

EML Consultants PLC.

ANNUAL REPORT

2022

EML Consultants PLC.

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1 VISION & MISSION

OUR VISION

To be the leading internationally recognized consultant in the region supporting sustainable development initiatives.

OUR MISSION

Timely delivery of professional services through the adoption of unique, efficient and innovative approaches leading to the creation of pragmatic strategies ultimately providing creative value addition to the client both locally and globally

2 ABOUT US

Overview of the Company

EML consultants PLC have been providing technical and management consultancy services to the private and public sector in Sri Lanka and across the globe for the past 30 years. While the initial scope of the organization revolved on environmental and natural resource management, over the years we have been able to expand into diverse industries and fields, covering a spectrum of communities. The Company obtains consultants for each project based on the requirements of the specific project, hence following a cost effective model that enables efficient resource allocation

and sustainability of operations. EML has entered into several strategic partnerships with a multitude of partner companies to collaborate and provide technical assistance to clients or retain professionals as and when such technical inputs are required. These organizations are listed below;

- **Development Concepts (Pvt.) Ltd**
- **Int'l Institute for Development Transformation (Pvt.) Ltd**
- **Sustainability Agenda (Pvt.) Ltd**

CORPORATE VALUES

CONNECTED

We invest in insight to get to the heart of our customers' challenges.

We are open and transparent in the way we work.

COMMITTED

Deeply involved in building relationships – everything we do is with the long-term in mind.

Our dedication to quality is the cornerstone of our success – we get every detail right.

CREATIVE

We are constantly developing better ways of working.

If we find a better way of working, we act
Upon it and proactively share it.

3 BUSINESS STRATEGY, PROJECT SCOPE, MAIN BUSINESS SECTORS & CORPORATE VALUES

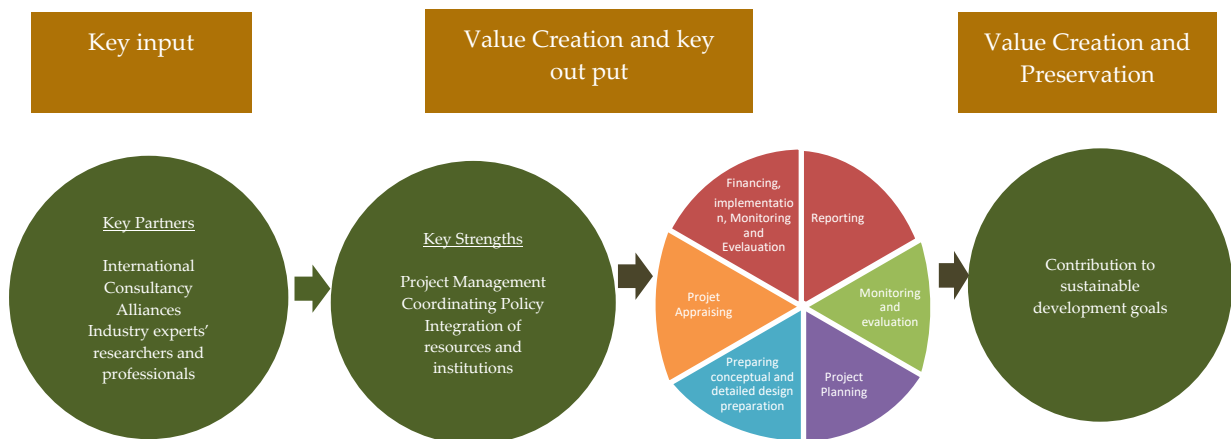
EML Strategy

Our scope reaches beyond profitability to create lasting value through empowering sustainability across private and public industries. Our contributions to sustainability stem from our knowledge, technical and analytical capacity as well as our access to an extensive pool of professionals and experts in various fields.

While our main areas of expertise pivots on Environment and Natural Resources Management (ENRM), over the years we have expanded into a multitude of areas, and simultaneously enhanced our scope to cover

areas such as Urban and Industrial Engineering (UIE), Capacity Building and Human Resources Development (CBH), Monitoring & Evaluation & Social safeguard (MESS) and Overseas Technical Assistance Projects (OAP).

Our capacity to effectively deliver value hinges on our straight forward yet effective business model. The ultimate objective of our strategic business approach is to encourage our clients to mobilize the resources and expertise and work towards the larger sustainability goals while pursuing business growth, and create value for all stakeholders along the value chains.



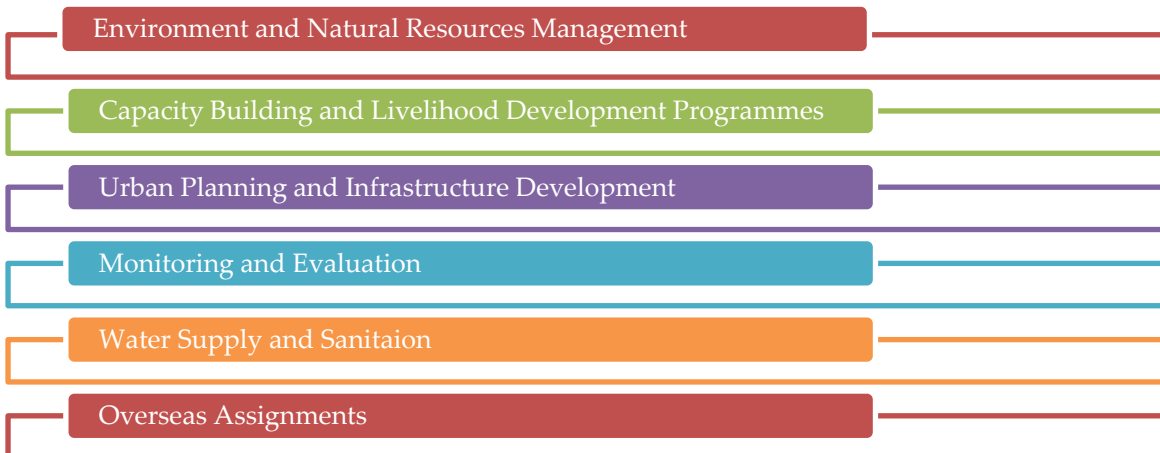
EML Project scope



Main Business Sectors

EML is a technical and management consultancy services provider at its core. At present, we provide our services to both public and private sector institutions and international agencies. We secure projects

through a process of competitive bidding formulated on specific requirements by project owners. Our services can be segmented in six main categories.



Environment and Natural Resources Management

Our contribution to the nation's efforts in conservation of natural resources has been considerable. From Conservation related policy planning to enforcement of regulations, EML has successfully implemented a number of projects in the conservation of forestry and wildlife, river basins and coastal zones, and climate change. In addition, EML has prepared and submitted over 100 environmental impact assessments making those projects more environmentally friendly. These projects were in urban development sector, water supply & sanitation sector, highways and infrastructure development and in development of tourism.

Capacity Building and Livelihood Development Programs

EML's involvement in capacity building and livelihood development spans across a multitude of projects related to livelihoods and rural development. Local Government agencies have been one of the focus areas of EML's involvement in the past

Urban Planning and Infrastructure Development

EML's expertise, experience and insights in this sector covers regional and urban planning, preparation of master plans, urban infrastructure, roads and highways, harbor and coastal development. EML has been responsible for preparing Master Plans for the Eastern Region Physical Development, Western Region and the Colombo Megapolis Development Project. Recent involvement in this sector include preparation of Green City Master Plans to some of the key provincial cities in the country.

Monitoring and Evaluation

Monitoring and evaluation is one of the core areas of EML expertise and services. To date EML has successfully completed a large number of assignments within Sri Lanka and overseas, including mid-term and end of project evaluations, and monitoring of on-going projects.

Water Supply and Sanitation

EML's experience encapsulates all the aspects of water supply and sanitation sector, including feasibility studies, detailed designs, environmental assessments, and socio-economic analysis. EML was and continues to be a partner in the initial studies, designs and constructions for upgrading/rehabilitation of the entire sewer network of Colombo and adjacent areas, and also in the design and construction of new sewer network in towns, north and south of Colombo.

Overseas Assignments

A significant milestone of EML's journey towards success is our breakthrough into the international arena of consultancy services. EML's overseas footprint not only spans the South Asian Region, but also includes the African continent and the Pacific Islands.

4 CHAIRMAN'S MESSAGE



In 2022, the combination of a wealth of experience within teams and unwavering dedication played a crucial role in navigating through challenging times successfully."

Resilience and inventive spirit were the hallmarks of the year 2022, as EML along with the rest of the world coming out of the COVID-19 pandemic. Hampering the expected recovery in the business environment, the country has gone through a severe financial and economic crisis, possibly the worst experienced by the country. The inherent challenges of the local and global context in 2022 called for a gear shift in our business approach that pivots on our fundamental values of integrity and expertise. In this backdrop, it is with great pleasure that I present the Annual Report and Audited Financial Statements of the Company for the year ended 31st December 2022 on behalf of the Board of Directors.

Macroeconomic backdrop

As the global economic challenges continued, global growth slowed down, causing demand contractions to limit the economic recovery. While advanced economies rebounded to some extent, the latter part of the year caused common economic problems in European countries amidst the Russian-Ukraine war. Investment in emerging and developing economies remained below its average rates over past two decades, dampened the economic growth and made it difficult to achieve the development goals. On the other hand developing countries that were severely impacted by weaker global trade, disruption to tourism, high inflation and tightened global financial policies, continued to struggle.

Meanwhile, the Sri Lankan economy witnessed an exceptionally difficult period with the decline in tourism, unsustainable debt, high inflation and interest rates, most crucially by foreign exchange

crisis. Energy crisis led by shortage of fuels, electricity and disruption to supply of gas created a severe social unrest which extended to even create political instability. Country's Rating downgrade due to default in debt repayments caused serious reputational damages too. Towards the end of 2022, the government managed to restore the supply of energy to some extent, easing out the social unrest whilst remain positive on receiving financial support from International Monetary Fund (IMF).

Economic stability and growth play a key role in business growth of professional service providers of EML's caliber. The above challenges negatively impacted our pursuit of business growth in tandem with the larger social, economic and environmental sustainability.

Agriculture, power and energy, manufacturing and tourism sectors are pivotal in driving towards sustainable development with the involvement of state and the private sectors. More and more investments into these sectors also require expertise to successfully launch and complete these projects, which will eventually create more demand for EML Consultants.

EML Performance

During the year under review, EML's total revenue increased by 20% when compared to the previous year, at LKR 132.5 Million. While project values and duration are the factors that lead to revenue fluctuations in our operations, the volatile macroeconomics factors contributed to the increase in revenue generation.

In addition, we employed a set of robust strategies designed to control direct costs compared with increment ratios of turnover. As such, we were able to manage cost of sales increment around 18% during the year under review to achieve a growth of 23% in our gross profits at LKR 46.5 Mn from that of LKR 37.6 Mn in 2021.

In 2022, in spite of the economic and social downturns, we secured 12 new projects, while we continued with 23 ongoing projects.

Our 30 years of experience, insights and expertise assisted us at this critical juncture to manage resources effectively and efficiently, secure projects, and execute existing projects through employing timely stratagems and tools. Meanwhile, we veered our focus on analyzing the evolving market trends as well as new requirements that arose with the change in the global landscape triggered by the pandemic as well as geopolitical and social upheavals.

Growth opportunities

While the economic, social and political uncertainties in the country will continue to complicate our growth aspirations, we remain hopeful that the country will regain stability in time. We expect the global donor agencies to launch new projects specially to support the struggling communities to uplift their livelihood and support the rural areas and small and medium businesses which could create new opportunities.

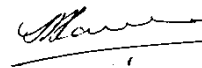
Meanwhile, we will continue to explore opportunities for growth in the current climate and build and nurture relationships with government and private sector institutes to

pursue viable growth. We will also continue to improve our service offerings to potential and existing customer organizations through process improvement, innovation and knowledge acquisition.

In the long-term, EML plans on exploring growth opportunities beyond the borders of Sri Lanka. As a long-established brand in Sri Lanka with a strong track record of successfully completing over 500 projects, we believe that we will have a better chance of securing businesses especially in South Asian region.

Acknowledgment

The year 2022 will go down in history as one of the most challenging years not only for EML but also for the entire nation. As such, I am grateful to the unwavering support and inspiring guidance extended to me by our Board of Directors as well as the Senior Staff. Our employees remained committed to achieving organizational plans for the year and beyond amidst a complex and difficult period. I would like to express my sincere gratitude to each and every one of them. I would also like to extend my gratitude to our consultants and professionals for their valuable service and input. Let us steer ahead undaunted by challenges to create sustainable value.



Karunasena Hettiarachchi

Chairman

25th May 2023

5 MANAGING DIRECTOR'S REVIEW



“We are focused on strengthening our resources whilst exploring opportunities to expand into new markets”

It is my privilege and pleasure to present you to the second Annual Report of our Company since the listing in the CSE. Last year has been a challenging period for Consultancy services with the post pandemic consequences & economic crises affecting economies of the entire world which still continues to plague across the world. Needless to say, this had an impact on world trade and continues to hamper the progress of all businesses with a significant impact on consultancy service sector. EML Consultants PLC has weathered the storm to some extent and demonstrated outstanding achievements in many ways. The Company made history at the Colombo Stock Exchange (CSE), in 2021 being the 1st SME to be listed in the Empower Board of the CSE as a Consultancy Firm.

Financial Results

The company posted revenue of Rs.132.5 Mn which is year on year a increase of 20% it is noted that we achieved a GP of Rs. 46.5mn as opposed to Rs. 37.6mn of the previous year. This is a 23.06% improvement in GP from the previous year, we are satisfied and proud that we achieved these figures during this extremely challenging year. Our performance during the year was a result of our dedicated service and the well knitted relationships we maintain with our stakeholders. Which enabled us to deliver a profit after tax of LKR 60.5 million primarily with the value enhancement of existing foreign currency in FD's.

Business Overview

With our integrated approach, we supported our customers in their needs, during the pandemic period as well as turbulent economic conditions while providing most services uninterrupted and offering innovative solutions.

In 2023, we continue to focus on growing our consultancy business, by expanding our products and services to all relevant areas. In addition to that, we expect to join hands with industry veterans to go for more synergizing methodologies with our partners particularly in the consultancy segment to come out of the country's unprecedented economic crisis.

All in all, the past year has been noteworthy in many ways. New tools and methods developed during the Pandemic helped to carry out its work uninterrupted. It also has opened many avenues to explore our consultancy business both locally and internationally.

I sincerely believe that EML has much more to offer over the next several years as we surge ahead with our growth plans. We will continue our journey focusing on developing our infrastructure, further strengthening our competencies to expand into new markets, developing our tools, attracting the right resources with the aim of delivering strong, sustainable returns to all our stakeholders.

Gratitude

Let me also take this opportunity to thank our entire leadership team headed by our Chairman, and our employees who have worked tirelessly under difficult conditions. I am immensely proud of the way they have taken the challenges in these unprecedented circumstances.

Lastly but not least, I like to place on record my gratitude to all share holder who purchased & retained shares during the past year. I am equally grateful for the ongoing support we receive from our clients as well as our business partners.



K.A.K. Jayatilake

6 BOARD OF DIRECTORS



**Eng. Karunasena
Hettiarachchi -
Chairman
Non-Executive Non-
Independent Director**

A chartered Civil Engineer by the profession, Mr. Hettiarachchi Graduated in Civil Engineering with Honors and worked with Central Engineering Consultancy Bureau for a short period of time and joined the Department of Irrigation. Served nearly 20 years and retired prematurely in 1995 as a Class he worked as an officer of Sri Lanka Engineering Service. During this period, seconded to International Water Management Institute (IWMI) as a Research Associate and conducted research on irrigation management for 4 years.

He is a Fellow of Institution of Engineers Sri Lanka, and holds a Master of Engineering Degree from Catholic University of Leuven of Belgium. Mr. Hettiarachchi is also a Chartered Environmental Professional and a member of Institute of Environment Professionals, and also a Fellow Member of Institute of Management of Sri Lanka.

He held many positions in the top level management at various globally reputed organizations and projects such as (Nippon Koei Ltd of Japan), Project Director of Clean Settlement Project (World Bank Funded) and Urban Development and Low-Income Housing Project (Asian Development Bank funded) and then joined the Japan Bank for International Cooperation (JBIC) as the Senior Project Specialist, where he worked for 11

years. While working with JBIC, He was appointed as the Chairman of Geological Surveys and Mines Bureau (2 years) and later functioned as Chairman of Sri Lanka Foreign Employment Bureau (2 years), Central Environment Authority (3 years), Sri Lanka Land Reclamation and Development Corporation (3 years) and National Water Supply and Drainage Board (5 Years)

In 2015, He was appointed as the Secretary to the Ministry of Urban Development and Water Supply and later appointed as the Secretary to the Ministry of Defense. Afterwards, He was posted as the Ambassador to Germany and also accredited to Switzerland, Croatia, Macedonia and Montenegro



**Mr. K. A. K. Jayatilake -
Managing Director
Executive Director**

Mr. Avanthi Jayatilake is one of the accomplished professionals in the sphere of Environment Management. He started his career as a Research Officer in Rubber Research Institute of Sri Lanka and later joined the Sri Lanka Administrative Service in 1980 and served in many important positions in government agencies including Ministry of Planning, Central Environmental Authority and Ministry of Environment. In 1991 he was recruited by the United States Agency for International Development (USAID), as the Program Management Specialist and was later appointed as the Mission Environmental Officer to look after the environmental aspects of all projects supported by the USAID in Sri Lanka and Maldives.

In addition, he has also served as an Advisor to several Ministries in past governments on related matters. Mr. Jayatilake has served as the Team Leader for large number of Environmental Impact Assessment Reports and served as the Environmental Specialist for several major projects designed and implemented in other countries as well. Previously, Mr. Jayatilake has also served as a Director/ Chairman on the Board of Property Development PLC, a company quoted on the Colombo Stock Exchange. And as the Chairmen of Maganeguma Consultancy and Project management Services. He holds a MSc. in Environmental Management from the University of Tasmania – Australia.



Mr. Thilak Hewawasam
– Non-Executive Non-Independent Director

A Regional Development Planner by profession, Mr. Hewawasam has a wealth of experience serving in both public sector and private sector institutions. His service in the state sector includes the tenure as Chairman, Central Environmental Authority, which is the apex body responsible for formulation and implementation of environmental regulations.

He has also been involved in different national level projects and held key positions such as National Project Director for Water Supply & Sanitation Project (CWSSP), 1992-1997 Ministry of Housing - Sri Lanka, Director - Clean Settlement Program (CSP) funded by World Bank, Project Director – ADB funded Rural Water Supply Pilot Project in the District of Monaragala and Coordinator- Greater Colombo Urban Community Sanitation Program (1994-1996). From 2006-2010, he was the Senior Water and Sanitation Advisor for the USAID Asia (Eco-Asia) Program. His international experience includes involvement in community development projects launched

by USAD and World Bank in many countries in the South Asian Region, West Asia and Central Africa.

Mr. Hewawasam holds a MSc (Econ) in Regional Dev. Planning from University of Wales, Post Graduate in Sociology – Land Settlement & Development from University of Colombo, Post Graduate Certificate in Public Administration, SLIDA and BA(Sp) 2nd Class (Hons) in Geography from University of Ceylon, Peradeniya. He is also a Member of Sri Lanka Administrative Service (SLAS) and Member of Institute of Environmental Professionals, Sri Lanka.



Mr. H. N. J. Chandrasekera
– Non-Executive Independent Director

Mr. Jayaraja Chandrasekera is a senior banking professional who has held Senior Corporate Management positions in one of Sri Lanka’s leading private commercial banks Hatton National Bank PLC, with a career spanning over 35 years. He has handled Banking and Bancassurance related responsibilities during his long tenure in the Financial Services Industry. He has also served in the Boards of National Savings Bank and Pan Asia Banking Corporation PLC since 2015 to 2020.

He holds an MBA from the University of Sunderland UK, and a Postgraduate Diploma in Strategic Management. He is also a member of The Association of Professional Bankers, Sri Lanka and has undergone extensive training in banking, leadership, and management both locally and at prestigious overseas institutions such as Mount Eliza Business Faculty, Melbourne University- Australia, National University of Singapore, Lloyds Bank TSB-UK, Development Bank of Philippines and

Association for Overseas Technical
Scholarship - Japan.



**Mr. K.P.P.H.
Mihiripenna
Non-Executive
Independent Director**

Accountants of Sri Lanka and Association of Accounting Technicians of Sri Lanka. He also holds a B.Com (Special) Degree from the University of Sri Jayawardhanapura. He has been an Associate member from the inception (2005) of Sri Lanka Institute of Directors.

Mr. Mihiripenna is a well-experienced finance professional with a long track record in the fields of accounting and finance, holding key positions in several companies in Sri Lanka. He also possesses ample experience in corporate management as a member of Boards of different entities, both in private and state sector.

Starting his career at Ernst & Young back in 1985, Mr. Mihiripenna has moved to hold key positions, including Finance Controller and Vice President - Finance in private and public listed companies. These companies include Muller & Phipps Ceylon PLC, Ceylon Beverage Holdings PLC (formerly Ceylon Brewery), Yashoda Group of companies and Ruhunu Cement Company Limited.

Mr. Mihiripenna is currently a senior partner of Keerthi Mihiripenna & Co., a firm of Chartered Accountants. He currently serves as the Chairman/Managing Director of Harvest Business Consultants (Pvt) Limited and AMW Insurance Brokers (Pvt) Limited and also the Chairman of Berkly Associate (Pvt) Limited. Previously, he held the positions of Deputy Chairman and Chairman of Milco (Pvt) Limited from February 2015 to May 2018 and also from February 2019 to January 2020. Further, he has been in the Management Board of Samurdhi Bank for a brief period of 6 months in year 2018.

Mr. Mihiripenna is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, Institute of Certified Management

7 SENIOR PROFESSIONALS

Management Team – External Consultants



**Dr. Magdon
Jayasooriya - Senior
Consultant**

Dr. Magdon Jayasooriya brings enormous wealth of experience and expertise to EML through his 35 years long career in the state sector and private sector. He is one of the most senior experts in the sector of Ecology and has contributed a great deal towards government efforts in sustainable development through a great number of consultancies, a great extent of researches and through experience gained in working with multi-national teams. His last position under the government service has been the Director, Plant Genetic Resources Centre, Department of Agriculture (January 1996 - March 1998). His specializations extend across the fields of Plant Systematics, Plant Ecology, Biodiversity Conservation and Plant Resources & Agro biodiversity.

Dr. Jayasooriya holds a Ph.D. in Plant Systematics from City University of New York – USA, M.Phil. in Plant Ecology & Plant Systematics from University of Peradeniya and a B.Sc. (Special) degree in Botany (Special subject) Chemistry (Subsidiary subject) from University of Colombo.



**Dr. S.M. F. Marikar –
Senior Consultant**

Dr. Marikar is a leading specialist in Sri Lanka in the statistical design and conduct of surveys and processing of quantitative data and qualitative information. He counts over 20 years of experience in government departments as the Director Planning and is well conversant with the functioning mechanism of the state sector.

During his career, he has spearheaded design and conduct of over twenty socio-economic surveys including design of questionnaires, implementation, monitoring and evaluation. He also has served as the Senior Consultant in the Study on Impact Assessment of the rural community resulting from the development of a major infrastructure project in Southern Sri Lanka. He has been the 'Senior Project Economist' for the ADB funded mission 'Sri Lanka Agricultural Rehabilitation Project, which was aimed at the assessment of the achievement of social and economic objectives via agriculture development.

Dr. Marikar is a Ph. D holder in Natural Resource Economics from Colorado State University – USA and has a Master's degree in Agricultural Economics from Stanford University, California – USA. He also holds a B.Sc. Agriculture (Second Upper) degree from University of Ceylon.



**Dr. S. Manitha
Weerasuriya – Senior
Consultant**

Dr. Manitha Weerasuriya has extensive experience in project management and governance related training and capacity building projects conducted through the USAID funded TALG and GUGSA programs since 2004. He is the Managing Director of the International Institute of Development Training, IIDT, CEO of Nikini Automation Systems (Pvt) Ltd (Sri Lanka). He was Lecturer at the City University of New York and served as the Assistant Soil Chemist at the Rubber Research Institute of Sri Lanka.

Dr. Weerasuriya obtained his Ph.D. in Environmental Biology and Master of Philosophy Degrees in Biology from the City University of New York. He has also obtained his masters in Botany and BSC in Agriculture from the University of Peradeniya, Sri Lanka. He has received several Awards, Fellowships and Grants during the academic career.



**Mr. K H Muthukuda
Arachchi – Senior
Consultant**

Mr. Muthukuda Arachchi is a veteran in Environmental and Natural Resources Management fields, having served in government Institutions including Central Environmental Authority and National Water Supply & Drainage Board in his career expanding over 30 years. He has held senior positions at different departments in CEA including Director and Deputy Director Positions. He has also served in different committees and Boards of Ministries including Ministry of Industry & Commerce and Ministry of Local Government and Provincial Council.

He has undergone foreign training relating to various aspects of Environmental Management in many Asian Countries as well as in Europe.

Mr. Muthukuda Arachchi holds a Bachelor of Science (BSc.) - Biological Science Degree from the University of Sri Jayewardenepura and a Master of Science (MSc.) Degree in Forestry and Environment from the University of Sri Jayewardenepura.

Management Team-In House

The leadership team of the Company is responsible to ensure that the affairs of EML are carried out in a manner that would achieve the desired objectives for the best interests of the Company and its shareholders.



Mr. K.A.K. Jayatilake
Managing Director

Please refer Section No.6. Of this Annual Report for Managing Director's profile.



Mr.A Rajaratnam
General Manger - Projects

Mr. A Rajaratnam has 30 years' experience in Environmental Sector. He has a track record of 11 years in EML Consultants Ltd, in various positions in Project Management and Consulting. Prior to joining EML, he had worked for Central Environmental Authority for 15 years in various capacities in the Pollution Control Division. He also served as a Project Management Specialist/ Deputy Project Director in the North East Coastal Community Development Project in the Eastern Province, implemented by the Ministry of Nation Building which was funded by the Asian Development Bank.

Mr. Rajaratnam is a Chartered Environmentalist and holds a Master's degree in Environmental Science from the University of Colombo. He has also attended several international and local trainings. He also participated in several technical committees during his tenure at CEA.



Eng. Piyal Ganepola
**Proposal Advisor/
Consultant**

Mr. Piyal Ganepola is a vastly experienced professional with a proven track record in the fields of Project Management, Institutional Management, Urban Engineering-Infrastructure, Housing, Resettlement, Green Technology, Disaster Management and Quality Management. During his career that extends over 40 years, Mr. Ganepola has served as a consultant and advisor in many government institutions as well as in international agencies operating in Sri Lanka. His major involvements include positions held as Advisor - Engineering & Infrastructure - UN Habitat, Senior Technical Advisor - Applied Research Unit of UNOPS, Consultant on Urban Infrastructure - Ministry of Megapolis and Western Development and General Manager - National Housing Development Authority.

Mr. Ganepola holds a bachelor's degree in Engineering from University of Peradeniya and Post Graduate Diploma in Engineering from University of Moratuwa. He is also a Civil Engineer and a Fellow of Institution of Engineers - Sri Lanka. He also has extensive training in areas such as Urban Infrastructure Planning, International Construction Management, and Housing Policy from leading universities around the World.



Mr. Indika Dias
Head of Finance

candidate of CA Sri Lanka and a member of AAT. He is currently reading for his MBA from Rajarata University.

Mr. Indika Dias started his career as an Audit Trainee and completed 4 years audit training, then he joined Ceylinco Homes Group as an Assistant Accountant and had the opportunity to actively involve in many remarkable projects. After completion of 11 years of successful service he joined as Chief Accountant of Seven Seas Computers- Dubai Company and its subsidiaries in Sri Lanka.

After completion of 3 years, he joined Apurva Natvar parikh Group in India as an Accounts and Admin Manager and completed 3 years. Later he joined EML as a Group Finance Manager in 2017. He has overseas experience in Dubai, Singapore and India. He has a wide knowledge on import and export process, procurement and corporate & personal Taxation and possess Custom wharf certificate. Mr. Indika Dias is a Final level

8 MANAGEMENT DISCUSSION & ANALYSIS, COMPANY PERFORMANCE

Global context

Global growth slowed in 2022 to 3.2%, more than 1 percentage point weaker than expected at the end of 2021, mainly weighed down by Russia's war of aggression in Ukraine and the associated cost-of-living crisis in many countries. Growth is projected to remain at below-trend rates in 2023 and 2024.

Despite recent signs of improvement, recovery over the next two years is expected to be moderate. The outlook remains fragile and downside risks predominate. High uncertainty generated by the war could take a heavy toll on activity. Trade tensions are high and could worsen. Concerns about financial vulnerabilities have risen, including in financial institutions, housing markets and low-income countries.

(Source: <https://www.oecd.org/economic-outlook/march-2023/>)

The Economic backdrop of Sri Lanka

Sri Lanka has gone through one of the worst economic cycles in the history during the year 2022 causing severe long term impacts to the country and its people. The Government's failure to service the debt obligations, perhaps the most critical incident as far as country's reputation is concerned where the Treasury was unable to source required foreign currency to do so. International rating agencies downgraded the country's foreign currency sovereign credit ratings to 'Standard Default'/'Restricted Default'. Further complicating the economic issues, the unavailability of foreign reserves led to interrupting the provision of fuel and gas causing an energy crisis. This issue made it difficult of the businesses as well as general public making the life difficult for all.

On the other hand, the soaring inflation and interest rates put further pressure on the country where the growth was crippled during year 2022 recording a 7.8% decline in Real GDP over year 2021.

The economic conditions remained vulnerable till the end of the year, creating a less conducive environment for businesses. Energy issue has been resolved to some extent allowing the businesses and general public to restore their regular activities with an expectation of further improvements.

Company performance overview

EML's key business activities include Environment and Natural Resources Management (ENR), Capacity Building and Human Resources Development (CBH) Programmes, Urban and Industrial Engineering (UIE) Services and Special Projects Management, Capacity Building and Human Resources Development (CBH) Programme and much more. EML Consultants PLC generate cash flows through the provision of technical and management consultancy services. The Company engages in specialized service segment where both the public and private sector institutions seek our services. Over 28 years in the industry, EML has served thousands of clients by providing consultancy services covering a wide spectrum of sectors.

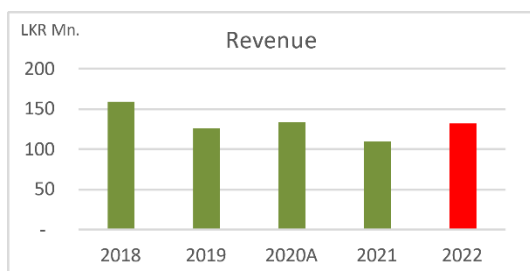
During the year 2022, EML secured 12 new projects whilst 23 projects were ongoing which had commenced in previous years. Amongst the new projects secured, a Capacity Building project for Rural Water Supply under the Pradeshiya Sabhas in Sri Lanka is a notable addition which was awarded by JAICA extending over 2 years. EML managed to provide its services in an efficient and effective manner with the easing of COVID-19 related

movement restrictions where business disruptions from the same were minimal. However, the impact from fuel and energy crisis has impacted the activities to some extent, especially travelling to different parts of the country for project works.

Financial Review

Revenue

In the year 2022, the total revenue of EML stood at LKR 132.5 Mn with an increase of 20% over year 2021. Project values and duration are the factors that lead to revenue fluctuations where projects that extend over multiple years generate revenues for more than one financial year based on project milestones.



Direct Costs

The direct costs associate with the revenues predominantly consist of consultancy fees to professional consultants retained for each project and other costs such as transport, accommodation etc. that directly relating to projects. During the year under review, direct costs increased by LKR 13.1 Mn to record a growth of c. 17.9% compared to the previous year. Increase in the direct costs is a result of increase in revenues during the year where costs are directly associated with the projects.

Overhead Expenses

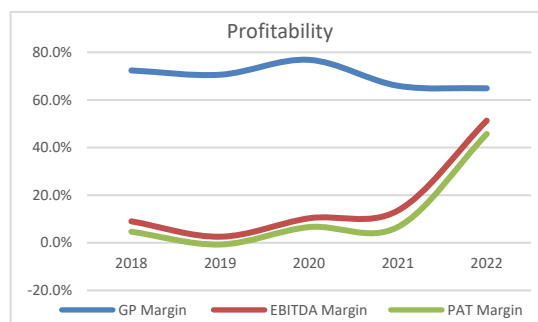
During the year under review, administration expenses had recorded a marginal increase of 1.8% YoY and recorded at LKR 38.3 Mn (2021 – LKR 37.6 Mn). The marginal cost increase is largely attribute to the stabilization of overhead costs where no significant changes occurred in the cost base. The Company was able to manage the staff related costs and other

overheads effectively that assisted to avoid material cost escalations. There were no any sales or distribution related costs as the company does not undertake such activities.

Profitability

During the year under review, the gross profit margin has reduced marginally while the gross profit in absolute terms has increased with the increase in revenues. Operating profit excluding depreciation (EBITDA) was at 61.3 mn in the financial year 2022 indicating a major improvement over 2021 due to the foreign exchange gains from foreign currency deposits held by the Company.

The reported net margin was 45.7%, an exceptional scenario where the exchange gain being the contributor to such a high profit margin which is a one-off gain.



Financial position

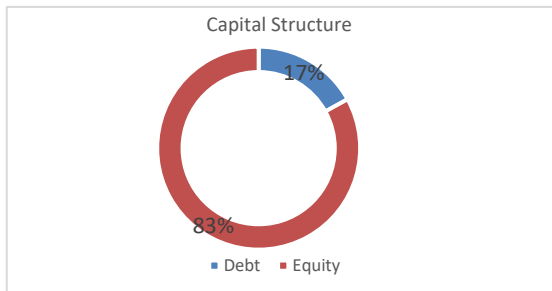
As a professional service provider, EML’s operations are highly dependent on human capital in terms of professional consultancy services. As such, we are not an assets driven company.

The majority of EML’s assets are represented by current assets in the form of receivables and liquid assets such as bank deposits and cash, apart from the land and building. EML being a service provider, the asset base is unlikely to fluctuate significantly over the years. During the year 2022, EML’s total assets grew by 21.4% compared to year 2021 mainly owing to the appreciation of dollar deposits held by the

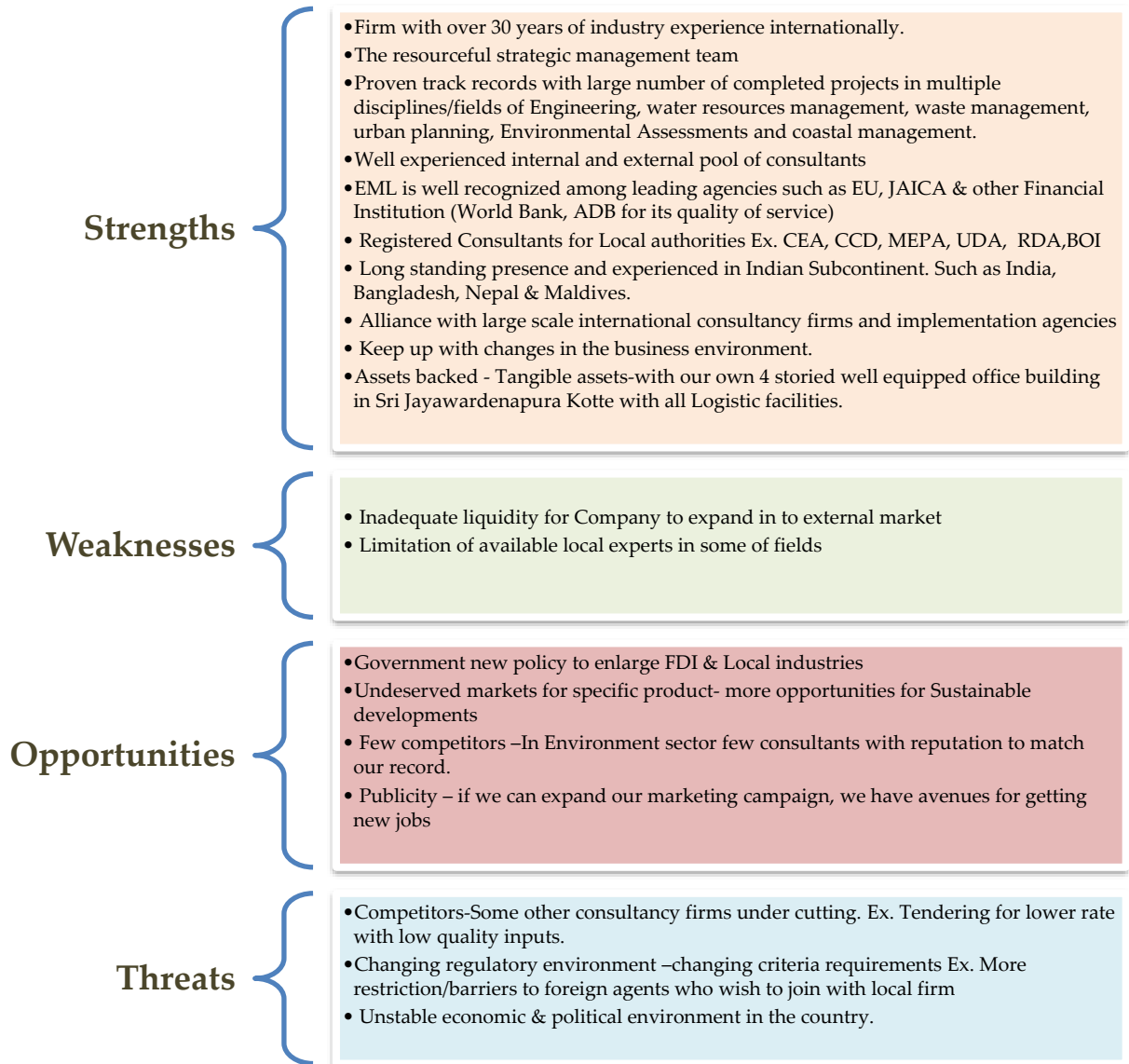
Company. Apart from the said increase, reduction of fixed assets value due to depreciation charge, decrease in cash and bank balances are the notable fluctuations during the year under review.

The organization’s borrowings (excluding bank OD) as at the end of the financial year 2022 reduced by 25% with the repayments. Resulting from the same, total liabilities have reduced by 24% in year 2022. With the net profits recorded during the year, the total equity value has increased by 60% YoY which is a significant fluctuation.

EML’s gearing level is comparatively low and in the long run, further reduction of debt levels is expected with the repayments. As a tenured company, a substantial change to the financial position is not expected during the foreseeable future, unless significant changes are made to the business model .



EML SWOT ANALYSIS



FUTURE OUTLOOK

The prevailing macro-economic conditions are less conducive and slowed down the country’s growth. However, Consultancy is a business that can make the best use of a situation as the multi-lateral and bilateral donors become more active with greater project opportunities to help the country recover during the difficult period. Hence, we expect a rebounding of donor interest with the stronger strategic alliances especially with the Asian and European countries. Such flow of technical

assistance is expected to increase the demand for EML’s consultancy services.

Meanwhile, we will continue to intensify focus on our strategic drivers such as reducing direct cost and enhancing partnerships to navigate the troubled waters.

9 CORPORATE GOVERNANCE PRACTICES

Corporate Governance practices of EML comprehends promoting corporate impartiality, transparency, accountability and responsibility in directing and controlling the Company in the best interest of the stakeholders. All structures, principles and policies are focused on ensuring the company is governed in a manner that safeguards the best interest of all stakeholders. In implementing these practices, the Company ensured that the Corporate Governance requirements stipulated by the Colombo Stock Exchange are adhered to whilst all good governance practices are upheld.

EML firmly believes that good Corporate Governance is a fundamental in ensuring that the Company is well managed in the best interest of its shareholders and essential for sustainable growth. High standards of governance are the core of a company in driving it towards long term goals in an ethical, efficient and effective manner whilst fostering an entrepreneurial culture.

Compliance With Corporate Governance Codes

Our practices are guided by the Code of Best Practice on Corporate Governance issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC) and Listing Rules on Corporate Governance by the Colombo Stock Exchange (CSE).

Statement of Compliance

We aim to ensure that good corporate governance provides a solid basis for our business, in promoting transparent and ethical business conduct at all levels and add value for our stakeholders. Thus, we continue to be committed to the highest standards of corporate governance across all dimensions of our operations and these standards are encapsulated in our governance policies and documents.

The Board of Directors also wishes to confirm that, to the best of their knowledge and belief, the Company has complied with all requirements under the Companies Act No 07 of 2007 and satisfied all its statutory payment obligations to the Government and other statutory/ regulatory bodies.

Governance Structure

The Governance Structure of EML allows effective and efficient decision making while interconnecting elements in governance. It is enabled by having the right balance of authority and power throughout the organization. It comprises process and structures which affect the way an organization is directed, managed and monitored and its activities are reported.

Board Of Directors

The Board of Directors of EML comprises of experienced and professional individuals who ensures required strategy and direction is provided to the Company and all business affairs are conducted in a professional manner. The members of the Board led by the Chairman are bound to act in good faith, uphold the ethics in their conduct to create wealth and value for the shareholders. The Board comprises of a combination of Executive, Non-executive and Independent members as depicted below::

- **Mr. Karunasena Hettiarachchi**
Chairman, Non-Executive, Non-Independent Director
- **Mr. K. A. K. Jayatilake**
Managing Director, Executive Director
- **Mr. Thilak Hewawasam**
Non-Executive, Non-Independent Director
- **Mr. H. N. J. Chandrasekera**
Non-Executive Independent Director
- **Mr. K.P.P.H. Mihiripenna**
Non-Executive Independent Director

Apart from the Managing Director, all other members are non-executive directors who help to strike a good balance with two of such non-executive members being independent. During the transition process to a public quoted company, the Company has adhered to the corporate governance requirements by restructuring the Board composition and continues to maintain the position as a listed company.

Role of the Board

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls. With the view of maximizing the returns to the shareholders and safeguard the interest of all stakeholders, the Board is monitor and evaluate the operational and financial performances on a regular basis and make adjustments to the strategies if required.

Role of the Chairman and Managing Director

Recognizing the importance of clear distinction between the roles and responsibilities of the Chairman and the Managing Director, we have appointed a Non-Executive Director as the Chairman whilst the Managing Director plays an Executive role. This ensures balance of power and no one person has unconstrained power in decision making and implementation.

Appointment of Directors

The Board may appoint suitable members to the Board subject to the provisions of the Articles of Association from time to time. Upon the appointment of a new Director to the Board, the Company informs the Colombo Stock Exchange with a brief resume of the Director, containing the nature of his/ her expertise in relevant functional areas, other directorships held, memberships on Board Committees and the nature of the appointment.

Re-Election of Directors

Directors, except those who are over 70 years of age are appointed by the Board and are eligible for re-election at the next Annual General Meeting by the shareholders.

Annual Report

The Annual Report of the Company is the main document which corporate information are communicated to the Shareholders and other stakeholders. The Company discloses financial information together with auditor's report as well as non-financial information of the Company. EML also ensures that the disclosures as required under Companies Act and requirements of the CSE Lifting Rules are complied with in the Annual Report.

Annual General Meetings

An Annual General Meeting of shareholders is held each year as required by the provisions of the Companies Act. No. 07 of 2007 The Shareholders have the opportunity to communicate directly with the Board of Directors, it is regarded as the most effective mode of communication with all Shareholders

Board Committees

Three Board Committees have been established by the Board to assist with discharging its duties and responsibilities effectively and efficiently. These committees are Audit Committee, Remuneration Committee and Related Party Transactions Review Committee which take care of key governance aspects of the Company. All the necessary information provided to these committees and when required enabling the execution of responsibilities assigned. The Board is also guided by the committees at times in relation to specific matters where expertise of the members is sought.

10 HUMAN CAPITAL

As a people centric operation, Human Capital plays a crucial role in our success. Hence, our investments in Human Capital are focused mainly on having the right people, with the right skill set, at the right time. Diversity brings innovative ideas, perspectives, and experiences in a welcoming environment with equal opportunities. We consider it is vital to respect the individuality of every person working with us and to embrace the opportunities that diversity in the workplace brings. Diversity and an inclusive workplace are critical to our Company, and we are taking extensive measures to ensure that the attitudes of openness and inclusivity are embedded at every level. The Company's training and development programs are key policy components of talent retention and ensuring a sustainable competitive advantage.



KEY HIGHLIGHTS OF HUMAN POLICY

- Equal opportunities to all employees irrespective of demography and Gender
- Raising the standard of employees to promote them to next level
- Policies adhered to ensuring compliance
- Recognition, Reward and training
- High employee retention ratio
- Zero child labor

CHALLENGES

- High cost of industry related training
- Increasing competition for skills
- High dependency on experience staff

CURRENT BENEFITS

- Medical and workmen compensation insurance policy
- Open door culture
- Professional membership
- Quality and safety rule and regulations
- Training and development
- Provide Personal progress

WAY FORWARD

We entered 2022 with several challenges , particularly the long term impact of outbreak of COVID-19 on trade and business confidence. However leveraging on employees' experience and the open door management practices, we were able to steer ourselves into a positive position. We as a company have certain HR initiatives for training and development, rewards and recognition schemes, leadership development and motivation and Knowledge sharing. Considering the impact from the adverse economic conditions on the living costs, EML takes care of the employees from the aspect of maintaining living standards.

11 SUSTAINABILITY STRATEGY

As a responsible corporate citizen, EML has always been contributing towards building a sustainable business model that ensures all stakeholders are appropriately taken care of. The social and environmental aspects are eventually addressed through the business operations of the Company. As certain projects undertaken are relating to environment impact assessment, EML upholds its ethics and act in an independent manner to report actual findings. In its day-to-day operations, EML had taken steps to save energy and reduce emission by minimizing the use of air conditioning and power as an initial move to go green.

Socio-economic contribution from the Company yet again taken care through the projects for social well-being in rural areas, SME development and infrastructure development. The Company deploy its activities to develop best solutions for communities. In delivering the services, EML always concerned on delivering the most viable solutions as the activities performed have a direct impact on the society. EML always backs maintaining high service standards and conducting business ethically, so that the sustainable practices are integrated to the operations at all times.



KEY HIGHLIGHTS

- On-going focus on safety of surroundings
- Maintain close relationship with Clients
- Zero hazardous discharge to environment
- Proper waste management
- Continuous investment in our corporate social responsibility initiatives

CHALLENGERS

- Rising cost and its impact on Stakeholders' affordability

WAY FORWARD

- Continuous improvements to the waste management process
- Maintaining close relationship with local authorities
- On-going focus on community engagement initiatives

12 RISK MANAGEMENT REPORT

Enterprise Risk Management Process Overview

Risks are associated with every business activity. It is the component, which has the potential to negatively affect business or an organization and the severity is measured in terms of the probability of occurrence and impact. Therefore, an integrated risk management framework has become a mandatory existence, which provides the guideline for managing risks. Managing risk is a key aspect of the Board's stewardship obligations and a component of the 'performance' dimension of Enterprise Governance. The risk management framework illustrates our approach to responding to risks, reflecting the risk management process, the structure in place to administer the process and sources of comfort with regard to its effectiveness.

Risk management framework

EML's risk management framework aims at identifying, measuring and mitigating different risk categories namely Strategic, Operational, Compliance and Financial risks. The Board is responsible for ensuring effective risk management and acknowledges that the proper management of risk is a core leadership function that must be practiced throughout the Organization.

Types of risks

Risks faced by the Company are of various nature and magnitude that broadly falls under three categories as identified by the management

- Industry and Macro-economic Risks
- Operational Risks
- Financial Risks

Considering the nature of the business that EML is in, industry and macroeconomic environment plays a key role.

Industry and Macroeconomic Risks

Stable flow of market opportunities is not guaranteed – Service providers in the technical and management consultancy services industry depends on projects undertaken by State and Private Sector organizations. Therefore, the market is not stable and changes in the macro-economic environment plays a key role in rapidly changing the market dimensions. Accordingly, revenue flows of the company will depend on the extent of development projects available in the market. Furthermore, most of the projects are usually secured through a competitive bidding process hence all players operating in the market compete for available projects. Therefore, success rates are varying depending on each party's ability to place a competitive bid, in addition to managing costs and returns to a satisfactory level.

Contraction in economies – Slow-down in economic development has an impact on the launch of new projects, both from the State sector and Private sector due to limitation in capital availability and related risks. Furthermore, in a situation of a global economic recession, it could also have a negative impact on donor projects funded by regional and international agencies. Such a situation could lead to a drop in the number of projects undertaken by the Company, thereby reduce revenue flows.

Changes in the political environment – One of the main revenue sources for the Company is projects secured in Government funded development activities. Therefore, continuity in development projects undertaken by the

government is a key factor for revenue generation. In the event capital expenditure is reduced for infrastructure, economic and social development activities, the Company's business would be negatively impacted. Accordingly, the government's policy towards funding of such projects is important as far as EML's business is concerned.

Above identified macro factors are remote, hence the Company always attempt to manage the resources and costs during recession times. Variety of projects from donor agencies secured through long-established relationships assist to maintain cashflows and stay afloat if the public sector prospects are down.

Operational Risks

Variability in project timelines – There could be instances where project timelines vary due to delays of project owners and other parties involved in a project. As the Company is only a single party to such projects, any delays caused by other parties are beyond the control of the company. Due to such variations of timelines, completion of project milestones may vary, hence revenue flows are subject to delays. Having a portfolio of different projects at a given time will assist the Company to mitigate these risks and manage cash flows effectively

Involvement of third-party consultants The Company's business model is as such, relevant experts are engaged depending on project specifications, where having full time consultants on permanent basis creates additional financial burden on the company. Project specifications are also varying from project to project; therefore having relevant experts in the permanent staff is not viable. However, the captioned model may result in resource constraints at times, as there is a dependency on third parties for services. EML is in possession of partner entities that are capable of providing relevant services on projects, and long-standing business

relationships maintained with such partners mitigates aforesaid risks.

Financial Risks

The risk of deviating actual results from budgets, drop in revenues causing lower margin, unforeseen cost escalations are among the key financial risks whilst incorrect reporting and misinterpretation of information could also lead to monetary risks.

The Company has implemented review and monitoring process to identify such risks and mitigate the impact if occurred. Internal controls are in place to ensure smooth day-to-day operations whilst transaction recording process is monitored to ensure availability of accurate information.

The management is focused on mitigating the impact of industry and macro-economic risks where the Company has no control over these elements.

13 AUDIT COMMITTEE REPORT

Audit Committee of EML assist the Board in implementing internal controls and ensure smooth functioning of the financial reporting system.

The Committee comprises of following Non-Executive Independent directors.

Mr. K.P.P.H. Mihiripenna - Chairman
Mr. H.N.J.Chandrasekera – Member

The Audit Committee Charter, approved by the Board of Directors defines the purpose, authority, composition, meetings and responsibilities of the Committee.

Purpose

The purpose of the Audit Committee is to:

- Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process.
- Review the system of internal control and risk management procedures.
- Monitor the effectiveness of internal audit function.
- Review the Company's process for monitoring compliance with laws and regulations.
- Assess the independence and performance of the Company's external auditors.
- Make recommendations to the Board on the appointment of external auditors, their remuneration and their terms of appointment.

Meetings

The Committee held 4 meetings during the year under review. The Managing Director, the Finance Manager were generally invited to attend audit committee meetings. Minutes of the meetings were tabled at meetings of the Board to ensure that all Directors were kept informed of the activities.

Financial Statements and Related Disclosures

The Committee, in line with its responsibility to oversee the Company's process of financial reporting, reviewed the following areas to the extent it deemed necessary and appropriate, in discussion with the external auditors and the management:

- I. Significant financial issues and judgements made in connection with the preparation of the Company's Financial Statements.
- II. Consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards (SLFRS/LKAS).
- III. Requirements of the Companies Act No 07 of 2007.

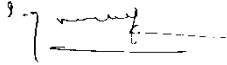
The Audit Committee has reviewed the Annual Financial Statements for the year ended 31st December 2022 before their issuance.

External Auditors

The Audit Committee had communications with the External Auditors with regard to the improvements in the financial reporting and reviewed the Audited Financial Statements. The Committee ensured that the non-audit services provided by the External Auditors did not impair their independence and objectivity and such services were assigned in a manner to prevent any conflict of interest. The Audit Committee has recommended to the Board of Directors that mgi kal Rupasinghe & co be continued as Auditors for the financial year ending 31 December 2023. The Committee has recommended to re-appoint the same auditor for the FY 2023 subject to approval of shareholders at the next Annual General Meeting.

Conclusion

The Audit Committee is satisfied regarding the reliability of financial reporting of the company, that the assets are safeguarded and that all relevant laws, rules, regulations, code of ethics and standards of conduct have been followed.



K.P.P.H. Mihiripenna
Chairman – Audit Committee
25th May 2023.

14 RELATED PARTY TRANSACTIONS REVIEW

COMMITTEE REPORT

The Related Party Review Committee, appointed by and responsible to the Board of Directors, consists of two independent Non-Executive Directors, Mr.K.P.P.H. Mihiripenna and Mr H.N.J. Chandrasekera.

The Objectives Of The Committee

1. To exercise oversight on behalf of the Board, that all Related Party Transactions (“RPTs” Other than those exempted by the CSE listing rules on the Related Party Transactions) of EML Consultants PLC are carried out and disclosed in a manner consistent with CSE Listing rules.
2. To advise and update the Board of Directors on related party transactions of EML Consultants PLC on quarterly basis.
3. To ensure compliance with the CSE listing rules on Related Party Transactions.
4. To review policies and procedures of Related Party Transactions of EML Consultants PLC
5. To ensure shareholders’ interests are protected and that fairness and transparency are maintained.

Policies and Procedures Adopted By The Committee

Head of Finance is responsible for reporting the information set out under ‘Appendix 9 A’ of the listing rules with regard to each related party transactions proposed to be entered into by the Company with the exception of information listed in the section 9.5 of the listing rules for the committee to review and to grant approval or disapproval.

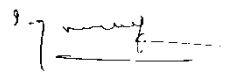
The Committee held 4 meetings during the year 2022 over 4 quarters. Committee was appointed at the time of listing the company. Committee had advised the board and the management on the policies and procedures to be adopted in the forthcoming year. The directors have disclosed

the transactions with related parties in terms of Sri Lanka Accounting Standard (LKAS 24). All details of such related party transactions entered into during the year are given in Note 29 to the Financial Statements on page 65 to 66 of this Annual Report.

The committee has reviewed the related party transactions during FY 2022 and has communicated the comments/observations to the Board of Directors as appropriate. The committee, having reviewed the related party transactions in note 29 of the audited financial statements, declares that there were no recurrent or non-recurrent transactions that exceed the respective thresholds stipulated in the Section 9 of the CSE Listing Rules.

Declaration

A declaration is given by the Board of Directors in the Annual Report on page 34 as a negative statement to the effect that no related party transaction falling within the ambit of the rule 9.3.2 of Listing Rules of the Colombo Stock Exchange was entered into by the Company during the year.



K.P.P.H. Mihiripenna

Chairman – Related Party Transactions Review Committee.

25th May 2023

15 REMUNERATION COMMITTEE REPORT

The Remuneration Committee of the Company is established to assist the Board relating to determination of the remuneration (cash and non-cash benefits) payable to the executive and non-executive directors of the Company.

The committee comprises of following non-executive independent directors:

Mr. H. N. J. Chandrasekera - Chairman
Mr. K. P. P. H. Mihiripenna - Member

Report of the Remuneration Committee

The remuneration policy of the Company aims to maintain a balance between the performances and financial benefits paid to the executive and non-executive directors by providing a suitable remuneration. The policy has been formed for the best interest of the Company and its shareholders. The remuneration packages recommended by the Board are reviewed by the members of the Remuneration Committee to provide required guidance where necessary. The aggregate remuneration paid to the Board is set out under note 29.2.1 of the audited financial statements.

The committee met once in FY 2022 to discuss the matters and made relevant recommendations on the remuneration.



Mr. H.N.J. Chandrasekera
Chairman -Remuneration Committee.
25th May 2023

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

The Directors are pleased to submit their report together with the audited accounts of the Company, for the year ended 31st December 2022, to be presented at the 2nd Annual General Meeting of the Company.

Review of the Year

The Chairman's Review on pages 8 to 9 describes the Company's affairs and mentions important events that occurred during the year and up to the date of this Report. The Management Discussion and Analysis, Company Performance on pages 18 to 20 elaborates the financial results of the Company. These reports together with the Audited Financial Statements reflect the state of affairs of the Company.

Principal Activities

The principal activity of the Company is to provide technical and management consultancy services.

Financial Statements

The Financial Statements prepared in conformity with the Sri Lanka Accounting Standards and in compliance with the requirements of Section 151 of the Companies Act No. 07 of 2007 are given on pages 40 to 66 of this Annual Report.

Independent Auditors' Report

The Auditors' Report on the Financial Statements is given on page 38 and 39 of this Annual Report.

Accounting Policies

The accounting policies adopted in preparation of the Financial Statements are given on pages 44 to 55.

Financial Results and Appropriations

The Profit After Taxation of the Company for the year was Rs. 60.5697 Mn (2021 Rs. 7.342 Mn)

Property, Plant and Equipment

During the year under review, no major capital expenditure on Property, Plant and Equipment for the company other than a reclassification of one vehicle from free hold assets to lease hold for better presentation.

Information relating to movement in Property, Plant and Equipment during the year is disclosed under Note 13 to the Financial Statements.

Financial Assets

Details of financial assets held by the Company are given in Note 27 to the Financial Statements.

Reserves

Accumulated Profit as at 31st December 2022 of the Company amounted to Rs. 79,875,932 (2021 -Rs. 16,067,788) The break-up and the movement are shown in the Statement of Changes in Equity in the Financial Statements.

Stated Capital

The stated capital of the Company as at 31st December 2022 was Rs. 90,900,000/- represented by 90,900,000 ordinary shares. The details of the stated capital are given in Note 19 of the Financial Statements on page No 60.

Contingent Liabilities

There were no material contingent liabilities outstanding as at 31st December 2022 other than those reported in Note 25 to the Financial Statements.

Material Issues Pertaining to Employees and Industrial Relations of the Company

The Company did not come across any material issues pertaining to employees and industrial relations during the year.

Post-Balance Sheet Events

There were no material events occurring after the reporting date that require adjustments or disclosure in the Financial Statements.

Directors' Responsibilities

The Statement of Directors' Responsibilities is given on page 37 of this Annual Report.

Corporate Governance

The Company has complied with the Corporate Governance Rules laid down under the Listing Rules of the Colombo Stock Exchange. The Report on the Corporate Governance is given on pages 22 to 23 of this Annual Report.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities have been paid within the stipulated period.

Interests Register

The Company has maintained an Interest Register as contemplated by the Companies Act No. 07 of 2007.

- a. Directors' interest in contracts of the Company, both direct and indirect during the year under review, are included in Note 29.1 in the related party disclosures to the Financial Statements.

- b. Details of shareholding of Directors are given under particulars of Directors' Shareholding on page 35.

Board Committees

Audit Committee

Following are the names of the Directors comprising the Audit Committee of the Board:

Mr. K. P. P. H. Mihiripenna – Chairman

Mr. H. N. J. Chandrasekera

The Report of the Audit Committee on pages 29 and 30 set out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange.

Remuneration Committee

Following are the names of the Directors comprising the Remuneration Committee of the Board:

Mr. H. N. J. Chandrasekera – Chairman

Mr. K. P. P. H. Mihiripenna

The particulars of the Remuneration Committee are mentioned in the Report of the Remuneration Committee on page 32 in accordance with the requirements of the Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the financial year are given in Note 29.2.1 to the Financial Statements.

Related Party Transaction Review Committee

Following are the names of the Directors comprising Related Party Transaction Review Committee of the Board in accordance with the requirements of the Rule 9.2 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

Mr. K. P. P. H. Mihiripenna – Chairman

Mr. H. N. J. Chandrasekera

The particulars of the Related Party Transaction Review Committee are mentioned in the report of the Related Party Transaction Review Committee on page 31.

Related Party Transactions

Transactions with related parties in terms of Sri Lanka Accounting Standard LKAS 24 – “Related Party Disclosures”, in Note 29 to the Audited Financial Statements.

There were no recurrent related party transactions which in aggregate value exceed 10% of the gross revenue/income as per the Audited Financial Statements of 2022. Furthermore, the company has not entered into non-recurrent related party transactions during the year which in aggregate value exceed 10% of the equity or 5% of the total assets, whichever is lower, as per the latest Audited Financial Statements

The Board of Directors of the Company declare that the Company has not entered in to any Related Party Transactions during the Financial year which exceeds the thresholds specified in the CSE Listing Rules.

In terms of section 9.3.2 (d) of the listing rules the Board confirms that the company has complied with all requirements pertaining to Related Party Transaction.

Directors

The Directors of the Company during the year are as follows:

Name	Date of Appointment
Mr. Karunasena Hettiarachchi	5 th November 2021
Mr. Keerthi Prasanna Priyankara Hewa Mihiripenna	12 th July 2021
Mr. Tilak Hewawasam	22 nd March 2007

Mr. Hadapangodage Nandasiri Jayaraja Chandrasekera	29 th June 2018
Mr. Kaluachchigamage Avanthi Kumara Jayatilake	29 th January 2020

A brief profile of the Directors are given on pages 11 and 13 of this Annual Report.

Directors’ Shareholdings

The interest of the Directors in the shares of the Company as at 31st December 2022 were as follows:

Name of Director	No. of Ordinary Shares as at 31.12.2022
Mr. Karunasena Hettiarachchi	-
Mr. Keerthi Prasanna Priyankara Hewa Mihiripenna	-
Mr. Tilak Hewawasam	944,445
Mr. Hadapangodage Nandasiri Jayaraja Chandrasekera	-
Mr. Kaluachchigamage Avanthi Kumara Jayatilake	46,360,738

Independence of Directors

Particulars of Independent Directors are mentioned under Corporate Governance Report on page 22 and 23.

Share Information and Substantial Shareholdings

The distribution of shareholding, market value of shares and twenty largest shareholders are given on pages 68 and 69.

The earnings per share and net assets per share are given on page 69.

Going Concern

The Directors, after making necessary inquiries and review of the financial position and future prospects of the Company, have a reasonable expectation that the Company has adequate resources to continue to be in operational existence for the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

MGI KAL Rupasinghe & Company Chartered Accountants

Auditors

The resolutions to appoint the present Auditors, Messrs MGI KAL Rupasinghe & Company Chartered Accountants, who have expressed their willingness to continue in office, will be proposed at the Annual General Meeting.

The audit fees to the Auditors is disclosed on note no.8 in page no. 56 of this Annual Report.

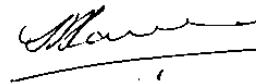
As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company.

The Audit Committee reviews the appointment of the Auditors, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

Notice of Annual General Meeting

The Annual General Meeting will be held on 27th June 2023 at 10.00 a.m at the Registered Office of the Company via virtual platform (Zoom). The Notice of the Annual General Meeting appears on page 72 of this Annual Report.

For and on behalf of the Board,



Mr. Karunasena Hettiarachchi
Chairman

Signed

Business Intelligence (Pvt) Ltd.

Secretaries

EML Consultants PLC

25th May 2023

Colombo

17 DIRECTORS RESPONSIBILITY STATEMENT

The responsibility of the Directors, in relation to the Financial Statements of EML Consultants PLC is set out in this Statement.

In terms of Section 150(1) and 151 of the Companies Act, No. 7 of 2007, the Directors of the Company are responsible for ensuring that the Company keeps proper books of accounts of all transactions and prepare Financial Statements that give a true and fair view of the financial position of the Company as at end of each financial year and place them before a general meeting. The Directors are also responsible to ensure that the financial statements comply with all regulations made under the Companies Act which specifies the form and content of financial statements and any other requirements which apply to the Company's financial statements under any other law.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records, which disclose the financial position of the Company with reasonable accuracy and enable them to ensure that the financial statements have been prepared and presented as aforesaid. They are also responsible for taking measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

It is also the responsibility of the Directors to ensure that the company maintains proper accounting records and to take reasonable steps as far as practical, to ensure the accuracy and reliability of accounting records and to prepare Financial Statements using appropriate Accounting Policies applied consistently and supported by reasonable and prudent judgment

and estimates, in compliance with the Sri Lanka Accounting & Auditing Standards, the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange. Changes in the Accounting Policies where applicable and the rationale for the changes have been disclosed in the 'Notes to the Financial Statements.

The Directors have been responsible for taking reasonable measures and care to safeguard the assets of the company and to prevent and detect frauds and other irregularities. The Directors have instituted an effective and comprehensive system of internal controls and an effective system of monitoring its effectiveness, internal audit being one of them. The Board has been provided additional assurance on the reliability of the Financial Statements through a process of independent and objective review performed by the Audit Committee.

The Directors continue to adopt the going concern basis in preparing the financial statements. The Directors, after making inquiries and review of the Company's Business Plan for the financial year 1st January 2022 to 31st December 2022, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

**BY ORDER OF THE BOARD
EML CONSULTANTS PLC
BUSINESS INTELLIGENCE (PRIVATE) LIMITED**

Signed.
Company Secretary
Date: 25th May 2023

18 INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF EML CONSULTANTS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of EML Consultants PLC, which comprise the Statement of Financial Position as at 31 December 2022, and the Statement of Comprehensive Income, the 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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 has no realistic alternative but to do so.

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

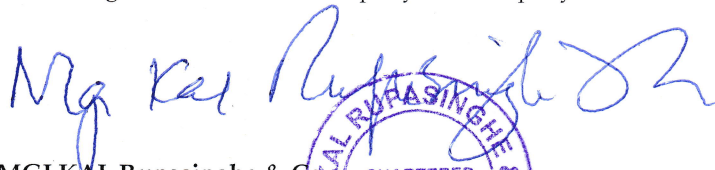
INDEPENDENT AUDITORS' REPORT (CONTD.....)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.



MGI KAL Rupasinghe & Co.
Chartered
Accountants



Colombo
25th May 2023

19 STATEMENT OF COMPREHENSIVE INCOME

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC
Statement of Comprehensive Income
For the year ended 31st December

	Note	2022 Rs	2021 Rs
Revenue	5	132,482,840	110,497,518
Direct Cost	6	(85,969,316)	(72,872,968)
Gross Profit		46,513,524	37,624,550
Other Income	7	53,135,420	8,424,939
Administrative Expenses		(38,340,557)	(37,665,934)
Operating Profit	8	61,308,387	8,383,555
Finance Income	9	4,324,498	2,497,180
Finance Costs	9	(3,496,445)	(2,586,514)
Finance Income / (Cost) - Net	9	828,053	(89,334)
Profit Before Tax		62,136,440	8,294,221
Income Tax Expense	10	(1,566,668)	(951,950)
Profit For The Year		60,569,772	7,342,271
Other Comprehensive Income			
Remeasurement gain / (loss) from Retirement Benefit Obligations	21	3,765,549	(2,762,749)
Deferred Tax effect on Remeasurement gain / (loss) on Retirement Benefit Obligations	10	(527,177)	386,785
Other Comprehensive Income / (Loss) for the Year		3,238,372	(2,375,964)
Total Comprehensive Income For The Year		63,808,144	4,966,307
Earnings Per Share - basic (Rs)	11	0.70	0.05

The accounting policies and notes on pages 07 to 29 form an integral part of these financial statements.

Colombo
25th May 2023

20 STATEMENTS OF FINANCIAL POSITION


MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC
Statement of Financial Position
As at 31st December

	Notes	2022 Rs	2021 Rs
Assets			
Non Current Assets			
Property, Plant and Equipment - Freehold	13 (a)	42,104,861	53,869,602
Property, Plant and Equipment - Leasehold	13 (b)	14,666,493	9,575,591
Total Non Current Assets		56,771,354	63,445,193
Current Assets			
Trade and Other Receivables	14	31,708,636	34,895,910
Income Tax Receivables	15	-	1,697,165
Financial Assets	16	123,117,998	47,086,614
Amount due from Related Parties	17	16,255,343	17,325,628
Cash and Cash Equivalents	18	10,977,486	32,241,972
Total Current Assets		182,059,463	133,247,289
TOTAL ASSETS		238,830,817	196,692,482
Equity and Liabilities			
Capital and Reserves			
Stated Capital	19	90,900,000	90,900,000
Retained Earnings		79,875,932	16,067,788
Total Shareholder's Equity		170,775,932	106,967,788
Non Current Liabilities			
Loans and Borrowings	20	5,045,450	7,348,468
Retirement Benefit Obligations	21	5,098,559	7,073,180
Deferred Tax Liabilities	22	2,499,369	2,481,506
Total Non Current Liabilities		12,643,378	16,903,154
Current Liabilities			
Loans and Borrowings	20	24,478,001	29,536,866
Income Tax Payable	15	294,507	-
Trade and Other Payables	23	28,238,628	37,130,639
Amount due to Related Parties	24	2,400,371	6,154,035
Total Current Liabilities		55,411,507	72,821,540
Total Liabilities		68,054,885	89,724,694
TOTAL EQUITY AND LIABILITIES		238,830,817	196,692,482


The accounting policies and notes on pages 07 to 29 form an integral part of these financial statements.

The Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


.....
Head of Finance

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

Approved and signed for and on behalf of the Board.


.....
Director


.....
Director

Colombo
25th May 2023

21 STATEMENT OF CHANGES IN EQUITY

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC
Statement of Changes in Equity
For the year ended 31st December

	Notes	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31 December 2020	19	90,900,000	11,101,481	102,001,481
Profit for the year		-	7,342,271	7,342,271
Other Comprehensive Loss for the year		-	(2,375,964)	(2,375,964)
Balance as at 31 December 2021	19	90,900,000	16,067,788	106,967,788
Profit for the year		-	60,569,772	60,569,772
Other Comprehensive Income for the year		-	3,238,372	3,238,372
Balance as at 31 December 2022	19	90,900,000	79,875,932	170,775,932

The accounting policies and notes on pages 07 to 29 form an integral part of these financial statements.

Colombo
25th May 2023

22 STATEMENTS OF CASH FLOWS

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC
Statement of Cash Flow

For the year ended 31st December

	Note	2022 Rs	2021 Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit Before Tax		62,136,440	8,294,221
Adjustments for:			
Depreciation	8	6,673,840	6,577,528
Interest Income	9	(4,324,498)	(2,497,180)
Gain on Disposal of Motor Vehicle	7	-	(4,400,000)
Interest Expense	9	3,496,445	2,586,514
Prior Year Adjustment - Tax	15	-	1,165
Provision for Retirement Benefit Obligation	21	2,258,928	872,809
Operating Profit Before Working Capital Changes		70,241,154	11,435,057
Changes in working capital:			
- Trade and Other Receivable		3,103,504	1,588,267
- Amounts Due From Related Parties		1,070,285	2,335,663
- Trade and Other Payables		(8,892,011)	(25,503,729)
- Amounts Due To Related Parties		(3,753,664)	(137,961)
Cash Generated From / (Used In) Operations		61,769,268	(10,282,703)
Interest Paid		(3,496,445)	(2,586,514)
Income Tax Paid		(540)	-
Payment of Retiring Benefit Obligation	21	(468,000)	(299,250)
Net Cash Generated From / (Used In) Operating Activities		57,804,283	(13,168,467)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		-	(8,103,756)
Proceed Received from disposal of property, plant and equipment		-	4,400,000
Interest received		4,324,498	2,497,180
Investment / uplift in short term investment		(76,031,384)	(4,344,107)
Net Cash Used In Investing Activities		(71,706,886)	(5,550,683)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in borrowing		(5,455,725)	10,280,924
Net Cash (Used In) / Generated From Financing Activities		(5,455,725)	10,280,924
Net Decrease in Cash and Cash Equivalents		(19,358,328)	(8,438,226)
Cash and Cash Equivalents at the Beginning of the Year		9,149,713	17,587,939
Cash and Cash Equivalents at the End of the Year	18	(10,208,615)	9,149,713

The accounting policies and notes on pages 07 to 29 form an integral part of these financial statements.

Colombo
25th May 2023

23 NOTES TO THE FINANCIAL STATEMENTS

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC

Significant Accounting Policies and Notes to the Financial Statement

1 General information

EML Consultants PLC ("The Company") is a company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office and principal activity of the Company is located at No 6/10, Rajamahavihara Road, Pitakotte, Sri Lanka.

The Company is engaged in the service of offering consultancy services in the categories of Engineering, Environment, Natural Sciences, Social Sciences, Technical Sciences, Technical, Financial and Management Services etc., to organizations within and outside Sri Lanka.

These financial statements have been approved for issue by the Board of Directors on 25th May 2023.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company has been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value.

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in Note 4 to the financial statements.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sri Lanka Rupees, which is the Company's presentation currency.

Foreign exchange gains and losses are presented in the income statement within 'net finance income'.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in the statement of comprehensive income.

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC

Significant Accounting Policies and Notes to the Financial Statement (Contd...)

2 Summary of Significant Accounting Policies (Contd...)

2.3 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of self-constructed assets include the cost of materials, direct labour and appropriate proportion of production overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Capital work in progress represents all amounts paid on work undertaken, and still in an unfinished state as at the end of the year.

Depreciation is calculated on the straight line method to allocate the cost of each asset, to their residual values over their estimated useful lives commencing from date of availability for use. On disposal of assets, depreciation ceases on the date that the asset is derecognised.

The principal annual rates used for this purpose are:

	%
Buildings & Improvements	5%
Motor Vehicles	20%
Office Equipments	33%
Computer Equipments	33%
Furniture & Fittings	33%

Leasehold improvements are depreciated over the lesser of useful economic life and lease period.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in the statement of comprehensive income.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

2.4 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC

Significant Accounting Policies and Notes to the Financial Statement (Contd...)

2 Summary of Significant Accounting Policies (Contd...)

2.5 Accounting for leases - where the Company is the lessee

The Company leases various buildings and motor vehicles.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- variable lease payment that are based on an index or a rate.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC

Significant Accounting Policies and Notes to the Financial Statement (Contd...)

2 Summary of Significant Accounting Policies (Contd...)

2.6 Financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at Amortised cost. interest income from these financial Assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC

Significant Accounting Policies and Notes to the Financial Statement (Contd...)

2 Summary of Significant Accounting Policies (Contd...)

2.6 Financial assets (Contd...)

(c) Measurement (Contd...)

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains / (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.7 Financial liabilities

2.7.1 Classification and initial recognition

Financial liabilities are initially recognised at fair value, net of transaction costs.

The Company's financial liabilities consist of trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.7.2 Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using effective interest method.

2.7.3 Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

2.7.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legal enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC

Significant Accounting Policies and Notes to the Financial Statement (Contd...)

2 Summary of Significant Accounting Policies (Contd...)

2.8 Trade receivables

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

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

2.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

2.10 Stated capital

Ordinary Shares are classified as equity.

2.11 Employee benefits

(a) *Defined contribution plans*

Defined contribution plan is a plan under which the Company pays a fixed contribution into a separate entity. All employees of the Company in Sri Lanka are members of the Employees' Provident Fund and Employees' Trust Fund, to which the Company contributes 15% and 3% respectively, of employees' basic or consolidated wage or salary. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

(b) *Defined benefit obligation*

A defined benefit plan is a plan that is not a defined contribution plan. Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company pays gratuity to its eligible employees computed at one month's salary for each completed year of service, which exceeds the amount stipulated by the Gratuity Act, No. 12 of 1983, which is a defined benefit plan.

The liability recognised in the statement of financial position in respect of gratuity is the present value of the defined benefit obligation at the statement of financial position date together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds, as there is no deep market on high quality corporate bonds, by the actuarial valuer.

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC

Significant Accounting Policies and Notes to the Financial Statement (Contd...)

2 Summary of Significant Accounting Policies (Contd...)

2.11 Employee benefits (Contd...)

(b) Defined benefit obligation(Contd...)

Past service costs are recognised immediately as an expense in the statement of comprehensive income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Actuarial gains and losses from experience adjustments and changes in actuarial assumptions are recognised under other comprehensive income of the statement of comprehensive income.

The assumptions based on which the results of the actuarial valuation was determined, are included in Note 21 to the financial statements.

2.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax.

The provision for current income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the tax laws enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax is recognised using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The principal temporary differences arise from depreciation on property, plant and equipment and defined benefit obligations.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

2 Summary of Significant Accounting Policies (Contd...)

2.14 Revenue recognition

Sales are recognised when the performance obligation is satisfied, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own or together with other resources that are readily available to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

The Company determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Company would achieve by selling the same goods and / or services included in the obligation to a similar customer on a standalone basis. Where the Company does not sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price, the Company maximises the use of external input; observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach. Payment of the transaction price is due immediately when the customer purchases the lubricants and takes delivery.

(a) Consultancy Income

Revenue is recognized upon the performance of consultancy services, net of sales taxes and discounts and matched with the associate costs and expenses

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method unless collectability is in doubt.

2.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of EML Consultants PLC assesses the financial performance and position of the Company, and makes strategic decisions. The management, has been identified as being the chief operating decision maker. Authority is delegated down by the board to management consisting of the chief executive officer, chief financial officer and few other managers designated in the management team.

There are no significant separate operating segments within the Company.

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

3 Financial risk management

3.1 Financial risk

3.1.1 Financial risk factors

The Company's activities expose it to a variety of financial risks. Market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial risks and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is performed by the management under policies approved by the board of directors. The board provides guidance for overall risk management.

The principal financial instruments of the Company comprise of short term deposits, money market investments, and cash. The main purpose of these finance instruments is to raise and maintain liquidity for the Company's operations, and maximise returns on the Company's financial reserves. The Company has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

(a) Market risk

(i) Foreign exchange risk

The Company is principally exposed to fluctuations in the value of the Denominated Currency against the Sri Lankan Rupee (LKR). The Company's functional currency is LKR in which most of the transactions are denominated, and all other currencies are considered foreign currencies for reporting purposes. Certain bank balances, trade receivables, and trade payables are denominated in foreign currencies.

The Company's financial statements which are presented in LKR, are affected by foreign exchange fluctuations through both translation risk and transaction risk. Changes in foreign currency exchange rates may affect the Company's cost of materials purchased and services obtained from related companies in foreign currencies. In particular, depreciation of the LKR against the Denominated Currency can impact the Company's operating results through its impact on cost of imported raw materials.

(b) Credit risk

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

(i) Trade receivables

The Company is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. The management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Management does not expect any losses from non-performance by these counterparties.

(ii) Cash and cash equivalents

The Company invests in government security and rated banks. The Company limits the concentration of financial exposure to any single financial institution.

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

3 Financial risk management (Contd...)

3.1 Financial risk (Contd...)

3.1.1 Financial risk factors (Contd...)

(b) Credit risk (Contd...)

(iii) Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions.

	2022	2021
	Rs	Rs
Risk exposure		
Trade and Other Receivables (excluding advances and prepayments)	31,286,136	34,424,660
Amounts due from Related Parties	16,255,343	17,325,628
Financial Assets - Fixed Deposits	123,117,998	47,086,614
Cash and Cash Equivalents	10,977,486	32,241,972
Total credit risk exposure	181,636,963	131,078,874

(c) Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of cash in hand at bank deemed adequate by the management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of available bank facilities. Access to source of funding is sufficiently available.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2022	2021
	Rs	Rs
Trade and Other Payables (excluding statutory liabilities)	27,702,870	36,269,263
Amounts due to Related Parties	2,400,371	6,154,035
Loand and Borrowings	8,337,350	13,793,075
Bank Overdrafts	21,186,101	23,092,259
	59,626,692	79,308,632

(d) Price risk

The Company is exposed to the commodity price risk pertaining to base oils.

The Company monitors price of base oils on a dynamic basis and manages procurement accordingly.

(e) Interest rate risk

The Company has cash and bank balances including deposits placed with government and creditworthy banks. The Company monitors interest rate risk by actively monitoring the yield curve trends and interest rate movements.

3.2 Fair value estimation

The Company's financial assets and liabilities include receivables, cash in hand and at bank, other payables and bank borrowings. Due to the short-term nature of the current receivables and payables, their carrying amount is considered to be the same as their fair value.

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

3 Financial risk management (Contd...)

3.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company represents equity attributable to owners of the Company, comprising issued stated capital and retained earnings.

The Company has not obtained any debt facilities (other than temporary bank overdrafts) to finance operations over the past 5 years.

4 Critical accounting estimates and judgements

4.1 Critical accounting estimates and assumptions

The Company makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

(a) *Estimated useful lives of property, plant and equipment (PPE)*

The Company reviews annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

(b) *Defined benefit obligations*

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for gratuity include the discount rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for defined benefit obligations are based in part on current market conditions, additional information is disclosed in Note 21.

(c) *Impairment of trade receivables*

The Company applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the trade receivable.

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

4 Critical accounting estimates and judgements (Contd...)

4.1 Critical accounting estimates and assumptions (Contd...)

(d) *Estimated impairment of non-current assets*

The Company reviews for impairment of property, plant and equipment in accordance with the Accounting Policy in Note 2.5. The recoverable amount of these assets have been determined based on higher of the assets' fair value less cost to sell and value in use. These calculations require the use of estimates and judgements.

Management believes that any reasonably possible change in the estimated future cash flows of the operations on which the recoverable amounts of the cash-generating units is based would not cause the cash-generating units' carrying amount to exceed its recoverable amount.

4.2 Critical Judgements in applying the entity's accounting Policies

(a) *SLFRS 16*

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings and motor vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate), and
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset;

Most extension options in buildings and motor vehicles leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

	2022 Rs	2021 Rs
5 Revenue		
Revenue Related to Consultancy Services	132,482,840	110,497,518
	132,482,840	110,497,518
6 Direct Cost		
Cost Related to Consultancy Services	85,969,316	72,872,968
	85,969,316	72,872,968
7 Other Income		
LECO income	37,466	-
Admin income	407,546	-
Rent Income	-	25,000
Gain on Disposal of Motor Vehicle	-	4,400,000
Gain on Translation of Foreign Currency Balances	52,690,408	3,999,939
	53,135,420	8,424,939
8 Result from Operations		
Directors' Remuneration	3,497,987	3,815,149
Auditors' Remuneration - audit	460,000	350,000
- non audit	25,000	100,000
Repair & Maintenance	580,145	1,775,642
Donation	3,000	1,200
Insurance	839,226	1,190,759
Depreciation on Property, Plant and Equipment	6,673,840	6,577,528
ROC & Listing Charges	950,626	1,766,667
Fuel Charges	3,307,482	1,294,509
Salaries & Payroll	13,841,819	15,954,649
9 Finance Income / (Costs)		
<i>Finance income:</i>		
Interest Income	4,324,498	2,497,180
	4,324,498	2,497,180
<i>Finance costs:</i>		
Interest on borrowings	(2,507,117)	(1,372,497)
Lease Interest on Finance Leases	(989,328)	(1,214,017)
	(3,496,445)	(2,586,514)
Finance Income - Net	828,053	(89,334)
10 Income Tax Expense		
Current Tax on Profits for the year	2,098,268	322,442
Overprovision of Income Tax in respect of previous year	(22,286)	-
Deferred Tax (Credit) / Charged for the year	(509,314)	629,508
Income Tax Expenses	1,566,668	951,950
Statement of other comprehensive income		
Deferred Tax effect on Remeasurement loss / (gain) on Retirement Benefit Obligations	527,177	(386,785)
Income tax charged / (credited) to statement of comprehensive income	527,177	(386,785)

The applicable tax rate on profit was 14%.

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

	2022 Rs	2021 Rs
10 Income Tax Expense (Contd...)		
The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of the Company as follows:		
Profit Before Tax	62,136,440	8,294,221
Tax calculated at a tax rate of 14% (2021 - effective tax rate of 14%)	8,699,102	1,161,191
Overprovision of Income Tax in respect of previous year	(22,286)	-
Expenses not deductible for tax purposes	(6,300,775)	(1,403,579)
Income not subjected to tax purposes	605,430	992,379
Adjustment due to changes in deferred tax base	(826,668)	201,959
Tax Charge for the year	2,154,803	951,950

11 Earnings Per Share - basic (Rs)

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	2022	2021
Profit attributable to equity holders of the Company	63,808,144	4,966,307
Weighted average number of ordinary Shares in issue (Note 19)	90,900,000	90,900,000
Earnings Per Share - basic (Rs)	0.70	0.05

12 Dividends

The Directors do not recommend that a dividend be paid in respect of the current financial year.

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

13 (a) Property, Plant and Equipment - Freehold

At Cost / Valuation	Balance as at	Additions	Transfer to	Balance as at
	01.01.2022	during the year	Property, Plant and Equipment - Leasehold	31.12.2022
	Rs.	Rs.	Rs.	Rs.
Land	18,842,880	-	-	18,842,880
Buildings	45,482,162	-	-	45,482,162
Land & Building Improvement	3,682,000	-	-	3,682,000
Motor Vehicles	12,920,977	-	7,650,902	5,270,075
Office Equipments	1,952,909	-	-	1,952,909
Computer Equipments	11,830,664	-	-	11,830,664
Furniture & Fittings	3,416,857	-	-	3,416,857
Total	98,128,449	-	7,650,902	90,477,547
	Balance as at	Charge for the	Disposals /	Balance as at
	01.01.2022	year	Adjustment	31.12.2022
	Rs.	Rs.	Rs.	Rs.
Depreciation				
Buildings	18,772,465	2,221,142	-	20,993,607
Land & Building Improvement	993,131	184,100	-	1,177,231
Motor Vehicles	7,516,542	1,530,220	-	9,046,762
Office Equipments	1,945,902	5,000	-	1,950,902
Computer Equipments	11,701,816	93,443	-	11,795,259
Furniture & Fittings	3,328,991	79,934	-	3,408,925
Total	44,258,847	4,113,840	-	48,372,686
Net Book Value of Assets (At Cost)	53,869,602			42,104,861

13 (b) Property, Plant and Equipment - Leasehold

At Cost / Valuation	Balance as at	Additions	Transfer from	Balance as at
	01.01.2022	during the year	Property, Plant and Equipment - Freehold	31.12.2022
	Rs.	Rs.	Rs.	Rs.
Motor Vehicles	12,800,000	-	7,650,902	20,450,902
Total	12,800,000	-	7,650,902	20,450,902
	Balance as at	Charge for the	Disposals /	Balance as at
	01.01.2022	year	Adjustments	31.12.2022
	Rs.	Rs.	Rs.	Rs.
Depreciation				
Motor Vehicles	3,224,409	2,560,000	-	5,784,409
Total	3,224,409	2,560,000	-	5,784,409
Net Book Value of Assets (At Cost)	9,575,591			14,666,493

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

	2022 Rs	2021 Rs
14 Trade and Other Receivables		
Trade Receivables	30,324,426	32,007,552
Deposit and Prepayments [See Note (a) below]	422,500	471,250
Other receivables [See Note (b) below]	961,710	2,417,108
	31,708,636	34,895,910
<p>(a) Deposits and prepayments mainly consist of electricity deposit of Rs. 120,000/- (2021 - Rs. 120,000/-), fuel deposit of Rs. 150,000/- (2021 - Rs. 100,000/-) and rent deposit of Rs. 90,000/- (2021 - Rs. 95,000/-).</p> <p>(b) Other receivables mainly consist of JICA JAT Advance Rs. 484,334/- (2021 - Rs. 494,572/-) , Ramboll KCHT receivable Rs. 0/- (2021 - Rs. 642,069/-) and ESC Recoverable Rs. 0/- (2021 - Rs. 83,770/-).</p>		
15 Income Tax (Payable) / Receivables		
Balance at the beginning of the year	1,697,165	1,698,330
Current Income Tax Charge	(2,098,268)	(322,442)
Previous year adjustment	-	(1,165)
	(401,103)	1,374,723
Set-off with ESC Receivable	106,056	322,442
Set-off with WHT Paid	540	-
Balance at the end of the year	(294,507)	1,697,165
16 Financial Assets		
Fixed Deposits in Foreign Currency	112,717,998	47,086,614
Fixed Deposits in Local Currency	10,400,000	-
	123,117,998	47,086,614
17 Amount due from Related Party		
<i>Amounts Due from Related Companies</i>		
Dellogistics International (Private) Limited	11,562,192	11,389,624
Eco Tech Management (Private) Limited	3,412,615	4,412,615
Thilina Bookshop	-	18,419
International Institute of Development Training (Private) Limited	1,280,536	664,736
Zeneth BPO (Private) Limited	-	673,592
Sustainable Agenda (Private) Limited	-	166,642
	16,255,343	17,325,628

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

	2022 Rs	2021 Rs
18 Cash and Cash Equivalents		
<i>Favourable Cash & Cash Equivalent Balances</i>		
<i>Foreign Saving Accounts</i>		
NDB US\$ - 106500000147	2,091,387	999,770
HNB US\$ A/C - 043910090575	2,923	1,613
HNB US A/C - 043020115339	6,815,586	13,186,049
HNB CAD - 0430200114864	139,084	81,199
BOC AUD - 73581610	129,683	76,374
	9,178,663	14,345,005
<i>Local Saving Accounts</i>		
HNB Savings -043020153367	7,407	5,136,807
NDB S/A - 106000331212	1,471,713	8,489,581
BOC S/A - 72791524	64,703	4,210,579
	1,543,823	17,836,967
<i>Local Current Accounts</i>		
BOC C/A - 72504353	30,000	30,000
	30,000	30,000
<i>Cash in Hand</i>		
Petty Cash	225,000	30,000
	225,000	30,000
Total Favourable Cash & Cash Equivalent	10,977,486	32,241,972
<i>Unfavourable Cash & Cash Equivalent Balances</i>		
<i>Local Current Accounts</i>		
NDB C/A - 101000029484	6,400,281	8,937,331
HNB C/A - 043010005102	4,638,285	4,081,535
HNB C/A - 043010057211	10,147,535	10,073,393
	21,186,101	23,092,259
Total Unfavourable Cash & Cash Equivalent	21,186,101	23,092,259
Total Cash and Cash Equivalent for the Purpose of Statement of Cash Flows	(10,208,615)	9,149,713

19 Stated Capital

	Ordinary Shares	
	No of Shares	Value of Shares
As at 31 December 2021	90,900,000	90,900,000
As at 31 December 2022	90,900,000	90,900,000

All issued shares are fully paid and do not have a par value.

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

	2022 Rs	2021 Rs
20 Loans and Borrowings		
Non Current (due more than one year)		
CBK 0259	1,188,702	1,824,588
KT 7741	1,019,144	1,572,678
PG 5671	2,837,604	3,951,202
	5,045,450	7,348,468
Current (due within one year)		
<i>Lease Creditors</i>		
Property Loan - Hatton National Bank	-	400,000
Covid Loan - National Development Bank	-	2,446,526
Covid Loan - Hatton National Bank	-	306,178
CBK 0259	939,588	939,588
KT 7741	773,784	773,787
PG 5671	1,578,528	1,578,528
	3,291,900	6,444,607
Bank Overdraft	21,186,101	23,092,259
	24,478,001	29,536,866
Total Borrowings	29,523,451	36,885,334
21 Retirement Benefit Obligations		
<i>Statement of financial position obligation for:</i>		
- Gratuity benefits	5,098,559	7,073,180
<i>Income statement charge:</i>		
- Gratuity benefits	2,258,928	872,809
<i>Other comprehensive income:</i>		
- Remeasurement loss / (gain)	(3,765,549)	2,762,749
The movement in the Retirement Benefit Obligations over the year is as follows:		
At 1 January	7,073,180	3,736,872
Current service cost	287,261	458,232
Interest cost	1,971,667	414,577
Remeasurement loss / (gain)	(3,765,549)	2,762,749
Benefits paid	(468,000)	(299,250)
At 31 December	5,098,559	7,073,180
The amounts recognized in the statement of comprehensive income are as follows:		
Current service cost	287,261	458,232
Interest cost	1,971,667	414,577
	2,258,928	872,809
Retirement Benefit Obligations are valued using the Projected Unit Credit Method as at 31 December 2022 and the provision is not externally funded.		
The principal assumptions used in the calculation were as follows:		
Discount Rate	29.79%	12.06%
Expected Salary Increment Rate	18.75%	7.50%
Staff Turnover Rate	7.50%	11.76%

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Significant Accounting Policies and Notes to the Financial Statement (Contd...)

	2022 Rs	2021 Rs		
22 Deferred Income Tax Liabilities				
Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate of 14% (2021 - 14%).				
The gross movement on the deferred income tax account is as follows:				
At beginning of year	2,481,506	2,238,783		
(Credited) / Charged to income statement	(509,314)	629,508		
(Credited) / Charged to other comprehensive income	527,177	(386,785)		
At end of year	2,499,369	2,481,506		
The analysis of deferred tax assets and deferred tax liabilities is as follows:				
Deferred tax assets				
- Deferred tax assets to be recovered after more than 12 months	(976,994)	(1,253,442)		
	(976,994)	(1,253,442)		
Deferred tax liabilities				
- Deferred tax liabilities to be recovered after more than 12 months	3,476,363	3,734,948		
	3,476,363	3,734,948		
	2,499,369	2,481,506		
	Accelerated tax depreciation	Total		
Deferred tax liabilities				
At 1 January 2021	3,665,920	3,665,920		
Charged to income statement	69,028	69,028		
At 31 December 2021	3,734,948	3,734,948		
(Credited) / Charged to income statement	(258,585)	(258,585)		
At 31 December 2022	3,476,363	3,476,363		
Deferred tax Assets	Retirement Benefit	Impairment of Debtors	Tax Losses	Total
At 1 January 2021	523,162	263,196	640,779	1,427,137
Charged to income statement	853,869	-	(640,779)	213,090
Charged to other comprehensive income	(386,785)	-	-	(386,785)
At 31 December 2021	990,246	263,196	-	1,253,442
(Credited) / Charged to income statement	(803,625)	-	-	(803,625)
Credited to other comprehensive income	527,177	-	-	527,177
At 31 December 2022	713,798	263,196	-	976,994

MGI KAL Rupasinghe & Co.
Chartered Accountants
EML Consultants PLC
Significant Accounting Policies and Notes to the Financial Statement (Contd...)

	2022 Rs.	2021 Rs.
23 Trade and Other Payables		
Trade Payables	24,294,693	27,136,212
Provision for Labour Case	691,540	691,540
Project Mobilization Advances Received	-	2,897,250
VAT Payable	-	461,020
NBT Payable	-	194
Accrued Expenses [See Note (a) below]	3,252,395	5,944,423
	<u>28,238,628</u>	<u>37,130,639</u>

- (a) Accrued expenses mainly consists of Salary payable of Rs 732,763/- (2021 - Rs 1,044,175/-), EPF payable of Rs 404,026/- (2021 - Rs 263,421/-), ETF payable of Rs 60,605/- (2021 - Rs 39,513/-), Audit fee payable of Rs 420,000/- (2021 - Rs 360,000/-), Accountancy Fee Payable of Rs 0/- (2021 - Rs 100,000/-), WHT payable of Rs 0/- (2021 - Rs 48,655/-), Welfare society payable of Rs 326,052/- (2021 - Rs 301,956/-), PAYE payable of Rs 71,127/- (2021 - Rs 48,573/-), IT support fee payable of Rs 125,000/- (2021 - Rs 296,300/-), Tax fee payable of Rs 0/- (2021 - 92,500/-), Insurance fee payable of Rs 485,000/- (2021 - Rs 400,000/-), Retainer fee payable of Rs 133,802/- (2021 - Rs 620,095/-) and Stamp duty payable of Rs 4,900/- (2021 - Rs 4,250/-).

24 Amount Due to Related Party
Amount due to Related company

Sustainable Engineering Concept (Private) Limited	-	3,678,646
	<u>-</u>	<u>3,678,646</u>

Amounts due to Directors and Shareholders

Mr. K. A. K. Jayatilake	2,400,371	2,475,389
	<u>2,400,371</u>	<u>2,475,389</u>
	<u>2,400,371</u>	<u>6,154,035</u>

25 Contingent Liabilities and Assets
Contingent Liabilities

A case has been filed at the Anuradhapura Labour Tribunal against EML by a consultant that was retained on fee basis for a specific project, however claiming for EPF/ETF (Case No 27/Anu/2546/2020). The case is only partly heard and pending for further hearing where the dates have not been fixed yet. In the event the case is decided against the Company, the estimated maximum possible liability would be LKR 4,000,000/- which has not been provided in the financial statements as of the date since the case is pending.

There is no contingent assets as at the Financial Position date.

26 Commitments
Capital commitments

There were no material capital commitments outstanding as at the statement of financial position date.

Financial commitments

There were no material capital commitments outstanding as at the statement of financial position date.

MGI KAL Rupasinghe & Co.
Chartered Accountants
EML Consultants PLC
Significant Accounting Policies and Notes to the Financial Statement (Contd...)

	2022 Rs.	2021 Rs.
27 Financial Instruments by category		
a) Financial assets - at amortised cost		
Trade and Other Receivables (excluding advances and prepayments)	31,286,136	34,424,660
Amounts due from Related Parties	16,255,343	17,325,628
Financial Assets - Fixed Deposits	123,117,998	47,086,614
Cash and Cash Equivalents	10,977,486	32,241,972
	181,636,963	131,078,874
b) Financial liabilities - at amortised cost		
Trade and Other Payables (excluding statutory liabilities)	27,702,870	36,269,263
Amounts due to Related Parties	2,400,371	6,154,035
Loand and Borrowings	8,337,350	13,793,075
Bank Overdrafts	21,186,101	23,092,259
	59,626,692	79,308,632
c) Credit quality of financial assets		
The credit quality of financial assets that are neither past due nor impaired and past due but not impaired can be assessed by historical information about counterparty default rates of trade and related party receivables or external credit rating with reference to financial institutions:		
Trade receivables:		
Local Customers	30,324,426	32,007,552
	30,324,426	32,007,552
Counterparties without external credit rating:		
Group 1	30,324,426	32,007,552
Group 2	-	-
Group 3	-	-
Total unimpaired trade and related party receivables	30,324,426	32,007,552
Group 1 – customers / related parties (less than 6 months).		
Group 2 – customers / related parties (more than 6 months) with no defaults in the past.		
Group 3 – customers / related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.		
Cash & Cash Equivalent:		
A+	3,563,100	9,489,351
AA-	6,965,000	18,405,668
B-	224,386	4,316,953
Cash in Hand	225,000	30,000
	10,977,486	32,241,972
Financial Assets (Short Term Investment):		
A+	53,701,043	28,372,916
AA-	-	18,713,698
	53,701,043	47,086,614

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC

Significant Accounting Policies and Notes to the Financial Statement (Contd...)

28 Events after the end of reporting date

The have been no material events occurred between statement of financial position date and the date on which the financial statements are authorized for issue that required adjustments to or disclosures in the financial statements.

29 Directors interest in contracts with the company and related party transactions

29.1 Director interest in contracts

The directors of the Company are also directors of following companies with which the Company had transactions in the ordinary course of business during the year.

	Mr. K.A.K Jayatilake	Mr. K. Hettiarachchi	Mr. Tilak Hewawasam	Mr. H.N.J Chandrasekar	Mr. K.P.P.H Mihiripenna
Dellogistics International (Private) Limited	✓	✗	✗	✗	✗
Eco Tech Management (Private) Limited	✓	✗	✗	✗	✗
Thilina Bookshop - Proprietor	✓	✗	✗	✗	✗
International Institute of Development -Training (Private) Limited	✓	✗	✗	✗	✗
Zeneth BPO (Private) Limited	✓	✗	✗	✓	✗
TEDHA (Private) Limited	✓	✗	✗	✗	✗
Sustainable Agenda (Private) Limited	✓	✗	✗	✗	✗
Sustainable Engineering Concept (Private) - Limited	✓	✗	✗	✗	✗
				2022	2021
				Rs.	Rs.

29.2 Related party transactions

The following transactions were carried out with related parties under normal commercial terms:

29.2.1 Key management compensation

Key management includes members of the Board of Directors of the Company. The compensation paid or payable to key management for employee services is shown below:

Remuneration paid	3,497,987	3,815,149
	3,497,987	3,815,149

29.2.2 Interest charges for loan given to Related Party

Dellogistics International (Private) Limited	1,292,733	1,602,265
	1,292,733	1,602,265

29.2.3 Interest received from related party for loan

Dellogistics International (Private) Limited	1,161,744	1,424,333
	1,161,744	1,424,333

MGI KAL Rupasinghe & Co.
Chartered Accountants

EML Consultants PLC

Significant Accounting Policies and Notes to the Financial Statement (Contd...)

29 Directors interest in contracts with the company and related party transactions (Contd...)

29.2 Related party transactions (Contd...)

	2022	2021
	Rs.	Rs.
29.2.4 Expense made by the Company on behalf of the Related Parties		
Mr. K. A. K. Jayatilake	75,019	137,960
Zeneth BPO (Private) Limited	-	1,226
International Institute of Development Training (Private) Limited	1,075,248	118,445
	1,150,267	257,631

29.2.5 Payment received from related parties

International Institute of Development Training (Private) Limited	577,828	1,649,942
Eco Tech Management (Private) Limited	1,000,000	-
TEDHA	-	128,994
	1,577,828	1,778,936

29.3 Outstanding balance arising from above transactions;

(a) Amounts Due from Related Parties:

Dellogistics International (Private) Limited	11,562,192	11,389,624
Eco Tech Management (Private) Limited	3,412,615	4,412,615
Thilina Bookshop	-	18,419
International Institute of Development Training (Private) Limited	1,280,536	664,736
Zeneth BPO (Private) Limited	-	673,592
Sustainable Agenda (Private) Limited	-	166,642
	16,255,343	17,325,628

(b) Amounts Due to Related Parties:

Sustainable Engineering Concept (Private) Limited	-	3,678,646
	-	3,678,646

(c) Amounts Due to Directors

Mr. K. A. K. Jayatilake	2,400,371	2,475,389
	2,400,371	2,475,389

24 FIVE YEARS FINANCIAL SUMMARY

EML CONSULTANTS PLC

Statement of Comprehensive Income

For the Year Ended 31st December

	2018	2019	2020	2021	2022
	Rs	Rs	Rs	Rs	Rs
Revenue	159,671,737	126,070,595	133,740,943	110,497,518	132,482,840
Direct Cost	(115,592,607)	(89,014,336)	(102,776,025)	(72,872,968)	(85,969,316)
Gross profit	44,079,130	37,056,259	30,964,918	37,624,550	46,513,524
Earnings before interest and tax	9,922,239	(541,034)	9,196,083	8,383,555	61,308,387
(Loss) / profit before tax	8,232,792	(658,591)	9,538,633	8,294,221	62,136,440
Income tax	(798,354)	(261,595)	(712,698)	(951,950)	(1,566,668)
(Loss) / profit for the year	7,434,438	(920,186)	8,825,935	7,342,271	60,569,772

EML CONSULTANTS PLC

Statement of Financial Position

As at 31st December

	2018	2019	2020	2021	2022
	Rs	Rs	Rs	Rs	Rs
Assets					
Non-current assets					
Total Non-current assets	57,462,013	54,017,756	61,918,965	63,445,193	56,771,354
Total current assets	118,151,904	117,222,762	132,133,991	133,247,289	182,059,463
Total assets	175,613,917	171,240,518	194,052,956	196,692,482	238,830,817
Stated capital	90,900,000	90,900,000	90,900,000	90,900,000	90,900,000
Retained earnings	2,098,345	1,595,382	11,101,481	16,067,788	79,875,932
Total Shareholder's funds	92,998,345	92,495,382	102,001,481	106,967,788	170,775,932
Total Non-current liabilities	8,159,162	9,004,037	12,362,716	16,903,154	12,643,378
Total Current liabilities	74,456,410	69,741,099	79,688,759	72,821,540	55,411,507
Total Liabilities	82,615,572	78,745,136	92,051,475	89,724,694	68,054,885
Total Equity and liabilities	175,613,917	171,240,518	194,052,956	196,692,482	238,830,817

25 SHARE AND OTHER INFORMATION

1. Stock Exchange Listing

The Company's shares are listed on the Empower Board of the Colombo Stock Exchange

2. Distribution of shareholders

Analysis of Share Holders According to the No Of Shares[Local/Foreign] 31.12.2022

Description	Local Holders	Foreign	Local Shares	Foreign Shares	Local %	Foreign %
1 To 1000 Shares	608	0	206,887	0	0.23%	0.00%
1001 To 10000 Shares	765	0	3,530,193	0	3.88%	0.00%
10001 To 100000 Shares	504	1	16,519,778	90,000	18.17%	0.10%
100001 To 1000000 Shares	85	1	21,798,844	148,925	23.98%	0.16%
Over 1,000,001 shares	3	0	48,605,373	0	53.47%	0.00%
	1965	2	90,661,075	238,925	99.74%	0.26%

Analysis of Share Holders According to the No Of Shares[Company /Member] 31.12.2022

Description	Company	Member	Company Shares	Member	Company	Member
1 To 1000 Shares	6	602	1,803	205,084	0.00%	0.23%
1001 To 10000 Shares	28	737	178,080	3,352,113	0.20%	3.69%
10001 To 100000 Shares	42	463	1,839,283	14,770,495	2.02%	16.25%
100001 To 1000000 Shares	22	64	5,964,019	15,983,750	6.56%	17.58%
1000001 To 10000000	1	2	1,011,932	47,593,441	1.11%	52.36%
	99	1868	8,995,117	81,904,883	9.90%	90.10%

3. Top 20 Shareholders as at 31st December 2022

Serial No	Name of the Share Holder	Shares	%
1	MR. KALUACHCHIGAMAGE AWANTHI KUMARA JAYATILAKE	46,360,738	51.00%
2	MR. RIZMY AHAMED RISHARD	1,232,703	1.36%
3	LANKA ORIX FINANCE PLC/L.H.M.S.LANSAKARA	1,011,932	1.11%
4	Mr. TILAK HEWA WASAM	944,445	1.04%
5	MRS. ZEENATHUL ZAHARA	921,674	1.01%
6	MR. ABEYSIRI HEMAPALA MUNASINGHE	750,000	0.83%
7	SAMPATH BANK PLC/MR. LLEWELLYN ALPHONSUS JOSEPH FIEDELIS MORAIS	704,566	0.78%
8	MR. MOHAMED THASEEN RAJAB KHAN	608,329	0.67%
9	MERCHANT BANK OF SRI LANKA & FINANCE PLC/P. PRIYANTHA	545,000	0.60%
10	PEOPLES LEASING & FINANCE PLC/MRS. H.C. KALANSOORIYA	541,432	0.60%
11	MR. SIRAJUL HILMY HUSSAIN	512,300	0.56%
12	MR. HENDADURA SUDATH WASANTHA DE SILVA	500,356	0.55%
13	COMMERCIAL BANK OF CEYLON PLC/D.RAMACHANDRAN	500,000	0.55%
14	MR. YOHAN DAMINDA DISSANA YAKA	500,000	0.55%
15	PEOPLES LEASING & FINANCE PLC/THAPROBAN PA VILION(PVT)LTD	498,790	0.55%
16	DFCC BANK PLC/K.G. GEEKIYA YANA	401,022	0.44%
17	LOLC FINANCE PLC/M.U. WETTHASINGHE	400,000	0.44%
18	MR. MUHANDIRAM RALLAGE NISHANTHA ROHANA KUMARA	400,000	0.44%
19	MISS. HEWA JUWAN KANKANANGE UDYOGI WIJERAME	395,958	0.44%
20	MRS. RAJAPAKSHA ARACHCHILAGE CHAMALI IROSHIKA	359,015	0.39%
		58,088,260	63.90%

4. Market Prices of shares during 2022

	Rs.
Highest Market price per Share	27.40
Lowest Market price per Share	3.20
Last Traded Price per Share	3.90
Earnings Per Share 2022 (LKR)	0.70
Net assets value per shares (LKR)	1.91

5. Details of properties held by the Company

The Company owns a land and building situated at 6/10, Rajamahavihara Road, PitaKotte, Sri Lanka. Land is with an Extent of -15 perches and the building consists of 8,215 sqft.

26 CORPORATE INFORMATION

Company	E M L Consultants PLC
Registered Office	6/10, Rajamahavihara Road, Pita Kotte, Sri Lanka Tel: +94 11 5535880 Fax: +94 11 2854762 Email : info@emlconsultants.com Web: www.emlconsultants.com
Date, Place and Authority of Incorporation	Incorporated as a Private Limited Liability company on 10 th March 1993 under the name of Environment and Management Lanka (Private) Limited, under the Companies Act No. 17 of 1982. Name of the Company has been changed to E M L Consultants (Private) Limited on 23 rd April 2007. The Company was re-registered under Companies Act No. 07 of 2007 on 14 th January 2008. The Company has changed its status to a Limited Liability Company on 9 th June 2021 and 09 th November 2021 as Public Quoted company in terms of Companies Act No. 7 of 2007 - incorporated in Colombo
Company Registration Number	PQ 00240481
Board of Directors	Mr.K.Hettiarachchi –Chairman - Non-Executive, Non-Independent Director Mr. K. A. K. Jayatilake – Managing Director, Executive Director Mr. Thilak Hewawasam - Non-Executive, Non-Independent Director Mr. H. N. J. Chandrasekera – Non Executive Independent Director Mr. K.P.P.H. Mihiripenna - Non-Executive Independent Director
Company Secretary and Registrars	Business Intelligence (Pvt) Limited No 8, Tickell Road, Colombo 8. Tel – 00 94 11 2015913 (Dir), 2015900 (Gen) Fax – 00 94 11 201596
Company Lawyer	Kularatne & Pieris Associates – Attorneys at Law and Notaries Public No 4/2, D. J. Wijesiriwardana Road, Mount Lavinia Tel: 077 7759297
Auditors to the Company	MGI KAL Rupasinghe & Co., Chartered Accountants No. 6, Balahenamulla Lane, Kirulapona Colombo 06 Tel: 011 2815655 Fax: 011 2199819

Tax Identification Number	114106933
Bankers:	<p>National Development PLC Colombo 7 Branch, No.103A, Dharmapala mw, Colombo 7.</p> <p>Hatton National Bank PLC Kirupalone Branch, No.22, Edmonton Rd, New Baseline Road Colombo 06.</p> <p>Bank of Ceylon Regent Street Branch, Colombo 10.</p>

:

27 NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the **2nd Annual General Meeting** of EML Consultants PLC will be held **on 27th June 2023 at 10.00 a. m.** at the registered office of the Company **via virtual platform (Zoom)** for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company for the year ended 31st December 2022 and the Report of the Auditors thereon.

2. Re-election of Directors in terms of section 211 of the Companies Act no 7 of 2007.

a.) Re-election of Mr. Karunasena Hettiarachchi, who is over 70 years of age as a Director in terms of Section 211 of the Companies Act No. 07 of 2007. Accordingly, the following resolution to be passed for this purpose, if thought fit.

IT IS HEREBY RESOLVED that Mr. Karunasena Hettiarachchi, who is over 70 years of age be and hereby is re-elected as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years shall not apply to the said Mr. Karunasena Hettiarachchi in terms of section 210.

b) Re-election of Mr. Tilak Hewawasam , who is over 70 years of age as a Director in terms of Section 211 of the Companies Act No. 07 of 2007. Accordingly, the following resolution to be passed for this purpose, if thought fit.

IT IS HEREBY RESOLVED that Mr. Tilak Hewawasam, who is over 70 years of age be and hereby is re-elected as a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specifically declared that the age limit of 70 years shall not apply to the said Mr. Tilak Hewawasam in terms of section 210.

4. To re-appoint the retiring Auditors, M/s. MGI KAL Rupasinghe & Company Chartered Accountants for the ensuing year and to authorize the Directors to determine their remuneration.

By Order of the Board,
EML CONSULTANTS PLC

BUSINESS INTELLIGENCE (PRIVATE) LIMITED

Secretaries
25.05.2023

Notes:

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company.*
- 2. A form of proxy is enclosed for this purpose.*
- 3. The form of proxy must be completed and deposited at the Registered office of the Company, No. 6/10, Rajamaha Vihara Road, Pita Kotte, or e-mailed to "samanga@mssl.lk or indika@emlconsultants.com" not less than forty eight hours prior to the time appointed for holding the meeting.*

(Annexure I)

NIC/P.P/Co. Reg. Number

Form of Proxy

I/We the undersigned
 Bearing NIC No.....,of

..... being a member/members of EML Consultants PLC, hereby appoint

- Full name of proxy -
- NIC of Proxy -.....
- Address of Proxy -.....
- Contact Numbers - Land, Mobile
- Email address

Failing him

- | | |
|-----------------------------|----------------|
| Mr. K. Hettiarachchi | or failing him |
| Mr. K. P. P. H. Mihiripenna | or failing him |
| Mr. T. Hewawasam | or failing him |
| Mr. K. A. K. Jayatilake | or failing him |
| Mr. H. N. J. Chandrasekera | or failing him |

as my/our proxy to represent me/us and * to vote for me/us on my/our behalf at the Annual General Meeting to be held on 27th June 2023 at 10.00 a.m. at the Registered Office of the Company via Virtual Platform (Zoom) and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Please mark your preference with "X".

Ordinary Resolution

	<i>For</i>	<i>Against</i>
1. To receive and consider the Annual Report of the Board of Directors for the year ended 31 st December 2022 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Karunasena Hettiarachchi as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To re- elect Mr. Tilak Hewawasam as a Director of the Company,	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint the retiring auditors M/s. MGI KAL Rupasinghe & Company Chartered Accountants for the ensuing year and authorize Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hands this day of 2023

.....
 Signature

INSTRUCTIONS AS TO COMPLETION

1. In order to appoint a proxy, this form shall in the case of an individual be signed by the shareholder or by his/her Attorney and in the case of a company/corporation, the form of proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
2. The full name, NIC No. and address of the Proxy holder and of the Shareholder appointing the Proxy holder should be entered legibly in the form of proxy.
3. The duly completed form of proxy must be deposited at the Registered Office of the Company at No. 6/10, Rajamaha Vihara Road, Pita Kotte or e-mailed to "samanga@mnl.lk or indika@emlconsultants.com" not later than 48 hours prior to the time appointed for holding of the meeting.
4. In the case of a proxy signed by an Attorney, the relevant Power-of-Attorney or a certified copy thereof should also accompany the completed form of proxy and must be deposited at the Registered Office of the Company or email as above noted.