

ANNUAL REPORT
2020/21

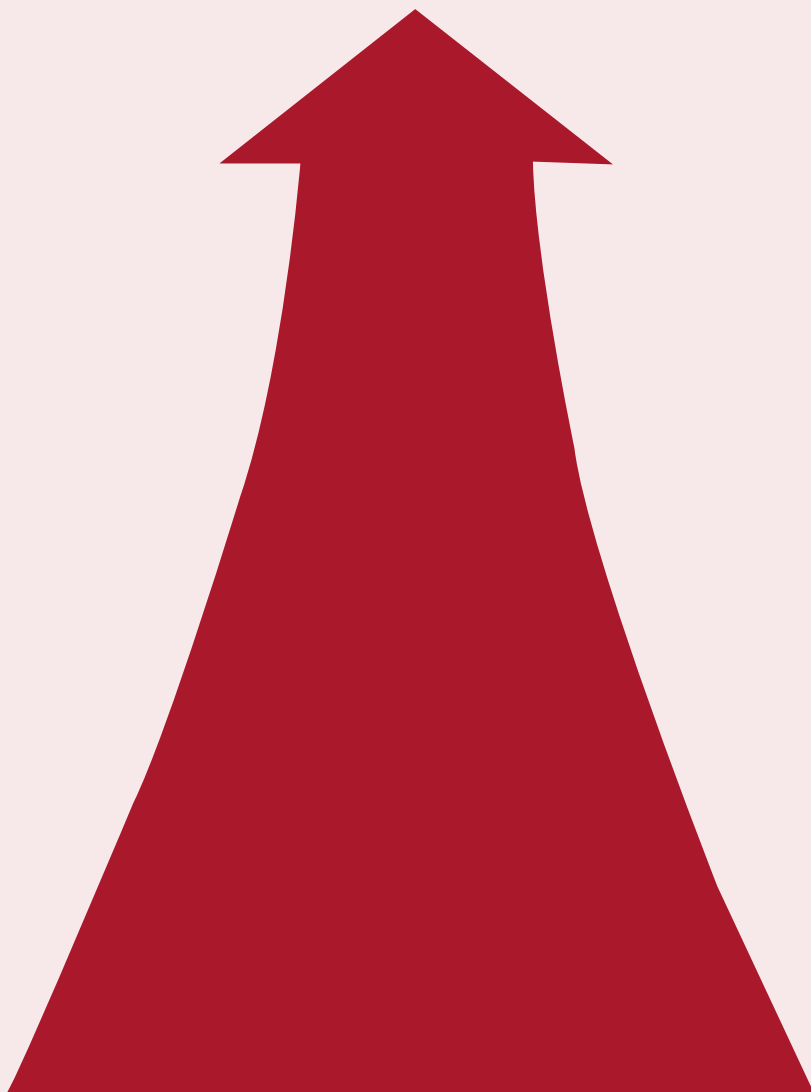


On'ally Holdings PLC

POSITIONING FOR THE
FUTURE



POSITIONING FOR THE
FUTURE





Vision

Building Growth

Mission

To build growth by being the most desired business venue in the city. The enhance shareholder value by satisfying our customers with modern facilities and quality service by dedicated professionals.

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CORPORATE INFORMATION

Directors : Major General (Retd) V U B Nanayakkara (Chairman)
Mr A J B Warman (Deputy Chairman)
Mr M H Jamaldeen (Managing Director)
Mrs Tharsini Sarveshwaran (Executive Director - Operations)
Mr W L D P V Jayawardene
Mr E A C Piyashantha
Mr V P V Senanayake
Mr S Neelakandan
Mr A A Marikar
Mr N L S Joseph
Mr K J Pradeep (Alternate Director to Mr. A J B Warman)

Registered Office : Unit 603, 4th Floor
Unity Plaza Building
No.2, Galle Road
Colombo 4
Tel: 011 2501622

Secretaries : P W Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road
Colombo 8
Tel: 011 4640360-3

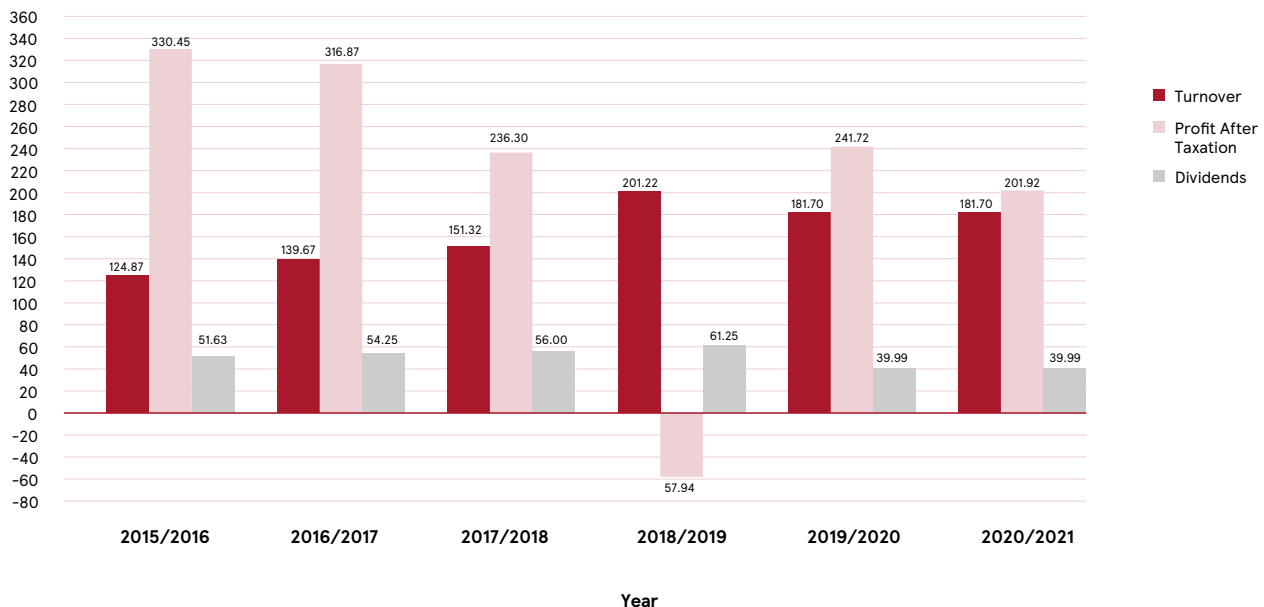
Auditors : Messrs PricewaterhouseCoopers
Chartered Accountants
100, Braybrooke Place
Colombo 2

Bankers : Bank of Ceylon

Legal Advisors : D M Swaminathan Associates

HIGHLIGHTS

OPERATING RESULTS	2020/21 (Rs. '000)	2019/20 (Rs. '000)	Increased (Decreased) %
Turnover	181,703	201,224	(9.70)
Operating Profit	133,035	143,664	(7.40)
Interest income	49,094	57,859	(15.15)
Fair value gain on investment properties	19,793	40,371	(50.97)
Profit before tax	201,922	241,894	(16.52)
Tax	39,796	(67,633)	(158.84)
Profit after tax	241,718	174,261	38.71
Other comprehensive income - net of tax	(1,700)	(257)	562.20
Profit brought forward	1,841,815	1,728,352	6.56
Profit available for appropriation	2,081,834	1,902,356	9.43
Transfer from reserve	871	842	3.44
Dividends paid	(39,991)	(61,382)	(34.85)
Profit carried forward	2,042,713	1,841,815	10.91
KEY INDICATORS			
Basic Earnings per share	(Rs) 2.60	1.87	38.99
Basic Earnings per share(exclusive fair value gain)	(Rs) 1.51	1.59	(5.22)
Diluted Earnings per share	(Rs) -	-	-
Diluted Earnings per share(exclusive fair value gain)	(Rs) -	-	-
Dividend per share	(Rs) 0.43	0.66	(34.85)
Net assets per share	(Rs) 25.43	23.18	9.69
Market price per share as at 31 March	(Rs) 28.40	23.70	19.83



CHAIRMAN'S REVIEW



I am pleased to present the Annual Report and the Statement of Accounts of On'ally Holdings PLC, for the financial year ended 31st March 2021 at the 34th Annual General meeting of the Company. On behalf of the Board of Directors of On'ally Holdings PLC, I wish to record that what is under review in this report was another challenging year for the Company. In the face of the above, I am sure that the Company would be able to progress in many fronts in the coming years.

Overview

The On'ally Holdings PLC was able to sustain a reasonable performance during the financial year 2020/2021 registering a profit before tax of Rs 182.13 Million excluding the gain on revaluation of investment property of Rs 19.8 Million. Compared to the previous year, this is a decline of 9.62%.

The annual turnover of the company reduced from 201.22 Million in 2019/2020 to Rs.181.70 Million. This is a reduction of 9.7%. The rent relief granted to the existing tenants for the months of April & May 2021 and, reduction in the occupancy rate (average occupancy rate in 93.67% in 2019/2020 and 84.18% in 2020/2021) during the financial year and decreased in interest rate for short term investments, were the major contributing factors for the reduction in turnover and the profitability.

Our Focus

The Board of Directors are seeking possible strategies to increase the value of the Unity Plaza Building, which is the main source of income of On'ally Holdings PLC. These will be to a great extent address in the proposed upgrading of the building by utilizing the funds received from the assurance of right issues to the shareholders. The Company's focus is to provide quality commercial space

Despite the challenging environment, On'ally Holdings PLC was able to record a commendable revenue of Rs. 181.7 Mn for the year ended March 2021 compared to the Rs. 201.2 Mn recorded in the prior year. The decline of 9.7% was due to the relief granted to the existing tenants during the period.


mainly to the thriving information technology industry to the occupants who would elevate the image of the Unity Plaza as the center for computer, computer and accessories and the IT related businesses in Colombo.

Impact of COVID-19

COVID-19 Pandemic will have an impact on the overall business activities and operations of the Company as communicated in previous disclosure as the effect on the pandemic remains uncertain, thus the Company is continuously monitoring the impact of COVID -19 on our industry and has implemented adequate precautions to mitigate potential adverse effects of the situation.

Appreciation

I take this opportunity to thank my colleagues on the Board of Directors and the staff of On'ally Holdings PLC for their support exercised during the financial year under review. My special thanks go to you, the valued shareholders for placing your trust in the Company and the Board of Directors. We extend our thanks to our Tenants, Bankers, Company Secretaries, Auditors and all other parties for their continued support provided during the year under review.



Major General (Retd) Udaya Nanayakkara
VSV USP ndu Hdmc MSc (Def), MMS (Ind), MSc (NS & WS)
Chairman
URBAN DEVELOPMENT AUTHORITY
7 September 2021

MANAGING DIRECTOR'S MESSAGE



It is with delight that I pen this message, highlighting the commendable performance for the period under review whilst providing you, our valuable shareholders a glimpse of the activities lined up for the year 2021/2022.

The Company recorded a revenue of Rs. 181.7 Mn for the year ended March 2021 compared to the Rs. 201.2 Mn recorded in the prior year. We extended relief to the existing tenants by way of monthly rental relief which resulted in the marginal decline in revenue recorded for the year. On'ally Holdings PLC posted a profit after tax of Rs. 241.7 Mn (38.7% YoY increase) boosted by an income tax credit of Rs. 39.8 Mn and a fair value gain on investment property of Rs. 19.8 Mn during the year.

I am extremely pleased with this performance despite the unprecedented macro and micro economic conditions that both the Company and country are facing at this point in time.

Following the takeover of the Company on the 3rd of December 2020 by Lanka Realty Investments PLC and the subsequent reshuffling of the Board of Directors and my appointment as the Managing Director, the Company is now strongly positioned to implement its asset management initiatives to derive further value and income from its primary asset.

With the steadfast support received by the Board of Directors and all employees of On'ally Holdings PLC, we are confident of marching towards our next phase of growth and the assured transformation of Unity Plaza into a truly iconic landmark building not only in Colombo, but in the entire country.

Way forward

- The importance of retaining existing tenants and enhancing our relationships with them cannot be overstated. Our key objective would be

The Company recorded a revenue of Rs. 181.7 Mn for the year ended March 2021 compared to the Rs. 201.2 Mn recorded in the prior year. We extended relief to the existing tenants by way of monthly rental relief which resulted in the marginal decline in revenue recorded for the year.

to ensure that all tenant needs are met whilst utilising technology to enhance efficiency, effectiveness and overall monitoring.

- Providing outstanding customer service whilst facilitating a good experience is integral for the long term success of Unity Plaza. We will strive to ensure the appropriate ambience is created whilst additionally providing other necessary infrastructure support to ensure the end customer experience is of the highest standards.
- We have embarked on asset management initiatives to upgrade the building from its present condition, by benchmarking the best buildings in the region.
- We are diligently executing same, by critically considering all aspects related to shop fit-outs, overall ambience and ensuring state of the art facilities are provided in our common areas.
- We intend on using the latest technology to effectively manage and maintain the facility to position Unity Plaza as a fully functional top grade building in Sri Lanka.

The envisaged transformation

We have prioritised the implementation of the asset management initiatives with the management team providing tremendous support in the implementation process. The newly transformed building is expected to lead to a significant increase in footfall which will result in increased revenues to our valued tenants. As the landlord, this will facilitate opportunities to enhance the rental income and drive up the value of the asset.

Together, we will endeavour to transform and establish Unity Plaza as an establishment that provides top-grade retail space to the growing IT industry whilst providing ancillary facilities to both the occupants and customers.

Appreciation

My message will not be complete if I do not mention the hard-work and effort that has been expressly put-forth by the operations director Ms. Tharsini Sarveshwaran, the management team, facilities management team and all staff. If not of their untiring efforts our march towards our ultimate goal will be much more challenging. My heartfelt appreciation to the Board of On'ally Holdings PLC and our ever supportive Chairman for the absolute support provided for the implementation of our strategic initiatives.

Finally, our sincere appreciation to our valued shareholders and all other stakeholders for their trust and continued support.



Mr. M.H. Jamaldeen
Managing Director

7 September 2021

BOARD OF DIRECTORS



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01

Mr. V. Udaya Bandula Nanayakara

Chairman- Non-Executive Director

Major General (Retd) Vidanage Udaya Bandula Nanayakkara, VSV USP ndu Hdmc MSc (Def), MMS (Ind), MSc (NS & WS) served in the Sri Lanka Army as an Officer and a Military Engineer. He was the former Chief Field Engineer of the Sri Lanka Army, Brigade Commander 552 Infantry Brigade "Jaffna" and 214 Infantry Brigade "Mannar". He was also the former Military Spokesman, Director Media, Director Psychological Operations and Area Commander of the Central Province.

Major General (Retd) Nanayakkara was educated at Royal College, Colombo and after completing his education, joined the Sri Lanka Army in 1981 as an

Officer Cadet. Following the basic training at the Sri Lanka Military Academy, he was commissioned into the Sri Lanka Engineers as a Second Lieutenant. He is a graduate of the College of Defence Management India and the National Defence University, Pakistan. He was the first Project Director of Defence Headquarters Complex Project, Akuregoda, Pelawatta. He held the prestigious appointment of Colonel Commandant Corps of Engineers.

Major General (Retd) Nanayakkara is decorated with Vishishta Seva Vibushanaya (VSV), Uttama Seva Padakkama (USP), the Sri Lanka Armed Services Long Service Medal, the Riviresa Campaign Services Medal, the Purna Bhumi Padakkama, the North and East Operations Medal and the 50th Independence Anniversary Commemoration Medal.



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Following his retirement from Sri Lanka Army, he served in the Private Sector as a Director/General Manager and as the Director General of Urban Settlement Development Authority of Sri Lanka. He was appointed as the Chairman of the Urban Development Authority on 14th July 2021.

02

Mr Archie J B Warman
Deputy Chairman

Mr A J B Warman is the Deputy Chairman of On'ally Holdings PLC. Mr Warman co-founded Steradian Capital in 2013. Archie concentrates on asset management initiatives, marketing, development, equity raising and investor reporting.

A qualified Chartered Surveyor, Archie practiced in commercial & residential real estate, involved in investment brokerage, leasing and letting, valuations & development appraisals, property management, landlord and tenant law and asset management. Initially in the City and West End of London at Hexell Wylie (now Savills).

Prior to Steradian Capital, Archie was the Property Director at Newbridge Capital Investments Limited, a property investment and development company, transacting directly into UK commercial and London residential.

Archie achieved an MA in Property Valuation and Law at Cass Business School (City University London) and is a Member of the Royal Institute of Chartered Surveyors.

BOARD OF DIRECTORS

Mr, Archie James Buckland Warman serves as an Executive Director of Lanka Realty Investments PLC.

03

Mr. M H Jamaldeen

Managing Director

Mr M H Jamaldeen is the Managing Director of On'ally Holdings PLC and is a finance professional with over 20 years of experience and a seasoned commercial property investor and advisor.

Mr Jamaldeen serves as a Director of Hayleys PLC, Talawakelle Tea Estates PLC, Haycarb PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC and Regnis (Lanka) PLC. He is also an Executive Director of Lanka Realty Investments PLC.

He is the Founding Managing Director of Steradian Capital Investments (Pvt) Ltd and is responsible for financing, corporate structuring, acquisitions and development. He has also been the Executive Director of a number of real estate companies, focusing on commercial property investment and development.

He is a Fellow of the Association of Certified Chartered Accountants, UK and holds a degree in Engineering and Business from the University of Warwick, UK.

04

Mrs. Tharsini Sarveshwaran

Executive Director - Operations

Mrs.T.Sarveshwaran was appointed to the Board of On'ally Holdings PLC on 1st October 2005.

Mrs. T Sarveshwaran is a full member of the Association of Business Executives (UK) and she has obtained an Executive Diploma in Accounting and Finance from the Institute of Chartered Accountants of Sri Lanka.

Mrs. Sarveshwaran possesses 23 years' experience in the fields of Accounting and Administration at On'ally Holdings PLC.

05

Mr. Priya Jayawardene

Non-Executive Director

Mr. Priya Jayawardene currently serves as Director - Finance of Waters Edge Limited. He has extensive experience in business and finance, both in Sri Lanka and overseas.

Mr. Jayawardene was the Head of Finance at the Sri Lanka State Plantations Corporation prior to joining the Fiji Sugar Corporation, Fiji as the Chief Accountant.

After completion of his assignment in Fiji, he joined Amrind (Pvt) Ltd, Melbourne, Australia as the Financial Controller. Thereafter he served as Deputy General Manager (Finance) of the Employees Trust Fund Board, Sri Lanka.

Mr. Jayawardene then moved to Singapore and joined BT Aero Services Pvt. Ltd as the Chief Financial Officer, and after successful completion of this assignment, returned to Sri Lanka and joined as the Deputy General Manager (Finance) of the Urban Development Authority, prior to taking up the current position at Waters Edge Limited.

Mr. Jayawardene is a Member of the Institute of Chartered Accountants of Sri Lanka and is also a Member of the Chartered Institute of Management Accountants, London.

06

Mr. E. A. C. Piyashantha

Non-Executive Director

Mr. E A C Piyashantha presently serves as Director, Middle Income Housing Project at the Urban Development Authority (UDA), having twenty one years of experience as a Planning Officer and Planning Assistant, Assistant Director (Planning), Deputy Director (Planning), Deputy Project Director (Planning) and Unit Head (Project Planning).

Mr. Piyashantha holds a MSc in Urban & Regional Planning (International) (UK), MSc. In Urban Regional Planning (The Netherlands), MSc. in Disaster Analysis, Mitigation and Management (University of Colombo), PG. Dip. in Project Management (University of

Moratuwa), Bsc. Estate Management and Valuation, Hons. (Spl) (University of Sri Jayawardenapura) and Past Licentiate Part I and II Examination conducted by the Institute of Chartered Accountants of Sri Lanka.

Mr. Piyashantha has handled a number of property development activities, formulated project proposals, designing, promoting and administering the government plans and policies for land use, amongst other activities.

He has also been the recipient of awards namely Planning Excellence Award and as well as a nominee of the best Director in appreciation of the outstanding commitment and service rendered to the Urban Development Authority.

07

Mr V P V Senanayake

Non-Executive Director

Mr. Viraj Padma Vibushana Senanayake is a media-marketing personality and a communications specialist with over 18 years experience in several multinational Advertising Agencies such as “Grant Mccann-Ericsson, GREY worldwide, SAATCHI & SAATCHI, etc”. He also has extensive experience in creating and managing media strategies and adopting ATL & BTL executions aligned to market behavior, which gives a strong foundation to the platform of working in marketing environment.

Mr. Senanayake holds a MBA from University Kanpur, India & a Diploma in Mass Communication from the University of Kelaniya and is a Fellow Member of the Chartered Institute of Marketing (CIM), United Kingdom..

Mr. Senanayake having started his career as a Media Executive in the year 2000 is presently Director of BTL & Event Management of Sovereigns Integrated Advertising in Colombo.

08

Mr. Sarravanan Neelakandan

Independent Non-Executive Director

Mr. Neelakandan is an Attorney-at-Law and a Barrister of Lincoln's Inn. He has been practicing in the legal profession for over 15 years and is the Founder and Managing Partner of Sarravanan Neelakandan Law Associates, with a wide-ranging legal practice in the areas of commercial law, corporate law, banking and finance law, foreign investment, infrastructure projects and dispute resolution. He is also a Co-Editor-in-Chief of the Bar Association Law Journal. He serves as an Independent Non-Executive Director of Lanka Realty Investments PLC.

09

Mr A A Marikar

Independent Non-Executive Director

Afzal Marikar is the Honorary Consul General for Pakistan since February 1988.

A product of Trinity College, he is also the Chairman /Managing Director of several diversified Companies in Sri Lanka. Marikar is the Chairman/ Managing Director of Conmix (Pvt) Ltd., Chairman of Colourcon (Pvt) Ltd., Chairman/Managing Director of Ross Hydro Power Ltd., Managing Director of Icon Hotels Ltd. And Ross Dairies Ltd. Marikar has worked with numerous civil society groups and humanitarian organizations over the years, both in terms of fostering inter- community relations and social upliftment initiatives which he has spearheaded and implemented in various parts of the country.

Marikar was a founding Director of National Construction Association of Sri Lanka (NCASL). and A Former Director at the Sri Lanka Ports Authority.

BOARD OF DIRECTORS

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Mr N L Joseph**Independent Non-Executive Director**

He holds over 33 years of multi-faceted experience in engineering and engineering consultancy in Sri Lanka and internationally. He has held senior positions in organizations such as State Engineering Corporation, Heavyfab Ltd, Development Consultants Lanka (Pvt) Ltd, Safari Company Ltd, Saudi Arabia and Baharudden P M S Associates, Brunei.

He is a Member of the Institution of Electrical and Electronic Engineers (MIEEE)-USA, The Institution of Lighting Engineers (MILE) - UK and The New York Academy of Science (MNYAS) - USA. The Illumination Engineering Society (MIES) - USA. Incorporated Engineer - UK (IEng) and the Institution of Engineering Technology (MIET) - UK and the American Society of Heating, Refrigerating & Air-Conditioning Engineers (MASHRAE)-USA.

Mr Joseph also serves on the Board of Regnis (Lanka) PLC, Singer Industries (Ceylon) PLC and is the Managing Partner of Cadteam and Proprietor of N J Consultants.

11

Mr. K J Pradeep**Alternative Director**

Mr Jayantha Pradeep holds a Bachelor of Science in Business Administration (Special) Degree from the University of Sri Jayewardenepura and is an Associate Member of the Institute of Chartered Accountants of Sri Lanka.

He also has been at Steradian Capital Group since inception and is an integral part of the team bearing key responsibilities in financial accounting and treasury management. He also serves as a Non-Executive Director of Lanka Realty Investments PLC.

MANAGEMENT DISCUSSION & ANALYSIS

Operational Review

The Company's revenue for the year was Rs. 181.7 Mn for the year ended March 2021 compared to the Rs. 201.2 Mn recorded in the prior year. The decline of 9.7% was due to the relief granted to the existing tenants for the months of April & May 2020 coupled with the drop in overall occupancies to 84% compared to 94% in the prior year.

We are pleased at having being able to maintain consistent rental collections during the year whilst some of our competitors had experienced larger declines in revenue and occupancy during the period under review. We pride ourselves at having being able to achieve this commendable performance due to the longstanding relationships that we have established with our valued tenant base. At a time when many establishments are downsizing operations and moving into smaller and more cost effective buildings, we are pleased to be able to maintain rental rates in trying market conditions.

We continued to forge ahead on all other financial metrics during the year under review by posting Profit before tax of Rs. 201.9 Mn, aided by a strong finance income of Rs. 49.1 Mn and a marginal fair value gain on investment property of Rs. 19.8 Mn during the year.

A credit balance of income tax payment, Rs. 39.8 Mn further boosted our Profit after tax to Rs. 241.7 Mn.

Our balance sheet strength continues to be fortified due to our consistent growth in earnings. Our equity base has grown to Rs. 2,365 Mn (9.7% increase YoY) from the previous year's Rs. 2,156 Mn.

We are extremely pleased to report a debt free balance sheet with a cash balance of Rs. 654 Mn. The total asset base now stands at Rs. 3,047.0 Mn. We are one of the few real estate companies listed on the Colombo Stock Exchange with a debt free balance sheet. This positioning has allowed the Company to engage in borrowings in the future should a compelling opportunity arise.

Asset Management Initiatives

We commenced our asset management initiatives during the period under review following the take-over of ownership and management by Lanka Realty Investments PLC in



December 2020. State below are selected initiatives that will bode well for the Company and facilitate the achieving of the objectives set out for the firm.

- " Letting the prime retail space on the Ground Floor:
We have taken steps to analyse rental variances on each floor by comparing the market rents for similar properties. This has led to an increase in the rents of our prime retail space on the Ground Floor by twofold and has effectively shifted the headline rents upwards significantly.
- " Service Charge:
We have carefully analysed costs and have revised service charges upward. There have been no tenant complaints as a result.
- " Short Term Investments:
We are constantly monitoring our surplus cash investments and have re-invested surplus funds in money market funds that are yielding 200 basis points (2%) than the interest rate that was previously being obtained. We will continue to monitor risk and rate parameters and adjust our investment portfolio accordingly.

MANAGEMENT DISCUSSION & ANALYSIS



" Developing detailed tenancy reports:

In order to effectively monitor and manage tenants, we have commenced the creation of detailed tenancy reports. This will allow us to record rent, service charge, respective deposits, due dates of each tenant, VAT registered tenants and to compare the rentals of each floor with the estimated rental value (ERV). The initiative is expected to drive efficiencies and optimise management.

" Opening the retail floors of the mall on Sundays:

Having conducted a survey amongst all tenants, we were requested to allow the functioning of Unity Plaza on Sunday. We have listened to our tenants and allowed for same. Much traction and footfall is now seen on both Saturdays and Sundays as a result.

" Building an up-to-date Condition Survey Report:

We requested for a condition survey report to identify defects in the building. The condition survey report was received with rectifications and relevant costing. We will implement suggestions made.

" Planned renovations and work carried out:

The following renovation work is being carried out with some of them having already being completed.

- Ground Floor renovations
- Renovation of the 2nd Floor Washroom
- Renovation of fire exits of all the floors
- Waterproofing - roof top and the 2nd floor
- Installation of Glass Hand Rails
- External Wall Painting
- Construction of a space dedicated to motor bike parking
- Upgrading the existing lifts including the interior and the mechanical elements





- Proposed new Cafeteria on the 2nd Floor

The above activities are imperative in order to re-position Unity Plaza as a regional land mark building, similar to that of the Sim Lim Tower in Singapore.

" Marketing Initiatives:

- Developing a website and digital marketing activities.
- Installing retail signage and a digital hoarding screen.

" Facilities Management Initiatives:

- Digitally transforming our facilities management services for smoother operations and improvements in tenant offerings.

" Other Initiatives:

- Installation of CCTV cameras with footfall counting technology and sharing detailed analysis of visitor behavior with our tenants to optimize store performance.
- Issuance of Staff IDs to all tenants at the Unity Plaza building.

The Vision

The thrust for 2021/2022 will be to complete and implement the planned asset management initiatives. We intend on completing all asset management initiatives as stated above by December 2021. The building is undergoing a critical transformation as at present and is soon to cement its position as the leading retail establishment of IT products, services and other ancillary offerings in Sri Lanka.



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

The Directors of On'ally Holdings PLC have pleasure in presenting their Annual Report with the Audited Financial Statements of the Company for the year ended 31st March 2021.

General

On'ally Holdings PLC is a public limited liability Company which was incorporated under the Companies Ordinance No.51 of 1938 as a public limited company on the 25th June 1982 which obtained the certificate to commence business on 20th August 1982, listed on the Colombo Stock Exchange on 25th April 1991 and re-registered as per the Companies Act, No 07 of 2007 on 13th December 2007 under Company Registration No. PQ 107.

Principal activities of the Company and review of performance during the year

The Company's principal activities, which remained unchanged during the year, are Real Estate investment and Property Development.

A review of the business of the Company, its performance during the year and its future prospects are contained in the Chairman's Review, which forms an integral part of this Report.

The Names of the Directors who held office as at 31st March 2021 and their shareholding in the Company are given below :

	Name of Director	Designation	No. of shares as at 31.03.2021	No. of shares as at 31.03.2020
01	Mr Liyana Arachchige Prasadth Harshan De Silva (ceased with effect from 19 July 2021)	Chairman Non-Independent Non-Executive Director	Nil	Nil
02	Mr Archie James Buckland Warman	Deputy Chairman Non-Independent Non-Executive Director	Nil	Nil
03	Mr Mohamed Hisham Jamaldeen	Managing Director	18,678	Nil
04	Mr Wijesinghe Liyanaarchchilage Don Priya Vijitha Jayawardene	Non-Independent Non-Executive Director	Nil	Nil
05	Mr Ellethota Arachchige Chaminda Piyashantha	Non-Independent Non-Executive Director	Nil	Nil
06	Mr Gulamhussein Turabally Fazleabas (resigned with effect from 18 April 2021)	Independent Non-Executive	1,975	1,975
07	Mr Viraj Padma Vibushana Senanayake	Non-Independent Non-Executive Director	Nil	Nil

This Report and the Financial Statements reflect the state of affairs of the Company.

Financial Statements

The complete Financial Statements of the Company, duly signed by two Directors on behalf of the Board of Directors and the Auditors are given on pages 34 to 66.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on pages 31 to 33.

Accounting Policies

The accounting policies adopted by the Company in the preparation of the Financial Statements are given on pages 38 to 48 which are consistent with those of the previous period.

Board of Directors and Relevant Interest in Shares

The Board consists of 10 Directors, comprising two Executive Directors and eight Non-Executive Directors, of whom three are Independent.

	Name of Director	Designation	No. of shares as at 31.03.2021	No. of shares as at 31.03.2020
08	Mrs Tharsini Sarveshwaran	Executive Director	1580	1580
09	Mr Sarravanan Neelakandan	Independent Non-Executive Director	Nil	Nil
10	Mr Afzal Ahamed Marikar	Independent Non-Executive Director	Nil	Nil
11	Mr Kudagamage Jayantha Pradeep (Alternate Director to Mr A J B Warman)	Alternate Director	Nil	Nil

The profiles of the Directors detailing their areas of expertise, are included on pages 7 to 11 of the Annual Report.

Retirement of Directors

In terms of Article 95 of the Articles of Association of the Company, Mr Noel Laxman Sanath Joseph will retire and being eligible offers himself for re-election.

Changes in the Directorate

New Appointments

Mr V P V Senanayake was appointed as a Non-Independent Non-Executive Director with effect from 28th October 2020.

Messrs A J B Warman and M H Jamaldeen were appointed as Non-Independent Non-Executive Directors on 1st February 2021. They were appointed the Deputy Chairman and Managing Director respectively with effect from 1st February 2021 and 23rd February 2021 respectively.

Messrs Sarravanan Neelakandan and A A Marikar were appointed as Independent Non-Executive Directors on 1st February 2021.

Mr K J Pradeep was appointed as the Alternate Director to Mr A J B Warman with effect from 1st February 2021.

Mr Noel Laxman Sanath Joseph was appointed as an Independent Non-Executive Director with effect from 18th May 2021.

Major General (Retd) Vidanage Udaya Bandula Nanayakkara was appointed as a Non-Independent Non-Executive

Director with effect from 19th July 2021, and was appointed the Chairman of the Board of Directors on 17th August 2021.

Resignations / Cessations

Mr H R S C Gunathilake resigned as a Non-Independent Non-Executive Director with effect from 28th October 2020.

Messrs B V Selvanayagam and Kapila Liyanagamage resigned as Independent Non-Executive Directors with effect from 3rd December 2020.

Messrs S V Rajiyah and Palitha Gunathilake resigned as Non-Independent Non-Executive Directors with effect from 3rd December 2020.

Mr Shehan Selvanayagam ceased to be the Alternate Director to Mr B V Selvanayagam with effect from 3rd December 2020.

Mr T A P Peiris resigned as the Alternate Director to Mr Palitha Gunathilake with effect from 3rd December 2020.

Mr G T Fazleabas resigned as an Independent Non-Executive Director with effect from 18th April 2021.

Mr L A P H De Silva ceased to be the Chairman/Non-Independent Non-Executive Director with effect from 19th July 2021.

Independence of Directors

Based on the declarations submitted by the Non-Executive Directors, the Board has determined that three (03) Non-Executive Directors, namely, Messrs Sarravanan Neelakandan,

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

A A Marikar and N L S Joseph are 'Independent' and that Mr G T Fazleabaz, who resigned with effect from 18 April 2021 was 'Independent', as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

Directors Interests in Contracts or Proposed Contracts and Interest Register

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

Remuneration of Directors

The total remuneration paid to the Directors for the financial year was Rs 5,869,400/-.

Corporate Governance

The Directors place a high degree of importance on sound corporate governance practices and are committed to the highest standards of corporate governance within the organization.

The Directors confirm that save and except the non-compliance during the periods from 3rd December 2020 to 1st February 2021 and 18th April 2021 to 18th May 2021, the Company was in compliance with the Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange.

Delegation of Authority

The Board has delegated the authority of the day-to-day management of the Company to Mr M H Jamaldeen, Managing Director who is responsible to discharge his duties according to the policies and the budgets approved by the Board.

Board Sub Committees

The Board has delegated certain functions and duties to Sub Committees that comprises of Board members. The functions and duties of each Sub Committee namely, the Audit Committee, the Remuneration Committee and the Related Party Transactions Review Committee are detailed in the respective reports.

The Board is also encouraged to seek independent professional advice when necessary, at the Company's expense and also have access to the Company Secretary to obtain advice and services as and when necessary.

Audit Committee

The Audit Committee comprises of three Non-Executive Directors, majority of whom are Independent.

Mr W L D P V Jayawardene
- Non-Independent Non-Executive Director
- Chairman of the Committee

Mr S Neelakandan
- Independent Non-Executive Director
- Member

Mr A A Marikar
- Independent Non-Executive Director
- Member

The Report of the Audit Committee appears on pages 25 to 26 of this the Annual Report

Remuneration Committee

The Remuneration Committee comprises of five Non-Executive Directors, a majority of whom are Independent;

Mr A J B Warman
- Non-Independent Non-Executive Director
- Chairman of the Committee

Mr E A C Piyashantha
- Non-Independent Non-Executive Director
- Member

Mr S Neelakandan
- Independent Non-Executive Director
- Member

Mr A A Marikar
- Independent Non-Executive Director
- Member

Mr N L S Joseph
- Independent Non-Executive Director
- Member

The Report of the Remuneration Committee is given on page 27 of this Annual Report

Related Party Transactions Review Committee

The Related Party Transactions Review Committee comprises of three Independent Non-Executive Directors.

Mr N L S Joseph

- Independent Non-Executive Director
- Chairman of the Committee

Mr S Neelakandan

- Independent Non-Executive Director
- Member

Mr A A Marikar

- Independent Non-Executive Director
- Member

The Report of the Related Party Transactions Review Committee appears on page 28.

Declaration - Compliance with Rule 9 of the Listing Rules

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2021.

Non-Recurrent Related Party Transactions - Disclosure in terms of Rule 9.3.2 (a) of the Listing Rules

There were no non-recurrent Related Party Transactions, where the aggregate value exceeds 10% of equity or 5% of total assets in the Audited Financial Statements as at 31st March 2021, which requires an additional disclosure in this Annual Report in terms of Section 9.3.2(a) of the Listing Rules of the Colombo Stock Exchange.

Recurrent Related Party Transactions - Disclosure in terms of Rule 9.3.2 (b) of the Listing Rules

The aggregate value of recurrent Related Party Transactions entered into by the Company with related parties during the year under review did not exceed 10% of the Company's Turnover as per the Audited Financial Statements as at 31st March 2021.

Internal Controls

The Board through delegation to the Audit Committee ensures that the Company maintains a sound system of Internal Controls to safeguard investments and Company's assets. Therefore, the Audit Committee conducts a review of the effectiveness of the Company's system of internal controls.

Major Transactions

The Board of Directors is required to act in accordance with Section 185 of the Companies Act No. 07 of 2007 in regard to 'major transactions' as per the said Section 185. There were no major transactions entered into by the Company during the year.

Stated Capital

The Stated Capital of the Company as at 31st March 2021 was Rs. 279,493,203/- represented by 93,003,087 ordinary shares (Rs. 279,493,203/- represented by 93,003,087 ordinary shares as at 31st March 2020)

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31st March 2021.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 29.

Auditors

Messrs PricewaterhouseCoopers, Chartered Accountants served as the Auditors during the year under review and are recommended for re-appointment as the Auditors of the Company, at the Annual General Meeting. The Auditors do not have any other relationship with the Company other than as Auditors of the Company who have also provided certain non-audit services. A total amount of Rs. 500,000/- is payable as Audit Fees by the Company to the auditors for the year under review. The details of the fee payable to the Auditors have been set out under the Note 7 to the financial statements.

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

Donations

During the year under review, the Company did not make any donations.

Statutory Payments

The Directors confirm that, to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as at the reporting period have been paid or, where relevant provided for.

Employees and industrial relations

During the year under review there were no material issues relating to employees and industrial relations pertaining to the Company.

Rights Issue - 2019

The objectives of the Rights Issue - 2019 was to increase the minimum public holding of the Company in order to comply with the Listing Rules of the Colombo Stock Exchange and, the funds so raised were to be utilized for the refurbishment of the Unity Plaza building owned by the Company as morefully set out in the Circular to Shareholders dated 23rd April 2019.

Status of utilization of the proceeds of the Rights Issue as at 31st March 2021 is set out below:

	Objective as per the Circular	Amounts allocated as per the Circular in Rs.	Proposed Date of Utilization as per Circular	Amounts Allocated from Proceeds in Rs. (A)	% of Total Proceeds	Amounts Utilized in Rs. (B)	% of Utilization Against Allocation (B/A)	Clarification if not fully utilized (including the funds which are invested)
01	Renovation of the rental areas of 2nd floor	25,145,014	25/11/2019	7,300,000	22.70%	6,063,000	24.11%	Refurbishment Project is on going and the unutilized funds have been invested in short term investments.
02	Water Proofing roof top area and 2nd floor	13,611,000	18/11/2019	6,583,651	12.28%	6,222,445	45.72%	
03	Construction of Motor bike parking	2,600,000	09/09/2019	-	-	-	-	
04	Renovation of fire exit of all floors	2,265,250	09/09/2019	-	-	-	-	
05	Install two new generators and the Central Air conditioner	64,300,000	10/02/2020	-	-	-	-	
06	Renovation of Corridor	2,640,836	15/07/2019	-	-	-	-	
07	Contingencies	276,110	10/02/2020	-	-	-	-	

Non-compliance with the minimum public holding requirement of the Colombo Stock Exchange

The Company's public holding percentage dropped below 10% with effect from 3rd December 2020 consequent to the purchase of 40,754,820 shares of the Company by Lanka Realty Investments PLC.

The public holding percentage of the Company as at 30th June 2021 was 3.76%, and the Company was not in compliance with the minimum public holding requirement in terms of Rule 7.13.1(b) of the CSE Listing Rules.

Due to the said non-compliance, the Company's Securities were transferred to the Second Board of the Colombo Stock Exchange with effect from 8th July 2021. Shareholders are informed that the Company proposes to announce a rectification plan to remedy the said non compliance upon Case No. HC/Civil/CO/2021/11 instituted by the Urban Development Authority, the 2nd largest shareholder of the Company (wherein an Interim Order has been issued restraining the majority shareholder, Lanka Realty Investments PLC from proposing, requisitioning and/or voting on any Resolution at a General Meeting of the Company to disburse any retained earnings of the Company and/or dispose of any asset of the Company), is resolved.

Events occurring after the reporting date

No material events have occurred since the date of statement of financial position, which require adjustments to or disclosure in the financial statements.

Going Concern

After making adequate enquiries from the management the directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

Annual General Meeting

The Notice of the Thirty Fourth (34th) Annual General Meeting appears on page 70.

In view of the current regulations/restrictions prevailing in the country due to the COVID-19 pandemic, the Board has decided to hold the Annual General Meeting of the Company

as a Hybrid Meeting (hybrid of physical and electronic means) in line with the guidelines issued by the Colombo Stock Exchange for the conducting of Hybrid AGMs and on the assumption that no curfew will be in force on the date of the AGM and that there would be no restrictions imposed by the authorities on travel and/or conducting of meetings. Shareholders are advised to refer to the Circular to Shareholders dated 7th September 2021 for further instructions in this regard.

The Notice of the Annual General Meeting appears on page 70.

The Annual Report is signed for and on behalf of the Board of Directors by;



V U B Nanayakkara
Chairman



M H Jamaldeen
Managing Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

7th September 2021
Colombo

CORPORATE GOVERNANCE REPORT

Board of Directors

The Board of Directors is committed to maintain the highest standards of corporate governance and ethical business conduct in the operations and decision-making process. In this regard, the Board of Directors is responsible for the governance of the Company whilst the shareholders role in governance is to appoint the Directors and the Auditors to satisfy themselves that an appropriate governance structure is in place.

The Board of Directors of the Company currently comprises of ten members. There is a balance of Executive and Non-Executive Directors to ensure that the decisions taken by the Board are collective decisions.

Each Non-Executive Director has submitted a Declaration of his independence or non-independence as required under the Listing Rules of the Colombo Stock Exchange.

Based on the said Declarations, the Board has determined that during the year under review Messrs S Neelakandan, A A Marikar and N L S Joseph are Independent Non-Executive Directors and that Messrs L A P H De Silva, A J B Warman, W L D P V Jayawardene, E A C Piyashantha and V P V Senanayake are Non-Independent Non-Executive Directors.

Composition of the Board

The Board collectively possesses diverse range of skills and competencies, including entrepreneurship, financial, legal, marketing and property development. They are all business leaders and professionals of high repute. Their profiles are given on pages 7 to 11.

As at the reporting date, the Board comprised of two (02) Executive and eight (08) Non-Executive Directors.

Independence of Directors

Each Non Executive Director has submitted a Declaration of his independence or non independence as required under the Listing Rules of the Colombo Stock Exchange.

Based on the declarations submitted by the Non-Executive Directors, the Board has determined that three (03) Non-Executive Directors, namely, Messrs Sarravanan Neelakandan, A A Marikar and N L S Joseph are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

Chairman and Chief Executive Officer

The roles of the Chairman and Executive Directors are separate with a clear distinction of responsibilities, which ensures balance of power and authority.

Mr L A P H De Silva (Non-Independent Non-Executive Director) is the Chairman of the Board of Directors. Mr A J B Warman (Non-Independent Non-Executive Director) is the Deputy Chairman and Mr M H Jamaldeen (Executive Director) is the Managing Director of the Company.

Board Meetings

The Board meets regularly to discharge their duties effectively. The Board's functions include the assessment of the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, review of management and operational information, adoption of annual and interim accounts before they are published, review of exposure to key business risks, strategic direction of operational and management units, approval of annual budgets, monitoring progress towards achieving the budgets, approvals relating to key appointments, sanctioning major capital expenditure etc.

The Board met 11 times during the period under review and the attendance is given below :

Directors' Attendance at the Board Meeting from 01.04.2020 to 31.03.2021

	30.04.2020	03.06.2020	23.06.2020	04.08.2020	04.09.2020	23.12.2020	07.01.2021	26.01.2021	01.02.2021	23.02.2021	16.03.2021	
Mr L A P Harshan De Silva	√	√	√	√	√	√	√	√	√	√	√	11/11
Mr A J B Warman	Appointed w. e. f. 01.02.2021								√	√	√	3/3
Mr M H Jamaldeen	Appointed w. e. f. 01.02.2021								√	√	√	3/3
Mrs Tharsini Sarveshwaran	√	√	√	√	√	√	√	√	√	√	√	11/11
Mr W L D P V Jayawardene	√	√	√	√	√	√	√	√	√	√	√	11/11
Mr E A C Piyashantha	√	√	√	√	√	√	√	√	√	√	√	11/11
Mr V P V Senanayake	Appointed w. e. f. 28.10.2020					√	√	√	√	√	√	6/6
Mr Sarravanan Neelakandan	Appointed w. e. f. 01.02.2021								√	√	√	3/3
Mr A A Marikar	Appointed w. e. f. 01.02.2021								√	√	√	3/3
Mr H R S C Gunathilake	√	√	√	√	√	Resigned w. e. f. 28.10.2020					5/5	
Mr B V Selvanayagam	√	√	√	√	×	Resigned w. e. f. 03.12.2020					4/5	
Mr G T Fazleabas	√	√	√	√	√	√	√	√	√	√	√	11/11
Mr S V Rajiyah	×	√	√	×	√	Resigned w. e. f. 03.12.2020					3/5	
Mr K Liyanagamage	√	√	√	×	√	Resigned w. e. f. 03.12.2020					4/5	
Mr Palitha Gunathilake	√	√	√	√	×	Resigned w. e. f. 03.12.2020					4/5	

CORPORATE GOVERNANCE REPORT

Appointment of Directors / Re-election of Directors

The Board shall be governed by the provisions of the Articles of Association of the Company on the appointment of Directors. The Company's Articles of Association requires any Director appointed during the year to hold office until the next Annual General Meeting, at which he retires and seeks re-election by the shareholders. One third of Directors other than the Chairman, Executive Directors and the Directors appointed in terms of Article 80(A), retire by rotation at each Annual General Meeting and if eligible seek re-election by the shareholders.

Board Sub Committees

The Board of Directors has formed three Sub Committees in compliance with the Listing Rules of the Colombo Stock Exchange. Current composition of Board Sub Committees is set out in the Annual Report of the Board of Directors appearing on pages 15 to 20 As required by the Listing Rules, the Related Party Transactions Review Committee Report and the Report of the Audit Committee appears on pages 28 and 25 to 26 respectively, whilst the Remuneration Policy appears on page 27.

Meetings of Board Sub Committees

The Board Audit Committee and Related Party Transactions Review Committee meet quarterly with provisions to schedule additional meetings if required. The Remuneration Committee meets as and when necessary.

The attendance at Board Sub Committee Meetings held during the year are set-out on pages 25 and 28.

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities by reviewing the financial information provided to Shareholders. The Audit Committee also oversees the relationship between the Company and the Auditor and reviews the Company's financial reporting system.

Composition of the Committee

Mr W L D P V Jayawardene - Chairman
- Non-Independent Non-Executive Director

Mr S Neelakandan
- Independent Non-Executive Director

Mr A A Marikar
- Independent Non-Executive Director

The Report of the Audit Committee appears on pages 25 and 26.

Remuneration Committee

The Remuneration Committee is authorized to carry out periodic review to ensure that the recommendations are in line with market conditions.

Composition of the Committee

Mr A J B Warman - Chairman
- Non-Independent Non-Executive Director

Mr E A C Piyashantha
- Non-Independent Non-Executive Director

Mr S Neelakandan
- Independent Non-Executive Director

Mr A A Marikar
- Independent Non-Executive Director

Mr N L S Joseph
- Independent Non-Executive Director

Report of the Remuneration Committee appears on Page 27.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee ensures that the interests of the shareholders are taken into account when the Company enters into Related Party Transactions. The Related Party Transactions Review Committee has reviewed all related party transactions that require their review for the year ended 31st March 2021 in compliance with the relevant listing rules.

Composition of the Committee

Mr N L S Joseph
- Chairman
- Independent Non-Executive Director

Mr S Neelakandan

- Independent Non-Executive Director

Mr A A Marikar

- Independent Non-Executive Director

Report of the Related Party Transactions Review Committee appears on page 28.

Effectiveness of the Board

The Board members meet regularly and as the need arises to consider among other matters, the performance and financial statements of the Company.

Company Secretary

P W Corporate Secretarial (Pvt) Ltd acts as the Company Secretary. The Company Secretary maintains minutes of all Board, Audit Committee, Related Party Transactions Review Committee, Remuneration Committee, meetings and attends to Shareholder related matters. The Company Secretary assists in ensuring the Board procedures are followed.

The Company Secretary is also responsible for timely circulation of information and papers related to Board and Sub - Committee meetings and advice on matter relating to corporate governance. Board procedures, rules and regulations. All Directors have access to the advice and services of the Company Secretary.

Compliance with Laws and Regulations

All necessary steps have been taken by the Board and the Management to ensure compliance with all relevant laws and regulations. The services of Lawyers, Auditors and other Consultants are obtained whenever it is necessary, to provide assurance to the Board in this respect.

Going Concern

The Directors have reviewed the Company's budgets, capital expenditure requirements and future cash flows and are satisfied that the Company has sufficient resources to continue in operations for the foreseeable future. Therefore, the Going concern principle has been adopted in the preparation of the Financial Statements.

Financial Reporting

The Board aims to provide and present a balanced assessment of the Company's position and prospects in compliance with the Sri Lanka Accounting Standards (LKAS / SLFRS) and the relevant Statutes and has established formal and transparent processes for financial reporting and internal controls.

The Statement of Directors' Responsibilities for the Financial Reporting is given on page 29 of this Report.

Corporate Disclosures and Shareholder Relationship

The Company is committed to providing timely and accurate disclosure of all price sensitive information, financial results and significant developments to all shareholders, the Colombo Stock Exchange and where necessary, to the general public.

Shareholders are provided with Annual Report and, the Company disseminates to the market, Interim Financial Statements in accordance with the Listing Rules of the Colombo Stock Exchange.

The Annual General Meeting provides a platform for shareholders to discuss and seek clarifications on the activities of the Company and its subsidiaries.

Compliance

The Company has complied with Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on 'Corporate Governance' during the year under review except for the period from 3rd December 2020 to 1st February 2021.

By order of the Board of
On'ally Holdings PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries
7 September 2021
Colombo

AUDIT COMMITTEE REPORT

Composition of the Committee

Mr W L D P V Jayawardene - Chairman
- Non-Independent Non-Executive Director

Mr S Neelakandan
- Independent Non-Executive Director
(appointed w.e.f. 01.02.2021)

Mr A A Marikar
- Independent Non-Executive Director
(appointed w.e.f. 01.02.2021)

Mr B V Selvanayagam
- Independent Non-Executive Director
(ceased w.e.f. 03.12.2020)

Mr K Liyanagamage
- Independent Non-Executive Director
(ceased w.e.f. 03.12.2020)

Mr W L D P V Jayawardene serves as the Chairman of the Audit Committee. He is a Member of the Institute of Chartered Accountants of Sri Lanka and is also a Member of the Chartered Institute of Management Accountants, London.

Meetings

The Committee met five times during the period under review.

Attendance at Meetings held during the year :

Name of Director	03.06.2020	23.06.2020	31.07.2020	28.10.2020	02.02.2021	
Mr W L D P V Jayawardene (Chairman)	√	√	√	√	√	5/5
Mr S Neelakandan (Member)	Appointed w.e. f. 01.02.2021				√	1/1
Mr A A Marikar (Member)	Appointed w.e. f. 01.02.2021				√	1/1
Mr B V Selvanayagam	√	√	√	√	Ceased w. e. f. 03.12.2020	4/5
Mr K Liyanagamage	√	√	√	√	Ceased w. e. f. 03.12.2020	4/5

The Company Secretary acts as the Secretary to the Audit Committee.

Mrs T Sarveshwaran, Executive Director-Operations attend meetings by invitation.

Messrs PricewaterhouseCoopers, Independent Auditors are requested to be present as and when required.

Role of the Committee

The Committee reviews the unaudited quarterly interim financial statements for the four quarters and recommends these financial statements to the Board of Directors for

approval and subsequent submission to the Colombo Stock Exchange for publication. The Committee also reviews the year-end financial statements before certification by External Auditors together with supporting information including significant assumptions and judgments made in the preparation of the financial statements. The Committee peruses the Management Letter issued by the External Auditors and takes measures to implement their recommendations.

Financial Reporting

The Committee oversees the Company's financial reporting on behalf of the Board of Directors as part of its responsibility and reviews the Annual Financial Statements and recommends them to the Board prior to their issuance. The Management ensures compliance with relevant accounting standards when preparing the Financial Statements.

Compliance with Laws & Regulations

The Committee has reviewed the reports submitted by the management on the state of compliance with applicable laws and regulations and statutory payments made by the Company and ensured that all requirements are adhered to.

Independent Auditors

The Committee held meetings with the Independent Auditors to discuss the nature, scope and the approach of the annual audit. The Committee also held discussions on matters raised on management letters issued by the Auditors. Necessary action has been taken by the Company in response to the issues raised by the Auditors. The Committee has also reviewed the other services provided by the Auditors to ensure that the independence of the Auditors has not been impaired.

Risk Management

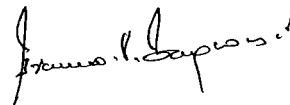
The Committee has held discussions with the Management to discuss the policies and practices related to risk management. The Committee has also reviewed different types of risks attached to the Company's business and its operations during the year under consideration with a view to taking appropriate corrective action.

Re-appointment of Auditors

The Committee has recommended to the Board of Directors that Messrs PricewaterhouseCoopers be re-appointed the Auditors for the year ending 31st March 2022 subject to the approval of the shareholders at the Annual General Meeting. The fees payable to the Auditors were also reviewed and recommended by the Audit Committee and submitted to the Board of Directors for approval.

Conclusion

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position and the results disclosed in the Audited Accounts are free from, any material mis-statements.



W L D P V Jayawardene
Chairman - Audit Committee
7 September 2021

REMUNERATION COMMITTEE REPORT

Composition of the Committee

Mr A J B Warman – Chairman
– Non-Independent Non-Executive Director
(appointed w.e.f. 16.03.2021)

Mr E A C Piyashantha
– Non-Independent Non-Executive Director
(appointed w.e.f. 01.02.2021)

Mr S Neelakandan
– Independent Non-Executive Director
(appointed w.e.f. 01.02.2021)

Mr A A Marikar
– Independent Non-Executive Director
(appointed w.e.f. 01.02.2021)

Mr N L S Joseph
– Independent Non-Executive Director
(appointed w.e.f. 18.05.2021)

Mr H R S C Gunathilake
– Non-Independent Non-Executive Director
(ceased w.e.f. 28.10.2020)

Mr B V Selvanayagam
– Independent Non-Executive Director
(ceased w.e.f. 03.12.2020)

Mr S V Rajiyah
– Non-Independent Non-Executive Director
(ceased w.e.f. 03.12.2020)

Mr Kapila Liyanagamage
– Independent Non-Executive Director
(ceased w.e.f. 03.12.2020)

Mr G T Fazleabas
– Independent Non-Executive Director
(ceased w.e.f. 18.04.2021)

Mr M H Jamaldeen
– Non-Independent Non-Executive Director
(appointed w.e.f. 01.02.2021 and ceased w.e.f.
22.02.2021)

Mr A J B Warman serves as the Chairman of the Remuneration Committee. He is a qualified Chartered Surveyor and is a Member of the Royal Institute of Chartered Surveyors.

Meetings

The Committee did not meet during the period under review

The Company Secretary functions as the Secretary to the Remuneration Committee.

Mrs T Sarveshwaran, Executive Director-Operations attend meetings by invitation.

Remuneration Policy

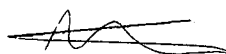
The Company's remuneration policy is an indiscriminate policy irrespective of race, religion or gender which has been developed to attract, motivate and retain good qualitative staff to achieve the goals and objectives of the Company.

Functions

The Remuneration Committee is authorized to carry out periodic review to ensure that the recommendations are in line with market conditions. The aggregated remuneration of the Board of Directors is disclosed in the notes to the financial statements and in this Report on page 66.

Directors' Remuneration

The total amount paid as Directors' remuneration during the year under review is set out in Note 28 to the Financial Statements.



A J B Warman
Chairman – Remuneration Committee
7 September 2021

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) of the Company was formed by the Board in May 2016 in accordance with Section 9.2 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with those Rules facilitating independent review, approval and oversight of Related Party Transactions of the Company.

Composition of the Committee

Mr N L S Joseph - Chairman
- Independent Non-Executive Director
(appointed w.e.f. 18.05.2021)

Mr S Neelakandan
- Independent Non-Executive Director
(appointed w.e.f. 01.02.2021)

Mr A A Marikar
- Independent Non-Executive Director
(appointed w.e.f. 01.02.2021)

Attendance at Meetings held during the year :

Name of Director	04.09.2020	25.11.2020	16.03.2021	
Mr S Neelakandan (Member)	Appointed w.e. f. 01.02.2021		√	1/1
Mr A A Marikar (Member)	Appointed w.e. f. 01.02.2021		√	1/1
Mr G T Fazleabas	√	√	√	3/3
Mr B V Selvanayagam	Ex	√	Ceased w. e. f. 03.12.2020	1/2
Mr K Liyanagamage	√	√	Ceased w. e. f. 03.12.2020	2/2

The Company Secretary functions as the Secretary to the Related Party Transactions Review Committee.

Mrs T Sarveshwaran, Executive Director-Operations attend meetings by invitation.

Role of the Committee

The Committee reviews and pre-approves all proposed non-recurrent Related Party Transactions of the Company. Further, the Committee reviews all recurrent Related Party Transactions on a quarterly basis and annually to ensure compliance with the limits and reporting guidelines specified by the Listing Rules.

Mr G T Fazleabas
- Independent Non-Executive Director
(ceased w.e.f. 18.04.2021)

Mr K Liyanagamage
- Independent Non-Executive Director
(ceased w.e.f. 03.12.2020)

Mr B V Selvanayagam
- Independent Non-Executive Director
(ceased w.e.f. 03.12.2020)

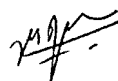
Mr N L S Joseph is the Chairman of the Related Party Transactions Review Committee. He is the proprietor of NJ Consultants and hold Directorships in so many companies. He holds over 33 years of multi-faceted experience in engineering and engineering consultancy in Sri Lanka and internationally.

Meetings

The Committee met three times during the period under review.

Declaration

In terms of Rule 9.3.2(d) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors confirming that the Company has complied with the requirements of the said Listing Rules on Related Party Transactions for the financial year 2020/21 is given on page 18 of the Annual Report.



N L S Joseph
Chairman - Related Party Transactions Review Committee
7 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The responsibilities of the Directors, in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors.

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on page 33 of the Annual Report

As per the Sections 150(1), 151 and 152(1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results of its operations for the financial year, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that they are in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of section 166(1) read together with sections 168(1)(b) and (c) and section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting.

The Directors consider that in preparing these Financial Statements set out on pages 34 to 37, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are also confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

Compliance Report

The Directors are of the view, that they have discharged their responsibilities as set out in this statement.

The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company as at the reporting date have been paid or where relevant provided for.

By Order of the Board of
ON'ALLY HOLDINGS PLC



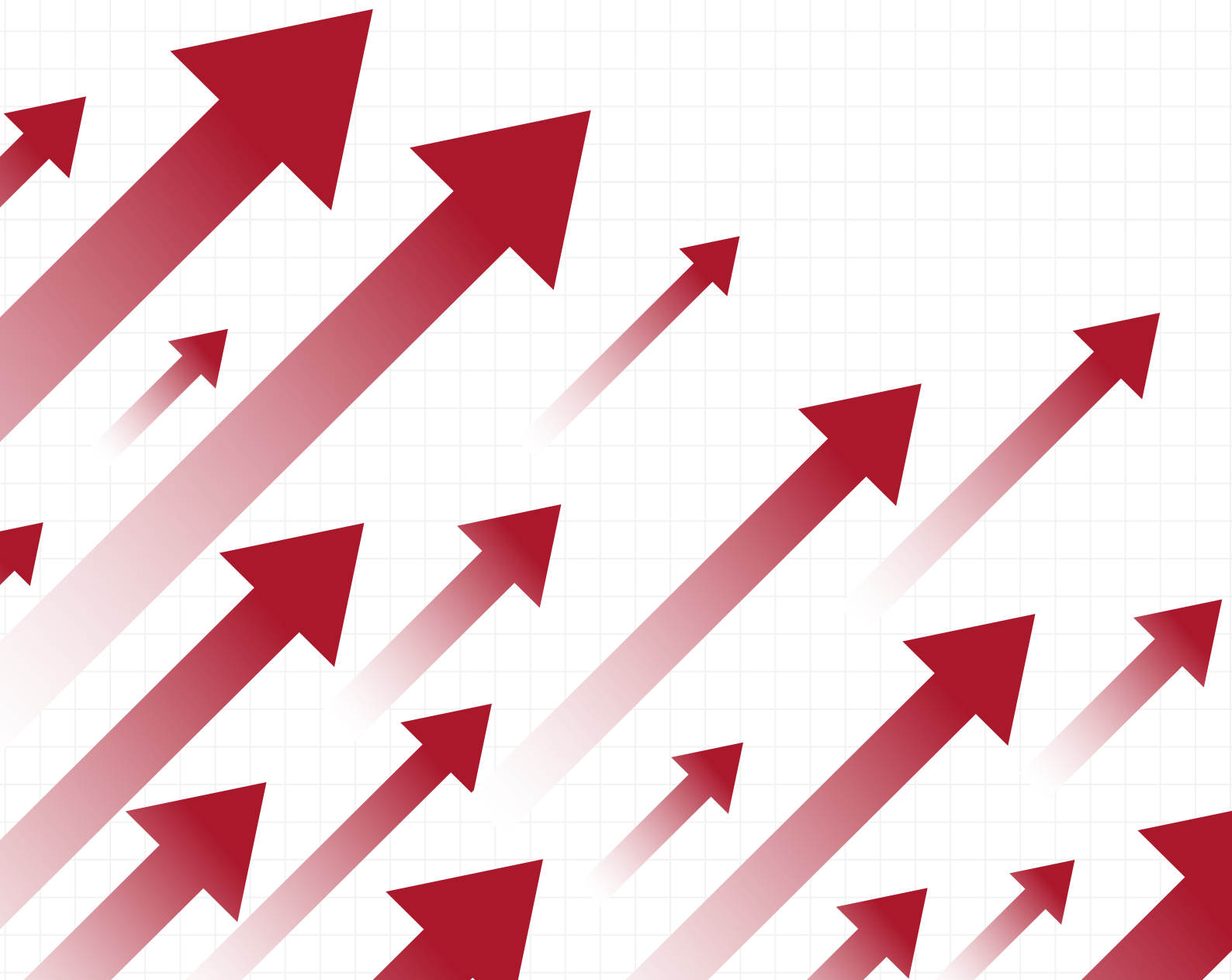
P W Corporate Secretarial (Pvt) Ltd

7 September 2021

Colombo

FINANCIAL STATEMENTS

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REPORT OF THE AUDITORS



Independent auditor's report

To the Shareholders of On'ally Holdings PLC

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of On'ally Holdings PLC ("the Company") as at 31 March 2021, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

What we have audited

The financial statements of the Company, which comprise:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive income for the year then ended;

Key audit matters

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

- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

Key audit matter

Valuation of investment property The Company measures its investment property at fair value.

As discussed in Note 15 to the financial statements, management engaged the services of an independent professional valuer to estimate the fair value of its investment property at the reporting date.

Accordingly, the investment property of the Company had been valued at Rs 2,260,000,000 as at 31 March 2021, and the resulting fair value gain of Rs 19,793,375 recognised in the statement of comprehensive income for the year then ended.

How our audit addressed the Key audit matter

The procedures we performed in relation to fair valuation of investment property included the following:

- Assessed the competence and independence of the external valuer;
- Checked the completeness and accuracy of the inputs provided to the valuer;
- Discussed the valuation with the external valuer, focussing on the COVID 19 impact to the local commercial property market;

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T U Jayasinghe FCA, H P V Lakdeva FCA, M D B Boyagoda FCA, Ms W D A S U Perera ACA

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The fair valuation of investment property was dependent on certain key assumptions such as capitalisation rate, fair market rent, estimated maintenance cost and vacancy rate.

The outbreak of the Coronavirus (COVID-19) too has impacted the real estate sector and had resulted in valuation uncertainty.

We have focused on this area due to the key assumptions considered involving judgement, valuation uncertainty due to COVID 19 and the magnitude of the value of investment property, and the quantum of revaluation gain reported in the financial statements.

- Inspected the final valuation report of the valuer for appropriateness of the valuation methodologies used and the key assumptions used by applying our knowledge on the real estate market. For this purpose, we used independent and publicly available information on real estates of similar nature and locations; and
- Checked the reasonableness of the input data used in the valuation by referring to the ranges of rent at which nearby lands and buildings are made available and also considered other factors such as access to main roads, physical state of the land and building, architectural design of the building etc.

Based on our work, we found that the valuation methodology and key assumptions used in the valuation of the Company's investment property to be appropriate.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the 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.

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

REPORT OF THE AUDITORS



assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act, No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

Riceva Gen Quar Coarera

CHARTERED ACCOUNTANTS

CA Sri Lanka membership number - 1581 COLOMBO

15 June 2021

STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees)

	Notes	Year ended 31 March	
		2021	2020
Revenue	5	181,702,922	201,223,526
Other operating income	6	12,518,396	13,531,827
Operating expenses	7	(61,186,266)	(71,091,040)
Operating profit		133,035,052	143,664,313
Finance income	9	49,093,946	57,858,952
Fair value gain on investment property	15	19,793,375	40,370,618
Profit before tax		201,922,373	241,893,883
Income tax credit / (expense)	10	39,796,074	(67,633,334)
Profit for the year		241,718,447	174,260,549
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	23	(2,236,546)	(356,509)
Gain on revaluation of building	21	11,600,000	2,560,000
Tax on other comprehensive income	10	(2,247,229)	(616,977)
Total other comprehensive income for the year - net of tax		7,116,225	1,586,514
Total comprehensive income for the year		248,834,672	175,847,063
Basic earnings per share	11	2.60	1.87
Basic earnings per share - (exclusive of fair value gain)	11	1.51	1.59

The Notes on pages 38 to 66 form an integral part of these financial statements.


Independent auditor's report on page 31 to 33.

STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees)

	Notes	31 March	
		2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	13	51,480,300	41,127,251
Intangible assets	14	-	28,144
Investment property	15	2,260,000,000	2,240,000,000
		2,311,480,300	2,281,155,395
Current assets			
Trade and other receivables	17	26,514,919	32,654,745
Short term investments	18	55,265,619	285,539,018
Cash and cash equivalents	19	653,738,842	322,104,717
		735,519,380	640,298,480
Total assets		3,046,999,680	2,921,453,875
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	20	279,493,203	279,493,203
Revaluation reserve	21	42,851,377	34,905,877
Retained earnings		2,042,713,151	1,841,815,306
		2,365,057,731	2,156,214,386
Non-current liabilities			
Trade and other payables	22	28,578,618	63,687,771
Retirement benefit obligations	23	13,486,325	11,011,281
Deferred tax liability	24	542,773,883	625,321,436
		584,838,826	700,020,488
Current liabilities			
Trade and other payables	22	81,018,714	45,544,590
Income tax payables		16,084,409	19,674,411
		97,103,123	65,219,001
Total liabilities		681,941,949	765,239,489
Total equity and liabilities		3,046,999,680	2,921,453,875

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

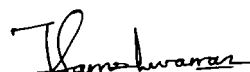


Accountant

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were authorized for issue by Board of Directors on 15 June 2021.



Managing Director



Executive Director - Operations

The Notes on pages 38 to 66 form an integral part of these financial statements.

Independent auditor's report on page 31 to 33.

STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lanka Rupees)

	Notes	Stated capital	Revaluation reserve	Retained earnings	Total
Balance at 1 April 2019		175,007,700	33,904,232	1,728,351,925	1,937,263,857
Profit for the year		-	-	174,260,549	174,260,549
Other comprehensive income for the year		-	1,843,200	(256,686)	1,586,514
Total comprehensive income for the year		-	1,843,200	174,003,863	175,847,063
Depreciation transfer	21	-	(841,555)	841,555	-
Proceeds from right Issue		104,485,503	-	-	104,485,503
Dividends paid					
- 2018	12	-	-	(39,991,327)	(39,991,327)
- 2019	12	-	-	(21,390,710)	(21,390,710)
Total transactions with owners, recognised directly in equity		104,485,503	(841,555)	(60,540,482)	43,103,466
Balance at 31 March 2020		279,493,203	34,905,877	1,841,815,306	2,156,214,386
Balance at 1 April 2020		279,493,203	34,905,877	1,841,815,306	2,156,214,386
Profit for the year		-	-	241,718,447	241,718,447
Other comprehensive income for the year		-	8,816,000	(1,699,775)	7,116,225
Total comprehensive income for the year		-	8,816,000	240,018,672	248,834,672
Depreciation transfer	21	-	(870,500)	870,500	-
Proceeds from right Issue		-	-	-	-
Dividends paid					
- 2020	12	-	-	(39,991,327)	(39,991,327)
Total transactions with owners, recognised directly in equity		-	(870,500)	(39,120,827)	(39,991,327)
Balance at 31 March 2021		279,493,203	42,851,377	2,042,713,151	2,365,057,731

The Notes on pages 38 to 66 form an integral part of these financial statements.

Independent auditor's report on page 31 to 33.

STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees)

	Notes	Year ended 31 March	
		2021	2020
Cash flows from operating activities			
Cash generated from operations	27	143,314,442	137,779,054
Interest received		54,051,746	61,960,496
Tax paid		(48,588,710)	(57,364,219)
Retirement benefit obligations paid	23	(1,168,750)	(1,228,300)
Net cash generated from operating activities		147,608,728	141,147,032
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(1,092,250)	(156,513)
Upgrading expenses of investment property	15	(206,625)	(21,629,382)
Investment in short term investments		(48,132,789)	(273,448,388)
Maturity in short term investments		273,448,388	375,238,246
Net cash generated from investing activities		224,016,724	80,003,963
Cash flows from financing activities			
Dividends paid	12	(39,991,327)	(61,382,037)
Proceeds from right issue		-	104,485,503
Net cash (used in) / generated from financing activities		(39,991,327)	43,103,466
Increase in cash and cash equivalents		331,634,125	264,254,460
Movement in cash and cash equivalents			
At beginning of the year		322,104,717	57,850,257
Increase in cash and cash equivalents		331,634,125	264,254,460
At end of the year	19	653,738,842	322,104,717

The Notes on pages 38 to 66 form an integral part of these financial statements.

Independent auditor's report on page 31 to 33.

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

1 General information

The Company is a public limited liability Company which was incorporated under the Companies Ordinance No.51 of 1938 as a public limited Company on the 25th June 1982, which obtained the certificate to commence business on 25 th August 1982. The Company listed on the Colombo Stock Exchange on 25th April 1991 and re - registered as per the Companies Act, No7 of 2007 on 13th December 2007 under the new number PQ 107. The registered office of the Company is situated at Unit 603, 4th Floor, No. 02, Galle Road, Colombo 4.

The principal activity of the Company is real estate investment and property development.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of the Company have 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 investment property, building under property plant and equipment, financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in note 04 to the financial statements.

The following amendments to the Sri Lanka Accounting Standards that are relevant for the preparation of the Company's financial statements have been adopted by the Company (a) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2019 (ie

years ending 31 December 2019) and (b) forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2020.

(a) New standards and amendments – applicable on or after 1 January 2020

The Company has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2021:

- i. Definition of Material – Amendments to LKAS 1 and LKAS 8
- ii. Revised Conceptual Framework for Financial Reporting
- iii. Covid-19-related Rent Concessions – Amendments to SLFRS 16

(i) Definition of Material – Amendments to LKAS 1 and LKAS 8

The amendments to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which use a consistent definition of materiality throughout Sri Lanka Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in LKAS 1 about immaterial information.

In particular, the amendments clarify:

- a) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- b) the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need

This amendment is effective for the annual periods beginning on or after 1 January 2020.

(ii) Revised Conceptual Framework for Financial Reporting

The revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

- a) increasing the prominence of stewardship in the objective of financial reporting
- b) reinstating prudence as a component of neutrality
- c) defining a reporting entity, which may be a legal entity, or a portion of an entity
- d) revising the definitions of an asset and a liability
- e) removing the probability threshold for recognition and adding guidance on derecognition
- f) adding guidance on different measurement basis, and
- g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

This amendment is effective for the annual periods beginning on or after 1 January 2020.

(iii) Covid-19-related Rent Concessions – Amendments to SLFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. According to the amendment to SLFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

This amendment is effective for the annual periods beginning on or after 1 June 2020.

The adoption of the amendments to standards described above had no significant impact to the company.

(b) New standards and amendments but not adopted in 2020

The following standards and interpretations had been issued by IASB (not yet adopted by CA Sri Lanka except for LKAS 37(amendment), LKAS 16 (Amendment), and SLFRS 17) but not mandatory for annual reporting periods ending 31 December 2020.

(i) Classification of Liabilities as Current or Non-current – Amendments to LKAS 1

The narrow-scope amendments to LKAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what LKAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

(ii) Property, Plant and Equipment: Proceeds before intended use – Amendments to LKAS 1

The amendment to LKAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

(iii) Onerous Contracts – Cost of Fulfilling a Contract Amendments to LKAS 37

The amendment to LKAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

(iv) Annual Improvements to SLFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- SLFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- SLFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

2.2 Foreign currencies

(a) Functional and presentation currency

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

2.3 Property, plant and equipment

2.3.1 Recognition and measurement

Property, plant and equipment are recognised if it is probable that future economic benefits associated

with the assets will flow to the Company and the cost of the asset can be measured reliably. All property, plant and equipment are initially recorded at cost. The cost includes expenditure that is directly attributable to the acquisition of assets. Buildings are subsequently shown at market value, based on the valuation done by an external independent valuer, less subsequent depreciation for such property. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. The self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income, and depreciation based on the asset's original cost is transferred from 'other reserves' to 'retained earnings'.

2.3.2 Subsequent costs

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 derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

2.3.3 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit. When

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.3.4 Depreciation

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is discontinued.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	8 - 25 years
Machinery	4 - 12 years
Office equipment and tools	4 years
Furniture and fittings	4 years

These assets' residual values and useful lives are reviewed and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Owner occupied property is classified under buildings are shown at fair value based on external independent valuer less subsequent depreciation for buildings. Valuation technique, estimates and assumption are similar to fair valuation of investment property as disclosed in Note 15 to the financial statements.

2.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset, determined annually by the professional independent valuer. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the Statement of comprehensive income. Investment properties are derecognized when they have been disposed. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the Statement of Comprehensive income. Rental income from investment property is accounted for as described in note 2.18 (a).

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences between the carrying amount and the fair value of the item arising at the date of transfer is recognised directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the Statement of comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. Investment property that is being redeveloped for continued future use as investment property continues to be measured at fair value and is not reclassified as property, plant and equipment during the redevelopment.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life or assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash generating units).

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

2.6 Financial assets

2.6.1 Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (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.

2.6.2 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.

2.6.3 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.

2.6.4 Impairment

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.

Rentals receivable from tenants are not exposed to a credit risk as the management monitors and limits exposure to "deposits from tenants".

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally 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.

2.8 Short term investments

Short term investments mainly consist of fixed deposits invested in DFCC bank and Bank of Ceylon with a tenure of 3,6 & 12 months maturity.

2.9 Trade receivables

Trade receivables mainly consist of rental amounts due from customers 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.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held with banks for the purpose of meeting short-term cash commitments. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.11 Share capital

Ordinary shares are classified as equity. Dividend distributed to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's directors as empowered by the Articles of Association of the Company.

2.12 Deposits from tenants

Company obtains deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition amounting to rental payments for a period of 6 months.

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Such deposits are treated as financial liabilities in accordance with SLFRS 9 - 'Financial Instruments' and they are initially recognised at fair value. The deposits subsequently measured at amortised cost. Deposits from tenants are derecognised when such deposits are refunded at termination of leases.

2.13 Trade payables and provisions

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using effective interest method.

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 embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

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 finance cost.

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.

2.14 Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions here appropriate on the basis of amounts expected to be paid to the tax authorities.

2.15 Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered through sale.

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 taxes 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.

2.16 Employee benefits

2.16.1 Defined contribution plans

Defined contribution plan is a post employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as an expense in the statement of comprehensive income as and when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(i) Employees' Provident Fund contributions

All employees of the Company are members of the Employees' Provident Fund to which the Company contributes 15% of the salary of each employee.

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

(ii) Employees' Trust Fund contributions

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

2.16.2 Defined benefit plans - Gratuity

Defined benefit plans define 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 has adopted a defined benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation as at the date of the Statement of Financial Position. The defined benefit obligation is calculated annually by the Company using the projected unit credit method prescribed in LKAS 19 - 'Employee Benefits'. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using 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 to the terms of the related pension liability.

The current service cost of the defined benefit plan, recognised in the Statement of Comprehensive Income in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit resulting from employee service in the current year, benefits changes, curtailments and settlements.

Past service costs are recognised immediately in the Statement of Comprehensive Income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligations. This cost is included in employee benefit expense in the Statement of income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

2.17 Segment information

Management has determined renting of investment property as one whole operating segment, and accordingly these financial statements do not provide information by segment.

2.18 Revenue recognition

Revenue includes rental income, service charges and other miscellaneous income.

(a) Rental income

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Amount disclosed as revenue are net of discounts, taxes and levies. Revenue from rental income is recognised over period of time.

Revenue is measured at the transaction price agreed under the contracts. Initial direct costs incurred in obtaining an operating lease are recognised as expense for the period. The respective leased assets are included in the balance sheet in accordance with their nature. At the commencement date, the Company assesses whether the lessee is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

Lease rentals are fixed, payable on monthly basis and rental payment is due beginning of each months with a one month credit period. No significant financing component has been included therein.

(b) Service Charges

Revenue from service charges is recognised in the accounting period in which control of the services are passed to the tenants, which is when the service is rendered. Revenue from service charges is recognised over period of time as tenant receives and used benefits simultaneously.

(c) Hire of Premises

Hire of premises income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Amount disclosed as revenue are net of discounts, taxes

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

and levies. Revenue from hire of premises income is recognised over period of time. Hire premises rentals are fixed, payable on monthly basis and rental payment is due beginning of each months with a one month credit period. No significant financing component has been included therein.

(d) Other miscellaneous income

Other miscellaneous income is recognised on accrual basis when the services are provided which is considered to be at point of time.

2.19 Interest income

Interest income is recognised using the effective interest method.

2.20 Dividend

Dividends are recognised when they become legally payable. 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 directors as empowered by the Articles of Association of the Company. If the dividends are declared after the reporting period but before the financial statements are authorised for issue, the dividends are not recognised as a liability at the end of the reporting period. The details of dividends are detailed in Note 12.

2.21 Comparatives

Where necessary, comparative figures have been adjusted to conform with change in presentation in the current year.

2.22 Intangible assets

Intangible assets consisted of off the shelf accounting and payroll processing software acquired by the Company. The cost associated with accounting software is capitalised when it is incurred. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

3 Financial Risk Management

3.1 Financial risks factors

The Company's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The

risk management function within the Company is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk arising from interest rate risk, credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board of Directors involve in the risk management and provides the principles for overall risk management covering specific areas, such as interest rate risk, credit risk and investing excess liquidity.

3.1.1 Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise only from the open positions in interest-bearing assets, to the extent that these are exposed to general and specific market movements.

Management sets limits on the exposure to interest rate risk that may be accepted, which are monitored on a monthly basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to interest risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated.

(i) Foreign exchange risk

The Company has no exposure to foreign exchange risk as it does not hold any foreign currency denominated assets or liabilities.

(ii) Price risk

The Company has no exposure to price risk as it does not hold any equity securities or commodities.

(iii) Cash flow and fair value interest rate risk

As the Company's interest-bearing assets generate significant amounts of interest, changes in market interest rates have significant direct effect on the

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Company's income. The Company's interest rate risk principally arises from the fixed interest bearing investments in fixed deposits.

The Company does not have any interest bearing borrowings.

3.1.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has significant concentrations of credit risk in relation to the receivables from tenants. Credit risk arises from cash and cash equivalents and fixed deposits held at banks and trade receivables, including rental receivables. Credit risk arising from the rent receivables is subject to monthly review and also to minimise the exposure to risk of default, a refundable deposit is taken at the award of the

contract. The Company has policies in place to ensure that rental contracts are entered into only with tenants with an appropriate credit history, and the Company monitors the credit quality of receivables on an ongoing basis. Cash balances are held and investments in fixed deposits are agreed only with financial institutions with a credit rating's of "BB+" or better. The credit quality is further analysed in Note 16.

3.1.3 Liquidity risks

Prudent liquidity risk management implies maintaining sufficient cash to meet the financial commitments. The table below analyses the company's 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.

The maturity analysis of financial liabilities at 31 March 2021 and 2020 are as follows:

At 31 March 2021	Less than 1 month	From 1 month to 3 months	From 3 to 12 months	1 to 2 year	2 to 5 years
Rental deposits	-	-	71,909,957	28,578,618	-
Trade and other payables [excluding statutory liabilities]	3,882,756	36,523	5,189,480	-	-
	3,882,756	36,523	77,099,437	28,578,618	-

At 31 March 2020	Less than 1 month	From 1 month to 3 months	From 3 to 12 months	1 to 2 year	2 to 5 years
Rental deposits	-	-	36,976,118	63,687,771	-
Trade and other payables [excluding statutory liabilities]	4,537,211	-	4,031,264	-	-
	4,537,211	-	41,007,382	63,687,771	-

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

3.1.4 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.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This

ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The Company was operated as a non geared company in the financial year 2020 and 2021.

	31 March	
	2021	2020
Total borrowings	-	-
Less - investments in short term investments [Note 18]	55,265,619	285,539,018
Less - cash and cash equivalents [Note 19]	653,738,842	322,104,717
Net debt	-	-
Total equity	2,365,057,731	2,156,214,386
Total capital	2,365,057,731	2,156,214,386
Gearing ratio	-	-

3.2 Fair value estimation

Financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- "Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)."

4 Critical Accounting Estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

4.1 Fair value of Investment property and owner occupied buildings

The fair value of investment properties and owner occupied buildings is determined by using valuation techniques. Further details of the judgements and assumptions made are disclosed in Note 15.

The valuation was determined principally using discounted cash flow projections based on estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The future rental rates were estimated depending on the actual location, type and quality of the properties, and taking into account market data and projections at the valuation date. Investment properties do not include the investment properties under construction or development and no such estimations were made.

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

4.2 Income taxes

The Company is subject to income taxes in Sri Lanka. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4.3 Defined benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on the projected unit credit method using a number of assumptions. The assumption used in determining the net cost (income) for pensions include the discount rate. Any change in this assumption will impact the carrying amount of pension 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 pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate 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 liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 23.

4.4 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 plans 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 property, plant and equipment which increases the recorded depreciation charge and decreases the carrying value of property, plant and equipment. Estimated useful lives of PPE is disclosed in the policy note 2.3.4.

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

5. Revenue

Revenue solely consists of rental income and is shown net of taxes.

	Year ended 31 March	
	2021	2020
Rental on build up premises	168,357,752	186,559,925
Hire of premises	3,960,000	3,989,906
Service charges	9,385,170	10,673,695
	181,702,922	201,223,526

6. Other operating income

	Year ended 31 March	
	2021	2020
Rental on hoardings and sign boards	10,129,500	10,960,625
Other miscellaneous income	1,403,179	1,563,543
Miscellaneous fees	325,717	417,659
Maintenance services	660,000	590,000
	12,518,396	13,531,827

Other miscellaneous income mainly comprised of vehicle parking fees, lift services charges and other sundry incomes.

7. Operating expenses by nature

The following items have been charged in arriving at operating profit:

	Year ended 31 March	
	2021	2020
Directors' emoluments [Note 28 (iii)]	5,869,400	5,583,500
Depreciation on property, plant and equipment [Note 13]	2,339,200	2,260,808
Amortisation on intangible assets [Note 14]	28,144	48,248
Auditors' remuneration		-
- Audit fee	500,000	450,000
- Certification fee	90,000	90,000
Electricity charges	6,377,679	7,793,484
Janitorial services	6,682,576	8,799,862
Management fees [Note 28 (i)]	1,500,000	1,510,200
Repairs and maintenance expenditure		
- Investment property	3,800,057	6,864,674
- Building and office equipment	544,728	685,704
Security services	5,227,305	5,485,472
Staff costs [Note 8]	17,835,593	18,564,176
Other expenses	10,391,583	12,954,913
Total	61,186,266	71,091,040

Other expenses mainly comprised of Insurance, rates and taxes and professional and consultancy charges.

NOTES TO THE FINANCIAL STATEMENTS

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8. Employee salaries and benefit expenses

	Year ended 31 March	
	2021	2020
Salaries and wages	12,679,520	13,630,413
Staff bonus	1,725,325	1,533,350
Defined contribution plan	2,023,501	1,966,390
Defined benefit obligation [Note 23]	1,407,247	1,434,023
	17,835,593	18,564,176
Average number of persons employed during the year:	15	19

9 Finance income

	Year ended 31 March	
	2021	2020
Interest income	49,093,946	57,858,952

Interest income consists of interest on investments made in short term fixed deposits and the money market investment made in the course of the business of the Company out of:

- rent deposits held by the Company which are payable on the termination of tenancy;
- balance profits after distribution of dividends invested for the future maintenance and development of the assets of the Company; and
- funds collected from the right issue

10 Income tax expense

As per the bill issued on 18.03.2021 to amend the Inland revenue Act no 24 of 2017, Taxable Income of On'ally Holding PLC is liable to pay income tax at the rate of 24% from 01.04.2020.

Accordingly the deferred tax balances have been measured as at 31.03.2021 using the effective enacted rate of 24% as per the amended bill issued on 18.03.2021.

The charge for income tax recognised in Statement of Comprehensive Income consists of:

	Year ended 31 March	
	2021	2020
Current tax		
Current tax on profits for the year	44,998,707	53,865,546
Deferred tax recognised in the statement of - comprehensive income [Note 24]	(84,794,782)	13,767,788
Taxes included in income for the year	(39,796,074)	67,633,334
Deferred tax recognised in other comprehensive income [Note 24]	2,247,229	616,977
Total tax charge	(37,548,846)	68,250,311

Tax is calculated using tax rates enacted for the year of assessment. The profits are taxed at a principle rates of 24%. (2020- 28% from 01.04.2019 to 31.12.2019 and 24% thereafter).

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

10 Income tax (credit) / expense

Reconciliation between current tax expenses and the accounting profit:

	Year ended 31 March	
	2021	2020
Profit before tax	201,922,373	241,893,883
Tax calculated		
- on profit and income at a tax rate of 24 % (01.04.2019-31.12.2019 at a tax rate of 28 % & from 01.01.2020 - 31.03.2020 at a tax rate of 24%)	36,678,822	37,607,026
		10,744,865
- on interest income at a tax rate of 24 % (01.04.2019-31.12.2019 at a tax rate of 28 % & from 01.01.2020 - 31.03.2020 at a tax rate of 24%)	11,782,547	13,190,689
		3,768,768
	48,461,369	65,311,348
Expenses not deductible for tax purposes	81,959	262,975
Deferred tax not recognised in previous years	455,460	1,337,540
Impact on deferred tax due to the change in tax rates	(89,331,634)	721,471
Total tax (credit) /charge	(40,332,846)	67,633,334

11 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders of the company by the weighted average number of shares in issue during the year.

	Year ended 31 March	
	2021	2020
a) Basic earnings per share		
Net profit attributable to shareholders	241,718,447	174,172,410
Weighted average number of shares in issue	93,003,087	93,003,087
Earnings per share (Rs)	2.60	1.87
Earnings per share (Rs - exclusive of fair value gain)	1.51	1.59

NOTES TO THE FINANCIAL STATEMENTS

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12. Dividends

Calculation of dividend per share	Company Year ended 31 March	
	2021	2020
Interim dividend	-	21,390,710
Final dividend [Refer "a" below]	39,991,327	39,991,327
	39,991,327	61,382,037
Number of ordinary shares	93,003,087	93,003,087

Dividend per share	Company Year ended 31 March	
	2021	2020
	0.43	0.66

- a) During the year the Directors paid a final dividend of Rs 0.43 per share amounting to Rs 39,991,327 in respect of 2020 (the final dividend paid during the year ended 31.03.2019 amounting to Rs 39,991,327 at Rs 0.43 per share was in respect of 2019).

If the building was stated on the historical cost basis, the amounts would be as follows:

	Year ended 31 March	
	2021	2020
Cost	12,544,615	12,544,615
Accumulated depreciation	(9,848,640)	(9,348,101)
	2,695,975	3,196,514

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

13 Property, plant and equipment

	Building	Machinery	Office equipment and tools	Furniture and fittings	Total
At 31 March 2020					
Opening net book amount	39,000,000	11,844	175,042	1,484,660	40,671,546
Revaluations	2,560,000	-	-	-	2,560,000
Additions	-	37,065	60,400	59,048	156,513
Depreciation charge	(1,560,000)	(9,754)	(101,664)	(589,390)	(2,260,808)
Closing net book amount	40,000,000	39,155	133,778	954,318	41,127,251
At 31 March 2020					
Cost / valuation	40,000,000	467,477	1,583,755	4,550,903	46,602,135
Accumulated depreciation	-	(428,322)	(1,449,977)	(3,596,585)	(5,474,884)
Closing net book amount	40,000,000	39,155	133,778	954,318	41,127,251
At 31 March 2021					
Opening net book amount	40,000,000	39,155	133,778	954,318	41,127,251
Revaluations	11,600,000	-	-	-	11,600,000
Additions	-	-	1,092,250	-	1,092,250
Depreciation charge	(1,600,000)	(12,302)	(140,143)	(586,756)	(2,339,201)
Closing net book amount	50,000,000	26,853	1,085,885	367,562	51,480,300
At 31 March 2021					
Cost / valuation	50,000,000	467,477	2,676,005	4,550,903	57,694,385
Accumulated depreciation	-	(440,624)	(1,590,120)	(4,183,341)	(6,214,085)
Closing net book amount	50,000,000	26,853	1,085,885	367,562	51,480,300

- Building consists of owner occupied part of investment properties. The value of land is included in investment properties.
- The cost of fully depreciated assets still in use, as at 31 March 2021 amounted to Rs.4,068,329 (2020 - Rs 3,754,229).
- During the year investment property were revalued (Refer Note15). The revaluation gain applicable to owner occupied property was recognised on the basis of area-occupied.

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

14 Intangible assets

	Software	Total
At 31 March 2020		
Opening net book amount	76,392	76,392
Amortisation	(48,248)	(48,248)
Closing net book amount	28,144	28,144
At 31 March 2020		
Cost	374,240	374,240
Accumulated amortisation	(346,096)	(346,096)
Closing net book amount	28,144	28,144
At 31 March 2021		
Opening net book amount	28,144	28,144
Amortisation	(28,144)	(28,144)
Closing net book amount	-	-
At 31 March 2021		
Cost	374,240	374,240
Accumulated amortisation	(374,240)	(374,240)
Closing net book amount	-	-

Intangible assets consists of software licenses for accounting software, payroll processing software and the office package. Such assets are amortised on a straight line basis over their useful life of 4 years. Intangible assets were fully depreciated during the year. There is no scrap sale value at the end of useful life of the asset.

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

15 Investment property

	31 March	
	2021	2020
At beginning of year	2,240,000,000	2,178,000,000
Upgrading expenses	206,625	21,629,382
Change in fair value during the year	19,793,375	40,370,618
At the year end	2,260,000,000	2,240,000,000

Valuation process of investment property and owner occupied premises

The company engages external, independent and qualified valuers to determine the fair value of the Company's investment properties and owner occupied office premises classified under property, plant and equipment at the end of every financial year.

As at 31 March 2021, the fair values of the investment properties and owner occupied premises have been determined by Mr A M Fathihu an independent chartered and incorporated valuer having recent experience in the location and category of the investment property being valued.

As at 31 March 2021, the investment property was revalued for Rs 2,260,000,000 (2020 - Rs 2,240,000,000) and the resulting gain was recognised in the Statement of Comprehensive Income.

As at 31 March 2021, the owner occupied premises (classified under "buildings" of property plant and equipment in Note 13) was revalued for Rs 50,000,000 (2020 - Rs 40,000,000) and the resulting gain was recognised in the Statement of Comprehensive Income under other comprehensive income.

The main level 3 inputs, models and methodology are evaluated as follows:

- Discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by independent valuer or management based on comparable transactions and industry data.
- Management ensures whether the valuation model and methodology are applied in consistent with prior years.
- The estimates are consistent with The budgets developed internally by The company based on management's experience and knowledge of market conditions.

Valuation methods underlying management's estimation of fair value

For the investment property in the location with a total carrying value of Rs 2,260,000,000 (2020 - Rs 2,240,000,000), the valuation was determined using discounted cash flow ("DCF") projections based on significant unobservable inputs. These inputs include:

Future rental cash inflows

Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;

Estimated vacancy rates

Based on current and expected future market conditions after expiry of any current lease;

Maintenance costs

Including necessary investments to maintain functionality of the property for its expected useful life;

Capitalisation rates

Based on actual location, size and quality of the properties and taking into account market data at the valuation date;

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

The investment property of the Company is the Unity Plaza building situated at No. 02, Galle Road, Colombo 4.

The rentable space of the Unity Plaza building (excluding Bank of Ceylon premises) is 76,955 Sq. ft.

Land extent is 0A – 2R – 06.25P.

Income earned from investment property

Total rent income earned by the Company from the investment property during the year was Rs 181,702,922 (2020 – Rs 190,549,831).

Total repair and maintenance expenses incurred on the investment property was Rs 3,800,057 (2020 – Rs 6,864,674).

Information about fair value measurements using significant unobservable inputs (Level 3) for 2021 are as follows:

	2021	2020
Valuation technique	Discounted cash flow	Discounted cash flow
Capitalisation rate	5.5%	5.5%
Maintenance cost	30%	30%
Length of leases in place	2 years	2 years
Rent per Sq. ft. Per month	Rs 208	Rs 206

Sensitivity analysis

In order to illustrate the significance of the unobservable inputs assumed in this valuation as at 31 March 2021, a sensitivity analysis was carried out assuming the following inputs:

Relationship of unobservable inputs to fair value of investment property

- Higher the capitalisation, the lower the fair value
- Higher the sales prices (rental values), the higher the fair value
- Higher the maintenance cost, the lower the fair value
- Higher the estimated vacancy rate, the lower the fair value

	Change in the assumption	Present value of investment property	
		Increase in assumption	Decrease in assumption
Capitalisation rate	0.5%	(60,000,000)	80,000,000
Sales price	5%	140,000,000	(140,000,000)
Maintenance cost	10%	(303,000,000)	340,000,000
Estimated vacancy rate	1%	-	70,000,000

lower the fair value

Investment property is leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment property not is as follows:

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Minimum lease payments under leases of investment property not recognised in the financial statements are receivable as follows:

	2021	2020
Within one year	76,689,373	50,920,210
Later than one year but not later than 2 years	94,827,368	198,100,076
	171,516,741	249,020,286

Coronavirus (COVID 19) impact on fair value of the investment property

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. In the context of the economy of Sri Lanka, market activity is being impacted in all sectors. As at the valuation date, management considered that it could be attached less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that management faces with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of valuation uncertainty. Given the unknown future impact that COVID-19 might have on the real estate market, it is recommended that keeping the valuation of the investment property under frequent review.

16. Financial instruments by category

In accordance with the SLFRS 9 - 'Financial Instruments', financial assets have been classified as follows:

	31 March	
	2021	2020
Assets as per statement of financial position		
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments and deposits)	12,522,000	26,801,430
Investment in fixed deposits [Note 18]	55,265,619	285,539,018
Cash and cash equivalents [Note 19]	653,738,842	322,104,717
Total loans and receivables	721,526,461	634,445,165
Total financial assets	721,526,461	634,445,165

In accordance with the SLFRS 9- 'Financial Instruments' and ' financial liabilities have been classified as follows:

	31 March	
	2021	2020
Liabilities as per statement of financial position		
Financial liabilities at amortised cost		
Trade and other payables (excluding non financial liabilities)	109,597,332	109,232,361
Total other financial liabilities at amortised cost	109,597,332	109,232,361
Total financial liabilities	109,597,332	109,232,361

The fair values of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 approximates the carrying values.

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

16 Financial instruments by category (contd)

Credit quality of financial assets

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;

(i) Cash at bank

	Rating	31 March	
		2021	2020
Counterparties with external credit rating (Fitch Ratings).			
Cash at bank			
Bank of Ceylon	AA -	18,127,311	4,200,805
Total		18,127,311	4,200,805
Short term investment			
Bank of Ceylon	AA -	294,948,433	269,798,535
Union Bank PLC	BBB -	-	4,804,713
DFCC Bank PLC	A +	149,378,526	172,561,380
NDB Wealth Management (Pvt) Ltd	A +	246,525,191	156,253,302
Total		690,852,150	603,417,930
Total short term investments and cash at bank		708,979,461	607,618,735

(ii) Trade receivable

	Rating	31 March	
		2021	2020
Counterparties with external credit rating (Fitch Ratings).			
Existing tenants with no defaults in the past		11,774,570	24,193,782
		11,774,570	24,193,782

17 Trade and other receivables

	31 March	
	2021	2020
Trade receivables	11,774,570	24,193,782
Other receivables and deposits [Note (i) below]	3,425,929	5,144,278
Prepayments [Note (ii) below]	11,314,420	3,316,685
	26,514,919	32,654,745

(i) Other receivables mainly consist of Deposits for services of Rs 2,467,930 (2020 - Rs 2,467,930) and other receivables Rs.504,830 (2020- Rs.841,219).

(ii) Pre - payments and accrued income mainly comprise insurance pre-paid expenses of Rs.1,806,795 (2020 - Rs 1,546,660) , pre-paid membership / listing fee Rs.103,303 (2020 - Rs.88,488), prepaid Maintenance fees Rs 271,963 (2020 - Rs 91,788), Pre-paid rates and taxes Rs Nil (2020 - Rs 748,334) and Advance to contractors Rs. 9,132,359 (2020 Rs 841,414).

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

17 Trade and other receivables (contd)

As of 31 March 2021, trade receivables of Rs 6,813,380 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The age analysis of these trade receivables is as follows;

	31 March	
	2021	2020
- Upto 30 days	4,961,189	13,239,685
- more than 30 days overdue	6,813,381	10,954,095
Total past due but not impaired	11,774,570	24,193,780

The company is not exposed to credit risk relating to rent receivable from tenants due to deposits refundable to tenants is withheld by the company in whole if receivables due from tenants are not settled.

18 Short term investments

	31 March	
	2021	2020
Investment in fixed deposits	48,132,789	273,448,388
Interest receivable	7,132,830	12,090,630
	55,265,619	285,539,018

Interest rates applicable for short term investments are in a range of 5.00% - 8.75% (2020: 8.58% - 13%).

19 Cash and cash equivalents

	31 March	
	2021	2020
Cash at bank and in hand	18,152,311	4,225,805
Investment in money plus account	246,525,191	156,253,302
Investment in fixed deposits	389,061,340	161,625,610
	653,738,842	322,104,717

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise above.

20 Stated capital

	Number of shares	Value (Rs)
At 31 March 2020 and As at 31 March 2021	93,003,087	279,493,203

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

21. Revaluation reserve

	31 March	
	2021	2020
At beginning of year	34,905,877	33,904,232
Revaluation surplus	11,600,000	2,560,000
Deferred tax on revaluation	(2,784,000)	(716,800)
Depreciation transfer	(870,500)	(841,555)
At end of year	42,851,377	34,905,877

The revaluation surplus is used to record increments and decrements on the revaluation of owner occupied building premises in Property, Plant and Equipment. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

22. Trade and other payables

	31 March	
	2021	2020
Non-current		
Rental deposits payable to outside parties [Note (i) below]	28,578,618	63,687,771
	28,578,618	63,687,771
Current		
Rental deposits payable to outside parties [Note (i) below]	71,909,957	36,976,118
Other payable [Note (ii) below]	4,629,096	4,563,760
Accruals and provisions [Note (iii) below]	4,479,661	4,004,712
	81,018,714	45,544,590
	109,597,332	109,232,361

(i) As per rent agreements, the Company obtains rental deposits of 6 months as security. Based on the remaining agreement period as at the date of the statement of financial position, rental deposits are classified as current liabilities if deposits are due within one year or less. If not they are presented as non-current liabilities.

(ii) Other payables mainly consist of Value Added Tax (VAT) payable of Rs.2,228,685 (2020 - Rs .1,579,143) , unclaimed dividend payable of Rs 2,169,185 (2020 - Rs 2,191,191), Retention Moneys Rs. 220,629 (2020 Rs. 765,819) and Rent in advance of Rs.10,600 (2020- Rs 27,610).

(iii) Accruals and provisions mainly consist of janitorial, electricity and security service payable of Rs 1,841,276 (2020 - Rs 1,337,429) , professional fees payable of Rs 330,000 (2020 - Rs 240,000), audit fee payable - Rs 500,000 (2020 - Rs -450,000). slary payable Rs.356,820 (2020 - Rs. Nil), EPF payable Rs. 81,416 (2020- Rs.Nil) and ETF payable Rs.11,432 (2020- Rs Nil).

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

23 Retirement benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

	31 March	
	2021	2020
Present value of unfunded obligation	13,486,325	11,011,281
Liability in the statement of financial position	13,486,325	11,011,281
At beginning of year	11,011,281	10,449,049
Current service cost	596,717	497,241
Interest cost	810,531	936,782
Remeasurement loss / (gain)	2,236,546	356,509
Benefits paid	(1,168,750)	(1,228,300)
At the end of the year	13,486,325	11,011,281

The amounts recognised in statement of comprehensive income are as follows

	31 March	
	2021	2020
Current service cost	596,717	497,241
Interest cost	810,531	936,782
Total included in the staff costs [Note 8]	1,407,247	1,434,023
Remeasurement loss / (gain) on post employment benefit obligation	2,236,546	356,509
Total recognised in the comprehensive income	3,643,794	1,790,532

The following assumptions and data were used in valuing the defined benefit obligation by the actuarial valuer:

	31 March	
	2021	2020
Discount rate	8.22%	10.06%
Future salary increases	10.00%	9.00%
Staff turn over rate	11.00%	10.00%
Retiring age	60 years	60 years

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

23 Retirement benefit obligations (contd)

Sensitivity analysis

In order to illustrate the significance of the salary / wage escalation rate and the discount rate assumed in this valuation as at 31 March 2021, a sensitivity analysis was carried out for all employees assuming the following salary/wage escalation rate and discount rate.

	Change in the assumption	Present value of investment property	
		Increase in assumption	Decrease in assumption
Discount rate per annum	1%	Decreased by 4.04%	Increased by 4.30%
Annual salary increment rate	1%	Increased by 4.19%	Decreased by 4.01%
Staff turnover rate	1%	Decreased by 0.28%	Increased by 0.30%
Retiring age	+/- 1 Year	Increased by 0.83%	Decreased by 8.44%

Maturity analysis of retirement benefit obligations

	2021	2020
Less than 1 year	1,033,715	966,900
Between 1 - 2 years	554,574	892,075
Between 2 - 5 years	5,064,545	1,874,550
Over 5 years	6,833,491	7,277,756
	13,486,325	11,011,281

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

24 Deferred tax liability

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 24% (2020 - 28%). The movement in deferred income tax account is as follows:

	31 March	
	2021	2020
At beginning of year	625,321,436	610,936,671
Recognised in the Income Statement [Note 10]		
Investment Property	(83,047,101)	14,059,841
Property, plant and equipment	(2,130,893)	(234,451)
Defined benefit plan	383,212	(57,602)
Recognised in the statement of other comprehensive income [Note 10]		
Loss on remeasurement of retirement benefit obligation	(536,771)	(99,823)
Revaluation of buildings	2,784,000	716,800
	2,247,229	616,977
At the end of the year	542,773,883	625,321,436

Deferred tax is calculated on temporary differences between carrying value of fixed assets and tax written down value of such assets, as analysed by each taxable activity.

The reconciliation of tax effect arising from the timing differences related to carrying amounts of assets and liabilities of the statement of financial position is as follows:

	Deferred tax asset	Deferred tax liability	Net deferred tax liability
Property plant and equipment	-	(12,092,335)	(12,092,335)
Investment property	-	(533,918,266)	(533,918,266)
Defined benefit obligations	3,236,718	-	3,236,718
Asset / (liability) as at 31 March 2021	3,236,718	(546,010,601)	(542,773,883)

	Deferred tax asset	Deferred tax liability	Net deferred tax liability
Property plant and equipment	-	(11,439,229)	(11,439,229)
Investment property	-	(616,965,366)	(616,965,366)
Defined benefit obligations	3,083,159	-	3,083,159
Asset / (liability) as at 31 March 2020	3,083,159	(628,404,595)	(625,321,436)

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

25 Contingencies

Contingencies are possible assets or obligations that arise from a past event, and whose existence is confirmed only on the occurrence or non-occurrence of uncertain future events which are beyond the Company's control. The Company is of the view that provisions pertain to the litigation disclosed, are not required as at the reporting date.

Pending litigation

Urban Development Authority, being a Shareholder of on'ally Holdings PLC, filed Civil Case No HC /Civil/11/2021/CO against the other Major Shareholder of On'ally Holdings PLC, the Securities Exchange Commission of Sri Lanka (SEC) and the Colombo Stock Exchange (CSE) under Sections 224 and 225 of the Companies Act No. 7 of 2007 (as amended) for alleged offences of oppression and mismanagement. The Company has been made a party as the 1st Respondent as required under the Companies Act and for the purposes of Notice.

The Petitioner in this application seeks an Interim Order ex facie restraining the Company from exercising voting rights of any shares over 43.82% of the shares in of the Company until the conclusion of the inquiries by the SEC and the CSE and until the public shareholding in the Company is compliant with the Continuing Listing Rules of the CSE. Moreover, the Petitioner seeks an Interim Order restraining the current Majority Shareholder from proposing, requisitioning and / or voting on any Resolution at a General Meeting of the Company to disburse any retained earnings and/ or to dispose of any asset of the Company.

An application has also been made to amend the Petition subject to objection by the Respondents. The relief claimed does not impact to the Company .

Court has only granted the interim order to restrain the current Majority Shareholder from proposing, requisitioning and /or voting on any Resolution at a General Meeting of the Company to disburse any retained earnings and/ or to dispose of any asset of the Company. Having issued notices on the Respondents, Court fixed this matter for the Statement of Objections of the Respondents on 13th May 2021.

As this is a matter between the two dominant shareholders of On'ally Holdings PLC, the Company's role is to place the necessary facts before Court accurately, with concurrence from the Board which comprises both adverse parties.

Amount or range of potential loss:

The legal consultant of On'ally Holdings PLC is not in a position to ascertain the final outcome of the matter at this stage. However, it is noted that there is no monetary relief claimed against On'ally Holdings PLC and therefore, there will be no damages and/or loss to the Company regardless of the outcome of the case.

Breaches or possible breaches of any laws or regulations, whether or not such breach would or might result in financial loss

The Company's compliance with the minimum public float has been contested in these proceedings and before the SEC/CSE. The Company is entitled to a grace period of 12 months to ensure compliance.

26 Capital Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows

	31 March	
	2021	2020
Restructuring - Investment property	-	6,014,181
	-	6,014,181

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

27 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	31 March	
	2021	2020
Profit before tax	201,922,373	241,893,883
Adjustments for:		
Depreciation [Note 13]	2,339,201	2,260,808
Amortisation [Note 14]	28,144	48,248
Interest income [Note 9]	(49,093,946)	(57,858,952)
Fair value gain [Note 15]	(19,793,375)	(40,370,618)
Movement in rental deposits - non current portion [Note 22]	(35,109,153)	25,983,860
Changes in working capital:		
- trade and other receivables	6,139,826	(10,167,149)
- trade and other payables	35,474,125	(25,445,049)
Retirement benefit obligation [Note 23]	1,407,247	1,434,023
	143,314,442	137,779,054

28 Related party transactions

Lanka Realty Investments PLC and Urban Development Authority had shareholding of 50.886% and 44.80% respectively of the Company, as at the date of the Statement of Financial Position.

Mr A J B Warman, Mr M H Jamaldeen are the Deputy Chairman and the Managing Director of the Company also the Executive Directors of Lanka Realty Investments PLC with whom no transactions had been entered into by the Company during the year.

Mr Shamindra Rajiyah and Mr Palitha Gunathilake was the Directors of the Company (ceased from directorate on 03.12.2020) also the chairman and Chief Executive Officer of Renuka Capital PLC with whom no transactions had been entered into by the Company during the year.

Mr. L A P H De Silva and E A C Priyashantha who are the Chairman and a director of the Company are Chairman, Act. Deputy Director General (Realestate & Land Managements) of the Urban Development Authority as at the date of Statement of Financial Position.

Mr G T Fazleabas, a Director & Shareholder of the Company is also the Managing Director of Perigon Lanka PVT LTD, with whom the Company has entered in to an agreement to obtain Project Management Consultancy Services during the year.

The Company has carried out the following transactions during the year with related parties:

	31 March	
	2021	2020
Purchases of Services		
(i) Management fees paid to Urban Development Authority	1,500,000	1,510,200
(ii) Project Management Consultancy Service fee paid to Perigon Lanka PVT LTD	1,800,000	1,806,000
	3,300,000	3,316,200

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

28 Related party transactions (contd)

Transactions with related parties disclosed above were made on terms equivalent to those that prevailed in arm's length transactions.

The Directors have disclosed the nature of their interests in contracts and proposed contracts with the company at meetings of Directors.

(iii) Key management compensation

Key management includes directors (executive and non executive). Salaries and other short-term employee benefits to the key management includes amounting to Rs. 986,808 for the defined benefit plan and the Rs. 464,400 for defined contribution plan. The total compensation paid or payable to key management for employee services is shown below:

	31 March	
	2021	2020
Salaries, terminal benefits and other short-term employee benefits	5,869,400	5,583,500
	5,869,400	5,583,500
Dividend Payment		
Urban Development Authority	17,916,664	23,649,996
Renuka Capital PLC	17,524,573	23,132,435
Dr. S R Rajiyah & Mrs I R Rajiyah	321,979	171,002
Mr.G.T.Fazleabas	849	750
Mrs. T. Sarveshwaran	269	897
Mr.B.V. Selvanayagam	679	355
	35,765,013	46,955,435

29 Coronavirus (COVID 19) pandemic and its impact on operation

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the globe, causing disruptions to businesses and economic activity. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The Directors are with the view that COVID 19 has not made a significant impact on the elements of the financial statements considering its nature of business.

30 Events after reporting period

No other events have occurred since the date of statement of financial position, which require adjustments to or disclosure in the financial statements.

SIX YEAR REVIEW

Year ended 31 March	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.	2020 Rs.	2021 Rs.
OPERATING RESULTS						
Turnover	124,868,499	139,669,847	151,315,374	190,993,167	201,223,526	181,702,922
Operating profit	86,568,198	88,220,988	105,149,518	140,527,357	143,664,313	133,035,052
Interest income	15,451,181	31,502,209	41,662,838	45,743,160	57,858,952	49,093,946
Fair value gain on investment properties	378,523,032	164,000,000	166,168,420	129,175,899	40,370,618	19,793,375
Profit before Tax	480,542,411	283,723,197	312,980,776	315,446,416	241,893,883	201,922,373
Tax	(150,089,550)	33,146,181	(76,683,674)	(373,383,263)	(67,633,334)	39,796,074
Profit after tax	330,452,861	316,869,378	236,297,102	(57,936,847)	174,260,549	241,718,447
Other comprehensive income -net of tax	1,945,946	(9,416)	(1,311,393)	33,516	(256,686)	(1,699,775)
Profit brought forward	1,120,741,585	1,402,234,497	1,666,559,600	1,846,795,653	1,728,351,925	1,841,815,305
Profit available for appropriation	1,453,140,392	1,719,094,459	1,901,545,309	1,788,892,322	1,902,355,788	2,081,833,978
Transfer (to)/from reserves	721,377	1,257,593	1,252,808	712,298	841,555	870,500
Dividends paid	(51,627,272)	(54,252,387)	(56,002,464)	(61,252,695)	(61,382,037)	(39,991,327)
Forfeited dividend	-	459,935	-	-	-	-
Profit carried forward	1,402,234,497	1,666,559,600	1,846,795,653	1,728,351,925	1,841,815,305	2,042,713,151
ASSETS						
Non-current assets						
Property, plant & equipment	47,450,823	48,020,168	38,246,557	40,671,546	41,127,251	51,480,300
Intangible assets	328,927	263,512	169,952	76,392	28,144	-
Investment properties	1,681,000,000	1,845,000,000	2,030,000,000	2,178,000,000	2,240,000,000	2,260,000,000
Current assets	280,231,096	340,400,733	414,163,345	471,768,273	640,298,480	735,519,380
Total assets	2,009,010,846	2,233,684,413	2,482,579,854	2,690,516,211	2,921,453,875	3,046,999,680
EQUITY AND LIABILITIES						
Capital & reserves						
Stated capital	175,007,700	175,007,700	175,007,700	175,007,700	279,493,203	279,493,203
Revaluation reserve	39,990,241	41,039,468	31,419,730	33,904,232	34,905,877	42,851,377
Retained earnings	1,666,559,600	1,666,559,600	1,846,795,653	1,728,351,925	1,841,815,306	2,042,713,151
Non-current liabilities	362,465,135	266,223,015	355,200,479	659,089,630	700,020,488	584,838,826
current liabilities	29,313,273	84,854,630	74,156,292	94,162,724	65,219,001	97,103,123
Total equity & liabilities	2,273,335,949	2,233,684,413	2,482,579,854	2,690,516,211	2,921,453,875	3,046,999,680
KEY INDICATORS						
Basic Earnings per share	18.88	18.11	13.50	(3.31)	1.87	2.60
Basic Earnings per share (exclusive fair value gain)	5.13	4.60	7.51	7.63	1.59	1.51
Diluted Earnings per share	-	-	2.70	(0.66)	-	-
Diluted Earnings per share (exclusive fair value gain)	-	-	1.50	1.53	-	-
Dividend per share	2.95	3.10	3.20	3.50	0.66	0.43
Net Assets per share	107.51	107.57	117.32	110.70	23.18	25.43
Market price per share	50.20	45.70	54.00	100.00	23.70	28.40
OTHERS						
Number of shareholders	868	869	841	793	823	841
Dividend cover (Times)- Basic	6.40	5.84	4.22	(0.95)	2.83	6.04
Dividend cover (Times) exclusive of fair value gain) - Basic	1.74	1.48	2.35	2.18	2.41	3.50
Dividend cover (Times) - Diluted	-	-	0.84	(0.19)	-	-
Dividend cover (Times) exclusive of fair value gain) - Diluted	-	-	0.47	0.44	-	-
Dividend pay out ratio- Basic	0.16	0.17	0.24	(1.06)	0.35	0.17
Dividend pay out ratio (exclusive of fair value gain)- Basic	0.58	0.67	0.43	0.46	0.42	0.29
Dividend pay out ratio- Diluted	-	-	1.19	(5.30)	-	-
Dividend pay out ratio (exclusive of fair value gain)- Diluted	-	-	2.13	2.29	-	-

INFORMATION TO INVESTORS

DISTRIBUTION OF SHAREHOLDINGS AS AT 31ST MARCH 2021

From	To	No. of Holders	No. of Shares	%
1	- 1,000	617	114,251	0.12
1,001	- 10,000	166	579,373	0.62
10,001	- 100,000	53	1,256,153	1.35
100,001	- 1,000,000	9	2,061,282	2.22
	Over 1,000,000	2	88,992,028	95.69
		847	93,003,087	100.00

ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH 2021

Category	No. of Shareholders	No. of Shares	%
Local Individuals	792	1,931,254	2.08
Local Institutions	47	90,600,294	97.41
Foreign Individuals	5	20,330	0.02
Foreign Institutions	3	451,209	0.49
Total	847	93,003,087	100.00

DIRECTORS' SHAREHOLDING AS AT 31ST MARCH 2021

	No. of shares	%
Mr. L A P H De Silva	Nil	-
Mr. A J B Warman	Nil	-
Mr. M H Jamaldeen	-	-
Mrs. T Sarveshwaran	1,580	0.002
Mr. W L D P V Jayawardene	Nil	-
Mr. E A C Piyashantha	Nil	-
Mr. G T Fazleabas (resigned w.e.f. 18.4.2021)	1,975	0.002
Mr. V P V Senanayake	Nil	-
Mr. S Neelakandan	Nil	-
Mr. A A Marikar	Nil	-
Mr. K J Pradeep - Alternate Director to Mr. A J B Warman		
Shares held in the following manner		
Seylan Bank PLC/Mr. M H Jamaldeen	18,678	0.002

	31.03.2021	31.03.2020
Market price per share		
Highest during the period	Rs.46.90 (25/01/2021)	Rs.119.60 (30/04/2019)
Lowest during the period	Rs.23.40 (21/07/2020)	Rs.19.00 (12/06/2019)
As at end of the period	Rs.28.40	Rs.23.70

PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2020 is 3.76% comprising of 841 shareholders.

FLOAT ADJUSTED MARKET CAPITALIZATION

Float Adjusted market capitalization as at 31.03.2021 - Rs.99,382,420.40

The Company is not in compliance with Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange on minimum public holding, under option 2 thereof.

MAJOR SHAREHOLDERS OF THE COMPANY

Name	As at 31/03/2021		As at 31/03/2020	
	No. of Shares	(%)	No. of Shares	(%)
1 LANKA REALTY INVESTMENTS PLC	47,325,368	50.886	-	-
2 URBAN DEVELOPMENT AUTHORITY	41,666,660	44.801	41,666,660	44.801
3 URBAN INVESTMENT AND DEVELOPMENT COMOANY PVT LTD	489,445	0.526	489,445	0.526
4 MAJESTIC INVESTMENTS (PVT) LTD	409,612	0.440	438,114	0.471
5 NANAYAKKARA MANAGEMENT SERVICES(PRIVATE) LIMITED	314,055	0.338	289,080	0.311
6 TRANZ DOMINION,L.L.C.	200,000	0.215	200,000	0.215
7 SANDWAVE LIMITED	177,738	0.191	-	-
8 CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/K.D.C. SOMALATHA AND K. NANDASIRI	124,921	0.134	130,028	0.140
9 ANWARNET (PRIVATE) LIMITED	117,741	0.127	119,313	0.128
10 MR G.C. GOONETILLEKE	116,666	0.125	116,666	0.125
11 MRS L.A.J.S. STANISLAUS & MR B.C. STANISLAUS	111,104	0.119	111,104	0.119
12 LOTUS GLOBAL INVESTMENTS LTD	73,471	0.079	-	-
13 MR T.A. PEIRIS & MR P.R. NICHOLAS	70,000	0.075	70,000	0.075
14 MR M.U.M. AZMI	64,375	0.069	64,375	0.069
15 MR S. GOWRISANGAR	60,000	0.065	60,000	0.065
16 MR S. VASUDEVAN	51,666	0.056	51,666	0.056
17 MR F.A.W. IRUGALBANDARA	44,750	0.048	44,750	0.048
18 MR M. MAHIBALAN	44,664	0.048	-	-
19 MRS A.K.D.S. GAYASHIKA	38,248	0.041	-	-
20 MR C.N. PAKIANATHAN	37,894	0.041	4,650	0.005
	91,538,378	98.425	43,855,851	47.153
OTHERS	1,464,709	1.575	49,147,236	52.847
TOTAL	93,003,087	100.000	93,003,087	100.000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Fourth (34th) Annual General Meeting of On'ally Holdings PLC will be held as a Hybrid Meeting (hybrid of physical and electronic means) centered at Sri Lanka Foundation, No 100, Padanama Mawatha, Independence Square, Colombo 07 on Thursday, 30th September 2021 at 9.30 a.m. to conduct the following businesses;

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.
2. To re-elect Mr. Noel Laxman Sanath Joseph who retires in terms of Article 95 of the Articles of Association of the Company as a Director.
3. To re-appoint Messrs PricewaterhouseCoopers, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration.
4. To authorize the Directors to determine donations for the year ending 31st March 2022 and up to the date of the next Annual General Meeting.
5. To apprise the shareholders of the non-compliance with Rule 7.13 of the Listing Rules of the Colombo Stock Exchange and matters connected therewith.

By order of the Board
ON'ALLY HOLDINGS PLC



P W CORPORATE SECRETARIAL (PVT) LTD
Secretaries
7th September 2021

Notes:

1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his/her behalf, in accordance with the instructions in that regard as contained in the Circular to Shareholders, dated 7th September 2021.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this Notice.
4. For more information on how to participate in the above Hybrid Meeting, please refer to the Circular to Shareholders dated 7th September 2021.

FORM OF PROXY

I/We*.....
 NIC/Passport/Co. Reg. No.) of.....
 being a shareholder / shareholders of ON'ALLY
 HOLDINGS PLC hereby appoint
 (NIC/Passport No.....) of.....
 or failing him,*

Major General (Retd.) V U B Nanayakkara	or failing him*
Mr. A J B Warman	or failing him *
Mr. M H Jamaldeen	or failing him*
Mr. W L D P V Jayawardene	or failing him*
Mr. E A C Piyashantha	or failing him*
Mr. V P V Senanayake	or failing him*
Mrs. T Sarveshwaran	or failing her*
Mr. S Neelakandan	or failing him*
Mr. A AMarikar	or failing him*
Mr. N L S Joseph	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Fourth (34th) Annual General Meeting of the Company to be held on 30th September 2021 at 9.30 a.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
1. To re-elect Mr. Noel Laxman Sanath Joseph who retires in terms of Article 95 of the Articles of Association of the Company as a Director.	<input type="radio"/>	<input type="radio"/>
2. To re-appoint Messrs PricewaterhouseCoopers, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration	<input type="radio"/>	<input type="radio"/>
3. To authorize the Directors to determine donations for the year ending 31st March 2022 and up to the date of the next Annual General Meeting.	<input type="radio"/>	<input type="radio"/>
4. To apprise the shareholders of the non-compliance with Rule 7.13 of the Listing Rules of the Colombo Stock Exchange and matters connected therewith	<input type="radio"/>	<input type="radio"/>

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

.....
 Signature of Shareholder/s

*Please delete what is inapplicable.

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be deposited at the Registered Office of the Company, Unit 603, 4th Floor, Unity Plaza Building, No. 2, Galle Road, Colombo 04 or be emailed to onal.pwcs@gmail.com by 8.30 a.m. on 28th September 2021.
3. The Proxy shall -
 - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.



On'ally Holdings PLC

On'ally Holdings PLC
(Reg.No.PQ107)

Unit 603, 4th Floor, Unity Plaza Building,
No: 2, GalleRoad,Colombo 4.