

— THE PROMISE OF —

# PRIME TRUST



**BUILDING  
FUTURES**

Annual Report 2022/23

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# — THE PROMISE OF — PRIME TRUST

Prime Lands is an established and reputable real estate company, in business for over 27 years, achieving excellence through our commitment to care for our people. We are a company built on the essence of trust and for 2023 and beyond, we continue to sustain ourselves as a trustworthy entity, committed to fulfilling the needs of our people.

Although the company has faced challenging times, we have overcome all obstacles and we promise to sustain ourselves as a company that you can depend on. Our promise of trust, is a reassurance that we are committed to faithfully serving all our valued stakeholders, for a happier tomorrow.

# REPORT PROFILE

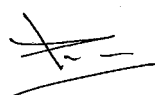
“For this Report, data and statistics obtained from internal sources have been first reviewed by the respective department heads and thereafter by the Company’s Executive Committee, prior to submission to the Board Audit Committee and the Board for final approval.”

## BOARD RESPONSIBILITY STATEMENT

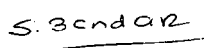
The PLR Board of Directors accepts its responsibility for ensuring the integrity of this Integrated Annual Report. The Board is of the opinion that the 2022/23 Integrated Report addresses all Material Topics and presents a balanced and fair account of the Company’s performance for the financial year.



**Mr. Premalal Brahmanage**  
Co-Chairman/Director



**Ms. H.K. Sandamini R. Perera**  
Co-Chairperson/Directress



**Mr. S.M. Sanjaya Bandara**  
Director (Chairman of Audit Committee)



**Mr. N. Manjula Weerakkody**  
Managing Director

## REPORT PROFILE

This is the third Integrated Annual Report published by Prime Lands Residencies PLC, hereinafter referred to either as PLR or the “Company”. The report covers the core business activities of the Company for the period 01st April 2022 to 31st March 2023.

Previous Annual Reports published by the Company, including the most recent report for FY 2021/22 is available for viewing and download on our website [www.primeresidencies.lk](http://www.primeresidencies.lk).

## SCOPE AND BOUNDARY

The current report has been structured to showcase how the Company uses integrated thinking as the basis of stakeholder value creation. As such, this report focuses on providing both financial and non-financial information to demonstrate how PLR addresses the needs of all stakeholders.

## MATERIAL TOPICS

To further illustrate the importance assigned to integrated thinking, the content of this report has been arranged based on the Material Topics that we consider to be the critical issues that could substantially affect PLR’s ability to create value in the short, medium and long term. The process of determining Material Topics is shown on Page 34 of this report.

## ASSURANCE

A combined assurance model has been used to confirm the authenticity of the information contained herein. In this regard, data and statistics obtained from internal sources have been first reviewed by the respective department heads and thereafter by the Company’s Executive Committee prior to submission to the Board Audit Committee and the Board for final approval.

The Company’s external auditors; M/S BDO Partners (Chartered Accountants) have provided an independent assurance regarding the financial statements for the year ending 31st March 2023. Their report is shown on Page 130.

## FORWARD LOOKING STATEMENTS

Future plans are discussed across the report, where relevant. Such statements reflect PLR’s position and beliefs as at the time of writing. However, since the Company operates as a going concern and as such is subject to uncertainties and new developments that could cause actual results to differ from those stated in these forward-looking statements, readers are cautioned that forward-looking statements should not be interpreted as a guarantee of results or the course of action that will be taken in the future.



<b>FINANCIAL REPORTING</b>	Companies Act No.7 of 2007	Regulatory
	Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka	Regulatory
<b>GOVERNANCE, RISK AND COMPLIANCE REPORTING</b>	Listing Rules of the Colombo Stock Exchange	Regulatory
	Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka	Voluntary
<b>SUSTAINABILITY REPORTING</b>	International Integrated Reporting Council (IIRC's) Integrated Reporting Framework <IR> using the Six Capital Reporting format	Voluntary
	Global Reporting Initiative (GRI) Standards - "Core" option	Voluntary
	UN Sustainable Development Goals (SDGs)	Voluntary

#### Feedback and Queries

Any feedback and / or queries regarding this annual report should be directed to;

#### **Mr. Pathirage Anura W. Perera**

*General Manager - Finance*

Prime Lands Residencies PLC

75, D S Senanayake Mawatha,

Colombo 08,

Sri Lanka.

anura@primelands.lk

# ABOUT THE COMPANY



## VISION

**'Committed to Creating  
a Better Place on Earth'**

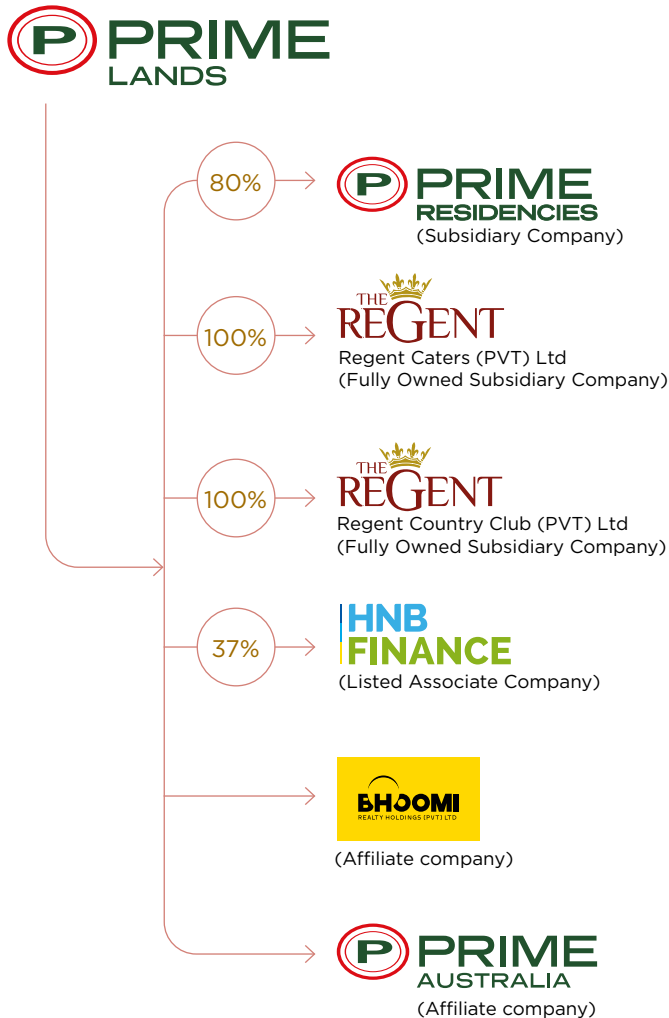


**The leader of real estate artistry in Sri Lanka, Prime Group,** is constructed by its subsidiaries; associating lands, houses, finance and condominiums. Having celebrated over 27 years of unparalleled trust and excellence, Prime Group is driven by its evergreen vision 'Committed to Creating a Better Place on Earth' which forms the inspiration behind the company's drive to excel and passion to bring life to its customers' dreams.

The condominium property arm of the group, Prime Lands Residencies PLC, comprises over 41 apartment projects located in Colombo and the suburbs, with 38 projects fully completed and handed over to its residents, to date.

Prime Group has been recognized for two consecutive years as 'The Best Developer of Sri Lanka' by Asia PropertyGuru, along with being awarded special recognition for the company's CSR efforts. The PLR's ultra-luxury flagship property "The Grand" Ward Place, located in Colombo 07 is undoubtedly the jewel of the crown, and was recognized as the 'Best Luxury Condominium Development in Sri Lanka' at the PropertyGuru Asia Property Awards. The Group has also been recognized as the 'Most Respected Real Estate entity in Sri Lanka' for five times since 2017 and awarded as the 'Most Awarded Real Estate Entity' by LMD while ranked for the first time as the 'Most Valuable Real Estate Entity' by Brand Finance in the recent LMB Brands Annual 2022. Prime Group was also awarded as a Great Place to Work for seven years. Prime Group was further accredited among 'Asia's Best Brands' and 'The Best Entrepreneur of 2018' by Asia One magazine.

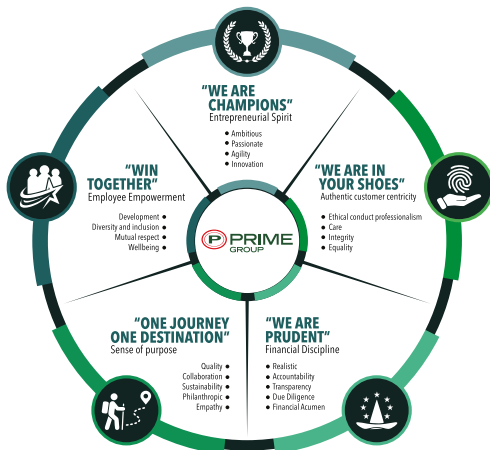
# GROUP STRUCTURE



## ACHIEVEMENTS OF PRIME LANDS RESIDENCIES PLC

- **"Best Developer in Sri Lanka"** awarded by the PropertyGuru Asia Property Awards (2018, 2019).
- Prime Lands Residencies PLC was awarded with the **Gold Award** for the LAND & PROPERTY COMPANIES SECTOR and **Bronze Award** for the EMERGING LISTED COMPANIES SECTOR by the Institute of Chartered Accountants of Sri Lanka at the 57th Annual Report Awards Ceremony 2022.
- **Best Luxury Condominium Development in Sri Lanka** - "The Grand" - Ward Place (Colombo 07) by PropertyGuru Asia Property Awards at their latest awards ceremony.
- **Most Valuable Real Estate brand & Listed as the top hundred brand & also ranked among the best of the best category by Brand Finance** in LMD Brands Annual in April 2022
- **Most Respected Entity in Sri Lanka** for five years (2017,2019,2020,2021,2023)- by LMD.
- Awarded as a **Great Place to work** for the 7th Year by Great Place to Work Institute with **two other recognitions**.
  - The Best Workplaces in Sri Lanka for Millennials 2022
  - Asia's Best Workplaces 2022 Ranked 68th place in Asia
- Prime Wrendale - Rajagiriya was awarded the **best mid end condo development in Sri Lanka** by PropertyGuru Asia Property Awards 2018.

## CORPORATE VALUES



# JOURNEY TO GREATNESS

“ Buoyed by the success of the Prime Grand, we will now stride ahead and continue with efforts to further transform the future of the condominium sector in Sri Lanka. ”

2020



Benchmarking the financial liquidity by achieving the

**CREDIT RATING**

from ICRA Lanka for the first time in Sri Lanka for a Real Estate entity

2021

**INITIAL PUBLIC OFFERING (IPO)** and listed in the Diri Savi Board of the Colombo Stock Exchange as **PRIME LANDS RESIDENCIES PLC**

2019



Awarded as the **BEST DEVELOPER** in Sri Lanka by Asia Property Guru

2005



Incorporated  
“PRIME HOMES INTERNATIONAL (PRIVATE) LIMITED”  
as a fully owned subsidiary of  
“PRIME LANDS (PRIVATE) LIMITED”







2023

**Completion of the Flagship Project "THE GRAND - WARD PLACE (COLOMBO 07)"**



Awarded with the Gold Award for the **LAND & PROPERTY COMPANIES SECTOR** and Bronze Award for the **EMERGING LISTED COMPANIES SECTOR** by the Institute of Chartered Accountants of Sri Lanka at the 57th Annual Report Awards Ceremony 2022.TAGS Awards

**SAP & IT INFRASTRUCTURE** cloud migration



2022

Upgraded the highest **CREDIT RATING** for a Real Estate entity as [SL] A (Stable) by ICRA Lanka Limited



Acquired the real estate arm of **PRIME FINANCE PLC**



Awarded as the **MOST VALUABLE REAL ESTATE CONSUMER BRAND** by Brand Finance in LMD

Awarded as a Great Place to Work for the 7th Year by Great Place to Work Institute with two other recognition  
1. **THE BEST WORKPLACES IN SRI LANKA** for Millennials 2022  
2. **ASIA'S BEST WORK PLACES 2022** - Ranked 68th Place in Asia

2016

Amalgamated **PRIME HOMES (PRIVATE) LIMITED** **LIVING HOMES (PRIVATE) LIMITED** with **PRIME LANDS RESIDENCIES (PRIVATE) LTD**

Recognized as a **"GREAT PLACE TO WORK"** Top Employers in Sri Lanka



Inaugurated **"THE GRAND - WARD PLACE"** (Colombo 07) as a **ULTRA LUXURY PROJECT**

2006



Received the **BOI APPROVAL** for the **CONSTRUCTION** of the first housing project



2015

Changed the name of the Company as **"Prime Lands Residencies (Private) Limited"**



# OUR PROPERTIES AT A GLANCE

















# BOARD OF DIRECTORS



## PREMALAL BRAHMANAGE

*Co-Chairman/Executive Director*

### Appointed

To Company	May 2005
To Board	May 2005

### Board Committee Membership

N/A

### Expertise

Entrepreneur, Business Strategist, Financial Acumen

### Qualifications and Experience

Mr. Brahmanage is a Fellow Member of the Chartered Institute of Management Accountants (United Kingdom), Sri Lanka Institute of Marketing, Chartered Business Administrator (Canada) and holds a Master of Business Administration from the Open University of Malaysia and a Postgraduate Diploma in Marketing from the University of Sri Jayawardenapura. He is an alumnus of Thurstan College, Colombo.

He has served Sri Lanka's real estate sector for three decades, is a prominent figure in the Sri Lankan business landscape and is the Founder and Group Chairman of Prime Lands (Private) Limited, the parent company of Prime Lands Residencies PLC, which is the leader in the real estate industry.

He was conferred with the prestigious UCD Entrepreneur of the year in 2011, considering his vast experience in the real estate industry and exposure to many other industries as an entrepreneur. Mr. Brahmanage was honoured as being one of the 2018 A-List of "Sri Lankan Business people" by LMD, listing among the top 50 businessmen in Sri Lanka who have driven the nation's engine of growth and are the country's

true assets. Given his experience and leadership in various industries and his contribution towards the advancement of entrepreneurship in Sri Lanka, he was awarded the 'Most Outstanding Entrepreneur in Sri Lanka' for the year 2018 by the International Association of Lions Club.

He was also recognized as one of Asia's Greatest Brand Leaders in 2017. Under his leadership, Prime Lands Residencies PLC has been awarded the Most Valuable Real Estate Brand by Brand Finance in LMD's Brands Annual of April 2022.

### Positions Currently Held in Other Companies

Mr. Brahmanage is the Co-Founder & Co-Chairman of Prime Lands (Private) Limited, and the Executive Director of Bhoomi Realty Holdings (Private) Limited, Regent Caterers (Private) Limited, Regent Country Club (Private) Limited, Prime Realty Holdings (Private) Limited and Prime Lands Australia Pty. Ltd.

He is also a Non Executive Director of HNB Finance PLC and The President of the Condominium Developers Association of Sri Lanka (CDASL).

He was appointed as Non Executive Director of Ceylinco General Insurance Limited w.e.f. 01st April 2023.



### SANDAMINI PERERA

*Co-Chairperson / Executive Director*

#### Appointed

To Company	May 2005
To Board	May 2005

#### Board Committee Membership

N/A

#### Expertise

Entrepreneur, Business Strategist, Sales & Marketing Practitioner and Real Estate Acumen

#### Qualifications and Experience

Ms. Perera is the Co-founder of the Prime Group who currently serves in the Capacity of Group Co-Chairperson and possess over 27 years of experience in the Real Estate industry. She holds an MSc in Strategic Marketing from the Asia e-University Malaysia and is a Member of the Sri Lanka Institute of Marketing (SLIM).

She was recognized as the third most powerful woman in Sri Lanka by Echelon Magazine, a leading business magazine in Sri Lanka in 2013 and the "Best Women Entrepreneur" Large Category in 2014/2015 by Women in Management Sri Lanka. She was also awarded the "Honoured Leaders Excellence Award" for excellence in Women's empowerment from the World Consulting and Research Corporation in New Delhi.

#### Positions Currently Held in Other Companies

Ms. Perera currently serves in the capacity of Co-Chairperson of Prime Lands (Private) Limited, and as Executive Director of Bhoomi Realty Holdings (Private) Limited, Regent Caterers (Private) Limited, Regent Country Club (Private) Limited, Prime Realty Holdings (Private) Limited and Prime Lands Australia (Pty) Ltd.



### MANJULA WEERAKKODY

*Managing Director / Executive Director*

#### Appointed

To Company	July 2016
To Board	September 2017

#### Board Committee Membership

N/A

#### Expertise

Engineering, Business Strategist

#### Qualifications and Experience

Mr. Weerakkody is an experienced professional engineer with a wealth of experience spanning over 2 decades. He holds a BSc Engineering degree from the University of Moratuwa, a Master of Business Administration in Management of Technology from the University of Moratuwa and a Postgraduate Diploma in Structural Engineering Design from the University of Moratuwa. In addition to this he holds a Diploma in Commercial Arbitration from the Institute for the Development of Commercial Law and Practice. He is also a Chartered Engineer of the Institute of Engineers, Sri Lanka.

#### Positions Currently Held in Other Companies

N/A

# BOARD OF DIRECTORS



## NALINDA HEENATIGALA

*Executive Director / Director - Corporate Affairs*

Appointed	
To Company	May 2005
To Board	December 2016

### Board Committee Membership

N/A

### Expertise

Sales and Marketing, Business Development and Residential Real Estate Acumen.

### Qualifications and Experience

Mr. Heenatigala is a veteran in the real estate industry for 26 years and holds a Bachelor of Management Studies degree awarded by the Open University of Sri Lanka, a Commonwealth Executive Master of Business Administration from the Open University of Sri Lanka. He is currently reading for his PhD at the University of Colombo.

He was appointed as a member of the Steering Committee of the Skill Council of the Faculty of Arts, University of Colombo as part of an initiative of the World Bank - Accelerating Higher Education Expansion and Development (AHEED) grant of the Faculty of Arts (Program ID:P159995). He is a business idol in Sri Lanka having been featured in many business media interviews related to real estate growth/condominium trends in the country. He was also captured in top business magazines on topics relating to the success story of the Prime Group and its awards. He is also a Certified Member of the Sri Lanka Institute of Marketing (SLIM).

### Positions Currently Held in Other Companies

He currently serves in the capacity of Executive Director of Prime Lands (Private) Limited and Director of Bhoomi Realty Holdings (Private) Limited.



## SHEHANA BRAHMANAGE

*Executive Director*

Appointed	
To Company	February 2019
To Board	February 2019

### Board Committee Membership

N/A

### Expertise

Sales and Marketing

### Qualifications and Experience

Ms. Brahmanage holds a Bachelor of Arts Honours degree in Accounting and Finance from the University of Greenwich, UK. She has represented the company in numerous real estate conventions locally and internationally. She was recognized as one of the A List Millennial Torchbearers in 2020 by LMD.

### Positions Currently Held in Other Companies

Ms. Brahmanage serves as an Executive Director of Prime Lands (Private) Limited as well as in Regent Caterers (Private) Limited.





### DEEPAL SOORIYAARACHCHI

*Independent Non-Executive Director / Senior Independent Director*

#### Appointed

To Company	N/A
To Board	February 2021

#### Board Committee Membership

Board Audit Committee, Related Party Transaction Review Committee, Remuneration Nomination and Human Resources Committee.

#### Expertise

Marketing, Human Resources Management, General Management, Executive Coaching and Mentoring

#### Qualifications and Experience

Mr. Sooriyaarachchi counts over four decades of wide industry experience, and out of that more than 15 years at a board level. He is a Fellow member of the Chartered Institute of Marketing UK, Fellow Member of the Sri Lanka Institute of Marketing and holds a Masters of Business Administration from the University of Sri Jayawardenapura. He is also an Alumni of the National University of Singapore, Asian Institute of Management and the Stanford Business School, USA. He is also a well-known Management Consultant and an Accredited Master Coach and a Mentor. He is a consulting partner of RBL USA as well. A former Managing Director of Aviva NDB Insurance PLC (Now AIA Insurance Lanka Limited and unlisted), former Commissioner - Sri Lanka Inventors' Commission and a Past President of Sri Lanka Institute of Marketing, he has served on several National bodies as well.

#### Positions Currently Held in Other Companies

He currently serves in the capacity of Independent Non-Executive Director in AIA Insurance Lanka Limited, Pan Asian Power PLC, Kelani Cables PLC, Siyapatha Finance PLC, Lanka Shipping and Logistics (Private) Limited and Singer Sri Lanka PLC. He is the Managing Director of SATI Human Development Institute (Private) Limited.

# BOARD OF DIRECTORS



## DHAMMIKA KALAPUGE

*Independent Non-Executive Director*

### Appointed

To Company	N/A
To Board	February 2021

### Board Committee Membership

Remuneration, Nomination and Human Resources Committee.

### Expertise

Management, Entrepreneurial Development, Customer Care, Service Excellence and Relationship Marketing

### Qualifications and Experience

Mr. Kalapuge is a Post Graduate Diploma holder of the Chartered Institute of Marketing (UK) and is a Chartered Marketer. He holds a Diploma in Marketing from the Marketing Council of Australia, is a Fellow of the Australian Marketing Institute (AMI) and is a Certified Professional Marketer (CPM) of AMI. He also holds an Advanced Diploma in Business Administration from the Association of Business Executives (UK) and is a Fellow Member. He is also a former Executive Committee Member of the Sri Lanka Institute of Marketing (SLIM).

Over the last two and half decades he has conducted over three thousand inspirational workshops in Management, Entrepreneurial Development, Customer Care, Service Excellence, Relationship Marketing and Motivation in over 800 leading public and private sector institutions in Sri Lanka and ten other countries, with nearly 400,000 participants. In the year 2000 he was presented with the Sri Lanka Institute of Marketing, first ever 'Recognition Award' for his contribution towards enhancing the professional

competence of the customer interface community in Sri Lanka. The programmes designed and conducted for the benefit of the Cabinet of Ministers in year 2004, Presidential Secretariat and Government Institutions were commended by Her Excellency the former President of Sri Lanka. He has several publications on 'Service Marketing' both in local and foreign journals and has served as a Chief Examiner at the Institute of Bankers of Sri Lanka. He was a Former Vice President-Marketing at DFCC Bank and has held senior marketing positions at Sampath Bank, Eagle Insurance and Eagle NDB Fund Management.

### Positions Currently Held in Other Companies

He is a Director at SIPCOM - 1 (Private) Limited, a company involved in total people development.



### MAHINDA PERERA

*Independent Non-Executive Director*

Appointed	
To Company	N/A
To Board	February 2021

#### Board Committee Membership

Board Audit Committee and Related Party Transaction Review Committee

#### Expertise

Finance Acumen, Management and Legal

#### Qualifications and Experience

Mr. Perera counts over 30 years of professional experience in the commercial sector in Finance, Management and Legal disciplines. He is a Fellow of the Chartered Institute of Management Accountants (FCMA, UK) and a CGMA and has obtained a Master's Degree in Business Management (MBA) from the Postgraduate Institute of Management of the University of Sri Jayawardenapura. Pursing a diversified career, Mr. Perera successfully read for a Bachelor of Law Degree (LLB) from the Open University of Sri Lanka and entered the legal field as an Attorney-at-Law. He has wide experience in manufacturing and export industries having held senior positions in companies in multiple sectors such as food and beverage, packaging and ceramic industries. In addition to many years of experience in Accounting and Finance, he has gained extensive experience in senior corporate management and in the legal profession. During his career he has been on many Boards, both in listed and unlisted entities in diversified business sectors.

#### Positions Currently Held in Other Companies

He holds Board positions in the capacity of Managing Director at My Cola Beverages Group of Companies.



### SANJAYA BANDARA

*Independent Non - Executive Director*

Appointed	
To Company	N/A
To Board	February 2021

#### Board Committee Membership

Board Audit Committee, Related Party Transaction Review Committee, Remuneration Nomination and Human Resources Committee

#### Expertise

Finance and Strategic Management

#### Qualifications and Experience

Mr. Bandara holds a Bachelor of Science Degree in Accountancy & Financial Management from the University of Sri Jayawardenapura and a Master's Degree in Business Administration from the University of Colombo. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Association of Accounting Technicians, Sri Lanka. Mr Bandara counts over 24 years of experience in the auditing practice.

#### Positions Currently Held in Other Companies

Mr Bandara is the President of the Institute of Chartered Accountants of Sri Lanka and a Board Member of the Confederation of Asian Pacific Accountants (CAPA) , South Asian Federation of Accountants (SAFA) and Sri Lanka Accounting and Auditing Standards Monitoring Board. He is a partner of B. R De Silva & Co, Chartered Accountants (Member firm of Nexia International) and a Director of Nexia Services Management (Private) Limited and Nexia BPO (Private) Limited. He is also a visiting faculty member at leading state and private sector universities.

# BOARD OF DIRECTORS



## NOEL JOSEPH

*Independent Non-Executive Director*

### Appointed

To Company	N/A
To Board	October 2021

### Board Committee Membership

N/A

### Expertise

Engineering

### Qualifications and Experience

Mr. Joseph is a Member of the Institution of Electrical and Electronic Engineers (MIEEE)-USA, The Institution of Lighting Engineers (MILE) – UK, The New York Academy of Science (MNYAS) – USA, the Illumination Engineering Society (MIES) –USA, Incorporated Engineer – UK (IEng), Institution of Engineering Technology (MIET) – UK , American Society of Heating, Refrigerating and Air-Conditioning Engineers (MASHRAE)-USA, The Institute of Incorporated Engineers (SL) and Incorporated Engineer – Lon. (IEng).

He holds over 33 years of multi-faceted experience in engineering and engineering consultancy both in Sri Lanka and internationally. He has held senior positions in organizations such as the State Engineering Corporation, Heavy fab Limited, Development Consultants Lanka (Private) Limited, Safari Company Limited Saudi Arabia and Baharudden P M S Associates, Brunei.

### Positions Currently Held in Other Companies

He serves on the Boards of Regnis Lanka PLC, Singer Industries (Ceylon) PLC and On'ally Holdings PLC in the capacity of Non-Executive Director. He is also the Managing Partner of Cadteam and Managing Director/Proprietor of N J Consultants.



# MANAGEMENT TEAM



**MR. MANJULA  
WEERAKKODY**

*Managing Director*

Refer profile under Board of Directors Profiles.



**MR. RUMINDA RANDENIYA**  
*General Manager Real Estate*

Mr. Randeniya is an accomplished Strategic Management Professional counting over 23 years' experience in the Real Estate sector. Mr. Randeniya is presently the Chief Executive Officer /Executive Director of Prime Lands (Private) Limited having been recognized for his exceptional performance in the Real Estate business during his career at Prime Group.

Mr. Randeniya also serves an Executive Director of Bhoomi Realty Holdings (Private) Limited, Regent Caters (Private) Limited and Regent Country Club (Private) Limited which are subsidiaries of Prime Lands (Private) Limited. Mr. Randeniya holds a Bachelor's Degree in Business Management from the Open University of Sri Lanka and a Diploma in Marketing from the Sri Lanka Institute of Marketing (SLIM).

His strength lies in his unique ability to recognize potential properties for development in many parts of the country and executing winning strategies for profitability in order to market them.



**MS. DINUSHA FERNANDO**  
*General Manager Legal*

Ms. Fernando joined Prime Lands (Private) Limited in 2001 and currently serves as Director Legal, Prime Lands (Private) Limited and Executive Director of Bhoomi Realty Holdings (Private) Limited. Ms. Fernando gives leadership to the entire group on legal guidance on real estate.

Ms. Fernando holds a Master's Degree in Law (LLM) from the University of Colombo and became an Attorney-at-Law after joining the Bar Association of Sri Lanka in 1998. During her 20 years of association with the real estate industry, she further gained extensive experience and developed expertise in drafting and reviewing legal documents, negotiation of terms and conditions and facilitation of title transfers.

# MANAGEMENT TEAM



## **MR. ANURA PATHIRAGE**

*General Manager Finance*

Mr. Anura Pathirage is a finance professional counting over 21 years' of experience in the private sector. He currently serves as the Director Finance of Prime Lands (Private) Limited, the parent company of the Prime Group.

Prior to the aforesaid appointment, he was providing management consultancy and tax advisory services at a senior level at Baker Tilly Sri Lanka-Chartered Accountants, where he was a Director of Corporate Secretaries Practice (Private) Limited, the secretarial unit of the accountancy firm. In addition, he has gained financial management experience serving in the apparel and insurance sectors of Sri Lanka. He also counts several years overseas exposure in the areas of international trade, airline, hotels and tourism as the Chief Accountant of the Cyprea Group of Companies in the Maldives.

Mr. Pathirage is a Chartered Tax Advisor of the Chartered Accountants of Sri Lanka, a Fellow Member of the Sri Lanka Institute of Taxation and is also a member of the Association of Accounting Technicians Sri Lanka. He also holds an MBA from Buckinghamshire New University UK, and a BSc Management (Special) Degree with a Second Class honours from the University of Sri Jayewardenepura.



## **MR. SISIRA KUMARA**

*Consultant Internal Audit & Compliance*

Mr. Sisira Kumara has experience in the field of finance and accounting for over three decades holding various positions in finance and administration in leading organizations including multinational corporations overseas.

He holds a Master of Business Administration from the University of Derby (UK) and is a Member of the Chartered Institute of Management Accountants (CIMA-UK).

He started his career at Associated Newspapers of Ceylon Limited (Lake House), and other reputed institutions including the Urban Development Authority, State Trading General Corporation, Ceylon Leather Products Limited and Lankem Ceylon PLC.

He has gained experience in various business sectors including manufacturing, trading, constructions and leisure during this time.

Mr. Sisira Kumara works as a Consultant Internal Audit & Compliance at Prime Lands (Private) Limited. and also is the Head of Finance at Bhoomi Realty Holdings (Private) Limited..



## **MR. SHAMINDA HEWAPATHIRANA**

*General Manager Engineering*

Mr. Hewapathirana joined the Company as the Chief Engineer adding value to the company with his 27 years of experience in the fields of high-rise, commercial, residential, roads, bridges and marine construction, liaising with both local and International companies.

At the inception of his career, he worked at Sanken Lanka/ Mitsui Construction and gradually climbed the ladder by working for well-known companies in the field of Engineering, such as Ceylinco Group, Jetwing Hotels and China Harbour Engineering Company.

Mr. Hewapathirana completed his tertiary education at the University of Moratuwa (NDT) & the Engineering Council (UK). He holds a Diploma in Project Planning and Management at the CAD Center, India and is currently reading for his Masters at the Uva Wellassa University of Sri Lanka. Mr. Hewapathirana holds membership at the Institute of Incorporated Engineers, Sri Lanka (IIESL).



**MS. SANJANI KUMARIHAMI**  
*Chief HR Officer*

Ms. Kumarihami serves as the Chief HR Officer at Prime Group. She is a Graduate in Human Resource Management from the University of Kelaniya and completed her Master's in Business Studies at the University of Colombo. Ms. Kumarihami is an Associate Member of the Chartered Institute of Personnel Management and a Certified HR Auditor in Sri Lanka. She has been practicing Human Resources Management for over one and half decades and has expertise in Organizational Development, Process Re-engineering, Talent Acquisition & Development, Change Management, Cross Culture Management, Coaching and Mentoring, and Employee Engagement.

Ms. Kumarihami has experience in Human Resources Management in local and multinational conglomerates in various industries including Real Estate, Apparel, ICT, Travel, Manufacturing, infrastructure development and Entertainment.

Ms. Kumarihami has been recognized as one of the Best Women Leaders in Sri Lanka by the World HRD Congress in the year 2018 and one of the Most Influential Global HR Leaders in 2018. She is honoured as an Outstanding Women Leader by Woman Icon, powered by the World Women Council and the Times Women, New York in 2021.



**MR. RASIKA UDAYANGA**  
*Head of Information Technology*

Mr. Udayanga is an all-rounder in the ICT industry with over 11 years of experience with a proven track record in Network Infrastructure, System Administration, Software Development, VOIP Technologies and Business Management.

He is currently working at Prime Lands (Private) Limited as the Head of IT. Mr. Udayanga is spearheading the rollout of SAP Business One among all business verticals of the Prime Group.

He is a professional member of the British Computer Society and a Post Graduate of the University of Colombo. Prior to joining Prime Lands (Private) Limited, he has gathered rich experience in business operations apart from ICT at Bellvantage (Private) Limited. He also managed MIS, Training and Quality Assurance Departments during his tenure at Bellvantage as a Senior Manager. He became employee of the year in 2016 and won the unmatched performance award for three consecutive years.



**MR. HARSHANA KULATILAKA**  
*Chief Financial Officer*

Mr. Kulatilaka joined the Prime Group in April 2023. A seasoned finance professional, he counts over 22 years of experience in the Accounting field where he has held many senior management positions at a number of leading organizations in Sri Lanka and internationally, including Growth Lanka (Pvt) Ltd, Lanka Equities (Pvt) Ltd as well as Contract Manufacturing & Packaging Services Pty Ltd in Sydney, Australia. Immediately prior to joining the Prime Group, Mr. Kulatilaka served as the Head of Corporate Planning at HNB Finance PLC, a position he held since 2015.

Mr. Kulatilaka holds a B.Sc. Business Administration (Specializing in Finance) from the University of Sri Jayewardenepura Sri Lanka and an Advanced Diploma in Accounting from the University of Western Sydney-Australia. He is also an Associate Member of the Institute of Chartered Accountants – Australia and New Zealand, The Chartered Institute of Management Accountants (CIMA) UK & CGMA as well as at the Institute of Chartered Accountants – Sri Lanka.



# VALUE CREATION MODEL

## VISION

EXTERNAL ENVIRONMENT - OPPORTUNITIES AND CHALLENGES

### INPUTS



#### Financial Capital

- Equity Capital - Rs. 9.4 Bn
- Debt Capital - Rs. 1.4 Bn
- Pre- sales advances from customers
  - Apartments - Rs. 1.1 Bn
  - Lands - Rs. 1.2 Bn



#### Manufactured Capital

- Investment Strategy
- Project Lifestyle Management
- Total invested in projects during the year
  - In Apartments - Rs. 8.9 Bn
  - In Lands - Rs. 2.5 Bn
- Land inventory value at cost
  - For Apartments - Rs. 1.7 Bn
- Land inventory
  - For Apartments - 2,755 P



#### Intellectual Capital

- Brand Reputation
- Knowledge-Based Systems and Processes
- Strategic Partnerships
- Membership & Affiliations
- Technology Systems



#### Human Capital

- HR Strategy
- HR Governance
- Employee Growth & Development
- Employee Experience
- Employee Well-being



#### Social and Relationship Capital

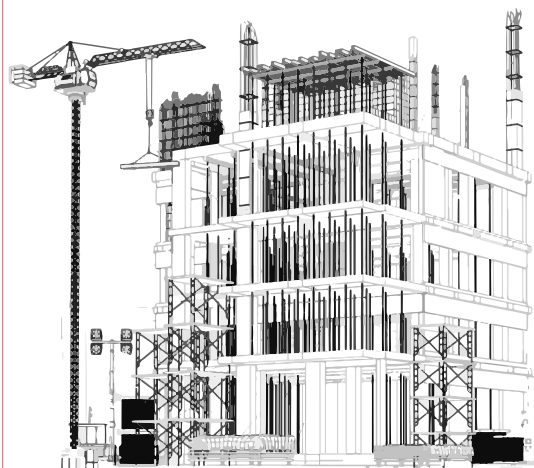
- Customer Value Proposition
- Customer Experience Journey
- Product Stewardship
- Effective Communication with Customers
- Customer Care
- Supply Chain Management
- Enhancing the Quality of Neighbourhoods



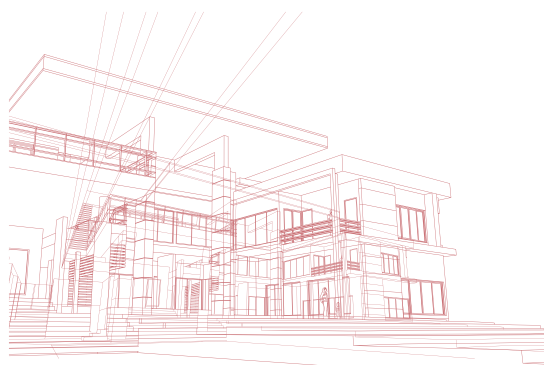
#### Natural Capital

- Construction Best Practices
- Sustainable Resource Utilization

### CORE BUSINESS



## RESIDENTIAL REAL ESTATE DEVELOPMENT



### COMPANY VALUES

### CORPORATE GOVERNANCE FRAMEWORK

## STRATEGY

### OUTPUTS FOR PLR

- Most Valuable Real Estate Brand by Brand Finance
- Growth in operational performance
- Strong competitive edge over peers
- Positioning as an end-to-end real estate solutions provider by widening the portfolio
- Most Awarded/Most Respected Real Estate Group by LMD
- Higher NPS (Net Promoter Score) among customers
- Uninterrupted supplies and continued relationship with suppliers with flexible terms.
- Merit based rewards in performance driven organization
- An arena to employee to be their best
- Evolve future leaders
- Be the employer of the choice.
- Improved stakeholder engagement

### OUTPUTS FOR PLR



#### Shareholders

- Return on Equity - 36% (25% - 2021/22)
- Paid to Equity Holders - Rs. 937.5 Mn (Rs. 656.25 - 2021/22)



#### Bankers

- Cost of Borrowings - Rs. 1,090 Mn (Rs. 396 Mn - 2021/22)



#### Customers

- Best in class value proposition for customers
- Guarantees of world-class condominium units
- Assurance of legally compliant home ownership
- Wider real estate opportunities



#### Employees

- Monetary Benefits Distributed - Rs. 183 Mn (Rs. 189 Mn - 2021/22)
- Higher level of Employee Satisfaction
- Higher level of Employee Retention
- Investment in Employee Engagement and Well-being - Rs. 9.8 Mn



#### Contractors and Suppliers

- Average Project Spent
- Contractors - Local 100% (100% - 2021/22)  
- Foreign - NIL (NIL - 2021/22)
- Suppliers - Local Purchases - 88% (81% - 2021/22)  
- Imports - 12% (19% - 2021/22)



#### Government

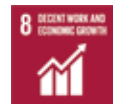
- Tax paid Rs. 934 Mn (Rs. 652 Mn - 2021/22)
- Incidents of non-compliance with regulations - None



#### Communities

- New indirect job opportunities with regional expansions.

### CONTRIBUTION TO THE SDGs

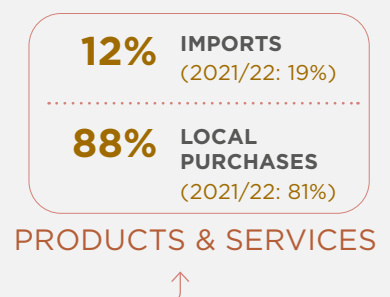
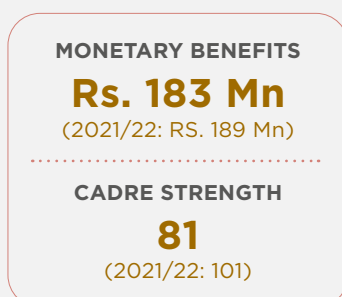
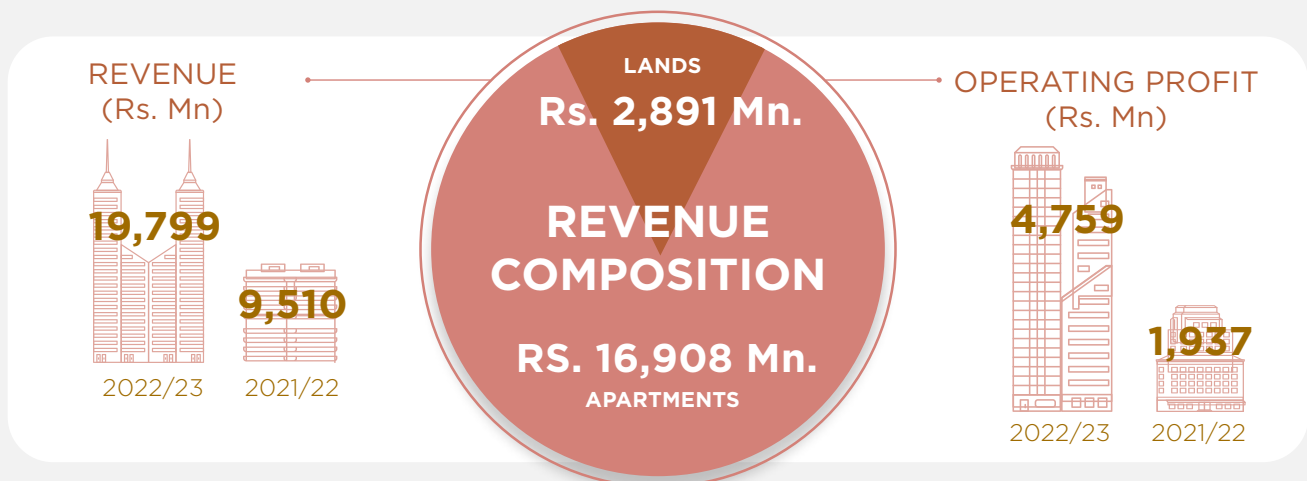


## RISK MANAGEMENT FRAMEWORK

# HIGHLIGHTS



UNDERTAKEN IN 2022/23  
**1 PROJECT (67 UNITS)**





# KEY RISKS

As in the case of any business, risk is inherent to PLR's operations as well. The Company is exposed to various risks throughout its value chain and as a result of externalities in the immediate operating environment. Amidst this backdrop, our goal is to be proactive in identifying risks and taking early preventive action to mitigate if not completely avoid risks.

## PLR'S APPROACH TO RISK MANAGEMENT

Our approach to risk management seeks to avoid any potential adverse impacts to the business or on the company's reputation that may result from exposure to potential risk factors.

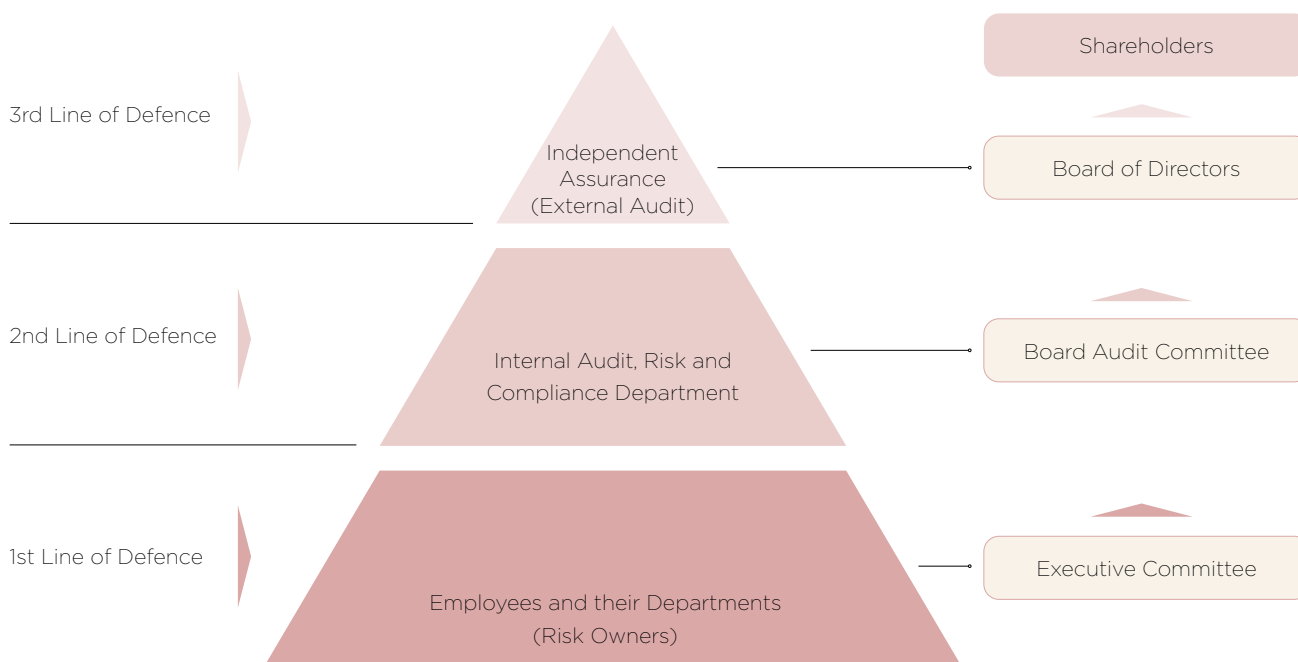
Premised on this, we aim to imbue risk management considerations into decision-making at every level of the business; including but not limited to strategy formulation, business development, business planning, capital allocation, investment decisions, internal control, and day-to-day operations.

## RISK CONTROL AND GOVERNANCE FRAMEWORK

Our risk control framework is based on the three-line-of-defence mechanism wherein the Board sets the tone from the top by establishing risk management objectives that correspond to the Company's strategy and business plans. Every employee of the Company is expected to conduct their duties and responsibilities in accordance with the risk control environment established by the Board.

Risk owners under the first line of defence are the Functional Heads. They are required to adhere to the established risk control frameworks pre- approved by the PLR's Audit Committee and the Board. As part of their risk management duties, the first line of defence are required to ensure compliance requirements in their respective areas are fulfilled. Functional Heads are also expected to remain vigilant and use their knowledge and technical expertise to determine any potential / emerging risk events. Such matters are reported to the Audit Committee as well as Executive Committee (EXCO) on a quarterly basis, or sooner if required.

## RISK GOVERNANCE STRUCTURE



# KEY RISKS

As the main body overseeing the first line of defence, PLR's Executive Committee (EXCO) reviews the quarterly divisional risk assessments to determine the adequacy of existing risk controls and establishes the need for further improvements.

The second line of defence is represented by PLR's Internal Audit, Risk and Compliance (IARC) Department. The key responsibilities of the IARC Department include carrying out necessary due diligence activities in order to provide independent assurance to the Board regarding the adequacy and efficiency of the existing risk control mechanisms via-a-vis the changing strategic and business context. The IARC Department works with the Board Audit Committee to develop the Annual Audit plan with audit findings submitted to the Board Audit Committee for review on a quarterly basis before being tabled at the quarterly Board meeting to enable the Board to take corrective action, if needed. In cases where gaps have been noted, the EXCO

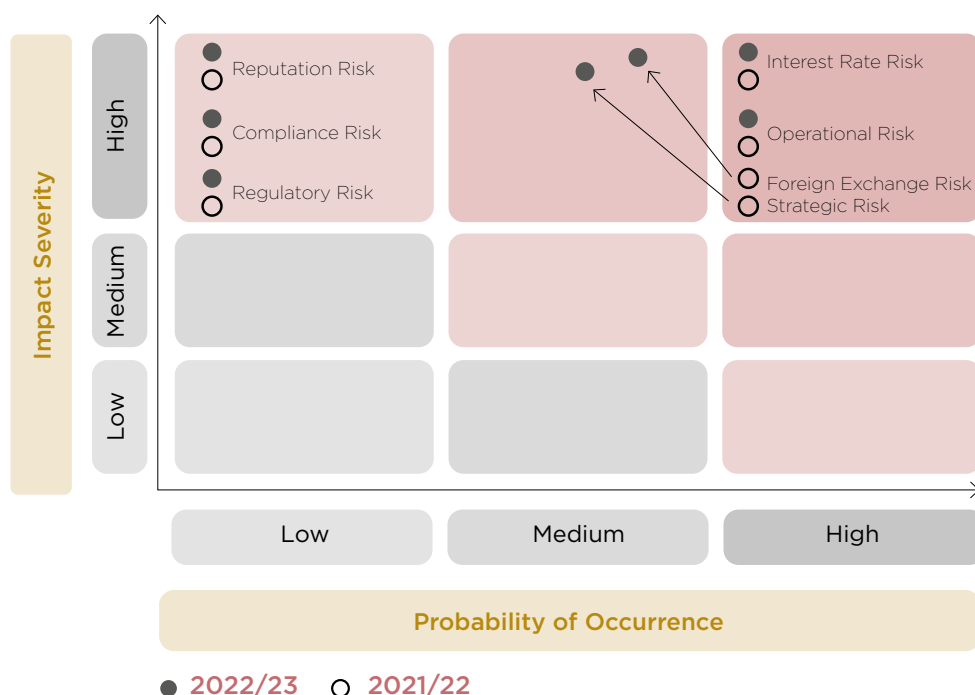
members are called in to the Board meeting to provide explanations and suggest appropriate remedial measures.

The External Auditors serve as the third line of defence in PLR's Risk Governance Structure and provide independent assurance to shareholders, through the Board.

## RISK AWARENESS CULTURE

Based on the belief that a strong risk-awareness culture is essential to support effective risk management, the Board Audit Committee undertakes various training and other capacity building initiatives aimed at reinforcing the risk culture at all levels of the business. The IARC department works together with the functional heads to identify the risk, assess its impact and likelihood and ensure adequate controls are in place to mitigate risk.

PLR'S RISK HEAT MAP 2022/23



Risk Training Initiatives for FY 2022/23			
Topic	Conducted by	Target Group	No. of Participants
Tax seminars and independent tax opinion			
* Participated in seminars on recent revisions to the inland Revenue Act	Tax experts	Senior management	10
* Seminars on the Implementation of SSCL on the business of real estate and improvements			
* Explanatory session on the application of WHT and AIT			
* Obtain Independent opinion on the removal of VAT exemptions given on the sale of condominium apartments w.e.f. 1/1/2023			
Knowledge transferring sessions			
Sessions on recent tax law changes	Finance department	Sales and Recovery Staff	25
Sessions on legal matters	Legal department	Sales Recovery and Marketing Staff	32
AML/CTF			
Seminar on AML/CTF	CBSL	Internal Audit and Compliance department	2

## MANAGING KEY RISKS

MANAGING SPECIFIC SITUATIONAL RISKS FOR FY 2022/23				
Risk Category	Risk Context	Impact to PLR	Severity of Impact	Mitigating Action
Currency Risks/ Foreign Exchange Risk	Severe shortage of foreign currency in the Country at the start of the financial year along with the LKR depreciated by 40%+ against the USD.	Restricted access to foreign currency resulting in the inability to ensure the free flow of imported raw materials, which could potentially affect project completion milestones. Furthermore, the LKR depreciation against the USD drove up the cost of imported raw materials, leading to a significantly higher cost of construction.	HIGH	<ul style="list-style-type: none"> <li>Regular price revision on unsold units in order to match the cost overrun due to exchange rate fluctuations and currency volatilities.</li> <li>Forward Exchange Contract with Banks in order to hedge the exchange risk (Currently suspended).</li> <li>Negotiate fixed price contracts by way of advance payments on unconditional Bank Guarantees.</li> <li>Increase local procurement</li> </ul>



# KEY RISKS

MANAGING SPECIFIC SITUATIONAL RISKS FOR FY 2022/23				
Risk Category	Risk Context	Impact to PLR	Severity of Impact	Mitigating Action
Interest Rate Risk	CBSL raised policy interest rates by 700 basis points in April 2022, followed by consecutive rate hikes thereafter, resulting in an upward trend in interest rates.	Increased cost of finance, especially across short term working capital facilities, as well as floating rate debt facilities.  Recovery delays were experienced adversely impacting cash flows due to high borrowing costs.	HIGH	<ul style="list-style-type: none"> <li>Continuous negotiations with Banks and financial institutions to reduce the cost of funds</li> <li>Setting up POD's facilities in lien over the fixed deposit (local and foreign currency) (FD + x)</li> <li>Prudent treasury management to optimise cash flows</li> <li>Implementing flexible payment plans for customers settling through Bank loans.</li> <li>Encourage customers to make full payments upfront and enjoy a substantial discount</li> </ul>
Regulatory Risk	Introduction of a new corporate tax regime with effect from 1st October 2022. In addition, with effect from 1st October 2022, the Social Security Contribution Levy (SSCL) of 2.5% was introduced on real estate services, along with 15% VAT also imposed with effect from 1st January 2023 on real estate services.	Removal of tax concessions for newly listed entities, resulting in PLR's effective corporate tax increasing from 14% to 30% with effect from 1st October 2022.  The Company was also required to pay SSCL 2.5% and VAT 15% on liable turnover.	HIGH	<ul style="list-style-type: none"> <li>All taxes and other dues were paid promptly and without any delay</li> </ul>

MANAGING INHERENT RISKS			
Risk Category	Impact to PLR	Mitigating Strategies	Additional Measures taken in FY 2022/23
Operational Risk	Disruption to the normal course of business due to non availability of key resources.	<ul style="list-style-type: none"> <li>• Enter into long-term fixed price contracts with suppliers</li> <li>• Diversify the supply chain by focusing on local sourcing</li> <li>• Inclusion of a mandatory clause in the construction contract stipulating delivery project milestones for the entirety of the project</li> <li>• Monitoring of project timelines monthly, based on expected milestones to ensure no major deviations</li> </ul>	<ul style="list-style-type: none"> <li>• More emphasis on local sourcing.</li> <li>• Build strong relationships with long standing suppliers.</li> </ul>
Compliance Risk	Fines and restrictions owing to non-compliance with laws and regulations due to changes in legal regulations including Government Policies	<ul style="list-style-type: none"> <li>• Continuous and ongoing reviews of the laws and regulations applicable to the business.</li> <li>• Internal &amp; external regulatory compliance is reported periodically to the Board.</li> <li>• The services of External Audit, Tax and Legal Consultants have been obtained to address any legal, regulatory and compliance requirements where necessary.</li> <li>• Compliance dashboard is maintained by the internal audit department.</li> <li>• ML/TF risk is mitigated by screening each customer with a globally recognized third party software solution "Refinitiv"</li> </ul>	<p>The Company remained fully compliant with all applicable laws and regulations.</p> <p>There were no incidents of non-compliance with laws and regulations for FY 2022/23</p>

# KEY RISKS

MANAGING INHERENT RISKS			
Risk Category	Impact to PLR	Mitigating Strategies	Additional Measures taken in FY 2022/23
Reputation Risk	Loss of brand equity due to negative perceptions of clients, contractors, suppliers and negative public opinion	<ul style="list-style-type: none"> <li>Prompt resolution of customer complaints</li> <li>Monitoring of feedback received through the corporate website and social media platforms</li> <li>Conducting Customer Surveys periodically to gain insights into the customer mindset</li> <li>Continuous monitoring of compliance status by the Internal Audit, Risk and Compliance department</li> <li>Monitoring and follow up of pending litigation by the Legal Department</li> </ul>	<ul style="list-style-type: none"> <li>Reaching out individually to all customers of ongoing projects to keep them apprised of the measures taken by the Company to meet project completion deadlines.</li> <li>All team leaders were kept on standby, if needed to resolve customer issues</li> <li>A dedicated customer complaints hotline was introduced, and publicised through the corporate website and across all social media platforms</li> <li>Fully completed the flagship The Grand Ward Place (Colombo 07) project in time and commenced handing over process.</li> </ul>
Strategic Risk	Financial loss due to unsustainable and ill timed strategies or due to the inability to adapt quickly to changes in the immediate operating environment	<ul style="list-style-type: none"> <li>Portfolio diversification to variegate revenue sources (Lands, Housing, Apartment &amp; investment)</li> <li>Offer as diversified product portfolio (affordable luxury to ultra luxury),</li> <li>The industry network and the stability of the Company enable high bargaining power, with suppliers and contractors</li> <li>Company's long standing history, reputation and industry expertise enable charging a premium from the customer</li> </ul>	<ul style="list-style-type: none"> <li>Proceed with ongoing projects to achieve project completion milestones</li> <li>Temporarily suspend new projects</li> <li>Invested in a new partly constructed condominium project in Dehiwala - 43 By the Sea, Marine Drive</li> </ul>



# STAKEHOLDER ENGAGEMENT

Meaningful engagement with our stakeholders is an important part of the way we operate. The feedback and ideas we get from these engagements shape the way we think, act and create value. To ensure we gain the most out of our stakeholder engagements, we follow a systematic approach to identify stakeholders, prioritise the different stakeholder groups, engage with each group and report outcomes to the management to ensure that they are utilized in the Company's strategy and decision making processes.

## STAKEHOLDER ENGAGEMENT APPROACH

1



**Identify**

Business Heads are required to identify stakeholders relating to their respective business

- Shareholders ● Employees ● Customers ● Government ● Contractors & Suppliers
- Providers of Debt Capital ● Community

2



**Prioritise**

Stakeholders identified in the above manner are mapped on the Power/Interest Grid to enable PLR to prioritize the degree of engagement required.

3



**Engage**

Various engagement mechanisms are mobilised to engage with different stakeholder groups

[See below](#)

4

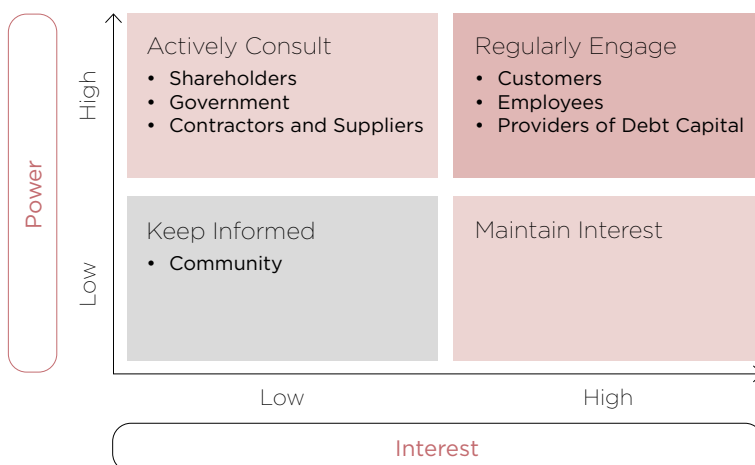


**Report**




Feedback and insights received from stakeholders are documented and reported to the Management




[See below](#)

The Power/Interest grid



# STAKEHOLDER ENGAGEMENT

Stakeholder	Engagement Mechanism	Frequency	Key Concerns Raised	Our Response
<div>Shareholders</div> <div></div>	Interim Financial Statements	Quarterly	Financial performance	PLR takes a prudent approach towards managing its financial resources, to ensure adequate resources are reinvested in the business, while fully honouring stakeholder obligations.
	Annual Report & AGM	Annually	Business strategies and operational efficiency	
	Announcements to the CSE	As required	Governance stability and sustainability	
	PLR's digital platforms		Risk management	
	Press releases			
<div>Employees</div> <div></div>	HR Digital platform (HRIS), WhatsApp Groups, Group Email	Continuous & ongoing	Employee engagement and communication	PLR is committed to assure an excellent employee experience throughout the employee lifecycle. The Company believes a friendly and supportive work environment will be a definite positive impact on productivity and service quality. PLR makes a conscious effort to inculcate the Company's core values among employees to drive the team towards a high performance organization; ultimately meeting the expectations of all stakeholders.
		Technology collaboration		
	One-on-one discussions	As required	Industrial Harmony	
	Staff meetings		Employee wellbeing	
			Conducive work environment	
	Regular performance reviews	Monthly & bi-annual evaluations	Career growth and improving productivity	
	Training need analysis (TNA)	Annually	Employee development and enhancing quality of service	
	Remuneration and benefit reviews	Annually	Competitive remuneration benefits	
<div>Customers</div> <div></div>	One-to-one interactions	As needed		PLR strives to provide an unrivalled value proposition coupled with the best in-class experience to earn and retain customer trust.
	Marketing and promotional activities	Continuous and Ongoing	Product affordability and quality	
	Press releases		Support services	
	PLR's digital platforms		Access to information	
			Timely delivery of projects	
<div>Government</div> <div></div>	One-on-one meetings	As needed	Regulatory and statutory compliance	PLR aims to lead by example in complying with all laws and regulations applicable to every aspect of the Company's operations.
	Compliance Verification Framework		Environmental management and compliance	
	Compliance Audits		Health and safety management	
	Other correspondence			

Stakeholder	Engagement Mechanism	Frequency	Key Concerns Raised	Our Response
<div>Contractors and Suppliers</div> <div></div>	One-on-one meetings	Continuous and Ongoing	Cost effectiveness and the quality of the work performed	PLR strives to build strong trust-based relationships with all suppliers including contractors.
	Other correspondence Progress reviews		Timely delivery	Contractors are selected based on a strict tender procedure, while other suppliers are comprehensively vetted to ensure their alignment with PLR's ethical procurement standards.
			Procurement practices	
			Payment schedule Business ethics and compliance Supply chain management	
<div>Providers of Debt Capital</div> <div></div>	One-on-one meetings	As needed	Financial stability and liquidity	PLR aims to enhance its credibility amongst the banking sector by meeting all debt service obligations in a timely manner.
	Other correspondence		Timeliness of debt servicing	
	Annual Report	Annually	Organisational resilience and business continuity	
<div>Community</div> <div></div>	Annual Report	Annually	Development opportunities for regional economies	PLR remains committed to contribute towards improving community well-being and the development of sustainable communities across Sri Lanka.
	PLR's digital platforms	Continuous and ongoing		
	Announcements to the CSE	As needed		
	Press releases			



# MATERIAL TOPICS

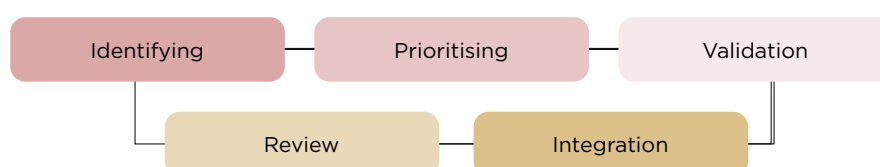
Material issues are those that either represent a significant risk or opportunity to PLR's business operations or could possibly affect our stakeholders, positively or negatively.

Each year, we conduct a materiality assessment to identify and prioritize the most Material Topics that are relevant to the business or to our stakeholders. These Material Topics, once approved by the Board, are then integrated into the

Company's strategy through our internal policy frameworks and are accompanied by specific goals and targets.

No change was noted in the Material Topics or topic boundaries for FY 2022/23 compared to the previous financial year.

## MATERIALITY DETERMINATION PROCESS



### IDENTIFYING

- PESTLE (Political-Economic-Social-Technological-Legal/Regulatory-Environment) factors identified through the Risk Identification Process
- Insights and feedback from stakeholder engagement
- PLR's core values, policies, strategies, operational management systems, goals and targets
- Industry Best Practices
- Compliance Requirements
- Internal Audit Reports
- Global Sustainability benchmarks such as the GRI Standards, IIRC Framework and the UN Sustainable Development Goals.

### PRIORITISING

Prioritise material topics using the Materiality Matrix

Quantitative and qualitative assessments

Value Chain Analysis

Challenges and opportunities for our sector, as identified by peers and competitors

### VALIDATION

Review and approval of Material Topics by the Executive Committee

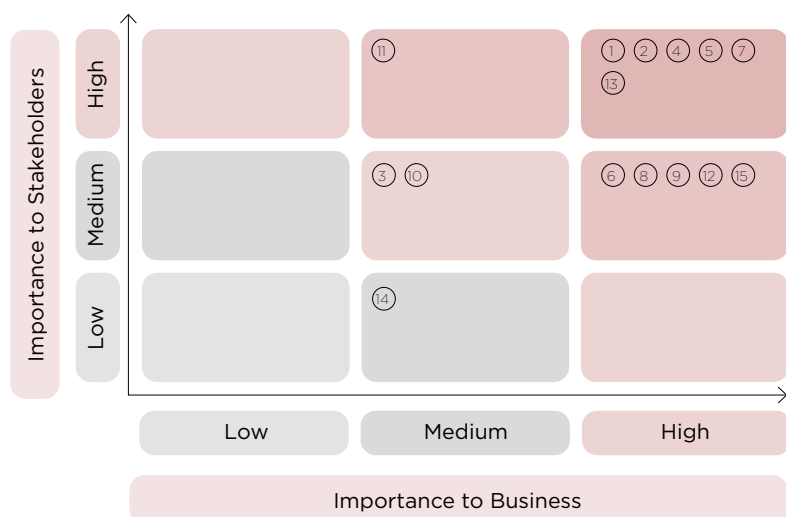
### INTEGRATION

Presentation of Material Topics to the Board for discussion and strategy integration through target setting

### REVIEW

- Continuous evaluation by the Internal Audit, Risk and Compliance Department
- Measurement against external benchmarks
- Quantitative and qualitative outcomes

## MATERIALITY MATRIX



1. Profitability
2. Financial Stability
3. Land Inventory
4. Project Execution
5. Brand Image
6. Culture and Conduct
7. Excellence in Quality
8. Resilience and Business Continuity
9. Customer Experience
10. Supplier Relations
11. Pay and Benefits
12. Career Prospects
13. Health and Wellbeing
14. Community Impact
15. Environmental Stewardship

- Economic and Governance Topics
- Social Topics
- Environmental Topics

Material Topic	Topic Boundary	Why it is considered Material	Management Approach	Further References	Evaluating the effectiveness of our management approach
1. Profitability	Internal	Improves shareholder returns	Consistent revenue growth and strong cost management	Financial Capital Page 58	NPBT NPAT ROE
2. Financial Stability	Internal	Strengthens brand equity and resilience	Strike the optimal balance between equity, debt and investor funding	Financial Capital Page 58	Debt: Inventory Property Ratio Credit Rating No. of new projects Land Inventory
3. Land Inventory	Internal / External	Supports business growth	Investment Strategy	Manufactured Capital Page 64	Growth in Asset Base No. of new projects Land inventory
4. Project Execution	Internal / External	To ensure on-time completion of projects	Project lifecycle management	Manufactured Capital Page 64	Project milestones Sold: Unsold ratio
5. Brand Image	Internal / External	Reinforces PLR's competitive position in the real estate industry	<ul style="list-style-type: none"> <li>Brand Positioning</li> <li>Regulatory Compliance</li> </ul>	Intellectual Capital Page 68	Industry recognition for the brand  Compliance track record
6. Culture and Conduct	Internal / External	Builds trust among customers and strengthens public confidence in the brand	<ul style="list-style-type: none"> <li>Ethics and Integrity</li> <li>Transparency of marketing information</li> <li>Confidentiality and Customer Data Privacy</li> </ul>	Intellectual Capital Page 68  Social and Relationship Capital Page 82	Complaints regarding ethics violations Incidents reported through the Whistleblower process
7. Excellence in Quality	Internal / External	Builds trust among customers and enhances PLR's competitive edge	<ul style="list-style-type: none"> <li>Tacit knowledge of employees Standards and Certifications</li> <li>Memberships and Affiliations</li> <li>Quality Control Framework</li> </ul>	Intellectual Capital Page 68	Brand recognition Customer NPS (Net Promoter Score) Customer Feedback

# MATERIAL TOPICS

Material Topic	Topic Boundary	Why it is considered Material	Management Approach	Further References	Evaluating the effectiveness of our management approach
8. Resilience and Business Continuity	Internal / External	Safeguards operations against unforeseen challenges	IT Infrastructure and System	Intellectual Capital Page 68	System downtime
9. Customer Experience	Internal / External	Builds trust among customers and strengthens public confidence in the brand	Product Responsibility Transparency of Marketing Information Confidentiality and Customer Data Privacy Customer Support	Social and Relationship Capital Page 82	Customer NPS (Net Promoter Score) Customer Feedback  Effective Management of Customer
10. Supplier Relations	Internal / External	Minimises potential supply chain disruptions that could affect project timelines  Maintain the quality of material and services provided by suppliers	Supply Chain Management	Social and Relationship Capital Page 82	Project milestones No. of suppliers working with the Company for over 5 years
11. Pay and Benefits  12. Career Prospects	Internal	Helps to attract and retain the best in-class talent  To evolve future leaders	Attract Retain Develop Reward	Human Capital Page 74	Net Promoter Score Number of unsolicited CVS Employee Satisfaction Rate Employee Attrition Rate Employee Value Proposition Investment in Employee Engagement & well-being activities
13. Health and Well-being		Increases employee motivation and satisfaction			
14. Community Impact	Internal / External	Reduces inequalities between regions	Contribution towards the development of local economies	Social and Relationship Capital Page 82	Urbanisation trends in the area
15. Environmental Stewardship	Internal / External	Supports the national environmental goals	Construction Best Practices Sustainable Resource Utilisations	Natural Capital Page 90	Incidents of non-compliance

# STRATEGY AND RESOURCE ALLOCATION

Based on the Material Topics identified through the materiality determination process, we have developed four strategic themes to drive PLR forward. Each strategic theme is in turn underpinned by a series of strategic imperatives, which serves as key catalysts for meeting stakeholder deliverables and achieving our medium and long term growth objectives.

As Sri Lanka's pioneer condominium developer, Prime Lands Residencies PLC (PLR) has always worked with a clear purpose to achieve its objectives and thereby consistently meet stakeholder deliverables. It was this premise that motivated PLR to diversify into the Ultra Luxury condominium space with the commencement of The Grand – Ward Place (Colombo 07) in 2017, thus augmenting the Company's market reach across a wider customer bandwidth. It was this same rationale that prompted the Company to enter into the land sale domain in early 2022.

## ACHIEVE FINANCIAL EXCELLENCE



### Strategic Imperatives

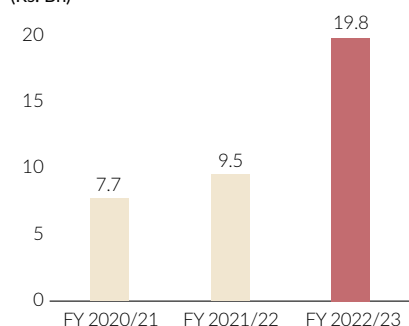
- Strategic expansion of PLR's land inventory to facilitate continuous growth of the project pipeline
- Invest in new projects with a benchmark net margin
- Monitoring and controls to ensure achievement of project milestones
- Streamlined procurement to support the achievement of project milestones
- Introduced a strategic business vertical to sell residential land plots on top of the apartments

### KEY HIGHLIGHTS FOR 2022/23

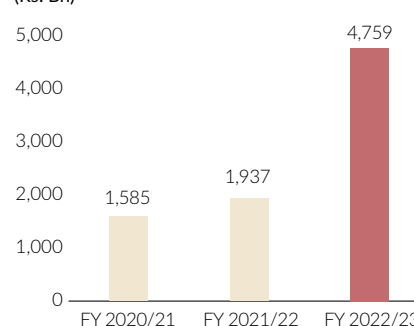
- Invested Rs. 2.0 Bn on new land acquisitions
- Invest in Rs. 1 Bn worth of lands for apartment projects
- Leveraged low interest rates to rationalize debt

### Scorecard

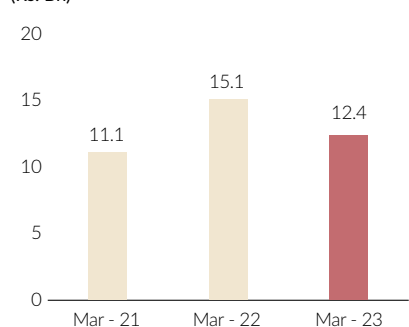
#### Revenue (Rs. Bn)



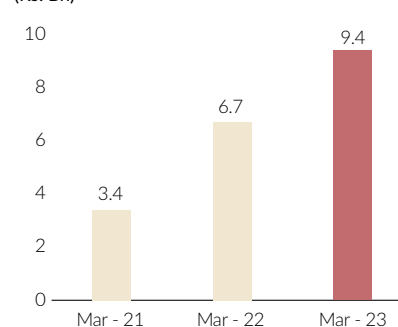
#### Operating Profit (Rs. Bn)



#### Inventory Properties - Apartments & Lands (Rs. Bn)



#### Total Equity (Rs. Bn)





# STRATEGY AND RESOURCE ALLOCATION

## BE THE REAL ESTATE DEVELOPER MOST TRUSTED BY CUSTOMERS



### Strategic Imperatives

- Invest in condominium developments catering to diverse customer segments
- Build a strong brand presence
- Equitable pricing to match the profile of each customer segment
- Benchmark international standards for design, safety and construction quality
- Demonstrate compliance leadership
- On-time completion of projects
- 360-degree innovation to improve the customer value proposition
- Build customer intimacy through regular communication as well as clear and transparent disclosure of information

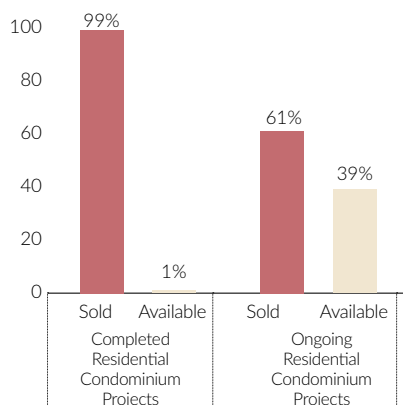
### KEY HIGHLIGHTS FOR 2022/23

- Rolled out a range of financial solutions and easy installment payment plans for customers
- Further established a range of digital tools to support customer needs for information and feedback

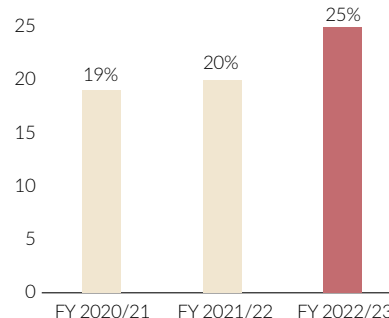
### Scorecard

Recognition by LMD as the most valuable Real Estate Entities in Sri Lanka

Sales Status of Condominium Projects (%)



Ratio of Repeat Customers (%)



## EARN THE RESPECT OF THE WIDER COMMUNITY



### Strategic Imperatives

- Expand the Company's geographical presence
- Demonstrate compliance leadership
- Benchmark international green building standards
- Prioritize recycling and responsible waste disposal

### Scorecard

- Recognition by LMD as the most awarded & most respected entity in Sri Lanka

## BE AMONG THE MOST PREFERRED EMPLOYER BRANDS



### Strategic Imperatives

- Guarantee a positive employee experience throughout the employee lifecycle
- A unique employee value proposition
- Foster an ownership culture
- Execute corporate best practices

### KEY HIGHLIGHTS FOR 2022/23

- Certified as the best work place in Sri Lanka
- Successfully rolled-out HRIS
- Special allowance paid to employees as relief from the high cost of living
- Performance bonus paid for the FY 2022/23
- Comprehensive medical insurance and life cover to employees

### Scorecard



**2015** - Rated as one of the 25 Great Work Places in Sri Lanka



**2016** - Best in Medium Size Enterprise Category - Gold Award



**2017** - Best in Medium Size Enterprise Category - Silver Award



**2018** - Rated as one of the 25 Great Work Places in Sri Lanka



**2019** - "Laureate 2015-2019" and Ranked as one of the top 25 Best Places to Work for in Sri Lanka



**2022** - Certified as a Great Place to Work in Sri Lanka



**2023** - Certified as a Great Place to Work in Sri Lanka and Asia  
**The Best Workplaces in Sri Lanka for Millennials and Asia's Best Workplaces 2022** - Ranked 68th place in Asia









# JOINT STATEMENT BY CO-CHAIRMAN AND CO-CHAIRPERSON

“ While the past year has been one of the most challenging in our two decade long history, it has also by far been the most rewarding as it marks the completion of our flagship The Grand Ward Place (Colombo 07). Given all that PLR has achieved while fighting extreme adversity, we remain quite positive about the future for we believe real estate will always be a growing market, with the demand for condominiums likely to grow exponentially in tandem with the rapid urbanization expected over the next 3 - 5 years. ”

**MR. PREMALAL BRAHMANAGE**

Co-Chairman

**MS. SANDAMINI PERERA**

Co-Chairperson



**MR. PREMALAL BRAHMANAGE**

Co-Chairman

As we present to you the Annual Report and Financial Statements for Prime Lands Residencies PLC for the year ended 31st March 2023, we wish to express our deep sense of achievement to see all that the Company has accomplished in what was an uncharacteristically tough year for Sri Lanka and more for the local construction sector.

## CONTEXT AND STRATEGY

The current financial year started off on a contentious note with the Sri Lankan economy facing massive foreign currency liquidity shortage that soon triggered another



**MS. SANDAMINI PERERA**

Co-Chairperson

fully blown crisis, leading to unprecedented currency weaknesses, rising interest rates and runaway inflation. In the midst of all this, the government further tightened import restrictions leaving all sectors of the economy facing grave uncertainty. The construction sector in particular was left virtually incapacitated. The combined impact of supply chain disruptions attributed to the import restrictions over and above inflation induced costs increases saw Country-wide construction activity coming to a near standstill.

For PLR, the main focus amidst this unpredictable and highly fluid environment, was to sharpen its dexterity to

navigate the current challenges. At the same time, we were also adamant to prevent the inevitable reputational damage that would arise if project completion deadlines were compromised. Understanding the time-sensitive nature of our project commitments, PLR's management teams stepped up to the challenge, initiating swift and decisive action on multiple fronts to minimize disruptions and maintain continuity of operations. We are indeed very pleased to announce that PLR was one of the handful of condominium developers in Sri Lanka who succeeded in maintaining year-round construction activity throughout FY 2022/23.

### KEY MILESTONES

Admittedly while the past year has been one of the most challenging in our two decade long history, it has also by far been the most rewarding as it marks the completion of our flagship The Grand-Ward Place (Colombo-07) Crowned as the Best Luxury Condominium in Sri Lanka by the Property Guru Asia Property Awards in 2019, long before its completion, The Grand-Ward Place (Colombo-07) has reinvented the definition of ultra-luxury world class condominium living right here in Sri Lanka.

The Grand-Ward Place (Colombo-07) is home to Sri Lanka's longest elevated infinity pool, spanning an impressive 71 metres in length, the largest recreational space including state-of-the-art recreational facilities spread across three floors, covering over 50,000 square feet. Comprising carefully designed amenities, including 3 pools, play areas, badminton courts, a function hall, game rooms, walking paths, a yoga deck, a spa, and a mini-mart, these facilities together culminate in creating what can only be described as an epitome of modern luxury living.

There are many other factors that give us reason to be proud about The Grand-Ward Place (Colombo-07). The steady uninterrupted progress we have made since its commencement in 2017 up to its completion in 2023, notwithstanding the fallout from the Easter attack, the COVID-19 pandemic and Sri Lanka's current economic crisis, which together stands as a testament to our unwavering commitment to honour the promises made to our customers.

Furthermore, having complied consistently and in full with all regulations since inception, we have been able to hand over clear title deeds and the unit keys at the same time to all customers.

# JOINT STATEMENT BY CO-CHAIRMAN AND CO-CHAIRPERSON

“There are many other factors that give us reason to be proud about the Prime Grand. The steady uninterrupted progress we have made since its commencement in 2017 up to its completion in 2023, notwithstanding the fallout from the Easter attack, the COVID-19 pandemic and Sri Lanka’s current economic crisis, which together stands as a testament to our unwavering commitment to honour the promises made to our customers.”



## FINANCIAL RESULTS

PLR’s financial results for FY 2022/23, speaks volumes for the resilience and tenacity of our business model. Revenue at Rs. 19,799 Bn for FY 2022/23 marks an all-time high for the Company. Similarly, at Rs. 3,351, PAT denotes another record for PLR.

What is more important to note is that the PAT figure is despite a substantial increase in our overall tax liability, as the Company’s corporate tax rate more than doubled from 14% to 30% in the year under review. The concessionary tax rate of 14% which was entitled to enjoy by PLR after the

listing in 2021 and made applicable 03 years thereon was unexpectedly revoked by the government under the new tax regime that came into effect on 1st October 2022 wherein a standard 30% corporate tax rate was introduced. PLR joined forces with several other newly listed entities who were similarly affected to challenge the proposed bill, but to no avail with the decision at the supreme court ruling against us stating that it was a policy decision to boost investor confidence.

Adding to our top line pressure for the second half of the year was the 2.5% Social Security Contribution Levy (SSCL) that was imposed with effect from 01st October 2022 and removal of VAT exemption granted on the sale of Condominium apartments with effect from 01st January 2023 also had a major impact on our ability to move apartment stocks in-hand.

The unfavourable impact to PLR as a result of these decisions has been quite significant, more so because it was completely unexpected and required some major realignment in our cash flows. However despite being caught in the midst of the unforeseen circumstances, we made sure to honour our commitment to deliver consistent returns to shareholders. To that end, PLR declared Rs.1/- per share as dividend to ordinary shareholders for FY2022/23. In the first year of listing, our shareholders received Rs.0.40 per share as dividend, followed by Rs.0.70 per share in the second year. And the latest Rs.1/- per share in the current year is in keeping with our strategy to ensure stakeholders benefit from steady incremental dividend growth.

## AWARDS AND ACCOLADES

We are proud to see PLR’s achievements continuing to be recognized by various leading bodies. At the Annual Brand Finance rankings 2022, we secured to be positioned among the 100 Most Valuable Consumer Brands and the top spot of the Most Valuable Real Estate Brands in Sri Lanka.

PLR was recognized as a Great Place to work for the 7th Year by Great Place to Work Institute with two other recognitions. The Best Workplaces in Sri Lanka for Millennials and Asia’s Best Workplaces 2022 – Ranked 68th place in Asia.

Further, we achieved the Gold Award for the Land & Property Companies Sector and Bronze Award for the Emerging Listed Companies Sector at the 57th Annual Report Awards Ceremony 2022 held by the Institute of Chartered Accountants of Sri Lanka.

## OUTLOOK AND PROSPECTS

Given all that PLR has achieved while fighting extreme adversity, we remain quite positive about the future for we believe real estate will always be a growing market, with the demand for condominiums likely to grow exponentially in tandem with the rapid urbanization expected over the next 3 - 5 years.

PLR's strategy going forward, would involve a careful assessment of our operating environment, including competitive dynamics and increasing regulatory requirements that are likely to emerge as the local market size expands. Furthermore as customers become more mature and more discerning, PLR will strive for greater degree of differentiation in order to stay ahead of the curve especially given the stiff competition we foresee in the years ahead.

## APPRECIATIONS

Before we sign off, we would like to thank all Board members for their guidance and insights that have been instrumental in leading PLR through these tough times.

We also wish to acknowledge the untiring efforts of PLR's Executive Committee and staff - thank you all for your commitment towards the Company's success.

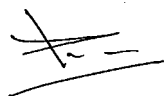
My sincere gratitude to our valued customers, contractors, suppliers, consultants and other business partners for their ongoing support.

And finally, to our shareholders who have supported us over the years, we wish to thank each and every one of you for your trust and confidence in the Prime brand. We hope we can count on your continued patronage to propel Prime Lands Residencies PLC towards even greater heights in the years ahead.



**Mr. Premalal Brahmanage**

*Co-Chairman*



**Ms. Sandamini Perera**

*Co-Chairperson*

07th June 2023



# MD'S REVIEW

“Among the most notable achievements was PLR's record-breaking financial performance that makes FY 2022/23. Total Revenue for the year ending 31st March 2023 reached Rs. 19,799 Mn, reflecting a two-fold increase from the Rs. 9,510 Mn reported in the previous financial year.

Revenue from apartment sales remained the predominant contributor accounting for Rs. 16,908 Mn of total Revenue in the current financial year, of which The Grand Ward Place (Colombo 07) accounted for 58%+. I am also very pleased to note that in its first full year under PLR, the land sale operation contributed Rs. 2,891 Mn to total Revenue.”

**MR. MANJULA WEERAKKODY**

Managing Director



TOTAL REVENUE



**Rs. 19,799 Mn**

TOTAL ASSETS



**Rs. 17,523 Mn**

Reflecting back on this past year, there are several memorable milestones that give me reason to be proud, not only because they clarify Prime Lands Residencies PLC's (PLR) premier position in the local condominium sector, but more so because these achievements come amidst the backdrop of serious economic headwinds that left Sri Lanka struggling to cope with an unprecedented recession.

## STELLAR FINANCIAL RESULTS

Among the most notable achievements was PLR's record-breaking financial performance in FY 2022/23. Total Revenue for the year ending 31st March 2023 reached Rs. 19,799 Mn, reflecting a two-fold increase from the Rs. 9,510 Mn reported in the previous financial year. Revenue from apartment sales remained the predominant contributor, accounting for Rs. 16,908 Mn of total Revenue in the current financial year, of which The Grand -Ward Place (Colombo-07) accounted for 58%+. I am also very pleased to note that in its first full year under PLR, the land sale operation contributed Rs. 2,891 Mn to total Revenue.

Despite inflation-induced cost increases, Operating Profit reported a healthy improvement, enabling the Company to record a PBT of Rs. 3,979 Mn. for FY 2022/23, more than double both the budgeted Rs. 2,276 Mn and the Rs. 1,848 Mn tabled in the previous financial year.

Moreover, despite substantially higher tax liability, PLR reported a post tax profit of Rs. 3,351 Mn for FY 2022/23, a full 100% more than the Rs. 1,682 Mn recorded in the previous year.

Our ability to deliver consistent results even in tough times, I believe is testament to PLR's robust operating model and nimble strategy. I am also convinced that our unswerving commitment to honour our project deliverables continues to be a critical success factor for the Company.

## STAYING ON TRACK NOTWITHSTANDING CHALLENGES

With the unexpected turn of events at the beginning of 2022 leading the Sri Lankan economy into a fully blown crisis, surrounded by low foreign currency liquidity, a highly devalued currency, rising interest rates and near hyper inflationary conditions, PLR shifted to crisis management mode.

In the face of import restrictions and the rising cost of imported raw materials, we moved with a greater degree of agility to reorient quickly and efficiently. Rallying the support

of our contractors, suppliers and other partners to help us re-strategize, we took some bold decisions in order to minimise disruptions.

Despite constraints from fuel and energy shortages, our teams were seen working tirelessly and often long into the night to fine tune plans, to ensure we remain on course to reach key project milestones on all our ongoing projects. I am glad to say this all round effort was the key to accomplishing every single one of our targets for the year.

Our flagship development, The Grand -Ward Place (Colombo-07) was fully completed in early 2023 with the first batch of handovers started in March 2023, followed by the formal launch of the project on 15th May 2023. Furthermore, thanks to the high level of compliance that we have maintained since project inception, we were able to expedite the acquisition of crucial documents, including the Certificate of Conformity (COC), CMA registered certificate and Deed of Declaration, thus enabling residents to execute the deed of transfer in their names immediately after taking over their keys. These are all remarkable achievements considering the challenges we faced in the recent past, and especially in this last year.

On a related note, we made excellent progress on our project The Beachfront - Uswetakeiyawa II (UK II). With 100% of the construction work and almost 88% of the finishes completed at the time of writing, I expect the project handovers to commence very soon. Good progress was seen at The Palace - Gampaha project as well, where approximately 65% of the construction work, including the superstructure, was completed by the end March 2022. With the final phase of the project well underway, I believe we can begin handing over units as quickly as March 2024.

The Company's project pipeline was further expanded in the year under review, with the acquisition of 11-storey semi luxury condominium complex in Dehiwala. Since then, construction crews have been mobilised towards constructing the rooftop level and completing the finishes at the 67 apartments, car park and other common areas.

We also began working on the initial blueprints for a new 32 units condominium project in Borella - Colombo 08, which is set to be Sri Lanka's first ever pet friendly condominium.

# MD'S REVIEW

“Moreover, despite substantially higher tax liability, PLR reported a post tax profit of Rs. 3,351 Mn for FY 2022/23, a full 100% more than the Rs. 1,682 Mn recorded in the previous year.”



## SAFEGUARDING EMPLOYEE WELLBEING

The safety and well-being of our people has always been part of our core operating ethos. Accordingly, soon after the 2022 economic crisis began to unfold, we implemented various initiatives, including flexible work schedules, medical insurance coverage, including family members, with more benefits, company operated transport facilities and special transport allowances to give employees job security during the acute fuel shortage that lasted several months. Approximately Rs. 9.8 million was allocated during the year for staff welfare activities including these initiatives.

To impart a sense of normalcy amidst massive external uncertainties, we continued with all planned training and development activities. To that end, the fully fledged performance evaluation mechanism was rolled out in time for the 2022/23 cycle.

PLR participated in the GPTW (Great Place to Work) survey 2022, where the Company secured three major awards, most notably PLR continued to remain on Sri Lanka's national list of great places for the 6th consecutive year. We were also

ranked among top 15 best places to work for millennials and recognised among the best companies to work in Asia, where we competed against 300+ regional applicants in the small and medium scale category.

## ACCELERATING DIGITAL INTEGRATION

In order to support increasingly proactive decision making that has become a necessity in these uncertain times, we proceeded to deepen our investment in technology, spending close to Rs. 13 Mn to drive digital integration across multiple aspects of our business.

The most notable efforts were the cloud migration project that we embarked on in end-2022 and completed a few months later to ensure data security, efficiency, scalability and flexibility to IT infrastructure.

The other important project we implemented in 2022 was the off-site DR activation at the Dialog Tier III Data Center Pothuwarawa in addition to the Primary site maintained at the Dialog iDC Data Center in Malabe.

Other routine upgrades included the replacement of the legacy analog voice communications system used by the Company for the past decade with a new IP based solution being introduced, in order to support omni channel customer engagement process in near the future. A new fully integrated Email Security Solution was also implemented, to safeguard our Company's data assets against external security threats including SPAM, spoofing, phishing, and other potential email-based attacks.

As always, we continued to refine our SAP ERP system to strengthen customer service and improve internal process efficiencies with the expertise of our in-house IT experts, thus saving significant costs during the year 2022. As part of our efforts to enhance efficiency and control within our procurement process, we integrated the SAP procurement module which has helped to streamline workflow systems and increase operational oversight over the procurement model.

As the next step, we are targeting security and compliance certification to benchmark our cloud architecture on global standards.

## COMMITMENT TO REPORTING EXCELLENCE

Since our listing in 2021, PLR has continued to demonstrate its voluntary commitment to Integrated Reporting, encapsulating the latest global best practices, which earned the Company some enviable accolades this past year.

At the TAGS Awards 2022 conducted by The Institute of Chartered Accountants of Sri Lanka, PLR's FY 2021/22 Annual Report won two major accolades - the Gold Award for the Best Presented Annual Report in the "Land and Property Sector" and the Bronze Award in the "Emerging Listed Companies" category.

Inspired by these triumphs, we are on a quest to further improve the quality and transparency of our reporting disclosures. As such, our FY 2022/23 annual report has been prepared on the basis of the <IR> Integrated Reporting guidelines set out by the International Integrated Reporting Council and in line with the revised Global Reporting Initiative Universal Standards 2021.

## MOVING AHEAD

Having spent much of the past year proving our ability to withstand extreme pressure, PLR is now well positioned to grow sustainably in the coming years.

While we do hope the Country reaches greater economic stability which will help to rein in inflation and interest rates and strengthen the Rupee, we are in fact quite realistic about the future. Given that current indicators seem to suggest that economic correction is likely to take longer than initially thought, we are reworking our strategies to factor these risks into our medium term plans.

That said, we are aiming to complete The Beachfront - Uswetakeiyawa (UK II) and The Palace - Gampaha in keeping with our targeted timelines, while moving ahead with our newly earmarked condominium development project in Colombo 08. While we await a more conducive environment for the reactivation of the Amber Skye Negombo, we will continue to drive the movement of our unsold stock in line with our revenue and cash flows targets.

## APPRECIATIONS

I wish to convey my sincerest appreciation to the Chairman, Co-Chairperson and the Board of Directors for their leadership and guidance in assisting me in tackling the plethora of challenges this past year.

A very special word of thanks to my team for their support and dedication that has been an immeasurable strength in driving the Company forward to achieve stellar results in such tough times.

To our customers, I am deeply grateful for the opportunity to meet your expectations. Finally, I would like to thank PLR's shareholders and all other stakeholders for their long standing trust and confidence in the Company and invite you to remain invested in our future journey as well.



**Mr. Manjula Weerakkody**  
Managing Director

07th June 2023



# OPERATING ENVIRONMENT

“The sale of new condominiums by developers stagnated by the end of Q4, 2022, with the Condominium Property Volume Index which measures the trend in number of new condominium sales, showing a Year-on-Year reduction of 78% and a reduction of 10% compared to Q3, 2022. Imposition of VAT and other levies on condominium sales, as well as the impact of the economic downturn are cited as the main reasons for the decline.

During the nine months ending September 2022, headline inflation was on a rapid acceleration path, reflecting price pressures from multiple fronts, including price hikes in food, energy, and transport sectors and their spillovers, stemming from supply disruptions, rapid adjustments to administered prices and the sharp depreciation of the Sri Lanka rupee.”

## PERFORMANCE OF THE SRI LANKAN ECONOMY

### GDP Growth

The Sri Lankan economy registered its worst post-independence economic contraction, with provisional estimates from the Department of Census and Statistics indicating the real GDP contracted by 7.8% in 2022, compared to a growth of 3.5% in 2021. As long standing macroeconomic weaknesses boiled over causing unprecedented issues, all major sectors contracted in 2022. Acute fuel shortages due to the dearth of foreign exchange caused a significant drag on activities, resulting in hampered supply chains, prolonged power outages, scarcity of raw materials amidst imports compression, and a surge in the cost of production.

### Activity wise Contribution to GDP Growth

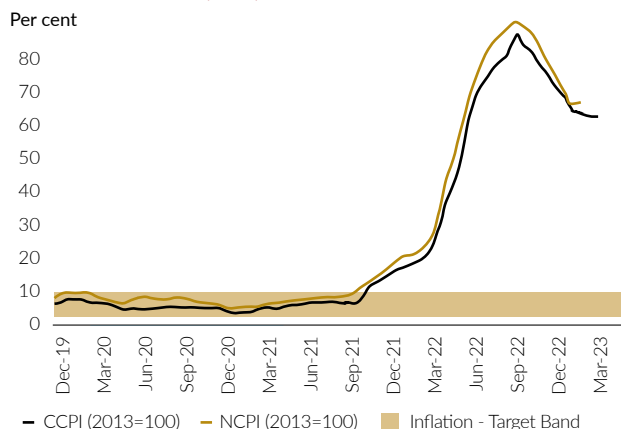


**Impact to PLR:** Business disruption and weakening market demand for condominiums

### Inflation

During the nine months ending September 2022, headline inflation was on a rapid acceleration path, reflecting price pressures from multiple fronts, including price hikes in food, energy, and transport sectors and their spillovers, stemming from supply disruptions, rapid adjustments to administered prices, sharp depreciation of the Sri Lanka rupee, and aggregate demand pressures owing to the lagged impact of monetary accommodation undertaken over the past few years.

## Headline Inflation (YoY)

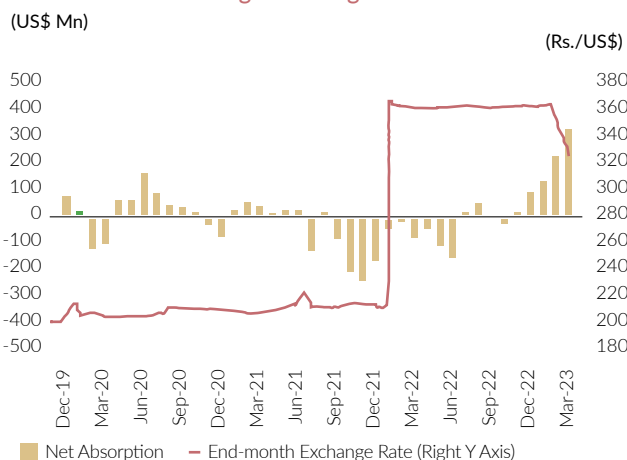


**Impact to PLR:** High cost of construction materials leading to sharp increase in operating expenses + weakening demand for condominiums due to inflation induced deterioration in disposable incomes

## Exchange Rate

The Sri Lanka rupee depreciated substantially by 41.4% against the US Dollar by end April 2022. Due to the large depreciation of the exchange rate the overall size of the economy in US Dollar terms contracted to US Dollars 77.1 Bn in 2022, compared to US Dollars 88.5 Bn in 2021. Meanwhile Per capita GDP also declined to US Dollars 3,474 in 2022 from US Dollars 3,997 in 2021.

## Exchange Rate and Central Bank Intervention in the Domestic Foreign Exchange Market



**Impact to PLR:** High cost of imported materials leading to sharp increase in operating expenses

## External Sector

Sri Lanka's external sector met with severe BOP stresses in 2022 amidst constrained foreign financial inflows, depleted gross official reserves, and overshooting of the exchange rate. The Government and the Central Bank initiated measures to limit foreign exchange outflows with a series of import prioritisation measures, in addition to the continuation of existing restrictive measures.

**Impact to PLR:** Business disruption due to the inability to access imported raw materials

## Fiscal Sector Developments

The Government enacted an array of fiscal consolidation measures in the form of increased taxes among others. As per the Budget 2022, the corporate tax rate was revised upward to 30%, while a Social Security Contribution Levy of 2.5% on turnover was imposed with effect from 1st October 2022 on importers, manufacturers, service providers, wholesalers, and retailers, whose annual turnover exceeds Rs. 120 Mn. Furthermore the VAT exemption granted on the sale of condominium apartments was removed with effect from 01st January 2023.

**Impact to PLR:** Margin pressure due to unplanned increases in taxes and the demand contraction for condominiums influenced by the removal of the VAT exemption

Source: Central Bank of Sri Lanka AR 2022

## CONDOMINIUM MARKET IN SRI LANKA

The sale of new condominiums by developers stagnated by the end of Q4, 2022, with the Condominium Property Volume Index which measures the trend in number of new condominium sales, showing a Year-on-Year reduction of 78% and a reduction of 10% compared to Q3, 2022. Imposition of VAT and other levies on condominium sales as well as the impact of the economic downturn are cited as the main reasons for the decline.

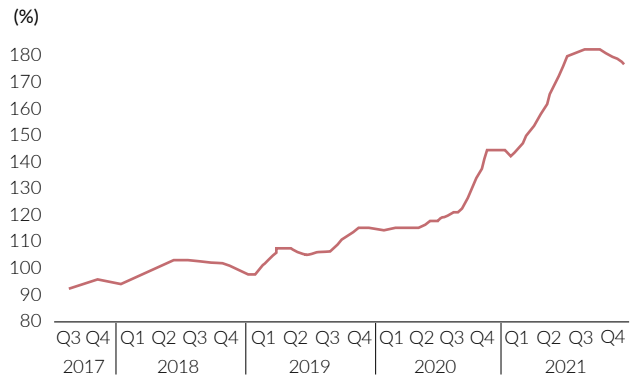
Available data suggests that sale of condominiums in the categories of less than Rs. 25 Mn and between Rs. 25 Mn—Rs. 50 Mn showed an increase compared to the previous year, while the transactions in higher price categories decreased. Although sales during the year have largely been in the single condominium projects category, the number of sales in the mixed development projects in the Colombo district have also shown a significant increase.

# OPERATING ENVIRONMENT

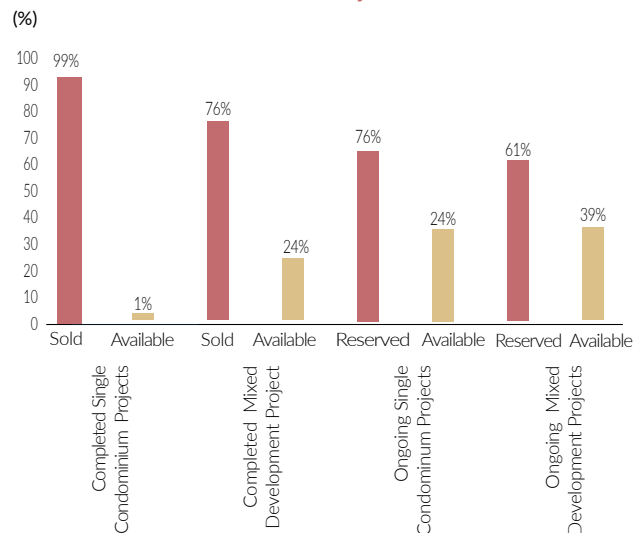
The majority of condominium buyers continued to be Sri Lankan residents while the dual citizen and foreign purchasers remained minimal. Purchase of condominiums for immediate living has shown a significant increase over the last year while purchases for investment has decreased. The main source of funding for condominium purchasing was buyers' own funds (78%), with only limited numbers obtaining bank loans.

As per the Price Index for New Condominiums, the overall price of new condominiums in the Colombo district appears to have stagnated at high levels by end 2022. The relative reduction in sales of high-end condominiums may have contributed to the moderation in the Price Index for New Condominiums.

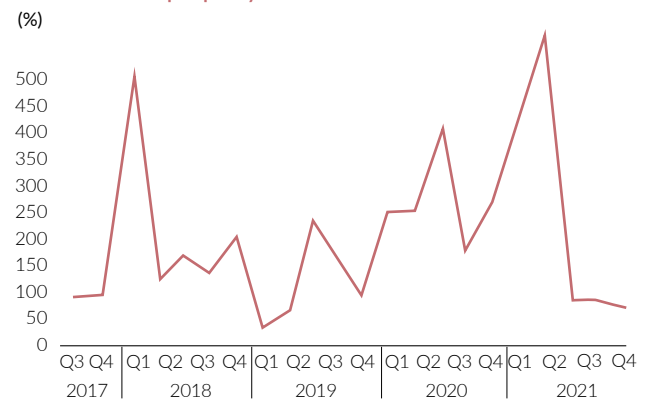
Price Index for New Condominiums



Sales Status of Condominium Projects



Condominium property volume index



Source: Central Bank of Sri Lanka Real Estate Market Analysis Condominium Market Survey : 4th Quarter of 2022

# REVIEW OF BUSINESS OPERATIONS

“Being part of the construction industry, PLR too experienced some unprecedented challenges prompting the Company to mobilize various efforts to prioritize the continuity of ongoing projects. The Grand - Ward Place (Colombo 07) was fully completed in early 2023 with the first batch handovers starting in March 2023. All scheduled handovers are due to be completed by latest December 2023”

**41**  
Total Projects

**2**  
Leisure

**1**  
Ultra  
Luxury

**15**  
Affordable  
Luxury/  
Lifestyle  
Apartments

**23**  
Luxury



# REVIEW OF BUSINESS OPERATIONS

## OVERVIEW

It was an exceptionally challenging year for all in Sri Lanka's construction industry. Construction activities remained at a standstill for much of the year amidst limited access to key materials caused by import restrictions enforced by the Government since early 2022 in response to the worst ever, Dollar liquidity in the Country. Even after these restrictions were gradually eased from mid-2022, the LKR devaluation against the USD had a cascading effect that saw the cost of imported materials spiraling upwards, in some cases by as much as 400% compared to the year before.

## STRATEGY AND FOCUS

Being part of the construction industry, PLR too experienced some unprecedented challenges prompting the Company to mobilize various efforts to prioritize the continuity of ongoing projects.

Faced with the inability to access imported raw materials for its ongoing projects, original material specifications were changed to accommodate local substitutes that presented the same quality assurance standards, thus ensuring the unique value proposition remains undisturbed. In parallel, the Company's Sales and Marketing teams continued to reach out to customers to help them understand and agree to these new changes.

Meanwhile with contractors threatening to suspend construction due to the heavy cost burdens, PLR initiated talks in a bid to revisit agreed cost plans. Such cost increases were not passed down to the customer with PLR absorbing the full burden.

At the same time, a series of relief packages were implemented for the benefit of customers as well. Interest free instalment plans for up to two years were offered on request to selected customers who found themselves hard pressed to repay loans due to the rising interest rates. PLR also unveiled a special limited time offer to customers keen to make full and final settlement in order to obtain certain tax benefits.

Meanwhile taking quick action to capitalize on the Residential Visa scheme announced by the Government in November 2022, PLR recommenced its overseas promotional activities, which had been stalled for nearly two years due to the pandemic. A number of road shows and

other promotional events were held with a view to tapping potential investors in key regions around the world. Digital marketing activities were also further intensified to create visibility for PLR's portfolio.

## PROGRESS ON THE PROJECT PIPELINE

Proactive efforts to tackle challenges ensured that all ongoing projects, namely The Grand - Ward Place (Colombo-07), The Beachfront - Uswetakeiyawa II (UK II) and The Palace - Gampaha could continue without interruption. Despite slower progress in the first half of the year, all projects moved swiftly ahead in the second half of the financial year ensuring project completion ratios remained within acceptable limits.

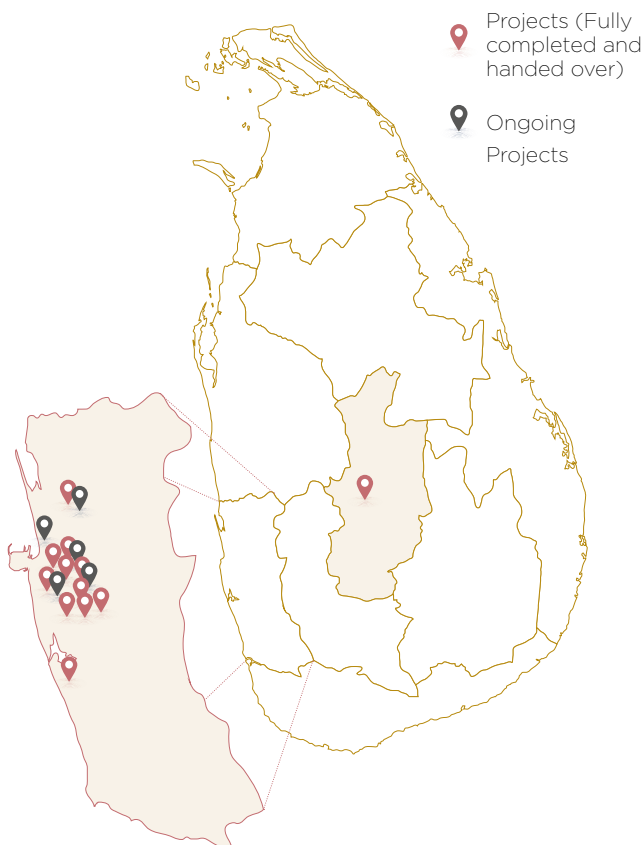
The Grand - Ward Place (Colombo 07) was fully completed in early 2023 with the first batch of handovers starting in March 2023. All scheduled handovers are due to be completed by latest December 2023.

The Beachfront - Uswetakeiyawa II (UK II) project made good headway with a significant amount of work completed during the course of the current financial year. Having reached a 88% completion rate by the end of March 2023, the handover process for UK II is set to commence from April 2023.

Similarly, approximately 65% of the construction work, including the superstructure at the Palace - Gampaha was completed by the end of the financial year. With the final phase of the project well underway at the time of writing, the Company is targeting to kick-start the handover process by May 2024.

PLR also acquired a partly constructed condominium complex in Dehiwala. The proposed 11-story building comprises 67 apartments + 2 level car park and other standard amenities, including a pool and gym. At the time of acquisition by PLR in February 2022, the super structure for 10 levels had been partly completed. Since then, construction crews have been mobilized with work progressing well in line with the anticipated project completion milestones.

## PLR'S CONDOMINIUM FOOTPRINT



In other developments new condominium management corporations were appointed for the following buildings;

No. of Management Corporations established during the year	
Prime Bella - Rajagiriya	5
Prime Residencies - Castle Street	
The Beachfront - Uswetakeiyawa I (UK I)	
Prime Residencies - Edmonton Road -II	
Prime Residencies - Jawatte	

Projects In Pipeline	
Location	Extent
Amber Skye - Negombo	292 P
Peliyagoda	1105 P
Negombo - Dungalpitiya	1275 P
Colombo - 08	50 P

Ongoing Projects	No. of Units	% Completed as at 31.03.2023	Initiation of the Project	Targeted Completion
The Beachfront - Uswetakeiyawa II (UK II)	108	90%	July 2020	June 2023
The Palace - Gampaha	480	65%	December 2020	May 2024
43, By the Sea - Dehiwala	67	40%	March 2023	April 2024
<b>Total No. of Units in on going projects</b>	<b>655</b>			

PLR's condominium footprint	
Projects (Fully completed and handed over)	No. of Units
Prime Residencies - Athurugiriya Stage I & 2	103
Prime Residencies - Battaramulla 1	20
Prime Residencies - Kottawa	57
Prime Residencies - Rajagiriya	29
Prime Residencies - Battaramulla - 2	26
Prime Residencies - Nawala	25
Prime Residencies - Ethul Kotte	38
Prime Residencies - Nugegoda - 306	52
Prime Residencies - Pagoda	40
Prime Residencies - Pelawatta	15
Prime Residencies - Nugegoda - 298	37
Prime Residencies - Siebel Avenue (Colombo - 05)	31
Prime Residencies - Palkelele	39
Prime Residencies - Panadura	40
Prime Residencies - Buddhaloka Mawatha 1	14
Prime Residencies - Thalawathugoda Fierro	60
Prime Aqua - Nawala	60
Prime Residencies - Ethul Kotte - 616	35
Prime Residencies - Battaramulla - Libra	60
Prime Residencies - Malabe	60
Prime Residencies - Nugegoda - 194	40
Prime Residencies - Edmonton Road (Colombo 05)	32
Prime Residencies - K100	100
Prime Residencies - Wattala	84
Prime Residencies - Barnes Place	15
Prime Residencies - Kynsey Road	17
Prime Wrendale - Rajagiriya	54
Prime Splendour - Rajagiriya	68
Prime Residencies - Buddhaloka Mawatha 2	14
Prime Residencies - Jawatte	14
Prime Residencies - Kandewatta Terrace	24
Prime Residencies - Castle Street	40
The Beachfront - Uswetakeiyawa I (UK I)	72
Prime Residencies - Edmonton Road -II	28
Prime Bella - Rajagiriya	60
Prime Residencies Java 25 - Kassapa Road	25
Prime Desire - Kassapa Road	35
The Grand - Ward Place	333
<b>Total No. of Units Completed</b>	<b>1,896</b>

Summary	No. of Projects
Completed projects	38
Ongoing projects	3
<b>Total</b>	<b>41</b>









# CAPITAL MANAGEMENT REVIEW



## FINANCIAL CAPITAL

“The Company corporate tax liability stands at Rs. 593 Mn for the year ended March 31, 2023, a substantial 266% more than the value for the previous financial year. The Company proposed an interim dividend of One Rupee (Rs. 1/-) per ordinary voting share, a 43% increase over the value paid to shareholders in the previous financial year”



## VALUE TRANSFORMATION BLUEPRINT

### MATERIAL TOPICS



Profitability



Financial Stability

### CONTRIBUTION TO SDGs



### MANAGEMENT APPROACH

Our approach to developing Financial Capital is based on prudent cash flow management to ensure business continuity and meet payment obligations

### KEY DRIVERS

- Revenue
- Operating Profit
- Net Profit
- Asset Base
- Capital Structure



## LINK TO PLR'S STRATEGY

Supports PLR to implement its project pipeline, invest in developing the Company's land bank and carry out other day-to-day operational activities

Value created for Stakeholders



**Consistent dividend returns**



**Benefit from share price movements**



**Stable ROI**



**On-time payments to employees, contractors & suppliers**

# CAPITAL MANAGEMENT REVIEW

## FINANCIAL CAPITAL

### REVENUE

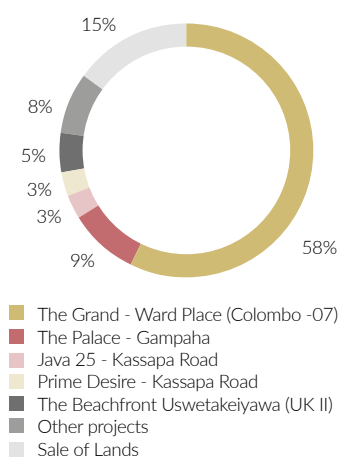
Total Revenue for FY 2022/23 consists of the sales generated from the apartments and sale of land plots for residential purposes. PLR's Revenue Recognition Policy assumes a prudent approach towards Revenue recognition, where Revenue is recognised based on two basic principles; A minimum of 25% of the project to be completed + advances received from the customer to be a minimum of 20% of the total due from the customer. As per this policy, only actual cash receipts are recognised in a particular year with no trade debtors shown in the balance sheet.

In line with PLR's Revenue Recognition Policy, Rs. 16,908 Mn was recognised as Revenue from apartment sales, of which, The Grand - Ward Place (Colombo - 07) accounted for the largest share of Rs. 11,534 Mn.

### REVENUE BREAKDOWN

Project	Revenue Rs. Mn	%
The Grand - Ward Place (Colombo -07)	11,534	58%
The Palace - Gampaha	1,714	9%
Java 25 - Kassapa Road	577	3%
Prime Desire - Kassapa Road	538	3%
The Beachfront Uswetakeiyawa (UK II)	933	5%
Other projects	1,612	8%
Sale of Lands	2,891	15%
Total Revenue 2022/2023	19,799	100%

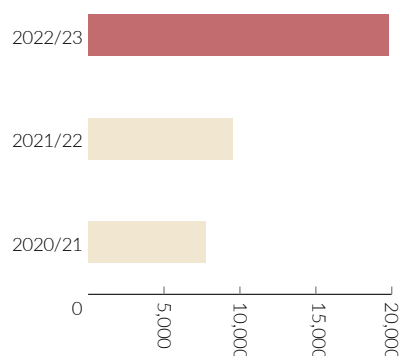
Project Wise Revenue Breakdown (Rs.Mn)



	For the year ended 31.03.2023	For the year ended 31.03.2022
Revenue (Rs.)	19,798,684,442	9,510,383,251
Growth %	108%	23%

The revenue contribution from The Grand - Ward Place (Colombo 07) stands at Rs. 11.5 Bn, with the successful completion of the project during the year.

### Revenue Breakdown (Rs. Mn)

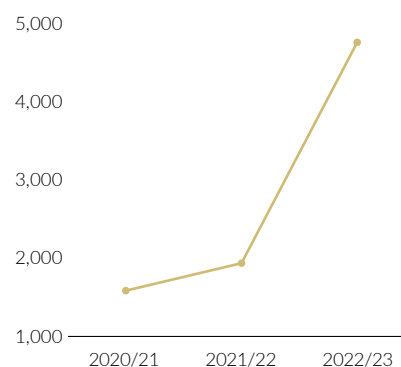


### OPERATING PROFIT

PLR's Operating Profit reflected a 146% growth year-on-year, primarily attributed to the higher average GP margin (32%) of the land sales operation.

	For the year ended 31.03.2023	For the year ended 31.03.2022
Operating profit (Rs.)	4,759,365,480	1,936,561,052
Growth %	146%	22%

### Operating Profit (Mn)



## TAX LIABILITY

The Company corporate tax liability stands at Rs. 593 Mn for the year ended March 31, 2023, a substantial 266% more than the value for the previous financial year.

Having obtained CSE approval to list, PLR was eligible to benefit from Income Tax concessions for 4 years, commencing from Y/A 2021/22.

	For the year ended 31.03.2023	For the year ended 31.03.2022
Tax expenses (Rs.)	592,859,317	162,084,316
Effective tax rate		12%
April 01, 2022 - September 30, 2022	14%	
October 01, 2022 - March 31, 2023	30%	

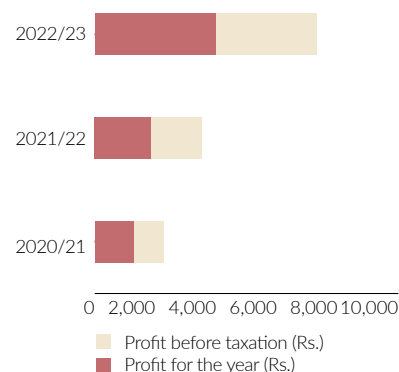
However, The Inland Revenue (Amendment) Act No. 45 of 2022 specifies that the concessionary rate of 14% applicable on identified gains and profits be increased to 30% w.e.f 1st October 2022. Therefore, the income tax rate of 30% has been used in computing income tax liability for the 6 months period starting from 1st October 2022.

## NET PROFIT

Buttressed by strong operating results in the current financial year, PLR posted a 115% increase in Net Profit Before Tax (NPBT) and a 99% increase in Profit After Tax, against the previous financial year.

	For the year ended 31.03.2023	For the year ended 31.03.2022
Profit before taxation (Rs.)	3,979,316,420	1,847,921,605
Profit for the year (Rs.)	3,351,231,763	1,682,373,241

(Rs.Mn)



## ASSET BASE

Higher Revenue recognition as per PLR's Revenue Recognition Policy (refer above) led to a decline in the Company's total assets as at the balance sheet date. Nonetheless, PLR's registered a strong improvement in ROA for the year under review, thanks to significantly higher profits reported in FY 2022/23 .

	For the year ended 31.03.2023	For the year ended 31.03.2022
Asset Base (Rs.)	17,522,721,656	18,866,482,275
Return on Assets (ROA)	19%	9%



# CAPITAL MANAGEMENT REVIEW

## FINANCIAL CAPITAL

### CAPITAL STRUCTURE

Driven by the strong bottom-line results, PLR's Retained Earnings increased notably, in turn boosting total capital by 40%.

	For the year ended 31.03.2023	For the year ended 31.03.2022
Stated Capital (Rs.)	3,450,000,000	3,450,000,000
Retained Earnings (Rs.)	5,936,296,661	3,242,182,545
Total Equity	9,386,296,661	6,692,182,545
Total Borrowings (Rs.)	1,430,708,098	3,438,047,864
Debt/Equity Ratio	15%	51%

#### *Direct Economic Value Generated and Distributed*

- The Company proposed an interim dividend of One Rupee (Rs. 1/-) per ordinary voting share, a 43% increase over the value paid to shareholders in the previous financial year
- Payment to the Government on current year profit increased due to the increase in the effective income tax rate from 14% in the previous year to 30% for FY 2022/23
- Debt service commitments increased due to the increase in AWPLR throughout the current financial year

	For the year ended 31.03.2023	For the year ended 31.03.2022
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#### **Direct economic value generated**

Revenue	19,798,684,442	9,510,383,251
---------	----------------	---------------

#### **Economic Value distributed**

Operating cost	14,920,496,568	7,384,558,093
Employee wages & salary	182,730,434	189,264,106
Payment of providers to equity capital	937,500,000	656,250,000
Payment to Government	934,388,490	692,472,737
Payment of providers to loan capital	1,090,734,452	396,950,042
Economic value retained	1,732,834,498	190,888,273







# CAPITAL MANAGEMENT REVIEW



## MANUFACTURED CAPITAL

“As a property developer, PLR’s Manufactured Capital comprises principally of our Land Bank, which provides the foundation for safeguarding the continuity and long term sustainability of our core business. PLR’s land bank as at 31st March 2023 consisted of four properties, all strategically located in major cities or emerging residential neighbourhoods around Sri Lanka”



## VALUE TRANSFORMATION BLUEPRINT

### MATERIAL TOPICS



Land  
Inventory



Project  
Execution

### CONTRIBUTION TO SDGs



### MANAGEMENT APPROACH

Our approach to developing Manufactured Capital is based on building a commercially viable land bank that will enable PLR to fulfill its strategic objectives.

### KEY DRIVERS

- Building a Strategic Land Bank



## LINK TO PLR'S STRATEGY

Flexibility to leverage potential opportunities to expand the project pipeline

Value created  
for Stakeholders



Access the most sought after residential neighbourhoods in the country



Choice properties to suit the budgetary needs of diverse customers



Strong asset appreciation value for investors



# CAPITAL MANAGEMENT REVIEW

## MANUFACTURED CAPITAL



key consideration is the potential appreciation value of the land over the next 3 - 5 year time frame.

All earmarked lands are subject to rigorous screening and due diligence to verify legality etc. before being presented to the Executive Committee for final approval. Lands acquired in this way are mobilized for development projects.

PLR's land bank as at 31st March 2023 consisted of four properties, all strategically located in major cities or emerging residential neighbourhoods around Sri Lanka.

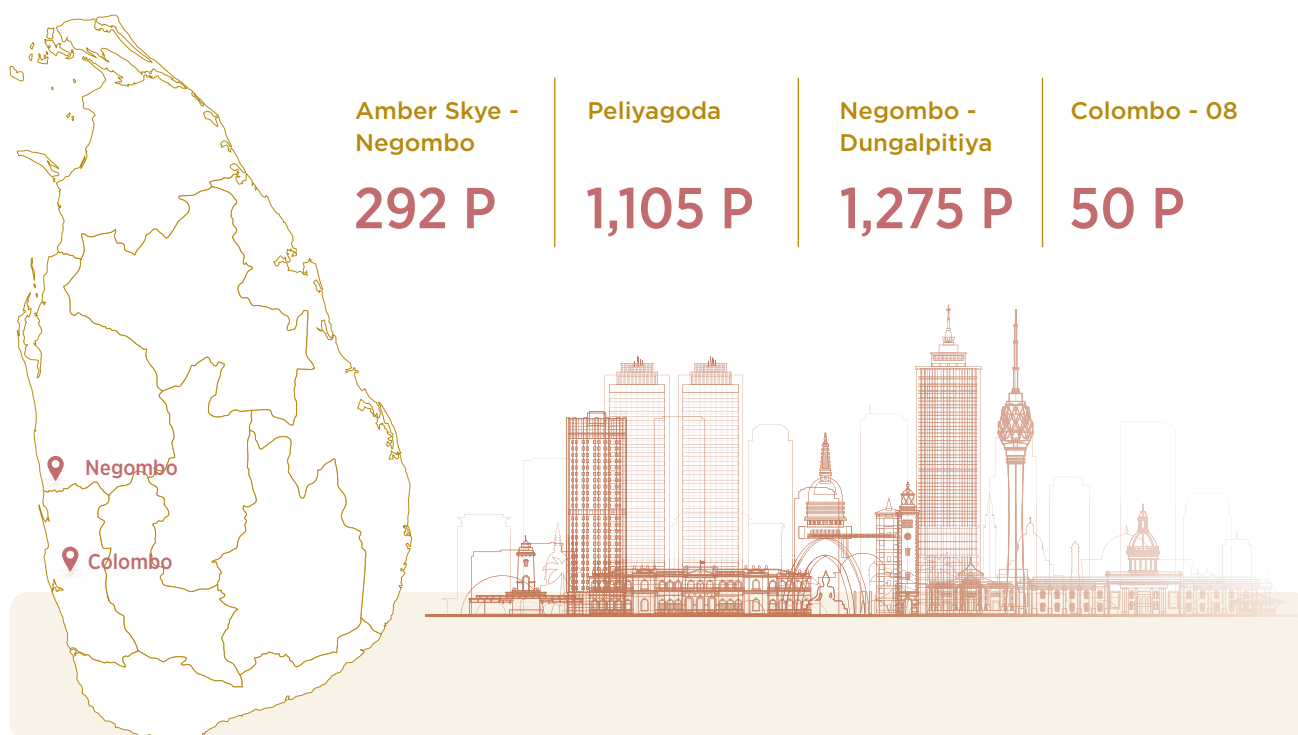
PLR's Land Bank as at 31st March 2023

Location	Extent
Amber Skye - Negombo	292 P
Peliyagoda	1,105 P
Negombo - Dungalpitiya	1,275 P
Colombo - 08	50 P

### BUILDING A STRATEGIC LAND BANK

Our quest to acquire commercially viable high-value properties around the country is based on PLR's Board approved investment strategy. We follow a comprehensive approach to procure land that corresponds to PLR's long term real estate development roadmap. In order to find lands that are the best-fit for our needs, our real estate teams continuously scope out properties that are the right price and satisfy PLR's urban-centric value proposition. Another

### PLR'S CONDOMINIUM FOOTPRINT





# CAPITAL MANAGEMENT REVIEW



## INTELLECTUAL CAPITAL

“ PLR’s Intellectual Capital consists of the intangible assets that form the Company’s DNA, essentially the unique and distinct attributes that differentiate the Company from its peers. PLR was ranked The Most Valuable Real Estate Brand in Sri Lanka in 2022 at the Brands Annual by Brand Finance ”



## VALUE TRANSFORMATION BLUEPRINT

### MATERIAL TOPICS



Brand Image



Culture and Conduct



Excellence

### CONTRIBUTION TO SDGs



### MANAGEMENT APPROACH

Our approach to developing Intellectual Capital is aimed at building and strengthening intangibles to give PLR a competitive edge over peers.

### KEY DRIVERS

- Brand Positioning
- Team Expertise
- Culture and Conduct
- Technology Systems
- Business Partner Network
- Membership and Affiliations





## LINK TO PLR'S STRATEGY

Supports PLR to sustain its status quo as the #1 Residential Real Estate Developer most trusted by all Sri Lankans

Value created  
for Stakeholders



**Guarantee of best-in-class real estate solutions**



**Assurance of legally compliant home / land ownership**



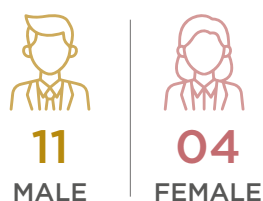
# CAPITAL MANAGEMENT REVIEW

## INTELLECTUAL CAPITAL

### BRAND POSITIONING

Having been in the real estate business for the past 27 years, the PRIME brand is widely regarded as the vanguard responsible for the transformation of Sri Lanka's residential real estate market based on our signature premise to "create liveable, lovable neighbourhoods". Throughout our long history we have remained at the forefront of our industry by staying true to this core premise. We have never wavered from our commitment and despite various challenging macroeconomic conditions over the years, PLR has successfully completed 38 PRIME branded condominium projects to date, from mid-range condominiums in key urban areas and lifestyle oceanfront condos to the super luxury The Grand - Ward Place (Colombo - 07). PLR's entry in to the real estate space in early 2022 marks another important milestone in the Company's endeavour to deliver timely and relevant solutions to meet the evolving demands of the market. In all this, we aim for 100% customer satisfaction.

The fact that PLR's contribution towards uplifting the standard of the local real estate sector continues to be recognized with each successive year, stands testament to the Company's consistent and unwavering commitment to live up to its promises. A key highlight for the year was the recognition received in the LMD Brands Annual 2022, where PLR was the recipient of "The Most Valuable Real Estate Developer in the Country" award. At the same forum, PLR was declared



### EXCO - Expertise Matrix

Strategic Leadership	● ● ●
Financial Acumen	● ● ●
Sales and Marketing	● ● ● ●
Legal	● ●
Risk and Governance	● ● ●
Engineering & Operations	● ● ●
Real Estate Acumen	● ● ● ● ●
Information Technology	● ●
Human Resources	● ●
Government Affairs & Public Policy	● ● ●

the "Most Respected Real Estate Organization", an honour that has been bestowed on the Company for the past four consecutive years. These accolades and the numerous others received during the year also makes PLR the most awarded real estate entity for the past two years.

### Brand Performance - FY 2022/23

Name of the Award/ Ranking	Awarding Body
<b>TAGS Awards</b> - Gold Award (LAND & PROPERTY COMPANIES SECTOR)	The Institute of Chartered Accountants of Sri Lanka
<b>TAGS Awards</b> - Bronze Award (EMERGING LISTED COMPANIES SECTOR )	
<b>The Best Work Places in Sri Lanka 2022</b>	Great Place to Work Institution
<b>The Best Workplaces in Sri Lanka for Millennials 2022</b>	
<b>Asia's Best Workplaces 2022</b> - Ranked 68th place in Asia	Brands Annual by Brand Finance
<b>Most Valuable Consumer Brands</b> (Ranked 64th in Most Valuable Consumer Brands in 2022)	
<b>Best of the Best</b> - Most Valuable Consumer Brand of the Year by Category (Ranked The Most Valuable Real Estate Brand in Sri Lanka in 2022)	



## TEAM EXPERTISE

The intrinsic knowledge of PLR's teams is a vital asset that has long been a key competitive advantage for the Company. Our leaders, from the PLR Board and Executive Committee (EXCO) and Senior Management all possess the skills and expertise to support the unique needs of our business and the intellectual capability to drive the business firmly forward, even in tough times.

PLR's Board is led jointly by the Co-Chairman and Co-Chairperson, both of whom are seasoned professionals with several decades of experience in the real estate business. Other Directors, with their multidisciplinary skill set, contribute towards a strong and well balanced Board. For more details regarding Board expertise, please refer to the Board Profiles on page 12.

The EXCO operates under the leadership of PLR's Managing Director in managing the day-to-day business operations, in line with the Board approved strategy. The EXCO comprises a team of 13 dynamic men and women, all experts in their respective fields with specialist skills needed for decision making and oversight of the Company's business affairs. Senior Management teams operate under the purview of the EXCO and have the requisite skills and knowledge to perform their operational responsibilities.

More than 90% of EXCO members and 90% of the Senior Management have been with the Company for more than 5 years and thus have been instrumental in PLR's growth acceleration during this period.

GRI 405-1

Age Distribution - FY 2022/23				
	No. of EXCO Members		No. of Senior Management	
	Male	Female	Male	Female
< 30 years	0	0	0	0
30 - 50 years	6	4	4	1
> 50 years	3	0	2	0
<b>Total</b>	9	4	6	1

## CULTURE AND CONDUCT

GRI 2-24

Over the past 10 years, PLR has built a strong culture based on unquestionable business principles and impeccable conduct. Towards this end, the PLR Board continues to lead by example in setting the right tone to imbue appropriate conduct standards across the organisation. Under the delegated authority of the Board, PLR's EXCO and Senior Management teams ensure all employees adopt the right values and behaviours to operate in accordance with the highest standards of business integrity at all times.

The Prime Group Code of Ethics (Code) serves as a benchmark for employees to operate in good faith for and on behalf of the Company. To ensure it is easily accessible to employees as and when needed, the Code is maintained under the custody of PLR's HR department. The Code is regularly reviewed and updated by the EXCO to capture the latest global best practices with regard to anti-bribery, anti-corruption, non-discrimination and human rights principles.

Each year special awareness sessions are held to disseminate these new developments to employees. All new recruits too are expected to read and acknowledge their understanding of the Code in writing, during their orientation.

As part of PLR's holistic approach to ethics, we encourage our strategic business partners, including design consultants, architects, contractors and major suppliers to adopt the best practices set out under the Code. A stringent programme of due diligence activities supports our efforts to ensure strategic business partners continue to align with our ethics covenants.



# CAPITAL MANAGEMENT REVIEW

## INTELLECTUAL CAPITAL

**“PLR’s operations are not heavily dependent on technology systems, we have strategically increased the investment in technology which has seen the Company’s core enterprise applications and network services all being migrated to the cloud environment. In recent years, we have also prioritised digitisation and automation as a means of improving overall cost efficiencies.”**

### TECHNOLOGY SYSTEMS

Although PLR’s operations are not heavily dependent on technology systems, we have strategically increased the investment in technology which has seen the Company’s core enterprise applications and network services all being migrated to the cloud environment. In recent years, we have also prioritised digitisation and automation as a means of improving overall cost efficiencies.

In the current financial year, we took another major step in our digital journey through the roll out of a fully-fledged CRM (Customer Relationship Management) system. The new system which was commissioned in August 2022 now serves as a vital tool in strengthening interactions with existing and potential customers.

Other projects for the year included upgrading our cloud solution to ensure data security, efficiency, scalability and flexibility to the IT infrastructure. A new secondary DR site was established at the Dialog Tier III Data Center Pothuarawa, in addition to the Primary site maintained at the Dialog iDC Data Center in Malabe.

PLR continued to invest in strengthening Company-wide IT infrastructure systems. The legacy analog voice communication was replaced with the latest IP voice

communication system in order to support the introduction of an omni channel customer engagement process in the near future. A new email security solution was also implemented to safeguard Company data by preventing SPAM, spoofing, phishing, and other potential email-based attacks, while a fully-fledged building security system was rolled out to monitor on-site safety.

Using in-house expertise, several improvements were also made to the SAP ERP system including the payment module, reimplementation and the procurement module integration, to streamline work flows with a view to strengthening operational oversight and reducing the use of paper.

	2022/23	2021/22	2020/21
Investment in Technology (Rs.)	13 Mn	7.6 Mn	3.4 Mn

### BUSINESS PARTNER NETWORKS

A network of reliable business partners, including contractors, architects and design consultants is vital for the progress of our project pipeline. It also facilitates collaboration to drive innovation and ideation to enable greater differentiation in our value proposition.

For further information on business partner networks, please refer to the Social and Relationship Capital section on page 82.

### MEMBERSHIPS AND AFFILIATIONS

#### GRI 2-28

Associations with other likeminded organisations and entities helps to enhance PLR’s internal knowledge, thereby supporting our overall efforts to work for the benefit of the industry as a whole.

As a member of the Condominium Developers Association (CDASL) in Sri Lanka, PLR is actively involved in working with peers and other industry stakeholders to create a framework to support the development of the sector.







# CAPITAL MANAGEMENT REVIEW



## HUMAN CAPITAL

“More than 90% of EXCO members and 90% of the Senior Management have been with the Company for more than 5 years and thus have been instrumental in PLR’s growth acceleration during this period.”



## VALUE TRANSFORMATION BLUEPRINT

### MATERIAL TOPICS



Pay and Benefits



Career Prospects



Health and Well-being

### CONTRIBUTION TO SDGs

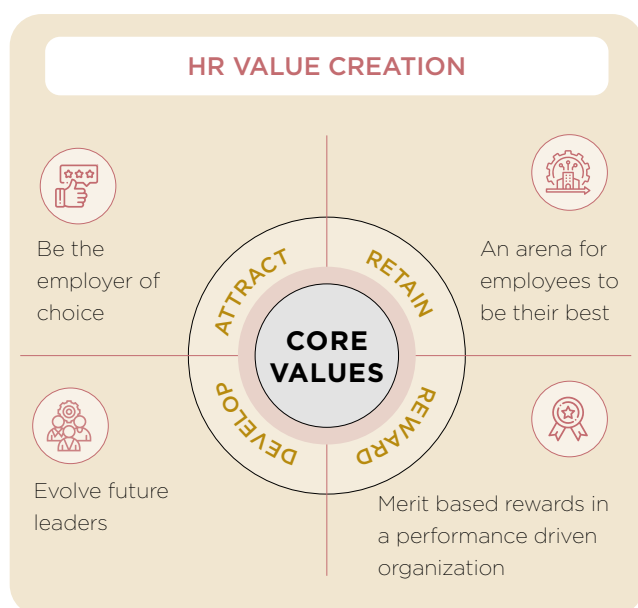


### KEY DRIVERS

- HR Governance
- Employee Value Proposition
- Talent Management Programme
- Training and Development
- Employee Relations
- Employee Well-being



People are the backbone of our business. We rely heavily on our 81 strong team of full time employees to drive day-to-day operations in line with the Company's long term strategic objectives.



## PLR EMPLOYEE PROFILE AS AT 31ST MARCH 2023

GRI 2-7, GRI 405 -1

		Male	Female	Total
Employment Type	Permanent	48	13	61
	Contract	18	2	20
Age Analysis	<30 years	16	5	21
	30- 50 years	41	10	51
	> 50 years	9	0	9

PLR does not have any part time employees

## HR GOVERNANCE

GRI 2-23, 2-24

HR matters are all handled centrally under the stewardship of PLR's HR unit which is headed by the Chief Human Resource Officer (CHRO).

“The CHRO is also responsible for reviewing and recommending to the Board, any updates to the Company's HR policies and practices to reflect the latest labour laws and best practices.”



# CAPITAL MANAGEMENT REVIEW

## HUMAN CAPITAL

In its capacity as PLR's primary authority for HR related matters, the HR unit provides oversight for the recruitment, selection and performance evaluation processes, and also undertakes training facilitation as needed. The HR function is further responsible for communicating operational changes and building a communicative culture that encourages effective two-way communication between employees and the management.

As the head of the HR unit, the CHRO takes the lead in cadre planning, while working in collaboration with PLR's Executive Committee to establish the Company's manpower requirements with the finalized cadre plan submitted for Board approval prior to being operationalised.

The CHRO is also responsible for reviewing and recommending to the Board, any updates to the Company's HR policies and practices to reflect the latest labour laws and best practices.

01. Anti-Harassment Policy and Concern Handling Policy
02. Compensation and Benefit Policy
03. Disciplinary Policy
04. Attendance & Leave Policy
05. Employee Health and Safety Policy and Employee Welfare Policy
06. Performance Management Policy
07. Recruitment and Selection Policy
08. Learning & Development Policy

### EMPLOYEE VALUE PROPOSITION (EVP)

Our EVP is designed to protect the legal and constitutional rights of our employees, vis-a-vis the following commitments;



### Compliance

Compliance is at the heart of our EVP. PLR's HR unit is tasked with ensuring the Company remains fully compliant with all applicable regulatory frameworks including the Shop and Office Employees Act of 1954, EPF Act, ETF Act and the Payment of Gratuity Act of Sri Lanka. There were no incidents of non-compliance of labour laws reported in the year under review.

### Diversity and Inclusion

GRI 2-25, 2-26, 406-1

As an equal opportunity, non-discriminatory employer we ingrain diversity (in terms of age, gender and ethnicity) and inclusion at our workplace by enforcing anti-discrimination policies and practices to ensure the principle of merit underpins every stage of the employment lifecycle.

Our employees are also protected by the PLR's Whistleblowing Policy, which serves as a grievance mechanism for employees to file complaints on discrimination without fear of reprisals. In the year under review, there were zero reported cases of discrimination.

As part of our diversity and inclusion strategy, we place strong emphasis on promoting females in leadership roles. The fact that PLR's Board is led by a female co-chairperson stands testament to this commitment.

Department		Female as a % to total employee count
Engineering	1	1%
Sales & Marketing	6	7%
Support Services	8	10%

### Female representation in leadership positions

Position		Female as a % to total employee count
Director	1	1%
AGM	1	1%
Manager	2	2%
Assistant Manager	1	1%

### Human Rights

GRI 408-1, 409-1

In conformity with the UNGC principles on human rights, PLR does not employ any person under the age of 18 years. We conduct necessary due diligence during recruitment and



selection to verify the age of all new recruits. Moreover, we do not condone forced or compulsory labour and operate on the basis that all employees remain in employment at their own free will. All Managers have been educated regarding the right of employees to enter, remain and terminate employment voluntarily, and that no employee should be subjected to, or coerced to work more overtime hours other than stipulated by law. These principles apply when it comes to contract employees as well.

### Occupational Health and Safety

**GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7**

Given the nature of the business, safety is deemed to be of paramount importance. PLR's Safety Policy outlines the corporate responsibility to provide a safe and healthy work environment for all staff. The Managing Director has the ultimate responsibility for the safety of employees at work. In addition to comprehensive safety procedures, the Policy also contains guidelines for safety risk assessment, hazard identification and incident investigation. Each year PLR's Executive Committee reviews and updates the Safety Policy as needed with special safety awareness workshops conducted to disseminate information regarding these updated guidelines among employees. All permanent employees of PLR are entitled to a life insurance cover and Personal Accident Cover.

Our commitments to safety extends to the Company's external project sites as well, where all our employees are expected to comply with the contractor safety standards applicable to the prospective project site. To that end we

work only with ICTAD (Construction Industry Development Authority) certified CSI contractors who conform to the approved safety benchmarks for the construction sector.

### TALENT MANAGEMENT PROGRAMME

The purpose of our talent management programme is to create a challenging yet inspiring work environment, to keep our employees motivated and satisfied at all times.

#### Recruitment and Selection

Recruitment and selection represents the first phase of our talent management programme. All recruitments are based strictly on the Board approved manpower plan, with any deviations requiring special approval.

In line with our Recruitment Policy, vacancies for executive positions are advertised publicly and notified internally to enable existing employees to apply. All applications are treated equally with each candidate subject to careful security to support our policy of merit-based selection. New recruits are on-boarded and remain on probation for a period of 6 months, whereafter a post-probation review will determine their eligibility to be absorbed into the permanent cadre.

All routine recruitments were curtailed in the current financial year owing to the challenging economic environment. However, we continued to recruit suitable candidates for senior roles as needed in order to fill vacancies created by overseas migration of employees. At the same time, we took steps to safeguard our external talent pipeline through more frequent engagement.



# CAPITAL MANAGEMENT REVIEW

## HUMAN CAPITAL

### RECRUITMENT AND EXITS FY 2022/23

GRI 401 -1

		New Recruits			Exits		
		Male	Female	Total	Male	Female	Total
Age Analysis	<30 years	5	1	6	10	3	13
	30- 50 years	2	0	2	15	6	21
	> 50 years	2	0	2	1	0	1

### Remuneration and Benefits

GRI 401-2, 405-2

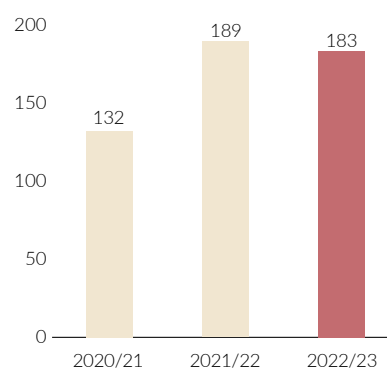
PLR is committed to ensure its employees are remunerated fairly and equitably in return for their contribution to the Company. Our salary structures are market competitive and often above industry norms. Moreover, in line with our equity principles, we maintain a strict 1:1 ratio in the salary scales of men and women in similar roles Company-wide.

We ensure that our employees receive all statutory benefits that they are entitled to. Accordingly, we contribute 12% of an employees' basic salary to the Employees Provident Fund and a further 3% to the Employees Trust Fund. All permanent employees are also entitled to all mandatory leave specified under the Shop and Office Employees Act of 1954.

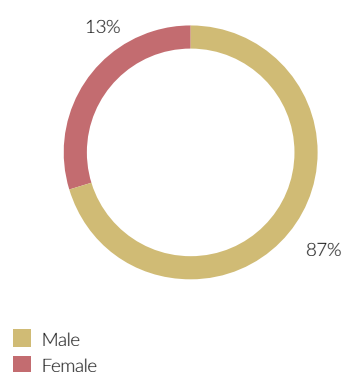
In recognition of the extreme challenges faced by our employees during the 2022 fuel crisis, PLR arranged special transport facilities and where necessary also provided an additional travel allowance to enable employees to commute to and from work.



### Monetary Benefits to Employees (Rs. Mn)



### Monetary Benefits to Employees



## PARENTAL LEAVE STATISTICS FY 2022/23

GRI 401 -3

	Number	As a % of total female workforce
Employees taking maternity leave	2	13.33%
Employees returning to work after maternity leave	1	6.67%
Resignations after maternity leave	-	-
Retained within the Company 12 months after taking maternity leave	-	-
Return to work rate	-	100%
Retention rate	-	100%

## Performance Management

GRI 401 -3

Our endeavour to reward and recognise employee performance is driven by PLR's Performance Management Process. The process kicks off annually with the PLR's Executive Committee setting out departmental objectives to correlate with the Company's business plans for the forthcoming financial year. Departmental objectives are broken down into operational KPI which are further segregated into employee specific targets.

Supervisors are expected to monitor the performance of employees under their purview on an ongoing basis. The performance of sales teams are reviewed on a weekly basis while the performance of all departments are reviewed monthly by the respective sector heads with the results assessed by the co-chairperson on a quarterly basis.

A mid-year review is conducted by the HR unit jointly with the respective sector heads to review employee progress, provide initial feedback, and determine necessary corrective actions. The annual performance appraisal creates a platform to assign a final rating for each employee based on their achievement of agreed KPI's. In the year under review, all permanent employees of PLR received both the bi-annual performance evaluation and the annual performance appraisal.

Meanwhile, three employees who achieved the highest ratings in the 2022/23 performance appraisal were selected and on-boarded into the PRIME Premiers' Club (PPC), a special employee recognition programme that encourages employees to take on leadership roles in the future.



In a bid to strengthen employee commitment towards the performance management framework, we conducted a series of training sessions in 2022 to provide more clarity regarding the overall performance appraisal process and disseminate the rating guidelines. This was accompanied by special training for managerial and supervisory level employees to reinforce the importance of unbiased assessment of employee performance.



# CAPITAL MANAGEMENT REVIEW

## HUMAN CAPITAL

“As part of our diversity and inclusion strategy, we place strong emphasis on promoting females in leadership roles. The fact that PLR’s Board is led by a female co-chairperson stands testament to this commitment. Our commitment to safety extends to the Company’s external project sites as well, where all our employees are expected to comply with the contractor safety standards applicable to the prospective project site.”

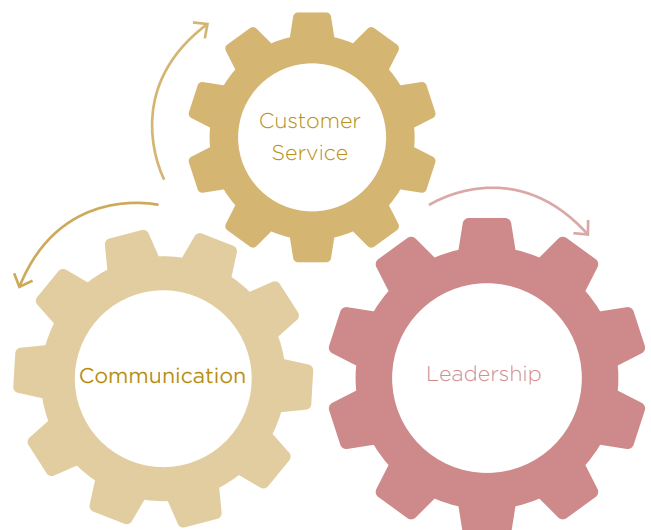


### TRAINING AND DEVELOPMENT

We continue to invest in training our people across all levels to strengthen their competencies. Our employee training and development programmes are aimed at keeping our people up to date with the latest knowledge and skills in the industry, as well as helping them develop soft skills and interpersonal skills. We regularly review the level of investment in staff training to ensure not only that adequate resources are being provided but also that training interventions correspond to the needs of the employee and the business.



Training Focus FY 2022/2023





## Training Hours for FY 2022/23

GRI 404-1

Male	Female	Total
389	164	553

## EMPLOYEE RELATIONS

GRI 2-25, 2-26, 2-30

PLR operates on the premise that relationships with employees should be built on mutual trust, and respect for the dignity and worth of each individual. Our open door policy is designed to promote direct and honest communication and give employees the confidence to come forward with their concerns. This approach supports the core values associated with the PRIME brand, namely transparency and equality, and mutual respect. PLR does not have any collective bargaining employees.

In light of the economic challenges encountered in FY 2022/23, we capitalised on our strong communicative culture to garner the support of our employees for a Company-wide cost saving campaign. To drive the effort, we established a special task force consisting of designated cost champions

## GPTW 2022

PLR participated in the GPTW (Great Place to Work) survey 2022 and was ranked among the top 50 “Best Places to Work for Millennials” and within the top 100 “Best Places to Work” in Asia in the SME category.

for each department. A monthly cost review meeting was introduced to facilitate frequent discussion among members of the cost savings task force. The initiative proved to be highly successful with strong engagement seen among the task force members and all other employees.

## EMPLOYEE WELL-BEING

As part of our holistic approach to preserving employee well-being, we have over the years introduced various initiatives to encourage employees to make healthy lifestyle choices.





# CAPITAL MANAGEMENT REVIEW



## SOCIAL AND RELATIONSHIP CAPITAL

“Our customers are the reason we remain in business. That is the reason we put the customer at the centre of everything we do and work to ensure 100% satisfaction at every stage of the customers’ journey. Notwithstanding challenges encountered due to the limited access to imports, we made a conscious effort to ensure the same high quality standards were maintained for all materials used.”



## VALUE TRANSFORMATION BLUEPRINT

### MATERIAL TOPICS



Customer Experience



Excellence in Quality



Supplier Relations

### CONTRIBUTION TO SDGs



### MANAGEMENT APPROACH

Our approach to developing Social and Relationship Capital is to create a conducive environment to earn and retain the trust of all our key stakeholders.

### KEY DRIVERS

- Customer Value Proposition
- Product Responsibility
- Customer Communication and Engagement
- Data Privacy
- Supplier Relationships
- Community Initiatives



## LINK TO PLR'S STRATEGY

Facilitates improved financial results and enhances PLR's standing in the local real estate sector

Value created for Stakeholders



**Best in class value proposition for customers**



**Consistent growth prospects for contractors & suppliers**



**Greater socioeconomic benefits for suburban communities across Sri Lanka**

# CAPITAL MANAGEMENT REVIEW

## SOCIAL AND RELATIONSHIP CAPITAL

### CUSTOMER

Our customers are the reason we remain in business. That is the reason we put the customer at the centre of everything we do and work to ensure 100% satisfaction at every stage of the customers' journey.

#### Customer Value Proposition

PLR's customer value proposition is designed to honour the customers' dream of homeownership. We are committed to offer our customers nothing but the best and as such ensure that all projects we undertake are carefully curated to create "Liveable and Lovable Neighbourhoods" that mirror the unique lifestyles of modern customers.

We have made certain our customers to have the widest possible range of residential real estate solutions ranging from affordable urban-centric apartments to super luxury vertical spaces and oceanfront condos to property in some of the most sought after residential neighbourhoods around the Country, with every single one of our offerings backed by the PRIME brand signature promise of 360° excellence.

#### Product Responsibility

At PLR, product responsibility revolves around two fundamental principles - 100% compliance with all applicable regulatory requirements and proper project lifecycle management in line with global best practices, which together provide the assurance of a best in-class product in the market. To that end, we acquire and develop lands that maximize strategic location advantages for customers and generate a positive impact on surrounding communities. PLR works only with top-rated architects and design consultants with special expertise in creating condominium spaces. Construction materials and finishes for our projects are sourced from reputed local and global suppliers with verified product quality and safety credentials. PLR conducts its own internal due diligence and often obtains independent assurance to verify product quality and safety parameters. Similarly, following a stringent selection process, we appoint only CIDA accredited C1 contractors to undertake construction of our condominium projects.

There were no reported incidents of non-compliance of regulations pertaining to health and safety of products, in the current financial year.

GRI 416-1, 416-2, 417-1, 417-2, 417-3

GRI 2-26

#### Our Value Proposition

Highest quality materials and best quality construction service

Innovative bespoke designs to customise each project



Professional Management of the Project lifecycle in line with global best practices

Most Trusted condominium Developer in Sri Lanka

#### REGULATORY COMPLIANCE REQUIREMENTS APPLICABLE TO PLR

Project Lifecycle Management Process - Condominiums

Project Lifecycle Management Process - Property

## BUILDING CUSTOMER TRUST IN CHALLENGING TIMES

Going above and beyond the call of duty, PLR supported its customers during the economic challenges encountered in 2022. We accommodated special requests by customers for concessionary payment plans amidst rising interest rates.

Notwithstanding challenges encountered due to the limited access to imports, we made a conscious effort to ensure the same high quality standards were maintained for all materials used.

Meanwhile faced with project delays due to the unforeseen economic crisis in 2022, PLR's teams reached out individually to all customers of ongoing projects to keep them apprised of the measures taken by the Company to meet project completion deadlines. Additionally, all team leaders were requested to remain on standby, if needed, to resolve customer issues. A dedicated customer complaint hotline was also introduced, and publicized through the corporate website and across all social media platforms.

## Customer Communication and Engagement

GRI 2-25, 2-26

Continuous and ongoing communication plays a key role in our holistic approach to achieve 100% customer satisfaction. We believe in being upfront with our customers and ensure that all our marketing and communications activities provide clear and unbiased information to allow them to make informed decisions. All information provided on our corporate website and social media channels contains all mandatory disclosures, including price, special offers, sales terms etc. In the interest of full disclosure, we also provide additional information such as the project master plans, layout plans of individual units etc. We continue to promote two-way conversations to address any concerns that our customers may have with our sales teams who are fully trained to answer all customer queries openly and honestly.

There were no reported incidents of non-compliance of regulations pertaining to product and service information or marketing communications, in the current financial year.

## Data Privacy

GRI 418-1

PLR greatly values the privacy and confidentiality of its customers. Therefore we request only mandatory customer personal data as specified by Anti-Money Laundering & Countering the Financing of Terrorism (AML/CFT). To safeguard the integrity of such data, all personal information is stored securely using a combination of technological, organizational and physical security control measures. Moreover, PLR does not disclose customer personal information to any third party unless required by law.





# CAPITAL MANAGEMENT REVIEW

## SOCIAL AND RELATIONSHIP CAPITAL

“At PLR, product responsibility revolves around two fundamental principles - 100% compliance with all applicable regulatory requirements and proper project lifecycle management in line with global best practices.”

There were no complaints reported regarding breach of customer privacy and/ or loss of customer data and information, in the current financial year.

### SUPPLIERS

GRI 2-26, 204-1

Suppliers are important to any organization and more so for PLR as it is our suppliers who are responsible for the execution of the Company's projects. Our supply chain comprises mainly local suppliers (more than 98%). These are companies and individuals operating in Sri Lanka who supply the requirements of our projects. Of this, contractors account for the largest share (almost 60%) of the average project spend, and as such are considered the most material supplier category in PLR's value chain.

Supplier Spend	%
Payment to Main Contractors	78
Import Material Component	12
Payment to Sub Contractors	10
	100
Local	88
Foreign	12
	100

### Procurement Best Practices

Given the principal role they play in our operations, a highly reliable supplier network is a key imperative for safeguarding PLR's reputation and industry standing. Through our commitment to procurement best practices, we aim to create a framework to build strong ties with our suppliers and contractors over the long term.

Supplier selection forms the first step in finding the right supply chain partners to work with over time. Contractors are selected through a tender process. As per our tender guidelines, we work only with CIDA accredited C1 contractors who are also aligned with global benchmarks such as the Euro codes and the British Construction Standards. In this regard, an independent Tender Committee evaluates all tender bids based on price, quality of service, delivery record, financial standing, safety standards and other relevant credentials. The Tender Committee is headed by PLR's Chief Quantity Surveyor and comprises a cross functional team including project design consultants and engineers along with project-specific technical experts.

We work with the selected contractors based on mutually agreed terms and conditions, including price, quality and delivery timelines. Periodic advance payments are made based on adherence to these pre-agreed terms.

All other suppliers are managed by PLR's Procurement division, where all suppliers are carefully vetted before being on-boarded to the supplier registry as PLR approved suppliers under various categories, including sanitary ware, tiles, electrical appliances etc.

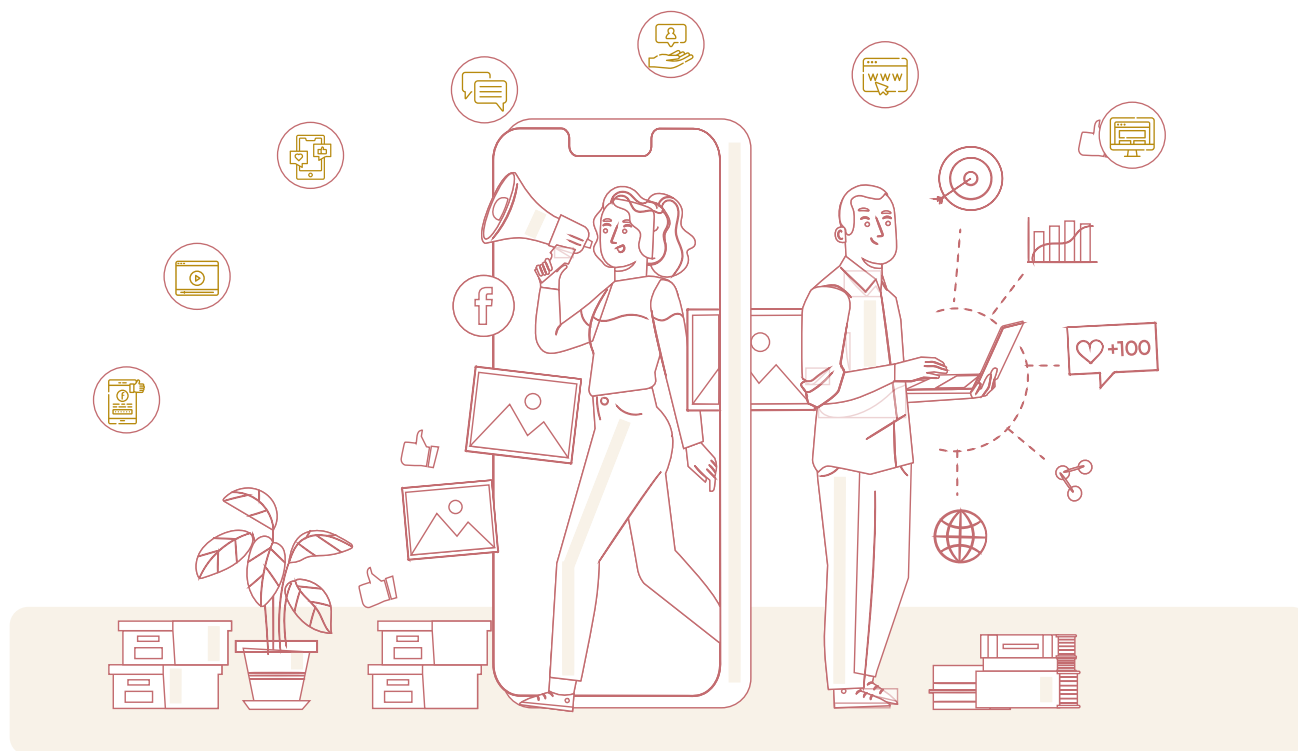


## SPECIFIC LEGISLATIVE REQUIREMENTS APPLICABLE TO PLR'S OPERATIONS

Urban Development Authority	The construction of the relevant buildings should comply with the planning regulations prepared by the Urban Development Authority (UDA) for the relevant local authority .
Central Environment Authority	The Authority regulates the implementation of projects affecting the environment and the construction of sites specifically designated by the Central Environment Authority.
Coastal Conservation Department	If the construction is taking place in a coastal area, the relevant approvals and regulations should be obtained from Coastal Conservation Department (CCD).
Civil Aviation Authority	If the relevant construction is a high rise building, approval should be obtained in accordance with the regulations of the Civil Aviation Authority (CAA).
National Building Research Organization	Approval from this Organization is essential if construction is taking place on slopes and hills, and if there is excessive digging for the foundation of the building.
Condominium Management Authority	<p>If the relevant construction is to be developed as a condominium property, the prior approval of this authority and the final approval of the construction must be obtained.</p> <p>The regulations of this Authority also govern the Management Corporations. In this regard, the authority requires the appointment of a dedicated body for the control, management, maintenance and administration of each condominium.</p>
Sri Lanka Land Reclamation and Development Corporation	If it is necessary to carry out the relevant construction and fill the land at the site and develop it, the approval of this body should be obtained.
Ministry of Defense	If construction is taking place around areas critical for national security, it must first be approved by this Ministry.
Ceylon Electricity Board/National Water Supply & Drainage Board	Relevant institutions should obtain confirmation that electricity and water can be provided as infrastructure facilities for the relevant construction.
Fire Service Department	Approvals to be obtained from this department for the manner in which the relevant construction fire prevention activities are carried out.
Road Development Authority	If the construction is facing a road belonging to the Road Development Authority, prior approval should be obtained from this authority.

# CAPITAL MANAGEMENT REVIEW

## SOCIAL AND RELATIONSHIP CAPITAL



Facebook  
Follower Growth  
Increased by

**153%**

Instagram  
Follower Growth  
Increased by

**41%**

Website  
User visits  
Increased by

**27%**

YouTube  
Ad Impressions

**62%**

YouTube  
Video Views  
Increased by

**84%**

## EARNING THE RESPECT OF SUPPLIERS IN CHALLENGING TIMES

With the Country as a whole affected by the economic crisis of 2022, PLR focused on collaborating for positive outcomes. Advance payments were granted to certain long-standing suppliers, while financial assistance was extended on a selective basis to support suppliers to manage their working capital needs.

We also introduced weekly walk-in meetings, where any new or existing suppliers can visit the corporate office to chat to procurement/accounts or even the Company's management to resolve any issues they may have.

We aim to provide a level playing field for all suppliers. In doing so, we avoid dealing with the middleman and directly approach the wholesaler. We determine the credibility of suppliers based on quality, pricing and risk profile. In this regard, we request for additional safeguards such as bank guarantees and performance bonds from first time suppliers. Meanwhile, we have a more flexible approach towards prominent suppliers who have supported our business over the years. Our fully automated procurement model within our SAP ERP system ensures every stage of the procurement process is fully streamlined to support end-to-end supplier visibility and minimized payment delays to suppliers.

Today more than 40% of the suppliers on the registry have held the PLR approved supplier status for more than five years, a testament to our commitment to build strong working relationships with key suppliers.

In the current financial year with many of our long-standing suppliers culling down their operations due to ongoing pressure from import restrictions, PLR's Procurement unit took steps to seek out alternative suppliers to fulfil its needs. This change is reflected in the supplier relationship status as shown below



Supplier Relationship Status		
	2022/23	2021/22
<2 years	40%	10%
2 - 5 years	20%	30%
> 5 years	40%	60%

## COMMUNITY

PLR's condominium and property projects by their very nature drive positive outcomes for the wider community. Many of our projects are located in emerging urban townships, and have been known to attract investment into the area, thus creating employment opportunities and fueling economic growth. Furthermore, the development of road networks and sanitation systems and other infrastructure systems contribute towards improving the quality of life for local communities in the area.

Apart from these indirect benefits, PLR directly invests in community initiatives. In the year under review, a total of Rs. 13 Mn was incurred to improve the healthcare standards at several state hospitals in the Colombo and Kegalle districts.

GRI 203-1, 203-2



# CAPITAL MANAGEMENT REVIEW



## NATURAL CAPITAL

“Our main goal in this regard is to maximize the space allocated for landscaping and green coverage. Towards this end, we work with our architects to restrict the building footprint to 40 - 50% of the total land extent. Wherever possible we also reorient our design specifications to accommodate the use of natural light and maximise ventilation”



## VALUE TRANSFORMATION BLUEPRINT

### MATERIAL TOPICS



Environmental  
Stewardship

### CONTRIBUTION TO SDGs



### MANAGEMENT APPROACH

Our approach to preserving Natural Capital is based on ensuring that our core business activities cause minimum harm to the environment.

### KEY DRIVERS

- Regulatory Compliance
- Environmental Best Practices
- Sustainable Materials
- Responsible Waste Disposal



## LINK TO PLR'S STRATEGY

Helps to earn the respect of the community

Value created for Stakeholders



**Preservation of the environment for future generations**

# CAPITAL MANAGEMENT REVIEW

## NATURAL CAPITAL

### REGULATORY COMPLIANCE

GRI 2-27

Regulatory compliance forms the first point of reference in executing our environmental commitments. As a residential property developer, several environmental regulations apply at various different areas of our operations. In line with our zero tolerance approach for non-compliance, we make sure

all regulatory requirements are identified and embedded into our project planning framework.

Given our stringent management of regulatory compliance, there were no reported incidents of non-compliance recorded in the year under review.

Environmental Regulations applicable to PLR's operations	
Urban Development Authority	The construction of the relevant buildings should comply with the planning regulations prepared by the Urban Development Authority for the relevant local authority.
Central Environment Authority	The authority regulates the implementation of projects affecting the environment and the construction of sites specifically designated by the Central Environment Authority.
Coastal Conservation Department	If the construction is taking place in a coastal area, the relevant approvals and regulations should be obtained from Coastal Conservation Department
National Building Research Organization	Approval from this Organization is necessary if construction is taking place on slopes and hills, and if there is excessive digging for the foundation of the building.
Sri Lanka Land Reclamation and Development Corporation	If it is necessary to carry out the relevant construction and fill the land at the site and develop it, the approval of this body should be obtained.



Wherever possible we also reorient our design specifications to accommodate the use of natural light and maximise ventilation. At the same time, we continue to prioritise energy saving by investing in the latest energy efficient technology, including VRV air conditioning systems, energy efficient LED lighting, inverter air conditioning units and motion sensor activated lighting. In line with our continuous improvement initiatives, we have now started introducing rainwater harvesting systems at all our latest condominium projects.

Moreover we work only with contractors with certified green credentials such as the ISO 14001 Environmental Management Standard.

### ENVIRONMENTAL BEST PRACTICES

Even though all of our buildings are located in urban areas, we aim to ensure that they are constructed in such a way so as to minimise the disturbance to the surrounding environment. Our main goal in this regard is to maximise the space allocated for landscaping and green coverage. Towards this end, we work with our architects to restrict the building footprint to 40 - 50% of the total land extent.

### SUSTAINABLE MATERIALS

Over the years we have systematically increased the use of sustainable materials in our construction activities. We have shifted to using concrete mixtures made using quarry dust or fly ash in place of sand mined from river basins and have started to progressively phase out chemical applications for curing concrete and for waterproofing. Moreover, we now use mainly aluminium instead of wood for door and window frames and re-engineered wood instead of solid wood for built-in cabinets. In 2022, we made a conscious decision to use titanium instead of tile for interior floor surfaces.





## RESPONSIBLE WASTE DISPOSAL

GRI 303-1

Water runoff arising from construction activities at our project sites, is the main waste product generated by PLR's core business. However since such water run-offs are free of contaminants, it is either released back to the municipal sewage system or captured in soakage pits or septic tanks located on-site.

Water needs of city side projects are drawn from municipal lines or sourced independently, while deep tube wells are installed at projects located in less urbanised areas.

The respective project contractor is responsible for the disposal of waste generated during the construction process. PLR verifies the waste disposal practices adopted by them as part of the initial evaluation process.









# CORPORATE GOVERNANCE

**“All Directors on the Board are professionals who possess relevant business acumen and experience in their respective fields of expertise in a range of industries and functional areas. Apart from their professional credentials, the current PLR Board consists of five Executive Directors and five Non-Executive Directors, of which all five Non-Executive Directors serve the Board in an independent capacity. The Board diversity in terms of gender, age, professional qualifications, experience and skills enhances the quality of decision-making, taking into account the different perspectives for the benefit of the Company”**

## CORPORATE GOVERNANCE DECLARATION BY THE CHAIRMAN AND CO-CHAIRPERSON

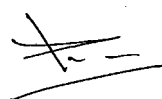
The FY 2022/23 has been one of the most challenging periods in the decades old history of Prime Lands Residencies PLC, where our business acumen and corporate resilience was put to the “acid” test. It is our conviction that a professional good governance framework supported by a strong corporate culture kept us on an even keel to enable us to progressively and effectively respond to the rapid changes in the economic landscape of the nation. The strong leadership at the helm acted with foresight and prudence to steer the Company from strength to strength to achieve par excellence against all odds and to safeguard stakeholder interests and their value.

On behalf of the Board of Directors of Prime Lands Residencies PLC, we are pleased to confirm that the Company has remained throughout the year under review, fully compliant with all laws, rules and regulations applicable to our business, including the Rules of the Securities and Exchange Commission of Sri Lanka (SEC) and Colombo Stock Exchange (CSE) for listed entities. Furthermore, we declare that all members of the PLR Board and all employees have discharged their duties in accordance with the policies, procedures and standards covered by the Internal Code of Ethics and Conduct.



**MR. PREMALAL BRAHMANAGE**

Co-Chairman



**MS. SANDAMINI PERERA**

Co-Chairperson

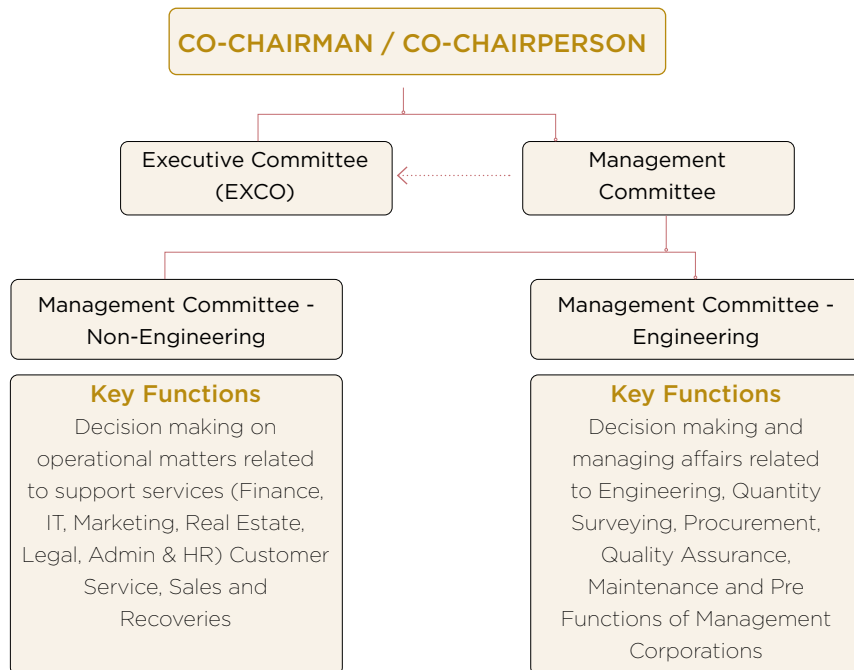
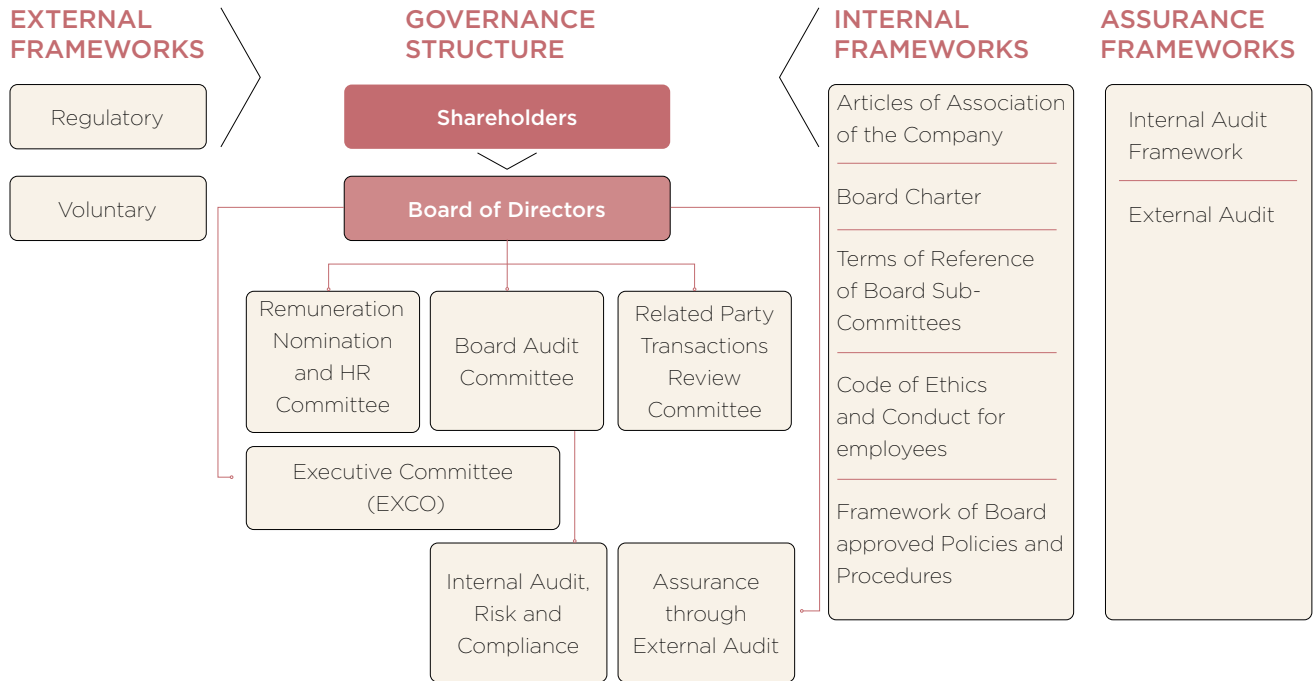
07th June 2023

## CORPORATE GOVERNANCE PHILOSOPHY

Our governance philosophy dictates that PLR complies with all regulatory frameworks applicable to our business and to be in line with good governance practices for the protection of stakeholder interests and to safeguard the credibility and reputation of the PLR brand.

At the core of this approach are the external regulatory frameworks and the Company's internal constitution, including the governance structure, policies and procedures that underpin our day to day operations.

## CORPORATE GOVERNANCE STRUCTURE AND FRAMEWORK





# CORPORATE GOVERNANCE

## THE BOARD

The Board, as the apex governing body of the Company, operates in accordance with the Terms of Reference approved collectively by the Board. The Board is responsible for setting the overall values, standards and strategy of

the Company and for providing stewardship and guidance to ensure the Company is managed effectively in order to achieve its corporate goals through its strategic plans and meet stakeholder deliverables. To that end, certain matters are reserved expressly for the Board's consideration.

 <div data-bbox="172 750 710 801"> <b>BOARD RESPONSIBILITIES</b> </div> <ul style="list-style-type: none"> <li>• Risk Stewardship</li> <li>• Compliance Oversight</li> <li>• Responsibility for Internal Control and Financial Reporting</li> <li>• Promote Ethics and Values</li> <li>• IT Governance</li> <li>• HR Governance</li> <li>• Review and update the Company's Corporate Governance Framework to reflect changes in regulatory compliance requirements and good governance practices</li> <li>• Sustainability Governance and Reporting</li> <li>• Stakeholder Engagement</li> <li>• Uphold Shareholder Rights</li> <li>• Conduct the Annual General Meeting</li> </ul>	 <div data-bbox="815 750 1409 824"> <b>MATTERS RESERVED EXPRESSLY FOR BOARD APPROVAL</b> </div> <ul style="list-style-type: none"> <li>• Directors' appointments, reappointments and removals</li> <li>• Constitution, composition and terms of reference of Board Committees</li> <li>• Approving the Company's strategic plan</li> <li>• Approving major acquisitions and disposals</li> <li>• Approving annual budgets and monitoring of performance against budgets</li> <li>• Approving annual and interim financial reports</li> <li>• Approving major financing arrangements or commitments</li> <li>• Oversight of risk management and internal control systems and reviewing their effectiveness</li> <li>• Ensuring relevant statutory and regulatory compliance</li> <li>• Any significant operational and financial matters</li> <li>• Reviewing and updating the corporate governance structure</li> </ul>
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### Steps taken by the PLR Board to strengthen the Corporate Governance Framework in FY 2022/23

<div data-bbox="164 1525 766 1619"> <b>Implementation of the Policy Document for acquisition &amp; disposal of Property, Plant and Equipment, Investment Property and Intangible Assets</b> </div> <p>This policy document provides guidelines to ensure that the property plant and equipment (PPE), investment property (IP) and intangible asset (IA) acquisition and disposal process related activities are governed by a standard approved by the management and all that stakeholders connected with the Capex and disposal process adhere to the stated guidelines.</p>	<div data-bbox="957 1541 1289 1601"> <b>Implementation of the Delegation of Authority Policy</b> </div> <p>This policy outlines the clear authority and responsibilities of the management to create and maintain a sound internal control environment, while facilitating efficient decision making.</p> <p>The policy also outlines matters specifically reserved for determination by Shareholders, the Board and those matters delegated to management, thereby ensuring that decisions and actions are taken by persons authorized to do so.</p>
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## BOARD COMPOSITION AND BALANCE

To ensure the Board functions effectively and efficiently, PLR's Articles of Association dictate that the Board of Directors should constitute a strong mix between Executive and Non-Executive Directors.

The current PLR Board consists of five Executive Directors and five Non-Executive Directors, of which all five Non-Executive Directors serve the Board in an Independent capacity. The Board diversity in terms of gender, age, professional qualifications, experience and skills enhances the quality of decision-making, taking into account the different perspectives for the benefit of the Company.

All Directors on the Board are professionals who possess relevant business acumen and experience in their respective fields of expertise in a range of industries and functional areas. Apart from their professional credentials, Board Members are selected for their integrity as well as their ability and willingness to commit adequate time towards the Company's affairs.

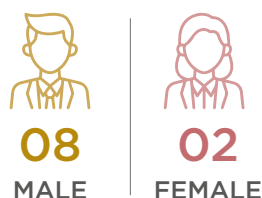
Profiles of Board members are provided in a separate section of this Annual Report (pages 12-18).

## NON EXECUTIVE DIRECTORS

Non-Executive Directors bring diverse industry expertise and advise management on strategy and other mandatory reporting requirements to ensure the Board maintains high standards of financial integrity. By virtue of their varied expertise and independence, Non-Executive Directors enrich the Board's decision making, incorporating the necessary checks and balances to prevent possible conflicts of interest, thereby safeguarding the interests of Shareholders and the Company as a whole.

The appointment of Non-Executive Directors is carried out in a structured manner in accordance with the provisions of the CSE's listing rules. PLR's Remuneration, Nomination and Human Resource Committee identifies potential candidates to be appointed to the Board, taking into consideration the Board balance and other relevant criteria.

The independence of the Non-Executive Directors is assessed in accordance with the Code of Best Practice on Corporate Governance. All Independent Non-Executive Directors on the PLR Board have declared their independence in writing.



## Expertise and Core Areas of Focus

Business Leadership and Development	●	●
Engineering	●	●
Finance	●	
Sales and Marketing	●	●
Legal and Compliance	●	
Human Resources	●	
Corporate Governance & Risk	●	

## Board Balance and Independence

Executive Directors	
Non-Executive Directors (Independent)	

## RESPONSIBILITY OF INDIVIDUAL DIRECTORS

All Directors are expected to allocate sufficient time to perform their duties as Board Members of PLR. Directors are expected to effectively participate in Board meetings by contributing their knowledge and experience as well as engaging in meaningful deliberations to arrive at the best decisions. It is mandatory for any Directors to disclose their conflict of interest, directly or indirectly, in any transaction or matter deliberated by the Board before a decision is made by the Board. If such Director is aware of his/her conflict of interest or, if he/she is unaware at the time the decision is made but is aware of such interest thereafter, he/she should disclose such conflict of interest to the Board immediately after he/she is aware of the same.

All Board members are also required to perform an annual self-assessment to document their performance for each financial year.

# CORPORATE GOVERNANCE

## SENIOR INDEPENDENT DIRECTOR

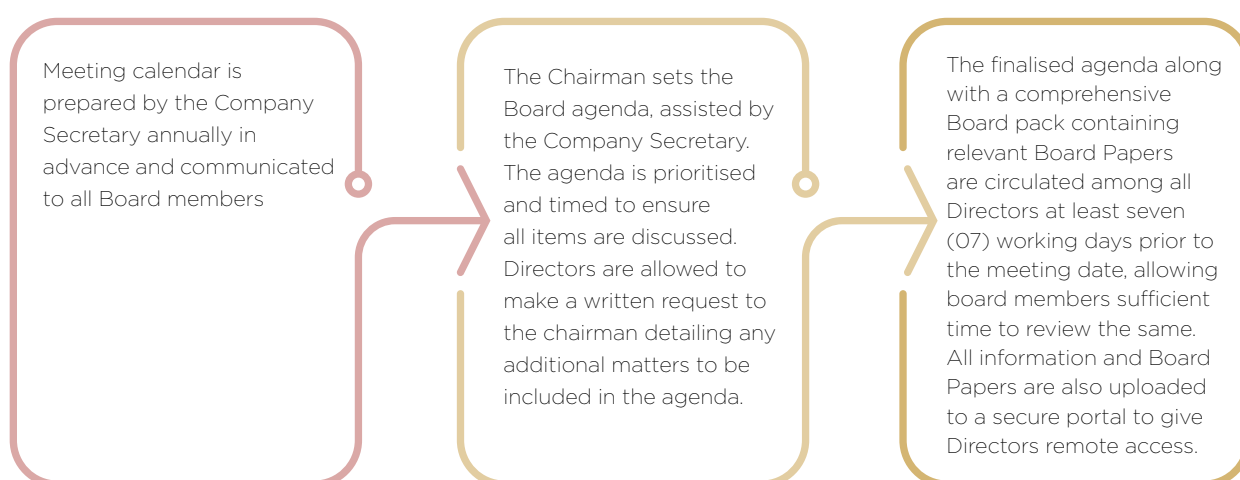
Since the PLR's Chairman and Co-Chairperson function in an Executive capacity, the Board has appointed a Senior Independent Director in terms of the CSE Listing rules and the Code of Best Practice on Corporate Governance. The SID exercises independent judgement on Board related matters. The SID also meets separately with all NED's at

least once every year to discuss governance related matters independent of the Executive Directors.

## BOARD MEETINGS

The PLR Board meets at least every quarter or more often if needed. Minimum of three Directors are expected to attend each meeting to constitute the required quorum.

### Planning of Board Meetings



## BOARD MEETINGS ATTENDED BY DIRECTORS

Board meeting	Q1	Q2	Q3	Q4
B. Premalal	✓	✓	✓	✓
H.K.S.R. Perera	✓	✓	✓	✓
N. M. Weerakkody	✓	✓	✓	✗
H. M. N. U. Kumara	✓	✓	✓	✓
S. S. A. P. Brahmanage	✓	✓	✗	✓
D. Sooriyaarachchi	✓	✓	✓	✓
S. M. S. S. Bandara	✓	✓	✓	✓
D. H. Kalapuge	✓	✓	✓	✓
M. Perera	✓	✓	✓	✓
N. L. S. Joseph	✓	✓	✓	✓

## BOARD COMMITTEES

To assist in executing its governance and oversight responsibilities, the Board has appointed several committees, namely the Board Audit Committee, Remuneration, Nomination and Human Resources Committee and the Related Party Transactions Review Committee. Each committee is Chaired by an Independent Non-Executive Director who has the requisite qualifications and experience to execute the Committee functions as per the Board approved Terms of Reference for the respective Committee.



## MANAGEMENT COMMITTEES

Management Committees are executive level Committees appointed by the Chairman / Co-Chairperson with a view to increasing the focus on certain areas of the day-to-day

business operations. All Management Committees usually consist of Corporate Management who operate via the committee-specific TOR's approved by the Board.



# CORPORATE GOVERNANCE

## THE LEVEL OF COMPLIANCE OF PRIME LANDS RESIDENCIES PLC TO THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE 2017 ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
The Board	A.1	Complied	The Board headed by the Chairman, consists of ten directors, out of which five are Independent Non-Executive. The Board is comprised of skilled professionals in the fields of business, engineering, finance, sales and marketing, legal and compliance, human resources, corporate governance and risk.
Board meetings	A.1.1	Complied	The Board meets at least four times a year and additional meetings are held as necessary. The Board met four times during the period ended 31st March 2023.
Board's responsibility	A.1.2	Complied	<p>The Board is responsible for the strategic planning process of the Company. This includes the responsibility for the formulation of the strategic vision and mission of the Company.</p> <p>Directors are made aware of their duties and responsibilities with regard to monitoring and managing the risks associated with capitals, value creation activities, business operations and impacts.</p>
Compliance with laws and obtaining independent professional advices	A.1.3	Complied	The Board collectively and Directors individually act in accordance with the laws of the Country and the Board members are permitted to obtain independent professional advice from a third party including the Company's External Auditors and other professional consultants whenever deemed necessary at the expense of the Company.
Access to Company Secretary	A.1.4	Complied	All Directors have access to the advice and services of the Company Secretary
Independent judgement of Directors	A.1.5	Complied	All Directors exercise independent judgement in all decisions pertaining to strategy, performance, resource allocation, risk management, compliance and standards of business conduct.
Dedication of adequate time and effort by Directors	A.1.6	Complied	<p>The Board met on four occasions during the year.</p> <p>The board is satisfied that the chairman and all other directors committed sufficient time during the financial year 2022/23 to fulfill their duties.</p> <p>The Board papers and the agenda are received by the Directors ahead of Board Meetings, enabling the Directors to review the papers and obtain clarifications ahead of the meetings.</p>

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Call for resolution by Directors	A.1.7	Complied	As per the Articles of Association, resolutions could be passed with majority voting. However, any single Director may call for a resolution to be presented to the Board where he/she feels it is in the interest of the Company.
Training for Directors	A.1.8	Complied	<p>Training and development needs of the Directors are reviewed on a regular basis.</p> <p>Directors are briefed on the changes in laws and regulations, tax laws and accounting standards from time to time, either during the Board meetings or at specially convened sessions.</p>
Chairman and CEO	A.2	Complied	In order to ensure a clear division of responsibilities at the head of the Company, and maintain a balance of power and authority, the positions of Co-Chairman & Co-Chairperson were created and the Managing Director holds the authority of the CEO.
Chairman's role	A.3- A.3.1	Complied	The Board is headed jointly by the Co-Chairman and Co-Chairperson, both of whom function in the capacity of Executive Directors. Together they are responsible for preserving order and facilitating the effective discharge of Board functions. The Co- Chairman and Co-Chairperson conduct Board proceedings and ensure the effective participation and contribution of all Directors within their respective capabilities for the benefits of the company.
Financial acumen	A.4	Complied	<p>The Board includes directors who are skilled, experienced and possess the necessary knowledge and competence to offer expert opinions on financial matters to the Board.</p> <p>The Board includes a member who is a fellow member of the Institute of Chartered Accountants of Sri Lanka and includes two members who are fellow members of the Chartered Institute of Management Accountants (United Kingdom). Other members of the Board have the ability to offer guidance on matters of finance to the board.</p>
Board balance	A.5- A.5.1	Not Complied	The Board of the company has a balanced composition of five Executive Directors and five Non-Executive Directors.

# CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Independent non-executive directors	5.2	Complied	More than two-thirds of Non-Executive Directors appointed to the Board are independent.
Directors independent from management	5.3	Complied	All the independent Directors are independent of management and free of any business or other relationships that could materially interfere with their professional judgment.
Annual Declaration of Independence by Non-Executive Director	5.4	Complied	Every Non-Executive Director of the Company has made written submissions as to their independence or non-independence against specified criteria set out by the Code.
Determination of Independence	5.5	Complied	<p>The Board has determined the independence of the Non-Executive Directors based on the declarations submitted by the Non-Executive Directors.</p> <p>Accordingly, the Independent Non-Executive Directors of the company are:</p> <p>Mr. Deepal Sooriyaarachchi</p> <p>Mr. Sanjaya Bandara</p> <p>Mr. Mahinda Perera</p> <p>Mr. Noel Joseph and</p> <p>Mr. Dhammika Kalapuge</p>
Alternate Director	5.6	Complied	No alternate Directors were appointed
Appointment of Senior Independent Director	5.7	Complied	<p>Mr. Deepal Sooriyaarachchi is appointed as the Senior Independent Director (SID) as the Chairman is not an independent Director.</p> <p>The SID has met during the financial year with Non-Executive Directors to enable discussion and communication of governance related matters.</p>
Confidential discussion with Senior Independent Director	5.8	Complied	The Senior Independent Director is available for confidential discussions, should there be any concerns regarding governance or issues that may adversely affect the Company which have not been properly considered by the Board.
Chairman's meetings with Non-Executive Directors	5.9	Complied	The Chairman has held meetings with the Non-Executive Directors without the presence of Executive Directors.
Recording of Concerns raised by Directors in Board Minutes	5.10	Complied	Concerns raised by the Directors during the financial year, if any, are adequately recorded in the minutes of Board meetings by the Company Secretary.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Supply of Information	A.6.1	Complied	<p>The Board is provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.</p> <p>Directors make further inquiries where necessary if information provided by the management is deemed to not be enough.</p>
Adequate time for conduct of Board Meetings	A.6.2	Complied	The Agenda for the Board meeting and connected Board papers are ordinarily circulated to the Directors seven (7) days in advance to facilitate the effective conduct of the meeting.
Appointments of Director to the Board	A.7.1	Complied	<p>The Nominations, Remuneration and Human Resources Committee is established.</p> <p>The committee consist of three Independent Non-Executive Directors and the Chairman of the committee is a Senior Independent Non-Executive Director. (The NRHR Committee Report is available on page 118)</p>
Annual assessment of Board composition	7.2	Complied	The Nominations Committee annually assessed the Board composition against pre-defined criteria to ensure that the combined knowledge and experience of the Board matches the strategic demand facing the company.
Communication with Shareholder on the appointment of new Directors	7.3	Complied	<p>All new appointments are communicated to the shareholders by way of announcement through the Colombo Stock Exchange.</p> <p>There are no new appointments of Directors during the financial year.</p>
Re-election	A.8.1- 8.2	Complied	Re-elections taken place as per the provisions of the Articles of Association.
Resignation	8.3	Complied	The Articles provides for resignation to be given in writing, however no resignations have taken place during the year under review.
Appraisal of Board Performance	A.9.1-9.4	Complied	The Annual self-evaluation of the Board's and its Sub-committee's performance was done.



# CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Disclosure of information in respect of Directors	A.10	Complied	<p>The details in respect of Directors are disclosed in the Annual Report covering:</p> <ul style="list-style-type: none"> <li>Name, qualifications and brief profile</li> <li>The nature of his/her expertise in relevant functional areas</li> <li>Immediate family and/or material business relationships with other Directors of the Company</li> <li>Whether Executive, Non-Executive and/or independent Director</li> <li>Names of listed companies in Sri Lanka in which the Director concerned serves as a Director</li> <li>Number of Board meetings of the Company attended during the year</li> <li>The total number of Board seats held by each Director indicating listed and unlisted Companies and whether in an executive or non-executive capacity</li> <li>Names of Board Committees in which the Director serves as Chairman or a member</li> <li>Number of committee meetings attended during the year- Refer to the "Committee Reports"</li> </ul>
Appraisal of Chief Executive Officer	A.11-A.12	Complied	<p>At the commencement of the financial year, the Board in consultation with the Managing Director has set short, medium and long-term objectives, and reasonable financial and non-financial targets that should be met by the MD during the year.</p> <p>The performance of the Managing Director has been evaluated by the Board to ascertain whether the targets have been achieved.</p>
Directors' Remuneration	B.1	Complied	The Board has implemented a formal and transparent procedure for developing policies on remuneration by setting up a Remuneration Committee. Its purpose is to assist the Board of Directors in matters relating to compensation of the Company's Directors and Key Management Personnel.
Establishment and composition of the Remuneration Committee	B.1.1- B.1.2	Complied	The Remuneration, Nomination and Human Resources Committee consist of Three Non-Executive Directors and all of them are independent. The Chairman of the Remuneration Committee – Mr. Deepal Sooriyaarachchi is a senior Independent Non-Executive Director.
Disclosure of Chairman and Members of the Remuneration Committee	B.1.3	Complied	Please Refer page 118 – for details on the Remuneration, Nomination, Human Resources Committee

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Remuneration of Non-Executive Directors	B.1.4	Complied	The Board as a whole determine the fees payable to Non-Executive Directors, including members of the remuneration committee.
Remuneration of Executive Directors	B.1.5	Complied	The Remuneration Committee consults the Chairman about its proposals relating to the remuneration of other Executive Directors.
The Level and Make up of Remuneration	B.2- 210	Complied	The Board ensures that Executive Directors and Non-Executive Directors are provided with an attractive remuneration package to attract and retain them with the company.
Disclosure of Remuneration	B.3.1	Complied	The Annual Report contains a statement from the Remuneration, Nomination, Human Resources Committee, Statement of Remuneration Policy and details of remuneration of the Board as a whole.
Relationship with Shareholders	C.1-C.2	Complied	<p>AGM is held.</p> <p>Notice of the AGM, form of the proxy and related papers are sent to shareholders before the meeting, in order to provide an opportunity for all shareholders to attend the AGM.</p> <p>Effective communication with shareholders has been established.</p>
Major and Material Transactions	C.3.1-3.2	Complied	The Related Party Transactions for the year are disclosed in the Annual Report. The Related Party Transactions Committee reviews the major related party transactions that require prior approval.
Accountability and Audit	D		
Financial and Business Reporting	D.1.1	Complied	<p>The Board has presented the Annual Report, which includes the Financial Statements of the Company that is true and fair, balanced and understandable and prepared and presented in accordance with LKASs and SLFRSs as required by statutory requirements.</p> <p>The Annual Report is partially compliant with Integrated Reporting standards.</p>

# CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
	D.1.2	Complied	<p>The Board is aware of its responsibility to present regulatory and statutory reporting and other price sensitive information in a balanced and understandable manner.</p> <p>The Company has strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Interim and Annual Financial Statements which are prepared and presented in conformity with the Sri Lanka Accounting Standards. Further, the Company has complied with the reporting requirements prescribed by regulatory authorities such as the Colombo Stock Exchange (Listing rules).</p>
	D.1.3	Complied	<p>The General Manager-Finance and the Managing Director are responsible for ensuring that the financial records of the Company have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view of PLR's performance for the financial year. The General Manager- Finance and the Managing Director are required to review quarterly and at the year-end, the Company's Financial Statements before submitting it to the Audit Committee and Board.</p>
The Directors' Report in the Annual Report	D.1.4	Complied	The Directors' Report is included from page 124
Directors' and Auditors' Responsibility for the Financial Statements	D.1.5	Complied	<p>Statement setting out the responsibilities of the Board of Directors for the preparation and presentation of financial statements is given on page 131</p> <p>A statement by the Auditors about their reporting responsibilities is given on page 131</p>
Summoning an Extra Ordinary General Meeting (EGM) to notify Serious loss of capital	D. 1.7	Complied	Circumstances to summon an EGM did not arise during the year 2022/23.
Related party transactions	D.1.8	Complied	The transactions entered into by the Company with the related parties is disclosed on Note 117 of the Financial Statements.
Risk Management and Internal Control	D.2	Complied	A risk management and internal control system was effected by the Board under the Internal Audit, Risk and Compliance Department which will report to the Board Audit Committee.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
	D.2.1	Complied	<p>The board has established a monitoring system to review the Company's risk management and internal control systems.</p> <p>The Company's internal audit department assesses the effectiveness of the internal control system through regular review of all processes and carries out risk assessments and presents it to the Board Audit Committee.</p>
Review the need for internal audit function	D.2.2	Complied	The Board Audit Committee was established to monitor, review, and evaluate the effectiveness of the risk management and internal control system.
Internal Audit Function	D.2.3	Complied	An internal audit function was established.
	D.2.4	Complied	An Audit Committee was established to ensure review of the processes and effectiveness of risk management and internal controls and to report to the Board.
Audit Committee	D.3		
Composition of Audit Committee	D.3.1	Complied	<p>The Audit Committee consist of three Non-Executive Directors; of whom all are Independent. The Committee is Chaired by Mr. Sanjaya Bandara, who is an independent non-executive director and a fellow member of The Institute of Chartered Accountants of Sri Lanka.</p> <p>The members of the Committee possess expertise in Finance, Risk and Governance compliance.</p>
Terms of Reference of the Audit Committee	D.3.2	Complied	The Audit Committee has a written Terms of Reference covering its purpose, duties and responsibilities.
Activities of the Audit Committee	D.3.3	Complied	The Audit Committee Report , describing the scope of the committee in discharging its responsibilities is included in the Annual Report –page 115
Related Party Transactions Review Committee	D.4		
Definition of Related Party and Related Party Transactions	D.4.1	Complied	Related Party and Related Party Transactions are defined as LKAS 24
Composition of RPTRC	D.4.2	Complied	The Related Party Transactions Review Committee (RPTRC) consists of three Non-Executive Directors, of whom all are Independent. The Committee is Chaired by Mr. Sanjaya Bandara, who is an Independent Non-Executive Director.



# CORPORATE GOVERNANCE

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Terms of Reference of the RPTRC	D.4.3	Complied	The Related Party Transactions Review Committee has a written Terms of Reference covering its purpose, duties and responsibilities.
Code of Business Conduct & Ethics	D.5.1	Complied	The Company has adopted a Code of Business conduct and ethics and the Directors and Key Management Personnel are committed to the code and the principles contained therein. There were no reported cases of non-compliance with the Code of Business Ethics by any Director, Key Management Personnel or any other employee.
	D.5.2	Complied	The Company has established a policy and procedures to ensure that material and price sensitive information is immediately disclosed to the Colombo Stock Exchange immediately after relevant decisions are made by the Board of Directors.
	D.5.3	Complied	A process is in place to monitor share purchases by any Director and is reported to the Company Secretary immediately to arrange necessary disclosures to the Colombo Stock Exchange. Shares purchased by Key Management Personnel or any other employee involved in financial reporting will be monitored by the Manager-Compliance.
Chairman's affirmation in the Annual Report	D.5.4	Complied	The Chairman's affirmation in the Company's Annual Report that he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics is on pages 96.
Corporate Governance Disclosures	D.6.1	Complied	The Corporate Governance Report sets out the manner and extent to which the Company has complied with the principles and provisions of the code and is included in the Annual Report –page 96
Shareholder Voting	E.1	Complied	Institutional shareholders are given the right to use their votes.
Evaluation of Governance Disclosures	E.2	Complied	Corporate Governance related matters, along with the adequate disclosures, are communicated to all shareholders via the Annual Report and the AGM as mentioned.
Individual Shareholder's Investing/Divesting decision	F.1	Complied	Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.
Individual Shareholder voting	F.2	Complied	Individual shareholders are encouraged to participate in General Meetings and exercise their voting rights.

Corporate Governance Principle	Principle No.	Complied/ Not Complied	Level of Compliance
Internet of things and Cybersecurity	G	Complied	<p>The Board assigned this responsibility to the Information Technology Division and the Head of IT is mainly assigned to complete this task.</p> <p>As part of risk management, the Board Audit Committee reviews the risk register carried out for IT functions and the Board approves IT and Cybersecurity policies.</p>
Environment, Society and Governance	H	Complied	<p>Annual Report contains information on Environment (pg 82-Environment Capital), Social (Social Capital-pg 90) and Governance (Governance report-pg 96), that will enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported.</p>

# CORPORATE GOVERNANCE

## LEVEL OF COMPLIANCE WITH MANDATORY REGULATIONS

This section provides a navigation on the level of compliance to the Companies Act and the regulations provided by the Colombo Stock Exchange.

## DISCLOSURES REQUIRED BY THE COMPANIES ACT NO. 07 OF 2007

Section Reference	Requirement	Annual Report Reference (Page)
168 (1) (a)	The nature of the business of the Group and the Company, together with any change thereof during the accounting period	About the company - Page 4
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Audited Financial Statements-Page 133
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Auditor's Report - Page 130
168 (1) (d)	Accounting Policies and any changes therein	Significant Accounting Policies to the Financial Statements - Page 139
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Directors' Interest in Contracts with the Company- Page 128
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Annual Report of Directors on the State of Affairs of the Company- Page 124
168 (1) (g)	Total amount of donations made by the company during the accounting period	Social capital-Page 82
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period	Directors' profile -Page 12 About the Company- page 04
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Notes to the Financial Statements- Page 158
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Auditor's Report - Page 130
168 (1) (k)	Acknowledgment of the contents of this Report and Signatures on behalf of the Board (Annual Report of the Board of Directors)	Annual Report of Directors on the State of Affairs of the Company- Page 124

## DISCLOSURES REQUIRED BY THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

Rule No	Subject	Applicable Requirement	Status	Compliance Details
7.10.1.(a)	Non-Executive Directors	At least two or one third of the Directors, whichever is higher, should be Non-Executive Directors	Compliant	Corporate Governance - page 96
7.10.2.(a)	Independent Directors	Two or one-third of Non-Executive Directors, whichever is higher, should be independent	Compliant	Corporate Governance - page 96
7.10.2.(b)	Independence declarations of Non-Executive Directors	Each Non-Executive Director should submit a declaration of Independence/ Non-Independence	Compliant	The Non-Executive Directors have submitted declarations in the prescribed format
7.10.3.(a)	Disclosures relating to Directors	The names of Independent Directors should be disclosed in the Annual Report	Compliant	Board profile - pages 12-18
7.10.3.(b)	Independence of Directors	The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director	Compliant	Independence of Non-Executive Directors- page 99
7.10.3.(c)	Disclosures relating to Directors	A brief resume of each Director should be included in the Annual Report including his/her area of expertise	Compliant	Board profile- page 12-18
7.10.3.(d)	Appointment of new Directors	A brief resume of any new Director appointed to the Board	Compliant	No new directors were appointed during the financial year 2022/2023
7.10.5 (a)-(c)	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Report of the Remuneration, Nomination, Human Resources Committee - Page 118
7.10.6 (a)-(c)	Audit Committee	A listed company shall have an Audit Committee	Compliant	Report of the Board Audit Committee- page 115



# SENIOR INDEPENDENT DIRECTOR'S STATEMENT



**MR. DEEPAL  
SOORIYAARACHCHI**

*Senior Independent  
Director*

The 'Code of Best Practice on Corporate Governance 2017' (The Code) issued by The Institute of Chartered Accountants of Sri Lanka, recommends that a Senior Independent Director (SID) be appointed in the event of the Chairman functioning in an executive role.

PLR's Chairman plays an executive role and functions as the Co-Chairman along with the Co-Chairperson. Accordingly, PLR has appointed a Senior Independent Director (SID) in line with the guidance given in The Code.

The inclusion of a SID provides a feasible framework for reviewing the roles of the Co-Chairman and Co-Chairperson, as well as the effectiveness of the Board. The presence of the SID also promotes greater transparency in governance matters.

The Co-Chairman and the Co-Chairperson consult with me as the SID on critical strategic and governance issues. Furthermore, as a SID, I have met once with the Non-Executive Directors during the financial year to enable conversation and communication regarding governance matters, and I am available to any Director for any confidential discussion concerning the Company's business whenever the need arises.

A handwritten signature in black ink, appearing to read 'Deepal Sooriyaarachchi', with a stylized flourish at the end.

**Deepal Sooriyaarachchi**

*Senior Independent Director*

07th June 2023

# AUDIT COMMITTEE REPORT



**MR. SANJAYA BANDARA**

*Non-Executive Independent Director*

## MEMBERSHIP

### Mr. Sanjaya Bandara (Chairman)

Non-Executive Independent Director

### Mr. Deepal Sooriyaarachchi (Member)

Non-Executive Senior Independent Director

### Mr. Mahinda Perera (Member)

Non-Executive Independent Director

## PURPOSE

The Committee is established to assist the Board in fulfilling its oversight responsibility for the Company's financial reporting system, internal control mechanisms, compliance with legal and regulatory requirements, risk management processes, internal audit functions and review of Independence and External Auditors' performance, with a view to safeguarding the interests of shareholders and all other stakeholders.

## TERMS OF REFERENCE

The Audit Committee has written terms of reference approved by the Board, which states its authority and duties. The Terms of Reference is carefully designed to discharge the Committee's purpose, duties and responsibilities.

## DUTIES AND RESPONSIBILITIES

- Overseeing the preparation, presentation and adequacy of disclosures in the financial statements, in accordance with the Sri Lanka Accounting Standards.
- Overseeing the Company's compliance with financial reporting requirements and all relevant financial regulatory frameworks.
- Overseeing the processes to ensure that the Company's internal controls and risk management procedures are adequate.

- Provide oversight assessing the Company's ability to continue as a going concern in the foreseeable future.
- Provide oversight assessing the independence and performance of the Company's external auditors.
- Management of the Whistle Blowing policy.

## ACTIVITIES IN FY 2022/23

The Audit Committee held eight meetings during the financial year. The table below summarizes the main areas that were under review by the Audit Committee.

Meeting No	Areas Covered
01 - 03rd May 2022	4
02 - 19th May 2022	1 2 3 4 5
03 - 20th July 2022	2 3 4
04 - 23rd August 2022	1 2
05 - 20th October 2022	1 2 3 4
06 - 15th December 2022	1 2 3
07 - 27th January 2023	2 3 4
08 - 30th March 2023	1 2 3

- 1 Risk Management and Internal Controls
- 2 Internal Audit
- 3 Compliance and Governance
- 4 Financial Reporting
- 5 External Audit

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Committee reviews the adequacy of internal controls in place and provides directives on further strengthening internal controls. The Risk Assessments done for each division are evaluated and the significant risks and their controls are discussed in detail. The papers for this are submitted by the Manager Internal Audit, Risk and Compliance. Key Risks that exceed the Company's risk appetite are discussed in the risk management report presented from pages 25 to 30.

The Committee is satisfied that an effective system of internal control is in place to provide reasonable assurance on safeguarding the Company's assets and reliability of the Financial Statements. Effectiveness of the Company's system of internal controls is evaluated through reports provided by the management, Internal Auditors and Independent External Auditors.

# AUDIT COMMITTEE REPORT

## INTERNAL AUDIT

Audit reports of the internal audits performed by the Internal Audit Department are considered under this category. The internal audit plans and results of the internal audit process, effectiveness of the current internal controls, areas for further improvement and the effectiveness of the internal audit function are discussed. The Manager Internal Audit, Risk and Compliance facilitates the information for discussion.

## COMPLIANCE AND GOVERNANCE

The Internal Audit, Risk and Compliance Department reports on the compliance to statutory and regulatory requirements and the adherence to the Code of Best Practice on Corporate Governance. The Audit Committee reviews and comments on the compliance and governance status of the Company. The Committee is satisfied that laws and regulations are duly complied with and statutory payments have been made on a timely basis.

## FINANCIAL STATEMENTS

The Audit Committee reviews the quarterly and annual Financial Statements prior to its publication. The review includes appropriateness and changes in accounting policies, significant estimates and judgements made by the management, compliance with relevant Accounting Standards and applicable regulatory requirements and issues arising from the Internal Audits and Independent External Audits. The Group's/Company's ability to continue as a going concern and Statements and Reports are included in the Annual Report.

## EXTERNAL AUDIT

The Audit Committee reviews the independence and objectivity of the Independent External Auditors, Messrs BDO Partners, Chartered Accountants. The Audit Committee has had closed door discussions with the External Auditors to review their audit plan and any observations made by them. The Committee has reviewed the independence of the external auditors and fees paid to them.

## ATTENDANCE

Meeting No	Mr. Sanjaya Bandara (Chairman)	Mr. Deepal Sooriyaarachchi	Mr. Mahinda Perera
01 - 03rd May 2022	✓	✓	✓
02 - 19th May 2022	✓	✓	✓
03 - 20th July 2022	✓	✓	✓
04 - 23rd August 2022	✓	✓	✓
05 - 20th October 2022	✓	✓	✓
06 - 15th December 2022	✓	✓	✓
07 - 27th January 2023	✓	✓	✓
08 - 30th March 2023	✓	✓	✓

## EVALUATION OF THE COMMITTEE PERFORMANCE

The annual evaluation of the Committee was conducted by the Committee Members and reported to the Board.

S. Bandara

**Mr. Sanjaya Bandara**

*Non-Executive Independent Director*

07th June 2023

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT



**MR. SANJAYA  
BANDARA**

*Non-Executive  
Independent  
Director*

## MEMBERSHIP

**Mr. Sanjaya Bandara (Chairman)**

Non-Executive Independent Director

**Mr. Deepal Sooriyaarachchi (Member)**

Non-Executive Senior Independent Director

**Mr. Mahinda Perera (Member)**

Non-Executive Independent Director

## PURPOSE

The Related Party Transaction Review Committee ensures that the interests of shareholders as a whole are taken into account when entering into Related Party Transactions and provides measures to prevent Directors, Chief Executive Officers or Substantial Shareholders taking advantage of their status in entering into transactions with the Company. The Committee performs the oversight function on behalf of the Board in complying with the Listing Rules of the Colombo Stock Exchange and with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission. The Committee is responsible for the independent reviewing of transactions between the Company and its Related Parties, either prior to the transaction being entered into or, upon completion of the transaction.

## TERMS OF REFERENCE

The RPTR Committee has written terms of reference approved by the Board, which states its authority and duties. The Terms of Reference is carefully designed to discharge the Committee's purpose, duties and responsibilities. The terms of reference covers aspects relating to matters prescribed in the Listing Rules of the Colombo Stock Exchange.

## DUTIES AND RESPONSIBILITIES

- Reviewing all transactions between the Company and its Related Parties and determining if such transactions are in the best interests of the Company and its stakeholders.

- Evaluating if transactions fall within the ambit of a normal business relationship and whether the terms of such transactions are no more favourable than would reasonably be expected of transactions negotiated on an arm's length basis.
- Ensure the implementation of policies, procedures, guidelines and manuals necessary to review such transactions.
- Determining if transactions that are to be entered into by the Company require the approval of the Board or Shareholders.
- Establish guidelines for Senior Management to follow on ongoing related party transactions (Recurrent Related Party Transactions).

## RELATED PARTY TRANSACTIONS DURING THE YEAR

The activities and observations of the Committee are communicated to the Board. During the year there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report.

All the recurrent transactions that exceeded the internal thresholds set by the Committee were brought to the Committee's prior approval before execution.

Details of other related party transactions entered into by the Company during the year is disclosed in Note 31 to the Financial Statements.

## ATTENDANCE

The Related Party Transactions Review Committee held four meetings, one each quarter during the financial year.

Meeting No	Mr. Sanjaya Bandara (Chairman)	Mr. Deepal Sooriyaarachchi	Mr. Mahinda Perera
1 - 22nd April 2022	✓	✓	✓
2 - 20th July 2022	✓	✓	✓
3 - 20th October 2022	✓	✓	✓
4 - 27th January 2023	✓	✓	✓

## EVALUATION OF THE COMMITTEE PERFORMANCE

The annual evaluation of the Committee was conducted by the Committee Members and reported to the Board.

S. Bandara

**Mr. Sanjaya Bandara**  
*Non-Executive Independent Director*

07th June 2023



# REMUNERATION, NOMINATION AND HUMAN RESOURCES COMMITTEE REPORT



**MR. DEEPAL SOORIYAARACHCHI**  
*Non-Executive Senior Independent Director*

## MEMBERSHIP

**Mr. Deepal Sooriyaarachchi (Chairman)**

Non-Executive Senior Independent Director

**Mr. Sanjaya Bandara (Member)**

Non-Executive Independent Director

**Mr. Dhammika Kalapuge (Member)**

Non-Executive Independent Director

## PURPOSE

The Remuneration, Nomination and Human Resources Committee's purpose is to assist the Board to fulfil its responsibility to shareholders to ensure that the remuneration and nomination policy and practices of the Company reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

The objective of such a policy is to attract, retain and motivate the Board of Directors and give recommendations to the Board on all new Board appointments, ensuring that the Board possesses the correct mix of expertise, knowledge, skills and experience for its effective functioning to match the strategic demands of the Company.

## TERMS OF REFERENCE

The Committee operates within agreed terms of reference and is committed to ensuring that remuneration arrangements are fair and linked to performance. The proposals relating to the remuneration of Executive Directors and the members of the Group Management Committee were arrived at in consultation with the Co-Chairmen. No Director is involved in deciding his/her own remuneration.

## DUTIES AND RESPONSIBILITIES

- Consider the making of any appointment or reappointment to the Board.
- Provide advice and recommendations to the Board or the Chairman (as the case may be) on any such appointment.
- Consider the selection and appointment of a Chairman in case a vacancy arises.
- Consider the succession plan for the Managing Director and ensure that there is a succession plan for all key management personnel.
- Regularly review the structure, size and composition, including gender representation and competencies (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
- Recommend an insurance cover to be taken in respect of all Directors and other Key Management Personnel's indemnity and insurance cover.
- Recommending and approving the total remuneration package and incentives packages of the Executive Directors including the Managing Director.
- Reviewing and recommending to the Board, the Board policy for the remuneration and incentive package of Executive Directors, Non-Executive Directors and Key Management Personnel.
- Reviewing the Company's remuneration practices and policies.
- Determining the terms of employment of the Executive Directors.
- Approving of long-term incentive awards, such as share appreciation rights and performance shares for Executive Directors and Key Management Personnel.
- Evaluating strategic human resources policies.
- Reviewing the design of all share incentive schemes.
- Selecting and appointing any remuneration consultants who advises the committee.

## ACTIVITIES IN FY 2022/23

The Remuneration, Nomination and Human Resources Committee held three meetings during the financial year. The table below summarizes the main areas that were under the review of the RNHR Committee.

Meeting No	Areas Covered
1 - 26th May 2022	①
2 - 26th August 2022	① ③
3 - 19th January 2023	① ②

- ① Evaluate Strategic Human Resources Policies
- ② Remuneration of Executive Directors and Senior Management Team
- ③ Insurance cover of key management roles

## ATTENDANCE

The Remuneration, Nomination and Human Resources Committee held three meetings, during the financial year.

Meeting No	Mr. Deepal Sooriyaarachchi (Chairman)	Mr. Sanjaya Bandara	Mr. Dhammika Kalapuge
1 - 26th May 2022	✓	✓	✓
2 - 26th August 2022	✓	✓	✓
3 - 19th January 2023	✓	✓	✓



**Mr. Deepal Sooriyaarachchi (Chairman)**

Non-Executive Senior Independent Director

07th June 2023







# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY

Annual Report of the Board of Directors on the Affairs of the Company as required by section 168 of the Companies Act No. 07 of 2007 as amended ("the Companies Act").

## GENERAL

The Directors of Prime Lands Residencies PLC have the pleasure in presenting this Report to the shareholders together with the audited Financial Statements for the year ended 31st March 2023 and the Auditors' Report, in conformity with the requirements of the Companies Act No. 07 of 2007. The details set out herein provide appropriate information required by the Companies Act No. 07 of 2007 and subsequent amendments thereto and recommended best practices on Corporate Governance. The Board of Directors approved this Report on 7th June 2023.

## COMPANY OVERVIEW

Prime Homes International (Private) Limited was incorporated as a Private Limited Company in May 2005 under the provisions of the Companies Act No. 17 of 1982 and re-registered again under the Companies Act No. 07 of 2007 under the Company Registration Number PV7540. The Company name was changed to Prime Lands Residencies (Private) Limited in 2015, and was converted to a Public Limited Liability Company with effect from 12th February 2021 in accordance with the provisions of the Act. Ordinary shares of the Company have been listed on the Colombo Stock Exchange with effect from 08th June 2021. The Company changed its name from "Prime Lands Residencies Limited" to "Prime Lands Residencies PLC" under registration No PQ 00234680 with effect from 17th July 2021. 937,500,000 fully paid ordinary voting shares were issued and listed on the Diri Savi Board of the Colombo Stock Exchange (CSE) on 08th June 2021.

The Registered office of the Company and the principal place of business is situated at No 75, D.S Senanayake Mawatha, Colombo 08.

## PURPOSE AND VALUES

The Company's Vision and Values are given on page 04 of the Annual Report. In achieving its set goals and objectives all Directors, Management and Employees of the Company conduct their activities to the highest level of ethical standards and integrity as set out in the Code of Ethics of the company.

## PRINCIPAL BUSINESS ACTIVITIES

The principal activities of the Company include primarily the business of development and sale of residential real estate and the sale of lands for residential purposes. The business caters to all market segments across the economic landscape of Sri Lanka.

## CHANGES TO THE COMPANY STRUCTURE

There were no changes to the Company structure during the year under review.

## REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

An overall assessment of the Company's financial position and performance during the year, with comments on financial results, special events that took place and future developments, is summarized in the Chairman's Message on (Pages 42 to 45) and the Managing Director's Review on (Pages 46 to 49), while more comprehensive details are available in the Business Report on (Pages 02 to 03) and the Capital Management Report on (Pages 58 to 93) of this Annual Report. These sections form an integral part of the report of the Directors, and together with the Audited Financial Statements reflect the state of affairs of the Company for the year ended 31st March 2023.

## FINANCIAL STATEMENTS OF THE COMPANY

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka, and comply with the requirements of the Companies Act.

The Financial Statements of the Company, which are duly certified by the General Manager Finance and Co-Chairperson and approved by the Board of Directors and signed by the Co-Chairman and the Board Audit Committee Chairman are shown on Pages 133 to 189 of this Annual Report.

## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company, which reflect a true and fair view of the state of its affairs. The Directors are of the view that the statement of comprehensive income, statement of changes in equity, statement of cash flow, significant accounting policies and notes for the year ended 31st March 2023 and statement of financial position as at that date have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The "Statement of Directors' Responsibility for Financial Reporting" is provided on Page 131 and forms an integral part of this report.

## AUDITOR'S REPORT

The Company's Auditors, BDO Partners (Chartered Accountants) have performed a comprehensive audit of the Financial Statements for the year ended 31st March 2023 and the Auditor's Report issued thereon is given on Page 130 of this Annual Report.

## ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

Significant new accounting policies adopted in preparation of the financial statements of the Company are given on Pages 139 to 189. These Financial Statements comply with the requirements of Lanka Accounting Standards on "Presentation of Financial Statements" (LKAS 01) and comply with Section 168 (1) (d) of the Companies Act No. 07 of 2007.

## ACCOUNTING PERIOD

The financial accounting period reflects the information from 1st April 2022 to 31st March 2023.

## FINANCIAL RESULTS

### Revenue

Total Revenue of the Company for the year ended 31st March 2023 was Rs. 19,799 Mn (Rs. 9,510 Mn in 2021/22) A more descriptive analysis of Revenue is given in note 04 to the financial statement on page 157.

### Financial Results

The Company recorded a net profit of Rs. 3,351 Mn for the financial year ending 31st March 2023. The Company's performance and details of appropriation of profit relating to the Company are tabulated as follows;

	2022/23 Rs. Mn	2021/22 Rs. Mn
Revenue	19,799	9,510
Operating profit	4,759	1,937
Profit before taxation	3,979	1,848
Profit after taxation	3,351	1,682
Profit brought forward from previous year	3,242	1,933
Dividend proposed/ paid for previous/current year	938	656
Other comprehensive income	3.4	2

## PROVISION FOR TAXATION

The income tax rate applicable on the profits earned and rate was 30%, according to the Inland Revenue (Amendment) Act, No 10 of 2021, Sec 38(5 a)

Having obtained the CSE approval to list, PLR was eligible to benefit from Income Tax concession for 4 years commencing from Y/A 21/22.

However, The Inland Revenue (Amendment) Act No. 45 of 2022 specifies that the concessionary rate of 14% applicable on identified gains and profits be increased to 30% w.e.f. October 01, 2022. Therefore, income tax rate of 30% has been used in computing income tax liability for the 6 months period starting from October 01, 2022.

Accordingly, the current year income tax expense of the Company is Rs. 628 Mn, A more descriptive note on income tax charged and deferred tax assets / liability of the Company is disclosed in note 08 to the Financial Statements.

## DIVIDEND

An interim dividend of Rs. 1.00 per share has been declared to pay on 26th June 2023 to the holders of the ordinary shares.

The Board of directors remain satisfied that the Company will meet the requirement of the solvency test in terms of Section 56 (3) of the Companies Act immediately after the payment of the said interim Dividend. Accordingly the Board of Directors have obtained a certificate of solvency from the Auditors in respect of Dividend payment in conformity with the statutory provision.

## PROPERTY, PLANT AND EQUIPMENT/ RIGHT-OF-USE ASSETS

The total capital expenditure incurred on property, plant and equipment including intangible assets and Right-of-use assets of the Company in the year ended 31st March 2023 amounted to Rs. 22 Mn (Rs. 59 Mn in 2021/22). The details of property, plant and equipment including intangible assets and Right-of-use assets are presented in Notes 10, 11 and 13 (Pages 160 to 165) to the Financial Statements.

The Directors confirm that there is no other significant change in the Company's fixed assets which substantially differs from book value.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY

## INVESTMENT PROPERTY

The value of Investments Properties as at 31st March 2023 amounted to Rs. 735 Mn (Rs. 725 Mn in 2021/22). The figure includes the fair value gain of Rs. 10 Mn that was recognized in the current financial year.

Extents, locations, valuations and the number of buildings of the Entity's land holding and investment properties are detailed in note 12 in the Financial Statements.

## INVENTORY PROPERTY

Total inventory property was valued at Rs. 12,388 Mn (Rs. 15,152 Mn in 2021/22 ), of which Rs. 4,049 Mn is attributed to the lands segment.

## INVESTMENTS

Details of investments held by the Company are disclosed in notes 14 and 16 on Pages 166 and 167 to the Financial Statements.

## STATED CAPITAL AND SHAREHOLDERS' FUNDS

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

The stated capital and retained earnings stood at Rs. 3,450 Mn and Rs. 5,936 Mn respectively as at 31st March 2023 (Rs. 3,450 Mn and Rs. 3,242 Mn as at 31st March 2022).

Details of movement of retained earnings and stated capital are provided in the Statement of Changes in Equity on Page 136 of the Financial Statements.

## DEBT CAPITAL

The Company has not issued any rated, unsecured, subordinated, redeemable debentures, which are listed on the Colombo Stock Exchange during the financial year.

## SHARE INFORMATION

The five year financial summary is given on Page 196 and shareholder information and information on trading have been provided under the title Share Information on Pages 194 to 195 of this Annual Report and is presented with the purpose of providing more price sensitive information to the shareholders which includes;

- Number of shares representing the entity's stated capital
- A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holding
- The ratio of Dividend per share, Dividend payout and Net assets per share
- Market Value per share including highest and lowest value recorded during the year and value as at end of the financial year (2021 onwards after the listing)

## Substantial Shareholdings

Parent Company, Prime Lands (Private) Limited is the majority shareholder, holding 80% of the Company's ordinary voting shares as at 31st March 2023. The list of the Company's top 20 shareholders, number of shares held by them, percentage of their respective holding and Public holding percentage are given under the title 'Shareholder Information' on page no 194.

## Information to Shareholders

The Board strives to be transparent and provide accurate information to shareholders in all published material.

## BOARD OF DIRECTORS

As at 31st March 2023, the Directorate of Prime Lands Residencies PLC consisted of 10 Directors with wide financial commercial knowledge and experience. The qualifications and experience of the Directors is provided on Pages 12 to 18 of this Annual Report. The following Directors held office as at the end of the financial year.

Name of Director	Executive / Non-Executive status	Independence / Non-Independence status
Mr. B Premalal	Executive	Non- Independent
Ms. H K S R Perera	Executive	Non- Independent
Mr. N M Weerakkody	Executive	Non- Independent
Mr. H M N U Kumara	Executive	Non- Independent
Ms. S S A P Brahmanage	Executive	Non- Independent
Mr. D H Kalapuge	Non-Executive	Independent
Mr. M Perera	Non-Executive	Independent
Mr. S M S S Bandara	Non-Executive	Independent
Mr. D Sooriyaarachchi	Non-Executive	Independent
Mr. N L S Joseph	Non-Executive	Independent

### Interest Register

In compliance with the Companies Act, the Company maintains an interest's register, which is available for inspection with the Secretary of the Company.

### Directors' Interest in Transactions

The Directors of the Company have made general declarations as provided in section 192 (1) and 192 (2) of the Companies Act No. 07 of 2007 of their interests in contracts or proposed contracts with the Company. Details of the interest disclosed therein are given on Page 179 under related party transactions. Furthermore, the Co-Chairman and Co-Chairperson, the Board of Directors have made general declarations that there is no financial, business, family or other material/relevant relationship (s) between themselves as required to be disclosed by the Listing Rules of the Colombo Stock Exchange and with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission

### Directors' Remuneration

The details of Directors' fees and Directors' emoluments paid during the year are stated below.

	31st March 2023 Rs.	31st March 2022 Rs.
Directors' Emoluments	69,900,000	76,075,000

### Directors' Interest in Shares

In compliance with section 200 of the Companies Act, the Directors have disclosed to the Board their shareholding in the Company and any acquisitions or disposals thereof.

The Directors' individual shareholdings in the Company as at 31st March 2023 and 31st March 2022 are given on Page 195 of this annual report.

### Directors' Meetings

The details of Directors' meetings are presented in the Corporate Governance report on page 100 of this Annual Report.

## BOARD SUB COMMITTEES

### Board Audit Committee

All the members of the Audit Committee are Non-Executive Directors. Senior Management Committee members, internal and external auditors attend the meetings by invitation. The Board Audit Committee Report is given on Pages 115 to 116 of this Annual Report.

### Remuneration, Nomination and Human Resources Committee

The Report of the Remuneration, Nomination and Human Resources Committee is given on Pages 118 to 119 of this Annual Report.

### Related Party Transactions Review Committee

The Report of the Related Party Transactions Review Committee is given on Page 117 of this Annual Report.

### Related Party Transactions

The Company has complied with the requirements of the Code of Best Practice on Related Party Transactions in respect of requisite disclosures. The Directors have disclosed the transactions that could be classified as related party transactions, which are adopted in the presentation of the Financial Statements and accordingly given in note 31 on pages 178 to 179 of this Annual Report.

## SYSTEM OF INTERNAL CONTROLS

The Board of Directors has taken steps to oversee the implementation of an effective and comprehensive system of internal controls covering financial operations and compliance controls required to carry out its operations in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the financial and other information. The Board has confirmed that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of the financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements. The Board Audit Committee Report forms an integral part of the Annual Report and is given on pages 115 to 116. The Directors have assigned the internal audit function to the Manager Internal Audit, Risk and Compliance, who reviews and reports on the effectiveness of financial, operational and compliance controls.

## CORPORATE GOVERNANCE

The Board of Directors is committed to developing the corporate governance principles of the Company and furthermore has adopted a Corporate Governance Charter including therein the procedures and processes governing the different participants in the organization – such as the Board, Managers, Shareholders and other Stakeholders to ensure that the highest principles of Corporate Governance are maintained across the company by the Board.



# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY

In adopting the aforesaid Corporate Governance Charter, the Board has ensured that the Company is compliant with the recommendations and proposals of the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka and the Listing Rules of Colombo Stock Exchange (CSE). The Directors declare that;

- The Company has not engaged in any activity which contravenes laws and regulations
- The Company has made all endeavours to ensure the equitable treatment of shareholders
- The business is a going concern

Effectiveness and successful adherence to internal controls and risk management are practiced by the Company.

The measures taken in this regard are set out in the Corporate Governance Report on Pages 96 to 113 of this Annual Report.

The Board Audit Committee, Remuneration, Nomination and Human Resources Committee and Related Party Transactions Review Committee function as Board sub committees with Directors who possess the requisite qualification and experience. The composition of the said Committees is set out on Page 101 of this Annual Report.

## HUMAN RESOURCES

The Company has continued to invest in human capital development and implement effective human resource management policies to develop an effective and efficient workforce to optimize their contribution towards the achievement of corporate goals and objectives and to ensure the future success of the Company and the workforce. The steps taken are further elaborated in the Human Capital Report on Pages 74 to 81 of this Annual Report.

## STAKEHOLDER MANAGEMENT / CORPORATE SOCIAL RESPONSIBILITY

The Company continues to take measures on an ongoing basis to manage the stakeholders and enhance the value created to customers, suppliers, and the community. These efforts are presented in the Social and Relationship Capital Report presented on Pages 82 to 89 of the Annual Report.

## ENVIRONMENTAL PROTECTION

To the best of the knowledge of the Board, the Company has complied with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.

The Company has not engaged in any activity that can be construed as detrimental to the environment. Initiatives taken by the Company are outlined in the Natural Capital Report on Pages 90 to 93.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Company has not engaged in any activity contravening any laws and regulations.

## STATUTORY PAYMENTS

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments due to the Government, other regulatory institutions and in relation to the employees have been made.

## OUTSTANDING LITIGATION

In the opinion of the Directors formed in consultation with the Company lawyers, litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company.

## EVENTS AFTER THE REPORTING DATE

Details of events after the reporting date are reflected in Note 34 Page 182 to the Financial Statements.

## GOING CONCERN

After considering the financial position, the Company's Corporate / Business plans, operating conditions, regulatory and other factors and such matters required to be addressed in the Code of Best Practice on Corporate Governance, issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

## AUDITORS

The Company's auditors during the year under review were BDO Partners.

Based on the declaration made by BDO Partners, and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries other than to the extent dis-closed in this paragraph.

## REMUNERATION

BDO Partners, Chartered Accountants were paid a sum of Rs. 1.7 Mn (Rs. 1.2 Mn in 2021/22) by the Company for audit and related services during the year under review.

## RE-APPOINTMENT

The retiring auditors, BDO Partners have expressed their willingness to continue in office and a resolution to re-appoint them as auditors, and authorizing the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held on the 30th June 2023 at 2.30 pm.

## NOTICE OF MEETING

Notice of the meeting relating to the seventeenth Annual General Meeting is provided on Page 200 of this Annual Report.

## ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by section 168(1)(k) of the Companies Act, the Board of Directors hereby acknowledge responsibility for the contents of this report.

By order of the Board of Directors of  
**Prime Lands Residencies PLC**



**Pele Consulting (Private) Limited**  
Company Secretaries

On behalf of the Board;



**Mr. B Premalal**  
Co-Chairman



**Ms. H K S R Perera**  
Co-Chairperson

Colombo  
07th June 2023

# DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

Director Name	Company	Relationship
Mr. B. Premalal	Prime Lands (Pvt) Ltd	Chairman
	HNB Finance PLC	Non-Independent Non-Executive Director
	Bhoomi Realty Holdings (Pvt) Ltd	Executive Director
	Prime Lands Australia Pty Ltd	Executive Director
	Regent Caters (Pvt) Ltd	Executive Director
	Regent country club (Pvt) Ltd	Executive Director
	Prime Reality (Pvt) Ltd	Executive Director
Ms. Sandamini Perera	Prime Lands (Pvt) Ltd	Co-Chairperson
	Prime Lands Australia Pty Ltd	Executive Director
	Regent Caters (Pvt) Ltd	Executive Director
	Regent country club (Pvt) Ltd	Executive Director
	Prime Reality (Pvt) Ltd	Executive Director
	Bhoomi Realty Holdings (Pvt) Ltd	Executive Director
Mr. Manjula Weerakkody	N/A	
Mr. Nalinda Heenatigala	Prime Lands (Pvt) Ltd	Executive Director
	Bhoomi Realty Holdings (Pvt) Ltd	Executive Director
Ms. Shehana Brahmanage	Prime Lands (Pvt) Ltd	Executive Director
	Regent Caters (Pvt) Ltd	Executive Director
Mr Deepal Sooriyaarachchi	AIA Insurance Lanka PLC	Independent Non-Executive Director
	Pan Asian Power PLC	Independent Non-Executive Director
	Siyapatha Finance PLC	Independent Non-Executive Director
	Kelani Cables PLC	Independent Non-Executive Director
	Lanka Shipping & Logistics (Pvt) Ltd	Independent Non-Executive Director
	Singer Sri Lanka PLC	Independent Non-Executive Director
	SATI Human Development Institute (Pvt) Ltd	Managing Director
	Medapp (Pvt) Ltd	Independent Non Executive Director
Mr Sanjaya Bandara	B R De Silva & Company	Senior Partner
	Nexia Management Services (Pvt) Limited	Director
	Nexia BPO (Pvt) Limited	Director
	CL Synergy (Pvt) Ltd	Director
	Abans Finance PLC	Independent Non-Executive Director
Mr Dhammika Kalapuge	SIPCOM-1 (Pvt) Ltd	Director
Mr Mahinda Perera	Pele Consulting (Pvt) Ltd	Non-Executive Director
	HNB Finance PLC	Non-Independent Non-Executive Director
	My Cola Beverages (Pvt) Ltd	Independent Non-Executive Director
	R S M Property (Pvt) Ltd	Independent Non-Executive Director
	Fairfield International Holdings (Pvt) Ltd	Independent Non-Executive Director
	Eastgate Properties (Pvt) Ltd	Independent Non-Executive Director
	My Beverages Marketing (Pvt) Ltd	Independent Non-Executive Director
	Inout Enterprise (Pvt) Ltd	Independent Non-Executive Director
	Sigma Overseas Company (Pvt) Ltd	Independent Non-Executive Director
Mr Noel Joseph	NJ Consultants	Proprietor
	Cadteam	Managing Partner
	Regnis (Lanka) PLC	Independent Non-Executive Director
	Singer Industries (Ceylon) PLC	Independent Non-Executive Director
	On'ally Holdings PLC	Independent Non-Executive Director

# FINANCIAL CALENDAR - 2022/23

## INTERIM FINANCIAL STATEMENTS - SUBMISSION TO THE COLOMBO STOCK EXCHANGE (CSE)

	Date
Three months ended 30th June 2022	3rd August 2022
Six months ended 30th September 2022	11th November 2022
Nine months ended 31st December 2022	9th February 2023
Twelve months ended 31st March 2023	26th May 2023

## DIVIDENDS

	Date
First interim dividend for 2021/22	24th June 2022
First interim dividend for 2022/23 (Declared)	26th June 2023
Annual Report - Financial year ended 31st March 2023	07th June 2023
18th Annual General Meeting to be held on	30th June 2023



# INDEPENDENT AUDITOR'S REPORT



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**Chartered Accountants**  
"Charter House"  
65/2, Sir Chittampalam A Gardiner Mawatha  
Colombo 02  
Sri Lanka

## TO THE SHAREHOLDERS OF PRIME LANDS RESIDENCIES PLC

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

We have audited the financial statements of Prime Lands Residencies PLC (the "Company"), which comprise the statement of financial position as at 31st March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 05 to 51.

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the 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, we do not provide a separate opinion on these matters.

### Key audit matter

#### Measurement of Inventory Properties

As disclosed in Note: 15 to the Financial Statements, the Company's Inventory Properties including work-in-progress, completed apartments and lands amounted to Rs. 12,388,430,515/- as at 31st March 2023. Inventory Properties account for 71% of the Company's total assets and are measured at the lower of cost and Net Realisable Value (NRV).

Measurement of Inventory Properties was considered as a Key Audit Matter due to the following factors;

- Inventory properties are significant and determining cost of sales relating to revenue recognized and carrying value involves complex calculations.
- Estimates and assumptions are applied in determining the carrying amount and Net Realisable Value which is impacted by volatile market and current economic conditions prevailing in the country.

The disclosures associated with measurement of Inventory Properties are set out in the financial statements in the following notes:

- Note 3.8 - Significant accounting policies: Inventory Properties
- Note 15 - Inventory Properties

### How our audit addressed the key audit matter

In establishing whether the Inventory Properties – work-in-progress, completed apartments and lands for sale were stated at the lower of cost and NRV, our procedures included the following:

- We evaluated and tested the management's process in estimating the future costs to completion of the Inventory Properties – work-in-progress, on a sample basis, by comparing them to the actual development cost of similar completed properties of the Company;

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Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA. R. Vasanthakumar Bsc (Acc), ACA. F. Sarah Z. Afker ACA, ACMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse ACA. Nirosha Vadivel Bsc (Acc), ACA, ACMA.



- We test-checked the appropriateness of the NRV of the Inventory Properties – work in progress, completed apartments and lands for sale, by comparing the NRV to market prices achieved in the same projects or comparable properties and our knowledge of the Company's business; and
- We assessed the impact of prevailing macroeconomic conditions on inventory properties and evaluated whether it was required to adjust the carrying value of the inventory prior to reflecting them at the lower of cost or net realizable value, and checked the adjustments made where applicable.
- We assessed the appropriateness of amount recognised in cost of sales relevant to revenue, performing re-computation tests on cost of sales transfers.
- We also assessed the adequacy of the related financial statement disclosures.

#### **Other information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT



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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3890.

A handwritten signature in black ink that reads 'BDO Partner'. The signature is written in a cursive, stylized font.

## CHARTERED ACCOUNTANTS

Colombo

31st May 2023

# STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31.03.2023	For the year ended 31.03.2022
	Note	Rs.	Rs.
Revenue	4	19,798,684,442	9,510,383,251
Cost of sales		(14,377,688,836)	(7,088,281,001)
Gross profit		5,420,995,606	2,422,102,250
Other income	5	53,908,040	152,905,442
Gain on fair valuation of investment property	12	10,000,000	65,000,000
Distribution expenses		(272,937,870)	(216,284,158)
Administrative expenses		(452,600,296)	(487,162,482)
<b>Operating profit</b>		<b>4,759,365,480</b>	<b>1,936,561,052</b>
Finance income	6.1	432,978,171	308,310,595
Finance expenses	6.2	(1,213,027,231)	(396,950,042)
<b>Profit before taxation</b>	7	<b>3,979,316,420</b>	<b>1,847,921,605</b>
Tax expenses	8	(628,084,657)	(165,548,365)
<b>Profit for the year</b>		<b>3,351,231,763</b>	<b>1,682,373,240</b>
<b>Other comprehensive income</b>			
<b>Items that will not be re-classified to profit or loss</b>			
Actuarial (loss)/gain on retirement benefit obligation		(1,239,494)	2,442,969
Tax on other comprehensive income		371,848	(586,313)
<b>Other comprehensive income for the year, net of tax</b>		<b>(867,646)</b>	<b>1,856,656</b>
<b>Total comprehensive income for the year</b>		<b>3,350,364,117</b>	<b>1,684,229,896</b>
Earnings per share	9	3.57	1.86

Figures in brackets indicate deductions.

The accounting policies and notes on pages 139 to 189 form an integral part of these financial statements.

Colombo  
31<sup>st</sup> May 2023



# STATEMENT OF FINANCIAL POSITION

	Note	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	7,302,143	11,891,518
Right-of-use assets	11	13,913,562	46,292,348
Investment properties	12	735,000,000	725,000,000
Intangible assets	13	359,742	416,986
Financial assets at amortized cost	14	145,900,235	359,534,116
<b>Total non-current assets</b>		<b>902,475,682</b>	<b>1,143,134,968</b>
<b>Current assets</b>			
Inventory properties	15	12,388,430,515	15,152,244,109
Financial assets at amortized cost	14	384,815,095	176,888,765
Financial assets - Fair value through profit or loss	16	193,500	180,000
Advance paid for contractors	17	391,532,225	910,170,632
Advances, deposits and other receivables	18	264,618,846	48,771,664
Cash and cash equivalents	19	3,190,655,793	1,435,092,137
<b>Total current assets</b>		<b>16,620,245,974</b>	<b>17,723,347,307</b>
<b>Total assets</b>		<b>17,522,721,656</b>	<b>18,866,482,275</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	20	3,450,000,000	3,450,000,000
Retained earnings		5,936,296,661	3,242,182,544
<b>Total equity</b>		<b>9,386,296,661</b>	<b>6,692,182,544</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	21	22,326,080	16,705,881
Interest bearing borrowings	22	634,439,530	1,718,255,602
Lease liabilities	23	8,893,125	26,897,955
Deferred tax liabilities	24	59,649,238	24,795,746
<b>Total non-current liabilities</b>		<b>725,307,973</b>	<b>1,786,655,184</b>

		As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
	Note		
<b>Current liabilities</b>			
Trade and other payables	25	1,165,388,517	1,175,783,486
Amount due to related party	26	7,867,056	8,109,906
Interest bearing borrowings - Current portion	22	769,370,613	1,677,916,667
Lease liabilities - Current portion	23	18,004,830	14,977,640
Customer advance collection	27	2,366,866,780	4,587,607,505
Income tax payable	28	467,297,568	117,298,981
Bank overdraft	19	2,616,321,658	2,805,950,362
<b>Total current liabilities</b>		<b>7,411,117,022</b>	<b>10,387,644,547</b>
<b>Total liabilities</b>		<b>8,136,424,995</b>	<b>12,174,299,731</b>
<b>Total equity and liabilities</b>		<b>17,522,721,656</b>	<b>18,866,482,275</b>

Figures in brackets indicate deductions.

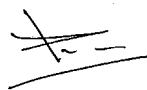
The accounting policies and notes on pages 139 to 189 form an integral part of these financial statements.

#### Certification

We certify that the above Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



**Mr. Pathirage Anura W. Perera**  
General Manager - Finance



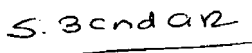
**Ms. H.K. Sandamini R. Perera**  
Co-Chairperson/Directress

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board.



**Mr. Brahmanage Premalal**  
Co-Chairman/Director



**Mr. Sanjaya Bandara**  
Director

Colombo  
31st May 2023

# STATEMENT OF CHANGES IN EQUITY

	Stated capital Rs.	Retained earnings Rs.	Total Rs.
<b>Balance as at 01st April 2021</b>	1,500,000,000	1,932,952,648	3,432,952,648
Issue of share capital	1,950,000,000	-	1,950,000,000
Profit for the year	-	1,682,373,240	1,682,373,240
Other comprehensive income for the year, net of tax	-	1,856,656	1,856,656
Dividend 2020/21	-	(375,000,000)	(375,000,000)
<b>Balance as at 31st March 2022</b>	3,450,000,000	3,242,182,544	6,692,182,544
Profit for the year	-	3,351,231,763	3,351,231,763
Other comprehensive income for the year, net of tax	-	(867,646)	(867,646)
Dividend 2021/22	-	(656,250,000)	(656,250,000)
<b>Balance as at 31st March 2023</b>	3,450,000,000	5,936,296,661	9,386,296,661

Figures in brackets indicate deductions.

The accounting policies and notes on pages 139 to 189 form an integral part of these financial statements.

Colombo  
31st May 2023

# STATEMENT OF CASH FLOWS

	Note	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
<b>Cash flows from operating activities</b>			
Profit before taxation		3,979,316,420	1,847,921,605
<b>Adjustment for</b>			
Depreciation	10/11	36,968,161	37,363,173
Amortization	13	57,244	57,244
Provision on retirement benefit obligation	21	6,055,255	4,142,481
Overdraft interest	6.2	469,018,130	119,056,945
Lease interest	6.2	6,858,340	9,519,323
Loan interest	6.2	611,906,099	261,311,125
Interest on debentures	14	(27,444,831)	(26,355,453)
Fair value (gain)/loss on share investment	16	(13,500)	15,000
Exchange gain on investment in debenture	14	(13,632,008)	(157,128,380)
Fair value gain on investment property	12	(10,000,000)	(65,000,000)
		1,079,772,890	182,981,458
Operating cash flows before change in working capital		5,059,089,310	2,030,903,063
<b>Changes in working capital</b>			
Decrease/(increase) in inventory properties		2,763,813,594	(4,065,521,961)
Decrease/(increase) in contractor advances		518,638,407	(552,843,685)
(Increase)/decrease in advances, deposits and other receivables		(216,391,403)	27,720,709
(Decrease)/increase in trade and other payables		(11,619,599)	46,579,139
(Decrease)/increase in amounts due to related parties		(242,850)	3,113,925
(Decrease)/increase in customer advance collection		(2,220,740,725)	2,049,838,943
<b>Cash generated from/(used in) operations</b>		5,892,546,734	(460,209,867)
Income tax paid	28	(242,316,509)	(505,794,577)
Interest paid	6.2	(469,018,130)	(119,056,945)
Gratuity paid	21	(1,674,550)	(457,471)
<b>Net cash generated from/(used in) operating activities</b>		5,179,537,545	(1,085,518,860)
<b>Cash flows from investing activities</b>			
Interest received	14	46,784,390	-
Acquisition of property, plant and equipment	10	-	(6,579,768)
<b>Net cash generated from/(used in) investing activities</b>		46,784,390	(6,579,768)



# STATEMENT OF CASH FLOWS

	Note	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
<b>Cash flows from financing activities</b>			
Lease installments paid	23	(21,835,980)	(21,835,980)
Dividends paid		(655,025,370)	(374,747,058)
IPO Proceeds	20	-	1,950,000,000
Proceeds from interest bearing borrowings	22	754,111,808	2,005,632,526
Repayment of interest bearing borrowings	22	(2,746,473,934)	(2,803,239,624)
Loan interest paid	6.2	(611,906,099)	(261,311,125)
<b>Net cash (used in)/generated from financing activities</b>		<b>(3,281,129,575)</b>	<b>494,498,739</b>
<b>Net increase/(decrease) in cash and cash equivalents during the year</b>		<b>1,945,192,360</b>	<b>(597,599,889)</b>
<b>Cash and cash equivalents at the beginning of the year (Note A)</b>		<b>(1,370,858,225)</b>	<b>(773,258,336)</b>
<b>Cash and cash equivalents at the end of the year (Note B)</b>	19	<b>574,334,135</b>	<b>(1,370,858,225)</b>
<b>Note A</b>			
<b>Cash and cash equivalents at the beginning of the year</b>			
Short-term deposit		710,897,962	182,540,341
Cash in hand		475,100,177	89,472,624
Cash at bank		249,093,998	104,786,483
Bank overdraft		(2,805,950,362)	(1,150,057,784)
		<b>(1,370,858,225)</b>	<b>(773,258,336)</b>
<b>Note B</b>			
<b>Cash and cash equivalents at the end of the year</b>			
Short-term deposit		3,013,414,074	710,897,962
Cash in hand		79,301,773	475,100,177
Cash at bank		97,939,946	249,093,998
Bank overdrafts		(2,616,321,658)	(2,805,950,362)
		<b>574,334,135</b>	<b>(1,370,858,225)</b>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 139 to 189 form an integral part of these financial statements.

Colombo  
31st May 2023

# NOTES TO THE FINANCIAL STATEMENTS

## 1 CORPORATE INFORMATION

### 1.1 General information

Prime Lands Residencies PLC ("the Company") is a public limited liability company, incorporated on 15th September 2008 in Sri Lanka under the Companies Act No. 07 of 2007 ("the Act") as a private limited liability company, and was converted to a public limited liability company with effect from 12th February 2021 in accordance with the provisions of the Act. Ordinary shares of the Company have been listed on the Colombo Stock Exchange with effect from 08th June 2021. The Company changed its name from "Prime Lands Residencies Limited" to "Prime Lands Residencies PLC" with effect from 17th July 2021. The registered office and the principal place of business is situated at No. 75, D.S. Senanayake Mawatha, Colombo 08.

### 1.2 Principal activities and nature of operations

The principal activities of the Company are purchasing lands and constructing residential apartment complexes and developing and sale of land plots for residential purpose.

### 1.3 Parent enterprise and ultimate parent enterprise

The Company's immediate and ultimate parent undertaking as at 31st March 2023 was Prime Lands (Private) Limited which has been incorporated in Sri Lanka.

### 1.4 Subsidiaries and associates

The Company has no subsidiaries or associates.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

The statement of financial position, statement of comprehensive income, changes in equity and statement of cash flows, together with accounting policies and notes ("Financial Statements") of Prime Lands Residencies PLC as at 31st March 2023 and for the year then ended, comply with the Sri Lanka Accounting Standards (hereinafter referred to as SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

### 2.2 Responsibility for financial statements

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

### 2.3 Date of authorization for issue

The Financial Statements of Prime Lands Residencies PLC for the year ended 31st March 2023 were authorized for issue on 31st May 2023 in accordance with a resolution of the Board of Directors.

### 2.4 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except for the following material items in the statement of financial position.

Item	Basis of measurement	Note number
Investment property	Measured at cost at the time of acquisition and subsequently, at revalued amounts which are the fair values at the date of valuation	3.7
Financial assets classified as fair value through profit or loss	Measured at fair value	3.2.3
Retirement benefit obligations	Recognized based on actuarial valuation	3.11

### 2.5 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency), which is the Sri Lankan Rupees.

These financial statements have been presented in Sri Lankan Rupees (Rs.). All financial information presented have been rounded to the nearest rupee except where it is otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on "Presentation of Financial Statements".

# NOTES TO THE FINANCIAL STATEMENTS

## 2.6 Materiality and aggregation

Each material class of similar item is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 01 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative' which was effective from January 01, 2016

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

## 2.7 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement unless it is required or permitted by Sri Lanka Accounting Standard and as specially disclosed in the Significant Accounting Policies of the Company.

## 2.8 Significant accounting judgments, estimates and assumptions

The preparation of the Financial Statements of the Company in conformity with SLFRS/LKAS requires the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Company's accounting policies, key assumptions were 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 within the next financial year. Actual results may differ from these estimates.

Accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

## Impact of prevailing macroeconomic conditions

The prevailing macroeconomic conditions and their implications have increased the uncertainty of estimates made in the preparation of the Financial Statements. The estimation uncertainty is associated with:

- the extent and duration of the disruption to businesses arising from the prevailing macroeconomic conditions and the related actions of stakeholders such as government, businesses and customers.
- the extent and duration of the prevailing macroeconomic conditions due to impact on GDP, capital markets, credit risk of customers, impact of unemployment and possible decline in consumer discretionary spending.
- the effectiveness of the Government and the Central Bank measures that have been put in place in response to the prevailing circumstances.

The significant accounting estimates impacted by these forecasts and associated uncertainties are related to impairment of financial assets and recoverable amount assessments of non-financial assets, recoverable value of property, plant and equipment and investment properties and net realizable value of inventory.

The impact of prevailing macroeconomic conditions on accounting estimates is discussed under the relevant notes to these Financial Statements.

## 2.8.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Statements.

### i) Classification of property

The Company determines whether a property is classified as investment property or owner occupied property for significant judgement as disclosed in note 3.3 and note 3.7.

Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

The Company determines whether a property qualifies as investment property by considering whether the property generates cash flows largely independently of the other assets held by the entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgement.

**ii) Revenue from contracts with customers**

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

In recognizing the revenue from the sale of properties, management applies judgment ascertaining when the controls have passed to the buyers. In this regard, the management recognizes revenue over a period of time (percentage of completion method) as the Company's performance does not create an asset with an alternative use to it and the Company has an enforceable right to payment for performance completed to date.

The Company determined that the input method is the best method in measuring progress of the construction because there is a direct relationship between the Company's effort and the transfer of control to the customer. The Company recognises revenue on the basis of the total cost incurred relative to the total expected cost to complete the construction.

**2.8.2 Accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements.

**i) Estimation of fair value of Investment Properties**

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Company engaged an independent valuer to determine the fair value as at 31 March 2023. The valuation of investment property requires making significant estimates such as current market price per perch and yield rate which are based on current and future market or economic conditions.

The value of investment property of the Company has been ascertained by an independent valuer and due consideration has been given to recommended best practice in the valuation of real estate in uncertain times.

**ii) Principal assumptions for management's estimation of fair value**

If information on current or recent prices of assumptions underlying the discounted cash flow approach of investment properties is not available, the fair values of investment properties are determined using the discounted cash flow valuation techniques. The Company uses assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying the management's estimation of fair value are those related to: the future rentals, maintenance requirements, and appropriate capitalisation rates / yields and voids. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market.

Further information about critical judgments, estimates and assumptions in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes to these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

Critical accounting estimate / judgment	Disclosure note
Going concern	2.9
Fair value measurement	3.12
Useful life of property, plant and equipment	3.3.3
Fair value of investment property	3.7.2
Useful life of intangible assets	3.5.1
Retirement benefit obligations	3.11.2
Impairment losses on financial assets	3.2.6
Provision for liabilities, commitment and contingencies	3.19
Net realizable value of inventory	3.8
Income tax (Current tax and Deferred tax)	3.16

## 2.9 Going concern

The Company has prepared the Financial Statements for the year ended 31st March 2023 on the basis that it will continue to operate as a going concern.

In determining the basis of preparing the Financial Statements for the year ended 31st March 2023, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern. In determining the above, significant management judgments, estimates and assumptions including the impact of the current macroeconomic challenges have been considered as of the reporting date and specific disclosures have been made under the relevant notes to the Financial Statements. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and hence, has adopted the going concern basis in preparing and presenting these Financial Statements.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

### 3.1 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currency, the Sri Lanka Rupee (Rs.), at the exchange rates prevailing at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the spot rate of exchange at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and the payments made during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on re-translation are recognised in the Statement of Comprehensive Income.

### 3.2 Financial instruments

#### 3.2.1 Initial recognition, classification and subsequent measurement

##### *Date of recognition*

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

##### *Initial measurement of financial instruments*

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

### 3.2.2 Classification and subsequent measurement of financial instruments

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

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest ("SPPI").

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis. All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### **Business model assessment**

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management.

#### **The information considered includes:**

- The stated policies and objectives for the portfolio and the operation of those policies are in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's Management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### **Financial assets - assessment whether contractual cash flows are solely the payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs) as well as a profit margin.

# NOTES TO THE FINANCIAL STATEMENTS

In assessing whether the contractual cash flows are solely the payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows as such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with solely the payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
<b>Debt investments at FVTOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are re-classified to profit or loss.
<b>Equity investments at FVTOCI</b>	These assets are subsequently measured at fair value. Dividend is recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never re-classified to profit or loss.

## 3.2.3 Financial assets

Financial assets are classified appropriately as financial assets recognised through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets at amortised cost.

All the financial assets are recognised at fair value at its initial recognition.

### Financial assets measured at - fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented

risk management or investment strategy. Upon initial recognition, transaction costs are recognised in profit or loss as incurred.

Financial assets at fair value through profit or loss are measured at fair value, and subsequent therein are recognised in Profit or Loss.

Following assets represent financial assets at fair value through profit or loss,

- Investment in quoted shares

### Amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost of the Company comprise the following,

- Investment in debentures
- Other receivables
- Cash and Cash equivalents

#### **Financial assets measured at fair value through other comprehensive income**

Financial assets measured at fair value through other comprehensive income (FVTOCI) are non-derivative financial assets that are designated FVTOCI and that are not classified in any of the previous categories of financial assets. FVTOCI are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these are measured at fair value and changes therein other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment in debt instrument is de-recognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

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

### **3.2.4 Financial liabilities**

The Company initially recognises debt securities and borrowings on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instruments.

The Company de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method.

#### **Financial liabilities comprise;**

- Interest bearing borrowings
- Lease liabilities
- Other payables
- Amount due to related party
- Amount due to directors
- Bank overdraft

#### **Recognition and measurement of financial liabilities**

The Company classifies financial liabilities other than financial guarantees and loan commitments, into one of the following categories:

- Financial liabilities at amortised cost; and
- Financial liabilities at fair value through profit or loss,

A financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Subsequent measurement of financial liability is at fair value or amortised cost. The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

#### **Classification and subsequent measurement of financial liabilities**

The subsequent measurement of financial liabilities depends on their classification.

#### **Financial liabilities at amortised cost**

Financial liabilities issued by the Company that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest



# NOTES TO THE FINANCIAL STATEMENTS

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

The effective interest rate amortisation is included in "Interest Expense" in the statement of profit or loss. Gains or losses too are recognised in the income statement when the liabilities are de-recognised as well as through the effective interest rate amortization process.

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

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

### **3.2.5 Re-classification of financial assets and liabilities**

Financial assets are not re-classified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets. Financial liabilities are not re-classified as such re-classifications are not permitted by SLFRS 9.

### **3.2.6 Impairment of financial assets**

The Company recognizes a loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost or at fair value through other comprehensive income. The Company, at each reporting date, measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since the initial recognition.

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. However, there are no trade and other receivables as at the reporting period.

### **3.2.7 De-recognition of financial assets and financial liabilities**

#### ***Financial assets***

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired

- The Company 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:
- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuous involvement in the asset. In that case, the Company 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 Company has retained. Continuous 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 Company could be required to repay.

#### ***Financial liabilities***

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where 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 de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

### **3.2.8 Off-setting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.2.9 Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

### 3.3 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period.

#### 3.3.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

#### 3.3.2 Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

#### 3.3.3 Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain the ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment are as follows:

Type of assets	Year
Computer and equipment	05 years
Motor vehicle	04 years
Office equipment	04 years
Plant and machinery	04 years
Furniture and fittings	04 years

The assets' useful lives and depreciation methods are reviewed if there is an indication of a significant change since the last annual reporting date.

#### 3.3.4 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is de-recognised.

### 3.4 Leases

At the inception of a contract, the Company assesses to ascertain whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

i)

#### As a lessee

##### Right-of-use assets and Lease liabilities

The Company recognises the right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

# NOTES TO THE FINANCIAL STATEMENTS

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers the ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining the interest rates from debt financing arrangements at the inception of the lease period.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## **Short-term leases and leases of low value assets**

The Company elected not to recognise right-of-use assets and lease liabilities for lease of low value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on the straight-line basis.

## **ii) As a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

## **3.5 Intangible assets**

### **3.5.1 Software**

Software acquired by the Company is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is 10 years.

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

## **3.6 Impairment of non-financial assets**

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired.

If any indication exists, or when the annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash

flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuous operations are recognized in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for the property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to ascertain as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

### **3.7 Investment property**

#### **3.7.1 Basis of recognition**

Investment properties are the properties held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, used in the production in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment properties are recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Company and the cost of the investment property can be reliably measured.

Investment property comprises freehold land, freehold buildings together with the integral parts of such properties.

#### **3.7.2 Basis of measurement**

##### ***Fair value model***

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value.

The fair value of investment property reflects, among other things, the rental income from current leases and assumptions about rental income from future leases in the light of current market conditions, as appraised by an independent valuer, annually.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the SLFRS 13.

If an investment property becomes an owner occupied, it is re-classified as property, plant and equipment and its fair value at the date of re-classification becomes its cost for accounting purposes.

#### **3.7.3 De-Recognition**

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



# NOTES TO THE FINANCIAL STATEMENTS

## 3.7.4 Subsequent transfers to / from investment property

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

Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sale.

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

## 3.8 Inventory property – Apartments and Lands

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, and completed properties are shown as inventories and measured at the lower of cost and net realizable value.

### *Apartments cost includes:*

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Planning and design costs, costs of site preparation, property transfer taxes, construction overheads and other related costs

### *Lands cost includes:*

- Freehold and leasehold rights for land
- Costs of site preparation, property transfer taxes and other related costs

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale. The cost of inventory recognized in profit or loss on disposal is determined with reference to the costs incurred on the property sold and an

allocation of costs based on the gross floor area of the property developed.

## 3.9 Provisions

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

## 3.10 Other liabilities

Other liabilities are recorded at amounts expected to be payable at the reporting date.

## 3.11 Employee benefits

### 3.11.1 Defined contribution plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as expense in the profit or loss as and when they are due.

### *Employees' provident fund*

The Company and employee contribute 12% and 8% respectively on the salary of each employee to an approved Provident Fund.

### *Employees' trust fund*

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

### 3.11.2 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

### *Gratuity*

Gratuity is a Defined Benefit Plan. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries, using projected unit credit method, as recommended by LKAS 19 employee benefit. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the

terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the note 21 to the financial statements. This liability is not externally funded and the item is grouped under non-current liabilities in the statement of financial position.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in staff expenses in the statement of profit or loss.

According to the payment of the Gratuity Act No.12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continuous service.

### 3.11.3 Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.12 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 the 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 Company. 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 for its highest and best use.

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

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

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

The Management of the Company determines the policies and procedures for both recurring fair value measurement, such as investment properties, and other investments.

External valuer, Ms. R.M.N. Priyadarshani is involved in valuation of significant assets, such as investment properties.

Involvement of external valuers is decided upon annually by the Management.

At each reporting date, the Management analyses the movements in the values of assets which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

# NOTES TO THE FINANCIAL STATEMENTS

The Management, in conjunction with the Company's external valuer, also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

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

## ***Fair value of financial instruments***

Financial instruments of the Company include Cash and cash equivalents, other receivables, investments, Interest bearing loans and borrowings, trade and other payables, rentals and customer deposits and bank overdrafts. The fair values of these financial instruments are determined at which determination, the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values;

- Cash and short-term deposits, other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Rentals and customer deposits are fair valued by using the appropriate market interest rates.
- Long-term variable rate as well as fixed rate investments and borrowings approximate their carrying amounts largely due to the market based interest rates.

Hence, the carrying amounts of the Company's financial instruments are reasonable approximations of their fair values.

## **Statement of Comprehensive Income**

### **3.13 Revenue and income**

#### **3.13.1 SLFRS 15 – Revenue from contracts with customers**

The Company is in the business of real estate and providing related services. Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.8.1.

A five-step model with reference to SLFRS 15, Revenue from contracts with customers is applied before the revenue is recognised;

1. Identify the contract with customers.
2. Identify the separate performance obligations.
3. Determine the transaction price of the contract.
4. Allocate the transaction price to each of the separate performance obligations and;
5. Recognise the revenue as each performance obligation is satisfied.

The following specific criteria are used for the purpose of recognition of revenue in the revenue stream of Sale of Apartments and Lands:

## ***Sale of property – Apartments and lands***

The Company enters into contracts with customers to sell properties that are either completed or under development, and lands.

## ***Revenue recognised at a point in time***

The sale of completed apartments and lands are generally expected to be the single performance obligation and the Company has determined that it will be satisfied at the point in time when the control is transferred. For unconditional exchange of contracts, this is generally expected to be when legal title is transferred to the customer. For conditional exchanges, this is expected to be when all significant conditions are satisfied. The determination of transfer of control for both unconditional and conditional exchanges are not expected to change upon the adoption of SLFRS 15.

## ***Revenue recognized over time***

For contracts relating to the sale of apartments under development, the Company is responsible for the overall management of the project and identifies various goods and services to be provided, including the design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures and finishing work. In such contracts, the Company has determined that the goods and services are not distinct and will generally account for them as a single performance

obligation. Depending on the terms of each contract, the Company will determine whether control is transferred at a point in time or over time:

For each performance obligation satisfied over time, the Company recognises the revenue over time by measuring the progress towards a complete satisfaction of that performance obligation. For sale of apartments under development, the Company expects to continue recognising revenue over time because it expects that control will be transferred over time. Generally, its performance does not create an asset with alternative use to the Company and the Company has concluded that it has an enforceable right to payment for performance completed to date.

For contracts that meet the over time recognition criteria, the Company's performance is expected to be measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the properties. The Company will exclude the effect of any costs incurred that do not contribute to the Company's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and will adjust the input method for any costs incurred that are not proportionate to the Company's progress in satisfying the performance obligation (such as uninstalled materials). This will be consistent with current practice.

#### **Contract balances**

##### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due

(whichever is earlier). Contract liabilities are recognised as revenue when the Company executes performance obligations under the contract. The Customer deposits disclosed under Note 27 is considered as contract liabilities.

#### **3.13.2 Other income**

##### **• Rental income**

Rental income includes rental income from properties leased out to tenants under operating leases and income from other related services. Rental income from operating leases is recognised on a straight line basis over the lease term in accordance with the SLFRS 16.

##### **• Legal fee income**

Legal fee income represents the fee that the Company charges from its clients when they agree to transfer the deeds by taking the legal services provided by Prime Lands Residencies PLC instead of obtaining legal services to transfer deeds from the outside professionals. All income is recognised on a straight-line basis over the year.

##### **• Interest income**

Interest income is recognised as it accrues. Interest income is included under finance income in the statement of comprehensive income.

#### **3.14 Expenses recognition**

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

For the presentation of the statement of comprehensive income, the directors are of the opinion that the nature of the expenses method presents fairly the elements of the Company's performance, and hence, such presentation method is adopted.

#### **3.15 Borrowing Costs**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the

# NOTES TO THE FINANCIAL STATEMENTS

respective assets. All other borrowing costs and borrowing costs incurred after the completion of the underlying construction are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 3.16 Tax expenses

Income tax expense comprises the current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Income tax provisions for the year ended 31st March 2023 have been made as per the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

### 3.16.1 Current tax expense

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects the uncertainty related to income taxes, if any. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Current 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.

### 3.16.2 Uncertainty over income tax treatments

The Company has accounted for the uncertainty over tax treatments under IFRIC 23. An 'Uncertain Tax Treatment' is a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law. If it is not probable that the taxation authority will accept an uncertain tax treatment, effect of uncertainty shall be reflected in determining the related taxable profit (tax

loss), tax bases, unused tax losses, unused tax credits or tax rates. The effect of uncertainty for each uncertain tax treatment shall be reflected by using either of the most likely amount or the expected value methods, depending on which method the Company expects to better predict the resolution of the uncertainty.

### 3.16.3 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

#### *Deferred tax is not recognized for:*

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of the goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are not discounted.



The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognised as deferred tax expense and conversely any net decrease is recognised as reversal to deferred tax expense in the statement of comprehensive income.

### **3.17 Stated capital**

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds.

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

### **3.18 Earnings per share (EPS)**

The Company presents Basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

### **3.19 Contingent liabilities and commitments**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard- LKAS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'. Contingent Liabilities are not recognised in the statement of financial position but are disclosed unless its occurrence is remote.

Details of the commitments and contingencies are given in note 29 to the financial statements.

### **3.20 Statement of cash flows**

The Statement of Cash Flows has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - (LKAS 7) "Statement of Cash Flows". Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### **3.21 Events after reporting period**

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date the Financial Statements are authorised for issue.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in Note 34 to the Financial Statements.

### **3.22 Comparative information**

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

### **3.23 Segment Information**

An operating segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment) or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company has two reportable segments. These segments offer different products and services and are managed separately as they require different marketing strategies.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment property and intangible assets.

Intersegment pricing is determined on an arm's length basis.

# NOTES TO THE FINANCIAL STATEMENTS

The activities of the Company are within Sri Lanka. Consequently, the economic environment in which the Company operated is not subject to risk and rewards that are significantly different on a geographical basis. Hence, disclosure by geographical region is not provided.

The Company's segments comprise following;

- Sale of apartment properties
- Sale of Lands

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

## 3.24 New accounting standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

The Company intends to adopt this amended standard and interpretation, if applicable, when it becomes effective.

Accounting Standard	Description	Effective Date
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)	The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases.	1 January 2023
Amendments to LKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to LKAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to LKAS 8	Definition of accounting estimates	1 January 2023

The assessment of the impact on the Company does not have material impact on the Financial Statements of the Company.

#### 4 REVENUE

	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
Revenue from contracts with customers	19,798,684,442	9,510,383,251
<b>4.1 Revenue Streams</b>		
Revenue from contracts with customers		
Apartment sale	16,908,041,820	8,649,276,313
Land sale	2,890,642,622	861,106,938
	19,798,684,442	9,510,383,251

#### 4.2 Disaggregation of Revenue from Contracts with Customers

The Company generates its revenue locally and the following is the revenue from contracts with customers disaggregated by the timing of revenue recognition.

	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
<b>Timing of revenue recognition</b>		
Revenue recognized at point in time	2,890,642,622	861,106,938
Revenue recognized over time	16,908,041,820	8,649,276,313
	19,798,684,442	9,510,383,251

#### 5. OTHER INCOME

	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
Rent income	20,400,000	12,000,000
Fair value gain on investments in quoted shares	13,500	-
Legal fee income	26,533,540	14,794,864
Cancellation fee income	6,961,000	126,110,578
	53,908,040	152,905,442

# NOTES TO THE FINANCIAL STATEMENTS

## 6. FINANCE INCOME AND EXPENSES

	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
<b>6.1 Finance income</b>		
Interest income	420,733,605	46,047,650
Foreign exchange gain	10,499,710	261,787,228
Late payment fee	1,744,856	475,717
	432,978,171	308,310,595
<b>6.2 Finance expenses</b>		
Bank loan charges	2,951,883	7,062,649
Loan interest	611,906,099	261,311,125
Lease interest	6,858,340	9,519,323
Overdraft interest	469,018,130	119,056,945
Interest on customer refunds	122,292,779	-
	1,213,027,231	396,950,042

## 7. PROFIT BEFORE TAXATION IS STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING:

	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
Directors' remunerations	69,900,000	76,075,000
Staff salaries, bonus, allowances and incentives	145,212,459	163,405,982
Defined contribution plan costs - EPF and ETF	19,585,317	18,295,651
Depreciation and amortization	37,025,404	37,420,417
Auditors' remuneration	1,742,200	1,247,400
Provision for retirement benefit obligation	6,055,255	4,142,481

## 8. TAXATION

	Note	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
Income tax	8.1	592,859,317	162,084,316
Deferred tax provision/(reversal)	24	35,225,340	3,464,049
		628,084,657	165,548,365
<b>8.1 Reconciliation between the current tax expense and product of accounting profit</b>			
Profit before taxation		3,979,316,420	1,847,921,605
Income considered separately - Investment		(461,633,315)	(384,819,878)
Income considered separately - Other		(1,744,856)	(475,717)
Disallowable items		49,507,872	49,971,867
Allowable items		(179,474,635)	(194,063,164)
Business income		3,385,971,486	1,318,534,713
Income considered separately - Investment		461,633,315	384,819,878
Exempt income		(83,921,951)	(353,127,681)
Investment income		377,711,364	31,692,197
Income considered separately - Other		1,744,856	475,717
Taxable income		3,765,427,706	1,350,702,627
Income tax on taxable income			
For the period - 01.04.2022 - 30.09.2022 Rs. 3,354,806,217 14%		469,672,870	-
- 01.10.2022 - 31.03.2023 Rs. 410,621,489 30%		123,186,447	-
For the year 2021/2022 Rs. 1,350,702,627 12%		-	162,084,316
Income tax expense for the year		592,859,317	162,084,316

The Company has computed income tax at the enacted rates as at the reporting date as per the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

## 9. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	31.03.2023	31.03.2022
<b>Amounts used as numerator</b>		
Profit attributable to ordinary shareholders (Rs.)	3,351,231,763	1,682,373,240
<b>Number of ordinary shares used as the denominator</b>		
Weighted average number of ordinary shares in issue (No.)	937,500,000	902,568,493
Earnings per share (Rs.)	3.57	1.86



# NOTES TO THE FINANCIAL STATEMENTS

## 10. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD ASSETS						
	Office equipment Rs.	Plant and machinery Rs.	Computers and accessories Rs.	Furniture and fittings Rs.	Motor vehicles Rs.	Electrical items Rs.	Total Rs.
10.1							
Gross carrying amounts							
Balance as at 01.04.2022	23,200	3,794,367	16,783,863	3,162,927	29,900,132	2,701,663	56,366,152
Add : Additions during the year	-	-	-	-	-	-	-
Balance as at 31.03.2023	23,200	3,794,367	16,783,863	3,162,927	29,900,132	2,701,663	56,366,152
10.2							
Accumulated depreciation							
Balance as at 01.04.2022	23,200	3,794,367	9,304,291	3,116,087	27,049,173	1,187,516	44,474,634
Add : Depreciation for the year	-	-	1,888,627	46,840	2,150,000	503,908	4,589,375
Balance as at 31.03.2023	23,200	3,794,367	11,192,918	3,162,927	29,199,173	1,691,424	49,064,009
10.3							
Carrying amount							
Balance as at 31.03.2022	-	-	7,479,572	46,840	2,850,959	1,514,147	11,891,518
Balance as at 31.03.2023	-	-	5,590,945	-	700,959	1,010,239	7,302,143

**10.4** During the year, there was no acquisition of property, plant and equipment (2021: Rs.6,579,768/-).

### 10.5 Temporarily idling property, plant and equipment

There were no property, plant or equipment idling as at 31st March 2023.

### 10.6 Title restriction on property, plant and equipment

There was no restriction on the title of property, plant and equipment as at 31st March 2023.

### 10.7 Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment pledged as securities for liabilities as at 31st March 2023.

**10.8** Property, plant and equipment of the Company includes fully depreciated assets having a gross carrying value of Rs.36,745,662 (2022: Rs.22,495,239)

Freehold assets	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Office equipment	23,200	23,200
Plant and machinery	3,794,367	3,794,367
Computers and accessories	7,779,005	4,996,948
Furniture and fittings	3,162,928	2,861,342
Motor vehicles	21,300,132	10,133,352
Electrical items	686,030	686,030
	<b>36,745,662</b>	<b>22,495,239</b>

**10.9** There were no compensations received/ receivable from third parties for items of property, plant and equipment that were impaired, lost or given up and there were no capitalised borrowing costs related to the acquisition of property plant and equipment during the year.

## 11. RIGHT-OF-USE-ASSETS

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>11.1 Motor vehicle</b>		
Cost		
Balance at the beginning of the year	131,438,021	131,438,021
Add : Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>131,438,021</b>	<b>131,438,021</b>
Accumulated amortization		
Balance at the beginning of the year	85,145,673	52,286,066
Add: Amortization for the year	32,378,786	32,859,607
<b>Balance at the end of the year</b>	<b>117,524,459</b>	<b>85,145,673</b>
<b>Carrying amount at the end of the year</b>	<b>13,913,562</b>	<b>46,292,348</b>

### Impairment of right-of-use assets

The Company does not foresee any impairment of right-of-use assets due to the economic implication of economic downturn and does not anticipate discontinuation of any assets for which the Company has the right to use.

## 12. INVESTMENT PROPERTIES

	Land Rs.	Building Rs.	Total Rs.
Balance as at 01.04.2021	487,835,863	172,164,137	660,000,000
Add : Fair value gain during the year	54,564,137	10,435,863	65,000,000
Balance as at 31.03.2022	542,400,000	182,600,000	725,000,000
Add : Fair value gain during the year	6,100,000	3,900,000	10,000,000
Balance as at 31.03.2023	548,500,000	186,500,000	735,000,000

Investment properties consist of freehold land at No 123, Castle Street, Colombo 08, and freehold land and building given on rent at No. 61, D S Senanayaka Mw, Colombo 08.

	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
<b>12.1 The amount recognized to profit or loss on investment property is as follows:</b>		
Rental income earned	20,400,000	12,000,000
<b>Operating expenditure</b>	<b>-</b>	<b>(145,198)</b>
Fair value gain during the year	10,000,000	65,000,000
	<b>30,400,000</b>	<b>76,854,802</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 12. INVESTMENT PROPERTIES CONTD.

### 12.2 Fair value of the investment property

Location of the investment property	Valuer's name and report date	Total extent	Valuation technique	Fair Value	
				As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Bare Land No. 123, Castle Street, Colombo 08	R.M.N. Priyadarshani [Incorporated Valuer] - Report date : 31/03/2023	P 33.50	Comparison method	335,000,000	335,000,000
Land & Commercial Building No. 61, D S Senanayaka Mw, Colombo 08	R.M.N. Priyadarshani [Incorporated Valuer] - Report date : 31/03/2023	P 12.20	Comparison/ Investment method	400,000,000	390,000,000

**12.3** The Company uses unobservable market input in determining the fair value of investment property (Level-3 of fair value hierarchy).

### 12.4 Valuation details of investment property

	Total Perches/ Square Feet	Value per Perch/ Square Feet Rs.	Total Value Rs.
a) Bare Land at No. 123, Castle Street, Colombo 08	P 33.50	10,000,000	335,000,000
Land - Lot No. 1 in Plan No. 2074			
Bare Land			
<b>Fair value of the subject property</b>			335,000,000
b) Land and Commercial Building at No. 61, D S Senanayaka Mw, Colombo 08			
Land - Lot A in Plan No. 4751/9000	P 12.20	17,500,000	213,500,000
Commercial Building	13,427	16,500	221,545,500
<b>Less: 15% for Depreciation</b>			(33,231,825)
			188,313,675
Rounding effect			(1,813,675)
<b>Fair value of the subject property</b>			400,000,000

Further details of the valuation techniques and significant unobservable input are given in Note 33.2.

**12.5** The details of investment properties pledged as security against borrowings are disclosed in Note 30.

**12.6 The significant assumptions used by the valuer are as follows :**

Assumptions	2023	2022	Sensitivity
Anticipated maintenance cost	25% from annual rent income	25% from annual rent income	Increase will result in decrease in fair value gain
Capitalisation YP rate	5.75%	5.75%	Increase will result in decrease in fair value gain
Price per perch LKR Mn.- No 123, Castle Street, Colombo 08	10	10	Increase will result in increase in fair value gain
Price per perch LKR Mn.- No. 61, D S Senanayaka Mw, Colombo 08	17.5	17	Increase will result in increase in fair value gain
Future rental income Per Sq.Ft	Rs. 2,250	Rs. 2,250	Increase will result in increase in fair value gain

**12.7 Sensitivity analysis of assumptions employed in investment property valuation**

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment property, in respect of the year 2023.

The sensitivity of the statement of profit or loss and statement of financial position is the effect of the assumed changes in each aspect (taken individually, while other variables are held constant) on the profit or loss and carrying value of investment property for the year.

Capitalisation YP rate increase/(decrease)	Maintenance cost increase/(decrease)	Investment property valuation (Rs.)	Fair value gain/(loss) on investment property (Rs.)
1%		668,000,000	(67,000,000)
-1%		809,000,000	74,000,000
	5%	700,000,000	(35,000,000)
	-5%	752,600,000	17,600,000

**12.8** The valuation of investment properties as at 31 March 2023 has been prepared on the basis of 'material valuation uncertainty' as recommended by The Royal Institution of Chartered Surveyors, a professional body promoting and enforcing international standards in valuation, management and development of land, real estate, construction and infrastructure, in order to highlight the difficulties in undertaking valuations in the current environment.

**12.9** A 'material valuation uncertainty' statement implies the valuation is current at the date of valuation only and that less certainty and a higher degree of caution should be attached to the valuation. In addition, the valuation should be kept under frequent review as the assessed value may change significantly and unexpectedly over a relatively short period of time.

**12.10** Fair value of the investment property is ascertained by independent valuations carried out by Mrs. R.M.N.Priyadarshani, a chartered valuation surveyor, who has recent experience in valuing properties of similar location and category. In determining the fair value of building the capitalisation of net income method has been used, which is based upon assumptions including future rental income, anticipated maintenance costs, appropriate capitalisation rate and in determining the fair value of land, make reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. INVESTMENT PROPERTIES CONTD.

**12.11** The carrying amount of revalued land and buildings under investment property if they were carried at cost less depreciation and impairment, would be as follows;

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
a) Lot No. 1 in Plan No. 2074 situated at No. 123, Castle Street, Colombo 08		
Bare Land	291,000,000	291,000,000
b) Lot A in Plan No. 4751/9000 situated at No. 61, D S Senanayaka Mw, Colombo 08		
Land	62,603,760	62,603,760
Commercial Building		
Cost	97,162,188	97,162,188
Accumulated depreciation	(35,667,324)	(32,224,800)
	61,494,864	64,937,388
Carrying value	124,098,624	127,541,148

## 12.12 Leasing arrangements

Minimum lease payments receivable on leases of investment property as follows;

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Less than one year	20,400,000	20,400,000
One to five years	20,400,000	40,800,000
More than five years	-	-

The investment property is leased to tenants under operating leases with rentals payable as per the lease terms.

## 12.13 Impact of prevailing economic conditions

The slow economic growth of the country is further battered by sudden shock of Covid-19 pandemic. Further, subsequent foreign exchange crisis thereby the high inflation regime consequently its related repercussions on the economy have pushed the entire market into fragile state. Both macro and micro economic fundamentals are being heavily challenged so policy makers are compelled to revise existing monetary & fiscal policies with sustainable economic strategies to regain the growth potentials.

Immediate result in an uncertain market environment which could lead to slow market performance and low aggregate demand due to disinclination of market participants to trade. This may lead financial institutions resort to stiffened credit standards particularly on lending for real estate and also the construction industry may further experiences tougher operating environment.

However, as shown by the evidence, property market is emerging with new dimensions with its own ability to act as hedge against inflation. Further, property market is rebound with sustainable growth though it could be impacted by high cost of construction and high interest rate regime being set in yet again the property investment will be remaining attractive over the other investment vehicles particularly for local stakeholders in the given market context.



### 13. INTANGIBLE ASSETS

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>13.1 Software</b>		
<b>Cost</b>		
Balance at the beginning of the year	572,438	572,438
<b>Balance at the end of the year</b>	<b>572,438</b>	<b>572,438</b>
<b>Amortization</b>		
Balance at the beginning of the year	155,452	98,207
<b>Add : Amortization for the year</b>	<b>57,244</b>	<b>57,245</b>
Balance at the end of the year	212,696	155,452
<b>Written-down value at the end of the year</b>	<b>359,742</b>	<b>416,986</b>

13.1.1 There were no restrictions existing on the title of the intangible assets of the Company as at the reporting date. Further, there were no items pledged as security for liabilities.

### 14. FINANCIAL ASSETS AT AMORTISED COST- INVESTMENTS IN DEBT SECURITIES

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>14.1 Investment in unquoted debentures</b>		
Balance at the beginning of the year	536,422,881	352,939,048
<b>Add : Investments made during the year</b>	<b>155,947,968</b>	-
<b>Add : Exchange gain for the year</b>	<b>13,632,008</b>	<b>157,128,380</b>
<b>Add : Interest receivable during the year</b>	<b>27,444,831</b>	<b>26,355,453</b>
<b>Less : Interest received during the period</b>	<b>(46,784,390)</b>	-
<b>Less : Investments matured during the year</b>	<b>(155,947,968)</b>	-
<b>Balance at the end of the year</b>	<b>530,715,330</b>	<b>536,422,881</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 14. FINANCIAL ASSETS AT AMORTISED COST- INVESTMENTS IN DEBT SECURITIES CONTD.

### 14.1 Investment in unquoted debentures Contd.

	As at 31.03.2023		As at 31.03.2022	
	Number of debentures Nos.	Carrying amount Rs.	Number of debentures Nos.	Carrying amount Rs.
Debt securities - unquoted debenture	2,034	530,715,330	2,034	536,422,881
	2,034	530,715,330	2,034	536,422,881
Maturing within one year	1,382	384,815,095	652	176,888,765
Maturing more than one year	652	145,900,235	1,382	359,534,116
	2,034	530,715,330	2,034	536,422,881

The Company has invested in non-convertible redeemable debentures denominated in Australian Dollar (AUD) amounting to AUD 2,034,000 for a tenor of five years maturing on 13th August 2023, 22nd January 2024 and 22nd December 2027 at an interest rate of 6% per annum as funding for operation of Prime Lands Australia (Pty) Ltd.

Present value of the expected cash flows of debentures issued by Prime Lands Australia (Pty) Ltd is the carrying value and hence, no impairment was recognised.

## 15. INVENTORY PROPERTIES

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>15.1 Inventory Properties</b>		
- Apartments	8,339,186,848	11,650,287,352
- Lands	4,049,243,667	3,501,956,757
	12,388,430,515	15,152,244,109
<b>15.2 Inventory Properties - Apartments</b>		
Balance at the beginning of the year	11,650,287,352	11,086,722,148
<b>Less :</b> Transfer to Inventory Properties-Lands	-	(489,890,854)
<b>Add :</b> Cost incurred during the year	8,927,402,792	7,519,197,867
	20,577,690,144	18,116,029,161
<b>Less :</b> Disposals during the year (Recognized in cost of sales)	(12,238,503,296)	(6,465,741,809)
Balance at the end of the year	8,339,186,848	11,650,287,352
<b>15.3 Inventory Properties - Lands</b>		
Balance at the beginning of the year	3,501,956,757	-
<b>Add :</b> Transfer from Inventory Properties-Apartments	-	489,890,854
<b>Add :</b> Cost incurred during the year	2,506,169,528	3,585,619,121
	6,008,126,285	4,075,509,975
<b>Less :</b> Disposals during the year (Recognized in cost of sales)	(1,958,882,618)	(573,553,218)
<b>Balance at the end of the year</b>	<b>4,049,243,667</b>	<b>3,501,956,757</b>

The details of inventory properties pledged as security against borrowings are disclosed in Note 30.

## 16. FINANCIAL ASSETS-FAIR VALUE THROUGH PROFIT OR LOSS

	Note	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Quoted equity securities	16.1	193,500	180,000

### 16.1 Quoted equity securities

	As at 31.03.2023			As at 31.03.2022		
	Number of shares Nos.	Cost Rs.	Fair value Rs.	Number of shares Nos.	Cost Rs.	Fair value Rs.
Mahaweli Reach Hotels PLC	15,000	638,740	193,500	15,000	638,740	180,000
	15,000	638,740	193,500	15,000	638,740	180,000

- 16.2 Financial assets at fair value through profit or loss (FVTPL) comprise quoted equity securities which are held principally for the purpose of trading in near term.

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Investment in equity securities	180,000	195,000
Increase/(decrease) in market value	13,500	(15,000)
	193,500	180,000

### 16.3 Amounts recognised in profit or loss

	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
Changes in fair value on quoted equity securities at FVTPL	13,500	(15,000)
	13,500	(15,000)

## 17. ADVANCE PAID FOR CONTRACTORS

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Balance at the beginning of the year	910,170,632	357,326,947
Add : Advance paid for contractors during the year	9,633,657	706,744,429
Less : Transferred to inventory properties during the year	(528,272,064)	(153,900,744)
Balance at the end of the year	391,532,225	910,170,632

# NOTES TO THE FINANCIAL STATEMENTS

## 18. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Receivables from management corporation	-	16,872,942
VAT receivable	165,628,095	-
Staff advance	1,587,674	2,401,248
Other utility advance	26,255,103	10,883,457
Project advance	9,305,250	7,318,013
Refundable deposits	11,842,724	11,296,004
Other receivable	50,000,000	-
	264,618,846	48,771,664

## 19. CASH AND CASH EQUIVALENTS

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>19.1 Short-term deposits</b>		
Fixed deposits	3,013,414,074	710,897,962
	3,013,414,074	710,897,962
<b>19.2 Favourable balances</b>		
Cash in hand	6,172,880	27,019,031
Petty cash	100,000	151,450
Cheques in hand	73,028,893	447,929,696
Cash at banks	97,939,946	249,093,998
	177,241,719	724,194,175
Total short-term deposits and favourable balance	3,190,655,793	1,435,092,137
<b>19.3 Unfavourable balances</b>		
Bank overdraft	2,616,321,658	2,805,950,362
	2,616,321,658	2,805,950,362
Cash and cash equivalents for the purpose of statement of cash flows	574,334,135	(1,370,858,225)

Fixed deposits pledged as security against borrowings are disclosed in Note 30.

## 20. STATED CAPITAL

### 20.1 Ordinary shares

	Note	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Number of shares - Ordinary shares	20.1.1	937,500,000	937,500,000
Value - Ordinary shares (Rs.)	20.1.1	3,450,000,000	3,450,000,000

	For the year ended 31st March 2023		For the year ended 31st March 2022	
	No. of shares	Rs.	No. of shares	Rs.
<b>20.1.1 Movement during the year</b>				
Balance at the beginning of the year	937,500,000	3,450,000,000	750,000,000	1,500,000,000
Issued during the year	-	-	187,500,000	1,950,000,000
Balance at the end of the year	937,500,000	3,450,000,000	937,500,000	3,450,000,000

### 20.2 Rights of shareholders

The holders of ordinary shares confer their rights to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of shareholders.

All shares rank equally and pari pasu with regard to the Company's residual assets.

## 21. RETIREMENT BENEFIT OBLIGATION

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>21.1 Retirement benefit obligations - Gratuity</b>		
Balance at the beginning of the year	16,705,881	15,463,841
Amount charged for the year	7,294,749	1,699,512
Payments made during the year	(1,674,550)	(685,300)
Net gratuity payments made/received for those transferred	-	227,828
Balance at the end of the year	22,326,080	16,705,881



# NOTES TO THE FINANCIAL STATEMENTS

## 21. RETIREMENT BENEFIT OBLIGATION CONTD.

	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
<b>21.2 Amount recognised in the statement of comprehensive income</b>		
Current service cost for the year	3,549,373	2,905,374
Interest cost for the year	2,505,882	1,237,107
	6,055,255	4,142,481
<b>21.3 Amount recognised in other comprehensive income</b>		
Actuarial loss/(gain) for the year	1,239,494	(2,442,969)
	1,239,494	(2,442,969)

- 21.4** Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the retirement benefit obligation for Prime Lands Residencies PLC as at 31st March 2023. The valuation method used by the Actuary to value the liability is the 'Projected Unit Credit Actuarial Cost Method' recommended by LKAS 19. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

Actuarial assumptions	31.03.2023	31.03.2022
Discount rate	15%	15%
Salary increment rate	10%	12%
Staff turnover	20%	12%
Retirement age	60 years	60 years
Mortality	A 1967/70 Mortality Table (Institute of Actuaries, London)	

### 21.5 Discount Rate

The Company uses market yields at the end of the reporting date on Treasury Bonds issued by the Government of Sri Lanka for the remaining maturity corresponds with the remaining average working life of the employees of the company to determine the Discount Rate. However, due to the economic conditions prevailing in the country as at the reporting date, the exceptionally high Treasury Bond market yields would not be a reasonable reflection of the time value of money. Therefore, year-end Treasury 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.

Credit Risk Spread has been calculated based on Sovereign Default and Recovery Rates published by Moody's. Adjusted Discount Rate has 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 company.

### 21.6 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	2022/2023 Rs.	2021/2022 Rs.
<b>Discount rate</b>		
Effect on retirement benefit obligation due to 5% increase	(3,277,631)	(3,637,579)
Effect on retirement benefit obligation due to 5% decrease	4,696,093	6,083,048
<b>Salary increment rate</b>		
Effect on retirement benefit obligation due to 1% increase	936,759	934,629
Effect on retirement benefit obligation due to 1% decrease	(884,434)	(858,027)

### 21.7 Maturity profile of the defined benefit obligation

	2022/2023 Rs.	2021/2022 Rs.
Within the next 12 months	4,406,354	1,959,076
Between 1 and 5 years	13,349,044	8,425,558
Between 6 and 10 years	3,566,467	3,319,351
Beyond 10 years	1,004,215	3,001,896

## 22. INTEREST BEARING BORROWINGS

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Balance at the beginning of the year	3,396,172,269	4,193,779,367
Loans obtained during the year	754,111,808	2,005,632,526
	4,150,284,077	6,199,411,893
Repayments during the year	(2,746,473,934)	(2,803,239,624)
Balance at the end of the year	1,403,810,143	3,396,172,269
Repayable within one year	769,370,613	1,677,916,667
Repayable between one & five years	634,439,530	1,718,255,602

# NOTES TO THE FINANCIAL STATEMENTS

## 22. INTEREST BEARING BORROWINGS CONTD.

Long term loans	Term of the loan	Maturity period	Interest rate	Facility amount
Seylan Bank - Facility I	Capital repayment within 48 monthly installments	Mar-26	AWPLR + Margin	1,500,000,000
Seylan Bank - Facility II	Capital repayment within 14 monthly installments	May-23	AWPLR + Margin	400,000,000
DFCC Bank - Facility I	Capital repayment within 96 monthly installments	Aug-25	AWPLR + Margin	200,000,000
HNB Finance PLC - Facility I	Capital repayment within 60 monthly installments	Mar-24	Fixed rate	25,000,000
HNB Finance PLC - Facility II	Capital repayment within 60 monthly installments	Mar-24	Fixed rate	25,000,000

Short Term loans	Term of the loan	Maturity period	Interest rate	Facility amount
DFCC Bank - Revolving Loan	Capital repayment within 12 monthly installments	Mar-24	AWPLR + Margin	200,000,000
Nation Trust Bank - Facility I		Oct-23	AWPLR + Margin	350,000,000

Assets pledged as security against borrowings and the facility details are disclosed in Note 30.

## 23. LEASE LIABILITIES

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Balance at the beginning of the year	53,488,058	75,324,038
Lease obtained during the year	-	-
	53,488,058	75,324,038
Repayments during the year	(21,835,980)	(21,835,980)
Balance at the end of the year	31,652,078	53,488,058
<b>Interest in suspense</b>		
Balance at the beginning of the year	11,612,463	21,131,786
Charged to the statement of comprehensive income	(6,858,340)	(9,519,323)
Balance at the end of the year	4,754,123	11,612,463
<b>Net lease creditor at the end of the year</b>	<b>26,897,955</b>	<b>41,875,595</b>
Repayable within one year	18,004,830	14,977,640
Repayable between one and five years	8,893,125	26,897,955

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>23.1 Maturity analysis of lease liability - discounted</b>		
Less than 2 years	25,540,397	32,928,026
2- 5 years	1,357,557	8,947,569
<b>23.2 Maturity analysis of lease payment - undiscounted</b>		
Less than 2 years	30,192,988	43,677,090
2- 5 years	1,459,090	9,810,968
<b>23.3 Amount recognised in profit or loss on SLFRS 16 - Leases</b>		
<b>Lease under SLFRS 16</b>		
Depreciation of right-of-use assets	32,378,786	32,859,607
Interest expense on lease liabilities	6,858,340	9,519,323
	39,237,126	42,378,930
<b>23.4 Amount recognised in cash flow on SLFRS 16 - Leases</b>		
Payment of lease liabilities	(21,835,980)	(21,835,980)
<b>24. DEFERRED TAX LIABILITIES</b>		
	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>The movement of deferred tax</b>		
Balance at the beginning of the year	24,795,746	20,745,384
Recognized in statement of comprehensive income	35,225,340	3,464,049
Recognized in other comprehensive income	(371,848)	586,313
Balance at the end of the year	59,649,238	24,795,746

# NOTES TO THE FINANCIAL STATEMENTS

## 24. DEFERRED TAX LIABILITIES CONTD.

### Deferred tax provision for the year

Deferred tax assets/(liabilities) are attributable to the following:

	As at 31.03.2023		As at 31.03.2022	
	Temporary difference	Tax	Temporary difference	Tax
	Rs.	Rs.	Rs.	Rs.
<b>Deferred tax assets</b>				
Employee benefits	22,326,080	6,697,824	16,705,881	4,009,411
	22,326,080	6,697,824	16,705,881	4,009,411
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(29,914,638)	(8,974,391)	(42,837,228)	(10,280,934)
Investment properties	(191,242,240)	(57,372,671)	(185,242,239)	(18,524,223)
	(221,156,878)	(66,347,062)	(228,079,467)	(28,805,157)
<b>Net deferred tax liability</b>	<b>(198,830,798)</b>	<b>(59,649,238)</b>	<b>(211,373,586)</b>	<b>(24,795,746)</b>

### Movement in deferred tax balance during the year

	Balance as at 01.04.2022	Recognised in profit or loss	Recognised in OCI	Balance as at 31.03.2023
	Rs.	Rs.	Rs.	Rs.
Employee benefits	4,009,411	2,316,565	371,848	6,697,824
Property, plant and equipment	(10,280,934)	1,306,543	-	(8,974,391)
Investment properties	(18,524,223)	(38,848,448)	-	(57,372,671)
<b>Net deferred tax asset/ (liability)</b>	<b>(24,795,746)</b>	<b>(35,225,340)</b>	<b>371,848</b>	<b>(59,649,238)</b>

Deferred tax has been determined based on the effective tax rate of 30%.

## 25. TRADE AND OTHER PAYABLES

	Note.	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Accrued expenses	25.1	58,742,438	75,987,635
Retention payable		1,092,224,702	1,030,466,909
Payables to contractors		-	69,076,000
Dividend payable		1,224,630	252,942
SSCL Payable		10,046,747	-
Refundable deposits		3,150,000	-
		<b>1,165,388,517</b>	<b>1,175,783,486</b>



		As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>25.1</b>	<b>Accrued Expenses</b>		
	Auditor's remuneration	1,453,150	1,247,400
	Welfare society	517,750	169,000
	Staff payable - others	8,556,433	10,938,175
	EPF	1,972,606	2,567,807
	ETF	297,288	385,173
	Statutory and other payables	45,317,798	60,680,080
	Payable to management corporation	627,413	-
		58,742,438	75,987,635
<b>26.</b>	<b>AMOUNT DUE TO RELATED PARTY</b>		
		As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
	Prime Lands (Pvt) Ltd	7,867,056	8,109,906
		7,867,056	8,109,906
<b>27.</b>	<b>CUSTOMER ADVANCE COLLECTION</b>		
		As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
	Project advance 27.1	2,269,118,817	4,385,241,479
	Direct customer deposits	97,747,963	202,366,026
		2,366,866,780	4,587,607,505
<b>27.1</b>	<b>Project advance</b>		
	Balance at the beginning of the year	4,385,241,479	2,330,439,139
	<b>Add:</b> During the year advance received amount	17,621,306,260	11,570,058,923
		22,006,547,739	13,900,498,062
	<b>Less :</b> Transferred to statement of comprehensive income	(19,737,428,922)	(9,515,256,583)
	Balance at the end of the year	2,269,118,817	4,385,241,479

# NOTES TO THE FINANCIAL STATEMENTS

## 28. INCOME TAX PAYABLE

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Balance at the beginning of the year	117,298,981	461,009,242
Less : WHT credit	(544,221)	-
During the year payment	(242,316,509)	(505,794,577)
	(125,561,749)	(44,785,335)
Add : Income tax expense during the year	592,859,317	162,084,316
Balance at the end of the year	467,297,568	117,298,981

### 28.1 Tax rate changes

The Inland Revenue Act, No 24 of 2017 and the amendments thereto in its First schedule specifies the income tax rates that are to be applied to companies. Paragraph 5 (a) of this schedule specifies that the aggregate income tax payable by a Company (other than on gains from the realization of investment assets) which lists its shares on or after January 1, 2021 but prior to December 31, 2021 in the Colombo Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka shall be reduced by fifty per centum for the year of assessment commencing from April 1, 2021 (i.e. Y/A 2021/2022).

Further, sub paragraph (2A) item (k) of the First Schedule of the above mentioned Act specifies that the gains and profits of such Company which lists its shares as stated above (other than gains from the realization of investment assets) shall be taxed at the concessionary rate of 14% for three years of assessment commencing from April 1, 2022. (i.e. Y/A 2022/2023 to 2024/2025).

However, The Inland Revenue (Amendment) Act No. 45 of 2022 specifies that the concessionary rate of 14% applicable on identified gains and profits is increased to 30% w.e.f. 1st October 2022. Therefore income tax rate of 30% has been used in computing the income tax liability for the 6 months period w.e.f. 1st October 2022.

## 29. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company makes various commitments and incurs contingent liabilities. No material losses are anticipated as a result of these transactions.

### 29.1 Commitments

The Company has entered into agreements with contractors to pay Rs. 4,514,289,223/- in order to complete the projects included in inventory properties as at the reporting date. The commitment of the Company depends on the successful completion of the project as agreed in the contractors' agreement.

### 29.2 Contingent liabilities

The Company does not have significant contingencies as at the reporting date.

### 30. ASSETS PLEDGED

The following assets have been pledged as security for credit facilities and loans obtained by the Company from respective financial institutions concerned.

Nature of assets	Nature of liabilities	Facility amount Rs.	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Lien over Fixed Deposit amounting to Rs. 527 million of Prime Lands Residencies PLC	DFCC Bank - Revolving loan	200,000,000	200,000,000	200,000,000
Primary mortgage for 200 Mn over Investment property at No.61, D.S Senanayake Mawatha, Colombo 08.	DFCC Bank - Term loan	200,000,000	58,749,641	83,059,853
Further mortgage over the land property of Prime Lands (Pvt) Ltd at No.75/1,D.S.Senanayake Mawatha, Colombo 08.	DFCC Bank - Overdraft	260,000,000	252,915,865	219,836,131
Lien over Fixed Deposits amounting to Rs. 2,741 million of Prime Lands Residencies PLC.	Seylan Bank - Overdraft	367,500,000	343,951,472	203,341,501
Lien over Fixed Deposits amounting to USD 500,000 of Prime Lands Residencies PLC.	Seylan Bank - Term loan	400,000,000	937,497,500	1,487,498,300
	Seylan Bank - Term loan	1,500,000,000		
Lien over 400,000,000 Nos of HNB Finance PLC shares owned by Prime Lands (Pvt) Ltd.	Seylan Bank - Overdraft	1,972,600,000	1,369,458,162	1,938,269,529
	Seylan Bank PLC - Revolving import loan	900,000,000	-	256,117,000
A primary mortgage for Rs. 2,200 Mn over the inventory property at No. 62 & 64, Ward Place, Colombo 07.	Sampath Bank -Term loan	2,200,000,000	-	437,487,200
Lien over USD A/C amounting to USD 788,020 of Prime Lands Residencies PLC	Sampath Bank - Overdraft			
Lien over Fixed Deposit amounting to Rs. 30.2 million of Prime Lands Residencies PLC				
Corporate guarantee of Rs.100 Mn from Prime Lands (Pvt) Ltd		410,000,000	122,610,135	-
Corporate guarantee from Prime Lands (Pvt) Ltd	Hatton National Bank - Overdraft I	500,000,000	277,505,058	308,671,436
Lien over Fixed Deposits amounting to USD 483,692 of Prime Lands Residencies PLC	Hatton National Bank - Overdraft II	149,850,000	143,727,992	-
Primary mortgage for Rs.225 Mn over the land property at Kassapa Road , Colombo 05 (Kassapa 01 project)	Hatton National Bank - Term loan	200,000,000	-	50,000,006

# NOTES TO THE FINANCIAL STATEMENTS

## 30. ASSETS PLEDGED CONTD.

Nature of assets	Nature of liabilities	Facility amount Rs.	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Primary mortgage bond for Rs.175 Mn over the Investment property at No 123, Overdraft Castle Street, Colombo 08.	Nations Trust Bank	175,000,000	106,152,974	135,831,765
Primary mortgage bond over the inventory property at Marine Drive, Dehiwala	Nations Trust Bank - Short term loan	350,000,000	193,750,000	-
Personal Guarantee from Director of Mr. H.M.N.U Kumara of Prime Lands Residencies PLC	HNB Finance PLC - Term loan	25,000,000	6,906,501	12,867,907
	HNB Finance PLC - Term loan	25,000,000	6,906,501	12,867,907
Primary mortgage for Rs. 750 Mn over land property at Katunayaka.	Sampath bank -Term loan	750,000,000	-	750,000,000
No collateral	Commercial papers	105,000,000	-	106,274,097

## 31. RELATED PARTY DISCLOSURES

### 31.1 Parent and ultimate controlling party

The immediate and ultimate parent of the Company as at 31st March 2023 is Prime Lands (Private) Limited.

### 31.2 Transactions with key management personnel

Key management personnel include all the members of the Board of Directors of the Company having the authority and responsibilities for planning, directing and controlling the activities of the Company.

#### (a) Loans to Directors

No Loans were advanced to the Directors of the Company.

#### (b) Key Management Personnel Compensation

The remunerations of directors and other members of the key management during the year under review are as follows:

Key management personnel	Nature of the transaction	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
Directors	Short-term benefit	69,900,000	76,075,000

#### (c) Transactions with key Management Personnel

No transactions were entered into with key management personnel during the year.

### 31.3 Related party transactions

Related companies	Relationship	Nature of the transaction	For the year ended 31.03.2023	For the year ended 31.03.2022
			Rs.	Rs.
Prime Lands (Private) Limited	Parent Company	Customer deposits collected by Prime Lands (Pvt) Ltd on behalf of Prime Lands Residencies PLC	61,679,507	111,074,000
		Payments made by Prime Lands Residencies PLC on behalf of Prime Lands (Pvt) Ltd	39,902,536	18,017,045
		Payments made by Prime Lands (Pvt) Ltd on behalf of Prime Lands Residencies PLC	-	44,643,969
		Customer deposits accepted by Prime Lands Residencies PLC on behalf of Prime Lands (Pvt) Ltd	16,172,613	2,000,000
		Shared service fee from Prime Lands Residencies PLC to Prime Lands (Pvt) Ltd	30,000,000	30,000,000
		Rent expenses from Prime Lands Residencies PLC to Prime Lands (Pvt) Ltd	6,037,500	6,000,000
		Net amount of fund transferred from Prime Lands (Pvt) Ltd	85,166,584	85,561,000
HNB Finance PLC	Related Company	Rent income from HNB Finance PLC	20,400,000	12,000,000
		Land inventory transfer from HNB Finance PLC	-	923,640,950

### 31.4 Related party balances

The following related party balances are shown in the respective notes as stated below.

1. Investment in non-convertible redeemable debentures issued by Prime Lands Australia (Pty) Ltd as given in Note 14.
2. Amount due to Prime Lands (Pvt) Ltd as disclosed in Note 26.

### 31.5 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at the year end as disclosed in Note 26 are interest free and settled on demand. Investment in unquoted debentures at the year end as disclosed in Note 14 is at an interest rate of 6% per annum and settlement occurs at maturity of five years.



# NOTES TO THE FINANCIAL STATEMENTS

## 32. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

32.1 The analysis of financial instruments by measurement basis is shown as follows;

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities at amortized cost	Total
Balance as at 31.03.2023	Rs.	Rs.	Rs.	Rs.
<b>Financial assets</b>				
Financial investments - unquoted debentures	-	530,715,330	-	530,715,330
Financial investments - quoted equity share	193,500	-	-	193,500
Cash and cash equivalents	-	3,190,655,793	-	3,190,655,793
	193,500	3,721,371,123	-	3,721,564,623
<b>Financial liabilities</b>				
Interest bearing borrowings	-	-	1,403,810,143	1,403,810,143
Lease liabilities	-	-	26,897,955	26,897,955
Amount due to related party	-	-	7,867,056	7,867,056
Trade and other payables	-	-	1,165,388,517	1,165,388,517
Bank overdraft	-	-	2,616,321,658	2,616,321,658
	-	-	5,220,285,329	5,220,285,329
<b>Balance as at 31.03.2022</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Financial assets</b>				
Financial investments - unquoted debentures	-	536,422,881	-	536,422,881
Financial investments - quoted equity share	180,000	-	-	180,000
Cash and cash equivalents	-	1,435,092,137	-	1,435,092,137
	180,000	1,971,515,018	-	1,971,695,018
<b>Financial liabilities</b>				
Interest bearing borrowings	-	-	3,396,172,269	3,396,172,269
Lease liabilities	-	-	41,875,595	41,875,595
Amount due to related party	-	-	8,109,906	8,109,906
Trade and other payables	-	-	1,175,783,486	1,175,783,486
Bank overdraft	-	-	2,805,950,362	2,805,950,362
	-	-	7,427,891,618	7,427,891,618

### 33. FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

#### 33.1 Determination of fair value and fair value hierarchy

As at 31st March 2023, the Company held the following assets carried at fair value on the statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of these assets by valuation technique:

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

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

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

	Level 1	Level 2	Level 3	Total
<b>As at 31.03.2023</b>				
Financial assets - Fair value through profit or loss	193,500	-	-	193,500
Investment property - Land and building	-	-	735,000,000	735,000,000
<b>As at 31.03.2022</b>				
Financial assets - Fair value through profit or loss	180,000	-	-	180,000
Investment property - Land and building	-	-	725,000,000	725,000,000

#### 33.1.1 Reconciliation of fair value measurement of "Level 3" assets

The reconciliation from the opening balance to the closing balance for level 3 fair values are shown below:

	Land Rs.	Building Rs.	Total Rs.
<b>Investment Properties</b>			
<b>Balance as at 01.04.2021</b>	487,835,863	172,164,137	660,000,000
<b>Add : Fair value gain during the year</b>	54,564,137	10,435,863	65,000,000
<b>Balance as at 31.03.2022</b>	542,400,000	182,600,000	725,000,000
<b>Add : Additions during the year</b>	-	-	-
<b>Add : Fair value gain during the year</b>	6,100,000	3,900,000	10,000,000
<b>Balance as at 31.03.2023</b>	548,500,000	186,500,000	735,000,000

# NOTES TO THE FINANCIAL STATEMENTS

## 33. FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES CONTD.

### 33.2 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Asset	Valuation technique	Significant unobservable inputs
Investment properties	Comparison and Investment approach	
Bare Land No 123, Castle Street, Colombo 08	In determining the fair value of Investment Property, the reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location were considered. Fair value of building was determined considering the capitalisation of net income method, which is based upon assumptions including rental income, anticipated maintenance costs and capitalisation rates.	<ul style="list-style-type: none"> <li>• Anticipated maintenance cost</li> <li>• Discount rate</li> <li>• Future rental income per Sq. Ft.</li> <li>• Price per perch</li> </ul>
Land & Commercial Building No. 61, D S Senanayake Mw, Colombo 08		

## 34. EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date, which would require adjustments to, or disclosures in the financial statements except below;

### Authorization of interim dividend

The Board of Directors of the Company has authorized an interim dividend of one rupee (Rs.1/-) per ordinary share amounting to Rs. 937,500,000/- on 26th May 2023.

## 35. RISK MANAGEMENT

The Company has the exposure to the following risks from its use of financial instruments and operations:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents qualitative and quantitative information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing risk and the Company's management of capital. Further, quantitative disclosures are included throughout these financial statements.

### Risk management framework

The Board of Directors has the overall responsibilities for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities.

The Audit Committee oversees how management monitors compliance with their risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit Department. Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### 35.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's investments and deposits with banks.

The Company is exposed to credit risk from its investing and financing activities, including deposits with banks and other financial assets.

#### Management of credit risk includes the following components.

The Company does an extensive and continuous evaluation of credit worthiness of its customers / financial institutions by assessing external credit ratings (if available) or historical information about default rates and change the credit limits and payment terms where necessary.

#### 35.1.1 Impairment of Financial Assets

The Company does not have trade receivables as at reporting date and impairment is not applicable to them. Cash and cash equivalents and other financial assets are subject to the impairment requirements as per SLFRS 9.

##### 35.1.1.1 Exposure to credit risk

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

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Financial assets at amortized cost	530,715,330	536,422,881
Financial assets - FVTPL	193,500	180,000
Cash and cash equivalents	3,190,655,793	1,435,092,137

##### 35.1.1.2 Trade receivables

The Company does not have trade receivables as at reporting date and hence, no impairment identified relating to them.

##### 35.1.1.3 Cash and cash equivalents and other financial assets

The cash and cash equivalents are held with banks and financial institutions which are rated above 'BBB-(Ika).

The allowance accounts in respect of cash at bank and financial institutions, and financial assets at FVTPL and other financial assets, are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible.

At that point, the amounts are considered irrecoverable and are written off against the financial assets directly.

# NOTES TO THE FINANCIAL STATEMENTS

## 35. RISK MANAGEMENT CONTD.

### 35.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets.

#### Management of liquidity risk

The Company manages the liquidity risk by carrying out cash flow forecasts and identifying future cash needs. Investments are planned ensuring that is money is available for settlements. Adequate banking facilities are approved and kept for use as and when necessary. Strong relationships have been built with banks to ensure that urgent borrowing needs are met at short notice.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted (principal plus interest) payments.

	Carrying amount Rs.	Less than 3 months Rs.	3-12 months Rs.	1-5 years Rs.	More than 05 year Rs.	Total Rs.
<b>Balance as at 31.03.2023</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	1,165,388,517	375,691,144	789,697,373	-	-	1,165,388,517
Bank overdraft	2,616,321,658	2,616,321,658	-	-	-	2,616,321,658
Loans and borrowings	1,403,810,143	458,387,193	480,163,652	757,323,684	-	1,695,874,529
Lease liabilities	26,897,955	5,458,995	16,112,045	10,081,038	-	31,652,078
Amounts due to related parties	7,867,056	7,867,056	-	-	-	7,867,056
	<b>5,220,285,329</b>	<b>3,463,726,046</b>	<b>1,285,973,070</b>	<b>767,404,722</b>	<b>-</b>	<b>5,517,103,838</b>
<b>Balance as at 31.03.2022</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	1,175,783,486	279,543,574	896,239,912	-	-	1,175,783,486
Bank overdraft	2,805,950,362	2,805,950,362	-	-	-	2,805,950,362
Loans and borrowings	3,396,172,269	1,071,488,810	841,017,545	2,180,634,154	-	4,093,140,509
Lease liabilities	41,875,595	4,187,286	16,749,144	32,551,628	-	53,488,058
Amounts due to related parties	8,109,906	8,109,906	-	-	-	8,109,906
	<b>7,427,891,618</b>	<b>4,169,279,938</b>	<b>1,754,006,601</b>	<b>2,213,185,782</b>	<b>-</b>	<b>8,136,472,321</b>

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

### 35.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising the return. Market risk comprises three types of risks;

- Foreign exchange risk
- Interest rate risk
- Equity price risk



### 35.3.1 Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on investments in unquoted debentures which are denominated in Australian Dollars (AUD) and bank balances denominated in US Dollars (USD).

The exposure to currency risk as at the reporting date is as follows:

	AUD	USD
<b>As at 31st March 2023</b>		
Investments in unquoted debentures	2,034,000	-
Bank balances	120	2,063,769
<b>As at 31st March 2022</b>		
Investments in unquoted debentures	2,034,000	-
Bank balances	-	927,820

The Sri Lankan Rupee witnessed significant volatility, particularly during the first half of the year. The currency depreciated sharply at the beginning of the year as the Central Bank of Sri Lanka (CBSL) allowed a free float of the currency which resulted in a steep depreciation of the rupee. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country. This resulted in a series of measures such as the continuation of certain import controls and stipulations on foreign currency conversions and remittances. However, the Sri Lankan rupee appreciated marginally during the latter part of the year due to the control measures taken by the authorities and certain level of improvements in foreign currency inflows and reserves. The Company adopted prudent measures, as and when required, to manage the financial impacts arising from the liquidity constraints and currency fluctuations by matching liabilities with corresponding inflows. The Company was able to navigate the liquidity challenges through matching its obligations with foreign currency inflows as far as possible while also using the strength of its financial position to manage the situation.

### Sensitivity analysis

The following table demonstrates the sensitivity of Company's profits to a reasonable possible change in the US Dollar (USD) and Australian Dollar (AUD) exchange rate with all other variables held constant. The impact on the profit before tax due to change in the fair value of monetary assets and liabilities denominated in foreign currency is as follows:

	Increase/ decrease in exchange rate	Effect on profit before tax Rs.
<b>2023</b>		
US Dollar (USD)	25%	168,860,488
	-25%	(168,860,488)
Australian Dollar (AUD)	25%	111,977,207
	-25%	(111,977,207)
<b>2022</b>		
US Dollar (USD)	25%	68,165,330
	-25%	(68,165,330)
Australian Dollar (AUD)	25%	109,814,389
	-25%	(109,814,389)

# NOTES TO THE FINANCIAL STATEMENTS

## 35. RISK MANAGEMENT CONTD.

### 35.3.2 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 Company's interest rate risk arises mainly from the borrowings and investment of excess funds in financial investments. Borrowings at variable rates expose the Company to cash flow interest rate risk. Borrowings and investments at fixed rates expose the Company to fair value interest rate risk.

The Company has cash and bank balances including deposits placed with Government and reputed financial institutions. All available opportunities are considered before making investment decisions.

The Company manages its working capital appropriately to ensure that borrowing needs and investment opportunities are foreseen. Market interest rates are monitored closely to ensure that the borrowings and investments are at the best rate for the Company.

The Central Bank of Sri Lanka (CBSL) adopted a tightening monetary policy stance during the first half of the financial year, resulting in an upward trend in interest rates. Elevated pressures on inflation on account of many factors including increases in global commodity prices, food supply and the sharp depreciation of the currency at the beginning of the year have resulted in strong policy actions by the CBSL on monetary policy throughout the reporting period. Such actions have raised monetary policy rates significantly and helped to bridge the gap between policy and market interest rates.

At the end of the reporting year, the interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company was as follows;

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Fixed deposit	3,013,414,074	710,897,962
Financial assets at amortized cost	530,715,330	536,422,881
	3,544,129,404	1,247,320,843
<b>Financial liabilities</b>		
Lease creditors	(26,897,955)	(41,875,595)
	3,571,027,359	1,289,196,438
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
Bank balance	85,140,648	136,245,822
<b>Financial liabilities</b>		
Loans and borrowings	(1,403,810,143)	(3,396,172,269)
Bank overdraft	(2,616,321,658)	(2,805,950,362)
	(4,020,131,801)	(6,202,122,631)
	(3,934,991,153)	(6,065,876,809)

The following table demonstrates the sensitivity to a reasonable possible change in variable interest, with all other variables held constant.

	Profit or loss		Equity	
	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
5% increase	(11,078,460)	(12,434,079)	(11,078,460)	(12,434,079)
5% decrease	11,078,460	12,434,079	11,078,460	12,434,079

### 35.3.3 Equity price risk

Listed equity securities are susceptible to equity price risk arising from uncertainties of future values of the investment securities. The Company manages the equity price risk through diversification of its portfolio to different business segments.

The Company's equity risk management policies adopted are as follows:

- Equity investment decisions are based on fundamentals rather than on speculation.
- Decisions are made based on in-depth industry and macro economic analysis as well as on research reports on the Company performance.

The table below shows the diversification of equity investments;

	2023	2022
Trading shares		
Quoted equity securities	193,500	180,000

### Sensitivity analysis

Investments in equity shares are subject to the performance of the investee Company and the factors that affect the status of the stock market.

The following table demonstrates the sensitivity of the Company's equity to a reasonably possible change in the market prices of the listed equity securities, with all other variables held constant.

	Change in year share price of all Companies in which the Company has invested	Effect on profit before tax as a result of gains/ losses on equity securities classified as at FVTPL Rs.
Investments in equity shares	+ 5%	9,675
	- 5%	(9,675)

# NOTES TO THE FINANCIAL STATEMENTS

## 35. RISK MANAGEMENT CONTD.

### 35.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company's standards for the management of operational risk in the following areas.

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when applicable

Compliance with set procedures is supported by periodic reviews undertaken by Internal Audit Department. The results of Internal Audit Department reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Senior Management of the Company.

### 35.5 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves of the Company. The Board of Directors monitors the return on capital, which the Company defines as a result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, have a rights' issue or buy back of shares.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	As at 31.03.2023	As at 31.03.2022
Debt to equity ratio	43%	93%

### 36 SEGMENTAL INFORMATION

For management purposes, the Company is organised into two operating segments based on products and services offered to customers as shown below:

The following table presents income and profit and certain asset and liability information regarding the Company's operating segments;

	Apartment sale		Land Sale		Total	
	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.	For the year ended 31.03.2023 Rs.	For the year ended 31.03.2022 Rs.
Revenue	16,908,041,820	8,649,276,313	2,890,642,622	861,106,938	19,798,684,442	9,510,383,251
Cost of sales	(12,418,806,218)	(6,514,727,783)	(1,958,882,618)	(573,553,218)	(14,377,688,836)	(7,088,281,001)
Gross profit	4,489,235,602	2,134,548,530	931,760,004	287,553,720	5,420,995,606	2,422,102,250
Other income	47,222,811	152,373,741	6,685,229	531,701	53,908,040	152,905,442
Gain on fair valuation of investment property	10,000,000	65,000,000	-	-	10,000,000	65,000,000
					-	-
Distribution expenses	(240,420,989)	(213,132,595)	(32,516,881)	(3,151,563)	(272,937,870)	(216,284,158)
Administrative expenses	(423,704,156)	(483,499,337)	(28,896,140)	(3,663,145)	(452,600,296)	(487,162,482)
Operating profit	3,882,333,268	1,655,290,339	877,032,212	281,270,713	4,759,365,480	1,936,561,052
Finance income	431,233,315	308,310,595	1,744,856	-	432,978,171	310,055,451
Finance expenses	(1,059,725,431)	(391,055,899)	(153,301,800)	(5,894,143)	(1,213,027,231)	(396,950,042)
Profit before taxation	3,253,841,152	1,572,545,035	725,475,268	275,376,570	3,979,316,420	1,849,666,461
Tax expenses	(506,155,400)	(132,503,176)	(121,929,257)	(33,045,188)	(628,084,657)	(165,548,364)
Profit for the year	2,747,685,752	1,440,041,859	603,546,011	242,331,382	3,351,231,763	1,684,118,097
Segmental assets	13,473,477,989	15,364,525,518	4,049,243,667	3,501,956,757	17,522,721,656	18,866,482,275
Segmental liabilities	6,890,813,781	11,640,814,985	1,245,611,214	533,484,745	8,136,424,995	12,174,299,730

### 37. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.











# A LEGACY OF DISTINCTION

For the past 2.5+ decades Prime Lands Residencies PLC has been reshaping the way Sri Lankans perceive living spaces. Since the beginning, we have built our brand around the Sri Lankan pride of home ownership. Premised on this, we have sought to design and build the finest quality living spaces, specially curated to satisfy the aspirations and lifestyles of our customers, for generations to come. Our legacy represents our commitment to outstanding design, fine detailing and quality finishing that surpass the expectations of discerning homebuyers. Through these exacting standards, we strive to create not just apartments, but distinctive "livable-lovable neighbourhoods" that our customers are eager to call home.

"Today we are proud to continue our legacy through our flagship project "The Grand Ward Place (Colombo 07)". The iconic design of "The Grand Ward Place (Colombo 07)" is inspired by the latest global trends with every element carefully curated to showcase a degree of exclusivity and urban sophistication, never before seen within Sri Lanka's condominium footprint". The 32nd floor of "The Grand Ward Place (Colombo 07)" is home to Sri Lanka's longest elevated infinity pool, offers breathtaking sunset views of Colombo city and the Indian ocean in the horizon, while the unmatched array of on-site recreational facilities have been carefully crafted bearing in mind the needs of even the most discerning residents. Adding to its world class profile are the high quality and sustainable construction materials, as well as the passive and active design elements that conform to globally accepted environmentally friendly design standards. With its inimitable design, premium bespoke finishes and unrivalled functionality, "The Grand Ward Place (Colombo 07)" stands out as a masterpiece of ultra-luxury living.

We also take great pride in celebrating the truly Sri Lankan identity of "The Grand Ward Place (Colombo 07)". Developed by Prime Lands Residencies PLC, a fully Sri Lankan entity, in partnership with Sri Lankan architects, design consultants and construction partners, "The Grand Ward Place (Colombo 07)" stands as a genuine showpiece of Sri Lankan brilliance.

The official handing over ceremony of "The Grand Ward Place (Colombo 07)" in May 2023 marks the conclusion of a six year long journey that began in mid-2017. The past six years have been some of the most challenging times Sri Lanka has ever witnessed, first with the COVID-19 pandemic and more recently the economic crisis that has left the Country battling on many fronts.

Despite these extraordinarily challenging times, our unwavering commitment to the project propelled us forward. Forging ahead to achieve all that we set out to do with "The



Grand Ward Place (Colombo 07)", we have defied the odds to deliver on every single one of our project milestones. At the same time, we have continued to differentiate ourselves through our commitment to service excellence, often reaching out individually to customers to offer support and guidance in the face of extreme challenges.

Buoyed by the success of "The Grand Ward Place (Colombo 07)", we will now stride ahead and continue with efforts to further transform the future of the condominium sector in Sri Lanka. Our latest project - "43, By the Sea, Marine Drive", with its emphasis on natural lighting and airflow is set to become the next big trend in the local condominium sector. In another groundbreaking development, we have secured approval to design our latest project in Colombo 8 as Sri Lanka's first-ever pet friendly condominium with designated areas for pet grooming, walking paths etc. As we begin this new and exciting chapter in our journey, we also remain focused on completing several of our ongoing projects in 2023, including The Beach Front Uswetakeiyawa (UK II) project and the Palace Gampaha.







# SHARE INFORMATION

## A. TWENTY MAJOR SHAREHOLDERS

	Name of the shareholder	As at 31.03.2023		As at 31.03.2022	
		Shareholding	Percentage (%)	Shareholding	Percentage (%)
1	Prime Lands (Private) Limited	749,999,970	80.00%	749,999,970	80.00%
2	Phantom Investments (Private) Limited	9,449,725	1.01%	6,900,000	0.74%
3	Mr. H P D W N Gunasekara	7,300,000	0.78%	5,000,000	0.53%
4	Ceylinco General Insurance Limited	6,700,000	0.71%	6,700,000	0.71%
5	Mr. H K C P Perera	5,000,000	0.53%	5,000,000	0.53%
6	EMFI Capital Limited	3,500,000	0.37%	N/Q	N/Q
7	DFCC Bank PLC/Maskeliya Tea Exports (Private) Limited	3,499,176	0.37%	3,234,622	0.35%
8	Askold (Private) Limited	3,381,702	0.36%	3,500,000	0.37%
9	Mr. A I Ramachandra	3,175,000	0.34%	3,175,000	0.34%
10	Jafferjee Brothers Exports (Private) Limited	2,884,600	0.31%	2,884,600	0.31%
11	Mr. B M D S Thaaruna	2,500,000	0.27%	2,500,000	0.27%
12	Mr. N A S Brahmanage	2,500,000	0.27%	2,500,000	0.27%
13	Mr. D N P Rathnayake	2,322,222	0.25%	2,100,000	0.22%
14	Mr. M A Jafferjee	2,000,000	0.21%	2,000,000	0.21%
15	Katunayake Garments Limited.	1,923,000	0.21%	1,923,000	0.21%
16	Deutsche Bank AG Trustee To Lynear Wealth Dynamic Opportunities Fund	1,660,238	0.18%	N/Q	N/Q
17	Mr. D G Wirasekara	1,500,000	0.16%	N/Q	N/Q
18	Mr. R Udagama	1,300,000	0.14%	N/Q	N/Q
19	Mr. A A M P Amarasinghe	1,245,037	0.13%	N/Q	N/Q
20	Mr. P Brahmanage	1,200,015	0.13%	N/Q	N/Q
		813,040,685	86.72%	797,417,192	85.06%
	Others	124,459,315	13.28%	140,082,808	14.94%
		937,500,000	100.00%	937,500,000	100.00%

N/Q- Not qualify for top 20 shareholders as at 31 March 2022

## B. PUBLIC AND NON PUBLIC SHAREHOLDINGS

Name of the shareholder	As at 31.03.2023			As at 31.03.2022		
	No. of shares	No. of shareholders	Percentage (%)	No. of shares	No. of shareholders	Percentage (%)
Issued number of ordinary shares and No. of shareholders	937,500,000	5,876	100.00	937,500,000	5,623	100.00
Less:- Shares held by non public	751,300,000	4	80.14	750,100,000	4	80.01
Shares held by the public and No. of shareholders	186,200,000	5,872	19.86	187,400,000	5,619	19.99
"Float adjusted market capitalisation (Under option 5) LKR"	1,489,600,000			1,293,060,000		



## C. DISTRIBUTION OF SHAREHOLDERS

Name of the shareholder	As at 31.03.2023			As at 31.03.2022		
	No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)
1 - 1,000	1,986	822,083	0.09	1,775	798,919	0.09
1,001 - 10,000	2,292	10,998,201	1.17	2,370	11,382,908	1.21
10,001 - 100,000	1,341	45,983,591	4.90	1,230	42,174,104	4.5
100,001 - 1000,000	233	62,473,386	6.66	223	63,358,175	6.76
Over 1000,000	24	817,222,739	87.17	25	819,785,894	87.44
<b>Total</b>	<b>5,876</b>	<b>937,500,000</b>	<b>100.00</b>	<b>5,623</b>	<b>937,500,000</b>	<b>100.00</b>

## D. CATEGORIES OF SHAREHOLDERS

Name of the shareholder	As at 31.03.2023			As at 31.03.2022		
	No. of shareholders	No. of shares	Percentage (%)	No. of shareholders	No. of shares	Percentage (%)
Local individuals	5,635	128,212,883	13.68	5,356	121,782,914	12.99
Local institutions	231	805,247,958	85.89	260	815,502,687	86.99
Foreign individuals	9	539,159	0.06	7	214,399	0.02
Foreign institutions	1	3,500,000	0.37	-	-	-
	<b>5,876</b>	<b>937,500,000</b>	<b>100.00</b>	<b>5,623</b>	<b>937,500,000</b>	<b>100</b>

## E. PERFORMANCE AT THE CSE

	As at 31 March 2023	As at 31 March 2022
<b>Market Price per share</b>		
Highest	9.20	14.90
Lowest	4.50	6.60
Last Traded Price	8.00	6.90

## F. SHAREHOLDINGS OF DIRECTORS

Name of the shareholder	As at 31.03.2023		As at 31.03.2022	
	No. of shares	Percentage (%)	No. of shares	Percentage (%)
Mr. B Premalal	1,200,015	0.13%	15	0.00%
Ms. H K S R Perera	15	0.00%	15	0.00%
Mr. N M Weerakkody	Nil	N/A	Nil	0.00%
Mr. H M N U Kumara	Nil	N/A	Nil	0.00%
Ms. S S A P Brahmanage	Nil	N/A	Nil	0.00%
Mr. M Perera	Nil	N/A	Nil	0.00%
Mr. D Kalapuge	Nil	N/A	Nil	0.00%
Mr. S Bandara	Nil	N/A	Nil	0.00%
Mr. D Sooriyaarachchi	Nil	N/A	Nil	0.00%
Mr. N L S Joseph	100,000	0.01%	100,000	0.01%

# FIVE YEAR SUMMARY

Income Statement	Year Ended 31 March 2023 Rs.	Year Ended 31 March 2022 Rs.	Year Ended 31 March 2021 Rs.	Year Ended 31 March 2020 Rs.	Year Ended 31 March 2019 Rs.
Revenue	19,798,684,442	9,510,383,251	7,732,398,134	5,716,288,413	3,595,043,841
Gross Profit	5,420,995,606	2,422,102,250	1,893,518,991	1,072,944,265	882,340,899
Operating Profit	4,759,365,480	1,936,561,052	1,585,039,550	794,248,876	842,542,211
Profit before tax	3,979,316,420	1,847,921,605	1,277,417,267	181,783,508	273,672,672
Tax expenses	(628,084,657)	(165,548,364)	(288,161,691)	(50,987,616)	(15,611,147)
Profit for the year	3,351,231,763	1,682,373,241	989,255,576	130,795,892	258,061,525

Statement of Financial Position	31 March 2023 Rs.	31 March 2022 Rs.	31 March 2021 Rs.	31 March 2020 Rs.	31 March 2019 Rs.
Current assets	16,620,245,974	17,723,347,307	11,897,535,916	12,547,469,579	12,855,469,906
Current liabilities	7,411,117,022	10,387,644,546	7,154,063,213	9,468,063,776	8,568,128,639
Net-current assets	9,209,128,952	7,335,702,761	4,743,472,703	3,079,405,803	4,287,341,267
Non-current assets	902,475,682	1,143,134,968	1,102,380,550	1,035,290,806	1,034,975,128
Non-current liabilities	725,307,973	1,786,655,184	2,412,900,605	1,671,979,023	2,604,859,776
Net assets	9,386,296,661	6,692,182,545	3,432,952,648	2,442,717,586	2,717,456,619

Key indicators					
Basic earnings per share (Rs.)	3.57	1.86	1.32	0.17	0.34
Net assets per share (Rs.)	10.01	7.14	4.58	3.26	3.62
Return on equity (%)	36%	25%	29%	5%	9%
Return on assets (%)	19%	9%	8%	1%	2%
Debt/equity ratio (%)	15%	51%	124%	133%	127%
Dividend per share-(Rs.)	1.00	0.70	0.40	-	0.30
Dividend payout (%)	28%	39%	38%	-	87%
Dividend Cover (Times)	3.57	2.66	3.30	-	1.15

# GRI CONTENT INDEX

## GRI CONTENT INDEX - REPORTING WITH REFERENCE TO THE GRI STANDARDS

GRI STANDARD	DISCLOSURE	LOCATION	Page
GRI 2: General Disclosures 2021	2-1 Organizational details	Corporate Information	199
	2-2 Entities included in the organization's sustainability reporting	Report Profile	2
	2-3 Reporting period, frequency and contact point	Report Profile	2
	2-4 Restatements of information	Report Profile	2
	2-5 External assurance	Report Profile	2
	2-6 Activities, value chain and other business relationships	Social and Relationship Capital	86
	2-7 Employees	Human Capital	75
	2-8 Workers who are not employees	Human Capital	75
	2-9 Governance structure and composition	Corporate Governance Report	97
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report	99
	2-11 Chair of the highest governance body	Corporate Governance Report	98
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Report	98
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Report	100
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance Report	126
	2-15 Conflicts of interest	Corporate Governance Report	99
	2-16 Communication of critical concerns	Human Capital	81
	2-17 Collective knowledge of the highest governance body	Corporate Governance Report	99
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Report	99
	2-19 Remuneration policies	Human Capital	78
	2-20 Process to determine remuneration	Human Capital	78
	2-21 Annual total compensation ratio	Human Capital	78
	2-22 Statement on sustainable development strategy	Natural Capital	92
	2-23 Policy commitments	Intellectual Capital	71
	2-24 Embedding policy commitments	Intellectual Capital	71
	2-25 Processes to remediate negative impacts	Human Capital	81
	2-26 Mechanisms for seeking advice and raising concerns	Human Capital	81
	2-27 Compliance with laws and regulations	Corporate Governance Report	96
	2-28 Membership associations	Intellectual Capital	72
	2-29 Approach to stakeholder engagement	Stakeholder Engagement	31
	2-30 Collective bargaining agreements	Human Capital	81
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Topics	34
	3-2 List of material topics	Material Topics	34
	3-3 Management of material topics	Material Topics	35

# GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	Page
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Capital	62
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Human Capital	78
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social and Relationship Capital	89
	203-2 Significant indirect economic impacts	Social and Relationship Capital	89
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Social and Relationship Capital	86
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Intellectual Capital	71
	205-2 Communication and training about anti-corruption policies and procedures	Intellectual Capital	71
	205-3 Confirmed incidents of corruption and actions taken	No reported incidents	71
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No reported incidents	71
GRI 207: Tax 2019	207-1 Approach to tax	Financial Capital	61
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural Capital	93
	303-2 Management of water discharge-related impacts	Natural Capital	93
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Social and Relationship Capital	86
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital	78
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital	78
	401-3 Parental leave	Human Capital	79
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Human Capital	76
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital	77
	403-5 Worker training on occupational health and safety	Human Capital	77
	403-6 Promotion of worker health	Human Capital	77
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital	81
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital	80
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital	79
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital	76
	405-2 Ratio of basic salary and remuneration of women to men	Human Capital	78

GRI STANDARD	DISCLOSURE	LOCATION	Page
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital	76
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital	81
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Capital	76
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Capital	77
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social and Relationship Capital	89
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Social and Relationship Capital	86
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Social and Relationship Capital	84
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Social and Relationship Capital	84
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Social and Relationship Capital	84
	417-2 Incidents of non-compliance concerning product and service information and labeling	Social and Relationship Capital	85
	417-3 Incidents of non-compliance concerning marketing communications	Social and Relationship Capital	85
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social and Relationship Capital	85



## NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

# CORPORATE INFORMATION

## NAME OF THE COMPANY

Prime Lands Residencies PLC

## LEGAL FORM

Limited Liability Company incorporated in Sri Lanka in May 2005 under the Companies Act No. 17 of 1982

Re-registered in September 2008 under the Companies Act No. 07 of 2007

Converted to a Public Limited Company in February 2021

Ordinary Shares listed on the Colombo Stock Exchange in June 2021

## COMPANY REGISTRATION NO

PQ00234680

## DIRECTORS

Mr. P Brahmanage  
Co-Chairman / Executive Director

Ms. H K S R Perera  
Co-Chairperson / Executive Director

Mr. N M Weerakkody  
Managing Director / Executive Director

Mr. H M N U Kumara  
Executive Director/ Director - Corporate Affairs

Ms. S S A P Brahmanage  
Executive Director

Mr. D Sooriyaarachchi  
Independent Non-Executive Director

Mr. S Bandara  
Independent Non-Executive Director

Mr. D H Kalapuge  
Independent Non-Executive Director

Mr. M Perera  
Independent Non-Executive Director

Mr. N L S Joseph  
Independent Non-Executive Director

## SENIOR INDEPENDENT DIRECTOR

Mr. D Sooriyaarachchi

## BOARD AUDIT COMMITTEE

Mr. S Bandara  
(Chairman of the Committee)  
Mr. D Sooriyaarachchi  
Mr. M Perera

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. S Bandara  
(Chairman of the Committee)  
Mr. D Sooriyaarachchi  
Mr. M Perera

## REMUNERATION, NOMINATION & HUMAN RESOURCES COMMITTEE

Mr. D Sooriyaarachchi  
(Chairman of the Committee)  
Mr. S Bandara  
Mr. D H Kalapuge

## REGISTERED OFFICE OF THE COMPANY

No. 75, D S Senanayake Mawatha,  
Colombo 08.  
Telephone - +94 11 2699822  
Website - [www.primeresidencies.lk](http://www.primeresidencies.lk)  
Email - [investorrelations@primeresidencies.lk](mailto:investorrelations@primeresidencies.lk)

## COMPANY SECRETARY

PELE Consulting (Pvt) Ltd  
Apart. No. 9/6,10, Alfred House Gardens  
Colombo - 03

## REGISTRAR OF THE COMPANY

SSP Corporate Services (Pvt) Ltd  
101, Inner Flower Road,  
Colombo - 03

## AUDITORS

BDO Partners (Chartered Accountants)  
65/2, 'Charter House' Sir Chittampalam A Gardiner Mawatha,  
Colombo - 02

## BANKERS OF THE COMPANY

Hatton National Bank  
Seylan Bank  
Sampath Bank  
Commercial Bank of Ceylon  
Nations Trust Bank  
National Development Bank  
DFCC Bank  
Peoples Bank  
Bank of Ceylon

# ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eighteenth Annual General Meeting of the shareholders of Prime Lands Residencies PLC will be held via an Online Meeting Platform on this 30th day of June 2023 at 2.30 p.m. to conduct the following businesses:

## **Agenda**

1. Notice of meeting
2. To receive and consider the Report of the Directors and the Statements of Accounts for the year ended 31st March 2023 together with the Report of the Auditors thereon.
3. To resolve that the Interim Dividend of Rs.1/- declared and paid to Shareholders from the profits of the Financial Year 2022/23 is deemed to be the final dividend for the said Financial Year.
4. To re-elect Mr. D. H. Kalapuge, who retires from the Board by rotation in terms of the Code of Best Practices on Corporate Governance and, being eligible, seeks re-election.
5. To re-elect Mr. Mahinda Perera, who retires from the Board by rotation in terms of the Code of Best Practices on Corporate Governance and, being eligible, seeks re-election.
6. To re-appoint Messrs. BDO Partners, Chartered Accountants as the Auditors of the Company for the ensuing year and authorize the Directors to determine their remuneration.
7. To authorize the Board of Directors to determine contributions to charities and other donations for the year 2023/24.

## **Note:**

To attend the Meeting via the Online Meeting Platform you are requested to carefully read the enclosed '**GUIDELINES AND REGISTRATION PROCESS FOR THE ANNUAL GENERAL MEETING (AGM) VIA THE ONLINE MEETING PLATFORM**' (Annexure II) and submit the '**REGISTRATION OF SHAREHOLDER DETAILS - ONLINE PARTICIPATION AT THE AGM 2023**' - Annexure I (**REGISTRATION FORM**) attached hereto as instructed therein.

By order of the Board of Directors of  
**Prime Lands Residencies PLC**

**Pele Consulting (Private) Limited**

(Signed)

Company Secretaries

Date: 7th June 2023

## **Note:**

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his/her behalf.
2. A proxy so appointed need not be a member of the Company.
3. A form of proxy accompanies this notice.

# FORM OF PROXY

I/We..... of .....

..... being a member/members of Prime Lands Residencies PLC

hereby appoint: ..... of .....

..... (holder of NIC No. .... or failing him/her

B. Premalal	of Colombo failing him
Ms. H. K. S. R. Perera	of Colombo failing her
N. M. Weerakkody	of Colombo failing him
Ms. S. S. A. P. Brahmanage	of Colombo failing her
H. M. N. U. Kumara	of Colombo failing him
M. Perera	of Colombo failing him
D. H. Kalapuge	of Colombo failing him
S. M. S. S. Bandara	of Colombo failing him
D. Sooriyaarachchi	of Colombo failing him
N.L.S. Joseph	of Colombo

as my/our proxy to represent me/us to vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company to be held on 30th June 2023 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Agenda Item	For	Against
1. To receive and consider the Report of the Directors and the Statements of Accounts for the year ended 31st March 2023 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To resolve that the Interim Dividend of Rs.1/- declared and paid to Shareholders from the profits of the Financial Year 2022/23 is deemed to be the final dividend for the said Financial Year.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. D.H. Kalapuge, who retires from the Board by rotation in terms of the Code of Best Practices on Corporate Governance and, being eligible, seeks re-election.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Mahinda Perera, who retires from the Board by rotation in terms of the Code of Best Practices on Corporate Governance and, being eligible, seeks re-election.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs. BDO Partners, Chartered Accountants as the Auditors of the Company for the ensuing year and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize the Board of Directors to determine contributions to charities and other donations for the year 2023/24.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of June 2023.

.....  
Signature of the Shareholder

**Note:** Instructions as to completion are noted on the reverse hereof.

# FORM OF PROXY

## INSTRUCTIONS ON HOW TO COMPLETE THE FORM OF PROXY

1. Kindly perfect the Form of Proxy by legibly filling your full name and address, signing in the space provided, and filling in the date of signature. 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.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the Proxy form for registration, if such Power of Attorney has not already been registered with the Company.
3. In the case of a company or corporation/statutory body, the Proxy must be filled and attested in the legally prescribed manner, either under its common seal or signed by the Attorney or by an Officer(s) on behalf of the company or corporation/statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
4. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 75, D.S. Senanayake Mawatha, Colombo 08, or emailed to [agm@primeresidencies.lk](mailto:agm@primeresidencies.lk) not less than 48 hours before the Meeting.
5. A shareholder appointing a Proxy (other than a Director of the Company) to attend the meeting should indicate the Proxy holder's details clearly and, additionally in the enclosed REGISTRATION FORM (Annexure I)







PRIME LANDS RESIDENCIES PLC

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