



THE STARGATE

Nothing can stop us from becoming a global brand

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In the heart of Sri Lanka, within the royal garden of “Ranmasu Uyana” in Anuradhapura, lies a sacred stone carving known as ‘Sakwala Chakraya.’ This remarkable symbol unveils the rich history and wonders of the ancient Sri Lankan civilization, serving as a proof to our ancestors’ extraordinary wisdom and unstoppable. They transcended the limitations of their era, surpassing the boundaries of the simple human capacity to create majestic monuments that continue to captivate historians and evoke a sense of wonder even today like what JFS has in its store to offer to the society.

JFS aspires to become Sri Lanka’s largest conglomerate. It strives to recreate the history in order to align with the stargate. Customer satisfaction, brand loyalty, and adding value for employees, shareholders, and society are the objectives of our company. JFS aspires to create a significant impact through thinking broadly, acting creatively, developing talent, and upholding moral principles.

The journey of the ‘billion run’ at JFS mirrors the essence of our mystic mindset. Like the ‘Sakwala Chakraya’ that transported our ancient ancestors to unimaginable realms, we aspire to reshape our nation through the dreams we dare to dream. With unwavering determination, we strive to usher in a new era of greatness where our collective aspirations propel us toward unparalleled achievements.

Among the captivating theories surrounding the purpose of ‘Sakwala Chakraya,’ a fascinating idea emerges that torments the mind and stirs controversy. It bears semblance to the concept of a ‘Star Gate,’ a device known in science fiction to transport individuals to unimaginable realms within the vast universe. It is believed that ‘Sakwala Chakraya’ can defy conventional means and transport those who enter places deemed impossible.

The captivating wonder of “Sakwala Chakraya” ignites JFS’s imagination, promising new and mysterious realms beyond our understanding. The irresistible allure of “Sakwala Chakraya” continues to draw us in, urging us to delve deeper.

JFS embraces the intrigue surrounding “Sakwala Chakraya,” reflecting JFS’s commitment to innovation and continuous growth. The enigmatic nature of “Sakwala Chakraya” resonates with JFS’s exploration of the unknown and their willingness to venture into unexplored domains. ‘Sakwala Chakraya’ offers a tempting escape from the ordinary, inviting the brave and curious to embark on a journey that defies convention.

At JFS, we embrace the profound wisdom embedded in our ancestral heritage. We at JFS believe in unlocking our potential to rise above the ordinary and expand our mindset to become the best overcoming any challenges we may face in the years to come. Our ancestors achieved greatness through their boundless insight. Similarly, at JFS, we rise above these limitations, forging a path that leads us toward unprecedented success.

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Madhushan Raigamage
Chairman



Inspired by the wonders of Stargate, we are now embarking on a path that knows no limits. I believe this journey of pushing the limits of the impossible will lead us to a universe of new wonders. Our approach is all about connecting diverse markets globally, using technology, innovation, and collaboration. Success is our goal in every venture, and we aim to create extraordinary experiences for our valued partners and clients. With our commitment to excellence, innovation, and customer satisfaction, we've become a leading force in Sri Lanka's business world, and we'll continue to reach new heights with "Thinking big" as the company's driving force to witness the magic unfold.



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Business Process Outsourcing (BPO) Sector



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Information Communication Technology (ICT) Sector



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Extreme Sport Sector



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Agro Food Sector

ABOUT THE REPORT

Introduction

As we present our Annual Report for the year ended on 31st March 2023, this report marks a remarkable milestone in our history, as we are currently on our journey to embark on a new phase of growth. This is the JFS's 4th consecutive Annual Report of the Company and which reflects on,

- Financial, operational, environmental and social review and results of the Company
- The value creation model of the Company
- Governance and risk management entrenched within the JFS Holdings Limited.

Our Aim

Our major aim of this annual report is to provide a transparent and accurate picture to all our stakeholders and investors with an interest in investing in our company. Through the report, we also highlight our strong financial performance, innovative products and services, and our strategic vision for growth.



Standards and Principles

- All the financial statements in the report are presented following the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka.

Our Boundary and Scope

This annual report is centered on the operations of JFS Holdings, which covers the fiscal year starting from 1 April 2022 to 31 March 2023. We have followed an annual reporting cycle and have provided updates on significant events, achievements, and challenges that have occurred during this period. This ensures that the report is current and relevant to our stakeholders.

Information Verification

We take great care to ensure that the information presented in our Annual Report is accurate and reliable. Thus, we have implemented a rigorous approach to verify the information included in the report with the involvement of internal controls of the place including regular reviews and audits by our internal audit team, as well as oversight by our Board of Directors. Additionally, an external assurance of the Financial Statements has been provided by the B.R. De Silva & Co which is available on page 112 of this Report.

Responsibility for Financial Information

The Board of Directors of the Company takes responsibility for the sustainability practices and relevant disclosures included in this Report. We believe that we have included all material aspects necessary to understand the company's financial position, performance, and prospects in this annual report. We acknowledge our responsibility to maintain the integrity of this report and ensure that it provides a comprehensive view of the company's performance. This report was approved by the Board of Directors of JFS Holding Limited on 25 July 2023.

Chief Financial Officer

Director

Director

Feedback, Further Information, and Suggestions

We hope that this report provides a comprehensive overview of our business and operations, and we welcome feedback and input from our stakeholders as we continue to evolve and grow as a company.

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Navigating this Report

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



Financial Capital



Human Capital



Natural Capital



Manufactured Capital



Intellectual Capital



Social and Relationship Capital

ABOUT JFS

JFS Holdings is a limited liability company with commercial interests principally in ICT, BPO, Agro Food and Extreme Sports. The company was founded as a private limited company in early 2012 and gradually expanded its operations across the aforesaid business categories.

While sticking to its fundamental goals of long-term development and giving value to its customers, the company has expanded from its initial offering as a recruitment service for regional businesses to a portfolio that is now diversified across multiple sectors. JFS Holdings believes that “Thinking Big” is essential, thus we entered a number of areas, including Information Communication Technology (ICT), Business Process Outsourcing (BPO), Agro Food and Extreme Sports. Our company takes pride in its diversity and ability to offer customers with complete solutions across all accessible channels.

As a consequence of our commitment to quality and sustainability, we have earned a reputation as a moral and trustworthy business partner. As we develop and expand, we are committed to giving the best items and services to our customers. We are dedicated to providing our customers with comprehensive and cutting-edge solutions in all of our areas of expertise. We make significant efforts to create and improve our services in order to meet our clients’ ever-changing needs. We are certain that our comprehensive range of services will suit all of your company’s needs. JFS Holdings has a global clientele that includes Singapore, Netherlands, New Zealand, China, United Kingdom, Saudi Arabia, and Qatar.

Vision, Mission and Values

JFS is optimistic about the future while knowing it would be challenging. We are inspired to go forward quickly and successfully

while loving the journey and learning from it. We are aware of the need of having a clear plan that outlines our course, our chances of success, our team members, and how we will cooperate to reach our objective. JFS has thus developed its own strategy to achieve our objectives.

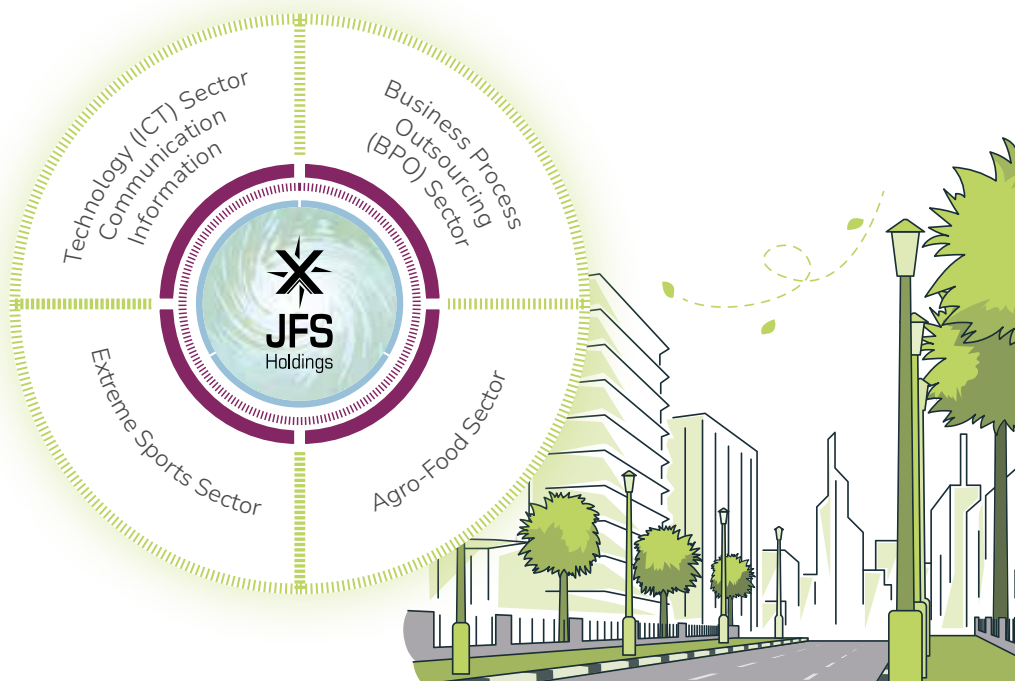
Vision	➤	To be the largest conglomerate in Sri Lanka.
Mission	➤	We create smiles in the faces of our consumers and make all customers loyal to our brands, whilst adding value to our employees, shareholders, and society.

Values

			
Thinking BIG	Right Innovation	Empowering Talents	Doing Right Things

Business segments

JFS Holdings has made enormous development in an array of sectors, earning accolades and admiration for its outstanding accomplishments.





Business Process Outsourcing (BPO) Sector



JFS provides business process outsourcing services all around the world under the brands “SourceOne” and “Jobfactory”.

“SourceOne” has gained substantial knowledge over the previous seven years supporting organisations in changing to modern staff management practises, automating non-core activities, and lowering risks.

Since JFS inception in 2012, “Jobfactory” has become a well-known brand in executive search, and it currently has a licence from the Sri Lanka Bureau of Foreign Employment to transfer executives overseas.

Jobfactory is a renowned talent acquisition agency that specializes in providing customized recruitment solutions for companies. As one of the top ten agencies in Sri Lanka, Jobfactory offers a range of tailored solutions to meet the unique requirements of each client. At Jobfactory, clients can rely on trusted HR consultants who deliver fast and efficient services to identify the most suitable candidates for their recruitment needs. The agency places great importance on candidate competencies while understanding the specific demands of the client.

“Jobfactory,” which services over 100 clients in various sectors, has a significant influence on the BPO market by bringing in top personnel for client companies while maintaining ethical standards.

Brands



Refer pages 42 to 44 for more information



Information Communication Technology (ICT) Sector



In the information and communication technology (ICT) market, we provide a number of services such as search engine optimisation (SEO), website design, and mobile app development. The ICT sector is our key source of revenue, accounting for 52% of total sales. We provide local and international clients Business Process Outsourcing (BPO) services in addition to ICT services. We take over parts or all of the firm activities and function as the recognised employer for off-shore personnel employed by global businesses as a trusted business partner.

JFS Holdings has cemented its position as a prominent player in Sri Lanka’s ICT industry on the world stage. The company’s ICT services shine in the service sector under the brand CodeOne-X. CodeOne-X offers web development, software development, and search engine optimisation in addition to IT personnel augmentation. CodeOne-X has a solid four-year track record and is still bringing in new installations, forming partnerships, and looking for investment opportunities. During the year, we successfully introduced “Verifiez-e,” a comprehensive service brand specializing in employee background verification services and KYC services tailored for companies and banks.

Brands



Refer pages 45 to 47 for more information

ABOUT JFS



Extreme Sports Sector



JFS Holdings is involved in the realm of action Extreme Sports with two brands, “RAVANA-h” and “four-man team.” These brands provide challenging and team-building activities to Sri Lankan populations.

The leading provider of top-quality paintballs and paintball equipment in Sri Lanka is RAVANA-h founded by JFS, is committed to providing the most cutting-edge items that will raise the bar for performance, quality, and the entire playing experience. JFS became engaged in extreme sports in 2015 and has since learned a great deal about how they are conducted both domestically and internationally.

Brands



“four-man team” offers a range of team-building corporate abroad training packages to help businesses establish better teams. ‘four-man team’ provides exhilarating adventure sports experiences such as ‘Predator hunt,’ ‘Wild Cat’ and ‘One minute to Win’, with locations in Madakada, Kalatuwawa, Kithulgala, and Kukuleganga.

Refer pages 48 to 55 for more information



Agro- Food Sector



JFS Holdings entered the agriculture market in 2020, embarking on a journey marked by innovation and growth. The brand “RAVINE” has a significant influence on this market with a variety of agricultural items that correspond to high global quality requirements. JFS aids the agriculture business by providing the international market with the finest Sri Lankan spices such as ceylon cinnamon, pepper, and clove. The cutting-edge manufacturing facility satisfies high quality requirements and the particular demands of wholesale and retail clients worldwide.

Brands



RAVINE is dedicated to provide its clients the finest spices at competitive prices while also being dedicated to sustainability. Protecting the environment and the people who cultivate our spices is vital in our opinion. We collaborate with small-scale farmers because of this, and we use sustainable agricultural methods.

By broadening its product offering, growing its distribution system, and making investments in cutting-edge sustainable technology, RAVINE intends to boost its business in future. We are also dedicated to supporting the communities in which we operate. We intend to provide 1% of our revenue to help regional charity in future. We are certain that RAVINE will stay at the top of the organic spice market.

Refer pages 56 to 61 for more information

Awards and Recognition



JFS Holdings has been the recipient of several significant honor awards, which serve as a proof to its brilliance and accomplishments across various sectors. These accolades recognize the company’s unwavering commitment to delivering exceptional services and its substantial impact on the business landscape. Here are the expanded details of the awards received by JFS Holdings:

- **Merit Award at the “National Business Excellence Awards 2023.”**

JFS Holdings Limited received a Merit award in the Medium Category for the ICT sector at the National Business Excellence Awards 2023. This special event was organized by the National Chamber of Commerce Sri Lanka. The award acknowledges the company’s exceptional achievements and significant contributions to the economy of Sri Lanka. It also emphasizes JFS Holdings’ commitment to excellence and its crucial role in the industries it operates within.

- **Certificate of Compliance for the Annual Report 2021-2022 at the TAGS Awards 2022:**

JFS Holdings received the Certificate of Compliance for the Annual Report “BILLION RUN”

2021-2022 at the TAGS Awards 2022. This certificate signifies that JFS Holdings’ annual report complied with the highest standards and regulations. It exemplifies the company’s dedication to professionalism, transparency, and maintaining exemplary reporting practices.

- **NCE Silver Award at the 30th Annual Export Awards 2022 by the National Chamber of Exporters of Sri Lanka:**

JFS Holdings was honored with the Silver Award at the 30th Annual Export Awards 2022 organized by the National Chamber of Exporters of Sri Lanka. This prestigious award was presented in the medium business category for commercial and professional services exports. It recognizes JFS Holdings’ exceptional performance in

international markets, its significant contribution to the country’s economy through exports, and its unwavering commitment to delivering high quality services globally.

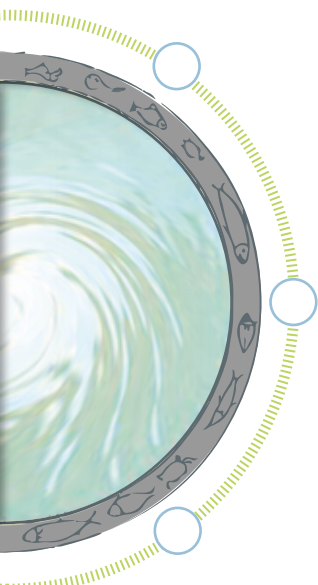
- **National Silver Award at the CNCI Achiever Awards 2022:**

In December 2022, JFS Holdings received the prestigious National Silver Award at the CNCI Achiever Awards. This esteemed recognition was bestowed by the Ceylon National Chamber of Industries, highlighting JFS Holdings’ exceptional achievements and substantial contributions to the economic landscape of Sri Lanka. The award underscores the company’s unwavering commitment to excellence and its significant impact in the industries it operates in.

These awards clearly showcase relentless pursuit of excellence, innovation, and ethical business practices at JFS. They underscore the company’s exceptional performance and remarkable contributions to the industries it operates in, further solidifying its reputation as a leader in the business arena.

ABOUT JFS

Contribution to the Economy



Economic Value Generated

Rs. **241.9** Mn

2021/2022 Rs. 236.9 Mn

Revenue

Rs. **228.8** Mn

2021/2022 Rs. 210.5 Mn

Other Operating Income

Rs. **13.1** Mn

2021/2022 Rs. 26.4 Mn

Economic Value Distributed

Rs. **206.8** Mn

2021/2022 Rs. 189.1 Mn

Employees

Rs. **144.0** Mn

2021/2022 Rs. 151.4 Mn

Services Providers

Rs. **41.7** Mn

2021/2022 Rs. 24.5 Mn

Government

Rs. **21.1** Mn

2021/2022 Rs. 13.3 Mn

Economic Value Retained

Rs. **35.1** Mn

2021/2022 Rs. 47.8 Mn

In Depreciation

Rs. **9.8** Mn

2021/2022 Rs. 5.7 Mn

In Retained Earning

Rs. **25.3** Mn

2021/2022 Rs. 42.1 Mn

Year at a glance

2022 April

Appointed two independent non-executive directors to the board

2022 December

Won Compliance award at TAGS Award 2022 / Received Silver at CNCI Achiever Award 2022

2022 November

Won Silver at NCE Awards 2022

2023 March

Introduced Verifiez-e brand



STRATEGIC REVIEW

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OUR STORY/JOURNEY



- The Birth of SourceOne, our company's BPO brand.
- Obtained the license from the Sri Lanka Bureau of Foreign Employment (SLBFE)
- Reached a significant milestone by receiving our first-ever payment in USD.
- Relocated our office to Depanama, Pannipitiya.
- Incorporated the company with a focus on excelling in Executive Search, starting with a share capital of Rs. 1,000/-
- Receiving our first-ever customer payment from LOLC.

2014

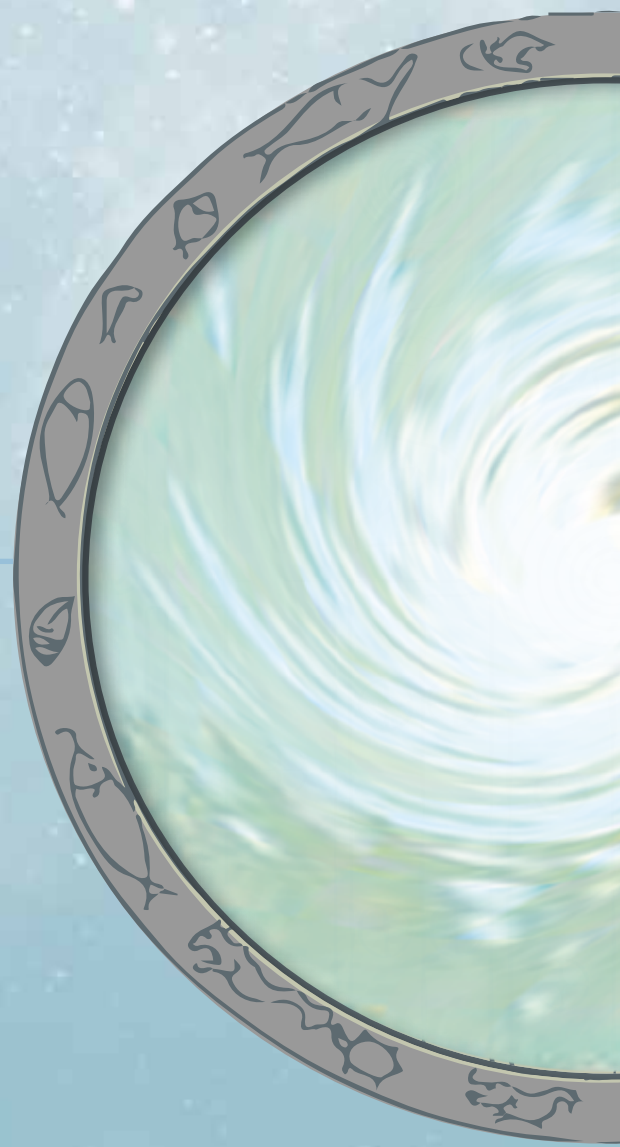
2013

2012

2022

2023

- Made new appointments to the Board, bringing on board Independent Directors.
- Initiated formalities for CSE listing.
- Achived Rs. 100 Mn+ equity
- Appointment of new Independent Directors to the Board
- Introduced new service brand (Verifiez-e) to our portfolio





BILLION RUN

What is Billion Run

Showcasing our unwavering commitment to becoming the leading conglomerate in the CSE is the ultimate goal of the JFS initiative “Billion Run”. The aim of “Billion Run” is to achieve our ambitious goal of reaching a Rs. 1 billion equity within the next five years.

Customer Satisfaction is our driving force

At JFS, customer satisfaction is the bedrock of our success. We consistently strive to exceed customer expectations by delivering exceptional products and services. Through meticulous attention to quality, personalized experiences, and responsive support, we ensure that our customers’ needs are met and surpassed. Their satisfaction is the fuel that propels us forward.

Building Brand Loyalty

We take immense pride in our ability to foster strong brand loyalty. Our brands are symbols of trust, reliability, and innovation. By consistently delivering on our promises and going above and beyond, we forge deep connections with our customers. Our brand becomes synonymous with excellence, earning the loyalty and trust of a growing customer base.

We are guided by unwavering principles

Value creation lies at the core of our operations. We believe in creating value not just for our employees and shareholders, but for society as a whole. Our commitment to ethical and responsible practices permeates every aspect of our decision-making. By operating with integrity, transparency, and a strong sense of social responsibility, we contribute to the betterment of the communities we serve.

Embracing the path to leadership

As we reflect on our achievements and milestones, we recognize that our journey towards leadership is ongoing. We remain committed to continuous improvement, innovation, and sustainable growth. Our success is driven by the passion and dedication of our talented workforce and the unwavering support of our stakeholders.

Together, we will continue to redefine industry standards, embrace challenges, and create a future where excellence and responsibility thrive.

Chairman's Message on Billion Run

I am honored and take great pleasure in expressing my sincere appreciation and extend warm greetings to all of you as I present the goal "Billion Run", where we reflect on our journey and outline our vision for the future.

The official launch of the implementation plan for JFS Holdings to transform into a billion-rupee corporation by the conclusion of the 2027-2028 fiscal year was unveiled in December, 2022. This ambitious objective requires dedication and perseverance, and we are optimistic about achieving it. To reach this momentous milestone, we have established a series of short-term objectives that will propel us forward on this exhilarating path.

We have set our sights on a tangible financial milestone that will validate our progress and demonstrate our ability to generate substantial revenue. By diligently implementing our strategic initiatives and leveraging our unique strengths, we aim to achieve an income of \$300,000 within the specified timeframe.

Recognizing the importance of sufficient capital to fuel our growth trajectory, we have identified the need for a significant capital infusion. Our goal is to attract a substantial investment of 125 million, which will provide us with the necessary resources to expand our operations, bolster our infrastructure, and seize promising market opportunities.

As part of our strategic realignment, we have embarked on a transformative journey to enhance our organizational structure and maximize our potential. Our vision entails transforming our main four brands into independent subsidiaries, enabling each to operate with greater autonomy, specialization, and agility. By doing so, we aim to unleash the full potential of these brands, enabling them to thrive and contribute to our overall success.

These short-term objectives serve as crucial stepping stones towards the realization of our ultimate goal: attaining the coveted Billion Run (BR) status. With unwavering dedication, strategic acumen, and an unyielding commitment to excellence, we are poised to embark on an extraordinary trajectory of growth and achievement.

In the near future, we are planning significant investments in the ICT/BPO sectors, the food/agro-industry, and extreme sports, with approximately LKR 100 million, LKR 50 million, and LKR 25 million respectively. By the financial year 2024-2025, our aim is to have reserves of one million USD. To maintain financial prudence, we commit to keeping overheads below as much as possible until reaching the equity milestone of \$1 billion by the end of the 2027-2028 fiscal year.

JFS remains committed to supporting the 20:80 talent paradigm, investing in the 20% of individuals who contribute 80% of the profits to the business.

With an exceptional and dedicated team, I am confident that the Billion Run goal will undoubtedly be accomplished. I extend my heartfelt gratitude to all our stakeholders for their unwavering support and commitment to our shared vision.,



GLOBAL REACH-OUT

In our quest for success, we bring people together from all over the world, breaking down barriers and embracing diversity. Using advanced technology, innovative ideas, and working together, we expand our reach beyond what we thought possible. We explore new possibilities and create amazing experiences for our partners and clients. This journey is filled with wonder as we connect with different markets, bridges gaps and opening doors to full of endless opportunities.

Our vision is like a magical story coming to life. Inspired by the captivating Stargate, we're embarking on a journey that breaks boundaries and surpasses expectations. Our strategy enables us to connect different markets worldwide, pushing the limits of what seems impossible. With each new venture, use technology, innovation, and collaboration to achieve great success. We are opening doors to new opportunities, expand into untapped markets, and create amazing experiences for all our partners and clients. Together, we'll embark on an extraordinary journey that goes beyond expectations. Step through the Stargate with us and witness the magic unfold!

Our Global Business Reach out Strategy

In today's interconnected world, importance of global reach for businesses is crucial. As a company, we share this vision and aim to generate a significant portion of our revenue; a minimum of 50% of the turnover through foreign exchange. Currently, we earn foreign exchange from two of our brands, CodeOne-x and SourceOne, with their respective successes in the ICT sector and outsourcing services. However, we have a bigger goal in mind - to reach customers around the world with all six brands among all our eight brands. For this purpose, we strive

to reach far beyond the scope of our home country to tapping into international markets, recognizing the immense potential in the global business arena.

RAVANA-h Plan to Become a Global Brand

To expand our global presence, we have developed a strategic plan consisting of five phases. We have successfully completed the first phase, which involved launching an e-commerce platform and engaging in re-exporting.

In order to enhance our operations, we are in discussions with a paintball supplying agent based in USA, named Co-Outdoor to procure paintball equipment and re-export them through our e-commerce platform. As part of our second phase, we are working towards establishing a warehouse in the USA, preferably in New York or Delaware, with assistance from Co-Outdoor. This strategic move will enable us to effectively serve the American market and streamline our operations.

To facilitate smooth and secure transactions, we have obtained the Payment Gateway from "We Check-in" and successfully integrated it into our platform. Looking ahead, we plan to manufacture paintball equipment in Sri Lanka and sell them, along with other imported goods, to the USA through a trusted partner.

Moving forward, our third phase involves the manufacturing of paintball equipment and apparels locally, as well as the assembly of the RAVANA-h MR 1Z Marker. In the fourth phase, we will focus on manufacturing all fast-moving accessories and producing the RAVANA-h MR 2Y Marker. Finally, in our fifth and final phase, we aim to manufacture our own paintball marker, the RAVANA-h MR 3X.

Through this well-structured plan, we are committed to establishing a strong global presence and providing top-quality paintball products. Our goal is to deliver an exceptional paintball experience to customers worldwide, while contributing to the growth of the industry.

Plan of RAVINE and CinnaMantra to reach the globe with spices and cinnamon chew sticks

RAVINE and CinnaMantra in the Agro food sector of JFS have come together with a global plan to expand the reach into the global market. To kick start this expansion RAVINE plans to introduce KSX to the market and to go beyond Sri Lanka and the South Asian diaspora with Sri Lankan spice products. The aim is to cater to the growing demand for natural and premium food products markets of the Gulf, Australia/New Zealand, the EU, and Canada. As a part of the

broader global plan, CinnaMantra will focus on entering the United Kingdom market with its premium quality chew sticks for dogs made from Ceylon Cinnamon. The UK’s pet-loving culture, growing demand for premium pet treats, and appreciation for natural products make it an ideal entry point for the CinnaMantra’s expansion. Through effective branding, marketing, distribution, and engaging with consumers, RAVINE and CinnaMantra hope to establish themselves in Europe and America, reaching customers outside of Sri Lanka.

CoX and SourceOne highlights with plans for next 5 years

As we embark on our journey to connect different markets worldwide, our vision is inspired by the captivating concept of the Stargate. Just like the Stargate opens doors to new worlds, we aim to open doors to new opportunities and expand our global reach. In this grand adventure, our brands CoX and SourceOne shine as the pinnacle of success in their respective sectors.

CoX, our esteemed brand in the ICT sector, represents the technological prowess and innovation that propels us forward. With CoX, we aim to offer cutting-edge IT services globally. Like a Stargate connecting different realms, CoX connects businesses worldwide, providing them with top-notch technology solutions. Our strategic plan for CoX involves expanding our operations to Nepal, a growing hub for the ICT sector. By partnering with a Nepalese company, we will leverage their cost-effective resources and establish our own entity in Nepal, creating a bridge between our expertise and the opportunities in the Nepalese market.

Furthermore, we are actively seeking a partnership with a Singaporean company for ICT staff augmentation, enabling us to enhance our resources and extend our global reach. With CoX, we will transcend boundaries and bring the power of technology to clients around the world.

SourceOne, our flagship brand in the BPO sector, holds the key to unlocking the potential of global outsourcing. Like a Stargate that transports us to different worlds, SourceOne allows businesses to access a diverse range of resources from Sri Lanka, the Philippines, and Nepal. Currently, the website, sourceone.lk serves as a platform dedicated to providing resources from Sri Lanka, specializing in services such as EOR, PEO and virtual staffing.

Through our strategic initiatives, we are developing SourceOne.com as a global platform that connects businesses with resources from multiple countries, catering to their specific needs and expanding our global footprint. By partnering

with companies in the USA and the Philippines, we strengthen our position in the BPO sector and extend our reach to new horizons. SourceOne exemplifies the efficiency and effectiveness of outsourcing, opening doors to cost-effective solutions and streamlined operations for businesses worldwide.

In our quest to connect markets globally, CoX and SourceOne stand tall as the epitome of our success. They embody our commitment to excellence, innovation, and customer satisfaction. With CoX, we harness the power of technology to bridge the gaps between businesses, while SourceOne serves as a gateway to a world of outsourcing possibilities. Together, they propel us forward on our extraordinary journey, transcending boundaries and bringing the magic of the Stargate to the world of business. Step through the Stargate with us and witness the limitless possibilities that CoX and SourceOne offer in shaping a connected and prosperous future.



GLOBAL REACH-OUT



Through our strategic expansion efforts, we aim to establish JFS as a trusted partner and a leading provider of BPO services in African countries. Our mission is to contribute to the growth and development of the local economy.

JFS plan to reach out African market as a hiring platform

In our quest to expand our global reach, JFS is now setting its sights on African countries as a hiring platform. Recognizing the immense potential and talent pool available in Africa, we aim to tap into this market to provide exceptional resources and services to our clients. With our expertise in the BPO sector and our successful partnerships in the USA and the Philippines, we are confident in our ability to replicate our success in the African market.

Our strategic approach involves establishing strong relationships with local companies and organizations in African countries, enabling us to effectively source and recruit highly skilled professionals. By collaborating with these partners, we can leverage their knowledge of the local market, cultural nuances, and talent landscape. This approach ensures that we can provide our clients with the best-fit resources for their specific needs.

Additionally, we are investing in extensive market research and analysis to identify key industries and sectors in Africa that present

significant growth opportunities. By understanding the evolving business landscape and demands of the African market, we can tailor our services to meet the unique requirements of clients in this region.

To support our expansion into African countries, we are actively developing strategic partnerships with local companies and organizations that share our vision and values. These partnerships will enable us to establish a strong presence, build a robust network of resources, and deliver high-quality services to our clients.

Furthermore, we are investing in technological infrastructure and digital platforms to streamline the hiring process and ensure efficient communication and collaboration with our African clients. This includes developing user-friendly portals and platforms that connect clients with our extensive talent pool and provide them with seamless access to the resources they need.

As we forge ahead into new territories, we remain committed to upholding our core values of excellence, innovation, and customer satisfaction. We understand that

expanding into African countries requires a deep understanding of the local culture, business practices, and talent landscape. With this in mind, we are dedicated to building strong relationships, fostering trust, and delivering exceptional value to our African clients.

Through our strategic expansion efforts, we aim to establish JFS as a trusted partner and a leading provider of BPO services in African countries. Our mission is to contribute to the growth and development of the local economy, empower talented professionals, and create a positive impact in the communities we serve.

Step into the Stargate with us as we embark on this exciting journey to Africa, where the possibilities are endless. Together, let us unlock the potential of this vibrant continent and create a brighter future for businesses and individuals alike.

Verifiez-e plan to move to African countries

As we continue to expand our portfolio of brands, Verifiez-e stands out as a rising star in the verification services industry. With a strong foundation established in our home

market, we are now setting our sights on the vast potential of the African region. Inspired by the Stargate concept, Verifiez-e is ready to embark on an extraordinary journey, transcending borders and unlocking new opportunities.

The African region presents a dynamic and rapidly evolving market, with diverse industries and a growing need for reliable verification services. Understanding the importance of trust and credibility in business transactions, we believe Verifiez-e can make a significant impact in ensuring transparency and authenticity across various sectors.

To pave the way for our expansion into African countries, we are diligently conducting market research and analysis to gain deep insights into the unique needs and challenges of each market. This knowledge allows us to tailor our services specifically to meet the requirements of African businesses and individuals, ensuring seamless and reliable verification processes.

We are committed to establishing strategic partnerships with local organizations and industry leaders in African countries. By collaborating with these partners, we can leverage

their expertise, local networks, and understanding of the regulatory landscape. This approach ensures that Verifiez-e operates in full compliance with local laws and regulations, instilling trust and confidence in our services.

As part of our expansion plan, we intend to enhance our technological capabilities to deliver efficient and secure verification solutions. This includes developing user-friendly platforms and utilizing advanced technologies such as artificial intelligence and blockchain to streamline the verification process, enhance data security, and improve overall user experience.

In parallel with our expansion into African countries, we also recognize the potential in the Nepalese market. With its vibrant economy and a burgeoning need for reliable verification services, Nepal presents an exciting opportunity for Verifiez-e. By extending our reach to Nepal, we aim to cater to the local market's unique requirements and contribute to its growth and development.

Through our strategic initiatives, Verifiez-e aims to establish itself as a trusted and preferred provider of verification services in African countries

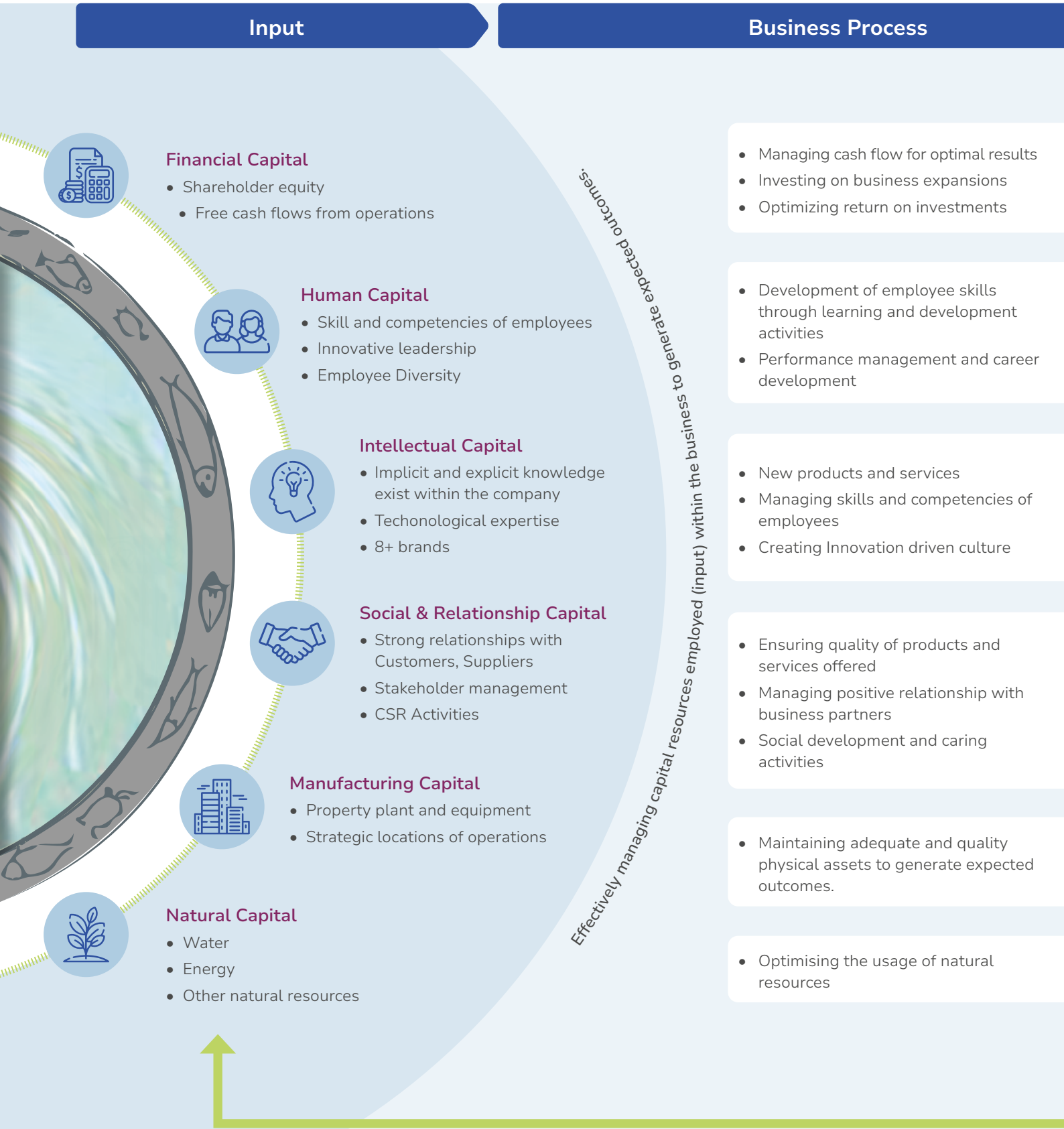
and Nepal. Our goal is to empower businesses, individuals, and institutions with the confidence and assurance they need to forge successful relationships and transactions. By leveraging our expertise, cutting-edge technology, and unwavering commitment to excellence, Verifiez-e is ready to open the Stargate of opportunities in Africa and beyond.

As we embark on this journey, we are guided by the spirit of exploration, adventure, and the limitless possibilities that the Stargate concept embodies. Just as the Stargate connects different worlds and opens doors to new realms, Verifiez-e aims to bridge gaps, establish trust, and facilitate seamless transactions in the African market. Step through the Stargate with Verifiez-e and witness the magic of reliable verification services unlocking the potential of businesses and individuals in Africa and Nepal. Together, let us embark on this extraordinary journey and create a brighter future.

Verifiez-e stands out as a rising star in the verification services industry. With a strong foundation established in our home market, we are now setting our sights on the vast potential of the African region. Inspired by the Stargate concept, Verifiez-e is ready to embark on an extraordinary journey, transcending borders and unlocking new opportunities.



OUR BUSINESS MODEL



Input

Business Process

Financial Capital

- Shareholder equity
- Free cash flows from operations

Human Capital

- Skill and competencies of employees
- Innovative leadership
- Employee Diversity

Intellectual Capital

- Implicit and explicit knowledge exist within the company
- Technological expertise
- 8+ brands

Social & Relationship Capital

- Strong relationships with Customers, Suppliers
- Stakeholder management
- CSR Activities

Manufacturing Capital

- Property plant and equipment
- Strategic locations of operations

Natural Capital

- Water
- Energy
- Other natural resources

- Managing cash flow for optimal results
- Investing on business expansions
- Optimizing return on investments

- Development of employee skills through learning and development activities
- Performance management and career development

- New products and services
- Managing skills and competencies of employees
- Creating Innovation driven culture

- Ensuring quality of products and services offered
- Managing positive relationship with business partners
- Social development and caring activities

- Maintaining adequate and quality physical assets to generate expected outcomes.

- Optimising the usage of natural resources

Effectively managing capital resources employed (input) within the business to generate expected outcomes.

Outputs



BPO sector

- Virtual Staffing
- Employer of Record (EOR)
- Staff Outsourcing
- Recruitment / Head Hunting



ICT Sector

- IT Staff Augmentation
- Web Development
- Background Verifications
- Search Engine Optimization



Agro Food Sector

- Flour related food products
- Spices related food products



Extreme Sports Sector

- Paintballs and Markers
- Outbound Trainings

Outcome

Financial Capital

Measurement	Unit	Input	Outcome	Change
Shareholder Fund	Rs.Mn	126.3	143.4	14%
Financial Investment	Rs.Mn	67.7	65.0	(4%)

Human Capital

Measurement	Unit	Input	Outcome	Change
Employee Base	No.	101	88	(13%)
Female employees	%	41	52	11%
No. of training hours per employee	No.	-	3.63	100%

Social & Relationship Capital

Measurement	Unit	Input	Outcome	Change
Global Partnerships	No.	-	10+	-
No of suppliers	No.	-	20+	-
CSR investment	Rs.Mn	0.6	0.8	24%

Intellectual Capital

Measurement	Unit	Input	Outcome	Change
Brands	No.	-	8+	-
Inhouse IT Platforms	No.	-	1+	-

Manufactured Capital

Measurement	Unit	Input	Outcome	Change
Investment in Tangible Assets	Rs.Mn	79.3	91.5	15%
Number of outlets	No.	-	100+	-

Natural Capital

Measurement	Unit	Input	Outcome	Change
Plastic Recycled	Kg	-	42	100%
Environment based initiatives	No.	-	5+	-

CHAIRMAN'S MESSAGE



Inspired by the wonders of Stargate, we are now embarking on a path that knows no limits. I believe this journey of pushing the limits of the impossible will lead us to a universe of new wonders. Our approach is all about connecting diverse markets globally, using technology, innovation, and collaboration. Success is our goal in every venture, and we aim to create extraordinary experiences for our valued partners and clients. With our commitment to excellence, innovation, and customer satisfaction, we've become a leading force in Sri Lanka's business world, and we'll continue to reach new heights through the Stargate and witness the magic unfold.

Dear Shareholders,

It is with great pleasure and gratitude that I extend my warmest greetings to all of you as I am pleased to present the Annual Report and the Audited Financial Statements of the Company for the year ended 31 March 2023, on behalf of the Board of Directors of JFS Holdings. As the Chairman of the Board, I am honored to address you and reflect upon the remarkable achievements and progress we have made during this period.

Over the years, JFS Holdings Limited has established itself as a leading force in the business landscape of Sri Lanka. Our commitment to excellence, innovation, and customer satisfaction has enabled us to overcome challenges and seize opportunities, propelling us toward sustainable growth and success. This Annual Report serves as a great testament to our collective efforts and our selfless dedication to our mission.

The past year has been marked as extremely eventful and full of experiences with the prevailing economic crisis of the country as well as global challenges that came its way along with the economies worldwide. Nevertheless, despite the adverse circumstances, we have demonstrated resilience and adaptability, ensuring the continuity of our operations and safeguarding the interests of our stakeholders. Thus, the company maintained its momentum during the year recording revenue growth of 9% despite numerous challenges, as it demonstrated agility, adaptability, and better readiness in responding to external disruptions successfully.

Operating Environment

The past year presented significant challenges and uncertainties for JFS, as Sri Lanka grappled with its worst financial crisis in seven decades. It was revealed that the country's economy contracted by a record 7.8% (estimated), with the fourth quarter of 2022 experiencing a staggering contraction of 12.4% (estimated) year-on-year in GDP. The economic downturn was mainly caused by a worsening economic crisis, frequent power disruptions, shortages of fuel, and raw materials, high-interest rates, high inflation rates, rupee depreciation, and a deficit of foreign currency. The contraction of the economy marked the largest decline in Sri Lanka's 75 years of independence, following the 3.5 percent growth in 2021 and the 4.6 percent contraction in 2020. These challenges, combined with the effects of the COVID-19 pandemic, created a difficult operating environment that directly affected our company's performance.

However, JFS acknowledges the complexities of the operating environment and remains committed to navigating these challenges effectively. With a strategic approach, resilience, and adaptability, we are confident in our ability to navigate the evolving landscape and emerge stronger.

Global Economic Outlook

Currently, the global economic condition is facing both challenges and opportunities. The challenges due to trade tensions, and geopolitical uncertainties. This has led to slower economic growth, increased unemployment, and

JFS Holdings Limited has established itself as a leading force in the business landscape of Sri Lanka. Our commitment to excellence, innovation, and customer satisfaction has enabled us to overcome challenges and seize opportunities.

disrupted supply chains in many countries. However, there are opportunities for recovery and growth in technology-driven sectors and sustainable development initiatives.

The projected global GDP growth for 2023 is 2.7%, which is the lowest since the global financial crisis, excluding the pandemic period in 2020. The forecast for 2024 shows a modest improvement to 2.9%. Specifically, the projected real GDP growth for 2023 is 1.8% for Australia, 6% for India, 1.6% for the USA, 1.4% for Canada, 0.9% for the United Arab Emirates, 0.3% for the UK, and 0.3% for South Africa, and 1.4% for OECD countries all compared to the previous year.

In most economies, headline inflation has decreased due to lower energy prices, but food and services prices are still rising rapidly. However, core inflation remains persistently high. Governments are helping families, and though economic growth is slower than usual, there is hope for progress as prices become more stable and people's incomes increase.

CHAIRMAN'S MESSAGE

Company Performance

Revenue

Rs. **228.8** Mn

2021/22 – Rs.210.5 Mn

Operational Profit

Rs. **45.0** Mn

2021/22 – Rs.46.0 Mn

Total Assets

Rs. **235.3** Mn

2021/22 – Rs.205.5 Mn

Earnings Per Share

Rs. **0.27**

2021/22 – Rs.0.44

Our management focused on internal operational aspects that were within our control, rather than dwelling on the external challenges. This approach resulted in an improved gross profit margin of 44%, compared to 35% in the previous year.

It is with pride I'm stating here that, despite the challenging operating environment in Sri Lanka, our company performed exceptionally well during the financial year under review. We achieved remarkable growth of revenue 9% in a country with an economic contraction of 2%

according to the central bank, Sri Lanka. Our revenue increased to Rs. 228.8 Mn, compared to Rs. 210.5 Mn in the previous year.

Our management focused on internal operational aspects that were within our control, rather than dwelling on the external challenges. This approach resulted in an improved gross profit margin of 44%, compared to 35% in the previous year. It's important to note that PAT includes foreign exchange gains. Excluding these foreign exchange gains, our profit after tax grew by 7%.

Strengthening our Corporate Governance Practices

To extend good corporate governance practices within the organization, several initiatives were implemented. In order to Strengthening the Board composition, the Company appointed Mr. Nuwan Withanage, Mr. Nilantha Perera and Mr. Nuwan Widyapathige as an Independent Non-Executive Directors to the Board.

Nuwan Withanage, is currently holding the position of chairman in audit committee. Nuwan Withange brings exceptional expertise and experience to our company, and we have no doubt about the valuable contributions he can make to JFS. Additionally, Nilantha Perera, who is a fellow HR professional, is expected to provide insights and strategies for people development, further strengthening our bottom line. Nuwan Widadayapathige is acting as a member of board sub committees and his expertise will contribute to the brand management and marketing of the company. (Directors profile is provided on page 97)

Further, the company formed board sub committees in order to further strengthen the company's governance framework and controls. The details

of the board sub committees are disclosed on page 94 of this annual report.

For a more comprehensive understanding of our Corporate Governance and Integrated Risk Management approaches, we encourage you to refer to pages 91 to 103 of our report.

BPO Sector

Revenue

Rs. **90.1** Mn

2021/22 – Rs.47.4 Mn

Country of Operations

UAE / Netherlands / Singapore / USA etc.

Our BPO sector has achieved significant milestones, resulting in a 90% increase in total revenue. During the past year, our key accomplishments include successful partnerships, joint ventures, and membership with Export Development Board (EDB). By collaborating with Outsource Accelerator, a renowned global platform for the BPO community, we expanded our network and reached out to BPO inquiries. Joint ventures with Nepal and the Philippines companies have opened new collaboration opportunities to tap into new markets and enhance our services. We have also expanded our operations by signing agreements with two reputable companies in the USA and joining hands with a UAE company resulting in an increased seat count of 20.

To better cater to the needs of our clients, we have modified our BPO services, upgraded websites, and focused on social media marketing. Through our brands SourceOne and Jobfactory, we deliver superior outsourcing solutions to industry leaders. Our dedication to excellence continues to drive success in delivering exceptional outsourcing solutions through the BPO sector of the company.

ICT Sector

Revenue
Rs. 118.9 Mn
 2021/22 – Rs.143.1 Mn

Country of Operations
 Sri Lanka / India / UK

Our ICT services, majorly represented by the brand CodeOne-X, contribute 52% to the company’s overall revenue, showcasing our strong presence in the service sector.

Being proud members of SLASSCOM, we remain dedicated to constant improvement, striving for excellence in all our endeavors. In line with our commitment to growth, we have actively approached CEOs of Small & Medium-sized IT companies to explore potential business opportunities, fostering valuable partnerships. To enhance our performance, we have revamped the CoX website, ensuring a high-performance platform for our clients.

Investing in our team’s skills and talents is a priority for us. We have made significant efforts to nurture a well-talented team capable of delivering top-notch services to our

clients. Moreover, we have initiated several promising IT projects, including website and Jobfactory portal, with the aim of expanding our portfolio and catering to diverse client needs.

Agro Food Sector

Revenue
Rs. 14.1 Mn
 2021/22 – Rs.16.4 Mn

Country of Operations
 Sri Lanka

Our Agro-food sector, led by the brand RAVINE, is focused on creating value through innovation at JFS. RAVINE offers a range of 5+ finger millet-based products that have gained popularity among consumers for their taste and nutritional benefits. In our pursuit of our excellence, we have also obtained the GMP certification, ensuring our commitment to maintaining the highest quality and safety standards.

Moreover, recognizing the importance of research and development in driving innovation, we have introduced a dedicated unit to further enhance our product offerings. This unit enables us to explore new avenues, and continuously innovate to meet the evolving needs of our customers.

As part of our expansion in the pet care industry, we have introduced a new start-up brand, CinnaMantra, under the JFS Holdings umbrella. CinnaMantra offers a range of chew toys made from cinnamon wood, a by-product of Ceylon cinnamon production. The target market for

CinnaMantra’s products primarily lies in Europe and the USA, where pet owners are increasingly conscious of the materials used in pet products. These accomplishments mark important steps in expanding our market presence and growing our business in the Agro-food sector.

Extreme Sports Sector

Revenue
Rs. 5.9 Mn
 2021/22 – Rs.3.7 Mn

Country of Operations
 Sri Lanka

We have successfully completed the first phase of our multi-phase project for the RAVANA-h brand, which specializes in selling paintball accessories. This phase involved setting up an e-commerce platform with a payment gateway, enabling customers to easily purchase our products online.

Currently, we are in the process of establishing a company in the USA and setting up a small warehouse as a strategic base for future expansion. This initiative will serve as a foundation for our ambitious plans.

As part of our efforts to expand, we have recently imported 100 paintball guns. These guns will enable us to meet the growing demand for paintball activities and allow us to explore new opportunities in reselling and franchising. With these additions, we are proud to further solidify our position as the largest paintball provider in Sri Lanka.

CHAIRMAN'S MESSAGE

Our employees play a crucial role in the success of our business. Throughout the journey, we remained committed to engaging with our employees and motivating them to perform their duties efficiently and responsibly.

In addition, we have formed exclusive partnerships with Cognito Asia to exchange the services between two entities for OBT programs. One of our brands (four-man team) has also managed to join hands with two other hotels in the western region, Laya Leisure, Kukuleganga, and Serenity Village, Kalatuwawa, allowing us to create Paintball fields within their hotel premises. Also, FMT has launched a unique curriculum for potential CEOs on "Creating sustainable SMEs based on battlefield strategies".

Furthermore, we are in discussions with Gelkaps India and Green Paintballs China regarding the re-exporting of paintballs. These partnerships hold great potential for expanding our reach and enhancing our product offerings. It is with pride I'm mentioning that we are confident in our aggressive and dedicated team that can drive this venture to success.

Bonus and New Share Issue

During the recent bonus share issue, JFS took steps to enable our employee shareholders to acquire a total of 7,463,349 shares, which equates to a value of Rs. 74,633,490. Additionally, as part of our commitment to creating a culture

of care, I transferred shares worth Rs. 636,810 from the Director's Current account of the Chairman to both existing and new employee shareholders. This gesture reflects our dedication to recognizing and valuing the contributions of our employees.

Creating Value for Employees

Our employees play a crucial role in the success of our business. Throughout the journey, we remained committed to engaging with our employees and motivating them to perform their duties efficiently and responsibly. Recognizing the impact of external factors and financial hardships, we provided an inflation relief allowance and other benefits to ensure that our employees' daily lifestyles were not adversely affected.

We also make sure to reward our employees fairly, offering them training and development opportunities. Furthermore, we placed a strong emphasis on prioritizing the health and well-being of our employees in all circumstances.



Creating Value for Community

JFS remained dedicated to its corporate social responsibility (CSR) efforts throughout the year, recognizing the importance of supporting our community during these crucial times. As part of our commitment, we awarded the highest achievers of the G.C.E. O/L examination, from the Arakawila area, where our factory is located. This initiative aimed to acknowledge their hard work and provide them with opportunities for higher education.

Furthermore, we prioritized environmental conservation as a key aspect of our CSR strategy. To strengthen the natural resources in our surroundings recently, we have launched a plastic recycling project with the aim of preserving our ecosystem.

Nevertheless, we have lent our helping hand to cancer patients at Apeksha Hospital, Maharagama, and supported a number of students and people with essentials who are in need several times.



We are confident in our ability to face potential challenges and adapt to market dynamics. Our dedicated workforce, driven by their passion and expertise, remains the cornerstone of our success.

Outlook

As we reflect on the past year and look ahead, we are filled with optimism for the future and the abundance of opportunities that lie before us. We have taken strategic steps to strengthen our position in the market, investing in innovation and embracing sustainability as core pillars of our business.

Our commitment to digital transformation has positioned us to effectively meet the evolving needs of our customers. We have

utilized the power of technology to enhance our products and services, providing seamless experiences and personalized solutions. By staying ahead of the curve, we are well-prepared to navigate the changing landscape and seize emerging opportunities and establish a strong international presence in the near future.

Furthermore, we are confident in our ability to face potential challenges and adapt to market dynamics. Our dedicated workforce, driven by their passion and expertise, remains the cornerstone of our success.

Acknowledgment

I want to take this opportunity to express my heartfelt gratitude to the Board of Directors and our consultants for their continued support and guidance. Their valuable contributions have been instrumental in our success. I would also like to extend my appreciation to the dedicated JFS team. Despite the numerous challenges we faced throughout the year, their

commitment and hard work have been truly commendable. I'm extending my gratitude to all our stakeholders; our smallholder partners, buyers, brokers, bankers, regulators, and shareholders, your continued support, trust, and loyalty towards JFS are deeply appreciated.

Together, we have overcome challenges and achieved milestones, and I am confident that with your continued support, we will continue to thrive and succeed in the future. Thank you all for being an integral part of the JFS journey.

Madhushan Raigamage
Chairman

25th July 2023

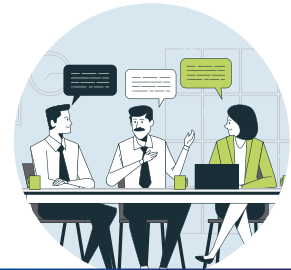
ORGANIZATIONAL STRUCTURE

“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~



Organizational structure serves as the blueprint that shapes the framework of a company. It defines the arrangement of roles, responsibilities, and reporting lines, providing a clear road map for how tasks are allocated, decisions are made, and communication flows. Just as a building’s architecture determines its stability and functionality, an organization’s structure lays the foundation for its operational efficiency, goal attainment, and overall success. By delineating the formal relationships among individuals and departments, an organizational structure offers a structured framework within which employees collaborate, resources are allocated, and objectives are pursued.



Board of Directors



Chief Executive Officer



BPO Sector



ICT Sector

Sector Head

Virtual Staffing

Employer of Record

Staff Outsourcing

Staff Augmentation

Business Process Management

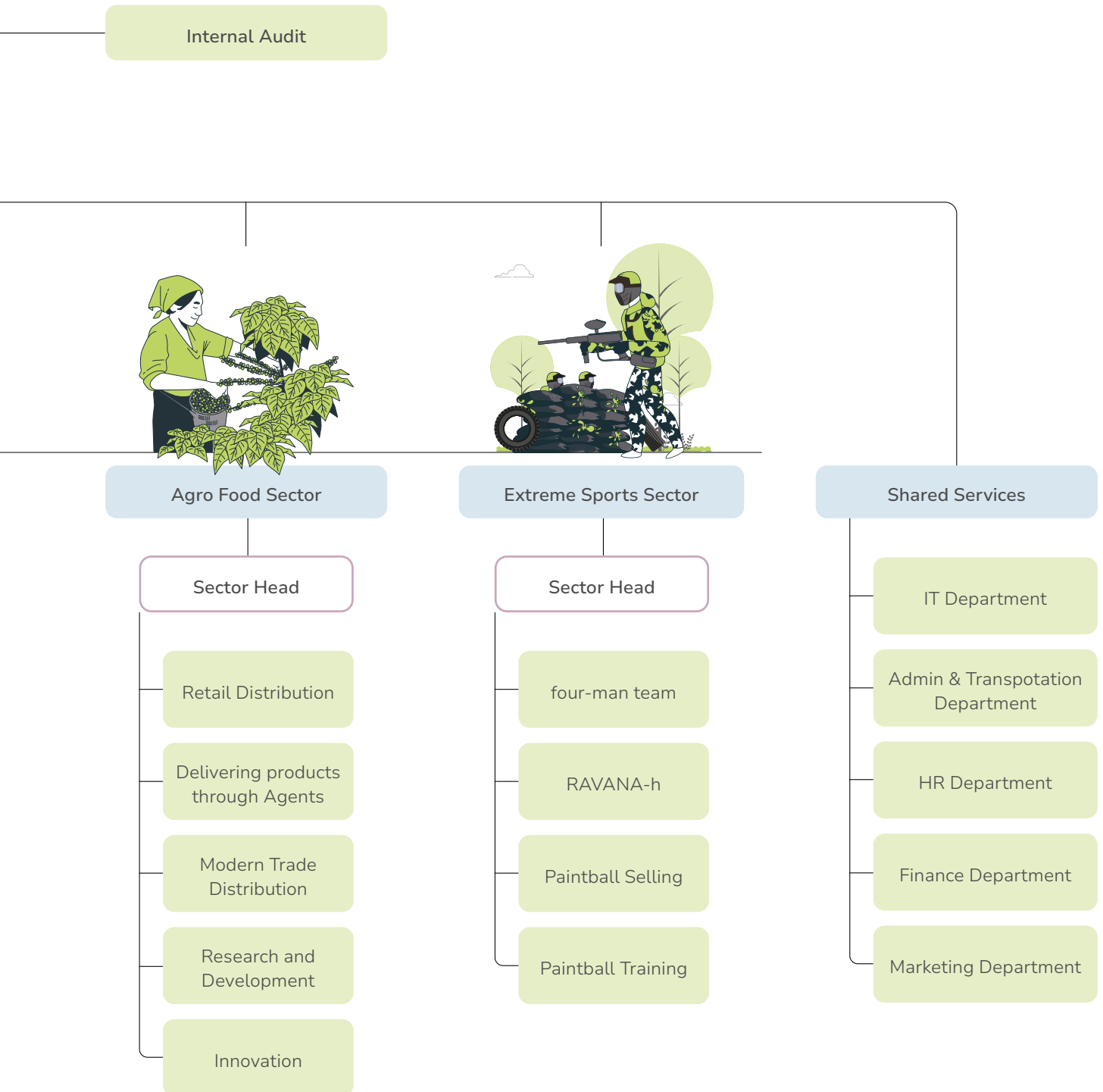
Sector Head

IT Staff augmentation

Web Development

Search engine Optimization

Verifiez-e (Background Verification)



FINANCIAL HIGHLIGHTS

	Measurement	2023	2022	Change %
Earnings and Profitability				
Revenue	Rs.Mn	228.8	210.5	8.7
Operating Profit	Rs.Mn	45.0	46.0	(2.2)
Profit After Tax	Rs.Mn	25.3	42.1	(40.0)
Economic Value Generated	Rs.Mn	241.9	236.9	2.1
Economic Value Distributed	Rs.Mn	206.8	189.1	9.3
Gross Profit Margin	%	43.9	35.3	24.1
Return on Capital Equity (ROE)	%	18.7	49.5	(62.2)
Total Assets	Rs.Mn	235.3	205.6	14.5
Current Ratio	Ratio	2.2	2.4	(8.4)
Equity to Total Assets	%	60.9	61.4	(0.8)
Net Assets Per Share	Rs.	1.51	1.33	13.5
Profit Before Tax	Rs.Mn	31.2	41.2	(24.3)
Assets and Funding Structure				
Total Assets	Rs.Mn	235.3	61.4	14.5
Equity to Total Assets	%	60.9	61.4	(0.8)
Liquidity Position				
Cash Generated from Operating Activities	Rs.Mn	12.5	28.7	(56.6)
Current Ratio	Ratio	2.2	2.4	(8.4)
Quick Assets Ratio	Ratio	2.1	2.3	(8.6)



Revenue

Rs. **228.8** Mn ↑ 8.7%
2021/2022: Rs. 210.5 Mn



Profit After Tax

Rs. **25.3** Mn ↓ (40.0)%
2021/2022: Rs. 42.1 Mn



Return On Equity

Rs. **18.7** Mn ↓ (62.2)%
2021/2022: Rs. 49.5 Mn



Total Assets

Rs. **235.3** Mn ↑ 14.5%
2021/2022: Rs. 205.6 Mn



Net Assets Per Share

Rs. **1.51** ↑ 14%
2021/2022: Rs. 1.33



Economic Value Generated

Rs. **241.9** Mn ↑ 2.1%
2021/2022: Rs. 236.9 Mn



MANAGEMENT DISCUSSION & ANALYSIS

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Value Creation to Our Stakeholders 40 | Business Process Outsourcing (BPO) Sector 42

Information Communication Technology (ICT) Sector 45 | Extreme Sports Sector 48 | Agro Food Sector 56

Financial Capital 62 | Social And Relationship Capital 68 | Intellectual Capital 73 | Natural Capital 76 | Human Capital 80

STAKEHOLDER ENGAGEMENT

Building strong relationships and actively involving stakeholders are vital for our success at JFS. It allows us to anticipate and address the important concerns of those who matter to us. We consistently keep a close eye on our interactions with employees, customers, suppliers, and shareholders. Especially in the challenging economic times we faced in 2022/23, we elevated our focus on meeting the needs and surpassing the expectations of our stakeholders.

We believe that the prosperity of JFS relies on our ability to effectively manage and engage with the important parties invested in our success.

Principle of engagement

Purposefulness	➤ We conduct focused and meaningful engagement, while striving to meet the different communication needs and preferences of stakeholders wherever possible. We also value transparent and honest communication with our stakeholders.
Relevancy	➤ We Select suitable engagement methods for stakeholders such as identifying the stakeholders, matching methods to stakeholder preferences, considering available resources, and collecting feedback for our continuous improvement.
Inclusivity	➤ We recognize the importance of inclusivity and strive to involve a diverse range of stakeholders in our decision-making processes. We are always open to alternative views and to listening as well as contributing to conversations.
Responding Proactively	➤ We acknowledge and address stakeholders' needs and concerns and respond to stakeholders in a timely and respectful manner
Collaboration	➤ We utilize a collaborative approach by working together with our stakeholders to find mutually beneficial solutions. We actively seek opportunities for partnerships and collaboration to maximize value creation for all parties involved.
Accountability	➤ We take responsibility for our actions and commitments towards our stakeholders.

The Company's stakeholder review process is set out below








Stakeholder Mapping

We map stakeholders based on the extent to which our operations and actions affect them. The level of engagement with each stakeholder is then determined according to the level of impact. We subsequently select appropriate engagement modalities and methods based on the specific stakeholder group.



Stakeholders & Method of Engagement 2022/23

Stakeholder	Method of Engagement	Key concern	Our Response
 Shareholder	<ul style="list-style-type: none"> Annual General Meeting Corporate website 	<ul style="list-style-type: none"> Sustainable return Financial stability Business risk management Effectively response to macroeconomic uncertainties 	<ul style="list-style-type: none"> Continually growth in revenue and return to Shareholders. Communicate long term strategies and changes in the strategies
 Employee	<ul style="list-style-type: none"> Rewards and Recognition One to one discussion In-house and outbound training 	<ul style="list-style-type: none"> Job security Professional development Competitive remuneration Work life balance 	<ul style="list-style-type: none"> Embrace a Work from Home Opportunity Annual employee promotion based on the performance Paid time off for employees to study for professional exams Health and safety procedures
 Customers	<ul style="list-style-type: none"> Communication through various media. Customer feedback system Customer satisfaction survey Corporate website 	<ul style="list-style-type: none"> Accessibility of the products and services Quality of the products and the services After service and handling customer complaints. 	<ul style="list-style-type: none"> Offering quality products and services and providing after services as when required. Customer services handling unit Diversified product distribution methods.
 Suppliers	<ul style="list-style-type: none"> Service level agreement Discussions with Suppliers 	<ul style="list-style-type: none"> Timely payments Business sustainability Strong relationships 	<ul style="list-style-type: none"> Streamlined payment process to avoid delays in supplier payments. Increase sales opportunities in line with the business growth
 General Public	<ul style="list-style-type: none"> CSR projects Corporate website and social media 	<ul style="list-style-type: none"> Contribution to society New employment opportunities 	<ul style="list-style-type: none"> CSR activities New recruitments Environmental protection initiatives
 Government and Related Authorities	<ul style="list-style-type: none"> Submission of tax returns Discussion with government authorities 	<ul style="list-style-type: none"> Compliance with laws and other requirements Ethical business process and procedures Contribution to economy 	<ul style="list-style-type: none"> Timely payment of tax and submission of tax return on timely. Compliance with CBSL rules on foreign currency.

STRATEGY AND RESOURCE ALLOCATION

As we reflect on the achievements and progress made by our organization over the past year, it becomes crucial to chart a clear path for the future. Here, we delve into the strategic goals of our organization and outline the methods we will employ to attain them. Central to our strategy is the efficient allocation of resources, to support our journey towards success. Each business sectors adopt unique strategies which reflect the risks, opportunities and core competencies of each sector.

JFS Strategy and resource allocation process



Key Strategies and Resource Allocation 2023

Business Process Outsourcing (BPO) Sector		
Strategic Priorities	Short Term <ul style="list-style-type: none"> Increased revenue growth Invest on human capital Reduce cost Improve customer satisfaction 	Long Term <ul style="list-style-type: none"> Product development & differentiation Expand the international market Expand marketing share
Key initiatives	<ul style="list-style-type: none"> Partnered with Outsource Accelerator Obtained membership with EDB Signed agreements with two USA companies, Joined forces with a UAE company Modified BPO services, specializing in four main services for local and international clients Upgraded SourceOne websites to meet requirements of SL and global clients Increased focus on social media marketing 	
Resource Allocation	<ul style="list-style-type: none"> Expenditure for marketing & branding Hiring cost to onboard new staff Reduced operational cost Extensive relationship with customers Capital expenditure for R & D capabilities Investment on digital infrastructure 	



Information Communication Technology (ICT) Sector

Strategic Priorities

Short Term

- Enhance employee productivity through efficiency drive
- Product modification and access to the market

Long Term

- Brand development and improved brand awareness
- Increase revenue

Key initiatives

- Approached CEOs of SME IT companies for business opportunities
- Revamped CodeOne-X website for high performance
- Invested in team development for a talented workforce
- Initiated IT projects like Jobfactory portal.

Resource Allocation

- Increase employee benefit
- Increase the budget allocation for trainings and developments
- Incurred expenses on compliance to data protection and obtaining certifications
- Continued investment on digital infrastructure



Extreme Sports Sector

Strategic Priorities

Short Term

- Increasing the revenue
- Minimize the unnecessary cost
- Increasing the span of work

Long Term

- Developing existing resources to take over more responsibilities.
- Appear in USA market for retail supply of Paintballs and accessories.
- Further innovations and improve the products range of RAVANA-h

Key initiatives

- Approached potential companies to sell OBT and Paintball Services/products.
- Increased the direct and indirect marketing campaigns.
- Approached more profiles for the resource panel.
- FMT collaborated with Cognito Asia for service exchange.
- FMT launched a unique curriculum for potential CEOs on sustainable SMEs.
- FMT partnered up with third parties for high-quality Paintball-based Outbound training.
- RAVANA-h successfully finalized the prototype for Sri Lankan made Paintball Loader (hopper).
- Started approaching and finding few buyers from overseas

Resource Allocation

- Allocating additional resources to sales and marketing.
- Allocating more budgets for marketing campaigns
- Utilizing available resources to support the campaigns.



STRATEGY AND RESOURCE ALLOCATION

Agro food Sector

Strategic Priorities

Short Term

- RAVINE plans to expand its product portfolio
- Obtaining HACCP and ISO 22000:2015 certifications.
- Introduction of finger millet-incorporated frozen dairy products and bakery products.
- Enhancing distribution channels.
- Implementation of innovative packaging solutions and improvements to production capacity.

Long Term

- Expand processing capabilities to include various cereals.
- Begin exporting popular spices to Europe, USA, and other overseas countries.
- Expand the market for chew toys made from various woods.
- Expand the social enterprise to all cinnamon-producing areas.
- Enter the tourism industry by inviting UK visitors.

Key initiatives

- A research and development unit was newly introduced.
- Increased the direct and indirect marketing campaigns.
- Expanded the distribution network

Resource Allocation

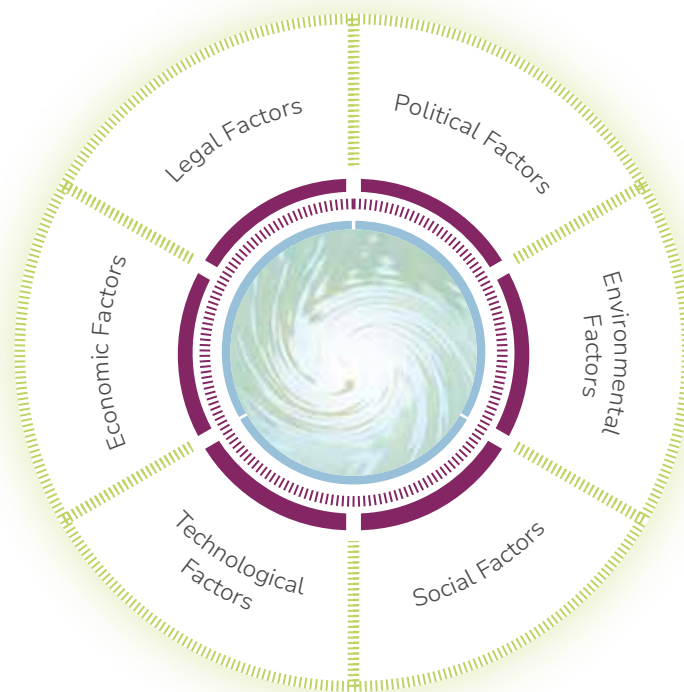
- Allocating additional resources to sales and marketing.



OPERATING ENVIRONMENT

Over the past year, Sri Lanka faced significant challenges due to its worst financial crisis in seven decades. The country’s economy contracted by a record 7.8%, with the fourth quarter of 2022 experiencing a staggering 12.4% GDP contraction. The financial year 2022/23 began with significant pressure on the Sri Lankan Rupee and shortages of essential goods. Although there were no pandemic-related disruptions during the year under review, Sri Lanka faced numerous challenges and macroeconomic pressures, including an uncertainty in external financing position, severe fuel shortages, and scarcity of essential commodities, disruptions to the power supply, high-interest rates, and high inflation.

However, JFS closely monitored the changing business landscape to manage risks and seize opportunities, while we are navigating our business towards its targets. To understand the key factors that influenced the environment, a PESTEL analysis was conducted.



Political Factors

Impact on us The political situation in Sri Lanka, particularly the government policies, regulations, stability, and political events, had a significant impact on JFS, specifically on our paintball and agro food business. We faced challenges due to import restrictions on certain goods, which affected our supply chain and caused disruptions. Additionally, there were limitations on the movement of our employees, a decrease in demand, and a sudden increase in costs.

Impact on us ● Medium

- Risks and Opportunities**
- Political instability, coups, and changes in government
 - Reducing government expenses on infrastructures
 - Encouraging foreign investment initiatives
 - Shifts in government policies, regulations, and trade agreements

Our response To ensure our customers’ confidence in our services, we continued to engage with them regularly, assuring them of our ability to meet their needs consistently. We also seek opportunities to expand into new markets, reducing our reliance on a single market. Additionally, we prioritize offering value-added products to differentiate ourselves and provide enhanced benefits to our customers.

OPERATING ENVIRONMENT

Economic Factors

Impact on us	We experienced operational disruptions due to fuel shortages and power interruptions, which affected our ability to carry out business activities smoothly. Moreover, the cost of raw materials significantly increased with inflation, impacting our overall expenses. Additionally, there was a slowdown in domestic demand, affecting the overall market conditions. These challenges had adverse implications for the well-being of our employees. Furthermore, the depreciation of the rupee had a negative impact on our revenue.
Impact on us	● Medium
Risks and Opportunities	<ul style="list-style-type: none"> • High inflation rates can erode consumer purchasing power and increase operational costs • Volatile exchange rates can affect the profitability of international trade and investments. • Disparities in income distribution may lead to social tensions and impact consumer markets. • Favorable trade agreements and access to international markets can boost export-oriented industries.
Our response	We ensured the continuity of our operations by implementing effective inventory management strategies. Additionally, we provided our employees with the option to work from home. We also took measures to safeguard our employees and ensure their financial security during these challenging times. Nevertheless, we effectively managed our deposits of foreign currency.

Social Factors

Impact on us	The ongoing crisis in the country has resulted changes in consumer buying patterns, influenced by their income levels. Social media and technology have transformed how people connect and engage with brands. Additionally, there is a growing demand for healthier products due to increased awareness of health and wellness.
Impact on us	● Low
Risks and Opportunities	<ul style="list-style-type: none"> • Social tensions arising from the country’s diverse ethnic and religious groups can lead to instability and potential conflicts. • Developing a skilled and educated workforce can support a variety of industries, including IT, services, and manufacturing.
Our response	To thrive in the changing landscape, we adopted new work models that offer greater agility and flexibility. Additionally, introduced new healthier foods in the agro food sector cater to the growing demand for nutritious options of consumers. Moreover, we increased social media presence and connected with our target audience effectively to build our brand awareness, drive customer engagement, and stay competitive in the market.

Technological Factors

Impact on us	The modern technology has a big impact on our businesses. Automation and artificial intelligence has made operations more efficient in today’s business world. Digital transformation, including online sales has become as essential part to meet customer needs. Cybersecurity plays a crucial role to protect against online threats. Mobile devices and the Internet of Things have changed how people interact with businesses. Data analytics helps businesses with decision-making and personalized marketing.
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Impact on us	● Low
Risks and Opportunities	<ul style="list-style-type: none"> • Increasing cybersecurity threats • Data privacy and protection issues • Enhancing efficiency, productivity, and innovation across industries. • Increasing digital connectivity can drive the growth of e-commerce and online marketplaces. • Sri Lanka can position itself as a destination for technology outsourcing and services.
Our response	We utilized the latest technology advancements in all our services. By automating processes of the factory of RAVINE brand, we enhanced the efficiency of manufacturing operations. Nevertheless, we have enhanced the online visibility to reach into our target audiences and through data analytics we measured our performances and took decisions for future marketing approaches.

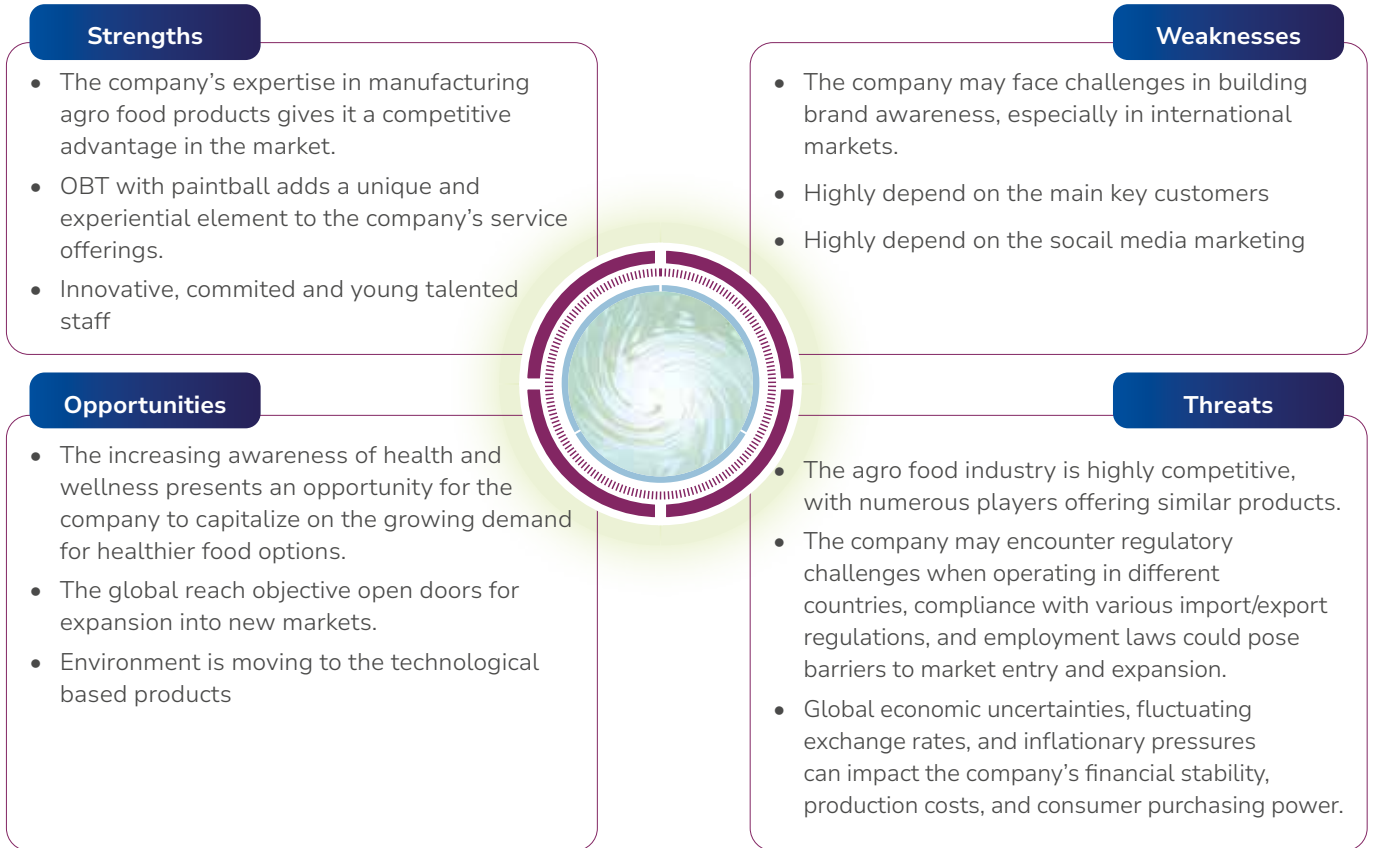
Environmental Factors	
Impact on us	Consumer preferences are shifting towards eco-friendly and sustainable products and services.
Impact on us	● Low
Risks and Opportunities	<ul style="list-style-type: none"> • Inadequate waste management practices • Rising sea levels and changing weather patterns • Investing in renewable energy sources like solar, wind, and hydropower • Implementing sustainable farming practices can enhance agricultural productivity
Our response	JFS has taken part in various environmental initiatives, including a plastic recycling project, to contribute to sustainability efforts. Recognizing the importance of responsible waste management, the company has implemented a comprehensive waste management system within the premises. Nevertheless, we have proven our commitment to environment through number of CSR initiatives.

Legal Factors	
Impact on us	Due to the increase in import restrictions on certain have had a significant negative impact on our business, especially on paintball. These factors have posed obstacles for the company's operations and also for the profitability.
Impact on us	● Low
Risks and Opportunities	<ul style="list-style-type: none"> • Inconsistent contract enforcement and legal processes • Prevalence of corruption and bribery • Strong legal protection can encourage technology transfers and licensing agreements • Legal guidelines for e-commerce can facilitate the growth of online business and digital economy.
Our response	We are currently engaged in ongoing negotiations with banks. Also by understanding and complying with the companies Act (No. 7 of 2007), we operate within the boundaries of the law, protect their interests, and maintain a positive reputation.

OPERATING ENVIRONMENT

Internal Operating Environment

To understand the key factors that influenced our internal operating environment, a SWOT analysis was conducted.



Risks and Opportunities

Key Factor	Commentary	Impact	Response
Interest Rate	In mid-2022, Sri Lanka experienced a significant increase in its interest rates. The rate jumped from 6.5% to 13.5%. However, the upward trend did not stop there, as the interest rates further climbed to 14.5% and eventually reached 15.5%. These numbers were notably high when compared to the rates observed in earlier periods.	<p>The rise in interest rates has made borrowing money more expensive for our business.</p> <p>Higher interest expenses have put pressure on our profit margins.</p>	<p>We are currently engaged in ongoing negotiations with banks</p> <p>Use the free cash flows to settle the short term high interest rate borrowings</p>
Inflation	The inflation rate in Sri Lanka gradually increased from the beginning of the financial year, reaching a peak of 67.4% in September 2022. By March 2023, it had decreased to 50.4%.	<p>This led to an increase in our operating costs, including raw materials and utility expenses.</p> <p>Reduce consumer purchasing power, resulting in reduced demand for our products or services.</p>	<p>Taken cost-saving measures within the premises with "Think green" concept.</p> <p>Engaged in negotiations with suppliers.</p> <p>Differ all unnecessary capital expenses</p>

Key Factor	Commentary	Impact	Response
<p>Exchange Rate</p>	<p>Throughout the year, the exchange rates in Sri Lanka remained higher, with the best rate recorded at 369 LKR in September 2022.</p>	<p>The higher exchange rates throughout the year benefited our business by increasing the revenue generated from outsourcing employees to overseas.</p>	<p>Liquidize the foreign exchange investments at a higher rate</p>
<p>Import/Export restrictions</p>	<p>The government has decided to temporarily stop importing 300 non-essential items, including 26 food and agricultural products during the year under review.</p>	<p>Import restrictions on certain have had a significant negative impact on our business, especially on paintball and Agro food sector.</p>	<p>While we have diligently managed to temporarily defer all unnecessary imports, our strong relationships with valued customers and reliable suppliers have enabled us to effectively communicate and navigate the prevailing situation in the country.</p>

VALUE CREATION FOR OUR STAKEHOLDERS

Looking back over another successful year, we are proud that our commitment to value creation has never been stronger. We believe that the success of any business is measured not just by its financial performance, but also by the positive impact it has on its stakeholders and the world at large.

As a diversified organization, our core objective is to create sustainable value for our stakeholders, including our customers, employees, shareholders, and the communities we serve.

Throughout the year, we continued to focus on achieving our strategic objectives, which included expanding our product portfolio, optimizing our operations, and improving our customer experience. As a result, we were able to deliver solid financial results and create value for our stakeholders in several ways:



Value creation to our shareholders

Recognizing that our shareholders expect a return on their investment, we remain committed to creating long-term value for them. Our financial performance for the year was strong, with revenue growth, margin expansion, and improved earnings.

The table below presents value creation to stakeholders

Performance	Measurement	2023	2022	Growth
Total Net Revenue	Rs. Million	228.8	210.5	8.7%
Net Operating Cash	Rs. Million	12.5	28.7	(56.6%)
Earnings Per Share (Basic)	Rs.	0.27	0.44	(40%)
Return on Capital Equity (ROE)	%	18.7	49.5	(62.2%)
Debt / Equity*	%	47	51	(11.5%)
Net Assets Per Share	Rs.	1.51	1.33	13.5%



Value creation to our employees

We are committed to creating a safe, inclusive, and empowering workplace where everyone can thrive. We are investing in employee training and development programs to build a highly skilled and engaged workforce, and we are focused on promoting diversity, equity, and inclusion across our organization.

The table below presents the value creation to employees

Performance	Measurement	2023	2022	Growth
Payments to employees	Rs. Million	144.0	151.4	(4.9%)
Staff Welfare Cost per Employee	Rs.	4,799	1,074	347%
Training Hours	Hours	3.5	-	-



Value creation to our customers

We focus on delivering high-quality products and services that meet their needs and exceed their expectations. We are investing in research and development to innovate and improve our products, and we are focused on delivering exceptional customer experiences through our customer service and support.

The table below presents the value creation to communities

Performance	Measurement	2023	2022	Growth
Total Net Revenue	Rs. Million	228.8	210.5	9%
No of outlets		100+	100+	-
No of enhancement to IT Applications		2	-	100%

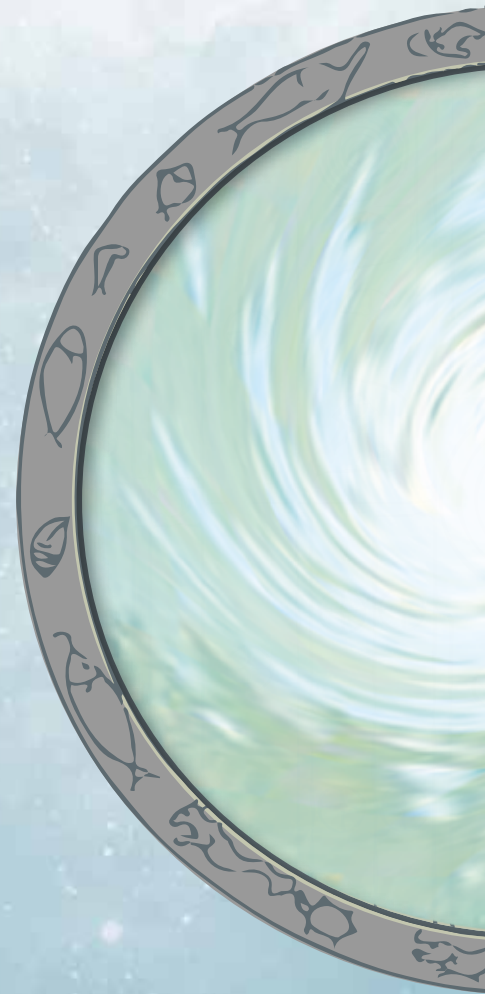


Value creation to the communities where we operate

We are committed to being a responsible corporate citizen. We are investing in programs and initiatives that support education, health, and environmental sustainability, and we are working to reduce our environmental impact through responsible resource use and carbon reduction.

The table below presents the value creation to communities

Performance	Measurement	2023	2022	Growth
CSR Expenditure	Rs. Million	0.8	0.6	24%
Number of CSR Projects		3	2	50%
No of new job opportunities created		54	83	(35%)





BUSINESS PROCESS OUTSOURCING (BPO) SECTOR



Beyond borders, across oceans, we propel companies into a place where global success has no horizons. Just as a stargate bridges distant galaxies, our BPO solutions connect companies worldwide and help businesses succeed. As the stars above know no limits, so does the success! With our services, your business will discover new galaxies of growth where the sky is not the limit—it's just the beginning.

Our Brands



Sector Contribution and Key Highlights

Revenue

39%
2023

40%
2024 (Estimated)

Customers

50+

Countries

10+

Sector Review

Through our two brands, 'SourceOne' and 'Jobfactory,' JFS delivers business process outsourcing services internationally. With over seven years of expertise, 'SourceOne' has built a solid customer base of over 50 corporations throughout the globe. We help firms adapt to current staff management practices, allowing them to cut manpower, automate non-core activities, and minimize risks while improving efficiency and effectiveness of the services provided. We work with customers to achieve quantifiable business goals like increased employee engagement and productivity. Currently, 'SourceOne' serves over 15 local and worldwide industry leaders by offering superior outsourcing solutions.

SourceOne : Empowering Your Outsourced Operations with Quality, Efficiency, and Innovation

As a seasoned outsourcing company in Sri Lanka, we assume full responsibility for the outsourced operations and guarantee that our customers get quality, efficiency, accuracy, and innovative services. Our strategy focuses on attracting top personnel, aligning resources with client objectives and values, and increasing operational efficiency via coaching and mentoring.

At 'SourceOne,' we think that ongoing operational performance development is critical for long-term success. We find opportunities for improvement, reduce costs, and generate growth and profitability for our customers via close partnership.

Jobfactory: Your Trusted Partner in Tailored Recruitment Solutions

Jobfactory stands as a leading talent acquisition agency that specializes in providing customized recruitment solutions for companies. We have built a strong reputation as an exceptional partner for recruitment and headhunting services.

As one of the top ten agencies in Sri Lanka, Jobfactory has developed a range of tailored solutions to cater to the unique needs of each client. Our agency boasts a proven track record of offering high-quality employment opportunities both in Sri Lanka and overseas. The sourcing team at Jobfactory comprises experienced HR practitioners who have made significant contributions to the Sri Lankan corporate sector through innovative HR practices.

At Jobfactory, clients have access to trusted HR consultants who deliver fast and efficient services to match the best-suited candidates for their

recruitment needs. We place a strong emphasis on candidate competencies while understanding the key requirements of our clients. Job Factory holds the license of the Sri Lanka Bureau of Foreign Employment, allowing us to deploy executives for overseas clients providing our services in countries like Qatar, Fiji and Ghana.

Over the years, we have established ourselves as a recruitment partner for several well-known companies in Sri Lanka and overseas, serving more than 50 local and international clients across various sectors, including ICT, insurance, banking, and construction, FMCG, Manufacturing. In addition to serving as a job portal for the general public, we have formed partnerships with leading international and local organizations, making it easier for job seekers to find their dream job.

Jobfactory serves job seekers through our website, jobfactory.lk, which provides a user-friendly platform to search for jobs based on preferred industry and location. To reach the Jobfactory, interested parties can visit our website or connect with us through our social media channels.



BUSINESS PROCESS OUTSOURCING (BPO) SECTOR

Our strength lies in our extensive clientele, which includes world-renowned brands such as KPMG, Acentura, Union Assurance, Provimi and Delvon. The ability to find the best-fitting employees for our clients has earned us the trust of leading organizations.

Jobfactory is your reliable partner for customized recruitment solutions, whether you are a company in search of exceptional talent or a job seeker pursuing your dream career. Our commitment to ethical practices and innovative HR solutions has positioned us as one of the top recruitment agencies in Sri Lanka. With our team of experienced HR practitioners and extensive network of clients, Jobfactory is well-equipped to meet your recruitment needs. We won't stop until we help you find your best fit.

Strategy and Resource allocation

In terms of resource allocation for long-term goals, JFS has allocated budget for research and development (R&D) capabilities. This investment allows the company to innovate, develop new products, and enhance its service offerings. By continuously investing in R&D, JFS ensures its ability to stay competitive in a rapidly evolving BPO landscape. Thus far, JFS has set clear short-term and long-term goals for its BPO sector. Through efficient resource allocation, a focus on revenue generation, cost reduction, improved customer satisfaction, and expansion into new markets, JFS aims to achieve sustainable growth and success in the BPO sector.

As we reflect on the achievements and progress made by our organization over the past year, it becomes crucial to chart a clear path for the future. Here, we delve into the strategic goals of our organization and outline the methods we will employ to attain them. Central to our strategy is the efficient allocation of resources to support our journey toward success.

Strategic Priorities

Short Term

- To increase the revenue
- Invest on human capital
- Reduce cost
- Improve customer satisfaction
- Increase the seat number with existing accounts

Long Term

- Product development & differentiation
- Expand to the international market
- Expand market share

Key initiatives

- Increase sales initiatives.
- Rapid B2B brand awareness.
- Increase Social Media marketing actions.
- More creatives for marketing
- Going the Extra mile to ensure increase in the number of seats.
- Partnered with Outsource Accelerator, a global BPO B2B platform/marketplace
- Extensive relationship with customers/points of contact
- Obtained membership with EDB and created a profile
- Signed agreements with two USA companies, securing 5 seats
- Modified BPO services, specializing in four main services for local and international clients
- Upgraded SourceOne websites to meet requirements of SL and global clients

Resource Allocation

- Strengthening the marketing team with new resources.
- Investing on new technical equipment to creative team
- Rewarding the internally developed Social Media account managing team
- Extended budgets for marketing & branding
- Reallocating responsibilities for existing resources.
- Budget allocation for R & D capabilities



INFORMATION COMMUNICATION TECHNOLOGY (ICT) SECTOR



Like a magical key to the world without borders, our ICT Star gate bridges the world with remarkable ICT services to every corner of the world. We bring technology to everyone, and everywhere making the globe feel closer than ever before!

INFORMATION COMMUNICATION TECHNOLOGY (ICT) SECTOR

Our Brands



Sector Contribution and Key Highlights



company’s revenue, shining brightly in the service sector. With four years of impeccable service to both local and international clients, we continue to welcome new opportunities for deployment, partnerships, and investments. Our elite clientele spans across the world, earning us their trust and confidence. As proud members of SLASSCOM, we are committed to constant improvement on our path to excellence.

Sector Review

In the rapidly evolving landscape where ICT paves the path to the future, JFS has established its position as one of the key players in Sri Lanka’s ICT market. With our ICT services under the brand CodeOne-X, we contribute 52% of the

CodeOne-X offers a comprehensive range of services

Service	Comment
IT Staff Augmentation	Provide the organization with the flexibility, market knowledge, and agility it needs to scale and complete development on time. With our staff augmentation model, we ensure that our customers have access to skilled professionals who possess the desired abilities and qualities for your projects.
Web Development	We recognize the significant impact that engaging, imaginative, and visually appealing websites can have on business growth. As an esteemed web development company, we have years of experience crafting flexible websites that effectively represent your business. Our professional team of programmers excels in creating unique themes and plugins tailored exclusively for the needs of our needs. We take pride in delivering top-notch outcomes within the agreed timelines, ensuring that our client’s website fulfills all requirements and leaves a positive first impression.
Software Development	<p>Landing Page Development</p> <p>Our web development experts will work closely with our customers to design a unique website that perfectly captures their brand and objectives. By improving both the functionality and conversion rate of their website, we can enhance the overall user experience and drive more sales.</p> <p>Backend Web Development Services</p> <p>With a deep understanding of databases, back-end logic, APIs, architecture, and servers, we ensure that our customer’s website functions seamlessly. Our dedicated team is committed to providing customers with top-notch services, including a reliable and efficient back end.</p>
Search Engine Optimization (SEO)	<p>As one of the leading SEO businesses in Sri Lanka, CodeOne-X offers web optimization services that significantly impact our customer’s website’s visibility in search engine results.</p> <p>We offer a range of e-commerce web development services to cater to specific needs. Our team of e-commerce specialists is ready to assist our clients in developing and expanding your online business. We provide comprehensive services including consulting, design, execution, quality checks, and integrations to ensure that our customer’s online shop operates at its peak performance.</p>

Strategy and Resource Allocation

To support our short-term goals in the ICT sector, we have allocated resources to enhance employee benefits and satisfaction. By prioritizing the well-being and professional growth of our team, we aim to foster a positive work environment and maximize productivity. We have also allocated a budget for training and development, enabling our employees to enhance their skills and stay up-to-date with the latest technologies and industry trends. Furthermore, we recognize the importance of compliance with data protection regulations and obtaining relevant certifications and have allocated funds to ensure our digital infrastructure is secure and robust.

In the long term, we will continue to invest in the development of our talented workforce. We have allocated resources to build a structure that harnesses the best from our tech team, promoting collaboration, innovation, and efficiency. Furthermore, we have initiated IT projects such as the Jobfactory portal, which are aimed at leveraging technology to enhance

our operations and provide value-added services to our clients. Continued investment in our digital infrastructure remains a priority, ensuring scalability, reliability, and future growth.

Strategic Priorities

Short Term

- Enhance employee productivity through efficiency drive.
- Product modification and access to the new markets.
- Lead generation for sales.
- Increase revenue through existing business

Long Term

- Brand development and improved brand awareness
- Increased revenue through new business development.

Key initiatives

- Direct approaching to SLASSCOM CEOs.
- Revamped CodeOne-X website for high performance.
- Developing new structure to harness the best from the tech team.
- Developing software and Apps for own use.
- Invested in team development for a talented workforce.
- Initiated IT projects for Jobfactory portal.

Resource Allocation

- Increased resource allocation for employee benefit & satisfaction
- Budget allocation for Training and developments
- Fund allocation for compliance to data protection and obtaining certifications
- Continued investment on digital infrastructure





EXTREME SPORTS SECTOR



A magical gateway – that links dreams with real life! As colors burst and strategies blend, we're reaching players from every corner of the globe stepping through this gateway, uniting not just for a game, but for a shared expedition. Each shot fired becomes a light of determination, each victory a symbol of pushing boundaries. With a reminder; the stars are never too far to reach!

Our Brands



Sector Contribution and Key Highlights

Revenue

3%
2023

8%
2024 (Estimated)

Corporate Customers

5+

Countries

Sri Lanka

Sector Review

Extreme sports offer an unparalleled rush that pushes the boundaries of what’s possible. It’s a world where ordinary limits are shattered, and extraordinary feats become a reality. And at the heart of this exhilarating world lies the sport of “Paintball”.

Paintball is more than just a sport; it’s an immersive and adrenaline-fueled experience that takes you out of your everyday routine and transports you into a world of excitement and strategy. Unlike traditional sports, Paintball offers a unique blend of physicality, strategy, and camaraderie that sets it apart. Beyond the thrill of competition, Paintball fosters teamwork and communication. It encourages players to work together, strategize, and coordinate their efforts to achieve shared objectives. Whether you’re playing with friends, and colleagues, or meeting new people on the field, paintball creates a sense of camaraderie as you face challenges and overcome them together.

Moreover, Paintball offers an escape from everyday life. It allows you to step into a different world, where the rules are different, and you can let go of inhibitions. It’s an opportunity to

challenge yourself, build confidence, and experience personal growth as you navigate through intense scenarios.

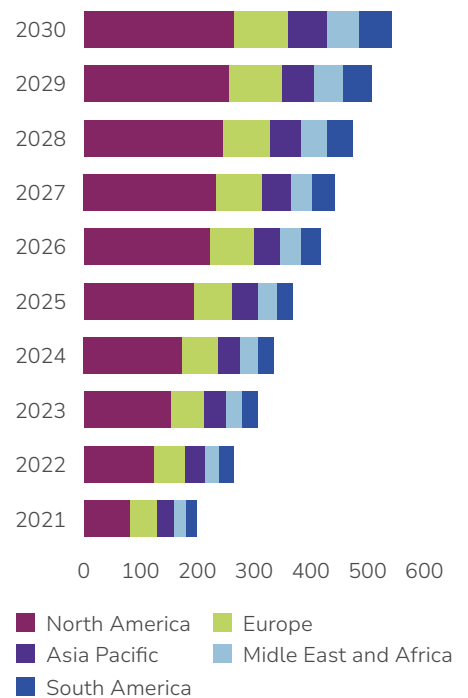
Here, we take pride in offering this specialized Paintball experience to all thrill seekers around the world that combine challenge and empowerment.

Global Market Analysis of Paintball

Paintball, which is an equipment intensive sport, as we know it today, originated in the 1980s and has since grown into a popular recreational and competitive sport. The paintball sport is gaining popularity worldwide, leading to an increasing demand for paintball equipment. In 2023, the global paintball equipment market is valued at around USD 223.1 million. This market is expected to grow steadily at a compound annual growth rate of 6.1% over the next decade. As a result of this growing demand, the market size for paintball equipment is projected to reach approximately USD 403.5 million by the end of 2033. The upward trend in demand for paintball equipment reflects the rise in interest and participation in the thrilling and competitive sport of paintball.

The charts below provide strong evidence of the increasing popularity and demand for paintball equipment worldwide.

Paintball Equipment Market Share (%) by Region (2021-2030)



EXTREME SPORTS SECTOR

four-man team (FMT)

four-Man Team (FMT) is a prominent OBT (Outbound Training) service provider in Sri Lanka. FMT specializes in delivering personalized outbound training programs centered around Paintball sport, especially for corporate clients. Our programs are tailored to meet the unique requirements and objectives of each client. With extensive experience in providing training solutions and engaging in thrilling adventure activities, our primary goal is to boost employees' strategic thinking and enhance overall business performance.

We have partnered with the Paintball field, One-Four Base, located within the premises of Ahas Gawwa, a boutique hotel located within 45km distance from Colombo. In addition, we have formed exclusive partnerships with Cognito Asia to exchange the services between two entities for OBT programs. FMT has also managed to join hands with two other hotels in the western region, Laya Leisure, Kukuleganga, and Serenity Village, Kalatuwawa, allowing us to create Paintball fields within their hotel premises. This gives our clients even more options to enjoy. With over 3,000 game hours and more than 600 programs hosted, we take pride in delivering a Paintball experience that is truly unique to FMT.



Bringing “The Art of War” to the Boardroom

“strategy... is war on paper

It is doing the right thing.

It is seeking victory before the battle”

-Gerald Michaelson & Steven Michaelson-



Inspired by Sun Tzu’s famous book, The Art of War, written around 500 B.C., we recognize the timeless principles that have greatly impacted the realms of business and strategy. Our objective is to support business leaders and managers in understanding and harnessing these influential concepts. By doing so, we empower them to elevate their strategic decision-making and execute their plans effectively, ultimately paving the way for success.

The Art of Management, influenced by Sun Tzu’s book, emphasizes strategic wisdom in a simple and effective manner. This approach involves careful planning, intelligent decision-making, and resource allocation to achieve success. By understanding competitors, adapting to change, and seizing opportunities, the Art of Management enables leaders to navigate challenges and achieve victory in business and organizational management.

“Successful businesses understand that strategic planning is their strongest weapon in the battle for market dominance.”

- Michael Porter-



Our unique curriculum

FMT has shown its effectiveness in conducting OBT programs with a unique curriculum that incorporates tactical level military strategies and tactics. We bring the strategies used in the military to the business world, showing how they can be applied. Our focus is on demonstrating the relationship between military principles and successful business strategies, as well as highlighting the connection between military tactics used in the four phases of war; Advance, Defense, Attack and Withdrawal.

WildCAT – The strategic battle of Paintball

This activity is specifically designed for senior/top-level staff members of an organization. It involves two important actions, “Attack & Defense,” which mimic the major phases of war. Participants are divided into units with different roles, creating a military-like environment. Through

their appearance and character transformation, they work towards a common goal. The strategies used during the activity are complex, aiming to build self-empowerment and remove self-imposed barriers with the support of management theories.



Field Training Exercise - Jaya Maga (Paintball based Jungle trekking)

“Operation JAYAMAGA” is a field training exercise open to all staff members, including entry-level employees and top management. It is designed on the lines of planning/ executing an Offensive Military Operation (Attack) one of the most vital phases of the war, where diverse groups and teams with different skills work together under one leader to achieve a common goal. Participants will learn and practice the mechanics of effective communication through two pre-designed battle scenarios, experiencing the importance of teamwork and working towards a shared objective.



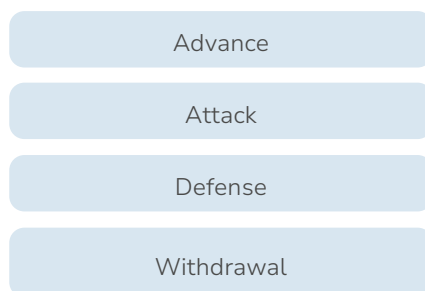
Predator Hunt (Jungle-Trekking)

This program is specifically designed for junior and middle staff members of any organization. It focuses on hunting a predator in a jungle environment with jungle trekking, using compass navigation, and map reading. The activity emphasizes teamwork and provides a management learning experience, exposing participants to various strategies in a realistic military-like setting. By participating, individuals will develop a positive group atmosphere, team spirit, and rapport with their colleagues, which are valuable skills in the workplace.

Key Takeaways from a Tactical Battle Simulation

- Plan unforeseen
- Contingencies/Alternatives
- Rehearsals/Mock
- Cascading and Effective communication
- Correct information/Intelligence

Four phases of war and Business execution



Strategic Priorities and Resource Allocation

Initiatives of the year 2022/23

- Launches its unique curriculum for potential CEOs on “Creating sustainable SMEs based on battlefield strategies”.
- Partners up with Laya Leisure, Kukuleganga to provide high-quality Paintball based Outbound training and hosting services.
- Join hands with Cognito Asia, one of the leading OBT service providers in Sri Lanka, to exchange services.
- Engaging with customers through digital platforms to maintain ongoing connections.
- Adapting and customizing services to meet specific customer needs.
- Providing training programs for our employees to focus on leadership development, technical skills and soft skills.

Resource Allocation

- Allocating time and front-line employees to manage the business, and nurture partnerships
- Allocating resources to improve customer touchpoints, such as website design, to enhance overall customer satisfaction.
- Allocating time and employees to establish effective customer feedback mechanisms.

EXTREME SPORTS SECTOR

Outlook

- FMT is focused on providing innovative and tailored solutions to empower potential CEOs, enhance customer engagement, and foster a dedicated team.
- Through strategic partnerships and collaborations, FMT aims to expand its service offerings and provide high-quality experiences.
- Through allocating resources, including time, personnel, and investments, FMT is committed to delivering exceptional value to customers and nurturing successful partnerships.

Our Specialized Resource Panel

We are privileged to have a team of skilled and experienced facilitators who are experts in delivering outstanding outbound training programs. Madhushan Raigamage's role is critical here as he relates his battlefield experience to the business.



Madhushan Raigamage - Consultant Navigator

Madhushan received his basic Officer cadet training from Pakistan Military Academy, one of the world's top military academies, and achieved Academy colours. He then underwent advanced training in Counter Revolutionary Warfare at Sri Lanka Military Academy and served in the Northern theater from January 1994. Throughout his career, he participated in major operations and was honored with two gallantries in 1998. Madhushan furthered his training at the Army Infantry schools in Qatar, Pakistan, and Indore, India, and became a qualified Paratrooper in 2003.

He later joined Sri Lanka Military Academy as an Officer Instructor in early 2004.

In being the chief navigator at FMT, Madhushan has conducted many successful OBT programs for corporate sector clients and has already possessed over 3000 training hours.

He holds a master's degree in business administration from PIM, affiliated with the University of Sri Jayewardenepura, Sri Lanka.



Koshitha Perera - Chief Navigator

Koshitha is an MSc holder in HRM & Development from the University of Salford Manchester (Aggregated with CIPM) and has experience of more than 10+ years in the manufacturing and services industry.

Koshitha is a highly experienced Navigator and a Cooperate Trainer specializing in Developing Behavioral Competencies & Soft Skills with over 8 Years of illustrated experience in conducting Training and Development programs for Professionals in the Manufacturing, Retail & Service Sectors.

He is also a specialist in Strategic Resourcing, Employee Engagement, and Talent Management & Development.

Being entitled as the first schoolboy to captain the Junior Sri Lankan National Soccer Team in 2006 & 2007 he was also 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. He is an active Associate Member of CIPM Sri Lanka and a Chartered Member of CIPD UK.



Indika Coomasaru - Navigator

Indika is a former officer of the SL Army, who has received training in India and Pakistan.

He was awarded a Gallantry Medal (Rana Sura Padakkama) by HE the President in 1997 for distinguished conduct in the face of the enemy and has retired prematurely as a “Captain”.

With more than 10 years of corporate experience & 11 years of battle experience in counter-terrorist operations, he is a great resource in providing many useful tactics and advice.

He also has been involved in conducting more than 200 x OBT/ Paintball programs as a Navigator as of now. Indika is a qualified Motor Paraglide and a Paintball Instructor.



Ananda Harankahage - Navigator

Ananda holds a battle experience of more than 10 years as a Non-Commissioned Officer attached to the Commando Regiment of the Sri Lankan Army.

He was engaged in more than 150 x OBT/Paintball training programs for the public/corporate sector. Ananda is a well-qualified Paratrooper and a Paintball Instructor.

He also has served the VIP Squadron and the Long-Range Reconnaissance Patrol (LRRP) of the Commando regiment in counter-terrorism operations.

Being an individual with extraordinary care, hospitality, and humble toward others, he is serving.

FMT to his fullest as a navigator for more than 5 years now.

Paintball Markers

RAVANA-h sells Paintball Markers, but it is necessary for the customers to obtain approval from the Ministry of Defense (MOD) before making a purchase, even though these markers do not fall under the Arms and Ammunition Act No. 22 of 1996. We assist the customer in facilitating the order once the MOD approval is obtained.

New marker to the fleet and country

We have specially designed customized Tippmann 98 Custom markers to serve a unique experience to the player with buttstock and sniper barrel.



RAVANA-h

RAVANA-h, one of the brands in the extreme sports sector, is an exclusive supplier of paintball gear, and other accessories for the Paintball market in Sri Lanka with plans of expanding our presence in overseas markets. RAVANA-h offers a wide range of high-quality Paintball equipment, such as markers, masks, protective gear, and tactical accessories to all paintball enthusiasts all around the world.

EXTREME SPORTS SECTOR

Our Portfolio

As a leading brand under JFS, we offer an extensive portfolio of high-quality paintball equipment to elevate the paintball experience of our customers. includes:



Empire BT/4



The Empire BT-4 is a reliable and versatile paintball marker that offers durability and ease of use, making it suitable for both beginners and experienced players. It features a sturdy construction and customizable options, allowing players to adapt it to their preferred playing style.

Protective Gears

Chest Protector – RH 94P

This is made from a hard material fashioned from full black fabric marking a significant difference in the player’s safety and comfort on the paintball field.



Goggles/Masks

RAVANA-h sells Goggles/Masks of few types.

- Empire Helix – Available in two colours, black and tan. Also as single and double lenses.
- V Force Armor – Available in black colour

Our Popular Markers



This is a popular paintball gun known for its incredible durability and high accuracy. It offers reliable performance and is designed for players who enjoy strategic gameplay.

Tippmann 98 Custom



The Tippmann 98 Custom is a highly durable and easy-to-maintain paintball marker. It is popular for rentals and beginners, offering reliable performance and customizable features. With its user-friendly design and accessible firing chamber, it allows for fast in-game cleaning.

Paintball Pods

RH 94 GP

We are currently working on manufacturing 200 round Pod in Sri Lanka. Our goal is to produce pods using recycled plastics specifically for the USA and EU markets. We are in the process of developing a prototype, and progress is being made towards achieving our objective



The Global market for paintball gear

As the demand for paintball products continues to grow, Sri Lankan businesses can expect increased opportunities to tap into these lucrative markets and establish themselves as reliable suppliers of high-quality paintball, accessories and gears. With a focus on innovation, quality, and competitive pricing, we are well-positioned to cater to the evolving needs of paintball enthusiasts in the USA and EU, contributing to the global paintball industry.

Taking advantage of the trending opportunity, JFS is taking steps to reach the globe and has already undertaken a multi-phase project to reach its maximum potential.

Our Approach

Online E-commerce platform - We have established a strong online presence through our e-commerce platform showcasing our paintball markers, accessories and gears to attract international and local buyers.

Payment gateway - we have successfully obtained the Payment Gateway from “To Check-Out” and have seamlessly integrated it into our platform.

Establishment of a business entity in USA – We are in the process of setting up a business entity in Delaware, USA to start the business operation and serve our customers overseas more efficiently.

Compliance with International Standards - We have obtained membership of the AMCHAM with the aim of moving to USA for Paintball business.

Strategic Priorities and Resource Allocation

Initiatives of the year 2022/23

- RAVANA-h is Introducing “Chest Protectors” specifically designed to provide advanced protection for Paintball players during their games.
- RAVANA-h completed the prototype for the first-ever Sri Lankan made Paintball loader was made possible with the support of an export manufacturer.
- Engaging with customers through digital platforms to maintain ongoing connections.
- Adapting and customizing products to meet specific customer needs.

Resource Allocation

- Budget allocated for research and development activities, including material sourcing, prototyping, and testing.
- Allocating time and personnel for design, manufacturing, quality control, and marketing efforts.
- Allocating resources for digital platforms management, content creation, and customer engagement tools.
- Allocating funds for market research, customer feedback analysis, and product customization capabilities.

Outlook

RAVANA-h aims to establish itself as a trusted brand that meets the specific needs of Paintball players while maintaining strong connections with its customers through innovation, customer satisfaction, and local manufacturing expertise.



AGRO-FOOD SECTOR



Our Agro Stargate as a magical bridge takes the amazing flavors from our fields to the palates of every corner across the globe. We send forth the very spirit of our soil, the commitment of our farmers into every delicious bite that travels across continents, letting everyone savor the true essence of our journey.

Our Brands



Sector Contribution and Key Highlights

Revenue

6% 2023 **6%** 2024 (Estimated)

- CinnaMantra, the newest brand of JFS is set to replace Coffee chew sticks for Dogs with Ceylon Cinnamon Sticks.
- A research and development unit was newly introduced to the sector for new product innovations.

Sector Review

JFS Holdings made its entry into the Agro-Food sector in 2020, marking a significant milestone for the company. Despite the challenging impact of the COVID-19 crisis prevailed at that time, JFS strategically navigated the circumstances and took advantage of the situation. During a short period, JFS Holdings showcased its commitment to innovation by introducing a range of novel products to the market, while adapting to the changing landscape of the industry.

To increase production, JFS started to use only Stainless-Steel machinery, and upgraded the Turmeric line, with a crushing machine linked to a grinder. Through them, JFS made significant progress in the Agro-Food sector, by enriching the modern trade channel and modernizing their production plant to increase efficiency.

With a focus on quality and sustainability, JFS Holdings aims to showcase the rich flavors of Sri Lankan finger millet, pepper, turmeric,

and other agricultural products to consumers around the world. By promoting these indigenous ingredients, the company strives to contribute to the local economy while meeting the evolving preferences of global consumers.

Looking towards the future, JFS Holdings is poised to further expand its product portfolio to meet consumer needs uniquely and excitingly under its distinguished brands; RAVINE and CinnaMantra.

RAVINE

RAVINE, the pioneering brand of JFS Holdings in the Agro-food sector, offers a range of 10 Stock Keeping Units (SKU) to customers. RAVINE’s primary focus is on creating value-added products using finger millet, catering to both local and global markets. Recently, RAVINE has achieved Good Manufacturing Practices (GMP) certification for its products, ensuring the highest standards of quality and safety for its customers.



JFS Holdings showcased its commitment to innovation by introducing a range of novel products to the market, while adapting to the changing landscape of the industry.



AGRO-FOOD SECTOR

JFS offers a comprehensive range of Products under Ravine Brand



The Potential of the Industry

The agriculture sector plays a vital role in Sri Lanka, contributing approximately 7% to the national GDP. More than 30% of the country's population finds employment in this sector. Among the various crops cultivated, finger millet, also known as Kurakkan or Ragi, holds significant importance. Spanning over 6000 hectares, finger millet cultivation yields an annual production of 6,946 metric tons in the dry and intermediate zones. Currently, the market offers only finger millet flour as a product. This presents a great opportunity to explore and develop innovative finger millet-based products that cater to local and global markets.

Sri Lankan pepper, also known as Ceylon pepper, boasts exceptional quality with its high piperine content. It has earned global recognition for its use in hot cooking and seasoning. The total extent of pepper cultivation in Sri Lanka spans approximately 75,000 acres.

Turmeric, a staple spice in every Sri Lankan kitchen, adds vibrant color, flavor, and aroma to the country's cuisine. Although annual production stands at around 2000 tonnes, it falls short of meeting the self-sufficiency level.

Due to the prevailing economic crisis in Sri Lanka, import restrictions are still applied to finger millet, pepper, and turmeric, creating an opportunity for growth in the local and overseas markets. As consumers worldwide increasingly seek organic and natural food options, JFS Holdings recognizes this trend and aims to export its authentic Sri Lankan food products to the global market.

Strategy and Outlook

Short term

- RAVINE aims to expand its product portfolio from 10 to 59 SKUs by the end of the 2023/2024 financial year.
- The goal is to obtain HACCP and ISO 22000:2015 certifications for the factory by the end of 2023, ensuring compliance with food safety and quality standards.
- The existing factory will be expanded to accommodate a new string hopper flour production line, expected to be operational by October 2023.
- RAVINE plans to introduce finger millet-incorporated frozen dairy products to the local market in August 2023, with a dedicated processing area.
- The company aims to comply with global food standards, enabling primary food exports by the end of the 2023/2024 financial year.
- Expansion of the local MTC (Modern Trade Channel) distribution is scheduled to be completed by October 2023.
- RAVINE will introduce finger millet-incorporated bakery products to the local market by the end of 2023.
- The company intends to implement new innovative packaging solutions to meet international standards.
- Enhancing production capacity and productivity is planned through the installation of new machinery and improvements to the production area.

Medium and long term

- Start finger millet incorporated beverage factory in 2024/25FY.
- Relocate the factory premises to a more industrialized area, improving efficiency and operations in 2024/25FY.
- Expand processing capabilities to include various types of cereals, going beyond just finger millet in 2024/25FY.
- Begin exporting popular spices such as Pepper, Turmeric, and Cinnamon to Europe, the USA, and other overseas countries in 2024/25FY.

Safety of Our Products

JFS Holdings prioritizes quality and safety throughout its operations, starting with sourcing raw materials. The company maintains strong relationships with smallholder farmers and ensures that all suppliers are registered under legal principles, providing confidence in the certified origin and quality of the raw materials.

During the processing stage, JFS Holdings follows strict safety precautions and utilizes stainless steel machinery with modern technology to maximize product safety. Special attention is given to the handling of finger millet, where a thorough washing process is implemented after destoning. This process effectively removes contaminants, ensuring the highest quality and purity of the final product.

To further safeguard food safety, JFS enforces the use of appropriate safety gear for its staff during processing, minimizing the risk of contamination and upholding product integrity. The company’s factory premises are GMP certified, reflecting its commitment to maintaining stringent manufacturing practices.

JFS Holdings is continuously striving for improvement and is working towards obtaining additional certifications such as HACCP and ISO22000:2015. These certifications will further enhance the company’s dedication to ensuring the safety and quality of its products.

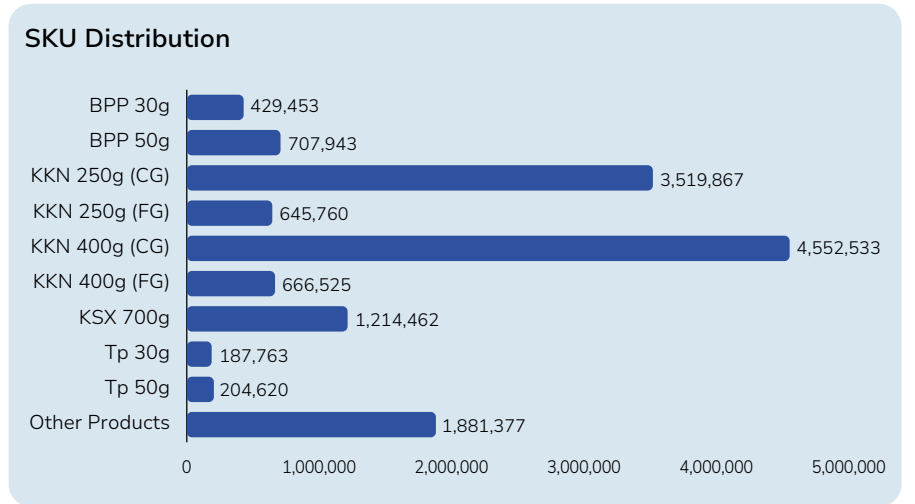
Quality of Our Products

We place a strong emphasis on maintaining the quality of our products throughout the entire processing journey. At every step, rigorous quality checks are conducted to ensure the excellence of the final product.

To achieve this, we utilize high-performance and technologically advanced machinery in our processing operations.

Every product we produce has a specific standard that it must meet before it can be released to the market. We have strict criteria in place, and only products that meet these standards are approved for sale. This ensures that our customers receive products of consistent and excellent quality.

At the final stage, our products are certified with the SLS928 certification, which further validates their quality.



The production process in pictures



AGRO-FOOD SECTOR



Moreover, we have plans to expand our reach beyond national borders. We aim to export our products to Europe, the USA, Asia, and other countries where there is a demand for our offerings. By expanding our presence in international markets, we can introduce our high-quality products to a broader audience and cater to the needs of customers around the world.



Research and Development

Our research and development team is dedicated to creating innovative food products that incorporate finger millet, adding extra value to this nutritious grain. Some of our exciting creations which are yet under development include finger millet incorporated ice cream and a finger millet-based non-alcoholic carbonated malt beverage. We hope that these innovative products will offer unique and nutritious options for our customers to enjoy.

Product Distribution

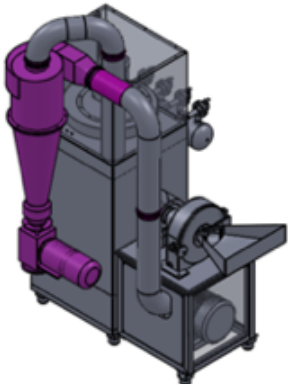
At JFS Holdings, we ensure that our products reach both local and international markets through various distribution channels. Our products are made available to customers through retailing, agencies, and MTC (Modern Trade Channels), such as Arpico, Daraz, Glomark, Kapruka.com, Lanka Sathosa, and Laugfs Super. We have joined hands with these business entities to make our products easily accessible to consumers.



Enhancing Production Capacity

To further enhance our capabilities and deliver the best possible products to our customers, we have recently invested in two advanced machineries in our production infrastructure.

Grinder Mill No.12



- **Performance:** Approximately 60kg/hr grinding capacity, equipped with a 15HP electric motor running at 1440 rpm. It operates on a three-phase power supply.
- **Use:** The primary purpose of this machine is to grind rice to produce string hopper flour.

Shifter Machine

- **Performance:** Powered by a 3HP electric motor running at 1440 rpm, this machine operates on a single-phase power supply.
- **Use:** The shifter machine is primarily utilized for sieving the ground rice flour, ensuring its quality and consistency.

CinnaMantra

CinnaMantra, a start-up brand under JFS Holdings, offers a range of chew toys made from cinnamon wood for pets. With 3 SKUs, CinnaMantra focuses on utilizing cinnamon wood, a by-product of Ceylon cinnamon production, to create these unique toys. Our target market for these

products is primarily in Europe and USA. We aim to provide a delightful and natural chewing experience for all the furry friends of humans while making use of sustainable resources.



The Potential of the Industry

The pet industry is experiencing significant growth, with pet owners seeking high-quality and natural products for their beloved furry companions. In this context, there is a promising market opportunity to introduce dog chew sticks made of Ceylon cinnamon, which is known as the best cinnamon in the world. Ceylon cinnamon is known for its numerous health benefits and natural properties, making it an appealing choice for health-conscious pet owners.

In European countries, where the pet dog population per capita ranges from 0.2 to 0.15 percent, which is significant and many pet owners are present; there is an opportunity to introduce this natural product as a choice for their dogs. With its qualities and potential benefits, cinnamon-based products can be a desirable option for pet owners looking for natural and beneficial solutions for their furry friends.

During the cinnamon production process, cinnamon wood is generated as a by-product. This wood is often used as firewood in cinnamon processing areas or sold to firewood sellers. However, this wood holds the potential for creating value-added products for export.

Since, pet owners are increasingly seeking natural and organic options for their pets, this Cinnamon by product is renowned for its antioxidant, anti-inflammatory, and antimicrobial properties. These qualities make it an ideal choice for promoting dental health, freshening breath, and improving overall well-being in dogs. Ceylon cinnamon is free from artificial additives, preservatives, and harmful chemicals, ensuring a safe chewing experience for dogs.

Strategy and Outlook

To implement and direct our business successfully, we prioritize positive communication with selected population groups. We plan to train these individuals in the southern province to develop CinnaMantra products according to our standards by December 2023. Additionally, we aim to obtain a phytosanitary certificate and other relevant certifications to ensure product quality and safety. Through these efforts, we are committed to building a thriving business with CinnaMantra in the near future.

FINANCIAL CAPITAL

“Despite facing unprecedented challenges, JFS Holdings Limited successfully strengthened its financial position over the past year. We achieved a 9% growth in revenue despite the challenges faced all throughout the period under review. Throughout this period, our unwavering dedication to delivering sustainable returns to our valued shareholders remained at the forefront, guided by an innovative business strategy and prudent management practices.”



Revenue

Rs. **228.8** Mn

Economic Value Generated

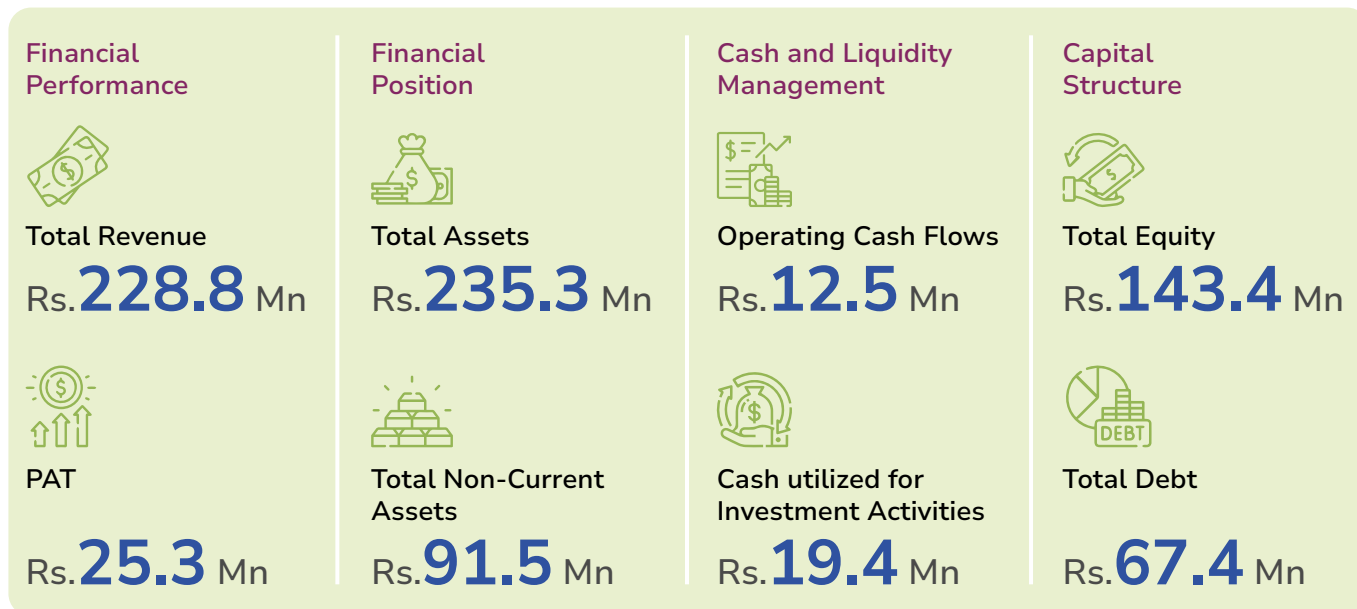
Rs. **241.9** Mn

● Key Highlights of the year

- ▶ 9% revenue growth during the FY.
- ▶ 93% growth of export income.



Key Focus Area



Management Approach

Our Financial Capital comprises funds from our shareholders and bankers, enabling us to maintain the desired financial security and stability for our stakeholders while delivering excellent returns to our stockholders. We remain committed to reinforcing our financial capital through prudent financial management practices, encompassing 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
- Making new investment for all business sectors of the Company

Financial Performance

Revenue

Key Revenue Drivers

- Revenue from business process outsourcing income was Rs. 90.1 Mn, a 90% increase.
- IT Sector contributed Rs. 118.9 Mn revenue which was 52% from the overall revenue
- Extreme Sports Sector’s revenue increased by 58%

Throughout the last year, we faced numerous challenges caused by the country’s economic crisis and global hardships affecting economies worldwide. Nevertheless, we demonstrated exceptional resilience and adaptability, ensuring uninterrupted operations and safeguarding our stakeholders’ interests. Despite these difficult circumstances, the company maintained its momentum and experienced healthy and continuous growth. Thus, the business process outsourcing income stood out with an impressive surge while the IT Sector and Extreme Sports Sector delivered outstanding results with a revenue increase. These positive results demonstrate the company’s ability to diversify its revenue streams and capitalize on various market opportunities by delivering sustainable returns to shareholders and stakeholders.

Key Strategies

- 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 extreme sports sector has been reported as a result of the uniqueness of our service.

FINANCIAL CAPITAL

Administrative and Selling Expenses

Expense	2022/2023 (Rs.Mn)	2021/2022 (Rs.Mn)	Difference (Rs.Mn)
Professional Charges	10.6	10.1	0.5
Staff Related Expenses	32.2	29.9	2.3
Building Rent Expense	1.1	0.9	0.2
Utility Expenses	1.8	1.2	0.6
Maintenance Expenses	2.9	1.9	1.0
Donation	0.8	0.6	0.1
Other Expenses	4.0	0.5	3.5
Depreciation	9.8	5.7	4.1
Total	63.2	50.8	12.4

In 2022/2023, the overall administrative and selling expenses amounted to Rs. 63.2 Mn, reflecting a substantial increase of Rs. 12.4 Mn compared to the previous year. This overall growth in expenses indicates the company's dedication to managing its operations efficiently while strategically investing in its growth and sustainability. Also, it is noteworthy that the direct cost to revenue marked 56% % during this year. This is a significant indicative of the company's efforts to expand, invest in infrastructure, and support its workforce and community initiatives. The notable rise in staff-related expenses indicates potential hiring and improved compensation to retain skilled talent as an invaluable investment for the company.

Key strategies executed in 2022/2023

- 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.

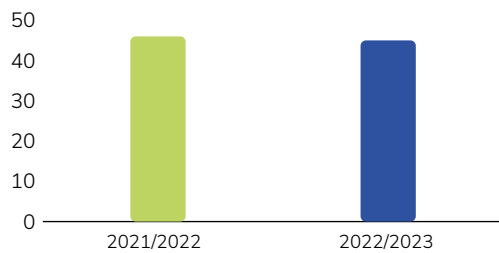
Key value drivers

- Attracting, developing and retaining highly skilled workers
- Streamlining the processes to improve productivity
- Implementing the hybrid work model for the employees

Profit from Operating Activities

Making a profit from operations is a good sign for the company. It shows that the company is doing well financially and has improved its operations even in a challenging environment with numerous obstacles. Despite facing challenges in the economy, the company has shown resilience and adaptability, which has helped it grow and become more profitable. Even during the crisis, the company's effective management skills allowed it to navigate the challenges for nearly a year. Moreover, the company successfully boosted its revenue by increasing sales and implementing cost-saving strategies, further enhancing its financial position. The management has sound confidence in making more and more profit over the coming years.

Profit from Operations



Key strategies executed in 2022/2023

- Strategically managing our internal resources
- Superior service provided by business process outsourcing sector has resulted in higher profit margins.
- Timely adopting to the external environmental changes
- Making the right decisions at the right time
- Highly skilled and motivated staff have given higher productivity
- Effective Management of investment portfolio

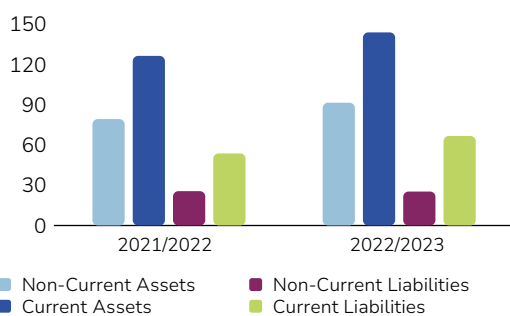
Key value drivers

- Increasing revenue from BPO and Extreme Sports Sectors
- Cost optimization through improvement of productivity and efficiencies

Financial Position

Summary of the Financial Position of the Company

During the year under review, the company’s financial position showed positive trends. The increase in non-current assets from Rs. 79.3 Mn to Rs. 91.5 Mn indicates the company’s focus on investments in long-term assets to support growth. Current assets also grew from Rs. 126.4 Mn to Rs. 143.9 Mn, showing the improved short-term investments of the company. As a strategic decision, the company settled interest-bearing loans and borrowings worth Rs. 12.2 million during the period. However, this decrease was offset by the increased deferred Tax Liabilities by Rs. 12.7 million. Therefore, it shows a slight decrease in non-current liabilities from Rs. 25.6 million to Rs. 25.3 million. These improvements in the company’s financial position indicate a strengthened foundation and positive prospects for future growth and stability of the company.



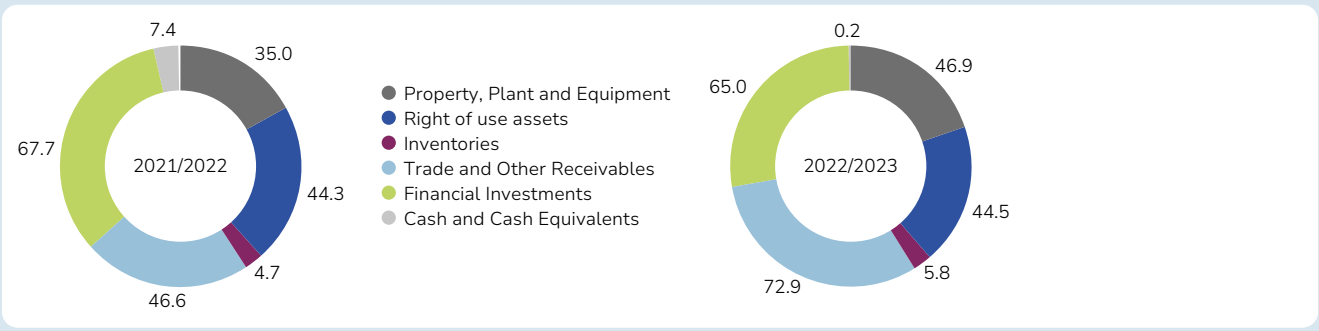
Key strategies executed in 2022/2023

- Settled interest-bearing loans and borrowings to reduce stress on financial costs due to the high interest rates.
- Strategically maintain the short term assets and liabilities

Total Assets

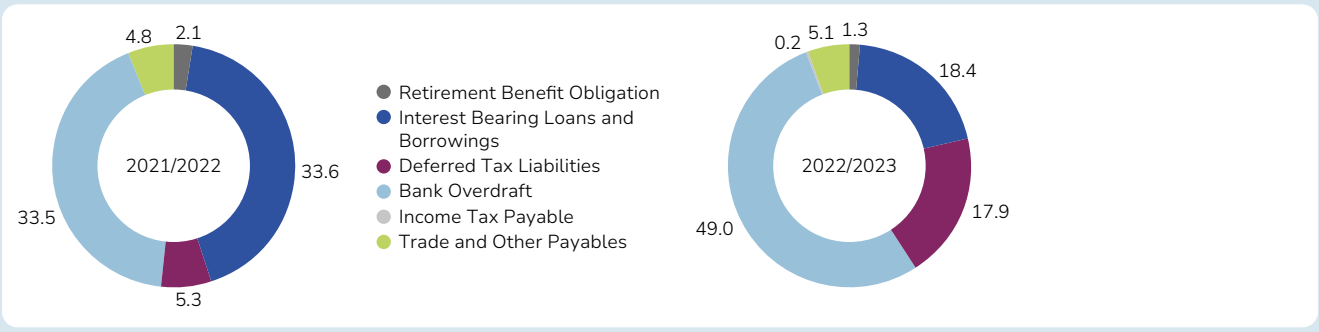
During the period analyzed, the company’s total assets increased from Rs. 205.6 Mn to Rs. 235.3 Mn, showing a positive trend in its financial position. The key contributors to this growth were “Trade and other receivables”, which surged from Rs. 46.6 Mn to Rs. 72.9 Mn, and “Property, Plant and Equipment,” which rose from Rs. 35.0 Mn to Rs. 46.9 Mn, showcasing the company’s investments in fixed assets. However, “cash and cash equivalents” saw a decline from Rs. 7.4 Mn to Rs. 0.2 Mn, ensuring sufficient liquidity for short-term needs. The growth in total assets highlights the company’s overall growth and accumulation of various assets during the period.

FINANCIAL CAPITAL



Total Liabilities

During the evaluated period, the company’s total liabilities have increased from Rs. 79.3 Mn to Rs. 92.0 Mn. This rise was primarily influenced by the significant increase in “bank overdraft”, which surged from Rs. 33.5 Mn to Rs. 49.0 Mn and “Deferred tax liabilities” increased significantly from Rs. 5.3 Mn to Rs. 17.9 Mn. On the other hand, “Interest Bearing Loans and Borrowings” has decreased, demonstrating prudent debt management practices of the company.



Cash and Liquidity Management

Working Capital/Liquidity

	2022/2023 (Rs,Mn)	2021/2022 (Rs,Mn)
Current Assets	143.9	126.4
Current Liabilities	66.7	53.7

The company experienced growth in its working capital and liquidity position during the period analyzed. Current assets increased from Rs. 126.4 Mn to Rs. 143.9 Mn, and, concurrently, current liabilities also rose from Rs. 53.7 Mn to Rs. 66.7 Mn. This improvement indicates enhanced liquidity, providing the company with more resources to address short-term obligations.

Cash Management

	2022/2023 (Rs,Mn)	2021/2022 (Rs,Mn)
Net Cash Flows from Operating Activities	12.5	28.7
Net Cash Flows from / (Used in) Investment Activities	(19.4)	(58.3)
Net Cash Flows from / (Used in) Financing Activities	(15.8)	10.0

Company's cash management for the period 2022/2023 compared to 2021/2022 shows significant changes in cash flows from various activities. Net cash flows from operating activities decreased from Rs. 28.7 Mn to Rs. 12.5 Mn, indicating a lower generation of cash from core business operations. This reduction was mainly due to the adverse environmental changes and crises faced during the financial year. However, the management remains confident about recovering this reduction in cash flows within the upcoming year.

Net cash flows from investment activities reflected an outflow of Rs.19.4 million, primarily due to an increase in non-current assets by Rs. 12 million. An outflow of Rs. 15.8 million was observed in net cash flows from financing activities, primarily resulting from the settlement of Loans and Borrowings during the reviewed financial year.

Capital Structure

Total assets of the Company were funded as follows;

Total Assets	Shareholder Fund	Long Term Fund	Short Term Fund
Rs. 235.3	60.9%	10.7%	28.4%

The company's capital structure indicates how its total assets are funded. It is evident that most of the funding comes from the company's shareholders, followed by a portion from long-term loans and short-term loans. This demonstrates a balanced approach to financing, utilizing a mix of the owner's equity and different types of funds to support its operations.

Composition of Equity

	2022/2023 (Rs,Mn)	2021/2022 (Rs,Mn)
Stated Capital	86.44	11.17
Revaluation Reserve	33.01	40.55
Retained Earnings	23.92	74.59
Total	143.4	126.3

SOCIAL AND RELATIONSHIP CAPITAL

“Sharing is not just a choice but a core value we hold warmly. It is an integral part of who we are – a responsible corporate entity. Our commitment goes beyond profits, as we strive to make a positive impact on society. CSR is our heartfelt anthem. It is not just a matter of allocating resources; it is about touching lives and inspiring others to join us in this noble mission!”



Purchase from suppliers

Rs. **11.3** Mn

Investment in CSR project

Rs. **0.8** Mn

Number of Suppliers

20+

● Key Highlights of the year

- ▶ Launched Plastic Recycling initiative in different way.
- ▶ Donation to the Apeksha hospital.
- ▶ Awarding scholarships to eligible students in “Arakavila”.

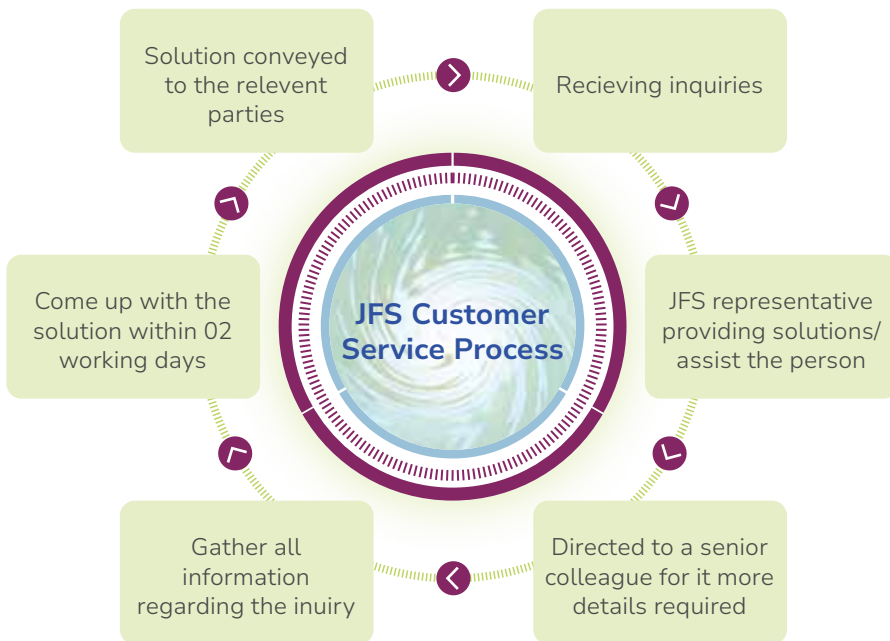


We are focusing on following areas



1. Customer Relationship

JFS values excellent customer care and after-sales service as much as delivering high-quality products and services. We have a comprehensive customer care program that includes after-sales support, guarantees, and warranties. Our dedicated customer care team ensures a positive experience and is available to assist with any questions or issues. Jobfactory, a brand under JFS Holdings, offers a replacement guarantee at no extra cost if an employee leaves within three months of hire. Our values of integrity, transparency, and accountability have been cultivated over 12 years.



Customer Grievance and inquiry handling: We have a standardized process for handling customer grievances and inquiries. We keep records, have one-on-one discussions, escalate issues to a senior person when needed, and aim to respond within two working days.

Customer complaint process: We have a standardized complaint process with various submission options such as phone, email, or in-person encounters. We value customer feedback and strive to respond quickly, ensuring customer satisfaction.

Compensation policy: Our compensation policy covers faulty goods, poor service, and unsatisfied clients. Customers can return “The RAVINE” food products for a refund or exchange. We are proud to maintain a zero-complaint rate since our inception and strive to uphold customer satisfaction and trust while delivering exceptional goods and services in the future.

We have taken steps to enhance our offerings and introduce new products and services for the benefit of our valued customers. Among, Verifiez-e” is a leading background screening service specializing in employment background checks. Another recent introduction is CinnaMantra, a dog chew stick made from Ceylon cinnamon, specifically designed for pet lovers. We have also enhanced our BPO services to cater to local and international clients, specializing in four main services to better serve our customers.

Our Happy Clients



“We have partnered with SourceOne since July 2014. Having understood the advantages of outsourcing non-core functions & activities, SourceOne has enabled us to be more agile as an organization and focus on what is critical to business results. Staff deployed by SourceOne are professional and courteous. We would highly recommend SourceOne to organizations that desire a high quality of service.”

Jahaan Sultan

Assistant Manager - Human Resources
Amana Takaful PLC



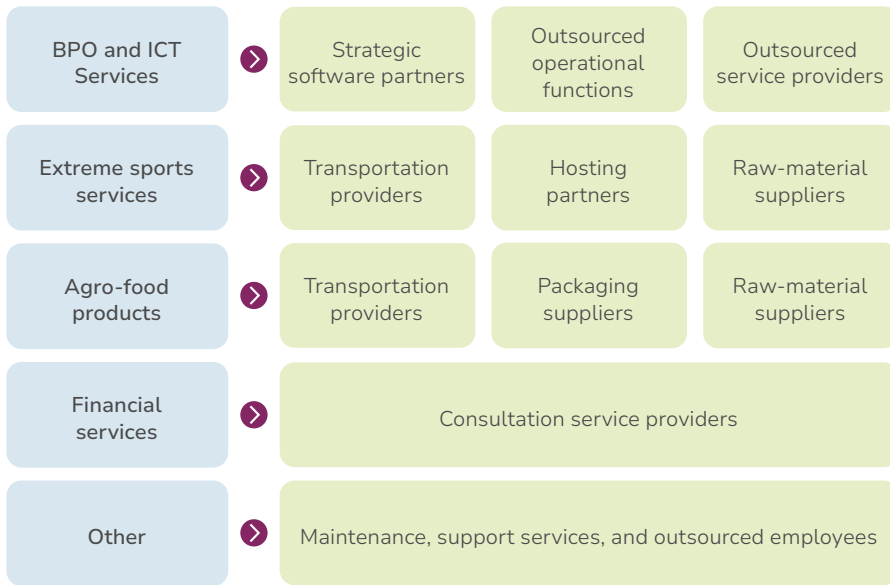
SOCIAL AND RELATIONSHIP CAPITAL

2. Supplier relationship and supply chain management

JFS values ethics and independence in its relationships with clients, the market, and society. This helps ensure the long-term success of the business. The Group follows all local and international laws and maintains strict quality management processes. These processes ensure high standards in operations, responsible marketing, communication, and the health and safety of employees and customers. We have also obtained relevant certifications to demonstrate our commitment to this. Collaboration is important for creating and protecting value for everyone involved.

We also have a Supplier Code of Conduct that requires suppliers to comply with laws and regulations, and to follow ethical labor practices, human rights, and sustainability principles.

Below are the identified significant suppliers of industry groups for JFS.



3. Corporate Social Responsibility (CSR)

JFS has always prioritized giving back to society, and this year was no exception. Over the past twelve months, we have undertaken several Corporate Social Responsibility (CSR) projects aimed at making a positive impact on the communities in which we operate. From environmental initiatives to education and healthcare programs, our commitment to social responsibility has remained at the forefront of our activities.

Donation of Paint Buckets to Jinarathana Temple, Arakawila

We, as a responsible corporate citizen, made a donation of paint buckets to Jinarathana Temple in Arakawila on June 3, 2023. Our intention was to bring new life and energy to the sacred place by adding vibrant colors. By providing these paint buckets, we wanted to play a part in preserving the cultural heritage of the temple. We understood the importance of maintaining and beautifying religious sites, as they hold deep significance for both worshippers and the local community.

This donation served as a testament to our dedication to social responsibility and our commitment to making a positive difference. We recognized that small acts of kindness, can have a significant impact on the well-being of our community. Working together, were delighted to contribute to creating a serene and colorful environment at the temple in Arakawila.

Supporting primary students with much-needed essentials

Understanding that education is the cornerstone of development; JFS launched a CSR project as its latest on 28.03.2023 to support grade one new students who take their first step on their education journey at “Udagama Junior School”.

The project was aimed at providing much-needed essentials to these primary learners, including school bags, books, and other vital items that will serve as the building blocks of their academic journey. Each staff member at our company generously contributed at their fullest to this great initiative. Recognizing the significant barriers to education that many students face, especially those from disadvantaged backgrounds, JFS is committed to breaking down these barriers and creating a more equitable society.

While the Western Province may not typically be considered a rural area, JFS has recognized the significant challenges faced by students living in this particularly rural part of the province. Udagama area has unfortunately been overlooked by many, leaving students with limited resources and support to pursue their education.

JFS team hopes to instill a sense of hope in the hearts of these young learners and empower them to

pursue their dreams fearlessly. By making a significant contribution to Sri Lanka and its people we are committed to making a meaningful impact by carrying out our social responsibility.

Awarding scholarships to eligible students in “Arakawila”

At our core, we believe that education is the key to unlocking a brighter future for individuals and society as a whole. That’s why we are proud of our recent CSR project, which is aimed at empowering young students to achieve their academic goals and reach their full potential by to pursuing higher education and realizing their dreams.

Through this initiative, we provided scholarships in cash and gift vouchers to deserving students in the village of Arakawila, who were selected to universities with the contribution of each staff member. These bright young minds have shown a tremendous amount of dedication and hard work in pursuit of their academic aspirations, and we, as a team are honored to support them in their journey.

Also in the future, we hope to create a positive impact on the educational landscape in our communities by helping to bridge the gap between academic potential and financial resources.

Project on recycling plastic materials

Being a responsible organization in promoting environmental sustainability and reducing carbon footprint, we launched a plastic recycling project at our store in early 2023. As part of this project, we are offering customers a unique incentive to participate in our recycling program. Accordingly, any individual in our community who disposes



of plastic waste will get an Rs. 2 deduction in return for any item they purchase from our store.

This initiative is aimed at encouraging our customers to be more environmentally conscious and play an active role in reducing plastic waste. By providing an incentive for recycling, we hope to make it easier and more rewarding for people to adopt sustainable practices. While being proud of contributing towards a more environmentally responsible future, we believe these small actions toward preserving our ecosystem can lead to big changes in the world. Nevertheless, we are committed to continuing our efforts to make a meaningful difference in the communities we serve.



Through this we hope that we can reap multitude of benefits for the community and environment. Firstly, we can significantly reduce the amount of plastic waste that ends up in our landfills and oceans. Moreover, recycling plastic bottles can conserve natural resources, save energy, reduce carbon emissions, save money, create jobs and many more.

According to the Environmental Protection Agency (USA), recycling one ton of plastic bottles (equivalent to about 40,000 plastic bottles) can save up to 5,774 kilowatt-hours of energy and reduce CO2 emissions by 3.8 metric tons.

Based on these figures, we can estimate the energy and CO2 savings from recycling one plastic bottle:

At JFS, we collected 42kg of plastic bottles per month. Accordingly,

No. of plastic bottles in 42Kg = 40 000/1000*42=1680 bottles

Energy savings by 1680 plastic bottles= 5774/40 000*1680 = 242.508 KWh

CO2 emissions reduction by 1680 plastic bottles= 3.8/40 000*1680 = 0.1596 metric ton=159.6kg

SOCIAL AND RELATIONSHIP CAPITAL

While these may seem like small amounts, they can add up quickly when considering the millions of plastic bottles that are produced and consumed every day. By recycling plastic bottles, we can make a significant impact on reducing energy consumption, greenhouse gas emissions, and overall environmental impact.

In addition to these environmental benefits, we are proud to announce that our recycling efforts have earned us recognition as a responsible and sustainable organization. We will receive a certificate proving that we are a recognized organization of recycling, validating our commitment to making a positive impact on the planet.

Donation to the “Apeksha” Hospital, Maharagama

JFS with big hearts provided a glimmer of hope and comfort to those who are fighting terrible cancer disease at “Apeksha” Hospital, Maharagama. With a heart full of empathy and compassion, we were able to do a donation of half-million LKR worth of medical supplies and surgical equipment to support the treatment of patients.

JFS and all the staff members are honored to have played a small part in bringing courage, strength, and determination into the lives of those who are facing such a challenging battle and their loved ones. This remarkable experience has left a lasting impression on the hearts of everyone at JFS, and we consider it a privilege to contribute much-needed drugs and equipment to help improve patient care and treatment outcomes.

The program was organized with a deep desire to make a positive impact on our society and those in need. We also wanted to create an opportunity for our employees to give back to their community while also providing support and care to those fighting cancer.

Our goal was to spread kindness and generosity, to offer a helping hand and a listening ear to those going through such a challenging journey. And we were thrilled to see our team embrace this vision wholeheartedly, eager to make a difference in the lives of others.



INTELLECTUAL CAPITAL

“Our intellectual capital fuels our innovation and success. Through our bright minds, continuous learning, and collaboration, we stay ahead, envision the future, and create exceptional solutions that lead our industry.”



Brands

8

Innovations & Upgradions

3

Key Highlights of the year

- ▶ SourceOne; the flagship brand of JFS Holdings secures a large BPM account from North America.
- ▶ JFS has been included to the Top 20 Companies in Sri Lanka for Outsourcing.
- ▶ SourceOne becomes an approved business venture by EDB Sri Lanka, indicating its credibility and potential for growth.



INTELLECTUAL CAPITAL

Our intellectual capital, the intangible knowledge-based assets we own, plays a vital role in fueling these remarkable capabilities. It serves as a fountainhead of competitive advantage, empowering us to stay ahead of the curve. The knowledge and experience of our employees are the driving forces behind our innovative solutions and creative thinking. Our company culture actively encourages and supports employees to innovate, to push boundaries, drive our continuous growth, and bringing forth fresh ideas that shape the future.

Additionally, the certifications and licenses obtained from respected statutory bodies and industry associations contribute to improving our knowledge base. These endorsements from recognized global and local entities guarantee that our products and services comply with industry Best Practices, ensuring high standards.

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
- Export Development Board

The knowledge and experience of our employees are the driving forces behind our innovative solutions and creative thinking.

Brand Oversight

To adapt to changing business trends and customer preferences, the JFS’s strategy focuses on staying up-to-date while still reflecting the core values of the organization. In pursuit of this objective, we have eight incredible brands under the JFS umbrella, each playing a special role in our mission to stay relevant and uphold our core values.

Our Brands



Fueling Growth and Innovation

At the heart of our success lies our devoted commitment to innovation. Through our in-house innovation capabilities, we have crafted an extensive service and product portfolio that stands as a testament to our relentless pursuit of groundbreaking ideas. In our four business sectors, we have made significant contributions to industry innovation, positively impacting and propelling our country’s key economic sectors to new heights.

Key Innovative actions taken during the year

Type of Innovation	Sector	Brand	Innovation
Upgraded features	BPO	SourceOne	Integrated automation and AI into its operations to optimize repetitive tasks, enhance accuracy, and expedite project delivery, resulting in cost savings and improved quality. Introduced joint venture opportunities for off-shore companies.
	Extreme sports	four-man team	Launched a unique curriculum for potential CEOs on “Creating a sustainable SME based on battlefield strategies”
Innovative offerings	ICT	Verifiez-e	Introduced a new service to provide employee background verification of new recruitees as a B2B service.



Optimizing Efficiency and Knowledge Management

Identifying the importance of efficient systems and processes, we assessed our existing systems and identified areas for improvement. By streamlining operations, leveraging technology, and implementing automation where appropriate, we have optimized efficiency and productivity. Additionally, we have facilitated knowledge sharing and collaboration among employees, creating an environment that encourages the free flow of ideas and expertise. These improvements have not only enhanced our intellectual capital but also positioned us for greater agility and responsiveness in an ever-changing business landscape.

Customer Capital

Our customers are at the core of our intellectual capital. We strive to build strong and enduring relationships by understanding their needs, preferences, and expectations. Through active engagement and feedback mechanisms, we gather valuable insights that drive product and service enhancements, allowing us to stay ahead of market trends. By nurturing customer loyalty and advocacy, we create a valuable intangible asset that contributes to our long-term success.

Modernizing Marketing Strategies for Success

JFS’s marketing team holds primary responsibility for formulating and executing the overall marketing strategy, including driving transactional revenue, which remains the largest contributor to the company’s overall revenue. This year, our primary focus was on leveraging the power of social media marketing, which proved to be a resounding success. Recognizing the immense potential of these platforms, we strategically directed our efforts towards engaging our target audience and building brand awareness through social media channels. The results were remarkable, with our social media marketing initiatives driving substantial growth and generating significant positive impact. The strategic emphasis on social media marketing played a pivotal role in achieving our goals and contributing to our overall success this year.

Human Assets

Human assets are one of the major components of our intellectual property. In our pursuit to enhance our intellectual capital, we have undertaken strategic initiatives that address the critical areas of skill set gaps, employee experience, training and development. First and foremost, we have proactively hired employees with specific skill sets that were lacking within our organization, ensuring that we have a diverse and well-rounded team capable of tackling complex challenges.

Recognizing the significance of employee experience in retaining top talent, we have made concerted efforts to improve our employer branding, creating a positive work environment that fosters growth, collaboration, and job satisfaction. By investing in training and development programs, we empower our employees to continually expand their knowledge and skills, equipping them with the tools necessary to drive innovation and contribute to our intellectual capital.

NATURAL CAPITAL

“Nature is our most valuable partner, and we cherish it dearly. With responsible care and preservation, we’re nurturing the very source of our strength, ensuring a brighter future for both our business and the planet we call home.”



Plastic recycling

42 Kg

Prevention of Air Pollution

27 tons

- Key Highlights of the year
 - ▶ Waste management initiatives.
 - ▶ Liquid Waste Disposal practices.
 - ▶ Project Plastify 2023.
 - ▶ Efficient Energy Management practices.



JFS Holdings 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.

The natural environmental focus areas of the Company are summarised below,

Waste Management

Energy Management

Water Management

Paper Consumption



Waste Management

Established a method of disposing of waste

JFS has developed rigorous disposal procedures for both liquid and solid waste in order to uphold moral and environmentally responsible waste management practices.

Solid Waste Management:

a. Paper Waste: In each of our offices, there are special waste cans for paper waste. We encourage employees to use these bins to get rid of unwanted paper, newspapers, cardboard, and packaging supplies. For recycling, our cleaning team collects paper waste and makes sure it is properly sorted and segregated. We have partnerships with nearby paper waste



processing recycling companies that allow us to contribute to the creation of recycled paper products.

b. Polythene (Plastic) waste : In an attempt to cut down on plastic waste, we have developed a special dustbin system for this kind of garbage. To dispose of plastic bags, bottles, containers, and other plastic items, workers are recommended to utilize these designated bins. With the urban council for waste management in Pannipitiya, we work closely together. When plastic waste is removed from our premises, it is sent to facilities where it is recycled or disposed of properly to lessen its impact on the environment.

c. Food Waste: Our company’s kitchen and lunchroom produce a significant amount of food waste, which we are aware of. To solve this issue, we have developed a comprehensive system for managing food waste. Organic waste, which includes leftover food, fruit and vegetable peels, and coffee grounds, is provided to employees in separate waste cans. We have established a composting facility on site where the food waste that has been collected is turned into nutrient-rich compost. In order to encourage the adoption of sustainable agricultural practices,



this compost is then utilized in our company’s garden or donated to community gardens.

Liquid Waste Disposal:

In addition to managing solid waste, we take extra care to properly dispose of any liquid waste that results from our activities. While the majority of the garbage made up of paper and polythene is solid, we have systems in place to make sure that any liquid waste produced at JFS is disposed of correctly.

Project Plastify 2023

We are proud to announce the launch of our groundbreaking plastic recycling effort, JFS RePlastify, in our store in early 2023, as part of our commitment to putting what we teach into practice at JFS.

Our cutting-edge recycling strategy aims to empower and inspire our customers to participate in the ethical disposal of plastic rubbish. We are offering a Rs. 2 discount on any item purchased from our business to clients who properly recycle their plastic rubbish using our authorized recycling bins. Through this campaign, we want to raise environmental awareness and encourage our customers to take proactive efforts to reduce plastic waste.

NATURAL CAPITAL

Initiative for E-Waste Management:

JFS is completely committed to solving the critical issue of e-waste and ensuring its correct disposal. JFS and Green Links Lanka, a well-known e-waste treatment company in Sri Lanka, have joined forces because they are concerned about the long-term environmental impacts of electronic waste. Thanks to this collaboration, JFS is now able to recycle a wide range of e-waste items, including toner, phones, routers, chargers, batteries, and more. By implementing tight protocols for the processing, separation, and safe disposal of e-waste, JFS eliminates the negative consequences of hazardous materials and stimulates the recycling and reuse of valuable resources. This campaign not only displays JFS's commitment to CSR, but it also serves as an example for others to follow in addressing the underappreciated issue of e-waste.

Waste Paper Management Initiative:

JFS has focused on waste paper management using proactive measures. Through comprehensive teaching and awareness initiatives, all JFS

workers are encouraged to actively participate in waste paper collection and recycling efforts. We have assigned responsibilities for maintaining this section to all JFS employees.

JFS instills a sense of environmental responsibility among its employees by promoting a waste reduction and recycling culture

Furthermore, JFS actively promotes the use of recycled papers for a range of organizational objectives, such as holiday greeting cards for special events such as employee birthdays and packaging materials, supporting sustainable practices and strengthening the market for recycled products. Using banana leaves to wrap food JFS has actively pressed its employees to quit polythene-based merchandise in favor of more ecologically friendly alternatives. One such environmentally friendly approach is to utilize banana leaves as packaging or food wrappers. Banana leaves are widely available, natural, and biodegradable. JFS reduces the need for hazardous plastic packaging and contributes to waste reduction by boosting the use of banana leaves.



Energy Management

Contribute to make the planet more sustainable and green.

JFS prioritizes environmental awareness and seeks to mitigate its consequences. Our policies are amended on a regular basis to prevent and reduce environmental repercussions while meeting our commercial goals. As part of the company's sustainability plans, environmental concerns have been thoroughly investigated. Sector executives engage in relevant events and visit locations to gather data on sustainability on a regular basis. Based on the information obtained, processes are streamlined. JFS actively contributes to the sensible preservation of natural resources, with a focus on reducing water and electricity use. In response to lower energy use, we are always striving for more efficient use of fossil fuels, electricity, and water.

We upgraded to LED lighting and implemented best practises "Think Green - Turn Off Lights When Leaving"

Practices such as "Think Green - Turn Off Lights When Leaving." plastic recycling initiatives This is one of our most significant achievements.

Eco-Friendly car pooling options to reduce the carbon emission

JFS vigorously promotes eco-friendly commuting options among its employees. Carpooling and using public transport are two ways to reduce carbon emissions from ordinary travel and most employees are adhering to this practice.





Implementing and facilitating the employees to Work From Home opportunity

The majority of JFS employees work from home, encouraging sustainable development while contributing to the company’s growth by providing sustainable travel choices.

Delivering sustainable development lectures and seminars to JFS employees

JFS undertakes intensive awareness campaigns and educational initiatives to engage staff members and stakeholders in understanding the need to reduce carbon emissions.

These courses go beyond basic information sharing by including;

- Interactive training sessions
- Seminars
- Sustainability-related activities
- Round table discussion with the higher management
- Brainstorming sessions about sustainability with the employees

JFS seeks to foster an environmental awareness culture and inspire positive behavioral changes in all employees by actively engaging individuals and instilling a sense of responsibility.

Planting initiative in the Office area:

At JFS, we have begun a comprehensive planting initiative in the office area. This plan aims to minimize carbon emissions, protect the environment, and increase both community and employee well-being. JFS has implemented a variety of planting initiatives, including the introduction of native plant species, the creation of green zones, and the creation of gardens in and around the workplace, via strategic planning and collaboration with employees. These activities not only enhance the aesthetic attractiveness of the workplace area, but also provide habitat for animals in the region and improve air quality for JFS employees.



Paper Consumption

As a company committed to environmental responsibility, we implemented a sound strategy to decrease paper usage at JFS. This strategy uses the three R’s: Reduce, Reuse, and Recycling. While encouraging employees and external stakeholders to use online communication channels, process automation and continued investments in digitization have helped to gradually reduce the consumption of paper.

HUMAN CAPITAL

“We firmly believe that our most valuable asset is our people - the heart and soul of our organization. The dedication, skills, and passion of our employees drive our success, making them our most significant investment and the key to our sustainable growth and prosperity.”



Impactful training and development initiatives

Rs. **1** Mn

Health & wellbeing initiatives

Rs. **1.5** Mn

Employee Count

48% **52%**
Male Female

Key Milestones

- ▶ 52% team members contribute on-site, while 48% employees excel in a productive work-from-home and hybrid schedule setup.
- ▶ 54 new employees joined our dedicated team through strategic recruitment efforts.
- ▶ Introduced our newly developed in-house HR system, thoughtfully designed to elevate functions, drive efficiency, and nurture company-wide collaboration.



The Company’s commitment to excellence extends beyond its operations and services. We recognize that our most valuable asset lies in our Human Capital. With a robust governance structure, comprehensive HR policy frameworks, and robust systems and processes, we have established a foundation that nurtures and empowers our talented workforce.

Through our comprehensive HR practices, we prioritize talent acquisition, employee development, and retention. Our recruitment process is designed to attract highly skilled individuals who align with our values and contribute to our collective success. We invest in training and leadership development programs to enhance the skills of our workforce, equipping them to tackle new challenges with confidence.

We believe in fostering a culture that empowers every employee to take on leadership roles and contribute to the growth of the company. We value each team member and provide them with opportunities to lead company events, share their innovative ideas, and make a meaningful impact.

We encourage all our employees to actively participate in various initiatives and take ownership of projects that align with their interests and skills. Whether it’s organizing team-building activities, spearheading community outreach programs, or proposing new business strategies, we welcome and support diverse perspectives and initiatives.

Fostering a workplace that preserves human rights

At JFS Holdings, upholding the principles of human rights is not just a commitment; it’s an integral part of who we are. For over a decade, we have steadfastly adhered to the UN

Global Compact Principles of Human Rights, specifically Principles 1 and 2. Our unwavering dedication to these principles is evident in the measures we have taken to create a workplace that is fair, inclusive, and safe for all. We have a stringent Human Rights Policy that ensures the elimination of child, forced, and compulsory labor throughout our operations and value chain, with a clean track record of not using child labor for the past 10 years. Moreover, we actively promote freedom of association and collective bargaining among our employees, fostering an environment where their voices are heard and respected. Additionally, the health and safety of our workforce remain a top priority, and we have implemented appropriate measures at all JFS locations to ensure their well-being. Our commitment to human rights is deeply rooted in our core values, as we strive to cultivate a workplace that embraces diversity and respects the rights of both our customers and employees

1. Management Approach

We emphasize the importance of aligning with our vision, mission, and values. We communicate these clearly to our employees during general meetings, ensuring everyone understands our core principles. Throughout the day, we

observe how employees behave and make decisions to ensure they are consistent with our company’s values. At JFS, our recruitment process involves a thorough assessment of the talents and skills of potential employees to ensure their ability to make meaningful contributions in line with our vision. However, we firmly believe in the importance of fostering the growth and development of every employee, regardless of their initial skill level, to ensure they can progress in harmony with our organizational goals. We view this approach as mutually beneficial for both the individual and JFS as a whole.

Throughout the recruitment process, we carefully evaluate the qualifications, experiences, and potential of prospective employees. This ensures that we bring on board individuals who possess the necessary abilities and align with our vision of making a positive impact in the community. We value the diverse skills and talents that each employee brings to the table, recognizing that they are integral to our collective success.

But our commitment to our employees doesn’t end with the recruitment process. We strongly believe in nurturing their



HUMAN CAPITAL

development and supporting them in reaching their full potential. We provide comprehensive training programs, mentorship opportunities, and ongoing professional development initiatives. This investment in our employees not only enhances their individual growth but also strengthens our organization as a whole. We are dedicated to providing the necessary support and resources to help them flourish. By fostering a culture of continuous learning and improvement, we empower our employees to acquire new skills, expand their knowledge, and contribute to our shared vision.

We see this approach as a win-win situation. By investing in our employees' development, we create a highly skilled and motivated workforce that is capable of making significant contributions to JFS. Simultaneously, we provide our employees with opportunities for personal and professional growth, enabling them to advance their careers and achieve fulfillment in their roles.

Ultimately, our commitment to nurturing the growth of every employee reflects our belief that their success and the success of JFS are intertwined. We strive to create an environment that fosters collaboration, learning, and innovation, where individuals are empowered to reach their highest potential and contribute meaningfully to our organization's mission.

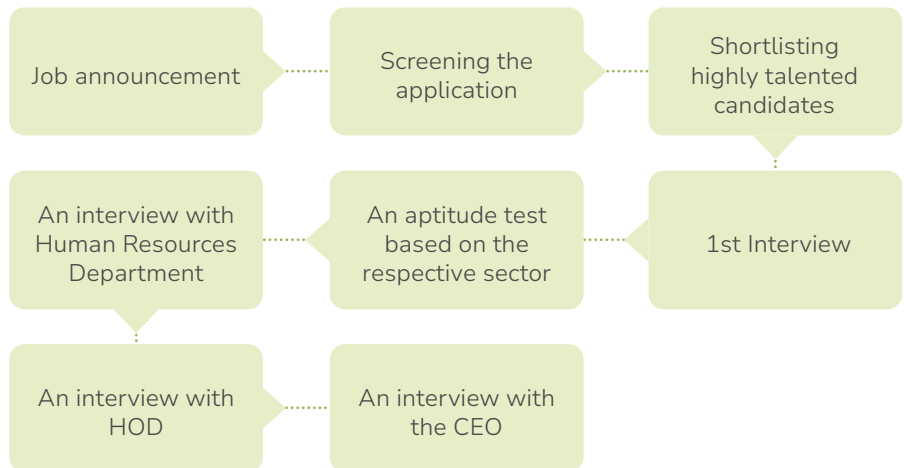
We firmly believe in aligning our human resources (HR) practices with our company goals and strategies to support the United Nations Sustainable Development Goals (SDGs). By integrating sustainability into our business operations and HR initiatives, we strive to make a positive impact on the environment, society, and our overall business performance.

2. Talent sourcing and Selection Process

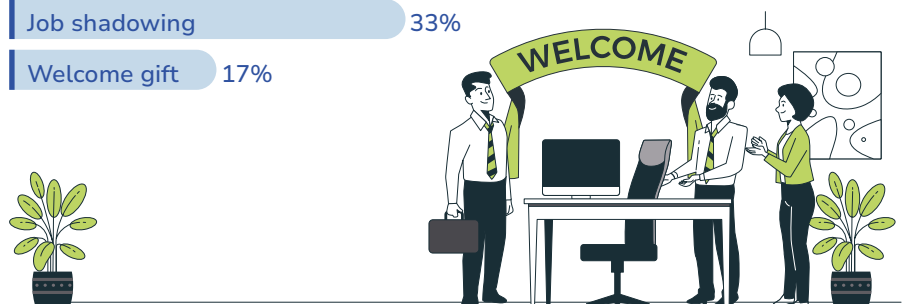
Our human capital strategy serves as the foundation for success. We believe in attracting and retaining the best talent while fostering an inclusive workforce. Our recruitment process aims to bring in highly skilled individuals who will contribute to our success. We emphasize diversity and inclusivity, ensuring our workforce represents various perspectives and experiences.

The recruitment process at JFS involves multiple stages, including HR interviews, aptitude tests, manager interviews, and CEO interviews. We take great care to ensure a seamless onboarding experience for new hires, providing them with thorough documentation, informative office tours, and introductions to colleagues, department integration, and comprehensive training. Our induction program sets the stage for their success within our organization.

Process of HR recruitment



Our on boarding procedure



To assess performance, we conduct monthly performance evaluations during the probation period. We use a comprehensive 360-degree Performance method, which allows employees to rate themselves and receive ratings from peers, subordinates and clients. Afterward, the HR department holds an evaluation meeting with the CEO. In this meeting, they identify any areas where performance may be lacking and work on ways to improve it.

3. Skill development and Talent retention

The modern workplace is well-connected, and teamwork is the language of it. A balanced social skill to work with people is necessary in the modern workplace. To succeed in today's workplace, both professional and social skills are crucial. Hard skills (technical abilities) and soft skills (interpersonal qualities) complement each other and play a significant role in identifying individual and team strengths, as well as how projects are managed. At JFS, the project models and management styles are designed to get our employees to do their best in soft and hard skills by clearly identifying their specific skills.

Also when hiring new employees, we have a clear understanding of the specific hard and soft skills required for the job. Our hiring process specifically looks for the skill set of both soft and hard skills when we interview potential employees.

For instance, if someone shows excellent leadership skills in team projects, we motivate them by delegating authorities or assigning leadership roles. This approach is vital for our company's overall success.

Ishara Keppetipola

Ishara's journey at JFS is nothing short of inspiring. He joined the company in 2016 as a Trainee Junior HR Executive, and his exceptional talent and capabilities were quickly recognized by the management. In 2020, amidst the challenges posed by the Covid-19 pandemic, Ishara stepped up and moved to the Sales Department as a Deputy Area Manager, fearlessly taking on the responsibility of leading sales during this difficult period. He saw this as an opportunity to grow and excel in his career, and his dedication and determination have made him a true success story at JFS. Today, Ishara holds a crucial position, overseeing the administrative and transportation functions of the company. His commitment and outstanding achievements serve as a shining example to others.



Talent retention

At JFS, we believe engaged employees are our success's cornerstone. We strive to create a positive and inclusive work environment where employees can thrive, showcase their talent, and achieve their goals. We encourage open communication and collaboration, fostering a culture of innovation and idea-sharing every week on Mondays. At JFS, our internal human resource management practices are concentrated on maintaining a healthy employee retention rate.

At JFS Holdings, we prioritize talent retention through thoughtful strategies. Our recruitment process includes comprehensive onboarding experience, whether it's in the office or remote, to ensure that new employees feel like valued members of the team from day one. We emphasize professional development plans and career portfolios to support their growth journey. Additionally, we offer a mix of traditional and non-traditional benefits, such as hybrid and work-from-home schedules, to provide flexibility and work-life balance.

Central to our culture is recognition and feedback. As a team, we come together to celebrate employees' achievements and milestones within the company. These practices foster a sense of appreciation and motivation, contributing to the retention of our top talents. At JFS Holdings, we are committed to creating an inclusive and rewarding environment that encourages our employees to thrive and build long-lasting careers with us.

4. Training and professional development

In the modern work environment, every team member is expected to take the initiative, as this drives innovation and out-of-the-box thinking. Our HR team is pivotal in constructing pipelines to cultivate talented individuals who can fill talent gaps and enhance their professional skills. All employees are eligible to participate in our training programs.

In addition to our existing strategies, we recognize the importance of ongoing employee professional development. We understand that investing in their growth benefits them individually and contributes to our organization's overall success.

HUMAN CAPITAL

Therefore, we have implemented a robust learning and development program.

Our learning and development program offers a range of opportunities for employees to enhance their skills and knowledge. We provide access to internal and external training sessions, workshops, seminars, and online resources that align with their career aspirations and organizational objectives. These learning opportunities cover various areas, including technical skills, leadership development, industry trends, and emerging technologies.

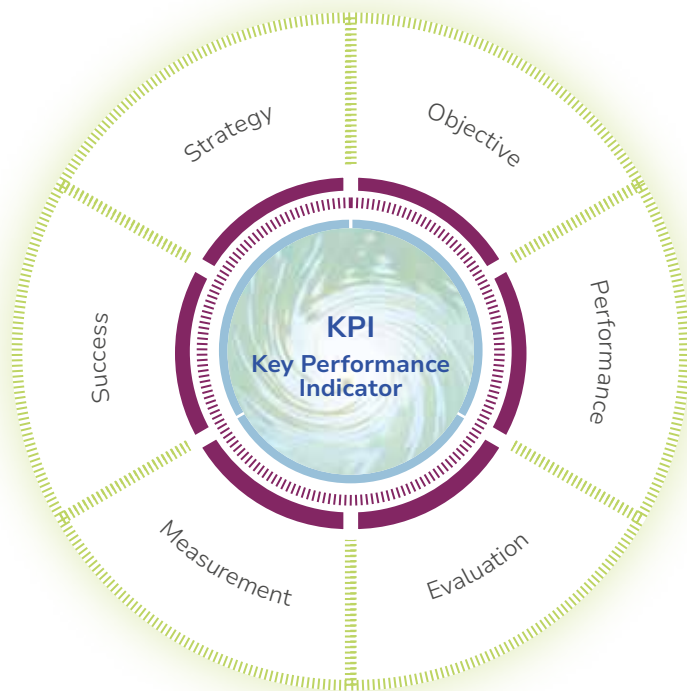
Through our learning and development program, we aim to empower our employees to continuously improve their capabilities and adapt to the evolving needs of our industry. By investing in their professional growth, we foster a culture of innovation, excellence, and continuous improvement within our organization. By fostering a culture of continuous learning, we ensure that our employees are equipped with the technical expertise needed to excel in their roles.

By investing in developing our employees' hard and soft skills, we at JFS build a workforce that is adaptable, proficient, and capable of driving our organization's success in an ever-changing business landscape.

To ensure the effectiveness of our learning and development initiatives, we regularly assess the impact of these programs on employee performance and organizational outcomes. We gather participant feedback through surveys, focus groups, and performance evaluations to identify areas of improvement and make necessary adjustments to our training offerings.

By incorporating this additional strategy of ongoing professional development, we enhance our human capital strategy's effectiveness in attracting, retaining, and developing top talent. Together with our emphasis on diversity, inclusivity, seamless onboarding, and performance evaluation, our commitment to continuous learning strengthens our workforce's capabilities and positions us for sustained success in a rapidly evolving business landscape.

5. Performance management



JFS Holdings has a Key Performance Indicator (KPI) structure that is linked to main goals that are in keeping with the company's mission and vision. Employees recognise their contribution to the company's success when they focus on tangible and attainable goals. A comprehensive performance management method that includes reviews, goal-setting, and feedback ensures alignment and responsibility.



Case Study of Kusal

Kusal's journey at JFS has been one of relentless dedication and remarkable growth. We at JFS made it a priority to closely monitor and evaluate Kusal's performance. It was during this process that we identified areas where he had the potential to improve and excel even further. Rather than viewing these areas as weaknesses, we saw them as untapped potential waiting to be nurtured.

Taking a proactive approach to Kusal's development, we at JFS provided him with tailored training sessions and workshops, specifically designed to address the identified areas for improvement. These training opportunities not only focused on enhancing his technical prowess but also emphasized the importance of soft skills such as effective communication, teamwork, and leadership.

Kusal's contributions to the finance sector of JFS have been outstanding. With hands-on experience in creating budgets and accurately forecasting market trends, he plays a vital role in ensuring financial stability and growth. Moreover, his proficiency with various accounting software has streamlined processes and enhanced overall efficiency.

As Kusal's skill set expanded and his confidence grew, so did his impact on our team and the company as a whole. His dedication to personal and professional growth served as an inspiration to his colleagues, and he became a respected mentor for new employees seeking guidance.

Through the perfect combination of Kusal's unwavering dedication and our commitment to fostering a supportive and growth-oriented environment, he blossomed into an invaluable asset at JFS. His journey serves as a shining example of the power of investing in employee development for remarkable achievements.



5. Fair pay and benefits

We value the power of diversity and inclusion at JFS. We recognize that a diverse workforce brings together unique perspectives, fostering creativity and driving innovation. We are committed to building a work environment that embraces and respects individuals' differences in perspectives, values, and beliefs.

We seek to increase representation across various dimensions to promote diversity and inclusion. We establish inclusive policies, provide training on unconscious bias, and foster a culture of respect and understanding.

Employee resource groups and affinity networks are also encouraged to create platforms for underrepresented employees to connect, support, and share their experiences. To reward and satisfy our personnel, our comprehensive pay system includes statutory contributions, festival advances, and other incentives.

Furthermore, we value our workers' well-being by offering health insurance. We sincerely feel that giving our workers access to high-quality healthcare benefits their overall satisfaction and allows them to reach their full potential.

Thereby JFS actively contributes to the United Nations' Sustainable Development Goal 8 (Decent Work and Economic Growth) and Sustainable Development Goal 3 (Good Health and Well-Being).

At JFS, we prioritize the well-being and satisfaction of our employees. We offer comprehensive benefits and compensation packages to recognize hard work and dedication. Our retirement facilities provide a secure and fulfilling future. We utilize KPI-based performance management

systems, allowing employees to set targets and receive rewards. We also offer awards to employees who consistently contribute to the organization throughout the year.

We understand the importance of mental health and recognize that a healthy work-life balance is crucial for our employees' overall well-being. To further support them in achieving this balance and fostering strong family support, we are delighted to introduce exclusive vacation offers at hotels for JFS employees and their families.

Our exclusive vacation offers at selected hotels allow our employees and their families to unwind, relax, and create lasting memories in a tranquil and rejuvenating environment. Regular vacations have proven benefits for mental health, allowing individuals to recharge, reduce stress levels, and enhance overall well-being. By prioritizing self-care and quality time with loved ones, we encourage employees to maintain a healthy work-life balance.

These exclusive hotel packages reflect our commitment to supporting our employees' mental health and family support. We recognize that employees who feel invested in their personal lives are more likely to bring their best selves to work, resulting in increased productivity, job satisfaction, and overall organizational success. Additionally, these vacation offers align with our dedication to work-life balance, underscoring our belief in nurturing and valuing our employees' personal and family well-being. By providing opportunities for meaningful connections with their families outside the workplace, we strengthen their sense of belonging and support their holistic development.

HUMAN CAPITAL

6. Rewards and recognition

Our employees consistently give their best effort throughout the year, adding significant value to the company. At JFS, we acknowledge and reward their invaluable contributions annually.

Employee Retirement Benefits

The Company enforces two obligatory defined contributions: the Employees' Provident Fund (EPF) and the Employees' Trust Fund. As a conscientious employer, the company allocates 12% and 3% respectively from these funds to ensure compliance with regulations on behalf of its employees. All contributions are paid by the EPF and ETF Boards promptly as per the scheduled dates. Furthermore, permanent employees who have completed five years of service are entitled to remuneration in accordance with the Gratuity Payment Act No: 12 of 1983.

7. Employee engagement

JFS encourages open communication and employee well-being, which are in line with the Sustainable Development Goals of the UN. Each subject connects to these objectives:

Peace, Justice, and Strong Institutions is promoted through encouraging workers to express themselves, ask questions, and make comments.

It creates a safe atmosphere in which workers may express issues without fear of punishment, contributing to a fair and inclusive workplace.

Decent Work and Economic Growth by resolving employee issues via surveys and a comprehensive grievance system. It attempts to improve employee well-being by providing fair and equal working circumstances.

7.1 Policy on Whistleblowing and Joint Advisory Committees: Allowing direct interaction with directorship and hold frequent Joint Advisory Committee meetings promote transparency at JFS.

These policies encourage management and labor to be more transparent, accountable, and engaged.

JFS also promotes cooperation and teamwork among workers by instilling trust, respect, and loyalty, which contributes to overall organizational success.

7.2 Good Health and Well-being by organizing events targeted at lowering work stress and improving workers' quality of life.

We have a list of programs which prioritize the emotional and physical well-being of employees, resulting in a healthy and productive workforce. Thus, we are committed to creating an environment at work where employees are valued and celebrated. Every team member's birthday is a memorable event at JFS, celebrated with sincere gratitude and thoughtful presents.



We take a break from our regular routines on Fridays and get together for exciting and engaging activities like Karaoke evenings to foster friendships and improve team ties.



We also recognize the importance of mental health and work-life balance. Therefore, we plan annual trips that provide our staff members and their family members with great opportunities.

We value cultural diversity and celebrate various events together. During Vesak celebrations, all employees came together to make beautiful Vesak lanterns. And for Christmas, we enjoyed festive activities like Secret Santa gift exchanges and decorating the Christmas tree.



We value our employees' well-being and recognize their milestones in life. As a token of appreciation, we offer a special opportunity to our employees who have completed one year with us and to newly married staff members. They and their families can enjoy a delightful retreat at the Ahas Gawwa boutique hotel located in Padukka. This offer allows them to have quality time with their loved ones, creating cherished memories and taking a well-deserved break from their busy schedules. We believe in a supportive and caring workplace, where our employees can enjoy both professional growth and meaningful moments with their families.



To honor and encourage our female employees, we celebrated Woman's Day with a heartfelt and memorable gift for each of our female team members. It was our way of showing appreciation for their contributions and recognizing the vital role they play in our organization.



We prioritize our employees' mental health and well-being. We understand that their contributions are essential to our company's success, and it's equally important to take care of them. To support their overall well-being, we conduct small mind-relaxing sessions during their work hours. These sessions have proven to have a direct positive impact on their performance. By providing a nurturing environment and promoting mental relaxation, we ensure our employees feel valued and motivated.

We provide a range of activities designed to calm the mind in order to encourage relaxation and stress management.

HUMAN CAPITAL



We strongly believe in the power of teamwork. By working together as a team, our employees can achieve remarkable results that benefit the entire company. Collaboration and synergy among team members lead to innovative ideas, efficient problem-solving, and enhanced productivity. By encouraging teamwork, we foster a supportive and inclusive environment where individuals can leverage each other's strengths to reach new heights of success.



The health and safety of our employees are of paramount importance to us. We strive to maintain a safe working environment through regular safety training programs and the implementation of best practices. Importantly, we at JFS provide training on first aid and self-defense as part of our commitment to employee safety and wellbeing in order to equip our team members with vital abilities and information with the experts of the fields such as St John Ambulance Service.



JFS helps the organization's growth and development by enabling people to interact, exchange ideas, and create. JFS efforts prioritize employee well-being, open communication, collaboration, and a healthy work culture, such as sharing new ideas and getting together as a team to complete complicated tasks; all of which match with several UN sustainable development goals.

SUSTAINABLE DEVELOPMENT GOALS



Leadership Succession

Within our organization, we have a unique approach to identifying and nurturing future leaders from within. Our approach focuses on both personal and professional growth for our employees. We accomplish this by providing them with new challenges and responsibilities to help shape their career paths.

We highly encourage our employees to openly share their ideas and thoughts. This collaborative process not only helps us generate fresh ideas but also contributes to our ongoing improvement.

Moreover, we identify areas where they can enhance their skills and offer access to online courses, training sessions, webinars and special programs. As a member in various chambers and institutions that organize informative webinars, we provide our employees the opportunity to participate in them. Ex: Workshop on Tele-Sales Skills for Outstanding Service conducted by SLASSCOM, Significant Recent & Proposed Changes to Labor Laws conducted by The Ceylon National Chamber of Industries. These webinars serve as platforms for discussing new market ideas, changes in laws, and advancements in different areas. Furthermore, these webinars also provide a valuable avenue for creating new business relationships. This makes them better at leading, communicating, and growing as individuals within their career.

We provide employees with paid time off so they can prepare for important professional exams. This helps them improve their career opportunities. We also support ongoing learning and give rewards to employees who focus on growing their careers.

We also make use of our in-house outbound training provider, “four-man team” to improve their leadership skills and capabilities and also to keep our team engaged and motivated. By providing them with a clear and inspiring mission and vision, we have fostered a sense of belonging and dedication to the organization among everyone.

Our managers and sector heads adopt a coaching approach to leadership. They engage in one-on-one conversations with employees to guide them individually, pinpoint areas for improvement, and address any weaknesses. This personalized approach has proven to be effective in nurturing talents and enhancing strengths.

This commitment has resulted in numerous individuals who began as interns now holding key management positions. A remarkable example is an intern who progressed to become a co-founder of one of our brands, RAVANA-h. This truly underscores our dedication to bring up talent and promoting growth from within.

Embracing Flexibility

We’ve created a healthy balance between work and personal life by introducing flexible work options when feasible. We understand how important employees’ personal lives and well-being are. As an organization that values remote and hybrid work, we place a significant emphasis on safeguarding the well-being of our employees as well as the environment. Through our commitment to this approach,



we not only promote work flexibility but also prioritize the health of our workforce and the preservation of our planet. Highlighted here is a straightforward calculation illustrating our contribution to reducing environmental pollution through this initiative.

It’s clear that by allowing our employees to work from home, JFS helps prevent 27 tons of CO2 air pollution each year. As a responsible company, we’re dedicated to the idea of protecting the planet by reducing pollution.

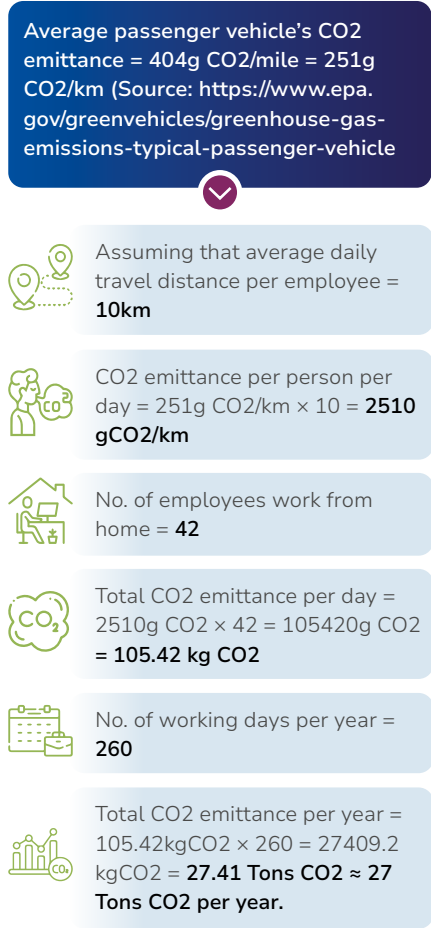
Employee satisfaction surveys

In our company, we really care about how our employees are feeling. So, we ask them questions in surveys to see if they’re happy with their work. This helps us make our company a better place to work. We listen to their answers and use them to make things even better for everyone.

Diversity and Inclusion

We deeply value the diversity within our organization. We believe that every person, no matter where they’re from, their gender, or their background, is important.

In alignment with our core values, every member of our team is treated with equal respect, irrespective of their position within the hierarchy. We believe in an equitable distribution of power, ensuring that everyone has equal access to company resources necessary for their day-to-day tasks. We have also established policies to promote diversity among our organization.



HUMAN CAPITAL



Furthermore, we offer thorough training programs to all our employees, focusing on diversity. These programs help everyone become more aware, sensitive, and understanding of different cultures. We also hold celebrations and entertainment programs like get togethers, New Year, annual trips, Christmas, Friday evening fun activities to honor traditions and to promote unity and friendship among our diverse employees. These events help us learn from each other, connect, and feel united.

We actively encourage collaboration and teamwork among employees. We create an atmosphere where everyone talks openly, respects each other, and has the same goals. This helps our diverse team use their strengths to succeed together.

At JFS, we make sure every employee is paid fairly. This includes things like festival advances and other benefits that match their work. We make sure their salaries go up to match inflation. Also, as employees gain more experience and skills, they get raises in their salaries.

Employee Empowerment

We take time to recognize and reward employees who show dedication and hard work in their roles. We give them raises and promotions to motivate and inspire them. This not only makes them feel valued but also helps reduce turnover by increasing their job satisfaction. This is evident by the number of employees who have been with JFS for more than 5 years up to now.

In our organization, we carefully assign tasks to employees based on their strengths and abilities. We also have special individuals known as “brand champions” who go beyond their usual responsibilities. This approach helps employees learn new skills and tackle new challenges and take ownership of company tasks and succeed.

Their commitment is evident through the growth in their social media followers and increased sales for JFS. This showcases their dedication to their work and the success of our company.

Training Evaluation

To measure performance, we have monthly evaluations for new employees during their probation period. These evaluations help us find areas where they can improve and provide them with learning opportunities. Once the probation period is over, the CEO has a one-on-one talk with the new employee to decide if they’ll become a permanent part of our team.

Career Progression

JFS is all about helping its people grow. This not only enhances their skills but also creates a strong sense of connection with the company. We motivate our employees through recognition, feedback, and rewards, bonuses, and promotions. We also provide regular feedback to help individuals recognize their strengths and areas for improvement.

With a clear mission and vision, JFS keeps everyone aligned and engaged while eliminating bottlenecks. JFS ensures that employees have the resources, tools, and support they need to succeed. This creates a supportive environment where everyone can thrive.



GOVERNANCE

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A Team 101 | Risk Management 103

CORPORATE GOVERNANCE

“The Board of Directors believes that sound Corporate Governance standards are critical to the Company’s competitiveness, growth, and long-term viability. Further, Corporate Governance is the mechanism by which a company is directed, controlled, and monitored in the right direction. 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.”

Key corporate governance highlights for the year

- Strengthening the Board composition by appointing three Independent Non –Executive Directors
- Formed Board Audit Committee, Remuneration Committee and Related Party Transaction Review Committee
- Strengthen Enterprises Risk Management process
- Strengthening of Internal Controls

Beyond 2023

- Appointment of a Senior Independent Director (SID).
- Appointment of a Nomination Committee to establish transparent procedure for board appointments.
- Strengthen the board caliber by appointing directors to the board.

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



The Board of Directors

The Board leads the JFS in formulating strategy, monitoring performance and the achievement of goals and objectives. The Board is the sole governing authority in the company and providing strategic leadership to the management and staff in achieving its corporate goals and objectives. There are both Executive Directors and Non-Executive Directors on the present JFS Board. Independent Non-Executive Directors bring a fresh viewpoint to the board and make independent decisions. A mix of skills, experience and diversity among Directors helps to maintain a good understanding of the business and facilitate to make strategic decisions effectively.

Key Responsibilities of the Board

- Providing strategic direction to the Company
- Approving budgets and major capital expenditure
- Considering all stakeholder interests in decision making.
- Approving of Company’s Financial Statements
- Ensuring compliance with laws, regulations and ethical standards
- Ensuring solid internal control systems, risk management and business continuity
- Reviewing company policies and procedures
- Ensuring the formulation and implementation of a sound business strategy
- Ensuring optimal resource allocation for sustainable value creation

Board Composition

Directors are chosen based on their corporate leadership abilities, experience, and knowledge. Non-Executive Directors are industry specialists with extensive experience and professional qualifications. The Board’s efficacy in completing its function has been reinforced by the careful selection of individual Directors, which ensures the most

appropriate blend of skill and experience. The JFS board of directors now consists of five directors, and the company intends to add a few directors to the board during the next fiscal year in order to strengthen governance within the company. 80% of directors are non-executive directors and majority (75%) are independent. In addition, the company maintains gender diversity by retaining a 20% female director participation to the board and the board consists of 60% independent non-executive directors.

Diversity Of Expertise Among The Board Members

Key Internal Policies

- Articles of Association of the Company
- Policies on recruitment and selection
- Rewards and recognition policy
- Company accounting procedures and policies
- Policy on ethical advertising and communication
- Policies waste management
- IT policies and procedures

Internal Controls

In relation to the Financial Statements for the fiscal year ended 31st March 2023, 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.

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. Accordingly, JFS corporate governance framework is built on the core principles of,

- Responsibility and Accountability
- Respect for others as who they are
- Leadership
- Integrity and Trust
- Teamwork and Collaboration

This framework includes both internal and external governance structures of the Company

Board of Directors		
Establish Strategic Direction	Ensure Accountability	Oversee and Monitor Responses
Internal Governance Structure <ul style="list-style-type: none"> • Board Sub Committees <ul style="list-style-type: none"> • Audit Committee • Related Party Transaction Review Committee • Remuneration Committee • Independent Professional • Internal Audit function • Corporate Management Team • Strategic Planning Committee • Risk Management Committee • HR Planning Committee 	External Governance Structure <ul style="list-style-type: none"> • Regulatory Framework • External audit function 	

Internal Governance Structure

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

Board Sub-committees

During the period under review, the company formed following sub committees to strengthen the governance framework of the company and the company is continually improving governance practices within the company, The board has delegated certain of its functions to board subcommittees while retaining decision-making authority. Members of these subcommittees can concentrate on their specified areas of duty while imparting knowledge/oversight in areas where they have better competence.

CORPORATE GOVERNANCE

The Board Sub-Committees comprise predominantly of Independent Non-Executive Directors. The membership of the five Board Sub-Committees is as follows;

Board Committee	Board Members	Areas of Oversight
Board Audit and Compliance Committee	<ul style="list-style-type: none"> Nuwan Withanage (Chairman) Nilantha Perera Nuwan Widyapathige 	<ul style="list-style-type: none"> Reviewing the accuracy and integrity of the financial reporting Internal controls & Risk management Internal & External Audits
Remuneration Committee	<ul style="list-style-type: none"> Nilantha Perera (Chairman) Nuwan Withanage Nuwan Widyapathige 	<ul style="list-style-type: none"> Remuneration of Executive Directors / CEO
Related Party Transaction Review Committee	<ul style="list-style-type: none"> Nuwan Withanage (Chairman) Nilantha Perera Nuwan Widyapathige Madhushan Raigamage 	<ul style="list-style-type: none"> Disclosure and review of Related Party Transactions

The following are the JFS board subcommittees:

Board Audit and Compliance Committee

Related Party Transaction Review Committee

Remuneration Committee

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 the 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.

Corporate Management Team

The JFS Corporate Management team exercises executive authority assigned to them by the board of directors. This group of people works at a higher level of the company and is in charge of managing other people as well as sustaining critical business activities. The profiles of Corporate Management team are available on pages 99 to 102.

External Governance Structure

Regulatory Framework

The company has diligently adhered to all regulatory requirements set forth by external stakeholders, such as the Department of Inland Revenue in Sri Lanka. Moreover, in order to deploy candidates for overseas placements, the company has obtained the necessary Sri Lanka Foreign Employment Bureau License (SBFEL). Additionally, to support its operations in the extreme sports sector, the company has fulfilled the prerequisites for MOD approval and obtained an Import Export control license, enabling the importation of markers and various related accessories. By satisfying these obligations, the company ensures compliance and enables the smooth execution of its business activities.

External audit function

External assurance on the financial statements of for the period ended 31 March 2023 was provided by the B.R. De Silva & Company (Chartered Accountants).

The audit fees paid by the company to its auditors are separately classified in the notes to the financial statements of the annual report.

BOARD OF DIRECTORS



MADHUSHAN RAIGAMAGE
Director / Chairman



CHAMALEE DILRUKSHI
Non-Executive Director



NUWAN WITHANAGE
Independent Non-Executive Director



NILANTHA PERERA
Independent Non-Executive Director



NUWAN WIDYAPATHIGE
Independent Non-Executive Director



Committees

- Board Audit and Compliance Committee..... ●
- Related Party Transaction Review Committee..... ●
- Remuneration Committee..... ●

BOARD OF DIRECTORS



MADHUSHAN RAIGAMAGE Director / Chairman

Board Sub-Committees

- Related Party Transaction Review Committee

Skills and Experience

Madhushan, a proud graduate of the Postgraduate Institute of Management (PIM) and a Taxilian, is the founder of JFS and currently holds the position of Chairman and Chief Executive of the company. With over 20 years of experience in Human Resource Management, he is recognized as a professional in the field. In 2012, Madhushan was honored as the Best Human Resource Practitioner among Managers qualified in PQHRM (Professional Qualification in HRM) by the Chartered Institute of Personnel Management Sri Lanka (CIPM Sri Lanka).

Throughout his career, Madhushan has demonstrated visionary leadership and implemented aggressive business strategies, enabling his young team to navigate challenging times successfully. Even in difficult circumstances, the company has achieved remarkable bottom-line results. Madhushan's innovative strategies for commercial expansion have inspired JFS to take the first step towards becoming a publicly listed company. This involved implementing relevant governance structures and internal controls while maintaining healthy financial performance.

Before establishing JFS, Madhushan served in the Sri Lanka Army for 13 years, resigning prematurely in 2007. He received notable recognition during his military career, being awarded the Gallantry Medal (Rana Soora Padakkama) four times for his courageous actions. Additionally, he was twice honored for distinguished service in the face of the enemy by the HE the President.

Madhushan holds a Master's Degree in Business Administration from the Postgraduate Institute of Management, affiliated with the University of Sri Jayewardenepura, Sri Lanka.



CHAMALEE DILRUKSHI Non-Executive Director

Skills and Experience

Dilrukshi, previously as an Executive Director and General Manager of the company, played a crucial role in guiding the team to effectively manage, empower, and develop JFS's human resources, contributing to its current growth.

With over 10 years of experience in human resource management, Dilrukshi significantly contributed to the company's successful right-sizing efforts, which resulted in impressive profit achievements for JFS.

She also provided valuable assistance to the Board in implementing a unique financial plan, allowing JFS to generate and benefit from USD income reserves during the fiscal year 2021/2022.



NUWAN WITHANAGE Independent Non-Executive Director

Board Sub-Committees

- Board Audit and Compliance Committee
- Remuneration Committee
- Related Party Transaction Review Committee

Skills and Experience

Mr. Nuwan Withanage currently serves as Chief Financial Officer of Softlogic life insurance PLC. He currently serves as Governing council member of Institute of Chartered Accountants of Sri Lanka as well as Open University of Sri Lanka. He is the best CFO Award winner and youngest CFO to be recognized from CMA Sri Lanka for his passionate leadership. He also served as Chairman of the Insurance Industry CFO Forum of Sri Lanka over 5 years. He counts over 17 years of management experience in fields of strategy, finance, audit and general Management.

He also serves as Chairman of the Finance and Technical Committee of the Insurance Association of Sri Lanka, chairman of the Task force to Develop Non-Financial Reporting Practices in Sri Lanka, Continuing Professional Development Committee and student enrollment and promotion committee at the Institute of Chartered Accountant of Sri Lanka. He also serves as member of the Sustainability Reporting and Assurance committee of South Asian Federation of Accountants (SAFA), member of Standard Interpretation committee and IFRS 17 Implementation task force of Sri Lanka.

He is a Fellow Member (FCA) of the Institute of Chartered Accountants of Sri Lanka, Associate Member of Association of Chartered Certified Accountants (ACCA) United Kingdom and the Associate member of Certified Management Accountants of Sri Lanka (ACMA). Mr. Withanage also holds a Master's in Business Administration from the Postgraduate Institute of Management (PIM) of the University of Sri Jayewardenepura. He also holds a Business Management Finance Special Degree from University of Kelaniya - Sri Lanka.



NILANTHA PERERA

Independent Non-Executive Director

Board Sub-Committees

- Board Audit and Compliance Committee
- Remuneration Committee
- Related Party Transaction Review Committee

Skills and Experience

With nearly 30 years of experience in Human Resource Management, Nilantha brings a wealth of expertise to his role. He is actively involved in academia as a visiting lecturer at the Chartered Institute of Personnel Management (CIPM) and other renowned educational institutions.

Prior to joining the Board, Nilantha served as the Head of HR at Orient Finance PLC and worked as a Consultant for Lakderana Investment Ltd. From 1993 to 2011, he held the position of Head of Human Resources at Ceylinco Insurance (General Division).

Nilantha's educational background includes 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. Furthermore, Nilantha is a Fellow Member of the Chartered Institute of Personnel Management Sri Lanka (CIPM).



NUWAN WIDYAPATHIGE

Independent Non-Executive Director

Board Sub-Committees

- Board Audit and Compliance Committee
- Remuneration Committee
- Related Party Transaction Review Committee

Skills and Experience

Nuwan Widyapathige is an accomplished business leader with a diverse range of experience spanning over 17 years. He has worked in various sectors including Food Manufacturing, Retail E-Commerce, FMCG, Financial Services, and IT. Throughout his career, Nuwan has demonstrated expertise in P&L management, multichannel product distribution, marketing, and brand building for multinational and financial services organizations.

Currently, Nuwan holds the position of Business Lead/General Manager at Hemas Holdings PLC. He also served as the Chief Operating Officer - E-Commerce at Softlogic Retail Holdings, PLC, Head of Marketing at Softlogic Life Insurance PLC, and as a Senior Brand Manager at Unilever Sri Lanka Ltd.

Nuwan's educational background includes a Master of Business Administration from the Postgraduate

Institute of Management (PIM) at the University of Sri Jayewardenepura. He holds a Bachelor of Commerce (Special) from the University of Kelaniya and has an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accounting (CIMA).

Nuwan Widyapathige is a highly accomplished business leader known for his impressive achievements. He successfully provided strategic direction and restructuring to the Softlogic Group E-Commerce business, resulting in significant growth within two years. He revamped and re-launched Softlogic Finance's leasing business, achieving a remarkable 400% increase in topline growth within just eight months. Nuwan played a crucial role in elevating the Softlogic Life brand to the Top 50 Most Valuable Brands in Sri Lanka, contributing to a substantial increase in brand valuation. He also introduced the innovative motor insurance brand Click2Claim, which experienced a remarkable 70% portfolio growth and won the prestigious Innovation of the Year award at the Asia Insurance Awards

Nuwan has honored with several awards and recognitions for his outstanding contributions in marketing and brand management. These include the Best Campaign at the World Advertising Research Centre Awards in New York 2018, the Most Influential Global Marketing Leaders Listing at the World Marketing Congress in Mumbai, the Asia's Best Marketer citation at the 7th CMO Asia Awards in Singapore. He has also received the Silver Award at the Global Smarties in New York and the Gold Award at the APAC Smarties in Singapore. In addition, the SLIM Brand Excellence Award for Service Brand of the Year in Colombo 2019, as well as being recognized as the Brand of the Year at the Effie Awards in Colombo 2019.

EXECUTIVE COMMITTEE



NIRMALA DASANAYAKE
Vice President



MEDHANI WEERASINGHE
Senior Associate Vice President



OMESHA MADURANGI
Associate Vice President – Planning and Reporting



SANKALPANA KARUNARATHNA
Technical Lead



RIFKA ANIFF
Associate Vice President – HR



DILHARA WIDISINGHE
Associate Vice President



SHANAKA GAMAGE
Associate Vice President – Finance and Reporting



YOHAN JAYALAL
Associate Vice President – Internal Audit

NIRMALA DASANAYAKE

Vice President

Nirmala completed her studies at the University of Sri Jayewardenepura and stands out as one of the most seasoned members of the executive committee. With over ten years of experience in the BPO sector at JFS, she has developed a wealth of expertise. Nirmala holds a prominent position as one of the strategic leaders at JFS, recognized for her extensive business knowledge.

MEDHANI WEERASINGHE

Senior Associate Vice President

Medhani graduated from the University of Sri Jayewardenepura and has been an integral part of JFS for over a decade, growing alongside the company. She is highly regarded for her exceptional administrative skills and her ability to handle customers with excellence. Currently, Medhani is pursuing her Master of Business Administration at the University of Colombo.

OMESHA MADURANGI

Associate Vice President – Planning and Reporting

Omesha is a highly skilled accounting and finance professional who brings a wealth of expertise to any team she joins. She holds a Bachelor of Science degree in Accounting from the University of Sri Jayewardenepura. Omesha is also a finalist in the Institute of Chartered Accountants of Sri Lanka, showcasing her excellence in the field.

With over 6 years of experience, Omesha has a diverse skill set that includes accounting, auditing, management accounting, budgeting, and financial planning. Her strong foundation in accounting principles and practical experience allows her to think strategically and deliver impactful results.

Omesha's expertise in accounting and finance has played a significant role in driving the success of various organizations. Her attention to detail, analytical skills, and ability to analyze complex financial data make her a valuable resource for businesses seeking to optimize their financial performance. Additionally, her proficiency in budgeting and financial planning provides a solid foundation for sustainable growth.

SANKALPANA KARURARATHNA

Technical Lead

Sankalpana is a highly experienced professional in software development and web design, with over ten years of expertise. He is skilled in working with various programming languages and holds a qualification as a full-stack developer from the University of Colombo, School of Computing. At JFS, Sankalpana manages the ICT functions of the company.

In addition to his technical skills, Sankalpana is a member of respected professional bodies such as CSSL (Computer Society of Sri Lanka) and BCS (British Computer Society). This reflects his commitment to staying updated with the latest industry practices and advancements.

RIFKA ANIFF

Associate Vice President – HR

Rifka is a PQHRM Pass finalist of the Chartered Institute of Personnel Management and has over 6 years of experience at JFS. She currently manages the HR and legal functions of the company. In addition to her professional achievements, Rifka is pursuing studies in Psychology and counseling at the National Institute of Business Management (NIBM), affiliated with Coventry University, UK.

DILHARA WIDISINGHE

Associate Vice President

Dilhara is a skilled professional in the field of human resources, holding a Bachelor of Business Administration Special Degree in Human Resource Management from the prestigious University of Peradeniya, Faculty of Management. She also has two diplomas, one in Labour Law and Industrial Relations, and another in Business Information Technology.

With four years of experience as a human resources specialist, Dilhara has expertise in handling all aspects of HR, such as hiring, onboarding, payroll, benefits, and employee performance tracking. Currently, she manages the company's HR services and operations.

EXECUTIVE COMMITTEE

SHANAKA GAMAGE

**Associate Vice President – Finance
and Reporting**

Shanaka, a qualified Chartered Accountant (ACA) holding a Bachelor degree in Business Management in Finance Special from the renowned University of Kelaniya, Sri Lanka. He is an Associated Member of Institute of Chartered Accountants of Sri Lanka.

Having 10 years of exceptional experience in esteemed local and overseas companies, Shanka has thorough knowledge and skilled in financial reporting, financial accounting, financial budgets and forecasts, financial analysis, risk management and implementing internal control systems, and having an in-depth knowledge of International Financial Reporting Standards (IFRS 9, IFRS 16, IFRS 15 & IFRS 17).

YOHAN JAYALAL

**Associate Vice President – Internal
Audit**

Yohan, is a resource with impressive auditing experience in renowned audit firms for over 08 years. Yohan obtained his Bachelor of Science in Business Administration (Special) from the University of Jayewardenepura and is a passed finalist of the Institute of Chartered Accountants of Sri Lanka.

Yohan has hands-on experience in providing auditing support for various companies in various industries and fair knowledge about taxes, financial analysis, accounting standards, budgetary controls, and financial forecasting.

A TEAM



DARSHANI ABEYRATHNA
Associate vice President – Marketing
and PR



ISHARA KEPPEPITOLA
Associate Vice President – Admin
and TPT



NIMMI KAUSHALYA
Manager – Compensations and
Benefits



NISHANTHA GUNATHILAKE
Operations Manager



RAVEEN ATHUKORALA
Manager – IT Operations



SACHINI ANANDA
Manager – Operations



SHEHAN WARNAKULASURIYA
Associate Vice President – Creatives



VISHMALI DASSANAYAKE
Manager – Content Creation

A TEAM

DARSHANI ABEYRATHNA

Associate vice President – Marketing and PR

Darshani is an accomplished professional with a diverse skill set and extensive experience in journalism, mentoring, and communications. She is a well-experienced journalist, who has over 10 years of experience gained through working for the best media stations in Sri Lanka. Her experience in the field has honed her skills in research, writing, and marketing. With a Bachelor of Arts in English and Literature degree from the University of Sri Jayewardenepura and a master's degree in Linguistics from the University of Kelaniya, she has a strong academic background in the field of communication. Darshani's expertise in communication is further enhanced by her two postgraduate diplomas in English as a professional practice from the Institute of English, Open University, and a postgraduate diploma in Diplomacy and World Affairs at BIDTI.

At JFS, Darshani is responsible for handling PR, marketing, and communication-related tasks.

ISHARA KEPPETIPOLA

Associate Vice President – Admin and TPT

Ishara is a dedicated and self-made professional who has been with JFS for over 6 years. Throughout his tenure, he has made significant contributions to the growth and success of various service divisions within the company. Currently, Ishara holds the responsibility of overseeing the administrative and transportation functions of the company.

NIMMI KAUSHALYA

Manager – Compensations and Benefits

Nimmi is a highly skilled professional who has been an integral part of JFS for over 9 years. She holds

a bachelor's degree from the University of Kelaniya and has gained extensive expertise in finance and administration over the years. Currently, Nimmi is responsible for managing the compensation and benefits functions of the company. Her dedication and experience make her an invaluable asset to the company's success.

NISHANTHA GUNATHILAKE

Operations Manager

Nishantha brings with him extensive experience from his years of service in the Sri Lanka Army, where he gained valuable expertise in managing a large number of people. Since 2021, he has been associated with the production section of JFS. Currently, Nishantha holds the responsibility of overseeing the entire operation of the Factory production lines. His vast experience and skills make him a valuable asset in ensuring efficient production processes at JFS.

RAVEEN ATHUKORALA

Manager – IT Operations

Raveen is an experienced ICT professional with over nine years of expertise. He handles all IT operational matters at JFS and has impressive qualifications in the ICT field. Raveen excels in computer networking, contributing to the efficient management of the company's network infrastructure, with his outstanding personality.

SACHINI ANANDA

Manager – Operations

Sachini started her journey at JFS as a Trainee Junior HR Executive. Over time, she has grown into a key team member, providing second-line support for the BPO and Extreme Sports sectors. Currently, Sachini plays a vital role in managing the administrative aspects of these

sectors, contributing to ensure smooth operations and efficient management of the company.

SHEHAN WARNAKULASURIYA

Associate Vice President – Creatives

Shehan is a highly skilled digital marketer with almost ten years of experience, both locally and internationally. He possesses expertise in event coordination, social media marketing, art direction, and 2D & 3D video art. Shehan received professional education at Wijaya Graphics and is excited about bringing his wealth of expertise to JFS, where he can contribute to enhancing the company's digital marketing strategies. With his strong background in local and international markets, Shehan is confident that his talents and experience will be valuable assets to the JFS team.

VISHMALI DASSANAYAKE

Manager – Content Creation

Vishmali is an inspiring example of someone who followed her passion to achieve a successful career. After graduating as a chemist from the Institute of Chemistry Ceylon, she now works as a Content Writer for the company while also managing Public Relations operations. With her extensive writing experience, Vishmali brings together her analytical skills and writing skills to create valuable content for the company. She is a dedicated and self-driven individual who thrives on the challenge of transforming complex information into inspiring and engaging content.

RISK MANAGEMENT

Enterprise risk management (ERM) is a crucial component of the JFS risk management process, and at JFS, we think that in the turbulent and complicated business climate of today, having a solid ERM process is crucial.

The success of the company’s strategic goals, day-to-day business operations, and protection of its value are all ensured by JFS’s perspective of risk management as a crucial function that enables the organisation to make well-informed choices based on its stated risk appetite and manage anticipated returns.

Over the previous year, the overall risk level has experienced a significant rise as a result of mounting macro-economic vulnerabilities, political unrest, and other contributing factors. Unfortunately, our country has endured an economic crisis marked by the depreciation of the Sri Lankan Rupee and a surge in inflation, and these challenges have had an adverse impact on our entity across various fronts.

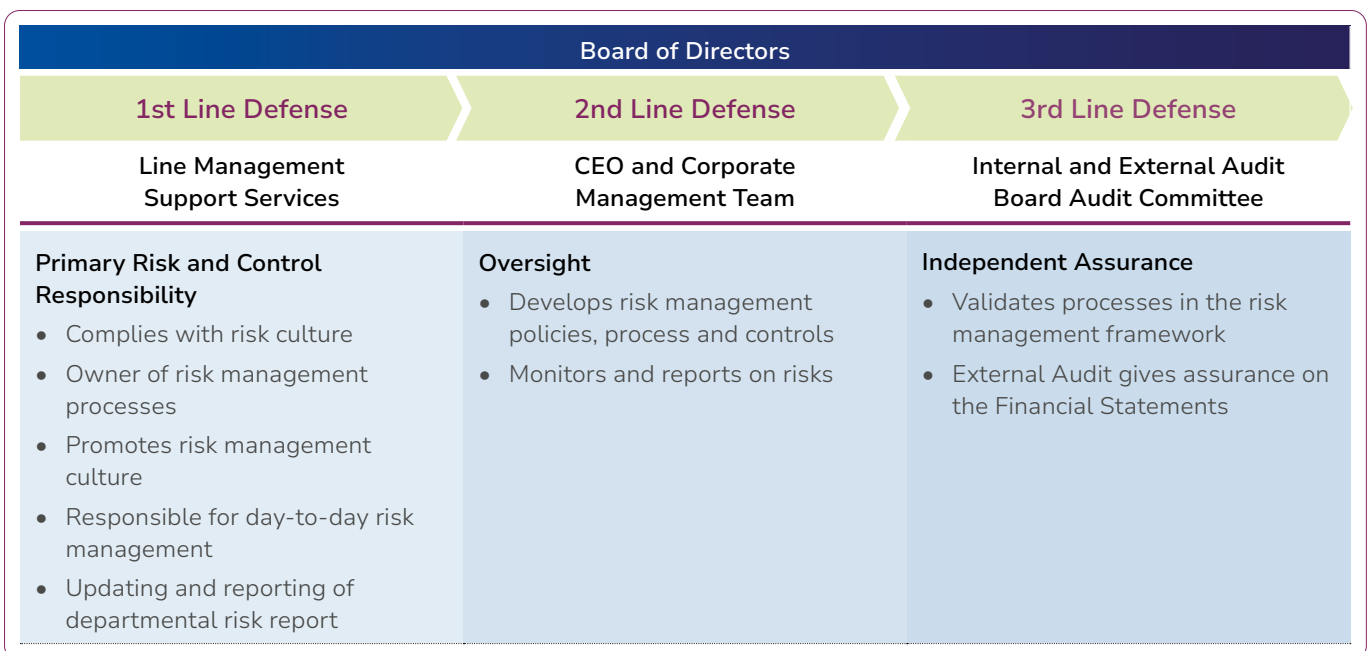
Our Approach

The company’s board of directors is ultimately responsible for putting in place an efficient risk management system and risk culture. The executive committee and board of directors keep a careful eye on the business’s internal and external environments to spot any possible threats to the operations of the organisation. The management of a sustainable and value-creating business model required frequent talks, enhanced monitoring methods, and assessment of key risk indicators.

risk report must also be produced by each department, which helps management keep track of risk factors. Participation from all organisational levels is required under the enterprise risk management concept. This guarantees that risk management is implemented across the company with a uniform and integrated strategy. The Company has implemented the Three Lines of Defence model inside the Company to provide a unified, open, and well-defined risk management approach.

Risk Management at JFS

The risk report summary is regularly reviewed by the Board of Directors, who then seek out more information as necessary to manage risks. A



RISK MANAGEMENT

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.

Key highlights during the year

- Continuous monitoring of business continuity and response plans at business unit level
- Continual assessment of operational risks stemming from the economic crisis was carried out across all business units.
- Thorough monitoring of PESTEL factors enabled the identification of new opportunities while simultaneously evaluating the associated risks.
- Efficient recruitment and monitoring processes were implemented to effectively manage risks associated with human resources.

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

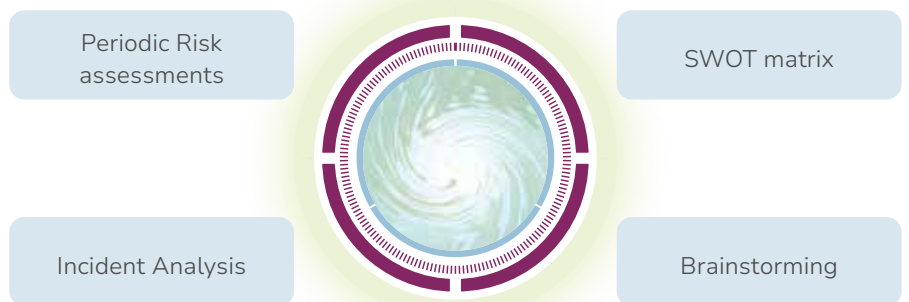
Risk Management Process

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



Risk Identification

The company identified risks through,



These risks can be identified mainly by the 1st, 2nd or 3rd line of defense. Each department, product line, or the entire company may be affected by the risk factors found. Through the process of identifying risks, management is able to focus on the underlying causes of these threats and take action to protect or mitigate those areas.

Risk Analysis

The purpose of risk analysis is to comprehend the nature of risk and its characteristics. Analysis techniques can be qualitative, quantitative or a combination of these, depending on the circumstances and intended use. Risks are analysed using the impact and likelihood matrix.

Risk Mitigation Strategies

The responsibility for the risks that have been identified rests with the heads of the pertinent functions, and the accountable staff must give action plans for how the high-rated risks will be improved and the timeliness for meeting these goals. The table below discusses the identified risks and risk management strategies.

Risk Monitoring & Reporting

The risk report contains a summary of all identified Risks as well as a comprehensive action plan outlining how they will be evaluated, reduced, and eventually eliminated. The board of directors reviews and revises the condensed risk report every three months. It is the responsibility of each operating unit to update its own risks as well as the action plans in the risk report.

Material Risk Environment

JFS takes precautions to identify any potential material risks and to take preventative action. Below is a summary of the list of material risks identified, together with the risk-reduction and mitigation actions implemented to enhance overall business performance.

<div style="background-color: #1a3d54; color: white; padding: 5px; border-radius: 10px; margin-bottom: 10px;">Financial Risk</div> <div style="text-align: center; color: #1a3d54;">▼</div> <div style="background-color: #e6f2ff; padding: 10px; border-radius: 10px;"> <ul style="list-style-type: none"> Credit risk Liquidity risk Interest rate risk Foreign currency and exchange risk </div>	<div style="background-color: #1a3d54; color: white; padding: 5px; border-radius: 10px; margin-bottom: 10px;">Operational Risk</div> <div style="text-align: center; color: #1a3d54;">▼</div> <div style="background-color: #e6f2ff; padding: 10px; border-radius: 10px;"> <ul style="list-style-type: none"> Risk of frauds IT Related risk Issues concerning employees Internal Controls Legal and Compliance risk </div>	<div style="background-color: #1a3d54; color: white; padding: 5px; border-radius: 10px; margin-bottom: 10px;">Strategic Risk</div> <div style="text-align: center; color: #1a3d54;">▼</div> <div style="background-color: #e6f2ff; padding: 10px; border-radius: 10px;"> <ul style="list-style-type: none"> Competitor risk Economic and Political risk Strategic Decision </div>
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Risk Assessment Matrix

Type of risk	Overall Rating	Probability of Occurrence	Severity of Impact
Financial Risk			
Credit risk	●	●	●
Liquidity risk	●	●	●
Interest rate risk	●	●	●
Foreign currency risk	●	●	●
Operational Risk			
Risk of frauds	●	●	●
IT Related Risk	●	●	●
Issues concerning employees	●	●	●
Internal Controls	●	●	●
Legal and Compliance Risk	●	●	●
Strategic Risk			
Competitor Risk	●	●	●
Economic and Political risk	●	●	●
Strategic Decision	●	●	●

● High ● Moderate ● Medium ● Low

RISK MANAGEMENT

Managing Risks and Materiality

Material topics and principal risks	Potential Impact on Value Creation	Management approach
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
Liquidity risk	<ul style="list-style-type: none"> The Company may not have sufficient liquid financial resources to meet its obligations when they fall due The Company may have to incur additional cost to meet obligations Loss of suppliers' trust on the Company 	<ul style="list-style-type: none"> Regular forecasting of liquidity requirements The availability of a standby overdraft facilities Monitoring cash flow of the company on a weekly basis and actively managing. Sourcing of funding requirements through many financial institutions Maintaining of liquidity and quick ratio
Interest rate risk	<ul style="list-style-type: none"> Increasing cost of Finance Adverse impact on profitability Adverse impact of cash flows 	<ul style="list-style-type: none"> Use both floating & fixed rate debt instruments Closely Monitor the interest rate Repayment of debt by divesting low return investments
Foreign currency risk	<ul style="list-style-type: none"> 33% of the revenue derived from service exports Adverse impact on profitability Adverse impact of cash flows 	<ul style="list-style-type: none"> Close monitoring of foreign currency fluctuations Growth in export revenue Close monitoring of foreign currency instruments
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 Sound control environment
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

Material topics and principal risks	Potential Impact on Value Creation	Management approach
<p>Issues concerning Employees Risk</p> <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
<p>Internal Controls</p> <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 • Not meeting service quality levels 	<ul style="list-style-type: none"> • Internal controls are reviewed and improved on a regular basis. • Educate staff on internal controls • Disciplinary procedures such as investigations, warnings, and so on. • Based backups • Updating of Anti-virus, firewall etc.
<p>Legal and Compliance Risk</p>	<ul style="list-style-type: none"> • Possible legal fees, fines, penalties and payouts • The operations of the Company should be compliant based on local regulations and laws 	<ul style="list-style-type: none"> • Reporting to management monthly compliance status. • Compliance officer overlooking overall compliance of the Company
<p>Competitor Risk</p>	<ul style="list-style-type: none"> • Risk of loss of market share • Risk of loss of key customers • Intense price competition 	<ul style="list-style-type: none"> • The Company offers Differentiated products to the customers and innovative marketing approaches for product propositions • Strong relationship with product distribution partners • Maintaining strong relationship with customers and differentiated customer value proposition • New client acquisition in export markets
<p>Economic and Political risk</p>	<ul style="list-style-type: none"> • Loss of demand due to high inflation • Lower disposable income • Shortage of production due to import restrictions • Increase in operational cost including utility expenses • Increased economic & political instability • Higher inflation 	<ul style="list-style-type: none"> • During monthly management meetings, assess macro environmental issues and their impact on business. • Stringent expense management and cost savings initiatives • Diversification and expand the global market to reduce the dependency on local market • Strong relationships with stakeholders

RISK MANAGEMENT

Material topics and principal risks	Potential Impact on Value Creation	Management approach
Strategic Decision	<ul style="list-style-type: none"> Inadequate strategic planning evaluation Unexpected changes to assumptions Introduction of new products or services in appropriately 	<ul style="list-style-type: none"> Clear communication of the company's strategy and participation of line managers in strategic decision-making Proper evaluation / Market survey before implementing strategic decisions. Periodic reviews to ensure the effective implementation of strategic plans

Management of Capital

The capital of the company consists of stated capital, reserves, and retained profits. Maximising shareholder earnings, maintaining financial stability, and maintaining financial strength are the main goals of the company's capital management.

The objective of a company's capital structure is to achieve an optimal balance between equity and debt financing in order to maximize the company's value and meet its financial goals. The financial goals of the company included,

- to support new business growth of the Company
- to increase investors' confidence level
- to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and adjusts it accordingly in line with changes in global and local economic environment. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Given below is a summary of the capital structure of the Company.

Capital Structure

Rs.Mn	2022/2023	2021/2022
Equity	143.4	126.3
Total Debt	67.4	67.1



FINANCIAL INFORMATION

Annual Report of the Board of Directors 110 | Independent Auditor's Report 113 | Statement of Comprehensive Income 115 | Statement of Financial Position 116 | Statement of Changes in Equity 117 | Statement of Cash Flows 118 | Notes to the Financial Statements 119 | Notice of Meeting 148 | Form of Proxy 149

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, Risk Management, Performance Review including Industry Review and all the other relevant information for the year ended 31 March 2023.

Principal Activities

The principal activities of the Company are providing services related to Business Process Outsourcing, Recruitment Services, Training, Agriculture, Action Sports, 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 4 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 42 to 61 of this report

Financial Statements

Financial Statements of the Company for the year ended 31 March 2023, which have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS). The duly signed Financial Statements are provided on pages 115 to 118 and the Auditors' Report on the Financial Statements is provided on pages 113 to 114 of this Annual Report.

For the year ended 31 March	2023 Rs.	2022 Rs.
Profit after Tax	25.3	42.1
Balance brought forward from previous year	74.6	32.5
Amount available for appropriation	99.9	74.6
Dividend paid for previous year	(1.3)	-
Bonus Share Issue	(74.6)	-
Un-appropriated profit carried forward	23.9	74.6

Accounting Policies

The details of accounting policies adopted by the Company in preparing these Financial Statements are provided on Pages 119 to 143. There have been no changes in the accounting policies adopted by the Company during the year under review.

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Revenue

The revenue generated by the Company for the year ended 31 March 2023 was Rs.228.1 million (2022 – Rs. 210.5 million). Note 8 to the Financial Statements provide information on the revenue contribution of each business sectors.

Provision for Taxation

The tax position of the Company is disclosed in Note 14 to the Financial Statements on page 127.

Property, Plant and Equipment

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 17 million. The carrying value of property, plant and equipment as at 31 March 2023 was Rs. 46.9 million (2022 - Rs.35 million). The details of property, plant and equipment are shown in Note 16 to the Financial Statements on pages 128 to 133.

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 16.4 to the Financial Statements on pages 132.

Investments

Details of investments held by the Company are disclosed in Note 20 to the financial statements on page 136.

Donation

Total donations made by the Company during the year ended 31 March 2023 is amounted to Rs.0.6 Mn.

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.

Stated Capital

The stated capital of the Company as at 31 March 2023 is Rs. 86,442,130 /- representing 8,644,213 ordinary shares. The movement of the stated capital is disclosed in the Statement of Changes in Equity and in Note 22 to the Financial Statements.

Bonus and New Share Issue

During the recent bonus share issue, JFS took steps to enable our employee shareholders to acquire a total of 7,463,349 shares, which equates to a value of Rs. 74,633,490. Additionally, as part of our commitment to creating a culture of care, I transferred shares worth Rs. 636,810 from the Director's Current account of the Chairman to both existing and new employee shareholders.

Equitable Treatment to Shareholders

The Company has at all-time ensured that all shareholders are treated equitably.

Directors' Shareholding

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

No of Shares as at	31 March 2023	31 March 2022
R.A.I Madhushan	65,421,578	773,237
T.C. Dilrukshi	28,256,202	334,450

Board of Directors and Senior Management

Information relating to members of the Board of Directors, Executive Members and Management Committee and their brief profiles are provided on page 96 to 98 of this report.

Appointment of directors

The following three Independent Non-Executive Non-Board Directors were appointed by the Company to the Board in order to strengthening the Board composition and to improve corporate governance practices.

Name	Board Committee
Nuwan Withanage	<ul style="list-style-type: none"> Board Audit and Compliance Committee Remuneration Committee Related Party Transaction Review Committee
Nilantha Perera	<ul style="list-style-type: none"> Board Audit and Compliance Committee Remuneration Committee Related Party Transaction Review Committee
Nuwan Widyapathige	<ul style="list-style-type: none"> Board Audit and Compliance Committee Remuneration Committee Related Party Transaction Review Committee

Board Committees

Information relating to Board Committees are disclosed on page 94 of the Corporate Governance Commentary section of the Annual Report

Human Resources

In order to maximise employees' contributions to the attainment of business goals, the company continues to implement proper human resource management procedures. Additionally, the company upholds equitable employment opportunities for all workers, regardless of their racial or ethnic background, religion, political views, gender, marital status, or physical abilities or disabilities. A brief description of the Company's human resource Policy and other relevant information is given on the pages 80 to 90. The staff strength of the Company as at 31 March 2023 is 88 (2022 – 101).

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. 215,000 is payable by the Company as at 31 March 2023.

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 103 to 108.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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.

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 68 to 72.

Compliance with Laws and Regulations

The Company has complied with all applicable laws and regulations.

Related Party Transactions

The Company's transactions with Related Parties is given in Note 28 to the Financial Statements

Capital Commitments

No capital commitments exist as at 31 March 2023.

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
25 July 2023

INDEPENDENT AUDITOR'S REPORT

B.R.DE SILVA & CO.
Chartered Accountants



Private & Confidential

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

Opinion

We have audited the Financial Statements of J F S Holdings Limited, which comprise the Statement of Financial Position as at 31st March 2023, 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 2023 and of its Financial Performance and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards. 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.



22 / 4,
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Colombo 05,
Sri Lanka.
Telephone : +94 112 513 420 - 22
+94 114 510 268

INDEPENDENT AUDITOR'S REPORT

JFS HOLDINGS LIMITED- 2023

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... 25/07/2023

SB/CY/ag



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31March	Note	Page	2023 Rs.	2022 Rs.	Change %
Revenue	8	124	228,801,083	210,542,194	9
Direct Expenses	9	124	(128,459,498)	(136,139,979)	(6)
Gross Profit			100,341,585	74,402,215	35
Other Operating Income	10	125	13,080,592	26,357,412	(50)
Administration Expenses	11	125	63,164,537	(50,813,442)	24
Selling and Distribution Expenses			(5,261,710)	(3,948,269)	33
Profit from Operating Activities			44,995,929	45,997,917	(2)
Finance and Other Expenses	12	126	(13,785,409)	(4,790,541)	188
Profit Before Tax	13	126	31,210,521	41,207,376	(24)
Income Tax Expense	14	127	(5,950,359)	863,685	789
Profit for the Year			25,260,161	42,071,061	(40)
Other Comprehensive Income					
Items that will never be reclassified to profit or loss					
Revaluation Surplus	12.6	132	-	47,150,945	
Differed Tax relating to Revaluation Reserve			(7,544,151)	(6,601,132)	
Other Comprehensive Income for the Year, Net of Tax			(7,544,151)	40,549,812	119
Total Comprehensive Income for the Year, Net of Tax			17,716,010	82,620,873	(79)
Basic Earnings Per Share	15	128	0.27	0.44	(40)

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 119 to 147 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Page	2023 Rs.	2022 Rs.
ASSETS				
Non Current Assets				
Property, Plant and Equipment	16	128	46,942,963	34,956,188
Right of use assets	17	133	44,525,570	44,295,010
			91,468,533	79,251,198
Current Assets				
Inventories	18	134	5,797,936	4,722,437
Trade and Other Receivables	19	135	72,910,729	46,554,489
Financial Investments	20	136	64,957,872	67,650,159
Cash and Cash Equivalents	21	136	196,923	7,434,795
			143,863,460	126,361,881
Total Assets			235,331,993	205,613,079
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	22	137	86,442,130	11,171,830
Revaluation Reserve	23	137	33,005,661	40,549,813
Retained Earnings			23,922,714	74,592,675
Total Equity			143,370,506	126,314,318
Non Current Liabilities				
Retirement Benefit Obligation	24	137	1,267,651	2,103,899
Interest Bearing Loans and Borrowings	25	138	6,088,556	18,243,561
Deferred Tax Liabilities	26	140	17,929,456	5,277,812
			25,285,662	25,625,272
Current Liabilities				
Bank Overdraft	21	136	48,998,124	33,492,355
Interest Bearing Loans and Borrowings	25	138	12,299,375	15,325,159
Income Tax Payable			237,313	7,494
Trade and Other Payables	27	141	5,141,013	4,848,481
			66,675,825	53,673,489
Total Equity and Liabilities			235,331,993	205,613,079

The accounting policies and notes as set out in pages 119 to 147 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

Colombo
25 July 2023

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
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
Other comprehensive income	-	40,549,813	-	40,549,813
Balance as at 31 March 2022	11,171,830	40,549,813	74,592,675	126,314,318
Profit for the year	-	-	25,260,161	25,260,161
Other comprehensive income	-	-	-	-
Revaluation surplus	-	-	-	-
Differed Tax relating to Revaluation Reserve	-	(7,544,151)	-	(7,544,151)
Ordinary Share Issue	636,810	-	-	636,810
Bonus Share Issue	74,633,490	-	(74,633,490)	-
Dividend paid during the year	-	-	(1,296,632)	(1,296,632)
Balance as at 31 March 2023	86,442,130	33,005,661	23,922,714	143,370,506

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 119 to 147 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March	Note	Page	2023 Rs.	2022 Rs.
Cash Flows from / (Used in) Operating Activities				
Profit Before Taxation	13	126	31,210,520	41,207,376
Adjustments for;				
Interest Income	10	125	(7,200,441)	(2,172,903)
Amortization				
Losses on Sale of Property, Plant and Equipment			-	51,781
Depreciation	11.1	125	9,829,427	5,688,275
Interest Expense	12	126	13,785,409	4,790,541
Provision for Impairment Losses on Financial Assets	19	135	-	200,302
Gratuity Provision	24.2	138	(836,248)	1,892,556
Operating Profit Before Working Capital Changes			46,788,667	51,657,927
Increase in Inventories	18	134	(1,075,499)	(1,452,184)
Increase in Trade and Other Receivables	19	135	(26,356,250)	(16,593,402)
(Increase) / Decrease in Trade and Other Payables	27	141	292,532	(284,968)
Cash Generated from Operations			19,649,450	33,327,373
Interest Paid	12	126	(13,785,409)	(4,790,541)
Interest Income	10	125	7,200,441	2,172,903
Tax Paid			(613,047)	(266,446)
Gratuity Paid	24.2	138	-	(1,750,352)
Net Cash Flows from Operating Activities			12,451,435	28,692,937
Cash Flows from / (Used in) Investment Activities				
Acquisition of Property, Plant and Equipment			(22,046,762)	(27,120,441)
Proceeds from Sale of Property and Equipment			-	8,700,000
Acquisition / (Disposal) of Financial Assets			2,692,287	(39,878,399)
Net Cash Flows from / (Used in) Investment Activities			(19,354,474)	(58,298,840)
Cash Flows from / (Used in) Financing Activities				
Proceeds from Loans and Borrowings			(15,180,789)	10,047,846
New ordinary share issue			636,820	-
Dividend Paid during the year			(1,296,632)	-
Net Cash Flows from Financing Activities			(15,840,601)	10,047,846
Net Increase / (Decrease) in Cash and Cash Equivalents			(22,743,641)	(19,558,057)
Cash and Cash Equivalents at the Beginning of the Year			(26,057,561)	(6,499,504)
Cash and Cash Equivalents at the end of the Year	21	136	(48,801,202)	(26,057,561)
Cash and Cash Equivalents as at 31 March				
Cash and Cash Equivalents - Favorable			186,278	7,419,330
Cash and Cash Equivalents - Unfavorable			(48,998,124)	(33,492,355)
Cash in Hand			10,644	15,464
			(48,801,202)	(26,057,561)

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 119 to 147 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 incorporated on 03rd September 2010 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 Human Resources, Business Process Outsourcing, Recruitment Services, Training and Agriculture, Human Resources Consultancy and IT Services. There were no significant changes in the nature of the principal activities during the financial year under review.

1.3 Number of Employees

The staff strength of the Company as at 31 March 2023 is 88 (2022 was 101).

Corporate information is given in page 151 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 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 the 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. 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 2023 were authorised for issue by the Board of Directors on 25 July 2023.

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	16	128
Employee Benefits Liabilities	Present value of the defined benefit obligation	24	137

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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

2.8 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 to conform to the current presentation.

2.10 Current Versus Non-Current Classification Assets

Assets classified as current assets in the Statement of Financial Position are cash & bank balances and 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 due 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	4	121
Provisions	5	121
Financial Assets and Financial Liabilities	6	121
Standards issued but not yet effective	7	122
Statement of Comprehensive Income		
Revenue Recognition	8	124
Expenditure Recognition	9	124
Other Operating Income	10	125
Administration Expenses	11	125
Finance and Other Expenses	12	126
Income Tax Expense	14	127
Earnings Per Share	15	128
Statement of Financial Position		
Property, Plant and Equipment	16	128
Right of Use Assets	17	133
Inventories	18	134
Trade and Other Receivables	19	135
Financial Investments	20	136
Cash and Cash Equivalents	21	136
Share Capital	22	137
Retirement Benefit Obligation	24	137

Accounting Policy	Note	Page
Interest Bearing Loans and Borrowings	25	138
Lease Liabilities	25.2	139
Deferred Tax Liabilities	25	140
Trade and Other Payables	27	141

4 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 there 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.

5 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.

6 Financial Assets and Financial Liabilities

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.

6(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 and 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.

6(b) Classification of Financial Assets

(i) 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

(j) 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

NOTES TO THE FINANCIAL STATEMENTS

- 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

Financial assets measured at fair value through profit or loss

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

6(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.

6(d) Reclassification

(i) 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

6(e) Amortised cost Measurement

Interest revenue is calculated by using the effective interest method by applying effective interest rate to the gross carrying value originated credit impaired financial assets

- 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.

6(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.

6(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.

6(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.

7 Standards issued but not yet effective

The following Sri Lanka Accounting Standards and amendments were issued by The Institute of Chartered Accountants of Sri Lanka but not yet effective as at 31 March 2023. Accordingly, these

accounting standards have not been applied in the preparation of the Financial Statements for the year ended 31 March 2023. Following standards and amendment is not expected to have a material impact on the Financial Statements of the Company in the foreseeable future.

SLFRS 17 - Insurance Contracts

SLFRS 17 is effective for annual periods beginning on or after 01st January 2025. SLFRS 17 supersedes SLFRS 4 Insurance contracts. SLFRS 4 permitted insurers to continue to use the statutory basis of accounting for insurance assets and liabilities that existed in their jurisdiction prior to January 2005. SLFRS 17 replaces this with new measurement model for all insurance contracts.

SLFRS 17 requires liabilities for insurance contracts to be recognised as the present value of future cash flows, incorporating an explicit risk adjustment, which is updated at each reporting date to reflect current conditions, and a Contractual Service Margin (CSM) that is equal and opposite to any day-one gain arising on initial recognition. Losses are recognised directly into the income statement. For measurement purposes, contracts are grouped together into contracts of similar risk, profitability profile and issue year, with further divisions for contracts that are managed separately.

Profit for insurance contracts under SLFRS 17 is represented by the recognition of the services provided to policyholders in the period (release of the CSM), release from non-economic risk (release of risk adjustment) and investment profit.

Amendments to LKAS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The amendments are effective for annual reporting periods beginning on or after 1st January 2023. Earlier application is permitted.

Amendments to LKAS 1 - Classification of Liabilities as Current or Non-current

Amendments clarify - What is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, classification is unaffected by the likelihood that an entity will exercise its deferral right, that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification and Disclosures. The amendments apply for annual reporting periods beginning on or after 01st January 2023.

Amendments to LKAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

Amendments specify the, Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by: - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to LKAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 01st January 2023 to contracts existing at the date when the amendments are first applied. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

NOTES TO THE FINANCIAL STATEMENTS

8 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 group 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.

Need to correct as 31st March	2023 Rs.	2022 Rs.
BPO Sector	90,050,099	47,388,210
IT Sector	118,880,473	143,055,996
Extreme Sports Sector	5,860,208	3,704,486
Agro-food Sector	14,010,303	16,393,502
	228,801,083	210,542,194

9 Direct Expenses

Accounting Policy

Expenditure Recognition

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 payable 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	2023 Rs.	2022 Rs.
Direct Staff Related Expenses	111,822,618	121,483,867
Other Direct Expenses	16,636,880	14,656,113
	128,459,498	136,139,979

10 Other Operating Income

Refer Note 8 for Accounting Policy

For the year ended 31 March	2023	2022
	Rs.	Rs.
Interest Income	7,200,441	2,172,903
Exchange Gain	5,869,651	24,016,584
Other Income	10,500	167,925
	13,080,592	26,357,412

11 Administration Expenses

Refer Note 9 for Accounting Policy

For the year ended 31 March	Note	2023	2022
		Rs.	Rs.
Professional Charges		10,618,167	10,097,521
Staff Related Expenses		32,177,686	29,869,732
Building Rent Expense		1,080,000	882,500
Utility Expenses		1,796,012	1,234,465
Maintenance Expenses		2,947,280	1,919,534
Donation		754,411	610,700
Other Expenses		3,961,553	510,715
Depreciation	11.1	9,829,428	5,688,274
		63,164,537	50,813,442

11.1 Depreciation

For the year ended 31 March	2023	2022
	Rs.	Rs.
Motor Vehicle		
Right of Use Assets	4,833,440	3,507,061
Freehold Motor Vehicle	222,043	7,990
Office Equipment	636,505	459,878
Computers and Accessories	1,016,035	550,847
Furniture and Fittings	25,583	8,345
Website	-	-
Machinery and Equipment	2,893,876	1,126,782
Building	201,945	27,371
	9,829,428	5,688,274

NOTES TO THE FINANCIAL STATEMENTS

12 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	2023 Rs.	2022 Rs.
Over Draft Interest Expenses	11,346,469	2,073,105
Bank Charges	387,210	642,303
Interest Expenses on Lease Liabilities	1,418,664	1,637,457
Interest Expenses on Loans	633,066	437,675
	13,785,409	4,790,540

13 Profit Before Tax

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

For the year ended 31 March	2023 Rs.	2022 Rs.
Costs of Employee Benefits		
Defined Contribution Plan Cost - EPF	10,680,552	11,349,533
Defined Contribution Plan Cost - ETF	2,670,138	2,837,383
Training Expenses	1,028,714	113,250
Salaries and Wages	89,004,602	95,660,835
Auditors Remuneration & Other Expenses		
Audit Fee	215,000	165,000
Director's Emoluments	7,895,158	8,070,016
Depreciation of Property, Plant and Equipment	9,829,428	5,688,274
Donations	605,500	610,700

14 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 profit or loss.

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	14.1	842,866	459,636
Deferred Tax Expenses			
Origination of Deferred Tax Assets		5,107,493	(1,323,321)
		5,950,359	(863,685)

NOTES TO THE FINANCIAL STATEMENTS

14.1 Reconciliation of the Accounting Profit to Income Tax Expense

For the year ended 31 March	2023 Rs.	2022 Rs.
Profit/(Loss) before Income Tax	31,210,521	41,207,376
Income from Other Sources & Exempt Income	(9,153,842)	(25,106,611)
Disallowable Expenses	10,200,917	8,866,322
Allowable Expenses	(7,708,271)	2,516,267
Taxable Business Profit	24,549,324	27,483,356
Less : Qualifying Payments	(605,500)	(500,000)
Less : Exempt Amount	(20,822,097)	(23,755,162)
Assessable Income from Business	3,121,727	3,228,194
Tax Rate - first 6 months	24%	14%
Tax Rate-Second 6 Months	30%	14%
Taxation for Business Income	842,866	451,947
Taxation for Investment Income	-	7,689
Income Tax for the Year	842,866	459,636

15 Basic Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary share holders by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31 March	2023	2022
Profit for the Year Attributable to Ordinary Shareholders (Rs.)	25,260,161	42,071,061
Weighted Average Number of Ordinary Shares as at 31 March	95,086,343	95,086,343
Basic Earnings Per Share (Rs.)	0.27	0.44

16 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 add 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.

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 exceed 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

(h) Revaluation of Property, Plant & Equipment

The asset is carried at a revalued amount, being its fair value at date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably. If an item is revalued, the entire class of assets to which that asset belong should be revalued.

Revalued assets are depreciate in the same way as under the cost model.

If a revaluation result is an increase in value, it should be credited to other comprehensive income and accumulated in equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease of same asset previously recognized as an expenses, in which case it should be recognized in profit or loss.

A decrease arising as a result of a revaluation should be recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through profit or loss.

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

	Land		Building		Furniture and Fittings		Computers and Accessories		Free Hold Asset		Total		2022 Rs.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Office Equipment	Motor Vehicle	Machineries & Equipment	Rs.	
As at 31 March 2022													
Cost	22,329,000	2,100,000	1,028,712	5,002,989	3,360,128	780,000	7,920,247	42,521,075	8,470,799				
Additions	-	2,536,000	76,000	928,390	2,298,087	1,530,000	9,614,286	16,982,763	17,595,440				
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	16,454,836
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2023	22,329,000	4,636,000	1,104,712	5,931,379	5,658,215	2,310,000	17,534,532	59,503,838	42,521,075				
Accumulated Depreciation													
As at 31 March 2022	-	27,371	1,017,922	2,488,995	2,552,293	46,636	1,431,670	7,564,887	5,383,674				
Depreciation Charge	-	201,945	25,583	1,016,035	636,505	222,043	2,893,876	4,995,989	2,181,213				
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2023	-	229,316	1,043,505	3,505,030	3,188,799	268,679	4,325,547	12,560,876	7,564,887				
Carrying amount as at 31 March 2022	22,329,000	2,072,629	10,791	2,513,994	807,834	733,364	6,488,576	34,956,188					
Carrying amount as at 31 March 2023	22,329,000	4,406,684	61,207	2,426,349	2,469,417	2,041,321	13,208,985	46,942,963					

16.2 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 16.3.

16.3 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)	Fair Value measurement 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

16.4 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.

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

Class of Asset	As at 31 March 2023			As at 31 March 2022		
	Cost Rs.	Accumulated Depreciation if Assets were Carried at Cost Rs.	Carrying Value Rs.	Cost Rs.	Accumulated Depreciation if Assets were Carried at Cost Rs.	Carrying Value Rs.
Free Hold Land	7,903,000	-	7,903,000	7,903,000	-	7,903,000
Building	2,794,945	109,893	2,685,052	258,945	12,947	245,998
Motor Vehicle	56,857,063	16,852,201	40,004,862	36,976,434	13,587,095	23,389,339
Machineries- Agro-food Sector	6,276,943	2,985,789	3,291,154	6,276,943	712,255	5,564,688
	73,831,951	19,947,882	53,884,069	51,415,322	14,312,297	37,103,025

16.6 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	29,446,425	-
Machineries- Agro-food Sector	5,908,160	5,910,899	(2,739)	-
	80,017,160	34,306,419	45,710,741	-

16.7 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	2023	2022
	Rs.	Rs.
Furniture and Fittings	995,334	995,334
Computer and Accessories	1,575,050	1,465,450
Office Equipments	2,528,146	2,528,146
	5,098,530	4,988,930

16.8 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:

For the year ended 31 March	2023	2022
	Rs.	Rs.
Depreciation charge per annum after revaluation	201,945	27,371
Depreciation charge per annum prior to revaluation	109,892	4,358
Decrease in profit in subsequent period	92,053	23,013

16.9 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.

16.10 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.

16.11 Title Restriction on Property, Plant and Equipment

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

17 Right of use assets**Accounting Policy****Basis of Recognition**

The Company applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for short term leases, which are held for use in the Providing of services.

Basis of Measurement

The Company recognises right – of – use assets at the date of commencement of the leases, which is the present value of leases payments to be made over the lease term. Right-of-Use of assets are measured at cost less any accumulated amortization and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of leases liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right of use assets are amortised on the straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

Lease Liability

At the commencement date of the lease, the bank recognises lease liabilities, measured at present value of lease payments to be made over the lease term.

Nature of the leasing activities

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

As at 31 March	2023	2022
	Rs.	Rs.
Cost		
Balance as at 1st April 2022	58,283,063	26,861,954
Additions during the Year	5,064,000	40,221,109
Disposals during the year	-	(8,800,000)
Balance as at 31st March 2023	63,347,063	58,283,063
Accumulated Amortization		
Balance as at 1st April 2022	13,988,053	10,529,211
Amortization During the Year	4,833,440	3,507,061
Disposals during the year	-	(48,219)
	18,821,493	13,988,053
Balance as at 31st March 2023	44,525,570	44,295,010

18 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	2023	2022
	Rs.	Rs.
Paintball Guns	-	1,120,359
Paintballs	-	1,534,112
Finished Good	339,352	-
Agri Food	483,398	415,502
Other	4,975,185	1,652,464
	5,797,936	4,722,437

19 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 6(f) on page 122.

(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	2023 Rs.	2022 Rs.
Gross Trade Receivables	54,960,155	34,772,994
Provision for debtor impairment	(200,302)	(200,302)
Net Trade Receivables	54,759,853	34,572,692
Prepayments	4,426,629	480,509
Loans and Advance to Employee	6,948,276	5,854,417
Other Receivables	6,130,969	5,001,870
Refundable Deposits	645,000	645,000
	72,910,729	46,554,490

NOTES TO THE FINANCIAL STATEMENTS

20 Financial Investments

Accounting Policy

Refer Note 6 for Accounting Policy

As at 31 March	2023	2022
	Rs.	Rs.
Amortised Cost		
Fixed Deposits	15,242,220	29,137,501
Hatton National Bank PLC	46,565,652	38,512,658
Sampath Bank PLC	3,150,000	-
Investment in Government Securities (Treasury Bonds)	64,957,872	67,650,159

All these fixed deposits are denominated in foreign currency and were translated into 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.

21 Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdraft.

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	2023	2022
	Rs.	Rs.
Favourable Balances		
Cash at Bank	186,278	7,419,330
Cash in hand	10,644	15,464
Cash and Cash Equivalents in the Statement of Financial Position	196,923	7,434,794
Unfavourable Balances		
Bank Overdrafts	(48,998,124)	(33,492,355)
Cash and Cash Equivalents in the Statement of Cash Flows	(48,801,201)	(26,057,561)

22 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	2023 Rs.	2022 Rs.
Ordinary Shares (No of Ordinary Shares- 1,171,183)	86,442,130	11,171,830
	86,442,130	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.

23 Revaluation Reserve

The Revaluation reserve comprises the net surplus resulting from the revaluation of property, plant, and equipment as described in the Note 16.6.

As at 31 March	2023 Rs.	2022 Rs.
At the Beginning of the year	40,549,812	-
Revaluation Surplus	-	47,150,945
Differed Tax relating to Revaluation Reserve	(7,544,151)	(6,601,132)
At the end of the year	33,005,661	40,549,812

24 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 to a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as employee benefit expenses 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%)	10,680,552	11,349,533
Employee's Contribution (8%)	7,120,368	7,566,355
Employees' Trust Fund (ETF)		
Employer's Contribution (3%)	2,670,138	2,837,383

NOTES TO THE FINANCIAL STATEMENTS

(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.

24.1 Actuarial Assumptions

Assumptions Category	Assumptions
Demographic Assumptions	Staff Turnover 2023 is 5% (2022 - 4%)
	Retirement Age 2023 is 55 (2022 - 55)
Financial Assumptions	Salary Increment 2023 is 5% (2022 - 8%)
	Rate of Discount 2023 is 18% (2022 - 10%)

24.2 Movement in the Present Value of Retirement Benefit Obligation

As at 31 March	2023 Rs.	2022 Rs.
At the Beginning of the Year	2,103,899	1,961,695
Provision/(Reversal) for the year	(836,248)	1,892,556
Payments made during the year	-	(1,750,352)
At the end of the Year	1,267,651	2,103,899

25 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	2023 Rs.	2022 Rs.
Non Current Liabilities			
Bank Loan	25.1	-	2,189,224
Lease Liabilities	25.2	5,393,556	13,859,337
Other Borrowings	25.3	695,000	2,195,000
		6,088,556	18,243,561
Current Liabilities			
Bank Loan	25.1	1,315,624	5,847,696
Lease Liabilities	25.2	10,983,751	9,477,463
		12,299,375	15,325,159
		18,387,931	33,568,720

25.1 Bank Loan

As at 31 March	2023 Rs.	2022 Rs.
Balance as at 01 January	8,036,920	7,000,000
Loans Obtained During the Year	-	3,800,000
Repayments During the Year	(6,721,296)	(2,763,080)
Interest Payable	-	-
At the End of the Year	1,315,624	8,036,920
Current Liabilities	1,315,624	5,847,696
Non Current Liabilities	-	2,189,224

25.1.a 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	
						2023 Rs.	2022 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	1,315,624	5,262,520
						1,315,624	8,036,920

25.2 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.

NOTES TO THE FINANCIAL STATEMENTS

25.3 Set out below are the carrying amounts of lease liabilities

As at 31 March	2023 Rs.	2022 Rs.
At the beginning of the year	23,336,799	15,520,874.00
Additions	3,381,000	27,623,528.00
Interest expense	1,418,399	745,430.7
Payments	(11,758,890)	(20,553,034.00)
At the end of the year	16,377,307	23,336,799
Current	10,983,751	9,477,463
Non Current	5,393,556	13,859,337
Total lease liabilities as at 31 March	16,377,307	23,336,800

25.4 Amounts recognised in Statement of Comprehensive Income

For the year Ended 31 March	2023 Rs.	2022 Rs.
Interest expense on lease liabilities	1,418,399	745,430.7
Depreciation of right-of-use assets	4,833,440	3,507,061

26 Deferred Tax Liabilities

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	2023 Rs.	2022 Rs.
Balance at the beginning of the year	5,277,811	-
Provision for the year	12,651,645	5,277,811
Balance at the end of the year	17,929,456	5,277,811
Recognised in Profit and Loss	5,107,493	(1,323,321)
Recognised in Other Comprehensive Income	7,544,151	6,601,132
	12,651,645	5,277,811

27 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	2023 Rs.	2022 Rs.
Staff Related Payables	458,495	210,836
Government Levies	2,765,345	2,114,091
Professional Fees	488,778	217,025
Rent Payable	57,500	122,500
Other Liabilities and Accruals	1,370,894	1,547,210
Amounts Due to Related Parties	-	636,819
	5,141,013	4,848,481

28 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.

28.1 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.

28.2 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
Mr. Nuwan Withanage
Mr. Nilantha Perera
Mr. Nuwan Widyapathige

28.3 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 (2022 - Nil).

NOTES TO THE FINANCIAL STATEMENTS

	Name of The Related Party	Nature of Interest	Nature of Transaction	For the year ended 31 March 2023 Rs.	For the year ended 31 March 2022 Rs.	Receivable/ (Payable) Balance as at 31.03.2023 Rs.	Receivable/ (Payable) Balance as at 31.03.2022 Rs.
Transactions Recorded in Income Statement	Mr. R.A.I.Madhusan	Director	Director fee and emoluments	7,485,157.94	8,070,016	-	(37,025)
	T.C. Dilrukshi		Salary Related Cost	4,575,000	6,191,000	-	-
Transactions Recorded in Statement of Financial Position	Mr. R. A. I. Madhusan	Director	Incurring expenses on behalf of the company	-	-	-	(636,820)

29 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	22,329,000
Building	Level 3	Both Market Approach and Income Approach	4,406,684	2,072,629
Motor Vehicle	Level 2	Market Based Approach	46,566,891	45,028,374
Machinery- Agri-food Sector	Level 3	Significant Unobservable input	13,208,985	6,488,576

There were no transfers between level 1 and level 2 fair value measurements during the financial year 2022/23.

29.1 Fair Values

The following 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

30 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,



NOTES TO THE FINANCIAL STATEMENTS

30.1 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.

30.1.1 The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk as of 31 March 2023 and 2022 are presented below.

As at 31 March	2022 Rs.	2021 Rs.
Financial Investments	64,957,872	67,650,159
Trade Receivables	54,759,853	34,572,692
Loans and Advance	6,948,276	5,854,417
Refundable Deposits	645,000	645,000
Cash and Cash Equivalents	196,923	7,434,795
	127,507,926	116,157,065

30.1.2 Response to Credit Risk

The Company's investment policy to the diversification of bank deposits and cash at the bank. The bank deposits held with the Hatton National Bank PLC and Sampath Bank PLC which are rated "A" by Fitch Ratings Lanka Ltd. As of 31 March 2023, the Company holds cash and cash equivalents in the banks, which are rated "A" or above.

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.

30.2 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).

	As at 31 March 2023			As at 31 March 2022		
	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	64,957,872	64,957,872	-	67,650,159	67,650,159	-
Trade Receivables	54,759,853	54,759,853	-	34,572,692	34,572,692	-
Loans and Advance	6,948,276	6,948,276	-	5,854,417	5,854,417	-
Refundable Deposits	645,000	645,000	-	645,000	645,000	-
Cash and Cash Equivalents	196,923	196,923	-	7,434,795	7,434,795	-
	127,507,926	127,507,926	-	116,157,065	116,157,065	-
Financial Liabilities						
Lease Liabilities	16,377,307	10,983,751	5,393,556	23,336,800	9,477,463	13,859,337
Other Borrowings	695,000	-	695,000	2,195,000	-	2,195,000
Amounts Due to Related Parties	-	-	-	636,820	636,820	-
Bank Borrowings	1,315,624	1,315,624	-	8,036,920	5,847,696	2,189,224
Trade and Other Payables	5,141,013	5,141,013	-	4,211,661	4,211,661	-
Bank Overdraft	48,998,124	48,998,124	-	33,492,355	33,492,355	-
	72,527,068	66,438,512	6,088,556	71,909,556	53,665,995	18,243,561

30.2.2 Response to Liquidity Risk

Review cash flow projections regularly

Availability of overdraft facilities to be used to fulfil short term and emergency funding requirements.

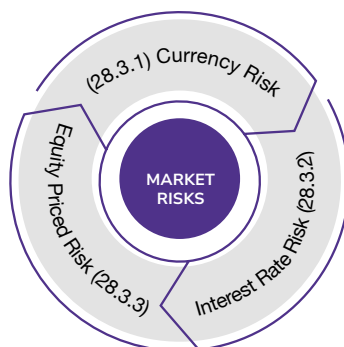
Diversification of financial assets portfolio.

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.

30.3 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.



NOTES TO THE FINANCIAL STATEMENTS

30.3.1 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.

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

As at 31 March	2023 Rs.	2021 Rs.
USD Investments		
Fixed Deposits	61,622,687	60,572,208
Cash and Cash Equivalents	1,443	7,346,018
EURO Investments		
Fixed Deposits	185,185	829,951
Cash and Cash Equivalents	21,123	1,168
	61,830,438	68,749,345

30.3.3 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.

30.3.4 Equity Price Risk

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

31 Contingent Liabilities

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

32 Capital Commitments

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

33 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.

NOTES

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the JFS Holdings Limited will be held (physical and by electronic means) on Thursday, the 31st August 2023 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 2023 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 2024 and up to the date of the next Annual General Meeting.

By Order of the Board of,
JFS HOLDINGS LIMITED



C G Corporate Consultants (Pvt) Limited
22nd August 2023

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 JFS Holdings, 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. Widyapathige Nuwan Suranga	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 Thursday the 31st of August 2023 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 2024 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 August Two Thousand and Twenty Three (2023).

.....
Signature

Note:

1. *Please delete the inappropriate words.
2. A proxy need not be a shareholder of the Company.
3. 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 Limited

Legal Form

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

Company Registration Number

PB00270052

Accounting Period End

31 March

Registered Office

JFS Holdings 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. N. Withanage
Mr. M. A. N. Perera
Mr. N. Widyapathige

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



