THE POWER TO KEEP DRIVING

Annual Report 2023/24

SML
SATHOSA MOTORS PLC

Established with a vision to provide high quality vehicles along with excellent customer service, Sathosa Motors is one of the leading provider of vehicles, parts, and services in the automotive industry. With a rich history spanning several decades, Sathosa Motors is recognized for its commitment to excellence, innovation, and customer satisfaction.

Our success is solely dependent on our unwavering dedication to delivering superior products and services. Whether it's through our comprehensive range of vehicles catering to diverse lifestyles and preferences or our efficient after-sales support and maintenance services, we remain committed to exceeding customer expectations at every touchpoint.

Driven by a culture of innovation and our ability to adapt to changing market conditions we were able to regain our market share and remain steadfast in our commitment to excellence. Through strategic partnerships, sustainability in our product lineup, enhancing product performance and safety, we at Sathosa Motors, were well equipped with the power to keep driving on despite challenges in the business environment.

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ABOUT THIS REPORT

Welcome to the Annual Report of Sathosa Motors PLC (referred to as SML or Sathosa Motors). This report provides a detailed analysis of the financial and non-financial performance of Sathosa Motors PLC (the Company) and its subsidiary, Access Motors (Pvt) Ltd, collectively referred to as the Group, for the year ended March 31, 2024. We believe this report will give our stakeholders a comprehensive understanding of the challenges, strategies, performance, and direction of the Company within the external environment, as well as the Company's strategic path towards achieving medium- and long-term value.

SCOPE AND BOUNDARIES

This report includes the financial disclosure information of the company as well as the Group , along with Management Review and Discussion. Additionally, it covers the Company's strategy, business model, risk management, governance, and sustainability initiatives, which may be of interest to stakeholders of both the Company and the Group.

COMPLIANCE

The report complies with the standards set out by the Companies Act No. 07 of 2007 and the guidelines issued by the Securities and Exchange Commission of Sri Lanka, and the listing rules of the Colombo Stock Exchange. The financial statements presented in the report follow the guidelines (Accounting Standards (LKASs /SLFRSs) Sri Lanka) set out by the Institute of Charted Accountants of Sri Lanka.

BOARD RESPONSIBILITY

The Board of Directors of Sathosa Motors PLC, along with Senior Management, provided guidance in the preparation of this Annual Report. The Board believes that the report offers a detailed, transparent, and objective view of the Company's integrated performance, the impact it has made, and other material matters. This Annual Report contains forward-looking statements intended to provide guidance to stakeholders. However, unforeseen external and internal factors beyond the Company's control may influence future outcomes. Therefore, the Board cannot be held responsible for forward-looking statements, as they are not guarantees of future performance.

ABOUT US

The origins of Sathosa Motors PLC trace back to 1962, when the Co-operative Wholesale Establishment (C.W.E) secured the Isuzu Agency. The first agreement was signed that year between M/s Isuzu Motors Limited, Tokyo, Japan (Manufacturer), M/s C Itoch & Co. Ltd. (Distributor), and the Co-operative Wholesale Establishment (Franchise Holder).

While the demand for Japanese vehicles, particularly commercial vehicles, was limited in the 1960s and early 1970s, the liberalization of imports in 1978 marked a turning point. Isuzu quickly became a popular choice among fleet owners and the government sector. Until 1985, the import and sale of Isuzu vehicles and spare parts were managed by the New Vehicles & Machinery Department of C.W.E. To enhance business operations and better compete with other vehicle dealerships, the Ministry of Trade and Commerce, which oversaw C.W.E., decided to convert this department into a fully-owned subsidiary. Thus, "Sathosa Motors Limited" was established on January 1, 1985, with an initial capital of LKR 15,000,007.

In line with government policy, the company was privatized on August 26, 1992. At that time, 60% of the issued capital was acquired by M/s C Itoch & Co., Limited (ITOCHU Corporation), Tokyo, Japan, one of Japan's largest trading organizations (Sogo-Shosha). Of the remaining shares, 10% were gifted to employees, and 30% were offered to the general public.

To comply with the Companies Act No. 7 of 2007, the company was re-registered as Sathosa Motors PLC.

In February 2012, Access Engineering PLC (AEL), a leading business enterprise in Sri Lanka, acquired ITOCHU Corporation's shareholding in Sathosa Motors PLC. Following a mandatory share purchase offer, Access Engineering increased its stake to 84.42%.

On April 1, 2013, the Company invested in 50% of the equity of Access Motors (Private) Limited.

Today, Sathosa Motors PLC is the franchise holder for Isuzu vehicles and spare parts manufactured by M/s Isuzu Motors Ltd. The Isuzu vehicle range includes Double Cab Pickup Trucks, Light Duty and Heavy-Duty Commercial Vehicles, Luxury Passenger Coaches, and Special Purpose Vehicles such as Fire Trucks, Logging Trucks, Dump Trucks, Water & Fuel Bowsers, and other vehicles needed for construction and goods distribution. The Company is successfully involved in workshop operations and Spare parts business.

Our Head Office is located at No. 25, Vauxhall Street, Colombo 02, which houses new vehicle sales showrooms, a spare parts department, and a workshop for Isuzu vehicle repairs. The SML branch network consists of ten branches for Spare parts Business and three workshops in Peliyagoada, Kurunegala and at our head office, Colombo 02. Our dealership comprises over 75 dealer's network; ensuring Spare parts availability of our customers island wide and comprehensive after sales services to them.

GROUP PROFILE & GROUP STRUCTURE

AUTOMOBILE INDUSTRY

01). Sathosa Motors PLC

Authorised distributor for ISUZU in Sri Lanka

Sathosa Motors PLC (SML) is the franchise holder for Isuzu vehicles and spare parts manufactured by Messrs Isuzu Motors Limited. The key business lines of SML are sales of brand new Isuzu vehicles, marine engines, sales of Isuzu genuine parts and workshop operations. Over the years, SML has created a value proposition to its loyal customer base by providing unmatched after sales care service. SML caters to the country's need for reliable, low maintenance transportation solutions, especially to the business community. SML will further expand its position as a trusted leader in the automotive industry.

STAFF COMPOSITION

Staff category	Staff as at 31st March 2024	Staff as at 31st March 2023
Managerial	6	8
Operational	71	74
Clerical and supportive	40	35
Total	117	117

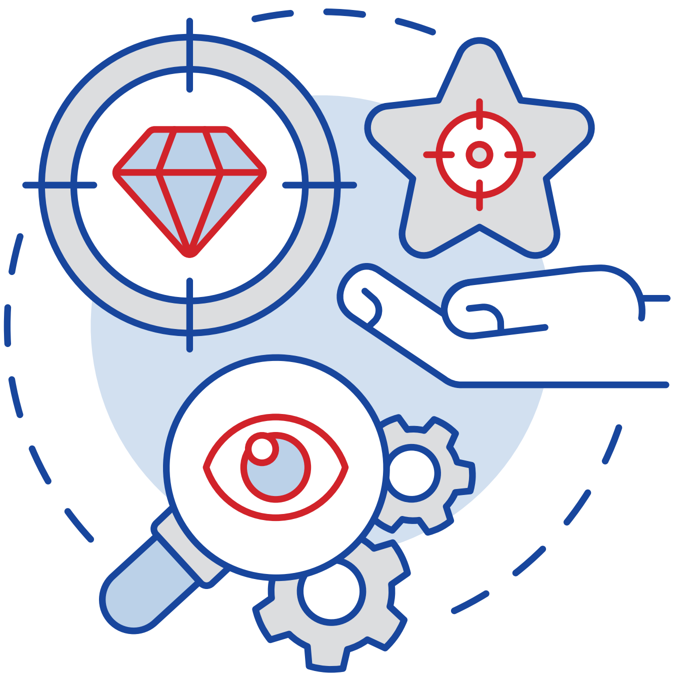
02). Access Motors (Private) Limited - Subsidiary Company Authorised distributor for Jaguar and Land Rover in Sri Lanka

Established in 2012, Access Motors (Private) Limited is the sole authorised distributor of Jaguar and Land Rover vehicles and spare parts in Sri Lanka and operates in a highly competitive premium automobile segment.

STAFF COMPOSITION

Staff category	Staff as at 31st March 2024	Staff as at 31st March 2023
Managerial	12	13
Operational	58	54
Clerical and supportive	25	23
Total	95	90

CORPORATE IDENTITY



VISION

To be the trusted leader in the Sri Lankan Automobile Industry by ensuring that we deliver only the best quality to our valued customers.

MISSION

To achieve excellence in customer satisfaction by exceeding their expectations with our highly motivated staff, best quality vehicles, and after-sales.

CORPORATE VALUES

- We value and believe in maintaining the highest standards of integrity, honesty, transparency, responsibility and ethical behaviour in all our dealings and transactions.
- We respect the dignity of people
- We are passionate about delivering the highest levels of service quality to all our internal and external stakeholders.
- We encourage and respect diversity among our team in order to create an inclusive organisational culture.
- We believe in leading by example.
- We firmly believe in taking all prudent and responsible measures to strengthen our Company's financial foundation.
- We believe in the importance of ensuring excellence in all our processes and systems as a means of maintaining a strong niche position in the Sri Lankan market: from expanding our dealership network, to introducing innovative product ranges to the market, to market development, to leveraging training as an opportunity to enhance expertise and productivity.
- We are committed at all times to strengthening the corporate image of Sathosa Motors by communicating and delivering on our core values.

FINANCIAL HIGHLIGHTS

LKR'000		2023/24 Group	2023/24 Company	2022/23 Group	2022/23 Company	Change (%) Group	Change (%) Company
Earnings Highlights and Ratios							
Revenue		2,173,450	982,222	1,930,981	817,012	12.6	20.2
Gross Profit		838,208	439,849	760,563	427,434	10.2	2.9
EBITDA		467,528	269,254	325,174	227,011	43.8	18.6
EBIT		298,708	202,294	134,581	149,883	122.0	35.0
Profit / (loss) before tax		159,599	73,164	(76,512)	(24,256)	308.6	401.6
Profit Attributable to Owners of the Company		85,164	51,759	(32,388)	(9,837)	362.9	626.2
Earnings per Share	LKR	14.11	8.58	(5.37)	(1.63)	362.9	626.2
Statement of Financial Position Highlights and Ratios							
Total Assets		3,871,385	2,958,463	3,584,463	2,771,687	8.0	6.7
Stated Capital		115,924	115,924	115,924	115,924	-	-
Retained Earnings		1,611,078	1,577,314	1,523,370	1,523,746	5.8	3.5
Total Equity/Shareholders' funds		2,225,706	1,693,238	2,103,858	1,639,671	5.8	3.3
Total Liabilities		1,645,679	1,265,225	1,480,606	1,132,016	11.1	11.8
Current Assets		1,907,297	997,654	1,601,004	784,792	19.1	27.1
Current Liabilities		1,317,775	1,094,425	1,179,650	1,023,213	11.7	7.0
Net Asset per Share	LKR	286.23	280.63	271.69	271.76	5.4	3.3
Investor Highlights and Ratios							
Price per share (As at end of the period)	LKR	-	200.00	-	149.75	-	33.6
Gross Profit Margin	%	38.6	44.8	39.4	52.3	(2.1)	(14.4)
Net Profit Margin	%	5.5	5.3	(2.8)	(1.2)	291.7	537.7
Return on Equity	%	5.3	3.1	(2.6)	(0.6)	304.0	609.5
Debt/Total Assets	%	42.5	42.8	41.3	40.8	2.9	4.7
Gearing	times	0.5	0.6	0.4	0.5	24.2	27.2
Current Asset Ratio	times	1.4	0.9	1.4	0.8	6.6	18.9
Quick Asset Ratio	times	0.7	0.4	0.5	0.3	37.4	22.4

CHAIRMAN'S MESSAGE

" Our prudent approach to managing challenges resulted in a revenue growth at Rs 2.1 billion as at the end of the financial year, indicating a year-on-year growth of 12.6 percent. Meanwhile, group's profit before tax earnings improved from a loss of 76 Mn to a profit of 159 Mn as at the end of the financial year 2023/24. "

SATHOSA Motors PLC (SML) continued to face the ongoing macroeconomic challenges as well as regulatory challenges that prevailed in the years 2023 to 2024 - through the adoption of a series of strategies; that included financial management as well as operational developments. Even though the country's economy launched into a slow yet steady path of recovery - the automobile industry witnessed the negative impact of the vehicle import ban. Nevertheless, this status quo granted SML an opportunity to enhance operational efficiencies, and strengthen the delivery of our value-added services in preparation for the next phase of economic recovery expected in the year 2025.

NAVIGATING OPERATING ENVIRONMENT CHALLENGES

While the economy began to recover, the effects of the crisis continued to impact the consumer purchasing power and willingness. Meanwhile, the vehicle import ban continued to be in effect with the exception of the leeway allowed to import certain commercial vehicles. In this backdrop, SML reinforced focus on spare part sales and workshop operations. In addition, we looked into further improving our operational efficiencies. Building on the momentum created in the previous year, we continued to adopt prudent financial management tools to ease pressure on our financial positioning and liquidity. These strategic tools will pave the way forward towards sustainable growth of the Company once the external environment further stabilize.

While the multifaceted challenges we faced during the past few years, tested our innate resilience and the ability to address external pressure, we remained steadfast in our efforts to craft a viable growth trajectory in the near future.

COMPANY PERFORMANCE

Our prudent approach to managing challenges resulted in a revenue growth at Rs 2.1 billion as at the end of the financial year, indicating a year-on-year growth of 12.6 percent. Meanwhile, group's profit before tax earnings improved from a loss of 76 Mn to a profit of 159 Mn as at the end of the financial year 2023/24. The financial review section of this report presents a detailed view of our financial performance.

STRATEGIC APPROACH

Our prudent and pragmatic approach to improving operations and financial management resulted in a commendable performance given the negative backdrop. Meanwhile, we continued to turn the negative status quo into an opportunity to aim for long-term value creation through looking into our economic, environmental and social impact. We proactively sought to diversify our service offering, streamline processes, nurture stakeholder relations and reinforce our environmental sustainability approach as well as innovation. As such, we continued to gain insights into market dynamics and adapt our own services and product offerings in line with those requisites.

CORPORATE GOVERNANCE AND SUSTAINABILITY

Our robust corporate governance is one of the key drivers that helped us navigate the crisis situation in a future-centric, sustainability-focused manner. Our governance principles look to ensure accountability of key entities, and ensure integrity and ethics across the organization through a top-down approach. Our Code of Ethics follow the regulatory requirements along with our internal set of values, designed to ensure the adherence to best practices in corporate governance. In addition, we consistently seek feedback from our stakeholders to improve our governance approach.

FUTURE OUTLOOK

We are well-geared to benefit from the predicted phase of economic recovery, which we believe will enable us to follow through with our growth plans. Meanwhile, we will remain mindful of the market dynamics and external pressure to address challenges and leverage on opportunities in a manner calculated to create value for all stakeholders.

APPRECIATION

As we navigated yet another year of challenges, I remain grateful to the team for their unwavering dedication. I am grateful to the visionary guidance of our Board of Directors in weathering the storm. I am also grateful to the senior management for their able execution of our plans and strategic tools. I would also like to express my sincere appreciation of our employees' commitment and professionalism. I wish to express my gratitude to our partners - ISUZU Motors and Itochu Corporation for their confidence in our abilities. I wish to thank our shareholders for remaining with us and having faith in our future aspirations. Let us continue to reach an upward trajectory in creating lasting value.

S.J.S. Perera
Chairman

23rd August 2024

BOARD OF DIRECTORS

SUMAL PERERA
Chairman (Non-Executive)

JOSEPH CHRISTOPHER JOSHUA
Managing Director (Executive)

SRIMAL FERNANDO
Executive Director

MANOAJ JAYAHSURIYA
Executive Director

ROHANA FERNANDO
Non-Executive Director

DHARSHANA MUNASINGHE
Non-Executive Director

M M NELSON DE SILVA
Independent Non-Executive Director

SEPALA DAHANAYAKE
Independent Non-Executive Director

CHIRAN WIJESINGHE
Independent Non-Executive Director

Board of Directors contd.

SUMAL PERERA
Chairman (Non-Executive)

Sumal Perera was appointed to the Board of Sathosa Motors PLC on June 12, 1998. He is the Founder Chairman of the Access Group of Companies which established in 1989. He continues to lead as Chairman for all entities within the Access Group. He is a Fellow Member of the Chartered Institute of Management Accountants - UK. Mr. Perera's vision and leadership have been instrumental in the growth and diversification of the Access Group of Companies over the past three decades, establishing it as a successful and multifaceted business enterprise.

JOSEPH CHRISTOPHER JOSHUA
Managing Director (Executive)

Christopher Joshua was appointed to the Board of Sathosa Motors PLC in April 2012 and became Managing Director effective April 1, 2019. As one of the founding directors and shareholders of the Access Group of Companies, he has played a pivotal role in leading some of the group's most successful business units. Mr. Joshua currently serves as the Vice Chairman of Access Engineering PLC and holds directorships in various Access Group companies, including Access Realties (Pvt) Ltd, Access Realties 2 (Pvt) Ltd, Harbour Village (Pvt) Ltd, Lanka AAC (Private) Limited,WUS Logistics (Pvt) Ltd, Access Logistics (Pvt) Ltd, Access Logistics Park Ekala (Pvt) Ltd, ZPMC Lanka Company (Pvt) Ltd, ARL Elevate (Pvt) Ltd, Access International (Pvt) Ltd, Access Energy (Pvt) Ltd, Access Natural Water (Pvt) Ltd, and Eco Friendly Power Developers (Pvt) Ltd.

SRIMAL FERNANDO
Executive Director

Srimal Fernando was appointed to the Board of Sathosa Motors PLC on January 15, 2024. As a Chartered Civil Engineer with over 25 years of experience, he earned his bachelor's degree in Civil Engineering from the University of Peradeniya and is a Corporate Member of the Institution of Engineers, Sri Lanka. Mr. Fernando holds director positions at WUS Logistics Private Limited, Access Logistic Park Pvt Ltd, Access Logistic Park Ekala Pvt Ltd, and Access Eco Power Pvt Ltd. Additionally, he is a Senior General Manager of Access Engineering PLC. Throughout his career, he has been instrumental in executing major projects across various sectors, including roads and highways, bridges, telecommunication, water and wastewater, piling, and buildings.

MANOAJ JAYAHSURIYA
Executive Director

Manoaj Jayahsuriya has over 40 years of experience in diversified fields such as the Sri Lanka Navy, operations, apparel manufacturing management, corporate planning and human resources management, He is the General Manager of Project Management Division 1 of Access Engineering PLC. He holds an MBA from the Postgraduate Institute of Management (PIM) of University of Sri Jayewardenepura, BSc. (Honours) from the University of Colombo and a Postgraduate Diploma in Psychology as well as several naval professional qualifications. He is also a Director of Access Motors (Pvt) Ltd.

ROHANA FERNANDO

Non-Executive Director

Rohana Fernando joined the Board of Sathosa Motors PLC in September 2012. As an engineer by profession, he has been with the Access Group since 1998. Currently, he holds the position of Managing Director of Access Engineering PLC and serves as a director for several group companies, including Access International (Pvt) Ltd, Eco Friendly Power Developers (Pvt) Ltd, Access Realties (Pvt) Ltd, Access Realties 2 (Pvt) Ltd, Harbour Village (Pvt) Ltd, WUS Logistics (Pvt) Ltd, Access Logistics (Pvt) Ltd, Lanka AAC (Pvt) Ltd, ARL Elevate (Pvt) Ltd, Access Logistics Park Ekala (Pvt) Ltd, and Access Projects (Pvt) Ltd. Mr. Fernando is a Corporate Member of the Institution of Engineers, Sri Lanka (IESL) and holds a BSc degree in Civil Engineering from the University of Peradeniya.

DHARSHANA MUNASINGHE

Non-Executive Director

Dharshana Munasinghe joined the Board of Sathosa Motors PLC in April 2012. He has been with the Access Group since 1996, holding various positions over the years. Currently, he serves as Director of Business Development at Access Engineering PLC and as a director of Access International (Pvt) Ltd, Access Motors (Pvt) Ltd, Access Realties (Pvt) Ltd, Access Realties 2 (Pvt) Ltd, ZPMC Lanka Company (Pvt) Ltd, and ARL Elevate (Pvt) Ltd.

M M NELSON DE SILVA

Independent Non-Executive Director

Nelson De Silva, who joined the Board of Sathosa Motors PLC in February 2009, is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He holds a BSc degree in Public Administration from the University of Sri Jayewardenepura. He currently serves as the Managing Director of Ned Management Consultants (Pvt) Ltd and is the sole proprietor of M M N De Silva & Company. His previous roles include Group Accountant at Tisara Group, Senior Accountant at John Keells Group, Finance Manager at Finlay Chemicals & Dyes (Pvt) Ltd, Director at PE Management Consultants (Pvt) Ltd, and Partner at HLB Edirisinghe & Company.

SEPALA DAHANAYAKE

Independent Non-Executive Director

Sepala Dahanayake joined the Board of Sathosa Motors PLC in August 2018. An attorney-at-law by profession, he has been practicing in both criminal and civil courts for over 40 years since graduating from the Law College of Sri Lanka in 1981. He has served as an acting magistrate for more than 22 years and held the position of Vice President of the Bar Association of Mount Lavinia from 2001 to 2003.

CHIRAN WIJESINGHE

Independent Non-Executive Director

Chiran Wijesinghe has over 19 years of experience in senior management positions in various organizations both in Sri Lanka and overseas. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and a Member of the Institute of Internal Auditors (IIA) USA. He holds a Master of Business Administration (MBA) from the University of Southern Queensland (USQ) and a BSc in Business Administration (Special) from the University of Sri Jayewardenepura. Currently, he serves as the Chief Risk Officer for the Hirdaramani Group of Companies. His previous roles include Manager of Risk Advisory Services at KPMG Sri Lanka and Group Internal Auditor at Oman Hotels & Tourism Co. SAGO (OHTC), managed by Aitken Spence Hotels (Pvt) Ltd.

SENIOR MANAGEMENT

JOSEPH CHRISTOPHER JOSHUA
Managing Director (Executive)

MAURICE DIRK JOSHUA
General Manager - Marketing

SRIMAL FERNANDO
Executive Director

MANOAJ JAYAHSURIYA
Executive Director

DUSHANTHA UDAYAPRIYA
Finance Manager

LASITHA VIJAYAKUMAR
Head of Sales & Marketing (Vehicle Sales Department)

RAVILAL ALOKABANDARA
Head of Sales & Marketing (Spare Parts Department)

CHAMINDA JEEWARATHNE
Head of Workshops
(Resigned w.e.f. 31st May 2024)

CHATHURA NUWAN KODIKARA
Head of IT

MANAGEMENT REVIEW

As we navigated the crisis recovery social and economic status quo that prevailed during the year under review, Sathosa Motors PLC pivoted operations on a series of strategies crafted not only to address the current challenges but also to strengthen the foundation for sustainability and growth in the future. The year in review, demonstrated our innate resilience, pragmatism and steadfastness that would allow us to aim for value creation in a sustainable manner - parallel to the economic recovery and create value for all stakeholders. In this backdrop, we are pleased to present the analysis of the operating environment as well as SML's performance during the year under review.

OPERATING CONTEXT

The recent World Bank report on Sri Lanka revealed that the economy contracted by 2.3 percent in 2023, in spite of the growth witnessed during the last two quarters (1.6 and 4.5 percent, respectively). While the construction, mining, financial, IT services. Textile and manufacturing sectors underperformed driven by weak demand, the growth in the tourism sector managed to partly offset the negative impact as in transport, accommodation, food, and beverage services began to see some sort of recovery.

Meanwhile, Headline inflation as measured by the Colombo Consumer Price Index began to slow down following the drop to a single digit status in July 2023 - driven by currency appreciation and improved supply. Nevertheless, the inflation in already high prices of food and utilities increased to 5.9 by February of 2024.

The World Bank report revealed that labour force participation dropped to 48.8 percent from 49.8 since the third quarter of 2023. The closure of medium-sized enterprises (MSMEs) exacerbated the labour force participation decline. Households adopted risky economic behaviour including resorting to using savings, acquiring debt and limiting food intake in response to lower income and price pressure.

While the economy is projected to grow by 2.2 percent in 2024, Sri Lanka continue to battle rising poverty levels, labor market concerns high taxation and income inequality. However, the economic stabilization efforts have contributed to higher state revenues driven by new fiscal policies and a current account surplus for the first time in five decades.

In 2023, the country's current account indicated a surplus for the first time since 1977, driven mainly by remittances and tourism earnings. In combination with liquidity improvements, this has resulted in a noteworthy decline in government's cost of domestic borrowing. In this backdrop, even though growth rates are less than desirable, private sector credits have continued to grow.

As external debt service suspension continued, inflows continued from multi-lateral development partners. Combine with the aforementioned, large purchase of foreign exchange by the central bank resulted in the buildup of usable official reserves to about 2 months of imports (US$3.1 billion by end-February 2024, compared to US$500 million in December 2022).

Meanwhile, the Rupee appreciated by 10.8 percent against the USD in 2023.

While the necessary structural reforms inclusive of cost-reflective utility pricing and new revenue measures contributed to economic stability, households struggle with strained budgets. While domestic debt restructuring reached a consensus state in September 2023, negotiations persist. By March 2024, the IMF staff and authorities arrived at a Staff level Agreement for the second review of the Extended Fund Facility programme. As such, principal reforms with regard to debt, fiscal management, trade, investment and SOEs (State-Owned Enterprises) will continue.

COMPANY PERFORMANCE

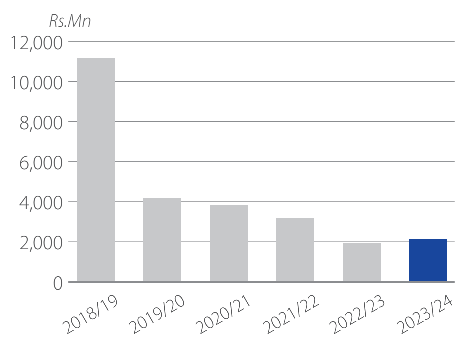
While we continued to face pressure from the vehicle import ban as well as macroeconomic challenges, the Company performed relatively well compared to the previous financial year. Our effort to improve our spare parts sales business as well as the workshop services contributed to the improved performance.

As at the end of the financial year, SML's Group revenue was at Rs 2.1 billion in comparison to the Rs 1.9 billion recorded as at the end of the previous financial year, illustrating a modest growth of 12.6 percent. The Group's Gross Profits recorded a growth of 10.2 percent year on year, with Gross profits at Rs 838 million as at the end of the financial year. At the Company level, Gross profit increased marginally by 2 percent year on year.

Our spare part sales operations recorded a growth of 20% while workshop operations recorded improved performances by the end of the financial year.

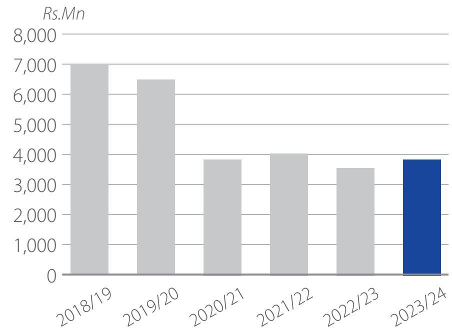
The below illustration depicts SML's revenue trajectory during the last 5 years.

Consolidated Revenue

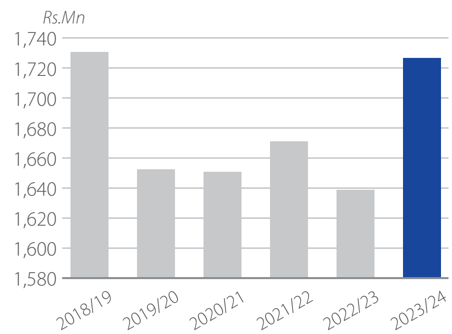


SML's Total Assets grew by 8 percent at the Group year on year as at the end of the year, while Current Assets grew by 19 percent.

Total Assets



Net Assets



Meanwhile, earnings per share at the Group level was at Rs 14.11, indicating an improvement of 362.9 percent year on year.

While we have managed to address the adversities experienced during the previous year, we continue to address internal challenges and prepare for sustainable growth and profitability in the near future in tandem with economic recovery.

SUSTAINABLE GROWTH

As we prepare to leverage on expected economic recovery, we continue to look into effectively managing our economic, social and environmental impact in a sustainable manner to continue to create value for all stakeholders.

To this end, we have begun to purposefully engage our business partners, customers, regulatory authorities, communities and employees. While we employ transparent channels of communication to obtain feedback, we also rely on organizing events, one-on-one interactions to gain insights. Moreover, we conduct market analysis to make data-driven decisions in setting strategies, and crafting responses to challenges.

We have made significant improvements in our customer engagement and services further improving the brand loyalty and good will.

In the meantime, we continue to take proactive steps to mitigate our impact on the environment. We advocated for and adopted EURO 4 standards ahead of the curve and established water treatment plants at our workshops.

In crafting our response to the macroeconomic challenges and financial management concerns, we will continue to adopt a robust risk identification and management process, and employ financial control tools to effectively manage our economic impact.

We have already incorporated a sound risk management strategy, designed to identify social, financial and environmental risks to identify threats and respond in an efficient, prudent manner.

ACKNOWLEDGEMENT

The year 2023/24 was one that called upon our resilience, visionary thinking and crisis management skills. As such, the able leadership of our Chairman and the Board of Directors set the positive tone and guidance to remain undaunted. We wish to acknowledge their impactful contribution and express our gratitude. The senior management and employees took the lead in implementing the set strategies and ensuring that we stayed on track to achieve growth targets. We wish to express our sincere appreciation of the senior management team as well as our staff. SML succeeded in sustaining businesses and planning for growth with the assistance and commitment of our management and employees.

Moreover, we are grateful to the steadfast support of our long-term partners - Isuzu Motors Japan, Isuzu Motors Asia and Itochu Corporation. They have positively engaged with us and supported us through this challenging period. Our shareholders demonstrated their trust in our abilities and faith in SML through their continued support. We are grateful for their support. We would also like to express our appreciation of our loyal customer base for their loyalty and continued support during these challenges times. We also wish to acknowledge and thank all our shareholders for the trust and confidence placed in us.

We can look forward to better performances in the coming years underlined by our passion and commitment together with the support of all our stakeholders.

J C Joshua *Managing Director*	I S N Fernando *Executive Director*

23rd August 2024

OUR BUSINESS MODEL

OUR APPROACH

AT THE HEART OF OUR APPROACH IS OUR PURPOSE:
To achieve excellence in customer satisfaction by cultivating a dynamic and productive organizational culture with highly motivated staff to provide the best quality vehicles at competitive and affordable prices, thereby generating the maximum benefit to all our stakeholders.

WHAT SETS US APART

- We value and believe in maintaining the highest standards of integrity, honesty, transparency, responsibility and ethical behavior in all our dealings and transactions.
- We are passionate about delivering the highest levels of service quality to all our internal and external stakeholders.
- We encourage and respect diversity among our team in order to create an inclusive organizational culture.
- We believe in the importance of ensuring excellence in all our processes and systems as a means of maintaining a strong niche position in the Sri Lankan market: from expanding our dealership network, to introducing innovative product ranges to the market, to market development, to leveraging training as an opportunity to enhance expertise and productivity.

WHAT WE DO

We actively manage our business operation through four principal activities.

- VEHICLE SALES
- SPARE PART SALES
- WORKSHOP SERVICES & REPAIRS
- MARINE ENGINE SALES

WHAT WE RELY ON	THE VALUE WE CREATE
WE DRAW UPON SIX CAPITALS IN THE MANAGEMENT OF OUR BUSINESS MODEL.	**BEYOND MEETING OUR INCOME AND TOTAL RETURN TARGETS WE ALSO CONSIDER THE WIDER VALUE WE DELIVER AGAINST EACH CAPITAL.**
FINANCIAL CAPITAL Financial capability to enhance our business	• Total assets value is LKR 2,958 Mn • Retained earnings reinvestment to the company is LKR 1,577 Mn • Stock value is LKR 533 Mn • Availability of Non utilized banking facility for the operational activities is LKR 2,156 Mn • Investment in subsidiary: Access Motors worth LKR 465 Mn
MANUFACTURED CAPITAL Investment and utilization of Property, plant and equipment/ IT infrastructure	• Our branch network of 10 in key locations of the country • Continuous development to the IFS ERP system to keep the records and extract the accurate information whenever required • Investment in property plant equipment LKR 504 Mn (Carrying amount) • Investment for the workshop operations to enhance the productivity and efficiency • Investment property in Vauxhall Street worth LKR 925 Mn
NATURAL CAPITAL The natural resources that we manage and use	• Continuous use of Sustainable Industrial Practices-Euro 4 • Continuous use of the advance water purification system for workshop operations • Monitor the electricity and water utilization to control the expenses. • Continuous use of digital platforms to reduce the printing and stationary cost
HUMAN CAPITAL The skills and experience of our employees	• Employed 117 number of employees including professionals and highly trained technicians • Conducted a series of in-house and external training programs for technical staff/ sales staff and supportive service staff • Practice of work from home arrangements during the economic crisis and social unrest period • Despite the disruptions cause to the normal course of business by social unrest and economic crisis, the company did not curtail benefits given to staff
INTELLECTUAL CAPITAL Our collective expertise and processes	• In depth experience and technological prowess in the Japanese commercial vehicle segment in the automobile industry • Following the 'Isuzu Aftersales Way' for Maximizing vehicle uptime/ Building and sustaining good relations with customers/ Managing and guiding dealers etc. • Development and use of the standard operating procedures (SOPs)/ continuous review and making changes to the processes whenever required. • ISUZU Brand reputation in Sri Lanka in the premier light commercial vehicle segment
SOCIAL AND RELATIONSHIP CAPITAL Reputation and trust that we have developed	• Economic and social value created through operational integrity • Island wide network of dealers • A shareholder base of over 1,000 • Supply of best products/ services to customers for retaining the existing customer base while attracting new customers • Market leader in the brand new Japanese truck segment • Engagement with the community via social media platforms

CORPORATE GOVERNANCE

At Sathosa Motors, we view robust corporate governance as essential for achieving sustainable growth and enhancing the Company's value. Our approach to governance is as integral to our success as our business results. We are deeply committed to embedding the principles of good corporate governance within our corporate culture, ensuring these principles guide our interactions with a diverse array of stakeholders. To support our vision of becoming the leading automobile company in Sri Lanka, we employ a rigorous governance framework designed to exceed basic regulatory compliance and build trust among our shareholders while upholding financial and operational integrity.

In terms of sections 7.6 and 9 of the Listing Rules of the Colombo Stock Exchange, Sathosa Motors PLC has complied with the relevant provisions under Corporate Governance Rules which are applicable for the reporting period. With the revised Listing Rules being introduced on 1st October 2023 the Board has taken measures to comply with the relevant rules and the Company undertakes to be fully compliant with the revised Corporate Governance Rules by the specified effective date of 1st of October 2024.

Our corporate governance philosophy encompasses all facets of our operations, including strategy formulation and assessment, director and key management appointments and removals, performance evaluation, executive compensation, and risk management. Our commitment to governance is foundational to our mission of delivering exceptional products and services to our stakeholders. Without governance rooted in our core values, we could not fulfill our promise of unparalleled quality. We are dedicated to maintaining high governance standards to ensure our operations are conducted with the utmost integrity and propriety.

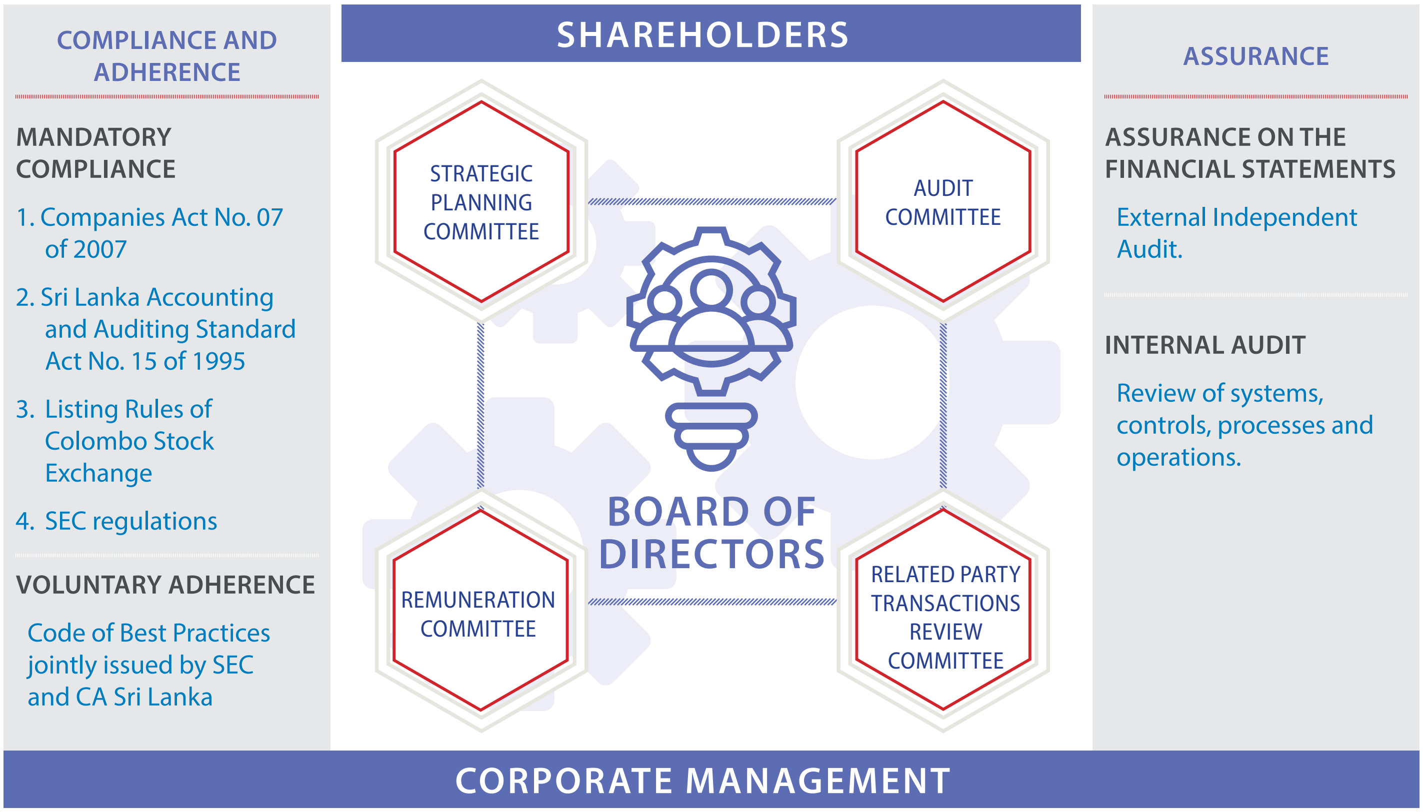
GOVERNANCE STRUCTURE

Sathosa Motors employs a governance model characterized by clear and transparent responsibility segregation and prudent resource management, fostering long-term sustainable growth and value creation for our shareholders and stakeholders. We balance our business operations with social responsibilities and are committed to contributing to a sustainable society. Beyond complying with the mandatory regulations outlined in the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC), we have adopted advanced governance practices. Our governance approach incorporates the voluntary provisions of the Code of Best Practices on Corporate Governance, as jointly recommended by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

We prioritize transparency and strive to provide stakeholders with comprehensive, accurate, and impartial information to support informed decision-making and eliminate information asymmetries.

GOVERNANCE FRAMEWORK

Our corporate governance framework includes the Board of Directors and four Management Committees, each with clearly defined roles and reporting lines. This structure ensures effective segregation of management and oversight functions, enhancing transparency and facilitating prompt decision-making. The Board and Management Committees are responsible for overseeing corporate strategy, performance management, financial reporting integrity, and risk management. Under the Board's leadership, we have established a robust management framework with well-defined policies, procedures, and delegated authorities, as illustrated in the accompanying governance structure diagram.



THE BOARD OF DIRECTORS

Governance Responsibilities

The Board of Directors is entrusted with establishing robust governance practices within the Company and ensuring overall value creation for the Company, its shareholders, and other stakeholders. It encourages a culture of risk awareness, openness, and strategic debate, ensuring the circulation of accurate and transparent information. The Board sets the Company's strategy and risk appetite, reviews, approves, and guides corporate strategy, sets performance objectives, monitors implementation and corporate performance, and oversees major capital expenditures, acquisitions, and divestitures. Independent Non-Executive Directors hold management accountable and ensure Executive Directors fulfill their responsibilities effectively.

The Board's Duties and responsibilities and key functions, for which they are accountable. Include:

- Provision of entrepreneurial leadership to the Company. To this end, the Board reviews, approves and directs corporate strategy, major plans of actions, risk policy, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures.
- Overseeing systems of internal controls, in particular, financial and operational controls and a formal risk management process to enable effective assessment of relevant risks and ensure the integrity of the Company's accounting and financial reporting systems.
- Ensuring a transparent Board nomination and election process, selection and scrutiny of key management and executive personnel and oversee succession planning.
- Ensuring the Board and key executive remuneration is aligned with the long-term interests of the Company and shareholders.
- Managing potential conflicts of interests of management, Board members, shareholders and other external parties and monitoring the effectiveness of Company's governance practices.
- Conducting objective self-evaluation with the aim to foster a culture of effective Board behavior.
- Be available for dialogue with shareholders and oversee the process of communication and disclosure.

Corporate Governance contd.

BOARD COMPOSITION AND BALANCE

The Board of Sathosa Motors PLC is composed to ensure a balanced structure, diversity, and a range of skills and industry expertise, enabling effective discharge of its duties. As of 31 March 2024, the Board comprised nine (9) Directors, including three (3) Independent Non-Executive Directors and Three (3) Non-Executive Directors. The diversity within the Board is achieved through a mix of age, gender, expertise, tenure, and independence, fostering an effective governance structure.

Executive Directors	
J C Joshua	Managing Director
I S N Fernando	Executive Director
M.Jayahsuriya	Executive Director

Non-Executive Directors	
S J S Perera	Chairman
S D Munasinghe	Director
D A R Fernando	Director

Independent Non-Executive Directors	
M M N De Silva	Director
W A C O Wijesinghe	Director
R S Dahanayake	Director

Board Balance and its Independence	
INED	03
NED	03
ED	03

Tenure of Board Members	
More than 05 years	08
Less than 05 years	01

INED	Independent Non-Executive Directors
NED	Non-Executive Directors
ED	Executive Directors

DIRECTOR PROFILES AND COMPLIANCE

Detailed profiles of all Directors, outlining their areas of expertise, can be found in Management Review section of the Annual Report. In compliance with sections 9.7.3 and 9.7.4 of the CSE Listing Rules, the Company obtained annual declarations from the Directors confirming their adherence to the Fit and Proper assessment criteria as of the reporting date. (With the revised Listing Rules being introduced on 1st October 2023 the Board will take measures to comply with the relevant rules fully by the specified effective date).

Non-Executive Directors bring an independent, objective perspective to Board decisions by constructively challenging management and contributing to the development of the Company's strategic objectives.

BOARD MEETINGS AND ATTENDANCE

The Board convened four (4) times during the year under review. Directors' attendance at these meetings for the year ended 31 March 2024 is detailed below.

Name of the Director		Board Meeting Attendance			
		18 May 2023	27 July 2023	09 November 2023	13 February 2024
S J S Perera	Non-Executive Chairman / Non- Independent	√	x	√	√
J C Joshua	Executive Director	√	√	√	√
M Jayahsuriya	Executive Director	√	√	x	x
K A P Perera *(Resigned w.e.f 04th September 2023)*	Executive Director	√	√	-	-
I S N Fernando *(Appointed on 15th Jan 2024)*	Executive Director	-	-	-	√
M M N De Silva	Non-Executive Director / Independent	√	√	√	√
W A C O Wijesinghe	Non-Executive Director / Independent	√	√	√	√
R S Dahanayake	Non-Executive Director / Independent	√	√	√	√
D A R Fernando	Non-Executive Director / Non-Independent	√	√	√	√
S D Munasinghe	Non-Executive / Director / Non- Independent	√	√	√	√

Meetings are scheduled quarterly, with sufficient notice and advance distribution of Board Papers to ensure Directors are well-prepared. Additionally, the Board holds meetings as needed to discuss strategically important matters. Urgent decisions may also be made via circular resolution, with all relevant information provided to Directors.

Board and Sub-committee meetings may be conducted through audio or audio-visual communication as permitted by the Company's Articles of Association. Board Minutes are prepared by the Company Secretary, circulated in advance, and adopted at subsequent meetings. Directors are encouraged to seek independent professional advice at the Company's expense when necessary and have access to the Company Secretary for advice and services.

EXECUTIVE DIRECTOR AND SENIOR MANAGEMENT

The Board has delegated authority to the Executive Director to manage daily business affairs in line with the Board's strategies, goals, and objectives, ensuring high standards of governance. The Executive Director is supported by a Senior Management team. The Board regularly discusses short-term, medium-term, and long-term objectives with the Executive Director and meets with Senior Management to review operational matters and communicate strategic plans.

COMPANY SECRETARY

The Company Secretary is appointed by the Board of Directors of the Company. The Company Secretary ensures that the Board, Sub-committee and Shareholder meetings are conducted in accordance with the Articles of Association of the Company and based on corporate governance rules. The Company Secretary liaises with the Colombo Stock Exchange on the Company's communications. It is the responsibility of the Company Secretary for making announcements with regard to AGMs and EGM to the shareholders and for accurate recording of proxy voting.

BOARD COMMITTEES

The Board has established four (4) Sub Committees in order to monitor, review and enhance the accountability of key areas of business operations. Following are the Board Committees of the Company as of the reporting date.

1. Audit Committee
2. Related Party Transactions Review Committee
3. Remuneration Committee
4. Strategic Planning Committee

These Sub-Committees operate based on terms of reference set out by the Board. The Company is in the process of establishing the Nominations and Governance Committee which is a mandatory requirement as per the section 9.3.1 of the revised Listing Rules, which is effective from 1st October 2024.

AUDIT COMMITTEE

The composition of the Audit Committee and the Report of the Audit Committee is given on pages 49 to 50 of this Annual Report.

Audit Committee Composition

Name of the Director	Designation	Committee Report
M M N De Silva	Chairman - Independent Non-Executive Director	Refer Page No 49 & 50
W A C O Wijesinghe	Independent Non-Executive Director	
R S Dahanayake	Independent Non-Executive Director	

Corporate Governance contd.

Attendance of Directors at Audit Committee Meetings (01 April 2023 to 31 March 2024)

Name of the Director	Designation	Audit Committee Meeting Attendance			
		18 May 2023	27 July 2023	09 November 2023	13 February 2024
M M N De Silva	Chairman - Independent Non- Executive Director	√	√	√	√
W A C O Wijesinghe	Independent Non- Executive Director	√	√	√	√
R S Dahanayake	Independent Non- Executive Director	√	√	√	√

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The composition of the Related Party Transactions Review Committee and the Report of the Related Party Transactions Review Committee is given on pages 52 to 53 of this Annual Report.

Related Party Transactions Review Committee Composition

Name of the Director	Designation	Committee Report
M M N De Silva	Chairman - Independent Non-Executive Director	Refer Page No. 52 to 53
W A C O Wijesinghe	Independent Non-Executive Director	
R S Dahanayake	Independent Non-Executive Director	

Attendance of Directors at Related Party Transactions Review Committee Meetings (01 April 2023 to 31 March 2024)

Name of the Director	Designation	Audit Committee Meeting Attendance			
		18 May 2023	27 July 2023	09 November 2023	13 February 2024
M M N De Silva	Chairman - Independent Non- Executive Director	√	√	√	√
W A C O Wijesinghe	Independent Non- Executive Director	√	√	√	√
R S Dahanayake	Independent Non- Executive Director	√	√	√	√

REMUNERATION COMMITTEE

The composition of the Remuneration Committee and the Report of the Remuneration Committee is given on page 51 of this Annual Report.

Remuneration Committee Composition

Name of the Director	Designation	Committee Report
S J S Perera	Chairman - Non-Executive Director	Refer Page No. 51
M M N De Silva	Independent Non-Executive Director	
W A C O Wijesinghe	Independent Non-Executive Director	

INTERNAL AUDIT AND INTERNAL CONTROLS

The Board of Directors is responsible for maintaining a sound internal control system within the organization to safeguard the Company's assets. The Board has delegated this responsibility to the Audit Committee and the responsibility of the Audit Committee with this regard is given on pages 49 to 50 of this Annual Report.

Strategic Planning Committee

The composition of the Investment Committee and the Report of the Investment Committee is given on page 54 of this Annual Report.

Name of the Director	Designation	Committee Report
J C Joshua	Chairman - Executive Director	Refer page No. 54
Manoj Jayahsuriya	Executive Director	

Disclosures

The tables given below provide the relevant compliances under the Listing Rules and the company act.

Principal	Comment	Compliance Status
A	Directors	
A.1	The Board	
A.1	Board of directors in the corporate governance section on pages 10 to 13	Complied
A.1.1	During the year four scheduled Board meetings were conducted, all of which were well planned and informed in advance and all Members were eligible to attend. Attendance of Members at meetings is given in pages 22 to 24	Complied
A.1.2	A brief profile of each member of the Board of directors and Senior Management team is given in pages 10 to 15	Complied
A.1.3	The Board collectively and the Directors individually, have recognised their duty to act in accordance with the prevailing Laws of the Country. The Board has taken measures to ensure compliance with all necessary rules and regulations applicable to the Company. The Board also complies with the sound framework of business practices in place, which further strengthens compliance with existing laws and regulations. In matters of strategic importance to the company, the Board obtains independent professional advice, if it deems necessary, at the expense of the Company.	Complied
A.1.4	All Directors had access to the services of a professional Company secretarial body, which ensured that the Board received information on a timely manner for the effective conduct of meetings. The firm also provided the Board with advice on matters relating to compliance with rules and regulations, proper conduct of meetings and the adoption of best practices of corporate governance. The firm is also responsible for the distribution of the Company's Annual Report to its shareholders.	Complied
A.1.5	All Directors are encouraged to bring independent judgment on matters relating to strategic direction of the Company, effective utilisation of resources, performance and business conduct. The vast experience and knowledge they possess in their specialised fields ensure the execution of this judgment. Transparency of the judgments is further enhanced with the existence of three Independent Non-Executive Directors who continue to critically evaluate the decisions of the Executive Directors. The Board has put in place a culture of accepting the contribution of each member and all Directors have an equal opportunity to express their views and ideas. The composition of the Board is sufficient enough to ensure balance of power and no Director dominates the conduct of meetings or the Board's decision-making process.	Complied
A.1.6	All Directors dedicated an adequate amount of time on matters relating to the Company and the Board. Their contribution to the Company was evident in the participation at Board meetings, Board Subcommittee meetings and in the decisions passed through circular resolution. Relevant Board Papers, together with supplementary information, were sent at least a week prior to the Board meetings so as to give them adequate time to critically review and study the contents. In the event additional information was requested by the Board through the Company Secretary the same was made available at the earliest in order to enhance the effectiveness of Board decisions.	Complied
A.1.7	One third of the directors could request for a resolution to be presented to the Board for the best interest of the Company.	Complied
A.1.8	Every Director who appointed newly to the Board will be given adequate training in order to carry out his duties in the capacity of Director. Each Director is well aware of requirement of his continuous professional development in order to serve as a Director. During the year under review, sharing knowledge among board members, attending seminars conducted by professional bodies are some of the initiatives taken with respect to training and development.	Complied

Corporate Governance contd.

Principal	Comment	Compliance Status
A.2	**Chairman and Chief Executive Officer (CEO)**	
A.2	Company is not having a CEO position. The duties and responsibilities of the CEO is performed by the MD. There is a clear division of responsibilities of the positions of Chairman and Managing Director (MD) in order to ensure a balance of power and authority in strategic and operational policy decisions. As such, Chairman is responsible for the leading and effective conduct of the business to the Board and MD is responsible for managing the business in accordance with policy directions formulated by the Board. Decision-making of the highest level happened by adopting the roles of simple majority. No one individual is vested with unfettered powers of decision-making.	Complied
A.2.1	The Chairman is mainly responsible for leading, directing and controlling the affairs of the Board including the Board Balance, effective conduct of Board meetings and Special meetings of the Board. He is also responsible for maintaining effective external relationships. Day-to-day affairs of the Company are headed by the Managing Director who is supported by the Executive Directors. MD gives leadership to the Senior Management team who is collectively responsible for the conduct of day-to day operations.	Complied
A.3	**Chairman's Role**	
A.3	Chairman's profile on pages 8-9	Complied
A.3.1	The Chairman is responsible for making sure that the agenda, minutes of prior meetings; Board papers and supplementary information are circulated among the members in advance, giving sufficient time for preparation. Agenda for each Board Meeting is finalised by the Chairman in consultation with the Company Secretary and where necessary, feedback from the other Members is taken.	Complied
A.4	**Financial Acumen**	
A.4	A brief profile of each member of the Board of directors is given on pages 10 to 13	Complied
A.5	**Board Balance**	
A.5	Refer composition of the board under corporate governance on the pages 20-22	Complied
A.5.1	Refer composition of the board under corporate governance on the pages 20-22	Complied
A.5.2	Refer composition of the Board under corporate governance on the pages 20-22	Complied
A.5.3	Three Non-Executive Directors on the Board are not involved in day-to-day affairs of the Company and they do not have any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment. Additionally, each independent Non-Executive Director submits a written declaration of his independence to the Board on an Annual basis. This written annual submission is also considered as part of their annual performance evaluation. Based on the written declaration submitted by the independent NED's for the financial year 2023/2024, they were considered as continuing to be independent.	Complied
A.5.4	During the year, each Non-Executive Director submitted a dated and signed declaration regarding their independence against the specified criteria set out in the specimen in Schedule K. While this declaration fulfilled the requirements of Schedule J of this Code, on circumstance rose for the determination of independence by the Board outside the criteria set out by the Code.	Complied
A.5.5	Based on the declarations submitted to the Board and other information available the following Non-Executive Directors of the Board were decided to be independent as at the end of the financial year. • M M N De Silva • W A C O Wijesinghe • R S Dahanayake	Complied
A.5.6	This is not applicable as there are no Alternate Directors in the Company	N/A
A.5.7	This is not applicable for the Company as the Chairman of the Company is not the CEO.	N/A
A.5.8	Please refer comment under A.5.7	Complied

Principal	Comment	Compliance Status
A.5.9	The Chairman holds meetings with the NEDs' without the presence of Executive Directors as and when necessary.	Complied
A.5.10	During the year, there were no matters of the Company that the Board was unable to resolve unanimously. However, in the event such matter arises, the Company Secretary records same in sufficient detail in the Board minutes. These minutes are circulated among Board members prior to the next meeting.	Complied
A.6	**Supply of Information**	
A.6	The Board was provided with timely information by way of Management Reports, Proposals and Board Papers during the year. The information was made available by the Company Secretary along with the agenda at least seven days prior to the meeting in order to provide sufficient, time for preparation. In the event, information provided was not sufficient supplementary information was provided on the request of Board Members.	Complied
A.6.1	Members of the Board (mainly executive) are provided with Management Reports and performance report in a monthly basis, both in a quantitative and qualitative manner. In addition to this, the entire Board is provided with Board Papers and other relevant information by the Corporate Management.	Complied
A.6.2	As a norm, all Board Papers are circulated to the Board Members 7 working days before hand for them to study the material and prepare themselves for the meeting and within two weeks of the meeting the decisions taken and the discussion points are minuted and circulated for their review / comments and finalisation.	Complied
A.7	**Appointments to the Board**	
A.7	All Board appointments are based on the capacity of the individual concerned to pass the "fit and proper" test, which in turn is based on the qualifications, experience and the value that can be added by the individual to the Board as well as to the Company. Existing Directors are vested with the autonomy to critically evaluate the potential candidate in the above test and a final decision Is taken by the Board collectively.	Complied
A.7.1	The Company does not have a Nomination Committee in place. However, the existing Board members function in a manner that is similar to a formally appointed Nomination Committee in matters concerning new appointments to the Board. However ,the Company is in the process of establishing the Nominations and Governance Committee which is a mandatory requirement as per the section 9.3.1 of the revised Listing Rules, which is effective from 1st October 2024.	Complied
A.7.2	The Board is satisfied with its composition and the level of qualifications, knowledge and experience it possesses as a whole in order to meet strategic demands facing the Company.	Complied
A.7.3	A new Director was appointed during the year. All new appointments are promptly communicated to the CSE together with brief resume containing the member's expertise, other directorships held and independence for public dissemination. (Mr. Srimal Fernando-w.e.f. 15th January 2024)	Complied
A.8	**Re-Election**	
A.8	Directors are re-elected with the sanction of the shareholders at the Annual General Meeting of the Company. The Articles of Association of the Company requires one third of the Non-Directors (other than nominee Directors of the Major Shareholder) to appear for re-election at each Annual General Meeting. Recommendations on the re-election of Directors are given by the Company Secretary and the same is reviewed by the Board.	Complied
A.8.1	In terms of the Articles of Association of the Company, one third of the Non-Executive Directors is required to retire by rotation every year. The re-election of Non-Executive Director is sanctioned by the shareholders at the AGM of the Company	Complied
A.8.2	In the event a new Director is appointed to the Board, he/she will offer himself/herself for election by the shareholders at the first opportunity.	Complied
A.8.3	Resignation	
A.8.3	Before the formal resignation the directors explain their reasons for the resignation decision and the same is being minute under the Board meeting minutes. Also, when Directors send their resignation letters, they explain the decision factors in the resignation letter for the documentary purposes.	Complied

Corporate Governance contd.

Principal	Comment	Compliance Status
A.9	**Appraisal of Board Performance**	
A.9	Performance of the Board is evaluated from time to time with at least once a year to ensure that responsibilities are satisfactorily discharged. Appraisal of Board performance is usually coordinated by the Company Secretary and overseen by the Chairman.	Complied
A.9.1	Performance of the Board for the financial year 2023/24 was assessed at the first Board Meeting conducted for the financial year 2023/24. The evaluation was done against the targets and goals set at beginning of the financial year 2023/24 covering areas such as, strategic direction of the company, regulatory and legal compliance, corporate governance, risk management, financial performance, systems management and internal audit function among others. The Board was satisfied as a whole of its performance in the year 2023/24.	Complied
A.9.2	Members of the Board and Board Committees carried out self-assessments of their performance for the FY 2023/24 against targets set at the beginning of the year. Minutes of the results of these assessments were recorded by the Company Secretary and areas for improvement in the FY 2023/24 were identified. Over the years, both individual and collective performance appraisal of the Board has facilitated continuous development and improvement.	Complied
A.9.3	When a member's name is up for re-election the rest of the Board members discuss the value, addition brought by that particular member to the Board and the contribution made thereof. Based on the discussion points the decision is made on to re-elect. The discussion points are being minuted under the Board meeting minutes.	Complied
A.9.4	The performance of the Board has been appraised though a formalised process of individual appraisal by enabling each member to self - appraise on an anonymous basis.	Complied
A.10	**Disclosure of Information in Respect of Directors**	
A.10	Shareholders are informed as and when necessary about changes to the Board, interest in the shares of the Company and other relevant details through disclosures and financial results released to the CSE for public dissemination.	Complied
A.10.1	Board of director's section on pages 10 to 13	Complied
A.11	Appraisal of Chief Executive Officer	
A.11	Not applicable as the Company doesn't have a CEO	N/A
A.11.1	Not applicable as the Company doesn't have a CEO	N/A
A.11.2	Not applicable as the Company doesn't have a CEO	N/A
B	Directors' Remuneration	
B.1	**Remuneration Procedure**	
B.1	Remuneration payable to the Executive Directors of the Company is recommended by the Remuneration Committee. Remuneration payable to the Non-Executive Directors of the Company is recommended by the Board as a whole. No Director is involved in deciding his own remuneration.	Complied
B.1.1	The Remuneration Committee is responsible for recommending the remuneration payable to Executive Directors. The Committee makes recommendations to the Board, which is responsible for the final determination.	Complied
B.1.2	The Remuneration Committee appointed by the Board consisted of three Non-Executive Directors out of which two were independent.	Complied
B.1.3	Details of the Remuneration Committee are given in page 51 of this Report.	Complied
B.1.4	Remuneration payable to the Non-Executive Directors is decided by the Board as a whole. The Non-Executive Directors are paid a monthly fee for being a Member of the Board and its Subcommittees. Since the Non-Executive Directors are not involved in the day-to-day affairs of the Company, they are not entitled to any performance incentives.	Complied
B.1.5	The Remuneration Committee consulted the Chairman and the Managing Director in providing recommendations regarding the remuneration of other Executive Directors. The Chairman and the Managing Director are not remunerated by the Company.	Complied

Principal	Comment	Compliance Status
B.2	**Level and Make Up of Remuneration**	
B.2	The remuneration package of both Executive and Non-Executive Directors is based on a variety of factors including their contribution to the Company, market rates of remuneration and their expectation. The Board is aware of the fact that the level of remuneration should be sufficient enough to attract and retain Directors of high caliber to direct the Company. Portion of the remuneration of the Executive Directors' is linked to their performance which is evaluated against targets set and agreed at the beginning of the period.	Complied
B.2.1	The Remuneration Committee considers the value addition of Executive Directors and their contribution to the achievement of short and long-term objectives in structuring their remuneration packages so as to ensure that nothing is paid more than necessary	Complied
B.2.2	As the remuneration of the key personnel are being decided and approved by the Board based on the evaluation and recommendation made by the Remuneration committee in parity with the current market rates and packages provided, the executive Director's remuneration also followed by the same process, also providing specific targets in the ED's TOR which directs the ED in achieving the organisational performance goals in overall	Complied
B.2.3	The Committee conducts an analysis of other companies in the industry in deciding the levels of remuneration of the Company. If the need arises the Company carries out an annual salary survey in determining the level of remuneration of key positions and their increment.	Complied
B.2.4	Companies within the Group operate in different market sectors where the remuneration and employments conditions are substantially different to those of the company.	Complied
B.2.5	The extent of contribution and value addition towards achieving the set targets and objectives of a particular year is the key determinant in deciding the performance related element of the remuneration of the Executive Directors.	Complied
B.2.6	Not applicable as there are no Executive share options in the Company.	N/A
B.2.7	Provisions of Schedule E of the Code were followed in designing schemes of performance related remuneration.	Complied
B.2.8	There are no compensation commitments (including pension contributions) in Directors contracts of service.	N/A
B.2.9	Not applicable as the Company's objective is to avoid early termination by all means.	N/A
B.2.10	The remuneration of Non-Executive Directors reflects the degree of responsibilities and the level of time commitment extended by them in contributing and adding value to the Company's decision-making. The NEDs' do not have any share options in the Company.	Complied
B.3	**Disclosure of Remuneration**	
B.3	Compensation paid to Key Management Personnel is given in page 105 of this Report. Remuneration committee Report is given in the page no. 51	Complied
B.3.1	Names of the members of the Remuneration Committee and the compensation paid to Key Management Personnel are given in page 51 of this Report respectively.	Complied
C	Relations with Shareholders	
C.1	**Constructive Use of the Annual General Meeting (AGM) and conduct of General Meetings**	
C.1	The Company considers the AGM as the primary tool of communication with shareholders. The Notice of Meeting inviting all shareholders is given on page 130 of this Report. All shareholders are free to raise any queries from the Board, on matters relating to the Company at the AGM. The Board encourages an open dialogue with shareholders at the AGM. Usual proposals adopted at the AGM include the Annual Report and the Accounts, reappointment of Directors and Auditors and any other matter that require shareholder approval as per the provisions of the Articles Association of the Company.	Complied
C.1.1	All related papers and the Notice of Meeting are sent to the shareholders 15 days before the AGM through the Company Secretary	Complied

Corporate Governance contd.

Principal	Comment	Compliance Status
C.1.2	To receive and consider the Annual Report and Accounts is the first resolution adopted at every AGM. Further, the Company proposes separate resolutions on each substantially separate issue. Hence shareholders are given the opportunity to vote separately on each substantial issue.	Complied
C.1.3	The secretariat and admin teams have strict follow up from the day the notice of the meeting along with the Annual report which is sent to the shareholders. They track the appointed proxies at the time of the registration of the AGM and the Secretary team do note the casted votes in favor of the passed resolutions accordingly.	Complied
C.1.4	Before the AGM date, the company Board and the respective sub committees meet and organise how the AGM should process and run through the possible questions that the management may face. Accordingly, all the committee heads are prepared in an instance where a related question is post to answer them.	Complied
C.1.5	The Notice of Meeting and related documents is circulated to the shareholders 15 working days prior To the AGM. Summary of the procedures governing voting at the AGM is provided in the proxy form, which is circulated to shareholders together with the notice of meeting 15 working days prior to the AGM.	Complied
C.2	**Communication with Shareholders**	
C.2	The AGM, Annual Report and other General Meetings (as and when required) are the primary means of communication with shareholders. Additionally, the Company makes disclosures on material and price sensitive matters from time to time to the CSE for dissemination among the public.	Complied
C.2.1	Refer comment given under C.2.	Complied
C.2.2	The Company's policy on information dissemination is based on the prime need of creating a fair market for the Company's securities among all market participants. Hence the Company focuses on accurate, timely, relevant and open information dissemination and communication so as to avoid any market malpractice or doubt.	Complied
C.2.3	The Company has disclosed the contact information in all their publications and always encourages our shareholders to connect with us. Apart from that in our website we have allocated a separate page indicating Investor information such as the market price per share.	Complied
C.2.4	The point of contact is given in the Corporate information of this Report.	Complied
C.2.5	The shareholders are free to correspond with the Board either directly or through the Company Secretary as they wish. The Directors can also be met by the shareholders on appointment. The Company Secretary keeps a record of all valid correspondence from the shareholders and directs them to the appropriate Board member who in return would respond as necessary.	Complied
C.2.6	Both the Company Secretary as well as members of the Board act as contact points in relation to shareholder matters.	Complied
C.2.7	Responses for shareholder queries directly sent to individual members of the Board are sent by the respective members. Queries directed to the Company Secretary are responded by the Directors via the Company Secretary.	Complied
C.3	**Major and Material Transactions**	
C.3	Refer the Related Party Transactions Review Committee Report on page 52 and Note 25 of Notes to the Financial Statements.	Complied
C.3.1	Refer the Related Party Transactions Review Committee Report on page 52 and Note 25 of Notes to the Financial Statements.	Complied
C.3.2	Refer the Related Party Transactions Review Committee Report on page 52 and Note 25 of Notes to the Financial Statements.	Complied
D	Accountability and Audit	
D.1	**Financial Reporting**	
D.1	The Annual Report of the Board of Directors on the Affairs of the Company making the relevant declarations is given on page 55 to 59 of this Report.	Complied

Principal	Comment	Compliance Status
D.1.1	Refer Financial Report on Pages 66 to 69	Complied
D.1.2	Audited Financial Statements giving a true and Fairview of the operations of the Company, Interim Financial Statements and other price sensitive disclosures are made by the Company periodically and as and when required in accordance with the applicable rules and regulations. In these aspects the Company complied with the requirements of the Companies Act No. 07 of 2007, Registrar of Companies, Department of Inland Revenue and Sri Lanka Accounting Standards and reporting requirements of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka.	Complied
D.1.3	The Financial statements itself has the respective declaration stating that all standards, legal requirements are met with and the FM signs the financial statements below that declaration. Apart from that and annual declaration is also signed by the FM confirming the same.	Complied
D.1.4	The Annual Report of the Board of Directors on the Affairs of the Company making the relevant declarations, is given on page 55 to 61 of this Report	Complied
D.1.5	'Directors responsibility for Financial Reporting', 'Statement of Auditors' and the 'Directors Statement on Internal Control' are given on pages 60-62.	Complied
D.1.6	'Management Discussion and Analysis' is given on pages 16 to 17 of this Report	Complied
D.1.7	Not applicable as there was no serious loss of capital during the year	N/A
D.1.8	The Company has set in place an effective and comprehensive system of internal control for identifying, recording and disclosing related party transactions. This system ratified by the Board ensures that there is no conflict of interest when transacting with related parties and that there will be no bias favorable treatment. All related party transactions as defined in Sri Lanka Accounting Standards - LKAS 24 'Related Party Transactions' are disclosed in Note 25 to the Financial Statements.	Complied
D.2	**Risk Management and Internal Control**	
D.2	The Company operates with a sound system of internal control within an integrated risk management framework that is formulated and ratified by the Board. This system ensures that Shareholders interests and Company assets are safeguarded. The Board Audit Committee is responsible to the Board for ensuring the effective operation of the system of internal controls to achieve objectives of the Company.	Complied
D.2.1	The Board is responsible for formulating and implementing appropriate systems of internal control for the Group and in turn assessing its effectiveness. The Group's internal audit division assists the Board of Directors and the Audit Committee in carrying out the above task. Any internal control system has its inherent limitations. The Board is aware of the inherent limitations and has taken appropriate steps to minimise same. The Directors' responsibility for maintaining a sound system of internal control is given in the Board of Directors' Statement on Internal Control on page 61	Complied
D.2.2	The confirmation of the Risk assessment conducted and the principal risks faced by the Company are disclosed in the Risk Management Review is given on page 35 of this Report.	Complied
D.2.3	The company internal audit function has been carried out by holding company internal audit team and overseen by the Board Audit Committee.	Complied
D.2.4	Operation and review of internal controls is done by the Internal Audit function as a continuous and on-going process including internal control over financial reporting. These reports are forwarded to the Audit Committee for review to ensure that the system of internal control and the risk management process are effective. The Board is responsible for making disclosures on internal controls. In 2023/24 the Board reviewed the effectiveness of the system of internal control in place within the Company and directed to upgrade same as required	Complied
D.2.5	Refer page 61 for the 'Directors Statement on Internal Controls'.	Complied

Corporate Governance contd.

Principal	Comment	Compliance Status
D.3	**Audit Committee**	
D.3	Accounting policies and financial reporting principles of the Company are formulated so as to ensure compliance with all applicable standards, rules and other regulations. At times the guidance of the External Auditors is also sought in this process.	Complied
D.3.1	The Audit Committee comprises three Independent Non-Executive Directors of the Board. The Chairman of the Committee is an Independent Non-Executive Director	Complied
D.3.2	SML has developed a Charter for the Audit Committee clearly defining the objective/ Duties of the Committee, each member's duties and responsibilities and administrative arrangements etc.	Complied
D.3.3	Disclosures	
D.3.3	The Audit committee report enhances a descriptive note regarding the Audit committee and how they discharge their duties and also show how they have allocated their valuable time by participating to the meetings and decision making. (Ref. Page 49 to 50)	Complied
D.4	**Related Party Transaction Review Committee**	
D.4	As a group norm when transacting with Related parties of the group the responsible parties stress on the price at which the transaction takes place to make sure that neither the buyer nor the seller will gain extra ordinary gain through the same.	Complied
D.4.1	Company has considered the guidelines provided in the LKAS 24 in defining the Related parties, in developing the charter for the Related Party Transaction committee.	Complied
D.4.2	In compliance with the requirements of the voluntary code of the Corporate Governance the Related Party Transaction Review Committee comprise of three Non-Executive Directors who are also independent. Also, the Executive Director attends the meetings upon invitation by the committee.	Complied
D.4.3	Company has developed a Charter for the Related Party Transaction Review Committee clearly defining the objective/ Duties of the Committee, each member's duties and responsibilities and administrative arrangements etc.	Complied
D.5	**Code of Business Conduct and Ethics**	
D.5	Refer pages 10 to 13 of this Report. - Corporate governance - Board of Directors.	Complied
D.5.1	Sathosa Motors PLC has a Code of Ethics which includes the code of conduct and is circulated to Directors and all employees. The Board ensures that the Directors and the employees strictly adhere to the Code of Ethics of the Company in their duties so as not to adversely affect the brand of access in any manner. The violation of the code of ethics is an offence which is subject to disciplinary action.	Complied
D.5.2	The price sensitive transactions relating to Investments are monitored through the Audit Committee. Significant matters are informed to the board for further action	Complied
D.5.3	Refer the report of the Related Party Transaction Review Committee on page 52 to 53.	Complied
D.5.4	Refer pages 20 to 23 of this Report. - Corporate governance - Board of Directors.	Complied
D.6	**Corporate Governance Disclosures**	
D.6	This Report on the Company's compliance with the CA Sri Lanka/SEC 'Code of Corporate Governance' meets this requirement	Complied
D.6.1	Same as D.5	Complied

Principal	Comment	Compliance Status
E	Institutional Investors	
E.1	Shareholder Voting	
E.1	Board encourages the active participation of Institutional shareholders at the AGM. In addition, Executive Directors meet institutional shareholders upon their request to discuss about the Company's past performance and future strategies.	Complied
E.1.1	The most structured and continuous dialogue the Company has with the shareholders is the AGM. The Chairman is available to meet shareholders at the end of each AGM and can be met on appointment on other occasions. The Chairman then communicates the views and concerns of shareholders to the Board as a whole.	Complied
E.2	Evaluation of Governance Disclosure	
E.2	Institutional investors are encouraged to give due weight to all relevant factors drawn to their attention in evaluating Companies' governance arrangements.	Complied
F.1	Investing/Divesting Decisions	
F.1	The Company encourages individual shareholders to carry-out adequate analysis or seek independent advice in investing or divesting decisions. The Company facilitates this process by providing information necessary for the same on a timely and unbiased basis. This Integrated Report prepared by the Company gives sufficient information to shareholders to carry out their own analysis of the Company and its operations.	Complied
F.2	The Company encourages individual shareholders to participate in General Meetings and exercise their voting rights.	Complied
G	Internet of things and cyber security.	
G.1	Refer Risk Management on pages 35 to 41 of this Annual Report (Information & Technology Risk)	Complied
G.2	The functions of the CISO is carried out by the Manager IT reported to Executive Director	Complied
G.3	Relevant risks are discussed at internal audit report and reported the same to Audit committee. High risk matters referred to the Board for further actions	Complied
G.4	Address issues at IRM annual Audit done by an independent third party and reported issues through Management Letter	Complied
G.5	Company adheres to the required level of Cyber security by analysing the gravity of the requirement. IT department takes necessary precautionary measures to mitigate related risks.	Complied
H	Environment, Society and Governance (ESG)	
H.1	Refer page 19 of the Annual Report - Human, Intellectual, Manufacturing, Natural, Social and Relationship Capital	Complied
H.1.2	Refer page 19 of the Annual Report Human, Intellectual, Manufacturing, Natural, Social and Relationship Capital	Complied
H.1.3	Refer page 19 of the Annual Report Human, Intellectual, Manufacturing, Natural, Social and Relationship Capital	Complied
H.1.4	Refer page 20 of the Annual Report Corporate Governance for this requirement	Complied
H.1.5	SML understands its role and responsibility in ESG reporting and ensure that the company adheres to the ESG reporting requirements.	Complied

Corporate Governance contd.

Report Disclosures mandated by the Companies Act No.7 of 2007

Principal	Description	Compliance Status	Comment
Section 168 - Contents of Annual Report			
(1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Complied	Notes to the Financial Statements
(1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Complied	Financial Statements
(1) (c)	Auditor's Report on the Financial Statements and any group Financial Statements	Complied	Independent Auditors' Report
(1) (d)	Change in accounting policies made during the accounting period	Complied	Notes to the Financial Statements
(1) (e)	Particulars of entries in the interests register made during the accounting period	Complied	Annual Report of the Board of Directors
(1) (f)	Remuneration and other benefits of Directors during the accounting period	Complied	Notes to the Financial Statements
(1) (g)	Total amount of donations made by the Company during the accounting period	Complied	Annual Report of the Board of Directors
(1) (h)	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Complied	Board of Directors
(1) (i)	Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm	Complied	Notes to the Financial Statements
(1) (j)	Particulars of any relationship (other than that of Auditor) which the Auditor has with or any interests which the Auditor has in, the Company or any of its subsidiaries	Complied	Annual Report of the Board of Directors
(1) (k)	Be signed on behalf of the Board by two Directors of the Company	Complied	Financial Statements

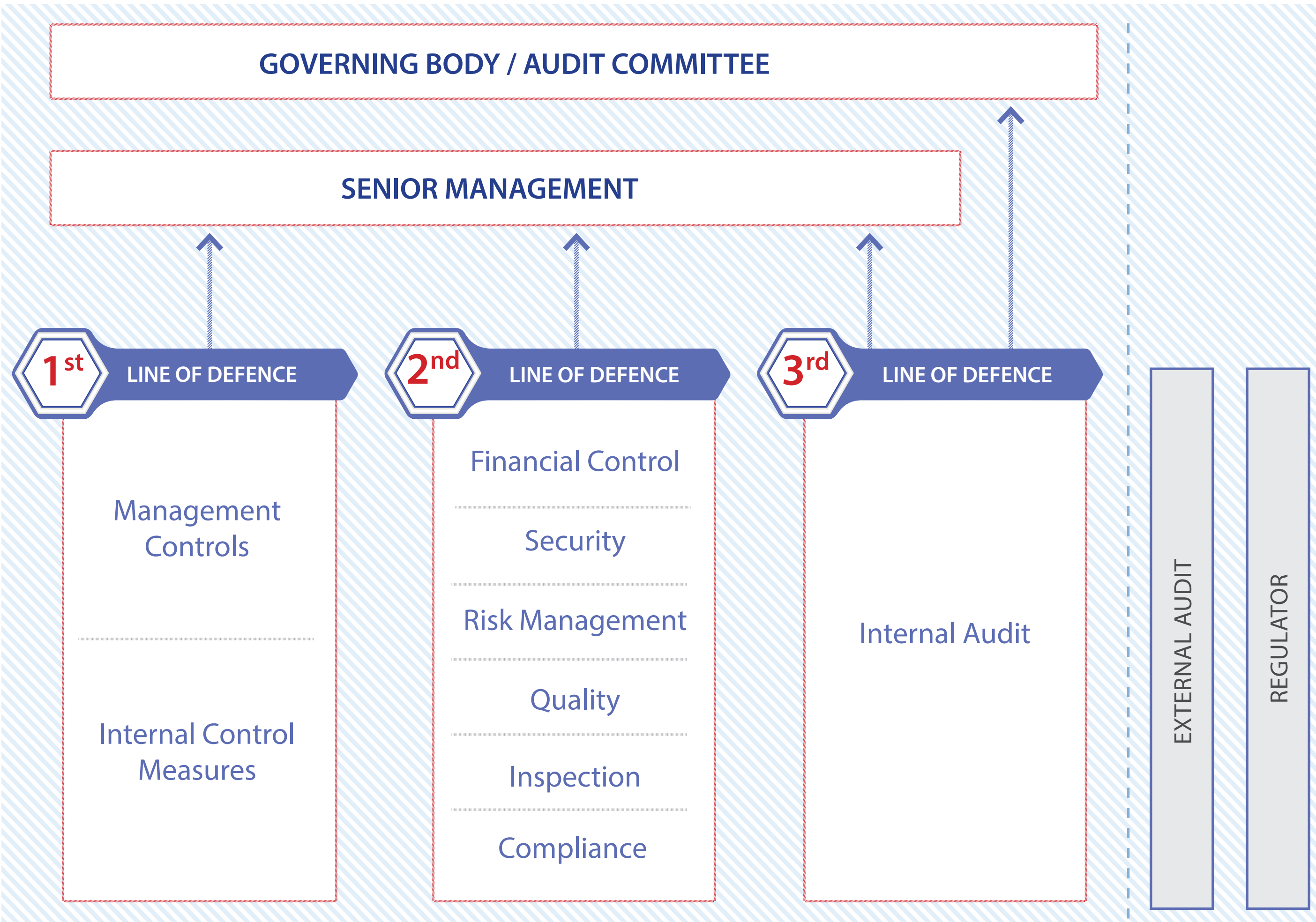
ENTERPRISE RISK MANAGEMENT

The nature of the automobile industry invariably exposes SML to a multitude of macroeconomic, regulatory, operational and market risks. As such, establishing and maintaining a sound risk management process is integral for the long-term success of the organization. Throughout the years, we continued to shape our risk management approach using timely insights to mitigate and minimize risks.

At present, our risk management approach employs the below process:

The three lines of defense approach reinforces our ability to identify and mitigate risks in a timely manner. The Three Lines of Defense model distinguishes among three groups (or lines) involved in effective risk management. In the first line of defence, the risk is owned and managed by operational managers and they are responsible for implementing corrective actions to address process and control deficiencies. The second line of defense provide the policies, frameworks, tools, technique and support to enable risk and compliance to be managed in the first line and conducts monitoring to manage effectively. Third line function perform by Internal auditors as governing body and senior management with comprehensive assurance based on the highest level of independence and objectivity within the organization.

Enterprise Risk Management contd.



The Board of Directors is the ultimate custodians of our risk management process, while Board appointed committees provide key functional, analytical and implementary roles.

<table>
<tr><td>Board of Directors</td><td colspan="4">The Board is responsible for maintaining a sound risk management policy and monitor and modify as required to safeguard the stakeholders' interest. The Board is responsible to clearly identify as to who is responsible for implementation of each element of the plan, facilitate and authorize those who identified to achieve each such element of the plan and the resources requirement for the implementation of the plan.</td></tr>
<tr><td rowspan="2">Board Subcommittees</td><td rowspan="2">Responsible for overseeing the board in setting risk strategies, polices, framework, models & procedures in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting.</td><td>Audit Committee
The key function of the audit committee is usually associated with internal control and risk management, financial reporting, compliance with legal and regulatory requirements and relevant issue related to the process of external and internal audit.</td><td>Related party transaction review committee.
The objective of the committee is to ensure that appropriate and supervising authority relating to the related party transactions exposures, and policies on conflicts of interest or potential conflicts of the interest between the its subsidiaries and other respective related parties is exerted. The Committee also performs the oversight function on behalf of the Board in complying with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission Sri Lanka</td><td>Remuneration Committee.
The Remuneration committee`s main objective is to determine the framework, broad policy and levels of remuneration for the executive as deemed appropriate. This framework includes, but is not limited to, establishing stretching performance related elements of reward and is intended to promote the long-term success of the company.</td></tr>
<tr><td colspan="3">Strategic Planning Committee.
The Committee assists the Board and the Management in fulfilling its oversight responsibilities relating to strategic plans, which identify specific long-term goals and business objectives determined to be in the Company's best interest. This includes helping the Board and the Management identify opportunities such as mergers and acquisitions, joint ventures, new markets or product lines, acquisition or disposition of capital assets, equity and debt funding and modifications of existing capital structure, dividend policy, and stock offerings, repurchase programs and etc. Additionally, the Committee evaluates the progress of execution and effectiveness of the strategic plan.</td></tr>
<tr><td>Management</td><td colspan="2">Corporate Management
Corporate management team ensure the organization is operating adequately and effectively to be successful by taking on responsibility for implementation of a strategy and targeting of resources towards success by reviews operating and financial performance of Group's operational divisions/ subsidiaries. The management also assure group is in line with internal control framework of the group and in all material aspects.</td><td colspan="2">Group Risk Management
The Audit Committee performs quarterly based risk management assessments through the Internal Audit Reports and findings of the Company and its subsidiaries and reviews the internal control processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The Committee also seeks the observations of the Independent External Auditors of the company.</td></tr>
</table>

Enterprise Risk Management contd.

Operations	Each business unit's risk management function is led by the respective head of the unit, supported by his general manager. Executive Directors together with the senior Management considers the operational risks that arise from the execution of the Company's business including risks that arise from changes in the macro and micro environmental factors. The consolidated risks and the mitigating actions are presented to the Strategic Planning Committee and the Audit Committee for review.	**The Board** The ultimate responsibility for setting the risk appetite for the Effective Management of risk rests with the Board. Acting within the authority delegated by the Board, the Strategic Planning Committee and the Audit Committee review specific risk profiles and receives regular reports on risk management, which include the Company's portfolio trends, policies, standards and soundness of internal controls, infrastructure and regulatory compliance. These Committees are authorised to investigate or seek any information relating to an activity within the Terms of Reference.	**Internal Audit** The Company's Internal Audit Department focuses on providing an independent oversight to the Board and the Audit Committee on the processes and controls that help to mitigate major risks.

RISK MATRIX

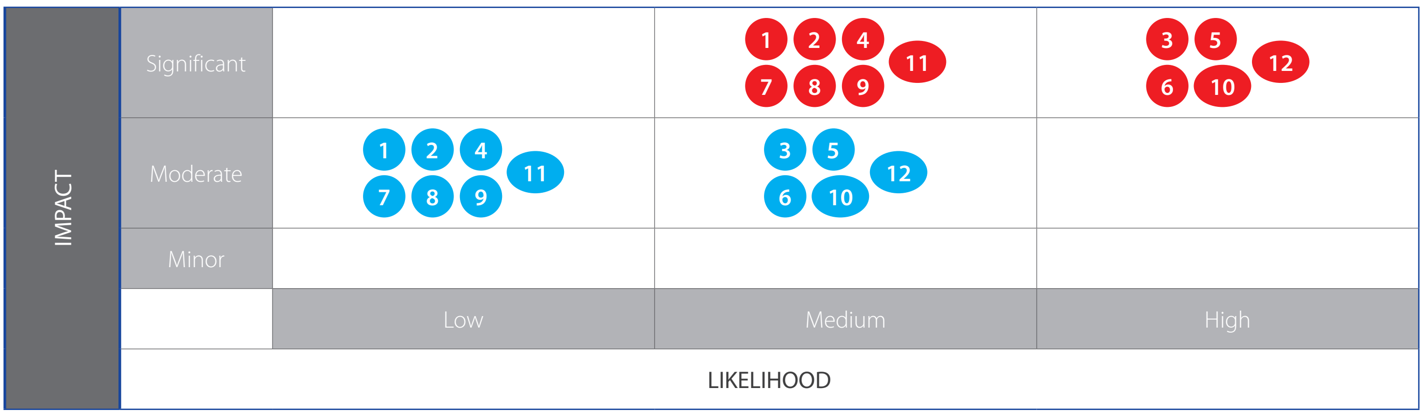
Our risk matrix tool is instrumental in risk analysis based on qualitative perception. The likelihood of occurrence of a risk is determined based on past experience, industry and organizational trends and judgment. The severity of a risk is the potential financial or a non-financial loss/damage to the Organization. This can also be determined based on experience, discussion, calculation, judgment etc. Based on likelihood and severity, risks are categorized into three categories where relevant actions are proposed. Accordingly, risks need to be monitored, communicated and controlled. These three areas are identified based on the risk tolerance (appetite) limits agreed as given below:

IMPACT				
	Significant	Plan for action (Mitigate or transfer	Immediate action (Mitigate or share	Immediate action (Mitigate or share
	Moderate	No action (Accept or avoid)	Plan for action (Mitigate or transfer	Immediate action (Mitigate or share
	Minor	No action (Accept)	No action (Accept)	Plan for action (Mitigate or transfer
		Low	Medium	High
	LIKELIHOOD			

RISK ASSESSMENT

The Board and the Audit Committee concluded that the level of risk associated with the organization's principal risks is currently consistent with SML's overall appetite in relation to these risks. The "heat map" sets out the positioning of our principal risks by impact and probability both before and after any mitigation measures are taken into account.

The Directors confirm that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten our business model, future performance, solvency, or liquidity.



Risk position before mitigation action
Risk position after mitigation action

Enterprise Risk Management contd.

RISK MITIGATION

The below table present identified risk categories and our responses to mitigation requirements, upon deliberation and careful planning.

Risk	Risk description	Impact on KPI's	Risk mitigation strategies	Effect during the year
Finance/ Credit Risk	Probability of loss inherent in financing methods which may impair the ability to provide an adequate return. Credit risk is the possibility of a loss resulting from a buyer's failure to meet contractual obligations. It refers to the risk that a seller may not receive the owed receivable balance, which results in an interruption of cash flows and increased costs for collection. Interest rate risk exists in an interest-bearing asset, such as a loan or a bond, due to the possibility of a change in the asset's value resulting from the variability of interest rates.	impact on the Company's cost of funding due to volatility in interest rates impact to the Company due to volatile foreign exchange rates and restriction imposed by the Government for imports Loss of liquidity due to increasing debtor positions Unavailability of sufficient working capital, negatively affecting the smooth functioning of day-to day operations of the Company Negative impact on profitability Potential negative impact on Company Rating The risk of default in trade receivables due to the prevailing economic crisis in the country	Evaluate the customer financial background, operational risk before allocating the credit facilities, introduced higher discount for early settlements, closely monitor the credit customer settlements, and obtain the bank guarantees as collaterals to mitigate the credit risk at affordable level. The risk of default in trade receivables due to the prevailing economic crisis in the country Evaluate the recoverability of outstanding balances at each reporting period end. Liquidity risk is managed by effective utilization of existing bank facilities. Negotiate with banks to obtain the competitive rates. Manage the cash flow and working capital at its optimal level	Unchanged Mitigating the credit risk through weekly recovery meetings and effective customer creditworthiness evaluations. Successfully renegotiated with bank for long term and short-term debt under favorable conditions.
Technological risk	Company is reliant on sufficient management and technical skills, including qualified professionals such as technicians, engineers and operators as well as seasoned managers, to improve and optimize our existing businesses and advance the company growth.	Failure to compete in the market as a result of technological obsolescence in the processes.	Company has a strategic talent management framework in place that spans the key talent management drivers of attraction, development and retention. Company focus on developing levels of competence, as well as in a wide range of skills development and learner- ship programmers, whereby technical staff is sent to ISUZU Japan on training and to face the technical competitions organized by them. Succession management and development is crucial for our growth and the development of critical skills in our businesses. The company has refocused its critical skills programmes to address our skills gaps. Company provides attractive performance-based incentives to retain the valuable employees.	Unchanged Company adopted its risk mitigation strategies to maintain a high standard of regulatory compliance.

Risk	Risk description	Impact on KPI's	Risk mitigation strategies	Effect during the year
Compliance risk	This risk is associated with changes in Government policies, laws, regulations and statutes. Compliance Risk relates to a company being able to comply with all the laws, regulations and statutes applicable to a country.	Impact on company operations due to Government restrictions on import banning. Risk on going concern of the Company Impact on continuity and growth of Company operations Impairing Company reputation Reduction in profitability due to legal fees and penalties.	Company has systems and processes in place to ensure compliance with applicable laws and regulations. Conducting periodical assessments on the extent of compliance with the statutory requirements Company is focused on identifying changes in the regulatory landscape and ensuring that we are prepared to respond to these changes. Setting the appropriate policies and procedures to improve the control environment.	Unchanged Company adopted its risk mitigation strategies to maintain a high standard of regulatory compliance
Competition Risk	Risk due to increase in competition has the possibility of reducing market share and margins	Total revenue growth Underlying operating margin Underlying Earnings per share Work won and secured and probable orders	Increasing productivity and efficiency in order to ensure our prices remain competitive despite increasing efficiency through Research and Development, investments and the adoption of best practices. Maintain the differentiation from competitors through offering the best products and attractive after sales services.	⇧ Increased Company remained alert with regard to ensuring its competitiveness. The company has always alert with re-condition market
Socioeconomic and political risk	Company's ability to sustain the business and execute on its growth strategy depends on key macroeconomic factors that drive near- to medium-term business plans and long-term strategic decisions. Unexpected changes or sustained periods of unfavorable macro-economic conditions may impact earnings and profitability, cash flow, liquidity and growth.	Loss of social license to operate as a result of corporate behavior against the interests of the society. The volatility of the Rupee adds change market pressures to the business of the Company Negative impact on budgetary control due to political uncertainties	The severity of the socio- economic and political variables is evaluated during the corporate planning sessions on an annual basis Adhering to government direction with regard to IMF Compliances. An overall feasibility study is conducted including socio- economic and political risks, in order to prevent any potential risk from investing in new ventures Company is closely monitoring the Board-approved risk appetite measures for specific financial metrics and actively manage cash flow and liquidity.	⇧ Increased With increased socioeconomic and political risk and increased levels of poverty, as a result of persistent fiscal and current account deficit, mounting debt, poor governance. These factors directly influence the industry (Company) performance further downgraded.

FINANCIAL REVIEW

As we navigated yet another challenging year amidst a recovering economy and regulatory restrictions, SML relied heavily on financial capital management tools to sustain operations and create a solid foundation for growth. The strategic efforts resulted in a modest yet steadfast growth in revenue of group at Rs 2,173 million recording a growth of 12.6 percent in comparison to the revenue drop of 40 percent witnessed during the previous year. Group revenue from vehicle sales was at Rs 240 Mn as the regulatory restrictions on vehicle imports continued to impact our sales. Revenue from spare part sales was Rs 1,527 million, while revenue generated from workshop operations stood at Rs 394 Mn.

PROFIT FOR THE YEAR

SML recorded a 10.2 percent increase in Gross Profits posting Rs 838 million as at the end of the financial year. Earnings from the sale of spare parts and workshop operations contributed to the marginal profitability, in context of the external pressure stemming from regulatory restrictions as well as the reduced purchasing power of our customer base.

EARNINGS BEFORE INTEREST AND TAX

The Group's EBIT for the year stood at Rs 298 million, illustrating a year-on-year growth of 122 percent, while the Company figures stood at Rs 202 million posting a growth of 35 percent.

OTHER INCOME

The Group's other income increased by 57 percent, whereas the Company figures increased by 37 percent, caused by PPE Disposal gain and the Agency commission accrued to the company.

TOTAL ASSETS

The Group's total assets rose marginally by 8 percent to Rs 3,871 million during the year under review - driven by increase in current assets. Meanwhile, the Company's total assets rose by 6.7 percent at Rs 2,958 million. In line with our financial management strategy, SML continues to engage debtors to manage working capital requirement.

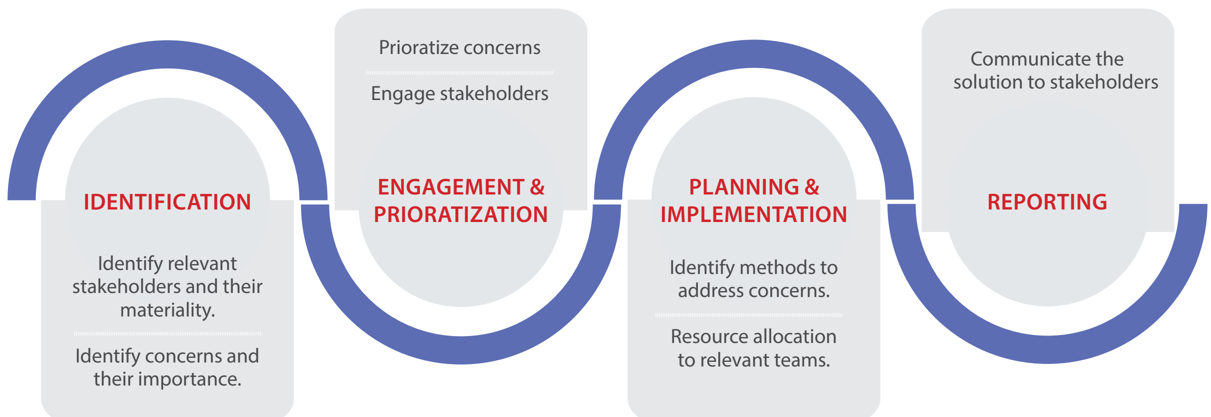
Direct Economic Value Generated And Distributed - Company	2023/24	2022/23
Value Created		
Gross Revenue	982,221,943	817,012,231
(-) Cost of Goods and Services (Excluding Depreciation and remuneration to employees)	(591,443,387)	(436,931,443)
Value added from operations	390,778,556	380,080,788
Other Income	44,021,414	32,453,995
Finance Income	5,272,475	3,666,358
Total Value Created	440,072,445	416,201,141
Value Distributed		
Operating Costs	51,238,392	19,869,874
Remuneration to the Employees	139,466,818	142,135,599
Directors' Fees and Remuneration	17,730,000	23,701,300
Government Levies	1,721,662	1,043,305
Corporate Taxes	-	-
Interest Cost	134,402,185	177,805,034
Dividends	-	
Total Value Distributed	344,559,057	364,555,112
Total Value Retained	95,513,388	51,646,029
Total Value Distributed and Retained	440,072,445	416,201,141
Value Retained		
Profit Retained	28,552,843	(25,482,456)
Depreciation & Amortisation	66,960,545	77,128,485
Total Value Retained	95,513,388	51,646,029

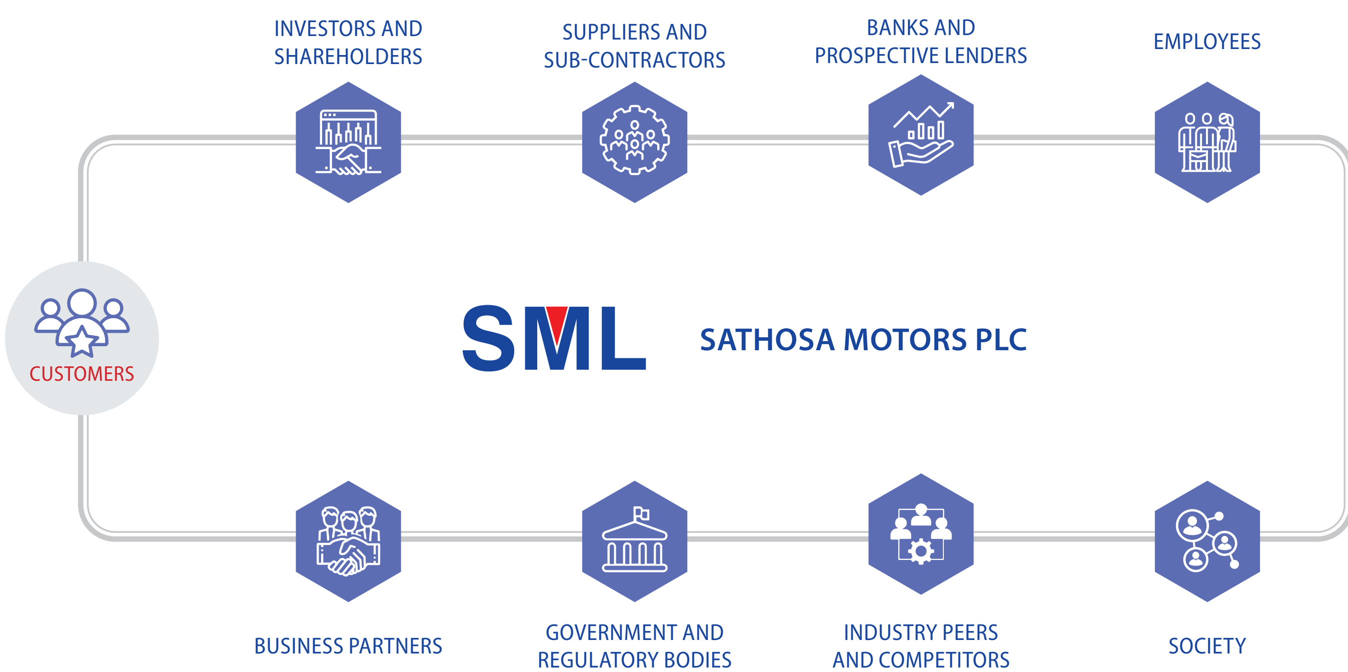
OPERATIONAL REVIEW

Mindful of our impact on the economy, society and the environment, SML's approach to managing operations, pivot on effectively overseeing stakeholder relations, financial and operational management as well as environmental concerns. In this section of the Annual Report, we explore the above concerns and our responses.

SOCIAL IMPACT - STAKEHOLDER RELATIONSHIPS

The value and relevance of our business impact on each stakeholder determine their materiality to our operations. In identifying the materiality concerns, we rely on purposeful engagement of stakeholders to gain insights into their requirements and plan responses accordingly.
The below illustration depicts our stakeholder identification process.





Operational Review contd.

This process allows us to effectively manage our relationships with different stakeholder groups and nurture relationships.

Each group of our stakeholders gain unique value through their involvement with SML, and they serve different purposes in our value creation process.

Customers

While our customers gain products and service benefits through our operations, their monetary contribution fuels our financial gains. We create multiple channels and opportunities to engage customers. In addition, we maintain channels of communication that allow customers to obtain necessary updates about our products and services.

Business partners

Over the years, our long-term and robust relations with business partners enabled us to consistently strengthen our operations, service standards and technological capacity. We maintain strong relationships with both local and international business partners, and their contribution to our business operations have allowed us to stay ahead of the curve in knowledge acquisition and product and service quality. In return, we meet business targets and facilitate the sale of products and services of our business partners and liaise with customers to enhance brand recognition as well as product and service awareness.

Our main foreign business partners are;

- ISUZU Japan
- ITOCHU Corporation - Japan
- Isuzu Motors International Operations - Thailand

Investors and Shareholders

SML organizes periodical meetings and promotional activities to interact with investors and shareholders. These events are instrumental in facilitating our stakeholders to gather necessary insights and make informed-decisions. In the meantime, SML remains true to the process of providing ample returns on investments, and maintaining transparency at all phases of the business process.

Suppliers and Sub-Contractors

The sustainable and efficient operation of our supply chain depends on our supplier and sub-contractor base. As such, we maintain cordial, mutually beneficial and respectful relations with our suppliers and sub-contractors. We engage them using a multitude of channels of communication, and inform them of any developments in our expectations, standards. compliance requirements, quality of service as well as procurement policies.

Government and Regulatory Bodies

Mindful of the fact that the Government and its regulatory bodies play a pivotal role in facilitating the business environment, we maintain cordial relationships with these entities. In addition, we take part in advocating for necessary regulatory changes and presenting industry grievances to the authorities.

Banks and Prospective Lenders

Banks and other financial institutions provide working capital support to ensure business continuity. We maintain transparent and trustworthy relationships with banks and lending partners, based on mutual respect.

Industry Peers and Competitors

We take part in activities and events that advocate for common growth and challenge management in the automobile industry.

Society

While we proactively communicate relevant business details and our impact on society, we also maintain respectful relations with communities in which we operate.

Employees

Our employees are integral to the success of our operations, business continuity and sustainable growth. They are the ambassadors that represent our brand to society, customers and other stakeholders.

Our employee engagement process is comprehensive, respect-driven, purposeful and pursues mutual growth.

Form the employee attraction point to enabling professional growth within the Company, we employ an anti-discriminatory, respectful approach. SML does not discriminate anyone based on their ethnicity, religious views or gender identification.

In addition, we consistently provide training and networking opportunities for our employees both at a local and international level.

SML memberships

- The Ceylon Chamber of Commerce
- Ceylon Motor Traders Association

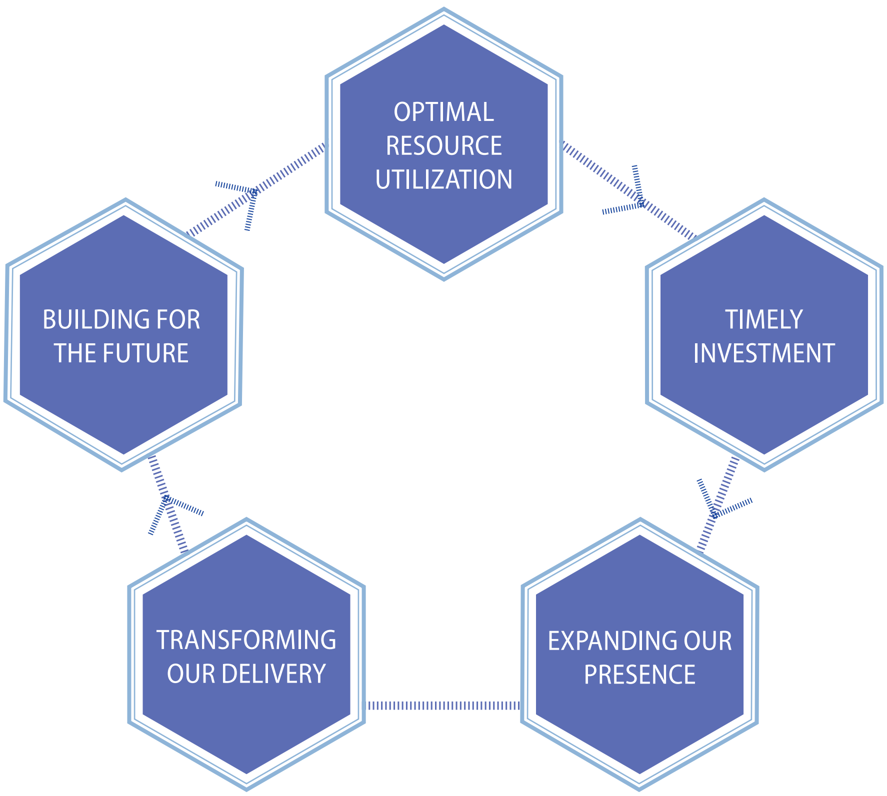
Stakeholder engagement channels

Stakeholder Group	Stakeholder concerns and aspirations	Method of Engagement	Frequency of Engagement
Investors and Shareholders	Financial performance of the Company	Periodic meetings with the Board of Directors	When required
	Monetary returns on their investments	Annual Report	Annually
	Business Expansion plans of the Company	The Annual General Meeting	Annually
	Transparency and disclosure	Corporate website	Continuously
	Risk management	One-to-one discussions with the Board of Directors	When required
Customers	Product Quality	Customer engagement events	Periodically
	Customer Service	One-on-one discussions with relevant departments	When required
	Continuity of services	corporate website	Continuously
Employees	Rewards and recognition	Staff meetings	Periodically
	Training and development	Discussions with Managers	When required
	Career advancement opportunities	Training programmes	Periodically
	Work life balance	Special staff events	Periodically
	Retirement Benefit plans	Evaluation and rewards programme	Annually
Business Partners	Contractual opportunities	Special networking events	Periodically
	Growth potential	Meetings	When required
	Future business prospects	Business Proposals	When required
	Timely settlement of dues	Reminder Letters / Confirmations	Periodically
Government and regulatory authorities	Regulatory compliance	Timely feedback through submission of reports	Periodically and when required
	Industry growth	Participating in various forums and discussions	Periodically and when required
	Managing the business impact on the country's economy	Ensuring compliance	Continuously
Society and Environment	Environmental and economic impact of the business process	Compliance to regulatory requirements	Continuously
	Employment Opportunities	Participating in trade events	Periodically
		Communicating through print and electronic media channels	When required

Operational Review contd.

Economic Impact management

Our knowledge and technological prowess directly impact our ability to create a positive impact on the economy. In addition to knowledge acquisition through research, innovation and international partner collaboration, we ensure the sustainable use of our property, plant and equipment to create positive economic value.



Meanwhile, we consciously and meticulously develop and update our systems and processes to increase efficiency, remain accountable and promote innovation. Training and technological knowledge acquisition has helped our teams to adopt optimal systems and processes that steer organizational success. The systems, processes and procedures as documented in procedure manuals, SOPs, ERP systems and financial controls, follow industry regulations and standards.

Moreover, we conduct preventive maintenance on our properties and equipment to ensure high standards at all times and prevent unnecessary replacement or repair costs. As our machinery and advanced equipment facilitate for collision repair and analytics, offering customers with international standard services, preventive maintenance is essential to ensure satisfactory outcomes.

Financial management

We are well-aware of the fact that a strong financial position and profitability contribute to long-term economic value creation. As such, we employ numerous visionary and pragmatic financial management tools to ensure that our financial capital remains in a strong position. While the current economic and regulatory conditions have placed SML in a precarious position, our sound financial management has been effective ensuring business sustainability and readiness for future growth.

Environmental impact Management

The automobile industry is particularly invested in the environmental impact of the business. Applicable regulatory standards and environmental conscious approach to managing the impact are pivotal to the long-term success of the industry as well as individual organizations.

SML's approach to environmental sustainability takes into account environmental impact mitigation methods, and regulatory compliance. We employ energy and waste management tools to minimize our carbon footprint and monitor usage. In addition, we have obtained environmental compliance approvals and guidelines to effectively manage our environmental impact. In accordance with the standards and criteria prescribed by the National Environmental (Protection and Quality) Regulations No. I of 2008, waste water treatment, sampling and safety aspects have been implemented in our workshops.

Our carbon footprint reduction efforts have led us to enhance focus on energy efficiency, water management, waste management and other environmentally friendly practices.

Mindful of the fact that awareness drives positive change in adopting environmentally friendly behaviour, we conduct awareness building within the organization to assist our employees to comply with environmental standards.

In addition, we select suppliers who maintain strong environmentally friendly standards, through conducting supplier evaluations.

Towards sustainable growth

In our quest for sustainable development, we continue to analyze, revisit and upgrade our various approaches to improve our economic, environmental and social impact. As such, we remain confident of our ability to leverage on economic recovery and stability in the near future to craft our own growth trajectory.

Financial Reports

FINANCIAL CALENDAR

Thirty Eighth (39) Annual General Meeting	27 September 2023
Annual Report 2022/23	29 August 2023
INTERIM FINANCIAL STATEMENTS - 2023/24	
Interim Financial Statements as of 30 June 2023 (First Quarter Report)	27 July 2023
Interim Financial Statements as of 30 September 2023 (Second Quarter Report)	09 November 2023
Interim Financial Statements as of 31 December 2023 (Third Quarter Report)	13 February 2024
Interim Financial Statements as of 31 March 2024 (Fourth Quarter Report)	13 May 2024

AUDIT COMMITTEE REPORT

The Audit Committee of SML, as established under the Corporate Governance rules of section 7.10.6 of the Colombo Stock Exchange, and adhering to the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, plays a crucial role in ensuring transparency and accountability within the company.

ROLE OF THE COMMITTEE

The Audit Committee is responsible for supervising and providing reports to the Board on the Company's and its subsidiaries' accounting and financial reporting systems. This includes overseeing the design and implementation of internal controls and risk management procedures. The Committee ensures compliance with accounting standards, relevant laws, regulations, and best practices. Additionally, it reviews the independence of external auditors and evaluates the scope, outcomes, and effectiveness of the audit process.

TERMS OF REFERENCE

The Audit Committee's terms of reference outline its authority and responsibilities, which are designed to support the Board in meeting its obligations. These responsibilities include overseeing financial reporting, internal controls and risk management, internal auditing, compliance with laws and regulations, and external audit processes.

FINANCIAL REPORTING

The Audit Committee is tasked with overseeing the company's financial reporting process on behalf of the Board, ensuring that financial statements adhere to regulatory standards, including Sri Lanka Accounting Standards and the Companies Act No 7 of 2007.

In this role, the Audit Committee reviews the financial statements of both the Company and its subsidiary before they are published. This review process covers:

- The appropriateness of accounting policies and any changes made
- Significant estimates and areas requiring considerable judgment
- Compliance with relevant accounting standards and regulatory requirements
- Issues identified during internal and external audits
- The Company's ability to continue operating as a going concern

INTERNAL CONTROLS & RISK MANAGEMENT

The Committee has determined that a robust internal control system is established to ensure the protection of the Company's assets and the accuracy of its financial statements. The effectiveness of this system is evaluated based on reports from Management, Internal Auditors, and Independent External Auditors. Additionally, the Committee has reviewed and evaluated the Company's risk management processes, confirming that significant risks are identified and managed effectively.

INTERNAL AUDIT

The Committee is responsible for overseeing the internal audit function, ensuring its role and effectiveness by reviewing the outcomes of its work and the management's responses to its recommendations. The Committee meets with the Internal Auditors quarterly to discuss their findings, assess risks associated with various operational areas, and evaluate the effectiveness of internal controls.

COMPLIANCE OF LAWS AND REGULATIONS

The Audit Committee has examined reports from both management and Internal Auditors regarding adherence to relevant laws and regulations. The Committee is confident that the Company complies with all applicable laws and regulations and that statutory payments are made promptly.

INDEPENDENCE OF THE EXTERNAL AUDITORS

The Audit Committee has assessed the independence and objectivity of the Independent External Auditors, Messrs KPMG, Chartered Accountants. The Committee has met with them to review their audit plan and any observations they provided.

The Committee has received a confirmation from the External Auditors stating that they have no relationships or interests in the Company or its subsidiaries. Additionally, the Committee evaluated the non-audit services provided by the auditors to ensure they do not compromise their independence.

The Audit Committee has recommended to the Board that Messrs KPMG, Chartered Accountants be reappointed as the Independent External Auditors and that this reappointment be proposed at the Annual General Meeting.

COMMITTEE COMPOSITION

The Committee is composed of three Non-Executive Directors, all of whom are Independent, in accordance with Rule 7.10.6 of the Colombo Stock Exchange Listing Rules and the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants and the Securities Exchange Commission of Sri Lanka.

The Board has granted the Committee the authority to obtain any information necessary to perform its responsibilities. This includes the power to summon staff members for questioning during Committee meetings as needed, and to seek independent legal, accounting, or other professional advice at the Company's expense, if required to fulfil its duties.

Audit Committee Report contd.

MEETING ATTENDANCE

The Committee convened on several occasions to address matters related to the financial year. The attendance of Committee members was recorded as follows:

Attendance of audit committee during the period 1st April 2023 to 31st March 2024

	Name	18.05.2023	27.07.2023	09.11.2023	13.02.2024
1	Mr M M N de Silva	✓	✓	✓	✓
2	Mr W A C O Wijesinghe	✓	✓	✓	✓
3	Mr R S Dahanayake	✓	✓	✓	✓

Along with Committee members, the meetings were attended by the Executive Directors and the relevant department Heads and the Internal Auditor, who were invited to participate. The Company Secretary serves as the Secretary to the Audit Committee.

CONCLUSION

The Audit Committee is confident that the Company's organizational structure, along with the implementation of its Accounting Policies and operational controls, ensures that the Company's affairs are managed in line with its policies. This structure provides reasonable assurance that Company assets are accurately recorded and well protected. Additionally, the Committee believes that both the Company and its subsidiary are well-positioned to continue operating as a going concern.

M M N De Silva
Chairman
Audit Committee

23rd August 2024

REMUNERATION COMMITTEE REPORT

The Remuneration Committee was established to adhere to the guidelines set forth in Section 7.10.5 of the Colombo Stock Exchange Listing Rules, as well as the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities Exchange Commission of Sri Lanka.

ROLE OF THE COMMITTEE

The Remuneration Committee is responsible for setting the remuneration policy for Senior Management and advising the Board on matters related to recruitment, compensation, and performance evaluations for Senior Management, including Executive Directors of the Company.

TERMS OF REFERENCE

The Remuneration Committee operates according to established terms of reference and is responsible for ensuring that remuneration practices are linked to performance outcomes.

The Committee's responsibilities include:

- Reviewing the remuneration framework and employment terms for the Chairman of the Board and Executive Directors.
- Monitoring the structure and levels of compensation for senior managers.
- Set detailed remuneration of the executive directors and chairman including termination payments.
- Setting detailed remuneration packages for Executive Directors and the Chairman, including termination payments.
- Ensuring that Executive Directors are fairly compensated for their contributions to the Company's performance.
- Providing transparency to shareholders by ensuring that the remuneration of Executive Directors is determined by individuals without personal stakes in the outcomes of the Committee's decisions.

REMUNERATION POLICY

The Company's remuneration policy aims to attract, motivate, and retain Executive Directors and key management personnel. Compensation is aligned with individual skills, experience, and performance, reflecting the Company's strategic goals. Salaries and benefits are reviewed regularly, taking into account comparisons with peer companies and institutional guidelines.

Non-Executive Directors are compensated with a fee for their roles on the Board and its Sub-Committees. They do not receive performance-based incentive payments.

COMPOSITION OF THE COMMITTEE

The Remuneration Committee is made up of three Non-Executive Directors, with two of them being Independent. As of March 31, 2024, there have been no changes to the Committee's composition.

S J S Perera	Chairman, Non - Executive Director
M M N de Silva	Independent Non - Executive Director
W A C O Wijesinghe	Independent Non - Executive Director

The Managing Director attends the Committee meetings by invitation. The Company Secretary serve as the Secretary of the Remuneration Committee.
The Committee has been given authority by the Board to obtain relevant professional advice from within the Company as needed.

S J S Perera
Chairman
Remuneration Committee

23rd August 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

I am pleased to present the report of the Related Party Transactions Review Committee for the financial year ended 31 March 2024. During the year, the Committee has continued to review and report to the Board on the Group's Related Party Transactions. The Board has established the Related Party Transactions Review Committee in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with those Rules facilitating independent review, approval and oversight of Related Party Transactions of the Company.

ROLE OF THE COMMITTEE

The role of the Related Party Transactions Review Committee exercises 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 ("the Code") issued by the Securities and Exchange Commission of Sri Lanka. The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka.

TERMS OF REFERENCE

The terms of reference of the Related Party Transactions Committee encompasses aspects relating to matters outlined in the Listing Rule of the Colombo Stock Exchange.

- Analysing and reviewing all proposed Related Party Transactions with the exception of those exempted by the Code.
- Identify whether proposed Related Party Transactions require Board or Shareholder approval.
- Directors of the Company are not allowed to take part in any discussion regarding proposed Related Party Transactions for which they are related parties with the exception of occasions in which the Committee requests Directors to give information with regard to Related Party Transactions.
- Recommendation of creating a special committee to review and provide approval for proposed Related Party Transactions in view of any conflict of interest.

RESPONSIBILITES OF THE COMMITTEE

- Reviewing in advance all proposed related party transactions of the Company except those explicitly exempted by the terms of Rule 9.5 of the Listing Rules of the Colombo Stock Exchange
- Reviewing if there are any proposed material changes of previously reviewed related party transaction before the completion of the transaction
- To review a related party transaction, the Committee will be provided with all relevant material information of the related party transaction, including the terms of the transaction, business purpose of the transaction, benefits to the Company and to the related party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the related party transaction:
- Whether the terms of the related party transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a related party.
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
- Whether the related party transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other related party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other related party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Committee deems relevant.
- Determining whether related party transactions that are to be entered into by the Company require the approval of the Board or shareholders of the Company;
- Review, revise, formulate and approve policies and procedures on related party transactions
- Establishing guidelines for the Senior Management to follow regarding dealings with recurrent related party transactions
- Ensuring that immediate market disclosures and disclosures in the Annual Report are made as required by the applicable rules/ regulations in a timely and detailed manner.

POLICIES AND PROCEDURES

The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies, conforming to the provisions of the Companies Act No. 07 of 2007.

Further all Related Party Transactions in accordance with Sri Lanka Accounting Standard 24 - (LKAS 24) - Related Party Transactions are disclosed under Note No 25 to the Financial Statements.

REVIEW OF RELATED PARTY TRANSACTIONS

The Committee reviewed all related party transactions of the Company for the financial year 2023/24.

In terms of Rule 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange on related party transactions there were no non-recurrent related party entered into during the course of the financial year with an aggregate value of that exceeded the lower of 10% of the equity or 5% of the assets in the latest Audited Financial Statements as at 31st March 2023, which requires additional disclosures in the Annual Report 2023/24 in terms of Rule 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange.

In terms of Rule 9.14.8(2) of the Listing Rules of the Colombo Stock Exchange, there were no recurrent related party transactions carried out during the financial year ended 31st March 2024, the aggregate value of which exceeded 10% of the revenue as per the latest Audited Financial Statements as at 31st March 2023, which requires additional disclosures in the Annual Report 2023/24 in terms of Rule 9.14.8(2) of the Listing Rules of the Colombo Stock Exchange.

In the opinion of the Committee, the terms of these were not more favourable to the related parties than those generally available to the public. The details of related party transactions entered into during the year are given in Note No 25 to the Financial Statements ,on page No 102-105 of the Annual Report.

The Related Party Transactions Review Committee reviewed the related party transactions of the Company and its compliances with applicable Rules and communicated the same to the Board.

COMPOSITION OF THE COMMITTEE

In accordance with Section 9.14.2(1) of the Listing Rule of the Colombo Stock Exchange, the Related Party Transactions Review Committee comprises three Independent Non-Executive Directors as follows:

Related Party Transactions Review Committee

Mr M M N de Silva - Independent Non-Executive Director - Chairman of the Committee
Mr W A C O Wijesinghe - Independent Non-Executive Director - Member
Mr R S Dahanayake - Independent Non-Executive Director - Member

The Finance Manager attend meetings by invitation and the Company Secretary functions as the Secretary to the Committee.

MEETING ATTENDANCE

During the year 2023/2024 the Committee members attended meetings as set in the following table:

	Name	18.05.2023	27.07.2023	09.11.2023	13.02.2024
1	M M N de Silva	✓	✓	✓	✓
2	W A C O Wijesinghe	✓	✓	✓	✓
3	R S Dahanayake	✓	✓	✓	✓

DECLARATION

In terms of Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on page 102-105 of the Annual Report

M M N de Silva
Chairman
Related Party Transactions Review Committee

23rd August 2024

STRATEGIC PLANNING COMMITTEE REPORT

The Strategic Planning Committee was created to concentrate on developing and setting the company's strategic direction to meet its goals and objectives. Throughout the year, the committee has consistently reviewed and reported to the Board on the company's strategic trajectory, as well as trends and challenges impacting the achievement of its objectives.

ROLE OF THE COMMITTEE

The Committee supports the Board in overseeing the Company's vision, mission, and strategic direction, ensuring adherence to corporate governance best practices.

Throughout the year, the Committee convened multiple times to address the Company's strategic direction and key strategic issues.

Responsibilities include:

- Periodically reviewing the Company's vision, mission, strategic initiatives, major programs, and services, and providing recommendations to the Board.
- Identifying critical strategic issues facing the Company and aiding in the evaluation of alternative strategic options.
- Ensuring that Management has established an effective strategic planning process with clear timelines and targets.
- Evaluating new products, services, and business opportunities to ensure alignment with current business operations.
- Advising the Board on trends within the industry, market, community, and core competencies.
- Developing key performance indicators at the company level to measure the achievement of objectives.
- Reviewing and presenting to the Board the strategic plans of subsidiary organizations to ensure they align with the overall strategic direction and goals of the Company.

COMPOSITION

The Committee is made up of three (3) Executive Directors from the Board. J.C Joshua serves as the Chairman of the Committee.

Name of the Director	Designation
J C Joshua	Chairman - Executive Director
M Jayahsuriya	Executive Director
K A P Perera (Resigned w.e.f 04th September 2023)	Executive Director

J C Joshua
Chairman

Strategic Planning Committee
23rd August 2024

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

The Board of Directors of Sathosa Motors PLC have pleasure in presenting their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary for the year ended 31st March 2024, conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No.07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended best practices.

GENERAL

Sathosa Motors PLC is a public limited liability Company which was incorporated in Sri Lanka on 11 March 1982 under the Companies Ordinance No: 51 of 1938 and re-registered under the Companies Act, No.07 of 2007 on 13 December 2007, and listed on the Colombo Stock Exchange in 1993. The registration number of the Company is PQ 105 and was listed on the Diri Savi Board of Colombo Stock Exchange on 8th November 1993.

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activity of the Company is importation and distribution of Isuzu new vehicles, Marine engines, spare parts and operating workshops for vehicle repairs.

The Subsidiary, Access Motors (Pvt) Ltd is in the business of importation and sale of Land Rover vehicles and Jaguar vehicles, the Subsidiary Company operates workshops and sale of Land Rover and Jaguar spare parts.

REVIEW OF THE PERFORMANCE

Review of the financial and operational performance of the Company and its subsidiary are described in the Management Review of business operation in Pages 42-46. Segment wise contribution to Group revenue, profits, assets and liabilities are provided in Note 05 of the Financial Statements.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Accounting Standards (LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Finance Manager, two Directors on behalf of the Board and the Auditors are included in this Annual Report and form an integral part of the Annual Report of the Board of Directors.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of their state of affairs.

The Directors are of the view that the Statement of Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and Notes to Financial Statements appearing on pages 66 to 122. have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act, No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Director Responsibility for Financial Reporting is given on page 60.

FINANCIAL RESULTS AND APPROPRIATIONS

Revenue

Revenue generated by the Company amounted to LKR 982 Mn (2023- LKR 817 Mn) whilst group revenue amounted to LKR 2,173 Mn (2023 - LKR 1,931 Mn).

Profit and Appropriations

The profit after tax of the Company was LKR 51.8 Mn (2023-Loss LKR 9.8 Mn) whilst Group Profit attributable to owners of the Company for the year was LKR 85.1 Mn. (2023 -Loss LKR 32.3 MN).

Dividend

The company has not paid dividend for the year under review.

Reserves

The reserves of the Company and Group as at 31 March 2024 amounted to LKR 1,577 Mn (2023 - LKR 1,523.7 Mn) and LKR 1,611 Mn (2023 - LKR 1,523 Mn) respectively.

The movement and composition during the year are given in the Statement of Changes in Equity on page 68.

Accounting Policies

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 70 to 74 and re-consistent with those of the previous period.

Donations

The Company did not make any donations during the year under review.

Annual Report of the Board of Directors on the Affairs of the Company contd.

PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

The Company's and Group's capital expenditure on PPE amounted to LKR 10.9 Mn and (2023 - LKR 20.5 Mn) and LKR 107.9 Mn (2023 - LKR 144.6 Mn) respectively and all other related information and movements have been disclosed in Note 12 (pages 86 to 88) to the financial statements.

Capital expenditure on intangible assets for Company is NIL for the year (2023 - NIL) and its subsidiary 3.3 Mn (2023 - NIL) during the year under review. all other related information and movements have been disclosed in note 14 (89-91) to the financial statements.

Land Holdings

The extents and locations of the Group's leasehold land holdings are given under the 15.1 Notes to the Financial Statements in pages no 92-93. Land and building located at No.86, Vauxhall Street, Colombo 2 is classified under the investment property in accordance of the standards and detailed can be found on note 13 in the financial statements in page no 88-89.

Stated Capital

The Stated Capital of the Company as at 31st March 2024 was Rs.115,924,290/- represented by 6,033,622 shares. There were no changes in the Stated Capital of the Company during the year.

Share Information

There were 1236 shareholders registered as at 31 March 2024 (1,236 shareholders as at 31st March 2023). The details of distribution are given on page 125 of this report.

Board of Directors

The names of the Directors who held office as at the end of the accounting period are given below, with their brief profiles appearing on pages 10 to 13.

Executive Directors

Mr J C Joshua - Managing Director
Mr M Jayahsuriya
Mr I S N Fernando

Non-Executive Directors

Mr S J S Perera - Chairman
Mr S D Munasinghe
Mr D A R Fernando

Independent Non-Executive Directors

Mr M M N de Silva
Mr W A C O Wijesinghe
Mr R S Dahanayake

CHANGES IN THE DIRECTORATE OF THE COMPANY IN THE REPORTING PERIOD

Mr. K A P Perera, Director has tendered his resignation w.e.f. 05th September 2023. Mr. I S N Fernando was appointed as an Executive Director with effect from 15th January 2024.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In terms of Article 88(i) of the Articles of Association, Mr M M N de Silva shall retire by rotation and being eligible, is recommended by the Board for re-election at the forthcoming Annual General Meeting.

In terms of Article 95 of the Articles of Association, Mr I S N Fernando shall retire and being eligible, is recommended by the Board for re-election at the forthcoming Annual General Meeting.

DIRECTORS OF THE SUBSIDIARY

The directors of the subsidiary, Access Motors (Pvt) Ltd as at 31st March 2024 consisted of the following:

Mr. S J S Perera
Mr. T T B C Fernando
Mr. S D Munasinghe
Mr. S M P K Dissanayake
Mr. T A A Fernando
Mr. M Jayahsuriya

Mr. K A P Perera, Director has tendered his resignation w.e.f. 12th October 2023.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

Additional disclosures pertaining to Directors

(i) Material Business relationships

None of the Directors or close family members have any material business relationships with other Directors of the Company

(ii) Other directorships held by the Directors

Other directorships held by Directors are disclosed on pages 104 to 105.

REVIEW OF THE PERFORMANCE OF THE BOARD

The Board's performance is subjected to a formalized process of self-appraisal on an anonymous basis. Further details of the same are mentioned in page 28.

Board Sub Committees

The Audit Committee, Remuneration Committee, Strategic Planning Committee and the Related Party Transactions Review Committee function as Board Sub

Committees, with Directors, who possess the requisite qualifications and experience. The composition of the said Committees as at 31 March 2024 is as follows:

Audit Committee

Mr M M N de Silva - Independent Non-Executive Director - Chairman of the Committee
Mr W A C O Wijesinghe - Independent Non-Executive Director - Member
Mr R S Dahanayake - Independent Non-Executive Director - Member

Remuneration Committee

Mr S J S Perera - Non-Executive Director - Chairman of the Committee
Mr M M N de Silva - Independent Non-Executive Director - Member
Mr W A C O Wijesinghe - Independent Non-Executive Director - Member

Related Party Transactions Review Committee

Mr M M N de Silva - Independent Non-Executive Director - Chairman of the Committee
Mr W A C O Wijesinghe - Independent Non-Executive Director - Member
Mr R S Dahanayake - Independent Non-Executive Director - Member

Strategic Planning Committee

Mr J C Joshua - Executive Director - Chairman of the Committee
Mr M Jayahsuriya - Executive Director - Member

Employee Share Ownership Plans

The Group does not possess any employee share option scheme.

Declaration - Compliance with Rule 9 of the Listing Rules

The Directors declare that the Company has complied with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions.

RELATED PARTY TRANSACTIONS/DISCLOSURES DURING THE YEAR

Non-Recurrent Related Party Transactions - Disclosure in terms of Rule 9.14.8(1) of the Listing Rules

There were no non-recurrent Related Party Transactions of which the aggregate value exceeds 10% of equity or 5% of total assets in the latest Audited Financial Statements as at 31st March 2023, which requires additional disclosures in the Annual Report 2023/24 in terms of Rule 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange.

Recurrent Related Party Transactions - Disclosure in terms of Rule 9.14.8(2) of the Listing Rules

There were no recurrent Related Party Transactions of which the aggregate value exceeds 10% of the Company's Turnover as per the latest Audited Financial Statements as at 31st March 2023, which requires additional disclosures in the Annual Report 2023/24 in terms of Rule 9.14.8(2) of the Listing Rules of the Colombo Stock Exchange.

Directors' Remuneration

The Directors' remuneration is disclosed under key management personnel compensation in Note 25.6 to the Financial Statements on page 105.

Directors Interests in Contracts or Proposed Contracts and Interest Register

The Company maintains an Interests Register in terms of the Companies Act, No.07 of 2007, which is deemed to form part and parcel of this Annual Report and available for inspection upon request.

Directors' interests in contracts with the Company are stated below. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company, except for the transactions referred to in Note 25.6 on page 105.

Directors' Shareholding

The relevant interests of the Directors in the shares of the Company as at 31 March 2024 are as follows:

Directors Name	Shareholdings at 31 March 2024	Shareholdings at 31 March 2023
S J S Perera	Nil	Nil
J C Joshua	Nil	Nil
M M N De Silva	1,100	1,100
S D Munasinghe	Nil	Nil
D A R Fernando	Nil	Nil
W A C O Wijesinghe	Nil	Nil
R S Dahanayake	Nil	Nil
M Jayahsuriya	Nil	Nil
I.S.N.Fernando	Nil	-

Corporate Governance

The Board of Directors confirms, that they are in compliance with Section 9 of the Listing Rules of the CSE. The Chairman, the Board of Directors and the Key Management Staff is dedicated towards upholding an effective Corporate Governance Framework in compliance with the Code of Business Conduct, Ethics of the Company and in

Annual Report of the Board of Directors on the Affairs of the Company contd.

implementing systems and structures required to ensuring best practices within the Company.

The Corporate Governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Statement on Pages 20 to 34 explains the measures adopted by the Company during the year of review.

Sustainability

The Company pursues its business goals based on a model of stakeholders' governance. Finding of the continuous internal stakeholder engagements have enabled the Company to focus on material issues highlighted by other stakeholders such as employees, customers, suppliers and the community. These steps have been encapsulated in a Company-wide strategy focused on sustainable development which is continuously evolving based on the above-mentioned stakeholder engagements. Refer Capital Formation and Distribution on Page 19.

Employment Policy

The Company's employment policy is totally non-discriminatory which respects individuals and provides career bopportunities irrespective of the gender, race or religion.

At a Company level as at 31 March 2024 a total of 117 persons were in employment (117 persons as at 31 March 2023). Refer Human Capital on Pages 19 for more information.

Supplier Policy

The Company applies an overall policy of agreeing and clearly communicating terms of payment as part of the commercial agreements negotiated with suppliers and endeavors to pay for all items properly charged in accordance with these agreed terms. As at 31 March 2024 trade and other payables of the Company and Group amounted to LKR 157 Mn (2023 -LKR 215 Mn) and LKR 312 Mn (2023 - LKR 327 Mn) respectively.

The Company strives to integrate principles of sustainable practices in its value chain through extensive stakeholder consultations, the findings of which are integrated in to work plans.

Environmental Protection

The Company complies with appropriate environmental laws and regulations to fulfill the best practices applicable in the country of operation. After making adequate enquiries from the Management, the Directors are satisfied that the Company operates in a manner that minimizes the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within, which the Company operates. Refer Environmental Capital on Page 19 for more information.

Research and Development

The Company has an active approach to research and development and recognize the contribution that it can make to the Company's operations. Significant expenditure has taken place over the years and substantial effort will continue to be made to introduce new products and processes and develop existing products and processes to improve operational efficiency.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and the Group and all other known statutory dues as were due and payable by the Company and the Group as at the Statement of Financial Position date have been paid or, where relevant provided for.

Contingent Liabilities

Except as disclosed in note 26 (Page 106) to the Financial Statements, there were no material Contingent Liabilities as at the reporting date.

Risk Management

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company and the Group on a quarter basis. The Directors review this process through the Audit Committee, to identify the competence and success of internal controls.

Specific steps taken by the Company in managing the risks are detailed in the section on Enterprise Risk Management on Pages 35 to 41.

Events Occurring after the Balance Sheet Date

Except for the matters disclosed in Note 27 (Page 106) to the Financial Statements, there were no material events as at the date of the Auditor's Report, which require adjustment to or disclosure in the Financial Statements.

Going Concern

The Financial Statements are prepared on going concern principles. After making adequate enquires from the Management, the Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

Independent Auditors' Report

The Report of the Independent Auditor on the Financial Statements of the Group is given on Pages 62 to 65.

Auditors

Messrs KPMG, Chartered Accountants served as the Auditors of the Company as well as the Auditors of the Group during the year under review. The Auditors do not have any other relationship with the Company other than as Auditors of the Company/Group. The fees paid/payable to Auditors given in the Note 9 in the page No 79 of the Report.

The Auditors have expressed their willingness to continue in office. The Audit Committee has recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Independence of Auditors

Based on the declaration provided by Messrs. KPMG, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issues by The Institute of Chartered Institute of Sri Lanka as at the reporting date.

Tax Related Services

All tax related services are provided by Messrs Ernst & Young, Chartered Accountants.

Compliance with Laws and Regulations

To the best of knowledge and belief of the Directors, the Company and its subsidiary have not engaged in any activity, which contravenes laws and regulations of the country.

Annual Report

The Board of Directors approved the consolidated Financial Statements on 23rd August 2024.

Annual General Meeting

The Fortieth (40th) Annual General Meeting will be held on 23rd September 2024.

The notice of the Annual General Meeting appears on Page 130. This Annual Report is signed for and on behalf of the Board of Directors by

I S N Fernando
Director

J C Joshua
Managing Director

P W Corporate Secretarial (Pvt) Ltd.
Secretaries

23rd August 2024
Colombo

THE STATEMENT OF DIRECTORS RESPONSIBILITY

This Statement sets out the responsibility of the Board of Directors in relation to the Financial Statements of the Company and its Subsidiaries. Responsibility of the Auditors in relation to the Financial Statements of the Company and its Subsidiaries is set out in the 'Independent Auditors Report' given in page 64.

The Directors are responsible for the proper recording and maintenance of books of accounts of all transactions of the Company and its Subsidiaries under the provisions of the Companies Act No. 07 of 2007.

As per the Sections 150(1), 151, 152(1) and (2), 153(1) and (2) of the Companies Act No. 07 of 2007, the Directors are responsible for preparing Financial Statements that give a true and fair view of the state of the affairs of the Company and its Subsidiaries at the end of each financial year. These statements consist of the Statement of Comprehensive Income giving a true and fair view of the profit or loss of the Company and its Subsidiaries for the financial year, the Statement of Financial Position giving a true and fair view of the state of affairs of the Company and its Subsidiaries as at the end of the financial year, Statement of Changes in Equity, Statement of Cash Flows & the Notes thereto.

In preparing these Financial Statements the Directors are required to ensure that:

- Appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- Financial Statements are presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS); and reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected;
- Financial Statements provide the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange;
- The Company maintains with reasonable accuracy sufficient accounting records to disclose the financial position of the Company and the Group;
- Financial Statements have been prepared on a going concern basis and they are of the view that sufficient resources are available to justify it

Further, the Directors confirm that they have taken reasonable measures to safeguard the assets of the Company and Group and in this regard have established appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The External Auditors were provided with all information and explanations necessary to enable them to form their independent opinion on the Financial Statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its Subsidiaries and all other known statutory dues as were due and payable by the Company and its Subsidiaries as at reporting date have been paid or, where relevant, provided for, except as specified in Note No 26 to the Financial Statements covering commitments and contingencies.

By Order of the Board,

P W Corporate Secretarial (Pvt) Ltd
Secretaries

23rd August 2024
Colombo.

DIRECTORS STATEMENT ON INTERNAL CONTROL

INTRODUCTION

In accordance with the Code of Best Practice on Corporate Governance, It is requires to the Board of Directors to present a Statement on Internal Controls, in the Annual Report

Board's Responsibility

The Board of Directors is responsible for the adequacy and effectiveness of the Company's system of internal controls. However, such a system is designed to manage the Company's key exposure areas within an acceptable risk profile rather than eliminating the risk of failure to achieve the Company's objectives. Accordingly, the system of internal controls can only provide a reasonable assurance but not absolute against the material misstatement of management and financial information and records or against financial losses or fraud. The Board has established an ongoing process for identifying, evaluating and managing the significant exposures faced by the Company and this process includes enhancing the system of internal controls as and when there are changes for the business environment or regulatory framework.

Key Internal Control Processes

Following features of the System of Internal Control put in place by the Board provide reasonable assurance regarding the reliability of financial reporting. They also ensure the adequacy and effectiveness of the system.

- Committees appointed by the Board to assist them in ensuring the effectiveness of Company's daily operations, and to ensure that these daily operations are within the corporate objectives, strategies and annual budget ratified by the Board
- Internal Audit Department which is headed by the Chief Internal Auditor carries out periodic audits on an on-going basis covering all operational units to ensure the effectiveness of the system of internal control. These audits are carried out in accordance with the Annual Audit Plan approved by the Board Audit Committee and findings of the same are submitted to the Board Audit Committee for their review on a quarterly basis. Additionally Special Audits are conducted as and when the need arises and findings of the same are submitted to the Board Audit Committee for their review.
- The Board Audit Committee reviews internal control issues identified by the Internal Audit Department, regulatory bodies and the management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits.
- In accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS, processes that are required to comply with requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to enhance the system's effectiveness and efficiency.

Confirmation Statement

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards (SLFRS/LKASs), requirements of the Company's Act No 7 of 2007 and Listing Rules of the Colombo Stock Exchange.

J C Joshua
Managing Director

I S N Fernando
Director

M M N De Silva
Chairman, Audit Committee

23rd August 2024

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF SATHOSA MOTORS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sathosa Motors PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2024 , and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 66 to 122 of this Annual Report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Valuation of Investment Properties	
Refer the Note 13 to the financial statements	
Risk Description	**Our response**
The Group's investment properties are stated at their fair value in the amount of LKR 925 Mn as at 31st March 2024. Management's assessment of fair value of investment property is based on valuations performed by a qualified independent property valuer in accordance with recognized industry standards. We identified fair valuation of Investment properties as a key audit matter due to the use of significant estimates such as per perch price and value per square foot involved in assessing the fair value of the investment property.	Our audit procedures included; • Assessing the objectivity, independence, competence and qualifications of the external valuers. • Reading the professional valuer's report and assessing the key estimates made by the external valuer in deriving the fair value of the property and compared the same with evidence of current market values. • Engaging our own internal specialized resources to assess the reasonability of the valuation technique, discount rates, per perch and square feet prices. • Assessing the adequacy of disclosures made in relation to fair value of investment property in the financial statements.

Recoverability of Trade Receivables	
As described in Note 18 Trade Receivables	
Risk Description	**Our response**
The Group's Trade receivables amount to LKR 393 Mn as at 31st March 2024. Trade Receivables are significant to the Group due to Trade Receivables of Sathosa Motors PLC and its Subsidiary company, Access Motors (Pvt) Ltd. The Group's allowances for doubtful debts are based on management's estimate of the expected credit losses to be incurred, which is estimated by taking into account the credit history of the Group's customers and current market and customer-specific conditions, all of which involve a significant degree of management judgement. The Group's allowances for doubtful debts include a specific element based on individual debtors and a collective element based on historical experience adjusted for certain current factors. We identified assessing the recoverability of trade receivables as a key audit matter because the significance of the trade receivables to the consolidated financial statements and the assessment of the recoverability is inherent subjectivity and required significant management judgment, which increases the risk of error or potential management bias.	Our audit procedures included; • Understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in respect of the valuation of trade debtors, which included credit control procedures and the application of the Group's doubtful debt provisioning policy. • On a sample basis, assessing whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes. • Testing the adequacy of the provisions for impairment recorded against trade receivable balances, based on 'Expected Credit loss' model as per 'SLFRS 09', as well as the reasonability of the model methodology, key assumptions and management model validation. We substantively tested the completeness and accuracy of key inputs into models and assessed the appropriateness assumptions used. • Assessing the adequacy of financial statements disclosure as per the required accounting standards.

Independent Auditor's Report contd.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 2618.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

23rd August 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March,	Notes	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Revenue	6.	2,173,450,136	1,930,981,485	982,221,943	817,012,231
Cost of sales		(1,335,242,316)	(1,170,418,898)	(542,372,466)	(389,577,978)
Gross profit		838,207,820	760,562,587	439,849,477	427,434,253
Other Income	7.	109,710,868	69,748,358	44,021,414	32,453,995
Fair value gain on Investment property	13.1	45,000,000	-	45,000,000	-
Administrative expenses		(632,445,730)	(670,184,867)	(287,363,812)	(300,934,460)
Selling and distribution expenses		(61,764,733)	(25,544,844)	(39,213,463)	(9,070,993)
Operating profit		298,708,225	134,581,234	202,293,616	149,882,795
Finance income	8.1	21,752,216	6,099,050	5,272,475	3,666,358
Finance costs	8.2	(160,861,650)	(217,191,902)	(134,402,185)	(177,805,034)
Net finance costs	8.	(139,109,434)	(211,092,852)	(129,129,710)	(174,138,676)
Profit / (loss) before tax	9.	159,598,791	(76,511,618)	73,163,906	(24,255,881)
Income tax (expense)/ benefit	10.1	(41,030,470)	21,572,411	(21,404,922)	14,419,128
Profit/ (loss) for the year		**118,568,321**	**(54,939,207)**	**51,758,984**	**(9,836,753)**
Other Comprehensive Income:					
Items that will not be reclassified to Profit & Loss					
Acturial gain on re-measurement of defined benefit obligation	23.2	4,685,413	159,093	2,584,100	30,300
Related deferred tax impact on the actuarial gain	10.1	(1,405,624)	(47,728)	(775,230)	(9,090)
Total other comprehensive income for the year		3,279,789	111,365	1,808,870	21,210
Total comprehensive income for the year		**121,848,110**	**(54,827,842)**	**53,567,854**	**(9,815,543)**
Profit/ (loss) attributable to:					
Owners of the Company		85,163,654	(32,387,978)	51,758,984	(9,836,753)
Non-controlling interests		33,404,667	(22,551,229)	-	-
		118,568,321	**(54,939,207)**	**51,758,984**	**(9,836,753)**
Total Comprehensive income/(expense) attributable to:					
Owners of the Company		87,707,983	(32,321,691)	53,567,854	(9,815,543)
Non-controlling interests		34,140,127	(22,506,151)	-	-
		121,848,110	**(54,827,842)**	**53,567,854**	**(9,815,543)**
Earnings / (Loss) Per Share	11.	**14.11**	(5.37)	**8.58**	(1.63)

The notes on pages 70 through 122 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March,	Notes	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Assets					
Property, plant and equipment	12	825,805,374	839,834,631	503,862,356	547,498,293
Investment Property	13	925,000,000	880,000,000	925,000,000	880,000,000
Intangible assets	14	3,366,702	3,318,704	-	2,483,354
Right -of- use assets	15.1	183,710,915	203,356,366	41,143,056	43,929,540
Deferred tax assets	10.5	26,204,625	56,949,135	25,863,646	48,043,798
Investment in subsidiary	16	-	-	464,940,064	464,940,064
Total Non current assets		1,964,087,616	1,983,458,836	1,960,809,122	1,986,895,049
Inventories	17	957,784,150	982,507,571	533,129,995	430,065,054
Trade and other receivables	18	559,367,397	448,929,173	345,709,139	209,745,091
Amounts due from related parties	25.2	145,590,169	11,606,688	12,112,315	1,265,815
Current tax assets	10.4	25,988,647	35,521,265	36,773,316	34,997,657
Other financial assets	29.3	117,108,202	-	-	-
Cash and cash equivalents	19.1	101,458,561	122,439,688	69,929,319	108,718,352
Total Current assets		1,907,297,126	1,601,004,385	997,654,084	784,791,969
Total assets		**3,871,384,742**	**3,584,463,221**	**2,958,463,206**	**2,771,687,018**
Equity					
Stated capital	20	115,924,290	115,924,290	115,924,290	115,924,290
Retained earnings		1,611,077,712	1,523,369,729	1,577,314,133	1,523,746,279
Equity attributable to owners of the Company		1,727,002,002	1,639,294,019	1,693,238,423	1,639,670,569
Non-controlling interests		498,703,637	464,563,510	-	-
Total equity		2,225,705,639	2,103,857,529	1,693,238,423	1,639,670,569
Liabilities					
Interest bearing loans and borrowings	21	122,509,083	54,999,995	122,509,083	54,999,995
Deferred income	22	4,607,151	4,826,540	4,607,151	4,826,540
Employee benefits	23.1	29,348,642	31,308,180	13,074,443	15,269,606
Lease liabilities	15.2	171,439,632	209,821,385	30,608,666	33,707,322
Total Non current liabilities		327,904,508	300,956,100	170,799,343	108,803,463
Trade and other payables	24	312,211,866	327,537,819	157,863,018	215,824,371
Amounts due to related parties	25.3	41,027,340	84,754,931	41,048,906	85,075,050
Interest bearing loans and borrowings	21	882,504,804	710,000,000	882,504,804	710,000,000
Lease liabilities	15.2	77,921,173	51,213,429	8,899,300	8,204,153
Unclaimed dividend		4,109,412	4,109,412	4,109,412	4,109,412
Bank overdraft	19.2	-	2,034,001	-	-
Total Current liabilities		1,317,774,595	1,179,649,592	1,094,425,440	1,023,212,986
Total liabilities		1,645,679,103	1,480,605,692	1,265,224,783	1,132,016,449
Total equity and liabilities		**3,871,384,742**	**3,584,463,221**	**2,958,463,206**	**2,771,687,018**
Net Assets Per Share	34	**286.23**	271.69	**280.63**	271.76

The notes on pages 70 through 122 form an integral part of these financial statements.

It is certified that the Financial statements have been prepared in compliance with the requirements of the Companies Act, No 07 of 2007.

P.D.Udayapriya
Finance Manager

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

I S N Fernando
Director

J C Joshua
Managing Director

23rd August 2024
Colombo

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st March 2024	Attributable to the Owners of the Company				
Group	Stated Capital LKR	Retained Earnings LKR	Total LKR	Non-controlling Interests LKR	Total Equity LKR
Balance as at 01st April 2022	115,924,290	1,555,691,420	1,671,615,710	487,069,661	2,158,685,371
Loss for the year	-	(32,387,978)	(32,387,978)	(22,551,229)	(54,939,207)
Other comprehensive income for the year, net of tax	-	66,287	66,287	45,078	111,365
Total comprehensive expense for the year	-	(32,321,691)	(32,321,691)	(22,506,151)	(54,827,842)
Balance as at 31st March 2023	**115,924,290**	**1,523,369,729**	**1,639,294,019**	**464,563,510**	**2,103,857,529**
Balance as at 01st April 2023	115,924,290	1,523,369,729	1,639,294,019	464,563,510	2,103,857,529
Profit for the year	-	85,163,654	85,163,654	33,404,667	118,568,321
Other comprehensive income for the year, net of tax	-	2,544,329	2,544,329	735,460	3,279,789
Total comprehensive income for the year	-	87,707,983	87,707,983	34,140,127	121,848,110
Balance as at 31st March 2024	**115,924,290**	**1,611,077,712**	**1,727,002,002**	**498,703,637**	**2,225,705,639**

Company	Stated Capital LKR	Retained Earnings LKR	Total Equity LKR
Balance as at 01st April 2022	115,924,290	1,533,561,822	1,649,486,112
Loss for the year	-	(9,836,753)	(9,836,753)
Other comprehensive income for the year, net of tax	-	21,210	21,210
Total comprehensive expense for the year	-	(9,815,543)	(9,815,543)
Balance as at 31st March 2023	**115,924,290**	**1,523,746,279**	**1,639,670,569**
Balance as at 01st April 2023	115,924,290	1,523,746,279	1,639,670,569
Profit for the year	-	51,758,984	51,758,984
Other comprehensive income for the year, net of tax	-	1,808,870	1,808,870
Total comprehensive income for the year	-	53,567,854	53,567,854
Balance as at 31st March 2024	**115,924,290**	**1,577,314,133**	**1,693,238,423**

The notes on pages 70 through 122 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the Year Ended 31st March,	Notes	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Cash flows from operating activities					
Profit / (loss) before tax		159,598,791	(76,511,618)	73,163,906	(24,255,881)
Adjustments for:					
Depreciation of property plant and equipment	12.1, 12.2	107,794,497	121,187,105	54,508,349	60,575,581
Amortization of intangible assets	14.1	3,349,606	7,139,043	2,483,354	6,666,816
Depreciation of right-of-use assets	15.1	57,675,321	62,266,531	9,968,842	9,886,088
Amortization of grants received	22	(219,389)	(219,389)	(219,389)	(219,389)
Provision for /(reversal of) inventories	17.1	(21,605,573)	(2,762,824)	(22,415,295)	(2,471,634)
Provision for trade debtors	18.1	9,773,305	863,879	4,082,706	572,689
Gain on sale of property, plant and equipment	7	(47,707,280)	(32,925,051)	(7,007,522)	(28,729,757)
Gain on derecognition of ROU assets		-	(30,926,235)	-	-
Gain on valuation of Investment Property	13	(45,000,000)	-	(45,000,000)	-
Provision for employee benefits	23.2	8,113,858	9,307,656	4,261,919	4,356,625
Write back of advances	7	139,904	3,344,974	139,904	3,344,974
Net finance costs	8	139,109,434	211,092,852	129,129,710	174,138,676
Operating profit before working capital changes		371,022,474	271,856,923	203,096,484	203,864,788
Changes in:					
Inventories		46,328,994	(216,659,569)	(80,649,646)	(100,211,618)
Trade and other receivables		(121,863,434)	484,908,009	(141,698,657)	320,956,147
Amount due from related parties		(133,983,481)	14,735,337	(10,846,501)	22,024,833
Trade and other payables		(15,325,953)	(272,534,804)	(57,961,353)	(229,959,626)
Amount due to related parties		(43,727,591)	2,497,284	(44,026,144)	3,043,353
Cash generated from/(used in) operating activities		102,451,009	284,803,180	(132,085,817)	219,717,877
Interest paid		(129,537,344)	(79,825,295)	(129,516,166)	(73,320,619)
Gratuity paid	23.1	(5,387,983)	(8,861,279)	(3,872,982)	(5,583,200)
Net cash generated from/(used in) operating activities		**(32,474,318)**	**196,116,606**	**(265,474,965)**	**140,814,058**
Cash Flows From Investment Activities					
Purchase of property, plant & equipment	12.1, 12.2	(107,934,414)	(144,680,953)	(10,978,593)	(20,559,177)
Purchase of Intangible Assets	14.1	(3,397,604)	-	-	-
Net Investment on Financial Assets at FVTPL	29.3	(105,500,000)	-	-	-
Proceeds from sale of property, plant & equipment		61,876,454	113,074,421	7,113,703	28,928,879
Interest received		9,497,050	5,677,702	5,008,816	3,263,460
Net cash generated from/(used in) investing activities		**(145,458,514)**	**(25,928,830)**	**1,143,926**	**11,633,162**
Cash Flows From Financing Activities					
Proceed for borrowings	21.1, 21.2	3,206,391,646	1,226,676,474	3,206,391,646	1,226,676,474
Repayment of loans	21.1, 21.2	(2,966,377,754)	(1,380,842,396)	(2,966,377,754)	(1,380,842,396)
Repayment of lease liabilities	15.2	(81,028,186)	(71,492,667)	(14,471,886)	(13,214,211)
Net cash generated from/(used in) financing activities		**158,985,706**	**(225,658,589)**	**225,542,006**	**(167,380,133)**
Net decrease in cash and cash equivalents		(18,947,126)	(55,470,813)	(38,789,033)	(14,932,913)
Cash and cash equivalents at the beginning of the year		120,405,687	175,876,500	108,718,352	123,651,265
Cash and cash equivalents at the end of the year	19	**101,458,561**	**120,405,687**	**69,929,319**	**108,718,352**
Analysis of cash and cash equivalents	19				
Cash and cash equivalents		101,458,561	122,439,688	69,929,319	108,718,352
Bank overdraft		-	(2,034,001)	-	-
		101,458,561	**120,405,687**	**69,929,319**	**108,718,352**

Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes on pages 70 through 122 form an integral part of these financial statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 2024

1. CORPORATE INFORMATION

1.1 Reporting Entity

Sathosa Motors PLC is a public quoted company incorporated and domiciled in Sri Lanka, registered under the Companies Act No. 7 of 2007 and is listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is situated at No. 25, Vauxhall Street, Colombo 02.

The consolidated Financial Statements of Sathosa Motors PLC as at and for the year ended 31 March 2024 comprise the Company and its Subsidiary, Access Motors (Private) Limited. Sathosa Motors PLC holds 50% of Access Motors (Private) Limited.

The Financial Statements of the Company and its subsidiary have a common financial year which ends on 31st March and are prepared using uniform accounting policies.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company is importing and distribution of Isuzu new vehicles, Marine engines, spare parts and operating workshops for vehicle repairs.

Access Motors (Private) Limited is in the business of importation and sale of Land Rover vehicles and Jaguar vehicles, the Subsidiary Company operates workshops and sale of Land Rover and Jaguar spare parts.

1.3 Parent Company

The ultimate Parent Company of Sathosa Motors PLC is Access Engineering PLC (AEL). AEL is primarily involved in the business of Construction activities and supply of construction - related services and materials.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements of the Company and those consolidated comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows together with the Accounting Policies and Notes to the Financial Statements.

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/ LKASs), laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs and regulations governing the preparation and presentation of the Financial Statements.

2.2 Responsibilities of the Financial Statements

The Board of Directors is responsible for preparation and presentation of the Financial Statements of the Company and its subsidiary as per provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards (LKASs/SLFRSs).

The consolidated and separate Financial Statements were approved and authorised for issue by the Board of Directors on 23rd August 2024.

2.3 Basis of Measurement

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

- Investment property recognized based on the valuation (Note 13)
- Financial assets classified as fair value through profit or loss measured at fair Value (Note 29.3)
- Employee benefit liability recognized based on the actuarial valuation (Note 23)
- Lease liabilities measured at amortised cost using effective interest method (Note 15.2)

2.4 Functional and Presentation Currency

These Consolidated Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Group's functional and presentation currency.

2.5 Significant accounting judgments, estimates and assumptions

The preparation of financial statements of the Group and the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported values of assets, liabilities, income, expenses and accompanying disclosures including contingent liabilities. Estimates and judgements which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of

Notes to the Financial Statements contd.

For the year ended 31st March 2024

assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Management considered the following items, where significant judgments, estimates and assumptions have been used in preparing these Financial Statements.

- Revenue recognition [Note 06]
- Depreciation of Property, Plant and Equipment [Note 12]
- Investment property valuation [Note 13]
- Amortization of Intangible Assets [Note 14]
- Impairment of non-financial assets [Note 3.3]
- Fair value measurement of financial instruments [Note 30]
- Provision for expected credit losses of trade receivables and contract assets; Key assumptions for provision matrix to calculate ECL. [Note 18]
- Income tax - Current tax and deferred tax [Note 10]
- Measurement of defined benefit obligation: key actuarial assumptions [Note 23]
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources [Note 26]

2.6 Going Concern

The Group and the Company has prepared the financial statements for the year ended 31 March 2024 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 31 March 2024, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group and the Company and the appropriateness of the use of the going concern basis.

The management has formed judgment that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group and the Company.

Based on the publicly available information at the date these financial statements were authorised for issue, management considered a number of severe but plausible scenarios with respect to possible impact of the downside economic scenarios. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group and the Company's ability to continue as a going concern.

The Borad of directors are satisfied that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern.

2.7 Materiality and aggregation

Each material class of similar items 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 1 on 'Presentation of Financial Statements' and amendments thereto.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Group and 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 natures or functions.

2.8 Changes in material accounting policies

2.8.1 Material accounting policy information

The Group adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022/2023: Significant accounting policies) in certain instances in line with the amendments.

2.8.2 Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1 April 2023. 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.

Notes to the Financial Statements contd.
For the year ended 31st March 2024

For leases, group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the Group applies the amendments to transactions that occur at or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of LKAS 12. There was also no impact on the opening retained earnings as at 1 April 2023 as a result of the change. The key impact for the Group relates to the recognition of a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets as disclosed in Note 10.6.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these Financial Statements and have been applied consistently by the Group, unless otherwise stated.

3.1 Basis of consolidation

The Group's financial statements comprise of the consolidation of financial statements of the company its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10)-Consolidated Financial Statements.

3.1.1 Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see 3.1.2). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to precombination service.

3.1.2 Subsidiary

Subsidiaries are entities controlled by the Parent. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. In separate Financial Statements, investment in subsidiary is stated at cost.

3.1.3 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.Appropriate classification is made when the classification of subsidiary differs from classification of the parent.

3.1.4 Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

3.2 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction and no translation is made subsequently unless determined to realize at fair value. Foreign currency differences are generally recognised in profit or loss.

3.3 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where 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 value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded Companies or other available fair value indicators.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 a revalued amount, in which case the reversal is treated as a revaluation increase.

Based on the assessments made to the recoverable amounts of non-financial assets, including investments in subsidiaries, there were no indications that require an adjustment in the financial statements.

3.4 Statement of cash flows

The statement of cash flows has been prepared using the 'indirect method' in accordance with Sri Lanka Accounting Standard - LKAS 7 on 'Statement of Cash Flows'. Cash and cash equivalent comprise of cash in hand, cash at bank and short term investments that are readily convertible to known amount of cash and subject to an insignificant risk of change in value.

Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flow and interest paid is classified under the operating cash flows for the purpose of presentation of Statement of Cash Flows.

Bank overdrafts that are re payable on demand and forming an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purpose of the Statement of Cash Flow.

3.5 Current versus non-Current classification

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

- Expected to be realised or intended to sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period:

  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the Reporting Period.

All other assets are classified as non-current.
A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the Liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities including deferred tax liabilities as non-current.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards are effective for annual periods beginning on or after 01 April 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Group's consolidated financial statements.

4.1 Classification of Liabilities as Current or Non-Current (Amendments to LKAS 1)

The amendments, as issued on 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 01st January 2023. However, the IASB has subsequently proposed further amendments to LKAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 01st January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the financial statements in the period of initial application. The Group is closely monitoring the developments.

The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses or the information that entities disclose about those items.

4.2 Supplier Finance Arrangements (Amendments to LKAS 7 and SLFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

4.3 Other Accounting Standards

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

Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)

The amendment is intended to improve the requirements for sale and leaseback transactions in SLFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions. The amendment applies retrospectively to annual reporting periods beginning on or after 1 January 2024.

Lack of Exchangeability (Amendments to LKAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

4.4 SLFRS S 1 - Sustainability Disclosure Standard - General Requirements for Disclosure of Sustainability- related financial information

The objective of SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

An entity shall apply this standard in preparing and reporting sustainability related financial disclosures in accordance with SLFRS Sustainability Disclosure Standards.

An entity may apply SLFRS Sustainability Disclosure Standards irrespective of whether the entity's related general purpose financial statements (referred to as 'financial statements') are prepared in accordance with Sri Lanka Accounting Standards or other generally accepted accounting principles or practices (GAAP).

4.5 SLFRS Sustainability Disclosure Standard - Climate-related disclosures

The objective of SLFRS S2 Climate-related Disclosure is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

5. OPERATING SEGMENTS

Accounting policy

The Segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing Products or Services within a particular Economic Environment (Geographical Segment), which is subject to risks and returns that are different from those of the Segments. The Group's primary format for segmental reporting is based on Business Segments. The Business segments are determined based on the Group's management and internal reporting structure.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Vehicle sales	Importation and distribution of brand new Isuzu, Range Rover and Jaguar vehicles as authorized agent in Sri Lanka
Marine Engine sales	Importation and distribution of brand new Isuzu Marine Engines.
Spare Parts sales	Importation and distribution of genuine Isuzu, Range Rover and Jaguar spare parts
Workshop repaire & services	Carry out workshop repair services for Isuzu, Range Rover and Jaguar Vehicles.

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. The activities of the Group are located mainly in Sri Lanka. Consequently, the economic environment in which the Group operated is not subject to risks and rewards that are significantly different on a geographical basis. Hence disclosure by geographical region is not required.

5.1 Business Segment

Group	Vehicle sales		Spare Parts sales		Workshop Repair & Services		Marine Engine Sales		Total	
For the year ended 31st March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Revenue										
External customers	240,851,250	255,683,500	1,527,719,901	1,268,771,425	394,722,993	334,038,947	10,155,992	72,487,613	2,173,450,136	1,930,981,485
Total revenue, net of tax	**240,851,250**	**255,683,500**	**1,527,719,901**	**1,268,771,425**	**394,722,993**	**334,038,947**	**10,155,992**	**72,487,613**	**2,173,450,136**	**1,930,981,485**
Segment Gross Profit/(Loss)	(2,392,656)	(7,082,424)	700,670,514	637,802,971	140,483,537	117,504,815	(553,575)	12,337,225	838,207,820	760,562,587
Operating profit									298,708,225	134,581,234
Finance income									21,752,216	6,099,050
Finance costs									(160,861,650)	(217,191,902)
Net Finance costs									(139,109,434)	(211,092,852)
Profit / (Loss) before tax									159,598,791	(76,511,618)
Income tax (expense)/ benefit									(41,030,470)	21,572,411
Profit / (Loss) before tax									**118,568,321**	**(54,939,207)**
Capital expenditures									(107,934,414)	(144,680,953)
Depreciation and amortization									168,819,424	190,592,679

Notes to the Financial Statements contd.

For the year ended 31st March 2024

5.1 Business Segment contd.

Company	Vehicle sales		Spare Parts sales		Workshop Repair & Services		Marine Engine Sales		Total	
For the year ended 31st March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Revenue										
Segment revenue	135,929,375	19,583,500	578,527,589	500,073,609	257,608,987	224,867,509	10,155,992	72,487,613	982,221,943	817,012,231
Total revenue, net of tax	135,929,375	19,583,500	578,527,589	500,073,609	257,608,987	224,867,509	10,155,992	72,487,613	982,221,943	817,012,231
Segment Gross Profit/(Loss)	**9,645,553**	8,188,949	**337,579,996**	317,571,943	**93,177,503**	89,336,136	**(553,575)**	12,337,225	**439,849,477**	427,434,253
Operating profit									202,293,616	149,882,795
Finance income									5,272,475	3,666,358
Finance costs									(134,402,185)	(177,805,034)
Net Finance costs									(129,129,710)	(174,138,676)
Profit / (Loss) before tax									73,163,906	(24,255,881)
Income tax (expense)/ benefit									(21,404,922)	14,419,128
Profit / (Loss) before tax									**51,758,984**	**(9,836,753)**
Capital expenditures									10,978,593	(20,559,177)
Depreciation and amortization									66,960,545	77,128,485

6. REVENUE

6.1 Revenue from Contracts with Customers

Accounting Policy

Revenue represents the amounts derived from importing and distribution of vehicles, Marine Engines, spare parts and provision of workshops repair & services and local charges which fall within the Group's ordinary activities net of trade discounts and turnover related taxes.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Timing of transferring the goods and services to the customer is determined based on judgments taking into the consideration of the nature of the goods and services that offers to the customers. Further, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.

Five-step model with reference to SLFRS 15, Revenue from contracts with customers is applied before the revenue is recognized in books.

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.

Performance obligation is satisfied, an entity recognises as revenue the amount of the transaction price (which excludes estimates of variable considerations, if any) that is allocated to that performance obligation. Transaction prices are explicitly stated in the contract with customers and agreed upon.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

6.2 Revenue Streams

The Group generates revenue primarily from Sale of brand new vehicles, marine engines, spare parts and providing workshop repair & services.

For the year ended 31st March,	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Revenue from contracts with customers	2,173,450,136	1,930,981,485	982,221,943	817,012,231
	2,173,450,136	**1,930,981,485**	**982,221,943**	**817,012,231**

6.3 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary major products and service lines and timing of revenue recognition.

For the year ended 31st March,	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
6.3.1 Major products/service lines				
Vehicle sales	240,851,250	255,683,500	135,929,375	19,583,500
Spare Parts sales	1,527,719,901	1,276,208,016	578,527,589	500,073,609
Workshop repairs & services	394,722,993	326,602,356	257,608,987	224,867,509
Marine Engine sales	10,155,992	72,487,613	10,155,992	72,487,613
Total Revenue	**2,173,450,136**	**1,930,981,485**	**982,221,943**	**817,012,231**
6.3.2 Timing of revenue recognition				
Products transferred at a point in time	2,173,450,136	1,930,981,485	982,221,943	817,012,231
	2,173,450,136	**1,930,981,485**	**982,221,943**	**817,012,231**

6.4 Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of Product/ services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Sale of Vehicles, Marine Engines and Spare Parts	Customers obtain control of vehicles when the goods are delivered to and have been accepted. Invoices are generated at that point in time. Invoices are usually payable in full in terms of cash or original Bank purchase order before delivery.	Revenue is recognised when the goods are delivered and have been accepted by customers. Advances received are included in liabilities as advance received from customers.
Workshop Repair & Services	Company undertakes repairs and services on Isuzu and Range Rover/Jaguar vehicles. Each job commences with/without receipt of advance payment from customer depending on the service to be carried out. However, the stage of completion is not significant for the Group and the Company.	Revenue from workshop services/ repairs are recognized at the time of relevant job is completed.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

7. OTHER INCOME

Accounting policy

Income earned in other sources, which are not directly related to the ordinary course of business are recognised as other income.

Gain from disposal of property, plant and equipment

The gain on disposal of property, plant and equipment is determined as the difference between the carrying amount of the property, plant and equipment at the time of disposal and the proceeds from disposal net of expenses incurred on disposal.

Sundry income

Income generated from Regional Warranty Activation, Gray Market Warranty Activation, Warranty Margin, Merchandise Sales, and all other income derived from activities unrelated to the main focus of business classified as sundary Income.

Net Foreign exchange gain/ (loss)

Foreign currency differences arising on re-translation of foreign currency monetary items are recognised in the income statement on a net basis.

	Group		Company	
For the year ended 31st March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Sundry income	25,199,461	40,661,040	209,765	814,434
Rent Income	15,300,000	14,400,000	15,300,000	14,400,000
Gain from sale of property, plant and equipment	47,707,280	32,925,051	7,007,522	28,729,757
Agency commission	21,938,368	899,448	21,938,368	899,448
Amortization of asset related grants	219,389	219,389	219,389	219,389
Write-back/ (Write-off) of advances	139,904	(3,344,974)	139,904	(3,344,974)
Net Foreign exchange gain/ (loss)	(793,534)	(16,011,596)	(793,534)	(9,264,059)
	109,710,868	**69,748,358**	**44,021,414**	**32,453,995**

8. FINANCE INCOME / (COSTS)

Accounting Policy

The Group's finance income and finance costs include:

- Interest income- include interest earned from money market investments.
- Interest expenses - include interest payment on bank loans, bank overdraft and lease liabilities.

Interest income or expense is recognised using the effective interest method.
The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs 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.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

For the year ended 31st March,	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
8.1 Finance Income				
Interest Income	10,144,014	6,099,050	5,272,475	3,666,358
Gain on remeasurement from Investment in Unit Trust	11,608,202	-	-	-
	21,752,216	6,099,050	5,272,475	3,666,358
8.2 Finance Costs				
Interest expense on bank loans	(129,516,166)	(172,448,339)	(129,516,166)	(172,448,339)
Interest expense bank overdraft	(21,177)	(6,523,809)	-	(19,133)
Interest expense lease liabilities	(31,324,307)	(38,219,754)	(4,886,019)	(5,337,562)
	(160,861,650)	(217,191,902)	(134,402,185)	(177,805,034)
Net finance costs	(139,109,434)	(211,092,852)	(129,129,710)	(174,138,676)

9. PROFIT / (LOSS) BEFORE INCOME TAX EXPENSES

Accounting policy

Expenditure recognition

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 profit or loss in arriving at the profit/(loss) for the year. Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income.

For the purpose of presentation of Statement of Profit or Loss, the Directors are of the opinion that "function of expenses" method presents fairly the elements of the enterprises performance; hence such presentation method is adopted.

Profit / (loss) from operations is after charging all the expenses including the following.

For the year ended 31st March,	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Directors' Emoluments and Fees (Note 25.6)	17,730,000	23,701,300	17,730,000	23,701,300
Auditors' remuneration- Statutory Audit	3,364,000	2,928,000	1,734,000	1,508,000
- Non Audit services	229,400	170,000	-	-
Legal Expenses	3,250,477	5,115,290	3,250,477	5,115,290
Depreciation of property plant and equipment (Note 12.1,12.2)	107,794,497	121,187,105	54,508,349	60,575,581
Amortization of intangible assets (Note 14.1)	3,349,606	7,139,043	2,483,354	6,666,816
Amortization of right-of-use assets (Note 15.1)	57,675,321	62,266,531	9,968,842	9,886,088
Professional fees, Consultancy fess & Secretarial fees	35,553,711	14,742,955	4,499,287	4,669,513
Provision for impairment of Trade receivables (Note 18.1)	9,773,305	863,879	4,082,706	572,689
Provision for /(reversal of) inventories (Note 17.1)	(21,605,573)	(2,762,824)	(22,415,295)	(2,471,634)
Personnel Cost (Note 9.1)	275,153,379	296,921,873	139,466,818	142,135,599

Notes to the Financial Statements contd.

For the year ended 31st March 2024

9.1 Personnel Cost

For the year ended 31st March,	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Salaries, Wages and Other related costs	250,558,140	259,329,823	122,575,457	121,633,769
Provision for employee benefits (Note 23.2)	8,113,858	9,307,656	4,261,919	4,356,625
Defined contribution plan - EPF and ETF	16,481,381	28,284,394	12,629,442	16,145,205
	275,153,379	**296,921,873**	**139,466,818**	**142,135,599**

10. INCOME TAX

Accounting policy

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

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

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.
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 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 also includes any tax arising from dividends.

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.

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 recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

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 or announced by the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Sales Tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

10.1 Current tax

	Group		Company	
For the year ended 31st March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Amounts recognised in the statement of profit or loss				
Current income tax				
Current income tax expense (Note 10.2)	11,691,584	-	-	-
Deferred tax:				
Relating to Origination / (reversal) of temporary differences (Note 10.7)	29,338,886	(21,572,411)	21,404,922	(14,419,128)
Income tax Provision / (benefit) reported in the statement of profit or loss	**41,030,470**	**(21,572,411)**	**21,404,922**	**(14,419,128)**
Amounts recognised in the statement of other comprehensive income				
Relating to origination of temporary differences (Note 10.7)	1,405,624	47,728	775,230	9,090
Deferred tax charged to other comprehensive income	**1,405,624**	**47,728**	**775,230**	**9,090**

10.2 Reconciliation of accounting profit to income tax expense

	Group		Company	
For the year ended 31st March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Accounting profit / (loss) before income tax expense	159,598,791	(76,511,618)	73,163,906	(24,255,881)
Aggregated disallowable items	243,736,707	328,521,569	94,042,941	99,982,645
Aggregated allowable items	(362,127,690)	(329,333,553)	(185,502,595)	(145,613,477)
Income from Investments	37,216,981	21,222,423	20,737,240	18,789,725
Total Net Taxable Income/(Loss)	78,424,789	(56,101,179)	2,441,492	(51,096,988)
Current year tax loss carried forward / (claimed) during the year (Note 10.3)	(39,452,841)	56,101,179	(2,441,492)	51,096,988
Total taxable income	38,971,948	-	-	-
Tax @ 30%	30%	-	-	-
Total current tax expense for the year	**11,691,584**	-	-	-
Effective tax rate	26%	0%	29%	0%

Notes to the Financial Statements contd.

For the year ended 31st March 2024

As At 31st March,	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
10.3 Tax loss reconciliation				
Tax Losses Brought forward	224,043,132	167,941,953	219,038,944	167,941,956
Opening balance Tax adjustment	32,007,146	-	(15)	-
Tax Loss incurred/ (utilised) during the year	(39,452,841)	56,101,179	(2,441,492)	51,096,988
Tax Losses carried forward	**216,597,437**	**224,043,132**	**216,597,437**	**219,038,944**
10.4 Current Tax Liabilities / (Assets)				
Balance at the beginning of the year	(35,521,265)	(35,099,917)	(34,997,657)	(34,594,759)
Provision made during the year	11,691,584	-	-	-
WHT recoverable	(2,158,966)	(421,348)	(1,775,659)	(402,898)
Balance at the end of the year	**(25,988,647)**	**(35,521,265)**	**(36,773,316)**	**(34,997,657)**
10.5 Deferred Tax Liabilities/ (Assets)				
Balance at the beginning of the year	(56,949,135)	(35,424,452)	(48,043,798)	(33,633,760)
Origination/(Reversal) of temporary differences				
Recognised in profit or loss	29,338,886	(21,572,411)	21,404,922	(14,419,128)
Recognized in OCI	1,405,624	47,728	775,230	9,090
Balance at the end of the year	**(26,204,625)**	**(56,949,135)**	**(25,863,646)**	**(48,043,798)**
10.6 Reconciliation of Deferred tax assets and liabilities				
Deferred tax liability				
Temporary differences arising from Property, Plant & Equipment	187,966,302	165,556,878	94,630,929	88,283,381
Temporary differences arising from Gain on Revaluation of land - IP	72,595,920	30,595,920	72,595,920	30,595,920
Temporary differences arising from Gain on Revaluation of building - IP	15,000,000	12,000,000	15,000,000	12,000,000
Temporary difference arising from Right -of -use assets	183,710,915	203,356,366	41,143,056	43,929,540
Total temporary difference of deferred tax liability	459,273,137	411,509,164	223,369,905	174,808,841
Closing Deferred tax liability @ 30%	**137,781,941**	**123,452,749**	**67,010,971**	**52,442,652**
Deferred tax assets				
Temporary difference arising from retirement benefit obligations	(29,348,642)	(31,308,190)	(13,074,443)	(15,269,606)
Temporary difference arising from unutilized tax losses	(216,597,437)	(224,043,132)	(216,597,437)	(219,038,944)
Temporary difference arising from provision for inventories	(23,079,418)	(44,684,991)	(19,075,490)	(41,490,785)
Temporary difference arising from impairment of trade receivables	(28,235,586)	(40,268,489)	(21,326,720)	(17,244,014)
Temporary difference arising from lease liability	(249,360,805)	(261,034,814)	(39,507,965)	(41,911,475)
Total temporary difference of deferred tax assets	(546,621,888)	(601,339,616)	(309,582,055)	(334,954,824)
Closing Deferred tax asset @ 30%	**(163,986,566)**	**(180,401,884)**	**(92,874,617)**	**(100,486,450)**
Net temporary differences	(87,348,751)	(189,830,452)	(86,212,150)	(160,145,983)
Net deferred tax liability/ (asset)	(26,204,625)	(56,949,135)	(25,863,646)	(48,043,798)

Notes to the Financial Statements contd.

For the year ended 31st March 2024

10.7 Movement in Deferred tax assets and liabilities during the year

	Balance as at 01.04.2022 LKR	Recognised in profit or loss LKR	Recognised in OCI LKR	Balance as at 31.03.2023 LKR	Recognised in profit or loss LKR	Recognised in OCI LKR	Balance as at 31.03.2024 LKR
Group							
Property plant and equipment	41,538,275	8,128,788	-	49,667,063	6,722,827	-	56,389,890
Gain on Revaluation of building - IP	3,059,592	540,408	-	3,600,000	900,000	-	4,500,000
Gain on Revaluation of land - IP	2,880,000	6,298,776	-	9,178,776	12,600,000	-	21,778,776
Right -of- use assets	73,821,217	(12,814,307)	-	61,006,910	(5,893,634)	-	55,113,276
Retirement benefit obligations	(7,445,015)	(1,995,170)	47,728	(9,392,457)	(817,760)	1,405,624	(8,804,593)
Carried forward tax loss	(40,306,069)	(26,906,871)	-	(67,212,940)	2,233,709	-	(64,979,231)
Provision for inventories	(11,387,471)	(2,018,026)	-	(13,405,497)	6,481,672	-	(6,923,825)
Provision for impairment of trade receivables	(9,457,107)	(2,623,436)	-	(12,080,543)	3,609,867	-	(8,470,676)
Lease liability	(88,127,874)	9,817,427	-	(78,310,447)	3,502,205	-	(74,808,242)
	(35,424,452)	**(21,572,411)**	**47,728**	**(56,949,135)**	**29,338,886**	**1,405,624**	**(26,204,625)**
Company							
Property plant and equipment	18,284,569	8,200,445	-	26,485,014	1,904,264	-	28,389,278
Gain on Revaluation of building - IP	3,059,592	540,408	-	3,600,000	900,000	-	4,500,000
Gain on Revaluation of land - IP	2,880,000	6,298,776	-	9,178,776	12,600,000	-	21,778,776
Right -of- use assets	12,308,702	870,161		13,178,863	(835,946)		12,342,917
Retirement benefit obligations	(3,966,355)	(623,620)	9,090	(4,580,885)	(116,678)	775,230	(3,922,333)
Carried forward tax loss	(40,306,068)	(25,405,615)	-	(65,711,683)	732,452	-	(64,979,231)
Provision for inventories	(10,550,981)	(1,896,255)	-	(12,447,236)	6,724,589	-	(5,722,647)
Provision for impairment of trade receivables	(4,001,118)	(1,172,086)	-	(5,173,204)	(1,224,812)	-	(6,398,016)
Lease liability	(11,342,101)	(1,231,342)		(12,573,443)	721,053		(11,852,390)
	(33,633,760)	**(14,419,128)**	**9,090**	**(48,043,798)**	**21,404,922**	**775,230**	**(25,863,646)**

10.8 Recoverability of temporary differences arising from tax losses

The Company recognized a Deferred Tax asset consequent to the changes in the Inland Revenue Act No. 24 of 2017. As per the said Act, which was effective from 1st April 2018, 100% of taxable income is allowed to be deducted against the tax losses incurred. According to the transitional provisions of the new act, the brought forward tax loss can be claimed against taxable income for a period of 6 years.

The Management carefully analyzed the availability of the future taxable profits against which the unused tax losses can be utilized. In this assessment the Company estimated the profitability using the internal budgets and plans in a conservative manner. In this assessment, directors noted the composition of the carried forward tax loss as given in the Note 10.3 Current estimated duration of recoverability of deferred tax asset is whithin the tax claimable period.

10.9 Applicable rates of income tax

Income tax expense has been computed according to the provisions of the Inland Revenue Act No.24 of 2017 and its amendments thereto. Accordingly, the tax rate of 30% has been considered as at reporting date for the computation of current and deferred tax computation in these Financial Statements for the year ended 31 March 2024 and 31 March 2023.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

11. EARNINGS PER SHARE

Accounting policy

Basic Earnings per Share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Sathosa Motors PLC by the weighted average number of ordinary shares in issue during the year.

Diluted Earnings per Share

Diluted Earnings per Share is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Group		Company	
For the year ended 31st March,	2024	2023	2024	2023
Amount used as the Numerator				
Profit / (Loss) attributable to ordinary shareholders (LKR)	85,163,654	(32,387,978)	51,758,984	(9,836,753)
Amount used as the Denominator				
Weighted average number of ordinary shares as at the end	6,033,622	6,033,622	6,033,622	6,033,622
Basic earnings/(loss) per share (LKR)	**14.11**	**(5.37)**	**8.58**	**(1.63)**

There were no potentially dilutive ordinary shares in issue at any time during the year/previous year. Hence diluted earning per share is same as the basic earning per share.

12. PROPERTY PLANT AND EQUIPMENT

Accounting policy

Recognition and measurement

Property, Plant and Equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purpose and are expected to be used during more than one period. The Group applies the requirements of LKAS 16 in accounting for property, plant and equipment.

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured. Items of Property, Plant and Equipment including construction in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets.

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

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major component) of Property, Plant and Equipment.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognized in Statement of Profit or Loss on the straight-line basis over the estimated useful lives of each part of item of Property, Plant and Equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is de-recognized. Depreciation is not charged on Freehold Land and Capital Work in Progress.

Estimated useful life of Property, Plant & Equipments are as follows,

Asset Category	Useful life (years)
Freehold Building	50
Leasehold Building	8-20
Plant Machinery and Tools	5-8
Motor Vehicles	5
Office Equipment	5
Furniture & Fittings	5

The residual value, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. Gains are not classified as revenue.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

12.1 Group

	Freehold					Leasehold		
	Solar Power Plant LKR	Plant, Machinery and Tools LKR	Motor Vehicles LKR	Office Equipment LKR	Furniture & Fittings LKR	Building LKR	Capital work in progress LKR	Total LKR
Cost								
Balance as at 01st April 2022	-	282,131,088	173,617,777	128,036,550	170,736,295	869,771,004	-	1,624,292,714
Additions during the year	-	18,267,210	11,800,000	18,754,953	3,712,225	9,877,226	82,269,339	144,680,953
Disposals during the year	-	(4,239,230)	(23,753,878)	(916,193)	(3,392,579)	-	-	(32,301,880)
Write-off of building on leasehold land	-	-	-	-	-	(183,569,235)	-	(183,569,235)
Balance as at 31st March 2023	-	296,159,068	161,663,899	145,875,310	171,055,941	696,078,995	82,269,339	1,553,102,552
Additions during the year	50,200,000	14,992,718	-	7,645,168	4,721,391	11,214,209	19,160,928	107,934,414
Disposals during the year	-	-	(57,589,509)	(885,200)	-	-	-	(58,474,709)
Balance as at 31st March 2024	**50,200,000**	**311,151,786**	**104,074,390**	**152,635,278**	**175,777,332**	**707,293,204**	**101,430,267**	**1,602,562,257**
Accumulated Depreciation								
Balance as at 01st April 2022	-	108,551,866	127,863,776	101,427,483	102,158,404	287,801,032		727,802,561
Charge for the year	-	31,792,046	19,537,757	8,126,545	19,293,926	42,436,831	-	121,187,105
Disposals during the year	-	(1,956,029)	(23,753,878)	(666,046)	(2,422,099)	-	-	(28,798,052)
Write-off of building on leasehold land	-	-	-	-	-	(106,923,693)	-	(106,923,693)
Balance as at 31st March 2023	-	138,387,883	123,647,655	108,887,982	119,030,231	223,314,170		713,267,921
Charge for the year	540,968	32,206,672	10,451,969	9,241,706	18,832,552	36,520,630	-	107,794,497
Disposals during the year	-	-	(43,526,516)	(779,019)	-	-	-	(44,305,535)
Balance as at 31st March 2024	**540,968**	**170,594,555**	**90,573,108**	**117,350,669**	**137,862,783**	**259,834,800**	**-**	**776,756,883**
Carrying value as at 31st March 2024	**49,659,032**	**140,557,231**	**13,501,282**	**35,284,609**	**37,914,549**	**447,458,404**	**101,430,267**	**825,805,374**
Carrying value as at 31st March 2023	**-**	**157,771,185**	**38,016,244**	**36,987,328**	**52,025,710**	**472,764,825**	**82,269,339**	**839,834,631**

Notes to the Financial Statements contd.
For the year ended 31st March 2024

12.2 Company

	Freehold				Leasehold	
	Plant, Machinery and Tools LKR	Motor Vehicles LKR	Office Equipment LKR	Furniture & Fittings LKR	Building LKR	Total LKR
Cost						
Balance as at 01 April 2022	107,055,049	111,463,508	74,818,996	34,036,903	621,831,767	949,206,223
Additions during the year	3,886,221	-	4,018,180	3,092,600	9,562,176	20,559,177
Disposals during the year	(9,886)	(23,753,878)	(665,401)	(10,500)	-	(24,439,665)
Balance as at 31 March 2023	110,931,384	87,709,630	78,171,775	37,119,003	631,393,943	945,325,735
Additions during the year	680,324	-	947,527	-	9,350,742	10,978,593
Disposals during the year	-	(4,510,240)	(885,200)	-	-	(5,395,440)
Balance as at 31 March 2024	**111,611,708**	**83,199,390**	**78,234,102**	**37,119,003**	**640,744,685**	**950,908,888**
Accumulated Depreciation						
Balance as at 01 April 2022	34,063,121	96,826,416	56,879,441	21,665,515	152,057,911	361,492,404
Charge for the year	12,255,522	7,350,999	4,493,550	4,213,046	32,262,464	60,575,581
Disposals during the year	(2,975)	(23,753,878)	(473,190)	(10,500)	-	(24,240,543)
Balance as at 31 March 2023	46,315,668	80,423,537	60,899,801	25,868,061	184,320,375	397,827,442
Charge for the year	12,276,336	2,341,608	3,418,561	4,229,460	32,242,384	54,508,349
Disposals during the year	-	(4,510,240)	(779,019)	-	-	(5,289,259)
Balance as at 31 March 2024	**58,592,004**	**78,254,905**	**63,539,343**	**30,097,521**	**216,562,759**	**447,046,532**
Carrying value as at 31 March 2024	**53,019,704**	**4,944,485**	**14,694,759**	**7,021,482**	**424,181,926**	**503,862,356**
Carrying value as at 31 March 2023	64,615,716	7,286,093	17,271,974	11,250,942	447,073,568	547,498,293

(a) Capital work-in-progress
Capital work-in-progress includes the construction of capital assets which mainly consists of building of the subsidiary company.

(b) Capitalized borrowing costs
There were no capitalized borrowing costs related to the acquisition of property, plant and equipment during the year 2024 (2023 - Nil).

(c) Fully depreciated property, plant & equipment still in use
The cost of fully depreciated property, plant and equipment of the Group and the Company which are still in use amounted to:

	Group		Company	
As at 31 March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Property, Plant and Equipment	348,108,786	332,406,897	199,223,666	199,223,666

Notes to the Financial Statements contd.

For the year ended 31st March 2024

12.2 Company contd.

(d) Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment pledged as securities for liabilities of the Group as at the reporting date.

(e) Title restriction on property, plant and equipment

There were no restrictions existed on the title of the property, plant and equipment of the Group as at the reporting date.

(f) Temporarily idle Property, Plant and Equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

13. INVESTMENT PROPERTY

Accounting Policy

A property that is held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, by the Group are accounted for as investment properties.

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties under construction is measured at cost with either its fair value becomes reliably measurable or construction is completed (which ever is earlier).

De-recognition

Investment properties are de-recognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

When Investment property that was previously classified as property, Plant and Equipment is sold, and related amount included in the revaluation reserve is transferred to retained earnings.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the Consolidated Financial Statements and accounted using Group accounting policy for property, plant and equipment.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Notes to the Financial Statements contd.
For the year ended 31st March 2024

13.1 Reconciliation of beginning and ending balances

As at 31 March,	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance at the beginning of the year	880,000,000	880,000,000	880,000,000	880,000,000
Gain from Fair Value change	45,000,000	-	45,000,000	-
Balance at the end of the year	**925,000,000**	**880,000,000**	**925,000,000**	**880,000,000**
Rental income derived from investment property	15,300,000	14,400,000	15,300,000	14,400,000
Direct operating expenses generating rental income	Nil	Nil	Nil	Nil

13.2 Location, Extent and Valuation of Investment Property
Fair value of the Property was ascertained by independent valuation carried out by Mr K T D Tissera, FIV (Sri Lanka), FRICS (Eng) an Independent Professional Valuer, on an open market value for existing use basis as at 31 March 2024.

Open Market Value Method (OMV)
Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities such as business.

Investment property is revalued using the open market value of existing use basis and it is falling in to level 3 of the fair value hierarchy.

Description of valuation techniques used and key inputs to valuation of investment properties:

Location	Extent	Freehold Building square feet	Estimated price per perch LKR	Estimated price per square feet LKR	Significant unobservable input: Number of buildings	Significant unobservable input: Fair Value LKR	Significant unobservable input: Fair Value Gain LKR	Correlation to Fair
# 86, Vauxhall Street, Colombo 02	83.07 Perches	4043 Sqft.	11,000,000	4,000	1	925,000,000	45,000,000	Positive

14. INTANGIBLE ASSETS
Accounting policy
Recognition and measurement
The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non- refundable purchase taxes and any directly attributable costs of preparing the asset for its intended use.

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses. The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Subsequent costs
Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Notes to the Financial Statements contd.
For the year ended 31st March 2024

14. INTANGIBLE ASSETS contd.

Amortisation
Intangible assets with finite lives are amortised over the useful economic life of the asset and assessed for impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

The estimated useful lives for current and comparative years are as follows
- Computer software 5 Years
- Enterprise Resource Planning (ERP) 5 Years

Derecognition
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

14.1 Reconciliation of beginning and ending balances

As at 31 March,	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Cost				
Balance at the beginning of the year	44,974,759	44,974,759	36,431,143	36,431,143
Additions during the year	3,397,604	-	-	-
Balance at the end of the year	**48,372,363**	**44,974,759**	**36,431,143**	**36,431,143**
Accumulated amortization				
Balance at the beginning of the year	41,656,055	34,517,012	33,947,789	27,280,973
Charge for the year	3,349,606	7,139,043	2,483,354	6,666,816
Balance at the end of the year	**45,005,661**	**41,656,055**	**36,431,143**	**33,947,789**
Carrying value	**3,366,702**	**3,318,704**	**-**	**2,483,354**

Intangible assets mainly consists of the IFS Enterprise Resource Planning system software and IFS user license acquired by the Company.

(a) Capitalized borrowing costs
There were no capitalized borrowing costs related to the acquisition of intangible assets during the year 2024 and 2023.

(b) Fully amortized but still in use
The cost of fully amortized intangible assets of the Group and the Company which are still in use amounted to:

As at 31st March,	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Fully amortized intangible assets	41,608,057	9,303,119	36,431,143	3,097,079

(c) Intangible assets pledged as security for liabilities
There were no items of intangible assets pledged as securities for liabilities of the Group as at the reporting date.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

(d) Title restriction on intangible assets

There were no restrictions existed on the title of the intangible assets of the Group as at the reporting date.

(e) Temporarily idle Intangible Assets

There are no temporarily idle intangible assets as at the reporting date.

15. RIGHT OF USE ASSETS AND LEASES

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However. for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a 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.

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 ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 re measurements 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 Group's incremental borrowing rate (IBR). Generally, the Group uses its IBR as the discount rate.

The Group determines its IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available and is required to make certain entity-specific estimates (such as the entity's stand-alone credit rating).

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments. including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise. lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised 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. if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, 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.

Notes to the Financial Statements contd.
For the year ended 31st March 2024

15. RIGHT OF USE ASSETS AND LEASES contd.

The Group presents right-of-use assets that do not meet the definition of investment property in 'Right-of-use asset' and lease liabilities in 'lease liability' in the statement of financial position.

Short-term leases and leases of low-value assets

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

Amounts recognised in the statement of financial position and income statement

Set out below are the carrying amounts of the Group's right of use assets and the movements for the period ended 31 March 2024.

15.1 Right of use assets

As at 31st March,	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Cost				
Balance at the beginning of the year	341,628,894	424,425,144	75,618,356	73,088,985
Addition during the year	38,029,870	33,863,011	7,182,358	2,529,371
Derecognition of ROU assets	-	(116,659,261)	-	-
Balance at the end of the year	**379,658,764**	**341,628,894**	**82,800,714**	**75,618,356**
Accumulated Amortization				
Balance at the beginning of the year	138,272,528	116,836,738	31,688,816	21,802,728
Amortisation during the year	57,675,321	62,266,531	9,968,842	9,886,088
Derecognition of ROU assets	-	(40,830,741)	-	-
Balance at the end of the year	**195,947,849**	**138,272,528**	**41,657,658**	**31,688,816**
Carrying value	**183,710,915**	**203,356,366**	**41,143,056**	**43,929,540**

Company

Leasehold Land relate to the property persistently known and called " SATHOSA MOTORS WORKSHOP" is located at No: 25/11, New Nuge Road, Peliyagoda acquired by Sathosa Motors PLC on a 99 years lease commencing from 1987. The total gross area of the land is 343.93 perches.The estimated useful life of leasehold right as at 31 March 2024 is sixty two (62) years (remaining lease period).

Details of the leasehold buildings are as follows.

Property located at	Extent (Sq Ft)	Commencing date of lease period	Total Lease period	Remaining lease period
No.78, Colombo Road, Dambokka, Kurunegala	7680	01st August 2017	10 years	3 years & 4 month
No.679, Galle Road, Walgama, Matara	5310	01st November 2016	10 years	2 years & 7 months
No.1/1, Colombo Road, Weeragoda, Hidellana, Rathnapura	828	01st May 2022	06 years	4 years & 1 months
No.231 , Nalallawatta, Pitipana North, Negombo	1600	05st January 2021	10 years	6 years & 9 months
No.40, 42, 46,48 & 50 Panchikawatta Road, Colombo 10	640	1st October 2023	3 Years	2 years & 6 months
No.13, RH Gunawardhana Mawatha, Badulla	1250	17st January 2022	06 Years	3 Years 9 Months
No.264, Katugasthota Road, Kandy	1361	01st November 2021	06 Years	3 Years 7 Months
No. 738 Anuradhapura Road, Dambulla	1875	01st September 2021	06 Years	3 Years 5 Months

Notes to the Financial Statements contd.

For the year ended 31st March 2024

Subsidiary

Details of the leasehold buildings are as follows.

Property located at	Commencing date of lease period	Total Lease period	Remaining lease period
No.117, Dehiwala Road, Boralesgamuwa	01 January 2020	10 Years	5 Years 9 Months
No.117, Dehiwala Road, Boralesgamuwa	01 April 2021	5 Years	2 Years
No.117, Dehiwala Road, Boralesgamuwa	01 April 2023	5 Years	4 Years
Raththanapitiya - vehicles Bodyshop - FSE	01 April 2021	5 Years	2 Years

15.2 Lease liability

	Group		Company	
As at 31 March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance at the beginning of the year	261,034,814	367,199,471	41,911,475	47,258,753
Addition during the year	38,029,870	33,863,011	7,182,358	2,529,371
Interest expense for the year	31,324,307	38,219,754	4,886,019	5,337,562
Repayments made during the year	(81,028,186)	(71,492,667)	(14,471,886)	(13,214,211)
Derecognition of ROU assets	-	(106,754,755)	-	-
Balance at the end of the year	**249,360,805**	**261,034,814**	**39,507,966**	**41,911,475**
Current	77,921,173	51,213,429	8,899,300	8,204,153
Non current	171,439,632	209,821,385	30,608,666	33,707,322
Total lease liability	**249,360,805**	**261,034,814**	**39,507,966**	**41,911,475**
(a) Maturity analysis - contractual undiscounted cash flows				
Within the next 12 months	88,135,819	73,428,187	15,033,889	12,971,887
Between 1 and 2 years	95,016,912	74,525,952	14,604,789	12,224,022
Between 2 and 3 years	44,708,460	76,044,712	12,157,125	11,712,589
Between 3 and 4 years	40,568,108	59,224,607	4,761,640	10,659,272
Between 4 and 5 years	30,905,983	31,889,988	1,181,928	4,868,120
Beyond 5 years	26,383,928	57,630,647	2,459,688	3,982,352
Total undiscounted lease liabilities	**325,719,210**	**372,744,093**	**50,199,059**	**56,418,242**
(b) Amount recognized in profit or loss				
Amotization of right-of-use asset	57,675,321	62,266,531	9,968,842	9,886,088
Interest on lease liabilities	31,324,307	38,219,754	4,886,019	5,337,562
	88,999,629	**100,486,285**	**14,854,861**	**15,223,650**
(c) Amount recognized in the statement of cash flows				
Total cash outflow for lease	(81,028,186)	(71,492,667)	(14,471,886)	(13,214,211)
	(81,028,186)	**(71,492,667)**	**(14,471,886)**	**(13,214,211)**

Notes to the Financial Statements contd.

For the year ended 31st March 2024

16. INVESTMENTS IN SUBSIDIARIES

Accounting policy

Investment in subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries are immediately recognised in the income statement. Following initial recognition, Investment in subsidiaries are carried at cost less any accumulated impairment losses. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its net assets loss.

		Company			
As at 31 March,	Effective holding percentage	2024		2023	
		No. of shares	Cost LKR	No. of shares	Cost LKR
Access Motors (Private) Limited	50%	32,503,906	464,940,064	32,503,906	464,940,064
		32,503,906	464,940,064	32,503,906	464,940,064

An impairment assessment was carried out as at 31 March 2024 and it was concluded that net realisable value of the investment in subsidiary exceed its carrying value.

17. INVENTORIES

Accounting policy

Inventories are stated at the lower of cost and net realizable value, after making due allowance for obsolete and slow moving items. The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, but excluding borrowing costs. Net realizable value is the estimated selling price in the normal course of business less estimated cost of realization and/or cost of conversion from their existing state to saleable condition.

Inventory movement, mainly with respect to spare parts is reviewed at the end of reporting period by an experienced staff member (head of the division) who has a fair knowledge / expertise to assess the recoverability of inventory and the items that are identified as irrecoverable are written off during the year. For this purpose the Company gets the support of the workshop manager who possesses a fair amount of technical expertise, which helps to identify the technical obsolescence of the inventory items.

The cost of each category of inventory is determined on the following basis:

New Vehicles, Marine Engines , Work in Progress and Goods in Transit	- At actual cost
Spare Parts and General Stores	- At actual cost on weighted average basis
Allowance for impairment	- All inventory items are tested for impairment periodically

Work in progress

The on-going workshop repairs that are not fully completed as of the reporting date are classified as work in progress.

Goods in transit

The goods where the risk and rewards are passed to the entity based on the shipping terms but not yet received to the entity.

Notes to the Financial Statements contd.
For the year ended 31st March 2024

As at 31 March,	Group		Company	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
New Vehicles	201,657,211	187,682,462	151,157,211	27,182,462
Spare Parts	500,441,164	542,676,031	252,549,718	285,144,102
Marine Engines	140,881,834	151,050,359	140,881,834	151,050,359
Work in Progress	59,464,576	61,449,550	911,544	1,896,142
General Stores	6,705,178	5,685,080	6,705,178	5,685,080
Goods in Transit	71,713,605	78,649,080	-	597,694
	980,863,568	1,027,192,562	552,205,485	471,555,839
Provision for Inventories (Note 17.1)	(23,079,418)	(44,684,991)	(19,075,490)	(41,490,785)
	957,784,150	**982,507,571**	**533,129,995**	**430,065,054**

17.1 Provision for inventories

Balance at the beginning of the year	44,684,991	47,447,815	41,490,785	43,962,419
Provision made during the year	5,773,639	-	4,963,917	-
Reversal for the year	(27,379,212)	(2,762,824)	(27,379,212)	(2,471,634)
Balance at the end of the year	**23,079,418**	**44,684,991**	**19,075,490**	**41,490,785**

17.2 Inventories pledged as security for liabilities
There were no items of inventory pledged as securities for liabilities of the Group as at the reporting date.

18. TRADE AND OTHER RECEIVABLES

Accounting policy
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other financial nature receivables are recognised as other receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the Effective Interest Rate method (EIR) less any provision for impairment calculated using expected credit loss method.

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

Notes to the Financial Statements contd.
For the year ended 31st March 2024

18. TRADE AND OTHER RECEIVABLES contd.

As at 31 March,	Group		Company	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Trade Receivables - New Vehicles	44,450,000	-	44,450,000	-
- Spare Parts	253,595,769	234,533,133	141,792,734	59,179,973
- Work Shop	85,385,826	46,445,170	85,385,826	46,445,170
- Marine Engines	9,100,000	30,943,600	9,100,000	30,943,600
	392,531,595	311,921,903	280,728,560	136,568,743
Provision for impairment (Note 18.1)	(28,235,586)	(40,268,489)	(21,326,720)	(17,244,014)
	364,296,009	271,653,414	259,401,840	119,324,729
Deposits and prepayments	27,336,840	34,762,956	23,999,109	31,775,226
Advances given to suppliers	80,677,122	99,580,078	17,420,682	48,303,376
VAT receivable	21,907,588	5,481,117	21,907,588	5,481,117
Advances given to employees	4,843,022	5,716,608	3,640,260	4,860,643
Other receivables	60,306,816	31,735,000	19,339,660	-
	559,367,397	**448,929,173**	**345,709,139**	**209,745,091**
18.1 Provision for impairment				
Balance at the beginning of the year	40,268,489	39,404,610	17,244,014	16,671,325
Provision for the year	9,773,305	863,879	4,082,706	572,689
Write-off of previously impaired debtors	(21,806,208)	-	-	-
Balance at the end of the year	**28,235,586**	**40,268,489**	**21,326,720**	**17,244,014**

There is no enforcement activities relating to the write-off of debtors during the year.

19. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered as an integral part of the Group's cash management.

As at 31 March,	Group		Company	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
19.1 Favorable Balances				
Cash in hand	1,008,565	2,744,319	408,940	492,918
Cash at Bank	100,449,996	119,695,369	69,520,379	108,225,434
	101,458,561	122,439,688	69,929,319	108,718,352
19.2 Unfavorable Balances				
Bank Overdraft	-	(2,034,001)	-	-
Cash and cash equivalents for the purpose of statement of cash flow	**101,458,561**	**120,405,687**	**69,929,319**	**108,718,352**

Notes to the Financial Statements contd.

For the year ended 31st March 2024

20. STATED CAPITAL

As at 31 March,	2024		2023	
	Number of Shares	Value of Shares LKR	Number of Shares	Value of Shares LKR
Issued and fully paid				
At the beginning of the Year	6,033,622	115,924,290	6,033,622	115,924,290
At the end of the Year	6,033,622	115,924,290	6,033,622	115,924,290

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders or one vote per share in case of a poll. All shares rank equally with regard to the Company's residual assets.

20.1 The Company has neither declared nor paid dividends to the Company shareholders during the financial year ended 31 March 2024. (2023- Nil)

21. INTEREST BEARING LOANS AND BORROWINGS

Accounting policy

Loans and borrowings are initially recognised at fair value net of directly attributable transaction costs. Subsequently they are measured at amortized cost.

	Group/Company	
As at 31 March,	2024 LKR	2023 LKR
Current interest bearing loans and borrowings		
Term loan (Note21.1)	57,504,804	20,000,000
Import and short term loan (Note21.2)	825,000,000	690,000,000
	882,504,804	**710,000,000**
Non-current interest bearing loans and borrowings		
Term loan (Note 21.1)	122,509,083	54,999,995
	122,509,083	**54,999,995**
Total loans and borrowings	**1,005,013,887**	**764,999,995**

21.1 Term loan

Balance at the beginning of the year	74,999,995	59,999,999
Obtained during the year	150,017,096	35,000,000
Repayment during the year	(45,003,204)	(20,000,004)
Unwinding of Deferred Interest Income on on Interest Free Loan	11,824,743	-
Fair Value Adjustment on Interest Free Loan	(32,061,780)	-
Balance at the end of the year	**159,776,850**	**74,999,995**

Notes to the Financial Statements contd.

For the year ended 31st March 2024

As at 31 March,	Group/Company 2024 LKR	2023 LKR
21.1.1 Deffered Income on Term loan		
Balance at the beginning of the year	-	-
Fair Value Adjustment on Interest Free Loan	32,061,780	-
Unwinding of Deferred Interest Income on on Interest Free Loan	(11,824,743)	-
Balance at the end of the year	**20,237,037**	-
Total term loan	**180,013,887**	74,999,995
Payable within one year	57,504,804	20,000,000
Payable after one year	122,509,083	54,999,995
	180,013,887	74,999,995
21.2 Import and Short term loans		
Balance at the beginning of the year	690,000,000	859,165,922
Obtained during the year	3,056,374,550	1,191,676,474
Repayment during the year	(2,921,374,550)	(1,360,842,396)
Balance at the end of the year	**825,000,000**	690,000,000
Payable within one year	825,000,000	690,000,000
	825,000,000	690,000,000

Information about the Group's exposure to liquidity risks and interest rate is included in Note 31.2 and 31.3.1

21.3 Terms and repayment schedule

The terms and conditions of outstanding loans and facilities are as follows:

Company name	Lending institution	Nature of the facility	Interest rate	Repayment terms	Face value LKR	2024 LKR	2023 LKR
Sathosa Motors PLC	Commercial Bank of PLC	Revolving short term Loan	Market rate over AWPLR	03 Month	525,000,000	525,000,000	680,000,000
		Term Loan	9.00%	05 Years	100,000,000	54,999,991	74,999,995
		Term Loan	Interest free	05 Years	150,017,096	125,013,896	
	Sampath Bank PLC	Revolving short term Loan	Market rate over AWPLR	03 Months	34,000,000	-	10,000,000
	Seylan Bank	Revolving short term Loan	Market rate over AWPLR	03 Months	300,000,000	300,000,000	-
						1,005,013,887	764,999,995

Corporate Guarantees amounting to LKR 500 Mn have been issued by Access Engineering PLC (Holding Company) on behalf of the banking facilities of the Company.

Corporate guarantee issued by Sathosa Motors PLC on behalf of Access Motors (Private) Limited is LKR 25 Mn and USD 250,000.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

22. DEFERRED INCOME

Accounting policy

Grants received are recognized initially as deferred income at fair value when there is a reasonable assurance that they will be received and the Group will comply with the conditions associated with the Grant, and are then recognized in the Statement of Comprehensive income as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognized in the Statement of Comprehensive income as other income on a systematic basis in the periods in which the expenses are recognized.

	Group/Company	
As at 31 March,	2024 LKR	2023 LKR
Balance at the beginning of the year	4,826,540	5,045,929
Amortization during the year	(219,389)	(219,389)
Balance at the end of the year	**4,607,151**	**4,826,540**

The above represents the grants received for the construction of workshop at Peliyagoda and are amortized over a period of fifty (50) years (remaining period of amoritisation is 21 years).

23. EMPLOYEE BENEFITS

Accounting policy

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Employee contribution plans-EPF and ETF

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and will have no legal or constructive obligation to pay further amounts. All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contributions funds in line with the relevant statutes. Employer's contributions to the defined contribution plans are recognized as an expense in profit or loss when incurred.

Employee defined benefit plans

The liability recognized in the Statement of Financial Position in respect of defined benefit plan is the present value of defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by independent actuary using Project Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in Other Comprehensive Income.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

The Defined benefit plan liability has not been externally funded by the Company as well as subsidiary of the group.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

23.1 Reconciliation from the opening balances to the closing balances for the net employee defined benefit liability.

	Group		Company	
As at 31 March,	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Balance at the beginning of the year	31,308,180	31,020,896	15,269,606	16,526,481
Current service cost	3,793,773	4,766,786	1,284,346	2,148,443
Interest cost	4,320,085	4,540,870	2,977,573	2,208,182
Actuarial gain / losses	(4,685,413)	(159,093)	(2,584,100)	(30,300)
	34,736,625	40,169,459	16,947,425	20,852,806
Payments made during the year	(5,387,983)	(8,861,279)	(3,872,982)	(5,583,200)
Balance at the end of the year	**29,348,642**	**31,308,180**	**13,074,443**	**15,269,606**

23.2 Expense recognised in statement of profit or loss and other comprehensive income

	Group		Company	
For the Year ended 31 March,	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Current service cost	3,793,773	4,766,786	1,284,346	2,148,443
Interest cost	4,320,085	4,540,870	2,977,573	2,208,182
Expense recognised in Statement of profit or loss	8,113,858	9,307,656	4,261,919	4,356,625
Actuarial (gains)/ losses recognised in Other comprehensive income	(4,685,413)	(159,093)	(2,584,100)	(30,300)
Total provision for the year	**3,428,445**	**9,148,563**	**1,677,819**	**4,326,325**

Company

An actuarial valuation of the provision for defined benefit plan was carried out as at 31 March 2024 by Actuarial & Management Consultants (Private) Limited. The valuation method used by the actuaries to value the employee benefits obligation is the "Projected Unit Credit (PUC) method", the method recommended by the Sri Lanka Accounting Standard (LKAS 19) "Employee Benefits".

Subsidiary

The defined benefit obligation of the subsidiary has been calculated using the "Projected Unit Credit (PUC) method" in compliance with LKAS 19 "Employee Benefits".

23.3 Key assumptions and quantitative sensitivity analysis

The cost of the defined benefit plan are determined using actuarial valuations and it involves making various assumptions. These include the determination of the discount rate, future salary increases, staff turn over and retirement age (mortality in service). Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The following were the principal actuarial assumptions at the reporting date

	Company		Subsidiary	
As at 31 March,	2024	2023	2024	2023
Discount Rate	11.0%	19.5%	11.0%	19.5%
Expected Annual Average Salary Increment Rate	10%	10%	5%	9%
Staff Turnover Factor	31%	40%	24.40%	26.21%
Retirement Age	60 Years	60 Years	60 Years	60 Years

Notes to the Financial Statements contd.
For the year ended 31st March 2024

Discount rate
A long-term treasury bond rate of 11% P.a. (2023 - 19.50%) was used to discount future liability taking into consideration the remaining working life of employees.

Expected annual average salary increment rate
Based on the actual salary increment rates of the Group over the past few years, future economic outlook of the country an increase in the long term salary increment rate is factored into the valuation for the current year.

23.4 Sensitivity of assumptions used
The sensitivity of the liability in the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year, as shown below:

As at 31 March,		Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Discount rate	1% less	974,025	786,832	396,643	285,623
	1% More	(925,778)	(855,198)	(373,379)	(273,496)
Salary increment rate	1% less	(849,812)	(897,882)	(438,467)	(365,863)
	1% More	1,254,864	922,475	458,523	377,040

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

23.5 Future expected contributions to the defined benefit plans
The following payments are expected contributions to the employee benefit obligation in future years:

As at 31 March,	Company 2024 LKR	Company 2023 LKR
Within the next 12 months	3,478,531	5,639,841
Between 1 and 2 years	2,438,995	3,760,012
Between 2 and 5 years	3,742,972	4,361,673
Between 5 and 10 years	3,180,482	1,392,421
Beyond 10 years	233,463	115,659
Total expected payments	**13,074,443**	**15,269,606**

The Weighted average duration of the defined benefit obligation at the end of the reporting period is 3.2 years (2022: 2.2 years)

23.6 Number of employees
The number of employees at the end of the year are as follows:

As at 31 March,	Sathosa Motors PLC 2024	Sathosa Motors PLC 2023	Access Motors (Private) Limited 2024	Access Motors (Private) Limited 2023
Number of Employees	117	117	95	90

Notes to the Financial Statements contd.

For the year ended 31st March 2024

24. TRADE AND OTHER PAYABLES

Accounting policy

Trade payables are the aggregate amount of obligation to suppliers for goods delivered to or services consumed by the group in the ordinary course of business. Trade payables are classified as current liabilities if they are payable within one year or less.

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are normally non-interest bearing liabilities.

As at 31 March,	Group		Company	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Trade payable	143,114,169	108,637,235	64,905,570	63,344,793
Accrued expenses	43,448,192	131,230,057	29,824,085	119,410,722
Retention payables	24,644,477	9,965,576	2,385,500	2,905,049
Statutory payment liabilities	18,138,958	8,105,764	6,515,035	4,682,244
Advance received	57,225,412	49,395,762	28,592,172	5,278,139
Other payables	25,640,658	20,203,425	25,640,656	20,203,424
	312,211,866	327,537,819	157,863,018	215,824,371

25. RELATED PARTY DISCLOSURE

25.1 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. All outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recorded impairment of receivable from related parties based on Expected Credit Loss (ECL) for the year ended 31 March 2024 (2023 - Nil).This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

25.2 Amount due from related parties

As at 31 March,	Group		Company	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Access Engineering PLC	16,390,127	4,061,402	11,715,272	1,265,815
Access International (Private) Limited	347,947	11,075	347,947	-
Access Logistic (Private) Limited	49,096	-	49,096	-
Access Real Estate (Private) Limited	-	187,309	-	-
S D Munasinghe	595,932	1,124,453	-	-
Access Residencies (Private) Limited	-	44,203	-	-
Foresight Engineering (Private) Limited	126,124,407	3,558,734	-	-
Access Transport & Services (Private) Limited	2,082,660	2,619,512	-	-
	145,590,169	11,606,688	12,112,315	1,265,815

Notes to the Financial Statements contd.
For the year ended 31st March 2024

As at 31 March,	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
25.3 Amount due to related parties				
Access International (Pvt) Ltd	257,233	-	-	-
Access Engineering PLC	40,435,056	84,442,738	40,435,056	84,442,738
Access Natural Water (Private) Limited	227,517	176,944	156,479	94,179
Reprographics (Private) Limited	-	27,715	-	-
Loan received from Directors	107,534	107,534	-	-
Access Motors (Private) Limited	-	-	457,371	538,133
	41,027,340	**84,754,931**	**41,048,906**	**85,075,050**
25.4 Transactions with related parties				
Holding Company				
Sale of Goods / Rendering of services	16,293,552	(15,565,316)	12,159,858	(19,727,074)
Purchase of Goods / Receiving of services	(18,917,707)	(22,803,808)	-	(3,357,000)
Subsidiary Company				
Purchase of Goods / Receiving of Services			(995,307)	(683,096)
Other related party companies				
Sale of Goods / Rendering of Services	20,140,117	21,469,302	1,876,954	6,149,803
Purchase of Goods / Receiving of Services	(58,631,351)	(92,273,806)	(2,241,116)	(878,436)

(a) Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue, which required additional disclosures in the FY 2024 Annual Report under Colombo Stock Exchange listing Rules 9.14.8 (2) and 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

(b) Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower, which required additional disclosures in the FY 2024 Annual Report other than the transactions specified above under Colombo Stock Exchange listing Rules 9.14.8 (1) and 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

25.5 Directorship held by Directors in other Group of Companies

Company Name	Company (SML)						Subsidiary		
	S J S Perera	J C Joshua	D A R Fernando	S D Munasinghe	M Jayahsuriya	I S N Fernando	T T B C Fernando	S M P K Dissanayake	T A A Fernando
Holding company									
Access Engineering PLC	✓	✓	✓	✓					
Subsidiary Company									
Access Motors (Private) Limited	✓			✓	✓		✓	✓	✓
Other related party companies									
Access Projects (Private) Limited	✓		✓						
Access International (Private) Limited	✓	✓	✓	✓			✓		
Access Natural Water (Private) Limited	✓	✓							
Access Industrial Systems (Private) Limited	✓								
Access International Projects (Private) Limited	✓		✓						
Access Real Estate (Private) Limited	✓						✓	✓	✓
Reprographics (Private) Limited	✓								
Foresight Engineering (Private) Limited							✓	✓	✓
Access Transport & Services (Private) Limited							✓	✓	✓
W U S Logistics (Private) Limited	✓	✓	✓			✓			
Access Logistics (Private) Limited						✓			
Access logistics Park Ekala (Private) Limited	✓	✓	✓			✓			
Access Residencies (Private) Limited	✓						✓	✓	✓
Access Realities (Pvt) Ltd.	✓	✓	✓	✓					
Access Energy (Pvt) Ltd.	✓	✓							
JCJ Holdings (Pvt) Ltd.		✓							
Eco Friendly Power Developers (Pvt) Ltd.	✓	✓	✓	✓					
RMN Holding (Pvt) Ltd.		✓							
Access Realties 2 (Pvt) Ltd.	✓	✓	✓	✓					
C R D S Developments (Pvt) Ltd		✓	✓	✓					
Access Realties 3 (Pvt) Ltd	✓	✓	✓	✓					
Access Logistics (Private) Limited	✓	✓	✓						
Access Eco Electric (Private) Limited		✓	✓	✓					
Foresight Investments (Private) Limited	✓	✓							
Access Civimech Pvt) Ltd.	✓						✓	✓	✓
Access Solar (Pvt) Ltd.	✓						✓	✓	✓
Axionent (Pvt) Ltd	✓								
Access Holdings (Pvt) Ltd.	✓								
ATSL International (Pvt) Ltd	✓								
Access Travels (Pvt) Ltd.	✓								
Access Properties (Pvt) Ltd.	✓								
Access Energy Solution (Pvt) Ltd.	✓	✓							
Access Lifestyle (Pvt) Ltd.	✓						✓		
Access Telecom Technologies (Pvt) Ltd.	✓								
EBuy (Pvt) Ltd.	✓								
Access Residencies (Private) Limited	✓								
Ninewells Hospital (Pvt) Ltd	✓						✓		
Access Agro (Pvt) Ltd	✓						✓		
Access Residencies 2 (Private) Limited	✓						✓		
Access Residencies Venture (Pvt) Ltd	✓						✓		
N W Healthcare Management (Pvt) Ltd	✓						✓		

Notes to the Financial Statements contd.
For the year ended 31st March 2024

Company Name	Company (SML)						Subsidiary		
	S J S Perera	J C Joshua	D A R Fernando	S D Munasinghe	M Jayahsuriya	I S N Fernando	T T B C Fernando	S M P K Dissanayake	T A A Fernando
N W Realty (Pvt) Ltd	✓						✓		
Foresight Engineering (Private) Limited	✓						✓		
NW Logistics and Management (Pvt) Ltd	✓						✓		
Access Eco Power (Pvt) Ltd	✓					✓			
SML Frontier Automotive (Pvt) Ltd	✓	✓	✓						
ARL Elevate (Pvt) Ltd	✓	✓	✓	✓					
ZPMC Lanka Company (Pvt) Ltd		✓		✓					
Access Medical (Pvt)Ltd		✓							
Access Telecom Technologies (PVT)Ltd	✓								
ATSL TELESOFT (Pvt)Ltd	✓								
Euiro Metallic (Pvt)Ltd	✓								
Ninewells Care Mother and Baby Hospital(Pvt)Ltd	✓								
Blue Star Realties (Pvt)Ltd	✓								
Reprographics (Pvt) Ltd	✓								
Acccess City Hotels (Pvt) Ltd			✓	✓					
AH Property Development (Pvt) Ltd			✓						
Cyrex Trading Co. (Pvt) Ltd				✓					
SML Frontier Automotive (Pvt) Ltd				✓					
Access RealtiesTower 2 (Pvt) Ltd	✓	✓							

* ✓ *Executive Director*

Following company directors neither hold shareholding nor directorship of above companies.

- M M N De Silva
- W A C O Wijesinghe
- R S Dahanayake

25.6 Transactions, arrangements and agreements involving Key Management Personal (KMP) and their Close Family Members (CFM)

According to LKAS 24 "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly Board of Directors (including executive and non -executive Directors) have been classified as key Management Personnel of the Group.

Compensation paid to Key Management Personnel of the Group

For the year ended 31 March	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Total compensation paid to Key Management Personnel	17,730,000	23,701,300	17,730,000	23,701,300

Close Family Members (CFM) of the KMPs are those family members who may be expected to influence or be influenced by that KMPs in their dealing with the entity. They may include KMPs domestic partner and children, children of the KMPs domestic partner and dependents of the KMP or the KPMs's domestic partner. During the year no transactions have been done with CFMs.

Directors Loan

No loans have been given to the directors of the Group / Company.

Other Transactions with Key Management Personnel

There were no other transactions with Key Managerial Personnel other than those disclosed in Note 25.6 to these Financial Statements.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

26. PROVISIONS, COMMITMENTS AND CONTINGENCIES

Accounting policy

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are calculated based on the historical experience and the specific terms in the individual cases. The Group arrives at an estimate on the basis of an evaluation of the most likely outcome. All known provisions have been accounted for in preparing the Financial Statements.

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. All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition. Contingent assets are disclosed, where inflow of economic benefit is probable.

Currently the Group/Company is involved in pending litigations and claims arising out of the normal conduct of the business. The Group/ Company does not expect the pending litigations and claims, individually and in aggregate, to have a material impact on Group's Financial Position, operating profit or cash flow in addition to amounts accrued as provision for legal disputes.

26.1 Contingencies

(a) Pending litigation for the year ended 31 March 2024

There were no material contingencies as at the reporting date for the Company and its subsidiary.

(b) Corporate guarantee

Corporate Guarantees amounting to LKR 500 Mn have been issued by Access Engineering PLC (Holding Company) on behalf of the banking facilities of the Company.

Corporate guarantee issued by Sathosa Motors PLC on behalf of Access Motors (Private) Limited is LKR 25 Mn and USD 250,000. There were no material contingencies as at the reporting date except for disclosed above for the Company and its subsidiary.

26.2 Commitments

There were no material commitments, which have been approved or contracted for by the Company and its subsidiaries as at the reporting date.

27. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events occurred subsequent to the reporting date as at 31 March 2024 that require adjustments to or disclosure in the Financial Statements.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

28. NON-CONTROLLING INTEREST (NCI)

NCI are measured initially at their proportionate share of acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The total profit or loss for the year of the Company and its subsidiary included in consolidation are shown in the consolidated Statement of Profit or Loss and other Comprehensive income with the proportion of profit or loss after taxation pertaining to minority shareholders of subsidiary being deducted as "Non controlling interest". All assets and liabilities of the Company and of its subsidiary included in consolidation are shown in the consolidated Statement of Financial Position. The interest of minority shareholders of subsidiary in the fair value of net assets of the Group is indicated separately in the consolidated Statement of Financial Position under the heading "Non-controlling interest". Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as, equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Ownership interest held by NCI	Principal place of business	Nature of the business	2024	2023
Access Motors (Private) Limited	Sri Lanka	Authorised distributor for Jaguar and Land Rover in Sri Lanka	50%	50%

The following are summarized financial information of Access Motors (Private) Limited. The information is before inter-company eliminations.

As at/ for the year ended 31 March,	2024 LKR	2023 LKR
Statement of profit or loss and other comprehensive income		
Revenue	1,191,228,193	1,114,652,350
Profit /(Loss) for the year	66,809,334	(45,102,458)
Profit/(Loss) attributable to NCI	33,404,667	(22,551,229)
Other Comprehensive Income	1,470,920	90,155
Total Comprehensive Income/(Expense)	68,280,254	(45,012,303)
Total Comprehensive Income/(Expense) attributable to NCI	34,140,127	(22,506,151)
Inter-company transaction elimination at group level	-	(683,096)
Statement of financial position		
Non-current assets	468,218,558	461,503,844
Current assets	921,286,835	816,750,552
Non-current liabilities	157,105,166	192,152,639
Current liabilities	234,992,954	156,974,738
Net assets	997,407,273	929,127,019
Net assets attributable to NCI	498,703,637	464,563,510
Statement of cash flows		
Cash flows generated from / (used in) operating activities	232,617,342	134,384,796
Cash flows generated from / (used in) investing activities	(146,219,135)	(116,621,776)
Cash flows generated from /(used in) financing activities	(66,556,300)	(58,278,456)
Net increase /(Decrease) in cash and cash equivalents	19,841,907	(40,515,436)

Notes to the Financial Statements contd.

For the year ended 31st March 2024

29. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

29.1 Financial assets

(a) Initial Recognition and measurement

Financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument with the exception of "Trade Receivables". The Group initially recognises trade receivables when they are originated.

Financial assets other than trade receivables that do not contain a significant financing component are initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition on issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and measurement

On initial recognition, the Group classifies a financial asset as measured at amortised cost; or Fair Value Through Profit or Loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

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

A financial asset is measured at amortised cost if it is held within a business model where the objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates and the financial asset is not designated as at FVTPL.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes equity Investments and derivative financial assets. On initial recognition, the Group 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 Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the financial assets are 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 in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Notes to the Financial Statements contd.
For the year ended 31st March 2024

Assessment whether contractual cash flows are solely 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.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group 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 such that it would not meet this condition.

In making this assessment, the Group considers:
- events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- repayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole 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 par amount, 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.

(c) Subsequent measurement and gains and losses:

Financial assets at amortised cost
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 derecognition is recognised in profit or loss.

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

(d) Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Group enters into transaction whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, such transferred assets are not derecognised.

(e) Impairment of Financial Assets
The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the Financial Statements contd.
For the year ended 31st March 2024

29.1 Financial assets contd.
The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. Loss allowance for debt instruments is measured and 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.

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

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower or issuer.
- For trade receivables, being more than 365 days past due.
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market to a security because of financial difficulties.

Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

29.2 Financial liabilities
(a) Recognition and measurement
The Group initially recognises financial liabilities other than debt securities when it becomes a party to the contractual provisions of the instrument. The Group recognises debt securities issued when they are originated.

All financial liabilities are initially measured at fair value and, for an item not at Fair Value Through Profit or Loss (FVTPL), are measured net of transaction costs that are directly attributable to its issue.

The Group's financial liabilities comprise of loans and borrowings, other deposits, bank overdrafts and trade and other payables.

(b) Classification and measurement
Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition of other financial liabilities are recognised in profit or loss.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

(c) Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

29.3 Other Financial Assets

	Group	
As at 31 March,	2024 LKR	2023 LKR
Investments in Unit Trust		
Balance at the beginning of the year	-	-
Investments made during the year	393,500,000	-
Withdrawal during the year	(288,000,000)	-
Fair value gain on remeasurement	11,608,202	-
Balance at the end of the year	**117,108,202**	-

	As at 31st March 2024		
	No. of Units	Fair Value LKR	Cost LKR
Investments in Unit Trust			
NDB Wealth Money Fund	3,576,522	117,108,202	105,500,000
		117,108,202	**105,500,000**

Notes to the Financial Statements contd.

For the year ended 31st March 2024

29.4 Financial Instruments - Statement of Financial Position

As at 31st March,	Note	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
(a) Financial Assets					
Fair value through profit or loss					
Investments in Unit Trust	29.3	117,108,202	-	-	-
		117,108,202	-	-	-
Amortised Cost					
Trade receivables	18	364,296,009	271,653,414	259,401,840	119,324,729
Advances given to employees	18	4,843,022	5,716,608	3,640,260	4,860,643
Amounts due from related parties	25.2	145,590,169	11,606,688	12,112,315	1,265,815
		514,729,200	288,976,710	275,154,415	125,451,187
Cash and Cash Equivalents	19.1	101,458,561	122,439,688	69,929,319	108,718,352
Total		**733,295,963**	**411,416,398**	**345,083,734**	**234,169,539**
(b) Financial Liabilities					
Other Financial Liabilities					
Loans and borrowings	21	1,005,013,887	764,999,995	1,005,013,887	764,999,995
Trade payables	24	143,114,169	108,637,235	64,905,570	63,344,793
Lease liabilities	15.2	249,360,805	261,034,814	39,507,966	41,911,475
Amounts due to related parties	25.3	41,027,340	84,754,931	41,048,906	85,075,050
Unclaimed dividend		4,109,412	4,109,412	4,109,412	4,109,412
Bank overdraft	19.2	-	2,034,001	-	-
Total		**1,442,625,613**	**1,225,570,388**	**1,154,585,741**	**959,440,725**

30. FAIR VALUE MEASUREMENTS AND RELATED FAIR VALUE DISCLOSURES

30.1 Fair value measurement

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in this note.

Accounting Policy

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

* In the principal market for the asset or liability

Or

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

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

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

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

Notes to the Financial Statements contd.
For the year ended 31st March 2024

The Group 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 - Input that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

30.2 Fair Value Hierarchy
The Group does not anticipate the fair value of the above to be significantly different to their carrying values and considers the impact as not material for the disclosure.

The Group has not disclosed the fair values for financial instruments such as trade receivables, amounts due from/to related parties, trade payables, lease liabilities and unclaimed dividends, since their carrying value are a reasonable approximation of fair values, due to short term maturity periods.

Notes to the Financial Statements contd.
For the year ended 31st March 2024

30.2.1 Fair Value Hierarchy - Group
The following table shows the carrying amount and fair value measurement hierarchy of the Group's financial assets and liabilities shown in the statement of financial position.

		Carrying Amount				Fair Value			
	Note	Fair value through profit or loss LKR	Financial Assets at Amortised Cost LKR	Financial Liabilities at Amortised Cost LKR	Total LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
As at 31 March 2024									
Financial Assets									
Investments in Unit Trust	29.3	117,108,202	-	-	117,108,202	-	117,108,202	-	117,108,202
Trade receivables	18	-	364,296,009	-	364,296,009	-	-	-	-
Advances given to employees	18	-	4,843,022	-	4,843,022	-	-	-	-
Amounts due from related parties	25.2	-	145,590,169	-	145,590,169	-	-	-	-
Cash and Cash Equivalents	19.1	-	101,458,561	-	101,458,561	-	-	-	-
Total Financial Assets		117,108,202	616,187,761	-	733,295,963	-	117,108,202	-	117,108,202
Financial Liabilities									
Loans and borrowings	21	-	-	1,005,013,887	1,005,013,887	-	-	-	-
Trade payables	24	-	-	143,114,169	143,114,169	-	-	-	-
Lease liabilities	15.2	-	-	249,360,805	249,360,805	-	-	-	-
Amounts due to related parties	25.3	-	-	41,027,340	41,027,340	-	-	-	-
Unclaimed dividend		-	-	4,109,412	4,109,412	-	-	-	-
Total Financial Liabilities		-	-	1,442,625,613	1,442,625,613	-	-	-	-
As at 31 March 2023									
Financial Assets									
Trade receivables	18	-	271,653,414	-	271,653,414	-	-	-	-
Advances given to employees	18	-	5,716,608	-	5,716,608	-	-	-	-
Amounts due from related parties	25.2	-	11,606,688	-	11,606,688	-	-	-	-
Cash and Cash Equivalents	19.1	-	122,439,688	-	122,439,688	-	-	-	-
Total Financial Assets		-	411,416,398	-	411,416,398	-	-	-	-
Financial Liabilities									
Loans and borrowings	21	-	-	764,999,995	764,999,995	-	-	-	-
Trade payables	24	-	-	108,637,235	108,637,235	-	-	-	-
Lease liabilities	15.2	-	-	261,034,814	261,034,814	-	-	-	-
Amounts due to related parties	25.3	-	-	84,754,931	84,754,931	-	-	-	-
Unclaimed dividend		-	-	4,109,412	4,109,412	-	-	-	-
Bank overdraft	19.2	-	-	2,034,001	2,034,001	-	-	-	-
Total Financial Liabilities		-	-	1,225,570,388	1,225,570,388	-	-	-	-

Notes to the Financial Statements contd.

For the year ended 31st March 2024

30.2.2 Fair Value Hierarchy - Company

The following table shows the carrying amount and fair value measurement hierarchy of the Company's financial assets and liabilities shown in the statement of financial position.

		Carrying Amount			Fair Value			
	Note	Financial Assets at Amortised Cost LKR	Financial Liabilities at Amortised Cost LKR	Total LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
As at 31 March 2024								
Financial Assets								
Trade receivables	18	259,401,840	-	259,401,840	-	-	-	-
Advances given to employees	18	3,640,260	-	3,640,260	-	-	-	-
Amounts due from related parties	25.2	12,112,315	-	12,112,315	-	-	-	-
Cash and Cash Equivalents	19.1	69,929,319	-	69,929,319	-	-	-	-
Total Financial Assets		345,083,734	-	345,083,734	-	-	-	-
Financial Liabilities								
Loans and borrowings	21	-	1,005,013,887	1,005,013,887	-	-	-	-
Trade payables	24	-	64,905,570	64,905,570	-	-	-	-
Lease liabilities	15.2	-	39,507,966	39,507,966	-	-	-	-
Amounts due to related parties	25.3	-	41,048,906	41,048,906	-	-	-	-
Unclaimed dividend		-	4,109,412	4,109,412	-	-	-	-
Total Financial Liabilities		-	1,154,585,741	1,154,585,741	-	-	-	-
As at 31 March 2023								
Financial Assets								
Trade receivables	18	119,324,729	-	119,324,729	-	-	-	-
Advances given to employees	18	4,860,643	-	4,860,643	-	-	-	-
Amounts due from related parties	25.2	1,265,815	-	1,265,815	-	-	-	-
Cash and Cash Equivalents	19.1	108,718,352	-	108,718,352	-	-	-	-
Total Financial Assets		234,169,539	-	234,169,539	-	-	-	-
Financial Liabilities								
Loans and borrowings	21	-	764,999,995	764,999,995	-	-	-	-
Trade payables	24	-	63,344,793	63,344,793	-	-	-	-
Lease liabilities	15.2	-	41,911,475	41,911,475	-	-	-	-
Amounts due to related parties	25.3	-	85,075,050	85,075,050	-	-	-	-
Unclaimed dividend		-	4,109,412	4,109,412	-	-	-	-
Total Financial Liabilities		-	959,440,725	959,440,725	-	-	-	-

Notes to the Financial Statements contd.
For the year ended 31st March 2024

31. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:
- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management policies to identify and analyze the risks face by the group and set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly, and aim to develop a disciplinary constructive control environment, in which all employees understand their roles and obligations through training, management standards and procedures.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk face by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee. The committee reports regularly to the board of directors on its activities.

The Board of Directors reviews, verifies, agree the policies for managing each type of risk which are summarized below.

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

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

	Group		Company	
As at 31 March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Trade receivables	364,296,009	271,653,414	259,401,840	119,324,729
Advances given to employees	4,843,022	5,716,608	3,640,260	4,860,643
Amounts due from related parties	145,590,169	11,606,688	12,112,315	1,265,815
Cash at Bank	100,449,996	119,695,369	69,520,379	108,225,434
	615,179,196	**408,672,079**	**344,674,794**	**233,676,621**

31.1.1 Trade receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer based including default risk associate with the industry and country in which customers operate. Each new customer is analysed individually for credit worthiness, reviews external ratings, if they are available financial statements, credit agency information, industry information, and in some cases bank references. Each business units monitor the customers' financial standing (financial insolvency) and outstanding customer receivables are regularly monitored. The minimum exposure to credit risk at the reporting date is the carrying value of the each class of financial assets disclosed in Note 31.1

Notes to the Financial Statements contd.

For the year ended 31st March 2024

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets and material payments being backed by guarantees and enters contractual agreements with client before starting the operations.

Age analysis of trade receivables as at reporting date as follows:

As at 31 March,	2024		2023	
	Trade receivables LKR	Provision for impairment LKR	Trade receivables LKR	Provision for impairment LKR
Group				
< 30 days	194,701,078	327,456	144,369,569	1,652,015
30-60 days	79,048,933	418,918	3,229,097	196,071
61-90 days	16,337,087	191,247	62,101,418	1,237,115
91-120 days	30,360,727	544,091	13,624,735	1,555,947
> 120 days	72,083,770	26,753,874	88,597,084	35,627,341
Total	392,531,595	28,235,586	311,921,903	40,268,489
Gross carrying value	392,531,595		311,921,903	
Allowance for expected credit losses	(28,235,586)		(40,268,489)	
Net carrying value	**364,296,009**		**271,653,414**	
Company				
< 30 days	151,333,965	306,199	75,375,190	1,652,015
30-60 days	59,962,390	412,721	3,229,097	196,071
61-90 days	11,006,446	191,074	31,736,855	1,237,115
91-120 days	26,771,809	544,009	13,624,735	1,555,947
> 120 days	31,653,950	19,872,717	12,602,866	12,602,866
Total	280,728,560	21,326,720	136,568,743	17,244,014
Gross carrying value	280,728,560		136,568,743	
Allowance for expected credit losses	(21,326,720)		(17,244,014)	
Net carrying value	**259,401,840**		**119,324,729**	

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment pattern and extensive analysis and follow up procedures implemented on the customer credit risk.

The movement in the allowance for impairment in respect of trade receivables during the year is disclosed in Note 18.1 to the Financial Statements.

Expected Credit Loss (ECL) Assessment

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., product type, customer type and rating, and coverage by letters of credit etc.).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

31.1.1 Trade receivables contd.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

31.1.2 Short term deposits and Cash and Cash Equivalents

Credit risk from balances with banks and financial institution is managed by the Group's treasury management in accordance with the Group's policy.

The Group held Short Term deposits and cash and cash equivalent as at 31st March 2024 which represents its maximum credit exposure on these assets.

As at 31st March 2024, 97% of the favorable balances of bank and financial institution were rated "A" for the Group.

As at 31 March,	2024		2023	
Fitch Rating group	LKR	%	LKR	%
Group				
A	97,380,999	97%	109,543,840	91%
A-	3,068,997	3%	10,151,529	9%
	100,449,996	**100%**	**119,695,369**	**100%**
Company				
A	67,864,374	98%	102,408,983	95%
A-	1,656,005	2%	5,816,451	5%
	69,520,379	**100%**	**108,225,434**	**100%**

31.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk of a shortage of funds using a liquidity planning tools. The Group's approach of managing liquidity risk is to ensure as far as possible that it will always have sufficient liquidity meets its liability when due, and maintaining the balance between financial assets and liabilities and forecasting cash flows from operating activities, without incurring unacceptable losses or risking damages to the Group's reputation.

The Board of Directors is satisfied that the Company and its subsidiaries have adequate liquidity and business plans to continue to operate the business and to mitigate the liquidity risks.

Maturity profile

The following are the remaining contractual maturities of the financial liabilities at the reporting date.

Notes to the Financial Statements contd.
For the year ended 31st March 2024

(a) The maturity analysis of Liabilities - Group

		Undiscounted Contractual Cash flows				
	Carrying amount LKR	Total LKR	On demand LKR	Within 1 year LKR	Within 1-2 years LKR	More than 2 years LKR
As at 31 March 2024						
Loans and borrowings	1,005,013,887	1,011,763,886	-	884,304,804	62,454,803	65,004,279
Trade payables	143,114,169	143,114,169	-	143,114,169	-	-
Lease liabilities	249,360,805	325,719,210	-	88,135,819	95,016,912	142,566,479
Amounts due to related parties	41,027,340	41,027,340	-	41,027,340	-	-
Unclaimed dividend	4,109,412	4,109,412	4,109,412	-	-	-
	1,442,625,613	1,525,734,017	4,109,412	1,156,582,132	157,471,715	207,570,758
As at 31 March 2023						
Loans and borrowings	764,999,995	781,710,356	-	725,508,963	20,436,864	35,764,529
Trade payables	108,637,235	108,637,235	-	108,637,235	-	-
Lease liabilities	261,034,814	372,744,093	-	73,428,187	74,525,952	224,789,954
Amounts due to related parties	84,754,931	84,754,931	-	84,754,931	-	-
Unclaimed dividend	4,109,412	4,109,412	4,109,412	-	-	-
Bank overdraft	2,034,001	2,034,001	-	2,034,001	-	-
	1,225,570,388	1,353,990,028	4,109,412	994,363,317	94,962,816	260,554,483

(b) The maturity analysis of Liabilities - Company

		Undiscounted Contractual Cash flows				
	Carrying amount LKR	Total LKR	On demand LKR	Within 1 year LKR	Within 1-2 years LKR	More than 2 years LKR
As at 31 March 2024						
Loans and borrowings	1,005,013,887	1,011,763,886	-	884,304,804	62,454,803	65,004,279
Trade payables	64,905,570	64,905,570	-	64,905,570	-	-
Lease liabilities	39,507,966	50,199,059	-	15,033,889	14,604,789	20,560,381
Amounts due to related parties	41,048,906	41,048,906	-	41,048,906	-	-
Unclaimed dividend	4,109,412	4,109,412	4,109,412	-	-	-
	1,154,585,741	1,172,026,833	4,109,412	1,005,293,169	77,059,592	85,564,660
As at 31 March 2023						
Loans and borrowings	764,999,995	781,710,356	-	725,508,963	20,436,864	35,764,529
Trade payables	63,344,793	63,344,793	-	63,344,793	-	-
Lease liabilities	41,911,475	56,418,242	-	12,971,887	12,224,022	31,222,333
Amounts due to related parties	85,075,050	85,075,050	-	85,075,050	-	-
Unclaimed dividend	4,109,412	4,109,412	4,109,412	-	-	-
	959,440,725	990,657,853	4,109,412	886,900,693	32,660,886	66,986,862

Trade and other payables are settled during the availability of the credit terms.

Notes to the Financial Statements contd.

For the year ended 31st March 2024

31.3 Market Risk

Market risk is the risk that changes in the market process- e.g. foreign exchange rates, interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Group Management.

Market risk comprise of the following types of risk:

I. Interest rate risk

II. Currency risk

31.3.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligation. The Group utilizes various financial instruments to manage exposures to interest rate risks.

The possible impact on interest rate change is disclosed under the sensitivity analysis to the financial statement.

At the reporting date, the Group's interest - bearing financial instruments were as follows:

	Group		Company	
As at 31 March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Fixed Rate Instruments				
Financial Liabilities				
Term Loan	180,013,887	74,999,995	180,013,887	74,999,995
	180,013,887	74,999,995	180,013,887	74,999,995
Variable Rate Instruments				
Financial Liabilities				
Short term and import loans	825,000,000	690,000,000	825,000,000	690,000,000
Bank Overdraft	-	2,034,001	-	-
	825,000,000	692,034,001	825,000,000	690,000,000

During the financial year, consecutive reductions in policy rates and monetary easing policies by Central Bank of Sri Lanka to encourage banks and finance companies to reduce lending rates.

Sensitivity Analysis

A reasonable possible change of 100 and 700 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant.

	Group		Company	
As at 31 March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Variable Rate Instruments - Financial Liabilities				
100 bp Increase	(8,250,000)	(6,920,340)	(8,250,000)	(6,900,000)
100 bp Decrease	8,250,000	6,920,340	8,250,000	6,900,000
700 bp Increase	(57,750,000)	(48,442,380)	(57,750,000)	(48,300,000)
700 bp Decrease	57,750,000	48,442,380	57,750,000	48,300,000

Notes to the Financial Statements contd.
For the year ended 31st March 2024

31.3.2 Currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group exposes to the foreign currency risk on purchases, cash and cash equivalent that are denominated in a foreign currencies.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows,

As at 31 March,	2024		2023	
	GBP	JPY	GBP	JPY
Cash at bank	-	1,825,536	-	520,135
Trade Payables - Foreign Creditors	-	-	41,246	-
Gross Statement of Financial Position Exposure	**-**	**1,825,536**	**41,246**	**520,135**

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows,

As at 31 March,	2024		2023	
	GBP	JPY	GBP	JPY
Cash at bank	-	1,825,536	-	520,135
Gross Statement of Financial Position Exposure	**-**	**1,825,536**	**-**	**520,135**

The following exchange rates were applicable during the FY 2024 & 2023

	Group/ Company			
	Average Rate		Reporting Date Spot Rate	
As at 31 March,	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
GBP	379.54	405.14	380.52	405.97
JPY	1.99	2.46	1.99	2.46

Sensitivity Analysis

A strengthening or weakening of the Rupee as indicated below, against the GBP & JPY would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Strengthening Profit or Loss	Weakening Profit or Loss	Strengthening Profit or Loss	Weakening Profit or Loss
	LKR	LKR	LKR	LKR
31 March 2024				
JPY (10% movement)	363,282	(363,282)	363,282	(363,282)
GBP (10% movement)	-	-	-	-
31 March 2023				
JPY (10% movement)	127,953	(127,953)	127,953	(127,953)
GBP (10% movement)	(1,674,446)	1,674,446	-	-

Notes to the Financial Statements contd.

For the year ended 31st March 2024

32. 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 deployment of the business. The Group's management and Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

The Group's Net Debt to adjusted Equity ratio at the end of the reporting period was as follows:

	Group		Company	
As at 31 March,	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Total Liabilities	1,645,679,103	1,480,605,692	1,265,224,783	1,132,016,449
Less: Cash and Cash Equivalents	(101,458,561)	(122,439,688)	(69,929,319)	(108,718,352)
Net Debt	1,544,220,542	1,358,166,004	1,195,295,464	1,023,298,097
Total Equity Attribute to the Company	1,727,002,002	1,639,294,019	1,693,238,423	1,639,670,569
Net Debt to Equity Ratio	89%	83%	71%	62%

There were no changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

33. DIRECTORS RESPONSIBILITIES

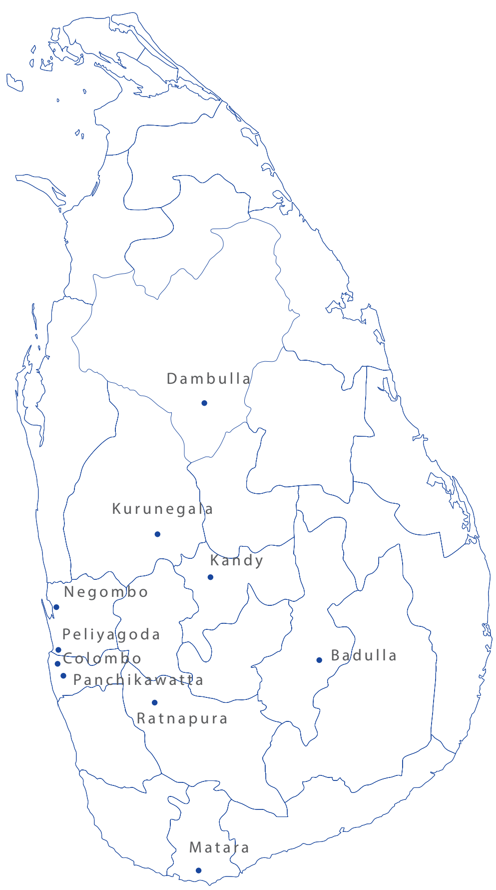
The Board of Directors is responsible for the preparation and presentation of the Financial Statements in accordance with Sri Lanka Accounting Standards.

34. NET ASSETS PER SHARE

	Group		Company	
	2024	2023	2024	2023
Net assets attributable to ordinary shareholders (LKR)	1,727,002,002	1,639,294,019	1,693,238,423	1,639,670,569
Weighted average number of ordinary shares in issue	6,033,622	6,033,622	6,033,622	6,033,622
Net assets per share (LKR)	286.23	271.69	280.63	271.76

SML BRANCH NETWORK / LOCATIONS

#	Branch Location	Address	New vehicles showrooms	Spare Part Outlets	workshop Operations	Marine Engine sales
1	Colombo - Head Office	No. 25, Vauxhall Street, Colombo 02	Yes	Yes	Yes	Yes
2	Peliyagoda Branch	No. 25/11, New Nuge Road, Peliyagoda		Yes	Yes	
3	Panchikawatta Branch	No. 42, Panchikawatta Road, Colombo 10		Yes		
4	Kurunegala Branch	N0. 78. Colombo Road, Dambokka, Kurunegala		Yes	Yes	
5	Matara Branch	No. 679, Galle Road, Walgama, Matara		Yes		
6	Ratnapura Branch	No. 1/1, Colombo Road, Weeragoda, Hidellana, Ratnapura		Yes		
7	Negombo Branch	No. 231, Nalallawatta, Pitipana North, Negombo		Yes		Yes
8	Dambulla Branch	No. 738, Anuradhapura Road, Dambulla		Yes		
9	Kandy Branch	No. 264, Katugasthota Road, Kandy		Yes		
10	Badulla Branch	No. 13, R H Gunawardane Mawatha, Badulla		Yes		



- For other main cities, we have appointed dealers.
- Sathosa Motors PLC has been investing extensively in workshop facilities and by setting up new branches in strategic locations in selected cities.

DECADE AT A GLANCE

Ten Year Summary Statement of Profit or Loss and Other Comprehensive Income Highlights		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Revenue	Rs.Mn	3,503	4,048	5,221	8,177	11,126	4,196	3,882	3,194	1,931	2,173
Gross Profit	Rs.Mn	849	967	897	1,497	1,320	795	636	705	761	838
EBITDA	Rs.Mn	433	557	416	759	732	367	290	296	325	468
EBIT	Rs.Mn	401	491	309	635	595	195	111	107	135	299
Net Finance Income/(Cost)	Rs.Mn	(19)	(28)	1	(105)	(299)	(337)	(140)	(97)	(211)	(139)
Profit / (Loss) after tax	Rs.Mn	270	327	234	384	176	(80)	(13)	(2)	(55)	119
Profit Attributable to Owners of the company	Rs.Mn	261	321	263	388	135	(81)	(4)	20	(32)	85
Statement of Financial Position Highlights											
Property Plant and Equipment	Rs.Mn	332	513	549	973	1,251	1,315	1,853	896	840	826
Total Non Current Assets	Rs.Mn	451	1,318	1,250	1,686	1,911	1,626	2,134	2,130	1,983	1,964
Cash and Cash Equivalent	Rs.Mn	45	(229)	(19)	19	363	(31)	123	176	122	101
Total Assets	Rs.Mn	2,485	3,197	3,900	5,382	7,014	6,547	3,872	4,065	3,584	3,871
Stated Capital	Rs.Mn	116	116	116	116	116	116	116	116	116	116
Retained Earnings	Rs.Mn	1,115	1,283	1,365	1,481	1,616	1,537	1,535	1,556	1,523	1,611
Equity Attributable to Owners of the company	Rs.Mn	1,231	1,399	1,481	1,597	1,731	1,653	1,651	1,672	1,639	1,727
Loans and Borrowings	Rs.Mn	213	368	631	2,127	3,307	3,039	816	919	765	1,005
Total Non Current Liabilities	Rs.Mn	113	225	183	173	155	346	285	407	301	328
Statement of Cash Flow Highlights											
Cash Flows from/ (used in) Operating Activities	Rs.Mn	142	460	69	(792)	(565)	(166)	2,374	43	196	(32)
Cash Flows From / (used in) Investing Activities	Rs.Mn	(208)	(788)	126	(395)	(272)	(125)	44	(25)	(26)	(145)
Cash Flows From/(used in) Financing Activities	Rs.Mn	105	54	15	1,225	1,180	(103)	(2,265)	34	(226)	159
Key Financial Ratios											
EPS	Rs.	43.32	53.22	43.51	64.32	22.32	(13)	(0.62)	3.31	(5.37)	14.11
DPS	Rs.	7.00	12.00	30.00	45.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Assets Per Share	Rs.	204.02	231.82	245.46	264.70	286.97	274.01	273.65	277.05	271.69	286.23
ROE	%	20.2	21.7	14.1	20.5	8.6	(3.7)	(0.6)	(0.01)	(2.60)	5.33
ROCE	%	25.9	26.2	13.5	15.9	11.1	3.7	3.7	3.6	4.70	11.70
Gearing	times	0.2	0.4	0.4	1.2	1.7	1.4	0.4	0.4	0.4	0.4
Current Ratio	times	1.96	1.28	1.29	1.11	1.06	1.22	1.22	1.29	1.36	1.45
Quick Ratio	times	0.97	0.47	0.37	0.48	0.63	0.56	0.63	0.78	0.52	0.72
Price Per Share	Rs.	275.10	300.00	300.00	440.00	457.90	260.20	225.00	185.00	149.75	200.00
Investor Highlights											
Total Number of Shareholders	No.	1196	1193	1173	1139	1147	1186	1236	1215	1236	1236
Public Share Holdings	%	15.48	15.46	15.46	15.46	15.54	15.54	15.56	15.56	15.56	15.560

SHARE INFORMATION

SHARE HOLDING ANALYSIS

No of Shares Held	As at 31st March 2024			As at 31st March 2023		
	Number of Shareholders	No.of Shares	%	Number of Shareholders	No.of Shares	%
1-1,000	1,182	179,258	2.97	1,184	180,342	2.99%
1,001-10,000	51	122,090	2.02	49	121,006	2.01%
10,001-100,000	1	13,194	0.22	1	13,194	0.22%
100,001-1,000,000	1	625,335	10.36	1	625,335	10.36%
1,000,001 & Over	1	5,093,745	84.42	1	5,093,745	84.42%
Total	**1,236**	**6,033,622**	**100.00**	**1,236**	**6,033,622**	**100.00%**
Category						
Local Individuals	1,175	266,684	4.42	1,044	246,328	4.08
Local Institutions	54	5,761,335	95.49	45	5,755,849	95.40
Foreign Individuals	7	5,603	0.09	143	29,881	0.49
Foreign Institutions	0	0	0.00	4	1,564	0.03
Total	**1,236**	**6,033,622**	**100.00**	**1,236**	**6,033,622**	**100.00**

SHARE PRICES

	As at 31/03/2024	As at 31/03/2023
Highest Price during the year	Rs 227.00 (13-03-2024)	Rs 199.75 (05-09-2022)
Lowest Price during the year	Rs 140.00 (03-04-2023)	Rs 130.00 (30-11-2022)
Closing Price	Rs 200.00	Rs 149.75
Last Traded	Rs 200.00	

PUBLIC HOLDING

1. Public holding percentage as at 31st March 2024 = 15.559% (As at 31-03-2023 =15.559%)
2. Number of shareholders representing the above percentage = 1,234
3. The float adjusted market capitalization as at 31st March 2024 = Rs. 187,755,400.00 (As at 31-03-2023 = RS. 140,581,855)

Share Information contd.

MAJOR SHAREHOLDER LIST AS AT 31ST MARCH 2024

	Name	Share_holding	%
1	ACCESS ENGINEERING PLC	5,093,745	84.423
2	LAKSHMANS HOUSING AND CONSTRUCTION CO PVT LTD	625,335	10.364
3	BANK OF CEYLON NO. 1 ACCOUNT	13,194	0.219
4	MR. R.D. LEELARATNA	10,000	0.166
5	MR. S.N.D. ABEYAGUNAWARDENE	8,000	0.133
6	MR. U.I. SURIYABANDARA	7,477	0.124
7	SEYLAN BANK PLC/SHERMAL HEMAKA JAYASURIYA	5,461	0.091
8	MR. P. PRASATH	4,983	0.083
9	MR. K.C. VIGNARAJAH	4,359	0.072
10	MR. G.C. GOONETILLEKE	4,050	0.067
11	MR. R.D.U.A. RANAMUKA	4,000	0.066
12	MR. A.H. MUNASINGHE	3,998	0.066
13	MR. S. GOWRISANGAR	3,300	0.055
14	MR. M.F. CADER	3,197	0.05
15	TEA CEYLON INVESTMENTS (PVT) LTD	2,850	0.05
16	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/N.ANOSHAN	2,515	0.042
17	MR. L.M. DIAS	2,400	0.040
18	MR. P.K. SAMBASIVAM	2,260	0.037
19	MISS. S.N. DIAS	2,195	0.036
20	MR. W.G. KARUNADASA	2,070	0.034
21	SHALSRI INVESTMENTS (PRIVATE) LTD.	2,000	0.033
22	MRS. N.G.A.P. RATNASEKERA	2,000	0.033
23	MRS. D.N.G. SENEVIRATNA	2,000	0.033
24	MR. N. YAMAGUCHI	2,000	0.033
25	MR. C.J.E. COREA	2,000	0.033
	Sub Total	5,815,389	96.383
	Others	218,233	3.617
	Total	**6,033,622**	**100.000**

DIRECTORS' HOLDING AS AT 31-03-2024

Name of Director	No of Shares	%	
1	Mr S J S Perera	Nil	Nil
2	Mr M M N De Silva	1,100	0.018
3	Mr J C Joshua	Nil	Nil
4	Mr S D Munasinghe	Nil	Nil
5	Mr D A R Fernando	Nil	Nil
6	Mr W A C O Wijesinghe	Nil	Nil
7	Mr R S Dahanayake	Nil	Nil
8	Mr M Jayahsuriya	Nil	Nil
9	Mr I S N Fernando	Nil	Nil

* *K A P Perera resigned w e f 4th September 2023*

NOTES

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fortieth (40th) Annual General Meeting of Sathosa Motors PLC will be held at The Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 02 on the 23rd day of September 2024 at 12.30 p.m. for the following purposes:

1. To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiary and the Financial Statements for the year ended 31st March 2024 and the Report of the Auditors thereon.

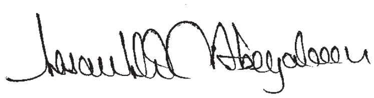
2. To re-elect Mr. Muthu Muni Nelson De Silva as a Director who retires by rotation in terms of Article 88(i) of the Articles of Association of the Company.

3. To re-elect Mr. Irippuge Srimal Nilash Fernando as a Director who retires in terms of Article 95 of the Articles of Association of the Company.

4. To re-appoint the retiring Auditors Messrs KPMG, Chartered Accountants, as the Company's Auditors and to authorize the Directors to determine their remuneration.

5. To authorize the Directors to determine donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.

By order of the Board
Sathosa Motors PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

23 August 2024

Notes

1. A Shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on behalf of him/hers.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.

FORM OF PROXY

I/We* ....

(NIC/Passport/Co. Reg. No. ....) of ....

.... being a shareholder / shareholders of SATHOSA MOTORS PLC

hereby appoint ....

(NIC/Passport No ....) of..

or failing him/her*,

Mr S J S Perera or failing him*
Mr J C Joshua or failing him*
Mr M Jayahsuriya or failing him*
Mr D A R Fernando or failing him*
Mr S D Munasinghe or failing him*
Mr M M N de Silva or failing him*
Mr W A C O Wijesinghe or failing him*
Mr R S Dahanayake or failing him*
Mr. I S N Fernando

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Fortieth Annual General Meeting of the Company to be held on 23rd September 2024 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

		For	Against
(1)	To re-elect Mr. Muthu Muni Nelson De Silva as a Director who retires by rotation in terms of Article 88(i) of the Articles of Association of the Company.		
(2)	To re-elect Mr. Irippuge Srimal Nilash Fernando as a Director who retires in terms of Article 95 of the Articles of Association of the Company.		
(3)	To re-appoint the retiring Auditors Messrs KPMG, Chartered Accountants, as the Company's Auditors and to authorize the Directors to determine their remuneration.		
(4)	To authorize the Directors to determine donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.		

In witness my/our* hands this .... day of .... Two Thousand and Twenty Four.

....

Signature of Shareholder/s

* *Please delete what is inapplicable.*

Notes:

1. A proxy need not be a shareholder of the Company
2. Instructions as to completion appear overleaf.

Form of Proxy contd.

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be deposited at the Registered Office of the Company, No. 25, Vauxhall Street, Colombo 02 by 12.30 a.m. on 21st September 2024.
3. The Proxy shall -
   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided.
5. Please indicate with a 'X' in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
6. In the case of joint holders the Form of Proxy must be signed by the first holder.

CORPORATE INFORMATION

NAME OF THE COMPANY
Sathosa Motors PLC

REGISTERED OFFICE
25,Vauxhall Street,
Colombo 02,
Sri Lanka.
Tel : +94 112 432 858
Fax : +94 112 446 129
Web : www.sathosamotorsplc.com
E mail : customercare@sml.lk

LEGAL FORM
A public Limited Liability Company incorporated in Sri Lanka on 11 March 1982 under the Companies Ordinance No: 51 of 1938 and re-registered under the Companies Act No.7 of 2007. Listed on the Colombo Stock Exchange on 07 November 1993.

COMPANY REGISTRATION NUMBER
PQ 105

BOARD OF DIRECTORS

S J S Perera	Chairman
J C Joshua	Managing Director
M Jayahsuriya	Executive Director
S D Munasinghe	Director
D A R Fernando	Director
M M N de Silva	Director
W A C O Wijesinghe	Director
R S Dahanayake	Director
K A P Perera (Resigned w.e.f. 04.09.2023)	Executive Director - Sales & Marketing
I S N Fernando (Appointed on 15.01.2024)	Executive Director

AUDIT COMMITTEE
M M N de Silva - Chairman
W A C O Wijesinghe
R S Dahanayake

REMUNERATION COMMITTEE
S J S Perera - Chairman
M M N de Silva
W A C O Wijesinghe

RELATED PARTY TRANSACTION REVIEW COMMITTEE
M M N de Silva - Chairman
W A C O Wijesinghe
R S Dahanayake

STRATEGIC PLANNING COMMITTEE
J C Joshua - Chairman
M Jayahsuriya
K A P Perera (Resigned w.e.f. 04.09.2023)

BANKERS
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Bank of Ceylon
People's Bank
Sampath Bank PLC
National Development Bank PLC
Seylan Bank PLC
Nation's Trust Bank PLC

AUDITORS
Messrs KPMG
Chartered Accountants
32 A, Sir Mohomad Macan Marker Mawatha,
Colombo 03,
Sri Lanka.
Tel : +94 112 426 426
Fax : +94 112 445 872

SECRETARIES
P W Corporate Secretarial (Pvt) Ltd
No: 3/17, Kynsey Road,
Colombo 08,
Sri Lanka.
Tel : +94 114 640 360
Fax : +94 114 740 588

REGISTRARS
Central Depository Systems (Pvt) Limited
Ground Floor, M & M Centre, 341/5, Kotte Road,
Rajagiriya
Tel : +011-2356444
Fax : +011-2440396

LAWYERS
Nithi Murugesu & Associates
Attorney-at-Law, Notary Public, Commissioner for Oaths,
No. 28 (Level 2),
W. A. D. Ramanayake Mawatha,
Colombo 02,
Sri Lanka.
Tel : + 94 11 2 302 900 / + 94 11 2 302 901
Fax : + 94 11 2 302 911

Concept & Designed by
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