



**EX-PACK CORRUGATED CARTONS PLC**  
**Annual Report**  
Year Ended 31 March 2023









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# “ REDEFINING SOLUTIONS FOR A SUSTAINABLE FUTURE ”

In today's rapidly changing world, the pursuit of sustainability has become more critical than ever. As we encounter environmental challenges and dynamics, social inequalities, and resource scarcity, it is imperative for organizations to seek a proactive approach and redefine solutions for a sustainable future.

At Ex-pack, we recognize and understand the urgency and responsibility to contribute towards a sustainable world. We firmly believe that sustainability is not just a buzzword; yet it is embedded in our shared core values and integrated into every aspect of our operational excellence.

Through innovative perspectives, formidable collaborations, and continuous improvements, we are redefining solutions that align environmental stewardship, social progress, and economic prosperity. We are committed to creating a positive impact and being a catalyst for change within our industry and beyond by prioritizing environmental stewardship, social responsibility, and economic viability.

Our strategic direction and focus embrace innovation and driving positive transformation aligning sustainability goals through four strategic goals.



## "REDEFINING SOLUTIONS FOR A SUSTAINABLE FUTURE"

**VISION**

### **EXPAND OUR SIZE AND PROFITABILITY**

By driving operational and commercial excellence, growing our market share and expanding into new markets.

### **LEAD THE WAY IN SUSTAINABILITY**

By bringing our customers into the circular economy using recyclable materials responsibly in our circular business.

### **REALIZE THE POTENTIAL OF OUR PEOPLE**

By creating a safe environment where every colleague can develop their skills and ideas.

### **DELIGHT OUR CUSTOMERS**

By delivering outstanding results to them as we increase their sales, reduce their costs, manage their risk and become circular ready.





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## Vision | Mission | Values

### Vision

To be the most preferred packaging solution supplier in Sri Lanka

### Mission

To lead the way in Corrugated Cartons manufacturing and add value to the stakeholders through operational excellence

### Values

#### Be caring

We take pride in what we do and we care about our customers, our people and the world around us

#### Be challenging

We are not afraid to constructively challenge each other and ourselves to find a better way forward

#### Be responsive

We seek new ideas and understanding and are quick to react to opportunities

#### Be trusted

We can always be trusted to deliver on our promises

#### Be tenacious

We get things done



## INTRODUCTION TO THE ANNUAL REPORT

We are pleased to present to the shareholders the Audited Financials and the Annual Report of our company, Ex-pack Corrugated Cartons PLC for the financial year ended 31st March 2023. The Annual Report of Ex-pack Corrugated Cartons PLC Covers 12-month period from 1st April 2022 to 31st March 2023 and is consistent with our usual annual reporting cycle for financial and sustainability reporting. The Annual Report of the company comprising the Audited Financial Statements of the Group and the company for the year ended 31st March 2023, and the Independent Auditors' Report on the Financial Statements conforming to all applicable statutory requirements.

According to sections 150 (1), 151, 152, and 153 (1) & (2) of the Companies Act No. 07 of 2007 and amendments thereto, the Board of Directors are responsible for preparing the Financial Statements of the Group and the company, which reflect a true and fair view of the financial position and performance of the Group and the company. In this respect, the Board of Directors wishes to confirm that the Financial Statements, namely, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Significant Accounting Policies and Notes to the Financial Statements thereto appearing on pages 89 to 133 have been prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act No. 07 of 2007 and amendments thereto.

This report also provides the information and disclosures as required by the Companies Act No. 07 of 2007 and amendments thereto, the Listing Rules of the Colombo Stock Exchange (CSE) including the Rules pertaining to Related Party Transactions as required by Section 9.3.2 (c) and (d) thereof and the recommended best practice.

The Board of Directors has approved and authorized the issue of the Financial Statements of the Group and the company for the year ended 31st March 2023. Within the statutory time limits, the appropriate number of copies of the Annual Report will be submitted to the CSE and soft copies of the same will be hosted on the company website, [www.expack.lk](http://www.expack.lk).

Apart from the financial information, the report highlights the nonfinancial information that provides a holistic view of the company activities, integrated discussion of the company's performance, operations, corporate governance

practices, strategic direction and aiding decision making and fostering transparency.

We have taken every effort to provide credible information with the aid of visual elements such as figures, graphs, and tables in a consistent manner facilitating clarity and comparability as well as every possible effort to present a balanced review of relevant material information for the reporting period.

Having carefully considered the material of the matter to the company, group, and all the stakeholders in preparing this Report, the Board acknowledges that reasonable care has been exercised in preparing and presenting this Integrated Report and Financial Statements while preserving its integrity.

Signed in accordance with a resolution of the Directors.

[SIGNED]

Director

[SIGNED]

Director

[SIGNED]

Company Secretary

Colombo

28 August 2023

Your comments or questions on this report are welcome and we invite you to direct them to:

**Chief Financial Officer**  
**Ex-Pack Corrugated Cartons PLC**

No 11A, Milepost Avenue, Colombo-03.

Tel : +94 112 689618

Fax : +94 112 689618

# 1. ORGANIZATIONAL REVIEW

## 1.1 THE COMPANY

We are a fast-growing corrugated cartons package manufacturing company with a heritage of Innovative and transformative solutions, touching the daily lives of people everywhere. Our products are used by local and International companies such as pharmaceuticals, restaurants, fast-moving consumer goods companies (FMCG), apparel manufactures and many more exporters. Our diversified product portfolio, is based on paperboard conversion for different packaging, molded with flexible packaging technologies. Also, part of the global sustainability, Ex-pack Corrugated Cartons PLC is one of the leading providers of recyclable packaging products in Sri Lanka. Since 1998 we have been growing in different market segments with quality products and well recognized brand name, and still we are growing towards our vision to become most preferred corrugated carton packaging supplier in the region.

Ex-pack Corrugated Cartons PLC combines extensive industry expertise, innovative solutions, and a customer-centric

approach to deliver exceptional packaging solutions. With a focus on quality, sustainability, and customer satisfaction, we continue to redefine standards in the corrugated packaging industry and look forward to partnering with businesses to meet their packaging needs effectively. Our state-of-the-art corrugation and flexible manufacturing facilities cater to a wide array of packaging needs across industries.

Neptune Papers is one of the leading players in the Recycling and Waste Management sector in Sri Lanka and contributes positively to the success of Ex-pack Corrugated Cartons PLC, as it's wholly owned subsidiary. Ex-pack Corrugated Cartons PLC will be continued its journey of excellence by offering international standard packaging and continue to innovate and expand to become most preferred packaging solution providers in Sri Lanka.

PACKAGING	RECYCLING
<ul style="list-style-type: none"><li>■ We are one of the leading Corrugated Cartons Company, delivering innovative corrugated products with a high-quality service across Sri Lanka, Middle East, South Asian and African Countries. We partner with customers to provide innovative packaging solutions. We use our innovative design principles to improve the sustainability of our solutions. We complement our product range with consultancy services on supply chain optimization and creative design. Our packaging is fully sustainable and made from largely recycled and/or recyclable material, which means the packaging we produce helps our customers to achieve their own sustainability targets.</li></ul>	<ul style="list-style-type: none"><li>■ We provide a full recycling and waste management service. Neptune Papers (Pvt) Limited (Fully owned subsidiary of Ex-pack Corrugated Cartons PLC ) is one of the leading cardboards, paper recycler and waste management company in Sri Lanka. We collect quality paper and cardboard for recycling from a range of sectors, including retailers, manufacturers, local authorities, and other recycling and waste management companies. The used paper and board we collect provides cost efficient raw material for Paper Mills in the Region.</li></ul>



## 1.2 STRATEGIC HIGHLIGHTS

### We deliver a robust return on investment

In accordance with our vision, we ensure that stakeholders can identify us as a highly respected enterprise that consistently and sustainably provides secure and exceptional returns for all those involved.

STRATEGIC PRIORITIES	DESCRIPTION	OBJECTIVE AND PROGRESS IN THE YEAR
<ul style="list-style-type: none"> <li>Market Position</li> </ul>	<ul style="list-style-type: none"> <li>Expand our market positions in Sri Lanka, Middle East, South Asian and African countries through selective focused growth.</li> </ul>	<ul style="list-style-type: none"> <li>Achieving organic growth by expanding market share through the creation of innovative solutions for a sustainable future.</li> <li>Strategic new market development by identifying potential off shore destinations to embark</li> </ul>
<ul style="list-style-type: none"> <li>Partner of Choice</li> </ul>	<ul style="list-style-type: none"> <li>Become the most preferred supplier/ partner of choice</li> </ul>	<ul style="list-style-type: none"> <li>Deepening our understanding of our customers' expectations and developing proactive initiatives to improve their offering.</li> <li>Consistently innovating and customizing our products, service, quality and delivery to develop and/or maintain preferred supplier status.</li> <li>Continuously and consistently pursuing superior performance measured against clearly defined metrics in all aspects of our business and at all levels of our organization.</li> </ul>
<ul style="list-style-type: none"> <li>Operational Excellence</li> </ul>	<ul style="list-style-type: none"> <li>Enhance our operational excellence through the Continuous upgrade of our customer offering</li> </ul>	<ul style="list-style-type: none"> <li>Improving productivity by utilizing high quality assets base through judicious capital investment, continuous improvement programmes, execution of industry best practices, industrial engineering and other progressive initiatives.</li> <li>Foster a culture of continuous improvement within our organization by initiating innovative concepts through our research and development center. Such as product differentiation, , sustainability initiatives, exploration of new technologies to enhance manufacturing operations, and streamline production processes .</li> </ul>

		<ul style="list-style-type: none"> <li>■ Implement quality control measures: Focus on delivering consistent, high-quality products to customers. Develop and enforce strict quality control measures throughout the manufacturing process. Regularly inspect materials, implement standardized operating procedures, and train employees on quality standards.</li> </ul>
<ul style="list-style-type: none"> <li>■ Investment in human capital</li> </ul>	<ul style="list-style-type: none"> <li>■ Recruit, retain, develop and motivate our staff members to create a positive and engaging work environment.</li> </ul>	<ul style="list-style-type: none"> <li>■ Attract qualified professional graduates and skilled industry professionals ,</li> <li>■ Progressive goal setting and performance appraisal programmes.</li> <li>■ Focused job training and coaching Cross-divisional in-house development programmes to enhance skills and knowledge.</li> <li>■ Promote safety and ergonomics: Prioritize the safety and well-being of our employees. Implement safety protocols, provide proper training, and ensure that equipment and machinery meet safety standards. Additionally, consider ergonomic improvements to reduce workplace injuries and enhance employee motivation.</li> <li>■ Mentorship and coaching: Implement mentorship and coaching programs where experienced employees guide and support less experienced colleagues. This facilitates knowledge transfer, skills development, and personal growth</li> <li>■ Read more in the Human Capital section pages 28 to 30.</li> </ul>
<ul style="list-style-type: none"> <li>■ Capital allocation</li> </ul>	<ul style="list-style-type: none"> <li>■ Maintain a disciplined approach to capital allocation and maintain the focus on cash generation to ensure the financial health and sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>■ Capital spending to facilitate organic growth, optimise our asset base and enhance operating efficiency,</li> <li>■ Acquiring strategically attractive and accretive assets.</li> <li>■ Progressive dividend supported by strong free cash flow.</li> <li>■ Read more in the Finance Review on page 27.</li> </ul>



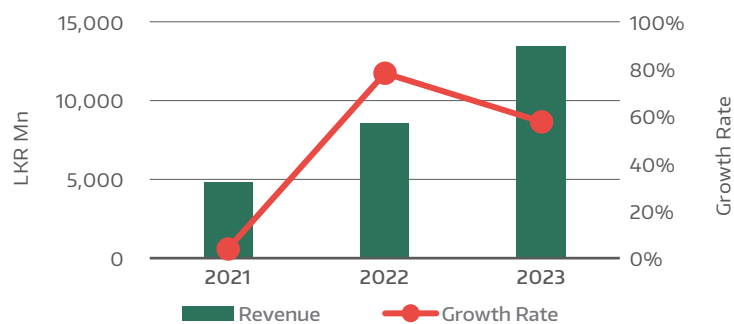
## 1.3 FINANCIAL HIGHLIGHTS

### Group Financial Highlights 2022/23

As at 31st March all figures in '000) except stated otherwise

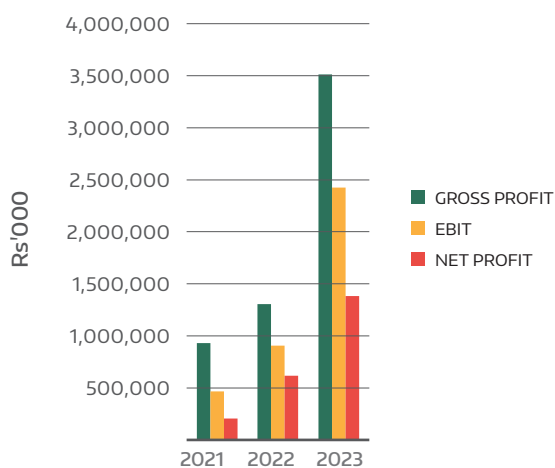
Group	2023	2022	YoY INC / (DEC)
	Rs.	Rs.	%
<b>FINANCIAL PERFORMANCE</b>			
Revenue	13,451,044	8,532,048	4,919,996
Gross Profit	3,509,082	1,305,335	2,203,747
EBIT	2,365,001	849,280	1,515,721
Profit Before Tax	1,895,202	712,163	1,183,039
Net Profit for the year	1,412,959	619,090	793,869
Total Comprehensive Income	1,753,963	614,556	1,139,407
<b>FINANCIAL POSITION</b>			
Non – Current Assets	2,732,595	1,992,882	739,713
Total Current Assets	4,131,028	4,579,033	(448,005)
Total Assets	6,863,623	6,571,915	291,708
Stated Capital	1,200,000	1,200,000	-
Total Equity	2,831,211	1,900,581	930,630
Total Non-Current Liabilities	606,327	259,322	347,005
Total Current Liabilities	3,426,085	4,412,012	(985,927)
Total Liabilities	4,032,412	4,671,334	(638,922)
Total Equity & Liabilities	6,863,623	6,571,915	291,708
<b>CASHFLOW</b>			
Net Cash Flow from/(used in) Operating Activities	1,011,877	207,461	804,416
Net Cash Flow from/(used in) Investing Activities	260,920	(241,614)	502,534
Net Cash Flow from / (used in) Financial Activities	(1,559,191)	923,723	(2,482,914)
Cash and Cash Flow Equivalents at the end of the year	676,788	963,181	(286,393)
<b>KEY INDICATORS</b>			
<b>PROFITABILITY RATIOS</b>			
Revenue Growth Rate	58%	78%	
GP Margin	26%	15%	
NP Margin	11%	7%	
ROA	34%	13%	
ROE	50%	33%	
ROCE	45%	17%	
<b>LIQUIDITY RATIOS</b>			
Current Ratio (Times)	1.21	1.04	
Debt/ Equity Ratio	93%	169%	
<b>INVESTOR RATIOS</b>			
Earnings Per Share (Rs)	4.24	2.17	95%
Net Asset Per Share (Rs)	8.49	5.70	49%
Market Price Per Share (Rs)	14.60	9.90	47%
P/E Ratio	3.44	4.56	-25%
Float Adjusted Market Capitalization	1,680,606	825,000	104%

## GROUP REVENUE

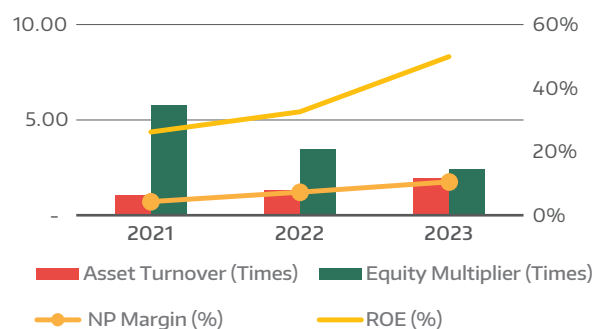


	Revenue	Growth Rate
2021	4,787	4%
2022	8,532	78%
2023	13,451	58%

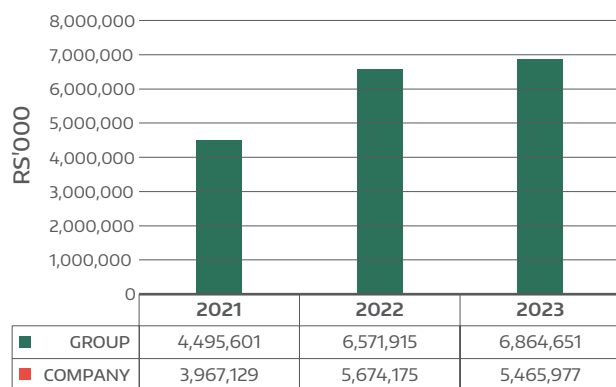
## GROUP PERFORMANCE



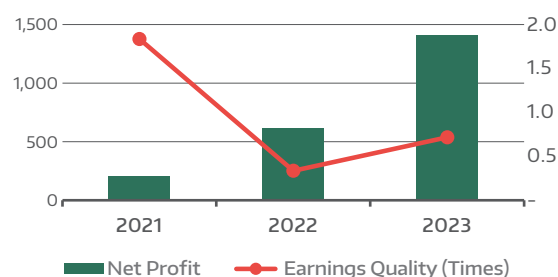
## GROUP PERFORMANCE SUMMARY



## TOTAL ASSETS



## GROUP EARNINGS QUALITY





## 1.4 NON-FINANCIAL HIGHLIGHTS 2022/23

			2023	2022
Financial and Manufactured Capital	Distributed To:			
	Employees	Rs.'000	798,012	612,055
	Government	Rs.'000	1,187,000	625,408
	Shareholders	Rs.'000	823,333	163,333
Intellectual Capital	No. of Certificates	No.	6	5
	Average Length of Employee Service	Years	7	6
Human Capital	Total Employees	No.	272	265
	Female Representation	%	13	16
	Total Training Hours	Hours	3,278	1,651
	Workplace Injuries	No.	12	13
	Loss Man Days Due to Accident	Days	18	97
Social and Relationship Capital	Supplier Reach	No.	+200	+200
	Payments to Suppliers	Rs.'000	5,406,508	4,165,483
Natural Capital	Energy Consumptions	GJ	6,473.21	4,867.82
	Water Consumptions	m <sup>3</sup>	917.375	841.175
	Water Recycled	m <sup>3</sup>	752.225	683.500
	Solid Waste Generation	MT	49.155	42.585
	Carbon Footprint	tCO <sub>2</sub> e	3,128.40	2,661.00

## 2. PERFORMANCE REVIEW

### 2.1 CHAIRMAN'S MESSAGE



Dear Shareholders,

It is with great pleasure that I present to you our annual report for the financial year ending 31st March 2023. It has been a year of significant accomplishments, challenges, and growth for your company.

Despite the economic uncertainties and market volatility, extremely delighted to report that we have achieved robust financial results.

Our commitment to operational excellence has been instrumental in achieving these results. We have implemented rigorous cost control measures, optimized, and streamlined production processes, and enhanced efficiencies across all aspects of our operations. As a result, our operating profit improved by 178%, demonstrating our dedication to maximizing shareholder value.

Furthermore, our investments in research, development and innovations have paid off. We have introduced innovative products that have gained significant traction in the market, driving both revenue growth and customer satisfaction. Our continued investment in cutting-edge technology and automation has positioned us as one of the preferred suppliers in the industry, enabling us to meet customer demands efficiently and

stay ahead of the competition.

I would like to express my gratitude to our dedicated team whose hard work, talent, and commitment have been the driving force behind our success. Their relentless pursuit of excellence, coupled with the unwavering dedication to customer satisfaction and delight, has solidified our reputation as a trusted and respected partner in the industry.

Looking ahead, we remain cautiously optimistic about the future. We are mindful of the evolving market dynamics and emerging challenges, but we are confident in our ability to adapt and thrive. We will continue to invest in talent development and capacity building, explore strategic partnerships, and expand our geographical presence to seize growth opportunities in both domestic and international markets, even with related diversification.

Our commitment to sustainability and corporate social responsibility remains a top priority. We are committed to minimizing our environmental footprint, promoting diversity and inclusion, and giving back to the communities in which we operate. Our focus on sustainability is not just an ethical obligation but also a strategic imperative for long-term value creation.

In this process we continue to remain as a truly triple bottom line organization with continuing commercial success along with caring for people and the planet.

Finally, I want to extend my heartfelt gratitude to our shareholders for their unwavering support, trust, and confidence in our company. Furthermore, wish to thank the directors and the energetic staff for their wonderful support. Together, we have achieved remarkable milestones, and I am excited about the possibilities that lie ahead. I am confident that our strong foundation, talented team, and unwavering dedication to excellence will continue to drive our success in the years to come.

Thank you for your continued trust and partnership.

Sincerely,

[SIGNED]

**Sattar Kassim**  
Chairman

## 2.2 MANAGING DIRECTOR'S REVIEW



Dear Shareholders,

I am honored to present this year's Annual Report, which provides a comprehensive overview of our company's performance and achievements. As the Managing Director, I would like to take this opportunity to share a message with you.

Our journey over the past year has been marked by remarkable progress and significant milestones. We have set forth on a path of redefining packaging, driven by our unwavering commitment to excellence and a vision for a changing world. Our four strategic goals have served as guiding principles, shaping our decisions and propelling our success.

### **Robust Financial Performance**

Group's Profit before Tax (PBT) increased by 166% with the improvements in top line performances.

### **Achieving Operational Prowess**

We have remained dedicated to delivering exceptional customer experiences. Our success is built on strong relationships with our valued clients, and we always strive to understand their unique needs and challenges. By offering tailored packaging solutions, we have strengthened partnerships and earned

the trust and loyalty of our customers.

Our ambition to be a leader has driven our expansion efforts. We have embraced new markets, forging strategic alliances and collaborations to expand our reach. Our commitment to quality, reliability, and service excellence has positioned us as a preferred partner in the packaging industry, both domestically and internationally.

By leveraging cutting-edge technologies and staying ahead of market trends, we have developed groundbreaking packaging solutions that offer unparalleled value proposition to our customers.

### **Enhancing Shareholder Value**

As we move forward, we remain steadfast in our commitment to redefining packaging and leading the way in an ever-evolving world. We will continue to push boundaries, embrace change, and leverage our strengths to create sustainable value for all our stakeholders.

### **Fostering Employee Empowerment**

We have fostered a culture of creativity and collaboration, encouraging our talented team to think beyond boundaries and explore new horizons.

### **Propelling Sustainability**

Sustainability has been a key focus area during the financial year ended 31st March 2023. We firmly believe in the importance of responsible business practices and minimizing our environmental footprint. Through rigorous research and development efforts, we have pioneered sustainable packaging alternatives, reduced waste and promoting circular economy principles. Our commitment to sustainability extends across our entire value chain, ensuring a positive impact on the world we live in.

### **Embracing Eco-consciousness**

Embracing eco-consciousness is not only an ethical prerequisite but also a strategic imperative for our organization. We are proud of the strides we have made in integrating sustainable practices into our operations, supply chain, and product offerings. We remain steadfast in our commitment to environmental stewardship, climate action, and community engagement. Together with our stakeholders, we will continue to pioneer sustainability practices, pushing boundaries, and contributing to a greener, more sustainable world. During the year under review, we have received ISO 14001-2015 – Environment Management System award, WRAP – Worldwide Responsible Accredited Production award

and FSC Certification – Forest Stewardship Council certification. Moreover, we have been awarded Carbon Neutral Certification for the year 2022 upon successfully offsetting the total Greenhouse Gas emission of the organization.

### Corporate Citizenship

Our commitment to corporate citizenship goes beyond mere compliance with regulations. We strive to make a meaningful impact on the communities we serve, the environment, and the lives of our employees. It is ingrained in our values and shapes our decision-making processes at every level of the organization.

Through responsible resource management, we actively work towards reducing our environmental footprint. We have implemented initiatives to optimize energy usage, minimize waste, and promote recycling throughout our operations. By embracing sustainable practices, we aim to contribute to a greener future while also enhancing operational efficiency. As a result, we have been successfully in obtaining Carbon Neutral Certification upon successfully offsetting the total greenhouse gas emission of the operation by National Cleaner Production Centre, Sri Lanka.

In addition to the environmental stewardship, we prioritize social responsibility too. We facilitate local communities throughout the year by actively engaging in philanthropic activities, conducting awareness programs, and promoting employee volunteerism. By nurturing strong bond with the community, we strive to make a positive and lasting impact on the lives of individuals and the overall well-being of society.

Our commitment to corporate citizenship extends to the welfare of our employees as well. We prioritize their health, safety, and professional development, providing a supportive and inclusive work environment. Through various training programs and employee initiatives, we empower our workforce to reach their full potential, fostering a culture of continuous learning and growth.

### Collective Cohension

We believe that collective cohesion lies at the heart of our success as a corrugated

company. It is through the collaborative efforts of our dedicated employees that we have been able to achieve remarkable milestones and navigate challenges with resilience.

We prioritize fostering a sense of unity and shared purpose among our workforces. Through effective communication, transparent decision-making, and an inclusive work environment, we strive to create a strong sense of belonging and ownership. We encourage open dialogue, respect diverse viewpoints, and celebrate the achievements of our teams. Collaboration is not limited to individual teams but extends across the group, departments and functions. We emphasize cross-functional cooperation, recognizing that the collective knowledge and expertise of our employees contribute to innovative solutions and operational excellence. .

We actively invested in initiatives that promote teamwork, such as team-building activities, collaborative projects, and continuous learning opportunities during the financial year under review. These efforts not only strengthen relationships among our employees but also enhance productivity and foster a positive work environment.

Furthermore, Our commitment to collective cohesion goes beyond internal relationships. We also engage with external stakeholders, such as suppliers, customers, and industry partners, in a collaborative manner. By building strong partnerships and fostering mutual trust, we enhance our ability to deliver exceptional products and services that meet the evolving needs of our customers.

### Strengthening Our Foundation for Success

At Ex-pack Corrugated Cartons PLC, we are fortunate to have the support and backing of our esteemed parent company, Aberdeen Holdings. As an integral part of their corporate family, we benefit from their guidance, resources, and expertise, which play a vital role in driving our continued growth and success. Aberdeen Holdings wealth of experience, industry insights, and a global network that expands our reach and opens doors to new opportunities.

On the other hand, Neptune Pvt Ltd, closely work with Ex-pack Corrugated Cartons PLC to ensure minimal waste during the process of manufacturing corrugated cartons. This collaboration has

been immensely contributed to achieve go green concept at Ex-pack Corrugated Cartons PLC. Neptune Papers is a leading provider of recycling solutions, dedicated to creating a sustainable future through responsible waste management practices. With a strong commitment to environmental preservation and resource conservation Neptune helps Ex-pack Corrugated Cartons PLC to recycle their paper waste. As an example, with every ton of paper that is recycled, it is possible to prevent the cutting down of 17 mature trees, save 4,000 KWh of electricity, 31,780 liters of water, 1,755 liters of oil, and keep three cubic meters of waste from entering a landfill. As we continue to strive for excellence, we remain committed to fostering group synergy as a core driver of our success to redefine solutions for sustainable future.

### Acknowledgement

None of these achievements would have been possible without the relentless efforts and dedication of our talented workforce. I would like to express my deepest appreciation to our employees for their hard work, creativity, and unwavering commitment to our shared goals. Their passion and expertise have been instrumental in our success with a deep sense of loyalty too.

I would like to extend my sincere gratitude to our shareholders, chairman, directors and most importantly the employees for their continued trust, untiring efforts and support. Together, we will shape the future of packaging, making a positive difference in the lives of people and the planet.

Sincerely,

[SIGNED]

**Zulficar Ghouse**  
Managing Director



## 2.3 NEPTUNE CEO'S REVIEW



Dear Shareholders,

I am pleased to provide my briefing on Neptune Papers (Pvt) Ltd for the financial year 2022/23. The year has been marked by unprecedented opportunities, challenges and uncertainties for the company, industry and the country.

Amidst all challenges, the Company took all possible counter measures to mitigate the risk of business disruptions. This has resulted in Company making significant inroads by supporting all its suppliers and stakeholders to carry out the operations as effectively and smoothly as possible. As a result, during the FY 2022/23 the company managed to procure similar volumes of materials as the previous year. In addition to consistent volume intake, the market selling prices were at its peak during major part of the year under review, and the company was in a position to capitalize on this to maximize revenue base. This contributed for the significant

YoY growth in revenue levels which increased from Rs. 3,413 Mn to Rs. 5,493 Mn.

From cost perspective, the Company managed its material procurement prices and cost structure effectively and as a result the gross profit margin improved from 14 % in FY 2021/22 to 21 % in FY 2022/23. However, the finance cost increased from Rs. 30 Mn to Rs. 115 Mn recording an increase of Rs. 85 Mn during the year. This was due to higher working capital requirement and significant increase in finance cost rates during the year under review.

With strong growth in revenue, effective cost management, higher operational efficiencies resulting in increased margins, the Company generated Rs. 840 Mn as Net Profit before Tax during the year under review which recorded a 143 % over FY 2021/22.

Ex-pack Corrugated Cartons PLC, having Neptune as a fully owned subsidiary, is able to derive invaluable insights into the price trends of the Paper market. Further Ex-pack Corrugated Cartons PLC is also able to leverage on the longstanding relationships Neptune has developed with paper mills to obtain preferential terms and condition. Overall Neptune Papers provides a natural hedge against increasing paper prices results in a higher topline and bottom-line for Neptune Papers, compensates for the increased input costs for Ex-pack Corrugated Cartons PLC resulting from paper price increase.

Sincerely,

[SIGNED]

**Fazleen Majeed**  
Chief Executive Officer



**“THRIVING IN A  
DYNAMIC  
OPERATING  
ENVIRONMENT:  
NAVIGATING  
CHALLENGES,  
EMBRACING  
OPPORTUNITIES”**



## 3. OPERATING ENVIRONMENT

### 3.1 PARENT OF THE COMPANY – ABERDEEN HOLDINGS (PVT) LTD



Aberdeen Holdings is a privately held diversified conglomerate headquartered in Colombo, Sri Lanka that envisions to be the driving force behind positive change. The organization was founded in 1995 and has grown to be a hub of knowledge and business expertise that spans its operations across 11 industries and 13 primary subsidiaries. Today, Aberdeen Holdings aids in impacting millions of lives towards building a sustainable and equitable future for all. The key focus of Aberdeen Holdings lies in bridging communities, spurring innovation, and ensuring equal opportunity, intending to revolutionize and transform businesses in Sri Lanka.





The organization envisions invigorating local industries while continuing to nurture and inspire its subsidiaries to be the driving force behind positive change across their respective industries. The sectors that Aberdeen Holdings operates in, extend across packaging, pharmaceutical, aviation, commodity trading, software & digital, logistics & supply chain, tea & coffee, recycling, renewable energy and farming. At Aberdeen Holdings, forward-thinking takes centre stage, with a strong agenda of sustainability across the board. Through a team of experienced professionals, the organization is persistent in helping Sri Lankan industries expand and reach their fullest potential, sustainably.

### 3.2 SUBSIDIARY OF THE COMPANY – NEPTUNE PAPERS (PVT) LTD

Neptune Papers (Pvt) Limited, a subsidiary of Ex-pack, operating under the brand of Neptune Recyclers has established itself as a leading company in the Circular Economy in Sri Lanka. Responsible waste management is integral to sustainable practices, and Ex-pack recognizes the significance of waste reduction, recycling, and reuse for effective resource management.

With this in mind, Neptune primarily supplies a substantial portion of its wastepaper to regional paper mills, several of which also happen to be suppliers to Ex-pack. This close relationship between Neptune and the mills yields strategic advantages for Ex-pack. Furthermore, Ex-pack gains invaluable insights into the dynamic paper market by studying the pricing strategies employed by Neptune for its waste paper sales to these mills.

Leveraging Neptune's well-established connections, Ex-pack is able to secure preferential terms and conditions, particularly during periods of paper shortages. This acts as a natural hedge against escalating paper prices, enabling Neptune Papers to increase its revenue while offsetting the augmented input costs for Ex-pack. A summary of the company's operations are below:

TYPE OF SERVICE	SERVICES PROVIDED
<p data-bbox="196 257 408 284">Recycling Solutions</p> 	<p data-bbox="831 324 1374 398">Offer shredding service to destroy confidential documents generated at Banks, Government Bodies and Financial institution in Sri Lanka.</p> <p data-bbox="831 416 1002 439"><b>Services include:</b></p> <ul data-bbox="831 454 1393 600" style="list-style-type: none"> <li data-bbox="831 454 1393 506">■ Labour and transport to remove the material, within 48 hours of receiving a request from customers.</li> <li data-bbox="831 521 1393 600">■ A report confirming the amount of paper recycled, and the environmental impact of the action at the completion of each shredding is provided to the customer.</li> </ul>
<p data-bbox="196 736 399 763">Industry Solutions</p> 	<p data-bbox="831 797 1302 848">Offers complete recycling solution for factories and manufacturing sector organizations.</p> <p data-bbox="831 864 1002 887"><b>Services include:</b></p> <ul data-bbox="831 904 1393 1084" style="list-style-type: none"> <li data-bbox="831 904 1393 983">■ Collection/Delivery of recyclable waste including Cardboard, Cardboard Tubes, Polythene, Plastic and Cotton Fabric offcuts.</li> <li data-bbox="831 999 1393 1084">■ A report confirming the amount of paper recycled, and the environmental impact of the action at the completion of each shredding is provided to the customer.</li> </ul>
<p data-bbox="196 1193 352 1220">Paper &amp; Board</p> 	<p data-bbox="831 1258 1385 1310">Offers outbound and inbound collection services where a variety of wastepaper grades is accepted at the market rate.</p> <p data-bbox="831 1339 1002 1361"><b>Services include:</b></p> <ul data-bbox="831 1377 1393 1525" style="list-style-type: none"> <li data-bbox="831 1377 1393 1429">■ Collection / Delivery of paper-based waste including Cardboard, Cardboard Tubes, Wastepaper, boxboard etc.</li> <li data-bbox="831 1444 1393 1525">■ Inbound operation including walk-in process which allows paper waste collectors from the entire island to deliver their material for export purposes and making a living out of it.</li> </ul>
<p data-bbox="196 1619 394 1646">Paper Reel Supply</p> 	<p data-bbox="831 1680 1378 1785">Indent and supply a vast range of high-quality paper board products to the Sri Lankan market which can be used for high-speed printing, packaging and carton box manufacturing etc.</p> <p data-bbox="831 1814 1002 1836"><b>Services include:</b></p> <ul data-bbox="831 1852 1406 2024" style="list-style-type: none"> <li data-bbox="831 1852 1406 1904">■ Satisfy customers by matching their paper and board requirement through converting process.</li> <li data-bbox="831 1919 1406 2024">■ Offer a range of such paper and board products for varied needs of the packaging, printing and manufacturing industry. This includes Test liner, Kraft liner, newsprint paper etc</li> </ul>



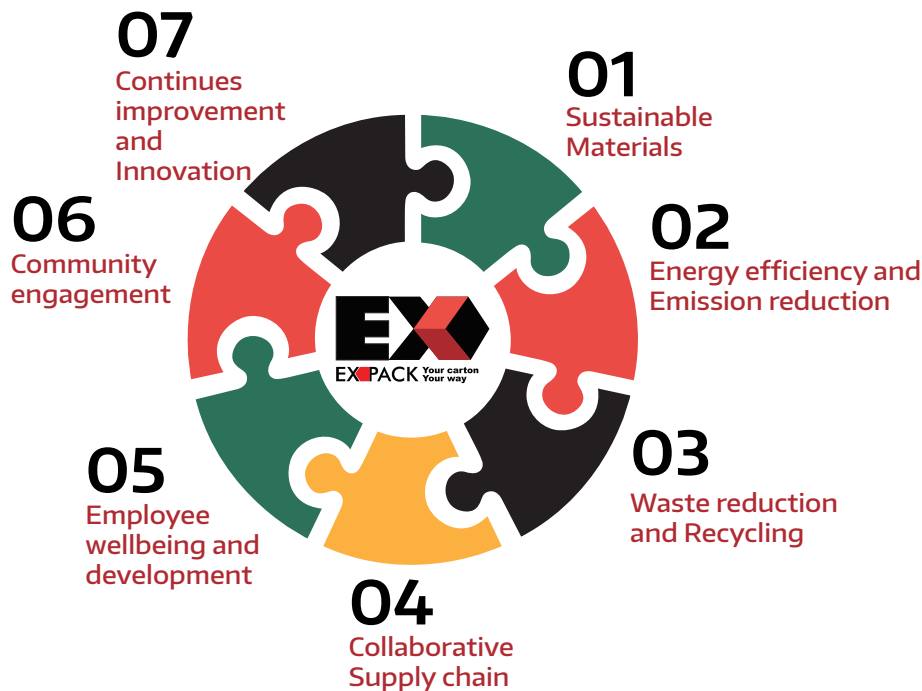


**“ DRIVING  
SUSTAINABLE  
GROWTH:  
OUR PATH TO  
LASTING  
VALUE AND  
POSITIVE IMPACT ”**



## 4. BUSINESS MODEL FOR SUSTAINABLE VALUE CREATION

As a corrugated company, we understand the unique challenges and opportunities we face in building a sustainable future. We are committed to redefining solutions that prioritize environmental stewardship, social responsibility, and economic viability within our industry. Here's how we are working towards a sustainable future and create value:



### Sustainable Materials:

We are dedicated to sourcing and utilizing sustainable materials in our corrugated carton production. This includes exploring options such as recycled paper and biodegradable or compostable packaging materials. By reducing our reliance on virgin resources and promoting the use of sustainable alternatives, we aim to minimize our ecological footprint.

**Energy Efficiency and Emissions Reduction:** We actively seek to improve energy efficiency across our operations by investing in energy-saving technologies, optimizing production processes, and implementing renewable energy solutions where feasible. By reducing our energy consumption and greenhouse gas emissions, we contribute to mitigating climate change and promote a more sustainable manufacturing process.

### Waste Reduction and Recycling:

We strive to minimize waste generation throughout our operations. This involves implementing waste reduction measures, optimizing packaging design to minimize material usage, and promoting recycling initiatives. By diverting waste from landfills and encouraging circular economy practices, we contribute to the conservation of resources and reduction of environmental impact.

### Collaborative Supply Chain:

We recognize the importance of collaboration within our supply chain to achieve sustainability goals. We engage with our suppliers to promote responsible sourcing practices, encourage transparency, and foster a shared commitment to sustainability. By working together, we can drive positive change throughout the value chain.

### Employee Well-being and Development:

Our employees are at the heart of our sustainability efforts. We prioritize their well-being, health, and safety by providing a supportive work environment and training programs that promote sustainability awareness. We encourage employee involvement in sustainability initiatives, harnessing their expertise and ideas to drive positive change within our operations.

### Community Engagement:

We actively engage with local communities to understand their needs, concerns, and aspirations. We contribute to community development initiatives, support local educational programs, and foster partnerships that promote social well-being and inclusive growth. By being a responsible corporate citizen, we aim to make a positive and lasting impact on the communities we operate in.

### Continuous Improvement and Innovation:

We embrace a culture of continuous improvement and innovation to drive sustainable practices. We invest in research and development to explore new technologies, materials, and processes that further enhance the sustainability of our products and operations. We are committed to staying at the forefront of industry advancements and setting new benchmarks for sustainable corrugated manufacturing.



**“TRANSPARENCY  
FUELS OUR  
COMMITMENT TO  
STAKEHOLDER  
ENGAGEMENT”**



## 5. MANAGEMENT DISCUSSION AND ANALYSIS

### 5.1 INVESTOR RELATIONS

#### 5.1.1 Macroeconomic Review

The fluid political situation and heightened fiscal, external and financial sector imbalances pose significant uncertainty for Sri Lanka's economic outlook. The growth outlook is subject to high uncertainty and will depend on the progress in fiscal consolidation, debt restructuring, and growth enhancing structural reforms. The fiscal deficit is expected to gradually fall over the medium-term due to consolidation efforts. The current account deficit is expected to decline due to import compression. Additional resources will be needed in 2023 and beyond to close the external financing gap.

Key downside risks include a slow debt restructuring process, limited external financing support, and a prolonged recovery from the scarring effects of the crisis. Significant debt

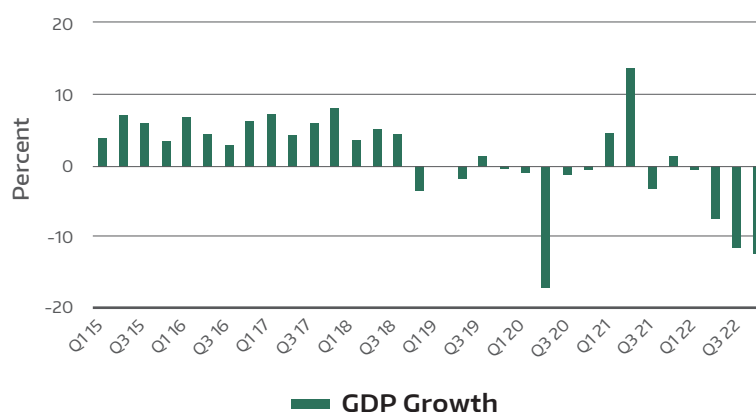
restructuring is essential to restore a sustainable debt level.

The financial sector has to be managed carefully given high exposures to the public sector. The necessary macroeconomic adjustments may initially adversely affect growth and poverty, but will correct the macroeconomic imbalances, help regain access to international financial markets, and build the foundation for sustainable growth. Mitigating the impacts on the poor and vulnerable remain critical during the adjustment. Reductions in poverty will require an expansion of employment in industry and services and a recovery in the real value of incomes. On the upside, a credible reform program supported by financing from international partners could enhance confidence and attract fresh capital inflows.

#### GDP Contribution and Growth

In Sri Lanka, services are the biggest sector of the economy and account for 58% of total GDP. Within services the most important segments are: wholesale and retail trade (21 %); transport and communication (13 %) and banking, insurance and real estate (11 %). Industry accounts for 30 % of total output. Within industry, manufacturing represents 18% of GDP and mining and construction account for 10 %. The remaining 12% is contributed by agriculture, livestock, forestry and fishing.

#### GDP GROWTH

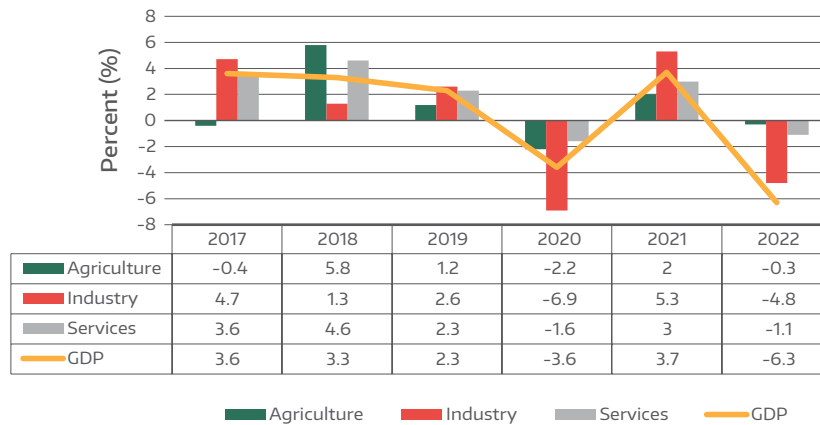


Source: CBSL Annual Report

As per the CBSL records, the Sri Lankan economy recorded a negative growth of -6.3% in 2022, in real terms, compared to the contraction of 3.7% recorded in 2021. All sectors of the economy recorded notable downfall during the year, namely the agriculture sector by -0.3 %, the industry sector by -4.8%, and the services sector by -1.1% respectively.



## GDP GROWTH

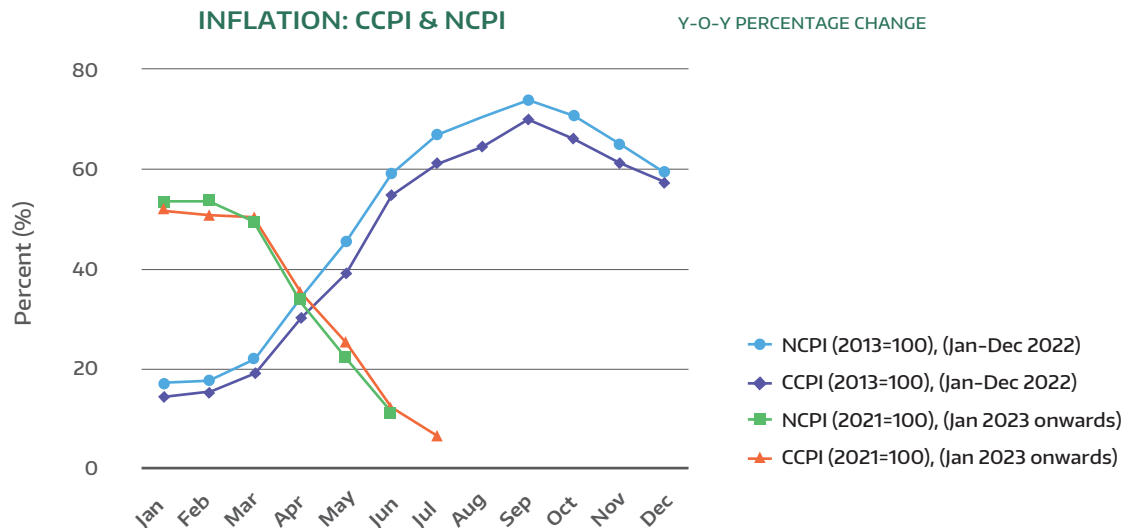


Source: CBSL Annual Report

## Inflation

According to CBSL reports, Colombo Consumer Price Index (CCPI) (2021=100) based headline inflation (year-on-year) decelerated further in June 2023 to 12.0%, reflecting easing price pressures across many categories, including energy and food prices, along with the favourable base effect. CCPI-based food inflation (year-on-year) and core inflation (year-on-year), which reflects underlying inflation, moderated to single-digit levels in June 2023, reinforcing the disinflation process.

As per the latest projections of the Central Bank, headline inflation is expected to decelerate further and reach single-digit levels by early Q3-2023 and stabilize around mid-single-digit levels over the medium term. The ongoing disinflation process is supported by the lagged impact of tight monetary and fiscal policies, the expected softening of energy and food prices and their spillover effects, and possible repricing of goods and services due to exchange rate appreciation, alongside the favourable impact of the statistical base effect. The core inflation (Y-o-Y), which reflects the underlying inflation in the economy, decreased to 49.2% in March 2023 from 43.6% in February 2023.

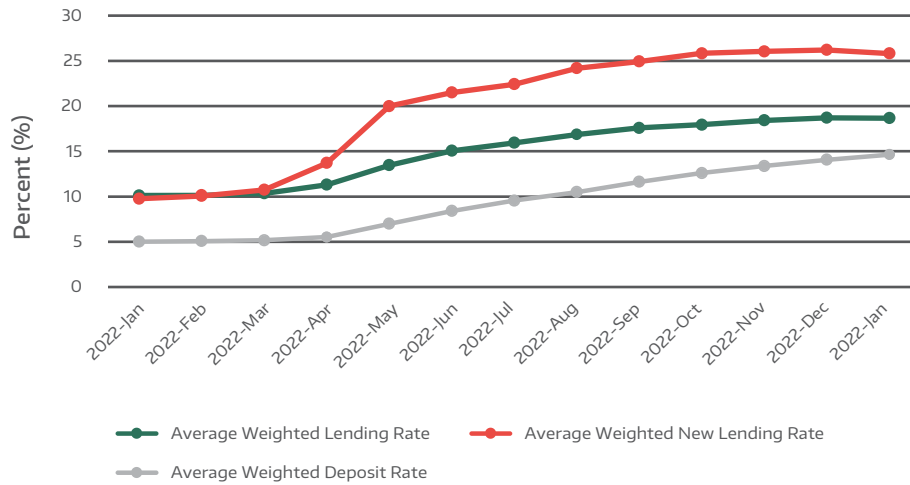


Source: CBSL Annual Report

## Interest rate

CBSL noted that headline inflation continued decelerating for the sixth consecutive month to 50.3% in March 2023, mainly reflecting a larger-than-expected reduction in food inflation. Now, CBSL projected it to reach single-digit levels by the end of 2023 and stabilize at desired levels over the medium term. At the same time, the finalization of the IMF-EFF lifted the outlook for Sri Lanka's near-term recovery and medium to long-term sustainability. Policymakers also kept the Standing Lending Facility Rate (SLFR) steady at 16.5%.

## AVERAGE WEIGHTED LENDING & DEPOSIT RATE



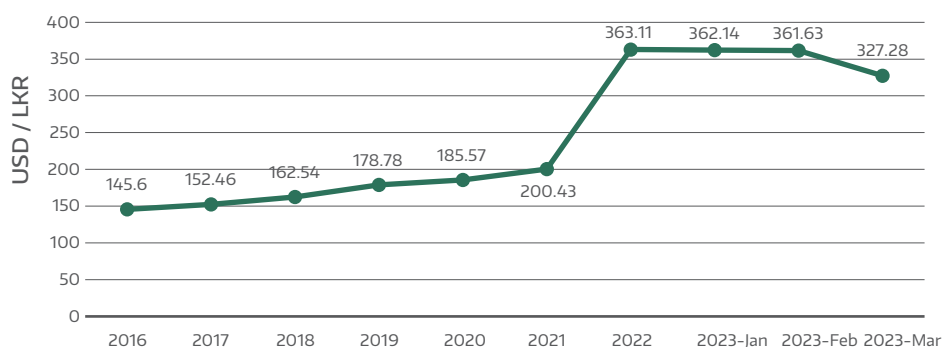
Source: CBSL Annual Report

## Exchange Rate

The Sri Lanka rupee was maintained broadly at stable levels during 2021 and in early 2022. The exchange markets overreact to changes in monetary policy and the subsequent market adjustment due to heightened pressure in the domestic foreign exchange market resulting in instability in the economy, stemming from the heightened vulnerabilities on both the external and fiscal fronts, rising social unrest and political instability, effects of the pandemic, the domestic energy crisis, and elevated commodity prices both globally and domestically.

Despite the current macroeconomic instability, according to the CBSL reports, the Sri Lankan economy is predicted to grow modestly with a debt restructuring programme and long overdue structural reforms alongside an economic adjustment programme to be supported by the IMF. However, it is expected to have a slowdown growth in 2022 mainly due to the macroeconomic overshooting of the exchange rate. Accordingly, The Sri Lankan currency has depreciated sharply by 7.0% against the USD at the end of the year 2021 and further depreciated by 33% by the end of March 2022. In 2022, Sri Lanka's economy contracted by 11% and is further expected to shrink by 3% in 2023 as it continues to grapple with the challenge of debt restructuring and balance of payments difficulties. The liquidity conditions in the domestic forex market improved in recent months. This was mainly a result of increased forex inflows in the form of export proceeds, workers' remittances, and foreign investments to the government securities market, driving market sentiments. These favourable developments along with subdued demand for imports resulted in a notable appreciation of the Sri Lanka rupee against the US dollar in recent months despite some depreciation pressures, particularly in mid-June 2023. Overall, the Sri Lanka rupee recorded an appreciation against the US dollar by the end of June 2023.

## EXCHANGE RATES



## 5.1.2 Industry Explained - Emergence of Corrugated Industry

### “THOSE THAT INNOVATE THE FUTURE UNDERSTAND HISTORY THE BEST”

■ <b>1856</b>	■ Two British men Edward Charles Healey and Edward Ellis Allen invented Corrugated paper and the paper was used as a stabilizer, namely as an insert for high hats and suitcases.
■ <b>1870</b>	■ When a pleating machine for ruffles and frills came on the market, the American Albert L. Jones had the idea of simply running paper through milled rollers. In 1871, he then applied for a patent for his invention “for improving paper for packaging purposes.” This corrugated paper was used to wrap bottles and other glass objects in a shockproof manner.
■ <b>1874</b>	■ The American Oliver long achieved an improvement: he glued the corrugated paper web to a smooth paper and thus developed single sided corrugated board.
■ <b>1882</b>	■ The American Robert H. Thompson received the first patent for double sided corrugated board. His company Thompson and Norris developed the first mechanical corrugator. In 1883, the first corrugated board plant was opened in Europe, namely in London.
■ <b>1890</b>	■ The first corrugated boxes were finally developed by Scotsman Robert Gair.
■ <b>1997</b>	■ Ex-pack Corrugated Cartons PLC initially started its operations as profit center of Expo-Lanka Limited in 1997 and was incorporated as a separate legal entity fully owned by Aberdeen Holdings Pvt. Ltd in 2002. The Company specializes in the customized manufacture of printed corrugated cartons of the highest quality, tailor-made to an endless range of specifications.

### 5.1.3 Corrugated Box Global Market Outlook 2023 – 2033

According to the market research, the demand for corrugated box globally is anticipated to record a CAGR of 6.2% during the period from 2023-2033. The corrugated box market valuation is expected to grow from USD 204 billion to USD 394 billion in 2033.

### 5.1.4 Regional Industry Outlook

Asia Pacific emerged as the largest market for corrugated board in 2023 with a revenue share of over 41%. The presence of highly populated countries such as China and India, growing urbanization, and increasing spending power in the countries would support the growth of the packaging industry in Asia Pacific and thereby corrugated boards.

Rising awareness about the environment and increasing demand for greener packaging solutions in the region would drive the growth of the market. Further, government initiatives to ban plastic-based packaging in countries such as India would shift the focus toward paper packaging. Foreign Direct Investments (FDIs) and investments in a number of projects in packaging in Asian countries are likely to grow at a rapid pace. These trends are projected to propel the growth of the packaging manufacturing sector in these countries. Economic and industrial developments would build a strong foundation for the demand growth of corrugated board in the region in the future.

Asia Pacific is estimated to exhibit the fastest CAGR, in terms of revenue, over the forecast period. The region is witnessing exponential growth on account of technological innovations such as blockchain technology, machine learning, artificial intelligence, and the Internet of Things (IoT). A large number of paper mills in Asia has been well positioned in the global corrugated board manufacturing cost curve due to low energy and labor cost as well as due to the high productivity of workers.

### 5.1.5 Local Industry Outlook

At present, small to large, corrugated cartons manufacturers are operated islandwide. Out of these firms, large scale companies control 80% of the market share while the remainder contribute around 20%.

During past few years the board making capacity in Sri Lanka was expanded as some of the companies increased operations through new corrugated plants. Today these large-scale plants contribute a monthly capacity of around 4,000 – 4500 MT by each while the second or small to medium scale level entities maintain a considerable amount of capacity per month. It is estimated that the total board making capacity in the country is around 40,000 MT monthly. However, the printing capacity is limited and does not match the same volumes.

Strategies to increase the market share, which in some extent led to “price wars”, through the mix of right marketing strategy, proper networking and understanding of competitor and the market movements Ex-pack Corrugated Cartons PLC played it smart to enhance its position in the corrugated carton market.

In addition there are few trends which influence the packaging industries in Sri Lanka, and most of the manufacturers especially corrugated cartons places much effort to match with these trends with a view to achieve steady growth.

Economic Growth	Packing Technology	Consumer Trends
The local economy is expected perform relatively well over the next decades, boosted by growth in emerging economies.	Companies will address sustainability issues alongside in increase of flexible packaging which is driven by demand for more light-weighted, convenient and portable products.	As per global trend local market too continue to rise as consumers purchasing more things online, which will drive demand for specific types of packaging and packaging products.



Emergence of e-commerce in every sector of economy, especially FMCG, Garments and other product include local suppliers and exporters broaden their platform to adopt trends which lead to be a lucrative business model.

Ex-pack Corrugated Cartons PLC achieved better margins through, economies of scale through contribution from recently completed capital investment in innovative techniques. Corrugated solutions grew organically year on year enabled by our value chain integration, ongoing investment in the business and our sharp focus on innovation and customer service.

We implemented price increases across all containerboard grades during the year, leading to higher average selling prices year-on-year, with the magnitude of the increases varying by grade. We were successful in passing on higher input paper costs through box price increases over the course of the year.

Input costs were higher year-on-year, in particular paper for recycling, energy and transport costs. Following a period of sharp increases, paper for recycling costs have remained stable at elevated levels since the second quarter. Average Sri Lankan benchmark prices for the year were around 2.5 times higher than the prior year. Fixed costs were up due to higher maintenance costs, additional personnel to serve growing customer demand and inflationary effects, mitigated by our cost control initiatives.

## 5.2 OPERATIONAL REVIEW

Operation Management is very important for business industries to monitor the effectiveness of operations and identify areas for improvement. They provide visibility and help in performance tracking of the business – from the organization level to specific departments, teams, or processes. In general Ex-pack Corrugated Cartons PLC use operation management for the following metrics: identifying areas for improvement, making informed decisions, meeting the operational goals and communicating the performance. During the financial year 2022/23 Ex-pack Corrugated Cartons PLC has initiated number of capacity building programs.

### Manufacturing capabilities

Our strengths lie in our effective inventory and cost control and use of advanced machinery, which yield high-quality products at the most effective price for our customers. Our state-of-the-art equipment and attention to prompt delivery have greatly enhanced our ability to meet the growing demand for corrugated carton packaging particularly from the toy, food and beverage, and electronics industries. At present Ex-pack Corrugated Cartons PLC operates with an area of 145,000 sq while making average 4000 MT output level per month.

### Certification and Standard

Ex-pack Corrugated Cartons PLC have been awarded with ISO 9001-2015, ISO 14001-2015, WRAP Certification, Forest Certification & awarded with a great place to work 2023 for one of the 15 best workplaces in the manufacturing and production industry in Sri Lanka.

Ex-pack Corrugated Cartons PLC has won many awards and accolades over the years in recognition of its significant contribution to the country's Socio-Economic Development while adopting exemplary business practices.



**ISO  
9001-2015  
QUALITY  
MANAGEMENT  
SYSTEM  
CERTIFICATION**

Ex-Pack Certified for ISO 9001-2000 Quality Management system in 2006 and obtained ISO 9001-2008 in May 2010 and currently the certification is upgraded to ISO 9001-2015 which was received in September 2017.



**ISO  
14001-2015  
ENVIRONMENT  
MANAGEMENT  
SYSTEM**

As a responsible manufacturer, Ex-Pack has adopted an environmentally friendly manufacturing process and has taken steps to identify and control their environmental impact and constantly improve their environmental performance.



**WRAP-WORLD-  
WIDE  
RESPONSIBLE  
ACCREDITED  
PRODUCTION**

Ex-Pack is the first and only Corrugated Carton manufacturer in Sri Lanka to receive WRAP certification. The certification ensures that all Ex-Pack products are manufactured under stipulated conditions, which cover ethical labour, health and safety, environmental protection and supply chain security as well.



**FOREST  
STEWARDSHIP  
COUNCIL® (FSC®)  
CERTIFICATION**

FSC defines standards based on agreed principles for responsible forest stewardship that are supported by environmental, social and economic stakeholders. As a responsible manufacturer, Ex-Pack has ensured its commitment to environmental sustainability through obtaining FSC certification.



**BEST  
WORK PLACE  
IN ASIA**

Ex-Pack was honored with the **"ONE OF THE BEST WORKPLACES IN ASIA"** in medium category in 2019, 2020, 2021, 2022 and 2023.



**GREAT PLACE  
TO WORK -  
SRI LANKA**

The first corrugated cartons manufacturer to be recognized as one of the **"TOP 25 BEST WORKPLACES IN SRI LANKA"** - awarded in 2018, 2019, 2020, 2021, and 2023.

## PRODUCT PORTFOLIO

TYPE OF SERVICE	SERVICES PROVIDED
<p><b>Regular Slotted Cartons</b></p> 	<p>Regular slotted carton is the most common box style with flaps that meet in the center both top and bottom. This carton is suitable for packaging any type of product from FMCG to horticultural to industrial products.</p>
<p><b>Die Cut Boxes</b></p> 	<p>The die cut carton allows for intricate design and shape to protect and promote products in a variety of ways. These cartons are used for packaging of food, vegetables, as well as for livestock and can withstand extreme temperatures.</p> <p>Die cut cartons can be plain or printed and with a range of print options.</p>
<p><b>Value Added Boxes</b></p> 	<p>Ex-pack Corrugated Cartons PLC state-of-the-art laminating process enables them to provide value adding services relating to branding thereby allowing Ex-pack Corrugated Cartons PLC to fulfil customer requirements for direct shelf storage of finished products.</p>
<p><b>OTHER PACKAGING</b></p> 	<p>As a part of the "Go Green" concept Ex-pack Corrugated Cartons PLC has developed several products such as wardrobe cartons, pallets, tea chest cartons, tuna cartons and ballot boxes. Ex-pack Corrugated Cartons PLC R &amp; D division is constantly engaged in developing innovative products using recycled material.</p>

## 5.3 FINANCIAL REVIEW

### Revenue

The Expack Group's total revenue increased by 58% during the financial year under review, mainly contributory factor was the better pricing and advantage gained through rupee depreciation over USD.

### Gross profit

Group Gross profit for the period under review was Rs.3,509mn, which is an increase of 169% compared to Rs.1,305mn recorded last year. Expack Group achieved a Gross Profit margin of 26% during the year, against 15% in 2021/22. USD Depreciation over LKR resulted in high turnover and Increasing paper costs which was passed to consumers Contributed to record a high Gross Profit margin during the year.

### Other income and gains

Group Other income and Gains decreased by 59% during the financial year, this was mainly contributed by Exchange Losses through rupee appreciation over USD at the end of the period resulted in less gain compared to the previous financial year. Where Group Exchange Gain was only Rs.48Mn during the year compared to Rs.274 previous financial year 2021/22, where Group Other income and gains amounted to Rs.127mn compared to 312mn in 2021/22.

### Administrative, distribution cost (operating expenses)

Administrative expenditure in the period under review increased by 93% to Rs.820mn from Rs.425mn in 2021/22. Selling and Distribution Cost increased by 31% compared to 343mn to 451mn in 2022/2023.

### Finance cost

The finance cost of the company mainly consists of interest costs on short term borrowings. The company incurred high finance charges because of an increase in bank lending rates, while Group finance cost increased from 196Mn to 511Mn during the financial year under review.

### Pre and profit after tax

Expack Group has achieved Profit before tax of Rs.1,895mn with comparison to Rs.712mn in 2021/22, where is a 166% increment, it has resulted due to increase in top line and operating gains through rupee deprecation have mainly contributed.

The Group's tax charge for the year was Rs.482mn, which is a 418% increase compared to the previous year's Rs. 93mn. Where Group Profit after tax was 1,413mn against 619mn achieved last financial year.

### Assets

During the financial year the Group acquired 227mn assets which at the end of the financial year was Rs.2,333mn net PPE compared to 1659mn in 2021/22.

### Liability

Group Non-Current Liabilities amounted to Rs.606mn over 259mn recorded for the period ended 2021/22, which 134% increased mainly due to Increasing Deferred Tax Liability by 280mn.

Group Current liabilities amounted to Rs.3,426mn over 4,412mn recorded for the period ended 2021/22, which 22% reduction compared to previous financial year, mainly due to reduction in interest bearing loans and borrowing reduced by 652mn. The group has taken measures to reduce the impact of interest rates by continuous control to streamline on time debtor recoveries & prioritizing essential capital expenditure.

### Net cashflow operations

Cash generated from operations for the period under review was Rs.1,012Mn against Rs. 207Mn which was due to increase in profits during the financial year.

### Net cash flow from financing activities

Cash generated from financing activities was Rs. (1,559)Mn compared to Rs. 924Mn for the year 2021/22. This was mainly due to increase in dividend payment of Rs. 823Mn. (Rs.163Mn 2021/22).



## 5.4 HUMAN CAPITAL REVIEW

### “THE BEST PLACE TO TURN YOUR DREAMS INTO REALITY”

We aim to create an environment where all of our employees feel free to believe in more by helping Ex-pack to explore new paths and create the future. We believe that by fostering an inclusive culture, supporting fair and equal opportunities for everyone and creating a working environment free of biases, we enable our employees to develop their full potential and to feel recognized and rewarded.

#### Our people strategy

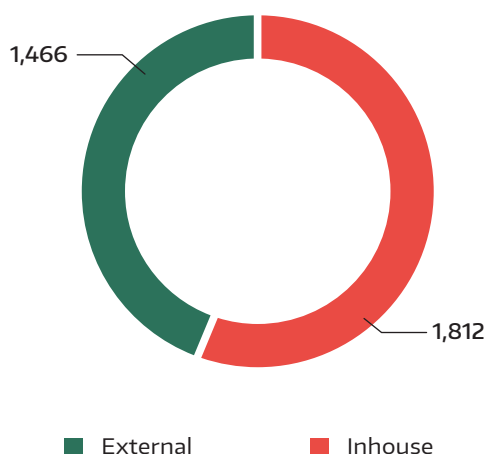
People Development and Talent Management	Employees Experience for Performance	Inclusion, Diversity and Equality	Rewards and Recognition
<b>Our ambition:</b> To help our people grow their careers and deliver on their potential, so we can realise our ambition for them and the organization, as we move forward	<b>Our ambition:</b> To create continuous two-way dialogue, to ensure our people understand our strength our strategy and the role they play in its delivery and to inspire them to perform at their best every day	<b>Our ambition:</b> To create an inclusive workplace where each one of us feels included, supported and respected in our daily work.	<b>Our ambition:</b> We aim to attract, retain and recognize our employees, through competitive work practices. Making sure that people are not just appropriately rewarded from monetary perspective, but also see their achievements recognized and valued in the workplace

#### Talent development

Ex-pack offers a wide range of careers, which are as individual as our people. We aim to match the skills of each employee to the opportunities within the Company and to continuously improve the way we address employee needs. We undertake to give every employee the chance to take part in internal or external training programmes, coaching and mentoring, plus on-the-job learning experiences.

External	1,812
Inhouse	1,466
<b>Total Training Hours</b>	<b>3,278</b>

#### TRAINING HOURS



All up skilling and development requirements are identified as part of the review and feedback process throughout the year. We identify talents that we need to foster as well as gaps in our succession pipeline that we need to fill. The idea behind our talent and succession management is to establish frameworks, processes, tools and skills to systematically and effectively identify, manage, actively develop and retain employees with high performance and potential. We adapt our talent advancement approach to specific career paths in order to prepare our talents for success in their targeted future role.

Our leadership programmes provide intensive training in the Ex-pack leadership Model so that transformational leadership becomes our common leadership philosophy – inspiring and empowering others continuously learn, innovate and grow.

Managerial and Leadership Skills	1,152
Soft Skills	684
Technical Skills	1,087
Health and Safety	355
<b>Total Training Hours</b>	<b>3,278</b>

	Training Hours	Head Count	Avarage
Technical Skills	358	27	13
Technical Skills	402	43	9

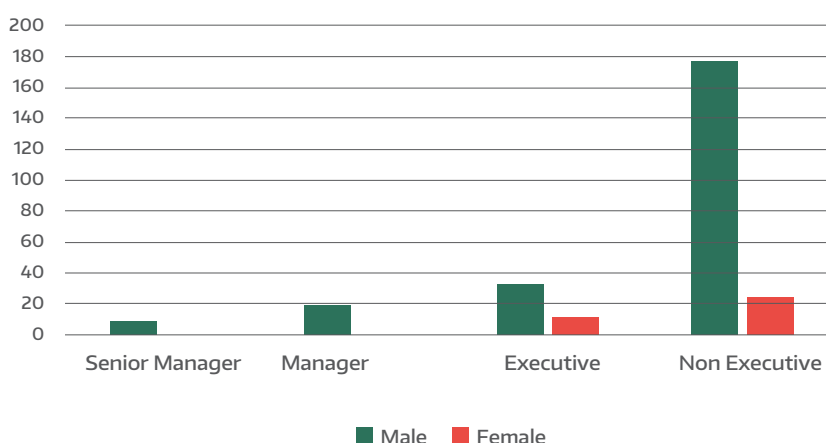
#### Work force - Gender

Male	87%
Female	13%

#### Category and Gender

Category	Male	Female
Senior Manager	8	-
Manager	19	-
Executive	32	11
Non-Executive	177	25

#### GENDER



## **Employee satisfaction**

By creating an engaging and energizing working environment, we aim to enable our employees to unfold their full potential and to improve their workplace experience. By listening to them and responding to their views, we help to sustain high levels of job satisfaction.

To further foster engagement, we give our employees a voice in our biennial Employee Engagement Survey and in the implementation of concrete improvement measures in their area of responsibility, scope of influence and direct working and team environment. We also engage employees in the business through virtual questions to Ex-pack and smaller group sessions with Ex-pack C-Level executives. We encourage our employees to create what's next, inspire real change and make a positive impact. We have refreshed our career website and the look and feel of our social media channels. We have launched LinkedIn Life on our Ex-pack pages where Ex-pack operates, providing a glimpse into the lives of our employees and putting emphasis on our values and culture.

## **Health and safety leadership**

Leadership behaviors are critical to drive engagement; when our leaders engage in health and safety, we see a positive impact on our health and safety employee engagement index. This is the central theme of our health and safety onboarding programme, which continued this year and trains all new and promoted site managers on the behaviors and mindsets required as health and safety leaders. To further develop our safety culture, we introduced leadership focused safety programmes which helped create health and safety role models, whilst encouraging and recognizing safe behaviors and their value, raising awareness and placing health and safety at the center of everyday activities.

## **Health and safety culture**

Our focus on leadership, engagement and processes is designed to develop and drive an interdependent safety culture in which every person in the organization feels responsible for safety and acts proactively to identify and eliminate risks. Despite multiple external challenges, not only do we celebrate significant improvements across all divisions, but the overall number of employee accidents and accident frequency rate have reduced.

To ensure that our employees feel motivated and energized at work, we are implementing measures that support a healthy work-life balance. We offer employee benefits reflecting the legal and cultural context. These include retirement benefits, health and life insurance, flexible work arrangements (e.g. part-time positions, working from home where possible) and parental benefits and leave. We remunerate employees in line with existing market practices.

We benchmark our compensation approach against other companies to ensure that our compensation packages are competitive in each of our markets. The Company ensures that performance is recognized and rewarded in a fair and transparent manner.

## **Employment and labour rights**

The Ex-pack Corrugated Cartons PLC Code of Conduct addresses ethical and legal principles in general, whilst the Ex-pack Ethics Code sets out more specific principles regarding employment and labour rights. Employees are encouraged to report any violation of the principles through the Compliance Hotline or any other available channel.

## 5.5 SUSTAINABILITY

At Ex-pack Corrugated Cartons PLC we say sustainability is in every key aspect of our company. Our philosophy, of envisioning and fulfilling the commitment to a sustainable tomorrow, is represented by three pillars:

- Supporting People and Communities - Promoting social equity, well-being, and inclusive development
- Bettering the Planet – Promoting planetary well-being through a circular economy
- Innovating for our customers and their customers - Foster innovation and collaboration

Emphasizing the core purpose of Ex-pack Corrugated Cartons PLC ie “Redefining Solution for sustainable future”, we connect people to product through our innovative, paper based corrugated packaging solutions.

### 5.5.1 Focusing on human centric sustainability

Putting people first: Ex-pack Corrugated Cartons PLC understood that the people who live and play on our surfaces, the people we serve, the people we employ and the people in the communities where we operate, we have commitment to put them first, which implies caring for their health, safety, and wellbeing, creating a more inclusive culture and building teams that reflect the diversity of our society and our customers all over the world (nationalities, origins, background, gender, generations), with everyone feeling empowered to bring a broad range of views and talents to work every day. It also implies respecting their fundamental human rights and contributing to making the planet a better place to live for today's and tomorrow's generations.

We create cartons that help to make spaces healthier, more comfortable, and more beautiful, while striving to lessen the Ex-pack Corrugated Cartons PLC environmental impact so that people flourish now, and in the future. Driving change to tackle climate change, develop a circular economy, innovating with good materials, and let to enjoy quality standards are keyways in which Ex-pack Corrugated Cartons PLC implements its commitment to Human-Conscious Business putting people first.

Constantly working to ensure that all employees, contractors, and visitors know and apply safe work practices and procedures, every day and everywhere is another example of how Ex-pack Corrugated Cartons PLC is committed to putting people first.

Ex-pack Corrugated Cartons PLC is in front line when it comes to help local communities where we based on, continues Care program for local communities further enhance that Ex-pack put the people first.

### Part of our strategic goal “To lead the way in sustainability”

Every business, large and small, has a role to play in combatting climate change, conserving natural resources, and protecting the planet's ecosystems for the benefit of all. That is why Ex-pack Corrugated Cartons PLC is in the process of lead the circular economy within the corrugated cartons industry and prioritizing circular economy concept and climate change challenges in its current strategic plan, “To lead the way in sustainability”.

This plan sets out our path to future growth, where Ex-pack aims to be most preferred corrugated cartons supplier in the industry, to grow opportunistically in the corrugated packaging and to change the game with circular economy by delivering across four strategic pillars: lead the way sustainability, delight our customer, realise the potential of people and double our size and profitability.

### 5.5.2 Environment

Environmental compliance requirements are a significant factor affecting our business. We employ manufacturing processes that involve discharges to water, air emissions, water intake and waste handling and disposal activities. These processes are subject to numerous local and international environmental laws and regulations, as well as the requirements of environmental permits and similar authorizations issued by various governmental authorities. As a manufacturer, Ex-pack is committed to undertaking good and safe manufacturing practices in order to minimize the harmful effects which can affect the environment and the community. The Company thrives to improve the processes to reduce wastage and increase efficiency and productivity.

Complex and lengthy processes may be required to obtain and renew approvals, permits, and licenses for new, existing or modified facilities. Additionally, the use and handling of various chemicals or hazardous materials require release prevention plans and emergency response procedures.

Our industry and manufacturing plants are subject to numerous and more complex environmental programs and regulations, Ex-pack Corrugated Cartons PLC manufacturing facilities are very much concern and took initiatives to be in line with those environmental compliance obligations. We have incurred, and expect that we will continue to incur, significant capital, operating and other expenditures to comply with applicable environmental laws and regulations, including, for example, projects to replace and/or upgrade our air pollution control devices, wastewater treatment systems, and other environmental infrastructure. Changes in these laws, as well as litigation relating to these laws, could result in more stringent or additional environmental compliance obligations for the company that may require additional capital investments or increase our operating costs.



We endeavor to promote environmental sustainability, education, awareness, guardianship and direct action among children, youth, local adult groups and businesses in Srilanka through the promotion and facilitation of co-working, co-ordination and networking, between ourselves and partners, to achieve locally agreed goals for the benefit of the local environment and all of its diverse communities. Further we believe in the power of change and that the best gift we can give to future generations, the most valuable legacy we can leave behind us, is to help empower students to be leaders and guardians for sustainability and positive change, by enhancing local education .... Engaging the youth of today

to protect the planet of tomorrow.

### Climate Change

**“The Dramatic impact of climate change have exposed with devastating clarity, how integral a healthy environment is to the enjoyment of all our other rights”**

(Agnes Callamard, Amnesty International's Secretary General)

Burning fossil fuels for electricity, heat in industry and in transportation; deforestation; overuse of chemical fertilizers; and industrial animal production all increase the concentration of greenhouse gases in the atmosphere, leading to global warming.

## ANNUAL SHARE OF GLOBAL CO<sub>2</sub> EMISSIONS

Carbon dioxide (CO<sub>2</sub>) emissions from fossil fuels and industry<sup>1</sup>. Land use change is not included.



Source: Our World in Data based on the Global Carbon Project (2023)

OurWorldInData.org/co2-and-greenhouse-gas-emissions • CC BY

**1. Fossil emissions:** Fossil emissions measure the quantity of carbon dioxide (CO<sub>2</sub>) emitted from the burning of fossil fuels, and directly from industrial processes such as cement and steel production. Fossil CO<sub>2</sub> includes emissions from coal, oil, gas, flaring, cement, steel, and other industrial processes. Fossil emissions do not include land use change, deforestation, soils, or vegetation.

Ex-pack became Carbon Neutral since 2022 with the assistance and the expert support from Co-Energy (Pvt) Ltd also our Executive Leadership Team is actively involved in setting and executing our sustainability strategy, including climate-related initiatives such as setting a science-based GHG target. Board-level oversight of climate related and other corporate sustainability matters resides with the Nominating & Governance Committee of the Company's Board of Directors. The corporate sustainability team works with the Company's operational and functional groups to incorporate sustainability and climate objectives into operations. The team also oversees the development of our sustainability report, which includes data on performance against climate-related targets.

Climate change also presents potential risks and uncertainties for us. With respect to physical climate risks, our manufacturing operations may be impacted by weather-related events, such as heavy rains, winds and floods, potentially resulting in lost production, supply chain disruptions and increased material costs. Unpredictable weather patterns also may impact material supplies and prices, which may fluctuate during prolonged periods of heavy rains.

Regulation related to climate change continues to develop in the areas of the world where we conduct business. We have systems in place for tracking the GHG emissions from our energy-intensive facilities, and we carefully monitor developments in climate related laws, regulations and policies to assess the potential impact of such developments on our results of operations, financial condition, cash flows and disclosure obligations.

### 5.5.3 Sustainable Innovation

Business innovation and sustainability go hand in hand, where the evolution of technology and the demand for sustainable products and process is becoming one of the main drive of revenue growth and cost reduction across industries. Sustainable innovation find the way to ensure resources aren't use faster than they are replenish and limit the negative impact of business activity on society and planet, which involves making changes to company's products, service or process to generate long-term social and environmental benefits while creating economic profit for the firm.

The process of developing innovative solution often requires the ability to synthesize information from multiple disciplines. This phenomenon is strongly present in the process of developing of sustainable innovations. The necessity of taking into account many of technical, environmental, economic and social factors makes it necessary to combine information from many areas of knowledge.

According to Aagaard Lindgren, 2015 sustainable innovation can be assigned in following ways,

- Improving the function of existing products, service and processes, with respect for environmental and social factors,
- Use of alternative technologies for existing application,
- Applying present knowledge in new market areas,
- Development of innovation technologies applicable in new market areas,

Ex-pack Corrugated Cartons PLC sustainable innovation seeks to address those unintended social, environmental impacts and innovation of technologies applicable for new market. It implies that we can provide product and services that are good for us and for the society in the long run.

### 5.5.4 United Nations Sustainable Development Goals (SDG)

In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development along with a set of 17 Sustainable Development' Goals. This framework defines a blueprint to achieve a better and more sustainable future for all by spurring local and global ecological, social, and humanitarian changes. The action plan aims to address key issues in areas such as poverty eradication, environmental protection, and economic development. UN expect to protect the people and planet in its best way as it is crucial for generation of today and tomorrow





## EX-PACK CONTRIBUTES TO SEVERAL SUSTAINABLE DEVELOPMENT GOALS.

### Carbon Neutrality

A carbon neutrality report in the annual report of Ex-pack emphasizes on the company's efforts and progress towards achieving carbon neutrality.

The term "carbon neutrality" is used to describe the goal of reducing human-caused greenhouse gas GHG emissions to zero. Greenhouse gases like carbon dioxide (CO<sub>2</sub>) and methane trap heat in the atmosphere, causing Earth's temperature to rise. This process is known as the greenhouse effect, and it is responsible for the global climate change we are currently experiencing.

There are two ways to achieve carbon neutrality: carbon reduction and carbon offsetting. Carbon reduction is the process of reducing the amount of gases emitted from all sources within a certain area. This can be done by reducing energy consumption, switching to renewable energy sources, and/or implementing energy efficiency measures. Carbon offsetting is the process of compensating for carbon footprint by investing in projects that reduce or sequester CO<sub>2</sub> emissions elsewhere.

At Ex-pack, the board of directors and the management gives prominence to carbon neutrality where all the processes and operational strategies are aligned to minimizing the environmental impact and embracing sustainable practices. As part of our ongoing efforts, Ex-pack's present our Carbon Neutrality Report for the inventory period from the 01st March 2022 to 28th Feb 2023 which measured the organizational carbon footprint in compliance with the ISO 14064-1:2018 standard

and Emissions calculation is done based on the criteria of IPCC 2006 GHG quantification guidelines.

Based on the report issued by Co- Energi (Pvt) Limited, the GHG assessment has considered direct emissions, indirect emissions from imported energy, emissions from indirect transportation, products used by the organization, the use of products from the organization, and other indirect emissions. The consolidation approach considers all operations and processes that influence the operational decisions and policies of Ex-pack Corrugated Cartons PLC.

This report includes the second inventory year quantification of GHG emissions and removals for Ex-pack Corrugated Cartons PLC. The total GHG emission of Ex-pack was identified as 2,671.41 tCO<sub>2</sub>e for the 2022/2023 inventory year with total direct GHG emissions for the year as 1,615.52 tCO<sub>2</sub>e and total indirect emissions for the year as 1,055.89 tCO<sub>2</sub>e. The total emission reduction from the base year is 22.3%.

Ex-pack been awarded Carbon Neutral Certification for the year 2022 upon successfully offsetting the total Greenhouse Gas emission of the organization.

Furthermore, we are dedicated to maintaining our carbon-neutral status and continuously improving our environmental performance in the future. We aim to further enhance our waste reduction efforts, explore additional renewable energy sources, and engage with our supply chain partners to collectively reduce our carbon impact.



### **Developing a circular economy for present and future generations:**

Ex-pack's long term strategy is for all packaging to be recyclable and recycled. Ex-pack is building a circular economy based on programs and business models that encourage take-back, reuse, recycling, and elimination of waste (SDG12).

### **Eco-friendly designing products:**

Ex-pack's eco- friendly products design approach follows the independent and internationally recognized methodology that applies science-led thinking to implement circular economy solutions with materials evaluations. Ex-pack is continuously seeking ways to optimize its existing materials by switching them for even better alternatives where possible and available. Selecting good materials that can be recycled over and over is a cornerstone of the Ex-pack Human-Conscious Business approach. Eco-design also means preserving natural resources (SDG 15), fighting climate change (SDG 13), better health and well-being in working, leisure, and living spaces (SDG 3).

### **Driving collaboration for a circular economy:**

Inspiring others to join us through education, collaboration, transparency, and communication (SDG17)

### **Supporting communities:**

Contributing to the development of communities and territories where we operate and making sure our business is inclusive by bringing together various stakeholders, including suppliers, and encouraging them to take part in our responsible value chain (SDG 11).

### **Creating a more inclusive culture:**

Building teams that reflect the diversity of our society and our customers all over the world, notably deploying an objective concerning gender diversity (SDG 5) and promoting design for diversity.

### **Developing talents:**

Involving and engaging each employee, which we consider crucial for the successful implementation of our projects, therefore creating a safe, respectful, inclusive, and rewarding work environment (SDG 8).

## **5.5.5 Ex-Pack's CSR Approach**

For over 25 years now, we commit every day to the design of

great spaces. For Expack, this means putting people and planet first, caring about the environment and the health of present and future generations incorporated by our Expack Human-Conscious Business approach. We believe our CSR initiative will benefit our community and serve our employees. It will also improve our brand image, attracting new talents and increasing customer loyalty. Ultimately these outcome can contribute to revenue and drive our company's growth.

We create floors that help make spaces healthier, more comfortable, and more beautiful, while striving to lessen the Group's environmental impact so that people flourish now, and in the future.

It is our holistic way of doing business, capable of accommodating the specific expectations of each of our customers with the profound challenges of protecting our planet, reducing our carbon footprint and changing the game with circular economy. Working together with our partners, we deliver safer and environment friendly products in which people can reach their full potential.

Our CSR approach can further elaborate as follows,

- Use sustainable manufacturing process,
- Paying workers fair wages,
- Innovating product to solve an environmental or social issue
- Committed to reduce carbon foot print
- Donating for charitable cause.

### **Earth Day awareness program**

With the view of instilling an eco-conscious mindset among its people and the communities they live in, Expack held an energetic and stimulating event on 22nd April to mark Earth Day which was celebrated around the world under the theme 'Restore Our Earth' Expack strongly embraces sustainable practices, placing this pillar at the heart of its operations.

Expack' employees came together in teams to present their ever-inspiring and incredible ideas and concepts in conserving the environment, as the global climate crisis continues to further deepen. The senior leadership of the company commended them with rewards and recognition and went onto applaud for their attitude and enthusiasm in creating a better place for future generations to come.

The company shared leaflets and stickers with thought-provoking Earth Day messages with their customers as well as the local community including their employees to take home and spread awareness within their communities. Its eco-friendly manufacturing processes and company-wide policies to work towards a minimal or zero environmental impact has earned the company the ISO 14001: 2015 Environment Management System certification and the prestigious Forest Stewardship Council (FSC) certification- symbolizing a green checkmark and tree- a mark that assures its products come from responsibly managed forests. Further, the company was awarded with Carbon Neutral certification by NCPC this year for their commitment towards environment sustainability.

Ex-pack Corrugated Cartons PLC operates in an industry of renewable resources: environmentally responsible, recyclable, and compostable. The company continues to invest heavily in research and development initiatives to find more innovative and responsible packaging solutions that are contemporary and sustainable.



#### **School Books Distribution – Al Mubarak Primary School.**

Expack being a local leading business to business company in the packing industry, formulated its CSR mechanism by identifying social, governance, and environmental gaps issues which require attention in the area we operate in and taking genuine efforts to uplifting the community. Over the years, Expack has taken on these issues through philanthropy, education, health, ethical labor initiatives, and volunteering through its CSR programs.

Being a company, which is in the B2B market, Ex-pack Corrugated Cartons PLC is genuinely concerned in its effort to support the internal and external community and the minimize the negative impact on the environment which we operate in and to create an awareness among our customers and suppliers that this not merely a business promotion task but a genuine effort as a responsible company.

We were informed that under privileged children of Al Mubarak Primary School are in need of school books and stationery to commence their school term. We therefore contacted the school authorities and arranged to provide Rs. 500,000/- worth of books and stationery to be distributed among 200 under privileged students. This is a part of our commitment towards uplifting the community through Corporate Social responsibility actions.



## 5.5.6 CSR risks and opportunities

At our scale and with our resources, we are committed to positively contributing to tomorrow's changes and challenges.

WORLD'S CHANGES	EXPACK ACTIONS / CONTRIBUTIONS
<ul style="list-style-type: none"> <li>■ With a global population expected to reach 9.7 billion people by 2050, (according to the UN), and aspiring for a better quality of life, the pressure on natural resources will continue to rise and become an even greater critical issue in the future. The United Nations Environment Program (UNEP) 2019 Resource Panel report found that global resource use has more than tripled since 1970 to reach 92 billion tons in 2017 and projects that without action resource use will more than double to 190 billion tons by 2060.</li> </ul>	<ul style="list-style-type: none"> <li>■ Scarcity of natural resources and waste management, issues which challenge the linear economy model (based on production, use and disposal of a product) and call for the development of a circular economy model, where waste becomes a resource, and where a product can be reused or transformed into a new resource. The use of eco-design principles makes it possible to select abundant raw materials on the one hand and to build products that are easily reusable or recyclable on the other hand.</li> </ul>
<ul style="list-style-type: none"> <li>■ In 2021 the UN COP26 in Glasgow (UK) recognized that the impacts of climate change will be much lower at the temperature increase of 1.5°C, however that limiting global warming to 1.5°C requires rapid, deep and sustained reductions in global GHG emissions. The UN Secretary General called for accelerated action to keep alive the goal of limiting global temperature increase to 1.5°C asking every country, every city, every company, every financial institution to radically, credibly and verifiably reduce their emissions. With UNEP reporting in 2021 that 37% of energy related CO2 emissions in 2020 came from the building and construction sector (Global Status Report for Buildings and Construction, 2021 UNEP Global Alliance for Buildings and Construction). The UNEP Executive Director called for more bio-based and recycled materials and a move towards circularity in the building and construction sector.</li> </ul>	<ul style="list-style-type: none"> <li>■ Reduced greenhouse gas emissions by reducing our energy consumption and using renewable energy sources. We reduced, both, our greenhouse gas emissions in our production cycle, and the emissions along the whole value chain, with the implementation of a circular economy model, using more recycled materials which are less energy intensive than extraction and transformation of virgin materials, increasing the lifespan of our products, recycling after use instead of incineration which emits more CO2 and by limiting the distance necessary to deliver with production sites close to our clients. Recycling packaging waste is essential to reducing climate impact. As well as saving virgin raw materials it has a substantial contribution to avoiding GHG (greenhouse gas) emissions as it avoids valuable waste heading to landfill.</li> </ul>
<ul style="list-style-type: none"> <li>■ The society is constantly evolving, and so are its expectations, with the Millennials and Generation Z living in a hyper-connected world with growing concerns, notably about the climate and environment, diversity, ethics, and the importance of having a positive impact on society, etc</li> </ul>	<ul style="list-style-type: none"> <li>■ Played an active role in responding to societal challenges, such as reducing the carbon footprint of our products and building a circular economy, respecting ethical and compliance values, and promoting transparency and proximity with local communities, and the development and diversity of talents</li> </ul>



### 5.5.7 Adhering to international standards

Commitment, as well as the CSR report, the dashboards and the robust reporting process, meet the International and Local regulatory obligations, and are in line and consistent with the requirements of internationally recognized standards.

- ISO 14001-2015 – Environment Management System
- WRAP – Worldwide Responsible Accredited Production
- FSC Certification – Forest Stewardship Council

### 5.5.8 Committed to high business and ethical standards

Ex-pack is committed to supporting and respecting the protection of internationally proclaimed human rights; and to making sure that we are not complicit in human rights abuses. Ex-pack upholds the freedom of association and recognizes the right to collective bargaining. Ex-pack will not be party to any form of forced and compulsory labor or to child labor or to any forms of discrimination. Ex-pack adopts a precautionary approach to environmental challenges and continually strives to promote greater environmental responsibility, notably developing and promoting environmentally friendlier solutions. Ex-pack also remains steadfast in its resolve to tackle all forms of corruption.

Among our most important company assets are our reputation and credibility for high standards of ethics and integrity. We consider that adherence to these principles as well as compliance with applicable laws and regulations are “non-negotiable” and central to how we do business every day and in course of business. This corporate responsible commitment is evident in our core values, and we urge every Ex-pack employee to follow and act according to these principles.

Our commitments and conducts further endorsed by following awards;

- **BEST WORK PLACE IN ASIA** – Ex-pack was honored with the “**ONE OF THE BEST WORKPLACES IN ASIA**” in medium category in 2019, 2020, 2021 and 2023.
- **GREAT PLACE TO WORK – SRI LANKA** – The first corrugated manufacturer to be recognized as one of the “**TOP 25 BEST WORK PLACES IN SRI LANKA**” awarded in 2018, 2019, 2020, 2021 and 2023.

## 5.6 RISK MANAGEMENT

Risk management encompasses the identification, analysis, and response to risk factors that form part of the life of a business. Effective risk management means attempting to control, as much as possible, future outcomes by acting proactively rather than reactively. Therefore, effective risk management offers the potential to reduce both the possibility of a risk occurring and its potential impact.

For an organization risk may arise on following triggers, therefor it is very important to take measures in advance to address these triggers.

■ <b>Financial Risks</b>	Such as Cost of claims and liability judgments
■ <b>Operational Risks</b>	Such as Machine break down, labor strike
■ <b>Perimeter Risks</b>	Including weather and political change
■ <b>Strategic Risks</b>	Including management change or loss of reputation

### 5.6.1 Risk management processes



The Board determine the nature and extent of the principal risks it is willing to accept to achieve its strategic objectives. Risk are identified and evaluated and appropriate risk management strategies are implemented at each level of the in the organization.

#### Risk Identification

Risk identification is the process of documenting any risks that could impact Ex-pack from reaching its objective. It's the first step in the risk management process, which is designed to help, understand and plan for potential risks. Examples of risks include theft, business downturns, accidents, lawsuits or data breaches.

The approach for risk identification consists of the following

1. System Definition
2. Provision of information
3. Examination of known risks
4. Identification of new risks
5. Detailed Analysis

Risk identification allows businesses to prepare for potential harmful events and minimize their impact before they occur. It involves not just determining the possible risks, but also documenting and sharing them with stakeholders. Ex-pack Corrugated Cartons PLC use three main tools to identify risks, such as interviewing, document reviews and assumption analysis.

### **Risk Assessment and Evaluation**

Risk assessment allows us to understand the nature of risk, its characteristics and level. Because an event can have multiple causes and consequences and can affect multiple objectives, also risk assessment should involve a detailed consideration of uncertainties. Risk assessment can be undertaken with varying degrees of detail and complexity, depending on the purpose of the assessment, the availability and reliability of the information, and the resources available.

When it comes to risk assessment Ex-pack Corrugated Cartons PLC mainly focuses on below factors.

- The likelihood of events and consequences;
- The nature and magnitude of consequences;
- The effectiveness of existing controls;
- Sensitivity and confidence levels.

Risk evaluation involves comparing the results of the risk assessment with the established risk criteria to determine where additional action is required.

### **Risk Treatment**

A risk treatment is mandatorily a part of an effective risk management plan. This means how Ex-pack Corrugated Cartons PLC respond to the reported potential risks. It details on strategies on how to deal with the various risks - low or high, acceptable or unacceptable. Effective risk treatment relies on attaining commitment from key practice stakeholders and developing realistic objectives and timelines for implementation.

Risk treatment also known as risk control, is that part of the risk management where decisions are made about how to deal with risks either in the external or internal environment. Various options like risk reduction, risk avoidance, risk acceptance and risk transfer. For each risk identified in the risk assessment, Ex-pack Corrugated Cartons PLC detail the following:

Specify the treatment option agreed - avoid, reduce, share/transfer or accept.

Document the treatment plan - outline the approach to be

used to treat the risk. Any relationships or interdependencies with other risks should also be highlighted.

Assign an appropriate owner - who is accountable for monitoring and reporting on progress of the treatment plan implementation. Where the treatment plan owner and the risk owner are different, the risk owner has ultimate accountability for ensuring the agreed treatment plan is implemented.

Specify a target resolution date - where risk treatments have long lead times, consider the development of interim measures.

### **Risk Monitor and Review**

The overall purpose of regular monitoring and the risk review is to ensure relevance of risk management treatment as well as progress made in the treatment plan and if there is any need to modify the plan if there is a major change in both internal and external contexts around our intervention. Both the importance and urgency of each risk may change too. Therefore, it remains critically important to regularly review risks to detect new ones and to spot the changes in the risks and if there are any new emerging risks that need to be addressed.

### 5.6.2 Risk management and internal control

The board has overall responsibility for the Ex-pack Corrugated Cartons PLC system of risk management and internal control and for monitoring and reviewing its effectiveness.

In order to safeguard shareholder's investment and the company's assets. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can therefore only provide reasonable and not absolute assurance against material misstatement or loss. The board carries out review of the effectiveness of the company's risk management and internal control system continuously.

Ex-pack Corrugated Cartons PLC executive management team is responsible for implementing strategy and for the continued development of the operations within the parameters set down by the Board. Day to day management of the operation is devolved to operational management within the clearly defined authority limits and subject to timely reporting of financial performance. Management at all levels is responsible for internal control over the respective operations that have been delegated to them. As such the system of internal control throughout the Ex-pack Corrugated Cartons PLC operations ensures that the organization is capable of responding quickly to evolving operational and business risks and that significant internal control issues should they arise, are reported promptly to appropriate level of management.

The Board is responsible for determining the nature and the extent of the principal it is willing to accept to achieve its strategic objectives. Risk assessment and evaluation is an integral part of the management process. Risks are identified and evaluated and appropriate risk management strategies are implemented at each level. The key business risks are identified by the executive risk committee.

The audit committee and the board in conjunction with senior management review key business risks faced by Ex-pack Corrugated Cartons PLC and determine the appropriate course of action to manage these risks. The audit committee is responsible for reviewing the effectiveness of the system of internal control including risk management on behalf of the Board and the reports to the Board on all significant matters.

### 5.6.3 Risk register process

The risk register process is based upon Ex-pack's standardized approach to risk identification, assessment and review with clear focus on mitigating factors and assignment of responsibility to risk owners.

The risk registers incorporate risk profiling against Ex-pack's defined risk categories which include strategic, operational, environmental, legal, economic/political/market, technological and financial risks. Each individual risk identified is assessed based upon potential impact and likelihood occurrence criteria. New and emerging risks are added to the risk registers as they are identified and assessed accordingly.

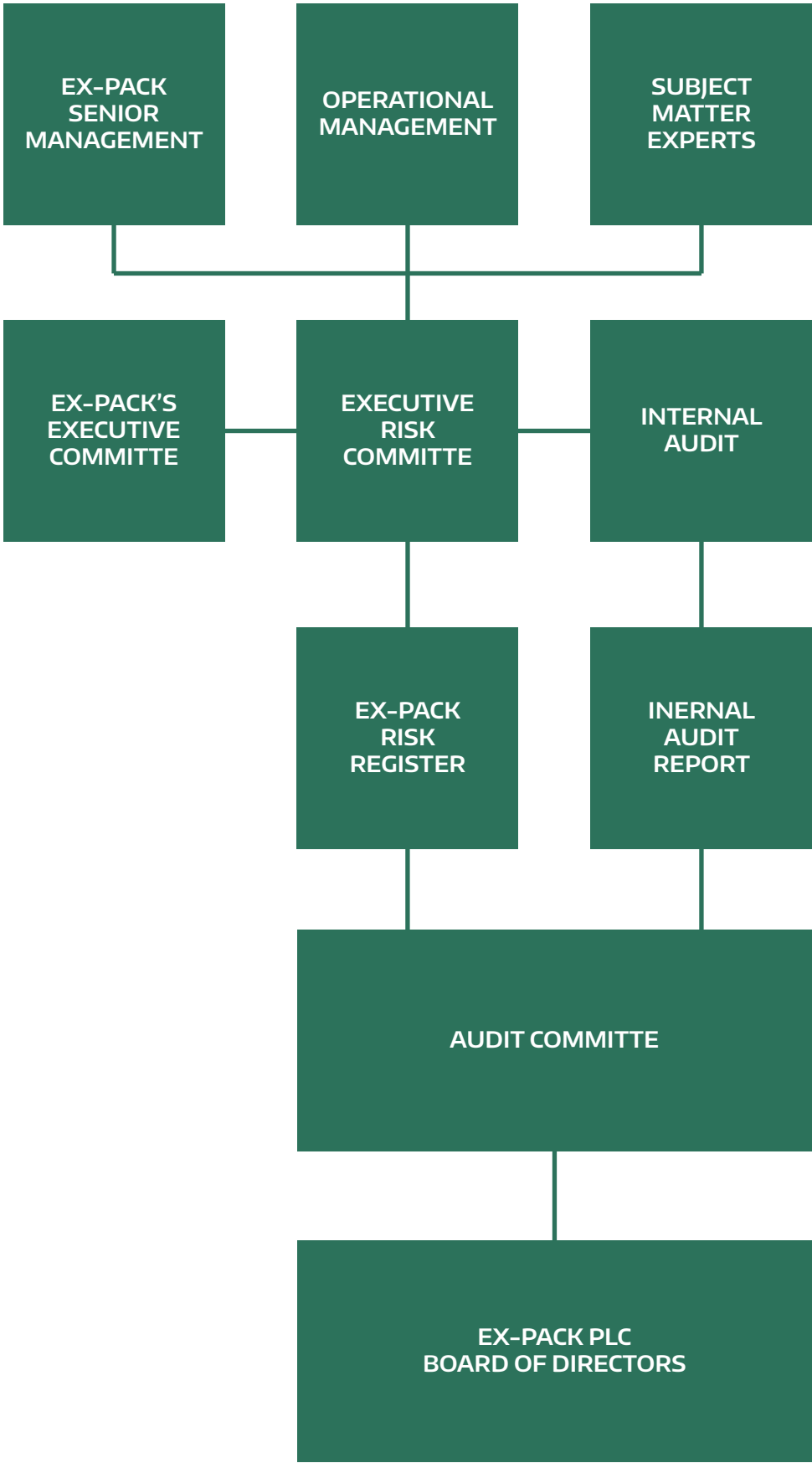
### 5.6.4 Risk management framework

The risk management framework is embedded within our organizational structure. Risk management is owned by the management at each reporting level and evaluated and reviewed on continued basis.

Our risk management framework comprises operational management, who have responsibility for identifying, managing and mitigating within their local operations on day to day basis. Divisional management who are responsible for oversight and monitoring, and the executive committee who are responsible for oversight together with the identification, with the clarification, management and mitigation of group level risks. Internal audit act as an independent assurance provider over certain principal risks.



Management and mitigation of group level risks. Internal audit act as an independent assurance provider over certain principal risks.



### 5.6.5 Ex-pack's defined risk categories

RISK DESCRIPTION	MITIGATION
<p>■ <b>Economic</b></p> <p>If the current economic situation further deteriorate, for an example as result of political event or uncertainty, trade tension and/or The pandemic (Ex-covid 19), it could lead to temporary shutdown the economic activities of the country and if shutdown continues for a length of time may adversely affect the Expack as a whole.</p>	<ul style="list-style-type: none"> <li>■ Ex-pack Corrugated Cartons PLC supplies approximately 80% its packaging to FMCG customers whose consumption volumes remain relatively stable though market downturns.</li> <li>■ Ex-pack Corrugated Cartons PLC customer base spread across South Asia, Middles East and African countries across multiple industries.</li> <li>■ Ex-pack Corrugated Cartons PLC could significantly curtail capital expenditure and take additional cost cutting measures within a relatively short period of time.</li> <li>■ Ex-pack Corrugated Cartons PLC has been deemed as one of essential business during a pandemic –(COVID 19) as our packaging serves many vital chains including pharmaceuticals and food products.</li> </ul>
<p>■ <b>Pricing</b></p> <p>The cyclical nature of packaging industry could result in overcapacity and consequently threaten the pricing structure.</p>	<ul style="list-style-type: none"> <li>■ Our differentiation programmes and innovative pulls ensure we are one of the forefronts of the industry in developing cost efficient solutions for our customer through high quality packaging, supply chain optimization and strong sustainability credentials. This service offering distinguishes the Ex-pack Corrugated Cartons PLC from other supplier in the industry.</li> <li>■ Our continues investment programmes in our operations ensure we remain competitive and can produce economic production which lead to competitive pricing.</li> </ul>
<p>■ <b>Business Interruption</b></p> <p>If operations at any of the facilities were interrupted for any significant length of time, it could adversely affect the Ex-pack's financial position and results of operation.</p>	<ul style="list-style-type: none"> <li>■ Ex-pack Corrugated Cartons PLC ensures that all facilities have adequate insurance to mitigate the impact of significant interruption.</li> <li>■ Operational contingency plans are in place in the event of plant damage or temporary shutdown.</li> <li>■ There is continues investment in rigorous programme of preventive maintenance for all key plants.</li> </ul>
<p>■ <b>Raw Materials and Other Input Costs</b></p> <p>Price fluctuation in energy and raw material costs could adversely affect the Ex-pack's manufacturing process</p>	<ul style="list-style-type: none"> <li>■ Ex-pack Corrugated Cartons PLC maintains a dedicated purchasing function which has responsibility for all input costs and ongoing cost reduction programmes.</li> <li>■ Maintains a strong supply arrangement for approximately 80% of its material requirements which provides it with security of supply for its primary raw material while maintain an optimal level of flexibility with respective pricing and Quantity.</li> <li>■ Continually invest in a range of cost reduction projects, primarily in the areas of energy and raw material efficiency that can deliver demonstrable economic returns.</li> </ul>
<p>■ <b>Exchange Rate</b></p> <p>Ex-pack is exposed to currency exchange rate fluctuations</p>	<ul style="list-style-type: none"> <li>■ Ex-pack Corrugated Cartons PLC ensures that short-term trading exposures are hedged and, where practical local operations are financed as much as possible local currency.</li> <li>■ Continuously monitor and manage its foreign currency exposures and constantly seeks opportunity to reduce these exposures.</li> </ul>

■ **Talent Management and the Workplace**

Challenge of attract, retain and develop suitable qualified employees as required for the business.

- Continuous development by our HR department of People Strategy to attract, engage, train, motivate and retain our people, including the transition to an agile hybrid workplace where to meet emerging talent expectation and to ensure talent competitiveness.
- Process is in place to identify and develop our high potential people, together with a continuous focus on leadership training and succession planning.
- Development of our existing competitive remuneration and recognition packages and review processes.

■ **Health and Safety**

Failure to maintain good health and safety and employee wellbeing practices may have an adverse effect on the business.

- Health and safety is a core consideration in all management reviews. The protection of the health and safety of the workforce is continual focus in an industry with a broad profile of hazards.
- Ex-pack Corrugated Cartons PLC has an established formal practice of investigating accidents and preparing safety bulletins which shared across the divisions.
- Ex-pack Corrugated Cartons PLC wide auditing process based current high-risk activities.
- Annual safety improvement planning

■ **Legislation and Regulation – Environmental**

Ex-pack is subject to a growing number of environmental laws and regulations, and the cost of compliance or the failure to comply with current and future laws and regulations may negatively affect the business.

- Ex-pack Corrugated Cartons PLC environmental policies ensure operational site has a manager who is responsible for environmental issues, including monitoring air, noise and water emissions and ensuring that the site is running within its permits.
- Our entire manufacturing process in under an EMS (Environmental Management System – ISO 14001).
- We continually invest in our operations to ensure compliance with environmental legislations.

■ **Cyber and Information Security**

Similar to other large companies, is susceptible to cyber attacks with the threat to confidentiality, integrity and availability of data in its systems.

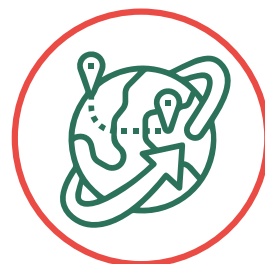
- Formally documented policies in relation to the information security including cyber security are in place.
- Ex-pack Corrugated Cartons PLC maintains to framework to ensure awareness at each level of the organization regarding the implementation of cyber security. This framework is regularly audited.
- Specific controls are in place to prevent and detect security issues relating to business critical systems.
- Defined business continuity and IT disaster recovery plans are in place and are frequently tested.
- Cyber security training for all employees.

## 5.6.6 Neptune Risk Categories



Steps have been taken to venture into new business segments related to recycling space to reduce dependence on the core business segment.

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New export markets being explored to reduce the dependency on the Indian market.

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USD assets and liabilities are matched to a greater extent to mitigate the risk of exchange fluctuation.

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Local customer segment has been further strengthened to reduce the risk of business dynamics in overseas markets.

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In-depth screening and monitoring of market information paper prices to mitigate the risk of price fluctuation.



Enhanced banking facilities to mitigate the loss of business opportunities





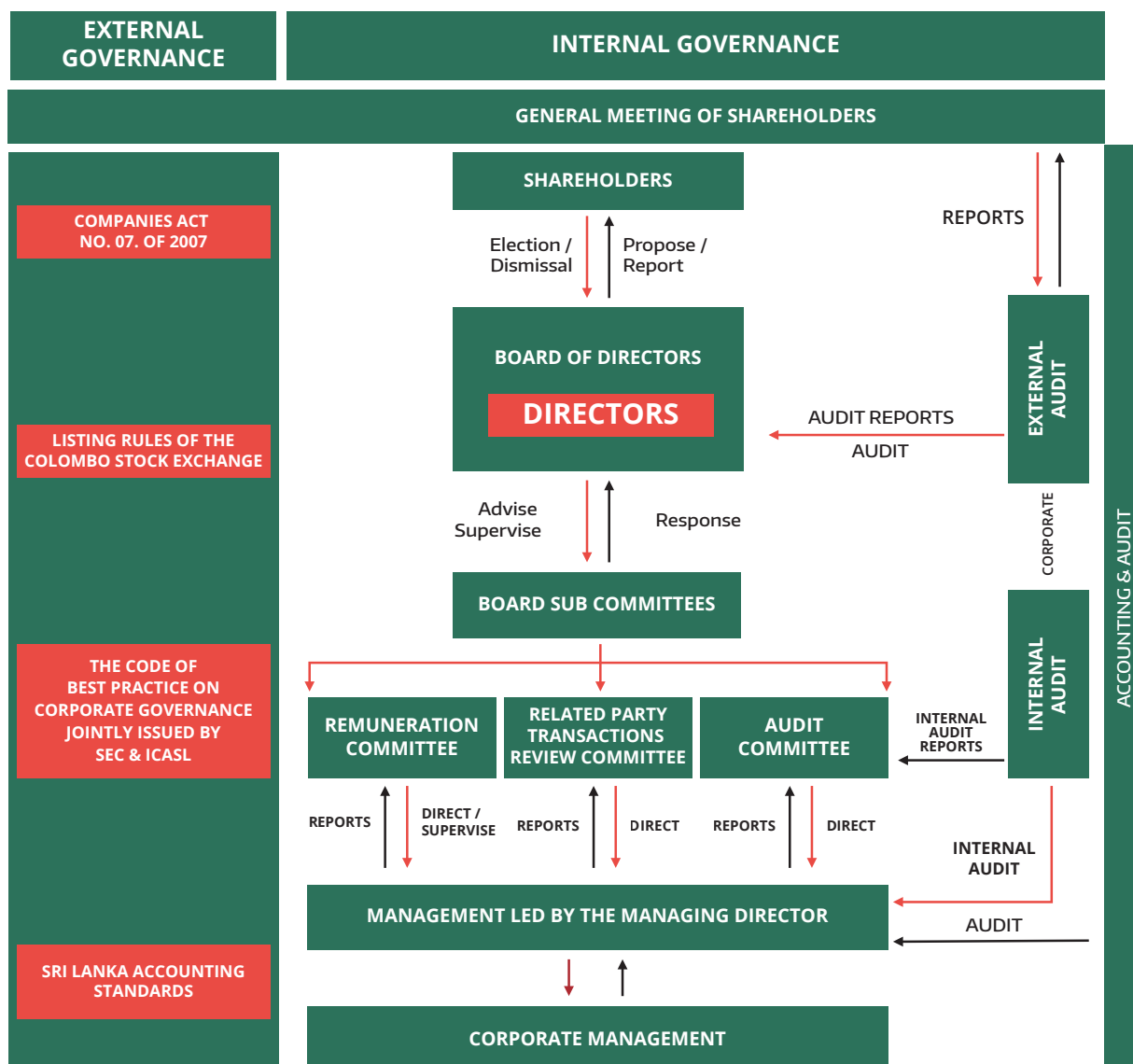
**“ ETHICS IN ACTION,  
GOVERNANCE IN  
PRACTICE:  
EMPOWERING  
SUSTAINABLE  
SUCCESS ”**

## 6. CORPORATE GOVERNANCE

### GOVERNANCE FRAMEWORK

Strong corporate governance facilitates effective management and monitoring of operations of an organisations and helps to ensure that Directors fulfil their responsibilities towards their stakeholders – including shareholders, customers, employees, and the community. The Board of Directors of Ex-pack has adopted guidelines that define fiduciary duties and expected standard of conduct. The Board has also adopted corporate governance guidelines that reflect the Board's current governance practices and the Board's commitment to ensuring its effectiveness.

The illustration below shows the formal corporate governance structure.



By implementing a robust corporate governance framework, Ex-pack has established a solid foundation for ethical decision-making, accountability, and sustainable long-term value creation which reinforces trust among stakeholders, enhances the company's reputation, and contributes to overall organizational success.

This section provides an in-depth exploration of the corporate governance framework, its constituent elements, and the best practices.





**SATTAR KASSIM**

Non-Executive  
Non-Independent Director/  
Chairman



**ZULFICAR GHOUSE**

Executive  
Non-Independent Director/  
Managing Director



**ABDULLAH KASSIM**

Executive  
Non-Independent  
Director



**SHAFIK KASSIM**

Non-Executive  
Non-Independent  
Director



**THULCI ALUWIHARE**

Non-Executive  
Independent  
Director

**DINESH DHARMADASA**

Non-Executive  
Independent  
Director

**SHEHARA DE SILVA**

Non-Executive  
Independent  
Director

**CHATHURANGA  
ABEYRATNE**

Non-Executive  
Non-Independent  
Director



## 6.1 BOARD OF DIRECTORS AND PROFILES

As at 28 August 2023, The Board comprised 8 Directors of whom 3 are Non-Executive Independent Directors, 3 Non-Executive Non-Independent Directors, and 2 Executive Non-Independent Directors.

NAME	DESIGNATION
SATTAR KASSIM	Non-Executive Non-Independent Director / Chairman
SHAFIK KASSIM	Non-Executive Non-Independent Director
ZULFICAR GHOUSE	Executive Non-Independent Director / Managing Director
ABDULLAH KASSIM	Executive Non-Independent Director
THULCI ALUWIHARE	Non-Executive Independent Director
DINESH DHARMADASA	Non-Executive Independent Director
SHEHARA DE SILVA	Non-Executive Independent Director
UDUWAGE DON WADEEPA CHATHURANGA ABEYRATNE	Non-Executive Non-Independent Director (Appointed W.E.F 2nd August 2023)

### SATTAR KASSIM

Non-Executive  
Non-Independent Director / Chairman

Mr. Sattar Kassim is a founding director of Expolanka Holdings PLC, which today is a global diversified conglomerate with interests in Logistics, Leisure, International Trade, and Technology. He is a Founder and Group Director of Aberdeen Holdings (Pvt) Ltd, yet another diversified conglomerate with a portfolio spanning across various industry sectors including Aviation, Commodities, Agriculture and Farming, Tea and Coffee, Pharmaceuticals, Packaging, Power and Energy, Recycling, Transport, Logistics, Courier and Supply Chain. The group also has strategic investments, including the country's pioneers in Oceanic Fish Farming, along with numerous international partnerships and ventures spanning over 30 countries.

Mr. Sattar Kassim is a Non-Executive Director of Vidullanka PLC and serves as the Chairman of the Board for many organizations namely Bio Extracts (Pvt) Ltd, the Largest Black Seed Extractor in South-East Asia; Roar Media (Pte) Ltd, a South Asian Multilingual Media Platform; Ruhunu Farms (Pvt) Ltd, a 15-acre state-of-the-art poultry farm; Globe Air (Pvt) Ltd, General Sales Agents (GSA) for Saudi Arabian Airlines' Cargo; HiEnergy Services (Pvt) Ltd, a leading solar energy service provider; Lanka Commodity Holdings (Pvt) Ltd, an end-to-end supply chain solution of importing and distribution of Agriculture Commodities

and owner of 'Expo Cement' brand of ordinary Portland cement; and Expo Commodities Global (Pvt) Ltd; a leading supply chain specialist for the spice industry.

He also holds directorships in Fits Aviation (Pvt) Ltd, Fits Retail (Private) Limited, Lanka Commodity Holdings (Pvt) Ltd, Expoceylon pharmaceuticals (Pvt) Ltd, Expoteas Ceylon (Pvt) Ltd, Lanka Commodity Trading (Pvt) Ltd, Aberdeen Produce (Pvt) Ltd, Colombo Realty (Pvt) Ltd, Classic Enterprises (Pvt) Ltd, Neptune Recyclers (Pvt) Ltd, Denshun Industries (Pvt) Ltd, Fairfax Holdings Pte. Ltd, Antler Foundry (Pvt) Ltd, Expo Commodities DMCC, Roar Advertising (Pvt) Ltd, and Expoasia Holdings (Pvt) Ltd among others.

### ZULFICAR GHOUSE

Executive  
Non-Independent Director / Managing Director

Mr. M. Zulficar Ghouse currently functions as the Managing Director of Ex-pack Corrugated Cartons Limited, a leading Corrugated Carton Manufacturer in Sri Lanka. He also serves as the Group Director of Aberdeen Holdings (Pvt) Ltd and as the Chairman of Amana Takaful PLC.

A Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants, trained at KPMG, Zulficar has over 32 years of extensive expertise in the Senior Management position in the private sector organisations, both local and overseas.

Zulficar held many directorships in his career spanning over 31 years. These include Country Manager EDS Philippines, and Managing Director of EDS Lanka (Pvt) Limited, subsidiaries of Royal Clicks Limited, a company listed on the Singapore Stock Exchange. Director/CEO of Colombo Land & Development Co Limited, a company listed in the Colombo Stock Exchange. Asiabike Industrial Limited, pioneers in bicycle manufacturing and exporting mainly to countries in the European Union. He also served as an Independent Director at Vidullanka PLC, a company listed in the Colombo Stock Exchange, from 2007 to January 2019, Muvumbe Hydro (Uganda) Limited, Norfolk Foods (Pvt) Ltd, Vidul Engineering (Pvt) Ltd, Gurugoda Hydro Pvt Limited, Muvumbe Hydro (Uganda) Limited & Lower Kotmale Oya Hydro (Pvt) Ltd.

Zulficar is a professional of wide interests and held several positions at the International Chamber of Commerce Sri Lanka Branch from 2002 to 2017, including Senior Vice President and Treasurer. He also held the post of Treasurer of the National Chamber of Exporters in 2016 & 2017. He served as a Founding Committee Member of the Philippines-Sri Lanka Business Council and the IT Faculty of the Institute of Chartered Accountants of Sri Lanka.

Also served the Institute as a member of the Strategic Management and Accounting Faculty and the Public Lectures Committee. He is an Industrial Specialist for the Annual Accounts Awards conducted by the Institute of Chartered Accountants of Sri Lanka in 2005 and 2007. Zulficar has given numerous lectures on Balanced Scorecard at the Postgraduate Institute of Management, Sri Jayewardenepura, IT Faculty of Colombo University, and the Chartered Institute of Management Accountants. In addition, he has been the nominee representative of the Institute of Chartered Accountants of Sri Lanka in the panel of Judges at the Sri Lankan Entrepreneur of the Year Award for 2003 and 2004 and the National Best Quality Software Awards organized by the British Computer Society from 2005 to 2014.

#### **ABDULLAH KASSIM**

**Executive  
Non-Independent Director**

Abdullah Kassim is a results-oriented professional with over 10 years of experience in senior management, specializing in Business Process Re-Engineering, Mergers & Acquisitions, Strategy, and General Management.

His portfolio spans over several industries, including Environmental Management, Sustainability, Financial Services & Insurance, among others.

Despite his young age, Abdullah made his mark on ExpoLanka Holdings as its Head of Business Development, aiding its transition from a privately held to public business. He was also instrumental in the revitalization of the Sri Lankan-based recycler Neptune Papers, which saw a complete turnaround upon his takeover.

Abdullah holds a First Class (Hons.) BBA from Staffordshire University, UK, and an M.Sc. in International Business & Management from Manchester Business School, University of Manchester, UK.

#### **SHAFIK KASSIM**

**Non-Executive  
Non-Independent Director**

Mr. Shafik Kassim is a widely renowned icon and pioneer in the domestic air travel industry. He presently serves as the Chairman of Fits Air (formerly Expo Air), the country's largest private airline operating scheduled passenger service within Sri Lanka as well as international cargo flights to several cities across countries in three continents.

Mr. Shafik Kassim is a founding director of Expolanka Holdings PLC, a global diversified conglomerate with interests in Logistics, Leisure, International Trade, and Technology. Today, the group's Logistics arm is a leader in global supply chain solutions with 60+ owned offices in 29 countries. He is a founding Director of Aberdeen Holdings (Pvt) Ltd, a privately held conglomerate formed by the Kassim family prior to Expolanka's travel and transport sector going public, with a growing portfolio spanning across various industry verticals including Aviation, Commodities, Agriculture, and Farming, Tea and Coffee, Pharmaceuticals, Packaging, Power and Energy, Recycling, Transport, Logistics, Courier and Supply Chain. The group also has strategic investments, including the country's pioneers in Oceanic Fish Farming, along with numerous international partnerships and ventures spanning over 30 countries.

He holds a degree in Commerce and is a licensed Pilot. He is well known for his strong business acumen and exceptional negotiation skills which helped transform the former Expolanka Holdings and currently Aberdeen Holdings to the pinnacle in their respective industrial sectors.

## THULCI ALUWIHARE

Non-Executive  
Independent Director

Thulci Aluwihare, is a reputed business strategist and financial advisor with International experience in corporate wealth creation through investment, divestiture, and capital raising, and restructuring with over 21 years of work experience in London, Melbourne, and Colombo. Thulci is the Assistant Managing Director of CHEC Port City Colombo (Pvt) Ltd, which is the Project Company undertaking the development of an extension to the Colombo CBD – the Colombo Port City. It is the largest Public Private Partnership in Sri Lanka to date with an initial investment of USD 1.4 billion. The total expected investment for development is in excess of USD 15 billion.

Thulci was a member of the Colombo International Financial Centre (CIFC) – Steering Committee Task Force and worked closely with the Government of Sri Lanka in setting up the first services-oriented Special Economic Zone in Port City. With the enactment of the Colombo Port City Economic Commission law, Thulci's primary role now is to promote investments and create a destination appeal for International businesses to set up in Port City.

He is currently serving as a Non – Executive Independent Director of Abans Finance PLC. He also serves as a member of the Investment Advisory Panel of a reputed Asset Management Company who manages two licensed Unit Trust Funds in Sri Lanka. Prior to joining CHEC Port City Colombo (Pvt) Ltd, Thulci was the Head of Mergers & Acquisitions at PwC, Sri Lanka, and the Maldives. He spent 14 years with PwC including at the PwC Melbourne office where he was involved in large cross-border MNC transactions.

Thulci was also selected to the Global PwC Panel of Trainers for Mergers & Acquisitions and successfully conducted training for Managers in the Advisory University Programs held in Copenhagen, Stockholm, Dublin, Rome, Warsaw, and Abu Dhabi. Thulci is an Economics graduate from the University of West London, UK, and holds an MSc in Financial Economics from the University of Colombo.

## DINESH DHARMADASA

Non-Executive  
Independent Director

Mr. Dinesh Dharmadasa a Fellow Member of the Institut of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accounts – UK, commenced his career as a finance professional at KPMG.

He subsequently joined Ceylon Tobacco Ltd Plc (CTC), a

subsidiary of British American Tobacco (BAT) in 1990 at the level of Finance Manager and rose to the position of Director – Legal and External Affairs in 2005. He completed his illustrious career at CTC in 2019.

As Director of Legal and External Affairs and also as a Senior Member of the Executive Committee/Company Secretary, Dinesh oversaw the areas of regulatory and legal affairs, trade and fiscal affairs, internal and external communications, CSR, and sustainable business initiatives.

Dinesh also served as the Chairman of the Industrial Association of Sri Lanka from 2016 to 2018. During his tenure, he developed strong links with stakeholders, public sector officials, multilateral agencies based in Sri Lanka, and local and overseas Chambers formulating strategies for a balanced and steady industrial growth. He also served as a board member of the Ceylon Chamber of Commerce during the periods 2012 – 2014 and 2016 to 2018 and also a Board Member of CIMA – Sri Lanka in 2016.

Since March 2023, Dinesh is functioning as non Executive Director of HNB General Insurance Company.

## SHEHARA DE SILVA

Non-Executive  
Independent Director

An international communication specialist and brand builder, Shehara De Silva has over 31 years of experience in media, marketing, strategic planning, advocacy and competitiveness consultancy in Malaysia, Sri Lanka and East Asian markets.

She has held senior-level posts in private, multinational, Government and development organizations with a focus on Public-Private Partnerships, strategic social responsibility, and Gender equality. She holds Non-Executive Board Directorships at Keells Foods PLC, Sarvodaya Development Finance, The Neelan Tiruchelvan Trust (NTT), Informatics Institute of Technology (IIT), Optima Design PVT. Ltd and Quickshaws (Pvt) Ltd. She has been previously on the board of the Arthur C. Clarke Centre for Science and Technology, Eagle Fund Management and Tharuna Aruna (Sri Lanka National Youth Employment Network). The Environment Foundation Limited, The Music Project, and the Threads of History Museum.

She has held several posts in her career, as the first woman to be appointed to such a position. These include Deputy Director General of the BOI (Board of Investment) and the first woman to head sales in Insurance as GM-Sales and Marketing Janashakthi Insurance. She has also helped manage the brand transformations of Singer in retailing, Janashakthi in Insurance, and NDB in banking. Shehara

spent over a decade in Malaysia where she headed strategy in several Omnicom-related companies of Foetus International Malaysia's leading diversified advertising and communication group. She was also Managing Director of Interbrand Malaysia, ranked No 1 Brand Consultancy under her watch.

Most recently, she was Deputy Program Director USAID/IESC Youlead program. She has also worked in the development sector with ILO, Internews, USAID, NORAD, GIZ, and Plan International. She co-authored two detailed studies on the competitiveness of family-owned businesses in Sri Lanka, (Hemas Group and CBL- Ceylon Biscuits Limited) used as MBA texts; a Pan- Government communication toolkit for Peace and reconciliation in Sri Lanka, and a 5-year National plan on Gender and disability.

She has sat on several advisory boards and think tanks, judged and mentored several start-ups and Innovation and Leadership awards from the Eisenhower fellowship and Ray awards to MIT global start-ups and the Roger Herschel Creativity Award, WIM NG Awards, GIZ Historical Dialogue Film Awards etc.

She has spoken extensively at international conferences on branding, strategy and gender issues and won several international marketing and women in leadership awards. "Women & Leadership: Top 50 Power Women" (Echelon Magazine), Woman Leader in Finance and Woman on Boards (Women in Management), World Women Super Achiever (World Women Leadership Congress), Brand Leadership (CMO Asia), and DDB Pinnacle Award amongst others.

## **U D W CHATHURANGA ABEYRATNE**

### **Non-Executive Non-Independent Director**

Mr. Chathuranga Abeyratne possesses over 15 years of experience in various multinational and public quoted companies in diverse industries, providing strategic and operational leadership to drive the transformational journeys of many organizations.

He served as the Group CFO at Aberdeen Holdings (Private) Limited while functioning as a Non independent, Executive Director of Neptune Papers (Pvt) Ltd from 2021 to 2023. He was the Group CFO of Bairaha Farms PLC from 2018 to 2021 and Hoodvian Ltd from 2012 to 2018.

Mr. Abeyratne is a Fellow Member of ACCA (UK) and an Associate Member of both CIMA (UK) and CA Sri Lanka. He is also a Certified Tax Advisor and holds an MBA from Cardiff Metropolitan University (UK) and a B.Sc from the University of Colombo, Faculty of Science.



## CORPORATE MANAGEMENT TEAM EX-PACK CORRUGATED CARTONS PLC



ZULFICAR GHOUSE  
Managing Director



MOHAMED RIYAZ  
Chief Executive Officer



DEEPAL PERERA  
Head of Sales



AZHAR SHERIFF  
Head of Human Resources  
and Compliance



AHAMED MURSHID  
Head of  
Process Improvement



ABDUL LATIFF AHAMED  
Head of Finance



SHARFAZ ABDEEN  
Head of  
Credit Management



JUMARDEEN DHARWESH  
Head of Factory Operations



MOHAMED SHAMIL  
Finance Manager &  
Compliance



SUDATH SERASUNDARA  
Senior Sales Manager



JERAD PERERA  
Production Manager



NISANKA WEERASEKARA  
Quality Assurance Manager

## 6.2 CORPORATE MANAGEMENT TEAM PROFILES OF EX-PACK CORRUGATED CARTONS PLC

### ZULFICAR GHOUSE

#### Managing Director

Zulficar joined the organization in 2009. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants. Having more than 28 years of rich experiences in senior management positions both internationally and locally in multinational & listed companies, Zulficar currently holds Directorships in Aberdeen Holding PLC, Vidullanka PLC, Muvambe Hydro (Uganda) Ltd, and several other companies. He has held the positions of Senior Vice President of the International Chamber of Commerce – Sri Lanka and served as a member of the Judging Panel for the Sri Lankan Entrepreneur in 2003 and 2004 and The Best Quality Software Award organized by the British Computer Society in 2004 – 2012. He had also been the Hon. Treasurer of the National Chamber of Exporters of Sri Lanka (NCE) for many years. Zulfi has also played a pivotal role and instrumental in transforming Expack Corrugated Cartons to be one of most respected entities in Sri Lanka. (The detailed profile is given under the Board of Directors).

### MOHAMED RIYAZ

#### Chief Executive Officer

Riyaz joined the organization in 2008 and counts over 26 years of Management Experience and exposure in the areas of Operations Management, Production, Sales & Marketing and Customer Service among varying industries in entities both Locally and Overseas. While serving as the Chief Executive Officer at Expack currently, he has also held the positions of President and Secretary of the Lanka Corrugated Cartons Manufacturers Association (LCCMA) the industry cartel, which is a member of the Asian Corrugated Case Association – Singapore. He also functions as the Hon. Treasurer of the Association of Packaging Consultants (APC) and for the Sri Lanka Institute of Packaging (SLIP). He serves as an Executive Committee member at the Asian Corrugated Case Association –

ACCA. Riyaz has been playing a significant role and contributing to Expack and to local corrugated packing industry through various representations of related associations locally and internationally.

### DEEPAL PERERA

#### Head of Sales

Deepal joined the organization in 2002 initially and then 2013. He is a member of the Chartered Institute of Marketing, (CIM, UK) possesses the Post Graduate Diploma in Marketing with “Chartered Marketer” status, and has also obtained his Master of Business Administration, (MBA) from American City University, USA. Deepal received his Doctor of Philosophy (PhD) in Management thesis based on “Entrepreneurship of Small & Medium sized Enterprises” from ICFAI University, India. He also gained more than 22 years of experience in blue chip and multinational corporations both local and overseas covering the whole gamut of strategic management functions of Sales & Marketing, Human Resource Management, Operations Management, and Administration. He is also a fellow member of the Chartered Professional Managers of Sri Lanka (CPM) and a member of the Sri Lanka Institute of Marketing (SLIM).

### AZHAR SHERIFF

#### Head of Human Resources and Compliance

Azhar joined Ex-Pack in 2007. He has obtained the degree of Master of Business Administration (MBA) from Cardiff Metropolitan University in the UK and is a Professional Member of the Association of Human Resources Professionals of Sri Lanka. He also holds memberships at the National Institute of Occupational Safety and Health and at the Chartered Institute of Professional Managers (CPM) . a HR Generalist with experience in administration and HR functions for

over 26 years, having served mostly for international companies based in Sri Lanka, Azhar currently heads the Human Resources, Learning and Development, Health and Safety, Social and Ethical Compliance, sustainability, and CSR activities of the Company. He was the past Secretary and Vice President – Membership of Expo Lanka Toastmasters Club.

### AHAMED MURSHID

#### Head of Process Improvements

Ahamed joined EX-Pack in the year 2000 in the field of sales & marketing. He is a practicing Six Sigma professional and specialist, subsequently promoted to manage key functions of production, industrial engineering, and operations management in the total manufacturing process. He was selected by PUM Netherlands (The PUM is Programma Uitzending Managers institution) to undergo extensive industrial training in corrugated packaging manufacturing factories in Netherland, France, and Belgium in productivity and process re-engineering. Ahamed, currently serving as the Head of Process Improvements and Innovations has over 19 years of experience and possesses sound knowledge in manufacturing practices and strategy development. Further he specializes in international industrial procurement & sourcing processes and strategies related to packaging while maintaining strong business networking with global manufacturers and supplier base.

### ABDUL LATIFF AHAMED

#### Head of Finance

Abdul Latiff joined the company in 2008. He is a Licentiate member of the Institute of Chartered Accountants of Sri Lanka (ICASL) & completed his internship and audit training at Price Waterhouse Coopers (PWC). Has

more than 20 years in the field of accounting and finance management in both local & overseas organizations. Latiff has spearheaded & was instrumental in organizing the accounting & finance functions to be more efficient and effective in its process where preparing periodical financial information, organized and presented promptly. He also acted effectively as a coordinator for the Holding Company during the implementation of Oracle ERP amongst line companies. Latiff is a result-oriented team player with strong inter personnel skills with all stakeholders in the business.

### **SHARFAZ ABDEEN**

#### **Head of Credit Management**

Sharfaz is one of few employees who has served the organization for over 25 years by now & ladder up from Customer Service Executive & today to be the Head of Credit Management of the company. He has played a significant role in setting up Expack Credit Management team with the guidance and directions from the Top Management & Board. A truly loyal and trustworthy member of the Expack Team who strives to be accomplishing the task assigned. Sharfaz has completed the Diploma in Credit Management from The Institute of Credit Management of Sri Lanka while he is also an associate member of the same Institution being professionally qualified. Currently he is reading for his Master of Business Administration Degree program (MBA) at University of Bedfordshire, UK. Further Sharfaz has attended several important workshops & training sessions both locally & overseas held in expanding his knowledge horizons.

### **JUMARDEEN DHARWESH**

#### **Head of Factory Operations**

Dharwesh joined the company in 2009. He counts over 22 years of diverse experience in the manage-

ment of manufacturing concerns in several companies in Sri Lanka and overseas. He was selected by PUM Netherlands (The PUM is Programma Uitzending Managers institution) to undergo extensive training in packaging manufacturing factories in the Netherlands, France, & Belgium in productivity & process re-engineering. He has also contributed quite significant manner to upgrade the current Expack manufacturing process & factory environment through his exposure to industrial engineering in different industries. An excellent communicator, motivator, & change agent. Dharwesh is currently heading the Manufacturing process, being head of the factory operations successfully. He has also attended many overseas workshops, training sessions & capacity building events to further & update his skills & knowledge in corrugated packaging technology & manufacturing.

### **MOHAMED SHAMIL**

#### **Finance Manager & Compliance**

Joined the company in 2014 & has been serving the company for over 9 years. An Associate Member of the Chartered Institute of Management Accountants of the United Kingdom (ACMA – the UK) & having obtained a MBA ( Master of Business Administration) from Cardiff Metropolitan University, UK. He completed his internship & audit training at Ernst & Young. He has more than 13 years' experience in the field of Finance.

### **SUDATH SERASUNDARA**

#### **Senior Sales Manager**

A veteran & champion corrugated packaging sales personnel having over 30 years of industry experience. Sudath has achieved a Diploma in Sales Management and has been with the Expack Sales Team for over 17 years now. He has a remarkable passion & commitment to B2B selling & has been a consistent achiever having been recognized as "Best

Sales Performer" for the last 10 continuous years. Sudath's client management & relationship building have always been excellent. Sudath has also been exemplary to his team utilizing his strong industry network to benefit selling process & with strong sense of perseverance.

### **JERAD PERERA**

#### **Production Manager**

Corrugated packaging production specialist having been in the industry for over 35 years. Technical personnel with impressive track records having exposure to the whole gamut of production & operations processes in corrugated packaging currently serving as the Production Manager. His contributions have been remarkable to recent operational improvements at Expack. His vast corrugated packaging knowledge and innovative approach has well supported the Expack sales team to penetrate niche marketings in the packaging industry. Jerad also displays a strong sense of customer orientation in his work though being a production specialist.

### **NISANKA WEERASEKARA**

#### **Quality Assurance Manager**

Nisanka initially commenced as a production specialist and turned into a Quality Assurance professional. Joined Expack in the year 2007 and served for the last 13 years with dedication and commitment in the capacity of Quality Assurance Manager. He has undergone extensive in-house and external training in Quality Assurance and technical aspects and being knowledgeable in his expertise. Nisanka works effectively and quite successfully along with the Production team to create a formidable Product Development Team to extend remarkable support to the Sales & Marketing team to penetrate new markets. He also possesses a sharp flair towards customer care and service.



## CORPORATE MANAGEMENT TEAM PROFILES OF NEPTUNE PAPERS (PVT) LIMITED



**ABDULLAH KASSIM**  
Managing Director



**RIZAN JAUFFER**  
Executive Director



**FAZLEEN MAJEED**  
Chief Executive Officer

### 6.3 CORPORATE MANAGEMENT TEAM PROFILES OF NEPTUNE PAPERS (PVT) LIMITED

#### **ABDULLAH KASSIM**

##### **Executive Non-Independent Director**

Abdullah Kassim is a results-oriented professional with over 11 years of experience in senior management, specializing in Business Process Re-Engineering, Mergers & Acquisitions, Strategy, and General Management.

His portfolio spans over several industries, including Environmental Management, Sustainability, Financial Services & Insurance, among others. Despite his young age, Abdullah made his mark on ExpoLanka Holdings as its Head of Business Development, aiding its transition from a privately held to public business. He was also instrumental in the revitalization of the Sri Lankan-based recycler Neptune Papers, which saw a complete turnaround upon his takeover.

Abdullah holds a First Class (Hons.) BBA from Staffordshire University, UK, and an M.Sc. in International Business & Management from Manchester Business School, University of Manchester, UK.

#### **RIZAN JAUFFER**

##### **Executive Director**

Rizan Jauffer is a seasoned business professional equipped with experience of over one and half decades in the Paper Industry and he is considered as a pioneer and a forerunner in the Waste Management Industry in Sri Lanka with significant contributions to the industry over the years. He joined the group in 2005 as the Manager - of Commercial and Finance. Rizan holds a BBA in Business Administration from the University of Colombo and Associate Member of Certified Management Accountants Australia.

#### **FAZLEEN MAJEED**

##### **Chief Executive Officer**

Fazleen Majeed joined the Group in 2003 and has gained diverse exposure in the Holding Company's Group Finance Division by spearheading wide-ranging Group Finance-related activities including Group Restructure, Financial Policy Development, and Group Financial Reporting. Qualified in the fields of Business Administration, Finance, Marketing, and Human Resources Management, Fazleen's experience and contribution gained momentum at Neptune Papers where he showcased smart operational, people management, change management, and leadership skills. He has played a pivotal role in the company's cultural transformation, strategy implementation, and sustainable growth.

## 6.4 ANNUAL CORPORATE GOVERNANCE REPORT

Ex-Pack ensures the adoption of the highest standards of Corporate Governance requirements recommended by the Code of Best Practices on Corporate Governance compiled by the Securities and Exchange Commission of Sri Lanka in collaboration with the Institute of Chartered Accountants of Sri Lanka and the principles of corporate governance set out in the Code on Corporate Governance.

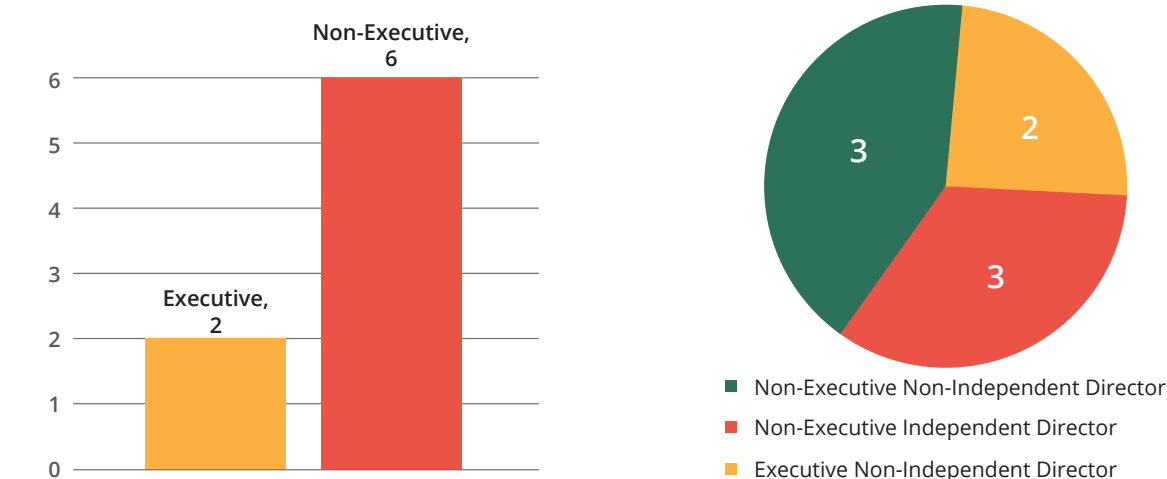
The Board of Directors is fully responsible to its shareholders and statutory bodies and all other stakeholders of the Company to ensure that the Company is growing sustainably while creating a strong Corporate Governance environment and a framework to ensure investor protection and confidence. Hence, the Board of Directors provides strategic direction to the management to develop short-term, medium-term, and long-term corporate business strategies, while providing the necessary guidance on each element of business operations to ensure the sustainable development of the Company, thereby ensuring investor protection, confidence, and the best interest of other stakeholders.

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the company and its shareholders.

Members of the Board collectively and individually recognise their duty to comply with the legal and regulatory provisions applicable to the Company and the Board ensures that procedures and processes are in place to ensure that the Company and its subsidiaries comply with all applicable legal and regulatory provisions respectively.

### 6.4.1 Board Composition

The Board of Directors during the year 2023 comprised of 7 Directors out of which 5 were non-executive directors a majority of whom are independent. Mr. Chathuranga Abeyratne who was an Alternate Director to Mr. Shafik Kassim was appointed to the board as Non - Executive Non-Independent Director with effect from 2nd August 2023. Mr. Chathuranga Abeyratne ceased to be an Alternative Director to Mr. Shafik Kassim with effect from 2nd August 2023. The names and profiles of the Directors are given in pages 51 to 54 of this annual report. They possess the skill, experience, and knowledge, to set the directions and oversee the operations of the company. The Board has determined that the 3 Independent Non-Executive Directors, satisfy the criteria for Independence set out in the Listing Rules, and annually each Non-Executive Director declares her/his independence/non-independence compliance with the relevant statutory regulations.





## 6.4.2 Independence

Accordance with the CSE Listing Rules and Independent Non-Executive Directors have submitted declarations of their independence up on appointments and during the year as required.

The Independence of all its Non-executive directors were reviewed on the basis of criteria given by the CSE Listing Rules 7.10.4 as follows;

Non-executive director shall not be considered independent if he / she,

- a) Has been employed by the Listed Entity during the period of two years immediately preceding appointment as director;  
Currently has/had during the period of two (2) years immediately preceding appointment as a director, a Material Business Relationship with the Listed Entity, whether directly or indirectly;
- b) Relationship with the Listed Entity, whether directly or indirectly;
- c) Has a Close Family Member who is a director, Chief Executive Officer (and/or an equivalent position) in the Listed Entity;
- d) has a 10% Shareholding in the Listed Entity;
- e) Has served on the board of the Listed Entity continuously for a period exceeding nine (9) years from the date of the first appointment; provided however, if such director is re-appointed after a period of two (2) years from the date of completion of the preceding nine (9) year period,
- f) Is employed in another company or business,
  - i) In which a majority of the other directors of the Listed Entity are employed or are directors; or
  - ii) In which a majority of the other directors of the Listed Entity have a 10% Shareholding or Material Business Relationship; or
  - iii) That has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection;
- g) Is a director of another company,
  - i) In which a majority of the other directors of the Listed Entity are employed or are directors; or
  - ii) That has a Business Connection in the Listed Entity or a Significant Shareholding;
- h) Has a Material Business Relationship (income or non-cash benefits equivalent to 20% of the director's income) or a Significant Shareholding in another company or business,
  - i) In which a majority of the other directors of the Listed Entity are employed or are directors; and/or
  - ii) Which has a Business Connection (transaction value equivalent to 10% of the turnover) with the Listed Entity or 10% Shareholding in the same.

No Non-Executive Independent Director has a conflict of interest as per the criteria for independence outlined above.

## 6.4.3 Responsibilities of the Board

The core responsibility of the Directors is to exercise their judgment to act in what they reasonably believe to be the best interest of the Company and for the creation of long-term value and return for shareholders. Further, the Board seeks independent professional advice when deemed necessary. The Board is responsible for the achievement of the Group's overall performance objectives, accurate and efficient financial plans, annual budgets, major investments, divestment, evaluation, and assessment of funding proposals, risk management, and ensuring corporate governance practices are adhered to.

To ensure the efficiency and effectiveness of the delegation of responsibilities and to provide independent oversight of Management, the Board has established a number of Board Sub Committees, including the Audit Committee, the Remuneration Committee, and the Related Party Transactions Committee. These committees are primarily consisting of Non-Executive Directors. The respective roles and responsibilities of each Board Sub-Committees are included in this report.

#### **6.4.4 The Chairman and Chief Executive Officer**

There is a clear demarcation of the responsibilities between our Chairman and our Chief Executive Officer. The functions performed by each are distinct and separated, ensuring the balance of power and authority within the organization that no person has unfettered powers of decision-making implementation.

#### **6.4.5 The role of Chairman**

The Chairman is responsible for leading the Board and focusing it on strategic matters, overseeing the company's business, and setting effective and efficient governance standards. He plays a pivotal role in fostering the effectiveness of the Board and individual Directors, both inside and outside the board room.

Despite the chairman's non-independent position, Ex-pack remain committed to upholding the highest standards of corporate governance. Ex-pack's governance practices, including regular board evaluations, independent committee structures, and transparent reporting, are designed to foster integrity, ethical conduct, and responsible decision-making. The Chairman meets with the Independent Non-Executive Directors as and when necessary.

#### **6.4.6 The role of Chief Executive Officer**

The managing director executes the role of Chief Executive Officer at Ex-Pack where he directs and oversees the business's overall strategic direction by developing effective and competitive business strategies. Also, Managing Director reports to the Chairman and the Board and is responsible for leading the day-to-day operation of the company within the authority delegated by the Board.

#### **6.4.7 Financial Acumen**

The Board of Ex-pack consists of professionals as well as entrepreneurs who have many years of experience in the corporate world. Their proficiency in the diverse areas of business, academic and/or entrepreneurial financial skills, business acumen, broad practical wisdom, and unique perspectives enable the efficient and effective decision-making and leadership of the Group.

#### **6.4.8 The Board Balance**

Coming from diverse business and professional backgrounds, the non-executive directors (including independent non-executive directors) of the Company have shared their valuable experiences with the Board for promoting the best interests of the Company and its shareholders. The non-executive directors have actively participated in the board committees of the Company, and they have made significant contributions to their skills and expertise to these committees. The composition of the Executive and Non-Executive Directors in the Board satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange.

#### **6.4.9 Board Meetings**

The Board meets regularly at least 04 times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate. In addition to these Pre-Board meetings, the Board of Directors communicates, as appropriate, when issues of strategic importance requiring extensive discussions arise. During the year under review, 04 Board meetings were held. All meetings were presided over by the Chairman.

The attendance of individual Directors at Board meetings during the year is set out in the table below,

Dates of the Meetings						
	Attendance	31/05/2022	01/08/2022	03/11/2022	01/02/2023	%
<b>Executive Non-Independent Director</b>						
Mohamed Zulficar Mohamed Ghouse	4/4	✓	✓	✓	✓	100%
Abdullah Osman Kassim	4/4	✓	✓	✓	✓	100%
<b>Non-Executive Non-Independent Director</b>						
Sattar Kassim	4/4	✓	✓	✓	✓	100%
Shafik Kassim*	2/4	✗	✗	✓	✓	50%
<b>Non-Executive Independent Director</b>						
Ukwatte Kankanamage Dinesh Dharmadasa	4/4	✓	✓	✓	✓	100%
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	3/4	✓	✓	✓	✗	75%
Shehara De Silva	4/4	✓	✓	✓	✓	100%

✓ Present    ✗ Excused

\*Includes 02 meetings attended by alternate director U. D. W. Chathuranga Abeyratne

#### 6.4.10 Board Sub Committees

The Board delegates its powers and authorities from time to time to committees in order to ensure the operational efficiency and specific issues are being handled with relevant expertise. Three board committees have been established and each of them has its specific duties and authorities set out in its own terms of reference.

##### a. Audit Committee

The Audit Committee consists of Non-Executive and Independent Directors.

The role of the Committee is to review the accounting principles, policies, and practices adopted in the preparation of financial information. The Committee is responsible for the consideration and the appointment of the external auditors. Further, the Committee supports the Board in discharging their responsibilities in areas such as overseeing internal controls, business risk, and statutory compliances.

The Audit Committee report including the subjects reviewed during the

financial year 2022/23 is reported in detail on pages 65 to 68.

##### b. Remuneration Committee

The Remuneration Committee consists of two Independent Non-Executive Directors and a Non-Executive Director. The role of the Committee is to determine the remuneration policy for the Chief Executive Officer and the Senior Managers and to ensure that the statutory and legal requirements pertaining to the remuneration are complied with. The Remuneration Committee report and the subjects reviewed during the financial year are presented in pages 69 to 70.

##### c. Related Party Transactions Review Committee

The Related Party Transactions Review Committee consists of Non-Executive and Independent Directors. The objective of the Committee is to exercise oversight on behalf of the Board, that all

Related Party Transactions are taken note of and dealt with in a manner consistent with the code of listing rules.

The Related Party Transactions Review Committee report and the subjects reviewed during the financial year are presented in pages 71 to 72 All related party transactions as defined by the applicable accounting standards are disclosed on note 26 & 27 of the Financial Statements on pages 153 to 157 of this Annual Report.

#### 6.4.11 Access to Independent Professional Advice

The Directors obtains independent professional advice whenever required to assist in discharging their duties.

#### 6.4.12 Company Secretary

All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures

are followed, and that applicable rules and regulations are complied with. Any question of the removal of the Company Secretary should be a matter of to the Board as a whole.

#### **6.4.13 Independent Judgement of The Directors**

The Independent Directors remain independent from day-to-day management and are free from any business and/or other relationship which may hinder their exercise of unbiased judgment. This enables them to act critically and independently in the best interest of the Company.

#### **6.4.14 Dedication of Adequate Time & Effort**

Adequate time is devoted at every meeting to ensure that the Board's responsibilities are discharged satisfactorily.

#### **6.4.15 Training for the Directors**

The policy on Directors' training is to provide adequate opportunities for continuous development subject to requirements and relevance for each Director.

#### **6.4.16 Supply of Information**

The notices of Board Meetings are provided along with the agenda well ahead of the scheduled meeting. The Board Papers are circulated among the Directors ahead of the meeting providing adequate time to review and call for any additional information and clarification to assist them to formulate independent views.

#### **6.4.17 Availability of a Nomination Committee**

The Company has not formed a specific Nomination Committee. However, the performance of the Board and its composition are being evaluated annually.

#### **6.4.18 Appointments to the Board**

The Company has a formal and transparent procedure for the appointment of new Directors to the Board. Mr. U D W Chathuranga Abeyratne Appointed as a Non-Executive Non-Independent Director W.E.F from 2nd August 2023.

#### **6.4.19 Re-Election of Directors**

- To re-elect as a Director, Mrs. Shehara De Silva who retires by rotation in terms of Article 78 of the Article of Association of the Company and being eligible, offers herself for re-election as a Director.
- To re-elect as a Director, Mr. U K D Dharmadasa who retires by rotation in terms of Article 78 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director.
- To re-elect as a Director, Mr. Uduwage Don Wadeepa Chathuranga Abeyratne who was appointed subsequent to the last Annual General Meeting as a Director of the company in terms of Article 85 of the Articles of Association of the Company.

#### **6.4.20 Appraisal of Board Performance**

The performance of the Board, its sub-committees, and individual Directors are being evaluated annually.



#### **6.4.21 Disclosure of Information in Respect of Directors**

The names of the Directors and their profiles are disclosed on page 51 to 54 of this Annual Report. Directors' interests in contracts are indicated in Note 26 & 27 of the Financial Statements on pages 153 to 157 of this Annual Report.

#### **6.4.22 Appraisal of Chief Executive Officer**

The performance of the Chief Executive Officer is evaluated annually.

#### **6.4.23 Constructive Use of Annual General Meeting**

We ensure that all proxy votes are counted, and the quantum of proxies lodged on each resolution is conveyed to the chairman. A separate resolution is proposed at an Annual General Meeting on each substantially separate issue. At the Annual General Meeting, the respective Chairman of the Remuneration Committee and Audit Committee are present to provide any clarification to shareholders as necessary. The notice and the agenda for the Annual General Meeting together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days notice prior to the date of the Annual General Meeting.

#### **6.4.24 Communication with Shareholders**

All shareholders are invited and encouraged to be present, actively participate and vote at the Annual General Meeting. The Annual General Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company. The external Auditors are invited to attend the Annual General Meeting, for any professional assistance that may be requested. Shareholders who are not in the position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their own choice.

#### **6.4.25 Major Transactions**

There were no major transactions during the financial year that materially altered our Company's net asset base.

#### **6.4.26 Directors' Interest in Contracts with the company**

Related party disclosures as per the Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures" is disclosed in Note 26 & 27 to the Financial Statements on pages 153 to 157 of this Annual Report. In addition, the Company carries out transactions in the ordinary course of business on an arm's length basis with entities where the Chairman or a Director of the Bank is the Chairman or a Director of such entities.

#### **6.4.27 Financial Reporting**

The Board's responsibility to present the Financial Statements accepted in the Statement of Directors' Responsibility shown on page 73. The report of the directors on the state of affairs of the Company is given on this Annual Report on pages 100 to 102. The Auditor's Report on the Financial Statements for the year ended 31st March 2023 is presented on pages 104 to 107 of this Annual Report. The management discussion and analysis of the company are covered from Chairman's Review on pages 09 of this Annual Report. The Board is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

#### **6.4.28 Code of Business Conduct & Ethics**

The Company has developed and institutionalized a strong set of corporate values and code of conduct that is circulated to Directors and all employees. The Board ensures that Directors and employees strictly comply with the code of Business Conduct and Ethics at all levels in the performance of their official duties, communications, role modeling, and in any other circumstances, so as to prevent the tarnishing of our Company's image in any manner. The violation of the code of ethics is an offense that is subject to disciplinary action.

#### **6.4.29 Material Issues pertaining to Employees & Industrial Relations of the Entity**

There are no material issues reported pertaining to employees and industrial relations of the entity during the financial year ended 31st March 2023. There is no employee labour union within the company.

#### **6.4.30 Internal Controls**

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board's policy is to have systems in place which optimize the Company's ability to manage risk in an effective and appropriate manner. The Board has delegated to the Audit Committee responsible for identifying, evaluating, and monitoring the risks facing the Company and for deciding how these are to be managed. In addition to an internal audit carried out by an external professional body, members of the Audit Committee are expected to report to the Board as necessary the occurrence of any material control issues, serious incidents, or events that have had a major commercial impact, or any significant new risks which have been identified.

### 6.4.31 Disclosures to the Public, SEC and CSE

The Board of Directors, in conjunction with the Audit Committee where applicable, is responsible for ensuring the accuracy and timeliness of published information. The quarterly financial statements along with the explanatory notes are disclosed and published to all company's stakeholders by the Company in accordance with the SLAS, Listing Rules of the Colombo Stock Exchange, and Securities and Exchange Commission of Sri Lanka.

Furthermore, any other material and financial and non-financial information which are price sensitive information about the Company is promptly communicated to the CSE, and such information is also released to all stakeholders including employees, shareholders and regulatory authorities, and the press.

## 6.5 BOARD COMMITTEE REPORTS

### 6.5.1 Report of the Board Audit Committee

I am pleased to present the report of the Audit Committee for the financial year ended 31st March 2023. During the year under review, the committee has successfully reviewed and reported to the Board on its functions in order to ensure accurate and timely disclosure and transparency, integrity, and quality of financial reporting. Further, the Audit Committee also assesses the effectiveness of the risk review process and systems of internal control on a regular basis and this report describes its key functions and performance during the year ended 31st March 2023.

#### ■ Composition of the Committee

During the year under review, the Board Audit Committee is comprised of the following members. Profiles of the members as at 31st March 2023 are given on pages 51 to 54.

NAME OF THE DIRECTOR	DESIGNATION	COMMITTEE DESIGNATION
Ukwatte Kankanamage Dinesh Dharmadasa	Non- Executive Independent Director	Chairman
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamillage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	Non- Executive Independent Director	Member
Shehara De Silva	Non- Executive Independent Director	Member

Regular attendees by invitation

NAME	DESIGNATION
Mr. Zulficar Ghouse	Managing Director
Mr. Mohamed Riyaz	Chief Executive Officer
Mr. Abdul Latiff Ahamed	Head of Finance
Mr. Mohamed Shamil	Finance Manager & Compliance

## ■ Secretary of the Committee

The Assistant Manager – Corporate Secretarial and Compliance of the Group is served as the Secretary of the Committee.

## ■ Meetings

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment and at least quarterly each year.

During the year under review, there were four (04) meetings, and the attendance of the Committee members are given below;

Dates of the Meetings						
Name of the Director	Attendance	30/05/2022	29/07/2022	01/02/2023	28/03/2023	%
Ukwatte Kankanamage Dinesh Dharmadasa	4/4	✓	✓	✓	✓	100%
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	3/4	✗	✓	✓	✓	75%
Shehara De Silva	4/4	✓	✓	✓	✓	100%

✓ Present      ✗ Excused

## Role of the Audit Committee

The primary purpose of a company's audit committee is to provide oversight of the financial reporting process, the audit process, the company's mechanism of internal controls, identification of risk and measurements and compliance with laws and regulations. Hence the responsibilities of the committee are

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

## Activities of the Committee

Overseeing the preparation, presentation, and adequacy of disclosures in the financial statements of the company in accordance with Sri Lanka Accounting Standards.

- Overseeing the company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting-related regulations.
- 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.
- Assess the independence and performance of the external auditors.
- To propose 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.

## Compliance with Rules and Regulations

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

### ■ Financial Reporting

- The Committee has reviewed and deliberated the Interim and Annual Financial Statements of the Company prior to publication and has recommended the same to the Board for approval and publication.
- Review of the preparation of the Annual report to ensure the reliability of the process, consistency of the accounting policies and methods, and compliance with Sri Lanka Accounting Standards.

## External Audit / Independent Auditors

The Committee has reviewed the services provided by the External Auditors to the Company to ensure their independence as Auditors has not been compromised. As far as the Directors are aware, the Auditors don't have any relationship (other than that of an Auditor) with the Company other than disclosed above. The Auditors also do not have any interest in the Company. For the said reasons the Committee determined that the Auditors are Independent.

The performance of the External Auditors has been evaluated and the Audit Committee has recommended to the Board of Directors that Ernst & Young, Chartered Accountants be re-appointed as Auditors for the financial years ending 31st March 2023 at a remuneration to be determined by the Board, subject to the approval of the Shareholders at the Annual General Meeting.

## Internal Audit function

The company is planning to enhance Organizational Governance and Risk Management through Internal Audit.

## Identification of Risks and Control Measures:

Formal confirmations and assurances were obtained from the senior management of Group companies on a quarterly basis regarding the efficacy and status of the internal control systems and risk management systems and compliance with applicable laws and regulations. The committee discussed and reviews remedial measures taken to manage risks that have been identified by the management.

## Mechanism of Internal Controls:

The Committee is satisfied that the control environment prevailing in the Company provides reasonable but not absolute assurance that the financial position of the Company is adequately monitored and that the systems are in place to minimize the impact of identifiable risks.

The Committee also monitors the timely payments of all statutory obligations.

The Committee also monitors the effectiveness of the internal and financial control procedures on the basis of the reports and findings submitted by the Internal and External Auditors of the Company.



## Conclusion

The Committee reviewed the adequacy of the Internal Audit coverage for the Company and the Internal Audit Plans during the year ended 31st March 2023. The Internal Audit function of the Company is outsourced to KPMG and Reports of the Internal Auditors on the operations of the Company were also reviewed by the Committee. Follow-up action taken on the recommendations of the Internal Auditors and any other significant follow-up matters were documented and presented to the Committee on a quarterly basis.

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit. Also, the External Auditors' final management reports on the audit of the Company and group financial statements for the year were discussed with management and the auditors.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors. Further, the Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest.

The performance of the External Auditors has been evaluated with the aid of a formal assessment process with input provided by the senior management of the Company and the Committee has recommended to the Board that Ernst & Young be reappointed as the Auditor of the company for the financial year ending 31 March 2023, subject to approval by the shareholders at the Annual General Meeting.

[SIGNED]

**Dinesh Dharmadasa**

Chairman of the Audit Committee

28 August 2023

**Colombo**

## 6.5.2 Report of the Board Remuneration Committee

I am pleased to present the report of the Remuneration Committee which describes its key functions and performance during the year ended 31st March 2023.

### ■ The Composition of the Committee

The Remuneration Committee comprises of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director.

Name of the Director	Designation	Committee Designation
Sattar Kassim	Non-Executive Non-Independent Director	Chairman
Ukwatte Kankanamage Dinesh Dharmadasa	Non-Executive Independent Director	Member
Shehara De Silva	Non-Executive Independent Director	Member

Sattar Kassim served as the Chairman of the Remuneration Committee while The Assistant Manager – Corporate Secretarial and Compliance of the Group are the Secretary of the Committee functioned as the Secretary to the Remuneration Committee except when own evaluation and remuneration was under discussion. The accountant assisted the Committee by providing the relevant information for their decision within the terms of reference approved by the Board.

### ■ Role of the Committee

The Remuneration Committee is responsible for recommending remuneration payable to Executive Directors, Non-executive Directors, and Key managerial personnel including the Chief Executive Officer based on performance parameters. Also, the Committee is responsible for the remuneration structure of the employees of the Company. Responsibilities of the Committee include a review of and recommendation to the Board on;

- Remuneration policy and framework
- Senior executive's remuneration and incentives schemes.

### ■ Meeting Attendance

The attendance of the Committee members of the Remuneration Committee during the year under review is tabulated below;

Dates of the Meetings			
Name of the Director	Attendance	31/05/2022	%
Sattar Kassim	1/1	✓	100%
Ukwatte Kankanamage Dinesh Dharmadasa	1/1	✓	100%
Shehara De Silva	1/1	✓	100%

✓ Present      ✗ Excused

The Managing Director attended meetings by invitation.

## ■ Remuneration Policy

The Remuneration Committee works closely with the Board of Ex-pack and is responsible for recommending remuneration policies to the members of the Board. In terms of the Articles of Association of the Company, remuneration of the Directors must be a sum the Board determines as being fair and reasonable to the Company. The Committee ensures transparency and fairness in remuneration policy, as no Director can decide their remuneration as transparency and fairness are ensured and the policy framework set out by the Company's Human Resources and Finance teams are regularly reviewed. Furthermore, compensation payments to any Executive Directors or members of Senior Management are followed through accordingly to the legal context of the country. The recommendations of the Committee are implemented with the approval of the Board of Directors.

## ■ Procedure

The Committee is fulfilling the above tasks by reviewing the information relating to the retirement and remuneration of employees. Extension of services not exceeding one year is considered on a case-by-case basis over the retirement age of 55 years. The Remuneration packages are decided on par with market rates and practices and are similar to other establishments. The Committee determines the revision/increments based on performance and makes recommendations to the Board of Directors and upon consideration of such recommendations the Board makes the final determination.

[SIGNED]

**Sattar Kassim**

Chairman of the Remuneration Committee

28 August 2023

**Colombo**

### 6.5.3 Report of the Board Related Party Transactions Review Committee

I am pleased to present the report of the Related Party Transactions Review Committee for the financial year ended 31st March 2023. During the year, the Committee has continued to review and report to the Board on the company's as well as Group's Related Party Transactions in order to maintain the best interest of our shareholders. The Related Party Transactions Review Committee was established in terms of the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Continuous Listing Rules of the Colombo Stock Exchange.

#### ■ The Composition

The Related Party Transactions Review Committee comprises two (02) Independent Non-Executive Directors during the year under review and members of the Ex-pack Related Party Transactions Review Committee are as follows:

Name of the Director	Designation	Committee Designation
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	Non- Executive Independent Director	Chairman
Shehara De Silva	Non- Executive Independent Director	Director
Ukwatte Kankanamage Dinesh Dharmadasa	Non- Executive Independent Director	Director

Thulci Aluwihare served as the Chairman of the Related Party Transactions Review Committee.

#### ■ The objective of the Committee

The objective of the Committee is to exercise oversight on behalf of the Board to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka (The Code) and with the Listing Rules of the Colombo Stock Exchange (CSE).

#### ■ Role of the Committee

The role of the Related Party Transactions Review Committee is to ensure there is firm adherence to the guidelines surrounding related party transactions. The Committee ensures that industry best practices are followed and that the interests of all stakeholders are considered.

#### ■ Meeting Attendance

The attendance of the Committee members of the Related Party Transactions Review Committee during the year under reviewed is tabulated below;

Dates of the Meetings						
Name of the Director	Attendance	30/05/2022	29/07/2022	01/02/2023	28/03/2023	%
Ukwatte Kankanamage Dinesh Dharmadasa	4/4	✓	✓	✓	✓	100%
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	3/4	✗	✓	✓	✓	75%
Shehara De Silva	4/4	✓	✓	✓	✓	100%

✓ Present      ✗ Excused

The Managing Director, Chief Executive Officer, Chief Financial Officer and the Finance Manager are permanent invitees for all Committee meetings.



## ■ Policies and Procedures

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transactions Policy, the declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database the Company.

All related party transactions must be reported to the Related Party Transactions Committee and referred for approval by the Committee either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

As at 01st January 2014, LKAS 24 – 'Related Party Disclosures defines the 'related party transactions' as follows;

**“A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged”.**

Such transactions are also disclosed to stakeholders through the Company's Financial Statements.

## Duties of the Committee

- Reviewing in advance all proposed related party transactions of the Company except those explicitly exempted by the terms of Rule 9.5 of the Listing Rules of the Colombo Stock Exchange.
- Reviewing if there are any proposed material changes of previously reviewed related party transactions before the completion of the transaction.
- To determine whether related party transactions require the approval of the Board or shareholders of the Company.
- Review and revise policies and procedures on related party transactions as and when require.
- Establishing guidelines for the Senior Management to follow regarding dealings with recurrent related party transactions.
- To ensure that immediate market disclosures and disclosures in the Annual Report are made as required by the applicable rules and regulations in a timely manner.

## ■ Related party transactions during the year ended 31st March 2023

During the year the Committee reviewed the Related Party Transactions during the financial year ended 31st March 2023 and communicated their comments and observations to the Board. Details of other related party transactions entered into by the Company during the above period are disclosed in Note 26 & 27 to the Financial Statements.

## ■ Declaration

The Board of Directors have also declared in the Annual Report that there were no Recurrent and Non-Recurrent related party transactions that exceeded the respective thresholds mentioned in Section 9 of the CSE Listing Rules and that the Company has complied with the requirements of the Listing Rules on Related Party Transactions.

[SIGNED]

**Thulci Aluwihare**

Chairman of the Related Party Transactions Committee

28 August 2023

Colombo

## 6.6 THE STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors in relation to the Financial Statements of the Company and the Consolidated Financial Statements of the Company and its Subsidiaries are set out in the following statement. These differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors given on page 104 to 107.

In accordance with the provisions of the Companies Act No.7 of 2007, the financial statements comprise a Statement of Financial Position of the Company and its Subsidiaries which present a true and fair view of the state of affairs at the end of the financial year.

Accordingly, the Board of Directors also wishes to confirm that in preparing the financial statements.

- Appropriate accounting policies have been selected and applied in a consistent manner.
- Reasonable and prudent judgments and estimates have been made and applicable accounting standards have been followed.
- Presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS).

Further, the Board Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy of the financial position of the Company and of the Group for ensuring that the financial statements comply with the Companies Act No. 07 of 2007.

The Directors are also responsible for taking reasonable measures to safeguard the assets of the Company and of the Group, and in that context to have proper regard to the establishment of appropriate systems of internal control to prevent and detect frauds and other irregularities.

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

By Order of the Board

**[SIGNED]**

Company Secretaries

28 August 2023

**Colombo**

## 6.7 MANAGING DIRECTOR'S, CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S STATEMENT OF RESPONSIBILITY

### Responsibility

In line with Section D.1.3 of Code of Best Practice on Corporate Governance jointly issued by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka, the Board of Directors presents this report on Internal Control.

The Board of Directors are responsible for the adequacy and effectiveness of the Ex-pack corrugated Cartons PLC systems of Internal Controls. However, the Board recognizes that such systems are designed to manage the Company's key areas of risk within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the strategies and corporate objectives of the Company. Accordingly, the systems implemented can provide only reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses of fraud.

Whilst the board has overall responsibility for the company's system of internal controls, it has delegated the implementation of these internal control systems to the management. The board has established an ongoing process for identifying, evaluating and managing the risks faced by the Company as stated in the section of Integrated Risk Management in this annual report. Moreover, the monitoring process includes enhancing the systems of internal controls as and when there are changes to business environment or regulatory guidelines. The Management assists the Board in the implementation of the Board's policies and procedures to mitigate and control risks. Further to implement the recommendation, the internal control systems are subject to the board's regular review with a view towards appraising the effectiveness of these systems within the Company.

### Key Features of the process adopted in applying and reviewing the design and effectiveness of the Internal Control System on Financial Reporting

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting include the following;

- The Board Committees established by the Board of the Company assists the Board in ensuring the effectiveness of the Groups' daily operations and that the Group operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.
- The Board and employees of the Company are committed to adhere to the best practice in corporate governance and observing the highest standards of integrity and behavior in all activities conducted by the Company, including relationships with its customers, suppliers, shareholders, employees, business partners and within the community and environment in which company operates.
- Risk Management is vital for continued profitability and enhancement of shareholder value; hence Risk Management is practiced within the Group on an interactive basis. The Board regards risk management as an integral part of its business operation where oversee the implementation of the risk management framework, periodically review the risk management processes and ensure that on-going measures taken were adequate to manage, address or mitigate the identified risks. All new and major investments have to observe a process of approval that includes an evaluation of the associated risks. A Corporate Risk Management Framework was developed by highlighting the process adopted by the Company towards risk identification, evaluation and control, and monitoring. Further detailed information on the Company's risk management activities is highlighted in the Integrated Risk Management Report on pages 41 to 42 of this Annual Report

## Confirmation

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Group has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and other regulatory requirements.

By order of the Board of Directors of Ex-pack corrugated Cartons PLC,

[SIGNED]

**Zulficar Ghouse**

Managing Director

[SIGNED]

**Mohamed Riyaz**

Chief Executive Officer

[SIGNED]

**Abdul Latiff Ahamed**

Chief Financial Officer

28 August 2023

Colombo

## 6.8 STATEMENT OF COMPLIANCE

Level of compliance with Section 168 of Companies Act, No. 07 of 2007, pertaining to Corporate Governance.		
RULE NO.	DISCLOSURE REQUIREMENT	PAGE REFERENCE TO THE ANNUAL REPORT
Section 168 (1) a	Changes during the accounting period in the nature of the business of the Company.	100
Section 168 (1) b	Financial Statements for the accounting period completed and signed in accordance with section 151.	108
Section 168 (1) c	Auditor's report on the Financial Statements	104-107
Section 168 (1) d	Change in accounting policies made during the accounting period.	128
Section 168 (1) e	Particulars of entries in the interests register made during the accounting period.	101
Section 168 (1) f	Remuneration and other benefits of directors during the accounting period	84
Section 168 (1) g	Amount of donations made by the Company during the accounting period.	102
Section 168 (1) h	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	51-54
Section 168 (1) i	Amounts payable by the Company to the auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that firm.	101
Section 168 (1) j	Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company.	101
Section 168 (1) k	Sign the Annual Report on behalf of the Board by two Directors of the Company and the Secretary of the Company.	102

Level of compliance with Section 7.6 of Listing Rules of the Colombo Stock Exchange;		
RULE NO.	DISCLOSURE REQUIREMENT	PAGE REFERENCE TO THE ANNUAL REPORT
Rule 7.6 (i)	Names of persons who during the financial year were Directors of the Entity.	51-54
Rule 7.6 (ii)	Principal activities of the Entity during the year and any changes therein.	100
Rule 7.6 (iii)	The names and the number of shares held by the 20 largest holders of shares and the percentage of such shares held.	95
Rule 7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	97
Rule 7.6 (v)	Director's and Chief Executive Officer's holding in shares of the Entity at the beginning and end of the financial year.	97



Rule 7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	40-42
Rule 7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	64
Rule 7.6 (viii)	Extent, locations, valuations of land and buildings and investment properties.	130
Rule 7.6 (ix)	Number of shares presenting the Entity's stated capital.	95
Rule 7.6 (x)	Distribution schedule of the number of holders in each class of security, and the percentage of their holding as per given categories	96
Rule 7.6 (xi)	Ratios and market price information	06
Rule 7.6 (xii)	Significant changes in the Entity's fixed assets and the market value of land if differs substantially from the book value.	130
Rule 7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c and 7.10.6. c	48-75
Rule 7.6 (xvi)	Details of Related party transactions as per the specified criteria.	153

## The Company

### A. Directors

#### A.1 The Board

Every public company should be headed by an effective Board, which should lead and control the Company. The Board should include a balance of Executive and Non-Executive Directors such that no party can dominate the Board's decision making. The Board of a Listed Company includes two or one third of Non-Executive Directors appointed to the Board of Directors as "independent director".

Complied

The Board consists of 8 Directors out of which 6 are non-executive directors. The names and profiles of the Directors are given on page 51 to 54 of this Annual Report. They Possess the skill, experience and knowledge, to set the directions and oversee the operations of the Company. The composition of the Executive and Non-executive Directors satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange.

The Board has determined that the 3 Independent Non-Executive Directors, satisfy the criteria for Independent set out in the Listing Rules and annually each Non-Executive Director declares his independence/ non independence i .e compliance with the relevant statutory regulations.

Requirement to appoint a "Senior Non-Executive Director" is not relevant to the Company as the Chairman's and the Chief Executive Officer's roles are segregated. The Chairman meets with the Independent Nonexecutive Directors as and when necessary.

#### A.1.1 Frequency of Board Meetings

The Board should meet regularly and the Board Meeting should be held at least once a quarter of a financial year.

Complied

The Board generally meets on a quarterly basis, but more frequently whenever it is necessary. During the year under review, 4 Board meetings were held. The meetings were presided over by the Chairman. The attendance by each of the Directors is set out on page 62.

#### A.1.2 Responsibilities of the Board

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assed and managed.

Complied

Please refer "Responsibilities of the Board of Directors" on page 73.

#### A.1.3 Compliance with laws and access to independent professional advice.

There should be a procedure agreed by the Board of Directors, in furtherance of their duties to take professional advice if necessary.

Complied

The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws & regulations.

		A procedure has been established for Directors to seek independent professional advice from external parties when necessary, at the expense of the Company.
<b>A.1.4 Board Secretary</b> All Directors should have access to the advice and services of a Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.	Complied	<p>The Directors have access to the advice and services of the Board Secretary. The Board Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are complied with.</p> <p>The Board Secretary had provided the Board with support and advice relating to Corporate Governance matters, Board procedures, and applicable rules and regulations during the financial year. The Board Secretary ensures that the Board members are provided with timely and accurate information to fulfill their duties.</p> <p>The appointment and removal of the Board Secretary is a decision taken by the Board as a whole.</p> <p>Business Intelligence (Private) Limited functions as the Secretary of the Board.</p>
<b>A.1.5 Independent judgement</b> All Directors should bring independent judgement to bear, in discharging their duties and responsibilities on matters relating to the Board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	Complied	which may hinder their exercise of unbiased judgement. This enables them to act critically and independently in the best interest of the Company.
<b>A.1.6 Dedication of adequate time and effort by the Board and Board Committees</b> Every Director should dedicate adequate time and effort to matters of the Board and the Company.	Complied	Adequate time is devoted at every meeting to ensure that the Board's responsibilities are discharged satisfactorily.
<b>A.1.7 Ability to present resolution to the Board</b> One third of directors can call for a resolution to be presented to the Board where they feel it is in best interest to the company to do so.	Complied	This was not exercised during the financial year 2022/23.
<b>A.1.8 Induction and Training for Directors</b> Every Director should receive appropriate training on the first occasion that he or she is appointed to the Board of a listed Company and subsequently as necessary.	Complied	The policy on Director's training is to provide adequate opportunities for continuous development subject to requirement and relevance for each Director.

<b>A.2 &amp; A.2.1 Chairman and Chief Executive Officer</b> There should be a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decisions	Complied	There is a clear demarcation of the responsibilities between our Executive Chairman and our Chief Executive Officer. The functions performed by our Chairman and our Chief Executive Officer are distinct and separate, ensuring the balance of power and authority within the organization, so that no person has unfettered powers of decision-making implementation.
<b>A.3 Chairman's Role</b> The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function.	Complied	The Chairman of the Board facilitates the effective discharge of Board proceedings. All the Directors are encouraged to participate in decision making and their views are obtained to ensure that the Board functions in an efficient manner which is beneficial to the stakeholders and the Company.  Please refer page 61 for the Chairman's role.
<b>A.4 Financial Acumen</b> The Board should ensure the availability within of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	Complied	The Board consists of professionals as well as entrepreneurs who have many years of experience in the corporate world. Their proficiency in the diverse areas of business, academic and/or entrepreneurial financial skills, business acumen, broad practical wisdom and unique perspectives enable the efficient and effective decision making and leadership of the company as well as the Group.
<b>A.5 Board Balance</b> There should be balance of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision making.	Complied	All Directors are Non-Executive Directors except Managing Director and Mr. Abdullah Kassim. Each of them brings vast experience and the ability to exercise independence and judgement when taking informed decisions.
<b>A.5.1 Presence of Non-Executive Directors</b> One third of directors can call for a resolution to be presented to the Board where they feel it is in best interest to the company to do so.	Complied	Please refer "Board of Directors" profile on page 51 to 54.
<b>A.5.2 Independent Directors</b>	Complied	Three out of the Six Non-Executive Directors were considered independent. The requirement as per the Code has been complied with throughout the financial year.

<b>A.5.3 Criteria to evaluate Independence of Non-Executive Directors</b>	Complied	The Board considers Non-Executive Directors' independence on an annual basis and concluded for the financial year that each of them continues to be free from any business or other relationship that could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.
<b>A.5.4 Signed declaration of independence by the Non-Executive Directors</b>	Complied	Independent Directors have submitted written declarations of their independence as required by Schedule K of the Code and section 7.10.2(b) of the Listing Rules.
<b>A.5.5 Determination of independence of the Directors by the Board</b>	Complied	The Board annually determines the independence of each Non-Executive Independent Director based on the declarations submitted by them. Circumstances have not arisen for the determination of independence by the Board, beyond the criteria set out in the Code.
<b>A.5.6 Alternate Directors</b>	Complied	No alternative directors have been appointed during the year. Mr. U. K. D. Chathuranga Abeyratne appointed as a Non-Executive Non-Independent Director W.E.F 02nd August 2023.
<b>A.5.7 Senior Independent Directors</b> The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function.	Not Applicable	A senior Independent Director has not been appointed by the Board as the Chairman and the Chief Executive Officer roles are separated. The requirement to appoint a Senior Independent Director does not arise under this Code.
<b>A.5.8 Confidential discussion with the Senior Independent Director</b>	Not Applicable	Please refer the comments in A 5.7 above.
<b>A.5.9 Meeting of Non-Executive Directors</b> The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	Complied	The Chairman meets with the Non-Executive Directors without the presence of the Executive Director on a need basis. However, there were no formal specific meetings held with Non-Executive Directors during the year.
<b>A.5.10 Recording of concerns in Board Minutes</b> Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes.	Complied	All concerns raised by the Directors on matters of the Company and wished to be recorded have been duly recorded in the Board minutes in sufficient detail.
<b>A.6, A.6.1 &amp; A.6.2 Supply of Information</b> Obligation of the Management to provide appropriate and timely information and	Complied	The notices of Board Meetings are provided along with the agenda well ahead of the scheduled meeting. The Board Papers are



adequate time for circulation of respective Board documents.		circulated among the Directors ahead of the meeting providing adequate time to review and call for any additional information and clarification to assist them to formulate independent views.
<b>A.7 Appointments to the Board</b> A formal and transparent procedure should be followed for the appointment of new Directors to the Board.	Complied	The Board assesses the suitability of the prospective nominees to the Board and approves the persons as “fit and proper” to serve as a member of the Board.
<b>A.7.1 Appointments to the Board</b>	Complied	The Board has not established a Formal Nominations Committee to make recommendations on Board appointments. Hence, appointments to the Board are made collectively and with the consent of all the Directors.
<b>A.7.2 Assessment of Board composition</b>	Complied	An assessment is made of the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company when considering new appointments to the Board.
<b>A.7.3 Disclosure of details of new Directors to shareholders</b>	Complied	Details of new Directors are disclosed to the shareholders at the time of their appointment by way of public announcements to the Colombo Stock Exchange as well as in the Annual Report, along with a brief resume of the Director which includes; <ul style="list-style-type: none"> <li>■ The nature of his expertise in relevant functional area.</li> <li>■ Other Directorships or memberships in Board Sub-Committees.</li> <li>■ Whether the Director is considered “Independent”</li> <li>■ Mr. U D W Chathuranga Abeyrathne Appointed as a Non-Executive Non-Independent Director W. E. F. from 2nd August 2023.</li> </ul>
<b>A.8, A 8.1 &amp; A 8.2 Re-election</b> All Directors should be required to submit themselves for Re-election at regular intervals and at least every three years.	Complied	According to the Articles of association of the company, Director retire by rotation and being eligible for re-election will stand for re-election by shareholders at the Annual General Meeting.
<b>A.8.3 Resignation</b> In the event of a resignation of a director prior to completion of his appointed term, the director should provide a written communication to the board of his reasons for resignation.	Complied	No Directors were resigned during the financial year 2022/2023.

<p><b>A.9, A.9.1, A.9.2, A.9.3 &amp; A.9.4 Appraisal of board performance</b></p> <p>The Board should periodically appraise its own performance against the preset targets in order to ensure that the Board responsibilities are satisfactorily discharged.</p>	Complied	The performance of the Board, its sub-Committees and individual Directors are being evaluated annually.
<p><b>A.10 Disclosure of Information in respect of Directors</b></p> <p>Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.</p>	Complied	The biographical details of the Directors including their qualifications, nature of expertise in relevant functional areas, and other directorships are given on page 51 to 54. Directors' attendance at Board and Board Sub-Committee meetings are given on page 62 to 72 and Directors' interest in contracts with the Company are disclosed on page 153 of this Report.
<p><b>A.11, A.11.1 &amp; A.11.2 Appraisal of the Chief Executive Officer</b></p> <p>Setting of the annual targets and the appraisal of the CEO.</p>	Complied	The performance of the Chief Executive Officer is being evaluated annually.

## B. Directors' Remuneration

<b>B.1 Remuneration Procedure</b> The Company should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.	Complied	The Company has a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director has been involved in deciding his remuneration in order to avoid the self-review threat.
<b>B.1.1 Remuneration Committee</b> To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating executive directors.	Complied	The Remuneration Committee makes recommendations to the Board on remuneration policy for the Executive Director and the corporate management that is consistent with the objectives of the Company. The Committee determines and agrees with the Board the broad policy framework for the remuneration of the Chief Executive Officer. The Chief Executive Officer participates at meetings when deciding the remuneration of the corporate management in order to recruit, retain and motivate the corporate management team.
<b>B.1.2 &amp; B.1.3 Composition of the Remuneration Committee</b> Remuneration Committee should consist exclusive of Non-Executive Directors. The members of the Remuneration Committee should be listed in the Board's remuneration report to the shareholders.	Complied	The Remuneration Committee comprises of the following Non-Executive Directors.  Further details of the Remuneration Committee are given on this Annual Report on pages 69 to 70.
<b>B.1.4 Remuneration of the Non-Executive Directors</b>  The Board as a whole, or where required by the Articles of Association, the shareholders should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, which might include the CEO.	Complied	Non-Executive Directors are remunerated in accordance with the Articles of Association of the Company. The fees and reimbursable expenses are payable in consideration of the basis of contribution/ services performed at the Board and Committee Meetings, and the Company's year-end financial performance.
<b>B.1.5 Consultation of the Chairman and access to professional advice</b> Remuneration Committee should consist exclusive of Non-Executive Directors who are Independent of Management. The members of the Remuneration Committee should be listed in the Board's remuneration report to the shareholders.	Complied	The Committee consults the Chairman on proposals relating to the remuneration of the Executive Director and has access to professional advice in discharging their duties.

<b>B.2 Level and make-up of Remuneration</b> The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.	Complied	Please refer Remuneration Committee Report on Page 69 to 79.
<b>B.2.1&amp; B 2.2 Level and make-up of the remuneration of the Executive Director</b> The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors of the quality required but should avoid paying more than is necessary for this purpose.  Executive directors' remuneration should be designed to promote the long-term success of the company.	Complied	The Board makes assessments on the fact that the remuneration of Executive and the Non-Executive Directors reflects the market expectations and is sufficient to attract and retain the quality of Directors needed to run the Company.  The remuneration package of the Chief Executive Officer is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.
<b>B.2.3 Comparison of remuneration with other companies</b> The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	Complied	The Committee ensures that remuneration of executives at each level of management is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with those of competitive companies.
<b>B.2.4 Comparison of remuneration with other companies in the Group</b>	Complied	It also takes into consideration data concerning executive pay among the related group companies when determining annual salary increases.
<b>B.2.5 Performance related payments to the Chief Executive Officer</b>	Complied	Performance based incentives have been determined to ensure that the total earnings of the Chief Executive Officer is aligned with the achievement of objectives and budgets of the Company.
<b>B.2.6 Executive share options</b>	Complied	The Company has no share option made available to the Directors, Executives or employees of the Company.

<b>B.2.7 Deciding the Executive Directors' Remuneration</b>	Complied	In deciding the remuneration of the Chief Executive Officer, the Committee takes note of the provisions set out in Schedule E of the Code.
<b>B.2.8 Early termination of Directors</b>  Remuneration Committees should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committees should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	Complied	Not applicable to the Board except for the Executive Directors including Chief Executive Officer who is an employee of the Company and his terms of Employment is governed by the employment contract.
<b>B.2.9 Early termination not included in the initial contract</b>  Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	Complied	Please refer comment in B.2.8 above.
<b>B.2.10 Remuneration of Non-Executive Director</b>	Complied	Please refer details of the Compliance given in B.1.4 on page 84.
<b>B.3 &amp; B 3.1 Disclosure of Remuneration</b>  The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.	Complied	The names of the members of our Remuneration Committee are indicated in page 84 Please refer Note 28.2 to the Financial Statements for the details of remuneration paid to Board of Directors and Key Management Personnel.



## C. Relations with Shareholders

<b>C.1 Constructive use of the Annual General Meeting and Conduct of General Meetings</b> The Board should use the AGM to communicate with shareholders and should encourage their participation.	Complied	The Company conducts Annual General Meeting on effective manner to communicate with shareholders and encourage their active participation.
<b>C.1.1 Notice of the AGM</b> Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	Complied	The notice and the agenda for the Annual General Meeting together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days' notice prior to the date of the Annual General Meeting as required by section 135 (1) of the Companies Act No 7 of 2007.
<b>C.1.2 Separate resolutions for all separate issues</b>	Complied	Separate resolutions are proposed at an Annual General Meeting on each substantial separate issue.
<b>C.1.3 Use of proxy votes</b>	Complied	We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman.
<b>C.1.4 Availability of all Board Sub-Committee Chairmen at the Annual General Meeting</b>	Complied	At the Annual General Meeting the respective Chairmen of the Subcommittees are present to provide any clarification to shareholders as necessary.
<b>C.1.5 Adequate notice of Annual General Meeting and summary of procedure</b>	Complied	Please refer comment C.1.1 above.
<b>C.2.1 to C2.7 Board should use the Annual General Meeting to communicate with investors and encourage their participation</b>	Complied	<p>All shareholders are invited and encourage to be present, actively participate and vote at the Annual General Meeting. The Annual general Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company.</p> <p>The external Auditors are invited to attend the Annual General Meeting, for any professional assistance that may requested. Shareholders who are not in the position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their own choice.</p>
<b>C.3, C.3.1 &amp; C 3.2 Major and Material Transactions</b>	Complied	There were no major transactions during the financial year 2022/2023 that materially altered

Directors should disclose to shareholders all proposed material transactions which would materially alter the net asset position of the Company, if entered into.		our Company's net asset base or the consolidated Group net asset base.
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## D. Accountability and Audit

<b>D.1 Financial Reporting</b> The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	Complied	Ex-pack has reported a true and fair view of its financial position and performance for the year ended 31st March 2023 and at the end of each quarter of 2022/23 financial year.  The Board ensures that the quarterly and annual Financial Statements of the Company and Group are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange.
<b>D.1.1 &amp; D.1.2 Board responsibility to present the Financial Statements and Annual Report of the Directors</b>	Complied	Please refer the Statement of Directors' Responsibility shown on page 73 and the Directors have made the required declaration on pages 60 of this Annual Report.
<b>D.1.3 Before approve financial statements for a financial period, A declaration should be made by Chief Executive Officer and Chief Financial Officer to the Board</b>  In their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.	Complied	The required declaration has been given to the board for the financial year of 2022/2023.
<b>D.1.4 Directors Report</b>	Complied	Please refer the Report of the Directors on the State of Affairs of the Company on page 73.
<b>D.1.5 Statement by the Directors and the Auditors</b>	Complied	The Statement of Directors' Responsibilities is on page 60 of this Annual Report. The Auditor's Report on the Financial Statements for the year ended 31st March 2023 is presented on pages 104 to 160 of this Annual Report.
<b>D.1.6 Management discussion and analysis</b>	Complied	The management discussion and analysis of the company is covered from Chairman's Review on page 09 of this Annual Report.

<b>D.1.7 Requirement for an Extraordinary General Meeting in a situation of serious loss of capital</b>	Complied	This is not applicable to us however subsidiary company has an issue of such and EGM was held to notify this to share holder accordingly.
<b>D.1.8 Disclosure of related party transactions</b>	Complied	The Directors disclose their interest in transactions in companies in as and when basis. However, they make disclosures of their interest in transactions with the Company in compliance with the requirements of the companies act and other statutory requirements. The Company maintains an interest register as stipulated in the Companies Act No 07 of 2007..
<b>D.2 Risk Management and Internal Control</b> The Board should have a process of risk management and a sound system of internal controls to safeguard shareholders' investments and Company's assets.	Complied	The Board of Directors acknowledges its overall responsibility for maintaining a process of risk management and a sound system of internal controls, to safeguard shareholders' investment and the Company's assets.
<b>D.2.1 Annual evaluation of the risks facing the Company and the effectiveness of the system of internal controls</b>	Complied	The Board has appointed an Audit Committee comprising of Non-Executive Directors. The Audit Committee meets quarterly basis monitor the company's risk management system and internal control system in the context of likelihood and their impact to the Group along with the effectiveness of the system of internal controls to address them to a satisfactory level.
<b>D.2.2 Robust assessment of the principal risks facing</b>	Complied	The assessment of the principal risks facing the company and risk mitigation strategies have been discussed on Risk Management Report on pages 40 to 46.
<b>D.2.3 Internal audit function</b>	Complied	The internal auditors under the direction of the Audit Committee are tasked with reviewing the adequacy and the effectiveness of the internal controls of the Company. Internal audit function is outsourced to a firm of Chartered Accountants.
<b>D.2.4 Review of the process and effectiveness of risk management and internal controls by the Audit Committee</b> The Board should have a process of risk management and a sound system of internal controls to safeguard shareholders' investments and Company's assets.	Complied	<p>The Audit Committee monitors, reviews and evaluates the effectiveness of the risk management and internal control system including the internal controls over financial reporting. The internal auditors review the adequacy and effectiveness of the Internal control system and report their findings to the Audit Committee.</p> <p>In the financial year under review, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Please refer Audit Committee Report on pages 66 to 68.</p>

<b>D.2.5 Responsibilities of Directors in maintaining a sound system of internal control</b>	Complied	Please refer Report of the Directors on the State of Affair of the Company on page 73.
<b>D.3, D.3.1 &amp; D.3.2 Audit Committee, Composition, Duties &amp; Responsibilities and Disclosures of Audit Committee</b> The Board should have a formal and transparent arrangement in selecting and applying the accounting policies, financial reporting and internal control & risk management principles and maintaining an appropriate relationship with the Company's External Auditors.	Complied	Please refer Audit Committee Report on pages 66 to 68.
<b>D.4, D.4.1 to D.4.3 Related Party Transaction Review Committee, Composition, Duties &amp; Responsibilities and Disclosures of Related Party Transaction Review Committee</b> The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favorable treatment" than that accorded to third parties in the normal course of business.	Complied	Please refer Related Party Transactions Review Committee Report on pages 71 to 72.
<b>D.5, D.5.1 to D.5.4 Code of Business Conduct and Ethics</b> The Company should develop a Code of Business Conduct and Ethics for Directors and members of the senior management team.	Complied	The Company has developed and institutionalized a strong set of corporate values and code of conduct that is circulated to Directors and all employees. The Board ensures that Directors and employees strictly comply with the code of Business Conduct and Ethics at all levels in the performance of their official duties, communications, role modeling and in any other circumstances, so as to prevent the tarnishing of our Company's image in any manner. The violation of the code of ethics is an offence that is subject to disciplinary action.
<b>D.5 &amp; D.5.1 Corporate Governance Disclosures</b>	Complied	We are adhering to the highest standards of corporate governance as is evident in this Annual Report on page 48.

## SHAREHOLDERS

### E. Institutional Investors

<b>E.1 &amp; E.1.1 Shareholders voting</b> Institutional shareholders are required to make considered use of their votes and encouraged to ensure their voting intentions are translated into practice.	Complied	The Company is committed to maintain good communications with investors. The Chairman conducts a structured dialogue with the shareholders based on the mutual understanding of objectives and ensures that the views of the shareholders are communicated to the Board as a whole. The Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and concern to the general membership.
<b>E.2 Evaluation of Corporate Governance initiatives</b>	Complied	Institutional investors are encouraged to give due weight to all relevant factors drawn to their attention when evaluating the governance arrangements particularly in relation to Board structure and composition.

### F. Other Investors

<b>F.1 &amp; F1.1 Investing/ Divesting decision by Individual Shareholders</b>	Complied	Individual shareholders are encouraged to carry out adequate analysis and seek the independent advice prior to make investing or divesting directly in shares of the Company.
<b>F.2 Individual shareholders voting</b>	Complied	All shareholders are encouraged to participate at meetings of the Company and a Form of Proxy accompanies each Notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote.

### G. Internet of Things and Cyber-Security

<b>G.1 The Board should have a process to identify how in the organization's business model, IT devices within and outside the organization can connect to the organization's network to send and receive information and the consequent cyber security risks that may affect the business.</b>  Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorized or unauthorized.	Complied	The board assigned this responsibility to the Information Technology Division which ensures security of the IT system.
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<b>G.2 The Board should appoint a Chief Information</b> Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cyber-security risk management policy which should be approved by the Board. The policy should include a robust cyber security. Risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting and the need for cyber security insurance.	Not Applicable	IT Manager performs the duties of Chief Information Security Officer.
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## H. Environment, Society and Governance (ESG)

<b>H.1 &amp; H.1.1 Companies should provide information in relation to:</b> <ul style="list-style-type: none"> <li>■ The relevance of environmental, social and governance factors to their business models and strategy.</li> <li>■ How ESG issues may affect their business.</li> <li>■ How risks and opportunities pertaining to ESG are recognized managed, measured and reported.</li> </ul>	Complied	Sustainability principles related to Environment, Social and Governance factors are embedded in the operations of the Company and initiatives implemented to ensure adherence by the Company.
<b>H.1.2 Environmental governance of an organization should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities.</b>	Complied	Refer H.1 & H.1.1 above.
<b>H.1.4 Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long-term, recognizing managing and reporting on all pertinent aspects of ESG.</b>  The Company should recognize the key resources/ capitals deployed in its business and establish financial and non-financial measures for resource/capital management and related outputs and outcomes.  The Company should have a process to ascertain, assess and manage risks which have an impact on the sustainability of the Company.  The company should have a process to	Complied	Process of managing risks in line with ESG aspects is discussed in the Risk management report on pages 40 to 46.

recognize material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.

The disclosures should deal with how the Company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organizational culture, code of conduct and business model supports sustainability of the company in the short, medium and long-term.



**“SHARE  
PERFORMANCE:  
EMPOWERING  
TRANSPARENCY &  
ACCOUNTABILITY”**



## 7. SHARE INFORMATION

### 7.1 STATED CAPITAL

The Stated Capital of the Company comprises 333,333,333 Ordinary Voting Shares representing a value of rupees 1,199,999,997.20 as at the end of 31st March 2023.

As at	31st March 2023		31st March 2022	
	No of Shares	Value of Shares (LKR)	No of Shares	Value of Shares (LKR)
At the beginning of the financial year	333,333,333	1,199,999,997.20	250,000,000	500,000,000
At the end of the financial year	333,333,333	1,199,999,997.20	333,333,333	1,199,999,997.20

### 7.2 TWENTY LARGEST SHAREHOLDERS OF THE COMPANY

Name of the Shareholder		As at 31/03/2023		As at 31/03/2022	
		Number of Shares	%	Number of Shares	%
1	ABERDEEN HOLDINGS (PRIVATE) LIMITED	216,733,334	65.02%	250,000,000	75.00%
2	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	12,112,605	3.63%	-	-
3	BANK OF CEYLON A/C CEYBANK UNIT TRUST	5,529,896	1.66%	4,009,610	1.20%
4	MACKSONS HOLDINGS ( PVT ) LTD	3,871,630	1.16%	-	-
5	MR. MOHAMED NALEEM MOHAMED MUBARAK	2,060,000	0.62%	2,025,888	0.61%
6	BANK OF CEYLON A/C CEYBANK CENTURY GROWTH FUND	2,000,000	0.60%	2,000,000	0.60%
7	ACCESS ENGINEERING PLC	1,650,000	0.50%	-	-
8	MR. TUAN FAIZAL RAHEEM and MRS. A. MIHILAR	1,600,000	0.48%		
9	COMMERCIAL BANK OF CEYLON PLC/W. JINADASA	1,479,810	0.44%		
10	MR. SHANMUGAN SENTHILNATHAN	1,427,952	0.43%		
11	RUBBER INVESTMENT TRUST LTD A/C NO 01	1,352,918	0.41%		
12	PHOENIX VENTURES PRIVATE LIMITED	1,300,000	0.39%		
13.a	MR. MOHOMED ZURAISH HIFAZ HASHIM and MR. N.R.M. HASHIM	1,200,000	0.36%		
13.b	MR. SAIFULLAH YUSOOF	1,200,000	0.36%		
14	DEVELOPMENT INTERPLAN (CEYLON)LIMITED	1,100,000	0.33%		
15	MR. MOHAMED FAIZER HASHIM	1,029,000	0.31%		
16	SEYLAN BANK PLC/ HILINE TOWERS (PVT) LTD.	1,007,455	0.30%		
17	MR. GANGATHARAN SUTHAHARAN	980,000	0.29%		
18	GUARDIAN FUND MANAGEMENT LIMITED/THE AITKEN SPENCE AND ASSOCIATED COMPANIES EXECUTIVE STAFF PROVIDENT FUND	921,245	0.28%		
19	MR. MUSHTAQ MOHAMED FUAD	835,575	0.25%		
20	PEOPLE'S LEASING & FINANCE PLC/HI LINE TOWERS (PVT) LTD	800,000	0.24%		
		260,191,420	78.06%	258,035,498	77.41%
Others		73,141,913	21.94%	75,297,835	22.59%
TOTAL		333,333,333	100.00%	333,333,333	100.00%

## 7.3 DISTRIBUTION OF SHAREHOLDERS

As of 31 <sup>st</sup> March 2023									
Resident				Non – Resident			Total		
Value Band	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%
1 - 1,000	2,084	800,787	0.24%	3	1,050	0.00%	2,087	801,837	0.24%
1,001 - 10,000	2,075	9,090,285	2.73%	7	32,100	0.01%	2,082	9,122,385	2.74%
10,001 - 100,000	1,103	32,343,481	9.70%	8	266,668	0.08%	1,111	32,610,149	9.78%
100,001 - 1,000,000	127	33,448,781	10.03%	4	695,581	0.21%	131	34,144,362	10.24%
Over 1,000,000	17	256,654,600	77.00%	0	0	0.00%	17	256,654,600	77%
TOTAL	5,406	332,337,934	99.70%	22	995,399	0.30%	5,428	333,333,333	100.00%

As of 31 <sup>st</sup> March 2022									
Resident				Non – Resident			Total		
Value Band	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%
1 - 1,000	1,937	863,067	0.26%	1	300	0.00%	1,938	863,367	0.26%
1,001 - 10,000	2,370	10,596,597	3.18%	4	11,000	0.00%	2,374	10,607,597	3.18%
10,001 - 100,000	1,254	34,585,534	10.38%	8	270,126	0.08%	1,262	34,855,660	10.46%
100,001 - 1,000,000	116	27,371,211	8.21%	0	0	0.00%	116	27,371,211	8.21%
Over 1,000,000	5	259,635,498	77.89%	0	0	0.00%	5	259,635,498	77.89%
TOTAL	5,682	333,051,907	99.92%	13	281,426	0.08%	5,695	333,333,333	100.00%

## 7.4 COMPOSITION OF SHAREHOLDERS

As at	31st March 2023			31st March 2022		
Categories of Shareholders	No of Shares	Holding %	No of shareholders	No of Shares	Holding %	No of shareholders
Individuals	69,872,629	20.96	5,152	58,570,441	17.57%	5,378
Institutions	263,460,704	79.04%	276	274,762,892	82.43%	317
Total	333,333,333	100.00%	5,428	333,333,333	100.00%	5,695



## 7.5 DIRECTORS AND CEO'S SHAREHOLDING

As at	31st March 2023		31st March 2022	
Name of the Director	No of Shares	Holding % as of total no of Issued Shares	No of Shares	Holding % as of total no of Issued Shares
Mr.Sattar Kassim	94,800	0.03%	94,800	0.03%
Mr. Shafik Kassim	14,400	0.00%	14,400	0.00%
Mr.Zulficar Ghouse	14,400	0.00%	14,400	0.00%
Mr. Abdullah Kassim	164,400	0.05%	14,400	0.00%
Mr. Thulci Aluwihare	-Nil-	-Nil-	-Nil-	-Nil-
Mr. Dinesh Dharmadasa	37,400	0.01%	12,400	0.00%
Ms. Shehara De Silva	13,100	0.00%	13,100	0.00%
Mr. Mohamed Riyaz (CEO)	85,910	0.03%	85,910	0.03%
Mr. U D W Chathuranga Abeyratne (Alternate Director of Mr. Shafik Kassim)	-Nil-	-Nil-	-Nil-	-Nil-
<b>Total</b>	<b>424,410</b>	<b>0.13%</b>	<b>249,410</b>	<b>0.07%</b>

## 7.6 PUBLIC SHAREHOLDINGS

As at	31st March 2023			31st March 2022		
	No of Shares	Holding %	No of shareholders	No of Shares	Holding %	No of shareholders
Shares held by Public-shareholders	115,110,018	34.53%	5,405	82,519,323	24.76%	5,674
Shares held by Non-public shareholders	218,223,315	65.47%	23	250,814,010	75.24%	21
<b>Total</b>	<b>333,333,333</b>	<b>100%</b>	<b>5,428</b>	<b>333,333,333</b>	<b>100.00%</b>	<b>5,695</b>

## 7.7 MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

As at	31st March 2023	31st March 2022
Ordinary Voting Shares	Rs.	Rs.
Highest Price Per Share	18.8	25.4
Lowest Price Per Share	7.0	9.0
Closing Price Per Share	14.6	9.9

## 7.8 UTILIZATION OF IPO FUNDS

Ex-pack raised Seven Hundred Million (LKR 700,000,000) via Initial Public Offering in October 2022 in order to set up a manufacturing facility. The status of Utilization of Funds Raised Via IPO Proceeds as of 31st March 2023 is tabulated below,

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus in Rs	Proposed Date of Utilization as per Prospectus	Amount allocated upon the receipt of proceeds in Rs. [A]	As a % of Total Proceeds	Amount Utilized in the Objective Rs. [B]	% of Utilize against allocation [B/A]	Clarification if not fully Utilized including where the funds are invested
1	Invest in a new state of the art manufacturing facility.	700,000,000	Q3 of FY22-Q4 of FY 24	100%	100%	Purchase of Land 252.5 M	36%	The Funds raised has been deposited in a 3-month Wakala Deposit account at Seylan Bank



**“ BEYOND EVERY  
NUMBER LIES A  
STORY OF OUR  
DEDICATION AND  
PROGRESS ”**

## 8. FINANCIAL STATEMENTS OF THE COMPANY

### 8.1 ANNUAL REPORT ON THE BOARD OF DIRECTORS AFFAIRS ON THE COMPANY – 2022/2023

The Directors of Ex-Pack Corrugated Cartons PLC have the pleasure in presenting to the Shareholders their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2023, conforming to the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The report also includes certain disclosures required to be made under the Listing Rules of the Colombo Stock Exchange and the guideline-recommended best practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange.

#### Company Overview

The Company is a Public Limited Liability Company Incorporated and domiciled in Sri Lanka and was listed on the Colombo Stock Exchange on 10th November 2021.

The registered office of the Company and the principal place of business is situated at No.11 A, Milepost Avenue, Colombo 03.

#### Principal Activities

During the year the principal activities of the Company were the manufacturing and selling of Corrugated Cartons to local and foreign markets. The principle activity of its subsidiary were engaging in the business of exporting all type of waste papers. There were no changes in the principle activities of the Company and its subsidiary during the year.

#### Review of Operations

The Chairman's Review on Pages 17 which forms an integral part of these reports provides an overall assessment of the financial performance and the financial position of the company.

#### Financial Statements

The financial statements of the Group and Company are given on Page Nos. 104 to 160. Summarized Financial Results for the year ended 31st March 2023 are duly certified by the Chief Financial Officer and approved by the Board of Directors. The approved Financial Statements have been signed on behalf of the Board by two Directors in compliance with the Companies Act No. 07 of 2007.

GROUP & COMPANY				
	Group (Rs'000)		Company (Rs'000)	
Y/E 31 March	2023	2022	2023	2022
Revenue	13,451,044	8,532,048	7,956,542	5,166,241
Profit / (Loss) before tax for the year	1,895,202	712,163	1,427,763	448,138
Net Profit / (Loss) after tax for the year	1,412,959	619,090	1,099,113	406,278

#### Auditors' Report

The Independent Auditors' Report on the financial statements is given on Page 104.

#### Accounting Policies

The accounting policies adopted by the Company in the preparation of financial statements are given on Pages from 113 to 129 which are consistent with those of the previous period.

#### Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group to reflect a true and fair view of the financial position and the performance of the Company and the Group. Please refer page 106 for the Directors' Responsibility on Financial Reporting.

#### Directors

The names of the Directors who held office as at the end of the accounting period and Directors who ceased to hold office during the accounting period are given below and their brief profiles appear on Pages from 49 to 54.



NAME OF DIRECTOR		DATE OF APPOINTMENT	DATE OF RESIGNATION
<b>Sattar Kassim</b> Chairman	Non - Executive Non - Independent Director	19.03.2002	
<b>Shafik Kassim</b>	Non - Executive Non - Independent Director	19.03.2002	
<b>Mohamed Zulficar Mohamed Ghouse</b> Managing Director	Executive Non - Independent Director	10.12.2012	
<b>Abdulah Osman Kassim</b>	Executive Non - Independent Director	25.06.2021	
<b>Wanigasekara Bandaranayake</b> <b>Wasala Mudiyanse Ralahamilage</b> <b>Aluwihare Mahawalawwe</b> <b>Thulci Goutham Aluwihare</b>	Non - Executive Independent Director	15.06.2021	
<b>Shehara De Silva</b>	Non - Executive Independent Director	25.06.2021	
<b>Ukwatte Kankanamage</b> <b>Dinesh Dharmadasa</b>	Non - Executive Independent Director	25.06.2021	
<b>*U D W Chathuranga Abeyrathne</b>	Non-Executive Non-Independent Director	02.08.2023	

\*Mr. U D W Chathuranga Abeyrathne ceased to be an alternate Director to Mr. Shafik Kassim with effect from 2nd August 2023.

### Interest Register

In terms of the Companies Act No. 7 of 2007 an Interests register was maintained during the accounting period under review. This Annual Report also contains particulars of entries made in the Interests register.

### Directors' Attendance of the Board Meeting

The details of Directors' attendance of the Board meeting on Pages from 62.

### Directors' Remuneration

The Director's remuneration is disclosed in Note B.1 to the financial statements on Page No 84.

### The Auditors

The financial statements for the year ended 31st March 2023 have been audited by Messrs Ernst & Young

(Chartered Accountants), and the Independent Auditors' Report thereon is given on page 90 of the Annual Report. As far as directors are aware the auditors do not have any relationship (other than that of an Auditor) with the Company except for those disclosed below. The auditors also do not have any interest in the Company.

The audit fee payable to the auditors for the year under review is Rs.890,000. (Group – Rs.1,170,000)

### Stated Capital

The Stated Capital of the Company as at 31st March 2023 was Rs.1,199,999,997.20/- (333,333,333 Shares).

### Directors' and Chief Executive Officers' Shareholding

The shareholdings of the Directors and the Chief Executive Officer (CEO) of the Company are as follows.

	31.03.2023	31.03.2022
<b>Mr. Sattar Kassim</b>	94,800	94,800
<b>Mr. Shafik Kassim</b>	14,400	14,400
<b>Mr. Zulficar Ghouse</b>	14,400	14,400
<b>Mr. Abdullah Kassim</b>	164,400	14,400
<b>Mr. Thulci Aluwihare</b>	-Nil-	-Nil-
<b>Mr. Dinesh Dharmadasa</b>	37,400	12,400
<b>Ms. Shehara De Silva</b>	13,100	13,100
<b>Mr. U D W Chathuranga Abeyratne</b>	-Nil-	-Nil-
<b>Mr. Mohamed Riyaz Valli Mohamed (CEO)</b>	85,910	85,910



## Major Shareholders, Distribution Schedule And Other Information

Information on the twenty largest shareholders of the company, distribution schedule of the number of shareholders, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on Page No 95 under Investor Information.

## Public Holding

The percentage of public shareholding as at the 31st March 2023 was 34.53%.

## Capital Commitments

There were no material capital expenditure commitments as at 31st March 2023 other than those disclosed in Note 23.1.

## Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory dues have been paid up to date, or have been provided for in the financial statements.

## Donations

There were no donations made by the Company during the year.

## Events Occurring After the Reporting Period

No circumstances have arisen after the reporting period which would require adjustment to or disclosure in the financial statements other than those disclosed in Note 25 on Page No 152 of the financial statements.

## Going Concern

The Board of Directors is satisfied that the company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared based on the going concern concept.

## Corporate Governance

Corporate Governance practices and principles with respect to the management and operations of the Company are set out on Pages from 48 of the Corporate Governance Report. The Corporate Governance Report also includes the requirements of rules 7.10.3, 7.10 5 c and 7.10 6 c of Section 7 of the CSE Listing Rules.

## Board Sub Committees

Audit Committee, Related Party Transactions Review Committee and Remuneration Committee, function as sub-committees of the Board and they are composed of Directors with the requisite qualifications and experience. The composition of the said Committees are given under page 62 in the Corporate Governance Report.

## Related Party Transactions Review Committee

The Board of Directors has given the following statement in respect of the related party transactions review committee

The Related Party Transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules.

Related Party Transactions Review Committee report is given on page 71 of the Annual Report.

## Employee Share Ownership Plans

The Company did not have any employee share ownership/option plans during the year.

## Annual General Meeting

The Annual General Meeting of the Company will be held on 26th September 2023 The Notice of the Annual General meeting appears on page 168.

## Acknowledgment of the Contents of the Annual Report

As required by the Companies Act no 7 of 2007, the Board of Directors hereby acknowledge the contents of the Annual Report.

By Order of the Board

## EX-PACK CORRUGATED CARTONS PLC

[SIGNED]

**Sattar Kassim**  
Chairman

[SIGNED]

**Zulficar Ghouse**  
Managing Director

[SIGNED]

**Business Intelligence (Pvt) Ltd.**  
Company Secretaries

28 August 2023  
Colombo

EX-PACK  
CORRUGATED CARTONS PLC  
FINANCIAL STATEMENTS  
31 MARCH 2023

NYR/DR/AD

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EX-PACK CORRUGATED CARTONS PLC

### Report on the audit of the Financial Statements

#### Opinion

We have audited the financial statements of Ex-Pack Corrugated Cartons PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2023, and statements of Profit or Loss and Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### Basis for opinion

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

#### Key audit matters

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

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

(Contd...2/)

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><b>Assessment of fair value of Land and Buildings</b></p> <p>As at 31 March 2023, Property, plant and equipment include land and buildings carried at fair value. The fair values of land and buildings were determined by an external valuer engaged by the Group</p> <p>This was a key audit matter due to;</p> <ul style="list-style-type: none"> <li>■ Materiality of the reported land and buildings balances amounted to LKR 2.0 Bn and represented 29% of the Group's total assets as of the reporting date</li> <li>■ The degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of land and buildings</li> </ul> <p>Key areas of significant judgments, estimates and assumptions in assessing the fair value of land and buildings, as disclosed in Note 3, include</p> <ul style="list-style-type: none"> <li>■ Per perch price of land</li> <li>■ Per square foot value of building</li> </ul>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>■ Assessed the competency, capability and objectivity of the external valuer engaged by the Group</li> <li>■ Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in assessing the fair value of each land and building</li> <li>■ Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer such as per perch price of land and value per square foot of buildings</li> <li>■ We have also assessed the adequacy of the disclosures made in note 03 to the financial statements</li> </ul>
<p><b>Carrying value of Trade Receivables</b></p> <ul style="list-style-type: none"> <li>■ As detailed in Note 9 to the financial statements, Trade receivables as of 31 March 2023 amounted to LKR 1.5 Bn net of provision for impairment of LKR 16 Mn representing 22% of the total assets of the Group.</li> <li>■ Trade receivables was considered a key audit matter due to the; <ul style="list-style-type: none"> <li>- Materiality of the trade receivable balance,</li> <li>- The degree of management judgements associated with evaluating the recoverability of the trade receivable balance</li> </ul> </li> </ul>	<p><b>Our audit procedures included the following</b></p> <ul style="list-style-type: none"> <li>■ We obtained an understanding of and evaluated the process used by the management to assess impairment of trade receivables.</li> <li>■ We assessed the reasonableness of the age analysis of trade receivables by referring to the source documents and the judgements used by the management in determining the allowance for impairment.</li> <li>■ We assessed the adequacy of the provision made.</li> <li>■ We have also assessed the adequacy of the disclosures made in Note 9 to the financial statements.</li> </ul>

### **Other Information included in the 2022/23 Annual Report**

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### **Responsibilities of management and those charged with governance 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **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 internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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

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

### 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 4184.



28 August 2023  
Colombo

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

		Group		Company	
	Note	2023	2022	2023	2022
ASSETS		Rs.	Rs.	Rs.	Rs.
<b>Non-Current Assets</b>					
Property, Plant and Equipment	3	2,333,272,134	1,659,103,602	2,234,152,153	1,641,987,345
Right to Use of Assets	4	194,730,454	104,684,163	55,999,404	35,250,028
Intangible Assets	5	204,592,706	204,573,423	989,139	938,606
Investment in Subsidiary	7	-	-	205,000,000	205,000,000
Deferred Tax Assets	20.2	-	24,520,728	-	-
		2,732,595,294	1,992,881,916	2,496,140,696	1,883,175,979
<b>Current Assets</b>					
Inventories	8	1,493,744,514	1,077,191,496	989,947,772	847,084,270
Trade and Other Receivables	9	1,788,874,888	1,973,933,860	1,329,782,615	1,611,131,121
Advances and Prepayments		169,025,325	85,858,686	67,530,974	47,958,592
Short Term Financial Assests	10	-	466,974,657	-	466,974,657
Cash and Cash Equivalentents	11	679,383,289	975,074,368	582,575,158	817,850,089
		4,131,028,016	4,579,033,067	2,969,836,519	3,790,998,729
<b>Total Assets</b>		6,863,623,310	6,571,914,983	5,465,977,215	5,674,174,708
<b>EQUITY AND LIABILITIES</b>					
Stated Capital	12	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Revaluation Reserves		623,223,435	291,991,832	623,223,435	291,991,832
Retained Earnings		1,008,801,126	408,698,053	537,839,412	252,337,182
<b>Equity Attributable to Equity Holders of the Parent</b>		2,832,024,561	1,900,689,885	2,361,062,847	1,744,329,014
Non Controlling Interest		(813,228)	(108,608)		
<b>Total Equity</b>		2,831,211,333	1,900,581,277	2,361,062,847	1,744,329,014
<b>Non-Current Liabilities</b>					
Deferred Tax Liability	20.2	357,179,687	77,414,557	336,353,221	77,414,557
Retirement Benefit Liability	14	109,957,821	102,426,637	76,781,699	75,096,489
Interest Bearing Loans and Borrowings	13	139,189,730	79,480,967	51,243,314	29,505,216
		606,327,238	259,322,161	464,378,234	182,016,262
<b>Current Liabilities</b>					
Interest Bearing Loans and Borrowings	13	2,482,640,478	3,134,555,655	1,953,052,414	2,849,506,213
Trade and Other Payables	15	753,118,661	1,167,688,760	544,524,975	842,039,568
Income Tax Payable		190,325,600	109,767,130	142,958,745	56,283,651
		3,426,084,739	4,412,011,545	2,640,536,134	3,747,829,432
<b>Total Equity and Liabilities</b>		6,863,623,310	6,571,914,983	5,465,977,215	5,674,174,708

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007.

Chief Finance Officer

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

Director

Director

28th August 2023  
Colombo

# STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

		Group		Company	
	Note	2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
<b>Revenue from Contracts with Customers</b>	16	13,451,044,424	8,532,048,308	7,956,541,717	5,166,240,559
Cost of Sales		(9,941,962,892)	(7,226,713,843)	(5,609,995,118)	(4,347,631,933)
<b>Gross Profit</b>		3,509,081,532	1,305,334,465	2,346,546,599	818,608,626
Other Operating Income	17	127,198,237	312,296,423	454,927,988	369,096,067
Selling and Distribution Expenses		(450,975,841)	(343,168,289)	(392,220,809)	(320,149,847)
Administrative Expenses		(820,302,836)	(425,182,424)	(626,118,051)	(311,928,478)
<b>Results from operating activities</b>		2,365,001,092	849,280,175	1,783,135,727	555,626,368
Finance Cost	18	(510,563,282)	(195,982,033)	(395,063,926)	(165,639,213)
Finance Income		40,763,680	58,864,469	39,691,404	58,151,026
<b>Profit Before Tax</b>	19	1,895,201,490	712,162,611	1,427,763,205	448,138,181
Income Tax Expense	20	(482,242,115)	(93,072,721)	(328,650,625)	(41,860,351)
<b>Profit for the Year</b>		1,412,959,375	619,089,890	1,099,112,580	406,277,830
<b>Profit for the period attributable to:</b>					
Equity holders of the parent		1,413,663,995	619,198,698		
Non-controlling interests		(704,620)	(108,808)		
		1,412,959,375	619,089,890		
Basic/Diluted earnings per share	21	4.24	2.17	3.30	1.43
Dividend per share	22			2.47	0.49

The accounting policies and notes on pages 113 through 160 form an integral part of the Financial Statements.

# STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
<b>Profit for the year</b>		1,412,959,375	619,089,890	1,099,112,580	406,277,830
<b>Other comprehensive income/ (loss)</b>					
<i>Other comprehensive income/(loss) not to be classified to statement of profit or loss in subsequent period</i>					
Revaluation of land	3	306,462,299	-	306,462,299	
Income tax effect on revaluation on land		(91,938,690)	-	(91,938,690)	-
		214,523,609	-	214,523,609	-
Revaluation of buildings	3	236,247,570		236,247,570	
Income tax effect on revaluation of buildings		(70,874,271)		(70,874,271)	-
		165,373,299	-	165,373,299	-
Tax effect on revaluation of Land & Building due to change in tax rate		(48,665,305)	-	(48,665,305)	
Actuarial (loss)/gains on defined benefit plans	14	13,960,588	(5,364,005)	13,889,976	(3,945,478)
Income tax effect on actuarial (loss)/gains		(4,188,177)	829,869	(4,166,993)	631,276
		9,772,411	(4,534,136)	9,722,983	(3,314,202)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		341,004,014	(4,534,136)	340,954,587	(3,314,202)
<b>Total comprehensive income/(loss) for the year, net of tax</b>		1,753,963,389	614,555,754	1,440,067,167	402,963,628
<b>Attributable To</b>					
<b>Equity Holders of the Parent</b>		1,754,668,009	614,664,562		
<b>Non Controlling Interests</b>		(704,620)	(108,808)		
		1,753,963,389	614,555,754		

The accounting policies and notes on pages 113 through 160 form an integral part of the Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

Group	Stated Capital	Revaluation Reserve	Retained Earnings / Loss	Non Controlling Interests	Total
	Rs.	Rs.	Rs.		Rs.
<b>Balance as at 01 April 2021</b>	<b>500,000,000</b>	<b>291,991,832</b>	<b>(8,552,128)</b>	<b>-</b>	<b>783,439,704</b>
Proceeds from Share Issue	700,000,000	-	-	-	700,000,000
Transaction costs for issued share capital	-	-	(34,081,048)	-	(34,081,048)
Profit for the year	-	-	619,198,698	(108,808)	619,089,890
Other Comprehensive (Loss)/Income	-	-	(4,534,136)	-	(4,534,136)
Dividends to equity holders	-	-	(163,333,333)	-	(163,333,333)
Non controlling interest acquired in business combination	-	-	-	200	200
<b>Balance as at 31 March 2022</b>	<b>1,200,000,000</b>	<b>291,991,832</b>	<b>408,698,053</b>	<b>(108,608)</b>	<b>1,900,581,277</b>
Profit for the year	-	-	1,413,663,995	(704,620)	1,412,959,375
Other Comprehensive Income/(Loss)	-	331,231,603	9,772,411	-	341,004,014
Dividends to equity holders	-	-	(823,333,333)	-	(823,333,333)
<b>Balance as at 31 March 2023</b>	<b>1,200,000,000</b>	<b>623,223,435</b>	<b>1,008,801,126</b>	<b>(813,228)</b>	<b>2,831,211,333</b>

Company	Stated Capital	Revaluation Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01 April 2021</b>	<b>500,000,000</b>	<b>291,991,832</b>	<b>46,787,935</b>	<b>838,779,767</b>
Proceeds from Share Issue	700,000,000	-	-	700,000,000
Transaction costs for issued share capital	-	-	(34,081,048)	(34,081,048)
Profit for the year	-	-	406,277,830	406,277,830
Other Comprehensive Income/(Loss)	-	-	(3,314,202)	(3,314,202)
Dividends to equity holders	-	-	(163,333,333)	(163,333,333)
<b>Balance as at 31 March 2022</b>	<b>1,200,000,000</b>	<b>291,991,832</b>	<b>252,337,182</b>	<b>1,744,329,014</b>
Profit for the year	-	-	1,099,112,580	1,099,112,580
Other Comprehensive Income	-	331,231,603	9,722,983	340,954,586
Dividends to equity holders	-	-	(823,333,333)	(823,333,333)
<b>Balance as at 31 March 2023</b>	<b>1,200,000,000</b>	<b>623,223,435</b>	<b>537,839,412</b>	<b>2,361,062,847</b>

The accounting policies and notes on pages 113 through 160 form an integral part of the Financial Statements.



# STATEMENT OF CASH FLOWS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

		Group		Company	
	Note	2023	2022	2023	2022
Cash Flows From / (Used in) Operating Activities		Rs.	Rs.	Rs.	Rs.
Profit Before Tax		1,895,201,490	712,162,611	1,427,763,205	448,138,181
Adjustments for					
Depreciation of Property, Plant and Equipment	3	94,676,875	82,136,644	81,258,129	74,977,535
Amortization of Right of Use Assets	4	55,437,227	33,351,593	12,554,004	10,687,049
Amortisation of Intangible Assets	5	499,717	361,181	468,467	321,702
Provision for Retirement Benefit Liability	14	25,666,619	16,470,063	18,180,457	11,094,399
Allowance/(Reversal) of Doubtful debt/Bad debt write off		(13,531,610)	19,166,663	-	14,524,593
Loss Allowance for Other Receivables		124,584,253	-	124,584,253	-
Profit/(Loss) on Disposal of Property, Plant and Equipment	17	(1,202,000)	657,032	(575,000)	657,032
Profit/(Loss) on Derecognition of ROUA	17	(10,218,707)	-	(5,014,109)	-
Gain on Bargain Purchase	7.3	-	(1,318,340)	-	-
Allowance for slow moving Inventories		2,400,000	2,400,000	-	-
Dividend Income		-	-	(349,897,481)	(82,000,000)
Lease Interest	18	33,696,836	12,158,667	14,310,827	5,718,398
Finance Income		(40,763,680)	(58,864,469)	(39,691,404)	(58,151,026)
Finance Cost	18	476,866,446	183,823,366	380,753,099	159,920,815
		2,643,313,465	1,002,505,011	1,664,694,447	585,888,678
Working Capital Changes					
(Increase)/Decrease in Inventories		(418,953,018)	(314,955,906)	(142,863,502)	(165,319,577)
(Increase)/Decrease in Trade and Other Receivables		79,358,884	(566,006,937)	156,764,253	(567,228,361)
(Increase)/Decrease in Advances and Prepayments		(83,166,639)	(56,205,860)	(19,572,382)	(30,257,650)
Increase/ (Decrease) in Trade and Other Payables		(414,570,099)	365,283,808	(297,514,593)	210,970,751
Cash Generated from Operations		1,805,982,593	430,620,114	1,361,508,223	34,053,841
Gratuity Paid	14	(4,174,846)	(1,608,599)	(2,605,271)	(1,367,974)
Tax Paid		(313,064,231)	(37,727,139)	(198,682,126)	(29,086,858)
Finance Cost Paid		(476,866,446)	(183,823,366)	(380,753,099)	(159,920,815)
Net Cash (Used in)/From Operating Activities		1,011,877,070	207,461,010	779,467,727	(156,321,805)
Cash Flows From / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	3	(226,458,538)	(330,729,402)	(130,713,068)	(328,252,121)
Advance Paid on Acquisition Right of Use Assets		(21,366,000)	-	-	-
Acquisition of Intangible Assets	5	(519,000)	(723,277)	(519,000)	(723,277)
Proceeds from Sale of Property Plant and Equipment		1,525,000	14,900,214	575,000	800,214
Upliftment of / (Investment in) Fixed Deposit		466,974,657	16,025,343	466,974,657	16,025,343
Finance Income		40,763,680	58,864,469	39,691,404	58,151,026
Dividend Income Received from Subsidiary	17	-	-	349,897,481	82,000,000
Acquisition of Subsidiary, Net of Cash Acquired	7.4	-	48,910	-	-
Net Cash Flows Used in Investing Activities		260,919,799	(241,613,743)	725,906,474	(171,998,815)
Cash Flows From / (Used in) Financing Activities					
Proceeds From Interest Bearing Loans and Borrowings	13	16,047,982,502	12,802,927,408	14,255,721,422	11,253,627,407
Repayment of Interest Bearing Loans and Borrowings	13	(16,714,754,464)	(12,343,069,305)	(15,140,282,242)	(10,670,691,527)
Proceeds From Initial Public Offering	12	-	700,000,000	-	700,000,000
Cost incurred in relation to Initial Public Offering		-	(34,081,048)	-	(34,081,048)
Payment of Lease Liabilities	13	(69,085,327)	(38,720,550)	(20,862,000)	(14,706,000)
Dividends paid		(823,333,333)	(163,333,333)	(823,333,333)	(163,333,333)
Net Cash Flows From/(Used in) Financing Activities		(1,559,190,622)	923,723,172	(1,728,756,153)	1,070,815,499
Net (Decrease)/Increase in Cash and Cash Equivalents		(286,393,753)	889,570,439	(223,381,952)	742,494,878
Cash and Cash Equivalents at the Beginning of the Year		963,181,389	73,610,950	805,957,110	63,462,232
Cash and Cash Equivalents at the End of the Year		676,787,636	963,181,389	582,575,158	805,957,110

The accounting policies and notes on pages 113 through 160 form an integral part of the Financial Statements.

# 1. CORPORATE INFORMATION

## 1.1 General

Ex-Pack Corrugated Cartons PLC (Company) is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the company and the principal place of the business is situated at No. 79, Pattiwila Road, Gonawala, Kelaniya.

## 1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Group as follows,

The Company's principal activity included the manufacturing and selling of Corrugated Cartons to local and foreign markets.

The Company had two fully owned subsidiaries, Neptune Papers (Private) Limited and Denshun Industries (Private) Limited. On 25 March 2021, the Company disposed its entire shareholding of Denshun Industries (Private) Limited to its parent, Aberdeen Holdings (Private) Limited.

Neptune Papers (Private) Limited has acquired 100% shares of Neptune Services (Private) Limited on 31 December 2021 from Aberdeen Holdings (Private) Limited. The Saffron Food Services (Private) Limited has changed to Neptune Services (Private) Limited effect from 01 April 2022. Neptune Papers (Private) Limited also acquired Neptune Recyclers (Private) Limited on 01 April 2021. Neptune Recyclers has acquired 80% of shares of Neptune Eco Friends (Private) Limited on 31 December 2021.

Neptune Papers (Private) Limited - The principal activities of the company were engaging in the business of exporting of all type of waste papers.

The principal activity of Neptune Services (Private) Limited purchasing and reselling of wastepaper to the local mills.

Neptune Recyclers (Private) Limited – The principal activities of the company were purchasing and reselling of wastepaper to the local mills.

Neptune Eco Friends (Private) Limited – The principal activities of the company were collecting and selling wastage via mobile application software.

All the subsidiary companies are incorporated in Sri Lanka and no subsidiaries that are incorporated outside Sri Lanka.

## 1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Aberdeen Holdings (Private) Limited which is incorporated in Sri Lanka.

## 1.4 Date of Authorization for Issue

The Consolidated Financial Statements of Ex-Pack Corrugated Cartons PLC, for the year ended 31 March 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 11 August 2023.

# 2. SIGNIFICANT ACCOUNTING POLICIES

## 2.1 GENERAL ACCOUNTING POLICIES

### 2.1.1 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis unless stated otherwise and accounting policies are applied consistently.

### 2.1.2 Basis of Preparation and Statement of Compliance

These Financial Statements, comprising of both the Company's separate Financial Statements and the Consolidated Financial Statements of the Company and its Subsidiaries ("Group"), comprise the Statements of Financial Position, Statements of Profit or Loss, Statements of the Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows together with the Accounting Policies and Notes to the Financial Statements.

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS's and LKAS's) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

### 2.1.3 Functional and Presentation Currency

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

### 2.1.4 Comparative Information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The previous years' figures and phrases have been rearranged wherever necessary to confirm to the current presentation.

### 2.1.5 Going Concern

The Board of Directors has made an assessment of the Group's ability to continue as a going concern in the foreseeable future and they do not intend either to liquidate or to cease trading.

## 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.2.1 Basis of Consolidation

The Consolidated Financial Statements (referred to as the 'Group') comprise the financial statements of the Company and its Subsidiaries. Subsidiaries are disclosed in Notes 08 to the financial statements. The financial statements of the Subsidiaries are prepared in compliance with the Group's accounting policies unless stated otherwise.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the Statement of Profit or Loss.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, which is 12 months ending 31 March, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

## Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. If the Group retains any interest in the previous subsidiary then such interest is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

Investments in Subsidiaries are recognized at cost less impairment in the separate financial statements of the Company.

## Goodwill

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

### Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

## 2.2.2 Current/Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

**The Group classifies all other assets as non-current.**

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

## 2.2.3 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability



The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and building. Involvement of external valuers is decided upon annually by the Board of Directors, where selection criteria would include market knowledge, reputation, and independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 2.2.4 Foreign Currency Translations

The financial statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## 2.2.5 Financial Instruments – Financial assets

### Initial Recognition and Measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding.

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

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

The Company's financial assets include cash and bank balances, fixed deposits, trade and other receivables including amount due from related parties, and advances and prepayments.

### Subsequent measurement

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

- i. Financial assets at amortised cost (debt instruments)
- ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- iv. Financial assets at fair value through profit or loss

### Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

## Financial assets at amortized cost (debt instruments)

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

## Financial assets at amortized cost (debt instruments)

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers financial asset is default when contractual payments are 365 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

## 2.2.6 Financial Instruments – Financial Liabilities

### Initial Recognition and Measurement

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

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

The Company's financial liabilities include trade and other payables including amount due to related parties, loans and borrowings including bank overdrafts.

### Subsequent measurement

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

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

### Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

### De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

## 2.2.7 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

## 2.2.8 Determination of Fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. When there is no active market, direct observation of a trade price may not be possible. In these circumstances, the Group uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair value are determined according to the following hierarchy.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

## 2.2.9 Property, Plant and Equipment

### Basis of measurement

Property, Plant and equipment is stated at cost/revaluation, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Significant accounting judgments, estimates and assumptions and provisions for further information about the recorded decommissioning provision. The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Land and buildings are subsequently measured at fair value, less accumulated depreciation on buildings, and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.



## Depreciation

Depreciation is calculated by using a straight-line method on the cost of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

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

### 2.2.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the reporting period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.2.11 Intangible assets

Computer software acquired is separately measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of computer software is assessed and amortised over the useful economic life of 4 years.

### 2.2.12 Cash and Cash Equivalents

Cash and Cash Equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

### 2.2.13 Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- **Raw materials:**  
Purchase cost on a Weighted Averaged Cost (WAC) basis.
- **Work in Progress:**  
Cost of direct materials
- **Finished goods:**  
Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## 2.2.14 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## 2.2.15 Retirement Benefit Obligations

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity. A defined benefit plan, define an amount of pension benefit that an employee will receive on retirement, based on the years of service and compensation.

### a) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Group contributes 14% and 3% of basic emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

### b) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 14. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The Group's accounting policy for defined benefit plans is to recognize actuarial gains and losses in the period in which they occur in full in other comprehensive income in accordance with LKAS 19. Accordingly, the Group recognized all cumulative actuarial gains and losses at the date of transition to SLFRS. Further details are disclosed in financial statements.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefits. However, for entities of the Group operating in Sri Lanka, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded. The settlement of the liability is based on legal liability method or the following basis as applied by the respective entities.

The Retirement Benefit Obligation of the Company is based on the Actuarial Valuation carried out by Messrs., Actuarial and Management Consultants (Private) Limited, a firm of Professional Actuaries.

## 2.2.16 Leases

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

### Group as a lessee

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

#### i) Right-of-use assets

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

■ Buildings	03 to 06 years
■ Plant and machinery	05 to 10 years
■ Motor vehicles and other equipment	04 to 05 years

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

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

#### ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (Note 13).

### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 2.2.17 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

### 2.2.18 Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognized:

#### a) Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the goods are transferred to the customer, generally on sold of the goods.

The Group's contracts with customers sales include one performance obligation. The Group has concluded that revenue from sales should be recognised at the point in time when control of the asset is transferred to the customer, generally on sold of goods (Local Sales) or delivery of the goods based on shipping terms (Export Sales). Therefore, the adoption of SLFRS 15 did not have an impact on the timing of revenue recognition. However, in determining the transaction price for the sales, the Group considers the effects of variable consideration and the existence of significant financing components.

**b) Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

**c) Contract liabilities**

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

**d) Gains and Losses**

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

**e) Finance income**

Finance income is recognized on a time proportion basis that takes in to account the effective interest rate (EIR) on asset. EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

**f) Dividend Income**

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

**g) Rental Income**

Rental income arising from operating leases on investment properties or renting out of premises are recognized as income on a straight-line basis over the term of the lease or agreement.

**h) Others**

Other income is recognized on an accrual basis.

## **2.2.19 Taxation**

### **Current Taxes**

Current income tax assets and liabilities for the current reporting period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred Taxation**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

and the carry forward of unused tax credits and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and the carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

## 2.2.20 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the “indirect method”.

Interest paid are classified as operating cash flows, interest received is classified as investing cash flows for the purpose of presenting Statement of Cash Flows.

## 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### 2.3.1 Changes in Accounting standards

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022.

The following amendments and improvements did not have a significant impact on the Company Financial Statements.

Amendments to LKAS 16: Proceeds before Intended Use

Amendments to LKAS 37: Onerous Contracts – Costs of Fulfilling a Contract

Amendments to SLFRS 3: Reference to Conceptual Framework.

#### **Standards, amendments and interpretation issued but not yet effective**

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below.

#### **Definition of Accounting Estimates – Amendments to LKAS 8**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

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



#### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to LKAS 12**

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

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

#### **Disclosure of Accounting Policies – Amendments to LKAS 1 and IFRS Practice Statement 2**

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

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

#### **Classification of Liabilities as Current or Noncurrent – Amendments to LKAS 1**

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify –

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Disclosures

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

### **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of Financial Statements in conformity with accounting standards 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, and disclosure of contingent liabilities of the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences,

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are included below;

**a) Revaluation of land and buildings**

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The date of the most recent revaluation was on 31 March 2023. The changes in fair value recognized in other comprehensive income and in the statement of changes in equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

**b) Measurement of the Recoverable Amount of Cash-Generating Units Containing Goodwill and Impairment Test on Investment in Subsidiary:**

The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 2.2.1. The recoverable value of Goodwill together with the related investment in subsidiary has been assessed considering its value in use discounting future cash flows generated from containing the operations of the unit.

**c) Defined Benefit Plans**

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases, and mortality rates more fully described in Note 14. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the weighted average cost of capital. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

**e) Deferred Tax Asset**

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Land	Building	Motor Vehicles	Office Equipment	Furniture & Fittings	Technological Equipment	Plant & Machinery	Tools and Equipment	Spare Parts	Stores & Equipment	Total
Cost / Valuation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>3.1</b>											
<b>3.1.1</b>											
<b>As at 01 April 2022</b>	1,106,086,134	397,657,564	189,933,743	12,237,430	5,040,003	46,640,578	546,681,450	3,825,454	53,155,620	564,605	2,361,822,581
Additions	24,570,567	243,000	16,841,493	3,063,219	539,865	12,981,427	158,837,080	142,848	-	9,239,039	226,458,538
Revaluation	306,462,299	236,247,570	-	-	-	-	-	-	-	-	542,709,869
Adjustment on revaluation	-	(58,547,134)	-	-	-	-	-	-	-	-	(58,547,134)
Write-down of property plant and equipment	-	-	(1,625,000)	(3,254,972)	-	(18,008,768)	(3,257,409)	(961,019)	-	-	(27,107,168)
Disposals	-	-	(572,000)	-	-	-	(1,292,000)	-	-	-	(1,864,000)
<b>As at 31 March 2023</b>	1,437,119,000	575,601,000	204,578,236	12,045,677	5,579,868	41,613,237	700,969,121	3,007,283	53,155,620	9,803,644	3,043,472,686
<b>3.1.2 Accumulated Depreciation</b>											
<b>As at 01 April 2022</b>	-	29,127,964	155,742,960	6,435,242	1,882,729	27,799,541	425,532,590	2,778,817	53,155,620	263,516	702,718,979
Charge for the year	-	29,419,170	13,853,607	2,201,973	633,384	9,447,603	38,201,454	294,178	-	625,506	94,676,875
Adjustment on revaluation	-	(58,547,134)	-	-	-	-	-	-	-	-	(58,547,134)
Write-down of property plant and equipment	-	-	(1,625,000)	(3,254,972)	-	(18,008,768)	(3,257,409)	(961,019)	-	-	(27,107,168)
Disposals	-	-	(572,000)	-	-	-	(969,000)	-	-	-	(1,541,000)
<b>As at 31 March 2023</b>	-	-	167,399,567	5,382,243	2,516,113	19,238,376	459,507,635	2,111,976	53,155,620	889,022	710,200,552
<b>As at 31 March 2022</b>	1,106,086,134	368,529,600	34,190,783	5,802,188	3,157,274	18,841,037	121,148,860	1,046,637	-	301,089	1,659,103,602
<b>As at 31 March 2023</b>	1,437,119,000	575,601,000	37,178,669	6,663,434	3,063,755	22,374,861	241,461,486	895,307	-	8,914,622	2,333,272,134

**3.1.3** During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 226,458,538/- (2022 - Rs. 330,729,402/-). Total cash payments amounting to Rs.226,458,538/-, (2022 - Rs. 330,729,402/-) were made during the year for purchase of Property, Plant and Equipment.

**3.1.4** Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 478,789,187/- (2022 - Rs. 505,896,354/-).

**3.1.5** The Group's lands which are reflected at revalued amounts have been determined based on active market price method. The revaluation was last carried out on 31 March 2023 by A.A.M. Fathihu, an independent valuer.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

### 3. PROPERTY, PLANT AND EQUIPMENT

Company	Land	Building	Motor Vehicles	Office Equipment	Furniture and Fittings	Technological Equipment	Plant & Machinery	Tools and Equipment	Spare Parts	Stores & Equipment	Total
Cost / Valuation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>3.2</b>											
<b>3.2.1</b>											
<b>As at 01 April 2022</b>	1,106,086,134	397,657,564	144,895,081	6,673,432	4,146,536	39,978,581	505,208,225	2,099,743	53,155,620	-	2,259,900,916
Additions	24,570,567	243,000	2,520,500	1,322,897	539,865	10,328,311	91,045,080	142,848	-	-	130,713,068
Revaluation	306,462,299	236,247,570	-	-	-	-	-	-	-	-	542,709,869
Adjustment on revaluation	-	(58,547,134)	-	-	-	-	-	-	-	-	(58,547,134)
Write-down of property plant and equipment	-	-	(1,625,000)	(3,254,972)	-	(18,008,768)	(3,257,409)	(961,019)	-	-	(27,107,168)
Disposals	-	-	(572,000)	-	-	-	-	-	-	-	(572,000)
<b>As at 31 March 2023</b>	1,437,119,000	575,601,000	145,218,581	4,741,357	4,686,401	32,298,124	592,995,896	1,281,572	53,155,620	-	2,847,097,551
<b>Accumulated Depreciation</b>											
<b>3.2.2</b>											
<b>As at 01 April 2022</b>	-	29,127,964	115,603,325	3,759,684	1,703,856	22,817,349	390,390,019	1,355,754	53,155,620	-	617,913,571
Charge for the year	-	29,419,170	10,307,059	1,549,883	521,701	8,401,821	30,914,664	143,831	-	-	81,258,129
Adjustment on revaluation	-	(58,547,134)	-	-	-	-	-	-	-	-	(58,547,134)
Write-down of property plant and equipment	-	-	(1,625,000)	(3,254,972)	-	(18,008,768)	(3,257,409)	(961,019)	-	-	(27,107,168)
Disposals	-	-	(572,000)	-	-	-	-	-	-	-	(572,000)
<b>As at 31 March 2023</b>	-	-	123,713,384	2,054,595	2,225,557	13,210,402	418,047,274	538,566	53,155,620	-	612,945,398
<b>As at 31 March 2022</b>	1,106,086,134	368,529,600	29,291,756	2,913,748	2,442,680	17,161,232	114,818,206	743,989	-	-	1,641,987,345
<b>As at 31 March 2023</b>	1,437,119,000	575,601,000	21,505,197	2,686,762	2,460,844	19,087,722	174,948,622	743,006	-	-	2,234,152,153

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

**3.2.3** The carrying amount of revalued Freehold Land, Freehold Buildings & Buildings on Leasehold Land if they were carried at cost less depreciation would be as follows

	Land Rs.	Building Rs.
Cost	854,205,762	460,451,176
Accumulated Depreciation	-	(171,475,706)
<b>Carrying Amount as at 31 March 2023</b>	<b>854,205,762</b>	<b>288,975,471</b>
<b>Carrying Amount as at 31 March 2022</b>	<b>829,635,194</b>	<b>311,759,079</b>

**3.2.4** During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 130,713,068/- (2022 - Rs. 328,252,121/-). Cash payments amounting to Rs. 130,713,068/- (2022 - Rs. 328,252,121/-) were made during the year for purchase of Property, Plant and Equipment.

**3.2.5** Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 402,148,407 /- (2022 - Rs. 429,255,571/-).

**3.2.6** The Group/Company uses the revaluation model of measurement of land and buildings. The Group/Company engaged A.A.M. Fathihu, an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation for Land and building was 31 March 2023.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 3. PROPERTY, PLANT AND EQUIPMENT (Contd...)

The table below sets out information about significant unobservable inputs used in measuring land and buildings measured at fair value categorised as level 3 in the fair value hierarchy.

Location and Date of Last Revaluation	Sub-Category	Total area	Valuation Technique	Significant Unobservable Inputs		Fair Value - 31 Mar 2023	Fair value Measurement Sensitivity to Unobservable Inputs Measurement
				Inputs	Rate Applied		
Land No. 79, Pattiwila Road, Gonawala, Kelaniya. (31 Mar 2023)	1 Main Land 2 Car Park Land	679.30 Perch 19.13 Perch	Direct Capital Comparison Method	Per Perch Price	800,000	543,224,000	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value.
				Per Perch Price	1,500,000	28,695,000	
						571,919,000	
Land Samurrdhi Mawatha, Heiyantuduwa, Biyagama.(31 Mar 2023)	1 Undevelopment Land 1A 2 Undevelopment Land 1B 3 Undevelopment Land 1C	321.5 Perch 22.25 Perch 28 Perch	Direct Capital Comparison Method	Per Perch Price	1,000,000	321,500,000	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value.
				Per Perch Price	831,461	18,500,000	
				Per Perch Price	900,000	25,200,000	
						365,200,000	
Land Location - No 151, Samurrdhi Mw, Heiyanthuduwa, Biyagama..(31 Mar 2023)	1 Main Land	527.5 Sq.Ft	Direct Capital Comparison Method	Per Perch Price	985,000 - 1,250,000	500,000,000	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value.
						500,000,000	
Building No. 79, Pattiwila Road, Gonawala, Kelaniya. (31 Mar 2023)	1 Main Factory & Store 2 Two Story Building 1 3 Two Story Building 2	139,418 Sq.Ft 17,362 Sq.Ft 1,400 Sq.Ft	Replacement Cost	Per Square foot value	3,500	487,963,000	Significant increases (decreases) in estimated replacement cost per perch would result in a significantly higher (lower) fair value.
					4,020	69,448,000	
					5,100		
	4 Car Park Garage	5,200 Sq.Ft			2,125	7,140,000	
						11,050,000	
						575,601,000	



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

3.	PROPERTY, PLANT AND EQUIPMENT (Contd...)	Group/Company	
3.3	The useful lives of the assets is estimated as follows	2023	2022
	Building	20 Years	20 Years
	Tools and Equipment	8 Years	8 Years
	Plant and Machinery	5-10 Years	5-10 Years
	Office Equipment	4-8 Years	4-8 Years
	Furniture and Fittings	8 Years	8 Years
	Motor Vehicle	5 Years	5 Years
	Technical Equipment	4 Years	4 Years
	Spare Parts	3 Years	3 Years

## 4. LEASES

### 4.1 Rights Of Use Asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Company's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of Right of Use Lease assets of the Group/Company is as follows

#### 4.1.1 Group

Cost	Balance As at 01.04.2022	Additions during the year	Disposals during the year	De- Recognition	Balance As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	160,990,532	190,021,778		(91,831,127)	259,181,183
Motor Vehicle	3,135,499	7,898,000	-	-	11,033,499
Plant and Machinery	30,706,289		-	-	30,706,289
	<u>194,832,320</u>	<u>197,919,778</u>	<u>-</u>	<u>(91,831,127)</u>	<u>300,920,971</u>

Amortisation	Balance As at 01.04.2022	Charge for the year	Disposals during the year	De- Recognition	Balance As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	71,299,053	49,767,823		(39,394,868)	81,672,008
Motor Vehicle	1,723,521	2,076,071	-	-	3,799,592
Plant and Machinery	17,125,583	3,593,333	-	-	20,718,917
	<u>90,148,157</u>	<u>55,437,227</u>	<u>-</u>	<u>(39,394,868)</u>	<u>106,190,517</u>

Net book values	Balance As at 31.03.2023	Balance As at 31.03.2022
	Rs.	Rs.
Buildings	177,509,175	89,691,479
Motor Vehicle	7,233,907	1,411,978
Plant and Machinery	9,987,372	13,580,706
	<u>194,730,454</u>	<u>104,684,163</u>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 4. LEASES (Contd..)

4.1.2 Company				
Cost	Balance As at 01.04.2022	Additions during the year	De-Recognition	Balance As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.
Buildings	64,122,299	65,881,647	(64,122,299)	65,881,647
	64,122,299	65,881,647	(64,122,299)	65,881,647
Amortisation	Balance As at 01.04.2022	Charge for the year	De-Recognition	Balance As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.
Buildings	28,872,271	12,554,004	(31,544,032)	9,882,243
	28,872,271	12,554,004	(31,544,032)	9,882,243
Net book values			Balance As at 31.03.2023	Balance As at 31.03.2022
			Rs.	Rs.
Buildings			55,999,404	35,250,028
			55,999,404	35,250,028

## 4.2 Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company's incremental borrowing rate. The movement of Lease creditor for the period is described in Note 13.

## 5. INTAGIBLE ASSETS

5.1 Computer Software				
	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>				
As at 1 April	2,232,000	1,753,223	1,275,652	552,375
Additions	519,000	723,277	519,000	723,277
Disposals	-	(244,500)	-	-
As at 31 March	2,751,000	2,232,000	1,794,652	1,275,652
<b>Amortisation</b>				
As at 1 April	1,202,248	1,085,567	337,046	15,344
Amortisation for the year	499,717	361,181	468,467	321,702
Disposals	-	(244,500)	-	-
As at 31 March	1,701,965	1,202,248	805,513	337,046
<b>Net book value</b>	<b>1,049,035</b>	<b>1,029,752</b>	<b>989,139</b>	<b>938,606</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

5.2	Goodwill	Group		Company	
		2023	2022	2023	2022
	Goodwill acquired through business combinations have been allocated to cash generating unit for impairment testing as follows,	Rs.	Rs.	Rs.	Rs.
	Neptune Papers (Private) Limited	203,543,671	203,543,671	-	-
		203,543,671	203,543,671	-	-
	<b>Total Intangible Assets</b>	<b>204,592,706</b>	<b>204,573,423</b>	<b>989,139</b>	<b>938,606</b>

The recoverable amount of cash generating unit has been determined based on the value in use (VIU) calculation (Note 5.3)

## 5.3 Key assumption used in the VIU calculation.

### Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

### Discount rates

The discount rate used is the WACC (17.3%) (2022 - (13.6%))

### Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

### Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to five years immediately to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 2.5% growth rate (2022 - 1%)

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

6.	INVESTMENT PROPERTY	Group/Company	
		2023	2022
		Rs.	Rs.
	As at 01 April	-	382,000,000
	Transfer To Property, Plant and Equipment	-	(382,000,000)
	As at 31 March	-	-

## 7. INVESTMENT IN SUBSIDIARY

Company	2023		2022	
	Holding %	Rs.	Holding %	Rs.
<b>Non Quoted</b>				
Neptune Papers (Private) Limited	100%	205,000,000	100%	205,000,000
		205,000,000		205,000,000
<b>Less: Provision for impairment</b>				
		-		-
		205,000,000		205,000,000

### 7.1 Details of Sub-Subsidiaries held;

Company	Investor	2023 Holding		2022 Holding	
		%	Rs.	%	Rs.
Neptune Recyclers (Private) Limited		100%	500	100%	500
Neptune Eco Friends (Private) Limited		80%	800	80%	800
Neptune Services (Private) Limited		100%	1,000	100%	1,000

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 7.2 Acquisition made by the Group during the year 2022

Investee	Investor	Purchase Consideration	% Acquired	Date Acquired
Neptune Recyclers (Private) Limited	Neptune Papers (Private) Limited	500	100%	01 April 2021
Neptune Services (Private) Limited	Neptune Papers (Private) Limited	1,000	100%	31 December 2021

Further, an amount of Rs. 800/- was invested in 80% of shares of Neptune Eco Friends (Private) Limited, which was incorporated in 2022.

## 7.3 Asset acquired and liabilities assumed through the acquisitions are summarized below;

	Neptune Services (Private) Limited	Neptune Recyclers (Private) Limited	Total
	Rs.	Rs.	Rs.
Trade and Other Receivables	48,042,105	500	48,042,605
Bank Balances	48,910	-	48,910
Trade and Other Payables	(46,623,851)	-	(46,623,851)
Tax Payable	(147,824)	-	(147,824)
<b>Identifiable net assets at fair value</b>	<b>1,319,340</b>	<b>500</b>	<b>1,319,840</b>
Non-controlling Interest	-	-	-
Gain on bargain purchase	(1,318,340)	-	(1,318,340)
<b>Purchase consideration transferred</b>	<b>1,000</b>	<b>500</b>	<b>1,500</b>

## 7.4 Satisfied by

Cash Consideration to be paid	1,500
	1,500
<b>Analysis of cash and cash equivalents on acquisition of subsidiary</b>	
Cash at bank acquired on business combination	48,910
<b>Net cash inflow on acquisition</b>	<b>48,910</b>

## 8.

INVENTORIES	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Raw Material	789,012,412	693,958,024	789,012,412	693,958,024
Work-in-Progress	27,797,641	13,899,504	27,797,641	13,899,504
Finished Goods	585,372,237	257,610,822	76,886,537	25,103,596
Goods-in-Transit	217,372	8,638,826	217,372	8,638,826
Consumables	96,144,852	105,484,320	96,033,810	105,484,320
Less: Allowance for obsolete inventory	(4,800,000)	(2,400,000)	-	-
	<b>1,493,744,514</b>	<b>1,077,191,496</b>	<b>989,947,772</b>	<b>847,084,270</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

9. TRADE AND OTHER RECEIVABLES	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Trade Debtors - Other	1,542,186,692	1,455,939,407	1,164,957,253	1,166,378,518
- Related Parties (9.1)	5,974,709	10,152,886	6,103,642	10,670,696
Less: Allowances for Doubtful Debt	(16,044,918)	(29,576,528)	(14,524,593)	(14,524,593)
	1,532,116,483	1,436,515,765	1,156,536,302	1,162,524,621
Staff Debtors	3,265,620	2,345,028	3,265,620	2,345,028
Other Debtors - Others	37,321,825	64,860,982	21,070,292	21,685,933
- Related Parties (9.2)	178,017,964	288,312,110	133,131,467	247,463,615
Less: Allowances for Doubtful Debt	(24,803,599)	-	(24,803,599)	-
	193,801,810	355,518,120	132,663,780	271,494,576
VAT Receivable	162,574,971	177,111,924	140,363,187	177,111,924
Less: Allowances for Impairment	(99,780,654)	-	(99,780,654)	-
Income Tax Receivable	162,278	4,788,051	-	-
	62,956,595	181,899,975	40,582,533	177,111,924
	1,788,874,888	1,973,933,860	1,329,782,615	1,611,131,121

9.1	Trade Debtors – Related Parties		Group		Company	
			2023	2022	2023	2022
		Relationship	Rs.	Rs.	Rs.	Rs.
	Bio Extracts (Pvt) Ltd	Fellow Subsidiary	3,811,476	2,778,448	3,811,476	2,778,448
	Expoteas Ceylon (Pvt) Ltd	Fellow Subsidiary	239,093	1,990,072	239,093	1,990,072
	Fits Express (Pvt) Ltd	Fellow Subsidiary	1,924,140	2,502,336	1,924,140	2,502,336
	DFC Roasters (Pvt) Ltd	Fellow Subsidiary	-	240,570	-	240,570
	Neptune Papers (Pvt) Ltd	Subsidiary	-	-	128,933	517,810
	Lanka Commodity Trading (Pvt) Ltd	Fellow Subsidiary	-	2,641,460	-	2,641,460
			5,974,709	10,152,886	6,103,642	10,670,696

9.2	Other Debtors - Related Parties	Group		Company	
		2023	2022	2023	2022
		Relationship	Rs.	Rs.	Rs.
Aberdeen Holdings (Pvt) Ltd	Parent	24,010,302	74,759,645	-	50,380,541
Lanka Commodity Trading (Pvt) Ltd	Fellow Subsidiary	69,985	201,218	61,215	-
Expoteas Ceylon (Pvt) Ltd	Fellow Subsidiary	88,000	1,800	-	-
Hi Energy Services (Pvt) Ltd	Fellow Subsidiary	108,342,653	119,816,034	108,266,653	119,816,034
Neptune Services (Pvt) Ltd	Sub -Subsidiary	19,986,477	-	-	-
Lanka Food Solutions (Pvt) Ltd	Fellow Subsidiary	24,803,599	24,803,599	24,803,599	24,803,599
Bio Extract (Pvt) Ltd	Fellow Subsidiary	485,495	46,725,674		31,531,693
Fits Aviation (Pvt) Ltd	Fellow Subsidiary	18,994	21,246,380		20,931,748
Fits Express (Pvt) Ltd	Fellow Subsidiary	-	726,180	-	-
Lanka Commodity Holdings (Pvt) Ltd	Fellow Subsidiary	212,459	3,500	-	-
Expoceylon Pharmaceuticals (Pvt) Ltd	Fellow Subsidiary	-	28,080	-	-
		178,017,964	288,312,110	133,131,467	247,463,615



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 9. TRADE AND OTHER RECEIVABLES (Contd..)

9.3	Movements in the allowance for impairment of Trade Receivables;	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
	At the beginning of the year	29,576,528	10,409,866	14,524,593	-
	Provision (reversal) / made during the year	(13,531,610)	19,166,662	-	14,524,593
	Write-off during the year	-	-	-	-
	Balance at the end of the year	16,044,918	29,576,528	14,524,593	14,524,593

## 9.4 Trade receivables are non-interest bearing and are generally on times of 30-90 days.

As at 31 March, the ageing analysis of trade receivables, is as follows:

### Group

	Total	< 30 days	31-90 days	91-180 days	181-360 days	>360 days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2023	1,548,161,401	944,960,824	379,332,557	138,667,262	71,055,835	14,144,923
2022	1,466,092,293	802,953,794	564,828,436	61,347,257	7,386,279	29,576,528

### Company

	Total	< 30 days	31-90 days	91-180 days	181-360 days	>360 days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2023	1,171,060,895	618,770,483	332,873,621	137,721,356	67,550,512	14,144,923
2022	1,177,049,214	581,221,993	516,829,721	58,097,119	6,375,788	14,524,593

Note 28.4 on credit risk of trade receivables, which discusses how the Group/Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

# NOTES TO THE FINANCIAL STATEMENTS

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Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

10.	SHORT TERM FINANCIAL ASSETS		Group		Company	
			2023	2022	2023	2022
10.1	Investment in Fixed Deposits	Credit Rating	Rs.	Rs.	Rs.	Rs.
	Seylan Bank PLC	A(Ika)	-	466,974,657	-	466,974,657
			-	466,974,657	-	466,974,657

## 10.2 Impairment of investments in fixed deposits

Management has assessed the provision of impairment of fixed deposits and money market funds by considering the credit ratings of these institutions and considering other economic factors and concluded that the resulting impairment provision is immaterial to the financial statements.

11.	CASH AND CASH EQUIVALENTS		Group		Company	
			2023	2022	2023	2022
11.1	Favourable Cash and Cash Equivalents balance		Rs.	Rs.	Rs.	Rs.
	Cash at Bank		168,048,308	121,724,244	81,650,791	107,740,397
	Cash in Hand		11,334,981	147,237,110	924,367	3,996,678
	Short-term Deposit		500,000,000	706,113,014	500,000,000	706,113,014
			679,383,289	975,074,368	582,575,158	817,850,089
11.2	Unfavourable Cash and Cash Equivalents balance					
	Bank overdrafts		(2,595,653)	(11,892,979)	-	(11,892,979)
			(2,595,653)	(11,892,979)	-	(11,892,979)
	<b>Net Cash &amp; Cash Equivalent balance for the purpose of Cash Flow Statement</b>		<b>676,787,636</b>	<b>963,181,389</b>	<b>582,575,158</b>	<b>805,957,110</b>

12.	STATED CAPITAL	Group/Company			
		2023		2022	
		Number of shares	Rs.	Number of shares	Rs.
	<b>Issued and fully-paid - ordinary shares</b>				
	Balance at the beginning of the year	333,333,333	1,200,000,000	50,000,000	500,000,000
	Shares Split			200,000,000	-
	Issue of shares			83,333,333	700,000,000
		<b>333,333,333</b>	<b>1,200,000,000</b>	<b>333,333,333</b>	<b>1,200,000,000</b>

The company has issued Eighty three million three hundred thirty three thousand three hundred thirty three (83,333,333) new ordinary voting shares each at Rs. 8.40/- to the general public on 31 October 2021 by way of an offer for subscription in the Colombo Stock Exchange.

# NOTES TO THE FINANCIAL STATEMENTS

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Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 13.

INTEREST BEARING LOANS AND BORROWINGS	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
<b>Non-current interest bearing loans and borrowings</b>				
Lease – Motor Vehicle and Plant and Machinery (13.1)	13,849,842	12,965,488	-	-
Lease – Buildings (13.2)	125,339,888	66,515,479	51,243,314	29,505,216
	139,189,730	79,480,967	51,243,314	29,505,216
<b>Current interest bearing loans and borrowings</b>				
Lease – Motor Vehicle and Plant and Machinery (13.1)	4,549,240	3,445,504	-	-
Lease – Buildings (13.2)	49,845,325	26,794,950	10,613,234	10,613,234
Term Loans (13.3)	2,425,650,260	3,092,422,222	1,942,439,180	2,827,000,000
Bank overdrafts (11.2)	2,595,653	11,892,979	-	11,892,979
	2,482,640,478	3,134,555,655	1,953,052,414	2,849,506,213
<b>Total interest bearing loans and borrowings</b>	2,621,830,208	3,214,036,622	2,004,295,728	2,879,011,429

## 13.1

Lease – Motor Vehicle and Plant and Machinery Group	New leases		Repayments		Balance as at		Current as at		Non-current as at	
	Balance as at 01.04.2022	Rs.	Rs.	Rs.	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Commercial Bank of Ceylon PLC	21,272,161	8,529,058	(6,798,254)		23,002,965	6,485,558		16,517,407		
Finance Charges Allocated to Future Periods	(4,861,169)	(2,210,658)	2,467,944		(4,603,883)	(1,936,318)		(2,667,565)		
Net Liability	16,410,992	6,318,400	(4,330,310)		18,399,082	4,549,240		13,849,842		

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 13. INTEREST BEARING LOANS AND BORROWINGS (Contd...)

Lease - Buildings Group	Balance as at 01.04.2022	Interest Expense Recognised In Profit or Loss	New lease	Repayments	De-Recognition	Balance as at 31.03.2023	Current as at 31.03.2023	Non-current as at 31.03.2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	93,310,428	31,228,893	168,655,778	(62,287,073)	(55,722,813)	175,185,213	49,845,325	125,339,888
	93,310,428	31,228,893	168,655,778	(62,287,073)	(55,722,813)	175,185,213	49,845,325	125,339,888

Company	Balance as at 01.04.2022	Interest Expense Recognised In Profit or Loss	New lease	Repayments	De-Recognition	Balance as at 31.03.2023	Current as at 31.03.2023	Non-current as at 31.03.2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	40,118,450	14,310,827	65,881,647	(20,862,000)	(37,592,376)	61,856,548	10,613,234	51,243,314
	40,118,450	14,310,827	65,881,647	(20,862,000)	(37,592,376)	61,856,548	10,613,234	51,243,314

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 13. INTEREST BEARING LOANS AND BORROWINGS (Contd...)

Term Loans Group	Balance as At 01.04.2022	New Loan Obtained	Repayment	Balance as At 31.03.2023	Current as at 31.03.2023	Non-current as at 31.03.2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank of Ceylon	160,000,000	2,701,900,000	(2,849,900,000)	12,000,000	12,000,000	-
National Development Bank - LKR	577,422,222	2,527,771,422	(2,864,954,464)	240,239,180	240,239,180	-
National Development Bank - USD	-	39,911,080	-	39,911,080	39,911,080	-
Hatton National Bank PLC	700,000,000	4,807,900,000	(4,772,900,000)	735,000,000	735,000,000	-
Seylan Bank PLC	1,012,500,000	3,121,500,000	(3,284,000,000)	850,000,000	850,000,000	-
Amana Bank	642,500,000	2,849,000,000	(2,943,000,000)	548,500,000	548,500,000	-
	3,092,422,222	16,047,982,502	(16,714,754,464)	2,425,650,260	2,425,650,260	-

Company	Balance as At 01.04.2022	New Loan Obtained	Repayment	Balance as At 31.03.2023	Current as at 31.03.2023	Non-current as at 31.03.2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank of Ceylon	160,000,000	2,701,900,000	(2,849,900,000)	12,000,000	12,000,000	-
National Development Bank - LKR	312,000,000	1,413,321,422	(1,663,382,242)	61,939,180	61,939,180	-
Hatton National Bank	700,000,000	4,170,000,000	(4,400,000,000)	470,000,000	470,000,000	-
Seylan Bank	1,012,500,000	3,121,500,000	(3,284,000,000)	850,000,000	850,000,000	-
Amana Bank	642,500,000	2,849,000,000	(2,943,000,000)	548,500,000	548,500,000	-
	2,827,000,000	14,255,721,422	(15,140,282,242)	1,942,439,180	1,942,439,180	-

# NOTES TO THE FINANCIAL STATEMENTS

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14.	RETIREMENT BENEFIT LIABILITY	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
	<b>Defined Benefit Obligation - Gratuity</b>				
	Defined Benefit Obligation as at the Beginning of the Year	102,426,637	82,201,168	75,096,489	61,424,586
	Interest cost	15,363,995	6,553,507	11,264,473	5,036,816
	Current service cost	10,302,623	9,916,556	6,915,984	6,057,583
	Benefits paid	(4,174,846)	(1,608,599)	(2,605,271)	(1,367,974)
	Actuarial (gains)/losses on obligation	(13,960,588)	5,364,005	(13,889,976)	3,945,478
	Defined Benefit Obligation as at the End of the Year	109,957,821	102,426,637	76,781,699	75,096,489

**14.1** The Retirement Benefit Obligation of the Company as at 31st March 2023 is based on the Actuarial Valuation carried out by Messrs, Actuarial and Management Consultants (Private) Limited, a firm of Professional Actuaries.

**14.2** Principal assumption used in determining post employment benefit obligation for the group are shown below:

	Group		Company	
Discount rate:	18.00%	15.00%	18.00%	15.00%
Salary Increase Rate	16.00%-18.00%	15.00% - 17.00%	16.00%	15.00%
Retirement age	60 Years	60 Years	60 Years	60 Years

The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

14.3	Sensitivity of assumptions employed in actuarial valuation	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
	1% Increase in Discount Rate	(7,272,203)	(8,550,233)	(5,231,194)	(6,509,224)
	1% Decrease in Discount Rate	8,213,266	9,816,482	5,888,865	7,492,081
	1% Increase in Salary Increment Rate	7,919,945	9,396,651	5,543,569	7,020,275
	1% Decrease in Salary Increment Rate	(7,134,486)	(8,347,242)	(5,011,047)	(6,223,803)

**14.4** The following are the expected payments to the defined benefit plan in future years

	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Within the next 12 months	10,665,056	6,431,788	7,411,435	4,421,999
Between 2 and 5 years	25,738,335	19,504,712	16,813,120	12,554,823
Between 5 and 10 years	41,508,434	24,795,649	29,473,286	17,617,418
Beyond 10 years	32,045,996	51,694,488	23,083,858	40,502,249
<b>Total expected payments</b>	<b>109,957,821</b>	<b>102,426,637</b>	<b>76,781,699</b>	<b>75,096,489</b>

The Group weighted average duration of the defined benefit plan obligation at the end of the reporting period is 8.4 years (2022: 10.22 years).

The Group uses market yields (at the end of the reporting period) on treasury bonds issued by the Government of Sri Lanka (T-bonds) to determine the discount rate, as disclosed in its accounting policy (refer Note 2.2.15 and 3). However, due to the economic conditions prevailing in the country as at the period end, the exceptionally high T-bond market yields would not be a reasonable reflection of the time value of money. Therefore, period end T-bond market yields have been adjusted for the credit risk spread to derive the rate used to discount the defined benefit obligation.

Such adjustment has been made based on the method set out in illustration 1 of the Frequently Asked Questions (FAQs) on Use of Discount Rate under the uncertain economic conditions issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Credit risk spread has been calculated based on Sovereign Default and Recovery Rates published by Moody's. Adjusted discount rates have been calculated for tenors available, and estimated using the yield curve for any remaining maturities and corresponds with the remaining average working life of the employees of the Group.



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15. TRADE AND OTHER PAYABLES	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Trade Payables - Others	409,429,274	926,683,302	237,690,589	642,315,173
- Related Parties (15.1)	-	-	-	-
	409,429,274	926,683,302	237,690,589	642,315,173
Other Payables - Others	87,735,780	51,831,599	63,291,868	46,633,989
- Related Parties (15.1)	523,217	746,322	633,045	449,882
Sundry Creditors including accrued expenses	255,430,390	188,427,537	242,909,473	152,640,524
	753,118,661	1,167,688,760	544,524,975	842,039,568

15.1

Other Payables – Related Parties		Group		Company	
		2023	2022	2023	2022
Relationship		Rs.	Rs.	Rs.	Rs.
Amana Takaful Ltd	Affiliate Company	178,017	199,187	178,017	199,187
Expoteas Ceylon (Pvt) Ltd	Fellow Subsidiary	-	52,320	-	52,320
Antler Foundry (Pvt) Ltd	Fellow Subsidiary	345,200	494,815	198,375	198,375
Neptune Papers (Pvt) Ltd	Fellow Subsidiary	-	-	256,653	-
		523,217	746,322	633,045	449,882

## 16. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Local Sales	6,025,531,089	3,762,357,255	3,772,503,956	2,696,137,187
Export Sales	6,400,947,625	4,708,344,637	4,067,714,284	2,411,715,542
Waste Sales - Export	1,020,408,364	58,387,830	116,323,477	58,387,830
Service Income	4,157,346	2,958,586	-	-
	13,451,044,424	8,532,048,308	7,956,541,717	5,166,240,559

16.1 Set out below is the disaggregation of the Group/Company revenue from contracts with customers:

a) Based on the nature of the product sold	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
<b>Types of Products and Services</b>				
Manufacture and sale of Corrugated Cartons	10,508,908,576	6,137,977,035	7,840,218,240	5,107,852,729
Manufacture of papers / paper reels	2,397,870,278	2,083,379,897	-	-
Recycling of fabric export sales	351,978,246	206,779,396	-	-
Waste sales	188,046,143	100,953,394	116,323,477	58,387,830
Service Income	4,241,181	2,958,586	-	-
	13,451,044,424	8,532,048,308	7,956,541,717	5,166,240,559

## b) Based on the geographical locations of the customers

Sri Lanka	10,640,949,364	6,651,709,242	7,479,944,307	4,979,381,638
Other South Asia	2,801,380,047	1,855,001,757	476,597,410	161,521,612
Other	8,450,703	25,337,309	-	25,337,309
	13,451,044,424	8,532,048,308	7,956,541,717	5,166,240,559

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

17.	OTHER OPERATING INCOME	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
	Profit on Disposal of Property, Plant and Equipment	1,202,000	-	575,000	-
	Profit/(Loss) on Derecognition of ROUA	10,218,707	-	5,014,109	-
	Gain on Bargain Purchase - Note 7.3	-	1,318,340	-	-
	Exchange Gain	47,998,074	273,903,116	40,746,936	257,522,267
	Sundry Income	63,495,339	32,708,554	58,694,462	29,573,800
	Income from Weighbridge Inhouse	4,284,117	4,366,413	-	-
	Dividend Income	-	-	349,897,481	82,000,000
		127,198,237	312,296,423	454,927,988	369,096,067

18.	FINANCE COST	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
	Interest on Banking Finance	380,919,739	159,920,815	380,753,099	159,920,815
	Finance Charge on Murabaha Loans	7,503,247	11,489,206	-	-
	Finance Charge on Wakala Loans	88,443,460	11,773,847	-	-
	Interest on Finance Lease (Ijara)	2,467,943	639,498	-	-
	Lease Interest	31,228,893	12,158,667	14,310,827	5,718,398
		510,563,282	195,982,033	395,063,926	165,639,213

19.	PROFIT/(LOSS) BEFORE TAX	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
	Stated after Charging,				
	<b>Included in Cost of Sales</b>				
	Employees Benefits including the following,				
	- Defined Benefit Plan Costs - Gratuity	9,881,653	5,669,427	6,683,490	4,796,883
	- Defined Contribution Plan Costs - EPF and ETF	26,891,303	19,031,889	19,044,807	16,309,959
	Depreciation & Amortisation	72,055,607	67,160,527	60,477,665	54,883,787
	<b>Included in Administrative &amp; Distribution Expenses</b>				
	Employees Benefits including the following,				
	- Defined Benefit Plan Costs - Gratuity	18,496,967	10,282,607	11,496,967	6,297,515
	- Defined Contribution Plan Costs - EPF and ETF	27,439,051	22,245,945	19,592,555	16,327,245
	Depreciation & Amortisation	23,089,736	21,993,942	21,248,932	20,391,008
	Auditor's Fees and Expenses - External	1,390,000	1,140,000	1,000,000	500,000
	- Other	2,034,430	2,284,430	1,525,760	2,229,430

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## 20. INCOME TAX

The major components of income tax expense for the years ended 31 March are as follows:

Income Statement	Group		Company	
	2023	2022	2023	2022
Current Income Tax	Rs.	Rs.	Rs.	Rs.
Current Income Tax Charge (Note 20.1)	375,205,144	99,429,527	285,357,220	37,453,595
Under/(Over) Provision of Income Tax for the Previous Year	(682,000)	-	-	-
	374,523,144	99,429,527	285,357,220	37,453,595
<b>Deferred Income Tax</b>				
Deferred Taxation Charged (Note 20.2)	88,619,416	(6,356,806)	43,293,405	4,406,756
	88,619,416	(6,356,806)	43,293,405	4,406,756
Tax on Dividend Income	19,099,555	-	-	-
<b>Income tax expense reported in the Income Statement</b>	<b>482,242,115</b>	<b>93,072,721</b>	<b>328,650,625</b>	<b>41,860,351</b>

## 20.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Accounting Profit (Profit before Tax)	1,895,201,490	793,264,713	1,427,763,205	448,138,181
Aggregate Disallowed Items	433,515,600	170,260,377	261,734,316	126,371,851
Aggregate Allowable Items	(1,149,530,387)	(351,137,397)	(591,279,777)	(239,187,050)
Adjustments for intra group transactions	349,897,481	-	-	-
Income from other Sources	280,341,355	118,719,745	281,340,940	119,412,448
<b>Taxable Profit</b>	<b>1,809,425,539</b>	<b>731,107,438</b>	<b>1,379,558,684</b>	<b>454,735,430</b>
(From 01 April 2022 - 30 September 2022)				
Tax on taxable income 14%	105,155,850	44,358,427	76,875,242	21,325,486
Tax on taxable income 18%	-	16,195,236	-	32,390,471
Tax on taxable income 24%	31,109,068	28,646,370	-	732,245
Tax on Interest income 14%	3,269,262	4,489,494	3,269,262	8,978,987
Tax on Dividend income 14%	9,333,333	5,740,000	9,333,333	11,480,000
(From 01 October 2023 - 31 March 2023)				
Tax on taxable income 30%	195,190,909	-	164,732,661	-
Tax on Interest income 30%	4,896,722	-	4,896,722	-
Tax on Dividend income 15%	26,250,000	-	26,250,000	-
<b>Total</b>	<b>375,205,144</b>	<b>99,429,527</b>	<b>285,357,220</b>	<b>74,907,189</b>
			<b>285,357,220</b>	<b>37,453,595</b>

### 20.1.1 General provisions

Corporate Income Taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 20.12 Income tax rates

### Concessionary Tax Rates

The Inland Revenue (Amendment) Act No 45 of 2022 was certified by the speaker on 19th December 2022. The standard rate of income tax has been increased to 30% from 24% w.e.f 01st October 2022. The tax rates of the companies up to 30 september 2022 are as follows.

Nature of the Profits/Gains	Rates
Export Profits including Indirect Export	14%
Manufacturing	18%
Investment Income and Other Income	24%

\* The budget 2021 proposed a 50% tax concession for the years 2021/2022 for companies that get listed in the CSE before 31 December 2021, and to maintain a corporate tax rate of 14% for the subsequent three years.

## 20.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings.

Group	Statement of Financial Position		Income Statement	
	2023	2022	2023	2022
Deferred Tax Liability /(Assets)	Rs.	Rs.	Rs.	Rs.
On Capital allowances for tax purposes	80,472,762	25,882,527	54,590,235	1,910,385
On Fair Value of Land/ Investment Property *	-	25,682,561	-	9,630,960
On Fair Value of Land/ Investment Property **	22,472,241	-	22,472,241	-
On Defined benefit plans	(32,987,347)	(16,661,563)	(20,513,961)	(3,095,038)
On Provision for doubtful debt	(4,813,476)	(4,882,764)	69,288	(3,425,383)
On Carried forward disallowed finance cost	-	(31,769,886)	31,769,886	(10,589,679)
On Lease liability - Building	697,188	(566,538)	1,263,726	(380,050)
On Provision for slow moving inventory	(1,440,000)	(408,000)	(1,032,000)	(408,000)
	64,401,368	(2,723,663)		
Deferred Tax Charge/(Reversal)			88,619,416	(6,356,806)

## 20.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings (Contd...)

	Other Comprehensive Income			
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
On Fair Value of Land/ Investment Property *	25,682,561	-	-	-
On Revaluation of Land	174,873,972	44,232,151	130,641,821	-
On Revaluation of Building	92,221,786	11,385,341	80,836,445	-
Defined Benefit Plans	-	-	4,188,177	(829,869)
	292,778,319	55,617,492	215,666,443	(829,869)
<b>Represented By,</b>				
Net Deferred Tax Assets	-	(24,520,728)		
Net Deferred Tax Liability	357,179,687	77,414,557		

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. INCOME TAX(Contd...)

### 20.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings (Contd...)

Company	Statement of Financial Position		Income Statement	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
<b>Deferred Tax Liability/(Asset)</b>				
On Capital allowances for tax purposes	50,251,692	22,287,177	27,964,515	997,345
On Fair Value of Land/ Investment Property *	-	25,682,561	-	9,630,960
On Fair Value of Land/ Investment Property **	22,472,241	-	22,472,241	-
On Defined benefit plans	(23,034,510)	(12,015,438)	(15,186,065)	(1,556,228)
On Allowance for Doubtful Debt	(4,357,378)	(2,323,935)	(2,033,443)	(2,323,935)
On Carried forward disallowed finance cost	-	(11,054,352)	11,054,352	(2,069,474)
On Lease liability - Building	(1,757,143)	(778,948)	(978,195)	(271,912)
	43,574,902	21,797,065		
Deferred Tax (Reversal)/Expense			43,293,405	4,406,756

Other Comprehensive Income				
	2023	2022		
	Rs.	Rs.		
On Fair Value of Land/ Investment Property *	25,682,561	-	-	-
On Revaluation of Land	174,873,972	44,232,151	130,641,821	-
On Revaluation of Building	92,221,786	11,385,341	80,836,445	-
On Defined Benefit Plans	-	-	4,166,993	(631,276)
	292,778,319	55,617,492	215,645,259	(631,276)
Net Deferred Tax Liability	336,353,221	77,414,557		

20.3 Impact on Deferred Tax Due to Tax Rate Change	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Recognised in Statement of Profit or Loss due to during the year transactions	88,298,129		23,037,329	
Recognized in Statement of Profit or Loss due to increase/(decrease) in Tax Rate	321,288		20,256,076	
Income tax expense recognised in Statement of Profit or Loss	88,619,416		43,293,405	
Recognized in Other Comprehensive Income during the year transactions	167,001,137		166,979,954	
Recognized in Other Comprehensive Income due to increase/(decrease) in Tax Rate	48,665,305		48,665,305	
Income tax expense recorded in OCI	215,666,442		215,645,259	

The Company has used the new tax rate introduced in the Inland Revenue (Amendment) Act No. 45 of 2022 certified on December 19, 2022

\* The company had transferred the Land which was held as Investment property to Owner occupied property in 2022.

\*\* The effect on Deferred Tax liability on the Land which was held as Investment property due to the change in Income Tax rate during the year, has been charged to Income Statement as the asset was transferred to Owner occupied property as of 31 March 2022. The fair value of the Land as at 31 March 2022 was Rs. 382,000,000 at the point of transfer to the owner-occupied property.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 21 BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the company, by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations

	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
<b>Amounts used as the numerator:</b>				
Net profit attributable to equity holders of the company	1,413,663,995	619,198,698	1,099,112,580	406,277,830
<b>Amounts used as the denominator:</b>				
Weighted average number of ordinary shares in issue applicable to basic earnings per share *	333,333,333	284,722,222	333,333,333	284,722,222
Earnings Per Share (Rs.)	4.24	2.17	3.30	1.43

\* The weighted average number of shares takes into account the weighted average effect of share split occurred during the last year. The weighted average shares were 50,000,000 before share split.

The company issued new shares amounting to 83,333,333 through a Initial Public Offer on 31 October 2021.

## 22.

	Company			
	2023		2022	
	Dividend per share	Gross dividend	Dividend per share	Gross dividend
	Rs.	Rs.	Rs.	Rs.
<b>Equity dividend on ordinary shares declared and paid during the year</b>				
Final dividend (Previous years' final dividend paid in the current year)	0.40	133,333,333	0.09	30,000,000
First interim dividend declaration	1.35	450,000,000	0.20	66,666,667
Second interim dividend declaration	0.72	240,000,000	0.20	66,666,667
	2.47	823,333,333	0.49	163,333,334

## 23 COMMITMENTS AND CONTINGENCIES

### 23.1 Capital Commitments

The Company does not have significant capital commitments as at the reporting date.

### 23.2

	Group/Company	
	2023	2022
<b>Corporate Guarantee - National Development Bank</b>	<b>Rs.</b>	<b>Rs.</b>
Expoteas Ceylon (Pvt) Ltd	800,000,000	800,000,000
Lanka Commodity Holdings (Pvt) Ltd	1,000,000,000	1,000,000,000
Lanka Commodity Holdings (Pvt) Ltd / Lanka Commodity Trading (Joint Facility)	-	200,000,000
Aberdeen Holdings (Pvt) Ltd	300,000,000	300,000,000
Fits Aviation (Pvt) Ltd	100,000,000	100,000,000
Neptune Papers (Pvt) Ltd	250,000,000	-
Expo Commodities (Pvt) Ltd	200,000,000	-
	2,650,000,000	2,400,000,000



# NOTES TO THE FINANCIAL STATEMENTS

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## 24 ASSETS PLEDGED

The following assets have been pledged as security for liabilities

	Nature of Assets	Nature of Liabilities	Group/Company	
			2023	2022
			Rs.	Rs.
I	-Primary Mortgage over Stock and book debts for Rs. 600,000,000/=	Murabaha Facility National Development Bank PLC	500,000,000	600,000,000
	- Existing Primary Floating Mortgage Over the Stock stored No 79, Pattiwila Road, Gonawala			
II	Short-term deposits held at Seylan Bank PLC for Rs. 500,000,000	Wakala Loan Seylan Bank PLC	450,000,000	630,000,000
III	'-Primary Mortgage of Rs.373,000,000 over the machinery located at No.79 & 166, Pattiwila Road, Gonawala, Kelaniya	Wakala Facility Hatton National Bank PLC	1,000,000,000	700,000,000
	- Existing Primary Floating Mortgage Over the Stock stored No 79, Pattiwila Road, Gonawala			
IV	Co- current Stock Mortgage Rs.500mn	Trade Facility Standard Chartered Bank	500,000,000	500,000,000

## 25 EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 26 RELATED PARTY DISCLOSURE

### 26.1 Transaction with the parent and affiliated entities

The Group and Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures'.

The details of guarantees provided to the banks on behalf of related parties are disclosed in Note 26.2

Group	Parent *		Affiliated Companies **		Total	
	2023	2022	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>As at 1 April</b>	<b>74,759,645</b>	<b>36,365,154</b>	<b>222,959,029</b>	<b>46,983,731</b>	<b>297,718,674</b>	<b>83,348,885</b>
Expense incurred for others	-	54,000	(25,151)	472,623	(25,151)	526,623
Loans Provided	(70,000,000)	127,770,544	79,000,000	592,220,000	9,000,000	719,990,544
Loans Settled	70,000,000	(85,770,544)	(165,220,000)	(416,650,000)	(95,220,000)	(502,420,544)
Mark-up income charged	-	498,646	30,538,479	11,885,547	30,538,479	12,384,193
Mark-up income received	-	(272,847)	(23,330,901)	(6,826,472)	(23,330,901)	(7,099,319)
Sale Invoices	173,900	182,393	837,730,865	376,297,464	837,904,765	376,479,857
Courier Charges	-	-	(325,763)	(676,347)	(325,763)	(676,347)
Cash Receipts/Payment Made	(47,514,583)	134,849,734	(791,175,545)	(357,033,660)	(838,690,128)	(222,183,926)
Purchase of Tea & Meals	-	-	(3,656,628)	(2,102,087)	(3,656,628)	(5,980,687)
Management/Consultancy Fee	(3,375,000)	(3,878,600)	-	(2,896,275)	(3,375,000)	(2,896,275)
Insurance Policy	-	-	(14,935,144)	(11,374,641)	(14,935,144)	(11,374,641)
Dividend Paid	(535,633,991)	(135,000,000)	-	-	(535,633,991)	(135,000,000)
Dividend Received	535,633,991	-	-	-	535,633,991	-
Intent Commission	-	-	-	(327,894)	-	(327,894)
Secretarial Expenses	(33,660)	(38,835)	-	-	(33,660)	(38,835)
Technical Fees	-	-	(12,100,086)	(7,012,960)	(12,100,086)	(7,012,960)
Rental Income	-	-	-	-	-	-
<b>As at 31 March</b>	<b>24,010,302</b>	<b>74,759,645</b>	<b>159,459,154</b>	<b>222,959,029</b>	<b>183,469,456</b>	<b>297,718,674</b>
<b>Included Under,</b>						
Trade Receivables (Note 9.1)	-	-	5,974,709	10,152,886	5,974,709	10,152,886
Other Receivables (Note 9.2)	24,010,302	74,759,645	154,007,662	213,552,465	178,017,964	288,312,110
Other Payables (Note 15.1)	-	-	(523,217)	(746,322)	(523,217)	(746,322)
	<b>24,010,302</b>	<b>74,759,645</b>	<b>159,459,154</b>	<b>222,959,029</b>	<b>183,469,456</b>	<b>297,718,674</b>

\* Parent of the Company is Aberdeen Holdings (Private) Limited.

\*\* Affiliated Companies includes, Lanka Commodity Holdings (Pvt) Ltd, Bio Extracts (Pvt) Ltd, Fits Express (Pvt) Ltd, Fits Aviation (Pvt) Ltd, Lanka Food Solutions (Pvt) Ltd, Amana Takaful Ltd, Expo Commodities DMCC and Expoteas Ceylon (Pvt) Ltd, Hi Energy Services (Pvt) Ltd, Antler Foundry (Pvt) Ltd, DFC Roasters (Pvt) Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 26.2 The following Corporate Guarantee have been obtained as at reporting date.

	Nature of Assets	Nature of Liabilities	Group/Company	
			2023	2022
			Rs.	Rs.
I	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala Facility of Bank of Ceylon	600,000,000	600,000,000
II	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala Facility of Hatton National Bank	700,000,000	700,000,000
III	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Standard Chartered Bank Trade documents (Co-Current Stock Mortgage Rs.500mn)	500,000,000	500,000,000
IV	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Murabaha Facility National Development Bank PLC	150,000,000	150,000,000
V	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala Facility National Development Bank PLC	200,000,000	200,000,000
VI	Corporate Guarantee of Fits Aviation (Private) Limited	Murabaha Facility National Development Bank PLC	150,000,000	150,000,000
VII	Corporate Guarantee of Lanka Commodity Holdings (Private) Limited	Murabaha Facility National Development Bank PLC	500,000,000	500,000,000
VIII	Corporate Guarantee of Expoteas Ceylon (Private) Limited	Wakala Facility National Development Bank PLC	200,000,000	200,000,000
IX	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala Facility of Seylan Bank PLC	400,000,000	400,000,000

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

### 27. RELATED PARTY DISCLOSURE (Contd...)

#### 27.1 Transaction with the parent and affiliated entities (Contd...)

Company	Parent *		Subsidiaries**		Affiliated Companies***		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>As at 1 April</b>	<b>50,380,541</b>	<b>53,734,141</b>	<b>517,810</b>	<b>(173,121)</b>	<b>206,786,078</b>	<b>33,806,413</b>	<b>257,684,429</b>	<b>87,367,433</b>
Expense incurred for others	-	-	-	-	-	471,623	-	471,623
Loans Provided	-	85,770,544	-	-	100,000,000	577,220,000	100,000,000	662,990,544
Loans Settled	-	(85,770,544)	-	-	(171,220,000)	(416,650,000)	(171,220,000)	(502,420,544)
Mark-up income charged	-	272,847	-	-	30,538,479	11,885,547	30,538,479	12,158,394
Mark-up income received	-	(272,847)	-	-	(23,330,901)	(6,826,472)	(23,330,901)	(7,099,319)
Sale Invoices	-	-	128,933	47,725,070	40,796,914	41,841,365	40,925,847	89,566,435
Non Operational Expenses	-	-	-	-	93,684	-	93,684	-
Courier Charges	-	-	-	-	(210,863)	(308,505)	(210,863)	(308,505)
Purchase of Paper Reel/Stationaries	-	-	17,723,295	(667,745)	-	-	17,723,295	(667,745)
Cash Receipts/Payment Made	(47,305,541)	135,000,000	(18,497,758)	(46,366,394)	(18,508,155)	(17,003,940)	(84,311,454)	71,629,666
Sales Returned	-	-	-	-	(56,256)	-	(56,256)	-
Purchase of Tea & Meals	-	-	-	-	(3,383,812)	(2,102,087)	(3,383,812)	(2,102,087)
Purchase of Spices	-	-	-	-	(94,800)	-	(94,800)	-
Management/Consultancy Fee	(3,075,000)	(3,353,600)	-	-	-	-	(3,075,000)	(3,353,600)
Insurance Policy	-	-	-	-	(15,232,285)	(11,374,641)	(15,232,285)	(11,374,641)
Dividend Received	535,633,991	-	349,897,481	82,000,000	-	-	885,531,472	82,000,000
Dividend Paid - (Net)	(535,633,991)	(135,000,000)	(349,897,481)	(82,000,000)	-	-	(885,531,472)	(217,000,000)
IT Services	-	-	-	-	(7,448,299)	(4,173,225)	(7,448,299)	(4,173,225)
<b>As at 31 March</b>	<b>-</b>	<b>50,380,541</b>	<b>(127,720)</b>	<b>517,810</b>	<b>138,729,784</b>	<b>206,786,078</b>	<b>138,602,064</b>	<b>257,684,429</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

Included Under,								
Trade Receivables (Note 9.1)	-	-	128,933	517,810	5,974,709	10,152,886	6,103,642	10,670,696
Other Receivables (Note 9.2)	-	50,380,541	-	-	133,131,467	197,083,074	133,131,467	247,463,615
Other Payables (Note 15.1)	-	-	(256,653)	-	(376,392)	(449,882)	(633,045)	(449,882)
	-	50,380,541	(127,720)	517,810	138,729,784	206,786,078	138,602,064	257,684,429

\* Patent of the Company is Aberdeen Holdings (Private) Limited.

\*\* Subsidiaries companies include Neptune Papers (Pvt) Ltd, Neptune Services (Pvt) Ltd, Neptune Recyclers (Pvt) Ltd, Neptune Eco Friends (Pvt) Ltd.

\*\*\* Affiliated companies includes, Lanka Commodity Holdings (Pvt) Ltd, Bio Extracts (Pvt) Ltd, , Amana Takaful Ltd, Expoteas Ceylon (Pvt) Ltd, Lanka Foods Solutions (Pvt) Ltd, Hi Energy (Pvt) Ltd, Fits Express (Pvt) Ltd, Fits Aviation (Pvt) Ltd Expoceylon Pharmaceuticals (Pvt) Ltd, DFC Roasters (Pvt) Ltd, Antler Foundry (Pvt) Ltd, Denshun Industries (Pvt) Ltd and Expo Commodities DMCC.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 27 RELATED PARTY DISCLOSURE (Contd...)

### 27.2 Transactions with Key Management Personnel of the Company

The key management personnel of the Company are the members of its Board of Directors and those of its parent. There are no transaction with such KMP and their close family members, other than mentioned below.

a)	Group		Company	
	2023	2022	2023	2022
Key Management Personnel Compensation	Rs.	Rs.	Rs.	Rs.
Short-term employee benefits	181,254,283	79,946,163	118,581,400	70,848,538
Post employee benefits	3,107,000	1,407,175	-	-
	184,361,283	81,353,338	118,581,400	70,848,538

## 28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables as well as Islamic Finance loans and borrowings (bank loans, finance lease and director loans). The main purposes of these financial liabilities is to finance the company's operations and fixed assets. The company has trade and other receivables, and cash that arrive directly from its operations.

The Group is exposed to market risk, credit risk, foreign exchange risk and liquidity risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

### 28.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and equity investments.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

### 28.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term and long term debt obligations with fixed interest rates.

	Increase/ decrease in basis points	Company	Group
		Effect on profit before tax Rs.	Effect on profit before tax Rs.
2023	+200	47,694,392	58,178,826
	-200	(47,694,392)	(58,178,826)
2022	+200	53,915,000	58,635,324
	-200	(53,915,000)	(58,635,324)

### 28.3 Foreign exchange risk

The Group's exposure to foreign exchange risk is significant as the transactions with its main Customers and its main suppliers are denominated in United States Dollars. Hence, the element of risk is generated through the translation of such transactions into the reporting currency, i.e. Sri Lankan rupee.



# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency risk as at 31st March 2023, and sensitivity analysis to profit & loss and equity if exchange rate increased / (decreased) by 20%.

### 28.3 Foreign exchange risk (Contd...)

As at 31 March 2023	Change in rates		Company		Group	
			Effect on profit before tax		Effect on profit before tax	
			Rs.	Rs.	Rs.	Rs.
USD	+ 20%	- 20%	99,152,590	(99,152,590)	144,462,123	(144,462,123)
As at 31 March 2022						
USD	+ 20%	- 20%	100,815,720	(100,815,720)	147,734,528	(147,734,528)

### 28.4 Credit risk

The Group's exposure to credit risk is minimal from its trade receivables. The Company has agreed to receive its exports sales proceeds in advance DP & through Letter of Credit. The Company also obtains bank guarantee from the customers.

The Group trades only with recognized and credit worthy third parties and all customers are subject to a credit verification process. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is minimal.

Carrying amount of financial assets represents the maximum credit exposure of those assets. The Group's maximum exposure to credit risk at the reporting date were as follows;

	Note	2023		2022	
		Rs.	%	Rs.	%
Trade and other receivables	9.	1,788,874,888	72%	1,973,933,860	58%
Short term financial assets	10.	-	0%	466,974,657	14%
Cash at bank and cash equivalents	11.	679,383,289	28%	975,074,368	29%
		2,468,258,177	100%	3,415,982,885	100%

### 28.5 Trade receivables

Customer credit risk is managed by each company subject to the Group's policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the credit risk evaluation policy and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are monitored on a regular basis.

Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend. Company has a diverse client portfolio limiting the risk of exposure to few large customers or sectors allowing to successfully navigate any credit risks.

### 28.6 Cash and cash equivalents and fixed deposits

Credit risk from balances with banks is managed in accordance with the Group treasury policy. Investments of surplus funds are made only with approved counterparties as per this policy. The credit rating of the banks are assessed before investments and the group has borrowings from the same banks where the deposits are held providing a natural hedge.

The Group held cash in hand and at bank equivalents of Rs. 679 Mn at 31 March 2023 (2022 Rs. 975 Mn) which represents its maximum credit exposure on these assets. Company also held fixed deposits of Rs. Nil as at 31 March 2023 (2022 Rs. 466.9 Mn).

### 28.7 Liquidity risk

The Company is indemnified of any liquidity risk by a letter of support issued by the Parent Company, undertaking to provide whatever financial support as may be necessary to enable the Group/Company, to meet its obligations as they fall due and to continue the operation of the Group/Company as a going concern.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

### 28.7.1 Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2023 based on contractual undiscounted payments.

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2023	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial liabilities</b>						
Short term Loans	-	1,375,211,080	1,050,439,180	-	-	2,425,650,260
Lease liabilities	-	12,774,968	37,853,373	142,955,955	-	193,584,297
Bank overdrafts	-	2,595,653	-	-	-	2,595,653
Trade and other payables	-	407,021,928	346,096,733	-	-	753,118,661
		1,797,603,629	1,434,389,286	142,955,955	-	3,374,948,871

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2022	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Short term Loans	-	1,599,588,889	1,492,833,333	-	-	3,092,422,222
Lease liabilities	-	8,065,720	22,174,733	79,480,968	-	109,721,421
Bank overdrafts	-	11,892,979	-	-	-	11,892,979
Trade and other payables	-	914,973,441	241,362,782	11,352,537	-	1,167,688,760
		2,534,521,029	1,756,370,848	90,833,505	-	4,381,725,382

### 28.7.1 Maturity analysis - Company

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>As at 31 March 2023</b>						
<b>Financial liabilities</b>						
Short term Loans	-	892,000,000	1,050,439,180	-	-	1,942,439,180
Lease liabilities	-	1,538,385	5,308,624	55,009,539	-	61,856,548
Bank overdrafts	-	-	-	-	-	-
Trade and other payables	-	219,854,852	324,670,123	-	-	544,524,975
		1,113,393,237	1,380,417,927	55,009,539	-	2,548,820,703

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>As at 31 March 2022</b>						
<b>Financial liabilities</b>						
Short term Loans	-	1,342,500,000	1,484,500,000	-	-	2,827,000,000
Lease liabilities	-	2,526,074	8,087,160	29,505,216	-	40,118,450
Bank overdrafts	-	11,892,979	-	-	-	11,892,979
Trade and other payables	-	642,315,173	199,724,395	-	-	842,039,568
		1,999,234,226	1,692,311,555	29,505,216	-	3,721,050,997

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Ex-Pack Corrugated Cartons PLC & Its Subsidiaries

## 29. CAPITAL MANAGEMENT

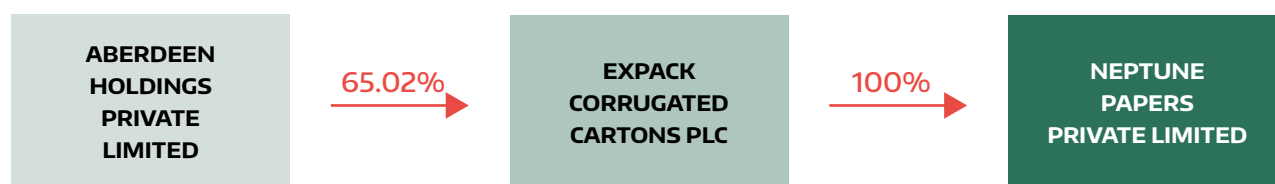
Capital includes ordinary shares. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders and issue new shares.

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Debt / Equity	93%	169%	85%	165%

## 09. SUPPLEMENTARY INFORMATION

### 9.1 GROUP STRUCTURE



### 9.2 PERFORMANCE SUMMARY THREE YEAR SUMMARY - GROUP & COMPANY

ALL FIGURES IN ('000)		GROUP			COMPANY	
AS AT 31 <sup>ST</sup> MARCH	2023	2022	2021	2023	2022	2021
OPERATING RESULTS						
REVENUE	13,451,044	8,532,048	4,787,006	7,956,542	5,166,241	3,310,099
GROSS PROFIT	3,509,082	1,305,335	928,686	2,346,547	818,609	759,589
EBIT	2,365,001	849,280	461,427	1,783,136	555,626	381,662
PROFIT BEFORE TAX	1,895,202	712,163	217,877	1,427,763	448,138	182,502
PROFIT FOR THE YEAR	1,412,959	619,090	205,208	1,099,113	406,278	152,181
TOTAL COMPREHENSIVE INCOME	1,753,963	614,556	292,811	1,440,067	402,964	239,083
ASSET EMPLOYED						
TOTAL NON-CURRENT ASSETS	2,732,595	1,992,882	1,740,065	2,496,141	1,883,176	1,641,644
TOTAL CURRENT ASSETS	4,131,028	4,579,033	2,755,536	2,969,837	3,790,999	2,325,485
TOTAL ASSETS	6,863,623	6,571,915	4,495,601	5,465,977	5,674,175	3,967,129

ALL FIGURES IN ('000)		GROUP			COMPANY	
AS AT 31 <sup>ST</sup> MARCH	2023	2022	2021	2023	2022	2021
CAPITAL EMPLOYED						
STATED CAPITAL	1,200,000	1,200,000	500,000	1,200,000	1,200,000	500,000
TOTAL EQUITY	2,831,211	1,900,581	783,440	2,361,063	1,744,329	838,780
TOTAL NON-CURRENT LIABILITIES	606,327	259,322	231,771	464,378	182,016	175,182
TOTAL CURRENT LIABILITIES	3,426,084	4,412,011	3,480,390	2,640,536	3,747,829	2,953,167
TOTAL LIABILITIES	4,032,412	4,671,334	3,712,161	3,104,914	3,929,846	3,128,349
TOTAL EQUITIES AND LIABILITIES	6,863,623	6,571,915	4,495,601	5,465,977	5,674,175	3,967,129
CASH FLOW						
Net Cash Flow from/(used in) Operating Activities	1,011,877	207,461	376,774	779,468	-156,321	300,123
Net Cash Flow from/(used in) Investing Activities	260,920	-241,614	-551,933	725,907	-171,999	-551,994
Net Cash Flow from / (used in) Financial Activities	-1,559,191	923,723	141,667	-1,728,756	1,070,816	259,584
Cash and Cash Flow Equivalents at the end of the year	676,788	963,181	73,611	582,575	805,957	63,462
KEY INDICATORS						
EARNINGS PER SHARE	4.24	2.17	0.82	3.3	1.43	0.61
NET ASSET VALUE PER SHARE	8.49	5.7	3.13	7.08	5.23	3.36
ROA (%)	34%	13%	10%	33%	10%	10%
ROE (%)	50%	33%	26%	47%	23%	18%
DEBT / EQUITY RATIO (%)	93%	169%	351%	85%	165%	276%
CURRENT RATIO (TIMES)	1.21	1.04	0.79	1.12	1.01	0.79
REVENUE GROWTH RATE (%)	58%	78%	4%	54%	56%	10%
DIVIDEND PAYOUT						
DIVIDEND PER SHARE	N/A	N/A	N/A	2.47	0.49	0.41
DIVIDEND PAYOUT	N/A	N/A	N/A	75%	34%	67%





GATES MUST BE CLOSED  
AND LATCHED WHEN NOT  
LOADING OR UNLOADING  
MATERIAL ONTO PLATFORM

GATES MUST BE CLOSED  
AND LATCHED WHEN NOT  
LOADING OR UNLOADING  
MATERIAL ONTO PLATFORM

CAUSTIC

SRS

MAX. LEVEL



## CORPORATE INFORMATION

THE COMPANY NAME	Ex-pack Corrugated Cartons PLC
DATE OF INCORPORATION	19-Mar-02
PLACE OF INCORPORATION	Colombo, Sri Lanka
LEGAL FORM	<p>Incorporated in Sri Lanka as a Private Limited Company on 19 March 2002 under the provisions of Companies Act No.17 of 1982 and on 16 April 2008 under the provisions of Companies Act No. 7 of 2007. The legal form of the company was changed from Private Limited to a Public Limited Company under provisions of the Companies Act No. 07 of 2007 on 27 March 2019. The company is listed on the Colombo Stock Exchange on 10th of November 2021.</p> <p>Authority of Incorporation: Registrar of Companies (ROC), Colombo</p>
COMPANY REGISTRATION NUMBER	PQ 00250068
REGISTERED OFFICE AND CURRENT	<b>Ex-pack Corrugated Cartons PLC</b> No 11A, Milepost Avenue, Colombo-03.
PLACE OF BUSINESS	Tel : +94 11 2689618   Fax : +94 11 2689618
BOARD OF DIRECTORS	<p><b>Mr. Sattar Kassim</b> - Non-Executive Non-Independent Director/ Chairman</p> <p><b>Mr. Zulficar Ghouse</b> - Executive Non-Independent Director/Managing Director</p> <p><b>Mr. Shafik Kassim</b> - Non-Executive Non-Independent Director</p> <p><b>Mr. Abdullah Kassim</b> - Executive Non-Independent Director</p> <p><b>Mr. Thulci Aluwihara</b> - Non-Executive Independent Director</p> <p><b>Mr. Dinesh Dharmadasa</b> - Non-Executive Independent Director</p> <p><b>Ms. Shehara De Silva</b> - Non- Executive Independent Director</p> <p><b>Mr. Chathuranga Abeyrathne</b> - Non-Independent, Non- Executive Director</p>
COMPANY SECRETARIES	<p><b>Business Intelligence (Private) Limited</b></p> <p>No. 08, Tickell Road, Colombo 08</p> <p>Tel : +94 11 2 015900</p>
AUDITORS TO THE COMPANY	<p><b>Ernst &amp; Young Chartered Accountants</b></p> <p>201, De Saram Place Colombo 10,</p> <p>Colombo</p> <p>Tel : +94 11 246 3500   Fax : +94 11 269 7369</p>

**BANKERS TO THE COMPANY**

**Amana Bank Ltd.**

486, Galle Road, Colombo 3

Tel : +94 117 756 756 Fax : +94 112 574 419

**Bank of Ceylon**

No.1, BOC Square, Bank of Ceylon Mawatha, Colombo 01

Tel : +94 11 244 6790 Fax : +94 11 232 1160

**Hatton National Bank PLC**

Level 19, No. 479, T B Jayah Mawatha, Colombo 10

Tel : +94 11 246 2462 Fax : +94 11 266 2759

**Pan Asia Banking Corporation PLC**

450, Galle Road, Colombo 03

Tel : +94 11 4 667 222 Fax : +94 11 2 565 565

**Standard Chartered Bank (Sri Lanka) Limited**

No. 37, York Street, Colombo 01

Tel : +94 11 248 0000 Fax : +94 11 545 0007

**NDB Bank PLC**

103A Srimath Anagarika Dharmapala Mawatha, Colombo 03

Tel: +94 117 448 004

**Seylan Bank PLC**

Seylan Towers, No 90, Galle Road, Colombo 03.

Tel: +94 11 2 008 888

## GLOSSARY OF TERMS

ACCRUAL BASIS	Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period
“ARTICLES OF ASSOCIATION”	Articles of Association of Luminex Limited
CURRENT RATIO	Current Assets / Current Liabilities
“COMPANIES ACT”	Companies Act No. 07 of 2007
“DIRECTORS”	The Directors for the time being of the Company, unless otherwise stated
DEBT/EQUITY	Short and long term interest bearing loans and borrowings / Total equity
EX-PACK	Ex-Pack Corrugated Cartons PLC
EPS	Profit attributable to equity holders / Weighted Average number of Shares in issue
HUMAN CAPITAL	Human Resources
“LOCAL TIME”	Sri Lanka Time
“MARKET DAY”	Any day on which the CSE is open for trading
NET ASSETS	Total Equity
NET ASSET VALUE PER SHARE	Total Equity / Number of shares as of period end
NON-CONTROLLING INTEREST	Non-controlling interest of the parent company is the portion of equity ownership in a subsidiary not attributable to the parent company.
“ORDINARY VOTING SHARES” ORDINARY VOTING SHARES”, “ISSUED AND PAID UP ORDINARY SHARES”	Ordinary shares of the Company, with the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in dividends paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in liquidation
PUBLIC HOLDING	Percentage of shares held by the public calculated as per the Colombo Stock Exchange Listing Rules as at the end of this financial year
PAT	Profit after tax
ROA	Earnings before interest and tax / Total Assets
ROCE	Earnings before Interest and tax / Total equity + long term and short term interest bearing loans and borrowings
ROE	Profit after Tax / Total Equity
“STATED CAPITAL”	The Stated Capital of Ex-pack
“THE BOARD”, “THE BOARD OF DIRECTORS”	The Board of Directors of Ex-pack
TOTAL DEBT	Long term liabilities plus short term liabilities
TOTAL EQUITY	Shareholders' funds plus non-controlling interest

## ABBREVIATIONS

"Articles of Association"	Articles of Association of Luminex Limited
"Bn"	Billion
"B2B"	Business to Business
"CAGR"	Compounded Annual Growth Rate
"CBSL"	Central Bank of Sri Lanka
"CDS"	Central Depository Systems (Private) Limited
"CEO"	Chief Executive Officer
"CO <sub>2</sub> "	Carbon Dioxide
"CSR"	Corporate Social Responsibility
"CSE"	Colombo Stock Exchange
"EPS"	Earnings Per Share
"EMS"	Environment Management System
"Float Adjusted Market Capitalisation"	Public holding percentage of the Company multiplied by the market capitalization of the Company
"FMCG"	Fast Moving Consumer Goods
"FYE"	Financial Year Ended
"GDP"	Gross Domestic Product
"GHG"	Green House Gas
"HR"	Human Resources
"IPO"	Initial Public Offer
"ISO"	International Organization for Standardization
"LKR", "Rs.", "Rupees"	Sri Lankan Rupees
"Local Time"	Sri Lanka Time
"MD"	Managing Director
"Mn"	Million
"MNC"	Multi National Companies
"NAV"	Net Asset Value
"NCPC"	National Cleaner Production Centre Sri Lanka
"MT"	Metric Tones
"P/E"	Price Earnings Ratio
"ROA"	Return on Assets
"ROE"	Return on Equity
"SEC"	Securities and Exchange Commission of Sri Lanka
"Shares"	Ordinary Voting Shares
"SLAS", "SLFRS"	Sri Lanka Accounting Standards
"SDG"	Sustainable Development Goals
"UK"	United Kingdom
"UN"	United Nations
"USD"	United States Dollar
"VAT"	Value Added Tax
"YOY"	Year On Year

# EX-PACK CORRUGATED CARTONS PLC – PQ 00250068

## NOTICE OF MEETING

The Board of Directors of Ex-Pack Corrugated Cartons PLC has decided to hold Annual General Meeting (AGM) as a Virtual Meeting on **26th September 2023 at 9.00 am** in line with the guidelines issued by the Colombo Stock Exchange (CSE) for hosting of virtual AGMs.

Hence, Notice is hereby given that the Annual General Meeting of the Company will be held by way of electronic means on **26th September 2023 at 9.00 am** centered at the Registered Office located at No.11 A, Milepost Avenue, Colombo 03.

## AGENDA

01. To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31st March 2023 and the Report of the Auditors thereon.
02. To re-elect as a Director, Ms. Shehara De Silva who retires by rotation in terms of Article 78 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director.
03. To re-elect as a Director, Mr. U K D Dharmadasa who retires by rotation in terms of Article 78 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director.
04. To re-elect as a Director, Mr. Uduwage Don Wadeepa Chathuranga Abeyratne who was appointed subsequent to the last Annual General Meeting as a Director of the company in terms of Article 85 of the Articles of Association of the Company.
05. To re- appoint the retiring Auditors Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.
06. To consider any other business of which due notice has been given.

By Order of the Board

**EX-PACK CORRUGATED CARTONS PLC**

[SIGNED]

**Business Intelligence (Private) Limited**

Director/Secretaries

**28 August 2023**

Colombo.

## NOTICE

01. Below mentioned documents can be now downloaded via the corporate website <https://www.expack.lk/reports> or the Colombo Stock Exchange website on <https://www.cse.lk/pages/company-profile/company-profile.coponent.html?symbol=PACK.N0000>
  - a) Annual Report
  - b) Notice of Meeting
  - c) Circular to Shareholders
  - d) Form of Proxy
  - e) Guidelines and Registration Process to join the AGM virtually
  - f) Registration Form for the AGM
  - g) Request form for the printed copy of the Annual Report.
02. A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above.
03. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
04. A proxy need not be a shareholder of the Company.
05. For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.



## FORM OF PROXY

\*I/We.....of.....  
 ..... being a shareholder/s of Ex-Pack Corrugated Cartons PLC do hereby appoint  
 ..... of.....  
 .....or failing him.

Mr. Sattar Kassim	or failing him,
Mr. M Z M Ghouse	or failing him,
Mr. Shafik Kassim	or failing him
Mr. W B W M R A M T G Aluwihare	or failing him,
Mr. A O Kassim	or failing him,
Mrs. S de Silva	or failing him,
Mr. U K D Dharmadasa	or failing him,
Mr. U D W C Abeyratne	

As \*my/our Proxy to attend me/us and to vote on my/ our behalf at the Annual General Meeting of Ex-Pack Corrugated Cartons PLC to be held by way of electronic means on **26th September 2023 at 9.00 am** centered at the Boardroom, No. 11 A, Milepost Avenue, Colombo 03 and visual technology and at any adjournment thereof and at every poll which may be taken in consequence of the above said meeting.

I/We the undersigned hereby authorize my/our Proxy to vote on my/our behalf in accordance with the preference indicated below:

	For	Against
01. To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31st March 2023 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
02. To re-elect as a Director, Ms. Shehara De Silva who retires by rotation in terms of Article 78 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
03. To re-elect as a Director, Mr U K D Dharmadasa who retires by rotation in terms of Article 78 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
04. To re-elect as a Director, Mr. Uduwage Don Wadeepa Chathuranga Abeyratne who was appointed subsequent to the last Annual General Meeting as a Director of the company in terms of Article 85 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
05. To re- appoint the retiring Auditors Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of..... Two Thousand and Twenty-Three

Signature of Shareholder/s

## NOTICE

01. \* Please delete the inappropriate words.
02. Instructions as to completion are noted on the reverse hereof.

## INSTRUCTIONS AS TO COMPLETION

01. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
02. **The Proxy shall –**
  - a. In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
  - b. In the case of a company or corporate/statutory body either be under its common seal or signed by its Attorneys or by an Officer on behalf of the company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statutes (as applicable).
03. Please indicate with a "X" how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
04. To be valid, the completed Form of Proxy should be deposited with the Registered Office of the Company at No. 11 A, Milepost Avenue, Colombo 03, Sri Lanka or must be emailed to **latiff@expack.lk** or by facsimile to **+94 114 741751** by 48 hours before the AGM.







**EX-PACK CORRUGATED CARTONS PLC**  
**Annual Report**  
Year Ended 31 March 2023

[www.expack.lk](http://www.expack.lk)