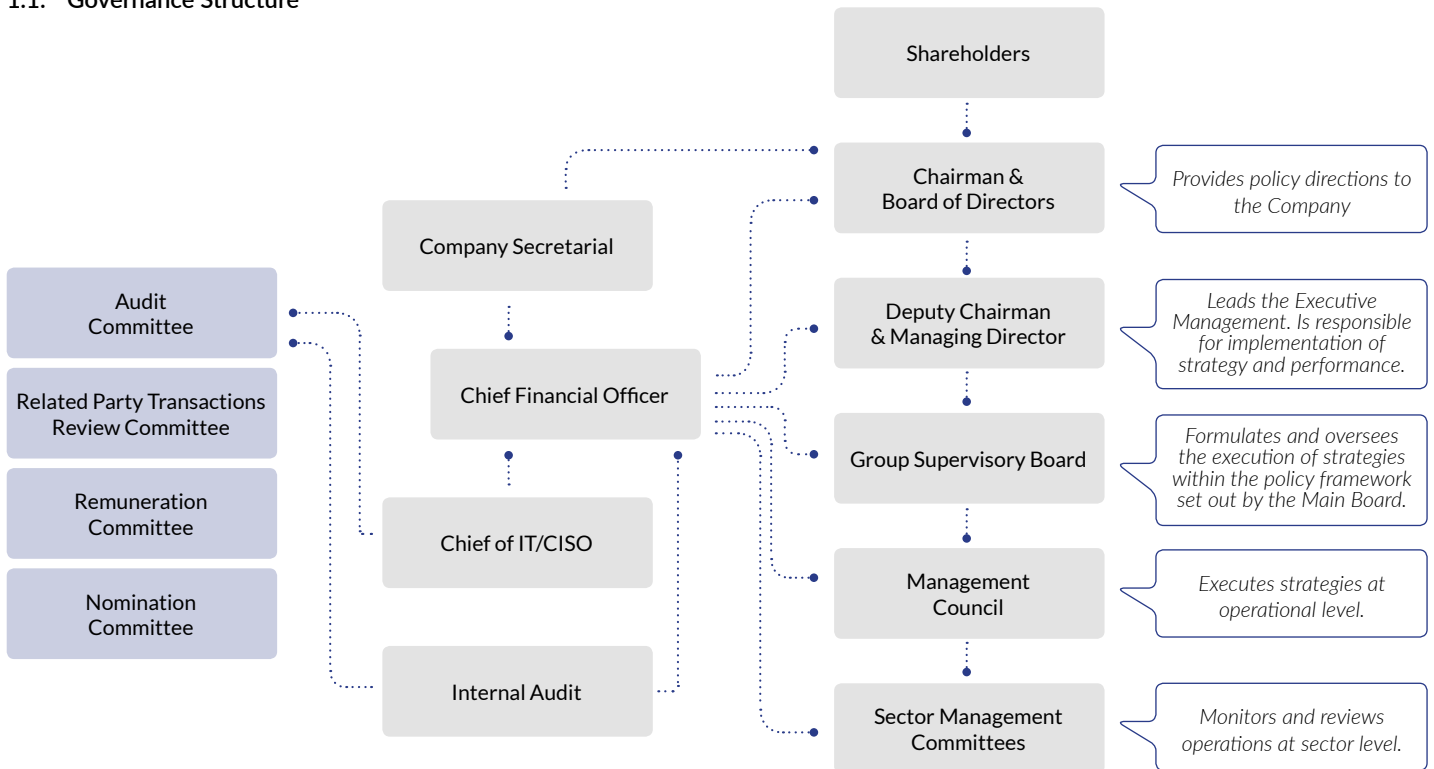


CORPORATE GOVERNANCE

1. Governance framework and the structure

The Group's vibrant and dynamic Governance framework applied and practiced throughout the year under review is outlined in this report. The framework employed by the Group is structured within the parameters set out by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance (2017) issued jointly by the Securities and Exchange Commission and the Chartered Accountants of Sri Lanka. The aforesaid laws, Listing Rules and the Code provide a comprehensive view of all matters that are relevant for best corporate practices and facilitates reporting of same in a concise and logical manner.

1.1. Governance Structure



1.2. Framework and Policies

External framework and policies	
<p>Mandatory Compliance for the Company</p> <ul style="list-style-type: none"> » Companies Act No.7 of 2007 » Listing Rules of the Colombo Stock Exchange (CSE) » Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended) » Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 » Customs Ordinance No. 17 of 1869 » Foreign Exchange Act No. 12 of 2017 » Laws relating to employment securities and benefits. » Inland Revenue Act No. 24 of 2017 	<p>Voluntary Compliance for the Company</p> <ul style="list-style-type: none"> » Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka - 2017 » United Nations Global Compact (UNGC) » Women's Empowerment Principles » Management Systems (Environment & Social) » Integrated Reporting Framework » Global Reporting Initiative Standards » Codes of regulatory authorities, professional institutions and trade associations
Internal framework and policies	
<ul style="list-style-type: none"> » Group Code of Ethics » Articles of Association » Financial Reporting Policies » Human Resources Policies 	<ul style="list-style-type: none"> » Health and Safety Policies » Environmental Policies » Information Technology Policies » Integrated Sustainability Policy and Implementation of Framework

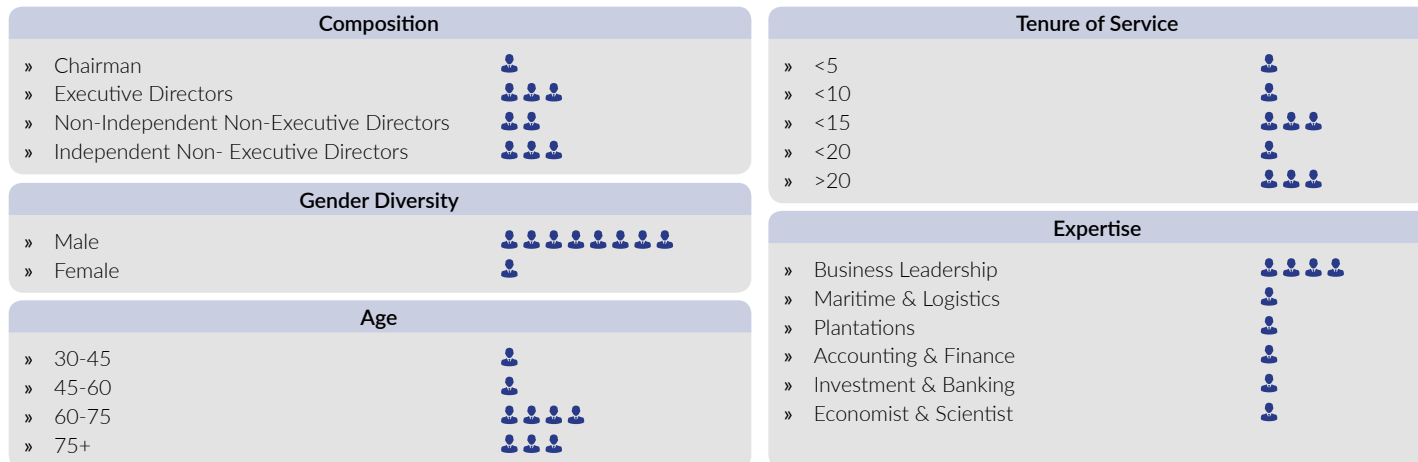
The Board of Directors of the Company bears the overall responsibility for sound governance, requisite transparency, stewardship, performance and accountability towards all stakeholders. Hence the governance framework depicts how the Board has structured the corporate hierarchy in order to discharge the responsibilities and accountabilities bestowed upon itself. These structures and frameworks are periodically reviewed to be kept abreast with the developments in both internal and external best practices which are relevant and focused on the Group's performance.

CORPORATE GOVERNANCE

2. Our Effective Board with Exceptional Leadership

2.1. Composition of the Board

The Board, comprises of nine Directors maintaining a balance of five Non-Executives to four Executive Directors forming 1/3rd of Directors as deemed independent. The diverse experience of the Directors has made them contribute to the Board in varied perspectives. The Board of Aitken Spence has the unique blend of being represented by Directors with experience in various disciplines ranging from business and finance to maritime and investment banking which brings in the acumen needed to navigate the everchanging global landscape.

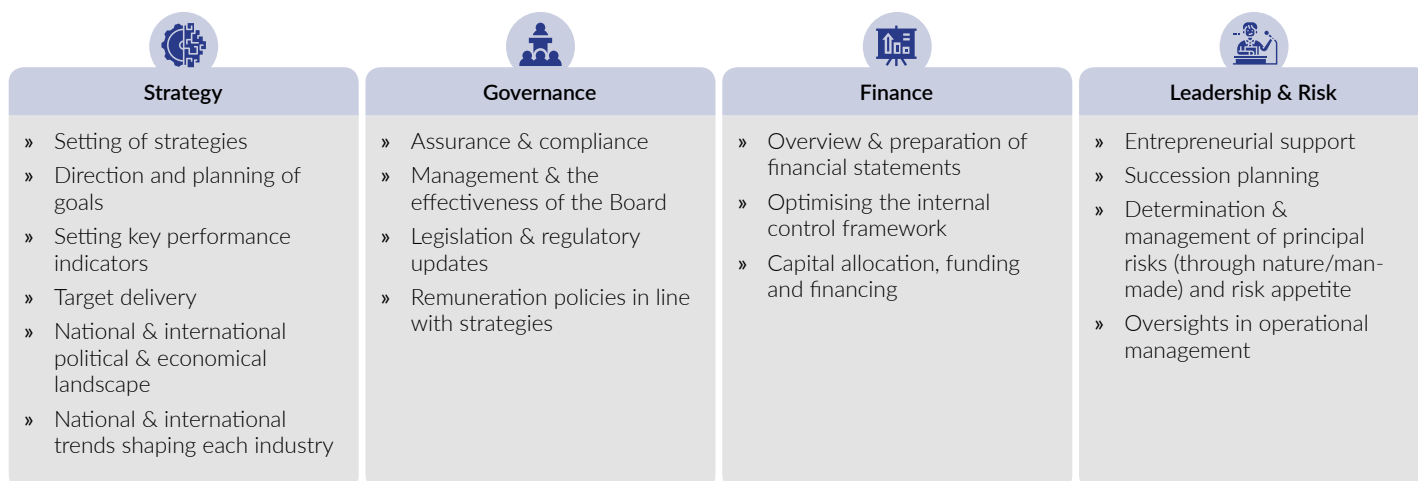


2.2. The role and the responsibilities of the Board

Being responsible for the overall sound governance and implementation of business strategies across the Group, the Board provides entrepreneurial leadership with a framework of prudent and effective controls, and exercises authority in carrying out its duties within the applicable laws and regulations of the country.

The Board is aware of other commitments of its Directors and is satisfied that all Directors work towards the best interest of the Company. Each member allocates sufficient time to fulfil his/her duties. Each Director is expected to inform the Board of any intention of joining boards of any other company outside the Group and any changes in their commitments which may affect or conflict with their duties as Directors of Aitken Spence PLC. In accordance with section 218 of the Companies Act No. 07 of 2007, Directors are indemnified against the liabilities which may arise in respect of the duties they perform within the organisation.

2.3. Key areas of Board focus in 2019/2020



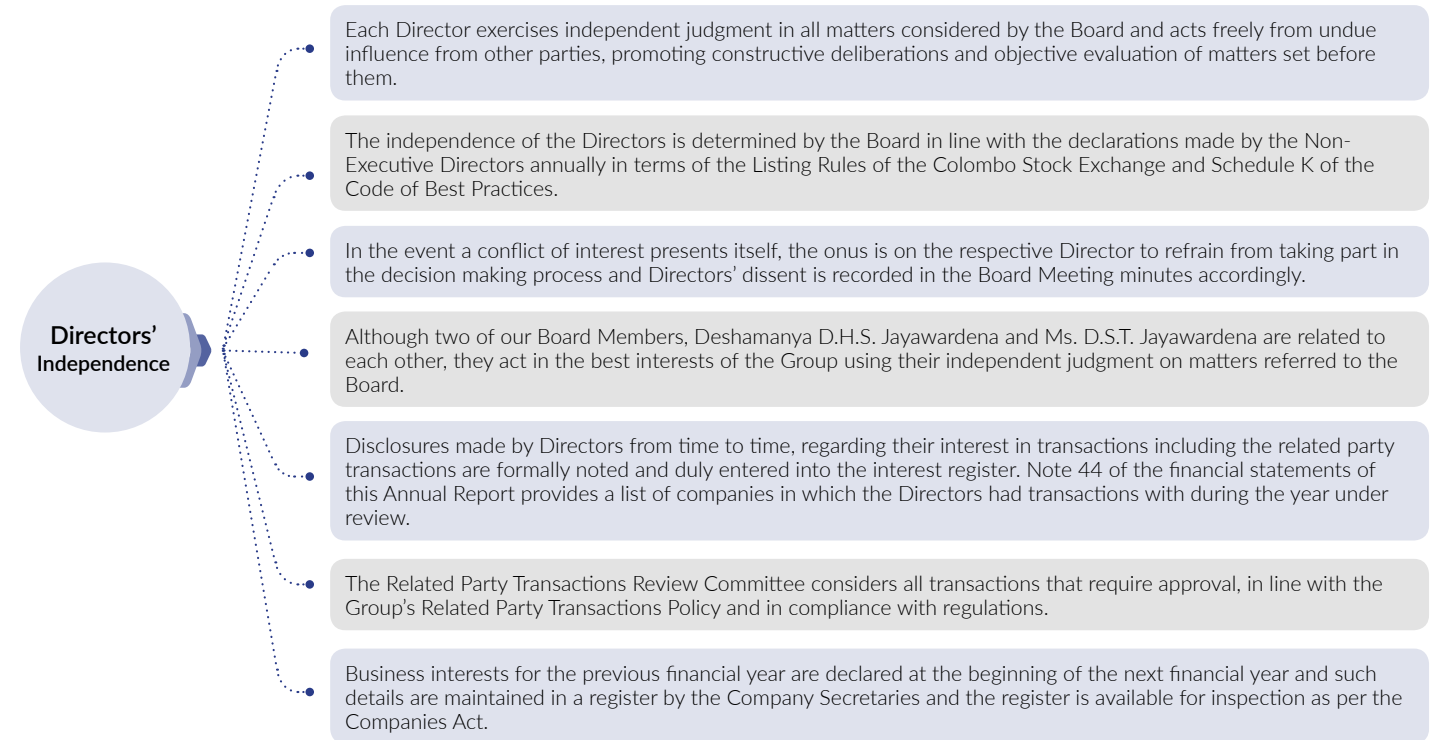
2.4. How the Board creates value through Governance

Key aspects related to value creation	Key Responsibilities	In compliance with
Guiding and maintaining strong financial positions that stimulates sustainable growth of the Group	<ul style="list-style-type: none"> » Setting business strategies and partnerships locally and globally as a diversified Group » Providing direction and guidance to formulate Group business strategy » Approving of annual budgets to meet strategic objectives » Reviewing and approving significant investments, acquisitions and disposals » Being responsible and pro-actively managing the material aspects of the value chain 	<ul style="list-style-type: none"> » Audit Committee recommendations » Risk management structures » Independent External Auditor's recommendations » Financial reporting policies » Accredited quality management systems » Business ethics » Mandatory laws and regulations
Nurturing long-term sustainable stakeholder relationships and exercising accountability	<ul style="list-style-type: none"> » Presenting a balanced assessment of the Company's position and prospects » Recommending appointment and/or removal of the external auditors » Promoting corporate citizenship » Meeting stakeholder obligations, balancing their interests in fair manner » Appointing Management Committees that effectively implement strategies 	<ul style="list-style-type: none"> » Accredited quality management systems » Sustainability reporting » Mandatory laws and regulations » Business ethics » UNGC principles
Delegating management and developing an engaged employee group	<ul style="list-style-type: none"> » Appointing Management Committees that effectively implement strategies » Ensuring succession planning to facilitate the sustainability of the business » Evaluating performance and effecting appointments to Board Sub-Committees » Ensuring effective systems of internal control, risk management, compliance and secure integrity of information and business continuity through delegation 	<ul style="list-style-type: none"> » Group Code of Ethics » Human resources policies » Accredited quality management systems » UNGC principles » Women's empowerment principles » Mandatory laws and regulations
Promoting innovation and positioning of the Aitken Spence brand	<ul style="list-style-type: none"> » Establishing corporate values and creating a competitive edge in our business operations » Promoting corporate citizenship » Sustainable investments » Ethical business behaviours 	<ul style="list-style-type: none"> » Code of Best Practices jointly issued by SEC and CA Sri Lanka » GRI Standards and sustainable reporting » Articles of Association » Mandatory laws and regulations

CORPORATE GOVERNANCE

2.5. Continuing good Governance

(a). Directors' Independence



Independence of Non-Executive Directors

Mr. G.C. Wickremasinghe

Mr. Wickremasinghe has been a Board Member of Aitken Spence for over nine years and was also an Executive Director on the Board prior to the assumption of duties as a Non-Executive Director. The Board having considered the above facts, is of the view that the period of service and the Executive Directorship previously held by him do not compromise his independence and objectivity in discharging his functions as a Director and therefore determined that Mr. Wickremasinghe is 'independent' as per the Listing Rules.

Mr. C.H. Gomez

The Board is of the view that the period of service of Mr. C.H. Gomez as a Board Member, which exceeds nine years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Gomez is 'independent' as per the Listing Rules

Mr. R.N. Asirwatham

Appointed to the Board as an Independent Director in 2009, the Board is of the view that Mr. R.N. Asirwatham's period of service, exceeding nine years as a Board member, does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, Mr. R. N. Asirwatham is determined as 'independent' by the Board in terms of the Listing Rules.

(b) Meetings and Minutes

Attendance at Board Meetings

Director		Date of Appointment	Board	Audit Committee	Nomination Committee	Remuneration Committee	Related Party Transactions Review Committee
Deshamanya D.H.S. Jayawardena	Chairman	01.04.2000	5	-	1	-	-
Dr. M.P. Dissanayake	EXE	15.03.2019	5	-	-	-	-
Dr. R.M. Fernando	EXE	01.04.2005	5	-	-	-	-
Ms. D.S.T. Jayawardena	EXE	01.12.2013	5	-	-	-	-
Mr. J.M.S. Brito	NED	01.04.2000	5	7*	-	-	4
Mr. G.C. Wickremasinghe	INED	01.04.1972	4	7	1	1	2
Mr. C.H. Gomez	INED	14.05.2002	2	1	-	1	1
Mr. N.J. de S. Deva Aditya/ Mr. A.L. Gooneratne (alternate Director to Mr. N.J. de S. Deva Aditya)	NED	15.09.2006	5	9	-	-	3
Mr. R.N. Asirwatham	INED	01.09.2009	5	11	1	1	4
Total No. of Meetings			5	11	1	1	4

*During the financial year Mr. J.M.S. Brito attended 03 Audit Committee meetings by invitation and 07 meetings as a member of the Committee

EXE – Executive Director NED- Non-Executive Director INED – Independent NED

In order to facilitate effective participation, an annual calendar of Board meetings is prepared and tabled at the last Board meeting of each calendar year.

In an instance of a Director's non-attendance at the meetings, he/she is provided with briefing material for discussion with the Chairman or the Deputy Chairman and Managing Director on a later date through formally documented minutes of discussions, by clarifying matters from the Company Secretaries or through separate discussions prior to the meeting regarding matters arising from the previous meeting.

The Notice of the Meeting along with the Agenda and the Board Papers are distributed to the Directors a week prior to each meeting

to be held enabling the Directors to consider agenda items providing sufficient time to call for any additional information or clarifications.

The agenda of each meeting is set by the Company Secretaries with the consultation of the Chairman and the Deputy Chairman and Managing Director, ensuring that sufficient time is available for discussion to consider all matters included in the agenda. Resolutions concerning urgent business matters may be passed by circulation, within the regulations. Company Secretaries maintain all past minutes and board papers and these are accessible at the convenience of the Directors.

Directors of the Company have been provided access to the management

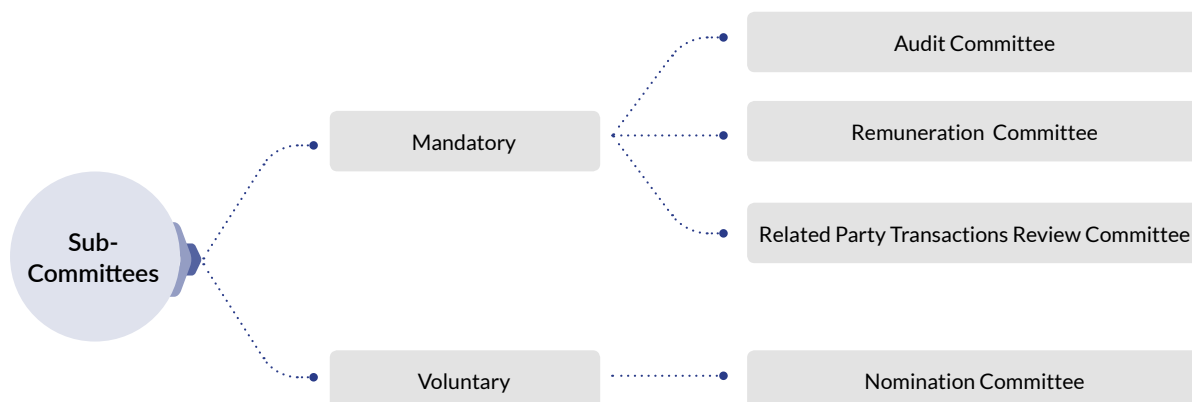
and organizational information including the resources required to continue their responsibilities and duties effectively. Access to independent professionals' advice as and when required by the Board is further facilitated and coordinated through the Company Secretaries.

(c) Board Sub-Committees

The Board has established sub-committees for the effective and efficient discharge and development of its duties and responsibilities, in compliance with the regulations of the Listing Rules and the Code.

All such committees are provided with all essential resources empowering them to undertake their duties in an effective manner.

CORPORATE GOVERNANCE



Board Committee	Areas of Oversight	Composition	Committee Report
Audit Committee	<ul style="list-style-type: none"> » Financial Reporting » Internal Controls » Internal Audit » External Audit » Risk Management 	3 Independent Non-Executive Directors including the Chairman of the Committee and 2 Non-Executive Directors INED 3 NED 2	Please refer to the Audit Committee Report
Remuneration Committee	<ul style="list-style-type: none"> » Remuneration policies and practices » Recommend Executive remuneration 	3 Independent Non-Executive Directors including the Chairman of the Committee INED 3 NED	Please refer to the Remuneration Committee Report
Related Party Transactions Review Committee	<ul style="list-style-type: none"> » Review of related party transactions for regulatory compliance 	3 Independent Non-Executive Directors including the Chairman of the Committee and 2 Non-Executive Directors INED 3 NED 2	Please refer Related Party Transaction Review Committee Report.
Nominations Committee	<ul style="list-style-type: none"> » Evaluating and recommending the appointment or re-appointment of Directors to the Board. » Succession Planning 	2 Independent Non-Executive Directors including the Chairman of the Committee and the Executive Chairman of the Board INED 2 Chairman 1	Please refer Nominations Committee Report.

Chairmen of the sub-committees report to the Board on the activities of their respective committees highlighting matters of importance.

Other Executive Committees namely the Management Council, Senior Management Committees and the Sectoral Management Committees are led by the Deputy Chairman and Managing Director execute strategies and policies determined by the Board, manage through delegation, empowerment and reporting obligations. Such committees meet on a regular basis to discuss matters regarding the allocation of capital, technical and human resources in managing the business and delivering agreed strategic goals at operational and sector levels, as required.

3. Shareholder Relations

Communications with shareholders are encouraged through multiple channels including the annual general meeting, annual report, interim financial statements, a dedicated investor relations page on the Company's website, press releases, social media platforms and announcements to the Colombo Stock Exchange.

The Company engages with shareholders through an open and meaningful dialogue in order to understand their expectations. Shareholders are encouraged to be present, participate and vote at the annual general meeting where all shareholders are entitled to one vote per individual present or one vote per share in case of a poll. The annual report is circulated to the shareholders not less than 15 working days prior to the annual general meeting.

At the annual general meeting the Chairman, Board members including Sub-Committee Chairmen and key management personnel at the request of the Chairman, and external auditors are present and available to answer questions posed by shareholders. Shareholders are also free to informally meet with the Directors at the conclusion of the annual general meeting to clarify any outstanding queries. Issues at the meeting

will be decided by show of hands provided the shareholder/s do not demand a poll. In the event a poll is demanded, the procedures as specified in the Articles of Association of the Company will be followed with the assistance of the Company Secretaries.

The Company maintains a continuous dialogue with institutional investors during the year in a structured manner to clarify their concerns, typically following the release of quarterly financial statements, thereby promoting sustainable investments.

Shareholders may also direct queries and concerns to Directors or the management of the Company. Such questions, requests and comments should be addressed to the Company Secretarial Division who will effectively and efficiently liaise with relevant internal parties to provide a solution to the queries raised by shareholders.

The Company Secretaries maintain a record of all correspondence received and deliver such correspondence to the Board or individual Directors as appropriate. The Board or individual Directors will provide a suitable response when required and direct the Company Secretaries to communicate with the shareholder concerned. The Board recognizes its responsibility to present a balanced and understandable assessment of the Group's financial performance and future prospects, and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided.

At the close of the financial year 2019/2020, the Company had 5,413 shareholders. Resident investors held 79.05% of shares while non-resident investors held the remaining 20.95%. Institutions held 87.11%. Melstacorp PLC was the largest shareholder owning 50.32% of shares while the 20 largest shareholders held 85.31%.

4. External Auditors

The External Auditors are appointed subject to the provision of the Companies Act No. 07 of 2007 and the Audit Committee makes

recommendations to the Board for the appointment, re-appointment or removal of the External Auditors in-line with professional and ethical standards and regulatory requirements.

The Audit Committee monitors and reviews the External Auditors' independence, objectivity and effectiveness of the audit process considering relevant professional and regulatory requirements. In assignment of non-audit services to External Auditors, the Audit Committee ensures that the external auditors have the necessary skills and experience required for the assignment and ascertains that independence and objectivity in carrying out their duties and responsibilities will not be impaired.

On the recommendation of the Board, the shareholders approved the reappointment of Messrs. KPMG (Chartered Accountants) as the External Auditors for 2019/2020 at the last annual general meeting in compliance with Section 163 (3) of the Companies Act No. 07 of 2007.

5. Sustainable Reporting

Sustainable Reporting is now a part of the established Annual Reporting process of the Company following International Integrated Reporting Framework.

Hence the integrated sustainability policy of the Company and its subsidiaries ensure that required policies and procedures are followed and established to maintain social and environmental governance. These policies and procedures are embedded in the Group's business strategies and endorsed throughout the operations.

6. Statement of Responsibility

The Statement of Directors' Responsibility for the financial statements setting out the Directors' responsibilities in preparing and presenting the statements in terms of Section 150(1), 151, 152 and 153(1) (2) of the Companies Act No. 07 of 2007 and the responsibility statements of the Chairman,

CORPORATE GOVERNANCE

Deputy Chairman and Managing Director and the Chief Financial Officer are available on the Annual Report of the Board of Directors.

The Board further acknowledges its responsibility of ensuring the integrity of this Annual Report, which in the opinion of the Board, addresses all the concerns that

are mentioned to the Company's ability to create sustainable value and reflects a fair presentation of the integrated performance of Aitken Spence.

7. COMPLIANCE TABLE

(a) Compliance with the Companies Act No. 07 of 2007

Section Reference	Requirement	Reference	Compliance
168 (1) (a)	The nature of business of the Company or any of its subsidiaries, and, the classes of business in which the Company has an interest, whether as a shareholder of another company or otherwise	Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (b)	Financial statements of the Company and the Group for the accounting period completed	Annual Report of the Board of Directors, Financial Statements and the Management Discussion and Analysis Report of this Annual Report	Complied
168 (1) (c)	Auditors Report on the financial statements of the Company	Annual Report of the Board of Directors and Financial Statements of this Annual Report	Complied
168 (1) (d)	Change of accounting policies during the accounting period	Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (e)	Particulars of entries in the interest register made during the accounting period	Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (g)	Total amount of donations made by the Company during the accounting period	Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (h)	Directorate of the Company and the Group as at the end of the accounting period along with the changes that occurred during the accounting period	Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (i)	Amounts payable to the auditors as audit fees and fees payable for other related services provided by them	Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (k)	The Annual Report of the Board of Directors be signed on behalf of the Board	Annual Report of the Board of Directors of this Annual Report	Complied

b) Compliance with the continuing listing requirements section 7.6 and section 7.10 on corporate governance rules for listed companies issued by the Colombo Stock Exchange.

Rule No.	Requirement	Reference	Compliant
7.6.(i)	Names of persons who during the financial year were directors of the entity	Please refer the Board profiles in this Annual Report	Yes
7.6.(ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein.	Please refer the Group Directorates in this Annual Reports	Yes
7.6.(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Please refer the Investor Information in this Annual Report	Yes
7.6.(iv)	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Please refer the Investor Information in this Annual Report	Yes
7.6.(v)	A statement of each director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year.	Please refer the Investor Information in this Annual Report	Yes
7.6.(vi)	Information pertaining to material foreseeable risk factors of the Entity	Please refer the Risk Management Report in this Annual Report	Yes
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Please refer the Human Capital Report in this Annual Report	Yes
7.6.(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Please refer Notes 15.3.1 and 16.2 of the Financial Statements in this Annual Report	Yes
7.6.(ix)	Number of shares representing the Entity's stated capital.	Please refer the Investor Information in this Annual Report	Yes
7.6.(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Please refer the Investor Information in this Annual Report	Yes
7.6.(xi)	Ratios and market price information.	Please refer the Investor Information in this Annual Report	Yes
7.6.(xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land.	Please refer Notes 15 and 16 of the Financial Statements in this Annual Report	Yes
7.6.(xiii)	If during the year the entity has raised funds either through a public issue, rights issue and private placement.	The Company had no public issues, rights issues or private placement during the year	N/A
7.6.(xiv)	Employee share option/purchase schemes (if any)	As at date the Company has no share option or purchase schemes made available to its Directors or employees	N/A
7.6.(xv)	Corporate Governance Disclosures in terms of Rules 7.10.3, 7.10.5.c and 7.10.6. c.	Please find the Corporate Governance Report in this Annual Report	Yes
7.6.(xvi)	Related Party Transactions in terms of Rule 9	Please refer Note 44 of the financial statements in this Annual Report	Yes
7.10.1(a)	Non-Executive Directors (NED) » At least two or one third of the Directors, whichever is higher, should be Non- Executive Directors	Please refer section 2 on the Corporate Governance Report in this Annual report	Yes

CORPORATE GOVERNANCE

Rule No.	Requirement	Reference	Compliant
7.10.2(a)	Independent Directors » Two or one-third of Non-Executive Directors, whichever is higher, should be independent	Please refer section 2.5 on the Corporate Governance Report in this Annual report	Yes
7.10.2(b)	Independence of Directors » Each Non-Executive Director should submit a declaration of Independence/ Non-Independence	Please refer section 2.5 on the Corporate Governance Report in this Annual report	Yes
7.10.3(a)	Disclosure relating to Directors » The names of Independent Directors should be disclosed in the Annual Report	Please refer section 2 on the Corporate Governance Report in this Annual report	Yes
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	Please refer section 2.5 on the Corporate Governance Report in this Annual report	Yes
7.10.3(c)	Disclosure relating to Directors » A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.	Please refer the Board profiles in this Annual Report	Yes
7.10.3(d)	Appointment of new Directors » Provide a brief resume of any new Director appointed to the Board	Please refer the Nomination Committee Report in this Annual Report	Yes
7.10.5	Remuneration Committee » A listed company shall have a Remuneration Committee	Please refer the Remuneration Committee Report in this Annual Report	Yes
7.10.5(a)	Composition of Remuneration Committee » Shall comprise of Non-Executive Directors, a majority of whom shall be Independent	Please refer the Remuneration Committee Report in this Annual Report	Yes
7.10.5(b)	Functions of Remuneration Committee » The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Please refer the Remuneration Committee Report in this Annual Report	Yes
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration » The Annual Report should set out; a) Names of the Directors comprising the Remuneration Committee b) Statement of Remuneration policy c) Aggregate remuneration paid to Executive and Non-Executive Directors	Please refer the Remuneration Committee Report in this Annual Report	Yes
7.10.6	Audit Committee » A listed company shall have an Audit Committee	Please refer the Audit Committee Report in this Annual Report	Yes
7.10.6(a)	Composition of Audit Committee » Shall comprise of Non-Executive Directors, a majority of whom are Independent » Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings » The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Please refer the Audit Committee Report in this Annual Report	Yes

Rule No.	Requirement	Reference	Compliant
7.10.6(b)	Audit Committee Functions » Should be as outlined in the Section 7.10 of the Listing Rules	Please refer the Audit Committee Report in this Annual Report	Yes
7.10.6(c)	Disclosure in the Annual Report relating to Audit Committee a) Names of the Directors comprising the Audit Committee b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination c) The Annual Report shall contain a Report of the Audit Committee in the prescribed manner	Please refer the Audit Committee Report in this Annual Report	Yes
9.3.2	Related Party Transactions Review Committee a) Details pertaining to Non-Recurrent Related Party Transactions b) Details pertaining to Recurrent Related Party Transactions c) Report of the Related Party Transactions Review Committee d) Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise	Please refer the Related Party Transactions Review Committee Report in this Annual Report	Yes

NOMINATION COMMITTEE REPORT

COMMITTEE COMPOSITION

Committee Chairman

Mr. G.C. Wickremasinghe

Members

Deshamanya D.H.S. Jayawardena

R.N. Asirwatham

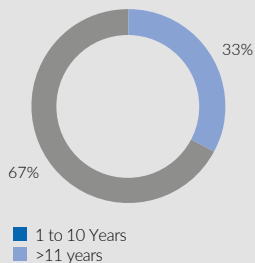
Independent Non-Executive

Executive

Committee Structure

The Committee composition remained unchanged during the year under review. The Committee is chaired by Mr. G. C. Wickremasinghe.

COMMITTEE TENURE



Meetings

The full Committee met once during the year under review with the attendance of the Deputy Chairman & Managing Director, on invitation.

Activities During 2019/2020

The Committee having evaluated each Director's knowledge and experience, the number of directorships held by each Director and the adequacy of their knowledge and experience to carry out their duties in the capacity as Directors, is satisfied with the level of knowledge, commitment and skills of each Director. The Committee further recommended necessary indemnity for each Director within the provisions of the Companies Act No. 7 of 2007.

Responsibilities of the Committee

The Nomination Committee is responsible for ensuring that the Group companies are spearheaded by individuals with a wealth of knowledge, experience, competency and entrepreneurial skills and to identify and recommend suitable candidates as Directors to the Board of Aitken Spence PLC and its Group companies. The Committee is also responsible for reviewing the structure, size and composition of the Board of Aitken Spence PLC and boards of the Group, oversee the performance of the Board, its committees and the individual directors as well as the evaluation of their performance.

The Committee is accountable for the periodic review of the charter for appointment, re-appointment of Directors to the Board of the Company and the Group companies as well as suggest amendments wherever necessary and the recommendation of adequate insurance covers for the Directors of Aitken Spence PLC and the Group.

Key Functions of the Committee

The Committee reviews and makes recommendations that are fair, free from any bias and not influenced by personal or business relationships, thereby enabling the Company to make sound and measured judgments in order to attract the best talent to the Group. During the year under review the Committee performed the following functions:

- » Ensured the diversity and effectiveness of the Aitken Spence PLC Board and the Boards of its Group companies as well as the Key Management Personnel (KMPs),
- » Reviewed and recommended necessary appointments to the Boards of the Group companies wherever necessary,
- » Evaluated and recommended suitable internal and external candidates to higher levels of management,
- » Reviewed the Group's policy and guidelines for appointment, re-appointment and succession planning,

- » Evaluated the eligibility of the Directors who have offered themselves for re-election/re-appointment to the Board and made necessary recommendations to the Board,
- » Recommended insurance covers for the Directors of Aitken Spence and its Group companies.

The Committee further ensures that the combination of varied skills, knowledge and experience of the Directors of the Company and of the Group companies match the required strategic demands of the Group.

RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS

- » Deshamanya D.H.S. Jayawardena, Mr. G.C. Wickremasinghe, Mr. R.N. Asirwatham, Mr. J.M.S. Brito and Mr. N.J. De S Deva Aditya who retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210(2) of the Companies Act No.7 of 2007, have offered themselves for re-appointment.
- » In terms of Article 83 of the Articles of Association, Mr. C.H. Gomez retires by rotation and has offered himself for re-election at the forthcoming Annual General Meeting.
- » Having given due consideration to each Director's performance, the Committee believes that the said Directors are eligible for re-appointment/re-election to continue as Directors of the Company.

G.C. Wickremasinghe
Chairman
Nomination Committee

Colombo
29th May 2020

REMUNERATION COMMITTEE REPORT

COMMITTEE COMPOSITION

Committee Chairman

Mr. G.C. Wickremasinghe

Members

R.N. Asirwatham

MR. C.H. Gomez

Independent Non-Executive

Non-Executive

Independence of the Committee

The members of the Committee are composed of three Independent Non-Executive Directors. They are independent of management and are completely free from any business, personal or other relationships that may interfere with the exercise of their independent, unbiased judgement. The members of the Committee refrain from taking part in determining their own remuneration.

Committee Meetings

The Committee formally met once during the year under review with the attendance of all its members. Deshamanya D.H.S. Jayawardena, Chairman, Aitken Spence PLC together with Dr. M.P. Dissanayake, Deputy Chairman & Managing Director, Aitken Spence PLC and Ms. D.S.T. Jayawardena, Executive Director, Aitken Spence PLC attended the meeting by invitation.

The Remuneration Policy

The Group follows a formal and transparent procedure to decide on the remuneration packages for individual Directors. The Committee considers the importance of formulating remuneration packages that are adequate to motivate, attract and retain the Directors and ensures conformity with the employment conditions of the Group companies and of the relevant industries.

The Group Remuneration Policy which was reviewed by the Committee remained unchanged during the year under review.

Activities during 2019/2020

- » The Committee invited each Managing Director to present their suggestions and recommendations.
- » The direction was given based on sector performance, individual performance and potential, market conditions and respective industry practices.

Responsibilities

The Committee is responsible to the Board for:

- » Determining the policy of the remuneration package of the Directors and the Management Council.
- » Evaluating performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and senior management of the Strategic Business Units.
- » Deciding on overall individual packages, including compensation on termination of employment.

Key Functions of the Committee

Remuneration Policy

- » Evaluated the Group Remuneration Policy against the current market trends and industrial norms.
- » Reviewed and ensured the implementation of the Group Remuneration Policy.
- » Reviewed the policy of the remuneration packages of the Directors and the Management Council.
- » Reviewed the specific application of the Group Remuneration Policy to the Deputy Chairman and Managing Director and Executive Directors and general application to the Key Management Personnel.

Performance Based Remuneration

- » Evaluated the performance of the Managing Directors, Executive Directors as well as the individual and collective

performance of Directors and Senior Management of the Strategic Business Units.

- » Reviewed, monitored and evaluated performance of Key Management Personnel as well as their management development and succession planning.

Performance Incentives

- » Evaluated the achievements as well as unaccomplished targets and results which are used to determine the performance-based incentives based on self-evaluations made by individual Directors.

Remuneration of Deputy Chairman & Managing Director

- » Evaluated the performance of the Deputy Chairman & Managing Director.



G.C. Wickremasinghe

Chairman

Remuneration Committee

Colombo

29th May 2020

AUDIT COMMITTEE REPORT

Dear Shareholders,

As Chairman of Aitken Spence PLC's Audit Committee, I am pleased to present the report of the Audit Committee for the year ended 31st March 2020 which has been prepared by the Committee. The purpose of this report is to describe how the Committee has carried out its responsibilities during the year. In overview, the role of the Audit Committee is to monitor and review: the integrity of the Group's financial statements, internal control and risk management, business conduct and ethics and the appointment of external auditors.

In discharging its duties, the Audit Committee seeks to balance independent oversight of the matters within its remit with providing support and guidance to the management. I remain confident that the Committee, supported by the members of senior management and the external auditors, has carried out its duties in the year under review, effectively and to a high standard.

Committee Structure

The composition of the Committee, which remained unchanged during the financial year is constituted of three Independent Non-Executive Directors and two Non-Executive Directors. The Committee is chaired by Mr. R.N. Asirwatham, a fellow of the Institute of Chartered Accountants of Sri Lanka is an Independent Non-Executive Director.

COMMITTEE COMPOSITION

Committee Chairman

Mr. R.N. Asirwatham

Members

Mr. J.M.S. Brito (Appointed w.e.f. 23.05.2019)

Mr. G.C. Wickremasinghe

Mr. C.H. Gomez

Mr. N.J. de S. Deva Aditya / Mr. A.L. Gooneratne (Alternate to Mr. N. J. de S Deva Aditya)

Independent Non-Executive

Non-Executive

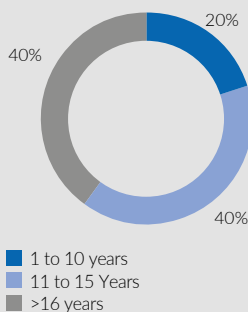
MEETING INVITEES

- » Dr. M.P. Dissanayake
– Deputy Chairman & Managing Director-
Aitken Spence PLC
- » Ms. D.S.T. Jayawardena
– Executive Director – Aitken Spence PLC
- » Ms. N. Sivapragasam
– CFO – Aitken Spence PLC

COMMITTEE SECRETARIES

- » Mr. H.K.A. Rathnaweera
– Chief Internal Auditor
- » Mr. D.D.M.A. Saparamadu
– General Manager – Internal Audit

COMMITTEE TENURE



Meetings

The Audit Committee held 11 formal meetings during the year under review with the attendance of Dr. P. Dissanayake, the Deputy Chairman and Managing Director, Ms. D.S.T. Jayawardena, Executive Director,

Attendance

	Q1	Q2	Q3	Q4	Total
Mr. R.N. Asirwatham	4	2	3	2	11
Mr. G.C. Wickremasinghe	4	-	2	1	7
Mr. C.H. Gomez	1	-	-	-	1
Mr. N.J. de S Deva Aditya/ Mr. A.L. Gooneratne (Alternate Director for Mr. N.J. de S Deva Aditya)	4	2	2	1	9
Mr. J.M.S. Brito	1	2	3	1	7
Total No. of Meetings	4	2	3	2	11

and Ms. N. Sivapragasam, Chief Financial Officer, by invitation. Further, senior officers of the Group as well as the partner of KPMG responsible for the Group's audit attended the meetings by invitation as and when required.

Responsibilities

The Committee, governed by its written terms of reference, is responsible for overlooking the accuracy of reporting Financial Statements, compliance with the reporting requirements of Sri Lanka Accounting Standards, compliance with the legal and regulatory requirements, determining the independence of the External Auditors and the Internal Audit function.

Activities during 2019/2020

Risk Management and Internal Control

- » Reviewed the adequacy and effectiveness of the Group's internal controls and risk management activities and highlighted the areas which requires attention and suggested recommendations to the Board.
- » Ensured that the risks are appropriately monitored and controlled by considering the Group's principal risks and uncertainties and by reviewing the mitigating actions taken by the management.
- » Reviewed the processes to ensure the internal controls and risk management framework are adequate to meet the requirements of the SLAS.

- » Ensured that the Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of ethics; and standards of conduct required by regulatory authorities, professional bodies and trade associations.

Financial Reporting and Financial Control

- » Reviewed the Group's quarterly and annual Financial Statements with regard to the following aspects:
 - adequacy of disclosures.
 - uniformity and appropriateness of the accounting policies adopted.
 - major judgemental areas and ensured that they were in compliance with the Companies Act No. 7 of 2007.
 - applicable Sri Lanka Accounting Standards and other applicable Accounting Standards of jurisdictions in which each Subsidiary operate in.
 - Listing Rules of the Colombo Stock Exchange.
 - Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.
 - Requirements of other regulatory bodies as applicable for the Group.
- » Discussed with management on future accounting developments which are likely to affect the financial statements.
- » Reviewed the budgets and strategic plans of the Group in order to ensure that all forward-looking statements made within the Annual Report reflect the actual position of the Group.
- » Reviewed the changes in the tax environment and its impact to the Group.

External Audit

- » Reviewed the audit plan presented by the external auditors and provided

advice and support regarding the execution of the plan.

- » Carried out a review of the effectiveness and progress of the External Auditor and the audit process.
- » Discussed the audited financial statements with External Auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.
- » Reviewed and discussed the management letter of the External Auditors for the Group and instructed the management to take appropriate and follow up action on matters highlighted therein.
- » Assessed the performance and effectiveness of the External Auditors, their independent professional capabilities and made recommendations to the Board pertaining to the re-appointment of the External Auditors.
- » Ensured that the External Auditors are independent by reviewing Group's share registers, related party transactions and obtaining a written confirmation from the External Auditors.

Internal Audit

- » Reviewed and approved the Annual Audit Plan after considering its depth and coverage in the Group.
- » Reviewed and evaluated the independence, effectiveness and competency of the Group's Internal Audit function, their resource requirements, and made recommendations for any required changes.
- » The Audit Committee continued to ensure the coordination between the Group's internal audit division and External Auditors.
- » Reviewed and discussed the periodic reports submitted by the internal audit department with management responses, on financial and operational audits, IT Security, and risk assessments carried out in line with the approved annual internal audit plan.

Reporting

- » The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee. Minutes of the Audit Committee meetings are also tabled at the Board Meetings.
- » The Annual Report incorporates the Audit Committee Report.
- » The Chairman of the Audit Committee attends the Annual General Meeting.

Re-appointment of M/s KPMG, Chartered Accountants

The Committee perused transactions with the external auditors and ensured that there was no significant material transaction between the external auditors and the companies in the Group. The Committee further perused the share register and ensured that there were no shares held by the external auditors,

The Committee having considered that there were no significant material transactions between the External Auditors and the Group companies, that there were no shares held by the External Auditors, the confirmation received from the external auditors and the periodic rotation of the Audit Partner, noted that KPMG, Chartered Accountants, are eligible for re-appointment as the External Auditors of the Company.

Having noted the above, the Committee recommends to the Board that M/S KPMG, Chartered Accountants be re-appointed as the external auditors of the Company for the current financial year, subject to the approval of the Shareholders at the forthcoming Annual General Meeting.



R.N. Asirwatham
 Chairman
 Audit Committee

29th May 2020

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

COMMITTEE COMPOSITION

Committee Chairman

 Mr. R. N. Asirwatham

Members


 Mr. J. M. S. Brito (*Appointed w.e.f.*

 Mr. G.C. Wickremasinghe

 Mr. C.H. Gomez

 Mr. N.J. de S Deva Aditya / Mr. A. L. Gooneratne (*Alternate to Mr. N. J. de S Deva Aditya*)

 *Independent Non-Executive*

 *Non-Executive*

Committee Structure

The Committee is composed of three Independent Non-Executive Directors and two Non-Independent Non-Executive Directors. The Committee is chaired by an Independent Non-Executive Director who is a fellow member of the Institute of Chartered Accountants of Sri Lanka. Members of the Committee possess a wealth of knowledge and experience.

Activities During 2019/2020

Each quarter, disclosures in relation to post quarter confirmations and proposed transaction confirmations were obtained from the key management personnel and the Group related companies and the Committee reviewed all such disclosure at quarterly meetings. The Committee further communicated its activities to the Board through tabling the minutes of the Committee meetings, at the Board meetings.

Responsibilities

The Committee's key focus is to review all proposed Related Party Transactions (RPT) prior to entering into or completion of the transaction according to the procedures laid down by Section 9 of the Listing Rules of the Colombo Stock Exchange and the responsibilities of the Committee remained unchanged.

Key Management Personnel

The Board of Directors of the Company is construed as the Key Management Personnel (KMP) of Aitken Spence. Further, Directors, Vice Presidents and Assistant Vice Presidents of subsidiary companies are considered as KMPs of such companies to establish greater transparency and governance.

Declarations are obtained from each KMP of the Company and its subsidiaries for the purpose of identifying Related Party Transactions on a quarterly and annual basis to determine Related Party Transactions and to comply with the disclosure requirements, if any.

Key Functions of the Committee

The Group Company Secretaries obtained quarterly confirmations from the key management personnel of any proposed and post Related Party Transactions and all such responses were tabled at each Committee meeting. In addition, confirmations were obtained from all Group companies of any proposed related party transactions and any post-quarter transaction and all responses are

tabled at each Committee meeting. Further, any disclosures of non-recurrent transactions are communicated to the Group Company Secretaries who in turn notify the Committee.



R.N. Asirwatham

Chairman

Related Party Transactions Review Committee

Colombo
29th May 2020

Meetings

	Q1	Q2	Q3	Q4	Total
Mr. R.N. Asirwatham	1	1	1	1	4
Mr. G.C. Wickremasinghe	1	-	1	-	2
Mr. C.H. Gomez	1	-	-	-	1
Mr. N.J. de S Deva Aditya/ Mr. A.L. Gooneratne (Alternate Director for Mr. N.J. de S Deva Aditya)	1	1	1	-	3
Mr. J.M.S. Brito	1	1	1	1	4
Total No. of Meetings	1	1	1	1	4

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

Responsibility

The following statement fulfils the requirement to publish the Directors statement of internal control as per the Code of Best Practice on Corporate Governance 2017.

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the internal control mechanism in place at Aitken Spence PLC ("Group").

The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Company and this process includes the system of internal control over financial reporting. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal control over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Board has delegated specific responsibilities to the following four sub-committees:

- » Audit Committee
- » Remuneration Committee
- » Related Party Transactions Review Committee
- » Nomination Committee.

These committees are chaired by Independent Non-Executive Directors and have the authority to examine particular issues and report back to the Board with their recommendations.

The Board is confident that the internal controls are adequate to provide reasonable assurance regarding the reliability of financial reporting which are in accordance with acceptable accounting principles and the applicable regulatory requirements.

Internal Audit

The internal audit division of the Group checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and procedures and highlights significant findings in respect of any non-compliance. Audits are carried out on all units of the Group, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report.

The annual audit plan is reviewed and approved by the Audit Committee. Internal audit findings and the management responses are tabled to the Audit Committee for review at their periodic meetings.

Insurance and Physical Safeguards

Adequate insurance and physical safeguards on major assets are in place to ensure Group assets are sufficiently covered to minimise material loss against any mishap.

Policies, Procedures and Budgets

Policies and procedures to ensure compliance with internal controls and relevant laws and regulations are set out in operations manuals, which are updated from time to time.

Annual budgets are approved by the respective Boards and the subsidiaries' performance are assessed against the approved budgets and explanations are provided for significant variances periodically to the respective Boards.

Whistle Blowing Policy

The Group has in place a whistle blowing policy. The Whistle-Blowing Policy enables any employee, supplier and any stakeholder to report actual or suspected malpractices, misconducts or violations of the Group's policies and regulations in a safe and confidential manner through the appropriate channels.

The prevalence and effectiveness of this policy is monitored by the Audit Committee from time to time.

Ethics and Integrity

The Group is committed in conducting its business in an open, honest and ethical manner. Ethics and integrity has always been the main reference for all employees when dealing with various stakeholders. The strong commitment of the Group in upholding integrity when carrying out duties is evidenced by the Group Code of Ethics which includes a strong set of corporate values and conduct and is circulated to Directors and all employees.

Cyber Security

Cyber crime is a global problem that has been dominating the world. It poses a threat to individual security and is a threat to groups such as ours. Today's organized cyber crimes far out shadow lone hackers of the past. The Board has taken necessary precautions to minimize the risk of a security breach. During the year under review, necessary steps have been rolled out to curtail the exposure to cyber attacks by reducing the threat surface and any potentially exploitable vulnerabilities.

THE BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

Going Concern

The statement of going concern is set out in the 'Annual Report of the Directors' on page 170.

Risk Management

An overview of the Group's risk management framework, is set out on pages 174.

Annual Report

The Board is responsible for the preparation of the Annual Report and confirm that the quarterly reports, annual financial statements and the annual review of operations of the Group and its equity accounted investees that are incorporated in this Annual Report have been prepared and presented in a reliable manner, based on a balanced and comprehensive assessment of the financial performance of the entire Group.

Confirmation

All financial statements are prepared in accordance with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act, and the Listing Rules of the Colombo Stock Exchange and other regulatory bodies as applicable for the Group.

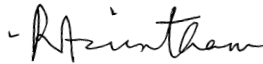
We have duly complied with all the requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar of Companies. The consolidated financial statements for the year ended 31st March 2020 have been audited by Messrs. KPMG, Chartered Accountants,



Deshamanya D.H.S. Jayawardena
Chairman



Dr. M.P. Dissanayake
Deputy Chairman and Managing Director



R.N. Asirwatham
Chairman
Audit Committee

Colombo
29th May 2020

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The details set out herein provide the pertinent information as required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange and the best accounting practices. The Board of Directors of Aitken Spence PLC has pleasure in presenting the Annual Report and the audited Financial Statements for the year ended 31st March 2020 which were approved on the 29th of May 2020.

1. Principal Activities

Aitken Spence PLC is the holding Company that directly or indirectly owns investments in companies which form the Aitken Spence Group. In addition to the above, the Company provides management and related services to the Group companies. During the year there were no significant changes in the principal activities of the Company and the Group.

The activities of the Group are categorised into four main sectors namely Tourism, Maritime & Freight Logistics, Strategic Investments and Services. Companies within each sector and their principal activities are described on pages 330 to 337 this annual report.

For the year ended 31st March	GROUP	COMPANY
	2020 Rs.'000	2019 Rs.'000
Net profit before tax	4,197,662	7,282,608
Provision for taxation including deferred tax	(1,310,688)	(1,511,258)
Net profit after tax	2,886,974	5,771,350
Other comprehensive income	808,339	2,284,571
Total comprehensive income for the year	3,695,313	8,055,921
Total comprehensive income attributable to the minority shareholders	(733,478)	(2,266,508)
Total comprehensive income attributable to equity shareholders	2,961,835	5,789,413
Transactions directly recognised in the equity statement	94,239	99,461
Balance brought forward from the previous year	47,315,443	42,664,595
Adjustment on initial application of SLFRSs	(948,697)	(20,038)
Amount available for appropriations	49,422,820	48,533,431
Interim Dividend - (2018/2019)	-	(405,996)
Final Dividend for 2018/2019 (2017/2018)	(608,994)	(811,992)
Total reserves and earnings	48,813,826	47,315,443
Stated Capital	2,135,140	2,135,140
Balance attributable to equity holders of the Company at the end of the period	50,948,966	49,450,583

2. Review of Operations

A review of operational and financial performance, strategies and future outlook of the Company and the Group are described in greater detail in the Chairman's Message, Deputy Chairman and Managing Director's Review, Management Discussion and Analysis and the Group Performance Review of this Annual Report. These reports together with the audited Financial Statements of the Company and the Group

reflect the respective state of affairs of the Company and the Group.

3. Accounting policies and changes during the year

The Company and the Group prepared the Financial Statements in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs). The Company and the Group prepared the financial statements in accordance with the Sri Lanka Accounting

Standards (SLFRSs/LKASs). The Board of Directors wish to confirm that there were no changes to the accounting policies used by the Company and the Group during the year other than those adopted on initial application of SLFRS 16 – Leases and IFRIC 23 - Uncertainty over Income Tax Treatments with effect from 1st April 2019. A detailed note of the accounting policies adopted in the preparation of the Financial Statements of the Company and the Group are given on pages 209 to 229 of this report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

4. Synopsis of the Income Statement of the Company and the Group

4.1. Group Revenue and Profits

Revenue generated by the Company during the year amounted to Rs. 814.7 million (2018/19- Rs. 806.5 million). The Group revenue was Rs.53.5 billion. (2018/2019 - Rs. 55.7 billion). An analysis of Group revenue based on business and geographical segments is disclosed in Note 6 to the Financial Statements. The profit after tax of the Company was Rs. 1.6 billion. (2018/19- Rs. 2.2 billion). The Group profit after tax was Rs. 2.9 billion (2018/19 Rs. 5.8 billion) The Group's profit attributable to the equity shareholders of the parent company for the year was Rs. 2.4 billion (2018/19 - Rs. 4.1 billion). The segmental profits are disclosed in Note 6 to the Financial Statements.

4.2. Donations

During the year donations amounting to Rs. 325,000/- were made by the Company, while the donations made by the other Group entities during the year amounted to Rs. 2,274,331/-.

4.3 Taxation

A detailed statement of the income tax rates applicable to the individual companies in the Group and a reconciliation of the accounting profits with the taxable profits are given in Note 12 to the Financial Statements.

It is the policy of the Group to provide for deferred taxation on all known timing differences on the liability method. The deferred tax balances of the Group are

given in Notes 23 and 33 to the Financial Statements. The deferred tax of the Company and the Group are calculated based on the tax rates that are specified in the Inland Revenue Act No 24 of 2017.

4.4 Dividends

The Directors recommended a First and Final dividend payment of Rs. 1.25 per share for the year, the total dividend is paid out of dividends received by the Company. The Directors are satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act No. 7 of 2007 immediately after the payment of the First and Final dividend.

5. Synopsis of the Statement of Financial Position of the Company and the Group

5.1 Stated Capital and Reserves

As at 31st March 2020 the Company had issued 405,996,045 ordinary shares and the stated capital of the Company was Rs.2.1 billion. The Company's retained earnings and reserves as at 31st March 2020 were Rs.14.7 billion (2018/19- Rs.13.9 billion) whereas the total Group's retained earnings and reserves as at 31st March 2020 were Rs.48.8 billion (2018/19-Rs. 47.3 billion). The movement in these reserves is shown in the statement of changes in equity - Company and Group on pages 206, 204 and 205 respectively.

5.2. Property, Plant and Equipment, Investment Property, Intangible Assets, Biological Assets, and Leasehold Property and Right of Used Assets.

The details of property plant and equipment, investment property, intangible assets, biological assets, right of used assets and leasehold property of the Company and the Group where applicable are given in Notes 15 to 20 to the Financial Statements on pages 251 to 260.

Information in respect of extent, location, valuation of land and building held by the Company and Group are detailed in Notes 15.3. and 16.2 to the financial statements on pages 253 to 255.

5.3 Contingent Liabilities

The details of contingent liabilities are disclosed in Note 43 to the Financial Statements.

6. Events occurring after the Reporting Date

No event of material significance that requires adjustments to the Financial Statements has arisen other than that disclosed in Note 48 to the Financial Statements.

7. Going Concern

The Board of Directors is satisfied that the Company and the Group have adequate resources to continue their operations without any disruption in the foreseeable future. The Company's Financial Statements are prepared on a going concern basis.

8. Information on the Board of Directors and the Board Sub Committees

8.1 Board of Directors

The Board of Directors of the Company comprised of:

	Executive	Non-Executive	Independent
Deshamanya D.H.S. Jayawardena (Chairman)	✓		
Dr. M.P. Dissanayake	✓		
Dr. R.M. Fernando	✓		
Ms. D.S.T. Jayawardena	✓		
Mr. J.M.S. Brito		✓	
Mr. G.C. Wickremasinghe		✓	✓
Mr. C.H. Gomez		✓	✓
Mr. N.J. de Silva Deva Aditya*		✓	
Mr. R.N. Asirwatham		✓	✓

*Mr. A L Gooneratne holds the office as an Alternate Director to Mr. N.J. de Silva Deva Aditya

The brief profiles of the Directors are given in pages 30 to 33 of this Annual Report.

The periods of service of Mr. Wickremasinghe, Mr. Asirwatham and Mr. Gomez as Board Members exceed nine years. Additionally, Mr. Wickremasinghe was an Executive Director on the Board of the Company prior to the assumption of duties as a Non-Executive Director.

The Board is of the view that the periods of service of the aforesaid independent Directors and the Executive Directorships previously held by Mr. Wickremasinghe do not compromise their independence and objectivity in discharging their functions as Directors and, therefore, has determined that Mr. Wickremasinghe, Mr. Asirwatham and Mr. Gomez are 'Independent' as per the Listing Rules.

8.2 Board Sub Committees

The following Directors served as members of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Related Party Transactions Review Committee.

Audit Committee

Mr. R.N. Asirwatham (Chairman)
Mr. G.C. Wickremasinghe
Mr. C.H. Gomez
Mr. N.J. de Silva Deva Aditya /
Mr. A.L. Gooneratne (Alternate Director to
Mr. N.J. de Silva Deva Aditya)
Mr. J.M.S. Brito (appointed w.e.f. 23.05.2019)

Remuneration Committee

Mr. G.C. Wickremasinghe (Chairman)
Mr. R.N. Asirwatham
Mr. C.H. Gomez

Nomination Committee

Mr. G.C. Wickremasinghe (Chairman)
Deshamanya D.H.S. Jayawardena
Mr. R.N. Asirwatham

Related Party Transactions Review Committee

Mr. R.N. Asirwatham (Chairman)
Mr. G.C. Wickremasinghe
Mr. C.H. Gomez
Mr. N.J. de Silva Deva Aditya / Mr. A.L.
Gooneratne (Alternate Director to
Mr. N.J. de Silva Deva Aditya)
Mr. J.M.S. Brito (appointed w.e.f. 23.05.2019)

8.3 Re-appointment of Directors who are over 70 years of age and Re-election of Directors.

Upon the recommendation of the Nomination Committee and the Board, it is recommended that Deshamanya D.H.S. Jayawardena and Messrs G.C. Wickremasinghe, R.N. Asirwatham, J.M.S. Brito and N.J. de S Deva Aditya who are over 70 years of age and who vacate office in terms of Section 210(2) (b) of the Companies Act, be re-appointed as Directors in terms of Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Directors.

Mr. C.H. Gomez who retires by rotation in terms of Article 83 of the Articles of Association of the Company offers himself for re-election.

8.4 Directors' Shareholding

The Directors' shareholdings are provided in the Investor Information section on page 189 of this Annual Report.

8.5 Interest Register

An Interest Register is maintained by the Company as per the Companies Act No. 7 of 2007. Any interest in transactions disclosed to the Board by a Director in accordance with

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Section 192 of the Companies Act No.7 of 2007 is duly recorded in the Interests Register.

8.6 Directors' Remuneration

The Directors' remuneration and fees in respect of the Company and the Group for the financial year ended 31st March 2020 are disclosed on Note 9 of the Financial Statements.

8.7 Related Party Transactions

Related party transactions of the Group are disclosed in Note 44 to the Financial Statements. These are recurrent and non-recurrent related party transactions, which required disclosures in the Annual Report in accordance with the Sri Lanka Accounting Standard No. 24 – Related Party Disclosures. However, there were no recurrent related party transactions which in aggregate value exceeded 10% of the consolidated revenue of the Group as per the audited Financial Statements as at 31st March 2019.

There were no non-recurrent related party transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Company as per the audited Financial Statements as at 31st March 2019, which required additional disclosures in the annual report under Listing Rule 9.3.2(a).

The Group companies and their key management personnel have disclosed on a quarterly basis, the proposed Related Party Transactions (if any) falling under the ambit of Rule 9 of the Listing Rules of the Colombo Stock Exchange. The disclosures so made were tabled at the quarterly meetings of the Related Party Transactions Review Committee, in compliance with the requirements of the above mentioned rule.

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2020.

8.8 Subsidiary Board of Directors

The names of Directors of the subsidiaries and joint venture companies who held office as at 31st March 2020 and Directors who ceased to hold office during the accounting period are indicated on pages 330 to 337 of this Annual Report.

9. Human Resources

The Human Resources strategies applied and practised by the Group in the regions we operate have translated into the creation of a dynamic and competent human resource team. The strategies adopted in motivating and retaining our employees are discussed in "Our Employees" on pages 79 to 86 of this Annual Report.

10. Governance

The Group has not engaged in any activity which contravenes national and international laws. The Group rigidly adheres to relevant national and international rules, regulations and codes of Professional Institutes and Associations, Industrial Associations, Chambers of Commerce and Regulatory Bodies. The Group complies with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. The Group applies very high standards to protect and nurture the environment in which it operates and ensures strict adherence to all environment laws and practices.

The Company has no restrictions with regard to shareholders carrying out appropriate analysis or obtaining independent advice regarding their investment in the Company and has made all endeavours to ensure the equitable treatment of shareholders. The Company's corporate governance practices are set out on pages 150 to 161 of this Annual Report.

11. Risk Management

The Directors have established and adhere to a comprehensive risk management framework at both Strategic Business

Units and Group levels to ensure the achievements of their corporate objectives. The categories of risks faced by the Group are identified, the significance they pose are evaluated and mitigating strategies are adopted by the Group. The Board of Directors reviews the risk management process through the Audit Committee. The Risk Management Report of the Group is on pages 174 to 182 of this report.

12. Internal Controls

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company and the Group are safe guarded and appropriate systems are in place to minimise and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

Board of Directors' Statement on Internal Controls is on page 167 to 168 the Statement of Directors' Responsibilities is on page 194 and the Audit Committee Report is set out on pages 164 and 165 of this report provide further information in respect of the above.

13. Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided in the Financial Statements. A confirmation of same is included in the Statement of Directors' Responsibilities on page 194 of this Annual Report.

14. Corporate Sustainability

The Board of Directors guides and supports the Group's sustainability strategy. It welcomes the implementation of the structured and dynamic integrated sustainability framework. Awards and recognition received during the year are a testament to the Group's commitment as it

continues to benchmark its practices against global standards and best practices in a myriad of aspects that affect or potentially affect delivery of growth. More details of the Group's sustainability efforts are included in the Management Discussion and Analysis of this report and at www.aitkenspence.com/sustainability.

15. Shareholder Information

There were 5,413 shareholders as at 31st March 2020. The distribution schedule of the number of shareholders and their shareholdings are detailed on pages 187 to 188 of this Annual Report. The names of the twenty largest shareholders, together with their shareholdings as at 31st March 2020 are given on page 188 of this Annual Report. The percentage of the shares held by the public as at 31st March 2020 was 45.68% which was in the hands of 5,406 public shareholders.

Information relating to earnings per share and the net assets per share for the Company and Group, the dividend per share and the market price per share are given on pages 183 to 189 of this Annual Report.

16. Auditors

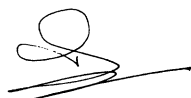
The independent auditors' report on the Financial Statements is given on page 195 to 200 of the Annual Report. The retiring auditors Messrs KPMG Chartered Accountants have expressed their willingness to continue in office and a resolution to re-appoint them as auditors and to authorise the Board to determine their remuneration will be proposed at the Annual General Meeting.

The audit fees payable for the year to the Company auditors Messrs KPMG Chartered Accountants was Rs. 1.5 million.

In addition to the above Rs. 2.1 million was payable by the Company for permitted audit related and non-audit related services. Messrs KPMG Chartered Accountants, the auditors of the Company are also

the auditors of certain subsidiaries, joint ventures and associate companies of the Group. The list of the subsidiaries, joint ventures and associate companies audited by them are included on pages 330 to 337 of this Annual Report.


The amount payable by the Group to Messrs KPMG Chartered Accountants as audit fees was Rs. 22.0 million while a further Rs. 8.0 million was payable for permitted audit and non-audit related services. In addition to the above Rs. 8.1 million was payable to other auditors for carrying out audits of the subsidiaries conducted by them. The amount payable to such other auditors for permitted audit and non-audit related services was Rs. 3.9 million. As far as the Directors are aware the auditors neither have any other relationship with the Company nor any of its subsidiaries, joint ventures and equity accounted investees that would have an impact on their independence.



Deshamanya D.H.S. Jayawardena
Chairman



Dr. M.P. Dissanayake
Deputy Chairman and Managing Director



**Aitken Spence Corporate Finance
(Private) Limited**
Secretaries

Colombo
29th May 2020