300	608	577	-	-	-
Haycarb PLC	317,742	13,182	17,889	92,400	374	4,638
PGP Glass Ceylon PLC	100,000	795	1,920	100,000	795	1,140
Richard Pieris Exports PLC	100	5	56	100	5	61
Swisstek (Ceylon) PLC	3,000	24	42	3,000	24	66
Tokyo Cement Company (Lanka) PLC	46,358	1,695	2,318	16,500	886	559
		<u>16,321</u>	<u>22,920</u>		<u>2,096</u>	<u>6,573</u>
<b>Real Estate</b>						
CT Land Development PLC	3,527	13	96	3,527	13	91
Lee Hedges PLC	1,375	12	107	1,375	12	115
Property Development PLC	-	-	-	1,500	18	199
		<u>25</u>	<u>203</u>		<u>43</u>	<u>405</u>
<b>Retailing</b>						
John Keells PLC	1,200	79	83	-	-	-
RIL Property PLC	6,666	53	37	6,666	53	47
Sathosa Motors PLC	466	15	70	466	15	86
Singer (Sri Lanka) PLC	3,000	8	45	3,000	8	42
United Motors Lanka PLC	11,934	247	715	11,934	247	658
		<u>402</u>	<u>950</u>		<u>323</u>	<u>833</u>
<b>Telecommunication Services</b>						
Dialog Axiata PLC	11,830	156	123	11,830	156	118
Sri Lanka Telecom PLC	100	3	9	100	3	3
		<u>159</u>	<u>132</u>		<u>159</u>	<u>121</u>

## Notes to the Financial Statements

As at 31st March	2023		2022			
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
<b>12.2.2 Financial Assets in Quoted Companies</b>						
<b>Transportation</b>						
Expolanka Holdings PLC	83,000	23,666	11,454	58,000	19,172	12,050
		<u>23,666</u>	<u>11,454</u>		<u>19,172</u>	<u>12,050</u>
<b>Utilities</b>						
Laugfs Power Limited	1,000	-	8	1,000	-	10
Panasian Power PLC	20,000	60	68	20,000	60	74
Resus Energy PLC	11,954	255	161	10,962	228	214
		<u>315</u>	<u>237</u>		<u>288</u>	<u>298</u>
<b>Total</b>		<b>87,549</b>	<b>121,907</b>		<b>33,299</b>	<b>72,582</b>
<b>12.2.3 Financial Assets in Unquoted Companies</b>						
Laugfs Eco Sri Limited	1,000	-	1	1,000	-	1
Laugfs Leisure Limited	1,000	-	6	1,000	-	6
<b>Total</b>		<b>-</b>	<b>7</b>		<b>-</b>	<b>7</b>
<b>Total Financial Assets at Fair Value through Profit or Loss</b>		<b>235,995</b>	<b>402,857</b>		<b>167,267</b>	<b>286,357</b>

**12.3 Disclosure of Interest in Other Entities**

The Company holds 26.05% of the voting rights (in 2022 - 26.05%) of Colombo Investment Trust PLC (CIT). The Board of Directors of both Companies consists of common members who act independently. The Company does not participate in the financial and operating policy decisions of CIT and does not have significant influence even though it holds more than 20% of the voting rights of CIT. The investment in CIT is held under the trading portfolio and classified as financial assets at fair value through profit or loss.

## Notes to the Financial Statements

As at 31st March	2023 Rs.'000	2022 Rs.'000
<b>13 Amounts due from Related Party</b>		
<b>Non Interest bearing receivables</b>		
The Colombo Fort Land & Building PLC	1,000	1,500
	1,000	1,500
Provision for Impairment of Amount due from Related Party (13.1)	(6)	(18)
	<u>994</u>	<u>1,482</u>
<b>13.1 Provision for Impairment of Amounts due from Related Party</b>		
Balance at the beginning of the year	18	33
Provision / (Reversal) provided during the year	(12)	(15)
Balance at the end of the year	<u>6</u>	<u>18</u>
The above amounts due from related party are receivable "on demand".		
<b>14 Cash &amp; Cash Equivalents</b>		
Cash at Banks	3,961	7,230
	<u>3,961</u>	<u>7,230</u>

As at 31st March	2023 No of Shares	2022
<b>15 Stated Capital</b>		
Ordinary Shares as at beginning of the year	7,019,579	6,910,041
Shares issued during the year due to Scrip Dividend	221,719	109,538
Shares issued during the year due to Rights Issue	1,368,823	-
Ordinary Shares as at end of the year	<u>8,610,121</u>	<u>7,019,579</u>
<b>Issued and Fully Paid</b>	Rs.'000	Rs.'000
Balance as at beginning of the year	222,132	213,840
Shares issued during the year due to Scrip Dividend	-	8,292
Shares issued during the year due to Rights Issue	71,179	-
Shares issued during the year due to Scrip Dividend	10,066	-
Balance as at end of the year	<u>303,377</u>	<u>222,132</u>

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at a meeting of the Company.

## Notes to the Financial Statements

### 15 Stated Capital

The Company made a Rights Issue of 1,403,915 Ordinary Shares at a price of Rs. 52.00 per share to the Shareholders of the Company as at the end of trading on 18th May 2022, in the proportion of One (1) new Ordinary Share for every Five (5) existing Ordinary Shares held in the Company which was approved by the Shareholders at an Extraordinary General Meeting held on 12th May 2022. The issue closed on 13th June 2022. The total number of shares subscribed for on the Rights Issue was 1,368,823 and the consideration received was Rs. 71,178,796/-. The proceeds of the Rights Issue was utilised to enhance the portfolio of the Company and make investments in sound and liquid securities on the Colombo Stock Exchange which was the purpose of the issue.

#### Discloseure regarding Utilization of Funds as per the objective stated in the Rights Issue Circular

Objective Number	Objective as per Circular	Amount allocated as per Circular in LKR	Proposed Date of utilization as per Circular	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of proceeds utilized against allocation (B/A)	Clarification if not fully utilized including where funds are invested (eg. Whether lent to related party etc)
1	To raise funds for further investing in shares listed on the Colombo Stock Exchange.	73,003,580.00	Within a period of 90 market days from the time of completion & finalization of the Rights Issue.	71,178,796.00	100	71,178,796.00	100	-

## Notes to the Financial Statements

The Company has paid a First and Final Dividend of Rs. 1.20 per ordinary share by way of a Scrip Dividend for the year ended 31st March 2022 amounting to Rs. 10,066,082.40. Accordingly the Company issued 221,719 ordinary shares in the proportion of 1 : 37.8334829221 for existing shares at a value of Rs. 45.40 per share.

Subsequent to the Right Issue of Shares and the Scrip Dividend, the Company's Stated Capital amounted to Rs. 303,376,722.80 represented by 8,610,121 Ordinary Shares.

As at 31st March	2023 Rs.'000	2022 Rs.'000
<b>16 Reserves</b>		
General Reserve (Note 16.1)	16,500	16,500
Fair Value Reserve of Financial Assets at FVOCI (16.2)	1,063,507	550,151
	<b>1,080,007</b>	<b>566,651</b>
<b>16.1 General Reserve</b>		
General Reserve is the Reserve set aside for General purposes.		
<b>16.2 Fair Value Reserve of Financial Assets at Fair Value through Other Comprehensive Income</b>		
Balance at the beginning of the year	550,151	806,018
Fair Value changes in Financial Assets at Fair Value through Other Comprehensive Income	513,356	(255,925)
Transfer of realised gains on disposal of Financial Assets at Fair Value through Comprehensive Income	-	58
Balance at the end of the year	<b>1,063,507</b>	<b>550,151</b>

Fair Value reserve of financial assets at FVOCI includes changes in fair value of financial instruments designed as financial assets at FVOCI.

As at 31st March	2023 Rs.'000	2022 Rs.'000
<b>17 Trade and Other Payables</b>		
Trade Payable		
Acuity Partners (Pvt) Ltd (Note 17.1)	-	17,377
Other Payables	441	379
<b>Total</b>	<b>441</b>	<b>17,756</b>



## Notes to the Financial Statements

### 17.1 Margin Trading Facility

The Company has entered into a Margin Trading Facility with Acuity Partners (Pvt) Ltd, for Rs. 20 million with effect from 3rd November 2016 at an interest rate of 12.80%. Subsequently it was increased in par with the market interest rates and w.e.f 01st March 2023, interest rate was 27.50%.

This facility has been enhanced up to Rs. 25 million as at 31st March 2018.

The following shares held by the Company have been pledged as security for the aforementioned facility.

<b>Name of the Company</b>	<b>No. of Shares</b>
Ceylon Cold Stores PLC	150,000
Ceylon Tobacco Company PLC	15,000
Chevron Lubricants Lanka PLC	10,000
C I C Holdings PLC	40,000
Commercial Bank of Ceylon PLC	245,384
C.W Mackie PLC	15,000
Expo Lanka Holdings PLC	50,000
Haycarb PLC	80,000
Lankem Ceylon PLC	300,000
Lankem Developments PLC	1,380,000
Tokyo Cement Company (Lanka) PLC	10,000

## 18 Related Party Disclosures

### a) Parent and Ultimate Controlling Party

The Company does not have an identifiable parent on its own.

### b) Identity of the Related Parties

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) - "Related Party Disclosures", the details of which are reported in Note 18 (c) below

## Notes to the Financial Statements

### c) Transactions with Related Parties

Name of the Related Party	Nature of Transactions	Transaction Value	
		2023 Rs.'000	2022 Rs.'000
C M Holdings PLC	Acquisition of Financial Assets	(542)	-
	Dividend received	657	615
Colombo Investment Trust PLC	Dividend Received - Form of Scrip Dividend	2,159	2,139
	Dividend Paid - Form of Scrip Dividend	(3,474)	(3,277)
C.W.Mackie PLC	Acquisition of Financial Assets	(18,424)	(858)
	Dividend received	523	193
E. B. Creasy & Co. PLC	Acquisition of Financial Assets	(260)	(10)
	Dividend received	15,929	23,868
Lankem Ceylon PLC	Acquisition of Financial Assets	-	(3,910)
	Disposal of Financial Assets	-	170
Lankem Developments PLC	Disposal of Financial Assets	15,493	-
Laxapana Batteris PLC	Dividend received	583	551
Marawila Resorts PLC	Disposal of Financial Assets	-	66
The Colombo Fort Land & Buliding PLC	Acquisition of Financial Assets	(1,603)	(1,130)
	Dividend Paid - Form of Scrip Dividend	(1,416)	(1,324)
	Part settlement of outstanding balances	(500)	(304)
	Settlement of Interest bearing receivables	-	-
	Provision / (Reversal) for Impairment Non interest bearing receivable	(12)	(15)
		1,000	1,500

The Related Party Transactions Review Committee has reviewed the transactions mentioned above.

## Notes to the Financial Statements

### d) Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of business on an arm's length basis. Related party balances at the year end are unsecured and repayable on demand.

There were no Guarantees received from or given to Related Parties during the financial year.

### e) Non-Recurrent Related Party Transactions

During the year there were no non-recurrent-related party transactions that exceeded the respective thresholds mentioned in the Rule 9.3.2 of the Listing Rules of the Colombo Stock Exchange.

### f) Recurrent Related Party Transactions

Recurrent related party transactions which in aggregate value exceeds 10% of the Company Revenue as per 31st March 2022 Audited Financial Statements, which required additional disclosures under Colombo Stock Exchange listing Rule 9.3.2 is as follows.

Name of the Related Party	Relationship	Nature of Transaction	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Net Revenue/ Income	Terms and Conditions of the Related Party Transactions
C.W. Mackie PLC	Affiliate	Acquisition of Financial Assets	18,424	45%	Transactions are carried out in the normal course of business
Lankem Developments PLC	Affiliate	Disposal of Financial Assets	15,493	38%	

### g) Transaction with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard (LKAS 24) - "Related Party Disclosures", Key Management Personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company (including executive and non-executive directors) and their immediate family members have been classified as Key Management Personnel of the Company.

### h) Loans to Key Management Personnel

No Loans have been given to the Key Management Personnel and their close family members during the year.

### i) Key Management Personnel Compensation

Details of compensation are given in Note 5 to the Financial Statements.

**j) The Directors of the Company for the year under review are also Directors of the following Companies**

Name of the Company	Relationship	Name of the Common Director								
		Mr. A.Rajaratnam	Mr. S.D.R. Arudpragasam	Mr. S. Shanmugalingam	Mr. A.M.de S.Jayaratne	Mr. S. Rajaratnam	Dr. J.M. Swaminathan	Mr. Amrit Rajaratnam	Mr. Anushman Rajaratnam	Mr. P.M.A. Sirimane
Agarapatana Plantations Ltd	Related	-	✓	-	✓	-	-	-	✓	✓
Beruwala Resorts PLC	Related	-	✓	-	-	✓	-	✓	✓	-
C.M. Holdings PLC	Related	✓	✓	-	✓	✓	✓	-	✓	-
C.W. Mackie PLC	Related	-	✓	-	✓	✓	-	-	✓	-
Colombo Investment Trust PLC	Related	✓	✓	✓	✓	✓	✓	✓	✓	✓
E.B. Creasy & Co. PLC	Related	✓	✓	-	✓	✓	-	-	-	✓
Kotagala Plantations PLC	Related	-	✓	-	✓	-	-	-	✓	✓
Lankem Ceylon PLC	Related	-	✓	-	-	-	-	-	✓	✓
Lankem Developments PLC	Related	-	✓	-	✓	-	-	-	✓	✓
Laxapana Batteries PLC	Related	-	✓	-	-	✓	-	-	-	✓
Marawila Resorts PLC	Related	-	✓	-	-	✓	-	✓	✓	-
Muller and Phipps (Ceylon) PLC	Related	-	✓	-	-	✓	-	-	-	✓
Sigiriya Village Hotels PLC	Related	-	✓	-	-	✓	-	✓	✓	-
The Colombo Fort Land & Building PLC	Related	✓	✓	-	✓	✓	-	-	✓	✓
York Arcade Holdings PLC	Related	-	✓	✓	✓	✓	-	✓	✓	-

- Mr. Anushman Rajaratnam was appointed to the Board of the Company, Colombo Investment Trust PLC and York Arcade Holdings PLC w.e.f. 09th June, 2022.
- Mr. P.M.A. Sirimane was appointed to the Board of the Company and Colombo Investment Trust PLC w.e.f. 07th October, 2022.
- Mr. A.M.de S. Jayaratne was appointed to the Board of Agarapatana Plantations Ltd w.e.f. 18th November, 2022 and appointed to Board of Lankem Developments PLC w.e.f. 08th December, 2022.

There were no other related party transactions other than the above and those disclosed in Notes 12, 13 and 18 to the financial statements.

## Notes to the Financial Statements

### 19 Transactions with Managers and Secretaries

The Company has made following transactions with Corporate Managers & Secretaries (Private) Limited during the year.

<b>For the year ended 31st March</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
Administration fees paid	<b>938</b>	900
Secretarial fees paid	<b>500</b>	480
Registrar's fees paid	<b>500</b>	480

All staff related services are provided by Corporate Managers & Secretaries (Private) Limited.

### 20 Capital Expenditure Commitments

There were no capital commitments outstanding as at 31st March, 2023.

### 21 Contingent Liabilities

There were no contingent liabilities as at 31st March, 2023.

### 22 Restatement of Comparative Figures

Comparative information including quantitative, narrative and descriptive information are disclosed in respect of the previous periods for all amounts reported in the Financial Statements, in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

### 23 Events after the Reporting Period

Subsequent to the Reporting date no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements except the following,

- i) i) The Directors have recommended the payment of a First and Final Dividend of Rs. 1.20 per ordinary share by way of a Scrip Dividend for the year ended 31st March, 2023 which will be declared at the Annual General Meeting to be held on 22nd June, 2023.

In accordance with Sri Lanka Accounting Standard (LKAS 10) - "Events after the Reporting Period", this proposed First and Final Dividend has not been recognised as a liability in the Statement of Financial Position as at 31st March, 2023.

## Notes to the Financial Statements

### 24 Directors' Responsibility

The Board of Directors acknowledge the responsibility for the preparation and presentation of these Financial Statements.

### 25 Financial Instruments

#### 25.1 Financial Instruments - Statement of Financial Position

<b>As At 31st March</b>	<b>2023</b>	2022
	<b>Rs.'000</b>	Rs.'000
<b>Financial Assets</b>		
<i>Non Current</i>		
Financial Assets at Fair Value through OCI	<b>1,377,892</b>	842,380
<i>Current</i>		
Financial Assets at Fair Value through Profit or Loss	<b>402,857</b>	286,357
<b>Total</b>	<b><u>1,780,749</u></b>	<u>1,128,737</u>
Receivables	<b>5,311</b>	6,274
Amount due from Related Party	<b>994</b>	1,482
Cash and cash equivalents	<b>6,305</b>	7,756
<b>Total</b>	<b><u>10,266</u></b>	<u>14,986</u>
<b>Financial Liabilities</b>		
Trade Payables	-	17,377
Dividend Payables	-	36
	-	<u>17,413</u>

## Notes to the Financial Statements

### 25.2 Financial Risk Management

#### Overview

The Company has exposure to the following risks from its use of financial instruments.

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

#### Risk Management Framework

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework, including policies and procedures. In discharging its governance responsibility it operates through the Board of Directors and Audit Committee. Risk management framework is reviewed regularly to reflect changes.

#### a) Credit risk

##### Exposure to Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The exposure to credit risk at the reporting date was,

<b>As at 31st March</b>	<b>2023</b>	2022
	<b>Rs.'000</b>	Rs.'000
Receivables	<b>5,311</b>	6,274
Amount due from Related Party	<b>994</b>	1,482
Cash and Cash Equivalents	<b>3,961</b>	7,230
	<b><u>10,266</u></b>	<u>14,986</u>

## Notes to the Financial Statements

### Impairment Losses

The aging of Receivables at the reporting date was,

<b>As at 31st March</b>	<b>Gross 2023 Rs.'000</b>	<b>Impairment 2023 Rs.'000</b>	Gross 2022 Rs.'000	Impairment 2022 Rs.'000
Not Past Due	5,311	-	6,274	-
Past Due 0-31 days	-	-	-	-
Past Due 31-365 days	-	-	-	-
More than One Year	-	-	-	-
	<u>5,311</u>	<u>-</u>	<u>6,274</u>	<u>-</u>

Based on historic default rates, the Company believes that, no impairment allowance is needed in respect of Receivables.

The aging of Amounts due from Related Party as at the reporting date was,

<b>As at 31st March</b>	<b>Gross 2023 Rs.'000</b>	<b>Impairment 2023 Rs.'000</b>	Gross 2022 Rs.'000	Impairment 2022 Rs.'000
Not Past Due	-	-	-	-
Past Due 0-31 days	-	-	-	-
Past Due 31-365 days	-	-	1,500	18
More than One Year	1,000	6	-	-
	<u>1,000</u>	<u>6</u>	<u>1,500</u>	<u>18</u>

The Company has provided impairment provision for the Amounts due from Related Party according to Expected Credit Loss (ECL) model.

### b) Liquidity Risk

Liquidity Risk is the risk that an entity will encounter difficulty in meeting obligations associated with Financial Liabilities.

The following are the contractual maturities of Financial Liabilities, including estimated interest payments.

<b>As at 31 March 2023</b>	<b>Carrying amount Rs.'000</b>	<b>Contractual cash flows Rs.'000</b>	<b>12 months or less Rs.'000</b>	<b>1-2 years Rs.'000</b>	<b>2-5 Years Rs.'000</b>
<b>Financial Liabilities at Amortised Cost</b>					
Trade and other Payables	441	(441)	(441)	-	-
Dividends Payable	-	-	-	-	-
	<u>441</u>	<u>(441)</u>	<u>(441)</u>	<u>-</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.



## Notes to the Financial Statements

### c) Market Risk

Market Risk is the risk that Fair Value of future Cash Flow of the Financial Instrument will fluctuate because of changes in market prices. Market Risk will have an implication on the value of the Company's Financial Assets.

A description of the valuation methods used is given below.

#### Fair Value Hierarchy

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
<b>31st March, 2023</b>				
Financial Assets at Fair Value through				
- Other Comprehensive Income	<b>1,376,173</b>	-	<b>1,719</b>	<b>1,377,892</b>
- Profit or Loss	<b>402,850</b>	-	<b>7</b>	<b>402,857</b>
	<b><u>1,779,023</u></b>	-	<b><u>1,726</u></b>	<b><u>1,780,749</u></b>
<b>31st March, 2022</b>				
Financial Assets at Fair Value through				
- Other Comprehensive Income	840,661	-	1,719	842,380
- Profit or Loss	286,350	-	7	286,357
	<u>1,127,011</u>	-	<u>1,726</u>	<u>1,128,737</u>

#### Currency Risk

Currency Risk is the risk that the Fair Value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Company did not have any Financial Assets designated in currency's other than Sri Lankan Rupees, the Company was not exposed to currency risk at the reporting period.

## Notes to the Financial Statements

### Interest Rate Risk

Interest Rate Risk is the risk that the Fair Value of future cash flows of a Financial Instrument will fluctuate because of changes in Market Interest Rate. At the reporting date the Company's exposure towards interest rate risk was,

<b>As at 31st March</b>	<b>2023</b>	2022
	<b>Rs.'000</b>	Rs.'000
<b>Fixed Rate Instruments</b>		
Financial Liabilities - Trade Payables	-	(17,377)
	-	(17,377)

### 25.3 Fair values of Financial Assets and Liabilities not carried at fair value

The carrying amounts and fair values of the financial assets and liabilities of the Company which are not measured at fair value in the financial statements are given below.

<b>As at 31st March</b>	<b>Explanatory Reference</b>	<b>2023</b>		2022	
		<b>Fair Value</b>	<b>Carrying Value</b>	Fair Value	Carrying Value
		<b>Rs.'000</b>	<b>Rs.'000</b>	Rs.'000	Rs.'000
<b>Amortised Cost</b>	<b>(a)</b>				
Receivables		<b>5,311</b>	<b>5,311</b>	6,274	6,274
Cash and Cash Equivalents		<b>3,961</b>	<b>3,961</b>	7,230	7,230
<b>Financial Liabilities at Amortised Cost</b>	<b>(b)</b>				
Trade Payables		-	-	17,377	17,377
Dividends Payable		-	-	36	36

(a) The carrying values of Receivables has been considered as the fair value due to uncertainty of the timing of the cash flows.

The carrying value of cash and bank balances have been considered as the fair value due to the short maturity of the financial instruments.

(b) Carrying values of the financial liabilities have been considered as the fair value, due to uncertainty of the timing of the cash flow.

# Financial Summary

Year ended 31st March	SLFRS 9				
	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000
<b>Trading Results</b>					
Revenue	<b>35,090</b>	41,227	17,222	12,515	22,236
Other Income	<b>7,945</b>	1,024	6	4,287	4,228
Profit / (Loss) Before Income Tax Expense	<b>85,034</b>	54,531	112,676	2,777	(27,282)
Income Tax Expense	<b>(1,753)</b>	(3,675)	(1,371)	(1,111)	(1,035)
Profit / (Loss) for the year	<b>83,281</b>	50,856	111,305	1,666	(28,317)
<b>As at 31st March</b>					
	<b>2023 Rs.'000</b>	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000
<b>Equity</b>					
Stated Capital	<b>303,377</b>	222,132	213,840	213,840	205,725
General Reserve	<b>16,500</b>	16,500	16,500	16,500	16,500
Fair Value Reserve of Financial Assets at OCI	<b>1,063,507</b>	550,151	806,018	202,209	505,601
Retained Earnings	<b>406,938</b>	334,587	292,068	181,194	187,315
	<b>1,790,322</b>	1,123,370	1,328,426	613,743	915,141
<b>Assets Less Liabilities</b>					
Current & Non-Current Assets	<b>1,791,104</b>	1,143,804	1,349,275	639,727	945,193
Current & Non-Current Liabilities	<b>(782)</b>	(20,434)	(20,849)	(25,984)	(30,052)
Net Assets	<b>1,790,322</b>	1,123,370	1,328,426	613,743	915,141
<b>Financial Statistics</b>					
Earnings / (Loss) Per Share	<b>10.08</b>	7.02	15.86	0.24	(4.10)
Net Asset Per Share	<b>207.93</b>	155.13	189.25	88.82	132.44
Market Price Per Share	<b>67.50</b>	70.50	65.80	55.00	50.20
Price Earnings Ratio	<b>6.70</b>	10.04	4.15	229.17	(12.24)
Dividend Per Share	<b>1.20</b>	1.20	1.20	-	1.20

# Information to Shareholders and Investors

## Distribution of Shareholdings

	31st March 2023			31st March 2022		
	No.of Shareholders	Total Shareholdings	%	No.of Shareholders	Total Shareholdings	%
1 - 1,000	680	91,990	1.07	714	100,925	1.44
1,001 - 10,000	111	314,649	3.65	103	294,195	4.19
10,001 - 100,000	23	611,162	7.10	24	562,099	8.01
100,001 - 1,000,000	4	988,396	11.48	4	861,478	12.27
Over 1,000,000	3	6,603,924	76.70	3	5,200,882	74.09
<b>Total</b>	<b>821</b>	<b>8,610,121</b>	<b>100.00</b>	<b>848</b>	<b>7,019,579</b>	<b>100.00</b>

## Categories of Shareholders

	31st March 2023			31st March 2022		
	No.of Shareholders	Total Shareholdings	%	No.of Shareholders	Total Shareholdings	%
Individuals	756	682,259	7.92	772	625,061	18.90
Institutions	65	7,927,862	92.08	76	6,394,518	91.10
<b>Total</b>	<b>821</b>	<b>8,610,121</b>	<b>100.00</b>	<b>848</b>	<b>7,019,579</b>	<b>100.00</b>

## Public Holding

The percentage of the Issued Share Capital held by the public as at 31st March, 2023 was 15.20% (31.03.2022 - 17.98%).

The applicable option under Colombo Stock Exchange Rule 7.14.1 (i) (b) on Minimum Public Holding is option 2 and the Float Adjusted Market Capitalisation as at 31st March, 2023 was Rs. 88.34 Million

## Public Shareholders

The number of Public Shareholders as at 31st March, 2023 were 810 (31.03.2022 - 837).

## Market Performance - Ordinary Shares

	2022/23 Rs.	2021/22 Rs.
Highest Price	74.50	140.00
Lowest Price	37.50	58.10
Market Value as at the Year end	67.50	70.50

## Information to Shareholders and Investors

### Twenty Major Shareholders of the Company

	31st March 2023		31st March 2022	
	Shares	%	Shares	%
Colombo Investment Trust PLC	<b>2,971,519</b>	<b>34.51</b>	2,774,524	39.53
Financial Trust Ltd	<b>2,421,215</b>	<b>28.12</b>	1,305,261	18.59
The Colombo Fort Land & Building PLC	<b>1,211,190</b>	<b>14.07</b>	1,121,097	15.97
Property & Investment Holdings (Private) Ltd.	<b>615,858</b>	<b>7.15</b>	498,532	7.10
Peoples Leasing & Finance PLC / Dr.H.S.D.Soyas & Mrs. G.Soyas	<b>140,626</b>	<b>1.63</b>	137,005	1.95
Mrs. M. L. De Silva	<b>128,338</b>	<b>1.49</b>	125,034	1.78
Mr. G. M. Dhansingani	<b>103,574</b>	<b>1.20</b>	100,907	1.44
Tranz Dominion L.L.C.	<b>93,823</b>	<b>1.09</b>	91,407	1.30
Capital Investments Ltd	<b>48,243</b>	<b>0.56</b>	39,034	0.56
Hatton National Bank PLC / K.K. Shujeevan	<b>46,812</b>	<b>0.54</b>	45,607	0.65
Mr. M.S Goonatilake	<b>44,317</b>	<b>0.51</b>	-	-
People's Leasing & Finance PLC / Mr.M.A.N. Yoosufali	<b>44,000</b>	<b>0.51</b>	40,560	0.58
Seylan Bank PLC / E.J.Gunasekera & M. G. M. Gunasekara	<b>42,617</b>	<b>0.49</b>	52,390	0.75
Ceylon Galvanising Industries Ltd.	<b>26,388</b>	<b>0.31</b>	25,709	0.37
Commercial Bank of Ceylon PLC / N.H.Dawoodbhoy and Company (Private) Limited	<b>25,442</b>	<b>0.30</b>	24,787	0.35
J.B. Cocoshell (Pvt) Ltd	<b>23,928</b>	<b>0.28</b>	23,312	0.33
Mr. Mohamed Naizer	<b>23,052</b>	<b>0.27</b>	-	-
Trust Holdings & Investments (Pvt) Ltd	<b>22,478</b>	<b>0.26</b>	18,250	0.26
Sampath Bank PLC / Abishek Sithampalam	<b>18,400</b>	<b>0.21</b>	17,927	0.26
People's Leasing & Finance PLC / Mrs. Y.S.M. Chandratilake	<b>17,777</b>	<b>0.21</b>	-	-
<b>Total</b>	<b>8,069,597</b>	<b>93.71</b>	6,441,343	91.77

### Financial Statistics

	2022/23 Rs.	2021/22 Rs.
Earnings / (Loss) per Share	<b>10.08</b>	7.02
Net Assets per share	<b>207.93</b>	155.13
Dividend per Share	<b>1.20</b>	1.20
Dividend Payout Ratio	<b>0.12</b>	0.17

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Ninth Annual General Meeting of Colombo Fort Investments PLC will be conducted as a virtual meeting from the Registered Office of the Company 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1 on Thursday, 22nd June 2023 at 10.00 a.m. for the following purposes;

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March, 2023 together with the Report of the Auditors thereon.
2. To declare a First and Final Dividend of Rupees 1.20 per share in the form of a Scrip Dividend as recommended by the Directors.

## ORDINARY RESOLUTION

"It is hereby resolved that the First and Final Dividend of Rs. 1.20 per share be distributed in the form of Scrip Dividend amounting to a total sum of Rupees Ten Million Three Hundred Thirty Two Thousand One Hundred and Forty Five and Cents Twenty (Rs. 10,332,145.20). The Scrip Dividend will be paid out of dividends received for the year ended 31st March, 2023. The shares issued in the Scrip Dividend shall be valued at Rs. 58.40 per share which will result in 01 share being issued for each existing 48.6667476825 shares held by the shareholders at the end of trading on the Colombo Stock Exchange (CSE) on the third (3rd) market day from and excluding the date of the Annual General Meeting (i.e. the "Record date"). Consequently the total number of shares to be issued under the Scrip Dividend shall be One Hundred and Seventy Six Thousand Nine Hundred and Twenty (176,920) Ordinary shares.

"It is further resolved that the shares issued in respect of the Scrip Dividend be listed on the Colombo Stock Exchange".

"It is further resolved that the residual fractions arising upon the Scrip Dividend will be disposed in the market by a Trustee to be nominated by the Board of Directors and the proceeds to be distributed amongst those shareholders entitled to the fraction of such shares". (See Note No. 3 in the "Circular to shareholders-Re: Scrip Dividend 2022/2023" attached to this Annual Report).

3. To re-elect Mr. P.M.A.Sirimane, who was appointed during the year and who retires in terms of Article 92 of the Articles of Association, as a Director.
4. To re-elect Mr. S. Shanmugalingam, who retires by rotation in terms of Articles 85 and 86 of the Articles of Association as a Director.
5. To reappoint Mr. A.M.de S.Jayarathne, who is over seventy years of age as a Director.  
A Special Notice has been received by the Company from a shareholder of the intention to pass a Resolution which is set out in the notes in relation to his reappointment (see Note vii on page 69).
6. To reappoint Dr. J.M.Swaminathan who is over seventy years of age as a Director.

A Special Notice has been received by the Company from a shareholder of the intention to pass a Resolution which is set out in the notes in relation to his reappointment (see Note viii on page 69).

7. To reappoint Mr. A.Rajaratnam who is over seventy years of age as a Director.  
A Special Notice has been received by the Company from a shareholder of the intention to pass a Resolution which is set out in the notes in relation to his reappointment (see Note ix on page 69).
8. To reappoint Mr. S.D.R.Arudpragasam who is over seventy years of age as a Director.

A Special Notice has been received by the Company from a shareholder of the intention to pass a Resolution which is set out in the notes in relation to his reappointment (see Note x on Page 69).

9. To reappoint Messrs. V.S. & Associates, Chartered Accountants as Auditors and to authorise the Directors to determine their fees.

By Order of the Board,  
**Corporate Managers & Secretaries (Private) Limited**  
 Secretaries

Colombo  
 25th May, 2023

## Notice of Meeting

### Notes:

- i. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his/her stead.
- ii. A proxy need not be a Member of the Company. The Form of Proxy is attached hereto.
- iii. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty eight hours before the time appointed for the holding of the Meeting.
- iv. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the Meeting and submit the same to the Company in accordance with the instructions given on the reverse of the Form of Proxy.
- v. A circular to shareholders regarding the Scrip Dividend is enclosed with the Notice of Meeting.
- vi. Please refer the Circular to shareholders and CSE website for further instructions relating to the AGM and for joining the meeting virtually.
- vii. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.
- Resolved -
- “That Mr. A.M.de S.Jayaratne who is eighty three years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Director, Mr. A.M.de S.Jayaratne.”
- viii. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.
- Resolved -
- “That Dr. J.M.Swaminathan who is eighty two years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Director, Dr.J.M.Swaminathan.”
- ix. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.
- Resolved -
- “That Mr. A.Rajaratnam who is eighty one years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Director, Mr. A.Rajaratnam.”
- x. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.
- Resolved -
- “That Mr. S.D.R Arudpragasam who is seventy one years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Director, Mr. S.D.R.Arudpragasam”.





# Form of Proxy

I/We the undersigned .....Of.....

being a member/members of Colombo Fort Investments PLC, do hereby appoint : .....  
 .....Of..... whom failing

Alagarajah Rajaratnam  
 Sri Dhaman Rajendram Arudpragasam  
 Srischandamoorthy Shanmugalingam  
 Ajit Mahendra de Silva Jayaratne  
 Sanjeev Rajaratnam  
 Jayanta Mootatamby Swaminathan  
 Amrit Rajaratnam  
 Anushman Rajaratnam  
 Parakrama Maithri Asoka Sirimane

of Colombo whom failing  
 of Colombo whom failing  
 of Colombo whom failing  
 of Colombo whom failing  
 of Colombo whom failing  
 of Colombo whom failing  
 of Colombo whom failing  
 of Colombo whom failing  
 of Colombo

as my/our Proxy to represent me/us to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on 22nd June, 2023 and at any adjournment thereof and at every poll which may be taken in consequence thereof. I/We the undersigned hereby authorise my/ our proxy to vote on my/our behalf in accordance with the preferences indicated below:

<b>RESOLUTIONS</b>									
Resolution Numbers as set out in the Notice convening the Meeting	1	2	3	4	5	6	7	8	9
For									
Against									

As witness, my / our \* hand/s this.....day of .....2023.

.....  
 Signature of Shareholder

## Notes :

Please indicate with an X in the space provided how your proxy is to vote. If there is in the view of the Proxy Holder doubt (by reason of the way in which the instructions contained in the proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder shall vote as he thinks fit.

A Proxy holder need not be a member of the Company.

Instructions as to completion appear on the reverse hereof.

**Instructions as to Completion**

- 1 To be valid the completed Form of Proxy must be deposited at the Registered Office of the Company at No 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 not less than 48 hours before the time appointed for the holding of the Meeting.
- 2 The Instrument appointing a proxy shall in the case of an individual be signed by the appointor by his Attorney and in the case of a Company/Corporation the Proxy Form must be executed under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association or other constitutional document.
- 3 If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy if it has not already been registered with the Company.
- 4 The full name and address of the Proxy and of the shareholder appointing the Proxy should be entered legibly in the Form of Proxy. Please sign in the space provided and fill in the date of signature.

# Corporate Information

## Name of the Company

Colombo Fort Investments PLC

## Legal Form

A Public Quoted Company with Limited Liability incorporated in Sri Lanka on 10th June, 1983 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 on 13th December 2007.

## Company No.

PQ 100

## Stock Exchange Listing

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange

## Registered Office

8-5/2, Leyden Bastian Road,  
York Arcade Building,  
Colombo - 1.

☎ 0112344485 - 9

## Board of Directors

A.Rajaratnam FCA (Chairman)

(Alternate, Anushman Rajaratnam)

S.D.R.Arudpragasam FCMA (UK) (Deputy Chairman)

S.Shanmugalingam

A.M. de S.Jayaratne B.Sc. (Econ.), FCA

S.Rajaratnam B.Sc., CA

J.M.Swaminathan Attorney-at-Law, LLB(Ceylon), LL.M., M. Phil. (Colombo), Hon. LLD (Colombo)

Amrit Rajaratnam LLB (Notts.), Barrister-at-Law

Anushman Rajaratnam B.Sc. (Hon.), CPA, MBA

P.M.A.Sirimane FCA, MBA

## Secretaries

Corporate Managers & Secretaries (Private) Limited

8-5/2, Leyden Bastian Road,

York Arcade Building,

Colombo - 1.

☎ 0112344485 - 9

## Auditors

Messrs. V.S. & Associates

Chartered Accountants

20/62, Fairfield Gardens,

Colombo - 8.

## Lawyers

Messrs. Julius & Creasy

Attorneys-at-Law,

Solicitors & Notaries Public,

P.O. Box 154,

Colombo.

## Bankers

Commercial Bank of Ceylon PLC

Sampath Bank PLC

**Colombo Fort Investments PLC**  
8-5/2, Leyden Bastian Road,  
York Arcade Building,  
Colombo 01.