



BILLION RUN



BILLION RUN

Founded in 2012, JFS Holdings has always been ahead of the curve. In a relatively short period of time, we have grown from strength to strength, relentlessly advancing in our quest to deliver unmatched excellence to our stakeholders every step of the way.

Over the years, we have continued to surpass expectations at every turn, advancing with an unwavering certainty towards achieving our true potential.

Today, we stand ready for anything the future may hold. We are poised to run; to leap into the new year as we take yet another step towards the next stage of our journey, bolstered by the promise that we will achieve our goal of achieving Rs. 1 billion equity in the next four years.

This is our Billion Run.

MISSION



Mission 100 is a 30 x month Goal we set in Oct 2019 to reach 100 million equity. Our objective was to list the company in the second board just after the 2021/22 FY.

Company did all the planning systematically prior to launching the project. Executed exactly the way JFS wanted despite the challenges we faced during the pandemic.

GOING CONCERN

The Management believes that the Company has sufficient resources to continue operations for the foreseeable future. Taking into account all known information concerning future events, the Company does not anticipate the need for liquidation or discontinuation of activities.

REVENUE & GROSS PROFIT

In October 2019, we began with an average monthly revenue of Rs. 13 Mn and an average monthly gross profit of Rs. 4M. We successfully attained Rs. 18 Mn average monthly turnover with Rs. 6 Mn average monthly gross profit by the end of March 2022.

NET ASSETS

Total net assets at the end of March 2022 were Rs. 126 Mn without any capital infusion. We began with Rs. 16 net assets per share and managed to maintain Rs. 113 net assets per share by the end of March 2022.

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BPO/ICT SECTOR

25 to 31



AGRO FOOD SECTOR

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JFS HOLDINGS AT A GLANCE

4 Business Segments



BPO Sector



ICT Sector



Agro Food Sector



Extreme Export Sector

CUSTOMER BASE

Over 1,000

REVENUE

Rs.210.5 Mn

ROE

50%

PAT

Rs.42.1 Mn

EMPLOYEES

101

Number of Employees

41%

of Female Employees

ASSETS

Rs.205.6 Mn

OVERSEAS CUSTOMERS

10

USD REVENUE

Rs.39 Mn

Channels of Distribution



Supermarket chain with
Modern Trade Channels
(ex. Glomark, Arpico, LAUGFS,
Kapruka & Daraz)



Online Platform



Direct Delivery



ABOUT THE REPORT

INTRODUCTION

Welcome to our Annual Report. This report includes a summary of JFS Holdings' activities (the company) for the fiscal year that ended 31 March 2022 and our responses to our momentum during the havoc created by the Pandemic and the Country's bankruptcy. The financial performance for the year ended 31 March 2022 and the projections for the future are covered in this report together with relevant information about our strategy, business model, economic climate, and significant risks.

TARGET GROUP

This report's main goal is to give all of the company's stakeholders in-depth information on our economic environment, risks linked with it, strategic focus, and financial highlights throughout the review period.

BOUNDARY AND SCOPE

The report focuses on the operations of JFS Holdings (the "Company"). We adopted an annual reporting cycle, with the fiscal year from 1 April 2021 to 31 March 2022. This Report has been updated to reflect significant events that have occurred since the reporting period ended and through the Board of Directors' approval date of 09th September 2022, making the Report more current and relevant.

INFORMATION VERIFICATION

To assure the reliability and integrity of our reporting, the Company has implemented a combined assurance approach that involves the Board of Directors and relevant senior management. An External Assurance of the Financial Statements has been provided by the B.R. De Silva & Co and is available on page 4 of this Report.

STANDARDS AND PRINCIPLES

Financial Reporting

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka

NAVIGATING THIS REPORT

The following icons have been used across the report to demonstrate connectivity between information

	
Financial Capital	Manufactured Capital
	
Human Capital	Intellectual Capital
	
Natural Capital	Social and Relationship Capital

RESPONSIBILITY TO NON-FINANCIAL INFORMATION

The Board of Directors of the Company are responsible for sustainability practices and relevant disclosures made in this Report and acknowledges its responsibility to ensure the integrity of this report. In our view we have prepared the annual report including all material aspects which are necessary to understand the financial position, performance and prospects.

(on behalf of the Board of Directors)


Chief Financial Officer


Director


Director

09th September 2022

FEEDBACK, FURTHER INFORMATION AND SUGGESTION

We welcome your valuable comments, inquiries, and suggestions on this report.

Contact details,

Tel : 0115 927 723-4 / 0115 927 914
Fax : 0112 746 010
E-mail : inquiries@jfs Holdings.com




This Annual Report is also available on our website www.jfsholdings.com/annual-reports

This Annual Report is also available in;



ABOUT JFS

JFS Holdings is a limited liability company with commercial interests principally in BPO, Agro Food, ICT and Extreme Sports. The company was founded as a limited liability company in early 2012 and gradually expanded its operations across the aforesaid business categories. In the near future, the company intends to turn it into a public limited liability company and list it on the Colombo Stock Exchange.

JFS Holdings is located at No.193/3,2A Borella Road, Depanama, Pannipitiya and has offices and business in Sri Lanka, and has its factory at No 55, Lihiniya Estate, Arakawila, Handapangoda and Outlet at No 226, Arakawila, Handapangoda.

OUR BUSINESSES

Our four business sectors are the foundation for the long-term growth of JFS Holdings.



BPO Sector



ICT Sector



Agro Food Sector



Extreme Export Sector



VISION

To be the largest conglomerate in Sri Lanka by 2040.



MISSION

We create smiles in the faces of our consumers and make all customers loyal to our brands, whilst adding value to our Employees, Shareholders, and Society.



VALUES



Thinking BIG



Right Innovation



Empowering Talents



Doing Right Things

OUR BUSINESS SEGMENTS



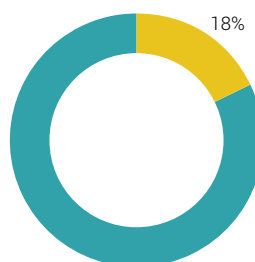
BPO SECTOR

Nature of the Business

Takes over the complete and partial business processes of overseas and local companies. Acts as the Employer of Record for offshore resources of global companies.



Contribution towards company revenue



Strategic goals

- Increase the USD revenue.
- Product/Services Developments.
- Partnerships and memberships with professional bodies.

Outlook

- Diversifying Revenue Streams.
- Use of Technology.
- Access to the world BPO market.
- Performance of Social media and Digital Marketing.

Brands



Refer pages 25 to 31 for more information

ABOUT JFS



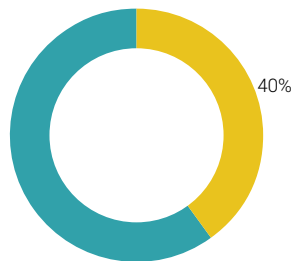
ICT SECTOR

Nature of the Business

IT Resource Outsourcing together with Web and MoB development are the key revenue generators of the ICT sector. We do carry out SEO (Search Engine Optimization) projects too.



Contribution towards company revenue



Strategic goals

- Move 100% to hourly paid model by end 24FY.
- Increase the IT carder to 100 resources by end 24 FY.
- Increase the ICT revenue to Rs. 200 Mn by end 24 FY.

Outlook

- Rs. 143 Mn IT resources generating revenue direct.
- 64% of the IT workforce is developers.
- 2 active ICT clients by end of 22 FY.

Brands



Refer pages 25 to 31 for more information



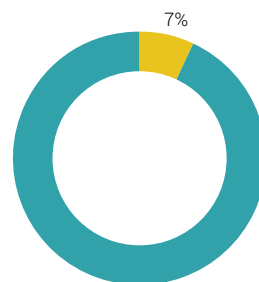
AGRO FOOD SECTOR

Nature of the Business

Manufactures and distributes flour and spices under the name of RAVINE. Runs an e-commerce platform to organic products of local suppliers.



Contribution towards company revenue



Strategic goals

- Increase the SKUs to 30 by end 23 FY.
- Obtain SLS certification for Finger Millet Flour by 23/24 FY.
- To be GMP / ISO 9001:2015 certified by end of 22/23 FY.

Outlook

- Average 2 MT of production a month.
- 10 of SKUs.
- 3 x Distribution channels. (Agency/Modern Trade/Direct)
- Rs. 16 Mn revenue 22FY.

Brands



Refer pages 32 to 37 for more information



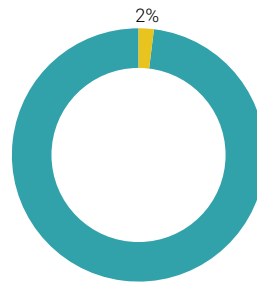
EXTREME SPORTS SECTOR

Nature of the Business

Conducts Paintball based OBT programmes for the niche market. Runs an e-commerce platform for Paintball supplies such as Paintballs, Accessories, apparel, etc.



Contribution towards company revenue



Strategic goals

- Incorporate a business in USA by end 22/23 FY.
- Commence e-commerce platform by early 23/24 FY.
- Manufacture Paintballs by end 23/24 FY.

Outlook

- Unique OBT lineup for niche market.
- Control the local Paintball market by end 22 FY.
- License from MOD/ICB to export 100 Markers more.

Brands



Refer pages 38 to 41 for more information

OUR CONTRIBUTION TO ECONOMY

ECONOMIC VALUE GENERATED

Rs.236.9 Mn

2020/2021 Rs. 182.6 Mn

REVENUE

Rs.210.5 Mn

2020/2021 Rs. 179.9 Mn

OTHER OPERATING INCOME

Rs.26.4 Mn

2020/2021 Rs. 2.7 Mn

GOVERNMENT

Rs.13.3 Mn

2020/2021 Rs. 13.8 Mn

ECONOMIC VALUE DISTRIBUTED TO,

Rs.189.1 Mn

2020/2021 Rs. 162.5 Mn

EMPLOYEES

Rs.137.8 Mn

2020/2021 Rs. 125.5 Mn

SERVICES PROVIDERS

Rs.38.0 Mn

2020/2021 Rs. 23.2 Mn

ECONOMIC VALUE RETAINED

Rs.47.8 Mn

2020/2021 Rs. 20.2 Mn

IN DEPRECIATION

Rs.5.7 Mn

2020/2021 Rs. 3.8 Mn

IN RETAINED EARNING

Rs.42.1 Mn

2020/2021 Rs. 16.4 Mn

ABOUT JFS

OUR ACCOMPLISHMENT

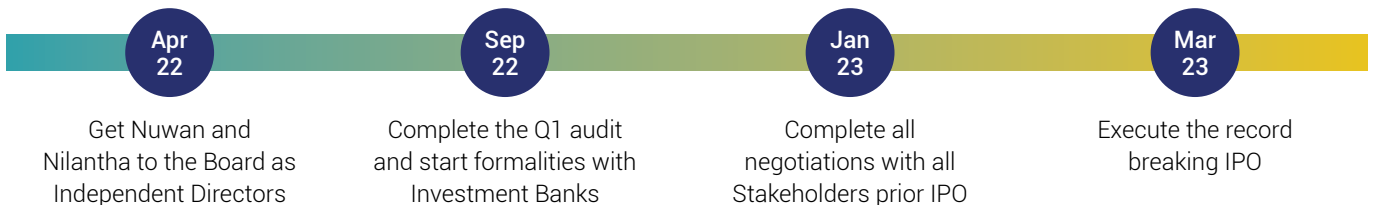
The Ceylon National Chamber of Industries (CNCI) was formed in 1960 and established by a special ACT of Parliament and it is one of the leading and effective Chambers for Industries in Sri Lanka as of now. CNCI conducts its pinnacle event; Achievers Award competition annually for national and provincial levels to recognize the best achievers contributing to the country's economy.

The 20th Achiever Awards competition was concluded by allocating a National level Merit award to JFS under the medium category of Service sector. The period of review was the 2019/20 FY comparing the achievements of previous 3 years too. The event was held at Hotel Galadari under the patronage of Hon. Minister of Industries, Wimal Weerawansa on 12th January 2022.



OUR FUTURE

JFS is on its Vision to be the largest Coelenterate in SL by 2040. The First Goal in the Game Plan is to get listed at the Second Board by 31 March 2023.



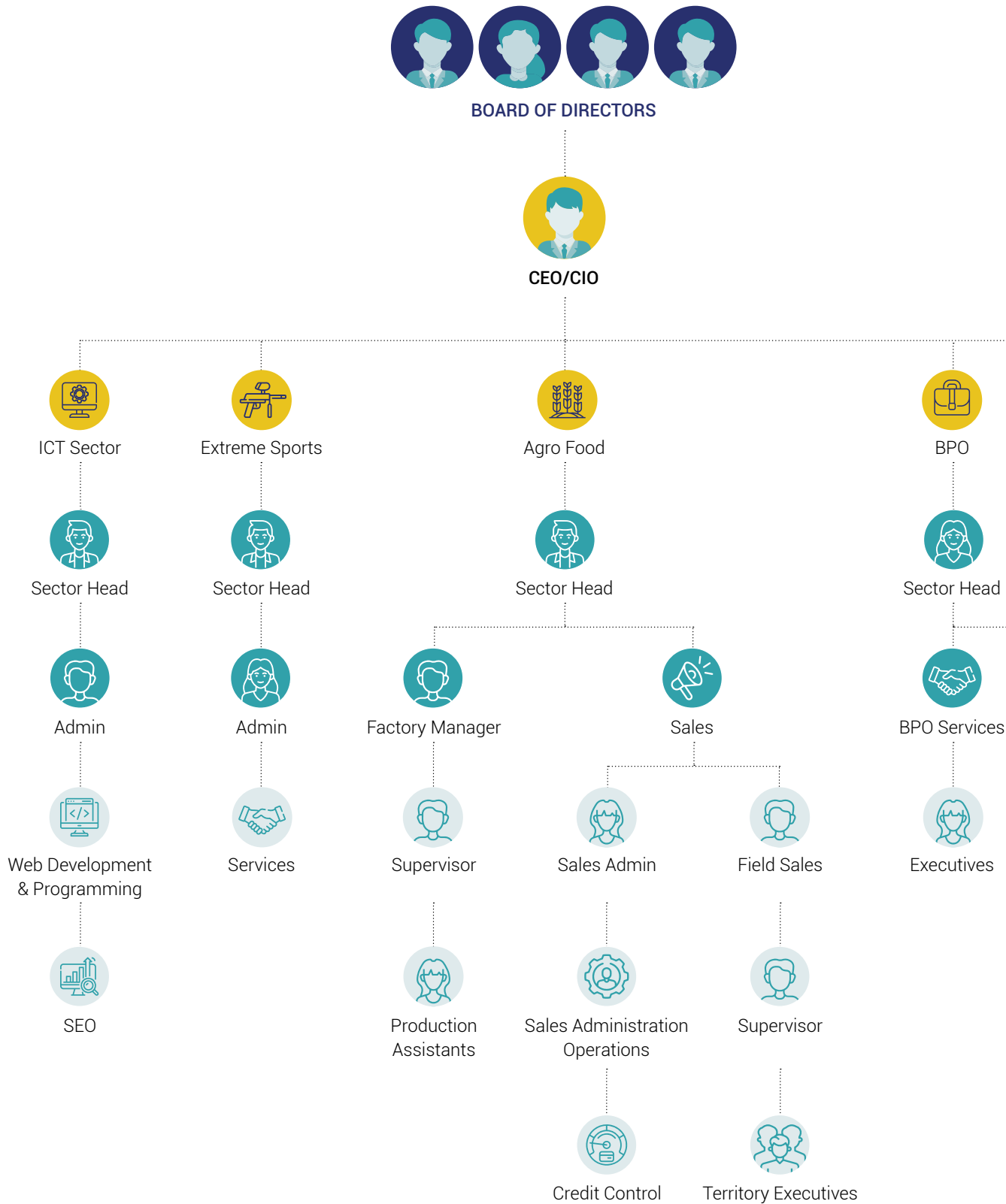


INNOVATING

STRATEGIC REVIEW

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ORGANIZATIONAL STRUCTURE



“Every company has two organizational structures: The formal one is written on the charts; the other is the everyday relationship of the men and women in the organization.”

~Harold Geneen~



OUR HISTORY

“A story is like a poem. It moves not by how long it is, nor how eloquent or complicated. It moves by offering an experience or moment through which we grasp the feeling or insight the poet communicates.”

- Incorporated the company for Executive Search business with a share capital of Rs. 1,000/-.
- Shared a common office space with an IT company.
- Received the first-ever customer payment from LOLC.

2012



- SourceOne got into the Outsourcing business by hiring an employee for One Zero (Private) Limited, a subsidiary of Commercial Bank of Ceylon PLC.
- Obtained the license from SLBFE to carry out overseas deployments.

2014



- Formulated a new business strategy under two main sectors, BPO and Extreme Sports.
- Amalgamated SourceOne Lanka (Private) Limited and Monsoon Leisure & Adventure Lanka (Private) Limited.

2016



2013

- Received the first-ever USD payment.
- Relocated the office to Depanama, Pannipitiya.



2015

- Completed the biggest CSR project carried out by the Company, rebuilding “JOTHIYA”, Early Childhood Development Centre at Badulla.



- 2017**

 - Determinedly moved away from typical outsourcing businesses.
 - The first-ever share issue was executed for a selected set of employees.
 - Received the merit award from the National Chamber of Commerce for business excellence.
- 2018**

 - Appointed two advisers to the board.
- 2019**

 - Recorded profit after tax of Rs. 3 Mn.
 - Became the largest Paintball sports entity in the country.
- 2020**

 - Entered into the Food sector by introducing a special e-commerce platform for organic goods.
 - Launches RAVINE brand and moved into flour manufacturing.
 - The first-ever company Annual Report was published.
- 2021**

 - Owned 05 x SKUs for flour and moved to the spices range too.
 - Established a state of the art production line for flour manufacturing in Padukka area.
 - Acquired a land in Padukka to set up the products distribution store.
- 2022**

 - New appointments to the Board as Independent Directors.
 - Start formalities with Acuity Partners.
 - Execute the record-breaking IPO.

FINANCIAL HIGHLIGHTS

Revenue Source	Measurement	2022	2021	Change %
Income Statement - Highlights				
Revenue	Rs. Million	210.5	179.9	17%
Operating Profit	Rs. Million	26.4	2.7	862%
Profit Before Tax	Rs. Million	41.2	16.9	144%
Profit After Tax	Rs. Million	42.1	16.4	157%
Economic Value Generated	Rs. Million	236.9	182.6	30%
Economic Value Distributed	Rs. Million	189.1	162.5	16%
Gross Profit Margin	%	35%	31%	15%
Earnings Per Share (Basic)	Rs.	37.66	14.66	157%
Return on Assets (ROA)	%	20%	19%	5%
Return on Capital Equity (ROE)	%	49.5%	46.1%	7%
Statement of Financial Position - Highlights				
Total Assets	Rs. Million	205.6	84.2	144%
Total Debt	Rs. Million	67.1	33.4	99%
Debt / Equity*	%	53%	77%	-31%
Net Assets Per Share	Rs.	113.10	39.11	189%
Assets Turnover	No. of times	1.02	2.14	-52%
Current Ratio	No. of times	2.33	2.58	-10%
Quick Assets Ratio	No. of times	2.23	2.43	-8%



REVENUE

Rs.210.5 Mn ↑ 17%

2020/2021 – Rs. 179.9 Mn



PROFIT AFTER TAX

Rs.42.1 Mn ↑ 157%

2020/2021 – Rs. 16.4 Mn



RETURN ON EQUITY

49.5% ↑

2020/2021 – 46.1%



TOTAL ASSETS

Rs.205.6 Mn ↑ 144%

2020/2021 – Rs. 84.2 Mn



NET ASSETS PER SHARE

Rs.113.1 ↑ 203%

2020/2021 – Rs. 37.3



ECONOMIC VALUE GENERATED

Rs.236.9 Mn ↑ 30%

2020/2021 – Rs. 182.6 Mn

CHAIRMAN'S MESSAGE



“The Company performed exceptionally well during the year amidst persistent economic, financial and social challenges in Sri Lanka. The resilient business model adopted by the Company resulted in recording 22% growth in a country with 3.7% GDP growth. Accordingly, company recorded Rs. 219.7 Mn revenue compared to previous year's revenue of Rs. 179.9 Mn.”

The country's bankruptcy after the pandemic has posed unprecedented challenges for our people and the communities that we operate. When the transport was hit due to the fuel shortages JFS had to keep Agro Food operation on standstill. The biggest challenge was to address the uncertainty dominated in the minds of our people across the company. Long hour Power cuts severely impacted on the day today operations of our office and we had no sufficient Generator to run the office operation for more than two consecutive hours. Overseas operations were threatened due to the future uncertainty spread through foreign media and they did ask us “what if this gets worsened.

Dear Shareholder,

On behalf of the Board of Directors of JFS holdings, I am pleased to present the Annual Report and Audited Financial Statements of the Company for the year ended 31 March 2022. The Company maintained its momentum during the year recording revenue growth of 22% and profitability growth of 62% despite numerous challenges, as it demonstrated agility, adaptability and better readiness in responding to external disruptions successfully.

OPERATING ENVIRONMENT

Sri Lanka's Gross Domestic Product (GDP) growth recorded 3.7% in 2021, compared to the contraction of 3.6% in 2020. Economic activity rebounded in the first quarter of the year, before moderating in the second quarter following a surge in COVID-19

infections; activity subsequently gained encouraging momentum on the back of improved customer sentiments and a successful vaccination drive. However, the final quarter of the year saw significant macroeconomic challenges, including notable constraints on the external front and inflationary impacts which exerted pressure on the performance of the Company.

Global and domestic supply side disruptions, including a surge in global commodity prices exerted inflationary pressures on the economy, particularly on food items. Resultantly, headline inflation as measured by the YOY change in the National Consumer Price Index (NCPI) accelerated to 21.5% in March 2022, while food inflation YOY increased to 29.5%. Foreign currency reserves fell sharply on the back of liquidity constraints in the domestic

CHAIRMAN'S MESSAGE

"We hugged the crisis as an opportunity and did not change our plans on improving the productions, modifications in all sectors. We did keep believing on the probability of getting the situation worsens in a country and looked at how we faced a similar crisis as a nation."

foreign exchange market which prompted the Central Bank of Sri Lanka to accommodate a floating exchange rate regime from mid-March 2022; this resulted in the sharp depreciation of the Rupee in the succeeding weeks. Accordingly, the Rupee depreciated by 30% during the financial year.

The outlook for 2022, is subject to many uncertainties that require the tightening of monetary policy. High inflation, scarcity of essentials, the impact of the Russia-Ukraine conflict and the high-interest rates are likely to impact the local economy.

COMPANY PERFORMANCE

The Company performed exceptionally well during the year amidst persistent economic, financial and social challenges in Sri Lanka. The resilient business model adopted by the Company resulted in recording 22% growth in a country with 3.7% GDP growth. Accordingly, company recorded Rs. 219.7 Mn revenue compared to previous year's revenue of Rs. 179.9 Mn. Management focus was given to internal operational aspects which are within the control rather than focusing on negativities that exist in the external environment. This resulted in an increased gross profit margin to 30% from 21% recorded in the previous year. Company's Profit After tax stood at Rs. 26.5 Mn which is 62% growth against Rs. 16.3 Mn profit after tax last year. However, this growth contributed by One off gains from Assets Disposals and Exchange gain totalling Rs. 7.2 Mn. Excluding one off profits Profit After Tax grew by 11%.

Managing the Business

The biggest challenge was to manage the badly impacted sectors in the company, Extreme Sports and Agro Food. By late financial year, without a debate, we identified the fact that the Agro Food sector will have a challenging time even to the next year. The

challenge was to manage the transport costs, overheads and the massive stocks of packaging the company acquired for the new and existing SKUs. Extreme Sports sector got a slow recovery after the Pandemic but again hampered due to the economic fallback.

Company did not want to give up and always believed a "Light at the tunnel end". We did not stop our direction of movement and believed a fair settlement of shortages for business. Additional overheads were deployed to support the Factory's operation.

Relying on Probability

We hugged the crisis as an opportunity and did not change our plans on improving the production and modifications in all sectors. We did keep believing in the probability of getting the situation to worsen in a country and looked at how we faced a similar crisis as a nation. The estimate we arrived was to keep fighting in the same aggressive manner keeping the availability of ammunition stock in mind.

Managing employees' minds were certainly a challenge for every business entity across Sri Lanka. We spoke the truth and educated employees on the facts. Further, JFS let its employees to be flexible when working which made them more productive. JFS also explained them the business realities and facts. Never discussed anything negatively with them and always believed in bouncing back.

Managing the USD Conversions

According to the CBSL circulars all what we earned as USD was forced to convert on or before the 07th day of the following month. We had no option to maintain our common strategy, to secure USD. The only option we found was to invest 10% of the earnings in Sri Lanka Development Bonds (SLBD) where we had to convince the banks to get the things moving.

REVENUE

Rs.210.5 Mn

2020/2021 – Rs. 179.9 Mn

PROFIT AFTER TAX

Rs.42.1 Mn

2020/2021 – Rs. 16.4 Mn

TOTAL ASSETS

Rs.205.6 Mn

2020/2021 – Rs. 84.2 Mn

EARNING PER SHARE

Rs.37.66 Mn

2020/2021 – Rs. 14.66 Mn

We also did negotiate with the banks to get a higher conversion rate for the mandatory conversions and managed to earn approx. Rs. 24 Mn as an additional income.

Listing Formalities

Keeping the dream of listing the company at CSE in mind we got two new directors to the board to play an independent role as a step to meet the listing requirements and transparency in reporting.

Nuwan is an outstanding personality whom I know personally since we worked together at Union Assurance for a few years. The contribution he could bring to JFS is undoubted.

Nalantha being a fellow HR professional is also expected to contribute from the angle of people development strategies to strengthen the bottom line.

We have done an asset revaluation for the first time and obtain a fairly reasonable reserve added to the equity which supported the company to cross the listing requirement of 100 million equity.

SECTOR ANALYSIS

BPO ICT

We managed to attract a high potential business from Netherlands; to deploy Mechanical and Chemical engineers to carryout inspections with the support of video clips captured by drones. The membership we secured from SLASSCOM is certainly a turning point in the BPO ICT strategy for sure. Having intention to tap the startups and SMEs of north American/European continents our second website was launched as www.sourceonebpo.com/. Optimized to USA, Canada and EU countries. Discussions are underway to sign agreements with few IT/ non-IT companies for IT outsourcing



“JFS continued its CSR journey during the year with a motive of taking care of our community at a time that a helping hand is vital. Accordingly, we awarded highest achievers of G.C.E. O/L examination from the Arakawila area where our factory is located to recognize their efforts by selecting to local universities.”

business. The trending situation in the diplomatic relationship with USA and EU is in favour of our BPO ICT cluster. Despite the high inflation trend in USA and EU we see a clear opportunity for IT outsourcing by next year if we get ready with our infrastructure in place.

Food Agro

Membership we obtained from the National Chamber of Exporters (NCE) is one of the best decisions JFS has taken as the chamber adds an outstanding value to the members. RAVINE took

part in the Trade Fair held in Bangkok Thailand virtually sending our products with the Ceylon Spices and Marketing Board. Also, we did apply to attend the delegation to the Scandinavian countries organized by NCE to be held in Dec 2022. Our membership with European Chamber of Commerce in Sri Lanka (ECCSL) will definitely help our organic e-commerce platform to make presence in Europe sooner than later. We managed to franchise the first ever outlet for our RAVINE products this year.

Extreme Sports

Our first phase of the project is completed getting the e-commerce platform with a payment gateway. Now we are studying the best way to incorporate a company in USA and establish a small warehouse as the foothold of a massive attack. Meantime we did apply for the innovation competition led by SLASSCOM to find out an investor interested to tap the third largest extreme sport in the world, dare to rely on an aggressive team. Re-exporting of paintballs is under discussion with Gelkaps India and Green Paintballs China.

CHAIRMAN'S MESSAGE

BONUS SHARE ISSUE

During the bonus share issue JFS did recently facilitate our employee-shareholders to own 55,989 amount of shares and enjoy Rs. 559,893 in value. When converting the amount retained in the Director's Current account of the Chairman, I have transferred Rs. 636,810 worth of shares to the existing and one new employee shareholder as a gesture of care.

CREATING VALUE FOR EMPLOYEES

Our employees remain an integral part of the success of the business. The Company continued to engage with the employees and despite various challenges, efforts were made in motivating the teams to carry out their work in an efficient and responsible manner. During this challenging time, we provided an inflation relief allowance and other benefits to ensure our employees daily lifestyle is not affected from externalities and financial hardships. We also continued to reward our employees fairly, offered training and development opportunities and prioritized health and well-being aspect in all circumstances.

CREATING VALUE FOR COMMUNITY

JFS continued its CSR journey during the year with the motive of taking care of our community at a time that a helping hand is vital. Accordingly, we awarded highest achievers of G.C.E. O/L examination from the Arakawila area where our factory is located to recognize their efforts by selecting to local universities. Protecting environment is one of the key aspects of our CSR strategy in order to strengthen natural resources around us, we conducted a plant donation campaign during the year distributing considerable amounts of plants among residents at Arakwila area.

CORPORATE GOVERNANCE

The Company takes into account the developments in the regulatory, business and internal environments such as driving improvements towards achieving the highest standards of governance enabling the Company to ensure that it carries out its business in a responsible manner leading to long-term sustainability of the organization. Comprehensive details on Corporate Governance and Integrated Risk Management approaches are provided on page 62 and pages 71 to 74.

ACKNOWLEDGEMENT

I take this opportunity to convey my appreciation to the Board of Directors and consultants for their continued support and guidance. I also thank the JFS team for their commitment and dedication to overcome the numerous challenges faced during the year. On behalf of the Board of Directors and the Company's management, I thank all our stakeholders - our smallholder partners, buyers, brokers, bankers, regulators and shareholders for their continued support, trust and loyalty towards JFS.



Madhushan Raigamage
Chairman

9th September 2022

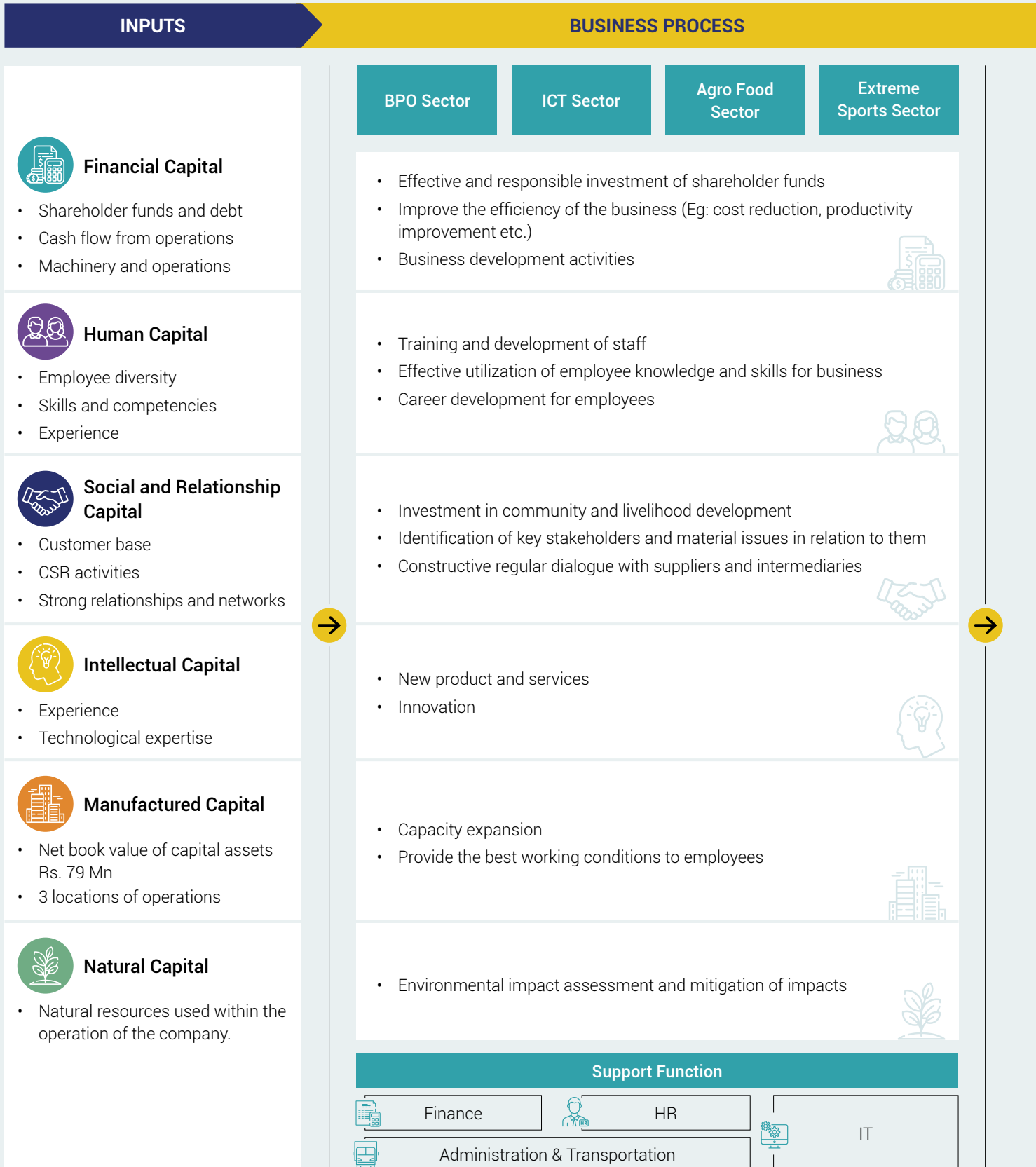


OPTIMISING

MANAGEMENT DISCUSSION & ANALYSIS

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OUR BUSINESS MODEL



Values: Thinking BIG | Right Innovation | Empowering Talents | Doing Right Things

OUTPUT

OUTCOME

Sector Strategy pages 62 to 63

Corporate Governance pages 25 to 41



BPO Sector
Products



ICT Sector
Products



Agro Food Sector
Products



Extreme Export Sector
Products



Financial Capital

- Shareholder Fund **Rs. 126 Mn**
- Operational cashflow **Rs. 29 Mn**
- Financial Investment **Rs. 68**



Human Capital

- **15%** of permanent resources
- **85%** of employees are on Fixed Term Contracts
- **41%** of female employees
- **83%** employee retention rate



Social and Relationship Capital

- **Over 1,000** Customers
- **10** Global Partnerships
- Community development initiatives



Intellectual Capital

- **7** Unique brands



Manufactured Capital

- Investment in PPE **Rs.27.1 Mn**
- Total outlets



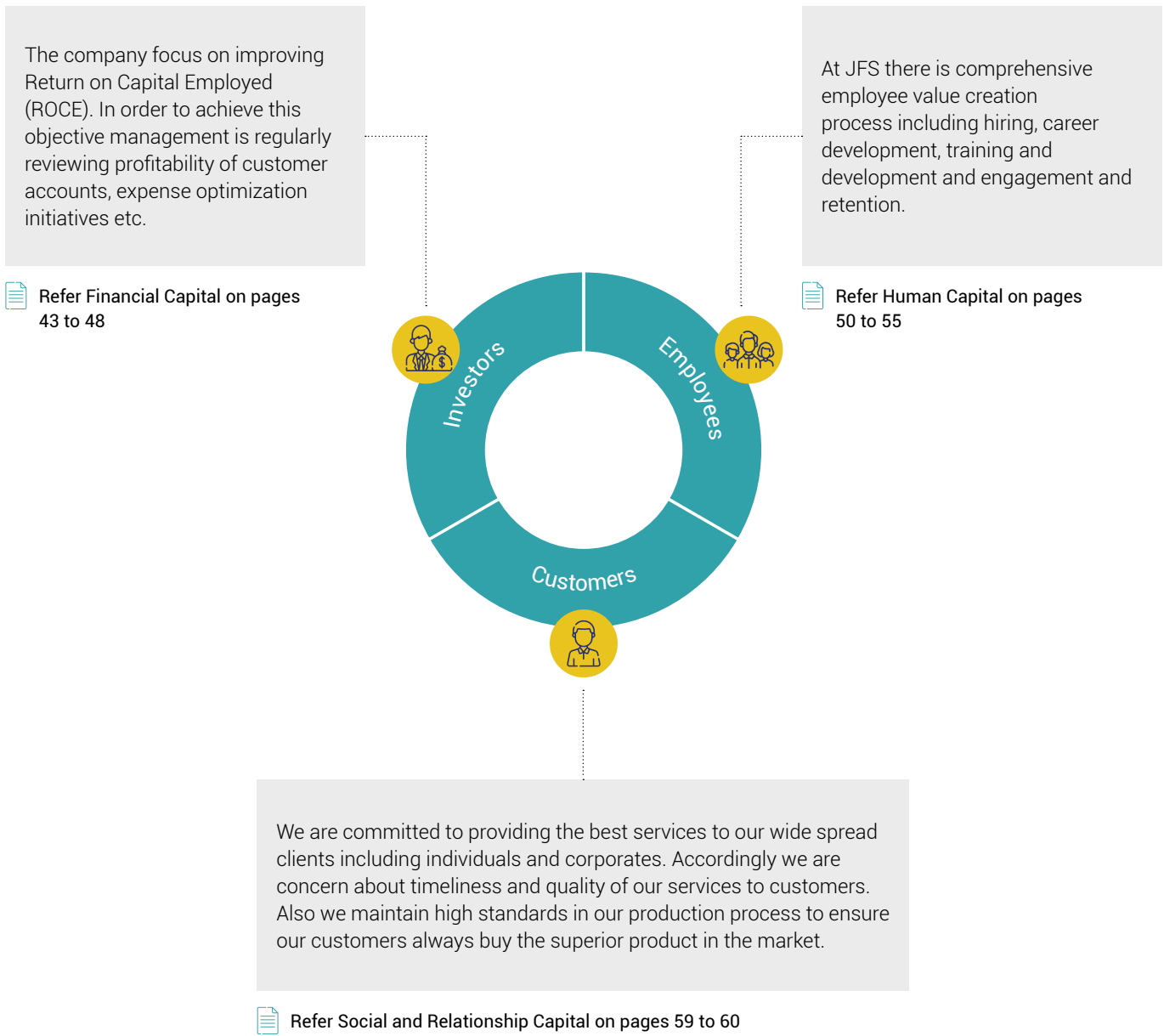
Natural Capital

- Cautious utilization of natural resources

VALUE CREATION TO OUR STAKEHOLDERS

The management has built solid business process which create value for all our stakeholders. At Company's long term strategy setting management has carefully evaluated the value creation expect by individual stakeholders and align the strategy to cater those expectations. This strategy is reviewed periodically with the changes in the external environment and take necessary actions to deliver sustainable value creation.

Value creation to each of our stakeholders are discussed in detailed under capital reports and snapshot is provided below.





BPO/ICT SECTOR



SECTOR OVERVIEW

Sri Lanka is emerging as a global BPO destination of choice in a number of key focus domain areas. Sri Lanka is ranked among the Top 50 Global Outsourcing destinations by AT Kearney and ranked among Top 20 Emerging Cities by Global Services Magazine. The growing BPO industry in Colombo offers a unique advantage for Small and Medium Enterprises (SME) to enjoy premium access to a high-quality talent pool, which is becoming increasingly challenging in large established destinations such as India and China. The environment is also highly conducive for establishing high-in-demand niche competency centres out of competition for even larger global services companies.

BPO/ICT SECTOR

INDUSTRY POTENTIAL

- Increasing Knowledge Process Outsourcing (KPO) such as Finance and Accounting and IT outsourcing.
- Sri Lanka's BPO professional pool maintains an emphasis on ICT engineering and software development. Indeed, one of Sri Lanka's greatest assets could be the increasing numbers of IT graduates from its technological institutes
- Workforce of ICT and BPM is growing at over 20% year-on-year. The workforce is stable with very low attrition rates ranging from 10-15%.
- Schooling up to secondary level is free and widespread, leading to the country's high 91% literacy rate.

OUR BUSINESS

- **Virtual Staffing** – We provide complete in-house virtual staff solutions for organizations of all sizes across multiple industries and sectors all delivered by experienced staff committed solely to your business.
- **Payroll Outsourcing (PEO)** – SourceOne provides global employment solutions for businesses wanting to hire employees and distribute payroll in Sri Lanka.
- **Employer of Record (EOR)**- JFS provides the Employer of Record services that allow global companies without local legal entities to deploy employees legally in Sri Lanka
- **Business Process Management (BPM)**- SourceOne shall take over the entire business process to be managed from Sri Lanka effectively. We are capable of providing a cost effective and reliable BPM service to or clients.

STRATEGY AND OUTLOOK

Short term

- Use technology – technology can take the business from one corner of the world to another at a minimal investment
- Team with experienced professionals – empowered by top outsourced expertise, stay ahead of the competition while increasing pace & productivity
- Strategic Planning – is the key to the success

Medium to long term

- Partnerships- having partnerships with professionals/ entities will give the benefit to both parties to grow the business
- Memberships – Having memberships with related professional bodies would give the opportunity to get the business opportunities and become a reliable company in the industry
- Access to world – focus to expand the business operations in South Asia, Europe regions

Rs. Mn	2021/22	2022/23*	2023/24*	2024/25*
Revenue	47.4	92.0	101.2	109.6
Gross Profit	11.7	19.5	21.2	23.1

* Estimated figures

Future

We will continue to invest to upgrade our cyber performance including the website and social media.

Website Upgrade – SourceOne

We managed to upgrade the SourceOne website to the next level to be more attractive to cater with the main services that we provide and to make a platform for our new clients to get an idea about the company adding more features like Multi Language, Live Chat, Accessibility Tools and Case Studies etc.

Canadian Join Business Office

JFS has already taken the initial steps for opening a joint business office in British Columbia and planning to open the operations by early 2023, Canada to attract Canadian BPO business to Sri Lanka. This would support the 1 Million Dollar dream of ours sooner than later.

Processes negotiating at the moment

- Employer of Record (EOR) operation of tech staff to a BPM company in Australia
- Off-shore outsourcing operation of tech staff to an IT company in Singapore
- Recruitment & Outsourcing staff business to British Council in Colombo

ANALYSIS OF OUR BPO BUSINESS

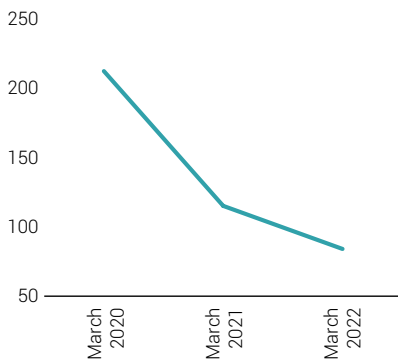
Ten Years of unblemished service

SourceOne is the BPO brand owned by JFS and records **10 years** of extensive BPO service to local and foreign clients.

Employee growth chart since 2020 to 2022

Our strategy was to increase revenue by reducing the headcount. We were able to reduce our headcount from 212 to 84 by 2022.

Head Count



Empowerment of women and minority groups

Current employment statistics of JFS proves that empowerment of women and minority groups.

60% Male **40%** Female

Executive level

62.5% Male **37.5%** Female

Diversity – Nationalities

89% Sinhalese **3%** Muslims **8%** Tamil

Employment of Vulnerable Adults over 60 years - 1%

High performance on Google

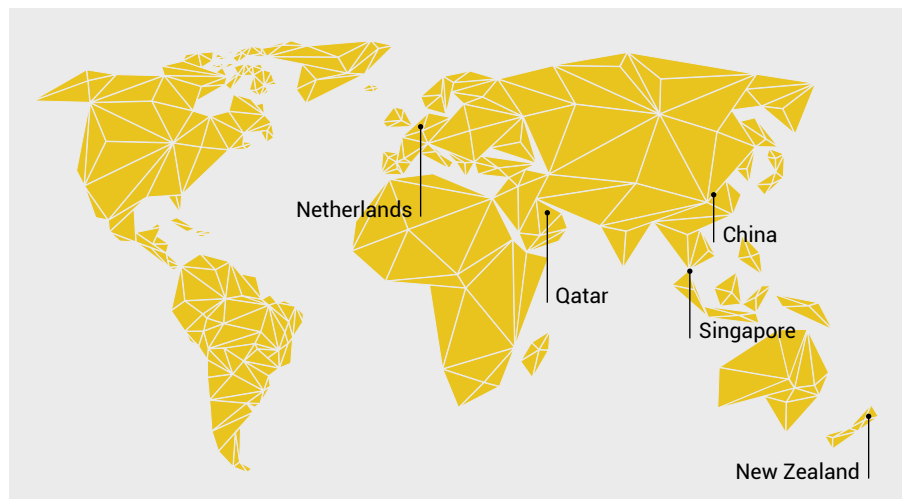
The website performs well on Google even though JFS has not attempted to optimize artificially. Popular Keywords pick SourceOne on the first page often.

Diverse Clientele

We have being able to make China as one of our customer by 2022 is another achievement for us.

So far, we have been able to establish business relations with the largest countries in the world.

- Singapore
- Netherlands
- New Zealand
- China
- Qatar



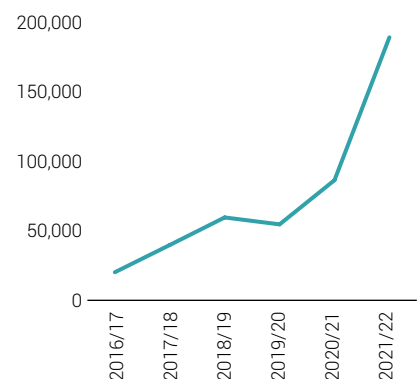
USD Strategy

While JFS continued to bring USD into the country every year since 2016. Even in the face of the current crisis situation in the country, we are committed to fulfill our duty loyally. Our current volume of USD is approximately 0.2 million and we bring it in only through our BPO operations.

USD inflow growth since 2016

We were able to make a significant contribution to Sri Lanka by being able to increase the USD size by more than \$ 100,000 by 2022 compared to 2021.

USD Inflow

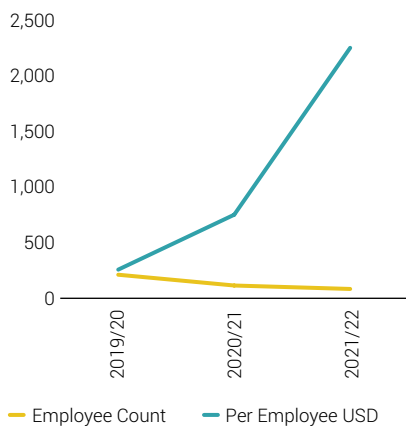


BPO/ICT SECTOR

Per employee USD earning 2016 to 2022

The reduction in headcount allowed a single person to earn USD more than \$ 2,000.

Per Employee USD Earning



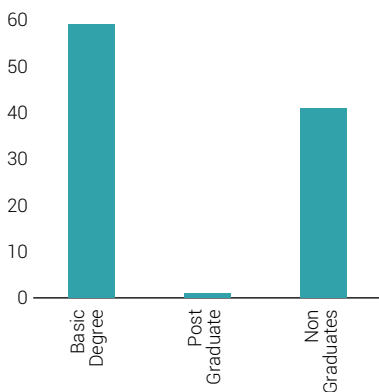
Knowledge Outsourcing

It is more than the Business Process outsourcing JFS is into, we have a group of young professionals who provide their services to other countries.

Education qualification

Majority of employees in BPO sector are degree holders and some others started following degree or diploma related to their profession.

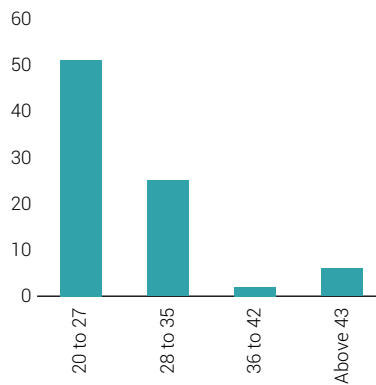
Education Qualification 2021/2022



Age bar chart

More than 80% of our employees are under the age of 35 and having a very young and dynamic workforce has enabled us to keep up with the various challenges we face.

Employees' Age 2021/2022



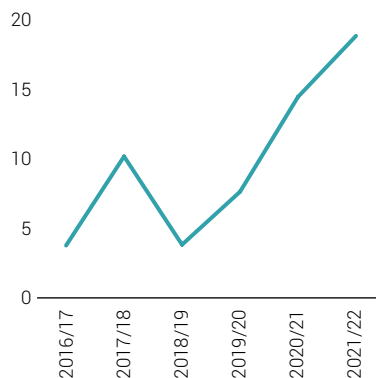
Per employee Revenue

JFS started moving out from the typical and less profitable BPO operations since 2017 as a strategy to build up a strong revenue inflow to strengthen the bottom-line.

Per employee revenue growth 2017 to 2022

Accordingly, we have now been able to continue to grow our revenue flow at a significant rate.

Per Employee Revenue (Mn)



Predominantly ICT

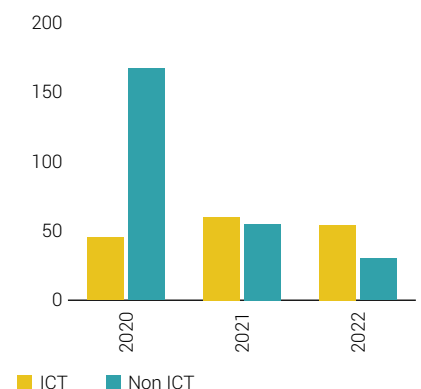
ICT helps to build and grow the commerce and business sector and generate maximum possible output. The time taken by different sectors to generate business is now minimised with an advancement in Information technology.

JFS started its strategy to make the workforce predominantly ICT as the demand is secure globally. Our transparency in all business work supported us to secure many local and global ICT accounts.

ICT and non-ICT employee mix 2020 to 2022

Considering the IT and non-IT employees from the beginning, about 64% of the employees in the organization are currently IT employees and about 36% are non-IT employees. This will help us to stay competitive in the rapidly digitizing world and help us to run our business efficiently in the face of challenging conditions.

ICT and Non-ICT Employee Mix 2020 to 2022





BPO/ICT SECTOR



SECTOR OVERVIEW

Sri Lanka is home to a vibrant knowledge solutions industry that boasts an international footprint, with an accelerating number of global firms that have discovered the country's innovative prowess. The country's rise to prominence as a global technology and ICT hub has been driven by many strengths such as a robust and niche talent base, strong industry foundation, high-value opportunities, and multi-faceted industry.

BPO/ICT SECTOR

Information and Communication Technology (ICT) continues to shrink the world. As major players are facing increasing difficulties in coping with the global demand, Sri Lanka is emerging as a world's ICT destination of choice. The island is steadily transforming itself into the most preferred ICT hub in Asia thanks to the availability of the most precious resource in the world - talent. It has also become the 4th largest export earner of the country.

The Sri Lankan ICT sector serves many Industry verticals with over 300 companies at present. These include Communication, Apparel and Textiles, Banking Financial Services & Insurance (BFSI), Healthcare, Manufacturing, Media, Retailing, Transportation, Travel and Leisure, and many more. Sri Lanka's success in ICT exports are chartered through an impressive upward trend in the annual figure. The export revenue of this sector grew from US\$ 166 million in 2006 to reach US\$ 968 million in 2017 with a workforce of over 85,000. With over 90% value addition and high-paying jobs, has made a significant impact on the growth of the Sri Lankan Economy.

Sri Lankan ICT companies export Software products and services to regions such as North America, the EU, Australia, East Asia, the Middle East, Africa, and the Nordic region. Their core competencies include automated application testing, infrastructure outsourcing, high-end R & D, Enterprise Resource Planning (ERP), Cloud Technology, Mobile Applications, and many other Business Solutions. Sri Lanka also acts as an offshore development centre for several fortunes 500 companies from the USA, Ireland, UK, Australia, Sweden, and joint venture development companies from Sweden, Norway, USA, Japan, etc. Sri Lanka facilitates 100% foreign investments and the safety of foreign investments is guaranteed by the constitution.

Today, the inbuilt ingenuity of Sri Lankans are expressed through our cutting-edge innovations in the ICT sector and Sri Lankan ICT metal is behind the innovations that power international stock markets, telecommunication, and transportation systems in Europe and the UK. The industry is adamant on compliance with global labour and environment standards. A highly skilled talent pool combined with the cost-effective operational ability makes Sri Lanka's ICT Industry one of the most profitable industries to date.

While Sri Lanka is renowned as a paradise island for its culture, panoramic landscape, leisure, and excursion-related activities and cuisine, Colombo's impressive skyline also personifies the country's rapid development. In time, Sri Lanka will be renowned for yet another exciting, prominent feature as Asia's favourite ICT Centre of Excellence. The industry's Vision 2022 aims to become the number one foreign exchange earner of the country, with US\$ 5 billion in revenue, creating 200,000 direct jobs and 1,000 start-ups.

"JFS always believe in cyberspace since its inception, and launching a dedicated brand for ICT was one of the key accomplishments of the company."

As JFS has always believed in cyberspace since its inception, there is a high favour for the ICT sector. All our ICT requirement is being handled by this sector which also provides ICT services and solutions to a few corporate giants in Sri Lanka and overseas.

Codeone-X

Codeone-X is a global IT company that provides IT solutions and consulting services of any complexity. In addition to our innovative Web Design and Development services, we also offer a full suite of services, such as Software Development, Mobile App Development, E-Commerce solutions, Search Engine Optimization, and Digital Marketing to clients all over the world. Whilst generating revenue through external project deliveries, Codeone-X manages all internal IT-related projects too.



CASE STUDIES



SourceOne

SourceOne is one of the leading outsourcing entities in Sri Lanka, that offers a wide range of comprehensive outsourcing solutions from Virtual Staffing, to Payroll Outsourcing (PEO), to Employer of Record (EOR), to Business Process Management for SMEs and large corporations worldwide. As one of the main success stories of Codeone-X, we were able to develop this website when we started Codeone-X back in 2018 as one of our initial projects. However, after 04 years the company did several changes to SourceOne. Especially, the key focus areas and services of the brand changed strategically. Therefore, there was a requirement for a new website for SourceOne.

Accordingly, we started with evaluating the existing website to identify the strengths and weaknesses and determine what content of the current website should be kept, updated, or discarded. During the audit, we put an extra effort to understand the user journey of the existing website as it'll help to create a better user experience (UX) and increase both conversions & user retention in the new website. After completing the website audit, we were able to set goals that will help to enhance the performance of the

website including lead generation and better user experience. Our next challenge was what will be our strategy to achieve the goals we set. Accordingly, we established a dedicated team of stakeholders and a timeline for the defined plan of strategy. The members of the team consist of both Codeone-X and SourceOne team members.

Then, we carried out a brainstorming session with both teams to identify the needs of the project. The main suggestions that emerged during the brainstorming session was Chat Facility, Multilingual Feature, and Rich Content. Based on the suggestion and findings, we crafted a feature-rich, user-friendly design for the new website after 02 months of hard work. Apart from designing the new website, we optimized the new website and helped SourceOne to gain the No. 01 Google position across various keywords relevant to their offerings. We followed only the organic optimization methods and didn't spend any money on paid tools and ads such as Google Ads. Codeone-X is still on the hunt for optimization opportunities for SourceOne to grow its business rapidly and support them to be the number 01 outsourcing entity in the country.



AGRO FOOD SECTOR



SECTOR OVERVIEW

The Agro Food sector has always performed as a major economic force in Sri Lanka, making a significant contribution to the national economy. In 2020, the Agro Food sector faced unprecedented challenges due to the Covid-19 crisis and its consequences. But, due to the import restrictions imposed by the government, this sector is kept booming during the post-pandemic. Also, the latest fiscal policy changes are mostly in favour of Agricultural business ventures.

INDUSTRY POTENTIAL

- Over 25 percent of Sri Lankans are employed in the agricultural sector
- Sri Lanka is a fertile tropical land with the potential for the cultivation and processing of a variety of crops
- ECCSL is welcoming the products of Agro Food of organic nature from Sri Lanka with Control Union certification.
- Kurakkan being a high energy product has the potential to develop more value-added products like flakes, cereal, porridge, frozen food, etc.
- Ban on the import of pepper would create more opportunities locally and overseas for Sri Lankan quality pepper.

OUR BUSINESS

- RAVINE is extended to 10 SKUs as of now and focusing mainly on Finger Millet (Kurakkan/Ragi) based value added end products to local/diasporas and EU/USA markets.
- LKorganix is keeps focusing on local and overseas orders and get Sri Lankan organic suppliers to one common platform.

STRATEGY AND OUTLOOK

Short term

- RAVINE to increase its portfolio to 30 SKUs by end of 22/23 FY.
- Obtain SLS certification for Finger Mallette Flour (Kurakkan/Ragi) SKUs by end of 23/24 FY.
- To be GMP certified for all major productions by end of 22/23 FY.
- Obtain ISO 9001:2015 certification for the factory by 31 Dec 2023.
- Upgrade the destoning facility to the next level to skip the washing/drying processes.
- Shift the current direct retail distribution to Agency distribution.

Medium to long term

- Produce Flakes to local/overseas market by end of 24/25 FY
- Sell frozen Finger Mallette (Kurakkan/Ragi) food to overseas market by end of 24/25 FY.
- Shift the Finger Mallette (Kurakkan/Ragi) operation to a new factory premises by end of 24/25 FY.
- Spices operation to be shifted to the existing land at Arakawila by end of 24/25 FY.

Rs. Mn	2021/22	2022/23*	2023/24*	2024/25*
Revenue	16.4	22.7	71.2	223.3
Gross Profit	1.7	7.1	21.3	67.0

* Estimated figures



AGRO FOOD SECTOR

ENHANCING PRODUCTION CAPACITY

Maintaining the quality of the products, the company has decided to increase the production capacity during the last financial year maintaining the food safety standards sticking to Stainless Steel machineries only. The Turmeric line was upgraded with a Crushing Machine linked to a Grinder so that the complete line makes high standard Turmeric Powder.

Stainless Steel Crusher

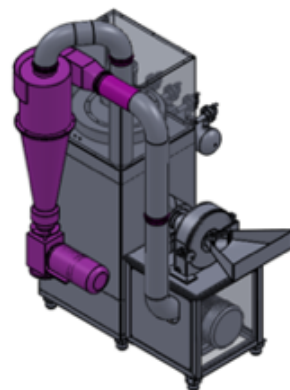
Technical parameters:

Model	PE-400S
Volt (V)	380V
Power (kW)	7.5
Spindle Speed (R/min)	600
Moving knife	12
Fixed knife	2
Throughput (Kg/h)	200 ~ 400
Mesh size (mm)	The standard aperture is 6mm or 8mm, and it can also be customized 10/12/14/16/18/20/30. Generally, it does not make an aperture smaller than 6mm.
Mechanical Size (mm)	1125*845*1135
Weight (Kg)	355



High Energy Grinder connected to the Crusher with Cyclone de-Dust

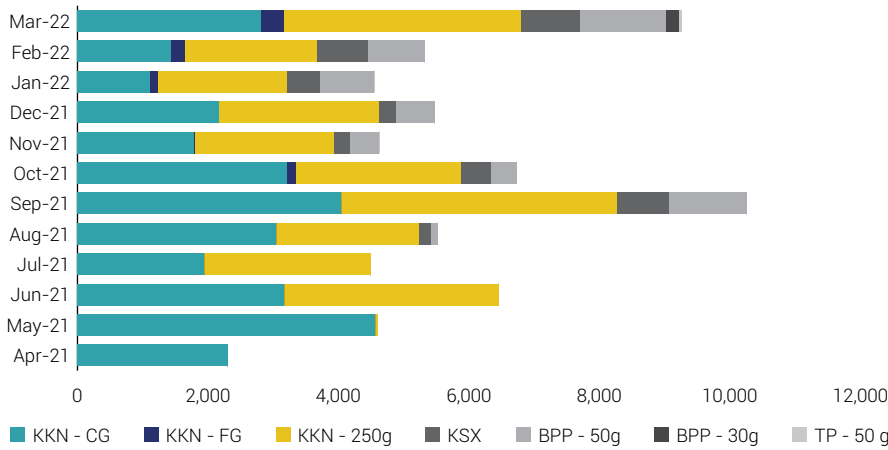
Model	GN-24M
Voltage (V)	380
Power (kW)	5.5+1.1+0.75
Spindlespeed (R/min)	4600
Fineness	30-150
Yield (Kg/h)	50-300
Size (mm)	1549*1344*2277



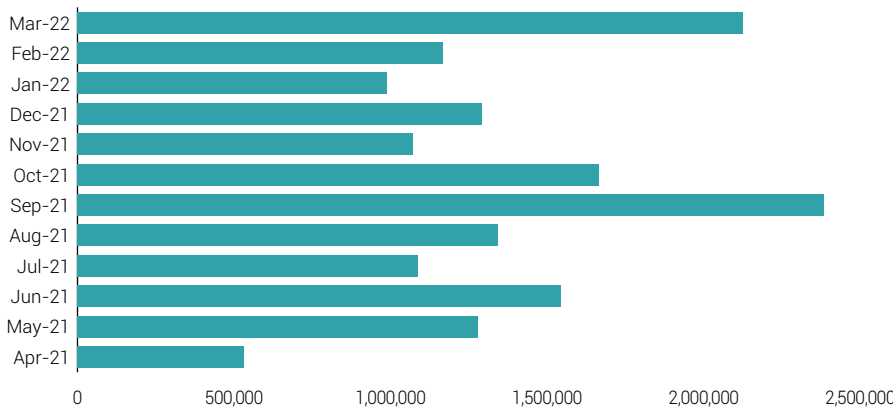
LAUNCHING NEW SKUS TO THE MARKET



SKU Distribution

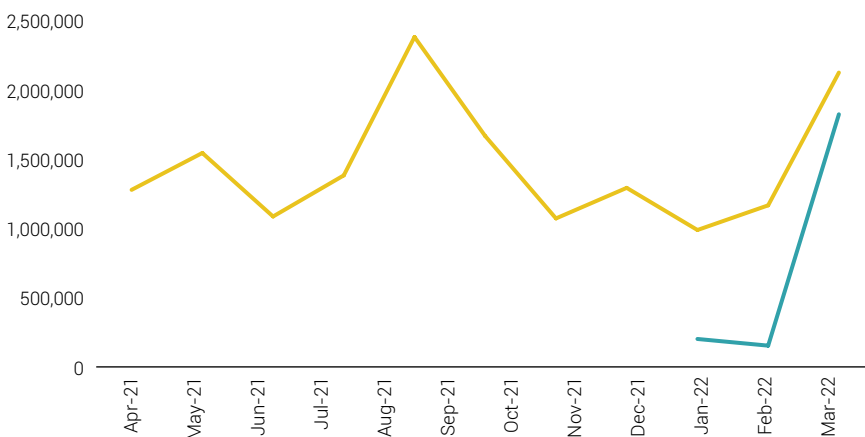


Total Revenue



Agro Food Sector reached to Rs. 2 Mn revenue performing within one year.

Growth of Sales



“The Agro Food sector has always performed as a major economic force in Sri Lanka, making a significant contribution to the national economy.”

REVENUE

Rs. 16.4 Mn

2020/2021 Rs. 2.6 Mn

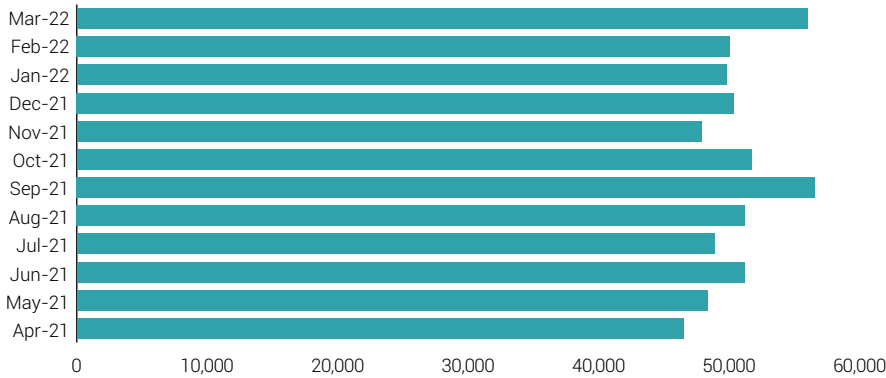
INCREASING THE EMPLOYMENT OPPORTUNITIES

Factory has started increasing its production capacity and now providing employment for more than 10 female villagers. Company has decided to franchise a factory outlet and public can buy our products with special discounts up to 10%.



AGRO FOOD SECTOR

Production Summary - All SKUs



ENRICHING THE MODERN TRADE CHANNEL

RAVINE managed to join hands with below business entities during the financial year facilitating our loyal Consumers to buy from different locations/models.



Previously listed entities

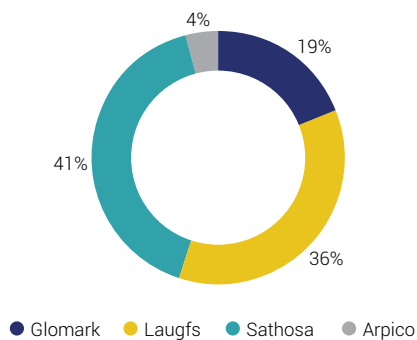


EXPANDING SKUS DISTRIBUTION

Our retail distribution did expand to secure more than 1500 dealers island-wide, mainly from Western and Central provinces.



Supermarkets' Revenue 2021/2022



PRODUCTION PROCESS





CASE STUDIES



Ranil Weerasinghe
Production Officer

JFS has changed my life around. I was a driver before joining JFS and in fact, I did join JFS for the same profession. When the Pandemic hit the company's business, I was offered to work in the newly set up production line and support the vehicle moments too. Now my remuneration is above the industry standard and more than all I enjoy my work here at JFS.

FOOD SAFETY STANDARDS

Time to time we do test our products with ITI (Industrial Technological Institute) and applied for SLS (Sri Lanka Standards) and GMP (Good Manufacturing Practices) from SLSI (Sri Lanka Standard Institute) and the project with consultancies have started already.



EXTREME SPORTS SECTOR



SECTOR OVERVIEW

Our enthusiasm on the business of Paintball is at the sky high. We foresee a big market opportunity for Paintball if Sri Lanka starts manufacturing those.

IMPROVED RELATIONS BETWEEN USA AND SL

Despite the drawback, we got as a country during the FY 2021/22, JFS see a clear silver ray in the clouds which could support Sri Lankan exporters to tap the USA/EU markets undoubtedly during the next financial years to come. The cold war between China and West, mainly the USA would open opportunities for countries like Sri Lanka without a doubt.

AMCHAM SRI LANKA

We obtain the membership of the AMCHAM with the aim of moving to USA with Paintball business.

RAVANA-H

Our e-commerce platform developed inhouse will operate as an optimized platform for US market. Initially after the business incorporation, we want to set up a small warehouse to store some fast-moving items. A Sri Lankan resource currently living in USA to be approached and converted as the business partner for USA.

USD PAYMENT GATEWAY

We managed to obtain the Payment Gateway from "We Check-in" and has been incorporated to the platform as of now.

IMPORT OF PAINTBALL MARKERS

Company secured the import control license to import 100 x Markers during the financial year. This we kept on hold due to the volatility of market at the moment.

RE-EXPORTING OF PAINTBALLS

We are under discussions with Gelkaps India Green Paintball China for re-exporting of paintballs to USA through Colombo until we establish our own manufacturing process here in Sri Lanka.

MANUFACTURING PAINTBALL

JFS is highly optimistic on manufacturing paintballs here in Sri Lanka. We have done all the preliminary discussions with the machinery suppliers in China already. Our aim is to complete the fullest project by end of 2024/25 FY.

SRI LANKAN CHAPTER IN PAINTBALL MARKET

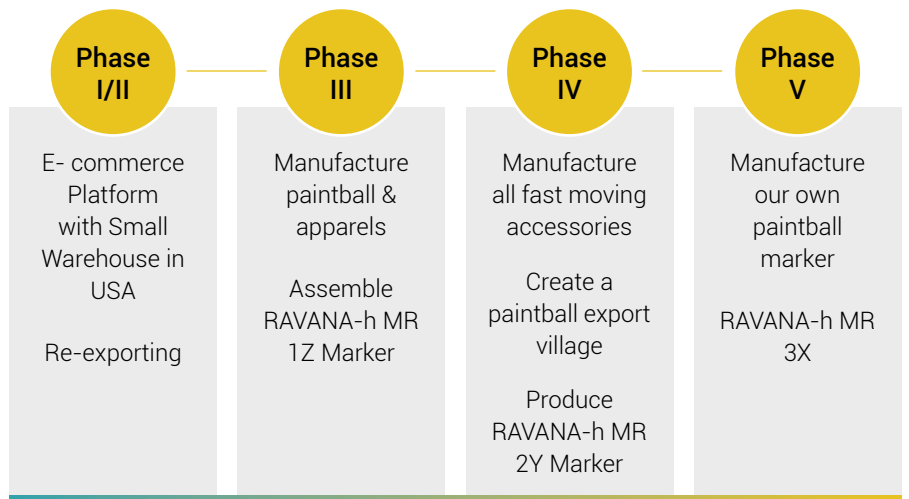
Our Strategic Roadmap to become an influential brand in the world is lined-up below:

This project is expected to be owned and managed by JFS Holdings (Pvt) Limited which shall become a listed entity by end of 2022/23 FY.

Feasibility Analysis

Operational Feasibility	Financial Feasibility	Technological Feasibility
✓ HR Requirement	✓ Positive NPV of the project	✓ Availability of IT resources
✓ Accessibility to resources required		✓ Online platform
✓ Availability of market		
✓ Government support		
✓ Availability of expertise		

RAVANA-h to reach its fullest project efficiency in (05) phases.



Expected Goals & Objectives

- Do the business incorporation and obtain a warehouse in USA and optimize the e-commerce platform by end of the year 2022
- Establish a re-export platform through CBO port by early 2023.
- Manufacture paintballs & other apparel for the entire local market, USA, and Europe by mid-2023
- Create a Paintball village for fast-moving SKU manufacturing by 2030.
- Manufacture our own Paintball marker RAVANA-h MR 3X by 2031.



EXTREME SPORTS SECTOR



Financial Feasibility of the Project

The entity expects to earn USD 0.1 million, 0.25 million, and 0.5 million in the first three years of the project. To finish up to Phase III, the corporation may have to invest around USD 0.5 million at first. Furthermore, the project's NPV and IRR analysis shows a positive figure, indicating that the corporation is optimistic about its future earnings.

FMT

We continued to get connected with some leading corporate firms to deliver military flavoured Outbound Training programmes for their executives. FMT did conduct few OBT programmes during the year for few clients despite the economical drawbacks everyone is facing.

Unique Curriculum

FMT has proven its effectiveness in conducting OBT programmes based on its unique curriculum flavoured with Military tactics. We bring the front-line military strategies to the boardroom. We bought the relationship out between the principles of Military Attack and Business Attack. We have shown the relationship between the Military Defence approach and Business Defensive approach. Although the momentum was hampered due to the pandemic and hampered economy, FMT maintained a steady revenue inflow during the previous year conducting military flavoured OBT programmes.

Resource Panel

As always, our resource panel made the difference. Our uniqueness is the distinctive skills of our resource panel. Therefore, it is always enlightening to get the sessions delivered by people who have done and proven before. The mix of corporate and military experience do support our participants to understand their strengths, weaknesses and eventually to link what they learned from the OBT sessions to the real life.

Lieutenant General Jagath Dias

Lieutenant General Jagath Dias (Rtd) WWV RWP RSP VSV USP ndc a proud product of Ananda College, Colombo, where he excelled in the sports of Soccer and Basketball and represented the college. He was a member of both the junior and senior cadet squads and was a Senior Prefect of the school.

Lieutenant General Dias is a battle-hardened Infantry Officer who heroically contributed his best to the national security of the country. To his credit, he commanded six Infantry Brigades in professional and exemplary manner during period from the year 1999-2006 which can be considered as a rare feat. Going forward, he was appointed as the General Officer Commanding



(GOC) of 56 and 57 Infantry Divisions respectively where he commanded his troops victoriously until the termination of the Humanitarian Operation.

Lieutenant General Dias is a highly decorated Military Officer. For his bravery in battle, he has been awarded the gallantry medals of Weera Wickrama Vibushana (WWV), Rana Wickrama Padakkama (RWP) and Rana Sura Padakkama (RSP). In honour of his distinguished and untarnished service to the Army, he has been decorated with the exemplary service medals of Vishishta Seva Vibhushanaya (VSV) and Uttama Seva Padakkama (USP). He has received overseas training in India, Pakistan, Turkey, and the United States of America and visited China, India, Russia and Czech Republic to attend seminars and Defence related forums. He is also a graduate of the prestigious National Defence College of India.

Gen Dias was posted as the Deputy Chief of Mission (DCM) of the Sri Lankan Embassy in Berlin, Germany, from 2009 to 2011, under veteran career diplomats Mr. T B Maduwegedara and Mr. Kongahage.

Madhushan Raigamage

The intellect behind the popular hotel property "Ahas Gawwa" (The Sky Mile) other than all the brands owned by JFS Holdings (Private) Limited has over 20 years of management and HR experience.

He was recognized as the Best Human Resources Practitioner amongst the Managers qualified in PQHRM (Professional Qualification in HRM) in 2012 by the Institute of Personnel Management Sri Lanka (IPM Sri Lanka) and was awarded at the international HR Conference held at the Water's Edge,

Sri Lanka. Madushan is a highly talented professional who is qualified in Professional Qualifications in HRM from IPM, is holding a Masters' Degree in Business Administration from the Postgraduate Institute of Management, affiliated with the University of Sri Jayewardenepura, Sri Lanka.

He is also a Paratrooper, who resigned prematurely in 2007 from the SL Army completing 13 years spell. He is a Gallantry Medal (Rana Sura Padakkama) winner for two times from HE the President & was trained in Malaysia for Talent Management and Strategic Succession planning in 2011.

Being a passionate trainer and instructor, he has conducted many successful OBT programs to the corporate sector clients such as AIA Insurance, Union Assurance, Amana Takaful, HNB Assurance, Orient Finance and the Ceylon Biscuits Limited etc. Madhushan possesses over 2500 training hours being the Chief Navigator of such training programmes.

Koshitha Perera

Highly experienced Navigator with an HR background who has worked in the manufacturing and services industries for more than 10+ years. Koshitha is specialized in Strategic Resourcing, Employee Engagement, Talent Management & Development. He is also a professional qualified in PQHRM at Chartered Institute of Personal Management, Sri Lanka and holds a MSc in HRM & Development at the University of Salford Manchester (Aggregated with CIPM).

He is a cooperate Trainer specialized in developing Behavioural Competencies & Soft Skills whose experience spans for more than 8 years in conducting illustrated Training and Development programmes for Professionals in Manufacturing, Retail & Service Sector.

Koshitha is an active Associate Member of CIPM Sri Lanka and a Chartered Member of CIPD UK.

Koshitha was the first schoolboy to captain the Junior Sri Lankan National Soccer Team in 2006 & 2007. A proud product of St. Peters College, Colombo and awarded the Most Outstanding Soccer Player title consecutively in 2005, 2006 & 2007 & the Best Soccer Player Title for 2011 at the St. Peters College Colours Night.

Isuru Liyanage

Isuru has more than 7+ years of corporate experience in ICT and HR fields and is involved in more than 50 OBT/Paintball programmes conducted by FMT as of now. Isuru is a proud product of D. S. Senanayake College, Colombo 07 and holds a bachelor's degree of Science and Management from the University College Dublin and currently reading for his Master's in Business Entrepreneurship at Tallinn University, Estonia.

Isuru also completed his Advanced & Higher Diploma in Business Management at the National Institute of Business Management (NIBM).

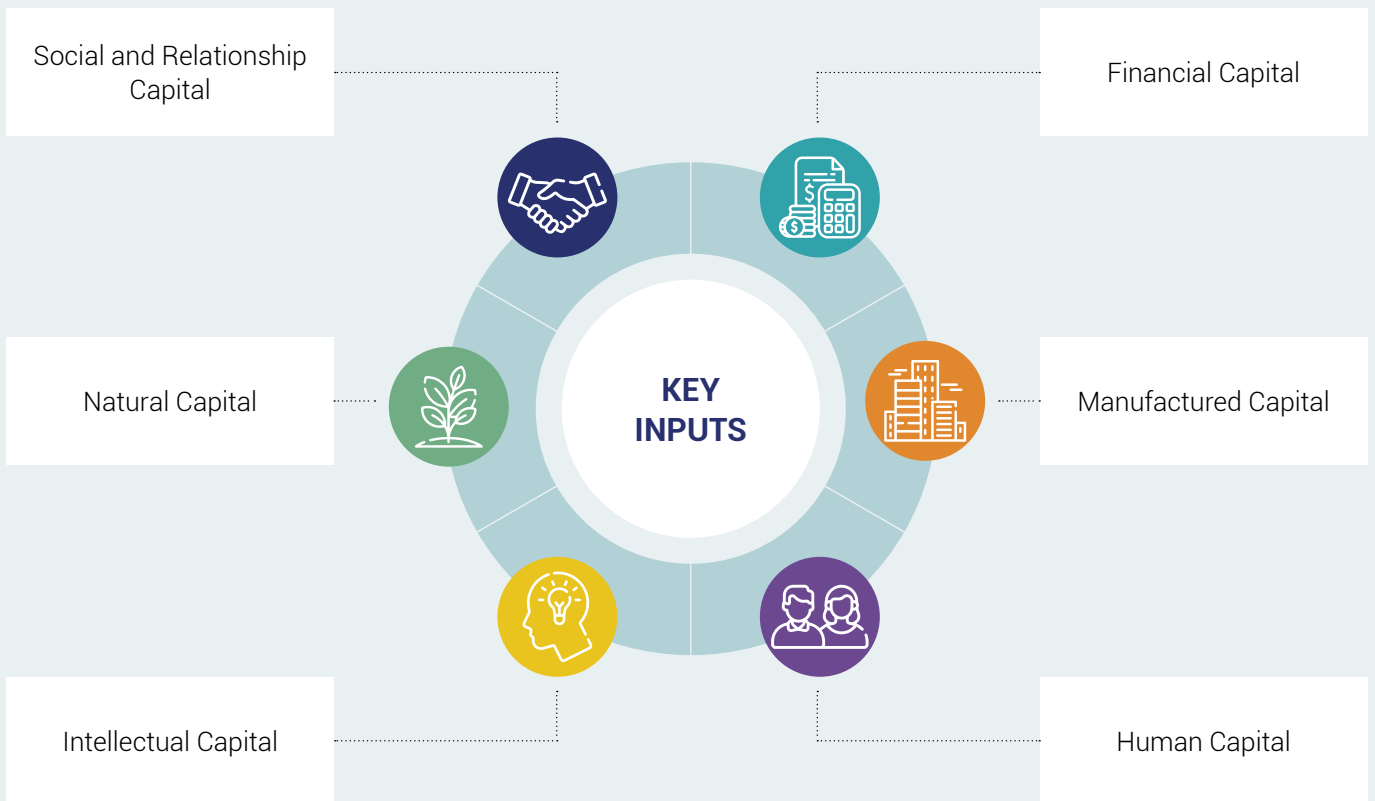
FUTURE

FMT will continue to keep promoting its unique OBT programmes for corporates in years to come. We are aiming at nearly 25 million worth of OBT programmes to be conducted for FY 2021/23.

CAPITAL MANAGEMENT REVIEW

The underlying essence of our business model and business framework is to ensure sustainable value creation for all stakeholders whilst ensuring a resilient and agile business.

The key inputs of our value creation model are;





FINANCIAL CAPITAL

"Despite the unprecedented obstacles during the period, JFS Holdings (Private) Limited (the Company) continued to enhance its financial capital during the year by recording 17% growth in revenue and 157% rise in PAT. Throughout the year, we were committed to providing sustainable returns to our shareholders with an innovative business strategy and prudent management."

KEY PERFORMANCE INDICATORS



TOTAL REVENUE

Rs. 210.5 Mn

↑ 17%



EARNINGS PER SHARE

Rs. 37.66

↑ 157%



PROFIT AFTER TAX

Rs. 42.1 Mn

↑ 157%



NET ASSETS PER SHARE

Rs. 113.1

↑ 189%



TOTAL ASSETS

Rs. 205.6

↑ 144%



TOTAL EQUITY

Rs. 126.3

↑ 189%

MANAGEMENT APPROACH

Our Financial Capital, which includes capital provided by our shareholders and bankers and it allows us to deliver the financial security and stability desired by our stakeholders while also providing excellent returns to our stockholders. We continue to strengthen our financial capital through prudent financial management, which includes budgeting controls, liquidity management, profitability management, investment management, planning and performance management, risk management, and internal controls.

FUTURE FOCUS

- Cost optimization through improvement of productivity and efficiencies
- Strike a balance between topline growth and profitability of the Company

2021/22 OBJECTIVES AND ACHIEVEMENTS

Objectives	Achievements
<ul style="list-style-type: none"> • Achievement of Rs. 100 Mn worth of equity without capital infusion. • Revenue of more than Rs. 200 million for 2021/22. • Net profit of more than Rs. 40 million in 2021/22. 	<ul style="list-style-type: none"> • Total equity as of March 31, 2022 was Rs. 126 Mn. • The revenue for the year 2021/22 was Rs. 211 Mn. • In FY 21/22, the net profit after tax was Rs. 42 million.

CAPITAL MANAGEMENT REVIEW

FINANCIAL CAPITAL

The following explained how the company was utilized its financial resources efficiently and effectively during the period under review.

ANALYSIS OF KEY ELEMENTS IN THE INCOME STATEMENT

REVENUE

Value Drivers of Revenue

- Business process outsourcing income from overseas customers was Rs. 39 Mn, a 123% increase.
- Turnover from Supply of Information Technology Services was Rs. 143 Mn, a 14% increase.
- Extreme Sports sector income was Rs. 4 Mn, a 397% increase.
- Agro food sector turnover was Rs. 16 Mn, a 536% increase.
- The IT sector contributed the most to income.

How we performed

Our continuous commitment and visionary leadership enabling us to conclude the year with commendable growth in revenue despite the unprecedented challenges posed by COVID-19. We have continuously grown our revenues and this year we have recorded a revenue growth of 17% over last year. This achievement has proven the management capability of growing the organisation healthily even in tough times, especially when the country's economic growth has slowed down due to the pandemic situation. The increased revenue was primarily driven by the supply of information technology services and Agro Food sector and which consist of 68% and 8% of the total revenue respectively.

Rs. Mn	2021/2022	2020/2021	Growth (%)
Outsourcing Services	46.2	49.6	(7)
Supply of Information Technology Services	143.1	125.3	14
Recruitment Services	1.2	1.7	(31)
Extreme Sports Sector	3.7	0.7	397
Food and Agro	16.4	2.6	536
Total Revenue	210.5	179.9	17

Key strategies executed in 2021/2022

- By separating itself from the competition, the organization is constantly focusing on giving superior service through business process outsourcing, which enables us to achieve sustainable growth.
- Growth in the Agro food sector has been reported as a result of the uniqueness of our products and the introduction of new SKUs to capitalize on new market prospects.

ADMINISTRATIVE AND SELLING EXPENSES

Administrative and selling expenses declined by 2% despite an increase in business activity mainly due to our robust expense management approach, stringent budget controls, cost optimizing initiatives carried out by the company during the period under review. Moreover, the Company managed to maintain its administrative expenses within the budgeted levels demonstrating its ability to align with the Company strategy despite the inflationary pressure and unprecedented timeframes.

It is also noteworthy that the cost to revenue ratio of the Company further improved by 3% from 21% to 18% during the year 2021/22 indicating a disciplined cost management together with prudent operational efficiency.

Administrative and selling expenses which include following types of expenses.

Rs. Mn	2021/2022	2020/2021
Professional Charges	10.1	8.0
Staff Related Expenses	13.0	18.7
Building Rent Expense	0.9	0.7
Utility Expenses	1.2	0.8
Maintenance Expenses	1.9	0.3
Donation	0.6	-
Other Expenses	0.5	0.2
Depreciation	5.7	3.8
Selling and Distribution Expenses	3.9	6.0
Total	37.9	38.6

Staff-related expenses, selling and distribution costs also fell by 30% and 34%, respectively, from the previous year, which contributed to an overall 2% drop in administrative, selling, and distribution costs.

Key strategies executed in 2021/2022

- As a service organization, we are particularly motivated to attract, develop, and retain highly competent individuals and remunerate them in line with market rates.
- The company continues to implement initiatives to optimize expenses through streamlining the processes to enhance productivity.

Key value drivers

- Attract, develop and retain highly skilled workers
- Streamlining the processes to improve productivity
- Hybrid work model for the employees

FINANCE AND OTHER EXPENSES

When the business is growing the financing requirements of the business also has increased which has resulted in higher finance cost.

Finance and other expenses which includes interest expenses and bank charges of the Company, increased by 70% to Rs.4.8 million, compared to Rs.2.8 million recorded in 2020/21. The increase in overdraft interest expenses by Rs.1.5 million primarily contributed to the increase in finance and other expenses.

The key reasons that contributed to the increase in overdraft interest expenses are,

CAPITAL MANAGEMENT REVIEW

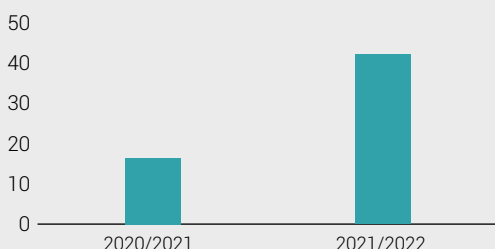
FINANCIAL CAPITAL

PROFIT AFTER TAXATION (PAT)

How we performed

The management of JFS has followed a quality approach during the year by consciously investing on quality of the service delivery, higher engagement of existing customers and doing focus on profitable market segment and opportunities. As a results, the Company recorded 157% growth in Profit After Tax of Rs. 42.1 Mn compared to Rs.16.4 million recorded in 2021/2020 despite the disruptions in operations caused by the COVID-19 pandemic and challenging macro-economic conditions.

Profit After Tax



Key strategies executed in 2021/2022

- Superior service provided by business process outsourcing sector has resulted in higher net profit margins.
- Highly skilled and motivated staff have given higher productivity
- Effective Management of investment portfolio

Key value drivers

- Higher investment income during the FY 2021/22
- Improved gross profit margins in fiscal year 2021/22
- Reduced selling and distribution costs through better use of distribution channels

ANALYSIS OF KEY ELEMENTS IN THE STATEMENT FINANCIAL POSITION

Summary of the Financial Position of the Company

Rs. Mn	2021/2022	2020/2021	Growth (%)
Total Assets	205.6	84.2	144
Non-Current Assets	79.3	19.4	308
Current Assets	126.3	64.8	95
Total Liabilities	79.2	40.5	96
Non-Current Liabilities	24.9	15.4	62
Current Liabilities	54.3	25.1	116
Total Equity	126.4	43.7	189

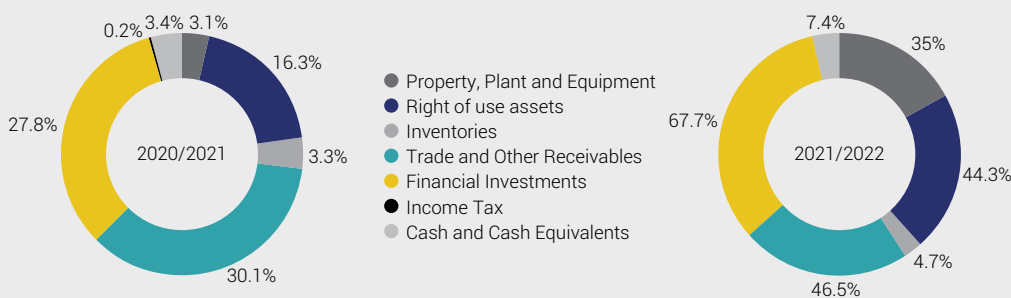
TOTAL ASSETS

How we performed

Company's total assets as of 31 March 2022 stood at Rs.205.6 million, an increase of 144% from previous financial year end. The increase is primarily driven by an increase both non-current assets and current assets during the period. The company's non-current assets have primarily improved due to revaluation surplus on non-current assets of Rs.47.2 million and net acquisition on non-current assets of Rs.18.4 million during the period under review.

Current assets also have a steady growth over the current year and the growth in current assets reflect the business revenue growth in current period. During the year 2021/22, there is a 95% growth in current assets with that of the last year 2010/21. This increase is mainly coming from increase in Trade & Other Receivables and financial Investments by Rs. 16.4 million and

Rs. 39.9 million respectively. The Company's financial investment consists of foreign currency denominated fixed deposits and carrying value of the said investment is increased mainly due to currency translation impact. Cash and cash equivalents also have risen to Rs. 7.4 million, which is a Rs. 4.0 million increases compared to last year. This reflects the availability of cash reserves and high level of liquidity maintenance by the company's management even though there is a tough concern of liquidity in many organisations in the country under current economic condition.



Total assets of the Company were funded as follows;

Total Assets	Shareholder Funds	Long-term Funds	Short-term Funds
Rs. 205.6 Mn	61.5%	12.1%	26.4%

TOTAL LIABILITIES

How we performed

Total Liabilities of the Company increased by 96% to Rs. 79.2 million as at 31 March 2022 compared to Rs. 40.5 million at 31 March 2021. The increase was mainly driven by the 238% growth in bank overdraft and Interest Bearing Loans and Borrowings by 40%. In addition to that, for the period ended 31 March 2022 the company has recognised deferred tax liabilities amounting to Rs.5.3 million on revaluation surplus.

During the year under review, the company's total non-current liabilities have increased by 62% compared to last year. This was mainly due to newly recognised deferred tax liabilities and increase in Interest Bearing Loans and Borrowings by Rs. 4.1 million. Current liabilities of the company are also increased as a result of increase in Bank Overdraft by Rs. 23.6 million.



CAPITAL MANAGEMENT REVIEW

FINANCIAL CAPITAL

EQUITY

How we performed

Total equity of the Company as at 31 March 2022 stood at Rs. 126.4 million which is increase of 189% from the last financial year end. The increase was primarily in lieu of:

- Profit after tax of Rs.42.1 million during the year under review.
- Other comprehensive income of Rs.40.5 million, which was driven by an increase in revaluation surplus during the year under review.



STATEMENT OF CASH FLOWS AND IMPACT ON COVID-19 PANDEMIC ON FINANCE CAPITAL

Analysis of the Cash Flow Statement

Rs. Mn	2021/2022	2020/2021
Net Cash Flow from Operating Activities	29.4	3.4
Net Cash Flow from Investing Activities	(58.3)	(21.5)
Net Cash Used in Financing Activities	9.4	10.3
Cash and Cash Equivalents at the End of the Year	(26.1)	(6.5)

How we performed

Cash and cash equivalents comprise of cash in hand and at bank net of bank overdraft. The net bank overdraft position stood at Rs. 26.1 million which is 301% increase from the previous financial year end.

- Net cash flow from operating activities reflected an inflow of Rs.29.4 million for the year ended 31 March 2022 which is 766% increase from the previous year. This increase is primarily driven by the increase in revenue by 17% and Other Operating Income by 862% compared the year earlier.
- Net cash flow from investment activities reflected an outflow of Rs.58.3 million, primarily due to increase in short-term investments by Rs. 39.9 million and net acquisition of PPE by Rs. 18.4 million.
- Net cash flow from financing activities reflected an inflow of Rs.9.4 million, primarily due to Proceeds from Loans and Borrowings for the purpose of new projects.

Managing our cash flows and liquidity position amidst the operational challenges caused by the pandemic and adverse movement in macro-economic condition. The management has implemented following key initiatives to responds such challenges.

- Negotiating payment plans with vendors and restructuring expenses based on usage
- Closely monitoring budget utilization
- Structuring and planning expenditure based on the forecasted cash inflows



MANUFACTURED CAPITAL

“JFS Manufactured capital totals Rs. 79 million, representing a 308% increase over 2020/21.”

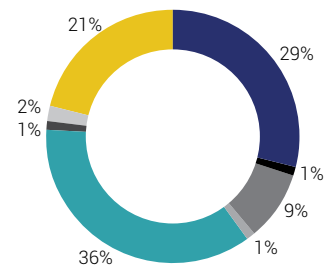
JFS's approach is to increase the entity's manufactured capital, and CAPEX planning efforts are included in the annual strategic planning activities. Sector heads examine the requirements of asset acquisitions throughout the annual business planning process, and budgets are generated appropriately. Furthermore, such budgets are approved by the board of directors, who investigate the strategic efforts by studying these budgets and further examining the company's projects.

JFS strives to guarantee to all machineries and equipment continue to operate at optimal levels. Each sector dedicates substantial resources each year towards maintenance, upkeep, and ongoing process improvements that improve the quality and efficiency of their respective machines and equipment.

INVESTMENT IN CAPITAL EXPENDITURE

JFS Invested Rs. 27 Mn during the year on Capital expenditure. A predominant part of the capital expenditure incurred on motor vehicle to strength our distribution network.

Depreciation



- Land - Agro Food Sector
- Buildings - Factory Sales Office
- Computers & Accessories
- Office Equipment
- Motor Vehicles
- Equipment - Extreme Sports Sector
- Equipment - Agro Food Sector
- Machinery - Agro Food Sector

ASSET TYPES



Land & Buildings
Rs. 24 Mn



Motor Vehicles
Rs. 45 Mn



Machineries
Rs. 5 Mn



Other Equipment
Rs. 4 Mn

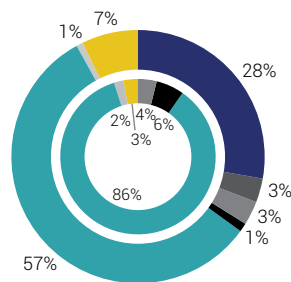
NET BOOK VALUES OF PPE

JFS's Net book values of PPE increased marginally to Rs. 79 Mn.

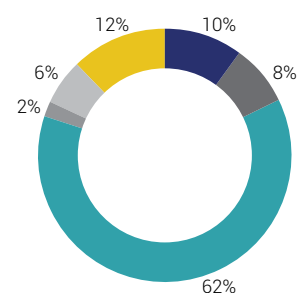
Investment in PPE
Rs. 27 Mn

Revaluation
Rs. 47 Mn

Disposal of PPE
Rs. 9 Mn



- Land - Agro Food Sector
- Buildings - Factory Sales Office
- Furniture & Fittings
- Computers & Accessories
- Office Equipment
- Motor Vehicles
- Equipment - Extreme Sports Sector
- Equipment - Agro Food Sector
- Machinery - Agro Food Sector



- Buildings - Factory Sales Office
- Furniture & Fittings
- Computers & Accessories
- Office Equipment
- Motor Vehicles
- Equipment - Extreme Sports Sector
- Equipment - Agro Food Sector
- Machinery - Agro Food Sector

CAPITAL MANAGEMENT REVIEW

HUMAN CAPITAL

“Despite unprecedented uncertainty and turbulence in the operating environment, our pool of 101 employees ensured the continuity of our operations during the year. We in turn, remained steadfast in our commitment to nurturing our human capital providing them with an attractive value proposition.”

TEAM PROFILE

41%
Female

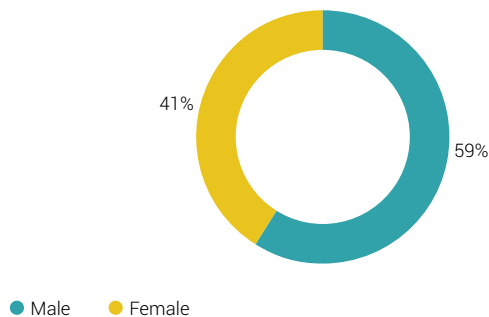


59%
Male

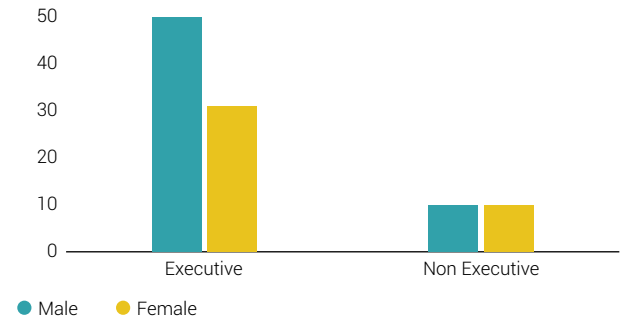
30.41 Years
Average Age

5%
Employee Turnover

Employees by Gender



Employees by Contract & Gender



MANAGEMENT APPROACH

At JFS we are believing in our employee's capabilities and highly depend on them. The culture of JFS allows employees to accept more challenges / new responsibilities leading them to unleash their true potential. We are nourishing our future leaders internally adding value to their careers while maintaining the smooth function of the company. In return, JFS also provides many benefits to our employees which are comparably very attractive in the market.

HUMAN RESOURCE POLICIES AND PRACTICES

						
Talent Management Practices	Training and Professional Development	Career Development	Performance Management	Rewards and Recognition	Fair Pay and Other Benefits	Employee Engagement
1	2	3	4	5	6	7

1. Talent Management Practices

Our talent management practices consist of two main sub activities called

- i. Talent acquisition
- ii. Talent retention

Talent acquisition

We follow a stringent recruitment process to attract the best-talented candidates from the market. This process includes 4 steps. HR Interview, Aptitude Test, Manager’s Interview and finally the Director’s Interview.

Onboarding process

1. Documentation
2. Take an Office Tour
3. Introduce to Coworkers
4. Release to the relevant Department
5. Offer Training
6. Induction Programme
7. Performance review after 2 weeks of employment, then again 3 months, probation evaluation after completing the probation period and yearly review the performance of employees by using 360° Performance Evaluation method.

The management gives more focus on this area as the future success of the company will be depend on the people we hire today.

83

New recruitments

New recruitment by Gender

38
Female



45
Male

Identifying hard skills and soft skills -

Regardless of the job, employees need both professional and social skills to succeed in the modern workplace. Hard skills and soft skills play with each other. They help identify the strengths of individuals and teams, as well as how projects are handled. Knowing how to hire employees with specific hard and/or software skills is essential to company’s success. When hiring new people, we usually have a good understanding of the skills we are looking for in the candidate. These are some examples of hard skills that we test in the hiring process.

- The ability to type a certain number of words per minute
- Proficiency in a language
- Data analysis
- The ability to Copywrite or edit documents

Soft skills :

Soft Skills are also more varied than Hard Skills. Here are some examples we look out throughout the recruitment process.

- Effective communication skills
- Self-awareness
- Ability to work well in teams
- Flexibility to pick up tasks and embrace changes in plans
- Leadership qualities
- Ability to manage time efficiently
- Attention to detail

Hire a diverse workforce

Employers must learn how to deal with cultural differences and individual attitudes toward work. As the workforce becomes more diverse, managing employees in a diverse work environment presents both opportunities and challenges.

Included in this are effective management of employees with diverse perspectives, values, and beliefs, as well as avoiding accountability when management mishandles various work situations.

Talent retention

Because of more concentrated internal human resource management practices, the company maintains a healthy employee retention rate.

JFS provides financial and non-financial benefits to its employees, such as training and employee engagement activities, annual bonuses, and increments. As a result, the company and its employees have formed a strong bond.

83%

Employee Retention Ratio

2. Training and professional development

Building strong talent pipelines is the HR team’s primary deliverable for filling talent gaps and improving employees’ professional and leadership skills. All employees are eligible for internal and external training.

3. Career Development

We’ve discovered that our employees are career-minded, and they’ll stick with an organization where they believe they can showcase their talent, grow to their full potential, and achieve their goals. JFS provides the best platform for employees to bring their ideas to the business. As a result, JFS has grown tremendously in the recent past, and our key employees have grown alongside the company, holding many executive level positions today. The best reflection of our employees’ success comes from their stories, a few of which are provided below.

CAPITAL MANAGEMENT REVIEW

HUMAN CAPITAL



Ishara Keppetipola who joined JFS in 2016 as a Trainee Junior HR Executive subsequently moved to the Sales Department in 2020 as a Deputy Area Manager because management identified his talent and capacity. He took this opportunity to build his capacity in the field and as of today, he remains a very special success story in JFS, working as an Assistant Manager Admin & Transportation is counted among the top management team of the company.



Isuru Liyanage joined the company as an Intern, got promoted subsequently, and held the Trainee Junior HR Executive. Management identified that he has the capabilities and skills of the IT field and he took the chance to develop his career path as an IT person and now he is the Head of the ICT Sector.

4. Performance management

We follow a Key Performance Indicator (KPI) setting process where all the permanent employees set their performance targets at the beginning of the year and evaluate it at the end of the year and get rewarded accordingly. One-on-one performance management check-in sessions were encouraged to boost staff morale and provide sufficient support and guidance in the delivery of performance objectives.

5. Rewards and recognition

At JFS, we value our employees who go above and beyond in their roles to add value to the company Throughout the year, we awarded our employees for their contribution to the organization.

02

Performance Appraisals Carried Out



6. Fair pay and other benefits

The company set its remuneration policy to attract and retain the best talent in the market. Also, we do salary adjustments / increments that compensate inflation. The comprehensive remuneration package of JFS employees consists of statutory contributions, festival advance and many more benefits that keep our employees satisfied.

Employee's health is vital for any organization to be more productive and uninterrupted service. Also, our employees are eligible for comprehensive life insurance benefits helping them to keep their health in good condition.

Employee Retirement Benefits

The Company includes two mandatory defined contributions: the Employees' Provident Fund (EPF) and the Employees' Trust Fund. As a responsible employer, the company uses 12% and 3% respectively of such funds on behalf of its employees to comply with the regulations. All contributions are paid by the EPF and ETF Boards on the due dates. In addition, all permanent employees who have served five years are entitled to remuneration in accordance with the Gratuity Payment Act No: 12 of 1983.

Contribution (Rs. Mn)	2021/22	2020/21
EPF	11.3	10.6
ETF	2.8	2.6
Gratuity	1.7	0.2

7. Employee engagement

The caring culture we have built within JFS keep our employees are very close to each other. Any one who step in to JFS can feel our friendly culture and team spirit which keep the pulse of JFS. The management give special focus on this area and take many initiatives to enhance our team engagement. We experience that our employee participation also very high for these events as it is a mean of enjoying their work life. Few special activities carried out during the year has been reflected below.



Brainstorming session at Laya Leisure - Kukulegaga



Providing essential goods for COVID-19 affected employees



New Year Celebrations



Birthday Celebrations



Farewell



Annual Trip

CAPITAL MANAGEMENT REVIEW

HUMAN CAPITAL

Offers for Hotel package

The company provides company funded hotel packages for its employees with attractive discounts for extended stay at hotel. This unique initiative helps to refresh our employees by allowing them a rest time and to be with their families. The objective of this initiatives is to enhance productivity and engagement.



Arrange the facility for staff members to get company products at a special price

We are encouraging our team members to buy JFS good quality products at a special price. Now they can buy spices and flour range in RAVINE brand at a price below that which they would normally expect to pay. Providing the best possible benefits is guaranteed to show how much an employer values their workers. It can keep employees loyal to the company instead of looking to other companies. JFS always tries to give the best to its employees, and this is one of the initial tasks that we implemented recently.

And also, we get feedback from team members who are consuming our own products about the quality, packaging, pricing, and other areas and we add their feedback to our suggestion book and consider those suggestions for further improvements.



Team Building

Teamwork, whether on a project or in an out-of-office team-building activity, can help with retention. Because employees are more productive and happier in a work environment where they have a healthy relationship with their coworkers, these types of interactions help employees develop trust, mutual respect, and loyalty and it's a component of a positive workplace. JFS has organized different types of events like workshops, CSR activities, and annual trips to build team spirit in the company.

This type of event helps to develop more informal relationships and friendships at work. Cultivating friendships at work also makes the work environment more pleasant, having someone to share a joke, story, or even lunch with from time to time helps you to be more satisfied with your work and more motivated to do a good job.



Quality of Life for Employees

Stress plays a major point in employee's absenteeism. An employee may be stressed due to working conditions, overloaded work, infrequent breaks or health problems related to work stress. Therefore, the Human Resources department organizes fun activities to reduce employees' day-to-day work stress and the main factor is to improve an employee's quality of life. Employees release their stress and relax their minds by activities such as painting, small events organizing, and so on. For most people, they spend more time at work than at home, families or enjoying a hobby. Which is why finding the balance between personal and work has been increasingly important. In other words it is essential to know the quality of life at work is, as well as how to improve a person's level of satisfaction. Thus this can be defined as the level of satisfaction regarding activities and the corporate environment. An organization which can provide/ promote a quality organizational environment can induce a sense of security in personal and professional development among employees.

In our organization, we have taken five different leads to improve our employee's quality of life. We adopt to a hybrid working model, investing in wellbeing programs, offering benefits, recognizing our employees through training and development programs and acknowledging hard work.

ORGANIZATIONAL CULTURE

At JFS we have created very friendly culture leading for creative thinking and innovation. We always encourage our employees to come together and implement their ideas which mutually benefit for the company as well as individuals. This freedom to work has also lead to greater employee engagement and happiness.



CAPITAL MANAGEMENT REVIEW

INTELLECTUAL CAPITAL

“The information revolution has changed people’s perception of wealth. We originally said that land was wealth. Then we thought it was industrial production. Now we realize it’s intellectual capital. The market is showing us that intellectual capital is far more important than money. This is a major change in the way the world works. The same thing that happened to the farmers during the Industrial Revolution is now happening to people in the industry as we move into the information age.”

-Walter Wriston-

Innovation is a fundamental key to building and strengthening its Intellectual Capital. Knowledge and experience lead employees to innovation and creative thinking and also and company culture encourages employees to innovate. In addition, certifications and licenses obtained by the statutory bodies and different associations contribute to improve the knowledge base. Such certifications and licenses obtained from recognized global and local bodies give the guarantee that the products and services offered are in compliance with Best Practices.

Social media communication played a vital & critical role in the 2021/22 financial year.

With the changes in consumer behaviour and pattern in the prevailing situation in the country, digital media communication played a major role to create consumer demand.

CERTIFICATION

- Best HR Practitioner (PQHRM qualified) awarded by CIPM 2012
- Merit Award – Entrepreneur Awards (WP) by National Chamber of Commerce, 2017

- Merit Award – CNCI Achiever Awards, Ceylon national Chamber, 2021

MEMBERSHIPS

- AMCHAM – American Chamber of Commerce in Sri Lanka
- European Chamber of Commerce in Sri Lanka
- SLASSCOM – Medium Category
- Ceylon Chamber of Commerce
- Ceylon Chamber of Exporters



BRAND RECOGNITION

A selection of brands under each industry group is shown below.



1. BPO Services

Executive Search and Business process outsourcing



2. ICT Services

ICT Resource Outsourcing
Web/Mobile App development
Search Engine Optimization



3. Agro Foods

Ceylon Cinnamon and Sri Lankan Spices



4. Extreme Sports

Paintball facilitator

Paintballs and equipment supplier



Corporate OBT facilitating entity



CONSUMER BRANDS – AGRO FOOD



RAVINE - Black Pepper Powder

RAVINE Black Pepper Powder is manufactured using 100% local harvest. They are available in 50g & 30g pack sizes.



RAVINE - Turmeric Powder

The product is hygienically packed using food grade materials to preserve its freshness for a long period. They are available in 50g & 30g pack sizes.



RAVINE - Kurakkan Flour Course Grade

RAVINE Kurakkan Flour (CG) is produced using natural resources for washing and drying. They are available in 400g & 250g pack sizes.



RAVINE - Kurakkan Flour Fine Grade

RAVINE Kurakkan Flour (FG) is milled using state of Art Technology ensuring the food safety. There are pack sizes in 400g & 250g.



RAVINE – KurakString Mix

This is absolutely a unique product having a greater penetration potential in the retail and modern trade market segments.



CAPITAL MANAGEMENT REVIEW

NATURAL CAPITAL

“Let us work together to make the world a greener place.”

JFS Group has policies that focus on the prevention and mitigation of environmental impact in the pursuit of goals and objectives. The company’s sustainability policies constantly analyse environmental hazards, and leader of each sector advises on the relevant initiatives. Each sector leader acquired data on sustainability through site visits and other means and streamline the processes based on the gathered data.

JFS is actively engaged in the conservation of natural resources in a responsible manner and is focused on the reduction of water and electricity usage. In response to the reduction in energy consumption, JFS continues to work towards efficient usage of fossil fuels, electricity, water etc. Furthermore, we have converted lighting to LED bulbs and established best practices such as “Think Green - Turn off Lights When Leaving.”



INITIATIVES FOR ESG PRACTICES

- Converting to LED bulbs.
- Establishment of best practices such as “Think Green - Turn off Lights When Leaving.”
- Reusing wastewater for plants.
- Reusing corrugated boxes for the sales and distributions.
- As a first step in implementing the “Think Green” philosophy, we have started various programs to planting in office premises and factory.





SOCIAL AND RELATIONSHIP CAPITAL

“JFS always follows the rule of sharing as and when we earn. We as a responsible corporate entity believe in giving back to our community. In today’s world, corporate social responsibility (CSR) is not just an esteemed business practice, it is a consumer-driven demand.”

In the year 2012, we launched our first CSR project, with our employees volunteering to help society and people in need by assisting underprivileged students at Udagama Kanishta Vidyalaya (Western Province).

As of now, after completing more than 12 successful CSR programs, we are now mainly focusing on raising awareness about social issues in society.



JFS REWARDS SELECTED HIGHEST ACHIEVERS OF THE 2021 G.C.E. ADVANCED LEVEL EXAM FROM ARAKAWILA

With a true motive of encouraging and empowering the students who got through G.C.E. Advanced Level 2021, and set an example for future generation, JFS decided to reward those students with a cash prize along with book vouchers.

The Sandagiri Temple committee organized the event, which took place on February 4 at the Grand Thevni Hotel in Arakawila, with cash prizes provided by JFS Holdings. Accordingly, some of the top achievers who reside in Padukka were rewarded at the ceremony.

A total of 13 students were awarded, with nine students selected for local universities receiving an LKR 5,000 cash prize as well as an LKR 5,000 book voucher, and four students selected for the National College of Education receiving an LKR 4,000 cash prize as well as an LKR 4,000 book voucher from Sarasavi Book.

PLANT DONATION TO COMMUNITY IN ARAKAWILA

Taking a step towards building awareness and enhancing knowledge of green practices among the community, JFS decided to donate invaluable plant species to some of the selected people residing in Arakawila.

With the perceptive guidance of the Head Priest of Sandagiri Temple, a donation program was organized by the “Sandagiri Temple Committee.” More than 100 rare and invaluable plants were chosen to distribute among the villagers. Kumbuk, Naa, Jack, Mee, Mahogani, and Nadun plants were some of the ones which were distributed as a token donation. The occasion was held on March 6, 2022, at the Sandagiri Temple, Arakawila.



CAPITAL MANAGEMENT REVIEW

SOCIAL AND RELATIONSHIP CAPITAL

MEDICAL DRUGS AND EQUIPMENT DONATION TO APEKSHA HOSPITAL MAHARAGAMA

Any effort, no matter how modest, can have an effect on a community. Patients with cancer require our assistance and kindness to survive. When it comes to another CSR event, JFS is marking its 10th anniversary by donating a half-million LKR worth of medical supplies and surgical equipment to the "Apeksha" Hospital in Maharagama. The

idea of corporate social responsibility gives each employee of a company the chance to make a difference in their neighbourhood, the environment, their country, and other areas. Employee involvement in sustainability initiatives that support a company's CSR objectives improves business results and equips team members to live more sustainably at work, at home, and in their communities.

During this time, our staff members provide both material and financial support for this donation. We all pursue our own interests, but serving others and doing for them is an entirely different experience. Bringing hope to their lives by donating to cancer patients not only gives a sense of inner satisfaction but also pride and contentment. This presents a chance for the company to contribute to society's advancement and make the world a better place to live.





CHALLENGING

GOVERNANCE

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Executive Committee 70 | Risk Management 71

CORPORATE GOVERNANCE

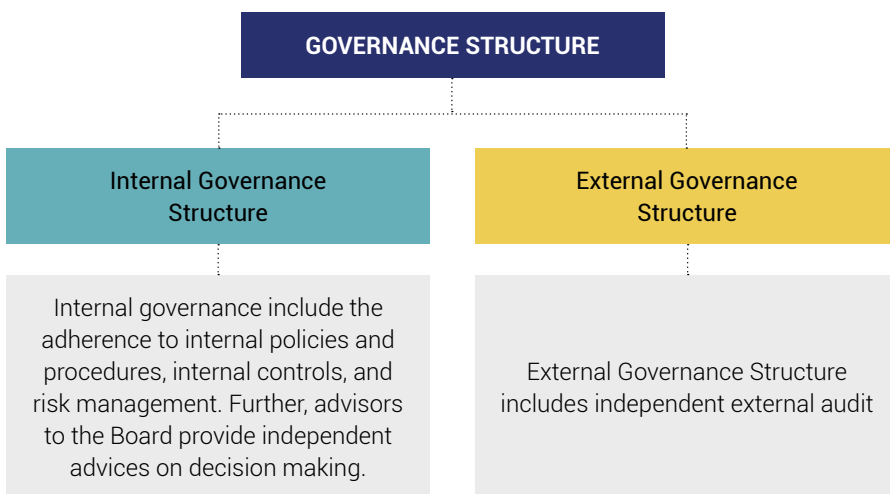
“The Board of Directors believes that sound Corporate Governance standards are critical to the Company’s competitiveness, growth, and long-term viability. As a result, the Board of Directors has established a set of corporate principles that include ability, credibility, integrity, and collaboration in order to manage the Company with high ethical standards and accountability in our commitment to good governance practices.”

The relationship between the Board and the Management is crucial for effective Corporate Governance. The following diagram explains that Management is the heart of the four governance functions of the Board.



CORPORATE GOVERNANCE FRAMEWORK

The Board has the overall responsibility for compliance to ensure transparency and accountability to all stakeholders. Therefore, the Board has established a corporate governance framework to execute its policies and monitor effectiveness. This framework includes both internal and external governance structures of the Company.



Internal Governance Structure

Internal governance includes the adherence to internal policies and procedures, internal controls, risk management systems within the Company.

Internal Financial Controls

In relation to the Financial Statements for the fiscal year ended 31st March 2022, the company has adequate internal financial controls in place. Furthermore, the organization has a proper system of internal controls in place to ensure that all assets are safeguarded and protected against loss from unlawful use or disposition, and ensure that all transactions are properly authorized, recorded, and reflected in the books of accounts. The effectiveness of internal controls, financial reporting, and the recording process is further ensured by the continuous assessment and updating of such controls.

Key Internal Policies

- Articles of Association of the Company
- Recruitment and selection policies
- Rewards and recognition policy
- Company accounting procedures and policies

Board Skills

Collectively, the Board brings in a wealth of diversified exposure in the fields of Management, Business Administration and Human Resources. All directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgment. Further details of their qualifications and experience are provided on pages 64 to 65 of this Annual Report.

Independent Professional Advice

From time to time, an individual director of the company may wish to seek legal or other independent advice to strengthen the decision making. Independent professional advice sessions are coordinated through the Board Secretary as and when requested.

Independent professional advice sessions are called by the secretary at the events,

- When an existing director seeks advice on decision making, duties and professional development with the permission of the chairman of the Board.
- When Board decides to provide advice and mentor a newly appointed director to the Board. Consequently, the Board will decide who will be the advisor according to the newly appointed director's capabilities and competencies.
- There are mainly three advisors to the Board that covers the areas of the corporate affairs and business expansion, human capital management and corporate finance. A brief description on advisors to the Board are available under Board of Directors and Advisors to the Board of Directors section.

Board Sub Committees

Board has appointed the Nuwan Vithanage as chairman of Audit Committee with effect from 07th April 2022.

External Governance Structure

External Governance Structure includes all aspects of compliance to regulations and independent external audit.

The business activities of the Company have complied with the regulatory requirements given by the other external Stakeholders such as Department of Inland Revenue, Sri Lanka.

Furthermore, external assurance on the financial statements of for the period ended 31 March 2022 was provided by the B.R. De Silva & Company (Chartered Accountants).

BOARD OF DIRECTORS



MADHUSHAN RAIGAMAGE

Director / Chairman

(Founder of JFS and serves the Board since its inception)

Skills, Experience:

A simple product of PIM. His visionary leadership and the aggressive business strategy have supported the young team to confidently sail in the rough sea even during the COVID-19 pandemic generating satisfactory bottom-line achievements for 2021/22 financial year.

His innovative strategies for commercial expansion inspired the company to take the first step toward becoming a public limited liability company and being listed on the Colombo Stock Exchange.



CHAMALI DILRUKSHI

Director

(Member of the Board since 2013)

Skills, Experience:

She assisted the board in carrying out a novel financial plan, which permitted JFS to benefit from USD income reserves during the review period.

She has consistently guided the board to manage, empower, and develop the company's human resources, which has helped to retain talent for JFS.



NUWAN VITHANAGE
Independent Non-Executive Director

Skills, Experience:

Nuwan is a highly respected passionate finance professional with over 16 years of experience in experience in fields of strategy, finance, audit, and general Management. Nuwan currently serves as Chief Financial Officer at Softlogic Life Insurance PLC and is a member of Governing Council of the Institute of Chartered Accountants of Sri Lanka. He also serves as Chairman of the Finance and Technical Committee of the Insurance Association of Sri Lanka. He was the youngest CFO to award as "CFO Excellence Award" from the Institute of Certified Management Accountants of Sri Lanka. Nuwan is a fellow member of the Institute of Chartered Accountants of Sri Lanka and a member of the Institute of Certified Management Accountants. He possesses a master's degree in business administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura and holds a bachelor's degree in Business Management - Finance (Special) from the University of Kelaniya.



NILANTHA PERERA
Independent Non-Executive Director

Skills, Experience:

Nilantha possesses nearly 30 years of experience in Human Resource Management and working as a visiting lecturer at CIPM and a few other reputed educational institutes. Nilantha worked as Head of HR at Orient Finance PLC and as Consultant for Lakderana Investment Ltd prior to joining the Board. He previously served as Head of Human Resources at Ceylinco Insurance General from 1993 to 2011. Nilantha holds possesses a master's degree in business administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura, and a master's degree in Business Studies from the University of Colombo. He also holds a bachelor's degree in Human Resource Management from the University of Sri Jayewardenepura. He is a Fellow member of CIPM too.





EXECUTIVE COMMITTEE



NIRMALA DASANAYAKE
Heading the BPO sector

Skills, Experience:

Nirmala is a graduated from the University of Sri Jayewardenepura. She is one of the most experienced personnel in the executive committee. She has 10 years of experience in the BPO sector attached to JFS. Nirmala is one of the strategic leaders at JFS with high business knowledge.



ISURU LIYANAGE
Heading the IT sector

Skills, Experience:

Isuru has more than 7+ years of corporate experience in HR and ICT fields and holds a Bachelor's degree of Science in Management from University College Dublin. He is an in- house developed resource with many innovative ideas. A creative thinker who led his team to drive the ICT sector to the next level.



MEDHANI WEERASINGHE
Heading the Sales Administration and Operational Functions of the Food Sector

Skills, Experience:

She is a graduate of the University of Sri Jayewardenepura. A key personnel who grew with the company with 8 years of experience in JFS itself. She is well known for superior administration and customer handling. She is currently reading her Master of Business Administration at the University of Colombo.



NISHANTH GUNATHILAKE
Factory Manager

Skills, Experience:

Nishantha holds decades of experience in the Sri Lankan Army especially in managing a large number of people. He was attached to the production section of the JFS since 2021. Nishantha is currently managing the entire operation of the Factory production lines.



OMESHA MADHURANGI
Heading the Accounting function

Skills, Experience:

Omesha holds a Bachelor of Science special degree in Accounting from the University of Sri Jayewardenepura. She is a Finalist in the Institute of Chartered Accountants of Sri Lanka and she counts over 05 years' experience in many fields including, Accounting, Finance and Audit. Her Extensive knowledge and experience in Accounting and Finance brings a wider perspective to the company.



ISHARA KEPPETIPOLA
Heading the Administration & Transport functions

Skills, Experience:

Ishara counts over 6+ years of experience at JFS Holdings. He has made an immense contribution to the growth of JFS Holdings' many service divisions. At the moment, Ishara is in-charge of JFS Holdings' administrative and transportation functions.



YOHAN JAYALAL
Consultant/ Internal Auditor

Skills, Experience:

Yohan is an Associate Member of the Institute of Chartered Accountants of Sri Lanka. He obtained his bachelor's degree in Business Administration from the University of Sri Jayewardenepura. Yohan is an Audit Partner of Priyosh & Company (Chartered Accountants), one of the leading Audit & Consultancy firms in Sri Lanka who provide Audit, Assurance and Business Consultancy services to clients in various industries.



NIMMI KAUSHALYA
Consultant

Skills, Experience:

Nimmi Holds her bachelor's degree from the University of Kelaniya. The high point of her career in JFS was in spearheading the in-house development with 9 years of experience at JFS.

MANAGEMENT COMMITTEE



RAVEEN ATHUKORALA
Second line to IT function

Skills, Experience:

Raveen serves as the deputy to the Head of ICT. Raveen has many qualifications in the ICT field and an outstanding personality who is proficient in the computer networking.



SACHINI ANANDA
Overlooking the Extreme Sports sector activities

Skills, Experience:

Initially, Sachini was a Trainee Junior HR Executive at JFS Holdings. As second-line support for the BPO and Extreme Sports sectors, she currently plays a critical role in managing the administrative portion.



DILHARA WIDISINGHE
Heading the HR function

Skills, Experience:

Dilhara holds a Bachelor of Business Administration Special Degree in Human Resources from the University of Peradeniya Faculty of Management. She is currently pursuing her interest in labour law at the National Institute of Labour Studies, where she is majoring in labour law and industrial relations. She manages the HR and Legal functions of the company.

RISK MANAGEMENT

“Enterprise Risk Management (ERM) is an integral part of the JFS Risk Management process and at JFS we believe that a strong ERM process is essential in today’s volatile and complex business environment.”

OUR APPROACH

The board of directors of the company holds ultimate responsibility of implementing effective risk management process and risk culture

within the company. The board of directors and executive committee closely monitor internal and external environment of the company to identify the potential risk that could affect the company’s operations. Regular

discussions, improved monitoring procedures and evaluation of key risk indicators were important to manage a sustainable and value-creating business model.



RISK STRATEGY

The Risk Strategy of the company is to establish formal mechanisms to ensure that best efforts are taken to

appropriately identify the risks and maximize any potential opportunities arising from such risky events and mitigate and minimize the adverse

effects stemming from those identified risks. Further, the company has communicated to all staff about risk awareness culture within the Company.

RISK MANAGEMENT

Key highlights during the year,

- Continuous monitoring of business continuity and response plans at business unit level.
- The operational risks associated with the COVID-19 pandemic was reviewed on an ongoing basis at all business units.

RISK MANAGEMENT OBJECTIVES

The primary objectives of the company's risk management function are,

- To develop effective strategies to overcome the identified risk within the company
- To periodically evaluate the risk exposures on an ongoing basis
- To minimize the financial and other negative consequences of losses

- To encourage the company to be better prepared to achieve its long-term and short-term targets.

RISK MANAGEMENT PROCESS

Our risk management process ensures that key risks within JFS Holding are well managed at all times and the process includes five activities as shown in the chart below.



All material risk types, including credit risk, liquidity risk, market risk, strategic risk, operational risk and reputational risk are managed via this Risk Management Process.

Type of risk	Overall Rating	Probability of Occurrence	Severity of Impact
Issues concerning employees	●	●	●
Ineffective accounting and information systems	●	●	●
Risk of frauds	●	●	●
Project failures	●	●	●
Liquidity and cash management	●	●	●
Currency risk	●	●	●
Credit risk	●	●	●
IT Related Risk	●	●	●
Macro-economic Factors	●	●	●

● High ● Moderate ● Medium ● Low

MANAGING RISKS AND MATERIALITY

Material topics and principal risks	Potential Impact on Value Creation	Management approach
Issues concerning Employees Risk <ul style="list-style-type: none"> • Employees' unrest • Shortage of skilled / unskilled Staff • Lower staff productivity 	<ul style="list-style-type: none"> • Loss of revenue • Low productivity / high cost of employee • Lower bottom line • Inhibit growth prospects 	<ul style="list-style-type: none"> • Recognition and rewarding of associates • Regular meetings to handle grievances and training & development programs • Improvement of working conditions, facilities • Employee welfare and employee bonding activities through company's CSR strategy

Material topics and principal risks	Potential Impact on Value Creation	Management approach
Ineffective Accounting and Information Systems Risk <ul style="list-style-type: none"> • Inaccurate information • System failures • Loss of data • System security 	<ul style="list-style-type: none"> • Wrong reporting and decision making • Penalties • Loss of investor confidence 	<ul style="list-style-type: none"> • Loss of investor confidence • Loss of investor confidence • Based backups • Updating of Anti-virus, firewall etc.
Risk of Frauds Risk <ul style="list-style-type: none"> • Theft • Misappropriation of assets • Misstatements of financial statements 	<ul style="list-style-type: none"> • Loss of revenue / profits • Impact on corporate reputation 	<ul style="list-style-type: none"> • Sound internal controls • Pre-employment screening • Sound control environment
Liquidity and Cash Management Risk <ul style="list-style-type: none"> • Possibility of running out of cash 	<ul style="list-style-type: none"> • Inability to promptly respond to market opportunities 	<ul style="list-style-type: none"> • Better monitoring of cash flows of the company • Availability of short-term borrowing facilities to the company at all times • Sourcing of funding requirements through many financial institutions • Maintaining of liquidity and quick ratio
Credit Risk	<ul style="list-style-type: none"> • Loss of collection • Adverse impact on liquidity ratio 	<ul style="list-style-type: none"> • Developing and implementing credit policies • Following stringent assessment procedures to ensure creditworthiness of the customers prior to the granting of credit • Closely monitoring the debtor balances, lying action plans and determining the same are under control
IT Related Risks <ul style="list-style-type: none"> • Data Privacy • Cyber Risk • Other IT Related risks 	<ul style="list-style-type: none"> • Increasingly rely on IT and digital services exposed to the risks stemming from data • Employees were given the opportunity to work from home and which turns risk of information leakage and network security 	<ul style="list-style-type: none"> • Disaster recovery plan is in place to continue business operations • Obtain backups of all the users • Maintain up to date virus definition files and firewalls • Ongoing trainings to employees on information security
Macro-Economic Environment	<ul style="list-style-type: none"> • Increase in Interest Rates, exchange rates and inflation • Increase in government taxes and levies 	<ul style="list-style-type: none"> • Closely and frequently monitoring the macro-economic Factors and take appropriate actions

RISK MANAGEMENT



OUR RESPONSE TO THE GLOBAL COVID-19 PANDEMIC

As cases of the highly infectious COVID-19 grew globally, extraordinary measures were put in place to contain the infection and avoid a human catastrophe.

We pledged to play our part in supporting efforts to limit the spread of the virus. We acted swiftly and decisively, prioritising the health and safety of our employees, and of our fenceline communities. We implemented business continuity plans to ensure that we operated at planned levels as well as provided our customers with the products they required. We supported our suppliers to ensure continuous of service by continuing with essential services and providing aid where appropriate.

MANAGING EMPLOYEES

Established a COVID-19 executive team and set up weekly meetings with the COVID-19 crisis working group. This integrated response prioritises activities to ensure the stability and safety of our operational facilities and our fence line communities.

- Enabled all office personnel to work from home and introduced guidelines for different work arrangements and leave types supported by online and field assistance.
- To ensure the stability and safety of our operational facilities, we reset shifts and work schedules to support social distancing and decrowding.
- Reinforced our commitment to safety and conducted COVID-19 specific workplace risk assessments and implemented appropriate occupational health procedures and controls.
- Elevated our focus on hygiene, sanitisation measures and social distancing in all our buildings and sites.

TAKING CARE OF CUSTOMERS

Ensured seamless work transition of sales and marketing teams across the country to working from home without disrupting our value chains and ensuring strong customer support in a volatile and disrupted market.

- Enhanced online support of IT sector to take care of business continuity of our corporate clients
- Extra focus was given to food sector to ensure high level of hygiene standards
- All necessary steps including regular sanitization were taken to stop spreading COVID-19 through our extreme sports sector



FOCUSING

FINANCIAL INFORMATION

Annual Report of the Board of Directors [77](#) | Independent Auditor's Report [79](#) | Statement of Comprehensive Income [81](#) | Statement of Financial Position [82](#) | Statement of Changes in Equity [83](#) | Statement of Cash Flows [84](#) | Notes to the Financial Statements [85](#) | Notice of Meeting [114](#) | Form of Proxy [115](#)

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting the Annual Report of the Company which covers the Audited Financial Statements, Chairman's Message, Corporate Governance Commentary, Performance Review including Industry Review and all the other relevant information for the year ended 31 March 2022.

Principal Activities

The principal activities of the Company are providing services related to Business Process Outsourcing, Recruitment Services, Training, Agriculture, Human Resource Consultancy and IT Services. There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

Corporate Vision, Mission and Values

The Corporate Vision, Mission and Values are provided on page 7 of this report. The Directors and all Employees are ensured that they are carrying business activities with highest level of ethical standards and integrity in achieving its Vision and Mission.

Review of Operations of the Company

A review of the financial and operational performance and future business developments of the Company and each business unit is described on pages 25 to 41 of this report.

Financial Statements

Financial Statements of the Company for the year ended 31 March 2022, which have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS). The duly signed Financial Statements are provided on pages 81 to 84 and the Auditors' Report on the Financial Statements is provided on pages 79 to 80 of this Annual Report.

For the year ended 31 March	2022 Rs.	2021 Rs.
Revenue	210.5	179.9
Gross Profit	74.4	55.5
Profit after Tax	42.1	16.4
Retained earnings carried forward to the next year	74.6	32.5

Accounting Policies

The details of accounting policies adopted by the Company in preparing these Financial Statements are provided on Pages 85 to 109. There have been no changes in the accounting policies adopted by the Company during the year under review.

Board of Directors and Senior Management

Information relating to members of the Board of Directors, Advisors to the Board, Executive Members and Management Committee and their brief profiles are provided on page 64 to 70 of this report.

Directors' Shareholding

The Directors' individual shareholdings in the Company are as follows,

No of Shares as at	31 March 2022	31 March 2021
Mr. R. A. I. Madhushan	773,237	773,237
Ms. T. C. Dilrukshi	334,450	334,450

Human Resources

The Company continued to implement appropriate human resource management policies to develop employees and optimize their contribution towards the achievement of corporate objectives. Also, the Company adopts equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status, and physical ability/ disability. A brief description of the Company's human resource Policy and other relevant information is given on the pages 50 to 55. The staff strength of the Company as at 31 March 2022 is 101 (2021 – 122).

Auditors' Relationship or any Interest with the Company

B.R.DE SILVA & COMPANY, Chartered Accountants serve as the Auditors of the Company. The Auditors do not have any interest in the Company other than providing Audit services. A sum of Rs. 165,000 is payable by the Company as at 31 March 2022.

Turnover

The revenue generated by the Company for the year ended 31 March 2022 was Rs.210.5 million (2021 – Rs. 179.9 million).

Provision for Taxation

The tax position of the Company is disclosed in Note 11 to the financial statements on page 93.

Property, Plant and Equipment

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 17.6 million. The carrying value of property, plant and equipment as at 31 March 2022 was Rs. 35.0 million (2021 - Rs.3.1million). The details of property, plant and equipment are shown in Note 12 to the financial statements on pages 94 to 99.

Market Value of Freehold Properties

The land and building owned by the Company at Arakawila, Handapangoda and Motor Vehicle and Machinery were revalued as at 31 March 2022 to reflect its market value as per the Company policy.

The revaluation was performed by Mr. Eranga Wickramarachchi, Chartered Valuation Surveyor. The details of the revaluation and relevant accounting policies are provided in Note 12 to the Financial Statements on pages 94 to 99.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Investments

Details of investments held by the Company are disclosed in Note 17 to the financial statements on page 101.

Stated Capital

The stated capital of the Company as at 31 March 2022 is Rs. 11,171,830/- representing 1,117,183 ordinary shares.

Donation

Total donations made by the Company during the year ended 31 March 2022 is amounted to Rs.0.6 Mn

Risk Management

The Board of Directors and the Executive Management of the Company have put in place a comprehensive risk identification, measurement and mitigation process. The risk management process is an integral part of the annual strategic planning cycle. A detailed overview of the process is outlined in the Risk Management report on pages 71 to 74.

Appointment of directors

Mr. W N D Pushpakumara was appointed to the Board as a Non -Executive Director and Chairman of the Audit & Risk committee with effect from 07th April 2022.

Mr. M A N Perera was appointed to the Board as a Non -Executive Director with effect from 07th April 2022 .

System of Internal Controls

The Board of Directors has put in place an effective and comprehensive system of internal controls covering financial, operational and compliance. A risk management initiative has been implemented. The Board is satisfied that the process is sufficiently robust to identify and manage risks which have an impact on the Company's performance.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company as at the Statement of Financial position date have been paid or, where relevant, provided.

Corporate Social Responsibility

The Company manages a range of programmes for its stakeholders in order to bring about sustainable development in all areas of business. The CSR initiatives are detailed in the Social and Relationship Capital section on pages 59 to 60.

Compliance with Laws and Regulations

The Company has complied with all applicable laws and regulations.

Capital Commitments

No capital commitments exist as at 31 March 2022

Event After the Reporting Date

No circumstances had arisen, since the balance sheet date which would require adjustments to, or disclosure, in the Financial Statements.

This Annual Report is signed for and on behalf of the Board of Directors by:



Chairman



Director



Secretaries

09th September 2022

INDEPENDENT AUDITOR'S REPORT

B.R.DE SILVA & CO. |  A member of
Chartered Accountants | **Nexia**
International

Private & Confidential

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF J F S HOLDINGS (PRIVATE) LIMITED

Opinion

We have audited the Financial Statements of J F S Holdings (Private) Limited, which comprise the Statement of Financial Position as at 31st March 2022, 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 a summary of significant Accounting Policies and Other Explanatory Notes.

In our opinion, the Financial Statements give a True and Fair view of the Financial Position of the company as at 31st March 2022 and of its Financial Performance and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standard.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Financial Statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to Going Concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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



Partners - N.S.C.De Silva FCA, FCMA (UK),CGMA, L.C.Piyasena FCA, L.L.S.Wickremasinghe FCA,
F.S.N.Mariikkar FCA, S.M.S.S.Bandara MBA, FCA, D.S.De Silva LLLB, Attorney - at -Law
ACA, ACMA (UK),CGMA
Partner (Kandy) W.L.L. Perera FCA.

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INDEPENDENT AUDITOR'S REPORT

JFS Holdings (Private) Limited- 2022


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 an assurance of high level, but not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing website at: <http://www.slaasc.lk/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

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.


B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.

Date.. 09/09/2022

SB/SM/ag



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March	Note	Page	2022 Rs.	2021 Rs.	Change %
Revenue	5	90	210,542,194	179,901,383	17
Direct Expenses	6	90	(136,139,979)	(124,398,346)	9
Gross Profit			74,402,215	55,503,037	34
Other Operating Income	7	91	26,357,412	2,740,076	862
Administration Expenses	8	91	(50,813,442)	(32,573,120)	56
Selling and Distribution Expenses			(3,948,269)	(5,987,934)	(34)
Profit from Operating Activities			45,997,917	19,682,059	134
Finance and Other Expenses	9	92	(4,790,541)	(2,809,870)	70
Profit Before Tax	10	92	41,207,376	16,872,189	144
Income Tax Expense	11	93	863,685	(489,905)	(280)
Profit for the Year			42,071,061	16,382,284	157
Other Comprehensive Income					
Items that will Never be Reclassified to Profit or Loss					
Revaluation Surplus	13.6	98	47,150,945	-	-
Differed Tax Relating to Revaluation Surplus			(6,601,132)	-	-
Other Comprehensive Income for the Year, Net of Tax			40,549,812	-	100
Total Comprehensive Income for the Year, Net of Tax			82,620,873	16,382,284	404
Basic Earnings Per Share	12	97	37.66	14.66	157
Dividend Per Share			-	-	

Figures in brackets indicate deductions.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.

The accounting policies and notes as set out in pages 85 to 109 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Page	2022 Rs.	2021 Rs.
ASSETS				
Non Current Assets				
Property, Plant and Equipment	13	94	34,956,188	3,087,125
Right of use assets	14	99	44,295,010	16,332,743
			79,251,198	19,419,868
Current Assets				
Inventories	15	100	4,722,437	3,270,253
Trade and Other Receivables	16	100	46,510,512	30,117,414
Financial Investments	17	101	67,650,159	27,771,760
Income Tax	18	101	-	185,695
Cash and Cash Equivalents	19	102	7,434,795	3,407,523
			126,317,903	64,752,645
Total Assets			205,569,101	84,172,513
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	20	102	11,171,830	11,171,830
Revaluation Reserve	21	102	40,549,813	-
Retained Earnings			74,592,674	32,521,614
Total Equity			126,314,317	43,693,444
Non Current Liabilities				
Retirement Benefit Obligation	22	103	2,103,899	1,961,695
Interest Bearing Loans and Borrowings	23	104	18,243,561	13,426,825
Deferred Tax Liabilities	24	106	5,277,812	-
			25,625,272	15,388,520
Current Liabilities				
Bank Overdraft	19	102	33,492,355	9,907,027
Interest Bearing Loans and Borrowings	23	104	15,325,159	10,094,049
Income Tax Payable	18	101	7,494	-
Trade and Other Payables	25	107	4,804,504	5,089,473
			53,629,512	25,090,549
Total Equity and Liabilities			205,569,101	84,172,513

The accounting policies and notes as set out in pages 85 to 109 form an integral part of these financial statements.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.

I certify that these Financial Statements are in accordance with the requirements of the Companies Act No. 7 of 2007.



Chief Financial Officer / Accountant

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

signed on behalf of the Board;



Director



Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31 March 2020	11,171,830	-	16,139,330	27,311,160
Profit for the year	-	-	16,382,284	16,382,284
Balance as at 31 March 2021	11,171,830	-	32,521,614	43,693,444
Profit for the year	-	-	42,071,061	42,071,061
Revaluation surplus	-	47,150,945	-	47,150,945
Differed Tax relating to Revaluation Reserve	-	(6,601,132)	-	(6,601,132)
Balance as at 31 March 2022	11,171,830	40,549,813	74,592,674	126,314,318

All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.

The accounting policies and notes as set out in pages 85 to 109 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March	Note	Page	2022 Rs.	2021 Rs.
Cash Flows from / (Used in) Operating Activities				
Profit Before Taxation	10	92	41,207,376	16,872,189
Adjustments for;				
Interest Income	7	91	(2,172,903)	(672,473)
Amortization	8.1	91	-	81,849
Losses on Sale of Property, Plant and Equipment			51,781	-
Depreciation	8.1	91	5,688,275	3,726,701
Interest Expense	9	92	4,790,541	2,809,870
Provision for Impairment Losses on Financial Assets	16	100	200,302	-
Gratuity Provision	22	103	1,892,556	(803,588)
Operating Profit Before Working Capital Changes			51,657,928	22,014,548
Increase in Inventories	15	100	(1,452,184)	(1,943,854)
Increase in Trade and Other Receivables	16	100	(16,593,402)	(12,309,027)
Increase in Trade and Other Payables	25	107	(284,968)	254,901
Cash Generated from Operations			33,327,374	8,016,568
Interest Paid	9	92	(4,790,541)	(2,809,870)
Interest Income	7	91	2,172,903	672,473
Tax Paid	18	101	(266,446)	(2,303,952)
Gratuity Paid	22	103	(1,750,352)	(182,750)
Net Cash Flows from Operating Activities			28,692,938	3,392,468
Cash Flows from / (Used in) Investment Activities				
Acquisition of Property, Plant and Equipment	13	94	(27,120,441)	(1,501,535)
Proceeds from Sale of Property, plant and Equipment			8,700,000	-
Acquisition of Financial Assets			(39,878,399)	(20,030,318)
Net Cash Flows from / (Used in) Investment Activities			(58,298,840)	(21,531,853)
Cash Flows from / (Used in) Financing Activities				
Proceeds from Loans and Borrowings			10,047,846	10,301,879
Net Cash Flows from Financing Activities			10,047,847	10,301,879
Net Increase / (Decrease) in Cash and Cash Equivalents			(19,558,057)	(7,837,506)
Cash and Cash Equivalent at the Beginning of the Year			(6,499,504)	1,338,002
Cash and Cash Equivalents at the end of the Year			(26,057,560)	(6,499,504)
Cash and Cash Equivalents as at 31 March				
Cash and Cash Equivalents - Favorable			7,419,330	3,405,949
Cash and Cash Equivalents - Unfavorable			(33,492,355)	(9,907,027)
Cash in Hand			15,464	1,574
			(26,057,561)	(6,499,504)

Figures in brackets indicate deductions.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.

The accounting policies and notes as set out in pages 85 to 109 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Corporate Information

1.1 Reporting Entity

JFS Holdings (Private) Limited is a company with limited liability and incorporated on 2012 under the companies Act No 07 of 2007. The address of the Company's registered office is No. 193/3,2A, Borella Road, Depanama, Pannipitiya.

1.2 Principal Activities and The Nature of Operations

The principal activities of the Company are providing services related to Business Process Outsourcing, Recruitment Services, Training, Agriculture, Human Resource Consultancy and IT Services. There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.3 Number of Employees

The staff strength of the Company as at 31 March 2022 is 101 (2021 was 122).

Corporate information is given on page 117 of this Annual Report.

1.4 Financial Period

The financial period of the Company represents a twelve months period from 1 April to 31 March.

2 Basis Of Preparation

2.1 Statement of Compliance

The financial statements of the Company comprise of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with accounting policies and notes to the financial statements and have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by The Institute of Chartered Accountants of Sri Lanka.

These financial statements have been prepared on a historical cost basis and are in compliance with the requirements of Companies Act, No 07 of 2007.

The Directors have made an assessment on the Company's ability to continue as a going concern and they do not intend either to liquidate or cease trading.

2.2 Going Concern

When preparing the financial statements, the Management has assessed the ability of the Company to continue as a going concern. More importantly, supply networks and the prospects for business have been severely disrupted by the current macroeconomic, political, and social turmoil. Despite this, the operationalization of risk reduction programs, ongoing monitoring of business continuity and reaction plans at the level of each business unit, and the financial strength of the Company support the view of the management. The Management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company does not foresee a need for liquidation or cessation of operations, taking into account all available information about future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

2.3 Approval of Financial Statements

The financial statements for the year ended on 31 March 2022 were authorised for issue by the Board of Directors on 09th September 2022.

2.4 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of these financial statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

2.5 Basis of Measurement

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

Item	Basis of Measurement	Note	Page
Land, Building, Motor Vehicles and Machinery	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	13	94
Employee Benefits Liabilities	Present value of the defined benefit obligation	22	23

NOTES TO THE FINANCIAL STATEMENTS

2.6 Functional and Presentation Currency

The financial statements are presented in Sri Lankan rupees, which is the functional and presentation currency of the Company.

There was no change in the Company's presentation and functional currency during the year under review.

2.7 Use of Estimates and Judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period or in the period of the revision and future periods if revision affects both current and future periods.

The items which have most significant effect on accounting judgements, estimate, and assumptions are as follows,

- Going Concern Basis
- Valuation of Property, Plant and Equipment
- Revenue Recognition
- Provision for Expected Credit Losses of Trade Receivables
- Right-of-use Assets and Lease Liabilities
- Employee Benefit Liabilities
- Impairment of Non-Financial Assets
- Provisions and Contingent Liabilities
- Useful Life Time of Property, Plant and Equipment

2.7.1 Uncertainty of Estimates in Preparation of Financial Statements due to the Implications of Current Economic Conditions

The current economic conditions have increased the uncertainty of estimates made in preparation of the Financial Statements. The uncertainty is associated

with the expected economic downturn due to import restrictions, shortage of foreign currency for imports, exposure to interest rate increases and forex rate increases, reduced demand for products as a result of necessitated price increases, and power interruptions and fuel shortages affecting business operations. These uncertainties, the directions, consequences, and outcomes of which are difficult to predict may impact management judgments and estimates exercised in the assessment of expected credit losses from credit portfolios.

2.8 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 treated immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

2.9 Comparative Information

The Financial Statements provide comparative information in respect of the previous period. The accounting policies have been consistently applied by the Company and they are consistent with those used in the previous years. Previous year's figures and phrases have been re-arranged whenever necessary for better presentation and to be comparable with those of the current year.

2.10 Current Versus Non-Current Classification Assets

Assets classified as current assets in the Statement of Financial Position those, which are expected to be realized during the normal operation cycle, or within one year from the date of Statement of Financial Position, whichever is shorter.

Liabilities

Liabilities classified as current liabilities on the Statement of Financial Position are those, which are for payment on demand or within one year from the date of financial position.

2.11 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

3 Summary Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all periods presented in the Financial Statements of the Company.

Accounting Policy	Note	Page
General		
Foreign Currency Transactions	3.1	87
Provisions	3.2	87
Impairment of Non-Financial Assets	3.3	87
Financial Assets and Financial Liabilities	3.4	88
Statement of Comprehensive Income		
Revenue Recognition	5	90
Expenditure Recognition	6	90
Finance Income	5	90
Finance Expenses	9	92
Taxation	11	93
Earnings Per Share	12	94
Statement of Financial Position		
Property, Plant and Equipment	13	94
Right of Use Assets	14	99
Inventories	15	100
Trade and Other Receivables	16	100
Financial Investments	3.4	88
Cash and Cash Equivalents	19	102
Share Capital	20	102
Retirement Benefit Obligation	22	103
Interest Bearing Loans and Borrowings	23	104
Lease Liabilities	23.2	105
Trade and Other Payables	25	27

3.1 Foreign Currency Transactions

Transactions arising in foreign currencies are converted in to Sri Lankan rupees at the rate of exchange prevailing at the time the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies are translated in to Sri Lankan rupees at the appropriate exchange rate prevailing at the date of Statement of Financial position. The resulting gains and losses arising these from have been dealt within the Statement of Comprehensive Income.

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 is 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.

3.2 Provisions

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

3.3 Impairment of Non Financial Assets

The carrying amount of all non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

NOTES TO THE FINANCIAL STATEMENTS

3.4 Financial Assets and Financial Liabilities (a) Initial Recognition and Measurement

The Company recognizes a financial asset or a financial liability in its statement of financial position when the entity become party to the contractual provisions of the instrument.

Company initially measures its financial assets at fair value plus in case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Company initially measures its significant liabilities at fair value minus in case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liabilities.

Despite the above paragraph, at initial recognition, the Company measures trade receivables at their transaction price as defined in SLFRS 15.

(b) Classification of Financial Assets

Financial assets are classified as subsequently measured at amortised cost, Fair Value through other comprehensive income or fair value through profit or loss based on

- The company's business model for managing the financial assets and
- The contractual cash flow characteristics of the financial assets

(i) Financial Assets measured at Amortized cost

A Financial asset is measured at amortised cost if both the following conditions are met:

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

(ii) Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through OCI if both of following conditions are met.

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

(iii) Financial Assets Measured at Fair Value Through Profit or Loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or fair value through OCI in accordance with paragraph (i) and (ii) above.

(c) Classification of Financial liabilities

Financial liabilities are subsequently measured at amortized cost, except for,

- Financial liabilities at fair value through profit or loss.
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies
- Financial guarantee contracts
- Commitments to provide a loan at a below-market interest rate.

(d) Reclassification

Financial assets are reclassified when and only when the Company changes its business model for managing financial assets.

If the Company reclassifies financial assets, such reclassification is applied prospectively from the reclassification date and previously recognized gains, losses (including impairment gains or losses) are not restated.

Financial liabilities are not reclassified

(e) Amortised Cost Measurement

Interest revenue is calculated by using the effective interest method by applying effective interest rate to the gross carrying value except for

- Purchased or Originated credit impaired financial assets.

- Financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets.

(f) Impairment

The company recognizes a loss allowances for expected credit losses on a financial asset.

- Where on the reporting date the credit risk on the financial instrument has increased significantly since initial recognitions. Loss allowances at an amount equal to the lifetime expected credit losses is made.
- Where on the reporting date the credit risk on the financial instrument has not increased significantly since initial recognitions. Loss allowances is measured for that financial instrument at an amount equivalent to 12 month expected credit losses.

(g) Derecognition of Financial Assets

The company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- It transfers the financial asset and the transfer qualifies for derecognition.

(h) Derecognition of Financial Liabilities

A financial liability is removed (or a part of a financial liability) from its statement the financial position when, and only when, it is extinguished-ie when the obligation specified in the contract is discharged or cancelled or expires.

4 Standards Issued But Not Yet Effective

A number of new standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these Financial Statements.

The following amended standards are not expected to have a significant impact on the Company's Financial Statements.

- Onerous contracts - Cost of fulfilling a contract (Amendments to LKAS 37)

- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Reference to conceptual framework (Amendments to SLFRS 3)
- Property, plant and equipment: proceeds before Intended use (Amendments to LKAS 16)
- Classification of liabilities as current or non-current (Amendments to LKAS 1)
- Annual Improvements to SLFRS standards 2018-2020.
- Definition of accounting estimates (Amendments to LKAS 8)
- Disclosure of Accounting Policies (Amendments to LKAS 1)

NOTES TO THE FINANCIAL STATEMENTS

5 Revenue

Accounting Policy

(a) Revenue From Contracts with Customers

Revenue is recognised when the obligation to provide goods and services is satisfied in accordance with Sri Lanka Accounting Standards (SLFRS 15) on Revenue from Contracts with Customers. The consideration is determined with reference to the amount the company expects to be entitled in exchange for transferring the promised goods or services to the customer.

(a) Income from Normal Activities

Revenue is accounted for on an accrual basis and matched with related expenditure.

(b) Other Income

Other income is recognized on an accrual basis.

For the year ended 31 March	2022 Rs.	2021 Rs.
Revenue from,		
Outsourcing Services		
Local	7,289,138	32,108,390
Overseas	38,925,572	17,460,554
Supply of Information Technology Services	143,055,996	125,299,298
Recruitment Services	1,173,500	1,708,084
Extreme Sports Sector	3,704,486	745,681
Food and Agri	16,393,502	2,579,376
	210,542,194	179,901,383

6 Direct Expenses

Accounting Policy

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the Statement of Comprehensive Income. Interest and other expenses are recognized on an accrual basis.

For the purpose of presentation of the Statement of Comprehensive Income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

For the year ended 31 March	2022 Rs.	2021 Rs.
Direct Labor Expenses	121,483,867	120,005,490
Other Direct Expenses	14,656,113	4,392,856
	136,139,979	124,398,346

7 Other Operating Income

Refer Note 5 for Accounting Policy

For the year ended 31 March	2022 Rs.	2021 Rs.
Interest Income	2,172,903	672,473
Exchange Gain	24,016,584	1,264,015
Other Income	167,925	803,588
	26,357,412	2,740,076

8 Administration Expenses

Refer Note 6 for Accounting Policy

For the year ended 31 March	Note	2022 Rs.	2021 Rs.
Professional Charges		10,097,521	7,981,968
Staff Related Expenses		29,869,732	18,720,931
Building Rent Expense		882,500	715,000
Utility Expenses		1,234,465	814,831
Maintenance Expenses		1,919,534	319,971
Donation		610,700	-
Other Expenses		510,715	211,870
Depreciation	8.1	5,688,274	3,808,550
		50,813,442	32,573,120

8.1 Depreciation

For the year ended 31 March	2022 Rs.	2021 Rs.
Motor Vehicle	3,515,051	2,712,018
Office Equipment	459,878	526,368
Computers and Accessories	550,847	350,203
Furniture and Fittings	8,345	8,345
Website	-	81,849
Machinery and Equipment	1,126,782	129,767
Building	27,371	-
	5,688,274	3,808,550

NOTES TO THE FINANCIAL STATEMENTS

9 Finance and Other Expenses

Accounting Policy

The Company's finance cost includes lease interest expense, loan interest expenses and bank charges. Interest expense is recognised in the Statement of Comprehensive Income using the effective interest rate method(EIR).

For the year ended 31 March	2022 Rs.	2021 Rs.
Over Draft Interest Expenses	2,073,105	576,920
Bank Charges	642,303	333,074
Interest Expenses on Lease Liabilities	1,637,457	1,515,955
Interest Expenses Loans	437,675	383,921
	4,790,541	2,809,870

10 Profit Before Tax

Profit before tax is stated after charging all expenses including the followings;

For the year ended 31 March	2022 Rs.	2021 Rs.
Costs of Employee Benefits		
Defined Contribution Plan Cost - EPF	11,349,533	10,616,896
Defined Contribution Plan Cost - ETF	2,837,383	2,654,224
Training Expenses	113,250	-
Salaries and Wages	95,660,835	86,952,633
Auditors Remuneration & Other Expenses		
Audit Fee	165,000	150,000
Director's Emoluments	8,070,016	4,500,250
Depreciation of Property, Plant and Equipment	5,688,274	3,808,550
Donations	610,700	-

11 Income Tax Expense

Accounting Policy

Taxation

Taxation on profit and loss for the year comprises current and deferred tax and is recognized in the Statement of Comprehensive Income.

(a) Current Taxation

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017.

(b) Deferred Taxation

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the Financial Statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future.

Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in the Statement of Comprehensive Income.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

For the year ended 31 March	Note	2022 Rs.	2021 Rs.
Current Tax Expense			
Current Tax Expense for the Year	11.1	459,636	489,905
Deferred Tax Expenses			
Origination of Deferred Tax Assets		(1,323,321)	-
		(863,685)	489,905

NOTES TO THE FINANCIAL STATEMENTS

11.1 Reconciliation of the Accounting Profit to Income Tax Expense

For the year ended 31 March	2022 Rs.	2021 Rs.
Profit/(Loss) before Income Tax	41,207,376	16,872,189
Income from Other Sources & Exempt Income	(25,106,611)	(672,473)
Disallowable Expenses	8,866,322	4,655,203
Allowable Expenses	2,516,267	(3,974,190)
Taxable Business Profit	27,483,356	16,880,729
Less : Qualifying Payments	(500,000)	-
Less : Exempt Amount	(23,755,162)	(13,381,410)
Assessable Income from Business	3,228,194	3,499,319
Tax Rate	14%	14%
Taxation for Business Income	451,497	489,905
Taxation for Investment Income	7,689	-
Income Tax for the Year	459,636	489,905

12 Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

For the year ended 31 March	2022	2021
Profit for the Year Attributable to Ordinary Shareholders (Rs.)	42,071,061	16,382,284
Weighted Average Number of Ordinary Shares as at 31 March	1,117,183	1,117,183
Basic Earnings Per Share (Rs.)	37.66	14.66

13 Property, Plant and Equipment

Accounting Policy

(a) Basis of Recognition

Property, plant and equipment are tangible items that are held for use in the production or supply of services, for rental to others or for administrative purposes and are expected to be used during more than one year period. Property plant and equipment's are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably.

(b) Basis of measurement

An item of property plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bring the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

(c) Cost Model

The Company applies cost model for all property, plant and equipment except for the Land, Building, Motor Vehicles and Machinery and are stated at cost less accumulated depreciation and accumulated impairment loss.

(d) Subsequent Cost

The cost of replacing part of an item of property plant & equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of day to day servicing of property plant & equipment is charged to the Statement of Comprehensive Income as incurred.

(e) Depreciation

The provision for depreciation is calculated by using a straight-line basis on the cost of all property, plant and equipment, in order to write off such amounts over the estimated useful lives. Useful lives of category of each are as follows.

Assets Category	Estimated Useful Life
Office Equipment	04 Years
Furniture and Fittings	04 Years
Computers and Software	04 Years
Motor Vehicles	10 Years
Machinery and Equipment	04 Years
Building	20 Years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Property plant & equipment obtained under finance leases are depreciated on the same rates as those of property, plant & equipment owned by the Company.

(f) Derecognition

The carrying amount of an item of property plant & equipment is derecognized on disposal or when no future economic benefits are expected to be derived. The gain or losses arising from derecognition of an item of property plant & equipment is included in Statement of Comprehensive Income when the item is derecognized.

When replacement costs are recognized in the carrying amount of an item of property plant & equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

(g) Impairment of Property, Plant & Equipment

The carrying value of property plant & equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount the assets are written down to their recoverable amounts. Impairment losses are recognized in the Statement of Comprehensive Income unless it reverses a previous revaluation for the same assets.

NOTES TO THE FINANCIAL STATEMENTS

13.1 Reconciliation of Gross Carrying Amount of Property, Plant and Equipment

	Land Rs.	Building Rs.	Furniture and Fittings Rs.	Computers and Accessories Rs.	Office Equipment Rs.	Motor Vehicle Rs.	Machineries & Equipment Rs.	Total Rs.	2021 Rs.
As at 01 April 2021	-	-	1,028,712	2,637,769	3,163,345	389,480	1,251,493	8,470,799	6,754,784
Additions	7,903,000	2,58,945	-	2,365,220	196,783	200,000	6,671,492	17,595,441	1,326,535
Revaluation	14,426,000	1,841,055	-	-	-	190,520	(2,739)	16,454,836	-
Disposal	-	-	-	-	-	-	-	-	-
As at 31 March 2022	22,329,000	2,100,000	1,028,712	5,002,989	3,360,128	780,000	7,920,247	42,521,076	8,081,319
Accumulated Depreciation									
As at 01 April 2021	-	-	1,009,577	1,938,148	2,092,415	38,646	304,888	5,383,674	3,954,812
Depreciation Charge	-	27,371	8,345	550,847	459,878	7,990	1,126,782	2,181,214	1,039,382
Disposal	-	-	-	-	-	-	-	-	-
As at 31 March 2022	-	27,371	1,017,922	2,488,995	2,552,293	46,636	1,431,670	7,564,888	4,994,194
Carrying amount as at 31 March 2021	-	-	19,135	699,621	1,070,930	350,834	946,605	3,087,125	3,087,125
Carrying amount as at 31 March 2022	22,329,000	2,072,629	10,790	2,513,994	807,835	733,364	6,488,576	34,956,188	

13.2 Fair Value Hierarchy

The fair value of the freehold land, buildings, Motor vehicle and Machinery was determined by an external independent property valuer, having appropriate recognised professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the land and building. Based on the valuation techniques used, except for the motor vehicle all others have been classified under Level 3 where as motor vehicle classified at Level 2 in fair value hierarchy. Valuation techniques and significant unobservable inputs are disclosed in Note 13.3

13.3 Valuation Techniques and Significant Unobservable Inputs Used In Measuring Fair Value

Type of Asset	Location	Extent	Independent Valuer	Effective Date of Valuation	Valuation Details	Significant Unobservable Input / Price per Perch	Range (Rs)	Sensitivity to Unobservable Input	Fair Value Measurement (Rs)
Land	Arakawila, Handapangoda.	00A-1R-09.62P	Mr. Eranga Wickramarachchi	31st December, 2021	Both Market Approach and Income Approach	Land Value 12 perches to 15 perches	500,000 - 700,000	Significant increase/ (decrease) in estimated price per perch in isolation would result in a significantly higher/ (lower) fair value.	22,329,000
Building	Arakawila, Handapangoda.	1200 Sq.ft	Mr. Eranga Wickramarachchi	31st December, 2021	Both Market Approach and Income Approach	Rate per Sq. Ft.	2500 - 3000	Significant increase/ (decrease) in estimated price per perch in isolation would result in a significantly higher/ (lower) fair value.	2,100,000
Motor Vehicle	N/A	-	Mr. Eranga Wickramarachchi	31st December, 2021	Market Based Approach (Level 2)	-	-	-	49,700,000
Machinery- Agri-food Sector	Office premises	-	Mr. Eranga Wickramarachchi	31st December, 2021	Unobservable input	-	-	-	5,900,000

NOTES TO THE FINANCIAL STATEMENTS

13.4 Revaluation of Assets

The value of land which has been revalued by an independently qualified valuer is indicated above together with the last date of revaluation. The valuation was performed by Mr Eranga Wickramarachchi - Incorporated Valuer, (Chartered Valuation Surveyor-UK) using both Market Approach and Income Approach and Unobservable input and the values of these assets have been reflected in the Financial Statements at the revalued amounts.

Valuations are based on market prices, adjusted for any difference in nature, location or condition of the specific property.

Valuation is as defined in the Sri Lanka Accounting Standards (SLFRS 13) made on Fair value measurement. The valuation is based on the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

13.5 If Land and Building Were Stated At Historical Cost, the Amounts Would Have Been as Follows;

Class of Asset	As at 31 March 2022		
	Cost	Accumulated Depreciation if Assets were Carried at Cost	Carrying Value
	Rs.	Rs.	Rs.
Free Hold Land	7,903,000	-	7,903,000
Building	258,945	12,947	245,998
Motor Vehicle	36,976,434	3,697,643	33,278,791
Machineries- Agri-food Sector	6,276,943	1,569,236	4,707,707
	51,415,322	5,279,826	46,135,496

13.6 Revaluation Surplus

	As at 31 March 2022			
	Revalued Amount	Carrying Value (Prior to Revaluation)	Revaluation Surplus Recognised in OCI	Revaluation Surplus Recognised in Income Statement
Free Hold Land	22,329,000	7,903,000	14,426,000	-
Building	2,100,000	258,945	1,841,055	-
Motor Vehicle	49,680,000	20,233,575	30,886,629	-
Machineries- Agri-food Sector	5,908,160	5,910,899	(2,739)	-
	80,017,160	34,306,419	47,150,945	-

13.7 Fully-Depreciated Property, Plant and Equipment

The cost of fully-depreciated property, plant and equipment of the Company which are still in use is as follows:

As at 31 March	2022 Rs.	2021 Rs.
Furniture and Fittings	995,334	995,334
Computer and Accessories	1,465,450	965,960
Office Equipments	2,528,146	1,208,770
	4,988,930	3,170,064

13.8 Property, plant and equipment pledged as security for liabilities

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

13.9 Permanent Fall in Value of Property, Plant and Equipment

There is no permanent fall in the value of property, plant and equipment which require a provision for impairment.

13.10 Title Restriction on Property, Plant and Equipment

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

14 Right of use Assets**Accounting Policy**

The Company recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

14.(a) Nature of the Leasing Activities

The Company has finance lease contracts for motor vehicles, typically made in 3 years

14.1 Reconciliation of Carrying Amounts of Right-of-Use Assets

As at 31 March	2022 Rs.	2021 Rs.
At the Beginning of the Year	16,332,743	18,845,062
Additions	9,525,000	175,000
Disposals	(8,751,781)	-
Amortisation Expense	(3,507,061)	(2,687,319)
Revaluation	30,696,109	-
At the end of the Year	44,295,010	16,332,743

NOTES TO THE FINANCIAL STATEMENTS

15 Inventories

Accounting Policy

Inventories are valued at lower of cost or net realizable value after making due allowances for obsolete and slow-moving items. Cost of inventory items are decided using Weighted Average Cost method. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and / or costs of conversion from their existing state to saleable condition.

As at 31 March	2022 Rs.	2021 Rs.
Paintball Guns	1,120,359	1,120,359
Paintballs	1,534,112	1,231,685
Agri Food	415,502	918,209
Other	1,652,464	-
	4,722,437	3,270,253

16 Trade and Other Receivables

Accounting Policy

(a) Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and trade receivables do not bear interest. If collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional and subsequently measured at cost less provision for impairment. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the Statement of Comprehensive Income.

(b) Other Receivables

Other receivable represents the Company's right to an amount of consideration that is unconditional. The Company has recognised other assets when the right to receive the payment has established.

(c) Accounting Estimate - Provision for Impairment

Company makes impairment for trade receivables based on the Expected Credit Losses (ECLs) as per SLFRS 9, which permits the use of the 12 months expected loss provision for all trade receivables. Refer accounting policy 3.4 (F) on page 89.

(d) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

The allowance is provided by considering evidence of impairment for receivables at both an individual asset and at a collective level. All individually significant receivables are individually assessed for impairment by considering objective evidence i.e. experiencing a significant financial difficulty or default in payments by a customer. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

As at 31 March	2022 Rs.	2021 Rs.
Gross Trade Receivables	34,772,994	20,956,791
Provision for debtor impairment	(200,302)	-
Net Trade Receivables	34,572,692	20,956,791
Prepayments	480,509	593,691
Loans and Advance to Employee	5,854,417	5,281,104
Interest Receivables	1,739,167	585,566
Other Receivables	3,218,727	2,295,262
Refundable Deposits	645,000	405,000
	46,510,512	30,117,414

17 Financial Investments

Accounting Policy

Refer Note 3.4 for Accounting Policy

As at 31 March	2022 Rs.	2021 Rs.
Fixed Deposits at Amortized Cost		
Hatton National Bank PLC	29,137,501	10,769,453
Sampath Bank PLC	38,512,658	17,002,307
	67,650,159	27,771,760

All these deposits are denominated in foreign currency and were translated into the functional currency at the exchange rate at the reporting date. The gains or losses on foreign currency conversion are recognised in the Statement of Comprehensive Income.

18 Income Tax Receivable

Accounting Policy

Refer Note 11 for Accounting Policy

As at 31 March	2022 Rs.	2021 Rs.
At the Beginning of the Year	185,695	(1,628,352)
Provision made During the Year	(459,636)	(489,905)
Tax Paid During the Year	266,447	2,303,952
	(7,494)	185,695

NOTES TO THE FINANCIAL STATEMENTS

19 Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents comprise cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Bank overdrafts, if any, which form an integral part of cash management, are included as a component of cash and cash equivalents for the purposes of the Statement of Cash Flows. In the Statement of Financial Position, bank overdrafts are included under liabilities.

As at 31 March	2022 Rs.	2021 Rs.
Favourable Balances		
Cash at Bank	7,419,330	3,405,949
Cash in hand	15,464	1,574
Cash and Cash Equivalents in the Statement of Financial Position	7,434,795	3,407,523
Unfavourable Balances		
Bank Overdrafts	(33,492,355)	(9,907,027)
Cash and Cash Equivalents in the Statement of Cash Flows	(26,057,560)	(6,499,504)

20 Stated Capital

Accounting Policy

Equity instruments are measured at the fair value of the cash or other resources received or receivable, If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

As at 31 March	2022 Rs.	2021 Rs.
Ordinary Shares (No of Ordinary Shares- 1,171,183)	11,171,830	11,171,830
	11,171,830	11,171,830

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible to one vote per share at the General Meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

21 Revaluation Reserve

The Revaluation reserve comprises the net surplus resulting from the revaluation of property, plant, and equipment as described in the Note 13.

As at 31 March	2022 Rs.	2021 Rs.
At the Beginning of the year	-	-
Revaluation Surplus	47,150,945	-
Differed Tax relating to Revaluation Reserve	(6,601,132)	-
At the end of the Year	40,549,812	-

22 Retirement Benefit Obligation

Accounting Policy

(a) Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Income Statement in the periods when they are incurred.

(b) Employees' Provident Fund

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the Employees' Provident Fund.

(c) Employees' Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

(d) Defined Contribution Plans

Following contributions have been made to the employee provident fund and employee trust fund during the year.

For the year ended 31 March	2022 Rs.	2021 Rs.
Employees' Provident Fund (EPF)		
Employer's Contribution (12%)	11,349,533	10,616,896
Employee's Contribution (8%)	7,566,355	7,077,931
Employees' Trust Fund (ETF)		
Employer's Contribution (3%)	2,837,383	2,654,224

(e) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The gratuity provision has carried forward in the Statement of Financial Position based on the calculation under Gratuity Formula. The following principal assumptions has been used in determine the cost of employee benefits.

22.1 Actuarial Assumptions

Assumptions Category	Assumptions
Demographic Assumptions	Staff Turnover (2020/21 - 4%)
	Retirement age (2020/21 - 55)
Financial Assumptions	Salary Increment (2020/21 - 8%)
	Rate of Discount (2020/21 - 10%)

NOTES TO THE FINANCIAL STATEMENTS

22.2 Movement in the Present Value of Retirement Benefit Obligation

As at 31 March	2022 Rs.	2021 Rs.
At the Beginning of the Year	1,961,695	2,948,033
Provision/(Reversal) for the year	1,892,556	(803,588)
Payments made during the year	(1,750,352)	(182,750)
At the end of the Year	2,103,899	1,961,695

23 Interest Bearing Loans and Borrowings

Accounting Policy

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable and transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised based on the effective interest method and is included in finance costs. If settlement is due within one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities in the Statement of Financial Position. Financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

As at 31 March	Note	2022 Rs.	2021 Rs.
Non Current Liabilities			
Bank Loan	22.1	2,189,224	2,320,000
Lease Liabilities	22.2	13,859,337	10,106,825
Other Borrowings	22.3	2,195,000	1,000,000
		18,243,561	13,426,825
Current Liabilities			
Bank Loan	22.1	5,847,696	4,680,000
Lease Liabilities	22.2	9,477,463	5,414,049
		15,325,159	10,094,049
		33,568,719	23,520,874

23.1 Bank Loan

As at 31 March	2022 Rs.	2021 Rs.
Balance as at 01 March	7,000,000	-
Loans Obtained During the Year	3,800,000	7,000,000
Repayments During the Year	(2,763,080)	-
At the End of the Year	8,036,920	7,000,000
Current Liabilities	5,847,696	4,680,000
Non Current Liabilities	2,189,224	2,320,000

23.1.4 Securities and Repayment Terms of Long-Term Borrowings

Bank Name	Currency	Interest Rate	Principal Amount	Repayment Term	Assets Pledged and Collaterals	Outstanding Value as at 31 March	
						2022 Rs.	2021 Rs.
HNB	LKR	AWPLR+3%	1,400,000	2 Years	USD Fixed Deposits	874,400	-
HNB	LKR	AWPLR+1%	2,400,000	2 Years	USD Fixed Deposits	1,900,000	-
Sampath	LKR	4%	7,000,000	2 Years	USD Fixed Deposits	5,262,520	7,000,000
						8,036,920	7,000,000

23.2 Lease liabilities

Accounting Policy

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date. Subsequent to the initial recognition, the liability is measured at amortised cost using the effective interest method.

(a) Presentation of ROU Asset and Lease Liabilities

The Company presents right-of-use assets that do not meet the definition of investment property in separate line as 'Right-of-use assets' and lease liabilities within 'Other Liabilities' in the Statement of Financial Position.

(b) Short Term Leases and Leases of Low-Value Assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight[1]line basis over the lease term.

23.3 Set out below are the carrying amounts of lease liabilities

As at 31 March	2022 Rs.	2021 Rs.
At the beginning of the year	15,520,874	11,528,686
Additions	27,623,528	13,018,844
Interest expense	(1,637,457)	(1,515,955)
Payments	(18,170,146)	(7,510,701)
At the end of the year	23,336,799	15,520,874
Current	9,477,462	5,414,049
Non Current	13,859,337	10,106,825
Total lease liabilities as at 31 March	23,336,799	15,520,874

NOTES TO THE FINANCIAL STATEMENTS

23.4 Amounts Recognised in Statement of Comprehensive Income (For the year ended 31 March 2021/22)

For the year Ended 31 March	2022 Rs.	2021 Rs.
Interest expense on lease liabilities	1,637,457	1,515,955
Depreciation of right-of-use assets	3,507,061	2,687,319

23.5 Assets Pledged

Lien over fixed deposit no "5192 6000 0123" for USD 39,980/- in the name of the company together with letter of set off.

24 Deferred Tax Liabilities

Accounting Policy

Refer Note 11 for Accounting Policy

There is no legally enforceable right to set off Deferred Tax assets against the Deferred Tax liabilities if it does not relates to the same taxable entity or the same taxation authority.

As at 31 March	Note	2022 Rs.	2021 Rs.
Deferred tax assets	24.1	1,977,400	-
Deferred tax liabilities	24.1	(7,255,212)	-
Net Deferred tax liabilities		(5,277,811)	-

24.1 Analysis of Recognised Deferred Tax Assets / Liabilities in the Statement of Financial Position

As at 31 March	2022		2021	
	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Deferred Tax Assets on,				
Retirement Benefit Obligation	2,103,899	294,546	-	-
Interest Income	12,020,390	1,682,855	-	-
	14,124,289	1,977,400	-	-
Deferred Tax Liabilities on,				
PPE	(51,822,942)	(7,255,212)	-	-
	(51,822,942)	(7,255,212)	-	-
Net Deferred Tax Liabilities	(37,698,653)	(5,277,811)	-	-

24.2 Movement of Deferred Tax Assets and Liabilities

As at 31 March	2022					
	Balance as at 1 April 2021	Recognised in Income Statement	Recognised in OCI	Net Balance	Deferred Tax Assets	Deferred Tax Liabilities
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Assets on,						
Retirement Benefit Obligation	-	294,546	-	294,546	294,546	-
Interest Income		1,682,855	-	1,682,855	1,682,855	-
	-	1,977,400	-	1,977,400	1,977,400	-
Deferred Tax Liabilities on						
PPE	-	(654,080)	(6,601,132)	(7,255,212)	-	(7,255,212)
	-	(654,080)	(6,601,132)	(7,255,212)	-	(7,255,212)
Net Deferred Tax Liabilities	-	1,323,321	(6,601,132)	(5,277,811)	1,977,400	(7,255,212)

25 Trade and Other Payables

Accounting Policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. These liabilities are recorded at the amounts that are expected to be paid.

As at 31 March	2022 Rs.	2021 Rs.
Staff Related Payables	350,188	1,122,264
Government Levies	2,114,091	1,798,204
Professional Fees	217,025	1,085,600
Rent Payable	122,500	195,000
Other Liabilities and Accruals	1,363,884	251,583
Amounts Due to Related Parties	636,819	636,820
	4,804,504	5,089,473

NOTES TO THE FINANCIAL STATEMENTS

26 Related Party Transactions

The Company carried out transactions in the ordinary course of business on arm's length basis with parties who are defined as related parties as per the Sri Lanka Accounting Standard LKAS 24 - Related Party Disclosures.

26.1 Key Management Personnel Information

According to Sri Lanka Accounting Standard – LKAS 24 on “Related Party Disclosures”, Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

26.2 KMP of the Company

Accordingly, JFS Holdings (Private) Limited (the company) considers its Board of Directors as Key Management Personnel of the Company.

Name of the Director

Mr. R. A. I. Madhushan

Ms. T. C. Dilrukshi

26.3 Transactions with KMP

Terms and Conditions

Transactions with related parties are carried out in the ordinary course of the business at commercial rates. Outstanding balances at the year end are unsecured and no interest was charged during the year (2021 - Nil).

26.4 Summary of the Transactions

	Name of The Related Party	Nature of Interest	Nature of Transaction	For the year ended 31 March 2022 Rs.	For the year ended 31 March 2021 Rs.	Receivable/ (Payable) Balance as at 31.03.2022 Rs.	Receivable/ (Payable) Balance as at 31.03.2021 Rs.
Transactions Recorded in Income Statement	Mr. R.A.I.Madhushan	Director	Director fee and emoluments	8,070,016	4,500,250	(37,025)	(920,600)
	T.C. Dilrukshi		Salary Related Cost	6,191,000	5,524,617	-	-
Transactions Recorded in Statement of Financial Position	Mr. R. A. I. Madhushan	Director	Incurring expenses on behalf of the company	-	-	(636,820)	(636,820)

27 Fair Value of Assets and Liabilities

Accounting Policies

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

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

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

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

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

Fair Value Hierarchy

Level 1: Inputs that are quoted market prices (unadjusted) in an active market for identical instruments;

Level 2: Inputs other than quoted prices included within level that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices);

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

The Company did not hold financial assets at fair value in the Statement of Financial Position, however the following non-financial assets carried at fair value in the Statement of Financial Position.

Category	Fair Value Hierarchy	Fair value Basis	As at 31 March	
			2022 Rs.	2021 Rs.
Land	Level 3	Both Market Approach and Income Approach	22,329,000	-
Building	Level 3	Both Market Approach and Income Approach	2,072,629	-
Motor Vehicle	Level 2	Market Based Approach	45,028,374	16,683,577
Machinery- Agri-food Sector	Level 3	Significant Unobservable input	6,488,576	946,605

There were no transfers between level 1 and level 2 fair value measurements during the financial year 2021/22.

NOTES TO THE FINANCIAL STATEMENTS

27.1 Fair Values

The following method and assumptions were used to measure the fair value.

- The fair value of financial assets and financial liabilities at amortized cost does not materially deviate from carrying value based on amortised cost methodology as at the reporting date.
- The fair values of the following financial instruments are assumed as approximate their carrying amounts largely due to the short-term maturities of these instruments.
 - Financial Instruments - Fixed Deposits
 - Trade and other receivables
 - Amounts due to related parties
 - Cash and cash equivalents
 - Trade and other payables

28 Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities.

The Company has exposure to the following risks from financial instruments,



28.1 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

28.1.2 The carrying amount of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk as of 31 March 2022 and 2021 are present in below.

As at 31 March	2022 Rs.	2021 Rs.
Financial Investments	67,650,159	27,771,760
Trade Receivables	34,772,994	20,956,791
Loans and Advance	5,854,417	5,281,104
Interest Receivable	1,739,167	585,566
Refundable Deposits	645,000	405,000
Cash and Cash Equivalents	7,434,795	3,407,523
	118,096,532	58,407,744

27.1.2 Response to Credit Risk

The Company's investment policy to diversification of bank deposits and cash at bank. The bank deposits held with the Hatton National Bank PLC and Sampath Bank PLC which are rated "AA-" by Fitch Ratings Lanka Ltd.

The credit policy of the Company is regularly reviewed by the senior management and take necessary actions to change to reflect the changes in the risk environment.

The Company implemented credit policies and procedures, with credit approval authorities delegated from the Board of Directors.

Regularly monitor trade receivables and get hold of necessary actions to recover long outstanding balances.

28.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Company's operations and investments.

The company uses a daily cash management approach to keep an eye on its danger of running out of money. This procedure takes into account the predicted cash flows from operations as well as the maturity of the Company's financial investments and financial assets (such as accounts receivable and other financial assets).

28.2.1 The following are the contractual maturities of financial assets and financial liabilities.

	As at 31 March 2022			As at 31 March 2021		
	Carrying Value Rs.	One Year or Less Rs.	More Than one Year Rs.	Carrying Value Rs.	One Year or Less Rs.	More Than one Year Rs.
Financial Assets						
Financial Investments	67,650,159	67,650,159	-	27,771,760	27,771,760	-
Trade Receivables	34,772,994	34,572,692	-	20,956,791	20,956,791	-
Loans and Advance	5,854,417	5,854,417	-	5,281,104	5,281,104	-
Interest Receivables	1,739,167	1,739,167	-	585,566	585,566	-
Refundable Deposits	645,000	645,000	-	405,000	405,000	-
Cash and Cash Equivalents	7,434,795	7,434,795	-	3,407,523	3,407,523	-
	118,096,532	118,096,532	-	58,407,744	58,407,744	-
Financial Liabilities						
Lease Liabilities	23,336,800	9,477,463	13,859,337	15,520,874	5,414,049	10,106,825
Other Borrowings	2,195,000	-	2,195,000	1,000,000	-	1,000,000
Amounts Due to Related Parties	1,331,820	1,331,820	-	636,820	636,820	-
Bank Borrowings	8,036,920	5,847,696	2,189,224	7,000,000	4,680,000	2,320,000
Trade and Other Payables	4,167,685	4,167,685	-	4,452,653	4,452,653	-
Bank Overdraft	33,492,355	33,492,355	-	9,907,027	9,907,027	-
	72,560,580	54,317,019	18,243,561	38,517,374	25,090,549	13,426,825

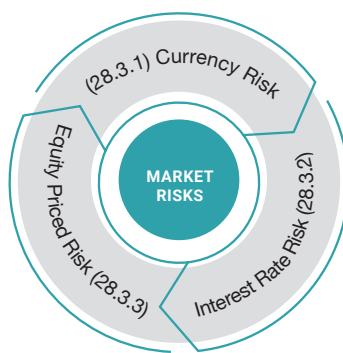
NOTES TO THE FINANCIAL STATEMENTS

28.2.2 Response to Liquidity Risk

- Review cash flow projections regularly
- Availability of overdraft facilities to be used to fulfil short term and emergency funding requirements.
- Diversification of financial assets portfolio.
- Maintaining sufficient cash balances and short-term investments to accomplish expected obligations
- Appropriate strategies have been implemented to closely monitor trade receivables and minimised trade payable period.

28.3 Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk.



28.3.1 Currency Risk

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 Company has exposure to foreign currency risk from the cash flows of overseas transactions and foreign currency transactions and balances which are affected by foreign exchange movements.

The overall objective of currency risk management is to reduce the short-term negative impact of exchange rate fluctuations on earnings and cash flow

28.3.1.1 The Company's exposure to foreign currency risk at the end of the reporting period is as follows,

As at 31 March	2022 Rs.	2021 Rs.
USD Investments		
Fixed Deposits	60,572,208	27,168,661
Cash and Cash Equivalents	7,346,018	3,137,563
EURO Investments		
Fixed Deposits	829,951	603,098
Cash and Cash Equivalents	1,168	1,181
	68,749,345	30,910,503

28.3.1.2 Sensitivity Analysis - Based on Exchange Rate Fluctuation

The main foreign currencies that the Company transacts in are the US dollar and the Euro. The following tables demonstrate the sensitivity to a possible change in the US dollar and Euro exchange rate, with all other variables held constant.

As at 31 March	2022 Rs.	2021 Rs.
US Dollar (USD)		
Appreciation 5%	(1,189,157)	(63,234)
Depreciation 5%	1,189,157	63,234
Euro (EUR)		
Appreciation 5%	(11,672)	33
Depreciation 5%	11,672	(33)

28.3.2 Interest Rate Risk

As at the reporting date the Company has not holds floating rate financial assets and financial liabilities. Therefore, the Company has not exposed to Interest rate risk as at the reporting date.

28.3.3 Equity Price Risk

At the reporting date the Company has not exposed to Equity price risk.

29 Contingent Liabilities

There are no contingent liabilities as at the reporting date that require to disclosure in these financial statements.

30 Capital Commitments

There are no capital commitments as at the reporting date that require to disclosure in these financial statements.

31 Event After the Reporting Date

No circumstances had arisen, since the balance sheet date which would require adjustments to, or disclosure, in the Financial Statements.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the J F S Holdings (Private) Limited will be held (physical and by electronic means) on Friday, the 23rd of September 2022 at 03.00 p.m. centered at No. 193/3, 2A, Borella Road, Depanama, Pannipitiya for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2022 with the report of the Auditors thereon.
2. To re-appoint B. R. De Silva & Co., (Chartered Accountants) as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.
3. To authorise the Directors to determine and make donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.

By Order of the Board of,
JFS HOLDINGS (PVT) LTD

C G Corporate Consultants (Pvt) Limited
9th September 2022

Colombo

Notes

1. A Shareholder who is entitled to participate, speak and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means.
2. A proxy need not be a Shareholder of the Company.
3. A Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company
5. The completed Form of Proxy should be deposited at the registered office of the Company, No. 193/3, 2A, Borella Road, Depanama, Pannipitiya, not less than 48 hours before the time appointed for the Meeting.
6. Please bring your National Identity Card to the Meeting

FORM OF PROXY

I/We (NIC No.)
 of being a shareholder/s* of J F S Holdings (Private) Limited, hereby appoint:

Mr. Raigamage Asanga Indrajith Madhushan	of Colombo or failing him*
Ms. Thanippulige Chamalee Dilrukshi	of Colombo or failing her*
Mr. Withanage Nuwan Damith Pushpakumara	of Colombo or failing him*
Mr. Mallawa Arachchige Nilantha Perera	of Colombo or failing him*

Mr./Ms. (NIC No.)
 of No. as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held physically and by electronic means on Friday the 23rd of September 2022 at 03.00 p.m. and at every poll which may be taken in consequence of the aforesaid Meeting at any adjournment thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2022.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint B. R. De Silva & Co., (Chartered Accountants) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
3. To authorise the Directors to determine and make donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

In witness we place my/our* hands hereunto this day of September Two Thousand and Twenty Two (2022).

.....
 Signature

Note:

- *Please delete the inappropriate words.
- A proxy need not be a shareholder of the Company.
- Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS FOR COMPLETION

1. Please perfect the Form of Proxy, after filling in legibly your full name and address, by signing in the space provided and filling the date of signature and your National Identity Card Number.
2. The completed form of Proxy should be deposited at the registered office of the Organization, No. 193/3, 2A, Borella Road, Depanama, Pannipitiya, 48 hours before the time appointed for the holding of the meeting.
3. In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.

4. The Proxy shall –

If an Attorney has signed the Form of Proxy, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Organization.

If the Member is a company or a corporate body, the Proxy should be executed under its Common Seal in accordance with its Articles of Association or constitution.

5. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

If there is any doubt as to how the vote is to be exercised, by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded by the Form of Proxy.

CORPORATE INFORMATION

Name of the Company

JFS Holdings (Private) Limited

Legal Form

The Company is a Private Limited Liability Company
Incorporated in 2012 under the Companies Act No. 7 of 2007

Company Registration Number

PV 84601

Accounting Period End

31 March

Registered Office

JFS Holdings (Pvt) Limited,
No. 193/3, 2A, Borella Road,
Depanama, Pannipitiya.
Telephone : 011-5927723-4
Website : www.jfsholdings.com

Board of Directors

Mr. R. A. I. Madhushan
Ms. T. C. Dilrukshi
Mr. W. N. D. Pushpakumara
Mr. M. A. N. Perera

Secretaries

C G Corporate Consultants (Pvt) Limited
No. 45, Visakha Road, Colombo 04.
Telephone : 011 2595175

Auditors

B. R. De Silva & CO., (Chartered Accountants)
No. 22/4, Vijaya Kumaratunga Mw, Colombo 05.
Telephone : (+94) 112 513 420 - 22
(+94) 114 510 268

Bankers

Sampath Bank PLC
Hatton National Bank PLC
Commercial Bank of Ceylon PLC

Designed & Produced by



