



2022/23

Annual Report

**Colombo Investment Trust PLC**

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# Chairman's Review

On behalf of the Board of Directors, I warmly welcome all the shareholders of Colombo Investment Trust PLC to the Company's Thirty Sixth 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. 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.44.67 Million. The Revenue has decreased by 4.9% in comparison to the previous year's revenue of Rs. 46.99 Million. The profit prior to the fair value adjustment on Financial Assets was Rs. 34.04 Million compared to Rs. 31.26 Million in the previous year.

The Net Asset Value of your Company was Rs.229.94 per share as against Rs. 152.82 per share in the preceding year. The fair value of quoted investments as at 31st March, 2023 and 31st March 2022 were Rs. 1.61 Billion and Rs. 1.08 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 Investment Trust PLC in 1991. He 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) 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 Board of other Companies within the CFLB Group.

## **S.Shanmugalingam - Director**

Mr.S.Shanmugalingam was appointed to the Board in 2004. He has over 20 years experience in Share Trading and in 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 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, U.S.A. and is a member of the Institute of Chartered Accountants in Australia. He currently holds the position of Joint Managing Director of E.B.Creasy & Company PLC amongst other Directorships.

## **J.M.Swaminathan - Director**

*Attorney-at-Law,LLB(Ceylon), LLM, 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 LLM Course of the University of Colombo. He also serves on the Boards of several public and private Companies.

## **Mr. 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 – Director**

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

Mr. Anushman Rajaratnam was appointed to the Board of Directors of Colombo Investment Trust PLC on 9th 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 7th 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, Sri Lanka Telecom Ltd., and Director, 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 Investment Trust 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 corporate governance adopted and implemented will strengthen the confidence and trust of all stakeholders.

## Board Composition

Currently the Board of Colombo Investment Trust PLC comprises of Nine Non-Executive Directors of whom three are Independent.

These Directors are named below and profiled on page 3.

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

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

Mr.A.M.de S.Jayaratne and Dr.J.M.Swaminathan are on the Boards of other listed Companies, in which, a majority of the Directors of the Company are Directors and also serve on the Board of other listed entities which have significant shareholdings in the Company. Mr.A.M.de S.Jayaratne & 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.Jayaratne 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 7th 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

The Board has met on Five occasions during the year under review. 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.Jayaratne	✓	✓	✓	✓	✓	5/5
Mr.S.Rajaratnam	✓	✓	-	-	✓	3/5
Dr.J.M.Swaminathan	✓	✓	✓	✓	✓	5/5
Mr.Amrit Rajaratnam	✓	-	-	-	✓	2/5
Mr.Anushman Rajaratnam	N/A	✓	✓	-	✓	3/4
(Appointed w.e.f. 09.06.2022)						
Mr.P.M.A.Sirimane	N/A	N/A	N/A	✓	✓	2/2
(Appointed w.e.f. 07.10.2022)						

## 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 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 controls covering 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 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 Audit Committee Report is given on page 19 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 20 of this Report.

### Managers & Secretaries

The Directors seek advice from Corporate Managers & Secretaries (Private) Limited (CMSL) who are qualified to act as Managers & Secretaries as per the provisions of the Companies Act No. 7 of 2007. The Company does not employ any staff. 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 encourages 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 09th June 2022 and 07th October 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 : <b>(a)</b> Composition <b>(b)</b> Functions <b>(c)</b> 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 of 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>7.10.6 Audit Committee</b>	
<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

## Corporate Governance

Rule	Adherence
<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
<b>9.2.4 Committee Meetings</b>	
The Committee shall meet at least once a calendar quarter.	The Committee has met on 4 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 Statements,</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

## Corporate Governance

Rule	Adherence
<b>9.3.2 Disclosure in the Annual Report</b>	
<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).	Not Applicable (All non-recurrent transactions were below the disclosure threshold)
<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).	Complied (All recurrent transactions which exceeded the disclosure threshold are disclosed in Note 18 (e))
<b>(c)</b> Report by the Related Party Transactions Review Committee.	Complied (Refer Related Party Transactions Review Committee Report)
<b>(d)</b> 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 Investment Trust 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 the 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 categorized 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 has 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 Investment Trust PLC, 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 investments in order to ensure that our portfolio risk is within acceptable limits given our strategy of growth in 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 regulation, 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 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 as all services are provided by Corporate Managers & Secretaries (Pvt) Ltd. Thereby, the Company does not face material issues pertaining to employees and industrial relations.

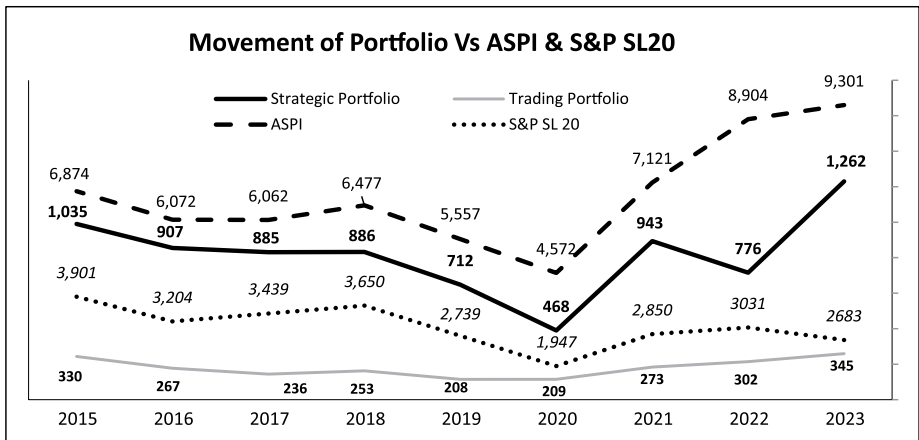
# Management Discussion and Analysis

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 into 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

Despite the higher volatility in CSE during the period under review our Strategic Portfolio has increased by 63% to Rs.1.26 Billion and the Trading portfolio has increased by 14% to Rs. 345 Million while the total portfolio has increased by 49% at close of financial year 2023 at Rs.1.61 Billion. Near 100% increase in the share price and the bargain purchase in The Colombo Fort Land & Building PLC (CFLB), which is our largest single investment, dominating 51% of the total portfolio, contributed Rs.405 Million gains during the period under review.

### Financial Review and Shareholder Returns

Colombo Investment Trust PLC recorded a profit after tax of Rs.55.7 Million for the year ended 31st March 2023 compared to a profit of Rs.39.4 Million recorded in the previous year.

During the period under review the Company's dividend income has decreased by 17.8% to Rs.29 Million compared to Rs.35.3 Million in the previous year.

In the year ended 31st March 2023 the Company's Net Asset Value (NAV) per share increased by 50% to Rs.229.94. The Company's share price of Rs.118.50 indicates a discount of 48.5% 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.



# Annual Report of the Board of Directors

The Board of Directors of Colombo Investment Trust 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 holding and managing an investment portfolio. 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 24 to 53.

## Independent Auditors' Report

The Auditors' Report on the Financial Statements is given on pages 21 to 23.

## Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 28 to 34.

## 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 45 to 47.

### Directors' Interest in Shares

The 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	1
Mr.S.D.R.Arudpragasam	486	479
Mr.S.Shanmugalingam	** 261	**627
Mr.A.M de S.Jayaratne	NIL	NIL
Mr.S.Rajaratnam	NIL	NIL
Dr.J.M.Swaminathan	168	166
Mr. Amrit Rajaratnam	NIL	NIL
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 48 Fractional shares held in Trust consequent to the Scrip Dividend in the years 2021 and 2022.

## Directors' Fees

Directors' fees in respect of the Company for the financial year 2022/2023 is given in Note 7 to the Financial Statements.

## Corporate Donations

No donations were made during the year.

## Directorate

The names of the Directors who held office during the financial year are given below and are profiled on pages 3 and 4.

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

## Annual Report of the Board of Directors

Dr J.M.Swaminathan	- Director Independent Non-Executive
Mr.Amrit Rajaratnam	- Director Non-Executive
Mr.Anushman Rajaratnam (Appointed w.e.f. 09.06.2022)	- Director Non-Executive
Mr.P.M.A.Sirimane (Appointed w.e.f. 07.10.2022)	- Director Independent Non-Executive

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

In terms of Articles 85 & 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 5 to 12.

### Auditors

The Financial Statements for the year have been audited by Messrs. KPMG. The amount payable to Messrs. KPMG as audit fees was Rs. 420,000/- (2021/2022 Rs.370,000/-) and Rs.119,583/-

(2021/2022 Rs. 108,712/-) for non-audit related work which consisted mainly of fees for tax compliance services.

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

### Revenue

The revenue of the Company for the year was Rs. 44.67 Million. (2021/22- Rs. 46.99 Million.)

### Results

The Company made a Net Profit before tax of Rs. 56.58 Million against a Profit of Rs.40.09 Million in the previous year. The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 24.

### 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 upto 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.0.87 Million as income tax. The detailed income tax computation is given in Note 8 to the Financial Statements on page 36.

### Dividends

The Board of Directors have resolved to pay a First and Final dividend of Rs. 1.20 per share by way of a 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 from and excluding the date of the Annual General Meeting. (i.e. the "Record date") in the proportion of 1 new ordinary share for every 83.2506410865 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 the Companies Act No. 07 of 2007 for the dividend proposed.

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

## Annual Report of the Board of Directors

### Investments

The fair value of the Quoted Securities held as at 31st March 2023 was Rs. 1.61 Billion. (2021/2022- Rs.1.08 Billion) The detailed investment portfolio is given in Note 10 to the Financial Statements on Pages 38 to 43.

### Property, Plant and Equipment

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

### Stated Capital

The Stated Capital of the Company as at 31st March 2023 was Rs.203.93 Million represented by 7,012,368 ordinary shares.

### Reserves

The total reserves of the Company as at 31st March 2023 amounted to Rs. 1.41 Billion comprising Retained Earnings of Rs. 365.57 Million (2021/22- Rs. 315.99 Million.) and FVOCI Reserve of Rs. 1.04 Billion (2021/2022 Rs.560.02 Million.) The movements are shown in the Statement of Changes in Equity in the Financial Statements.

### Capital Commitments and Contingent Liabilities

Capital Commitments and Contingent Liabilities as at the reporting date are disclosed in Notes 16 and 17 to the Financial Statements on page 45.

### 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 45 to 47.

### 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 20 to the Financial Statements on page 48.

### Share Information

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 55 and 56.

### Employment Policy

The Company does not employ any staff. All operational services are provided by Corporate Managers & Secretaries (Pvt) 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.

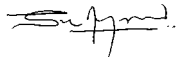
### Internal Control

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

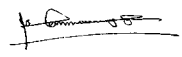
### Going Concern

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 Investment Trust PLC comprises of three Non-Executive Directors, of whom two are Independent. The Committee is chaired by Mr.A.M.de S.Jayarathne who is a Chartered Accountant and who holds directorships in several Public Quoted Companies.

Mr.A.M.de S.Jayarathne - 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 (Pvt) Ltd function as the Secretaries to the Audit Committee.

The members have varied experience, financial knowledge and business acumen to carry out their role effectively and efficiently.

## Meetings of the Committee

The Audit 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.Jayarathne	✓	✓	✓	✓	✓	5/5
Dr.J.M.Swaminathan	✓	✓	✓	✓	✓	5/5
Mr.S.Rajaratnam	✓	✓	-	-	✓	3/5

The Directors of the Company and Managers from Corporate Managers & Secretaries (Pvt) 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 at Board 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 Sri Lanka Accounting Standards, 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.

## 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.

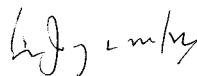
The Committee has recommended to the Board of Directors the re-appointment of the External Auditors, Messrs. KPMG, Chartered Accountants subject to the approval by the shareholders at the forthcoming Annual General Meeting.

## 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.Jayarathne**  
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 Investment Trust 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 (Pvt) Ltd 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 (Pvt) 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".

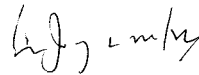
Declarations are obtained from each Director of the Company to identify such "Related Parties". Managers are requested to inform and obtain the approval prior to transactions being entered into with such "Related Parties".

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 the 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



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
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## TO THE SHAREHOLDERS OF COLOMBO INVESTMENT TRUST PLC

### Report on the Audit of the Financial Statements Opinion

We have audited the Financial statements of Colombo Investment Trust 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, and other explanatory information as set out on pages 24 to 53.

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 of its Financial Performance and its Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Carrying value of quoted investments

Refer Note 3.1 (significant accounting policy) and Note 10 (Notes to the Financial Statements).

### 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.

Risk Description	Our Response
<p>The Company's quoted equity investment portfolio makes up 100% of total assets (by value) and is considered to be the key driver of the Company's capital and revenue performance.</p> <p>We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgment, because they comprise quoted investments. However, due to their materiality in the context of the Financial Statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p>	<p>Our audit procedures include:</p> <ul style="list-style-type: none"> <li>documenting the processes in place to record investment transactions and to value the portfolio.</li> <li>agreeing the total valuation of the portfolio investments to externally quoted prices.</li> <li>agreeing the total portfolio investment holdings to third party confirmations.</li> <li>assessing the adequacy of Financial Statement disclosure.</li> </ul>

## Independent Auditors' Report



### 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 do not express any form of assurance conclusion thereon.

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

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



- 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 ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

**KPMG**  
Colombo, Sri Lanka

25th May 2023



# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March

	Note	2023 Rs. '000	2022 Rs. '000
<b>Revenue</b>	<b>4</b>	<b>44,670</b>	46,986
Cost of Investments disposed		(6,125)	(9,787)
Net change in Fair Value through Profit or Loss Financial Assets		22,540	8,833
Other Income	5	1,806	22
Administrative Expenses		(4,863)	(4,110)
Impairment (Expense)/Reversal for Related Party Receivable		-	40
<b>Operating Profit</b>		<b>58,028</b>	41,984
Finance Income		-	-
Finance Expense	6	(1,448)	(1,893)
Net Finance (Expenses)/Income		(1,448)	(1,893)
<b>Profit before Tax</b>	<b>7</b>	<b>56,580</b>	40,091
Income Tax Expenses	8.1	(874)	(648)
<b>Profit for the year</b>		<b>55,706</b>	39,443
<b>Other Comprehensive Income/(Expense)</b>			
<b>Items that will not be reclassified to Profit or Loss</b>			
Financial Assets at Fair Value through Other Comprehensive Income - Net change in Fair Value		484,953	(174,355)
<b>Total Other Comprehensive Income/(Expense)</b>		<b>484,953</b>	(174,355)
<b>Total Comprehensive Income/(Expense)</b>		<b>540,659</b>	(134,912)
<b>Earnings per Share</b>	<b>9.1</b>	<b>7.94</b>	5.62

Notes on pages 28 to 53 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

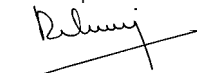
# Statement of Financial Position

As at 31st March

	Note	2023 Rs. '000	2022 Rs. '000
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Financial Assets at Fair Value through Other Comprehensive Income	10.1	1,264,405	776,030
<b>Total Non - Current Assets</b>		<b>1,264,405</b>	<b>776,030</b>
<b>Current Assets</b>			
Financial Assets at Fair Value through Profit or Loss	10.2	344,909	302,276
Trade and Other Receivables	11	3,236	6,336
Amounts due from Related Companies	12	-	4,173
Income Tax Assets		265	-
Cash and Cash Equivalents	13	2,047	1,963
<b>Total Current Assets</b>		<b>350,457</b>	<b>314,748</b>
<b>Total Assets</b>		<b>1,614,862</b>	<b>1,090,778</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	14	203,933	195,643
Retained Earnings		365,574	315,988
FVOCI Reserve		1,042,806	560,023
<b>Total Equity</b>		<b>1,612,313</b>	<b>1,071,654</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	15	2,549	18,286
Dividend Payable		-	154
Income Tax Payable		-	684
<b>Total Current Liabilities</b>		<b>2,549</b>	<b>19,124</b>
<b>Total Liabilities</b>		<b>2,549</b>	<b>19,124</b>
<b>Total Equity and Liabilities</b>		<b>1,614,862</b>	<b>1,090,778</b>
<b>Net Assets per Share (Rs.)</b>		<b>229.94</b>	<b>152.82</b>

Notes on pages 28 to 53 form an integral part of these Financial Statements.

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

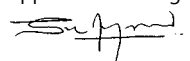


**M. V. M. Paulraj**

Director

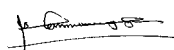
Corporate Managers & Secretaries (Private) Limited

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board of Directors of Colombo Investment Trust PLC.



**S.D.R. Arudpragasam**

Director



**S. Shanmugalingam**

Director

Colombo

09th May 2023

## Statement of Changes in Equity

	<b>Stated Capital Rs.'000</b>	<b>Retained Earnings Rs.'000</b>	<b>FVOCI Reserve Rs.'000</b>	<b>Total Equity Rs.'000</b>
Balance as at 01st April 2021	187,431	284,757	734,378	1,206,566
Profit for the year	-	39,443	-	39,443
Other Comprehensive Income	-	-	(174,355)	(174,355)
Scrip Dividend	8,212	(8,212)	-	-
<b>Balance as at 31st March 2022</b>	<b>195,643</b>	<b>315,988</b>	<b>560,023</b>	<b>1,071,654</b>
<b>Profit for the year</b>	<b>-</b>	<b>55,706</b>	<b>-</b>	<b>55,706</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>484,953</b>	<b>484,953</b>
<b>Scrip Dividend</b>	<b>8,290</b>	<b>(8,290)</b>	<b>-</b>	<b>-</b>
<b>Financial Assets at Fair Value through Other Comprehensive Income, Reclassified to Equity</b>	<b>-</b>	<b>2,170</b>	<b>(2,170)</b>	<b>-</b>
<b>Balance as at 31st March 2023</b>	<b>203,933</b>	<b>365,574</b>	<b>1,042,806</b>	<b>1,612,313</b>

Notes on pages 28 to 53 form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

# Statement of Cash Flows

For the year ended 31st March

	Note	2023 Rs. '000	2022 Rs. '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Dividend Received		23,637	25,938
Payments to Service Providers		(4,509)	(24,519)
Acquisition of Investments		(32,654)	(8,678)
Proceeds from Disposal of Investments		12,410	9,076
Settlement of Other Debtors		9	-
Receipt of Current Account Balances		4,200	302
Income Tax paid		(1,823)	-
Interest paid		(1,186)	(1,944)
<b>Net Cash generated from Operating Activities</b>	<b>A</b>	<b>84</b>	<b>175</b>
Net increase in Cash and Cash Equivalents		84	175
Cash and Cash Equivalents at the beginning of the year	13	1,963	1,788
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>13</b>	<b>2,047</b>	<b>1,963</b>
<b>Note: A</b>			
<b>Reconciliation of Profit for the Year to the net Cash Flows used in Operating Activities</b>			
<b>Cash Flow from Operating Activities</b>			
Profit before tax		56,580	40,091
<b>Adjustments for :</b>			
Net change in Fair Value through Profit or Loss Financial Assets		(22,540)	(8,833)
Gain on Disposal of Financial Assets		(9,540)	(1,905)
Dividend received as Scrip dividend		(5,953)	(5,003)
Interest Expense		1,447	1,893
Provision/(Reversal) for Related Party Receivable		(27)	(40)
Reversal of Impairment of AFS Investment		(1,625)	-
Write back of Unclaimed Dividends		(154)	(22)
<b>Operating Profit before Working Capital Changes</b>		<b>18,188</b>	<b>26,181</b>
<b>Changes in Working Capital</b>			
(Increase)/Decrease in Receivables		3,099	(2,552)
(Increase)/Decrease in Amounts Due from Related Parties		4,200	302
Increase/(Decrease) in Trade & Other Payables		(5,405)	(13,134)
<b>Cash generated from Operating Activities</b>		<b>20,082</b>	<b>10,797</b>
Income Tax Paid		(1,823)	-
Interest Paid		(1,186)	(1,944)
Acquisition of Investments		(32,654)	(8,678)
Proceeds from Disposal of Investments		15,665	-
<b>Net Cash generated from Operating Activities</b>		<b>84</b>	<b>175</b>

Notes on pages 28 to 53 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# Notes to the Financial Statements

## 1 REPORTING ENTITY

Colombo Investment Trust PLC, is a Quoted Public Company with limited liability incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company's registered office is situated at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1.

The Principal activity of the Company is holding and managing an investment portfolio.

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

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

The Financial Statements were authorised for issue by the Board of Directors on 09th May 2023.

### 2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position.

\* *Financial assets at fair value through profit or loss investments (in quoted equity instruments) which are measured at fair value.*

\* *Fair value through Other Comprehensive Income financial assets which are measured at fair value.*

### 2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency, rounded to the nearest thousand, unless otherwise stated.

### 2.4 Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

#### 2.4.1 Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an appropriate interest rate to discount them. Management makes certain assumptions based on their judgment in forecasting future operating results.

#### 2.4.2 Fair Value of Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## Notes to the Financial Statements

### 2.4.3 Economic Considerations

The ongoing economic crisis in the country has increased the estimation uncertainty in the preparation of Financial Statements. The estimation uncertainty is associated with the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP and employment) This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

### 2.4.4 Going Concern

In preparing these Financial Statements, the management has assessed the existing and anticipated effect of prevailing economic conditions and COVID-19 on the Company and the appropriateness of the use of going concern basis of preparation giving special attention to highly impacted areas.

Having evaluated the future outlook of the Company, the Directors are satisfied that the Company has adequate resources to continue its operation at least, but not limited to, 12 months from the reporting date, to justify adopting the going concern basis in preparing these Financial Statements.

## 3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

### 3.1 Financial Instruments

#### 3.1.1 Financial Assets

##### Initial Recognition and measurement

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

##### Classification and Subsequent Measurement of Financial Assets

On initial recognition, financial assets are classified as amortised cost; FVOCI (Fair value through OCI) debt investment; FVOCI - equity investment; or 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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- *it is held within a business model whose objective is to hold assets to collect contractual cash flows; and*
- *its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- *It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and*
- *its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

## Notes to the Financial Statements

On initial recognition of an equity investment that is not held for trading, Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Subsequent measurement and gain and losses

#### Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including dividend income are recognised in profit or loss.

#### Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

#### Re-classification of Financial Assets

Re-classification of financial assets is required if the Company changes its business model for managing those financial assets. Re-classification is applied prospectively from the date of the re-classification.

#### De-recognition of Financial Assets

On de-recognition of a financial asset in its entirety, the difference between: The carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss, except for financial asset measurement FVOCI.

### Impairment

#### Financial Instruments and Contract Assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on:

- *financial assets measured at amortised cost;*
- *debt investments measured at FVOCI; and*

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- *debt securities that are determined to have low credit risk at the reporting date; and*
- *other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- *the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or*
- *the financial asset is more than 90 days past due.*

## Notes to the Financial Statements

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

*Presentation of Allowance for ECL in the Statement of Financial Position.*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

### 3.1.2 Financial Liabilities

Financial Liabilities are initially recognised only when Company becomes a party to the contractual provisions of the financial instrument. All financial liabilities are recognised initially at fair value. The Company's financial liabilities include trade and other payables. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. A financial liability is derecognized only when it is extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expires.

### 3.2 Stated Capital Ordinary Shares

Ordinary shares are classified as equity. 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 on arrears.

### 3.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

### 3.4 Provisions

A provision is recognized if, as a result of a past event, the Company has a present, legal or constructive obligation that can be estimated reliably; and it is probable that an outflow, of economic benefits will be required to settle the obligation.

### 3.5 Employee Benefits

The Company does not employ any staff. All operational services are provided by Corporate Managers & Secretaries (Pvt) Limited.

### 3.6 Revenue Recognition

Revenue represents dividend income and proceeds from disposal of investments recognized on an accrual basis.

#### a) Dividend Income

Dividend Income is recognized in the Statement of Profit or Loss when the right to receive such dividend is established.

#### b) Proceeds from Sale of Shares

Proceeds from sale of shares are recognized on an accrual basis.

#### c) Interest Income

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in the Statement of Profit or Loss, using the effective interest method.



## Notes to the Financial Statements

### 3.7 Expenses

All expenditure incurred in the running of the business has been charged to revenue in arriving at the profit and loss for the year. For the purpose of presentation of the Income Statement, 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.

#### Finance costs

Finance costs comprise interest expense on borrowings and interest on margin trading.

### 3.8 Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax is recognized in the Statement of Profit or Loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income.

The Company has determined that interest & penalties related to income taxes, including uncertain tax treatments, do not meet definition of income taxes and therefore accounted for then under LKAS 37 Provisions, Contingent Liabilities & Contingent Assets.

#### Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the Reporting date and any adjustment to tax payable in respect of previous years.

#### Deferred tax

Deferred tax is recognized using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax provision is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Reporting date.

Deferred tax assets relating to the carried forward unused tax losses are recognized

to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Deferred tax assets are reviewed at the Reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Additional income taxes that arise from the distribution of dividends are recognized, at the same time as the liability to pay the related dividend is recognized.

### 3.9 Statement of Cash Flows

The Statement of Cash Flows has been presented using the "Direct Method" of preparing cash flows in accordance with Sri Lanka Accounting Standard LKAS 7- "Statement of Cash Flows".

### 3.10 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or service (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. However, there are no distinguishable components to be identified as segments of the Company which is subject to different risks and rewards.

### 3.11 Financial Risk Management Policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has loan and borrowing, trade

## Notes to the Financial Statements

and other receivables, and cash that arrive directly from its operations. The Company also holds fair value through OCI and fair value through profit or loss investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Board monitors these risks. The Company's financial risk-taking activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with Company policies and the Company's risk appetite.

### 3.12 Dividend Distribution

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

### 3.13 Earnings/(Loss) per share

The Company presents basic earnings/ (loss) per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### 3.14 Events after the Reporting Period

All material events after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the Financial Statements.

### 3.15 Comparative figures

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period 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.

### 3.16 Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence

or non-occurrence of uncertain future events, which are beyond the Company's control.

### 3.17 Directors responsibilities

Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 3.18 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after the current financial year and earlier application is permitted; however, the Company has not early adopted them in preparing these financial statements.

The following 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 amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

#### **Disclosure of Accounting Policies (Amendment to LKAS 1)**

Amendments to LKAS 1 Presentation of Financial Statements is to help Companies provide useful accounting policy disclosures.

## Notes to the Financial Statements

The key amendments to LKAS 1 include requiring companies to disclose their material accounting policies rather than their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

### **Definition of Accounting Estimates (Amendments to LKAS 8)**

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively. The approach taken can therefore affect both the reported results and trends between periods.

Amendments to LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors will clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

### **Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendment to LKAS 12)**

Targeted amendments to LKAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

### **3.19 New and amended standards and interpretations**

Several other amendments apply from April 01, 2022, but do not have an impact on the Financial Statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

## Notes to the Financial Statements

### For the year ended 31st March

	<b>2023</b>	2022
	<b>Rs. '000</b>	Rs. '000
<b>4 Revenue</b>		
Dividend Income - Related Parties	<b>16,853</b>	21,324
- Others	<b>12,151</b>	13,970
Proceeds from Disposal of Investments	<b>15,666</b>	11,692
	<b>44,670</b>	46,986
<b>5 Other Income</b>		
Write back of Unclaimed Dividends	<b>154</b>	22
Sundry Income	<b>27</b>	-
Reversal of Impairment of AFS Investment	<b>1,625</b>	-
	<b>1,806</b>	22
<b>6 Finance Expense</b>		
Finance Expense - Interest on Margin Trading	<b>(1,448)</b>	(1,893)
	<b>(1,448)</b>	(1,893)
<b>7 Profit before Tax</b>		
Is stated after charging all expenses including the following :		
Auditors' Fees - Statutory Audit	<b>420</b>	370
- Audit Related Service	<b>70</b>	65
- Non Audit Service	<b>120</b>	109
Directors' Fees	<b>500</b>	360
Audit Committee Fees	<b>90</b>	90
Secretarial Fees and Registrars Fees	<b>1,001</b>	960

## Notes to the Financial Statements

### For the year ended 31st March

#### 8 Income Tax Expenses

##### 8.1 Current Tax Expenses

Taxation on Profits for the Year(Note 8.2)

<b>2023</b>	2022
<b>Rs.'000</b>	Rs. '000
<b>874</b>	648
<b>874</b>	648

##### 8.2 Reconciliation between Accounting Profit and Taxable Income

Accounting Profit before Tax  
 Aggregate Disallowable Items  
 Aggregate Allowable Items  
 Profits and Income Exempt from Income Tax  
 Tax Loss Utilized  
 Taxable Income  
 Taxation on Profits for the year

<b>56,580</b>	40,091
<b>3,308</b>	1,895
<b>(24,346)</b>	(8,895)
<b>(27,436)</b>	(13,618)
<b>(1,860)</b>	(14,845)
<b>6,246</b>	4,628
<b>874</b>	648

##### 8.3 Accumulated Tax Losses

Tax Loss Brought Forward  
 Tax Loss during the year  
 Tax Loss Utilized  
 Tax Loss Carried Forward

-	14,845
<b>1,860</b>	-
<b>(1,860)</b>	(14,845)
-	-

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and Inland Revenue (Amendment) Act No. 10 of 2021 the Company is liable to income tax at 24% (2022 - 24%) and Dividend Income received from a resident Company is liable to Income Tax at 14% (2022 - 14%), up to 30th September, 2022 and as per Inland Revenue (Amendment) Act No. 45 of 2022, from 1st October, 2022 the Company is liable to Income Tax at 30% and Dividend Income at 15%.

## Notes to the Financial Statements

### 9 Earnings per Share and Dividend per Share

#### 9.1 Earnings per Share

The calculation of earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year and is calculated as follows,

<b>For the year ended 31st March</b>	<b>2023</b>	2022 Restated
Profit attributable to Ordinary Shareholders (Rs.'000)	<b>55,706</b>	39,443
Weighted Average Number of Ordinary Shares (No.'000)[Note.9.1.1]	<b>7,012</b>	7,012
Earnings per Share (Rs.)	<b>7.94</b>	5.62
<b>9.1.1 Weighted Average Number of Ordinary Shares</b>		
Number of Shares in issue as at beginning of the Year (No.'000)	<b>6,909</b>	6,909
Number of Shares issued due to Scrip Dividend (No.'000)	<b>103</b>	103
Weighted Average Number of Shares as at end of the Year (No.'000)	<b>7,012</b>	7,012

#### 9.2 Dilutive earnings per share

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

#### 9.3 Dividend Per Share

	<b>2023</b>	2022
First & Final Dividend paid per share (Rs.'000)	<b>8,415</b>	8,291
Number of Ordinary Shares entitled for Dividend (No.'000)	<b>7,012</b>	6,909
Dividend per Share (Rs.)	<b>1.20</b>	1.20

**9.3.1** The Directors have recommended the payment of a first & final dividend of Rs. 1.20 per share by way of a Scrip Dividend for the year ended 31st March 2023, to the registered shareholders as at end of trading on the date of Annual General Meeting in the proportion of 1 new ordinary share for every 83.2506410865 existing ordinary shares which will be declared at the Annual General Meeting.

## Notes to the Financial Statements

### 10 Investments

#### Investments designated as FVOCI

The Company designated the investments shown below as at FVOCI because these investments represent the investments that the Company intends to hold for the long term for strategic purposes.

#### As at 31st March

#### 10.1 Financial Assets at Fair Value through Other Comprehensive Income

		2023 Rs. '000	2022 Rs. '000
Investments in Quoted - Non-Related Companies	- (Note 10.1.1)	168,152	152,339
Investments in Quoted - Related Companies	- (Note 10.1.2)	<u>1,093,645</u>	<u>622,808</u>
		<b>1,261,797</b>	<b>775,147</b>
Investments in Unquoted - Non-Related Companies	- (Note 10.1.3)	198	187
Investments in Unquoted - Related Companies	- (Note 10.1.4)	<u>2,199</u>	<u>501</u>
Investments in Unit Trust	- (Note 10.1.5)	<u>211</u>	<u>195</u>
		<b><u>1,264,405</u></b>	<b><u>776,030</u></b>

#### 10.1.1 Investments in Quoted - Non-Related Companies

#### As at 31st March

	2023			2022		
	No. of Shares	Fair Value Rs.'000	Cost Rs.'000	No. of Shares	Fair Value Rs.'000	Cost Rs.'000
<b>BANKS</b>						
Commercial Bank of Ceylon PLC -Voting	552,171	35,118	22,615	772,789	48,454	30,536
Commercial Bank of Ceylon PLC-Non Voting	5,200	281	332	5,000	304	318
DFCC Bank PLC	9,217	405	294	6,642	319	191
		<u>35,804</u>	<u>23,241</u>		<u>49,077</u>	<u>31,045</u>
<b>CAPITAL GOODS</b>						
Aitken Spence PLC	25,275	3,311	98	25,275	1,863	98
Hayleys PLC	30,000	2,160	118	30,000	2,307	118
John Keells Holdings PLC	11,418	1,599	682	11,418	1,656	682
		<u>7,070</u>	<u>898</u>		<u>5,826</u>	<u>898</u>
<b>FOOD BEVERAGE &amp; TOBACCO</b>						
Ceylon Cold Stores PLC	262,960	10,518	239	262,960	10,229	239
Ceylon Tobacco Company PLC	4,038	2,749	47	4,038	2,327	47
Nestle Lanka PLC	50,904	54,416	313	50,904	47,786	313
		<u>67,683</u>	<u>599</u>		<u>60,342</u>	<u>599</u>
<b>MATERIALS</b>						
Chevron Lubricants Lanka PLC	10,882	997	187	10,882	948	187
CIC Holdings PLC - Voting	632,720	45,050	1,609	632,720	24,106	1,609
Union Chemicals Lanka PLC	6,400	4,472	113	6,400	4,995	113
		<u>50,519</u>	<u>1,909</u>		<u>30,049</u>	<u>1,909</u>
<b>RETAILING</b>						
John Keells PLC	102,848	7,076	68	102,848	7,045	68
		<u>7,076</u>	<u>68</u>		<u>7,045</u>	<u>68</u>
Total		<b><u>168,152</u></b>	<b><u>26,715</u></b>		<b><u>152,339</u></b>	<b><u>34,519</u></b>

## Notes to the Financial Statements

### 10.1 Financial Assets at Fair Value through Other Comprehensive Income (Contd...)

#### 10.1.2 Investments in Quoted - Related Companies

##### As at 31st March

	2023		No. of Shares	2022		
	No. of Shares	Fair Value Rs.'000		Fair Value Rs.'000	Cost Rs.'000	
Beruwala Resorts PLC	3,000,000	4,200	2,760	3,000,000	2,700	2,760
C M Holdings PLC	330,976	20,885	30,922	318,000	25,058	30,267
E B Creasy & Company PLC	10,560,000	212,256	2,559	10,551,060	178,313	2,418
Kotagala Plantations PLC	19,320	118	79	-	-	-
Lankem Ceylon PLC	495,000	37,471	17,648	495,000	13,860	17,648
Lankem Developments PLC	20,040	501	335	20,040	76	335
Marawila Resorts PLC	898,200	1,886	2,709	898,200	1,707	2,709
Muller and Phipps (Ceylon) PLC	90,000	108	124	90,000	90	124
Sigiriya Village Hotels PLC	44,550	2,495	322	44,550	2,673	322
The Colombo Fort Land & Building PLC	31,149,717	813,008	130,112	30,117,969	397,557	119,217
York Arcade Holdings PLC	5,043	717	480	5,043	774	480
	<u>1,093,645</u>	<u>188,050</u>		<u>622,808</u>	<u>176,280</u>	

#### 10.1.3 Investments in Unquoted - Non-Related Companies

Bartleet Transcapital Limited	10,000	198	200	10,000	187	200
		<u>198</u>	<u>200</u>		<u>187</u>	<u>200</u>

#### 10.1.4 Investments in Unquoted - Related Companies

Agarapatana Plantations Limited	250,000	977	501	250,000	501	501
Capital Leasing Co.Limited	150,000	1,209	1,500	150,000	1,500	1,500
Imperial Hotels Limited	625	13	125	625	125	125
		<u>2,199</u>	<u>2,126</u>		<u>2,126</u>	<u>2,126</u>
Provision for Impairment		-	-		(1,625)	-
		<u>2,199</u>	<u>2,126</u>		<u>501</u>	<u>2,126</u>

#### 10.1.5 Investments in Unit Trust

National Equity Fund	6,000	211	60	6,000	195	60
		<u>211</u>	<u>60</u>		<u>195</u>	<u>60</u>
Total net carrying value of investments		<u>1,264,405</u>	<u>217,151</u>		<u>776,030</u>	<u>213,185</u>

#### 10.1.6 Investments disposed during the Year

	No. of Shares	Fair Value as at date of Disposal Rs.'000	Cumulative Loss on Disposal Rs.'000
Commercial Bank of Ceylon PLC	250,000	12,650	(241)

The above shares were disposed in order to manage cash flow deficits.

Strategic investments were disposed of during 2023, and cumulative gain of Rs.2.17 Million was transferred within equity relating to these investments.



## Notes to the Financial Statements

### As at 31st March

#### 10.2 Financial Assets at fair value through Profit or Loss

		<b>2023</b>	2022
		<b>Rs. '000</b>	Rs. '000
Investments in Quoted - Non-Related Companies	(Note 10.2.1)	<b>89,208</b>	92,278
Investments in Quoted - Related Companies	(Note 10.2.2)	<b>255,694</b>	209,991
Investments in Unquoted - Non-Related Companies	(Note 10.2.3)	<b>7</b>	7
		<b>344,909</b>	302,276

#### 10.2.1 Investments in Quoted - Non-Related Companies

### As at 31st March

	<b>2023</b>			2022		
	<b>No. of</b>	<b>Fair</b>	<b>Cost</b>	No. of	Fair	Cost
	Shares	Value	Rs. '000	Shares	Value	Rs. '000
		Rs. '000	Rs. '000		Rs. '000	Rs. '000
<b>AUTOMOBILES &amp; COMPONENTS</b>						
Kelani Tyres PLC	2,160	128	23	2,160	125	23
		<u>128</u>	<u>23</u>		<u>125</u>	<u>23</u>
<b>BANKS</b>						
Hatton National Bank PLC	521	67	67	512	56	66
National Development Bank PLC	5,321	239	304	5,000	279	281
Nations Trust Bank PLC	22,562	1,444	593	21,270	959	520
Sampath Bank PLC	40,383	2,120	1,653	40,383	1,849	1,653
Seylan Bank PLC - Voting	158	5	8	148	5	7
Seylan Bank PLC - Non Voting	173	4	4	159	4	3
Union Bank of Colombo PLC	200	2	5	200	2	5
		<u>3,881</u>	<u>2,634</u>		<u>3,154</u>	<u>2,535</u>
<b>CAPITAL GOODS</b>						
Hemas Holdings PLC	777	51	16	777	36	16
Lanka Walltiles PLC	24,150	1,162	124	24,150	1,683	125
Royal Ceramics Lanka PLC	4,340	120	6	4,340	177	6
Sierra Cables PLC	1,900	23	6	1,900	13	6
Vallibel One PLC	1,677	61	43	1,677	67	43
		<u>1,417</u>	<u>195</u>		<u>1,976</u>	<u>196</u>
<b>COMMERCIAL &amp; PROFESSIONAL SERVICES</b>						
Gestetner of Ceylon PLC	225	15	31	225	15	31
		<u>15</u>	<u>31</u>		<u>15</u>	<u>31</u>
<b>CONSUMER DURABLES &amp; APPAREL</b>						
Blue Diamonds Jewellery Worldwide PLC	178	1	1	178	1	1
Dankotuwa Porcelain PLC	12,375	254	159	12,375	123	159
Hayleys Fabric PLC	12,000	302	263	12,000	349	263
Hayleys Fibre PLC	17,274	865	317	17,274	952	317
Hela Apparel Holdings PLC	3,000	24	45	3,000	39	45
Regnis (Lanka) PLC	2,484	114	12	2,484	135	12
Singer Industries (Ceylon) PLC	862	32	5	862	33	5
Teejay Lanka PLC	35,000	1,120	859	35,000	1,393	859
		<u>2,712</u>	<u>1,661</u>		<u>3,025</u>	<u>1,661</u>

## Notes to the Financial Statements

### 10.2.1 Investments in Quoted - Non-Related Companies (Contd.)

#### As at 31st March

	No. of Shares	2023 Fair Value Rs.'000	Cost Rs.'000	No. of Shares	2022 Fair Value Rs.'000	Cost Rs.'000
<b>CONSUMER SERVICES</b>						
Eden Hotel Lanka PLC	565	10	6	565	7	6
Renuka City Hotel PLC	525	192	13	525	154	13
Royal Palms Beach Hotels PLC	375	10	4	375	6	4
Serendib Hotels PLC - Voting	80,000	784	102	80,000	1,280	102
Serendib Hotels PLC - Non voting	50,000	335	389	50,000	470	389
Tal Lanka Hotels PLC	1,550	24	7	1,550	20	7
The Nuwara Eliya Hotels Company PLC	29	43	39	29	32	39
		<u>1,398</u>	<u>560</u>		<u>1,969</u>	<u>560</u>
<b>DIVERSIFIED FINANCIALS</b>						
Asia Capital PLC	1,550	7	42	1,550	9	42
Capital Alliance PLC	2,600	85	26	2,600	25	26
Ceylon Investment PLC	213,071	7,138	1,332	213,071	7,905	1,332
LOLC Holdings PLC	22,000	8,250	14	22,000	13,145	14
Lanka Ventures PLC	300	11	6	300	14	6
Merchant Bank of Sri Lanka & Finance PLC	11,500	39	137	11,500	59	137
Nation Lanka Finance PLC	861	1	8	861	1	8
People's Leasing & Finance PLC	14,214	112	234	13,138	106	228
People's Merchant Finance PLC	1,500	8	25	1,500	8	25
Singer Finance (Lanka) PLC	2,500	28	32	2,500	32	32
The Finance Company PLC	140	-	11	140	-	11
		<u>15,679</u>	<u>1,867</u>		<u>21,304</u>	<u>1,861</u>
<b>ENERGY</b>						
Lanka IOC PLC	18,353	3,147	496	18,353	565	495
Laugfs Gas PLC	1,000	29	23	1,000	18	23
		<u>3,176</u>	<u>519</u>		<u>583</u>	<u>518</u>
<b>FOOD &amp; STAPLES RETAILING</b>						
C T Holdings PLC	1,210	218	253	1,210	183	253
Cargills (Ceylon) PLC	2,857	666	536	2,857	521	536
		<u>884</u>	<u>789</u>		<u>704</u>	<u>789</u>

## Notes to the Financial Statements

### 10.2.1 Investments in Quoted - Non-Related Companies (Contd.)

#### As at 31st March

	2023			2022		
	No. of Shares	Fair Value Rs.'000	Cost Rs.'000	No. of Shares	Fair Value Rs.'000	Cost Rs.'000
<b>FOOD BEVERAGE &amp; TOBACCO</b>						
Agalawatte Plantations PLC	2,500	76	125	2,500	77	125
Bairaha Farms PLC	330	48	8	300	45	8
Balangoda Plantations PLC	200	13	10	100	2	2
Browns Investments PLC	22,000	132	55	22,000	165	55
Carson Cumberbatch PLC	26,710	7,258	505	26,710	7,212	505
Ceylon Beverage Holdings PLC	1,800	2,041	161	1,800	1,272	161
Hapugastenne Plantations PLC	100	4	1	100	2	1
Hatton Plantations PLC	10,000	187	76	10,000	84	76
HVA Foods PLC	1,800	8	29	1,800	7	29
Kahawatte Plantations PLC	165	3	2	165	4	2
Keells Food Products PLC	2,283	365	72	2,283	380	72
Lanka Milk Foods (CWE) PLC	2,822	397	131	2,822	375	131
Lion Brewery Ceylon PLC	6,000	4,289	301	6,000	3,150	301
Madulsima Plantations PLC	100	1	2	100	1	1
Maskeliya Plantations PLC	800	29	12	800	8	12
Namunukula Plantations PLC	1,000	363	15	1,000	399	15
Renuka Agri Foods PLC	800	17	10	800	11	10
Three Acre Farms PLC	600	78	18	600	113	18
Udapussellawa Plantations PLC	100	8	1	100	3	1
Watawala Plantations PLC	8,430	628	15	8,430	787	15
		<u>15,945</u>	<u>1,549</u>		<u>14,097</u>	<u>1,540</u>
<b>HEALTH CARE EQUIPMENT &amp; SERVICES</b>						
The Lanka Hospital Corporation PLC	500	57	8	500	25	8
		<u>57</u>	<u>8</u>		<u>25</u>	<u>8</u>
<b>INSURANCE</b>						
Ceylinco Insurance PLC	11,024	24,198	157	11,024	25,355	157
HNB Assurance PLC	51,000	2,545	288	51,000	2,208	287
Janashakthi Insurance Company PLC	4,000	106	48	4,000	90	48
LOLC General Insurance PLC	2,300	16	18	2,300	16	18
People's Insurance PLC	14,600	317	219	14,600	439	219
		<u>27,182</u>	<u>730</u>		<u>28,108</u>	<u>729</u>
<b>MATERIALS</b>						
ACL Plastics PLC	300	118	12	300	109	12
Bogala Graphite Lanka PLC	600	39	3	600	27	3
CIC Holdings PLC - Non Voting	300	15	1	300	8	1
Dipped Products PLC	13,520	374	5	13,520	439	5
Haycarb PLC	74,510	4,195	4,468	52,100	2,615	3,238
PGP Glass PLC	120,000	2,304	483	120,000	1,368	483
Richard Pieries Exports PLC	100	56	4	100	61	4
Tokyo Cement Company (Lanka) PLC	16,500	825	886	16,500	559	886
		<u>7,926</u>	<u>5,862</u>		<u>5,186</u>	<u>4,632</u>

## Notes to the Financial Statements

### 10.2.1 Investments in Quoted - Non-Related Companies (Contd.)

As at 31st March	2023			2022		
	No. of Shares	Fair Value Rs.'000	Cost Rs.'000	No. of Shares	Fair Value Rs.'000	Cost Rs.'000
<b>REAL ESTATE</b>						
C T Land Development PLC	3,527	95	13	3,527	91	13
Lee Hedges PLC	125	10	1	125	10	1
Seylan Developments PLC	1,000	12	12	1,000	15	12
Serendib Land PLC	711	938	302	711	864	302
		<u>1,055</u>	<u>328</u>		<u>980</u>	<u>328</u>
<b>RETAILING</b>						
RIL Property PLC	6,666	37	53	6,666	47	53
Sathosa Motors PLC	232	35	8	232	43	8
Singer (Sri Lanka) PLC	3,000	45	3	3,000	42	3
United Motors Lanka PLC	1,650	99	157	1,650	91	157
		<u>216</u>	<u>221</u>		<u>223</u>	<u>221</u>
<b>TELECOMMUNICATION SERVICES</b>						
Dialog Axiata PLC	11,830	123	156	11,830	118	156
		<u>123</u>	<u>156</u>		<u>118</u>	<u>156</u>
<b>TRANSPORTATION</b>						
Expolanka Holdings PLC	52,010	7,177	17,087	50,000	10,388	16,799
		<u>7,177</u>	<u>17,087</u>		<u>10,388</u>	<u>16,799</u>
<b>UTILITIES</b>						
Laugfs Power PLC	1,000	8	5	1,000	10	5
Panasian Power PLC	20,000	68	60	20,000	74	60
Resus Energy PLC	11,954	161	254	10,962	214	228
		<u>237</u>	<u>319</u>		<u>298</u>	<u>293</u>
<b>Total</b>		<u>89,208</u>	<u>34,538</u>		<u>92,278</u>	<u>32,880</u>

### 10.2.2 Investments in Quoted - Related Companies

Colombo Fort Investments PLC	2,971,519	200,578	126,351	2,774,524	195,604	116,612
C. W. Mackie PLC	219,060	17,941	17,337	38,951	2,142	2,516
Lankem Developments PLC	1,324,560	33,114	8,591	1,949,560	7,409	12,645
Laxapana Batteries PLC	310,000	4,061	2,197	310,000	4,836	2,197
		<u>255,694</u>	<u>154,476</u>		<u>209,991</u>	<u>133,970</u>

### 10.2.3 Investments in UnQuoted - Non Related Companies

LAUGFS Leisure Ltd	1,000	6	-	1,000	6	-
LAUGFS Eco Sri (Pvt) Ltd	1,000	1	-	1,000	1	-
		<u>7</u>	<u>-</u>		<u>7</u>	<u>-</u>

Total net carrying value of investments		<u>344,909</u>	<u>189,014</u>		<u>302,276</u>	<u>166,850</u>
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### 10.3 Disclosure of Interest in Other Entities

The Company holds 34.51% of the voting rights (2022 – 39.53%) of Colombo Fort Investments PLC (CFIP). This investment in CFIP is held under trading portfolio and classified as Financial Asset at Fair Value through Profit or Loss in accordance with SLFRS 9 (Financial Instruments) based on the exemptions provided in LKAS 28 (Investments in Associates and Joint Ventures) considering the nature and extent of entity's investment activities and entity's organization and its relationship with its investees.

## Notes to the Financial Statements

<b>As at 31st March</b>	<b>2023</b>	2022
	<b>Rs. '000</b>	Rs. '000
<b>11 Trade and Other Receivables</b>		
Dividend Receivables - Others	<b>3,138</b>	6,031
Other Receivables	<b>89</b>	296
Withholding Tax	<b>9</b>	9
	<b><u>3,236</u></b>	<u>6,336</u>
<b>12 Amounts due from Related Companies</b>		
The Colombo Fort Land & Building PLC		
- Non - Interest bearing Receivable	-	4,200
Provision for impairment	-	(27)
	<u>-</u>	<u>4,173</u>
The above amounts due from related parties are receivable "on demand".		
<b>13 Cash and Cash Equivalents</b>		
Cash at Bank	<b>2,047</b>	1,963
Cash and Cash Equivalents for the purpose of Cash Flow	<b>2,047</b>	1,963
	<u>2,047</u>	<u>1,963</u>
<b>14 Stated Capital</b>		
<b>Issued and Fully Paid Shares</b>		
At the beginning of the year -6,908,737 Ordinary Shares	<b>195,643</b>	187,431
Scrip Dividend (Note 14.1)	<b>8,290</b>	8,212
At the end of the year - 7,012,368 Ordinary Shares	<b><u>203,933</u></b>	<u>195,643</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.

### 14.1 Scrip Dividend

During the year, with the approval of the shareholders, the Company paid a First & Final dividend of Rs.1.20 per Ordinary share, in the form of a Scrip dividend for the year ended 31st March 2022 amounting to Rs.8,290,484.40. Accordingly the Company issued 103,631 ordinary shares in the ratio of 1 share for every 66.6667020486 existing shares at a value of Rs. 80.00 per share.

<b>As at 31st March</b>	<b>2023</b>	2022
	<b>Rs. '000</b>	Rs. '000
<b>15 Trade and Other Payables</b>		
<b>Trade Payables</b>		
Acuity Partners (Pvt) Ltd	-	17,915
Asha Securities Ltd	<b>2,000</b>	-
<b>Other Payables</b>		
Accrued Expenses	<b>549</b>	371
	<b><u>2,549</u></b>	<u>18,286</u>

## Notes to the Financial Statements

### 15.1 Margin Trading Facility

The Company has entered into a Margin Trading Facility with Acuity Partners (Pvt) Limited for Rs.25 Mn. 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 with effect from 1st March 2023, the interest rate was 27.50%.

The undermentioned shares of the Company have been offered as security.

Company	Shares
Commercial Bank of Ceylon PLC	350,935
Ceylon Tobacco Company PLC	3,000
Ceylon Cold Stores PLC	180,000
Chevron Lubricants Lanka PLC	9,882
Ceylon Investment PLC	203,797
Expo Lanka Holdings PLC	45,000
Lankem Ceylon PLC	450,000
Lankem Developments PLC	1,194,600
Tokyo Cement PLC	10,000

### 16 Capital Commitments

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

### 17 Contingent Liabilities

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

### 18 Related Party Disclosures

#### (a) Parent and Ultimate Controlling Party

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

#### (b) Transactions with Key Management Personnel

##### (i) Definition of Key Management Personnel

According to Sir Lanka Accounting Standard - LKAS 24 'Related Party Disclosures', Key Management personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly, Board of Directors have been classified as Key management personnel of the Company.

##### (ii) Loans to Directors

No loans have been given to the Directors of the Company.

##### (iii) Key Management Personnel Compensation

Details of compensation are given in Note 7 to the Financial Statements.

##### (iv) Other Transactions with Key Management Personnel

Details of Director's shareholding are given on page 16 of this Annual Report.

There were no other transactions with Key Management Personnel other than those disclosed in Note 18 to these Financial Statements.

#### (c) 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.

## Notes to the Financial Statements

### (d) Definition of Transaction with Related Parties

The Company carries out transactions in the ordinary course of business with parties who are defined as Related Parties as per Sri Lanka Accounting Standard - LKAS 24 Related Party Disclosures. The details of which are reported below.

Name of the Related Party	Names of Common Directors	Relationship	Nature of Transactions	Transaction Value	
				2023 Rs.'000	2022 Rs.'000
The Colombo Fort Land & Building PLC	Mr.A.Rajaratnam	Related (Common Director)	Dividend paid	<b>(898)</b>	(889)
	Mr.S.D.R.Arudpragasam		Settlement of current account	-	-
	Mr.A.M.de S.Jayarathne		Purchase of shares	-	303
	Mr.S.Rajaratnam			<b>(10,895)</b>	(96)
	Mr.Anushman Rajaratnam Mr.P.M.A.Sirimane				
Colombo Fort Investments PLC	Mr.A.Rajaratnam	Related (Common Director)	Dividend income	<b>3,474</b>	3,277
	Mr.S.D.R.Arudpragasam		Dividend paid	<b>(2,159)</b>	(2,139)
	Mr.S.Shanmugalingam		Purchase of shares	<b>(6,265)</b>	-
	Mr.A.M.de S.Jayarathne				
	Mr.S.Rajaratnam				
	Dr.J.M.Swaminathan				
	Mr.Amrit Rajaratnam Mr.Anushman Rajaratnam Mr.P.M.A.Sirimane				
C M Holdings PLC	Mr.A.Rajaratnam	Related (Common Director)	Dividend income	<b>1,655</b>	1,590
	Mr.S.D.R.Arudpragasam		Purchase of shares	<b>(655)</b>	-
	Mr.A.M.de S.Jayarathne				
	Mr.S.Rajaratnam				
	Dr.J.M.Swaminathan Mr.Anushman Rajaratnam				
C. W. Mackie PLC	Mr.S.D.R.Arudpragasam	Related (Common Director)	Dividend income	<b>591</b>	88
	Mr.A.M.de S.Jayarathne		Purchase of shares	<b>(14,821)</b>	(1,848)
	Mr.S.Rajaratnam				
	Mr.Anushman Rajaratnam			-	
E. B. Creasy & Co. PLC	Mr.A.Rajaratnam	Related (Common Director)	Dividend income	<b>10,560</b>	15,826
	Mr.S.D.R.Arudpragasam		Purchase of shares	<b>(141)</b>	(13)
	Mr.S.Rajaratnam				
	Mr.A.M.de S.Jayarathne Mr.P.M.A.Sirimane				
Kotagala Plantations PLC	Mr.S.D.R.Arudpragasam	Related (Common Director)	Sale of shares	-	569
	Mr.A.M.de S.Jayarathne		Purchase of shares	<b>(78)</b>	-
	Mr.Anushman Rajaratnam				
	Mr.P.M.A.Sirimane				
Laxapana Batteries PLC	Mr.S.D.R.Arudpragasam	Related (Common Director)	Dividend income	<b>574</b>	543
	Mr.S.Rajaratnam				
	Mr.P.M.A.Sirimane				
Lankem Ceylon PLC	Mr.S.D.R.Arudpragasam	Related (Common Director)	Purchase of shares	-	(4,500)
	Mr.Anushman Rajaratnam				
	Mr.P.M.A.Sirimane				
Lankem Developments PLC	Mr.S.D.R.Arudpragasam	Related (Common Director)	Sale of shares	<b>15,665</b>	-
	Mr.P.M.A.Sirimane				
	Mr.Anushman Rajaratnam Mr.A.M.de S.Jayarathne				

- Mr. A.M.de S. Jayarathne was appointed to the Board of Lankem Developments PLC w.e.f. 08th December, 2022 and to the Board of Agarapatana Plantations Ltd w.e.f. 18th November 2022.
- Mr. Anushman Rajaratnam was appointed to the Board of the Company and Colombo Fort Investments PLC w.e.f. 09th June, 2022.

## Notes to the Financial Statements

- Mr. P.M.A.Srimane was appointed to the Board of the Company and Colombo Fort Investments PLC w.e.f. 07th October, 2022.

There were no Related Party Transactions other than those disclosed above and in Notes 10 and 12 to the Financial Statements. Unless otherwise stated, the transactions were made under normal commercial terms.

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

### (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.

#### 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
The Colombo Fort Land & Building PLC	Related	Purchase of shares	10,895	23%	Transactions are carried out in the normal course of business
C. W. Mackie PLC	Related	Purchase of shares	14,821	32%	
Lankem Developments PLC	Related	Sale of shares	15,665	33%	
Colombo Fort Investments PLC	Related	Purchase of shares	6,265	13%	

### 19 Transaction with Managers and Secretaries

The Company's transactions with Corporate Managers & Secretaries (Private) Limited during the year were as follows.

#### For year ended 31st March

	2023 Rs.'000	2022 Rs.'000
Secretarial & Registrar's fees	1,001	960
Secondment of staff	938	900
Other expenses	192	120
Settlement of outstanding	(2,131)	(1,980)

All Secretarial and Accounting services are provided by Corporate Managers & Secretaries (Private) Limited.



## Notes to the Financial Statements

### 20 Events after the Reporting Period

The Directors have recommended the payment of a First & Final dividend of Rs. 1.20 per share in the form of a Scrip Dividend for the year ended 31st March 2023 to the ordinary shareholders which will be declared at the Annual General Meeting of the Company.

Other than the above there were no other events that occurred after the Reporting date which requires adjustments to or disclosure in the Financial Statements.

### 21 Financial Instruments

#### Risk Management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and system are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

#### 21.1 Financial Instruments - Statement of Financial Position

##### As at 31st March

	<b>2023</b>	2022
	<b>Rs. '000</b>	Rs. '000
<b>Financial Assets</b>		
<b>Financial Assets at fair value through Other Comprehensive Income</b>		
Financial Assets including Derivatives - Non current	<b>1,264,405</b>	776,030
<b>Financial Assets at fair value through profit or loss</b>		
Financial Assets including Derivatives - Current	<b>344,909</b>	302,276
<b>Total</b>	<b><u>1,609,314</u></b>	<u>1,078,306</u>
<b>Financial Assets at Amortised Cost</b>		
Trade and Other Receivables	<b>3,227</b>	6,326
Amounts due from Related Companies	-	4,173
	<b>3,227</b>	10,499
Cash and Cash Equivalents	<b>2,047</b>	1,963
<b>Total</b>	<b><u>5,274</u></b>	<u>12,462</u>
<b>Financial liabilities</b>		
<b>Other financial liabilities</b>		
Other Payables	<b>2,000</b>	17,915
Dividend Payable	-	154
	<b>2,000</b>	<u>18,069</u>

## Notes to the Financial Statements

### 21.2 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments.

#### Exposure to credit Risk

The carrying amount of financial assets represents the risk at maximum credit exposure. The maximum exposure to credit as at the reporting date was :

#### As at 31st March

	2023 Rs.'000	2022 Rs.'000
Trade and Other Receivables	3,227	6,326
Amounts due from Related Companies	-	4,173
Cash and Cash Equivalents	2,047	1,963
	<u>5,274</u>	<u>12,462</u>

#### Amounts due from Related Companies

These balances represent amount receivable on demand. At company level these Related Party exposures are closely monitored to avoid any negative impact by way of credit risk. Management believes that there is no credit risk from the receivables from the Related Parties, except for the provisions made in the accounts.

#### Cash and cash equivalents

The Company limits its exposure to credit risk by investing only in liquid instruments with reputed banking Institutions. The Company also uses broad investment portfolios and limits investments with a single counterparty.

#### As at 31st March

	2023		2022	
	Rs.'000	Rating %	Rs.'000	Rating %
Fitch Ratings				
A	2,047	100%	1,963	100%
	<u>2,047</u>	<u>100%</u>	<u>1,963</u>	<u>100%</u>

### 21.3 Impairment losses

The aging of trade and other receivables at the reporting date was as follows;

#### As at 31st March

	2023		2022	
	Gross Rs.'000	Impairment Rs.'000	Gross Rs.'000	Impairment Rs.'000
Not past due	3,227	-	6,326	-
Past due 0-31days	-	-	-	-
Past due 31-365 days	-	-	-	-
More than one year	-	-	-	-
	<u>3,227</u>	<u>-</u>	<u>6,326</u>	<u>-</u>

Based on historic default rates, the Company believes that, no impairment allowance is needed in respect of trade and other receivables.

#### Amounts due from Related Companies

Company establishes an allowance for impairment that represents its estimate of expected losses in respect of Amounts due from Related Companies

## Notes to the Financial Statements

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

As at 31st March	2023		2022	
	Gross Impairment		Gross Impairment	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Not past due	-	-	-	-
Past due 0-31days	-	-	-	-
Past due 31-365 days	-	-	-	-
More than one year	-	-	4,200	(27)
	-	-	4,200	(27)

### 21.4 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company closely monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

#### Non-derivative financial liabilities

As at 31st March 2023	Carrying amount Rs.'000	Contractual cash flows Rs.'000	12 months or less Rs.'000	1 - 2 years Rs.'000	2 - 5 years Rs.'000
Trade and Other Payables	2,000	(2,000)	(2,000)	-	-
	<u>2,000</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>
As at 31st March 2022	Carrying amount Rs.'000	Contractual cash flows Rs.'000	12 months or less Rs.'000	1 - 2 years Rs.'000	2 - 5 years Rs.'000
Trade and Other Payables	17,915	(17,915)	(17,915)	-	-
Dividend Payable	154	(154)	(154)	-	-
	<u>18,069</u>	<u>(18,069)</u>	<u>(18,069)</u>	<u>-</u>	<u>-</u>

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

#### Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## Notes to the Financial Statements

### 21.5 Currency Risk

At the reporting date the company was not exposed to currency risk.

### 21.6 Interest Rate Risk

At the reporting date the exposure towards interest rate risk was as follows;

#### As at 31st March

#### Fixed Rate Instruments

Financial Liabilities

<b>2023</b>	2022
<b>Rs.'000</b>	Rs.'000
-	17,915

### 21.7 Determination of Fair Value

This Note explains the methodology for valuing our financial assets and liabilities and provides an analysis of these according to a 'fair value hierarchy', determined by the market observability of valuation inputs.

#### 21.7.1 Valuation Models

The Company measures fair values using the fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

#### 21.7.2 Fair value Hierarchy

Assets and liabilities recorded at fair value in the Statement of Financial Position are measured and classified in accordance with a fair value hierarchy consisting of three "levels" based on the observability of inputs available in the market place used to measure the fair values as discussed below:

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 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).

## Notes to the Financial Statements

### 21.7.3 Valuation methodologies of financial instruments measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position.

	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	1,262,008	-	2,397	1,264,405
Financial Assets at Fair Value through Profit or Loss	344,902	-	7	344,909
	<u>1,606,910</u>	<u>-</u>	<u>2,404</u>	<u>1,609,314</u>
<b>31st March 2022</b>				
Financial Assets at Fair Value through Other Comprehensive Income	775,342	-	688	776,030
Financial Assets at Fair Value through Profit or Loss	302,269	-	7	302,276
	<u>1,077,611</u>	<u>-</u>	<u>695</u>	<u>1,078,306</u>

### Reconciliation of fair value measurements of level 3 financial instruments

The Company carries unquoted equity shares which are classified as Level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below:

	Level 3 FVOCI Rs.'000
As at 1st April 2022	688
Remeasurement recognised in OCI	<u>1,709</u>
As at 31st March 2023	<u>2,397</u>

The valuation technique used by the Company in measuring Level 3 fair values, and the significant unobservable inputs used for the valuation, are given below,

Category	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Unquoted equity securities	Net Assets basis	Carrying value of assets and liabilities adjusted for market participant assumptions.	Variability of inputs are insignificant to have an impact on fair values.
<b>Company</b>		<b>Net Asset per share</b>	
Agarapatana Plantations Limited		3.91	
Imperial Hotel's Limited		20.31	
Capital Leasing Co. Limited		8.06	
Bartleet Transcapital Limited		19.79	

## Notes to the Financial Statements

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

Set out below is a comparison of 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.

As at 31st March	Explanatory reference	2023		2022	
		Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Loans and Receivable</b>					
Trade and Other Receivables	a	3,227	3,227	6,326	6,326
Cash and Cash Equivalents		2,047	2,047	1,963	1,963
<b>Financial Liabilities</b>					
Trade and Other Payables	b	2,000	2,000	17,915	17,915
Dividend Payable		-	-	154	154

- a The carrying values of trade and other receivables have been considered as the fair value due to uncertainty of the timing of the cash flows.

The carrying amount of cash and bank balances are approximate fair values due to the relatively short maturity of the financial instruments.

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

# Financial Summary

<b>Year ended 31st March</b>	<b>2023</b>	2022	2021	2020	2019
	<b>Rs.'000</b>	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Trading Results</b>					
Revenue	<b>44,670</b>	46,986	17,116	18,967	22,732
Profit/(Loss) from operations	<b>58,028</b>	41,984	77,006	10,657	(29,910)
Net Finance Income/(Expense)	<b>(1,448)</b>	(1,893)	(2,638)	538	227
Profit/(Loss) before tax	<b>56,580</b>	40,091	74,368	11,195	(29,683)
Income Tax Expense	<b>(874)</b>	(648)	-	-	-
Profit/(Loss) for the year	<b>55,706</b>	39,443	74,368	11,195	(29,683)
<b>As at 31st March</b>					
	<b>2023</b>	2022	2021	2020	2019
	<b>Rs.'000</b>	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Equity</b>					
Stated Capital	<b>203,933</b>	195,643	187,431	187,431	179,373
Retained Earnings	<b>365,574</b>	315,988	284,758	210,614	206,398
FVOCI Reserve/AFS Reserve	<b>1,042,806</b>	560,023	734,377	260,073	557,973
	<b>1,612,313</b>	1,071,654	1,206,566	658,118	943,744
<b>Assets Less Liabilities</b>					
Current and Non-Current Assets	<b>1,614,862</b>	1,090,778	1,226,751	685,668	973,520
Current and Non-Current Liabilities	<b>(2,549)</b>	(19,124)	(20,185)	(27,550)	(29,776)
Net Assets	<b>1,612,313</b>	1,071,654	1,206,566	658,118	943,744
<b>Financial Statistics</b>					
Earnings/(Loss) per share	<b>7.94</b>	5.62	10.76	1.64	(4.34)
Net Assets per share	<b>229.94</b>	152.82	174.64	96.17	137.91
Market Price per share	<b>118.50</b>	109.75	99.50	61.00	60.00
Price Earnings ratio	<b>14.92</b>	19.53	9.25	37.20	(13.82)
Dividend Proposed per share	<b>1.20</b>	1.20	1.20	-	1.20
Dividend pay out ratio	<b>0.15</b>	0.21	0.11	-	(0.28)

# Information to Shareholders and Investors

## DISTRIBUTION OF SHAREHOLDINGS

Shareholdings	31st March 2023			31st March 2022		
	No. of Share Holders	Total Share Holdings	%	No. of Share Holders	Total Share Holdings	%
1 - 1,000	482	58,511	0.83	480	61,076	0.88
1,001 - 10,000	61	140,948	2.01	65	164,320	2.38
10,001 - 100,000	15	434,233	6.19	12	387,893	5.61
100,001 - 1,000,000	2	886,551	12.65	3	1,873,689	27.13
Over - 1,000,000	3	5,492,125	78.32	2	4,421,759	64.00
<b>Total</b>	<b>563</b>	<b>7,012,368</b>	<b>100.00</b>	<b>562</b>	<b>6,908,737</b>	<b>100.00</b>

Categories of Shareholders	31st March 2023			31st March 2022		
	No. of Share Holders	Total Share Holdings	%	No. of Share Holders	Total Share Holdings	%
Individuals	513	328,523	4.68	509	303,509	4.39
Institutions	50	6,683,845	95.32	53	6,605,228	95.61
<b>Total</b>	<b>563</b>	<b>7,012,368</b>	<b>100.00</b>	<b>562</b>	<b>6,908,737</b>	<b>100.00</b>

### Public Holding

The percentage of the Issued Share Capital held by the public as at 31st March, 2023 was 10.01%. (31.03.2022 - 10.00%)

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. 83.18 Million.

### Public Shareholders

The number of public shareholders as at 31st March, 2023 was 546

### Market Performance - Ordinary Shares

	2023 Rs.	2022 Rs.
Highest Price during the year	134.75	159.00
Lowest Price during the year	75.00	91.00
Market Value as at the year end	118.50	109.75



## Information to Shareholders and Investors

### TWENTY MAJOR SHAREHOLDERS OF THE COMPANY

	31st March 2023		31st March 2022	
	Shares	%	Shares	%
Financial Trust Limited	<b>2,661,556</b>	<b>37.96</b>	2,622,223	37.96
Colombo Fort Investments PLC	<b>1,826,529</b>	<b>26.05</b>	1,799,536	26.05
Property & Investment Holdings (Private) Limited	<b>1,004,040</b>	<b>14.32</b>	989,202	14.32
The Colombo Fort Land & Building PLC	<b>759,209</b>	<b>10.83</b>	747,990	10.83
DFCC Bank PLC/ Dr. Mrs. G. A. C. De Silva	<b>127,342</b>	<b>1.82</b>	136,497	1.98
People's Leasing & Finance PLC/ Dr.H. S. D.Soyas & Mrs.G.Soyas	<b>73,458</b>	<b>1.05</b>	72,373	1.05
Tranz Dominion, L. L. C.	<b>67,653</b>	<b>0.96</b>	66,654	0.96
Mrs. M. L. De Silva	<b>61,842</b>	<b>0.88</b>	60,929	0.88
People's Leasing & Finance PLC/Mr. M. A. N. Yoosufali	<b>42,300</b>	<b>0.60</b>	42,500	0.62
Trust Holdings & Investments (Pvt) Limited	<b>41,881</b>	<b>0.60</b>	41,263	0.60
Commercial Bank of Ceylon PLC/ N.H.Dawoodbhoy and Company (Private)Limited	<b>22,329</b>	<b>0.32</b>	22,000	0.32
Miss.G.I.A.De Silva	<b>20,906</b>	<b>0.30</b>	20,598	0.30
Mr. S. Paramanathan	<b>20,730</b>	<b>0.30</b>	7,877	0.11
Mr. G. J. W. De Silva	<b>14,270</b>	<b>0.20</b>	14,060	0.20
Miss.G.N.A.De Silva	<b>14,270</b>	<b>0.20</b>	14,060	0.20
Glenford Investments (Pvt) Limited	<b>11,767</b>	<b>0.17</b>	11,594	0.17
Mrs.N.Gunatilleke/Ms. N. Gunatilleke	<b>11,343</b>	<b>0.16</b>	11,176	0.16
Dr. H. W. E. Tissera	<b>10,846</b>	<b>0.15</b>	10,686	0.15
Mr.M.D.S.Goonatilleke	<b>10,618</b>	<b>0.15</b>	-	-
Shalsri Investments (Private) Limited	<b>10,020</b>	<b>0.14</b>	9,872	0.14
	<b>6,812,909</b>	<b>97.16</b>	<b>6,701,090</b>	<b>97.00</b>

### Financial Statistics

	2023	2022
	Rs.	Rs.
Earnings/(Loss) per share	<b>7.94</b>	5.62
Net Assets per share	<b>229.94</b>	152.82
Dividend Proposed per share	<b>1.20</b>	1.20
Dividend pay out ratio	<b>0.15</b>	0.21

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the THIRTY SIXTH Annual General Meeting of COLOMBO INVESTMENT TRUST 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 11.00 a.m. for the following purposes, namely :

- 1 To receive and consider the Annual Report of the Board of Directors, together with the Statement of Accounts for the year ended 31st March, 2023 and the Report of the Auditors thereon.
- 2 To declare a First & Final Dividend of Rupees One and cents twenty (Rs. 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 & Final Dividend of Rs. 1.20 per share be distributed in the form of a Scrip Dividend amounting to a total sum of Rupees Eight Million four hundred and fourteen thousand eight hundred and forty one and cents sixty only (Rs. 8,414,841.60).

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. 99.90 per share which will result in 1 share being issued for each existing 83.2506410865 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 84,232 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 as a Director Mr. P.M.A.Sirimane who was appointed during the year and retires in terms of Article 92 of the Articles of Association.
- 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. Jayaratne 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 No.(vii) on page 58).

- 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 No.(viii) on page 58).

- 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 No.(ix) on page 58).

- 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 No.(x) on page 58).

- 9 To reappoint Messrs. KPMG, Chartered Accountants as Auditors and to authorise the Directors to determine their fees.

By Order of the Board,  
**Corporate Managers & Secretaries (Pvt) 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 instead of him.
- (ii) A Proxy need not be a Member of the Company. The Form of Proxy is enclosed.
- (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 Dividends is enclosed with the Notice of Meeting.
- (vi) Please refer the Circular to Shareholders and CSE website for further instructions relating to the Annual General Meeting 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 Investment Trust PLC, do hereby appoint : .....

.....of..... whom failing

Alagarajah Rajaratnam	of Colombo whom failing
Sri Dhaman Rajendram Arudpragasam	of Colombo whom failing
Sriskandamoorthy Shanmugalingam	of Colombo whom failing
Ajit Mahendra de Silva Jayaratne	of Colombo whom failing
Sanjeev Rajaratnam	of Colombo whom failing
Jayanta Mootatamby Swaminathan	of Colombo whom failing
Amrit Rajaratnam	of Colombo whom failing
Anushman Rajaratnam	of Colombo whom failing
Parakrama Maithri Asoka Sirimane	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:

RESOLUTIONS									
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 \* hands 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 or 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 Investment Trust PLC

## Legal Form

A Public Quoted Company with Limited Liability Incorporated in Sri Lanka on 14th July 1986 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 on 19th November 2007.

## Company No.

PQ 85

## Stock Exchange Listing

The Ordinary Shares of the Company which were listed on the Main Board of the Colombo Stock Exchange has been transferred to the Diri Savi Board w.e.f. 4th January 2016

## 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.Jayarathne B.Sc. (Econ), FCA  
S.Rajaratnam B.Sc., CA  
J.M.Swaminathan Attorney-at-Law, LLB (Ceylon), LLM, 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 (Pvt) Limited  
8-5/2, Leyden Bastian Road,  
York Arcade Building,  
Colombo - 1.  
☎ 0112344485 - 9

## Auditors

Messrs. KPMG  
Chartered Accountants  
P O Box 186  
Colombo.

## Lawyers

Messrs. Julius & Creasy  
Attorneys-at-Law,  
Solicitors & Notaries Public,  
P O Box 154,  
Colombo.

## Bankers

Commercial Bank of Ceylon PLC

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